



Venture Pulse

Q3 2021

Global analysis of venture funding

Welcome message

Welcome to the Q3'21 edition of *Venture Pulse* — KPMG Private Enterprise's quarterly report highlighting the key trends, opportunities, and challenges facing the venture capital market globally and in key jurisdictions around the world.

VC investment globally was very healthy during the quarter, building on results of Q1 and Q2 and reaching a new record high for total investment. The substantial amount of dry powder, increasing participation by less traditional VC investors, and robust exit opportunities helped to keep the global VC market strong.

Big deals continued to be the main attraction in the VC market globally. India experienced a second straight quarter of record investment, led by the world's largest deal of Q3'21: a \$3.6 billion raise by Flipkart. In the Americas, the US saw numerous \$1 billion+ raises, including Rivian (\$2.5 billion), Generate (\$2 billion), Databricks (\$1.6 billion), Articulate (\$1.5 billion), Devoted Health (\$1.2 billion), Chime (\$1.1 billion) and GoPuff (\$1 billion). Brazil saw the largest raise in the Americas outside of the US: a \$1.1 billion round by fintech Nubank. Europe also saw a number of big deals, including a \$950 million raise by Gorillas in Germany, an \$800 million round by UK-based Revolut and \$500 million+ funding rounds in numerous jurisdictions, including in Estonia (Bolt), the Netherlands (Picnic), France (Sorare and Miraki) and Switzerland (Quantus Holdings).

Cleantech and sustainability-focused technologies saw a big jump in interest from VC investors in all regions during Q3'21, Fintech also remained a very hot area of VC investment, in addition to delivery and logistics, health and biotech, and B2B services.

VC investment is expected to remain strong through the end of 2021, wrapping up a unique and record-breaking year for the global VC market.

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

- The impact of seasonality on the VC market — particularly this year
- The growing focus on in ESG, cleantech, and sustainable technologies
- The continued strength of fundraising activity
- The increasing interest in international markets and investment opportunities

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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Jonathan Lavender
Global Head,
KPMG Private Enterprise



Conor Moore
Head of KPMG Private Enterprise in the Americas, Global Co-Leader — Emerging Giants, KPMG Private Enterprise and Partner, KPMG in the US



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

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- Fundraising approaches 2020 annual totals — with a quarter to go
- Top 10 deals globally focus on US, India, China and Brazil



Americas

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- Canadian VC boom continues with surge in mega-deals
- Venture financing in Mexico surpasses \$1.4 billion for first time
- Nubank leads the way with massive billion dollar deal in Brazil



US

- VC hits record \$82.8 billion invested across 3518 deals
- Valuations on the rise — 90% up rounds
- Software, healthcare and life sciences gain most investment
- Corporate participation nears \$35 billion for third consecutive quarter
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Europe

- Investment remains strong in Europe — with over \$27.5 billion invested on 1910 deals
- First time venture financings surpass \$6 billion in 2021, far surpassing 2020 totals
- Venture backed exit activity surpasses \$112 billion YTD
- UK and France continue to see new heights
- Top 10 deals spread among 6 countries

Asia

- Venture Capital investment nears new high — with \$48.1 billion across 2616 deals
- After a decline, late stage resurges
- Corporates double down — with investments nearing \$30 billion
- India sets an all-time high for VC invested
- China's VC funding back on the upswing
- Top 10 deals include 4 deals from India (Flipkart, BYJU, Eruditus, Meesho)



Globally, in Q3'21 VC-backed companies raised
\$171.7B across 8,682 deals

Global VC investment achieves record high

Venture capital activity reached new heights in Q3'21 as investors continued to plow money into late stage deals around the globe.



Megadeals play a big role in global VC market as all regions attract \$1 billion+ deals

During the quarter, large mega-deals continued to dominate activity, with \$1 billion+ deals remaining very prolific — particularly when combined with the sizable number of \$100 million funding rounds. All regions of the world attracted big funding rounds in Q3'21. In Asia, India saw a \$3.6 billion raise by Flipkart, and a \$1.7 billion raise by BYJU, while China saw a \$1.5 billion raise by Svolt. In the Americas, the US captured seven \$1 billion+ deals: Rivian (\$2.5 billion), Generate (\$2 billion), Databricks (\$1.6 billion), Articulate (\$1.5 billion), Devoted Health (\$1.2 billion), Chime (\$1.1 billion), GoPuff (\$1 billion). In Europe, Germany-based Gorillas raised \$950 million followed by \$800 million by London-based Revolut.



Investor interest in ESG and cleantech sees big leap forward in Q3'21

Investor interest in ESG and cleantech has grown significantly, particularly in areas like electric vehicles, clean energy, mobility, and infrastructure. During Q3'21, a number of the largest deals globally had a cleantech focus, including the \$2.5 billion raise by electric vehicle manufacturer Rivian, the \$2 billion raise by alternative energy infrastructure company Generate, the \$1.5 billion raise by energy storage company Svolt, and the \$700 million raise by battery recycling company Redwood Materials.

Emerging areas of ESG and cleantech are also quickly gaining traction with investors, as evidenced by Germany-based Grover — a company focused on maximizing the circular economy by offering technology rental programs — raising a debt round of \$1 billion in Q3'21. Adjacent areas like foodtech are also seeing interest; In Q3'21, Israel-based cultured meat company Aleph Farms raised \$105 million.



Non-traditional investors taking more active role in VC market

Globally, VC investment continues to be very high, in part due to a greater number of PE firms, hedge funds, mutual funds, and pension funds. Many of these non-traditional VC investors are looking at the returns being generated by private companies and looking for ways to get in on the action.

A growing focus on crossover financings is also helping to drive interest from a broader range of investors. With the fear of the IPO window closing arbitrarily lessening, companies are focusing less on going public as soon as possible and more on going out at an optimal valuation. This is driving some to hold crossover rounds to bridge the gap to their anticipated exit. Non-traditional investors are particularly interested in crossover rounds given the potential to see return within 18-24 months.



Fundraising remains very active

Fundraising activity remains on record pace in many areas of the world. Successful VC firms and fund managers have seen money pour into their funds while, for many, the gap between wrapping up a fund and closing a new fund has narrowed. Many large organizations around the world have also continued to set up VC funds, using them primarily to fuel their R&D funnel.

Given the increasing interest in ESG and reducing climate change impacts a number of VC firms have also raised large funds with a particular focus on sustainability, cleantech, and climate change mitigation. During Q3'21, US-based TPG raised \$5.4 billion for its Rise Climate Fund¹, while Brookfield Asset Management announced the initial close of its \$7 billion Brookfield Global Transition Fund².

¹ <https://www.reuters.com/business/sustainable-business/private-equity-firm-tpg-raises-54-bln-climate-fund-2021-07-27/>

² <https://www.reuters.com/business/sustainable-business/brookfield-raises-7-billion-global-energy-transition-fund-2021-07-27/>

Global VC investment achieves record high, cont'd.



IOT connectivity standard being embraced by global companies

IOT-related technologies have been a relatively hot area of investment for a number of years, although there has been some concern around the interconnectivity of such devices. In Q3'21, the Connectivity Standards Alliance (CSA) — an organization made up of numerous global companies, including Google, Apple, and Amazon — introduced Matter (formerly Project CHIP editor_iot) as a global connectivity standard for smart home IOT solutions³. The emergence of Matter could help support further development of IOT technologies and, therefore, spur future investments in the space.



VC investors searching out opportunities everywhere

International investment has picked up considerably as VC investors look globally to find the best deals and to take advantage of new opportunities in less developed markets — helped by the growing acceptance of virtual dealmaking spurred by the pandemic. In the US, for example, high valuations initially prompted VC investors to look outside of the Bay Area, Boston and New York. Now as even secondary markets in the US have gotten somewhat saturated, VC investors looking for good deals have expanded their international focus. This broader focus is not only driving VC investment levels and deal sizes up in other regions, but it is also helping to lift the maturity level of emerging tech sectors in places ranging from Southeast Asia and Latin America to Africa.



IPO activity continues apace

IPO activity globally continued at a solid pace in Q3'21, although the prevalence of companies feeling pressure to exit quickly has lessened. While numerous late stage companies continue to target IPO exits, they are becoming more strategic around their timing — with some focusing on raising crossover rounds as they look for the most opportune time to hold an IPO. Interest in SPAC mergers continued to decline in the US, although companies in other jurisdictions continued to show some interest.



Summertime lull affects deals activity in Americas and Europe

While deals continued to occur, the pace backed off of the fever pitch seen in the first half of the year. However, a robust September more than made up for the brief pause in activity. Late-stage deals remained particularly attractive to VC investors in both regions, including deals considered to be pre-IPO rounds.

Both regions continued to see a growing diversity of jurisdictions attracting significant VC investments, highlighting the global search for value and the ability for innovative companies to attract attention from almost anywhere. In the Americas, for example, Antigua attracted the largest VC deal outside of the US: a \$900 million raise by crypto exchange FTX. In Europe, meanwhile, Estonia-based Bolt raised \$709 million, while Switzerland-based Quantus Holding Strategies and TradePlus24 raised \$553 million and \$225 million respectively.

³ https://zigbeealliance.org/news_and_articles/chip-is-now-matter/

Global VC investment achieves record high, cont'd.



Shifting regulations in China could drive VC investments to other parts of Asia

In Asia, VC investment flows could shift somewhat heading into Q4'21, particularly in the edtech space. While edtech has been a major area of investment across Asia over the past year, investment in China will likely dry up considerably moving forward due to new rules for tutoring companies introduced in Q3'21. The change could see VC investment in the space focusing even more on India, where edtech is already a red-hot area of investment. While VC investment in China slowed in Q3'21, hardware and consumer market companies continued to raise large VC rounds, including HeyTea (\$500 million) and ESWIN Material (\$462 million).



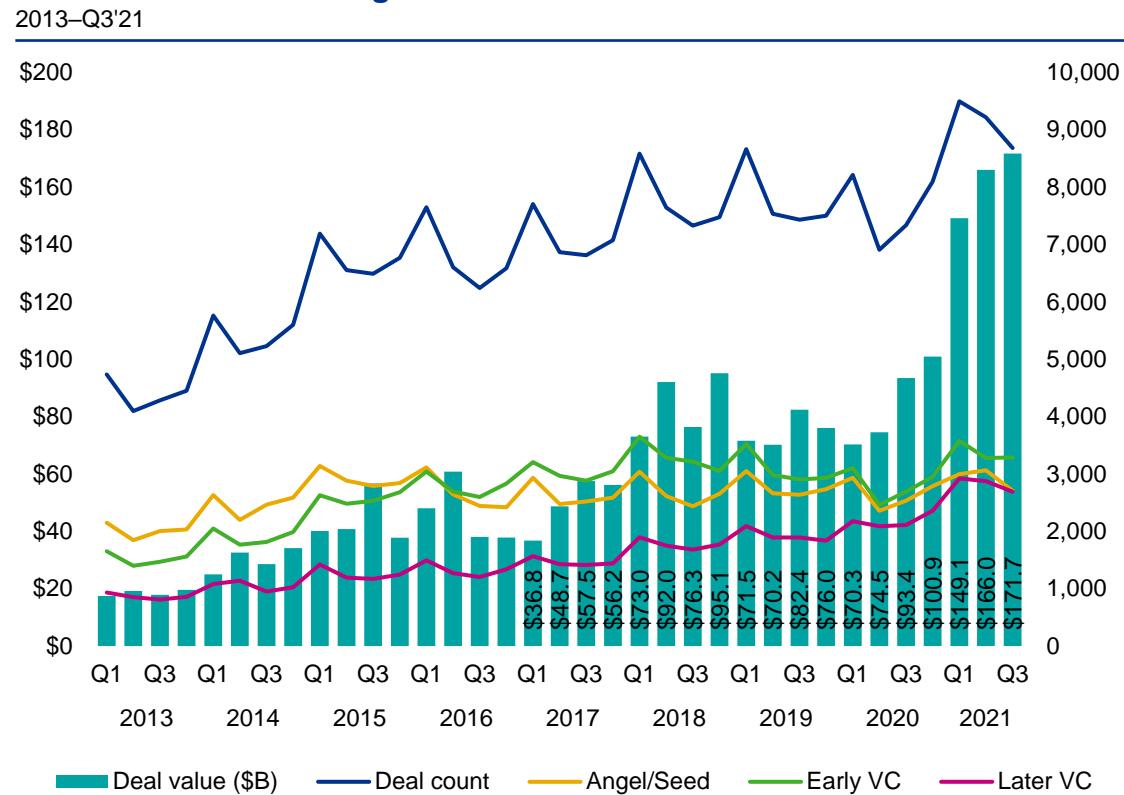
Trends to watch for in Q4'21

Globally, fintech, health and biotech, B2B services, and logistics and delivery are expected to remain very attractive areas for VC investment. Given the number of companies operating in the delivery space, there will likely be some serious consolidation at the regional and global levels over the next few quarters as companies look to scale and grow their market share.

Investor interest in ESG and cleantech is expected to keep growing. With COP26 scheduled to be held in Q4'21, sustainability and climate change will be top of mind — likely leading to the development of more funds with an ESG focus and to more investments in ESG related technologies and cleantech solutions able to help mitigate the impacts of climate change.

2021 on track for historic figures

Global venture financing



Source: Venture Pulse, Q3'21. Global Analysis of Venture Funding, KPMG Enterprise. Data provided by PitchBook, October 20, 2021.

Each consecutive quarter of 2021 seems to set new highs. The last dip in venture financing tallies for both count and value was driven by a pandemic, but since then, much like in public equities, venture investment has somehow redoubled into historic territory.

Although there are dozens of factors behind this surge, the likeliest primary drivers include:

- Strong fundraising amid increasing allocations to venture by major institutions, leading to record levels of capital overhang
- Growth in the number of funds active within the space, especially among nontraditional firms such as hedge or sovereign wealth funds
- Underscored imperatives for digitization, which spans cybersecurity to SMB e-commerce solutions
- Unprecedented government policy proposals for vast subsidies for and investment in green energy, leading to significant startup activity within this space
- Near-unprecedented liquidity, primarily driven by public equities' unstoppable rise, for mature venture-backed companies that encouraged reinvestment within the space and helped validate valuations

“ Q3'21 was an incredible quarter for VC investment globally as investors continued to pour money into late stage megadeals, including a record 11 deals of over \$1 billion. Both the Americas and the US set new records for VC investment, while Asia attracted the most funding since Q2'18 — and it's second highest quarter of VC investment ever. ”

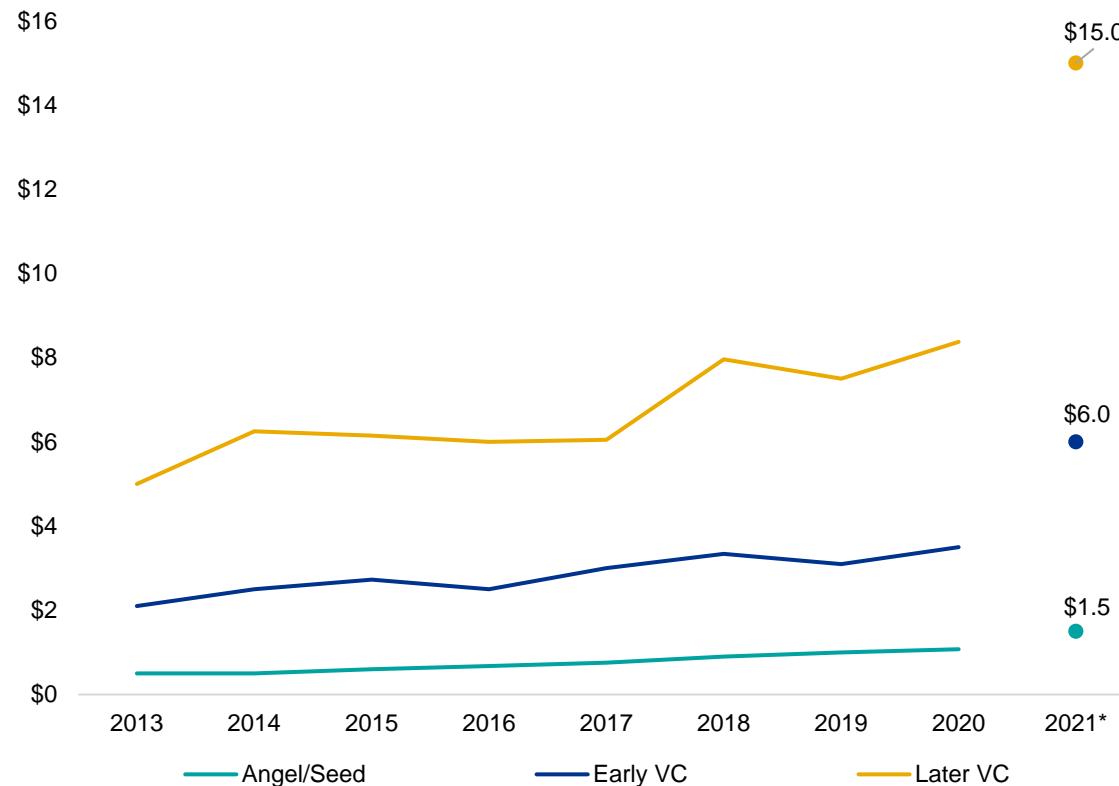


Jonathan Lavender
Global Head,
KPMG Private Enterprise

Metrics remain high across the board

Global median deal size (\$M) by stage

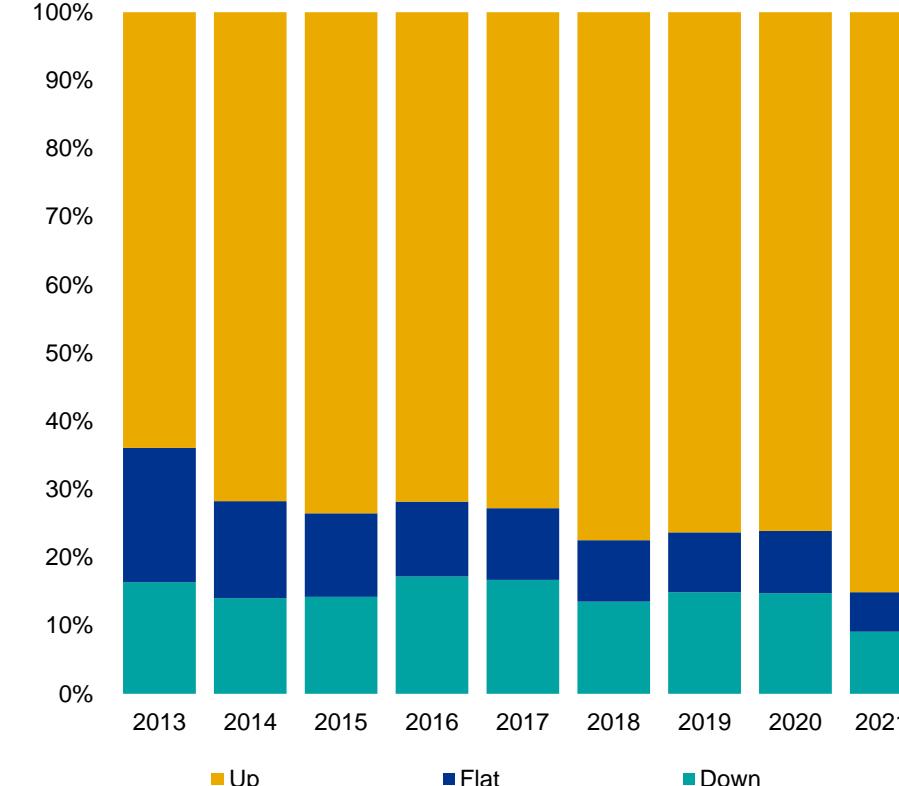
2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Global up, flat or down rounds

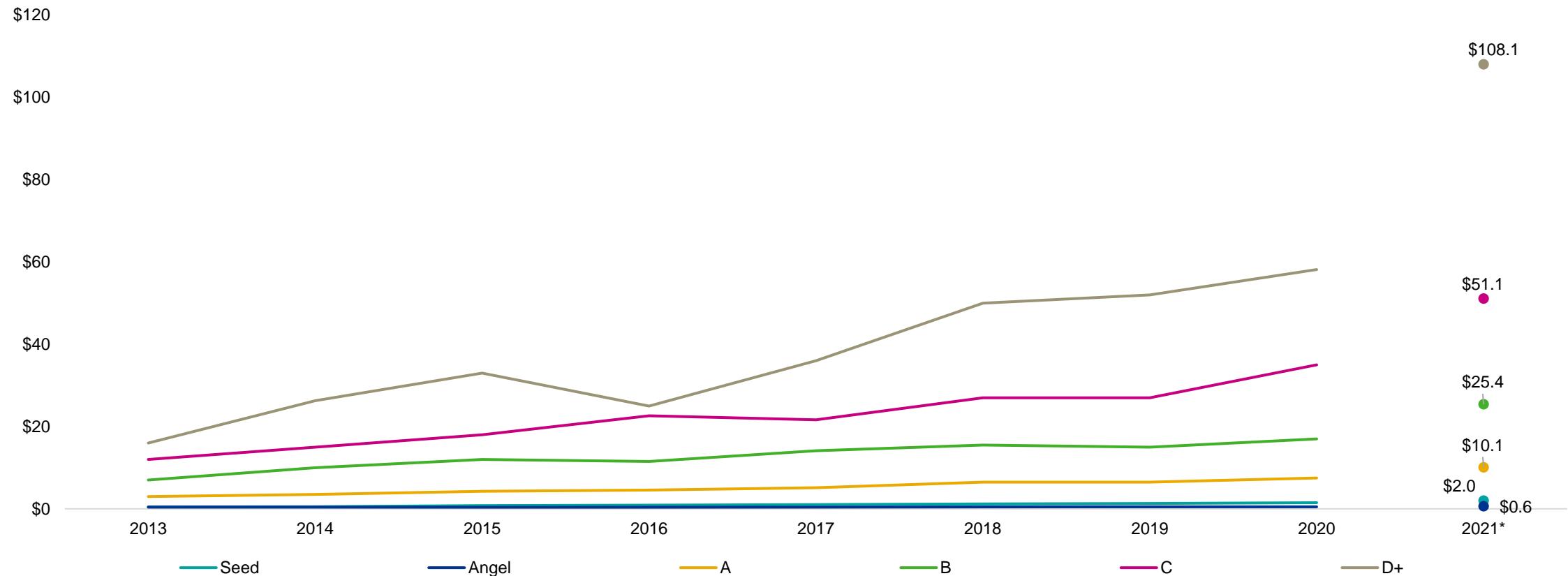
2013–2021*



Especially at the late stage, competition pushes figures higher

Global median deal size (\$M) by series

2013–2021*

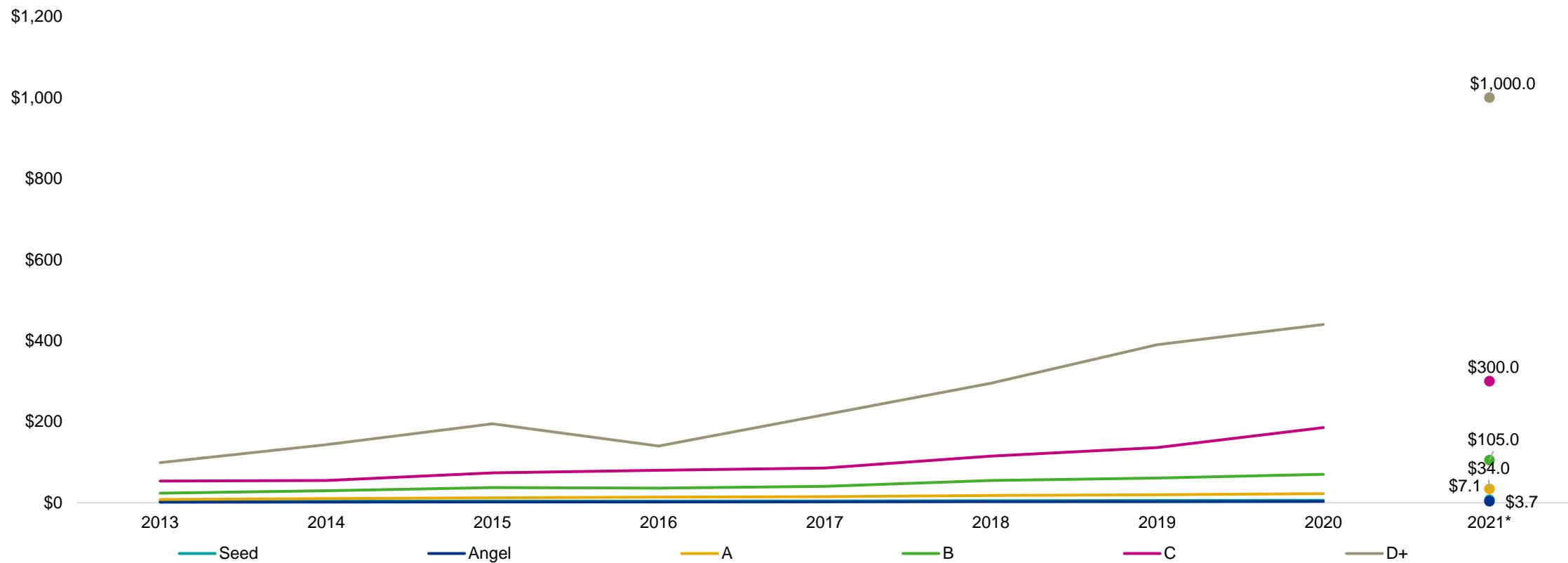


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

2021 continues to maintain historic mark of \$1B

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

2013–2021*

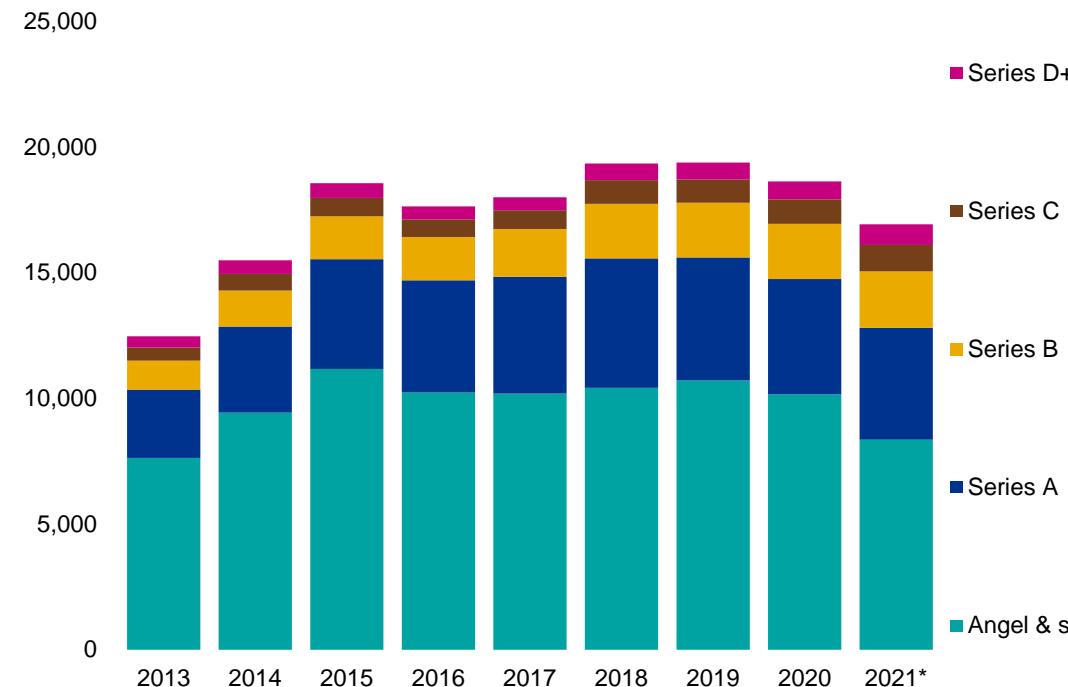


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

2021 on pace for record in VC invested at Series A

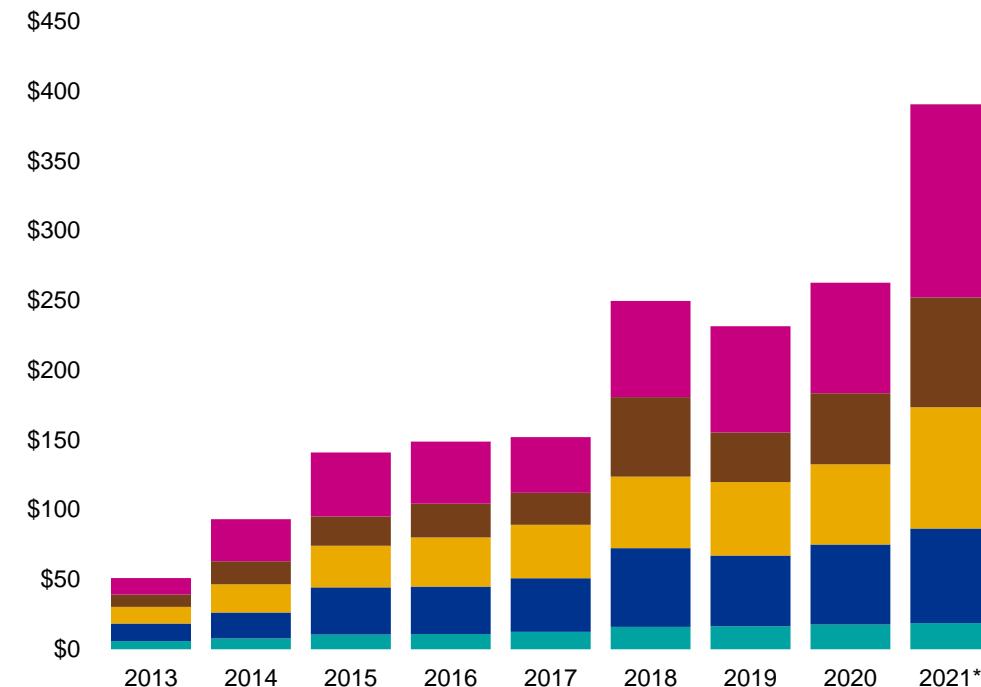
Global deal share by series

2013–2021*, number of closed deals



Global deal share by series

2013–2021*, VC invested (\$B)



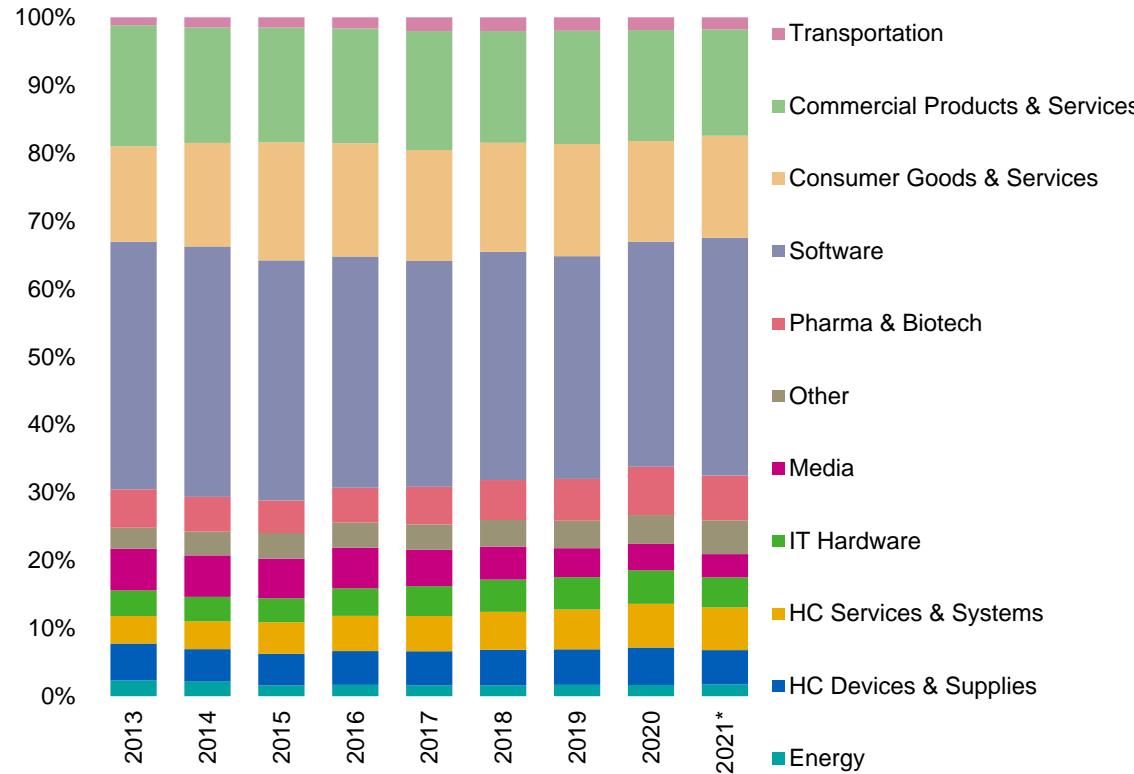
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Driven by outlier financings like a potentially record-sized Series A funding like that of Transmit Security — which clocked in at a mammoth \$543 million — the proportion of VC invested in Series A actually has surpassed that of prior years already, in an interesting indicator that the venture market's inflation has drifted down to what historically used to be considered early stage. This is a telltale sign of heady investor optimism as well as sheer desire for exposure to whatever promising companies, however nascent, exist earlier in their lifecycles.

Software remains at the top but healthcare and pharma draw large sums

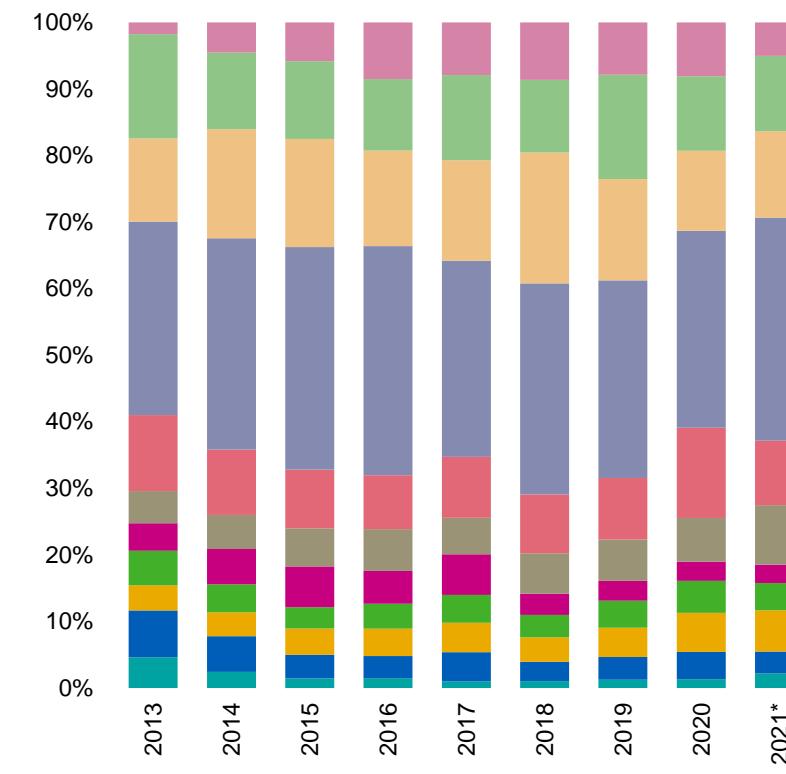
Global financing trends to VC-backed companies by sector

2013–2021*, number of closed deals



Global financing trends to VC-backed companies by sector

2013–2021*, VC invested (\$B)

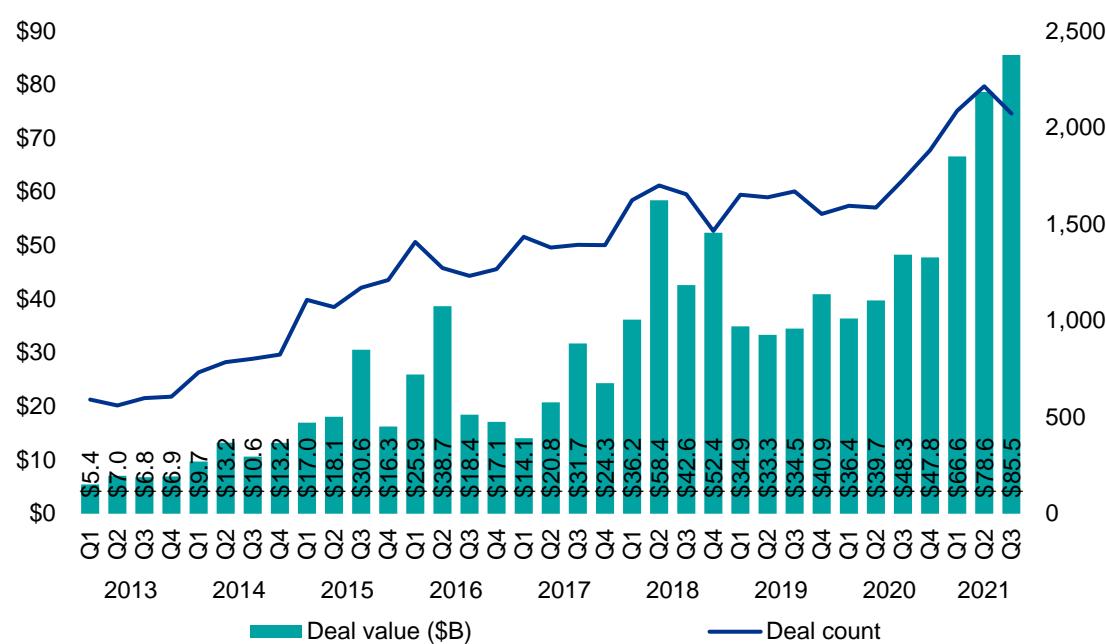


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

First-time financings set for largest rebound yet

Corporate VC participation in global venture deals

2013–Q3'21



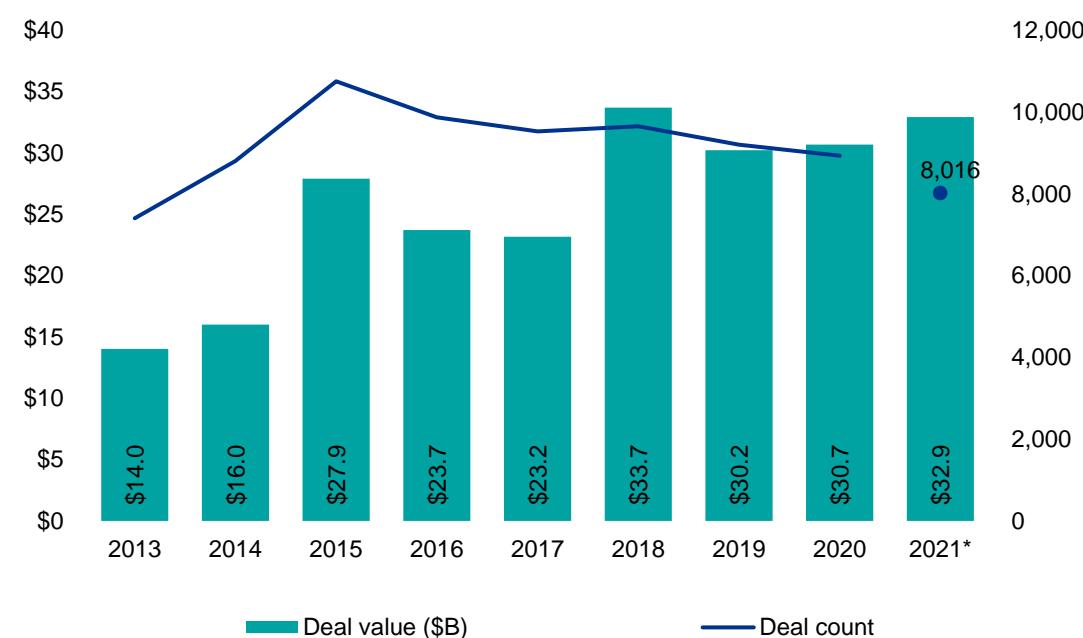
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

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.

Corporate venture arms have joined in the funding frenzy to a larger degree than ever before, after a plateau throughout 2018 and 2019. Moreover, they're joining in some of the largest rounds, setting a new high for the aggregate deal value of associated financings. Such exposure is increasingly viewed as aligning well with traditional corporate development.

Global first-time venture financings of companies

2013–2021*



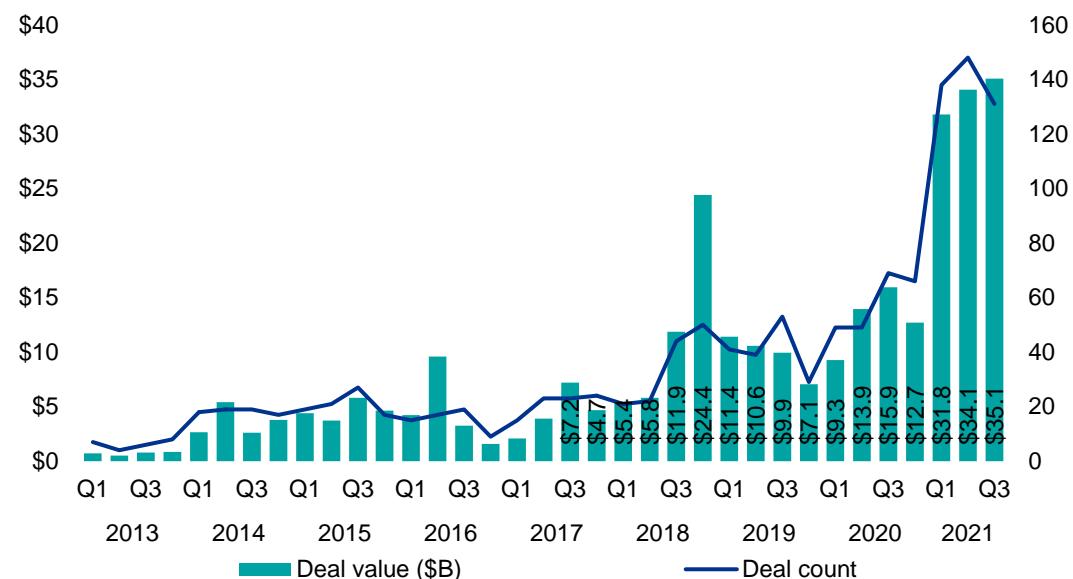
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

First-time financings saw volume decline throughout the latter half of the 2010s as rounds grew more expensive overall, but that has yet to slow down the tally of overall VC invested, which now is on pace to set a new record. This trend speaks clearly to investors' exuberance if not irrational enthusiasm as of yet.

Unicorns stampede even higher

Global unicorn rounds

2013–Q3'21



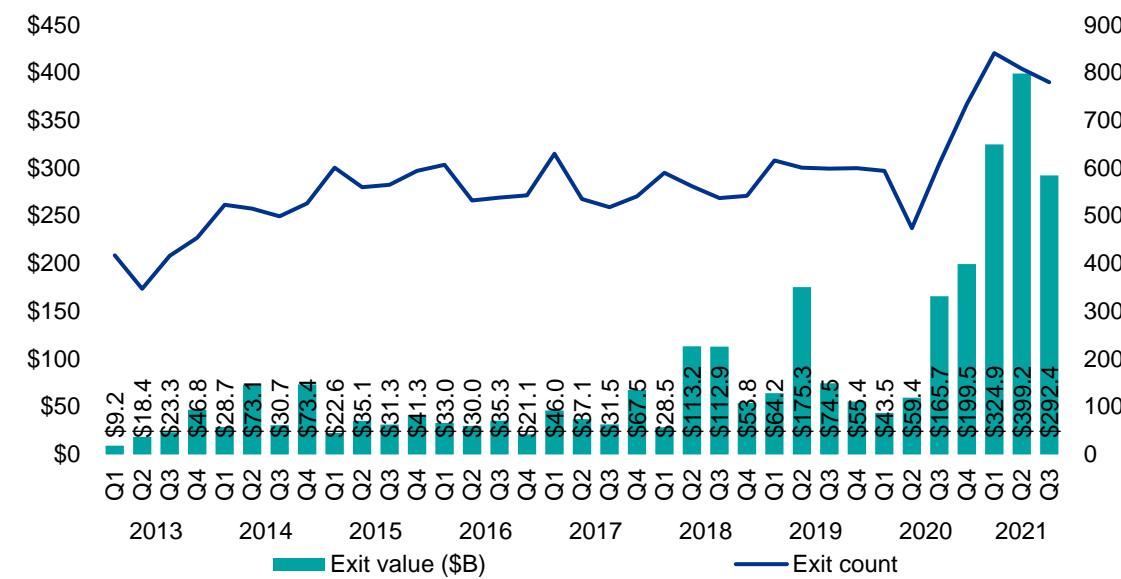
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

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.

As noted in the prior edition of the Venture Pulse, it is likely many unicorns are raising large sums for potentially the last time before they prepare for a significant liquidity event, most usually a public listing via traditional IPO, direct listing, or reverse merger. This has contributed to the unprecedented aggregate of capital raised by unicorns this year, which now exceed \$100 billion and counting.

Global venture-backed exit activity

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

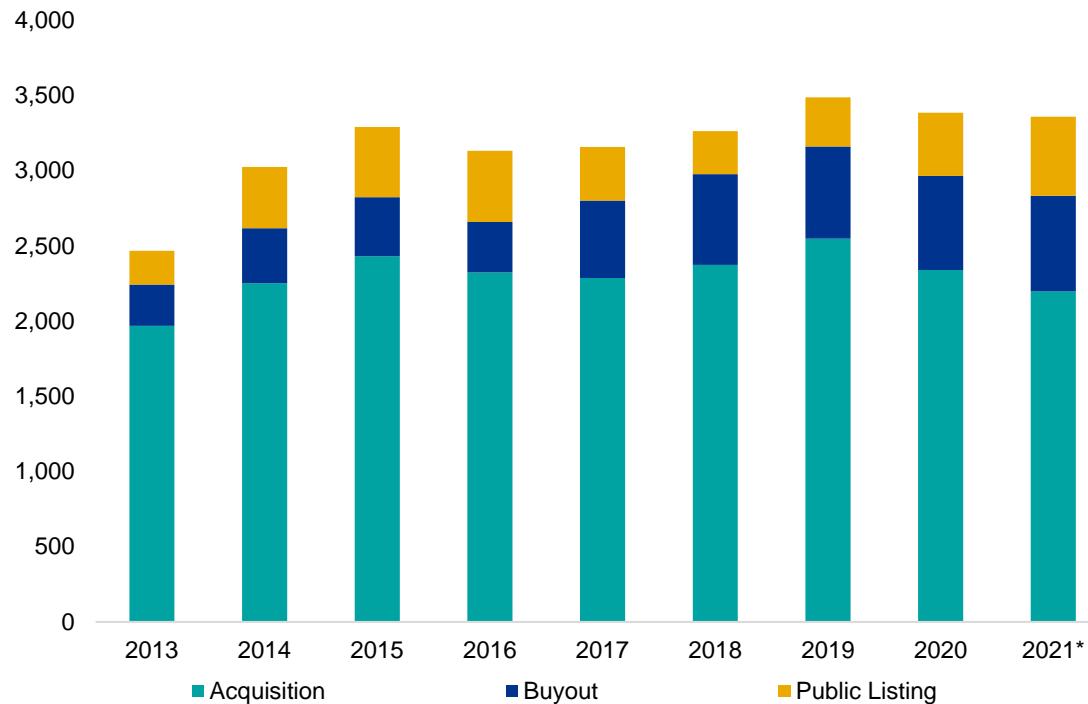
Note: Exit value for initial public offerings is based on post-IPO valuation, not the size of the offering itself.

As long as liquidity keeps flowing as strongly to fund managers and portfolio companies as it has in the past five quarters, it is clear that there will be a tide of returns sweeping back into the venture ecosystem that should encourage recycling back into the startup scene as well as ongoing commitments to asset allocators.

Public listings on pace to hit \$1T potentially

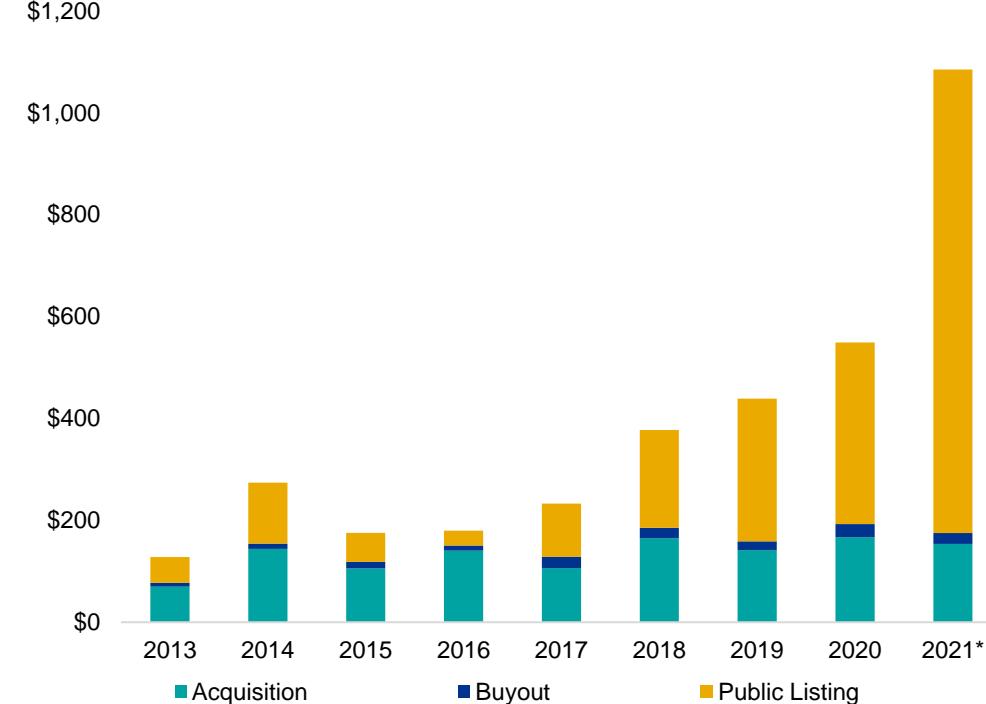
Global venture-backed exit activity (#) by type

2013–2021*



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

2013–2021*



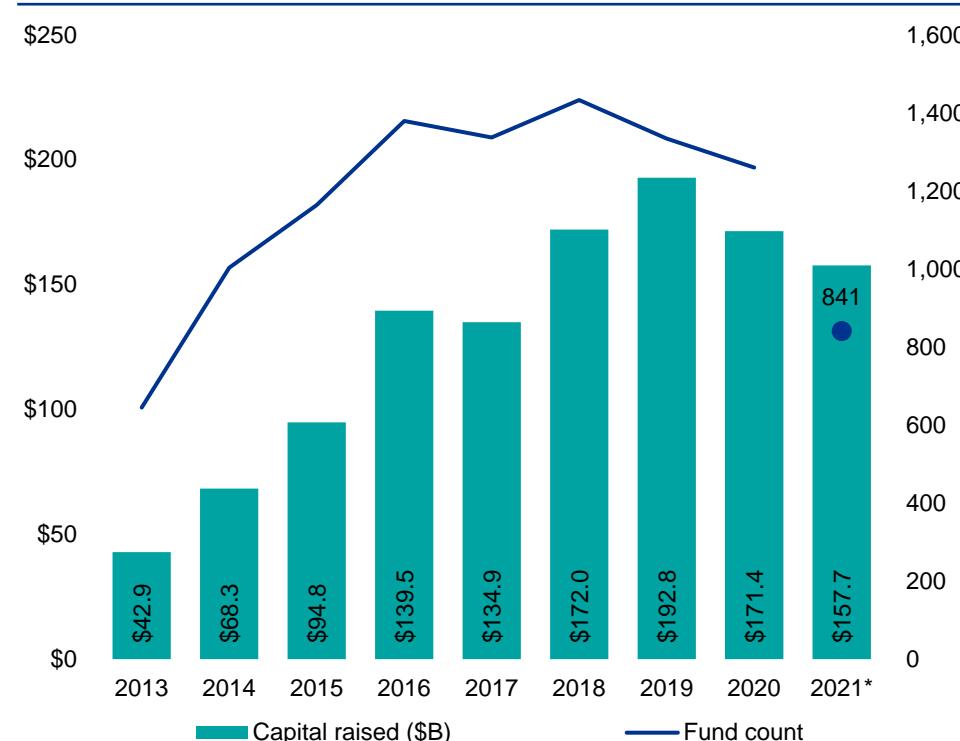
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Not since the dot-com era has such a massive rate of exit value been achieved via public listings. Public equities have experienced and continue to display unique, unprecedented trends, even if volatility has crept up somewhat in late summer for a variety of reasons, often geopolitical. However, this surge has also been driven by the crop of unicorns finally beginning to go public, which was bound to skew results to some degree. Moreover, M&A and buyouts continue to propel the bulk of exit volume.

Given strong liquidity prospects, fundraising remains strong

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. There was a bit of a slowdown in the pacing in the summer, likely just related to seasonal logistics, so in the final quarter of 2021, it remains to be seen if a new record for annual capital committed to venture funds can be reached.

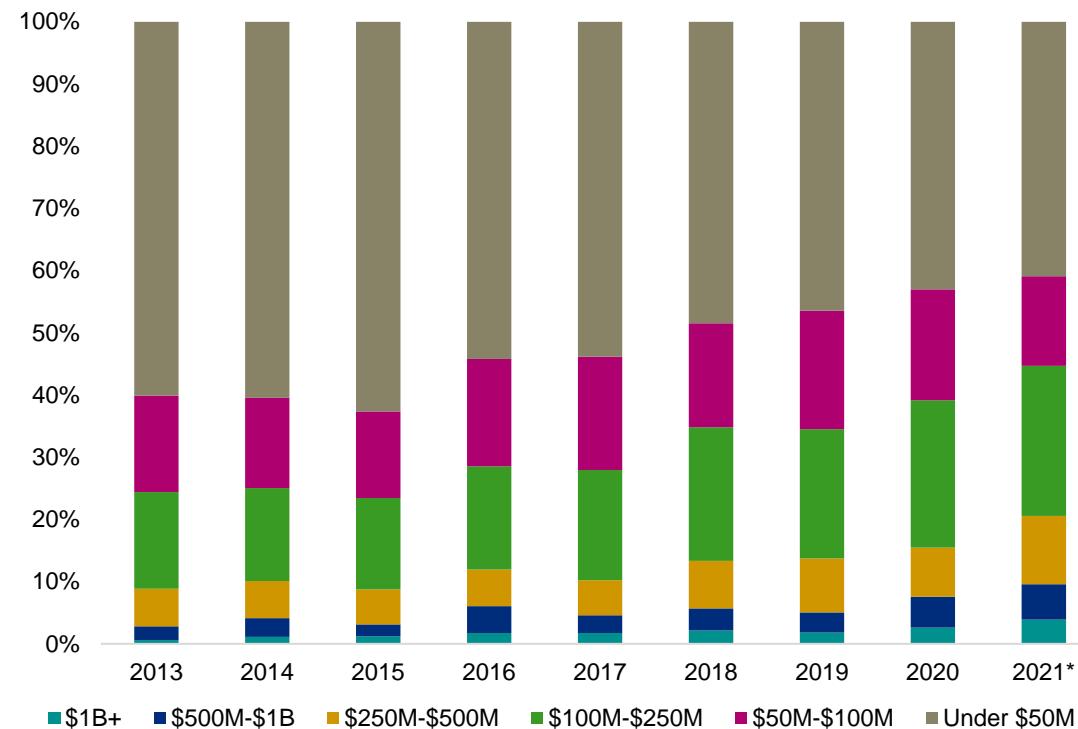
With a **full quarter to go**, it remains to be seen if 2021 could set a new high for VC raised, outstripping 2019's record haul of close to **\$193 billion**.

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021.
Data provided by PitchBook, October 20, 2021.

Follow-on funds continue to outpace first-time managers

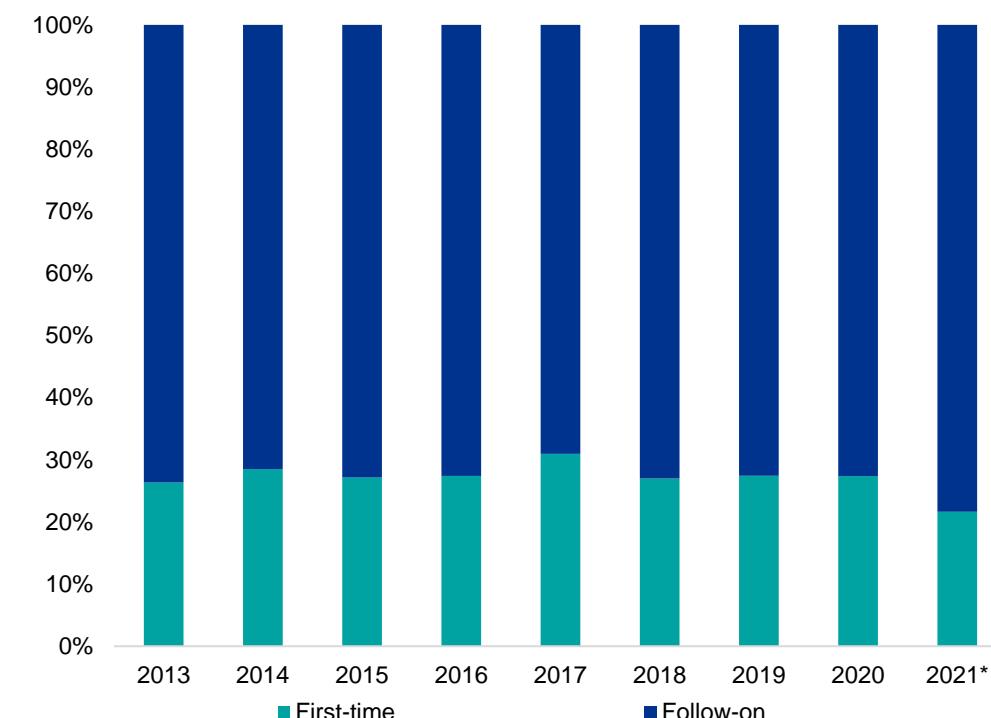
Global venture fundraising (#) by size

2013–2021*



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

2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

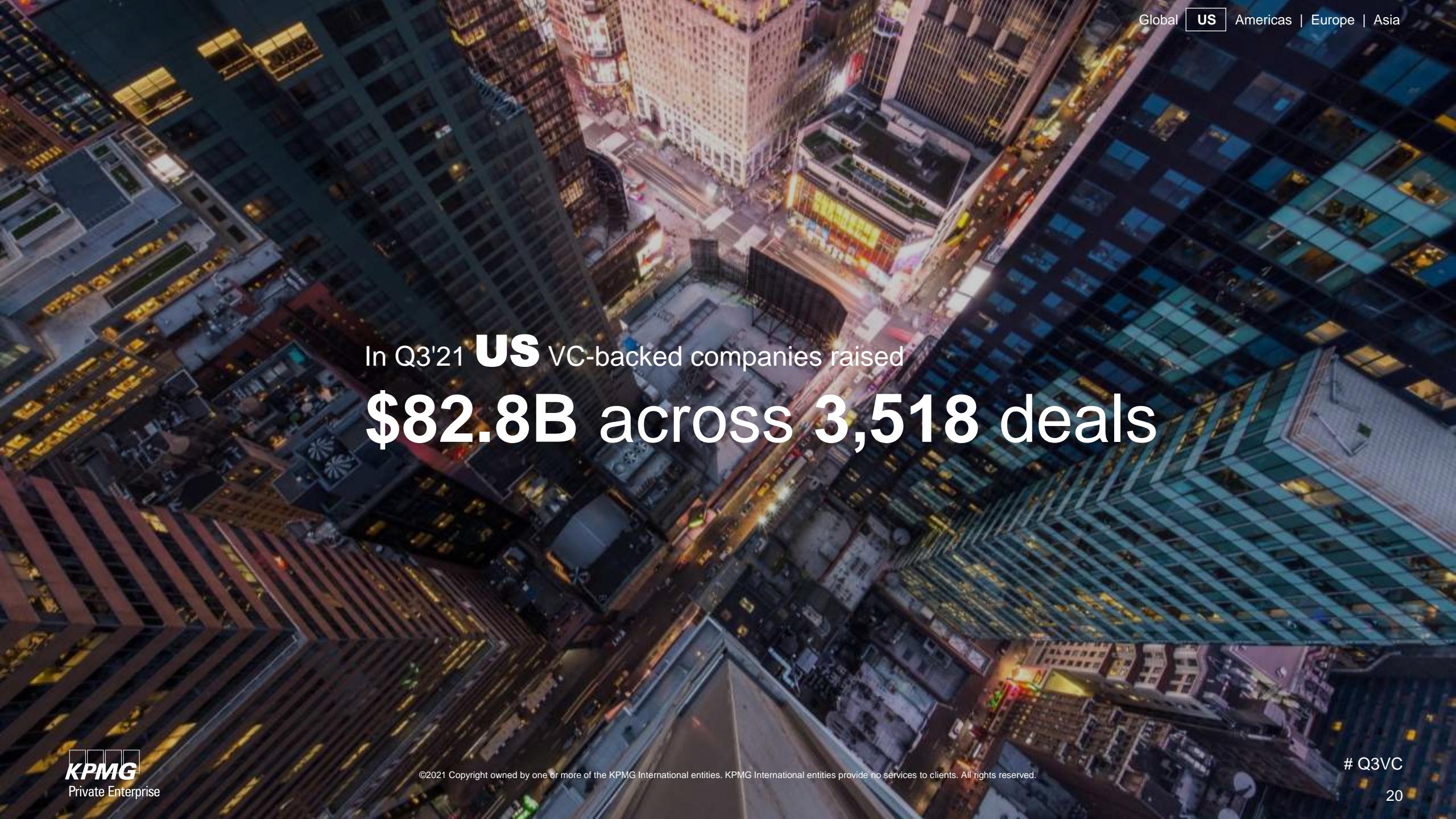
The largest rounds concentrate in key venture ecosystems worldwide

Top 10 global financings in Q3'21



1. **Flipkart** — \$3.6B, Bengaluru, India — Retail — *Late-stage VC*
2. **Rivian** — \$2.5B, Irvine, US — Automotive — *Late-stage VC*
3. **Generate** — \$2B, San Francisco, US — Cleantech — *Late-stage VC*
4. **BYJU** — \$1.7B, Bengaluru, India — Edtech — *Series F*
5. **Databricks** — \$1.6B, San Francisco, US — Database software — *Series H*
5. **Svolt** — \$1.6B, Changzhou, China — Energy storage — *Series B*
7. **Articulate (Educational Software)** — \$1.5B, New York, US — Edtech — *Series A*
8. **Devoted Health** — \$1.2B, Eagan, US — Digital health — *Series D*
9. **Nubank** — \$1.15B, Sao Paulo, Brazil — Fintech — *Series G*
10. **Chime** — \$1.1B, San Francisco, US — Fintech — *Series G*

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.



In Q3'21 **US** VC-backed companies raised
\$82.8B across **3,518** deals

VC investment in US reaches new heights

VC investment in the US was incredibly strong in Q3'21, reaching \$82.8 billion on 3,158 deals. Q3'21 was the best quarter for VC investment ever, surpassing previous records set earlier this year.



Big deals drive VC investment in US, including seven \$1 billion+ funding rounds

Large megadeals continued to dominate the US VC market in Q3'21, led by electric vehicle company Rivian's \$2.5 billion funding round, sustainable energy infrastructure company Generate's \$2 billion raise, data and AI firm Databricks' \$1.6 billion raise⁴, remote employee training company Articulate's \$1.5 billion funding round, Devoted Health's \$1.2 billion raise, fintech company Chime's \$1.1 billion and delivery company GoPuff's \$1 billion raise.

Across all deal stages, median deal sizes continued to grow in Q3'21 as companies attracted larger and larger funding rounds. These growing deal sizes highlight the significant amount of capital continuing to pour into the VC market in the US.



Seasonality affects deals activity in Q3'21

Both deals activity and funding pulled back somewhat over the summer months as dealmakers took vacations — many for the first time in over eighteen months due to the challenges of the COVID-19 pandemic. The brief lull did not last, with a significant uptick in activity in September. The VC market in the US is very hot, with a significant amount of dry powder available, increasing interest from alternative investors, and strong IPO and M&A exit activity.



Fundraising in US reaches new record with one quarter left in 2021

Fundraising in the US reached an annual record high in Q3'21. This reflects a combination of factors. Well-established VC firms with proven track records are taking less time to raise new funds than in the past; while the transition from wrapping one fund to closing the fundraising on a new fund might have taken two to three years historically, some are now doing it within eighteen months. The VC market is also seeing more players developing VC funds, including numerous corporates who are using their investments to replace or supplement R&D activities and to better identify early acquisition targets.



Profitability still important., but VC investors taking a more targeted approach

While profitability — or having a path to profitability — is still a major factor in the decision-making of VC investors, its importance is shifting somewhat based on the different areas in which startups operate. VC investors are still looking for companies operating in highly transactional sectors, such as ride sharing, grocery and food delivery, and short-term rental marketplaces, to demonstrate that they can be profitable at a transactional level. Meanwhile, VC investors evaluating companies operating in verticals where there are public entities that have proven the general business model can be profitable, are beginning to ask how and why a startup is similar to how those companies were in earlier stages of their development.

⁴ <https://databricks.com/company/newsroom/press-releases/databricks-raises-1-6-billion-series-h-investment-at-38-billion-valuation>

VC investment in US reaches new heights, cont'd.



Q3'21 sees short-term slowdown in exit activity

IPO and M&A activity slowed somewhat in Q3'21, driven in part by seasonality, but likely also as a consequence of companies feeling less pressured to exit quickly. Companies are becoming more strategic about their exit plans, taking the time to ensure they are well positioned to get a strong result.

IPO activity is expected to bounce back in Q4'21, although the percentage of IPOs that are completed via SPAC will likely decline as the fervour associated with SPAC transactions continues to wane. M&A activity is also expected to be robust, although the panic associated with the potential for valuations to rise exponentially in a short period of time has calmed considerably in recent months as investors have shifted their focus from a near-term outlook to a longer-term one.



US investors embrace wide-range of heathtech and fintech solutions

Both fintech and healthtech remained hot areas of investment in the US in Q3'21, in part due to the growing diversity of companies in the two spaces. Digital banking attracted the largest fintech deals in Q3'21, including a \$1.1 billion raise by Chime, and a \$510 million raise by Varo⁵, although VC investors also showed interest in areas like insurtech, blockchain, and B2B financial services.

In the healthtech space, Devoted Health raised \$1.2 billion this quarter. In addition drug discovery remained popular with US-based VC investors, with eRNA therapeutics company Laronde raising \$440 million in Q3'21. Other health-focused subsectors gaining traction among VC investors in the US include feminine health, robotics, and the integration of AI in day-to-day health system processes.



Trends to watch for in Q4'21

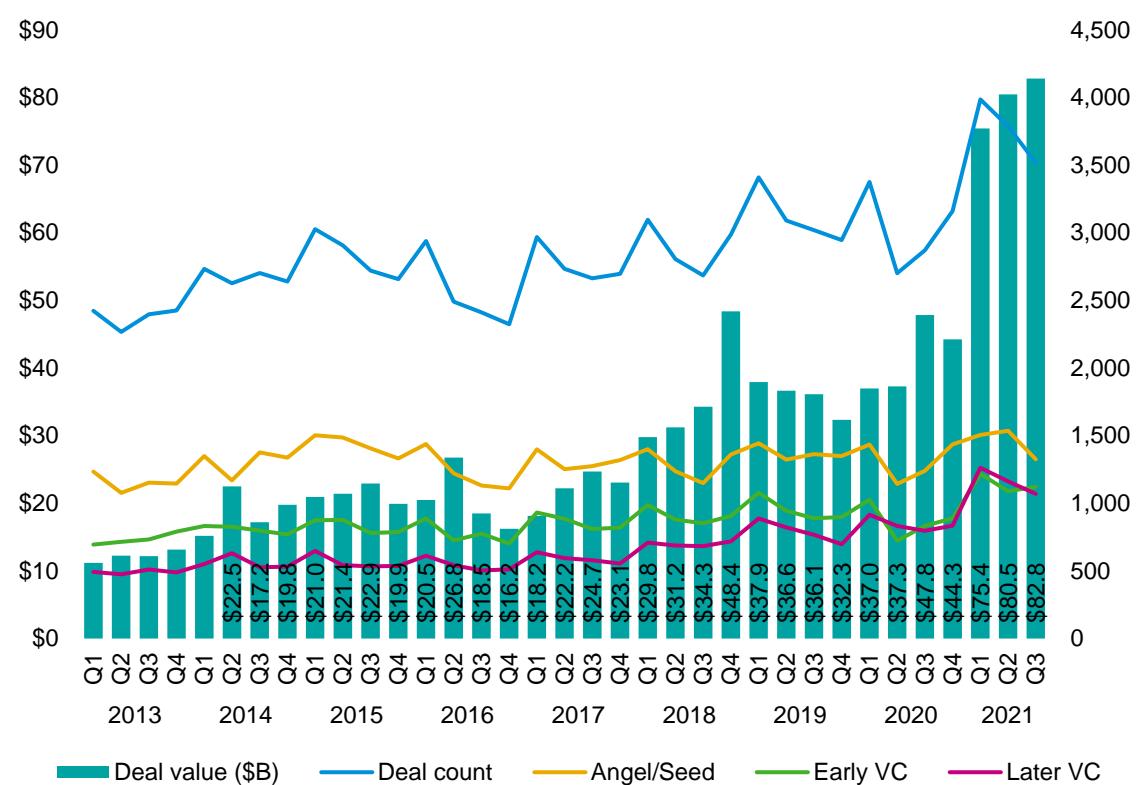
Heading into Q4'21, ESG is expected to continue to grow on the radar of VC investors in the US, with a broader range of companies with sustainable solutions attracting investment. There will likely also be an increase in VC funds specifically focused on funding startups with an ESG focus. Real estate focused solutions could also see growing VC investment over the next few quarters.

Following the summer lull, IPO activity is expected to rebound in Q4'21 and into Q1'22 as companies continue to move forward with their plans to go public. While there will likely continue to be a pullback in SPAC IPOs in the US, traditional IPOs and direct listings are expected to remain popular.

⁵ <https://techcrunch.com/2021/09/09/varo-bank-raises-510m-at-a-2-5b-valuation/>

Venture financing in the US

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

All venture investment trends in the US continue to rip higher. Both financing volume and aggregate value are setting highs for the decade, potentially even compared to the dot-com era (although inflation will always remain a key factor when comparing any such periods). For the US, what these trends also speak to is the culmination in some ways of the sheer growth of the venture industry and diversification of the ecosystem across greater arrays of industries than ever before. In addition, it signifies the extent to which the US startup ecosystem is now much broader than before, with some privately held companies outstripping many publicly listed ones in size, yet still retaining the ability to rake in hundreds of millions of dollars of financing.

“Now that the world is slowly opening up, I expect we'll start to see some additional investments in the future of work space. The whole area of hybrid work seems ready to be re-invented, from recruiting and hiring to the management of hybrid teams and the development of performance and rewards that make everyone, whether working remotely or in the office, feel they are being treated equitably.”



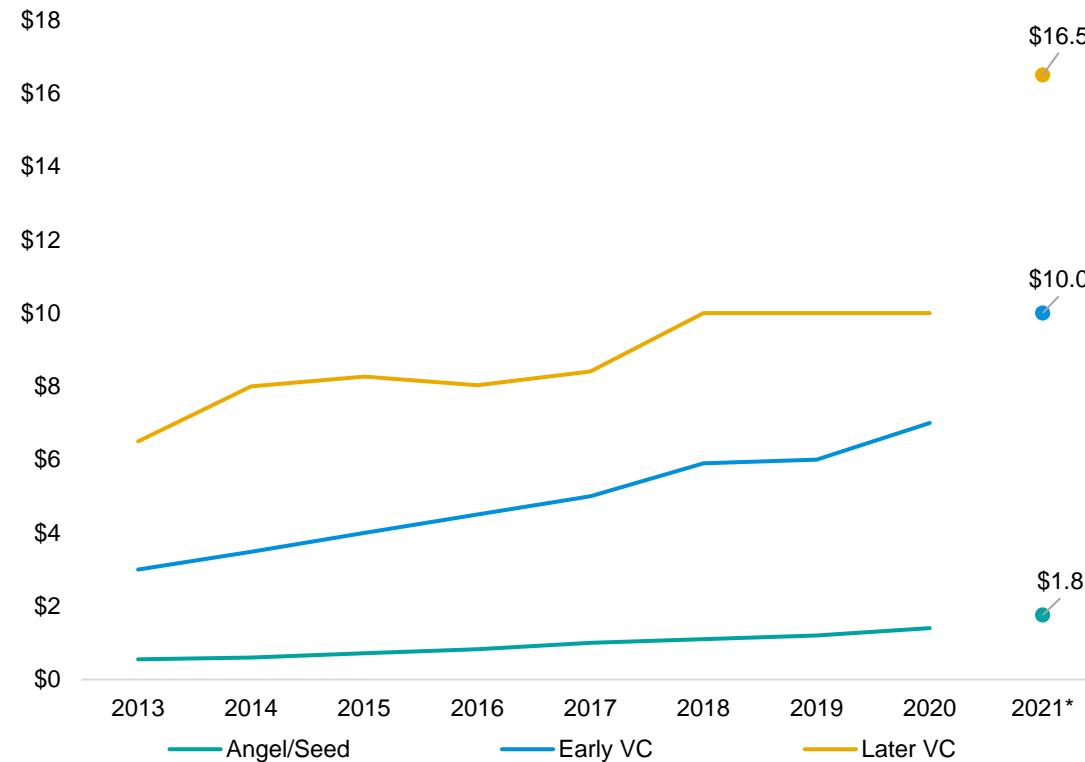
Conor Moore

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

Approximately 90% of all rounds are up

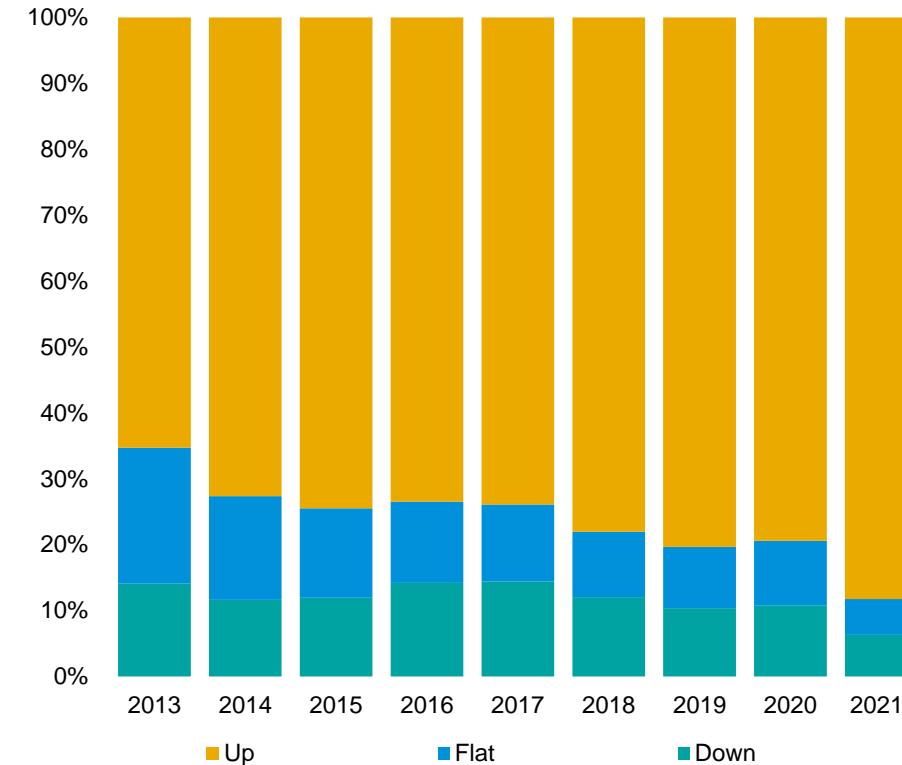
Median deal size (\$M) by stage in the US

2013–2021*



Up, flat or down rounds in the US

2013–2021*

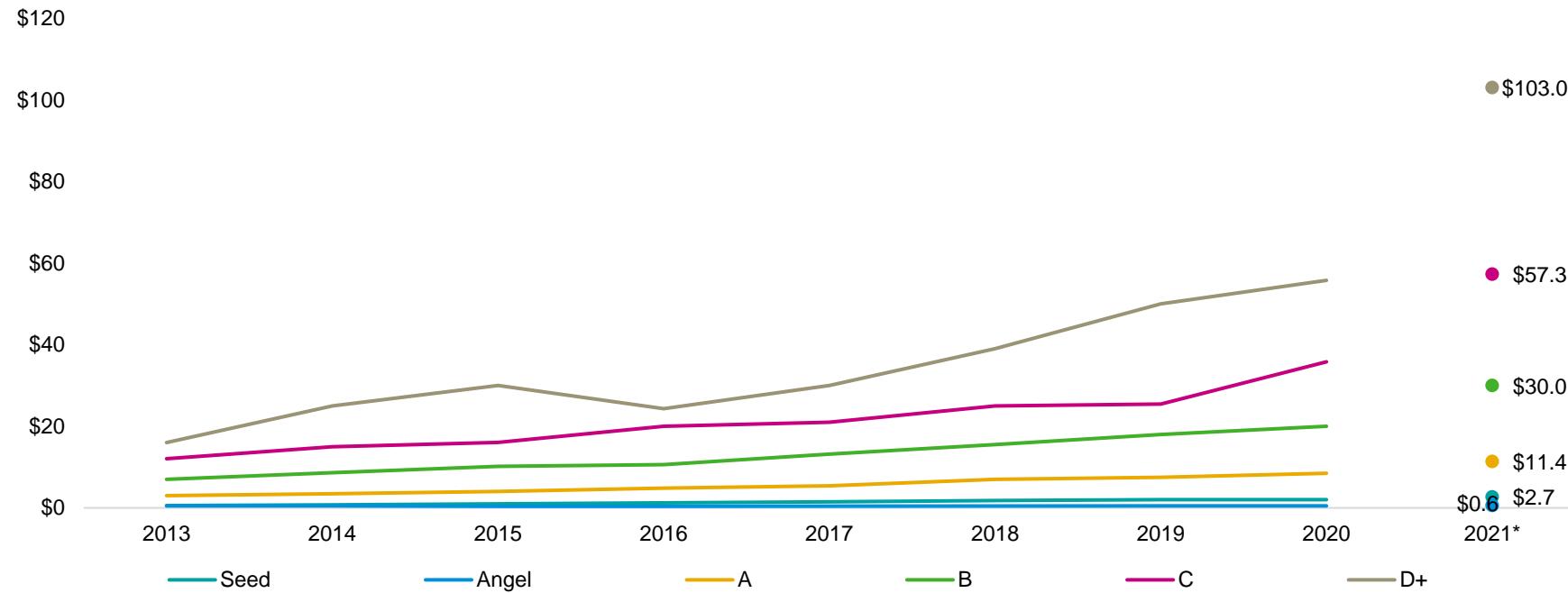


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Increases across nearly all stages, most dramatically the later in the cycle

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

2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Note: Figures rounded in some cases for legibility.

“ The train has left the station with regards to the potential for markets outside of the US and it's just going to continue. The smart VC's are recognizing it. They are going to places like Egypt, Brazil and Columbia to find the next great startups. They know that's where some of the biggest opportunities will be in the future. **”**

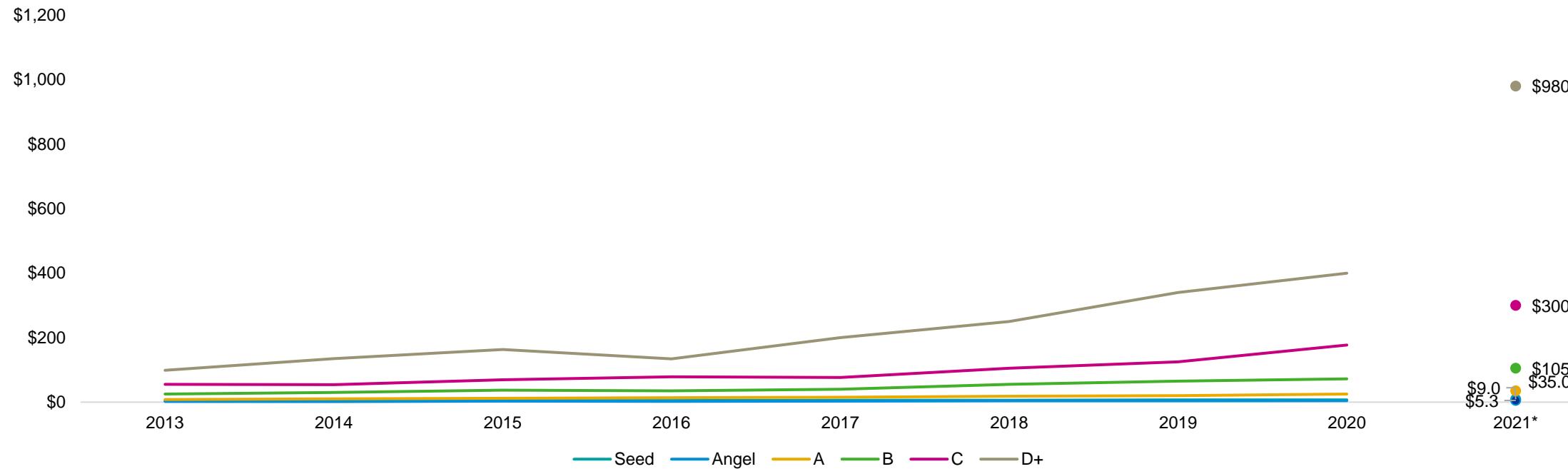


Jules Walker
Senior Director, Business
Development,
KPMG in the US

The latest stage keeps nearing a median of \$1B

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

2013–2021*



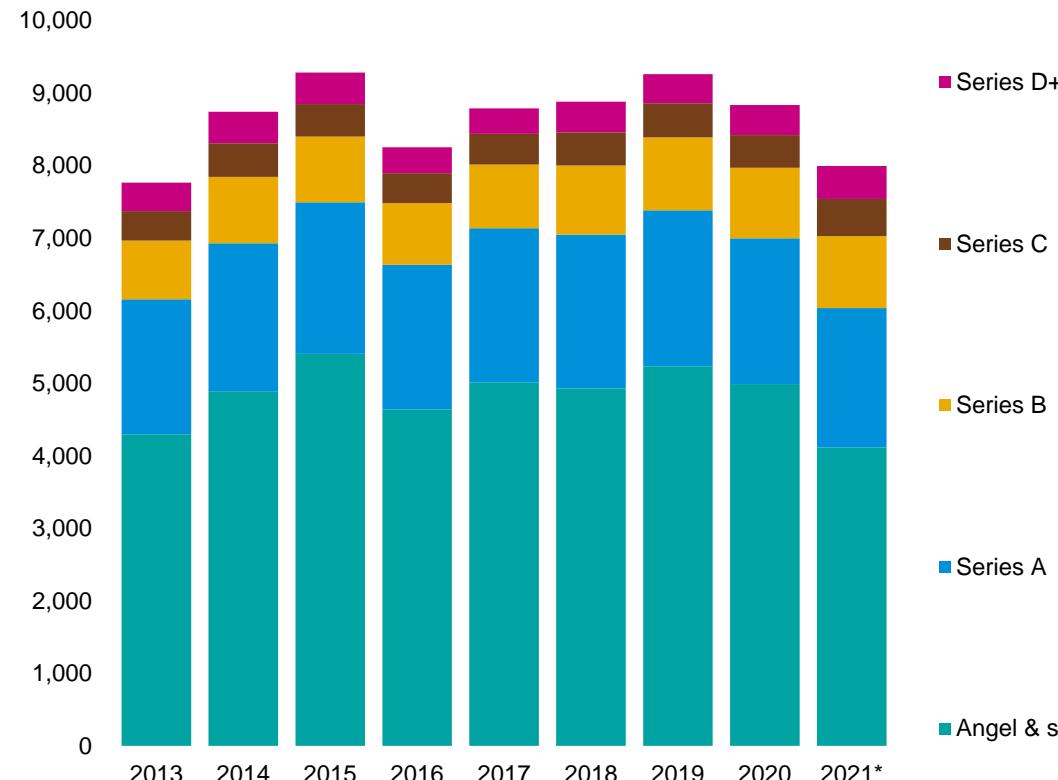
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Note: Figures rounded in some cases for legibility.

Series A hits a new record in terms of VC invested

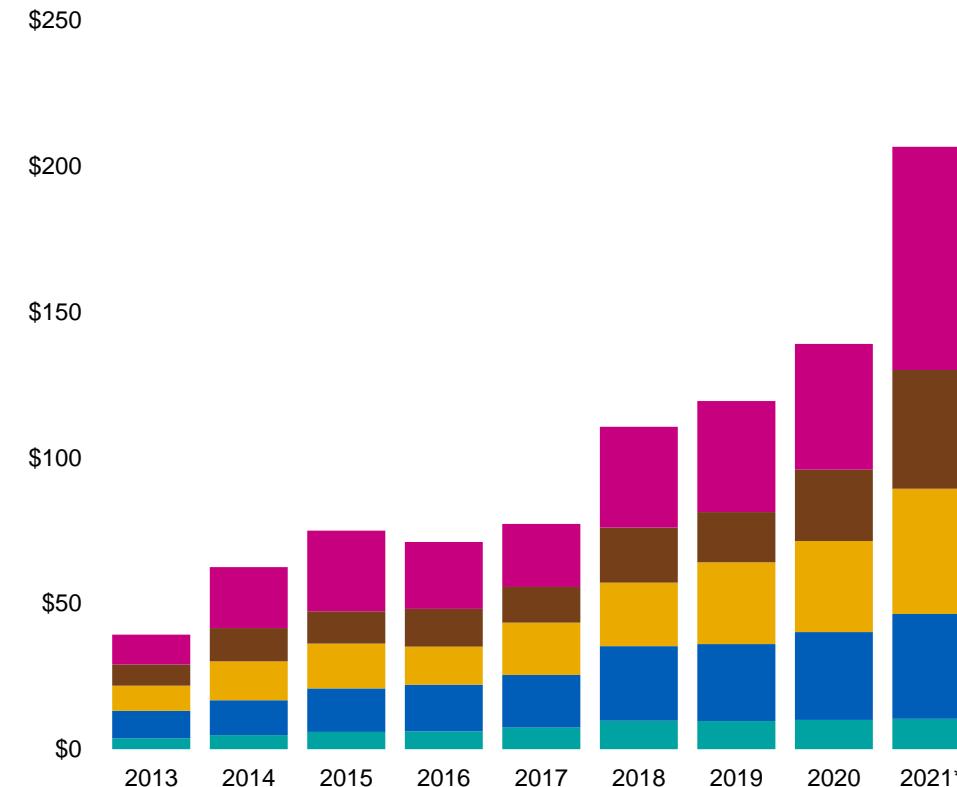
Deal share by series in the US

2013–2021*, number of closed deals



Deal share by series in the US

2013–2021*, VC invested (\$B)

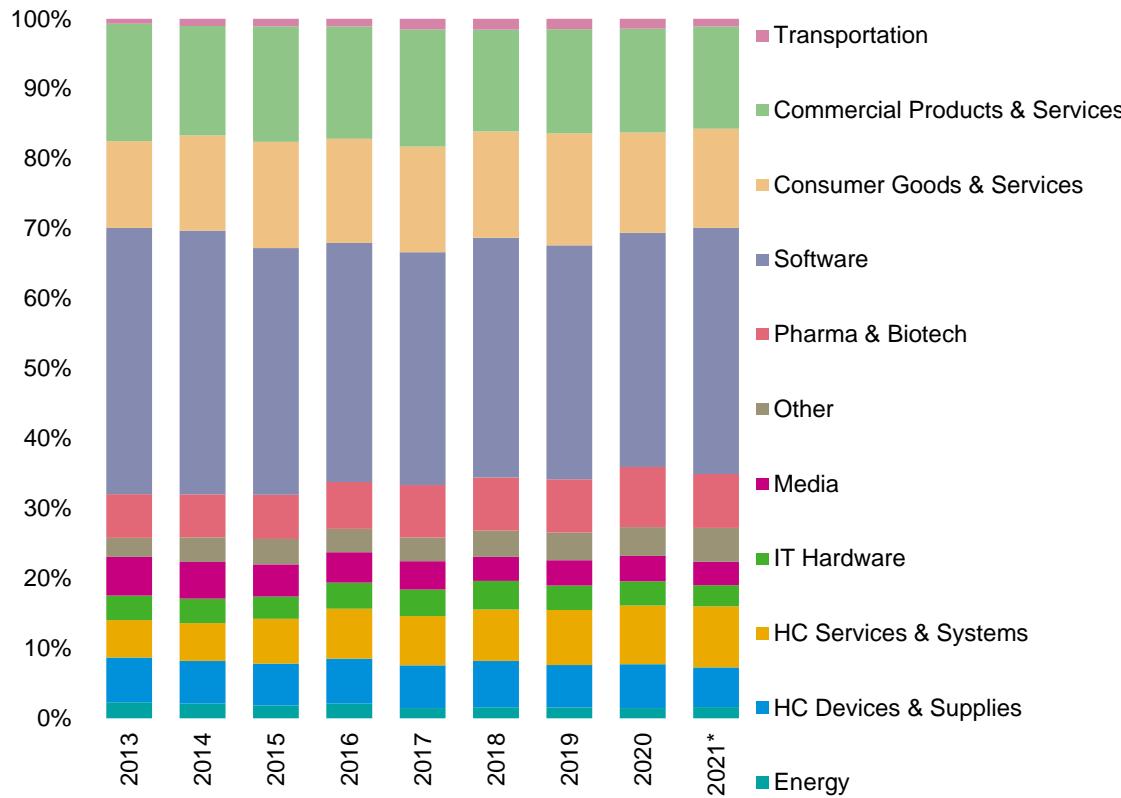


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Software, healthcare & life sciences remain most heavily funded

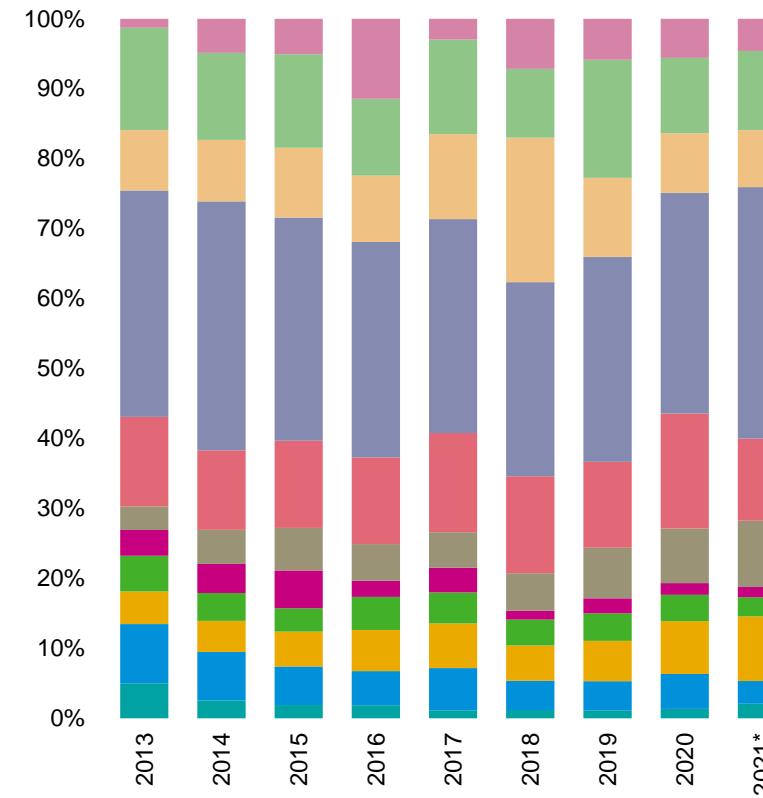
Venture financing by sector in the US

2013–2021*, number of closed deals



Venture financing by sector in the US

2013–2021*, VC invested (\$B)

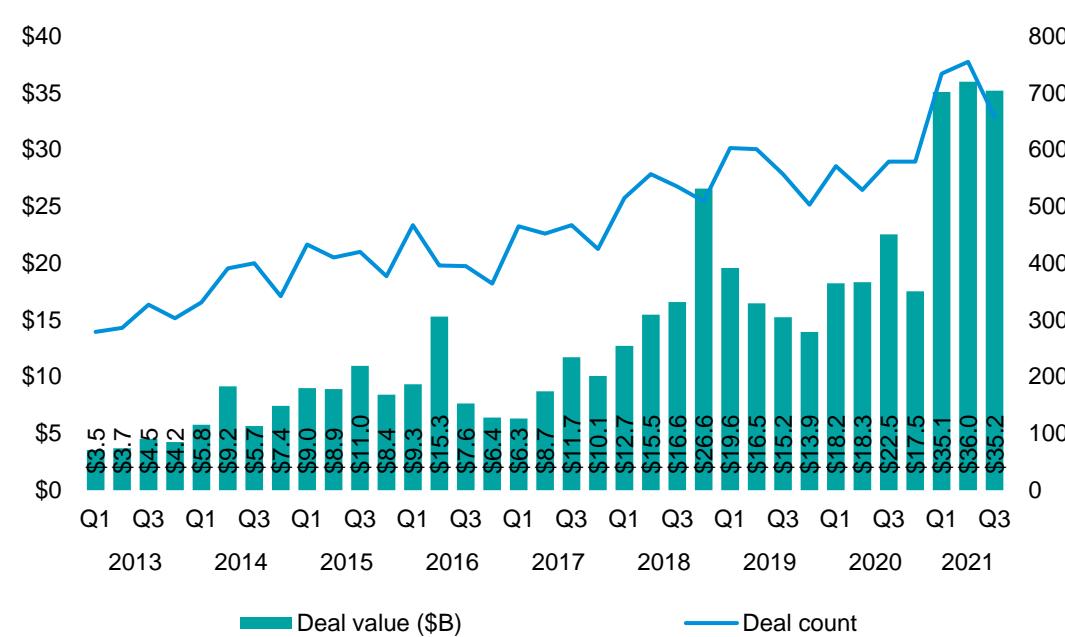


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Corporates maintain record pace

Corporate participation in venture deals in the US

2013–Q3'21

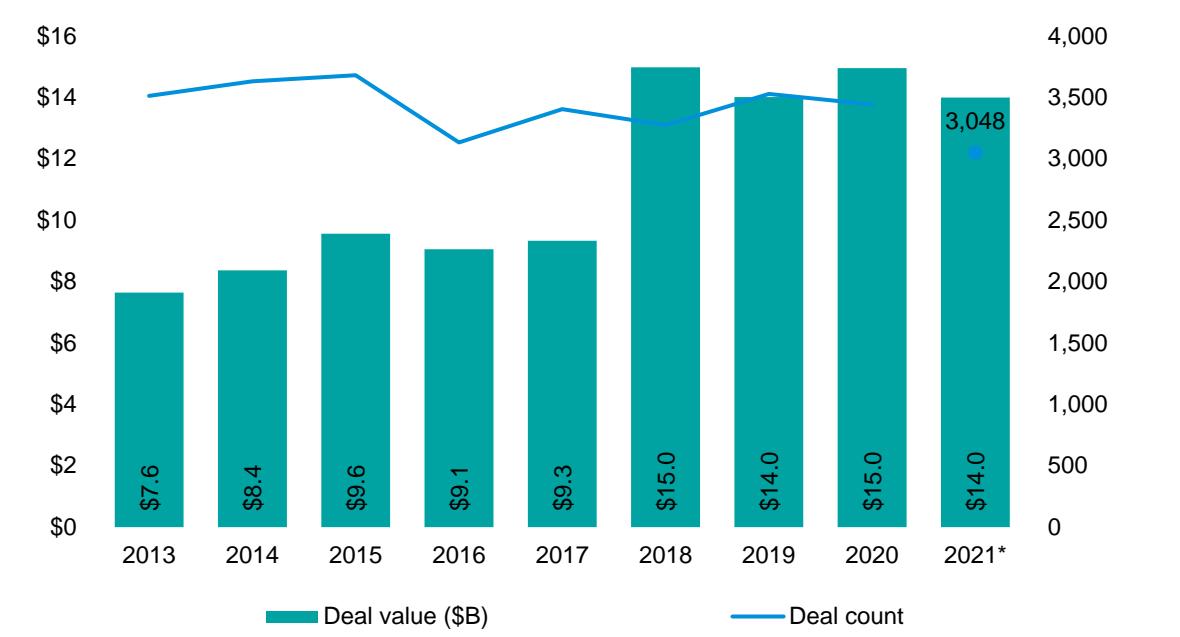


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Key contributors to the record tallies of VC invested, corporates and their venture arms continue to participate in yet another approximately \$35 billion worth of VC invested in the US, across an elevated number of completed financings. Direct investment, corporate venture funds and corporate development plans all are increasingly aligning and seen as tactics for companies to deploy to both gain exposure and strategic positions.

First-time venture financings of companies in the US

2013–2021*



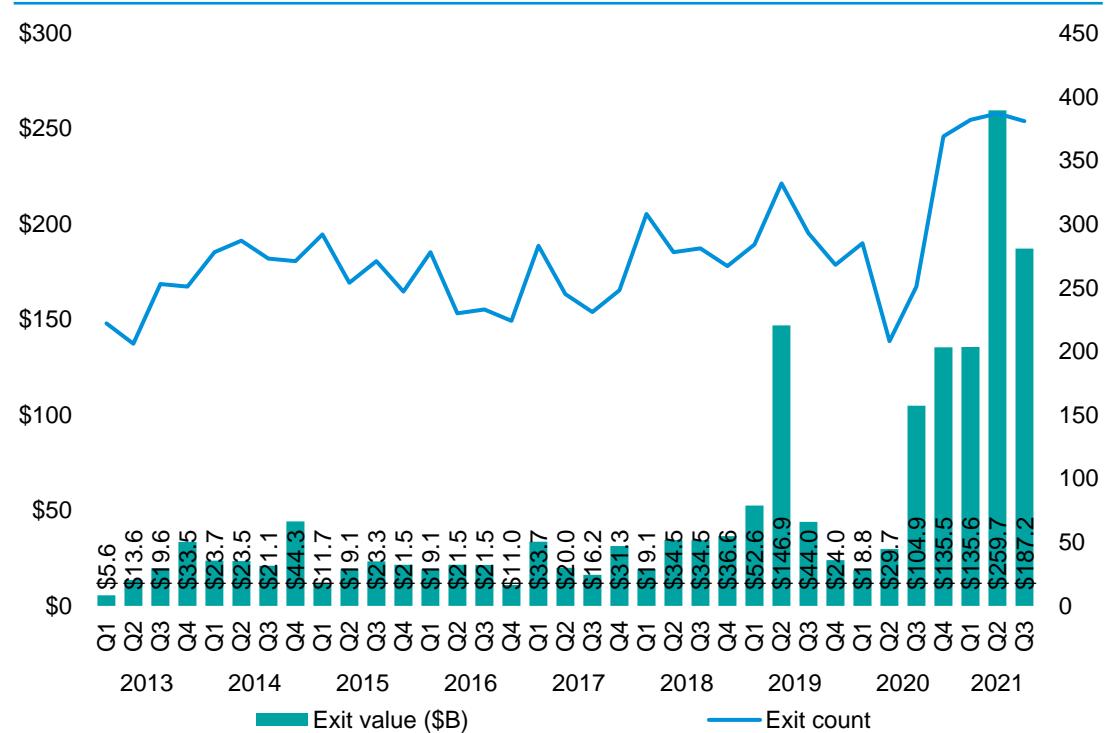
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

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, starting in 2018, a clear surge in inflation of the average size of first-time financings was observed, leading to several years straight of tallies surging between \$14 billion and \$15 billion. 2021 may yet eclipse each of those three prior years.

Massive liquidity flows still encourage significant investment

Venture-backed exit activity in the US

2013–Q3'21



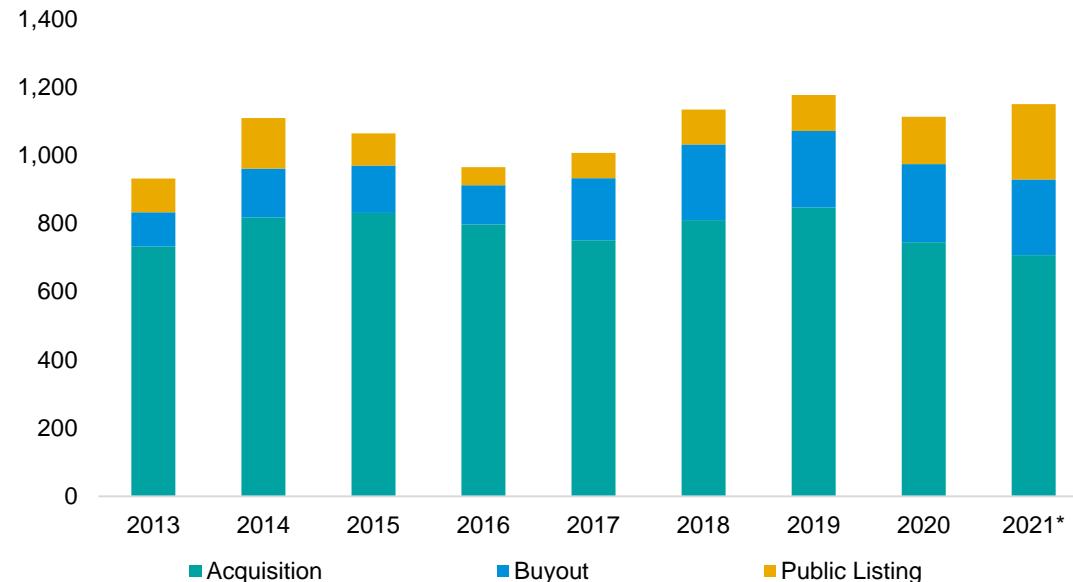
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

It is worth pondering if we would have seen such a rate of investment throughout 2021 if indices like the S&P 500 had not continued to set such lofty records month after month while showing no signs of slowing down. Primarily driven by public listings, as shall be seen in subsequent pages, this flood of liquidity has encouraged not only fundraising by also ongoing investment as nontraditional firms pay up handsomely for positions in mature, heavily funded companies that seem primed to go public and achieve a significant multiple in the unending bull market. Should volatility significantly increase, that could potentially dampen such enthusiasm, and choppier figures like those seen earlier in the 2010s could return.

The unending surge in equities continues to encourage debuts

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

2013–2021*

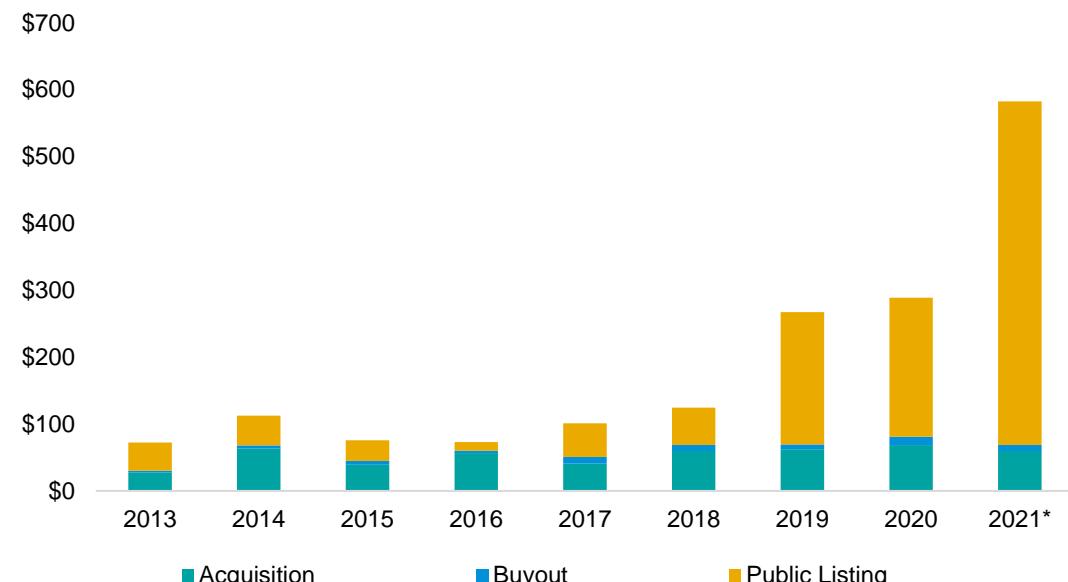


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

The red-hot, if increasingly volatile, equities market continues to encourage unicorns and other mature venture-backed companies to go public. 2021 has already set new highs for the decade, potentially to rival the dot-com era. 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

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

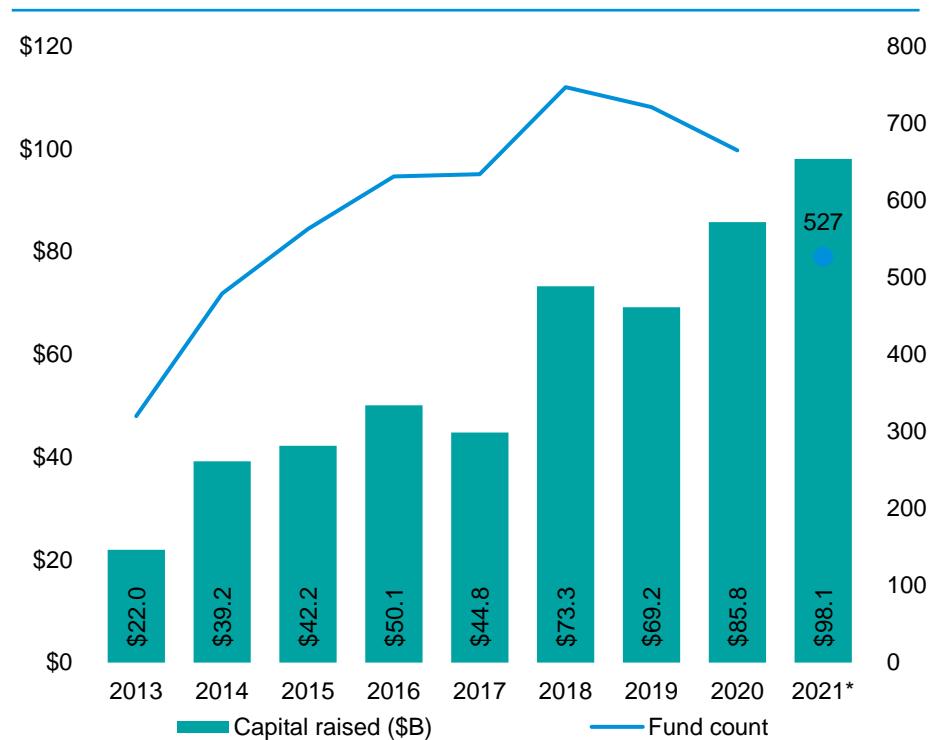
2013–2021*



2021 nears \$100B

US venture fundraising

2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021.
Data provided by PitchBook, October 20, 2021.

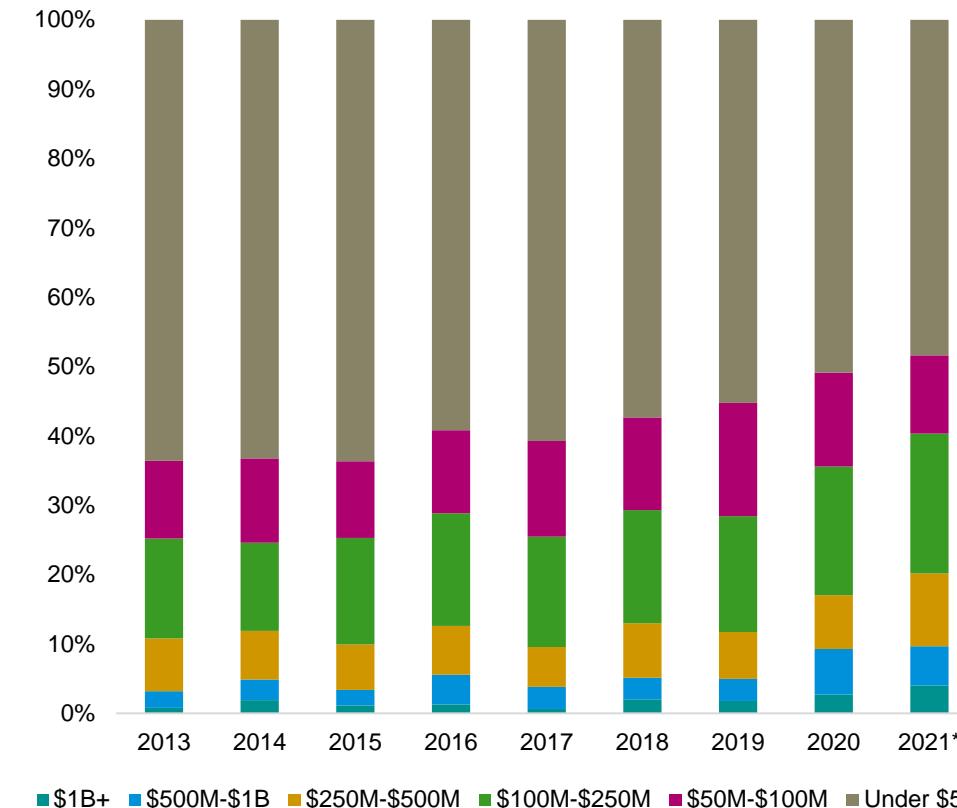
With well over 500 funds closed and a quarter to go, it is not completely improbable that the US could see two new records set for closed VC fundraising. However, the tally of \$100 billion is what is likeliest to be set, given how close that threshold is. This once again underscores the historic run of many venture firms that can boast a decade of success, especially amid the latest surge in liquidity.

... already in 2021, the US has reached **an all-time high** for capital committed to VC, although the next significant milestone **is even more likely: \$100 billion.**

Mega-funds continue to proliferate

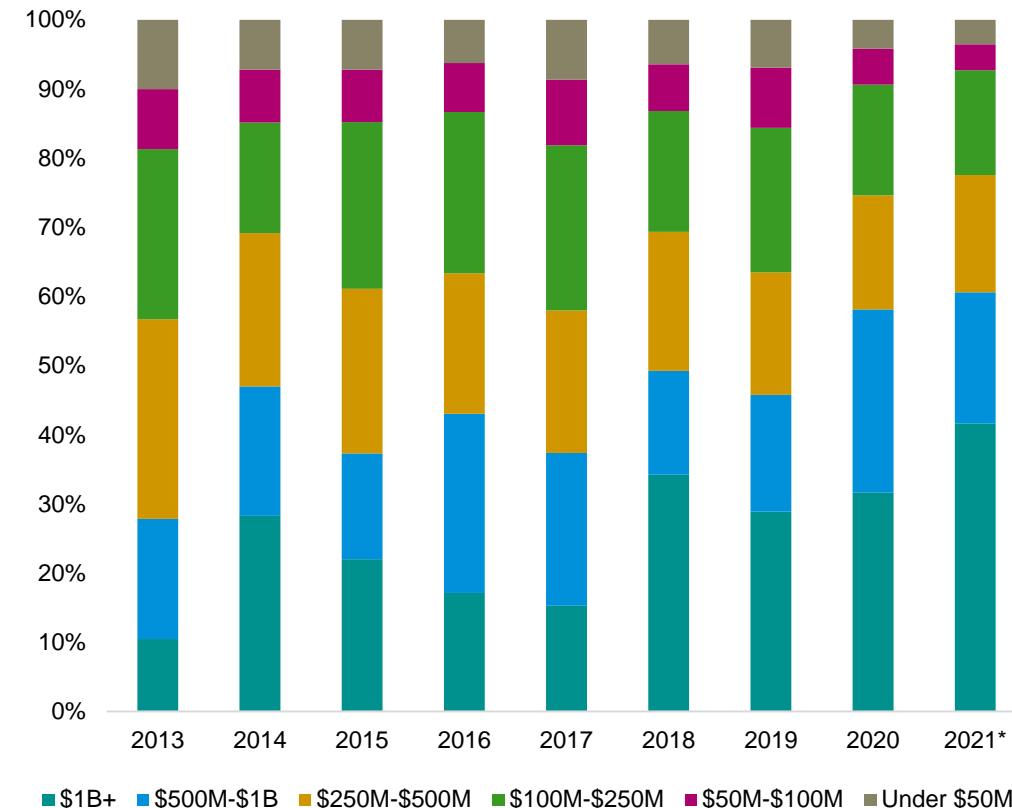
Venture fundraising (#) by size in the US

2013–2021*



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

2013–2021*

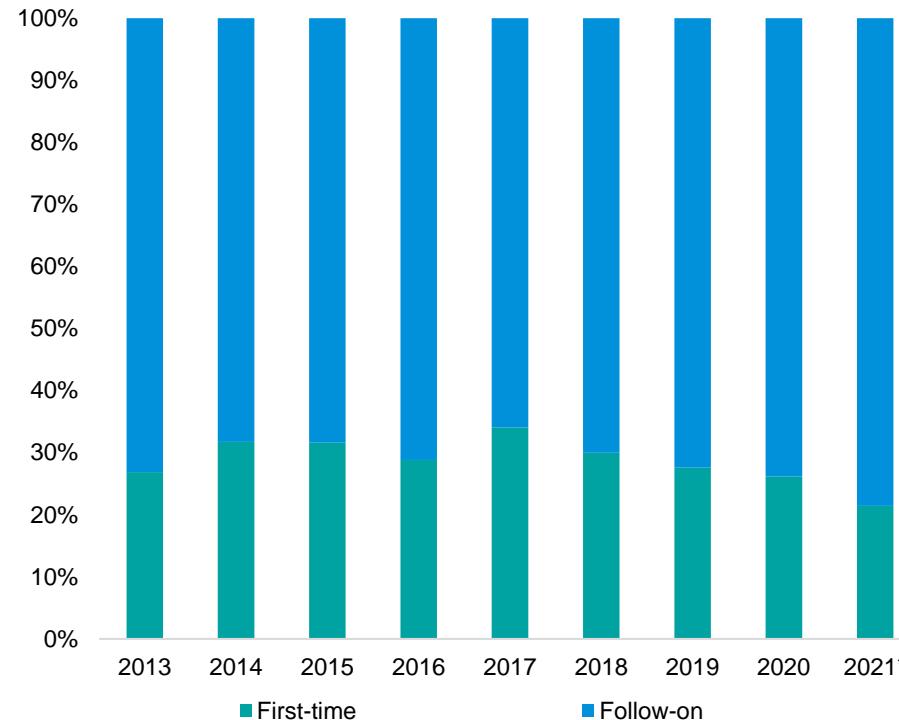


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

In an increasingly pricey climate, follow-on funds have the upper hand

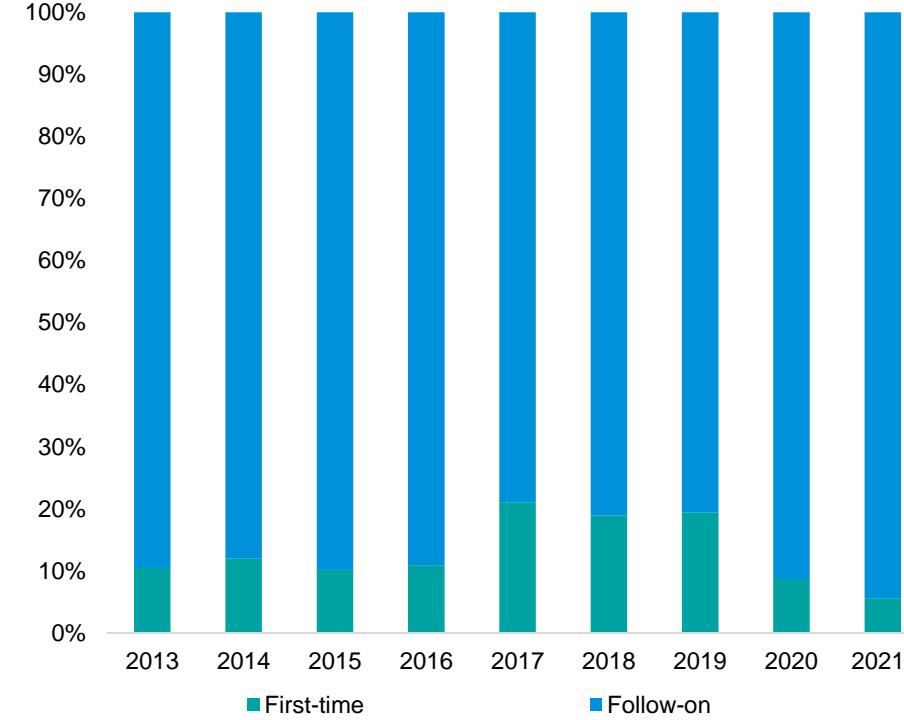
First-time vs. follow-on funds (#) in the US

2013–2021*

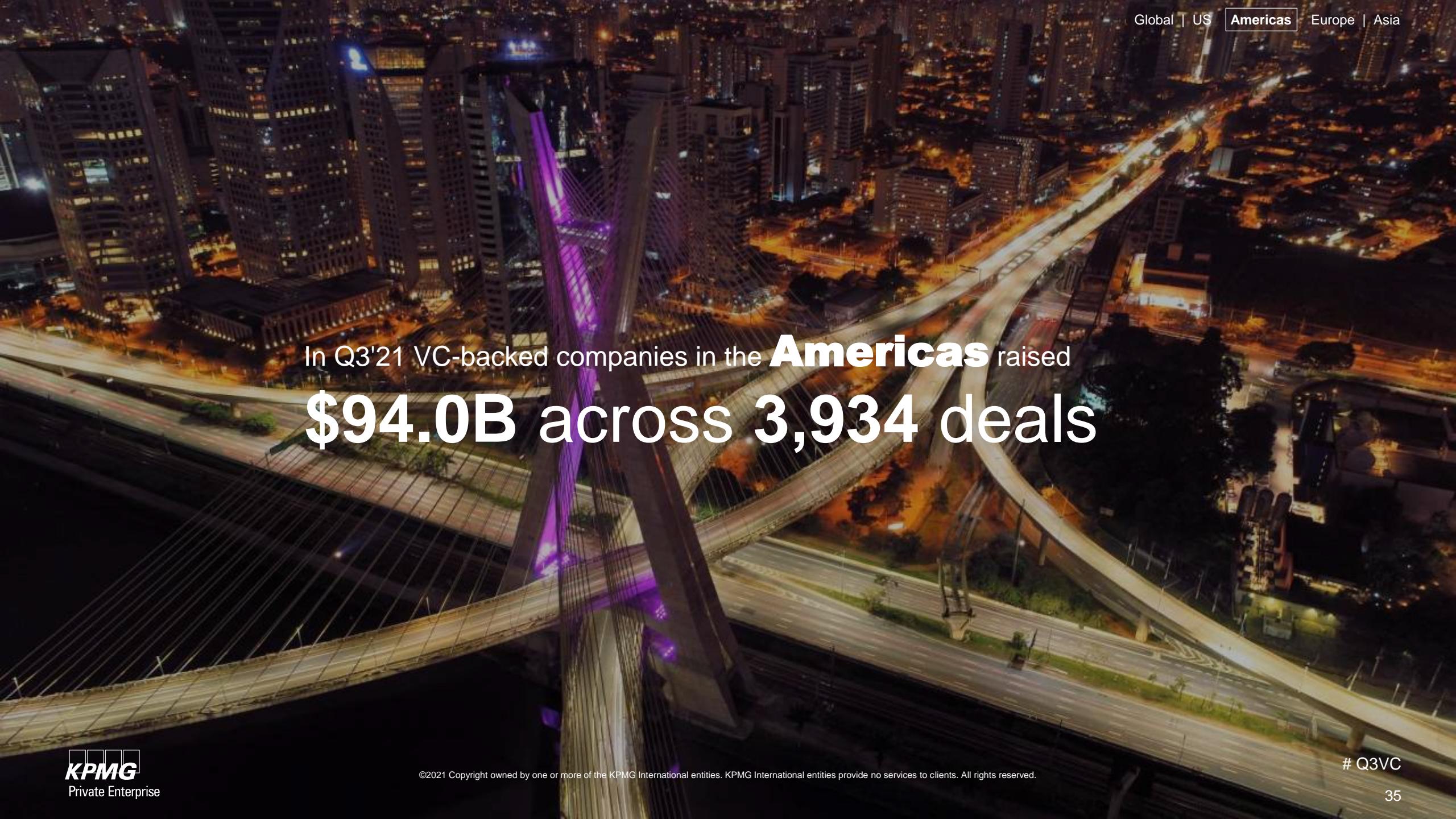


First-time vs. follow-on funds (\$B) in the US

2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

An aerial night photograph of a complex multi-level highway interchange and a bridge with a distinctive purple and white cable-stayed design. The city skyline is visible in the background with numerous lit buildings.

In Q3'21 VC-backed companies in the **Americas** raised
\$94.0B across 3,934 deals

VC deal sizes grow across the Americas

After two straight record quarters of investment, VC investment reached new heights in the Americas in Q3'21. Investment remained very robust in all regions of the Americas, including the US, Canada, and Latin America.



US dominates VC market in Americas, but other jurisdictions also attracting big deals

The US accounted for the vast majority of VC investment in the Americas during Q3'21, including all but one of the region's \$1 billion+ deals (Rivian, Generate, Articulate, Devoted Health, Chime, Databricks, and GoPuff). While the US was the clear leader in terms of VC investment, other jurisdictions in the region also saw solid VC activity. Deal sizes across the region continued to grow, as evidenced by the number of jurisdictions outside of the US that attracted \$100 million+ rounds during Q3'21 — such as Brazil (NuBank — \$1.15 billion and Quinto Andar — \$420 million), Antigua (FTX — \$900 million), Mexico (Kavak — \$700 million), Columbia (Rappi — \$500 million), Argentina (Tiendanube — \$500 million), and Canada (Deep Genomics — \$180 million).



Blockchain investments attract significant attention outside of US

Outside of the US, blockchain was a major winner of VC investment this quarter. Antigua-based FTX and Brazil-based Mercado Bitcoin — both crypto exchanges — raised \$900 million and \$200 million respectively, while Canada-based crypto-financial company Blockstream raised \$167 million.

The fintech sector more broadly also remained very hot across the Americas, including a \$1.15 billion raise by Nubank, a \$1.1 billion raise by US-based Chime, a \$510 million raise by US-based Varo, and a \$112 million raise by Brazil-based Omie.



After a record Q2'21, VC investment in Canada remains solid

Canada saw incredibly high levels of VC investment in Q1'21 and Q2'21 due to pent-up demand, significant amounts of dry powder, and a sense of excitement in the market. After two record quarters VC investment dropped in Q3'21, although it remained very solid compared to historical trends.

Companies from a wide-range of sectors and locations attracted VC investment in Canada this quarter, including drug discovery company Deep Genomics (\$180 million), travel company Hopper (\$175 million), blockchain-focused Blockstream Corporation (\$167 million), accounting software firm Freshbooks (\$135.75 million), fintech platform Flinks (\$103 million), and security firm 1Password (\$100 million). With their Q3'21 funding rounds, Blockstream, Freshbooks, and 1Password became Canada's newest unicorn companies.



Latin America attracts large deals, see two new unicorns in Q3'21

Latin America saw strong investment in Q3'21, with numerous jurisdictions in the region attracting large rounds. Columbia-based Rappi, Argentina-based Tiendanube (i.e., also known as Nuvemshop), and Mexico-based Kavak each raised \$500 million+ rounds. Meanwhile, Brazil saw numerous \$100 million+ funding rounds; e-commerce platform Nuvemshop raised \$500 million⁶, real estate company Quinto Andar raised \$420 million, crypto exchange Mercado Bitcoin raised \$200 million, ride hailing and delivery driver focused car rental company Kovi raised \$124 million, digital ID company Unico raised \$120.9 million, payments company Cora raised \$114.5 million, and business management platform Omie raised \$112 million.

Given the increasing deal sizes, unicorn births have also occurred more frequently in Latin America in recent quarters. In Q3'21, Tiendanube⁷ and Unico both achieved unicorn status.

⁶ <https://www.nasdaq.com/articles/e-commerce-platform-nuvemshop-becomes-brazils-latest-unicorn-2021-08-17>

⁷ <https://labsnews.com/en/news/business/unico-becomes-a-new-brazilian-unicorn-and-the-fifth-invested-by-softbank/>

VC deal sizes grow across the Americas, cont'd.



Delivery sector remains strong — consolidations on the horizon

VC investment in logistics and delivery remained very strong across the Americas in Q3'21, led by a \$1 billion raise by US-based GoPuff and a \$500 million raise by Columbia-based Rappi. The sector has seen prolific growth over the last few quarters. Looking forward, there will likely continue to be significant deals in the space, in addition to consolidations as the larger delivery companies look to expand their reach and scope.



AI and trusted verification solutions show continued strength in Canada

AI and trusted verification focused solutions — such as digital security and complex AI applications — continued to be hot areas of investment in Canada in Q3'21. On the AI front many Canadian startups in the space focused on theoretical applications and product development, targeting a relatively early buy-out from bigger firms in the US. Now, these companies are attracting more sophisticated investors and building quality management teams able to help them grow and scale themselves.



Startups in the Americas embracing global talent

In the Americas, talent acquisition and management has always been a significant concern, with the war for skilled talent a major issue, particularly in the US and Canada. The pandemic has helped companies recognize that talent can live and work from anywhere, giving startups access to a global talent pool. This access could significantly enhance the competitiveness of companies in less mature innovation hubs, strengthening their ability to attract and retain the talent they need to scale and grow effectively.



Trends to watch for in the Americas

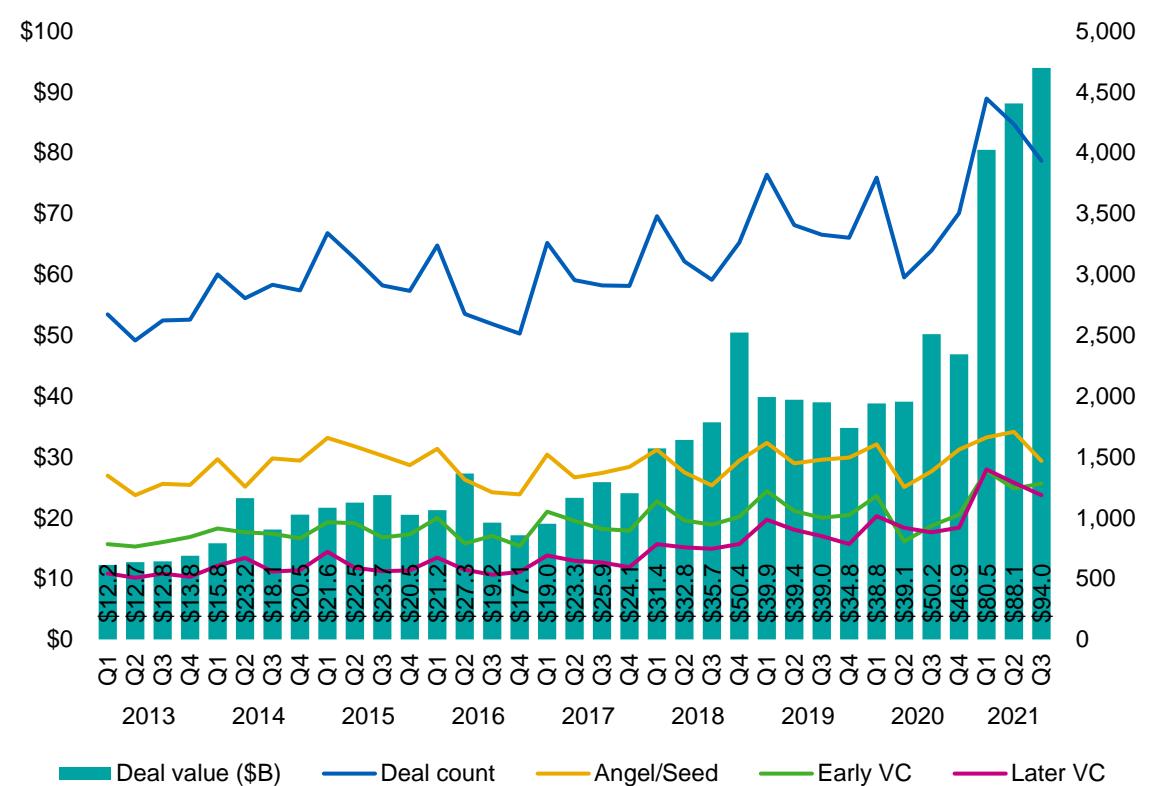
VC investment in the Americas is expected to be quite strong in Q4'21 — not only in the US, but also in Canada and across Latin America. As startups across sectors continue to mature, deal sizes will likely also continue to grow. Fintech investment is expected to remain very hot, in addition to logistics and delivery, and health and biotech.

After a quiet Q3'21, exit activity is expected to come roaring back in Q4'21 this will likely include a strong mix of traditional IPO activity and M&A.

2021 records another quarter-over-quarter increase

Venture financing in the Americas

2013–Q3'21



Yet again, there was another quarter-over-quarter increase in VC invested across the Americas. Brazilian fintech and consumer plays continue to rake in large sums, while Canada's broadening software sector continued to rake in a significant amount of activity. Any slight decline in count is likely to moderate into a plateau once further deals are disclosed. In short, 2021 remains poised to continue to set records.

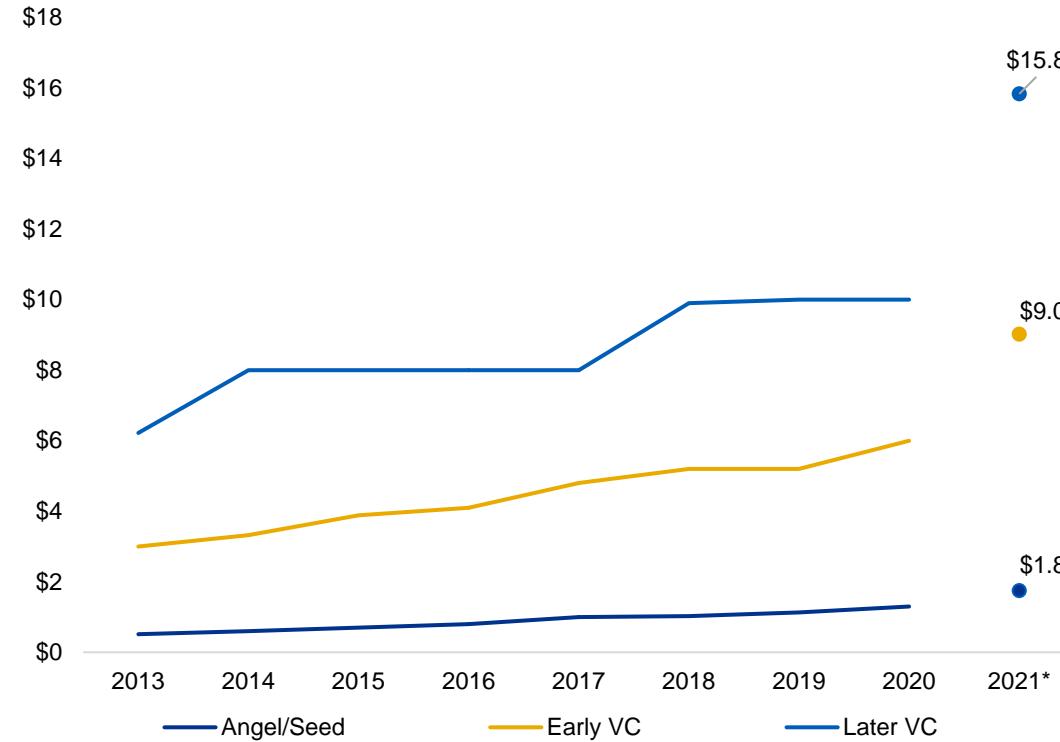
... A staggering **\$94 billion** was invested in VC in **Q3 2021**, continuing 2021's remarkable run.

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

All stages maintain significant jumps in median financing sizes

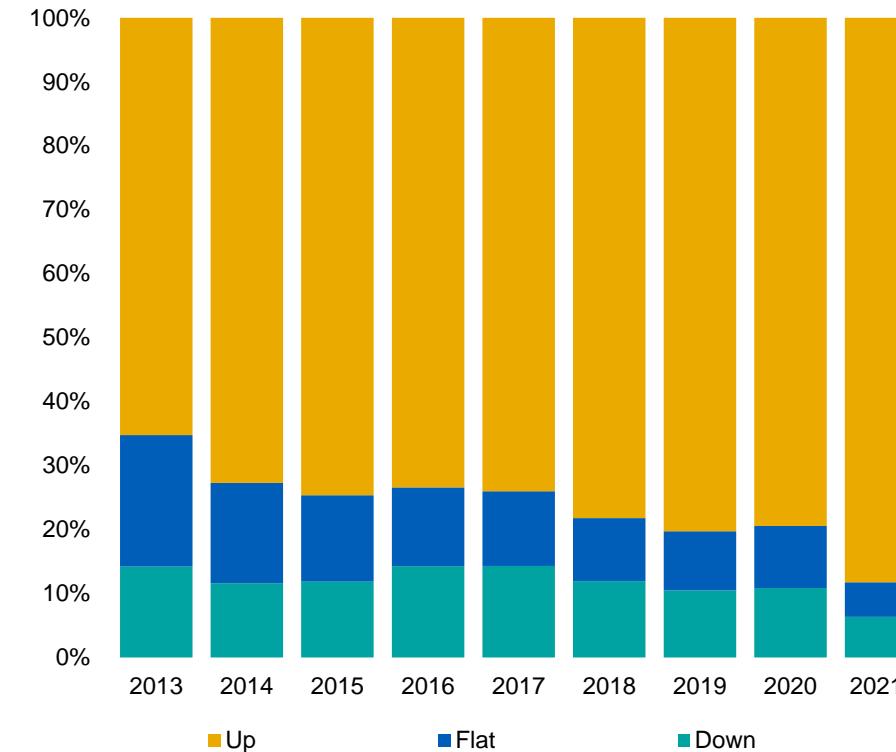
Median deal size (\$M) by stage in the Americas

2013–2021*



Up, flat or down rounds in the Americas

2013–2021*

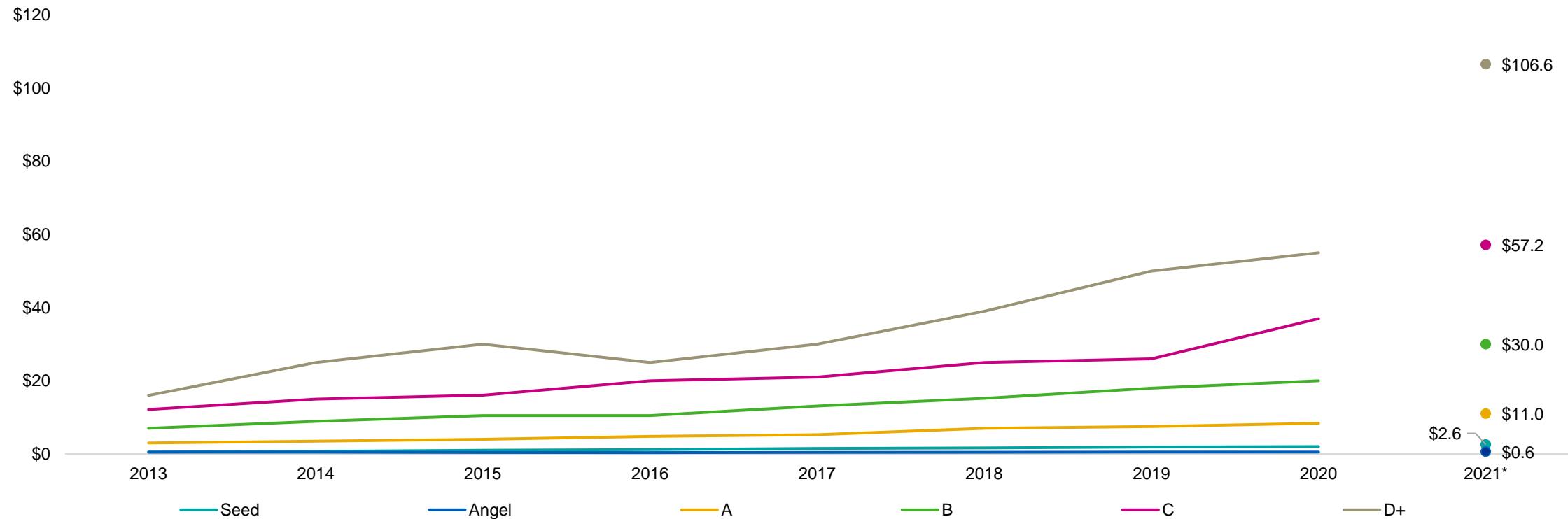


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

By series, increases are even more dramatic in metrics

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

2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

A historic mark of \$1B maintained

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

2013–2021*

\$1,200

\$1,000

\$1,000.0

\$800

\$600

\$400

\$200

\$0

2013 2014 2015 2016 2017 2018 2019 2020

Seed

Angel

A

B

C

D+

\$105.0
\$35.0
\$8.8
\$5.3

\$300.0

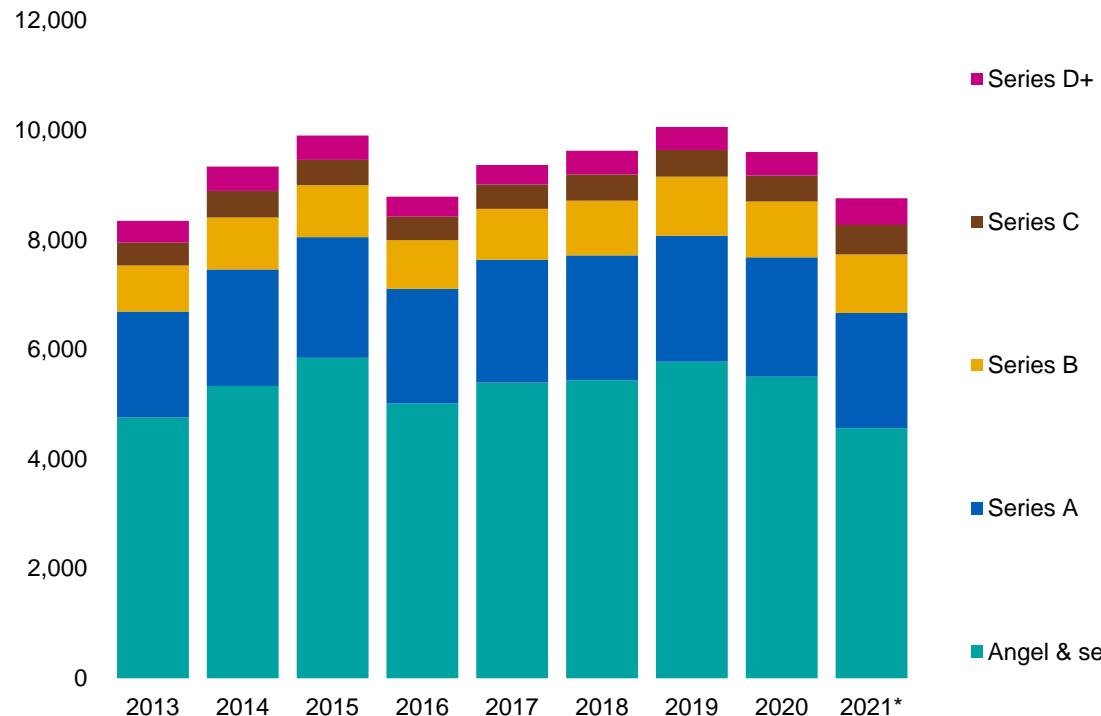
2021*

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Series A sets new high in VC invested, speaking to overall inflation

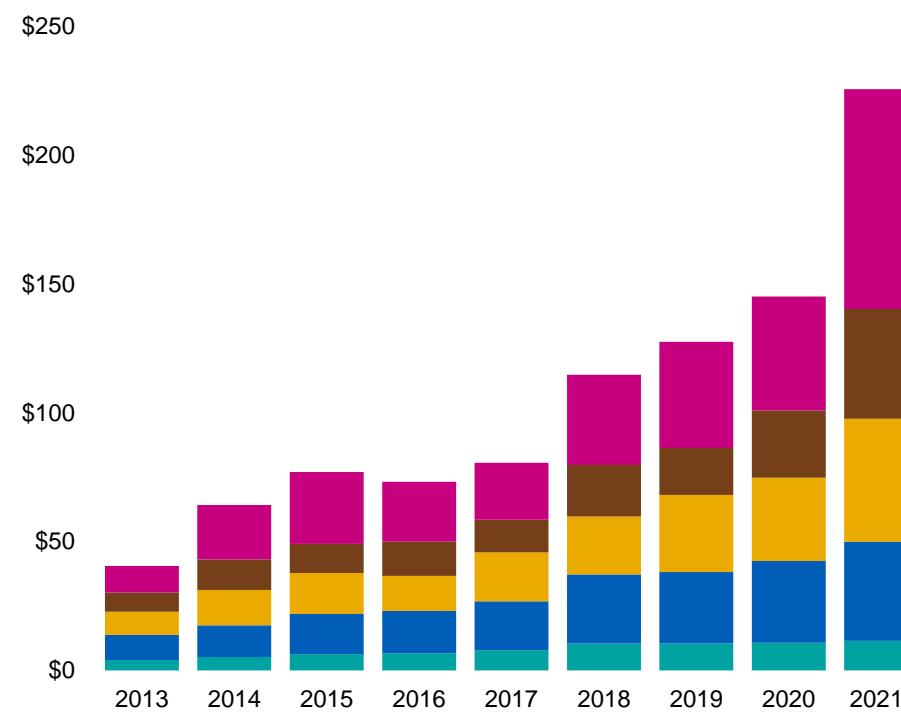
Deal share by series in the Americas

2013–2021*, number of closed deals



Deal share by series in the Americas

2013–2021*, VC invested (\$B)

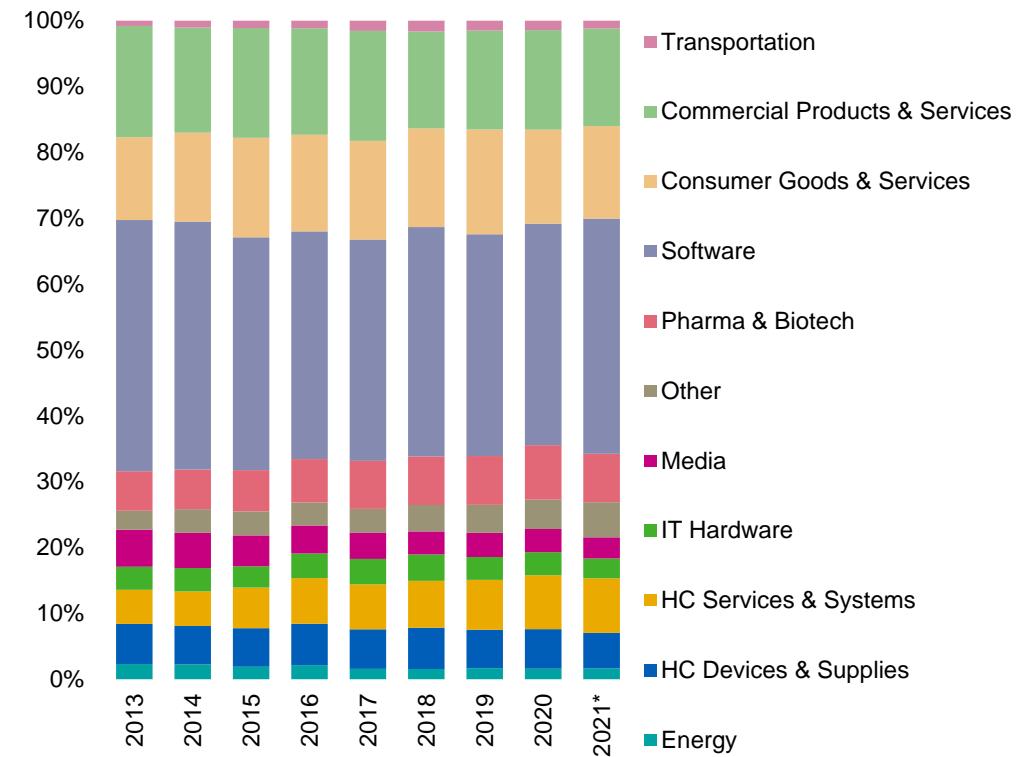


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Software & healthcare-adjacent remain lodestars

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

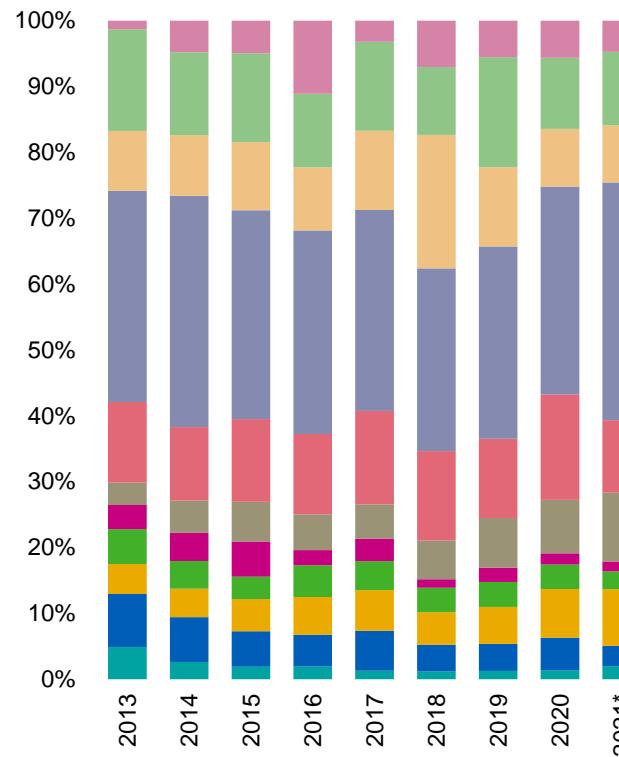
2013–2021*, # of closed deals



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

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

2013–2021*, VC invested (\$B)



“ While software remains the prime investment focus, health and biotech companies are getting attention in Canada. VC investors are seeing how quickly solutions can come to market during the pandemic and how cooperation is accelerating deployment within the constraints of safety and testing. This has heightened interest in the potential for digitization aimed at improving healthcare outcomes and also AI-based drug discovery. ”



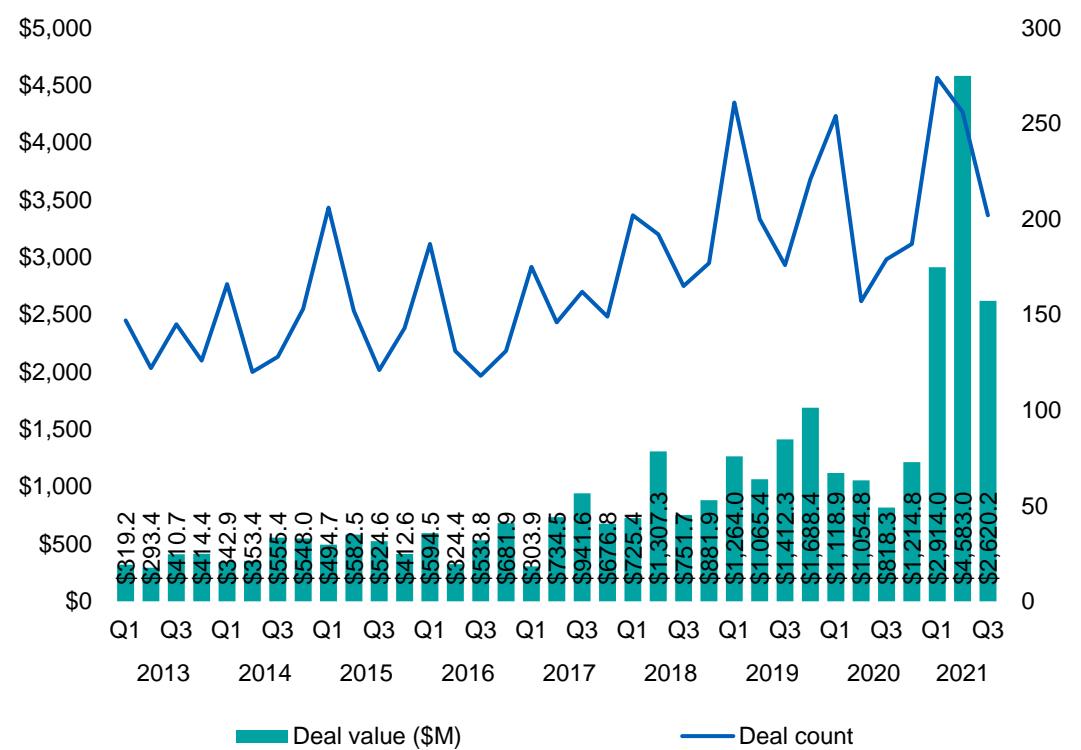
Dan Wilson

Partner, National Sector Lead,
Technology
KPMG in Canada

The boom in VC invested continues

Venture financing in Canada

2013–Q3'21



Although not as remarkable as the tally of VC invested in Q2 2021, the third quarter of the year continued the record rate of VC invested for the Canadian ecosystem. Nine separate companies raised \$100 million or more, ranging from blockchain-based gaming platform Dapper Labs to biotech Virogin.

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

In Canada, we're seeing a ton of activity right across the board. We've seen Saskatoon, Edmonton, Vancouver, some outlying cities — all getting great investments. The question for startups then becomes, 'Do we really need to be based in a tech hub to succeed. While it certainly helps, over over the last 18 months, the answer has become a resounding, 'No.' The reality is you can be anywhere — and that's why we're seeing more deals popping up in so many different places.



Sunil Mistry

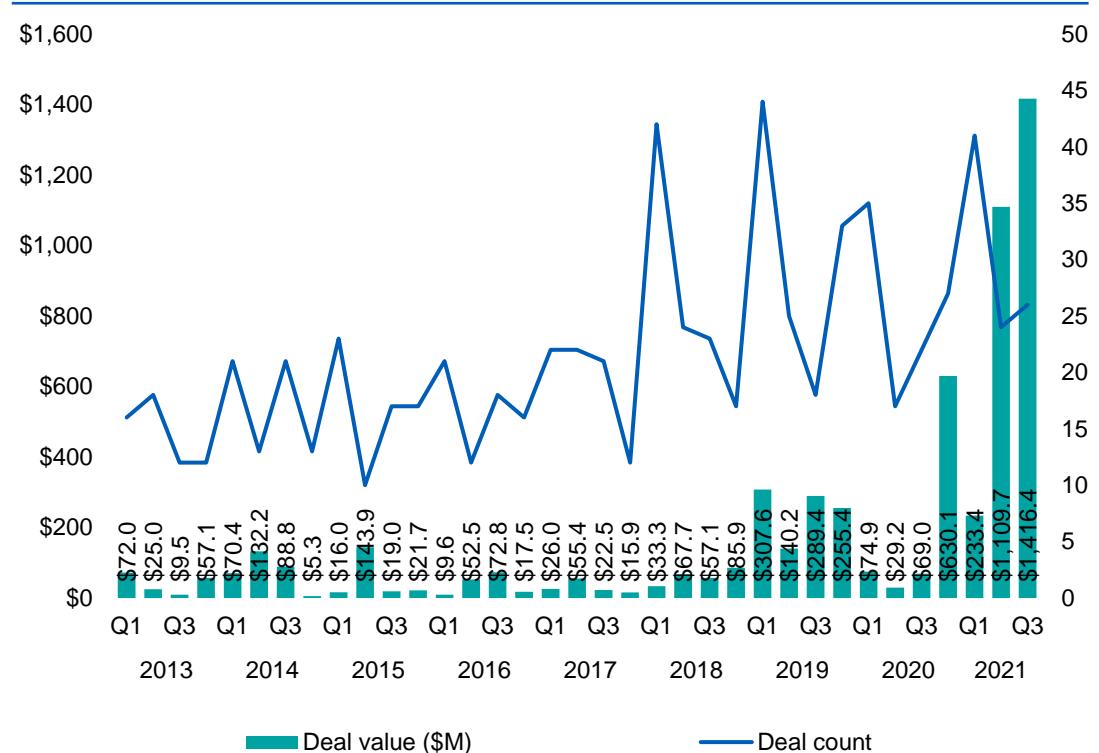
Partner, KPMG Private Enterprise,
Technology, Media and
Telecommunications,
KPMG in Canada

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Although volatile in volume, a strong stretch for the Mexican ecosystem

Venture financing in Mexico

2013–Q3'21



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 one thing is now clear: The past four quarters have seen the strongest run for VC invested, however skewed by outliers, within the nation, with the most recently completed quarter setting an all-time high. Used-car trading platform Kavak raised once again in September 2021 while brand development company Merama closed on \$225 million in that same month, to cite just two examples.

“ Mexico's technology sector has really evolved over the past number of years, spurring the interest of international VC investors in a number of key sectors. We feel that the complexity of the real estate sector, both in Mexico and across Latin America generally — is particularly ripe for disruption. Many of the real estate tools, technologies and data commonly found in the US don't yet exist south of the border. Flat.mx pulls everything together, simplifying real estate transactions end-to-end, and enabling buyers and sellers to dramatically reduce the amount of time and complexity needed to buy or sell their home. **“**

Bernardo Cordero
Flat.mx

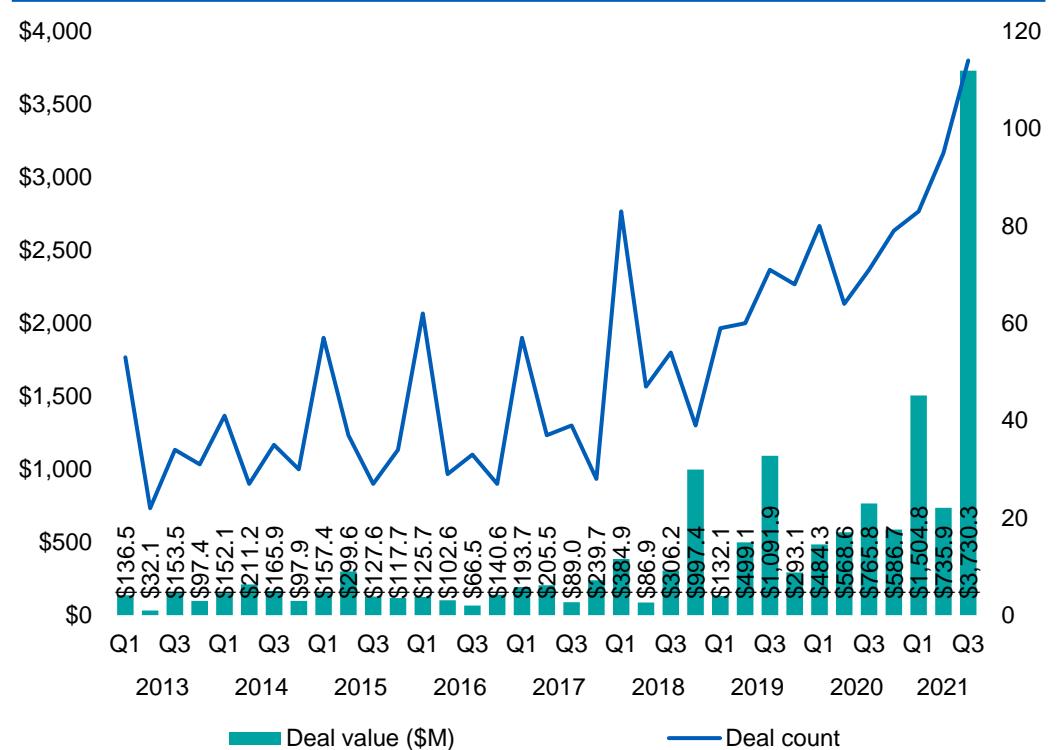
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

There are increasingly promising signs that the **Mexican ecosystem** is beginning to see an uptick in **more consistent, robust funding**...

Beyond Nubank, additional luminaries emerge

Venture financing in Brazil

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Nubank continues to lead the way as a prime example of growing foreign investor interest in funding mature Brazilian venture-backed companies' growth potential. The company has closed on several tranches this year. However, other luminaries are emerging. Real estate marketplace QuintoAndar closed on \$420 million in August while agrofintech provider E-ctare raised \$600 million in a round that may yet reopen in September 2021. All in all, predicated on key Brazilian industries such as agriculture, consumer and SMB finance, large venture firms with the requisite expertise and presence continue to back domestic startups at a fast clip.

“ This has clearly been a tremendous year for venture capital investment in Brazil. International investors are increasingly focused on identifying new opportunities, not only in areas such as fintech and edtech but nascent sectors such as agtech as well. Agriculture is a big part of the Brazilian economy and we're seeing new innovation around services and platforms but also chemical innovation as well, with new products such as Arbolen helping farmers strengthen the quality and output of crops across the country. **”**

Diego Stone
Krilltech

“ We continue to see the VC ecosystem maturing in Brazil, both in size of transactions and diversification of industry sectors. During Q3 alone, transaction value increased fivefold in the country, reaching US\$ 3.7 billion in almost 120 different rounds. Agrofintech, proptech, financial software and cryptocurrency platform players led the local capital raising virtuous cycle in the period. **”**



Rodrigo Guedes
Managing Director,
KPMG in Brazil

Top 10 financings in Q3'21 in Americas





In Q3'21, **European** VC-backed companies raised
\$27.5B across 1,910 deals

VC market in Europe records second highest total ever

VC investment in Europe remained robust in Q3'21 however fell short of record total investment experienced the prior quarter. Total VC investment remained strong — accounting for the strongest third-quarter of investment ever.



Fintech continues to attract large VC investments across Europe

Fintech continued to be a very hot area of investment across much of Europe in Q3'21, accounting for several of Europe's largest raises of the quarter, including an \$800 million raise by UK-based Revolut, a \$553 million raise by Switzerland-based Quantus Holdings Strategies, a \$413 million raise by UK-based MarketFinance, a \$300 million raise by UK-based Rapyd, a \$225 million rise by Switzerland-based TradePlus24, and a \$224 million raise by Germany-based Solarisbank⁸.

These large funding rounds reflect the growing maturity of fintech companies in Europe and their need to grow and deliver economies of scale in order to compete against traditional banks and insurance companies. In Q3'21, Solarisbank used funding raised to acquire Contis — a payments-focused fintech in the UK⁹. Over the next few quarters, the sector will likely see additional M&A activity.



ESG and sustainability rapidly gaining steam

Companies with ESG-related elements or solutions attracted a significant amount of funding from VC investors in Europe this quarter — from Germany-based sustainability-orientated electronics subscription service Grover (debt financing) (\$1 billion), green energy company Enpal (\$119 million), and energy storage company Skeleton Technologies (\$117 million) to UK-based electric vehicle rental service Onto (\$241 million) and Israel-based cultured meat manufacturer Aleph Farms (\$105 million).

⁸ <https://techcrunch.com/2021/07/26/solarisbank-raises-224m-at-a-1-65b-valuation-to-acquire-contis-and-expand-its-api-based-embedded-banking-tech-in-europe/>

⁹ Ibid.

¹⁰ <https://www.cnbc.com/2021/07/07/wise-direct-listing-london.html>

¹¹ <https://www.thestandard.com.hk/section-news/section/2/232625/UK-makes-it-easier-for-SPACs-to-list>

¹² <https://www.bloomberg.com/news/articles/2021-09-23/covid-test-maker-oxford-nanopore-plans-649-million-london-ipo>

¹³ <https://retailtechinnovationhub.com/home/2021/7/28/grover-raises-1-billion-dollars-to-grow-circular-economy-business>

¹⁴ <https://www.nasdaq.com/articles/shareholders-back-lakestar-spac-merger-with-germany-s-hometogo-2021-09-13>



VC-backed exit activity strongest ever despite summer lull in VC funding

After two extraordinarily high quarters, VC investment in the UK reached a new record of over \$9 billion invested in Q3'21 — following a similar trajectory to that seen prior to the first half of 2021. While fintech was the hottest area of investment in the UK, a diversity of other companies also attracted funding — such as virtual event platform Hopin (\$450 million), electric vehicle subscription service Onto (\$241 million), AI/ML accelerator company Graphcore (\$222 million), and flower delivery service Bloom & Wild (\$172 million).

VC-backed exit activity in the UK didn't slow down at all in Q3'21, with money-transfer company Wise (formerly Transferwise) holding a successful direct listing on the London Stock Exchange¹⁰. While the UK eased rules related to SPAC transactions during Q3'21, traditional IPOs are expected to be the primary choice for going public heading into Q4'21¹¹, a number of UK-based technology companies have already indicated their IPO intentions, including DNA-sequencing company Oxford Nanopore Technologies¹². Oxford Nanopore also raised \$280 million during Q3'21.



VC investment in Germany remains solid, led by \$950 million debt raise by Grover

VC investment in Germany held strong in Q3'21, led by a \$950 million raise by on-demand grocery company Grover, and \$100 million+ raises by a range of companies including content platform company Contentful, space technology firm Isar Aerospace, edtech CoachHub, and green energy company Enpal¹³. The broad-ranging focus could reflect VC investors turning some of their attention from sectors where market leaders have now emerged to sectors expected to see future growth.

M&A activity in Germany was significant in Q3'21 and is well-situated to grow further heading into Q4'21, particularly in the healthtech space. While SPAC IPOs declined in popularity in many jurisdictions this quarter, Germany saw its first SPAC merger completed in Q3'21 — between Lakestar SPAC I LRS1.DE and travel company HomeToGo¹⁴.

VC market in Europe records second highest total ever, cont'd.



Nordics see three new unicorn created in Q3'21

The Nordics region continued to attract robust interest from VC investors, although total investment dropped from the high seen in Q2'21. While Sweden often attracts the largest VC deals in the region, companies in Norway and Denmark seized the limelight in Q3'21; in Denmark, digital challenger bank Lunar raised \$250 million and SMB expense management platform Pleo raised \$150 million, in Finland AlphaSense raised \$180 million, while in Norway, e-commerce to print and delivery platform Gelato raised \$250 million. All companies earned unicorn status as a result.

Fintech and SaaS were the big winners in terms of VC investment in Q3'21, although investor interest in gaming and ESG-related solutions also remained strong. Looking ahead, the future looks bright for the VC market in the Nordics region, with fundraising already well ahead of 2020 results with one quarter left in the year.



Ireland continues to see interest in health and biotech

VC investment remained strong in Ireland in Q3'21, in spite of a seasonal lull given the pace of fundraising activity. International investors and corporates continued to see immense value in the country both in terms of innovative companies and innovation capacity. In Q3'21, Stripe announced it would create hundreds of engineering jobs in Ireland over the next three years¹⁵. Heading into Q4'21, fintech and health and biotech are expected to remain the hottest areas of investment in Ireland.



Trends to watch for in Europe

Given the significant number of grocery and last mile delivery companies that are springing up in Europe, the space could soon become saturated. This could soon lead to rapid industry consolidation as companies look to grow and gain market share. The fintech sector could also start to see major consolidation over the next few quarters.

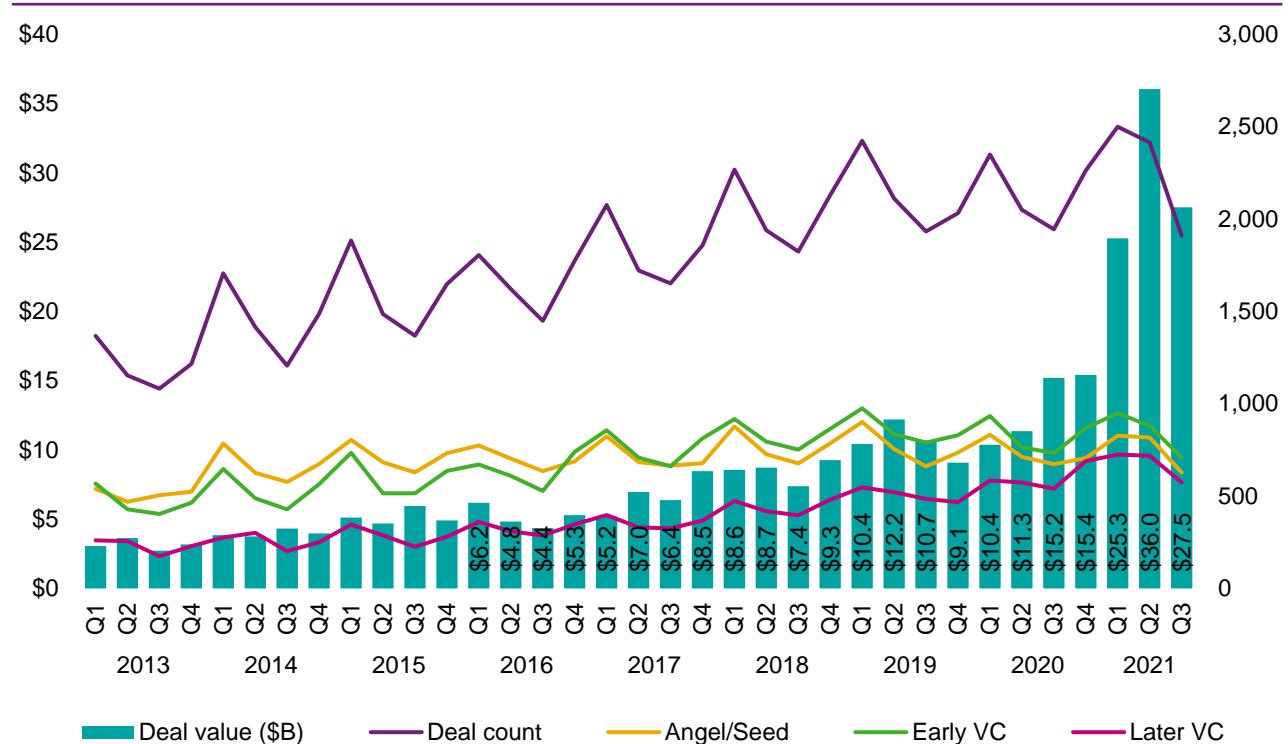
With COP26 being held in Glasgow in Q4'21, sustainable solutions, greentech, and climatetech are expected to remain high on the radar of VC investors in Europe. During Q4'21, sectors that were not prioritized during the pandemic could also see renewed investments.

¹⁵ <https://www.thesun.ie/news/7608426/stripe-hundreds-engineering-jobs-dublin-leo-varadkar/>

Second-highest quarter on record in mammoth 2021 to date

Venture financing in Europe

2013–Q3'21



2021 now has seen the three all-time highest quarters for VC invested in Europe, with Q2 2021 being the clear outlier. Although Q3 2021 represents the first technical decline in Vc invested quarter over quarter in some time, it still stands as the second-highest quarter for VC invested overall. Moreover, financing volume still remains strong, in a testament to the overall draw of the European startup ecosystem across its multiple metros.

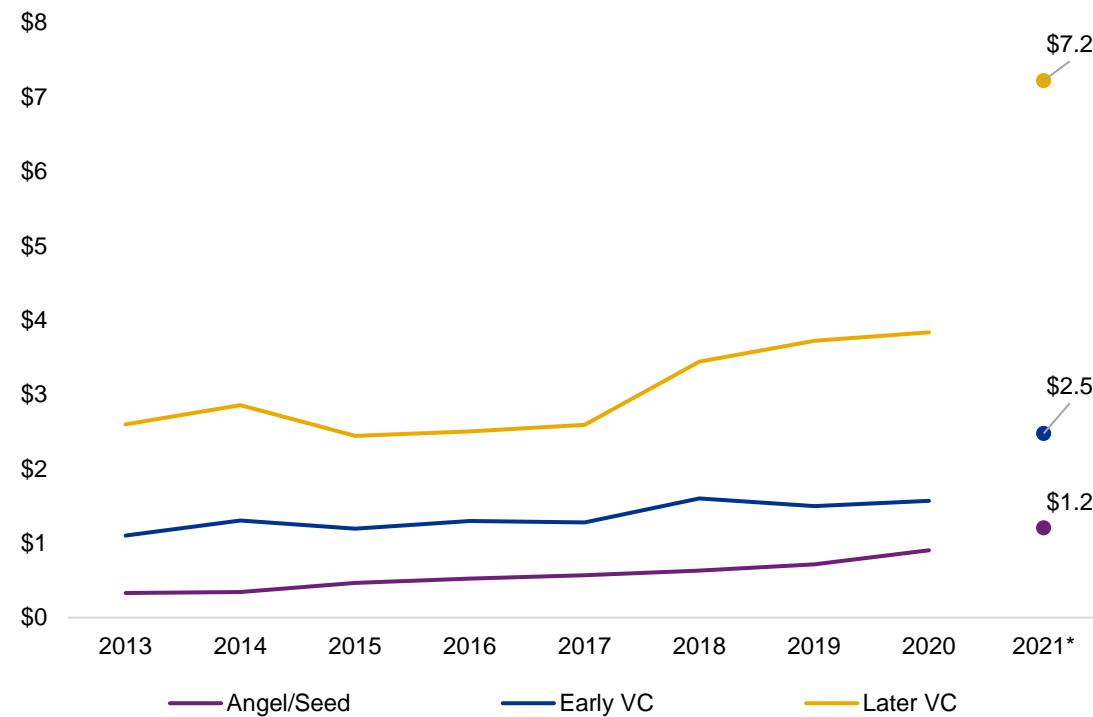
... the second-highest quarter for VC invested that the European venture ecosystem recorded, sending 2021 to all-time new highs ...

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Investors continue to wax positive and pay up

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

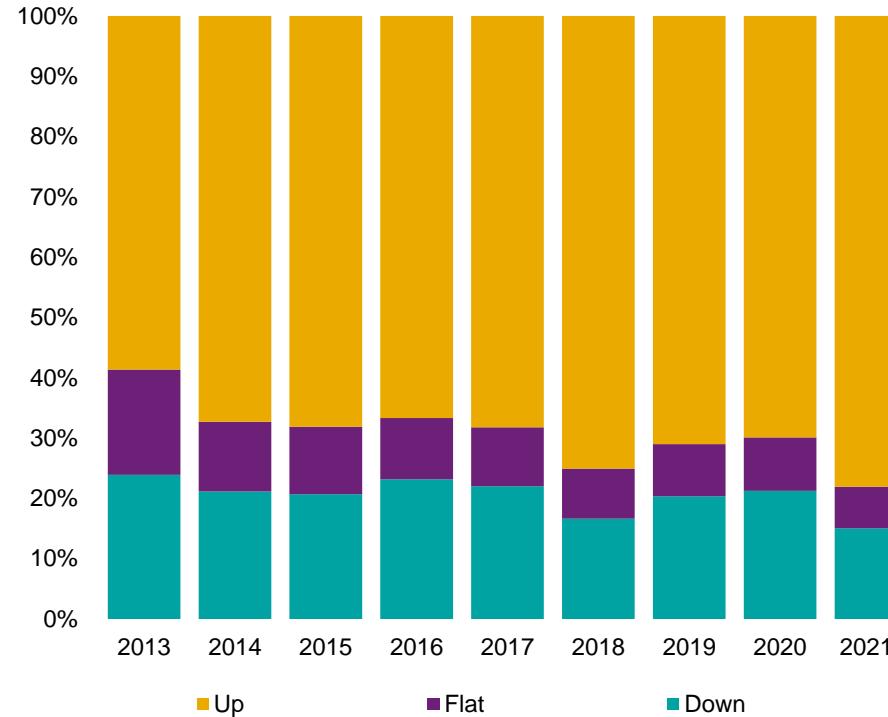
2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

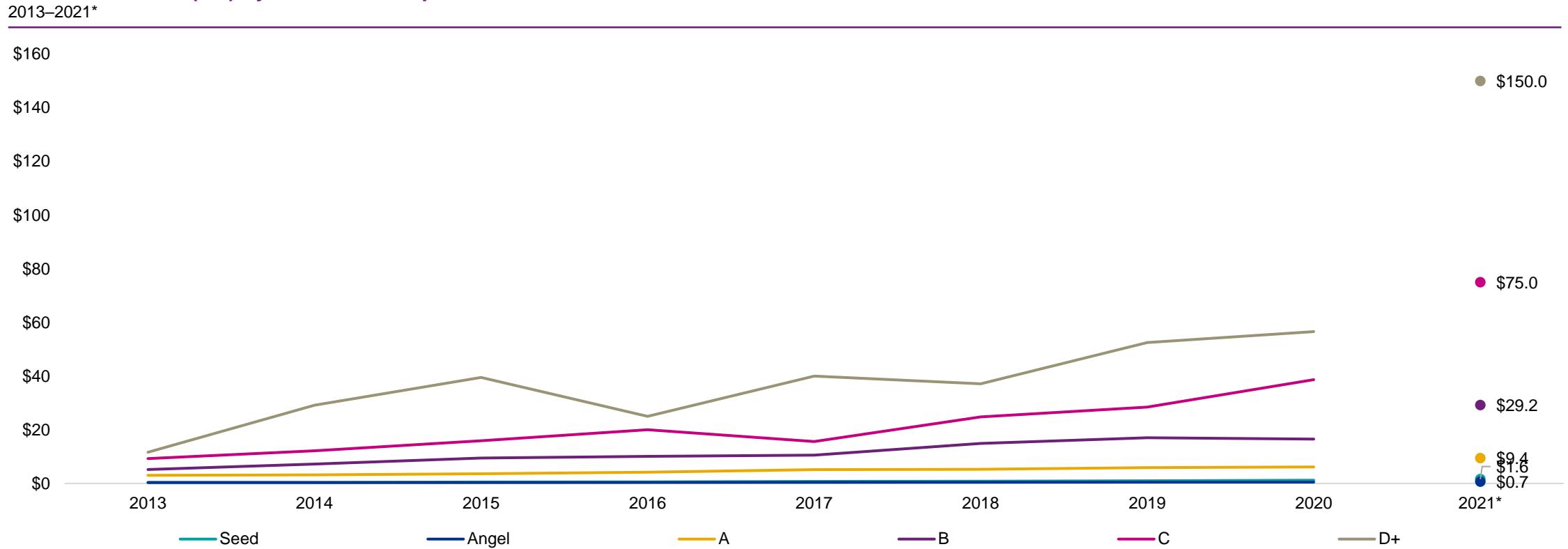
Up, flat or down rounds in Europe

2013–2021*



From mid-stage to Series D+, metrics are at minimum doubling

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



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

The latest stage surges to highest regional mark on record

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

2018–2021*

\$1,400

\$1,200

\$1,000

\$800

\$600

\$400

\$200

\$0

2018

2019

2020

2021*

Seed

Angel

A

B

C

D+

\$247.1

\$82.1

\$23.6

\$3.4

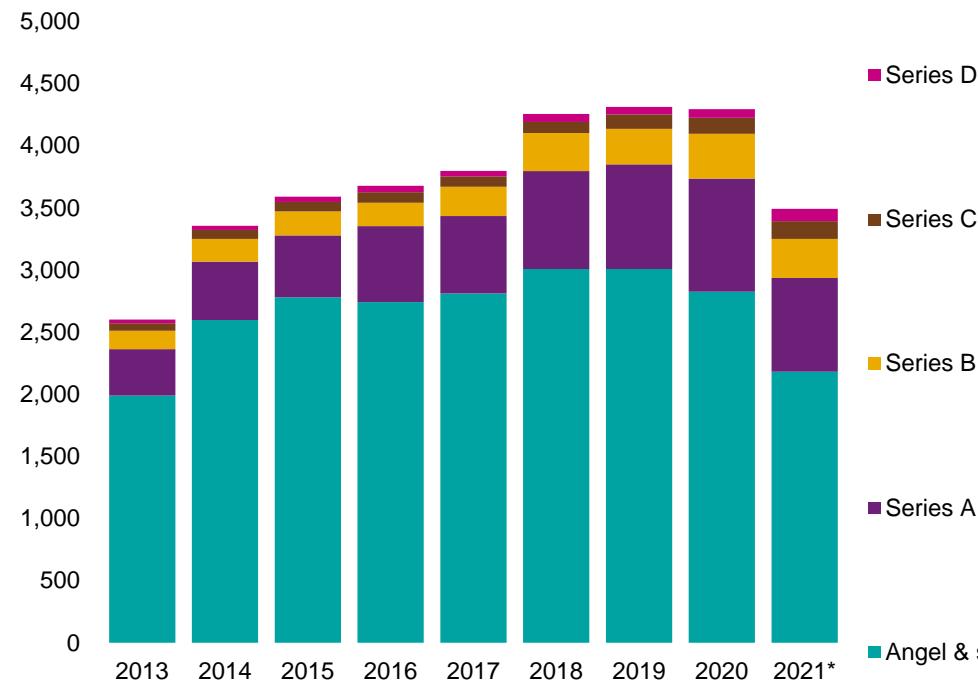
\$5.4

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Even the early stages are experiencing VC invested inflation

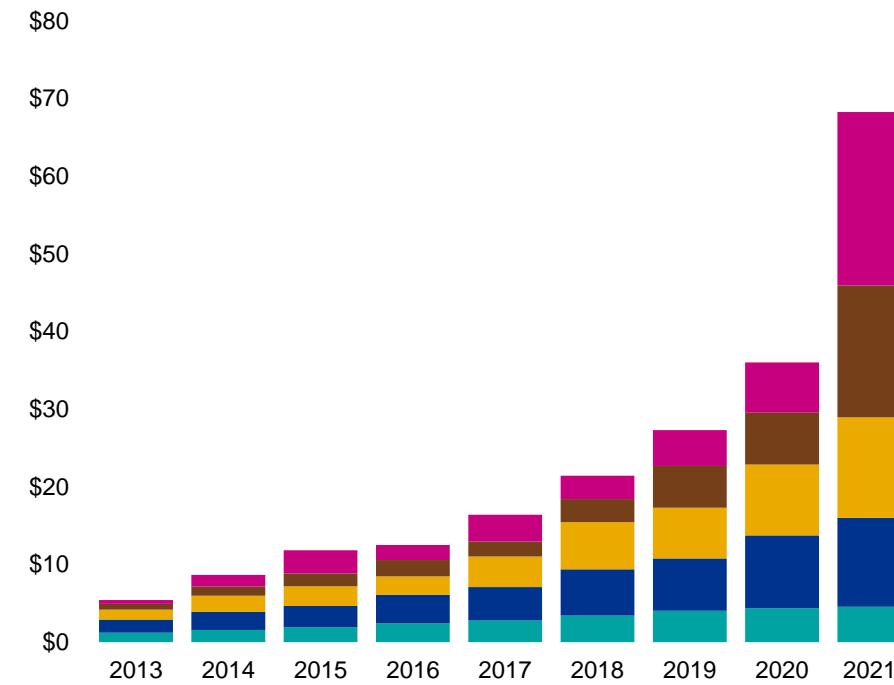
Deal share by series in Europe

2013–2021*, number of closed deals



Deal share by series in Europe

2013–2021*, VC invested (\$B)

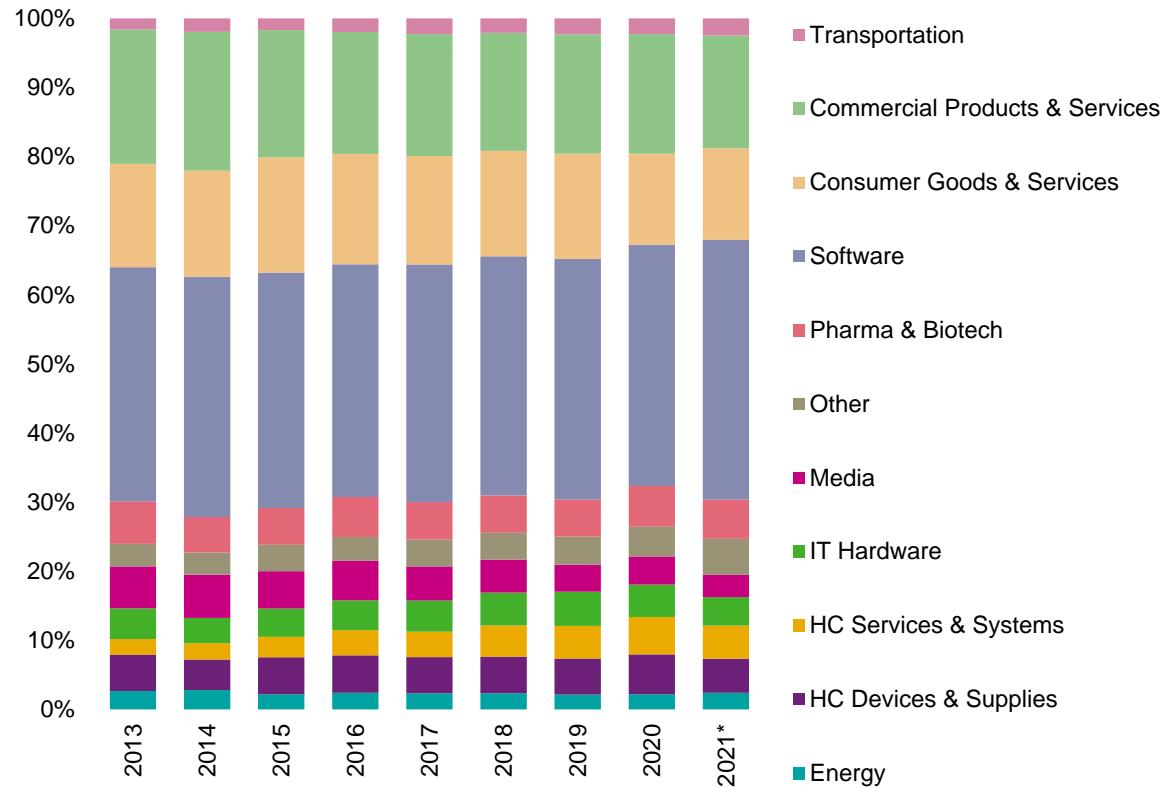


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Software predominates, although increasingly sector lines are diversifying

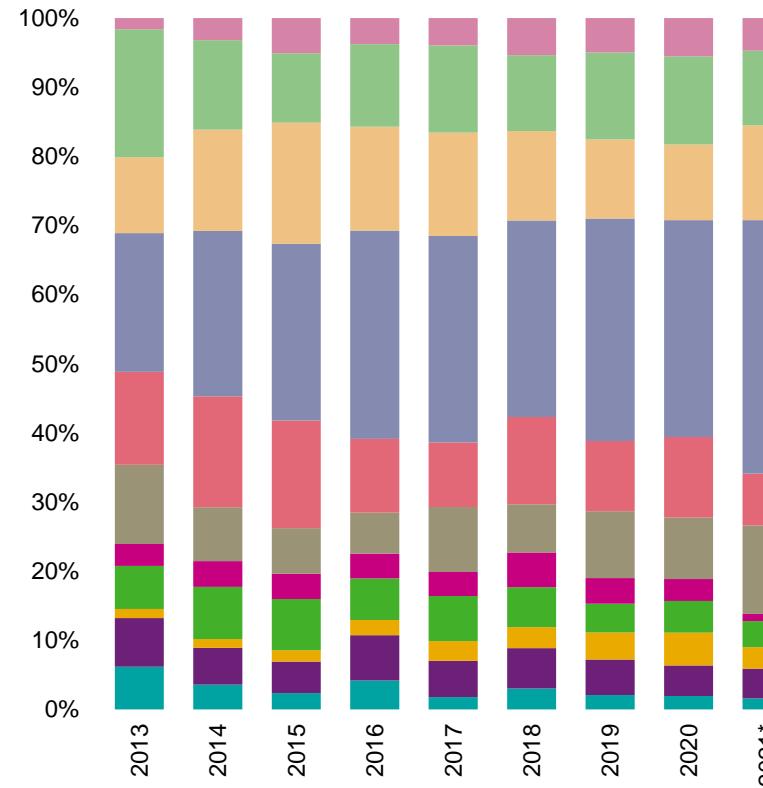
European venture financings by sector

2013–2021*, number of closed deals



European venture financings by sector

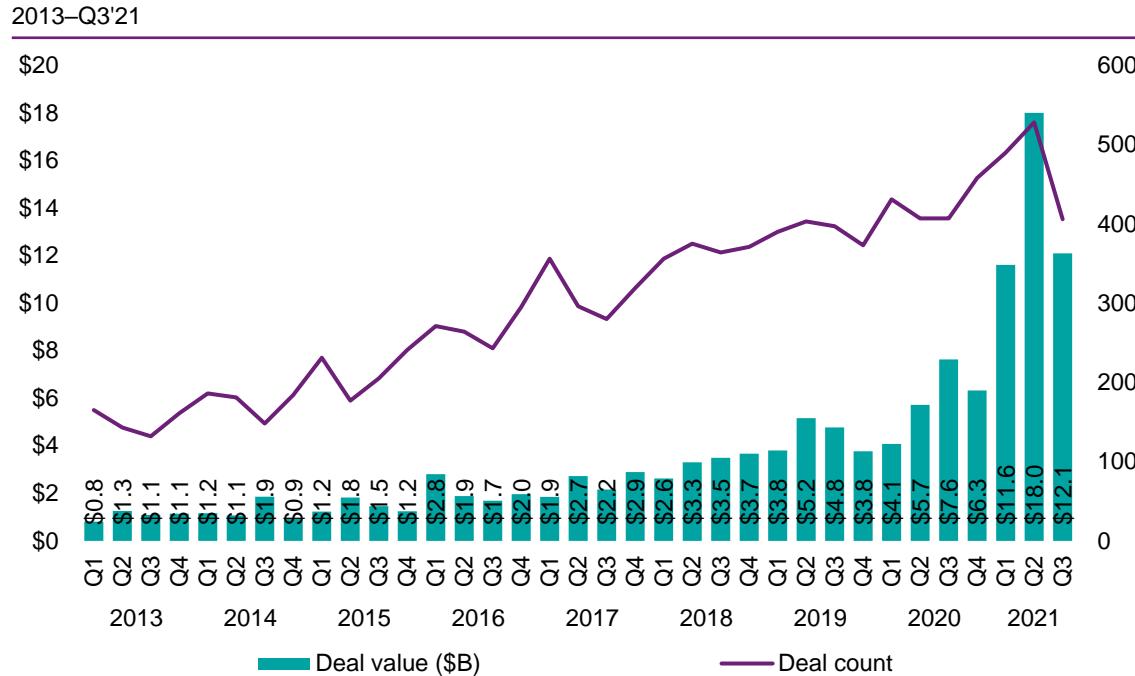
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Both corporates & traditional VCs help set new high for first-time funding

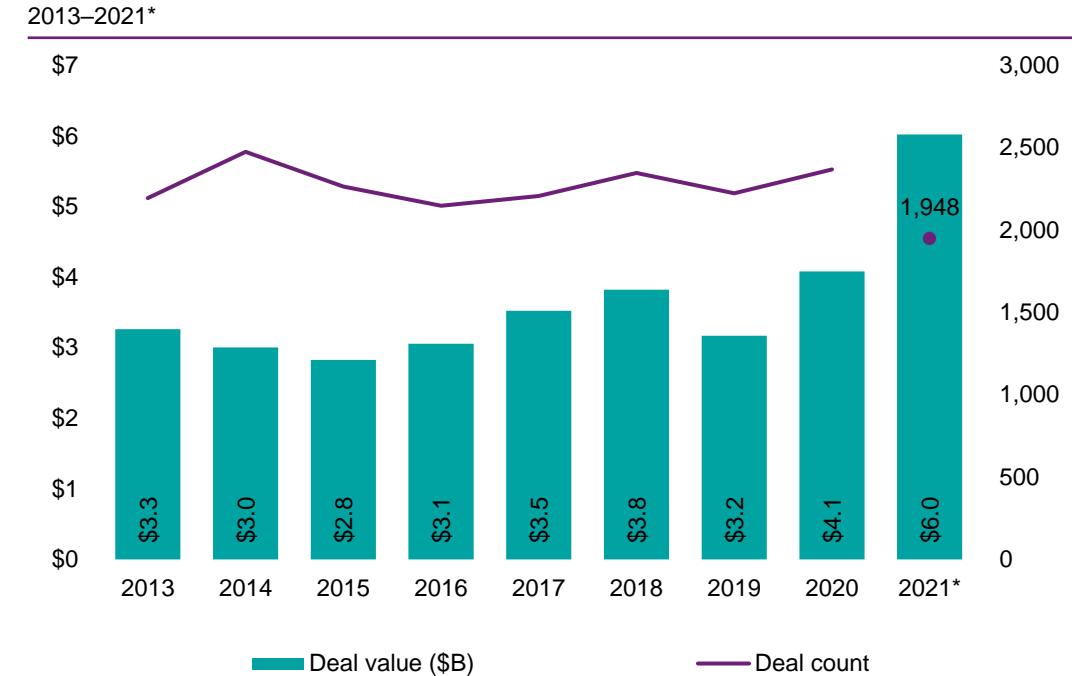
Corporate VC participation in venture deals in Europe



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Once again, corporates played a key role in supporting the surge in investment over the past several quarters in the European venture ecosystem, despite any decline in financing volume between Q2 and Q3 2021. That is more likely a quirk of timing, as can be seen from past volatility in that metric over time.

First-time venture financings of companies in Europe



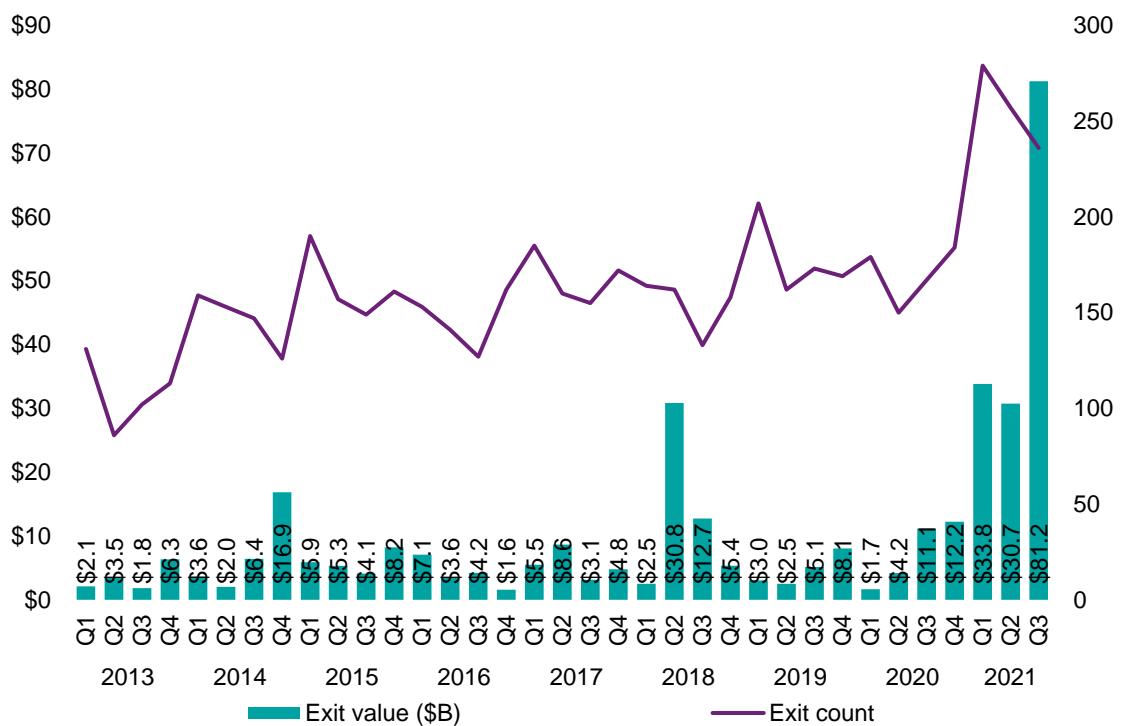
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Once again, a caveat must be noted: In a complex environment such as Europe, first-time fundings may take longer to be ascertained and confirmed. That said, it is now clear that 2021 may set a high-water mark for VC invested in new enterprises. Part of that is due to the maturation of the startup and venture ecosystem, wherein repeat entrepreneurs can justify raising large sums from experienced VCs with whom they already have relationships with; the other key factor is the push for digitization and greener energy as part of the continent's plans for 2030.

Robust exit value supports recycling of capital

Venture-backed exit activity in Europe

2013–Q3'21



With exit volume staying strong, Q3 capped off a remarkable first half of a given year for the European startup ecosystem, with no less than \$81.2 billion notched in exit value. Such liquidity will help multiple firms raise funds and also additional capital via founders and employees be recycled back into the ecosystem.

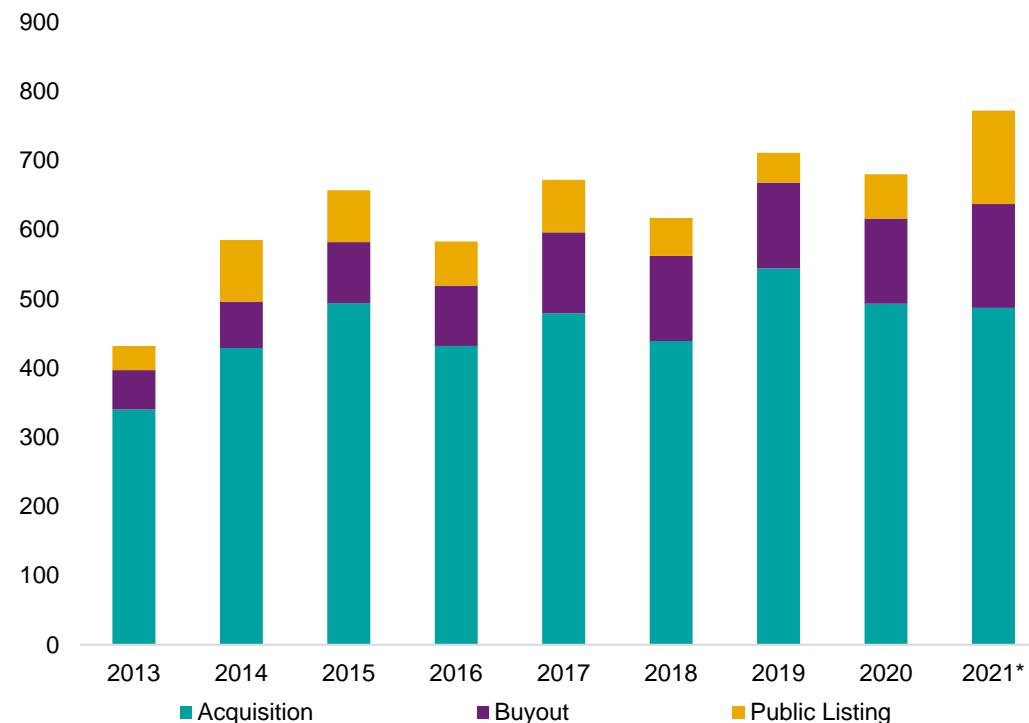
... with **close to \$112 billion** in exit value seen in 2021 to date, **liquidity trends** continue to encourage **record investment**.

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Public listings continue to set new records

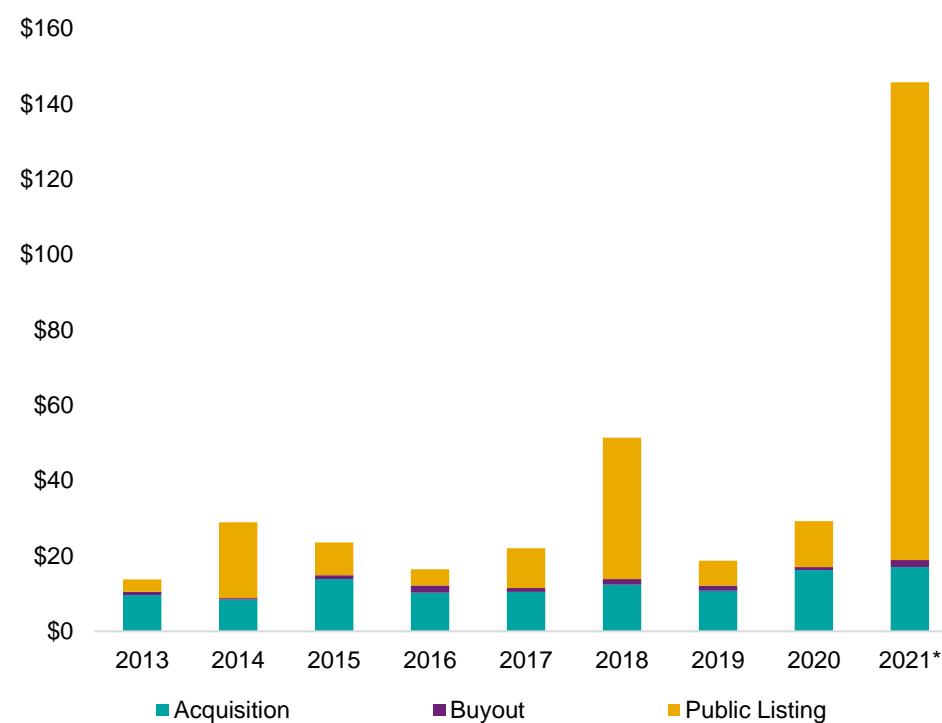
Venture-backed exit activity (#) by type in Europe

2013–2021*



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

2013–2021*

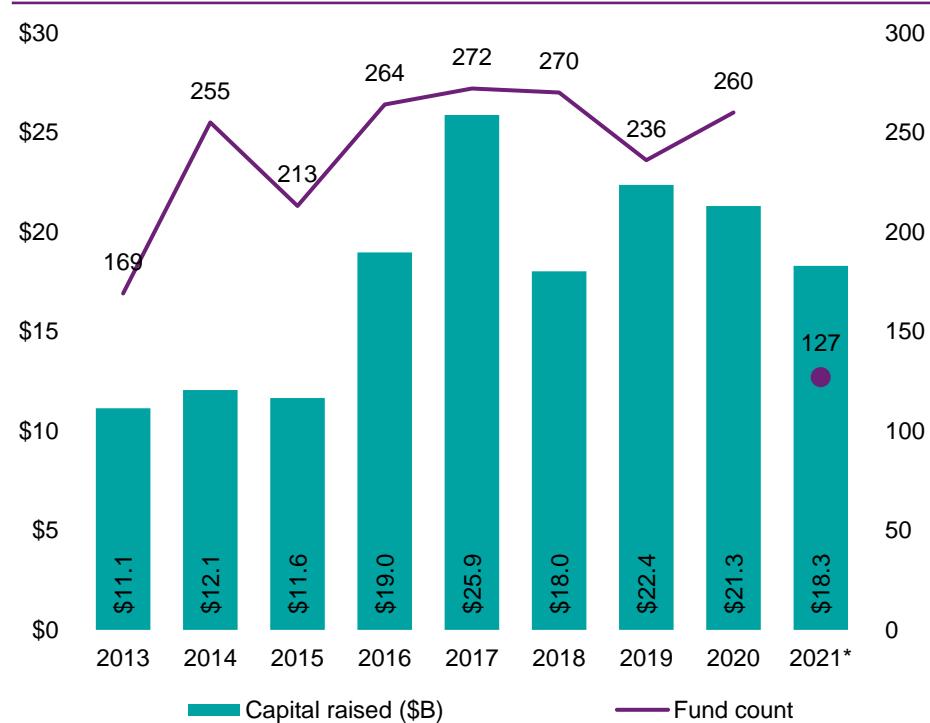


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Healthy fundraising activity persists

European venture fundraising

2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021.
Data provided by PitchBook, October 20, 2021.

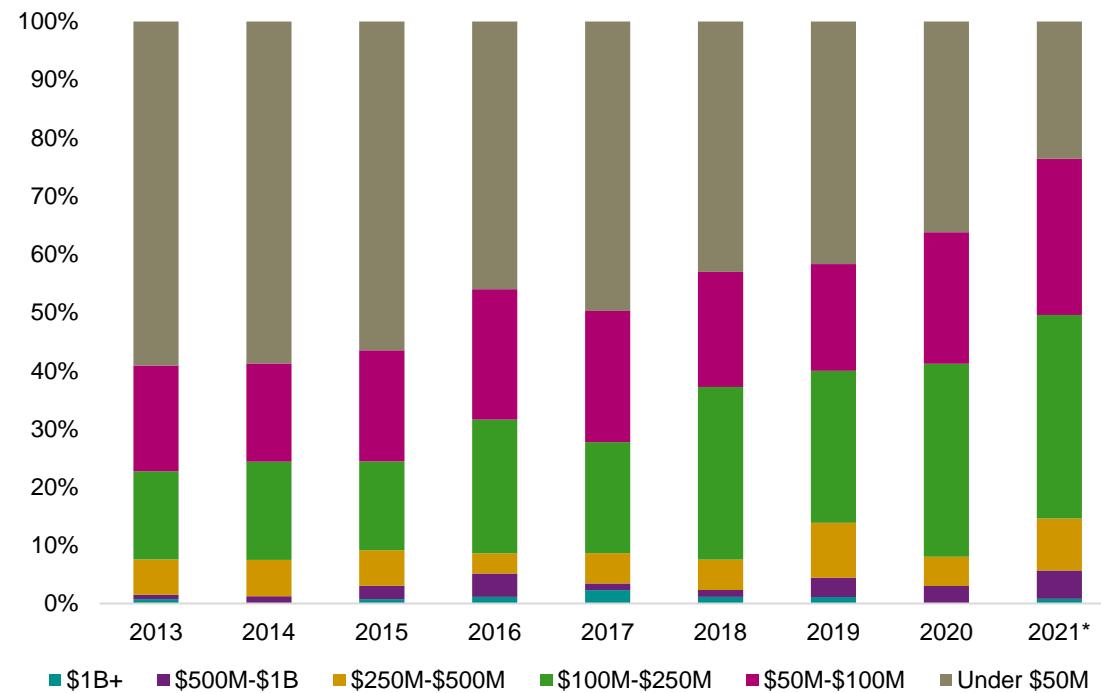
As noted in the prior edition of the Venture Pulse, the sharp decline in the tally of funds closing in 2021 to date is more driven by the fact that the prior five years saw elevated levels of fundraising volume than anything else. Venture firms do not always raise large funds every single year, unless at a sufficient scale, and many European venture firms are not yet that large to have multiple strategies. What is more interesting is that capital committed tallies remain strong, at just over \$18 billion for the year to date. This compares favorably to the prior five-year period, signifying plenty of European firms on the fundraising trail this year have been able to close on large vehicles.

... 2021 has already marked the **6th-straight year** that capital committed to European fund managers has exceeded **\$18 billion**.

Fundraising has skewed both larger and toward follow-on funds

Venture fundraising (#) by size in Europe

2013–2021*



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

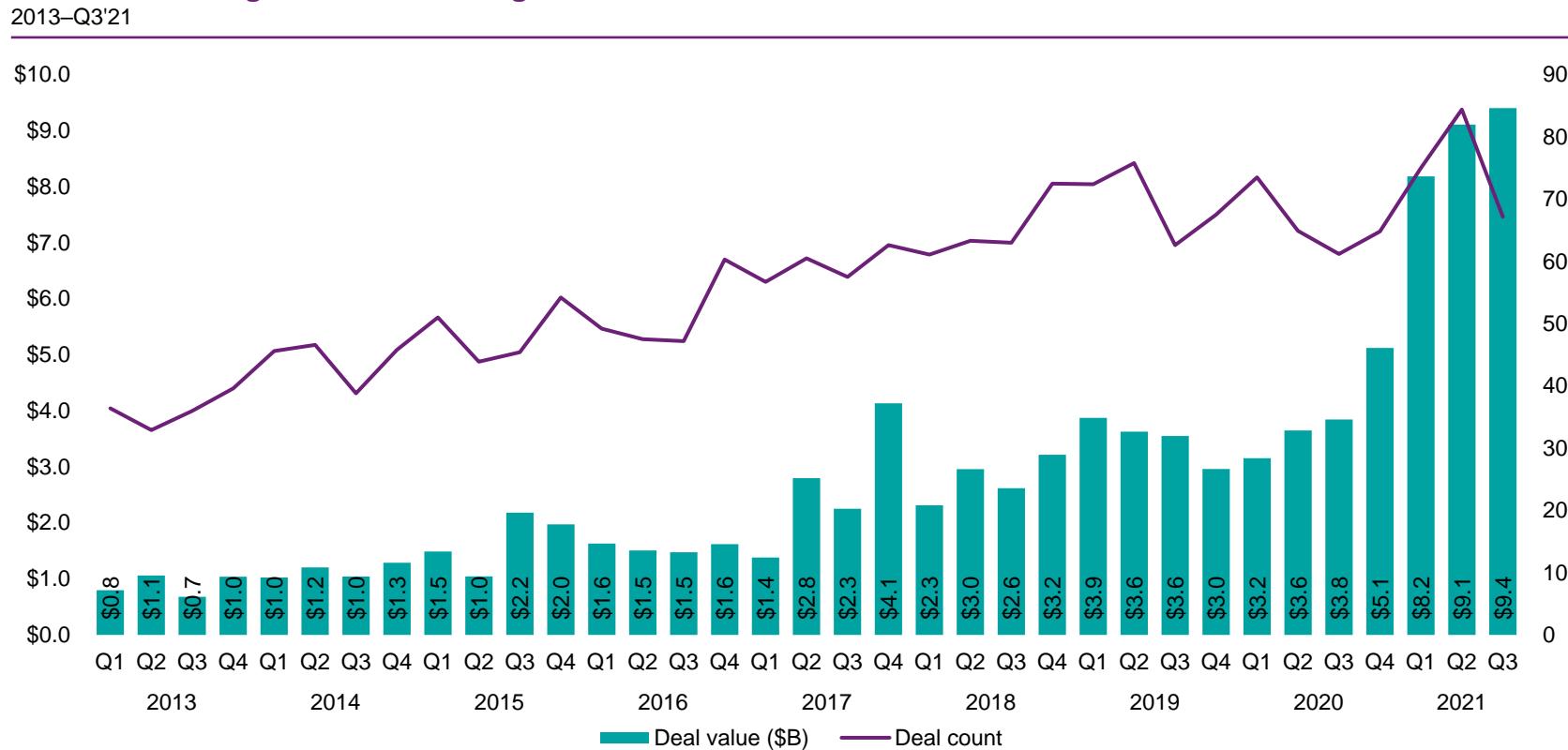
2013–2021*



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

UK continues to see new heights

Venture financing in the United Kingdom



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

“ There are more and more new actors entering the UK market, so it's not just that there's a lot of dry powder floating around, but there's also more competition with hedge funds, corporates, and other less traditional investors. We're also seeing more foreign investors participating in fundraising for UK-based companies. All of that is ultimately driving up valuations here. **”**



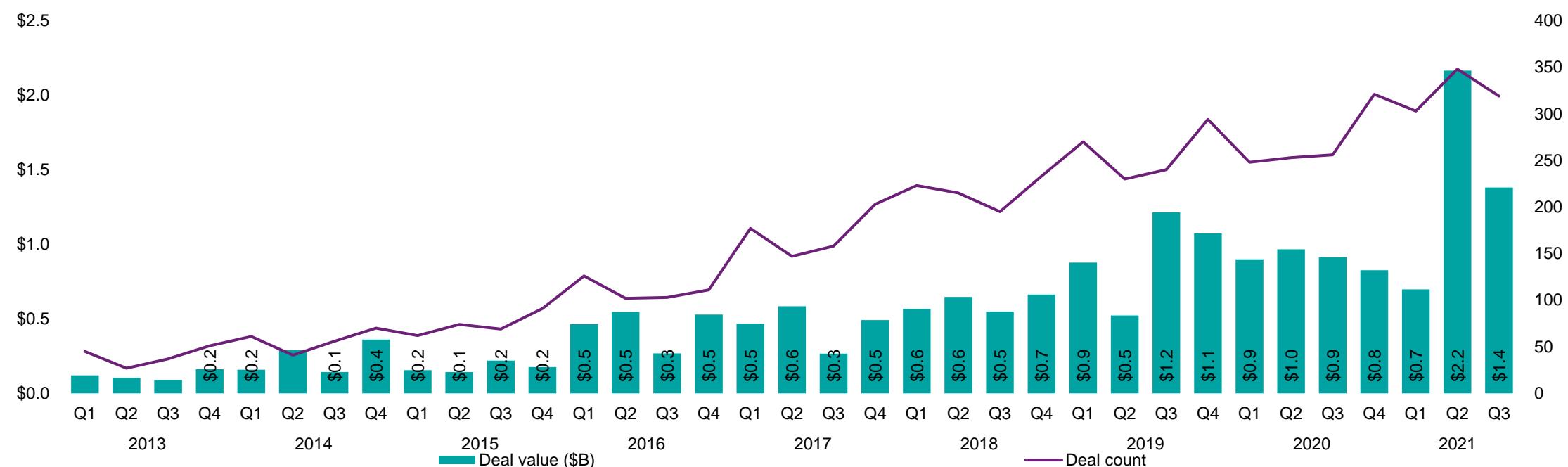
Kevin Smith

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

London remains the key hub for VC investment

Venture financing in London

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

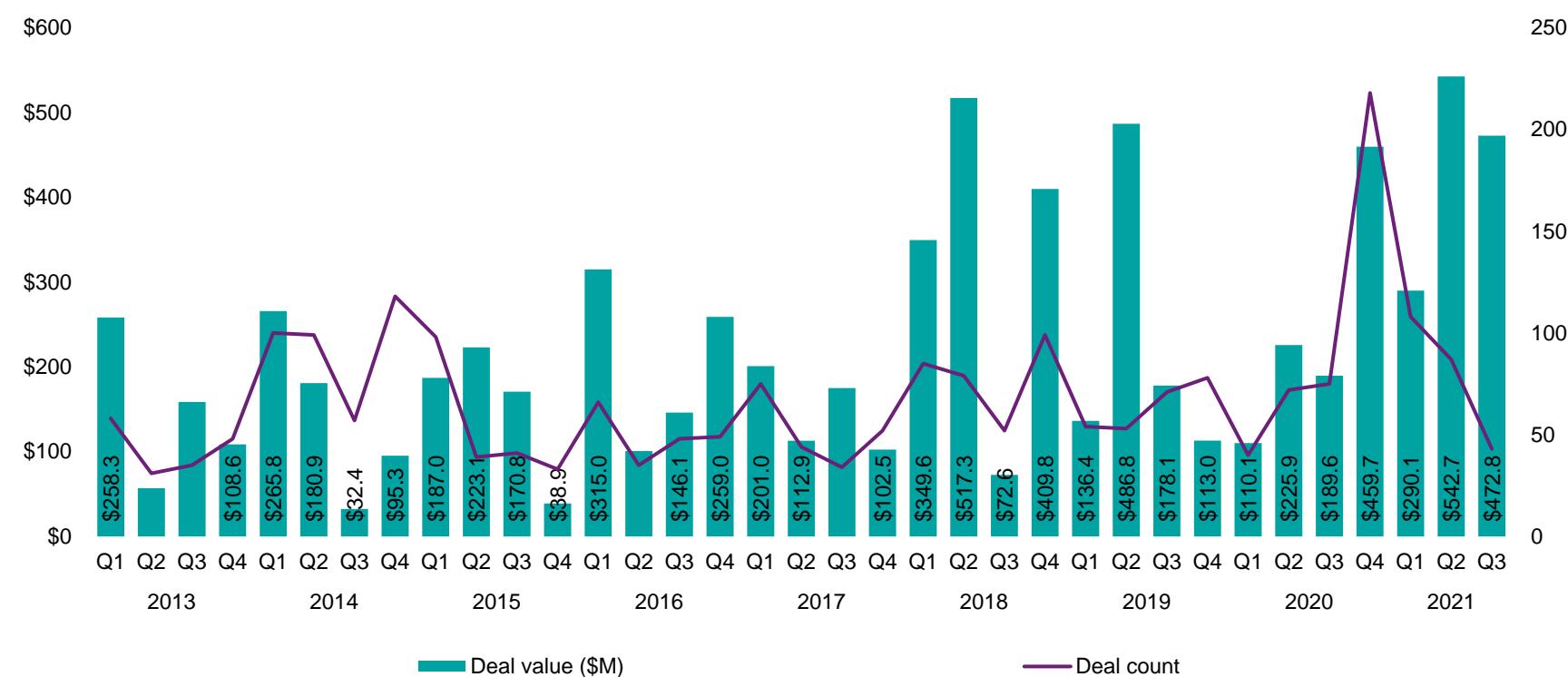
“The global climate emergency has been an important topic of discussion for many years, however water insecurity rarely makes it to the top of the agenda. Today, 4 in 10 people lack adequate water supply or face water insecurity. Technology start-ups are beginning to play an increasingly important role addressing this challenge. At FIDO, we help utility providers detect water leaks quickly, efficiently and accurately using explainable AI. Our AI automatically uploads and analyses thousands of acoustic and kinetic files every hour to enable smarter decisions faster than ever before. But even more crucially it works out the size of leaks from these acoustic signatures so engineers fix the ones that matter — the largest and most expensive — first, and faster than ever. No other technology can do this and FIDO AI is revolutionizing the performance of leak detection for the benefit of society and the environment. **”**

Victoria Edwards
FIDO Tech LTD

Ireland sees healthiest four-quarter stretch for VC invested in some time

Venture financing in Ireland

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

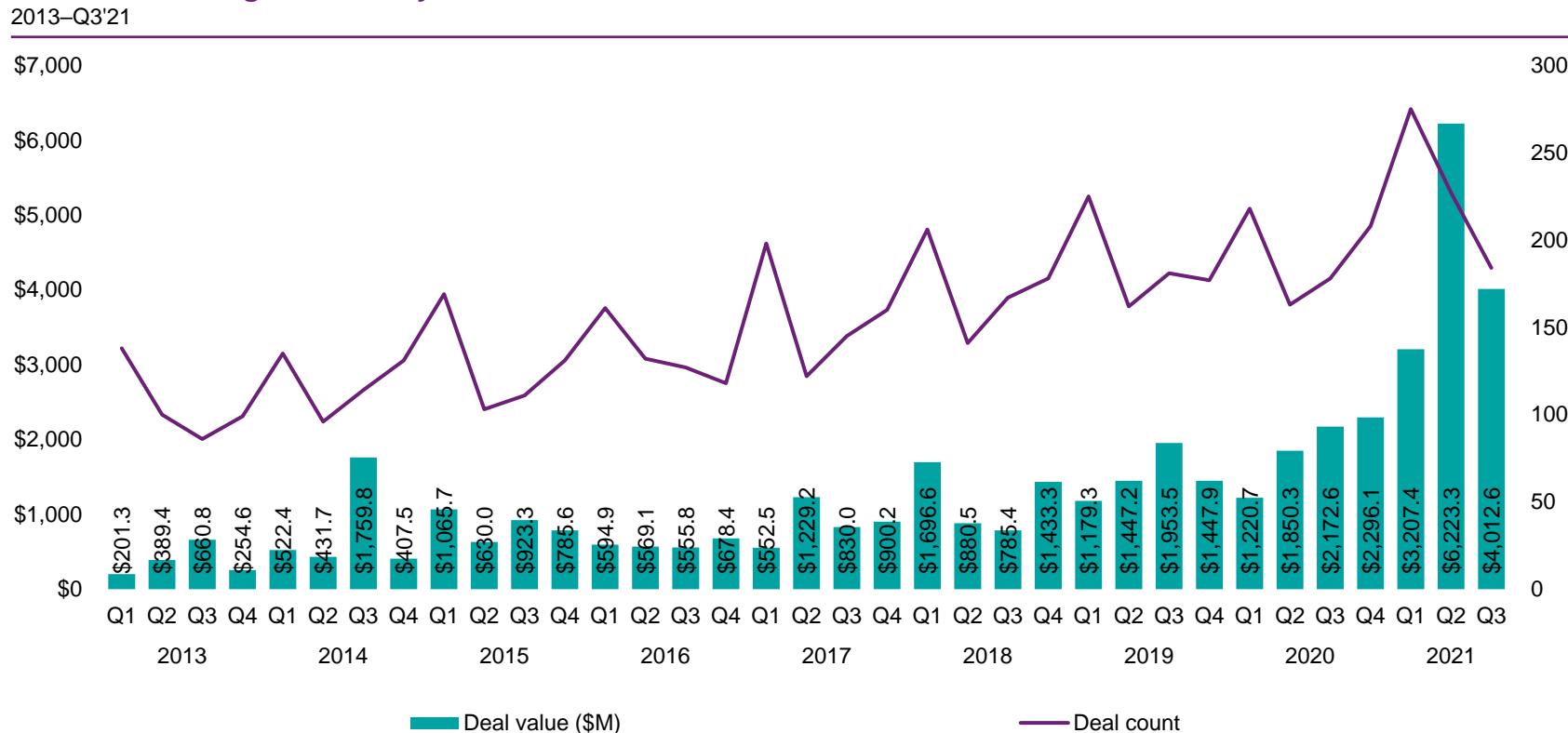
“ International investors continue to see immense value in Ireland both in terms of innovative companies and innovation capacity. Stripe have just announced they'll be hiring hundreds of new engineering roles in Dublin over the next three years. Given the global war for engineering talent is so acute right now, this is a real vote of confidence in the Irish economy and in what Ireland can deliver for ambitious VC backed companies. ”



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

Q3 2021 still stands as second-highest quarter ever for VC invested

Venture financing in Germany



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

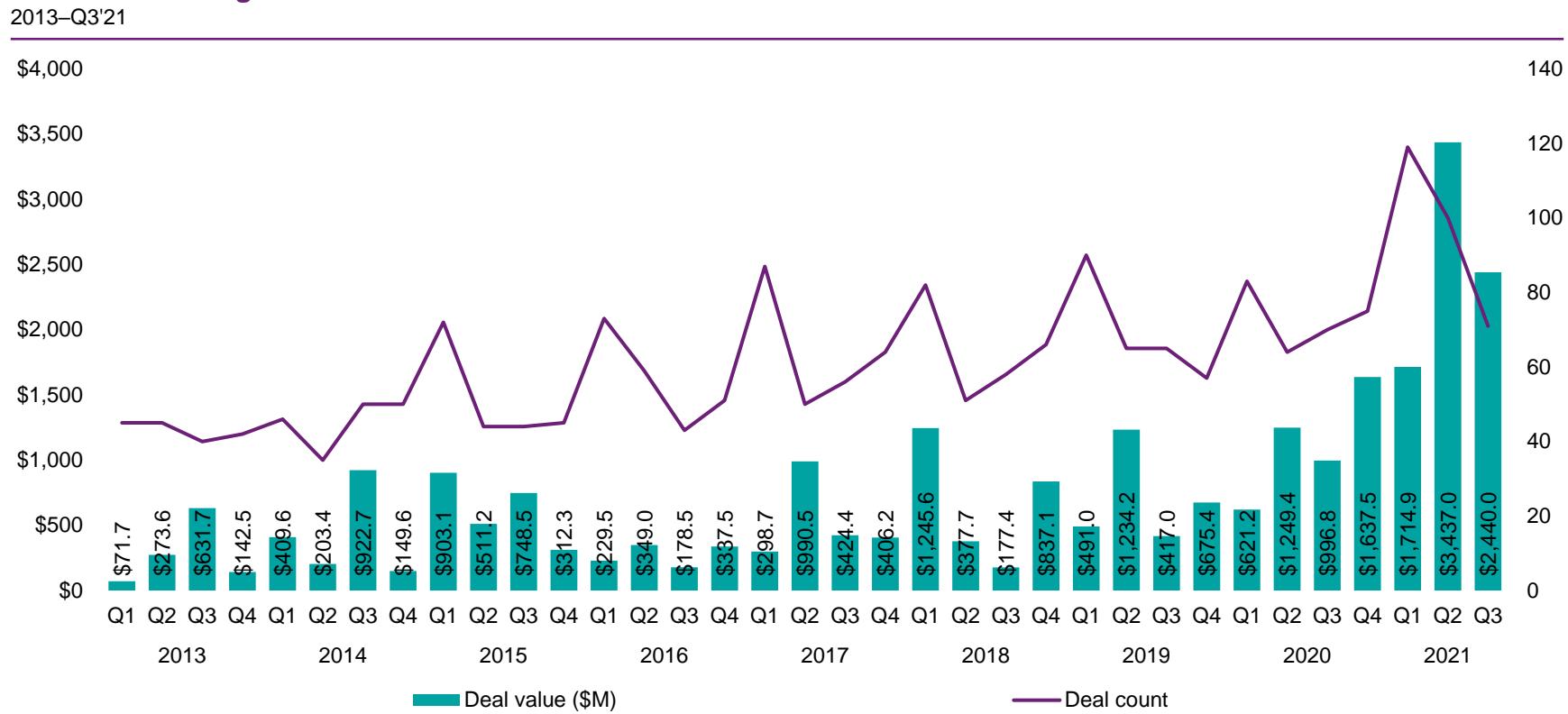
In Germany, there's a significant amount of M&A activity happening and it's likely going to continue. There are a number of drivers, from companies sitting on funds who are looking to spend them because interest rates in Germany are negative right now to an increase in big pharma companies targeting non-revenue companies. Heading into Q4'21, we also expect to start seeing some consolidations in the delivery space.



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

Berlin experiences concentration of capital

Venture financing in Berlin



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

“ We are seeing fintech companies in Germany get bigger valuations and bigger funding rounds, but the increase is simply about companies getting to a more mature state in their lifecycle. They are now coming to the point where they must get to a size where they can actually deliver on economies of scale and really compete against the bigger banks and insurance companies. **”**

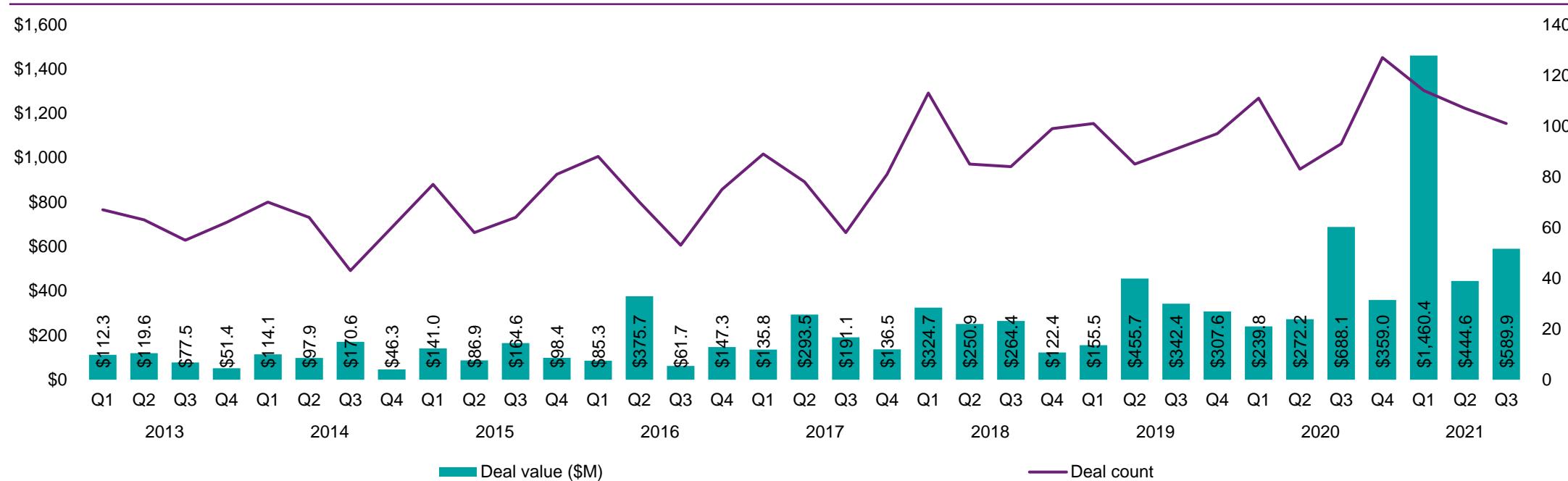


Tim Dümichen
Partner, KPMG in Germany

Even as volume evens out, VC invested remains healthy

Venture financing in Spain

2013–Q3'21



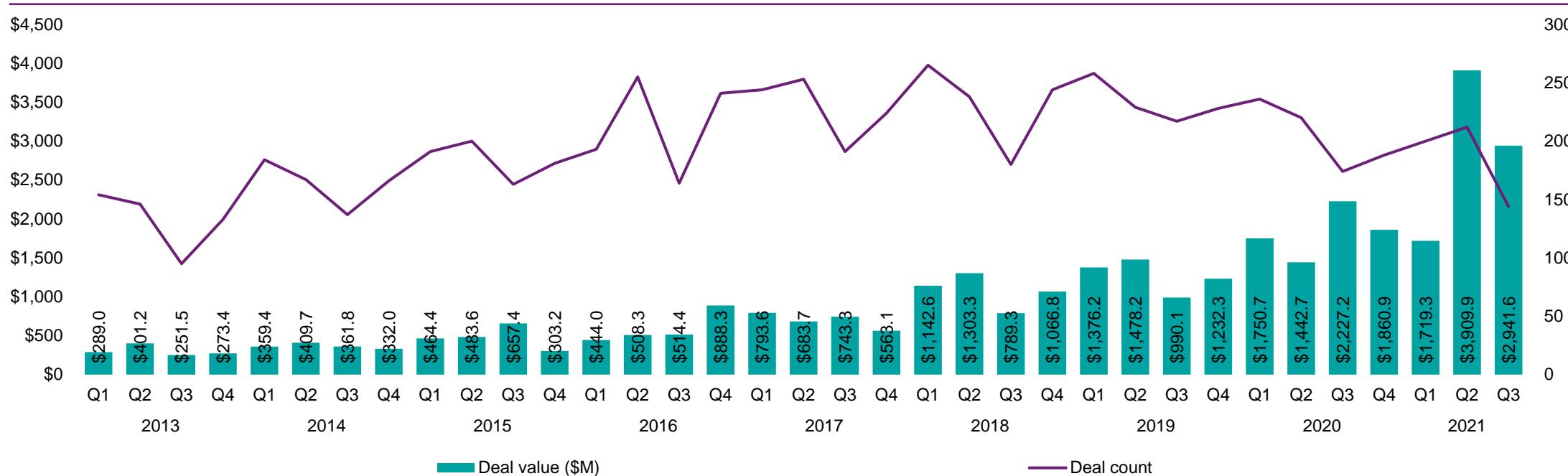
Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Taking a longer-term view, financing volume in Spain is likely to even out into a relatively elevated plateau, while VC invested all in all remains on the higher end relative to historical periods. No significant outlier financings were closed in Q3 2021, but a bevy of significantly sized rounds occurred in September, such as the \$80 million Series B funding of human resources management platform Factorial in September and the \$65 million financing of real estate technology platform Tiko in July.

France sees impact of outlier financings once again

Venture financing in France

2013–Q3'21

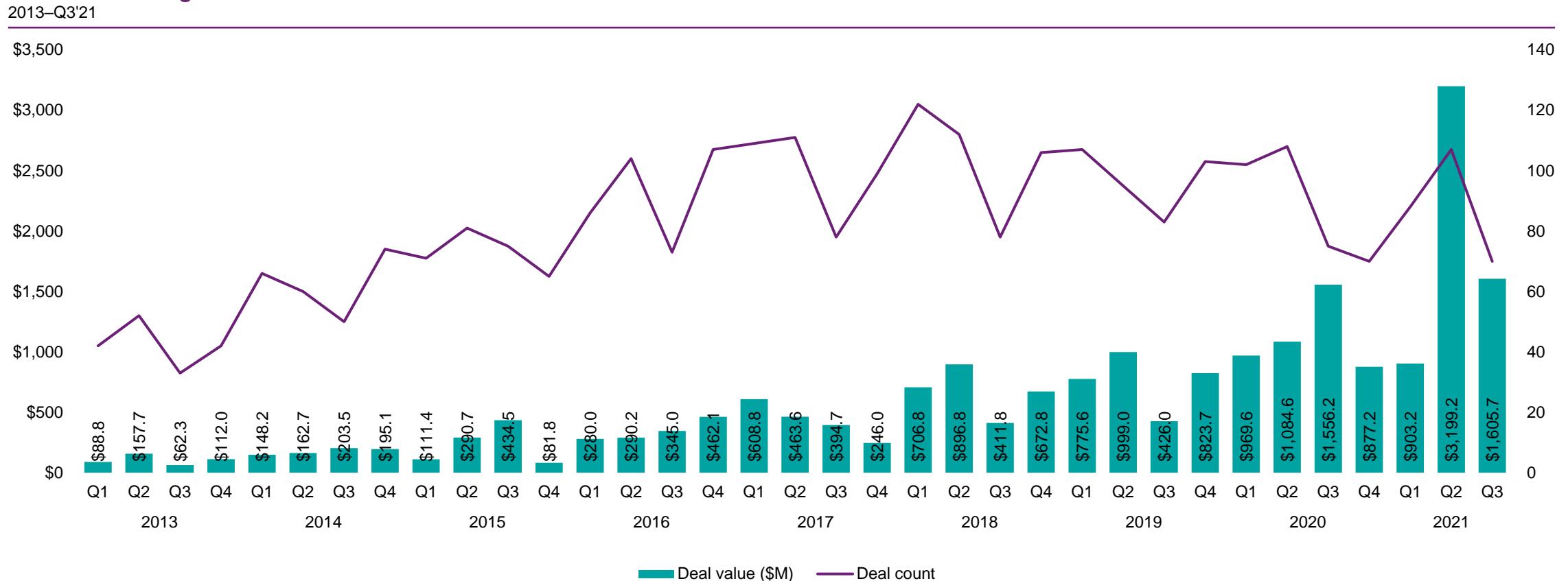


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

VC invested has gradually swelled higher over the past several years in France, while financing volume has remained relatively steady with some quarterly choppiness. However, the impact of outlier financings in terms of size still continue. Blockchain-based fantasy football platform Sorare closed on no less than \$680 million in September, while that same month marketplace Mirakl closed on \$555 million in Series E funding.

Paris hosts some of the larger financings still

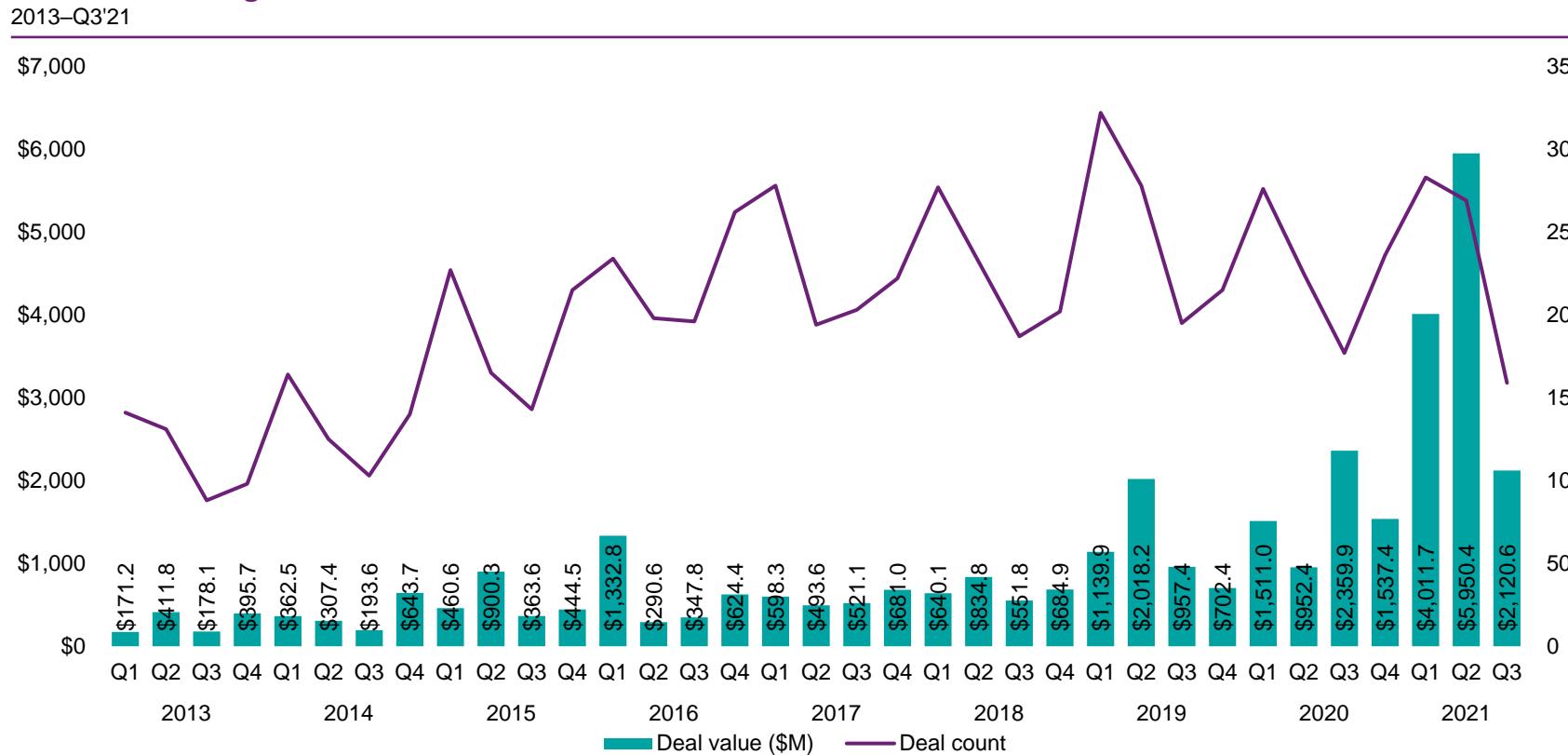
Venture financing in Paris



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Q3 2021 sees healthy tallies as unicorns take a breather from raising

Venture financing in the Nordics



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

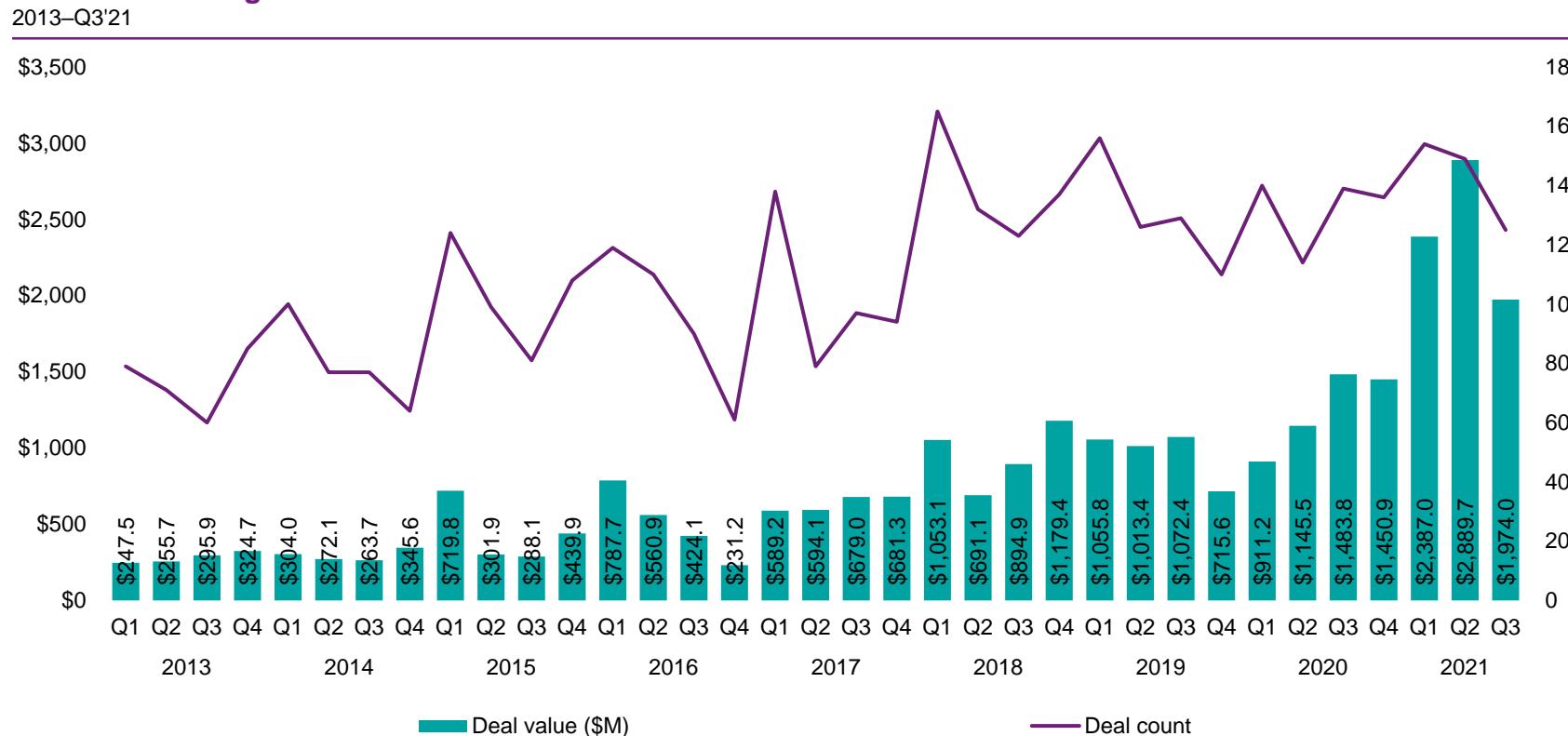
“ All of the countries in the Nordic region are seeing growth in terms of promising early stage and later stage companies raising venture rounds — and many VC firms have had successful funds and are now raising bigger second and third funds. This is all working together to help grow the VC market here. All the positives are accumulating and contributing to the whole. We’re going to break a lot of records this year — and expect activity will remain very strong into 2022. ”



Jussi Paski
Head of Startup Services
KPMG in Finland

The Israeli market remains robust, with third-highest quarter yet

Venture financing in Israel



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

“ Israel shattered the record for annual VC investment in the first half of 2021 and continued to move the dial upwards with a very strong Q3'21. Megadeals have been a major contributor to VC investment levels, including \$100 million+ raises to companies like AnyVision, ActiveFence and Aleph Farms in Q3'21. Global VC investors are also increasingly looking to take advantage of the incredible startup ecosystem in Israel, with a number opening offices in Tel Aviv or raising funds dedicated to Israel-based investment. **”**



Dina Pasca-Raz
Head of Technology
KPMG in Israel

Capital flows across the entire continent

Top 10 financings in Q3'21 in Europe



1. **Gorillas** — \$950M, Berlin, Germany — E-commerce — Series C
2. **Revolut** — \$800M, London, UK — Fintech — Series E
3. **Bolt** — \$709.6M, Tallinn, Estonia — Automotive — Late-stage VC
4. **Picnic** — \$707.5M, Amsterdam, Netherlands — Consumer — Series D
5. **Sorare** — \$680M, Saint Mande, France — Fintech — Series B
6. **Mirakl** — \$555M, Paris, France — Business software — Series E
7. **Quantus** — \$553.5M, Zurich, Switzerland — Fintech — Late-stage VC
8. **Hopin** — \$450M, London, UK — Media — Series D
9. **MarketFinance** — \$413.4M, London, UK — Fintech — Late-stage VC
10. **ManoMano** — \$355M, Paris, France — Internet retail — Series F



In Q3'21, VC-backed companies in the **Asia** region raised
\$48.1B across 2,616 deals

VC investment in Asia strong in Q3 as India bolsters total investment

VC investment in Asia remained relatively steady in Q3'21, led by a \$3.6 billion raise by Flipkart and a \$1.7 billion raise by energy storage company Svolt.



New record for fintech investment in India

India saw a massive increase in VC investment in Q3'21, reaching a quarterly record — in excess of \$14 billion. In addition to substantial raises by Flipkart and Byju, both PharmEasy and Ola raised \$500 million funding rounds in Q3'21. Investors outside traditional VC firms took part in a number of deals in Q3'21 — including traditional PE firms, which have not historically been active in consumer tech deals in India. The country saw nine new unicorns created during the quarter, including fintechs BharatPe and CoinDCX and edtechs UpGrad and Eruditus Executive Education.

IPO activity was also very strong in India in Q3'21, with indications Q4'21 will be even stronger. During the quarter, food delivery company Zomato hosted a successful IPO, with its stock price rising 80% in first day trading¹⁶. Unicorn fintech Paytm also announced its intent to go public — likely in Q4'21¹⁷. PharmEasy is also expected to file IPO paperwork early in Q4'21¹⁸.



Evolving regulations in China affecting VC investment, but only in some sectors

Both VC investment and IPO activity in China slowed somewhat during Q3'21, in part due to evolving government policies and regulations targeting specific sectors like edtech and fintech. During Q3'21, China's central government announced new implementation guidance related to Chinese companies listing overseas, including plans to enhance oversight and improve regulations related to overseas data flows and data security¹⁹.

Several sectors outside those affected by new regulatory guidance continued to see robust investment, including hardware and consumer market companies — such as restaurants and food delivery. In addition to Svolt's large raise, 5G technology company CICT Mobile raised \$569 million, milk tea retailer HeyTea raised \$500 million, and integrated circuit company ESWIN Material raised \$462 million during Q3'21.



Interest in ESG growing in Hong Kong

Investor interest in ESG and greentech is growing in Hong Kong (SAR, China) as companies across sectors look for ways to reduce or offset their carbon emissions. While many ESG-focused startups in HK are still within the very early funding stages, they are increasingly attracting attention from investors given the increasing demand for green technologies and the growing focus of the government on sustainability and climate change. The challenge for many startups will be finding the right economies of scale in order to bring costs down and become financially sustainable — but given the high priority being given to ESG, it is likely only a matter of time before these companies grow and drive larger investments.



Healthtech remains top of mind in Asia

Healthtech was top of mind for investors across Asia in Q3'21. In China, healthcare companies have grown rapidly, with a growing number going public either in Hong Kong (SAR, China) or Shanghai. Given the government's desire to reform health care and China's aging population, healthtech is expected to remain a hot area of investment for the foreseeable future. In India, PharmaEasy raised \$500 million during Q3'21. Business process outsourcing company Hinduja Global Services also sold its healthcare services business to Barings Private Equity Asia for \$1.2 billion during the quarter²⁰.

¹⁶ <https://www.cnbc.com/2021/07/23/zomato-ipo-indian-food-delivery-start-up.html>

¹⁷ <https://www.indiatvnews.com/business/markets/paytm-ipo-subscription-date-price-grey-market-gmp-premium-share-price-listing-date-722189>

¹⁸ <https://economictimes.indiatimes.com/tech/startups/pharmaeasy-plans-to-file-ipo-papers-by-october/articleshow/85668077.cms>

¹⁹ <https://news.cgtn.com/news/2021-07-06/China-increases-data-security-scrutiny-on-overseas-listed-companies-11G16Ed05Xi/index.html>

²⁰ <https://www.forbes.com/sites/wang/2021/07/25/chinas-tutoring-crackdown-sends-fortunes-of-education-billionaires-into-nosedive/?sh=19575915256>

²¹ <https://www.bbc.com/news/technology-58678907>

²² <https://www.thehindubusinessline.com/companies/hinduja-global-sells-healthcare-services-business-to-barings-for-12-billion/article35829478.ece>

VC investment in Asia holds steady in Q3 as India bucks global trends, cont'd.



Edtech and fintech remain very hot in India

VC investment in India bucked global trends, rising to a second-straight quarterly high in Q3'21. Edtech was particularly active sector during the quarter with a \$1.7 billion raise by India's largest edtech company Byju, a \$440 million raise by Unacademy and a \$250 million raise by SimpliLearn. Byju, continued to target global expansion; in Q3'21 Byju acquired US-based digital reading platform Epic for \$500 million²³.

Fintech also continued to attract significant investment and attention from investors in India, with merchant-focused payments company BharatPe raising \$396 million during Q3'21. While payments continued to attract the most fintech investment in India, VC investors have also shown strong interest in the insurtech space given the low penetration of insurance in the country compared to other jurisdictions around the world.

VC Market in Japan experiences banner quarter

Japan saw a record \$1.4 billion in VC investment during Q3'21 as the country's VC market continued to evolve and grow. Startups in the country are raising increasingly large rounds. In Q3'21, news app SmartNews raised \$230 million²⁴, biological diagnostic research company Hirotsu Bioscience raised \$146 million, and manufacturing platform Caddi raised \$95 million. Exit activity in Japan is also gaining more prominence, as evidenced by PayPal's acquisition of Buy Now Pay Later provider Paidy for \$2.7 billion²⁵ and the IPO of Cloud-based video platform Safie²⁶. Heading into Q4'21, VC investment in Japan is expected to increase as startups continue to mature and gain global attention.



New stock exchange being created in Beijing

In Q3'21, China announced plans to set up a new stock exchange in Beijing. The new exchange is being introduced to open opportunities for service-oriented and innovative mid-sized companies in China to get publicly listed²⁷.



Trends to watch for in Asia

Heading into Q4'21, VC investment is expected to remain slow in a number of sectors in China, although there will likely continue to be robust investment in companies focused on healthtech, the new consumer market, and hardware.

In India, VC investment could grow even further in Q4'21, particularly given the euphoria around investments in consumer tech, D2C companies, fintech and edtech. Social commerce could also see growing attention from VC investors in India over the next few quarters. India could also see a number of blockbuster IPOs before the end of 2021.

²³ <https://kidscreen.com/2021/07/21/byju-makes-epic-acquisition/>

²⁴ <https://about.smartnews.com/en/2021/09/15/smartnews-raises-230-million-in-series-f-funding-at-a-2-billion-valuation-plans-to-invest-in-u-s-growth/>

²⁵ <https://newsroom.paypal-corp.com/2021-09-07-PayPal-To-Acquire-Paidy>

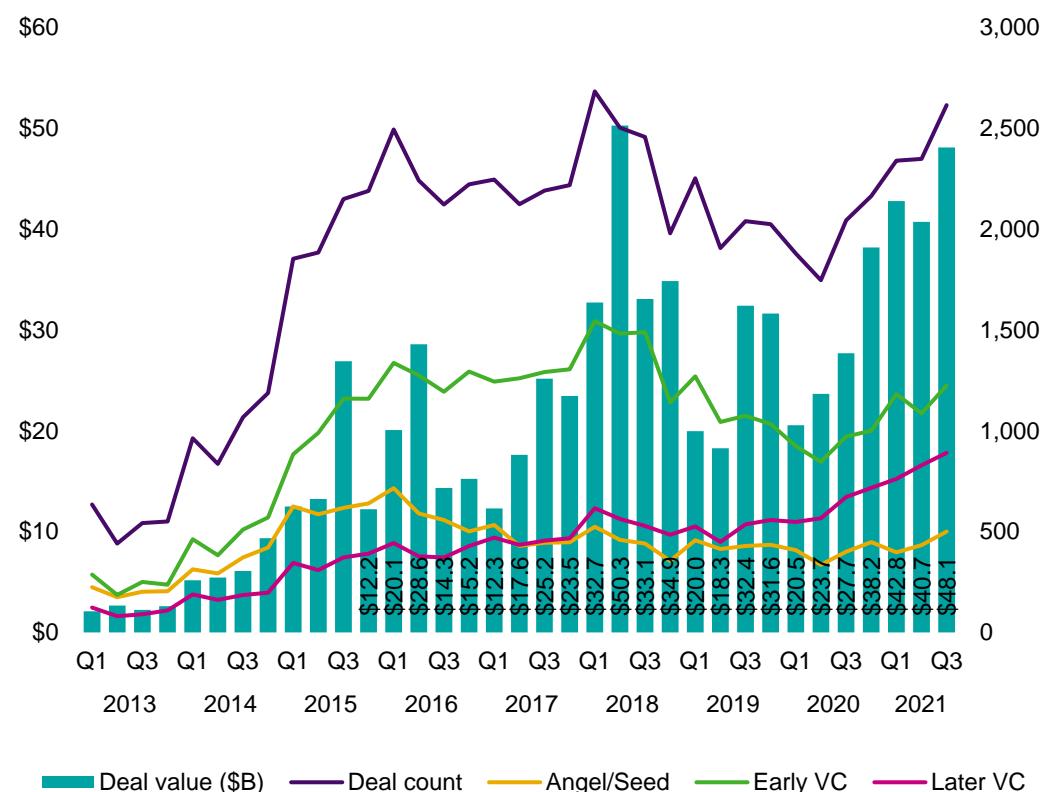
²⁶ <https://thebridge.jp/en/2021/10/safie-marks-jpy180b-valuation>

²⁷ <https://www.chinadaily.com.cn/a/202109/03/WS61310177a310efa1bd66cfcf.html>

Recovery in financing flows continues apace

Venture financing in Asia

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

After one of the sharper declines in the first half of last year, the Asian-Pacific ecosystem has rebounded remarkably, recording one of its most robust inflows of capital in a single quarter to date across nearly a new high in venture financing volume. The rate of recovery has been remarkable, from \$20.5 billion in VC invested in Q1 2020 to \$48.1 billion in Q3 2021. It was likely, once the effects of the pandemic were at least somewhat checked, that venture funding would once again flow at rates similar to recent highs given the startup ecosystems across the region continue to remain active and experience significant growth.

“ There has been a significant acceleration of the fintech sector in Qatar over the past several years. Over that time the government has introduced a number of initiatives to encourage digital transformation, ranging from the introduction of a sandbox to startup funding initiatives. We’re also seeing some exciting developments in Payments, as shown by our new SkipCash digital payments app. Our app focuses on providing a superior user experience — from customer signups and onboarding, to smooth transactions, loyalty programs — the future is all about customer centricity and we aim to be a leader in the space. ”

Mohammed Al-Delaimi
SkipCash

“ VC investment in China remained consistent with Q2'21, with almost \$24 billion invested, including big raises by SVOLT and drug discovery firm AbogenBio. Hardware-focused startups have been gaining a lot of attention from VC investors in China given the government’s identified long-term strategic priorities. In the first half of 2021, hardware startups attracted over \$5.5 billion in investment. Q3'21 saw that number grow even further, with all indications suggesting investment will remain strong into Q4. ”



Egidio Zarrella
Partner, Clients and
Innovation
KPMG China

After a decline, the late stage resurges

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

2014–2021*

\$120

\$100

\$80

\$60

\$40

\$20

\$0

\$100.0

\$37.3

\$18.0

\$10.0

\$1.20
\$0.9

2014

2015

2016

2017

2018

2019

2020

2021*

Seed

Angel

A

B

C

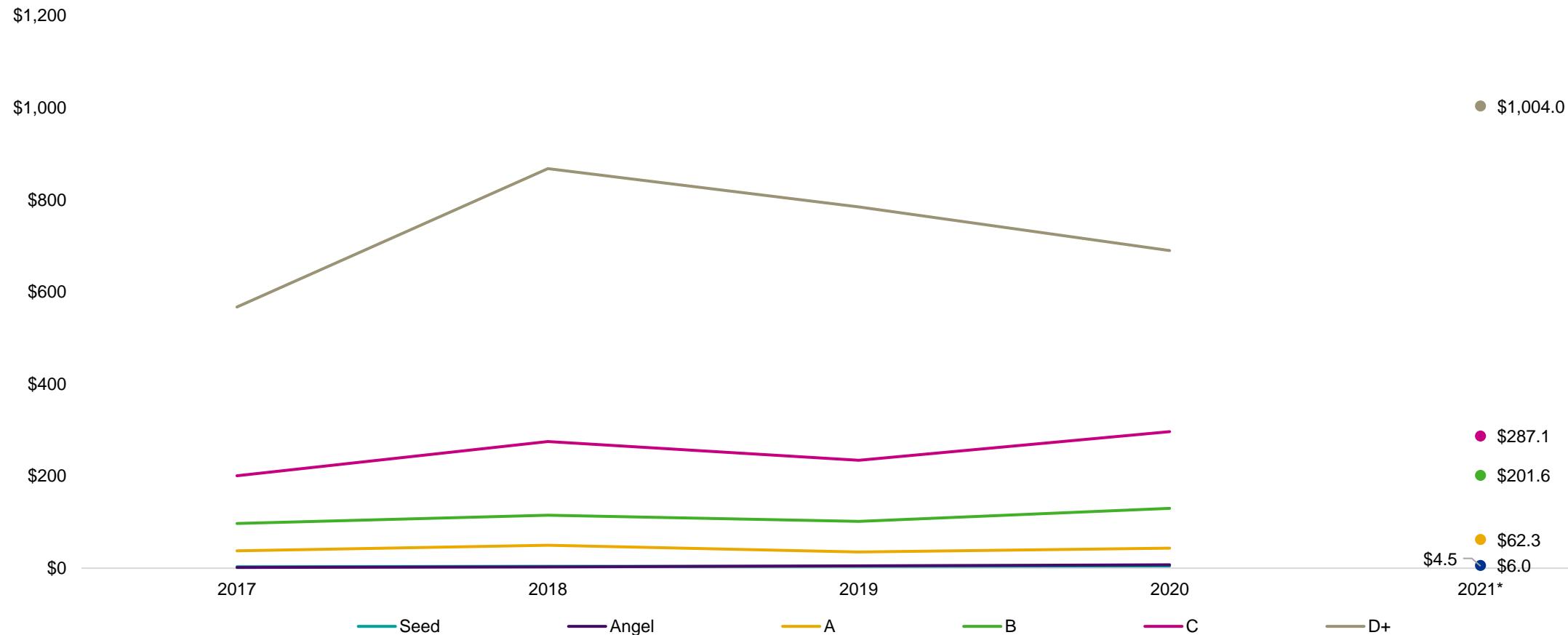
D+

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

The latest stage sees surge past \$1B for the first time

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

2017–2021*

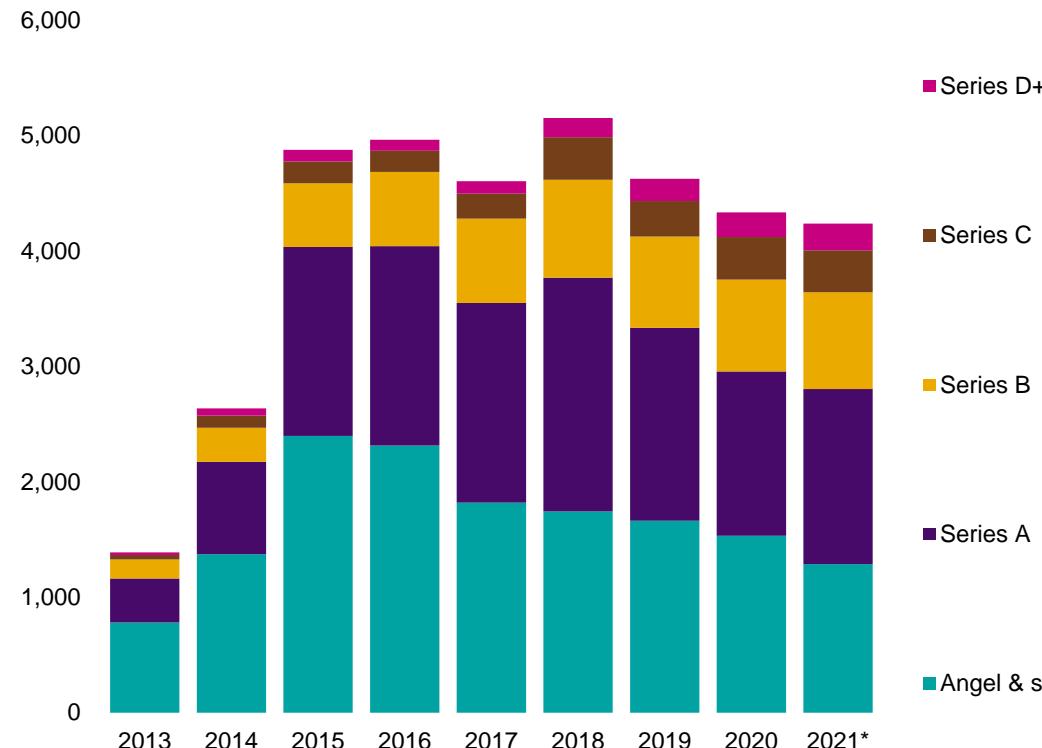


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

VC invested remains diversified as angel & seed contract

Deal share by series in Asia

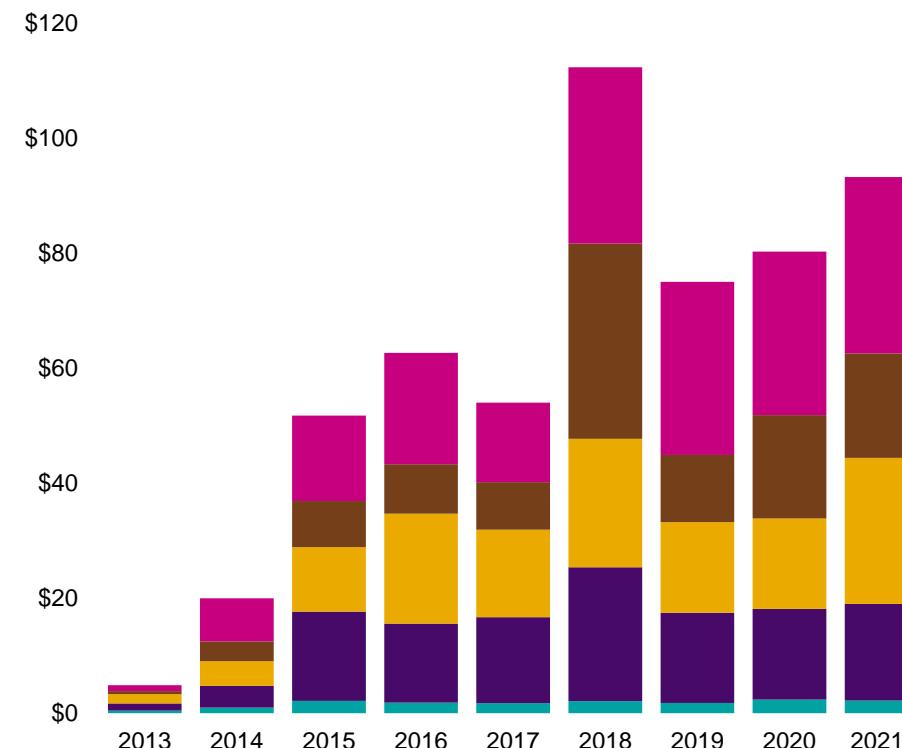
2013–2021*, number of closed deals



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Deal share by series in Asia

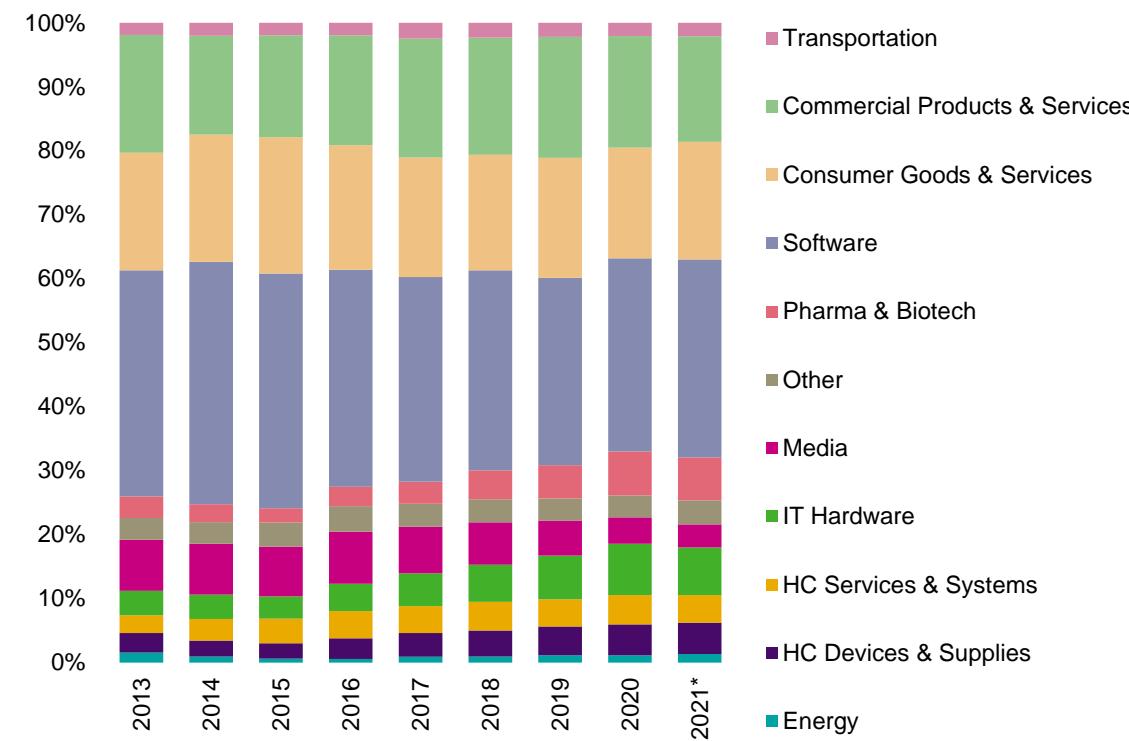
2013–2021*, VC invested (\$B)



Pharma & biotech see surge in VC invested, proportionally

Asia venture financings by sector

2013–2021*, number of closed deals



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

“ Saudi Arabia is still in the very early stages of developing its technology ecosystem however, we've found it has all of the hallmarks for future success. A highly educated and talented workforce, deep research capabilities and infrastructure as well as exposure to local and international venture capitalists make it the right location for our business. There is clear and profound interest in encouraging innovation and attracting foreign companies and investors to work together to make change happen. **”**

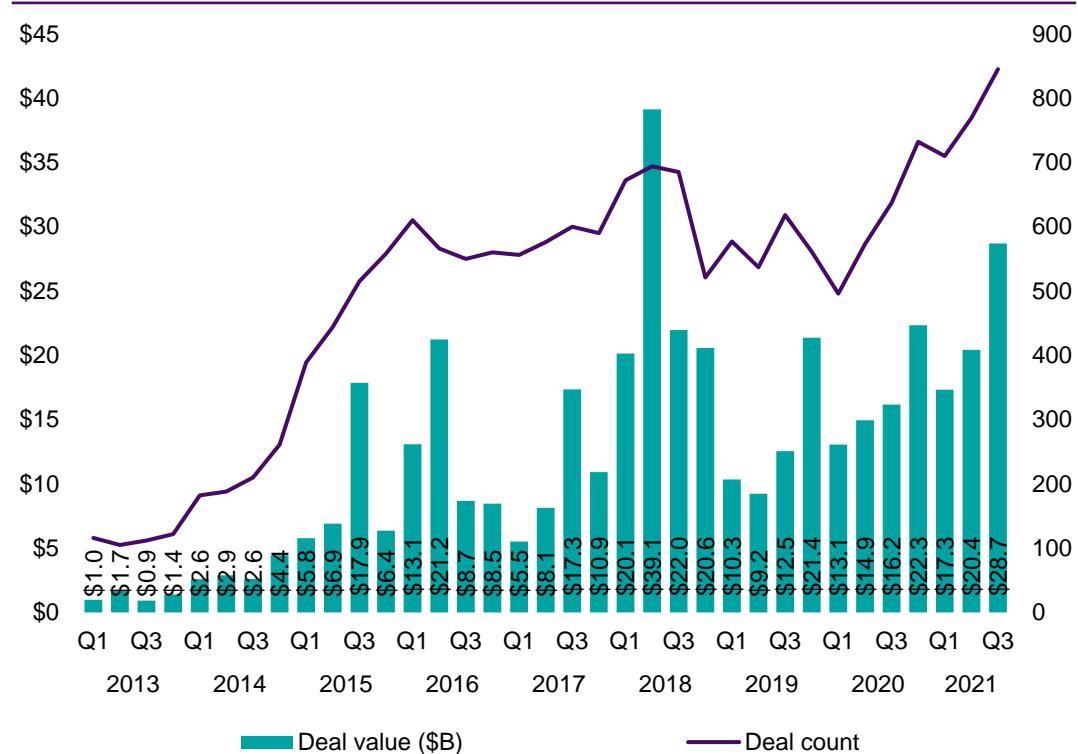
Gregory Lu

Natufia

Corporates double down on finding a balance with startups & governments

Corporate participation in venture deals in Asia

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Corporates played a key role in supporting the rise of venture investment, given the structures of the politico-economic scenes in major nations such as India and China, throughout the entire 2010s. Since the dip in early 2020, they have resumed activity to a significant extent.

...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.**

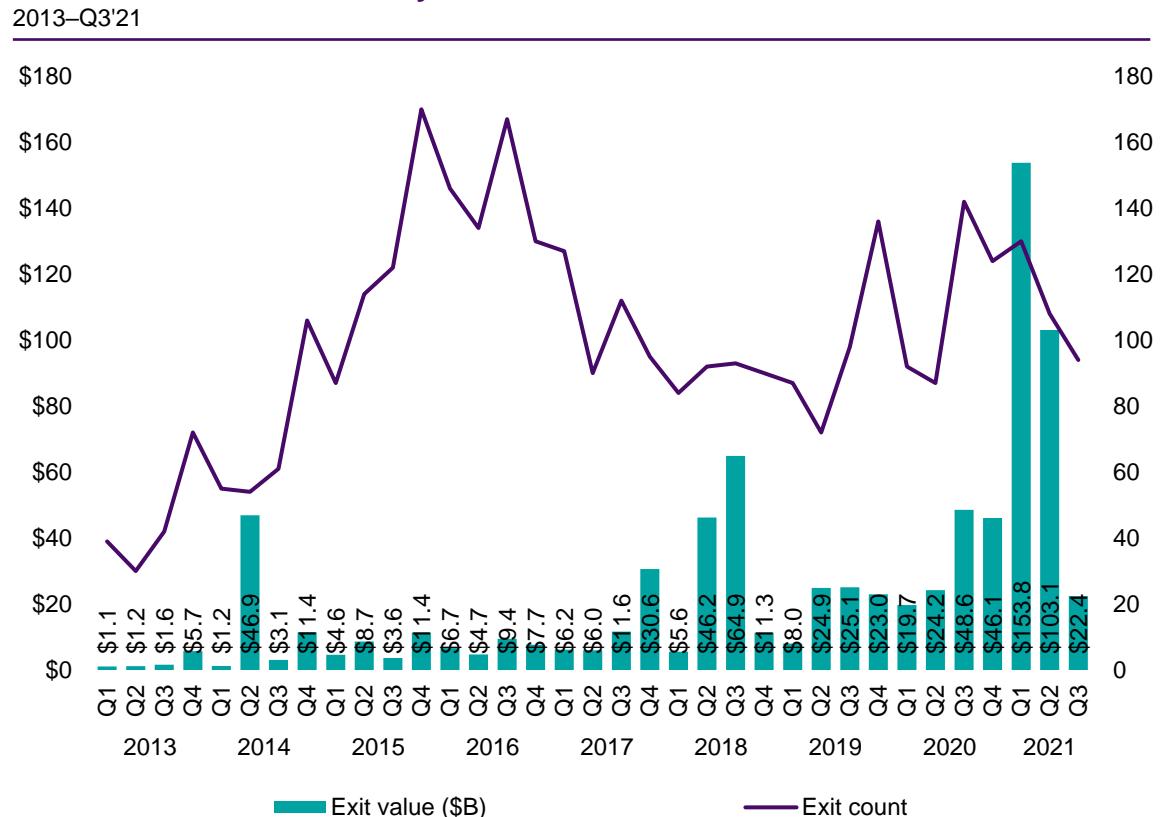
“ We are seeing a lot of strategic investments in India — not only from global corporates looking to get into the market, but also from some of the larger Indian conglomerates. Over the last few quarters, we've seen big companies like Reliance and Tata focusing on investing in and acquiring other companies and startups in different areas. They are slowly trying to move into the area of something called the super app: an app that fits all the purposes that a consumer might need. **”**



Amarjeet Singh
Partner
KPMG in India

Q3 2021 sees cooldown in venture-backed exits

Venture-backed exit activity in Asia



The first half of 2021 saw record levels of exit activity, largely thanks to the surge in public listings across multiple exchanges within the region. Q3 2021 has been much more muted, likely due to companies and regional governments working out compromises between levels of economic exposure both abroad and domestically.

In Asia, the pipeline of later stage companies continues to be solid. VC investors are looking for opportunities to exit so the IPO market is very strong. In China, investors remain cautious about sectors that are affected by the regulatory changes, but companies that are not as sensitive such as biotech, green tech and consumer markets related at the right stage have been able to attract funding.



Irene Chu

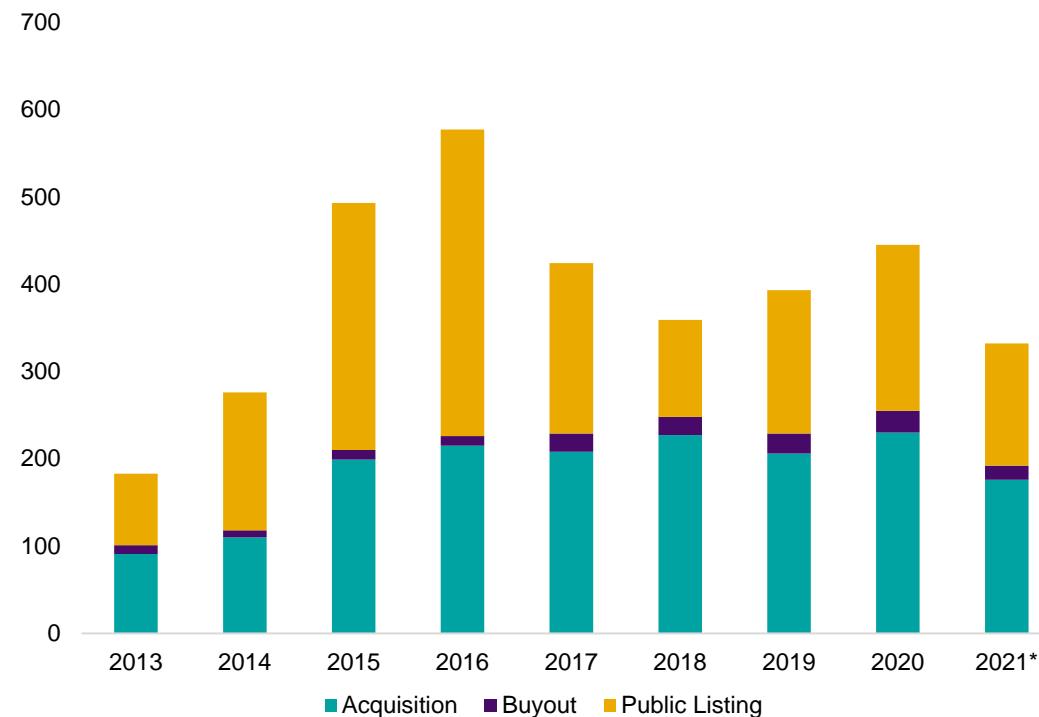
Partner, Head of New Economy and Life Sciences, Hong Kong Region,
KPMG China

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

2021 easily remains record year for exit value, thanks to public listings

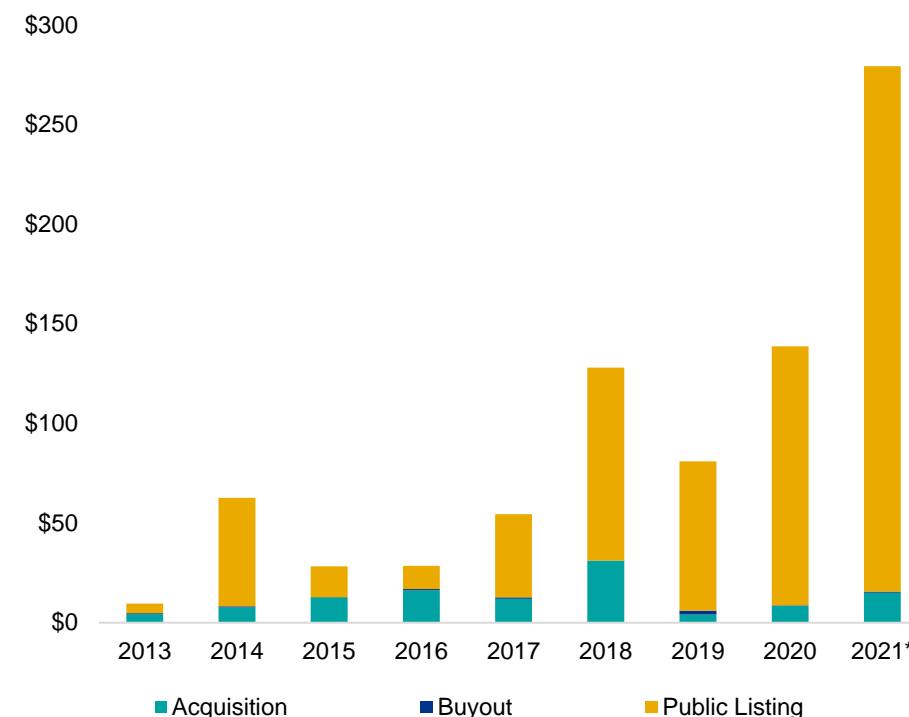
Venture-backed exit activity (#) by type in Asia

2013–2021*



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

2013–2021*

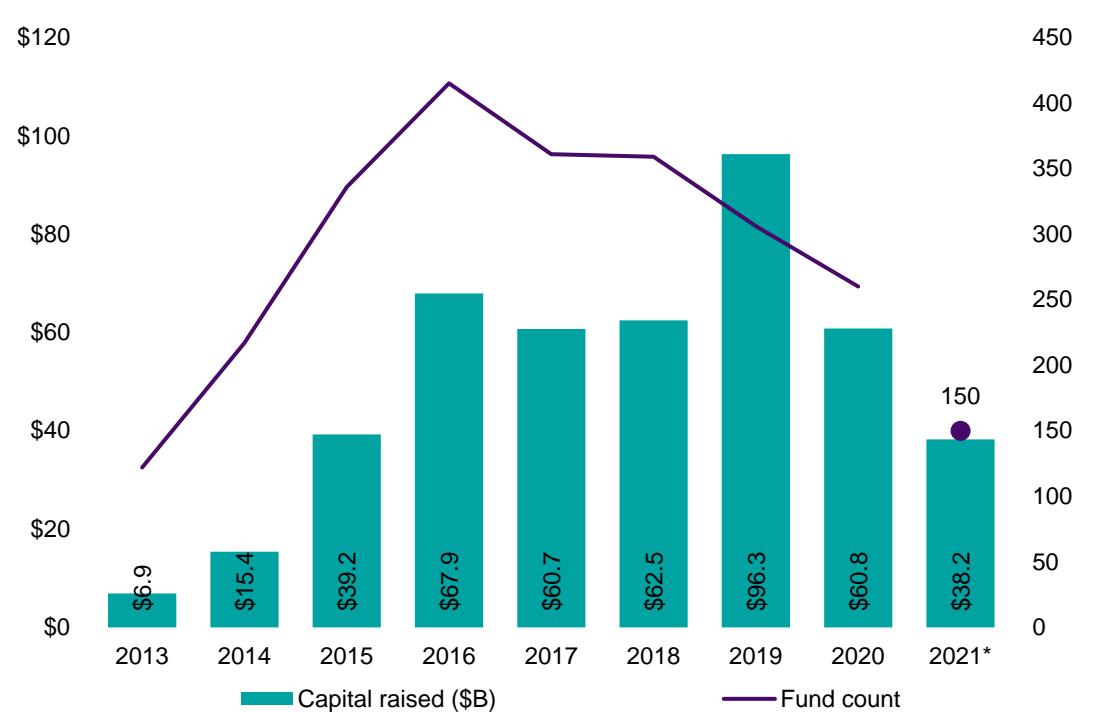


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Fundraising remains below past highs yet still relatively robust

Venture fundraising in Asia

2013–2021*



Barring a surge in year-end fundraising, 2021 looks set to record tallies similar to those between 2015 and 2020 levels, which speaks to the impact of more recent vintages still deploying capital within the space and precluding some competition.

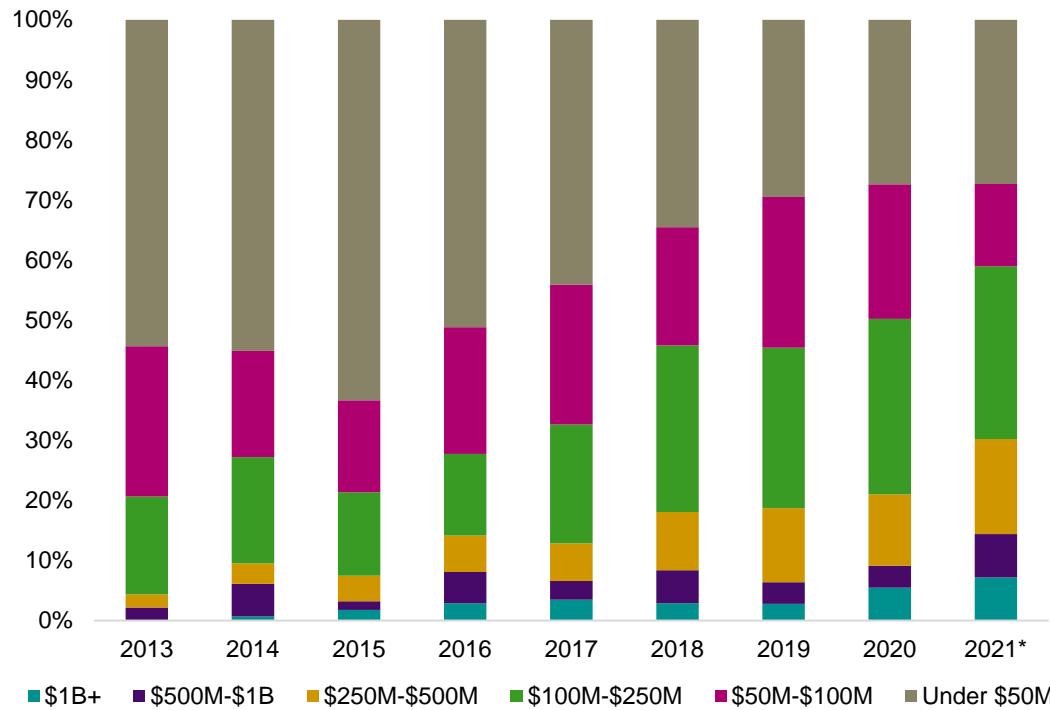
The **fundraising cycle** looks set to subside barring a year-end surge, **with \$38.2 billion in VC committed** putting 2021 on pace to approximate between 2015 and 2020 levels.

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021.
Data provided by PitchBook, October 20, 2021.

Fundraising gradually tilts larger

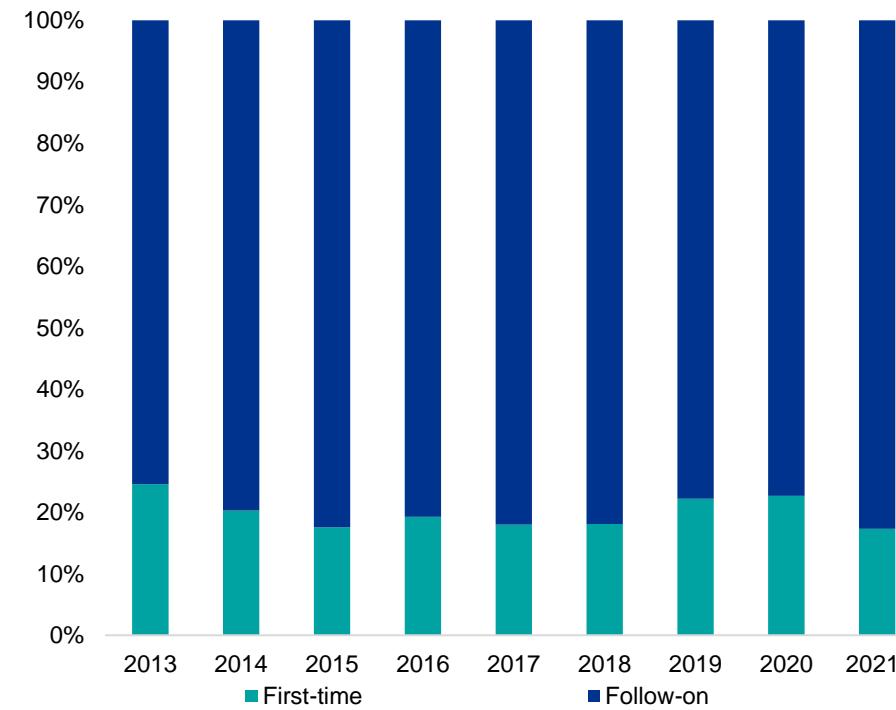
Venture fundraising (#) by size in Asia

2013–2021*



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

2013–2021*

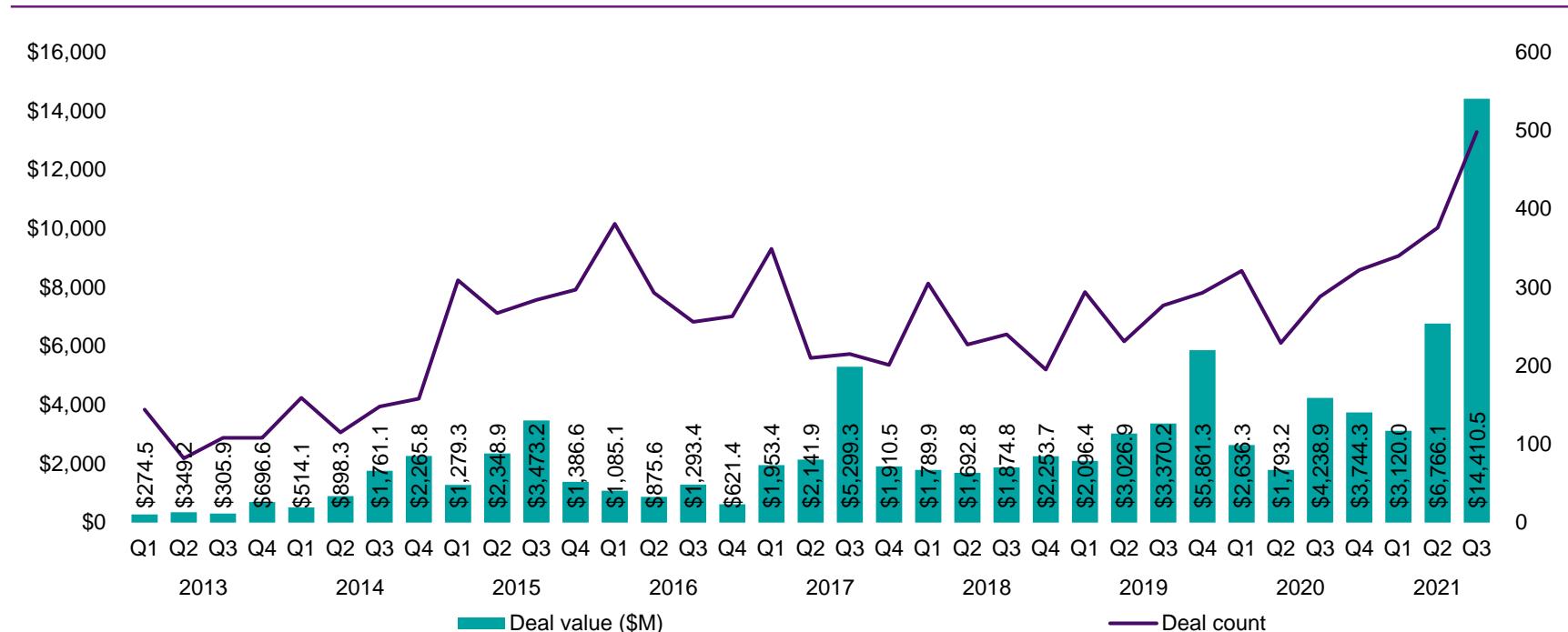


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

India sets an all-time high for VC invested

Venture financing in India

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

“ Several years ago, B2C companies were all the rage for venture capital investment in India. However, over the past couple years we've seen many examples of Indian B2B and SaaS successfully expanding internationally — and venture capital investors have taken notice. Many of the entrepreneurs behind these successful companies are openly sharing their experiences around how to scale from a product, market and client standpoint and are teaching the next generation of companies how to follow in their footsteps. ”

Ramesh Srinivas
Worxxogo

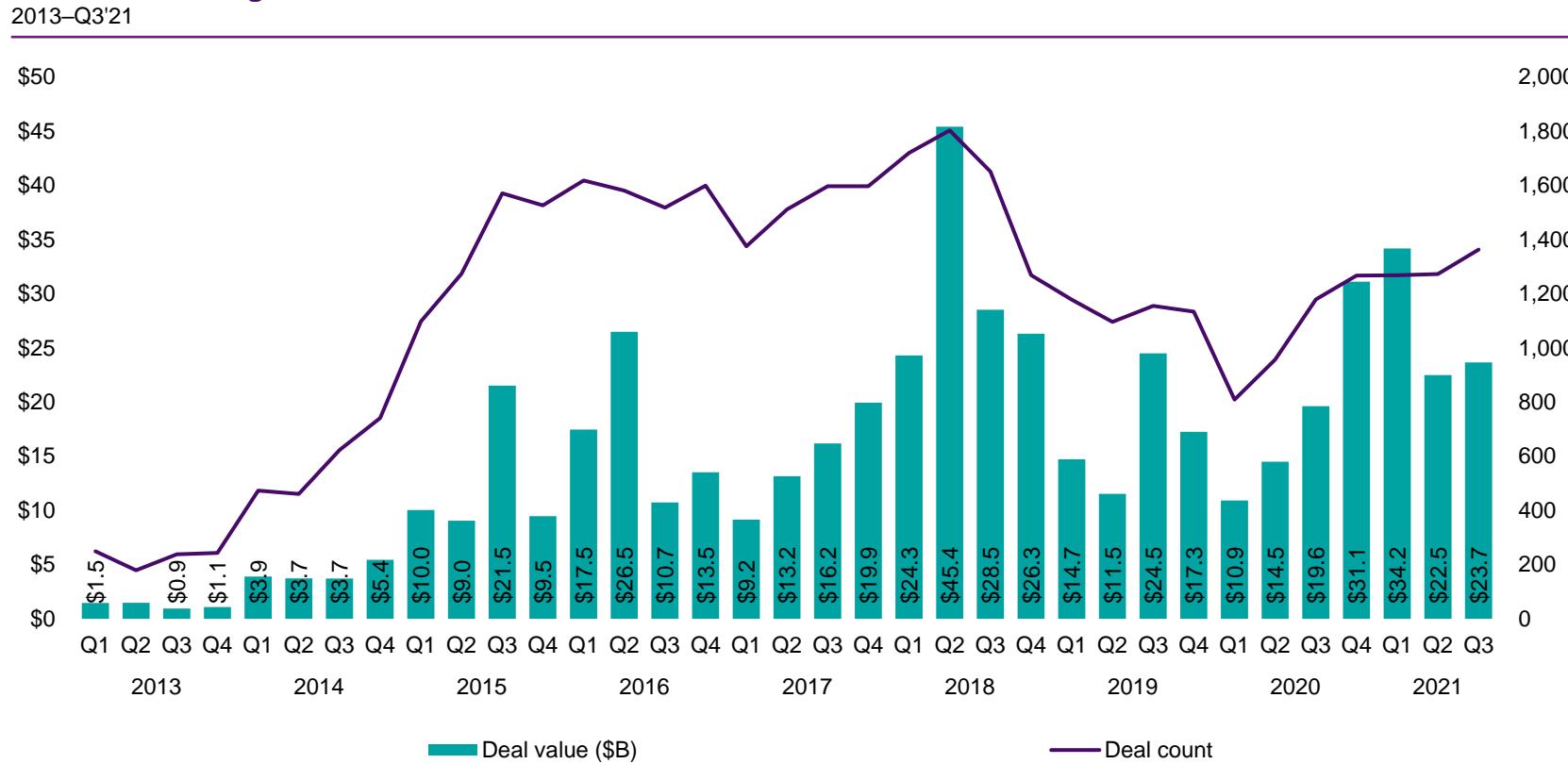
“ The money pouring into consumer tech companies, D2C companies, fintech companies and others here in India only going to get stronger. Already we have had more unicorns this year than in the last seven or eight years put together. Looking forward, there are a few big IPOs coming down the pipe and, assuming they go well, that is only going to strengthen investor confidence here even further. ”



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

China's venture funding is back on the upswing

Venture financing in China



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

“ VC investors in China are quite cautious at the moment because of the different regulatory changes occurring in the market, particularly in areas related fintech, tutoring, and overseas public listings. The caution is centered heavily on certain sectors; others — like healthtech, hardware, and consumer market solutions are still attracting quite significant levels of VC investment in China. ”

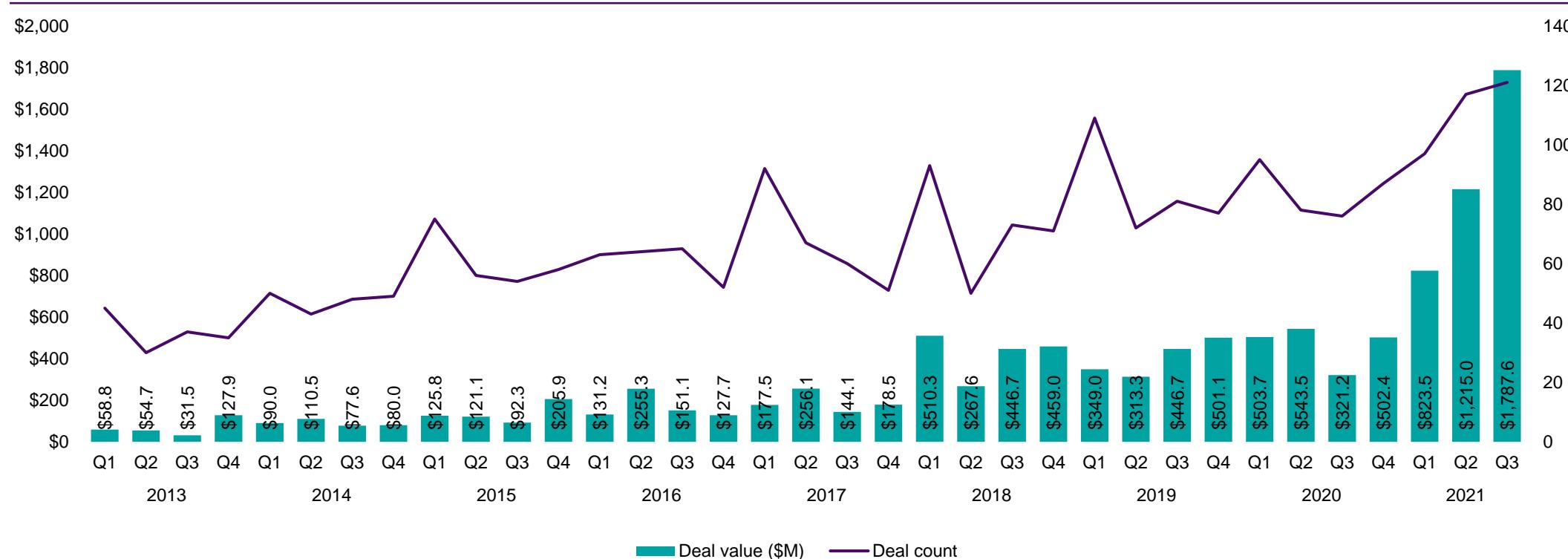


Allen Lu
Partner and Head of TMT Audit
KPMG China

Australia sees a record sum in VC invested

Venture financing in Australia

2013–Q3'21

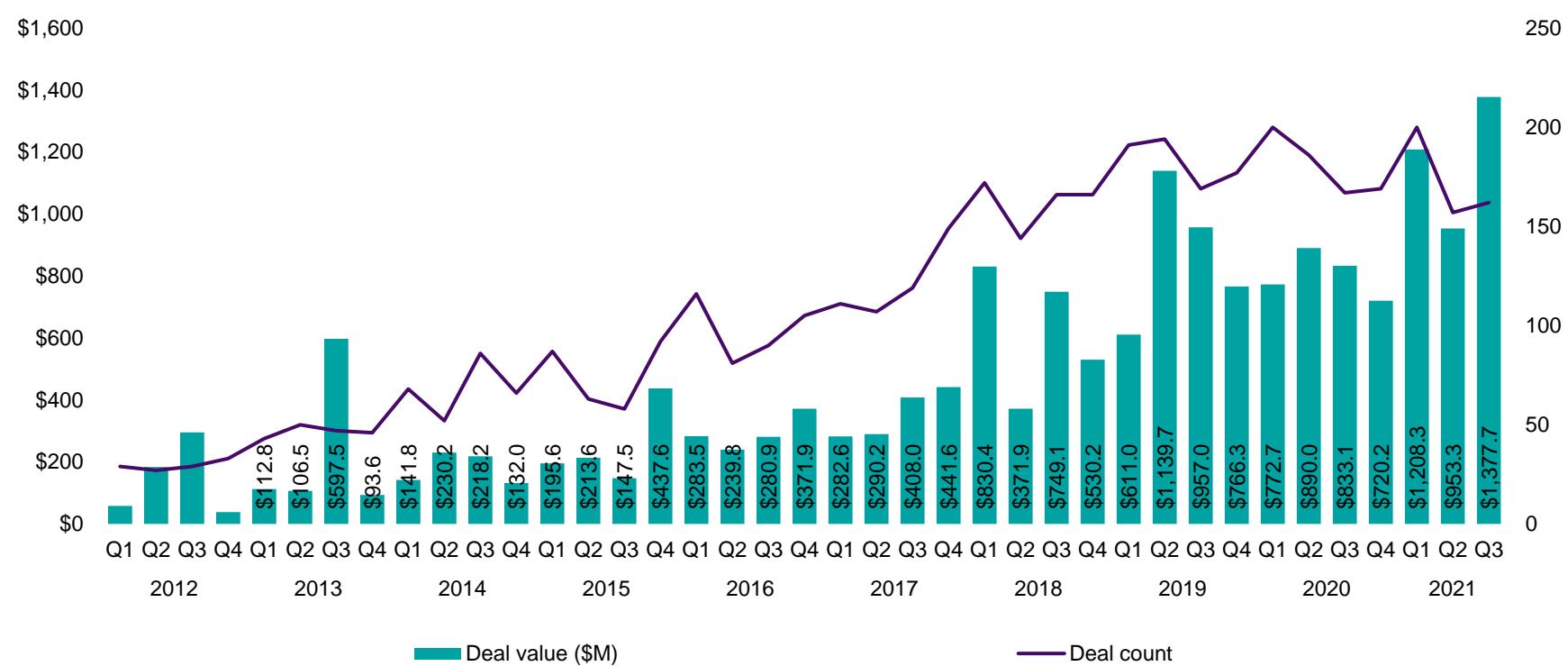


Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

Despite relatively steady volume levels, VC invested surges to a new high

Venture financing in Japan

2013–Q3'21



Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021. Data provided by PitchBook, October 20, 2021.

VC investment in Japan reached a record of almost \$1.4 billion in Q3'21. The VC market in the country is maturing very quickly as the number of new startups accelerates and more established ones attract larger funding rounds at higher valuations. The country is also seeing the strongest exit activity in over 10 years which will further support attracting additional investments heading into Q4'21.

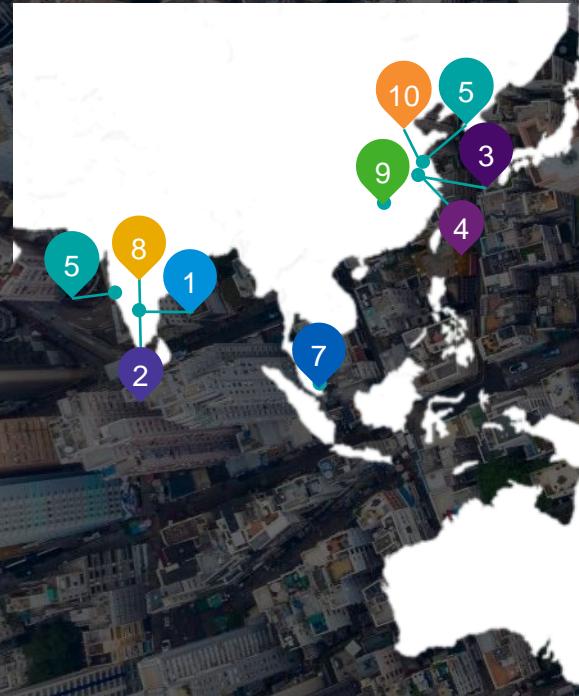


Paul Ford

Head of Private Equity, Leader of Transaction Services, M&A Deal Analytics Lead and Partner, KPMG in Japan.

A diverse array of sectors are on exhibit across the top financings in Q3

Top 10 financings in Q3'21 in Asia-Pacific



1. **Flipkart** — \$3.6B, Bengaluru, India — Retail — *Late-stage VC*
2. **BYJU'S** — \$1.7B, Bengaluru, India — Edtech — *Series F*
3. **SVOLT** — \$1.6B, Changzhou, China — Energy storage — *Series B*
4. **AbogenBio** — \$1.6B, Changzhou, China — Drug discovery — *Series C*
5. **Eruditus** — \$650M, Mumbai, India — Edtech — *Series E*
5. **Caocao** — \$586.2M, Hangzhou, China — Mobility — *Series B*
7. **Ninja Van** — \$578M, Singapore — Logistics — *Series E*
8. **Meesho** — \$570M, Bengaluru, India — E-commerce — *Series F*
9. **CICT Mobile** — \$569.9M, Wuhan, China — Telecom — *Series B*
10. **Ferrotec (China)** — \$509M, Hangzhou, China — Semiconductors — *Series B*

Source: Venture Pulse, Q3'21, Global Analysis of Venture Funding, KPMG Enterprise. *As of September 30, 2021.
Data provided by PitchBook, October 20, 2021.

KPMG Private Enterprise Emerging Giants Network.

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



Contact us:



Conor Moore
Co-Leader,
KPMG Private Enterprise
Emerging Giants Network
E: conormoore@kpmg.com



Kevin Smith
Co-Leader,
KPMG Private Enterprise
Emerging Giants Network
E: kevin.smith@kpmg.co.uk

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The KPMG Private Enterprise Global Network for Emerging Giants has extensive knowledge and experience working with the startup ecosystem. Whether you are looking to establish your operations, raise capital, expand abroad, or simply comply with regulatory requirements — [we can help](#). From seed to speed, we're here throughout your journey.

About the report

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- **Paul Ford**, Partner, Head of Private Equity, KPMG Japan/M&A Deal Analytics Lead, KPMG FAS/Leader of Transaction Services, KPMG Japan
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- **Tim Dümichen**, Partner, KPMG in Germany

About the report

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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