

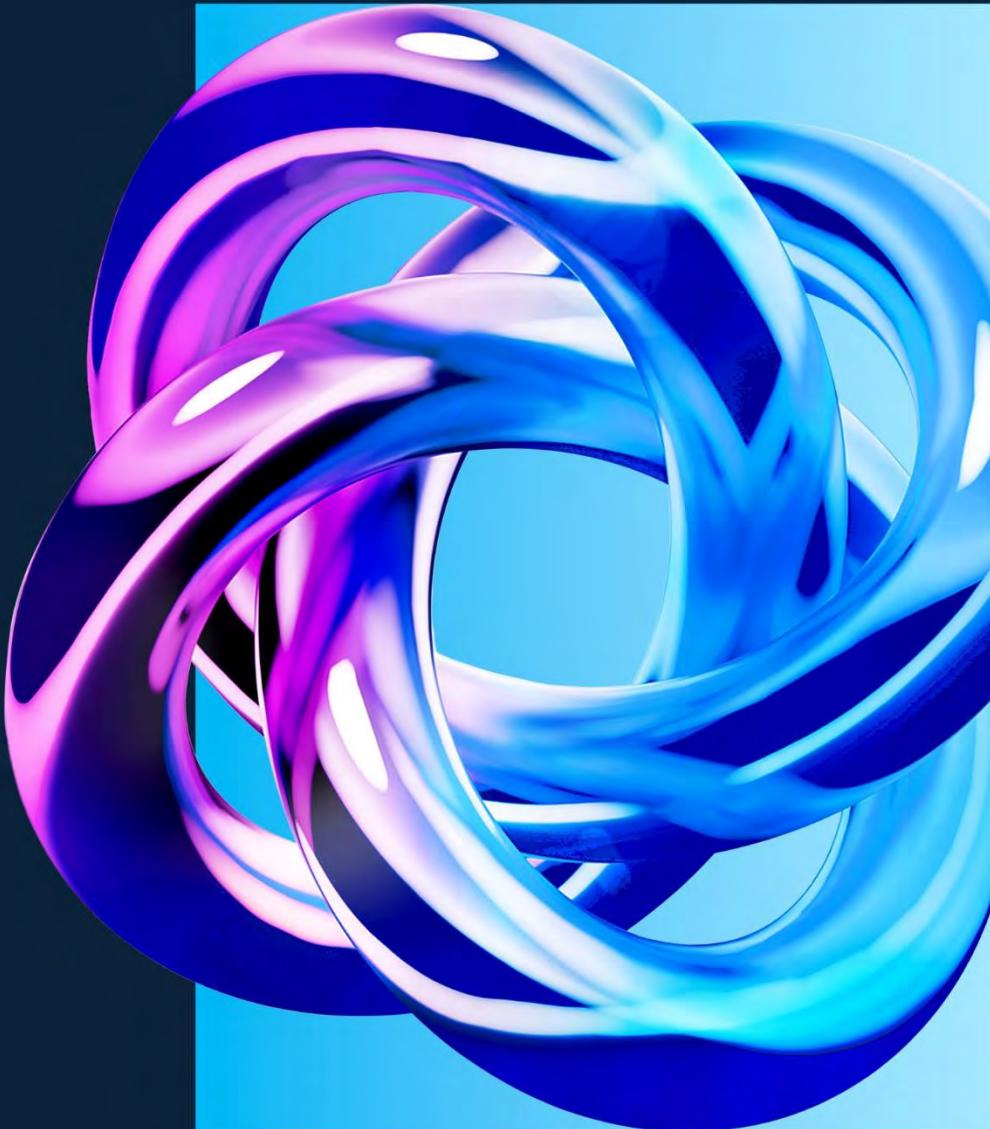


Venture Pulse

Q2 2024

Global analysis of venture funding

July 17, 2024



Welcome message

Welcome to the Q2'24 edition of *KPMG Private Enterprise's Venture Pulse* — a quarterly report highlighting the major trends, challenges, and opportunities facing the venture capital market globally and in key jurisdictions around the world.

VC investment globally rose from \$75.3 billion in Q1'24 to \$94.3 billion in Q2'24, driven primarily by a near-record number of \$1 billion+ megadeals, including Coreweave (\$8.6 billion), xAI (\$6 million), Lazada (\$1.9 billion), and Juul (\$1.2 billion). AI continued to be the largest ticket across jurisdictions as investors continued to place big bets on the transformative power of artificial intelligence. The largest AI investments targeted startups focused on large language models and those looking to bring the power of AI to specific industries or functions, including health and biotech or supply chain logistics. Outside of AI, energy and cleantech remained attractive to VC investors globally, in addition to fintech and B2B solutions.

VC fundraising remained incredibly low at mid-year, driven by the continued availability of dry powder in many jurisdictions. In the US, VC funds faced pressure to put their money to work, which likely contributed to the growing number of \$100 million+ megadeals compared to recent quarters. IPO exit activity also remained quite limited, although the US saw solid IPOs by tech marketing firm Ibotta and cybersecurity firm Rubrik. The successful IPO of UK-based budget computer

company Raspberry Pi was also a positive sign that IPO activity could begin to pickup in Europe.

Heading into Q3'24, there is a growing sense of cautious optimism on the part of many investors around the globe. IPO activity will be a key area to watch as there could be a small window of opportunity in Q3'24 in advance of the US election, although any substantive increase in IPO activity is expected to hold off until 2025. AI is expected to remain the hottest area of VC investment globally in Q3'24, although investment in alternative energy and cleantech will likely also remain strong.

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

- The substantial increase in \$100 million+ and \$1 billion+ megadeals quarter-over-quarter
- The different areas of AI investment, from core AI development to AI enablement
- The longevity of investor interest in alternative energy and cleantech
- The continued drought in VC fundraising

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.

Unless otherwise noted, all currencies reflected throughout this document are in US dollars.

* The deal was a mix of debt, equity and grants, which ultimately due to the company's stage, business model, industry and backing was determined by PitchBook to be best categorized as venture.

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Conor Moore

Global Head, KPMG Private Enterprise,
KPMG International & Partner
KPMG in the US



Francois Chadwick

Partner
KPMG in the US



Lindsay Hull

Senior Director, Emerging Giants Global Network, KPMG Private Enterprise,
KPMG International

Contents

Global

- VC investment rebounds to \$94.3 billion while deal volume declines
- Down and flat rounds continue — representing over 20% of deals
- AI and health-tech draw disproportionate investor attention
- Exit activity remains muted
- Venture fundraising remains muted year over year
- US companies raise 6 of the top 10 deals globally

Americas

- VC-backed companies reach \$58.3 billion across 3,472 deals
- Biotech and enterprise software applications, including AI, boom
- Canada sees rebound, reaching \$1.3 billion invested
- Strong quarter for Brazil, powered by mega deals
- US leads the way with 6, billion dollar deals



US

- VC deal value surges to \$55.6 billion across 3,108 deals
- Median deal size increases at all stages
- Deal share by series increase for B and C rounds
- Biotech continues to attract investor attention
- IPOs gradually begin to return



Asia

- VC investment falls to \$17.4 billion across 2,155 deals
- Median deal size falls for D+ rounds
- Seed and Series A investment remain strong
- Investment in India increases for second consecutive quarter
- Investment in China drops to near record lows
- Japan remains resilient

Europe

- Investment heats up in Europe — with \$17.8 billion invested on 1,869 deals
- VC invested tilts back toward Series B and onward
- Investment in enterprise software continues to lead the way
- UK sees rebound on strength of series of mega deals
- Top 10 deals dominated by UK (5) and Germany (3)

Globally, in Q2'24
VC-backed companies
raised \$94.3B across
7,691 deals

Global VC investment climbs to five quarter high

Global VC investment reached a five-quarter high of \$94.3 billion in Q2'24. The Americas accounted for \$58.3 billion of this total, including \$55.6 billion in the US, while Europe attracted \$17.8 billion and Asia attracted \$17.4 billion. VC deal volume, however, remained sluggish — particularly in Europe and the Asia region.

\$1 billion+ deals in every region helping drive VC investment globally

Globally, nearly ten companies attracted \$1 billion+ VC deals in Q2'24, more than double the number seen in Q1'24 and was the second largest quarter of \$1 billion+ mega-deals on record. The Americas accounted for the largest share of these deals, including an \$8.6 billion raise by CoreWeave a \$6 billion raise by xAI, a \$1.2 billion raise by Juul, and \$1 billion raises by Scale AI, Wiz, and Xaira Therapeutics — all within the US. The Asia-Pacific region saw two raises by e-commerce companies — a \$1.96 billion raise by Singapore-based Lazada and a \$1 billion raise by India-based Flipkart, while Europe saw UK-based Wayve raise \$1 billion. UK-based Abound also raised \$999.6 million during the quarter.

AI continues to drive big bets by VC investors

At a technology level, artificial intelligence (AI) remained the most attractive area of VC funding globally during Q2'24. Startups with AI plays, such as US-based companies like CoreWeave and xAI, France's Mistral AI, and Germany's DeepL raised large tickets, in part because of the extensive costs associated with the development and delivery of large language models (LLMs) and AI models. Corporates, particularly the global tech giants continued to pour money into the space during Q2'24.

The regulatory environment around AI will be critical to watch over the coming quarters. During Q2'24, the Council of the EU approved the AI Act — the first jurisdiction globally to harmonize rules related to the use of artificial intelligence.¹

Global IPO market still quiet, but hint of hope for Q3'24

The IPO market globally remained soft in Q2'24, although there were a few points of light. The US saw two solid IPOs in April, with cybersecurity firm Rubrik raising \$752 million and tech marketing company Ibotta raising \$577 million. In the UK, budget computer company Raspberry Pi raised \$211 million in its June IPO in the second largest IPO in the UK during 2024. All three IPOs were seen as positive, with the potential for additional companies to follow their lead heading into Q3'24. With the US presidential election later this year, however, the IPO market is not expected to open fully until 2025.

Energy and cleantech attracting investment in all regions

Energy and cleantech — including everything from alternative energy, energy storage, and carbon capture technologies to software aimed at helping companies manage their compliance obligations — continued to attract attention across all regions during Q2'24, although investment in the sector was overshadowed by investment in AI by a fair margin. China-based electric vehicle manufacturer Neta Auto raised \$693.3 million in the largest cleantech deal of the quarter, followed by US-based decarbonization-focused company Nexamp, which raised \$520 million. In Europe, UK-based long duration energy storage company Highview Power's \$381 million raise accounted for the largest deal of Q2'24.

¹ <https://www.consilium.europa.eu/en/press/press-releases/2024/05/21/artificial-intelligence-ai-act-council-gives-final-green-light-to-the-first-worldwide-rules-on-ai/pdf/>

Global VC investment climbs to five quarter high, cont'd.

VC fundraising weak across the board

Fundraising by VC funds was weak in all regions during Q2'24, with total global VC fundraising sitting at \$80.5 billion at mid-year — on track to be the lowest year of fundraising since 2015. As VCs face pressure to use the funds they have already raised, it is likely that fundraising activity will remain soft — except, perhaps, for funds focused on AI. As exit activity increases, it will likely drive a renewal in fundraising activity — although new funds will take time to materialize.

Interest in defensetech growing globally

VC investors globally have shown an increasing interest in defensetech over the last few quarters. In the US, a number of defensetech companies have scaled to a size where they can compete with defense industry incumbents for contracts. Smaller defensetech companies have also been cropping up in other areas of the world, including in jurisdictions like Australia, India, and the UK. While this space has yet to see major consolidation, the next year or two could see a small number of large defensetechs moving to become public while their smaller counterparts become targets for acquisition by the large defense companies of the world.

Cybersecurity expected to gain more traction

While AI is expected to create major opportunities for companies around the world over the next few years, it will likely also create and heighten operational risks — particularly risks related to cybersecurity. With AI at their fingertips, threat actors will be better positioned than ever to drive

cyber attacks. As companies look to protect their organizations, customers, and data, there will likely be an increase in investment in cybersecurity startups able to help companies combat and manage their AI cyber risks more effectively. Data protection and cyber resilience legislation in various jurisdictions, such as Europe's Digital Operations Resilience Act, will likely also drive investment into the space as companies look for ways to better manage their compliance obligations.

Trends to watch for in Q3'24

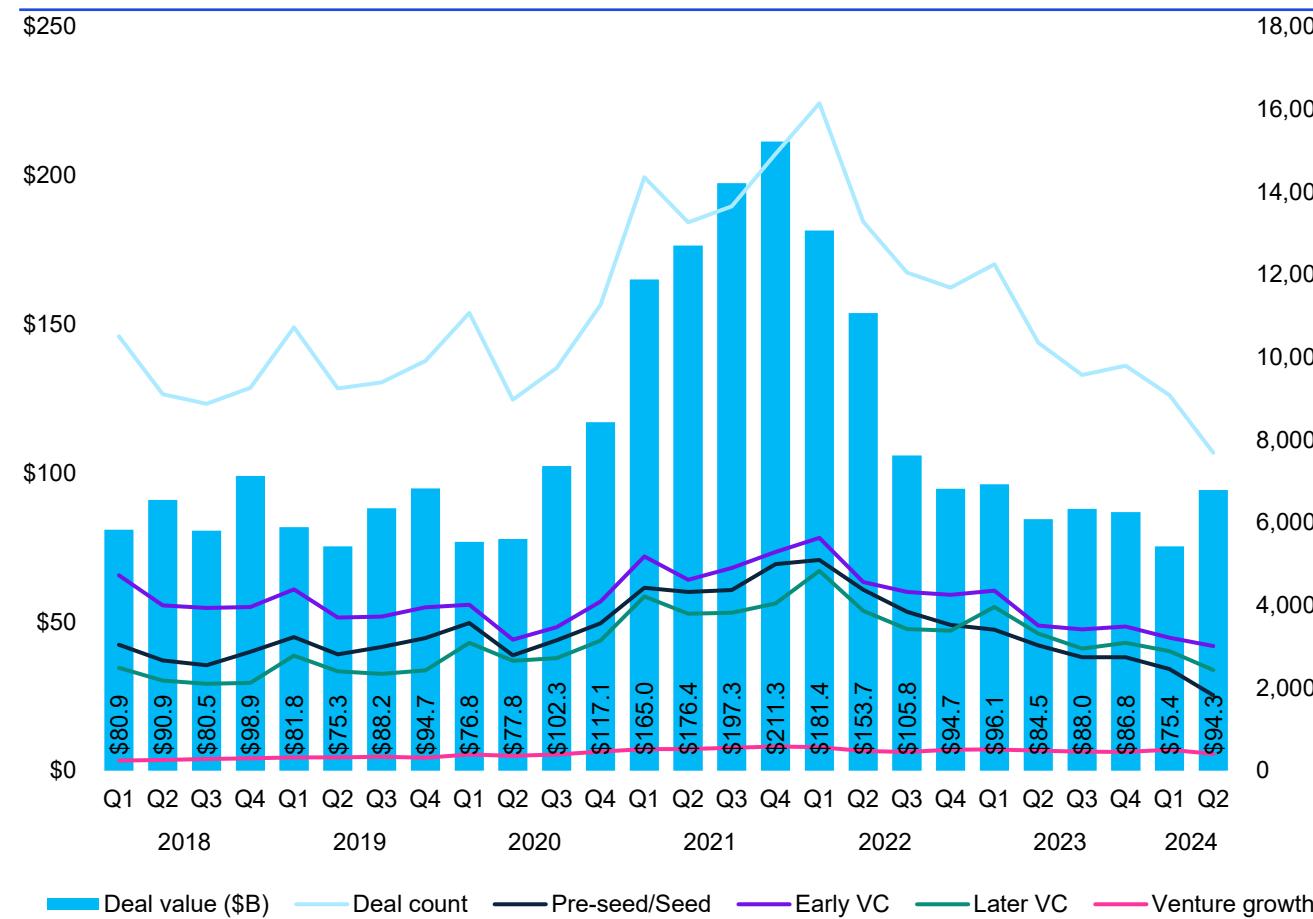
VC investment globally is expected to remain relatively stable in Q3'24, although there could be a further increase in \$100 million+ mega-deals as VC investors increasingly open their taps on funding in order to appease investors and potentially take advantage of emerging opportunities. At a global level, AI will likely remain the biggest area of VC investment, although some investors could begin to focus their investments on startups with truly unique AI value propositions rather than making broad-brush investments. Alternative energy and cleantech will likely also remain a high priority for investors — a trend not expected to wan soon in most regions given the every-increasing need to take action in order to meet future climate change commitments.

IPO activity globally could also pick-up in Q3'24 as startups look to take advantage of a brief window of potential opportunity prior to the US presidential election. A major uptick in IPO activity, however, is not expected until Q1'25 or Q2'25.

A rebound in VC invested signals dealmakers' adaptation

Global venture financing

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

The past few editions of the Venture Pulse noted the emergence of a plateau in VC invested, even as quarterly deal counts varied considerably. Over time, it was anticipated that VC fund managers and founders would strike a new balance in a more cautious climate, which is now evidenced by a rebound in VC invested. Key factors at play that look set to exert changes in the rest of 2024 still include:

- Clearly, top companies can secure avid investor interest, while near-record capital overhang means rich valuations and sums are there to be achieved
- Liquidity may be even more of a feature of later-stage rounds for mature companies as earlier employees and investors look to achieve gains
- Material risks remain at play, but increasingly, dealmakers are confident that they can be navigated



We are seeing some very big deals around the world, notably in the \$100 million+ range. AI is driving a big part of this as FOMO (fear of missing out) has caught on to some degree. But we are also seeing VC investors putting more money into existing investments who have IPO prospects better than several months ago — particularly startups that have succeeded with navigating the path to profitability. So some of the fundings we are seeing now are investors giving companies the funds they need to get to the IPO finish line — whether in 2025 or 2026. JJ



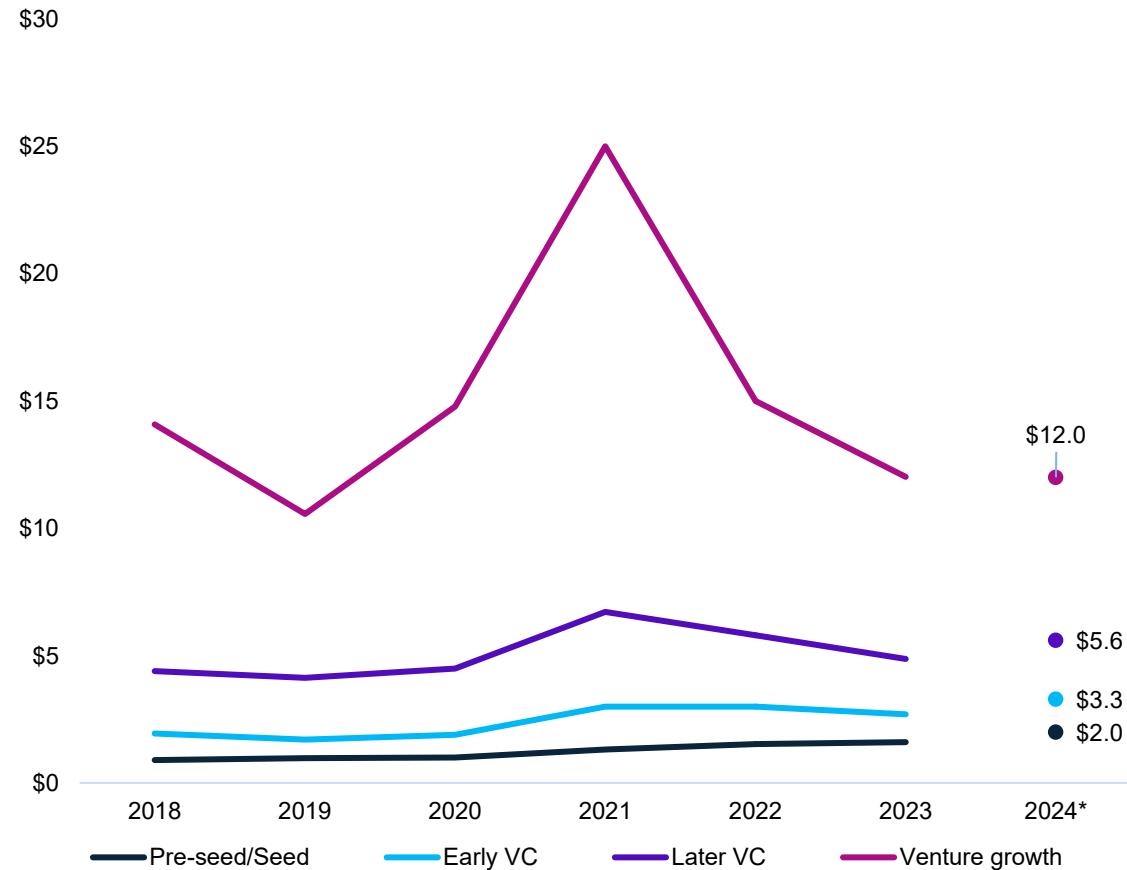
Conor Moore

Global Head, KPMG Private Enterprise,
KPMG International & Partner
KPMG in the US

Down rounds stay at an elevated level

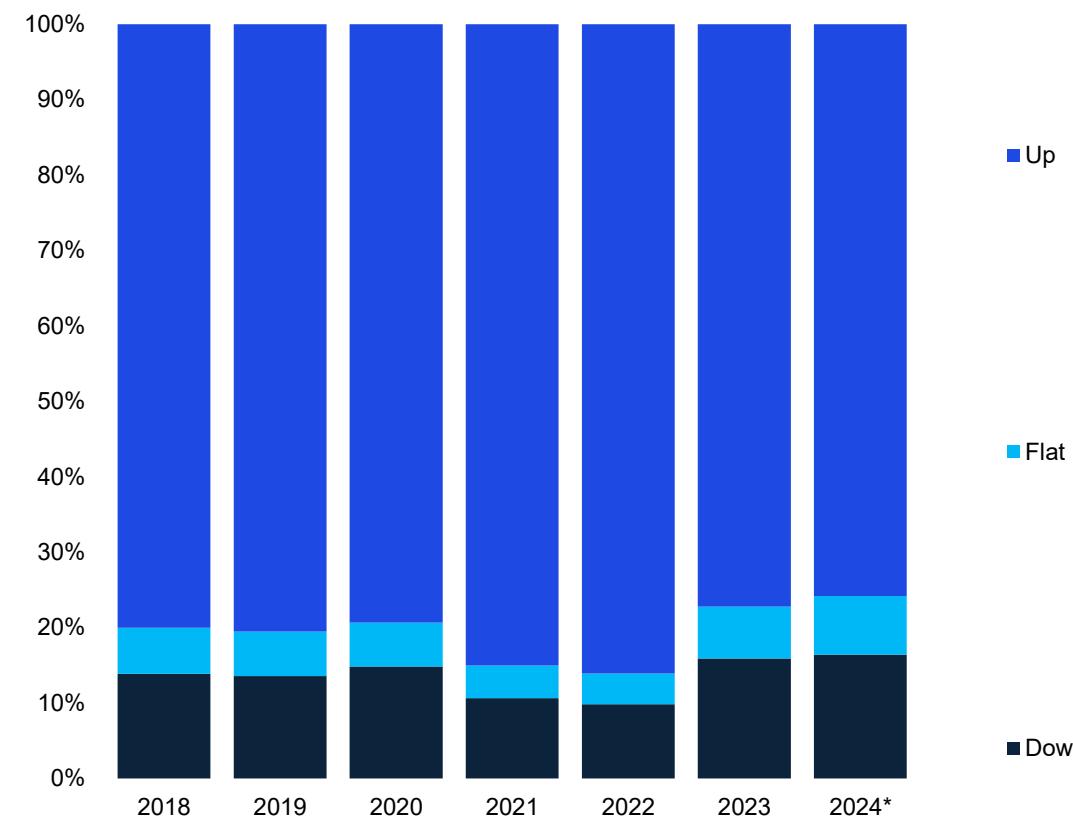
Global median deal size (\$M) by stage

2018–2024*



Global up, flat or down rounds

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Financing sizes are healthy but hold steady

Global median deal size (\$M) by series

2018–2024*

\$120

\$100

\$80

\$60

\$40

\$20

\$0

2018

2019

2020

2021

2022

2023

2024*

Pre-seed

Seed

Angel

A

B

C

D+

\$28.4

\$21.5

\$10.5

\$0.6

\$2.5

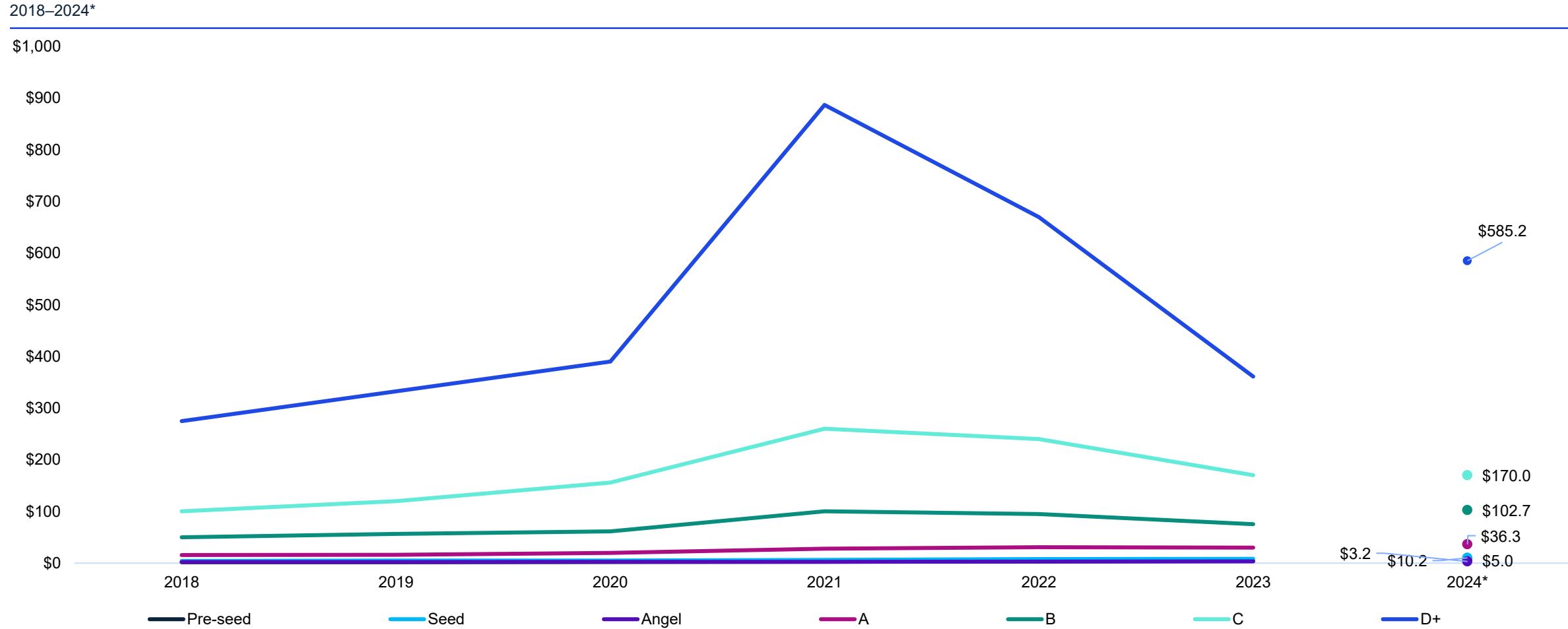
\$0.4

\$0.6

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Dry powder continues to underpin record valuations at earlier stages

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

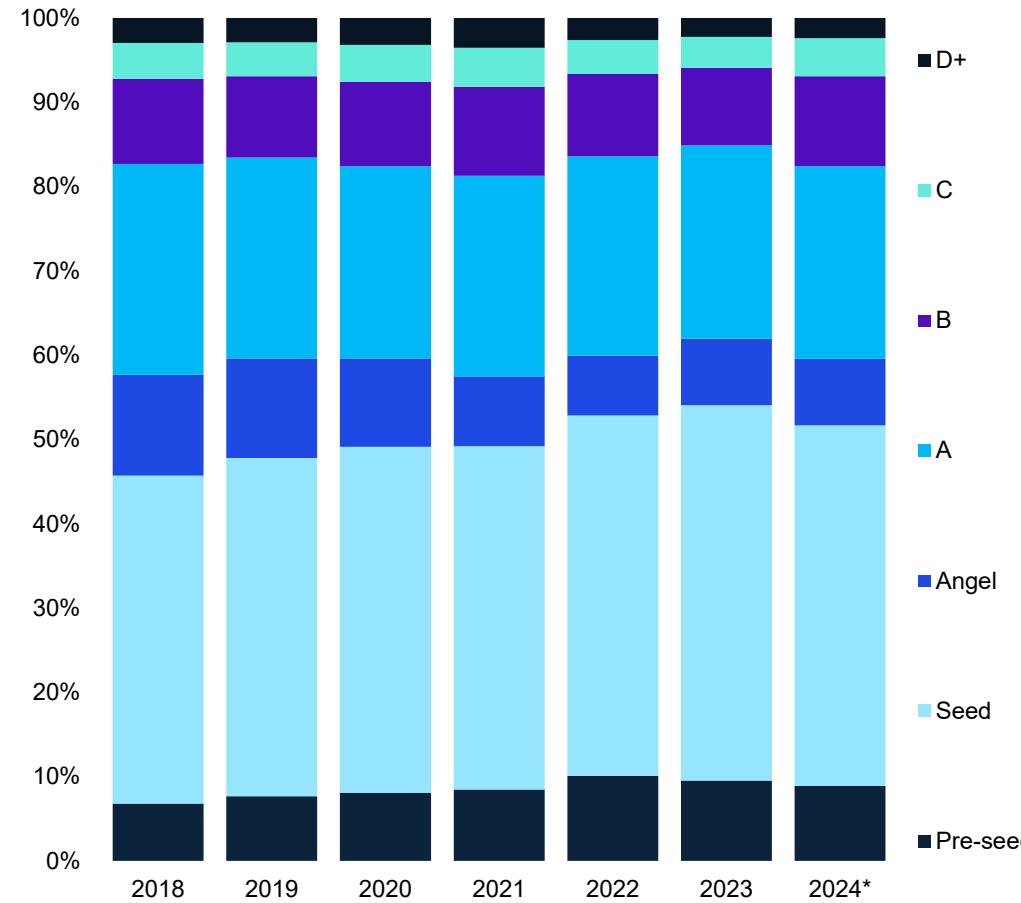


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Investors piling into safer rounds still skew proportions

Global deal share by series

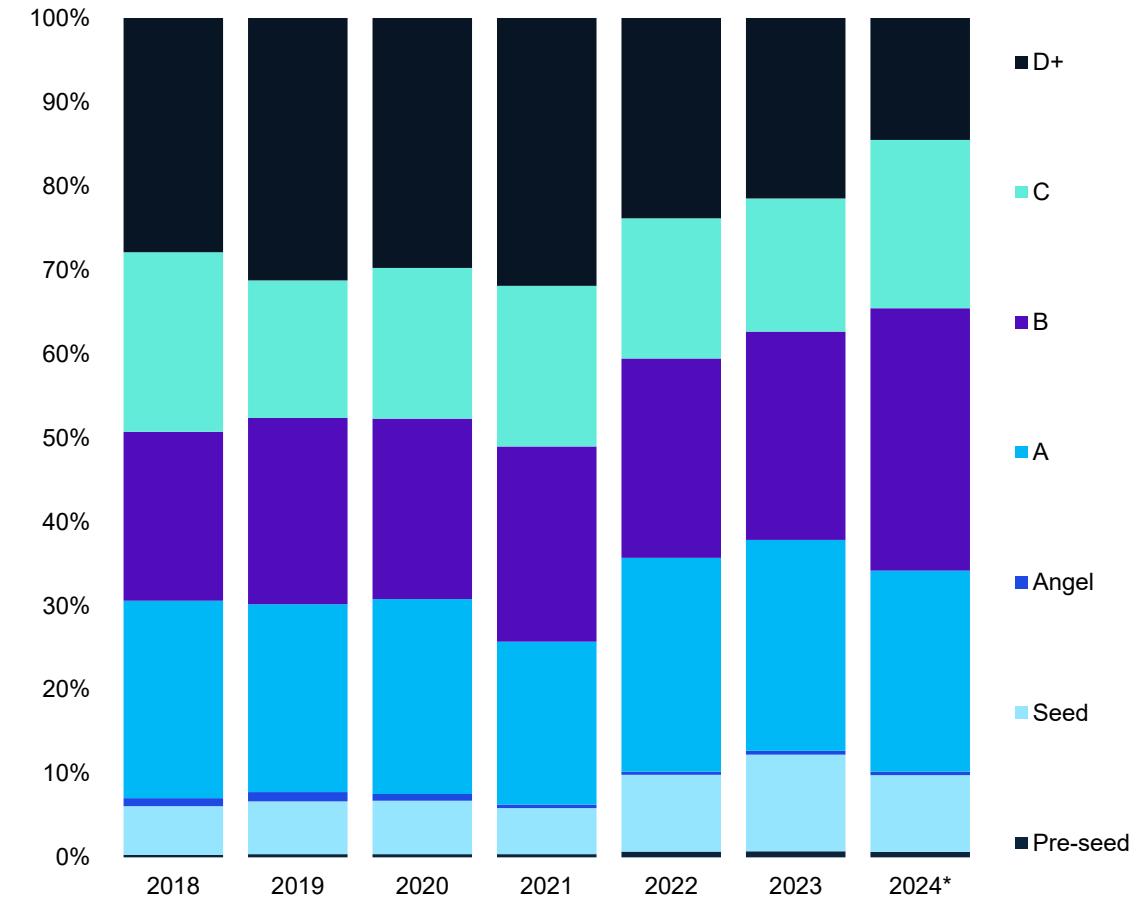
2018–2024*, number of closed deals



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Global deal share by series

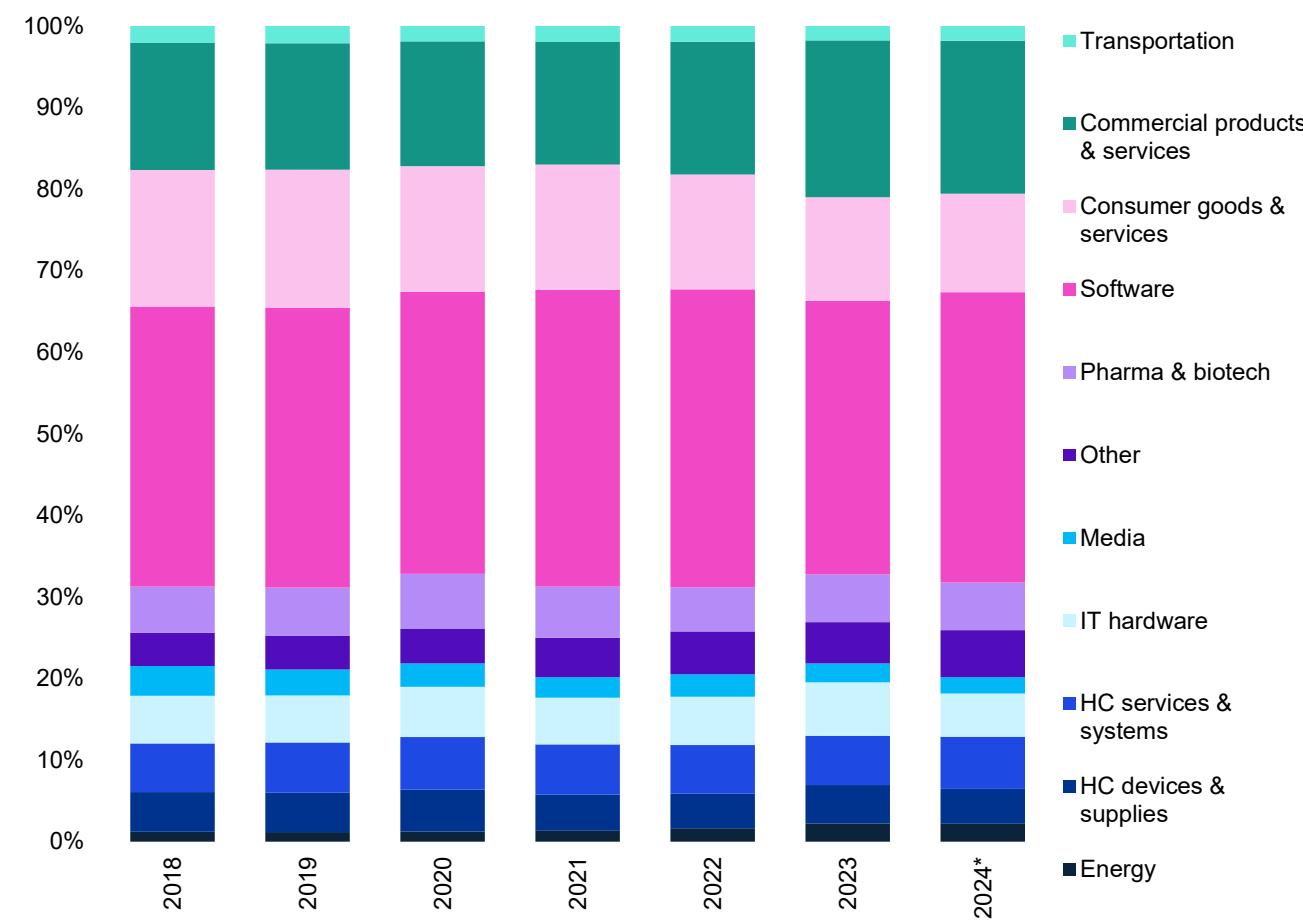
2018–2024*, VC invested (\$B)



Enterprise plays for AI & healthcare continue to predominate

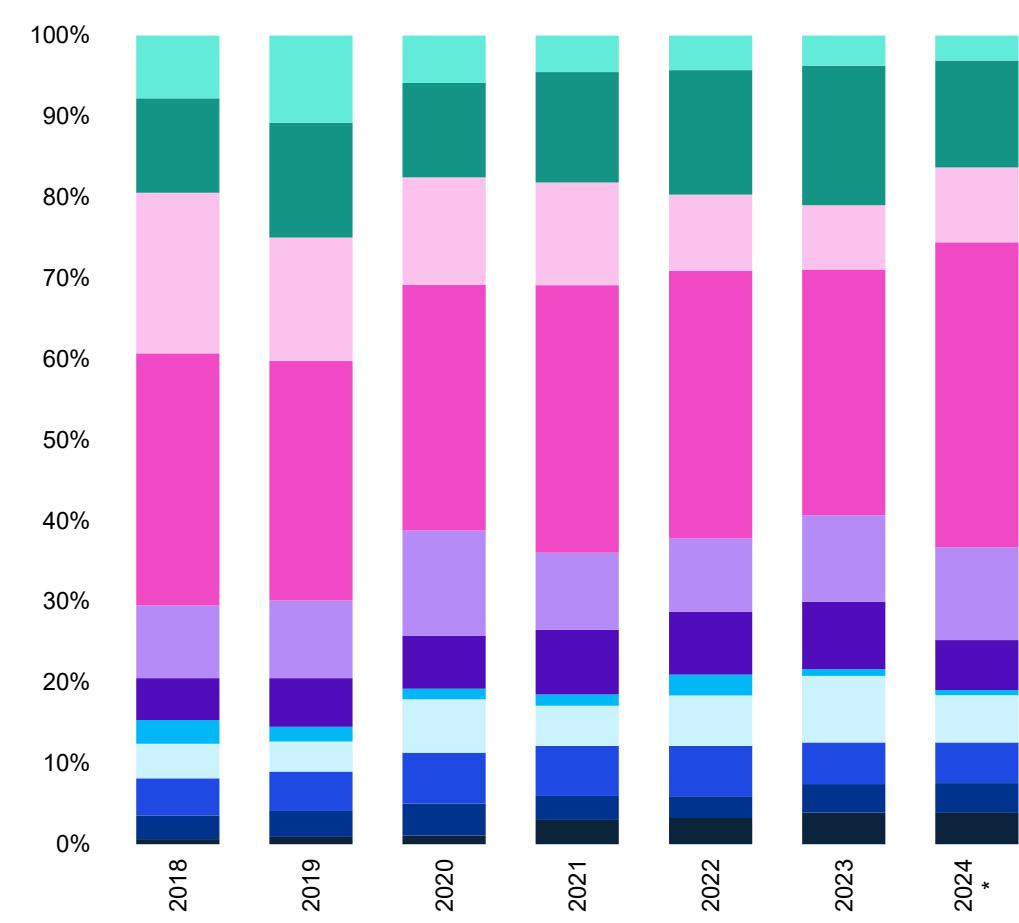
Global financing trends to VC-backed companies by sector

2018–2024*, number of closed deals



Global financing trends to VC-backed companies by sector

2018–2024*, VC invested (\$B)

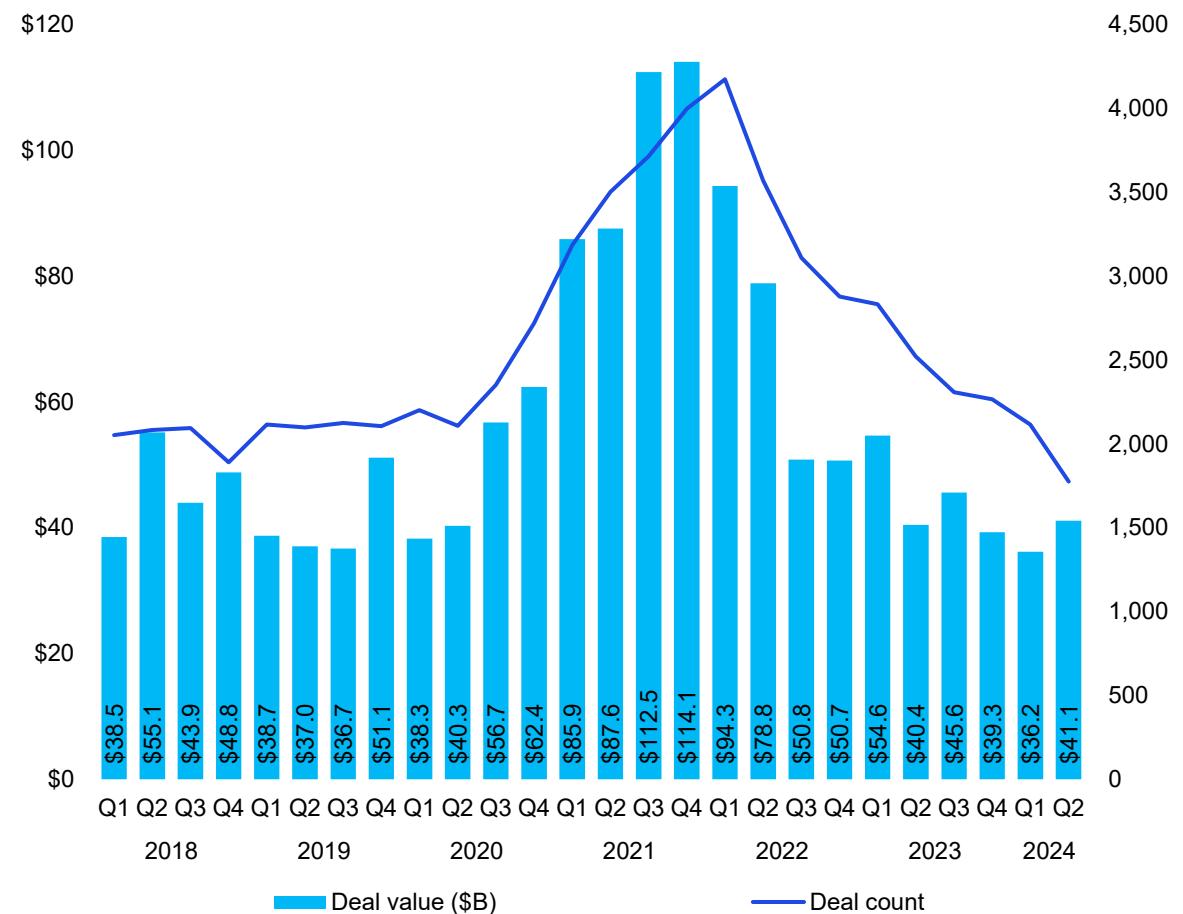


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

First-time VC financings climbs toward a healthy halfway mark

Corporate VC participation in global venture deals

2018–Q2'24



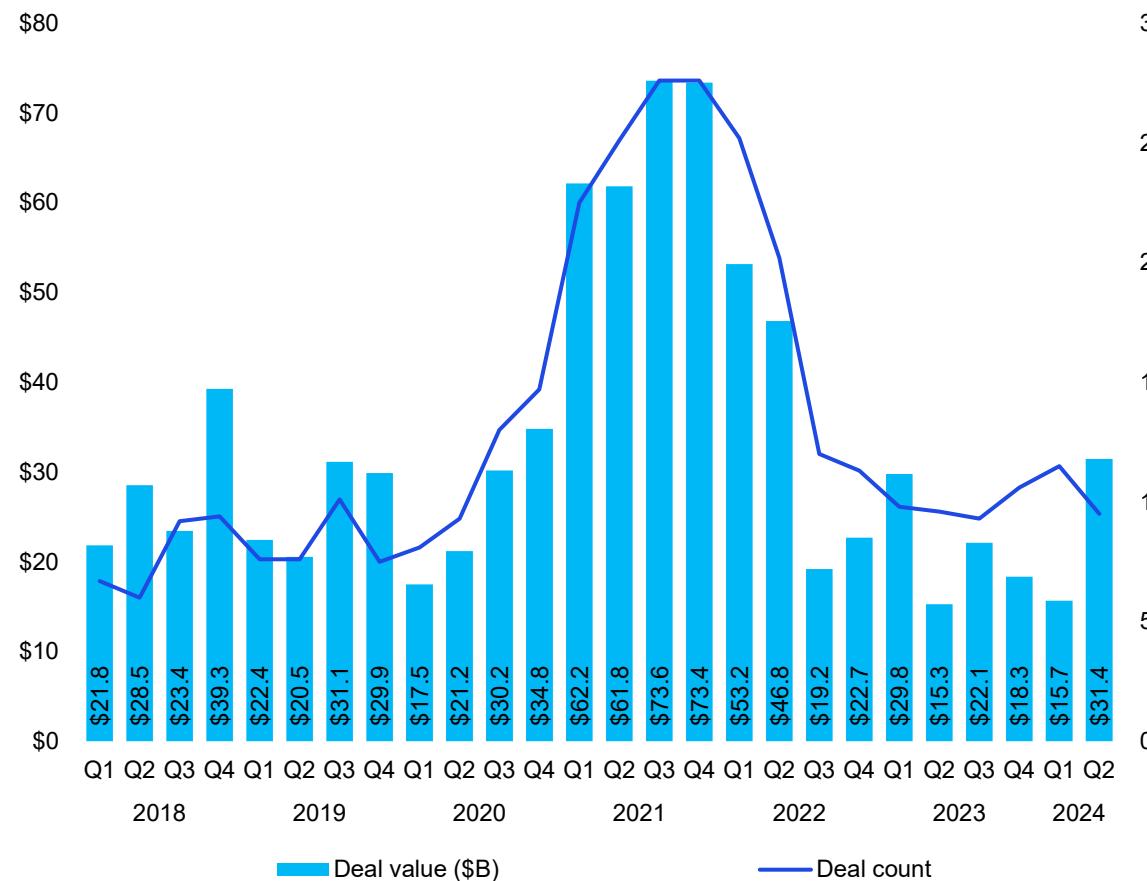
Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

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.

Have exits now reached a new normal?

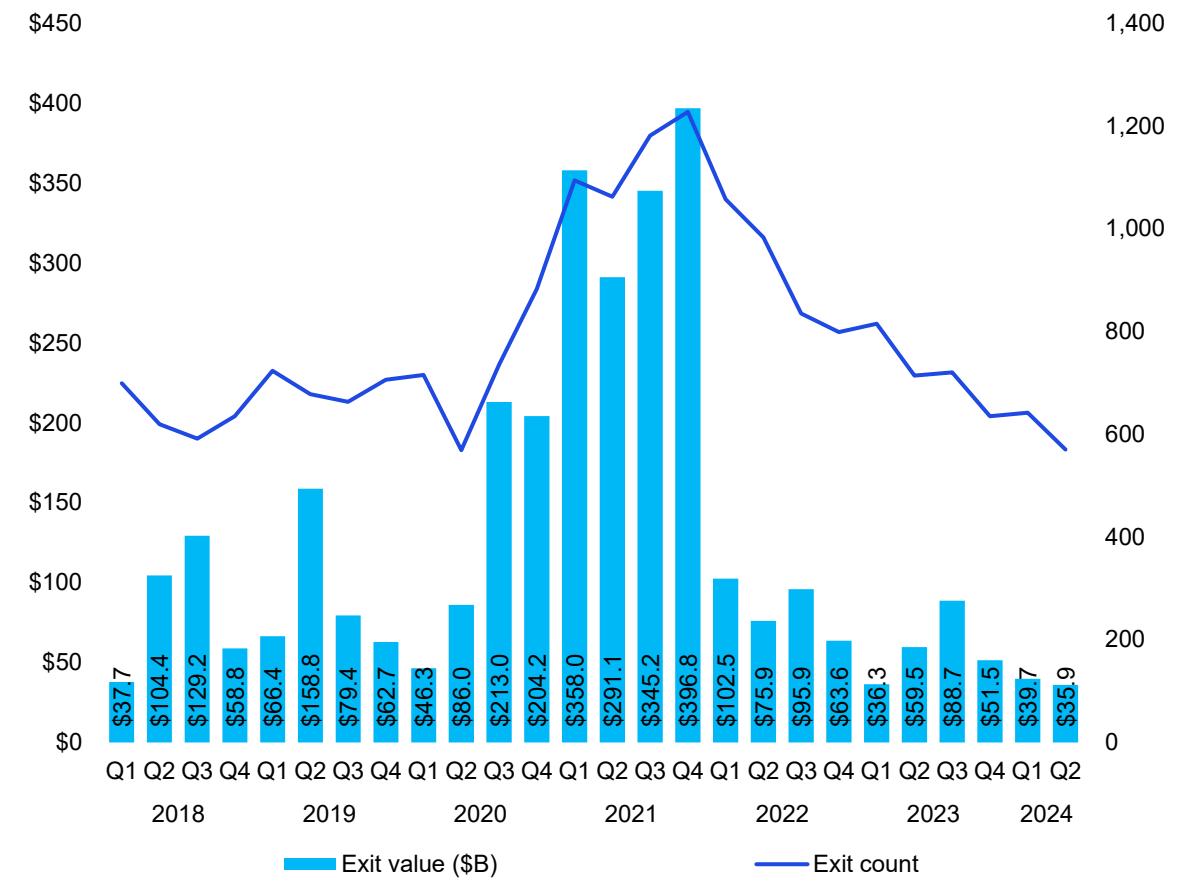
Global unicorn rounds

2018–Q2'24



Global venture-backed exit activity

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

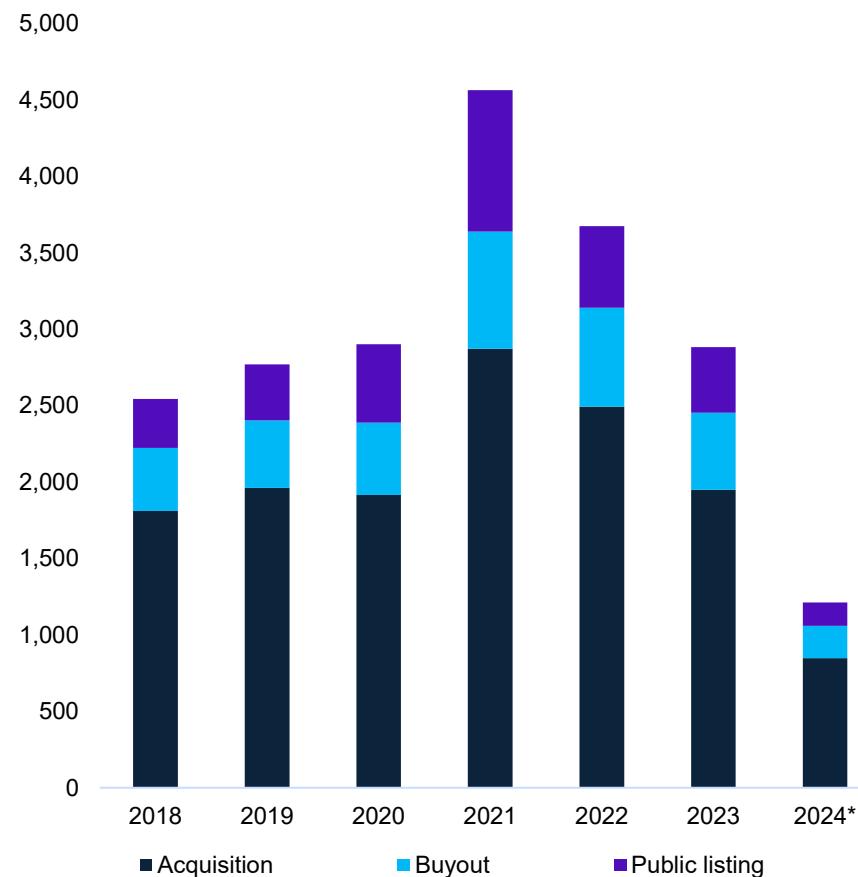
Note: PitchBook defines a unicorn venture financing as a VC round that generates a post-money valuation of \$1 billion or more. These are not necessarily first-time unicorn financing rounds, but also include further rounds raised by existing unicorns that maintain at least that valuation of \$1 billion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

Note: Exit value for initial public offerings is based on pre-IPO valuation, not the size of the offering itself. For the Q1 2024 edition of Venture Pulse, under standard PitchBook venture methodology, Reddit's IPO would not be included given its backing status but it was included in the underlying exits data in this instance to better reflect its extensive previous VC-backed history.

M&A remains most common route as hope for IPO window grows

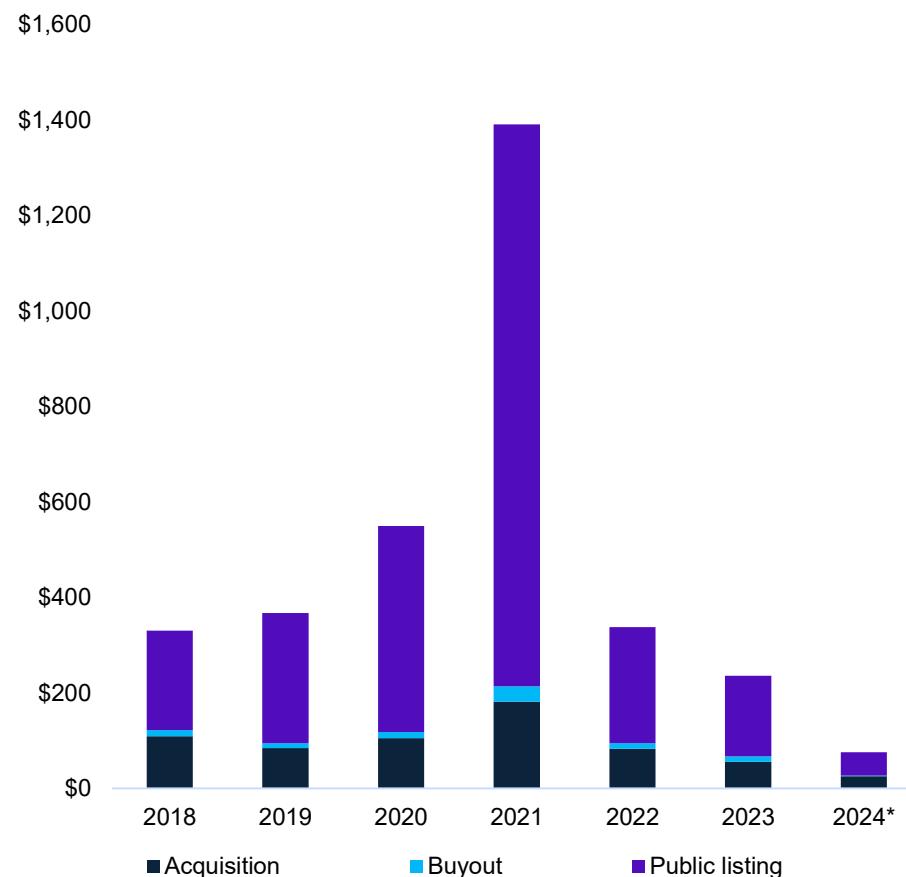
Global venture-backed exit activity (#) by type

2018–2024*



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

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“

When it comes to AI, the global tech giants are really reacting quickly to what's happening in the market. They've made critical decisions, they've closed down parts of their business that they were spending money on and rechanneled all that money into AI because they can't lose the race to be the first to land and then to expand. And that's why the deals we're seeing globally are so big — because you need to have the capital to move quickly, and you've got to make those bold decisions as to where you're going to commit large amounts of money to get what you need.”

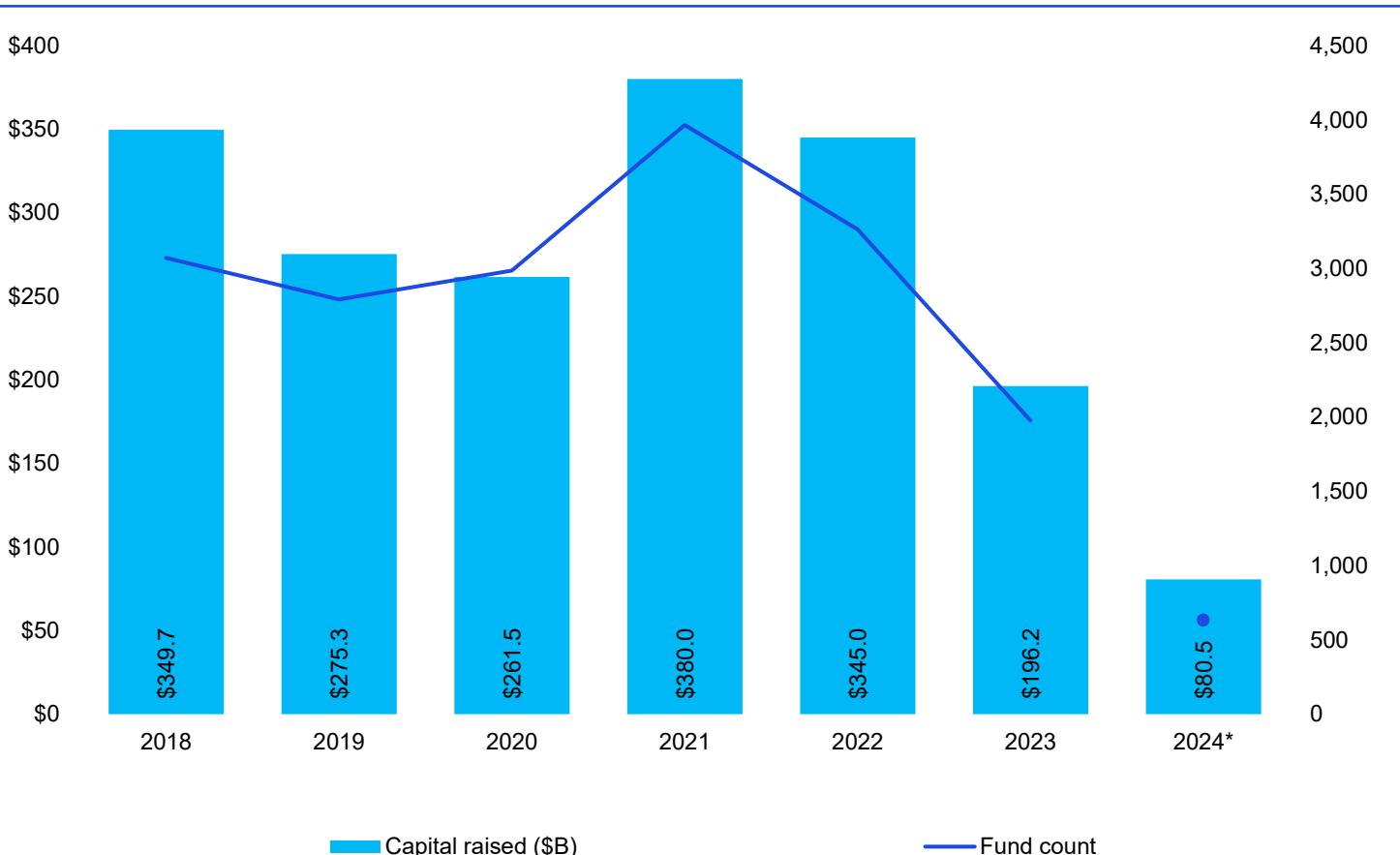


Francois Chadwick
Partner
KPMG in the US

LPs continue to hold back as uncertainty remains paramount

Global venture fundraising

2018–2024*



Asset allocators are still shy of committing to venture at the same clip as they did in the past. Given protraction of liquidity, such caution is warranted, if even just as a function of not having yet seen cash returns from prior commitments. However, given the various ways to sum up current equities, bonds and other asset class trends, it is possible that once liquidity returns, fundraising could boom again as soon as next year. That would take liquidity to return, however, which has not yet occurred. Moreover, timing is at play. The most active allocators in VC are still riding out the record two-year period of avid committing in 2021 and 2022.

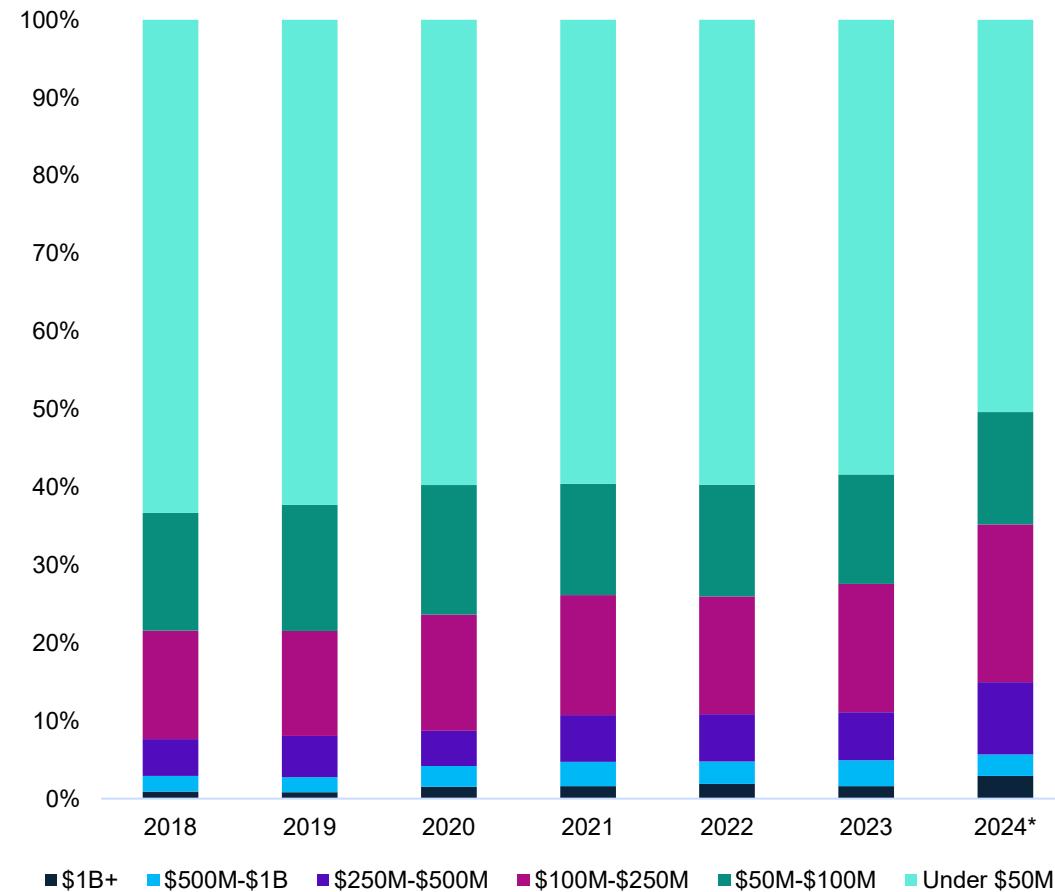
LPs remain awaiting liquidity prior to reupping significant commitments, **with fundraising at the halfway mark of 2024 on pace to reach a new low not seen in years.**

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Midsized funds are viewed as less risky & more targeted

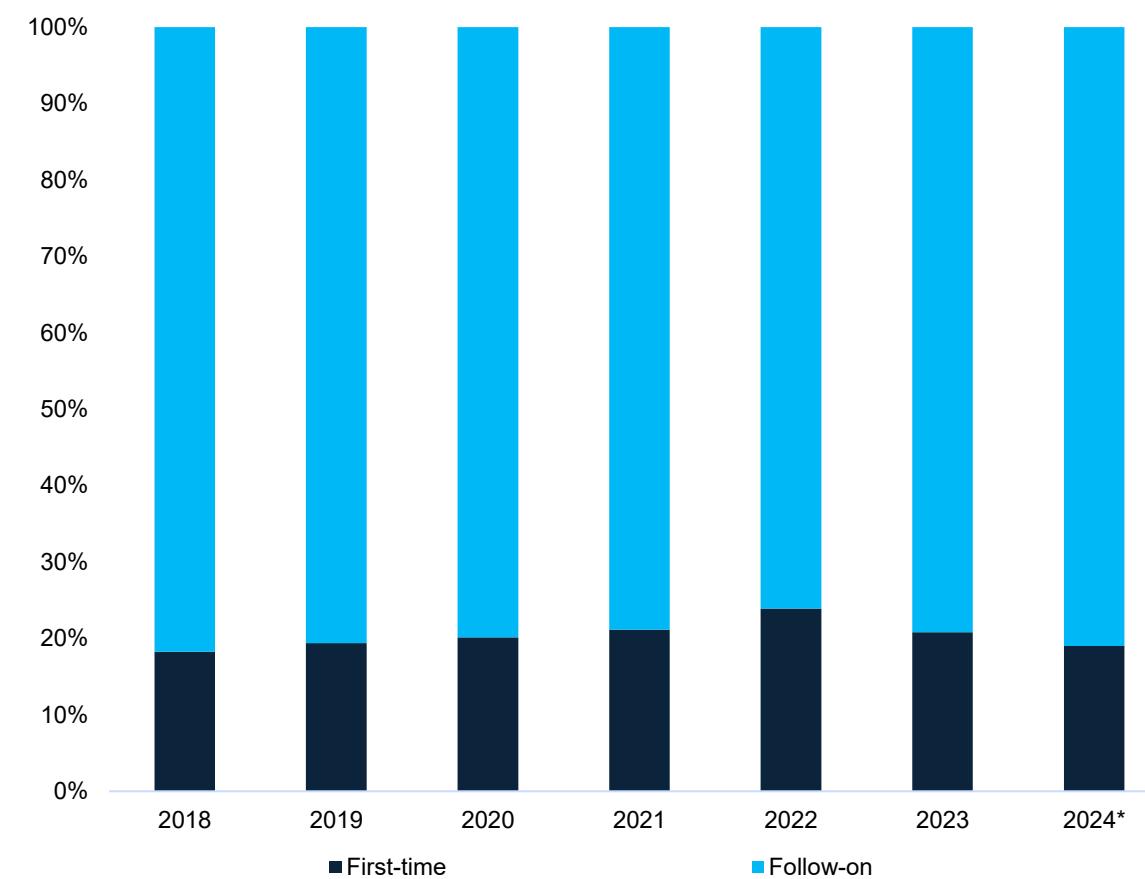
Global venture fundraising (#) by size

2018–2024*



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

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

AI continues to rake in massive sums

Top 10 global financings in Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024.
Data provided by PitchBook, July 17, 2024.

1. **CoreWeave** — \$8.6B, Roseland, US — AI & ML — *Series C*
2. **xAI** — \$6B, Burlingame, US — AI & ML — *Series B*
3. **Lazada** — \$1.96B, Singapore — E-commerce — *Late-stage VC*
4. **JUUL** — \$1.3B, Washington D.C., US — Consumer — *Late-stage VC*
5. **Wayve** — \$1B, London, UK — Autonomous cars — *Series C*
5. **Scale AI** — \$1B, San Francisco, US — AI & ML — *Series F*
5. **Wiz** — \$1B, New York, US — Cybersecurity — *Series E*
5. **Flipkart** — \$1B, Bengaluru, India — E-commerce — *Late-stage VC*
5. **Xaira Therapeutics** — \$1B, San Francisco, US — Drug discovery — *Series A*
10. **Abound** — \$999.6M, London, UK — Fintech — *Series B*



In Q2'24, US VC-backed companies raised \$55.6B across 3,108 deals

AI helps drive VC investment in the US to eight-quarter high

Q2'24 saw VC investment in the US rise to \$55.6 billion — the highest level since Q2'22 — driven in large part by major mega-deals in the AI space, including an \$8.6 billion raise by cloud AI provider CoreWeave and a \$6 billion raise by AI systems company xAI.

VC investors starting to unfreeze funds

During Q2'24, VC investors in the US showed an increasing willingness to make investments, spurred in part by growing pressure from their LPs to allocate funds. Despite continued uncertainty as to whether the US will cut its interest rates, VC investors appeared more confident in the performance of the US market this quarter, particularly compared to other regions of the world. This likely contributed to the strong rise in \$100 million+ deals in the US during Q2'24. VC investors in the US also showed greater interest in Series B and Series C deals this quarter as they worked to balance their portfolios in advance of an eventual reopening of the IPO market and the potential exits of later stage companies within their existing portfolios.

AI very frothy area of investment in the US

AI was the clear winner with respect to VC investment in the US during Q2'24, attracting all sizes of funding rounds, including several of the largest deals of the quarter; in addition to CoreWeave and xAI, the US saw \$1 billion investments in data-focused company Scale AI and AI-powered drug discovery company Xaira Therapeutics. Valuations within the AI space continued to be exceptionally strong compared to other industries, evidenced by the median valuation of AI companies growing significantly in recent quarters. Given some of the big bets being made in the AI space in the US, the fear-of-missing-out (FOMO) was likely a contributor to the strength of VC investment in AI this quarter.

US IPO market sees additional movement in Q2'24

Six-months into 2024, IPO exit value in the US (\$28.4 billion) fell just shy of the total amount seen in 2023 (\$29.3 billion). Following on the IPOs of social media platform Reddit and AI cloud

company Astera Labs in Q1'24, Q2'24 saw additional IPOs by tech marketing firm Ibotta and cybersecurity firm Rubrik. Both companies saw strong initial results, with Rubrik raising \$752 million² and Ibotta raising approximately \$577 million in their April IPOs.³ These companies have performed reasonably well since their IPOs, which could spur some additional interest in IPOs heading into Q3'24. There are no indications, however, that the IPO door will swing wide open, particularly given the upcoming US presidential election. While both startups and investors are feeling more optimistic about their ability to go public, any major surge in IPO activity will likely not come until 2025.

M&A exit value in the US was also well ahead of last year's total at mid-year, but activity remained relatively soft compared to historical norms.

SEC rules spurring interest in cybersecurity

In 2023, the SEC issued new rules that required the rapid reporting of major cybersecurity incidents by public companies; additional guidance related to this reporting was issued in Q2'24.⁴ The complexities of building the controls needed to capture all cybersecurity incidents and report on them within the timeframes required is helping drive interest and investment in cybersecurity solutions. Cyber threats in general have also risen as threat actors have increasingly looked to leverage AI and automation to drive cyberattacks; this will likely keep the interest of VC investors strong over the next few quarters.

² <https://finance.yahoo.com/news/microsoft-backed-rubrik-exceeds-ipo-013220644.html>

³ <https://www.forbes.com/sites/antoniopequenoiv/2024/04/17/ibotta-ipo-reportedly-raises-577-million-above-marketed-range/>

⁴ <https://kpmg.com/us/en/frv/reference-library/2024/sec-finalizes-cybersecurity-rules.html>

AI helps drive VC investment in the US to eight-quarter high, cont'd.

VC investors rewarding the efficiency efforts of startups

For nearly two years, VC investors in the US have put a lot of pressure on the companies within their portfolios to become more efficient — to manage their expenses, to manage their P&L, and to undertake whatever cost-cutting measures were required to extend their operating runway and push out their next funding round. While some companies failed and either ran out of money or got bought out, others succeeded. In Q2'24, VC investors began to reward these efforts, making significant investments in companies that have rationalized their businesses and proven their ability to survive in tumultuous times in order to drive for a 2025 or 2026 exit.

Micromobility sector stabilizing somewhat after feeling the heat

Micromobility saw a major pickup in investment during 2021 and early 2022, but then fell on hard times as the B2C space took quite a hit in the wake of fast-rising interest rates and inflation. During Q2'24, the sector stabilized somewhat. Bird emerged successfully from bankruptcy after filing in Q3'23,⁵ while Lime announced plans for continued global expansion.⁶ Micromobility could be a sector to watch as leaders emerge in the wake of extended challenges.

Trends to watch for in Q3'24

VC investment in the US is expected to remain relatively steady quarter-over-quarter, with the number of \$100 million+ mega-deals continuing to grow. AI will likely remain a big ticket for VC investors in the US, with increasing interest in industry-specific AI solutions. Given the ongoing focus on energy and cleantech in the US, VC investors will likely also show increasing interest in solutions aimed at reducing the energy requirements of the servers and infrastructure underpinning AI solutions.

Fundraising activity by VCs will likely remain sluggish heading into the second half of the year, except perhaps for funds focused specifically on the AI space; as exit activity increases, it will likely catalyze fundraising activity in subsequent quarters.

M&A activity could rise in Q3'24 as struggling companies look for buyers and corporates and PE firms look for deals.

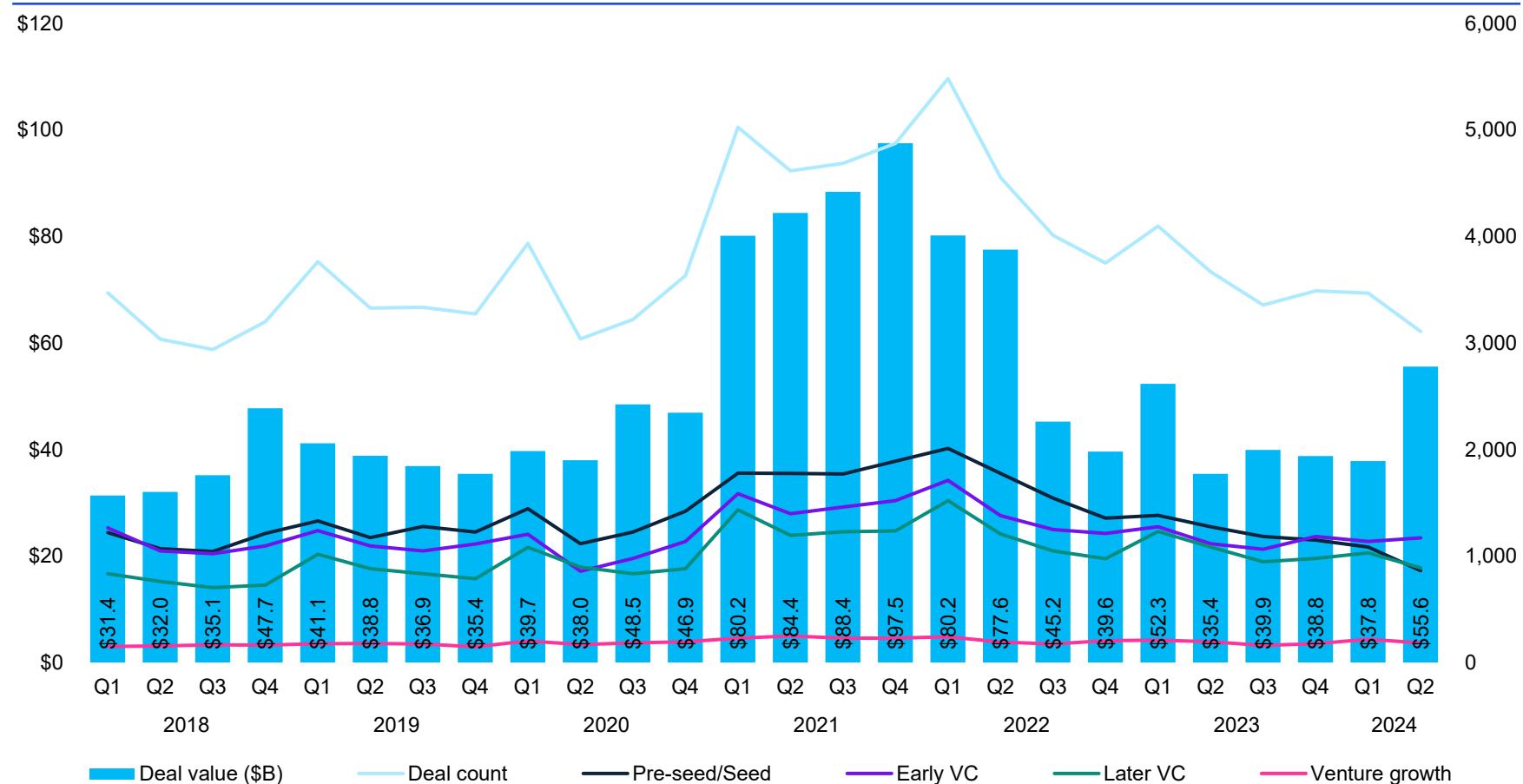
5. <https://cities-today.com/is-the-micromobility-industry-back-on-track/>

6. <https://www.bloomberg.com/news/articles/2024-04-07/uber-backed-e-bike-startup-lime-planning-global-fleet-expansion>

A rebound quarter does not signify a permanent resurgence

Venture financing in the US

2018–Q2'24



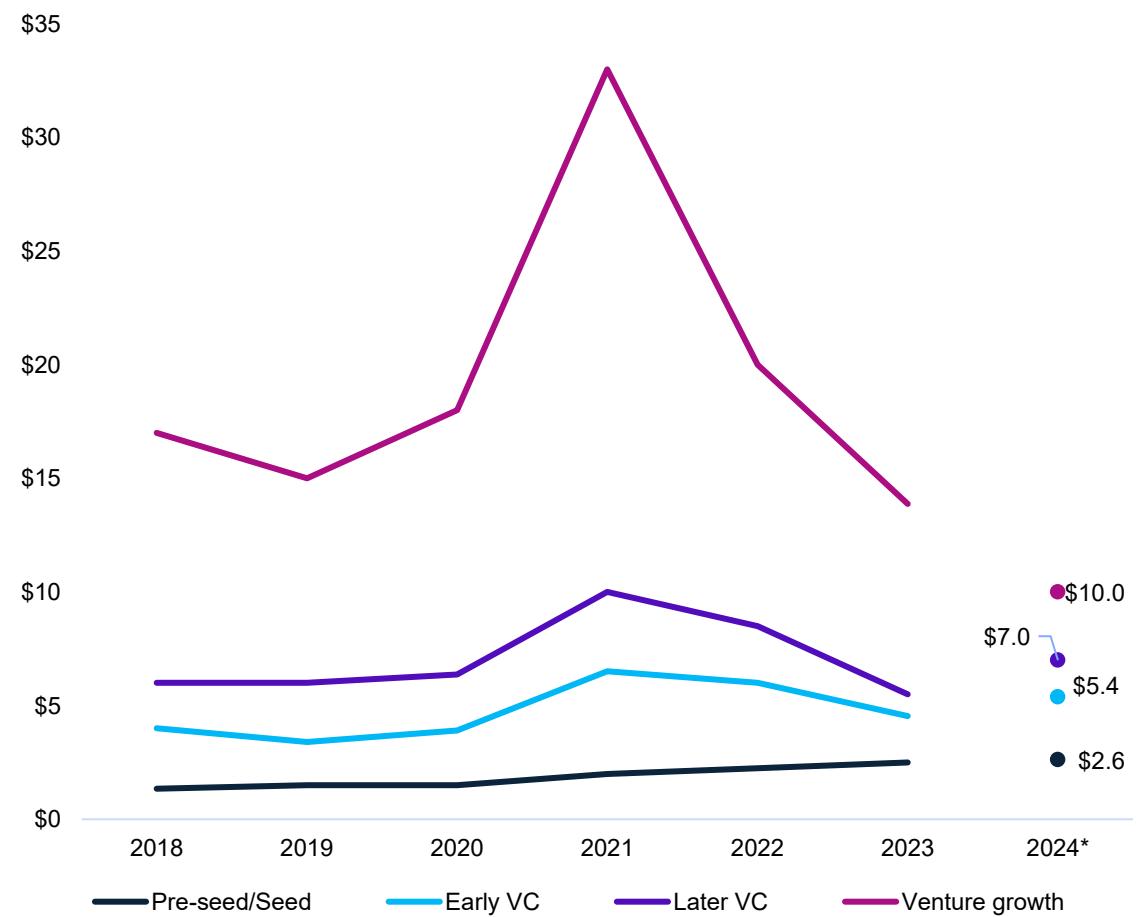
After nearly two years of quarterly VC invested and volume tallies that were on par with what was observed in 2018-2020, the rebound in VC investment in Q2 2024 could be overinterpreted as the first sign of an easing of caution and return of optimism often endemic within the tech and venture ecosystem of the US. However, one quarter's worth of data, especially skewed by multiple billion-dollar rounds, does not suggest any permanent shift in market trends. What is likelier is that the bevy of deals that happened to close either are the product of significant competition for the best deals in bullish arenas like AI, or the result of lengthier negotiations in capital raises than in the past, for the best-positioned companies. Additional evidence of a return to animal spirits among dealmakers is needed prior to declaring the plateau over.

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Down & flat rounds' proportions suggest caution

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

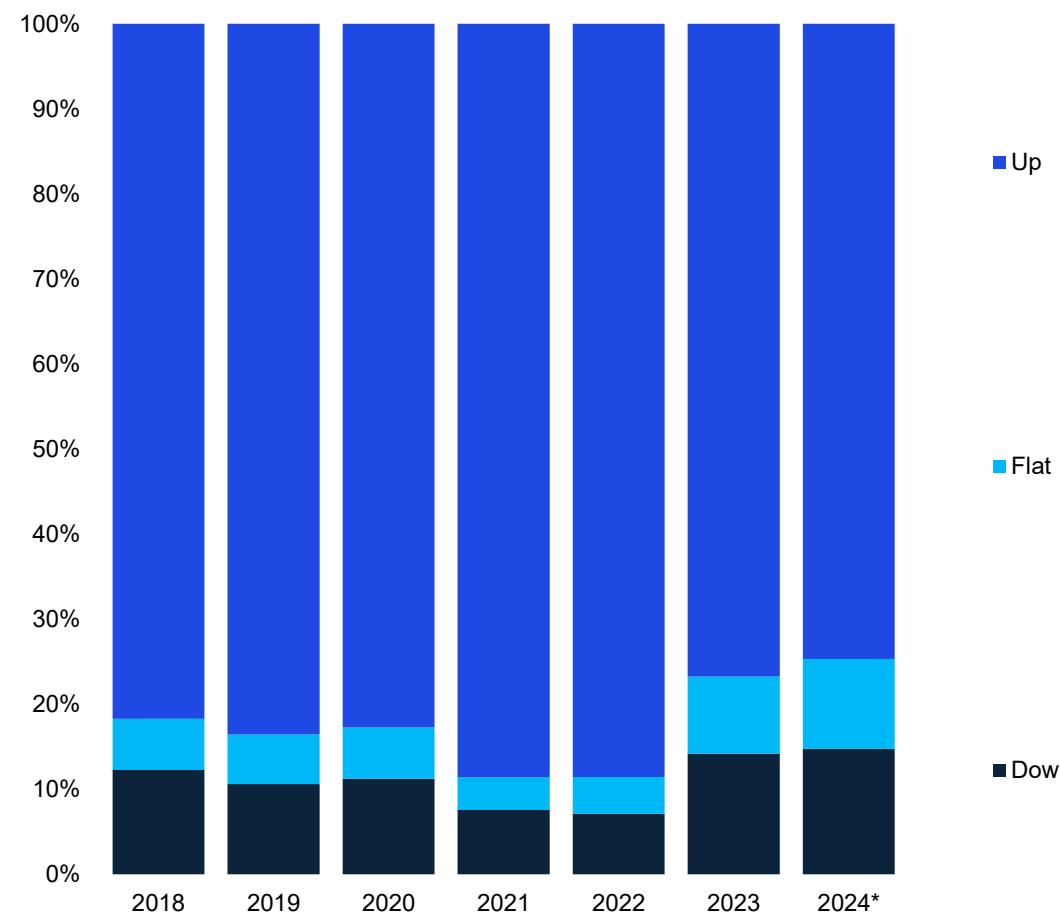
2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Up, flat or down rounds in the US

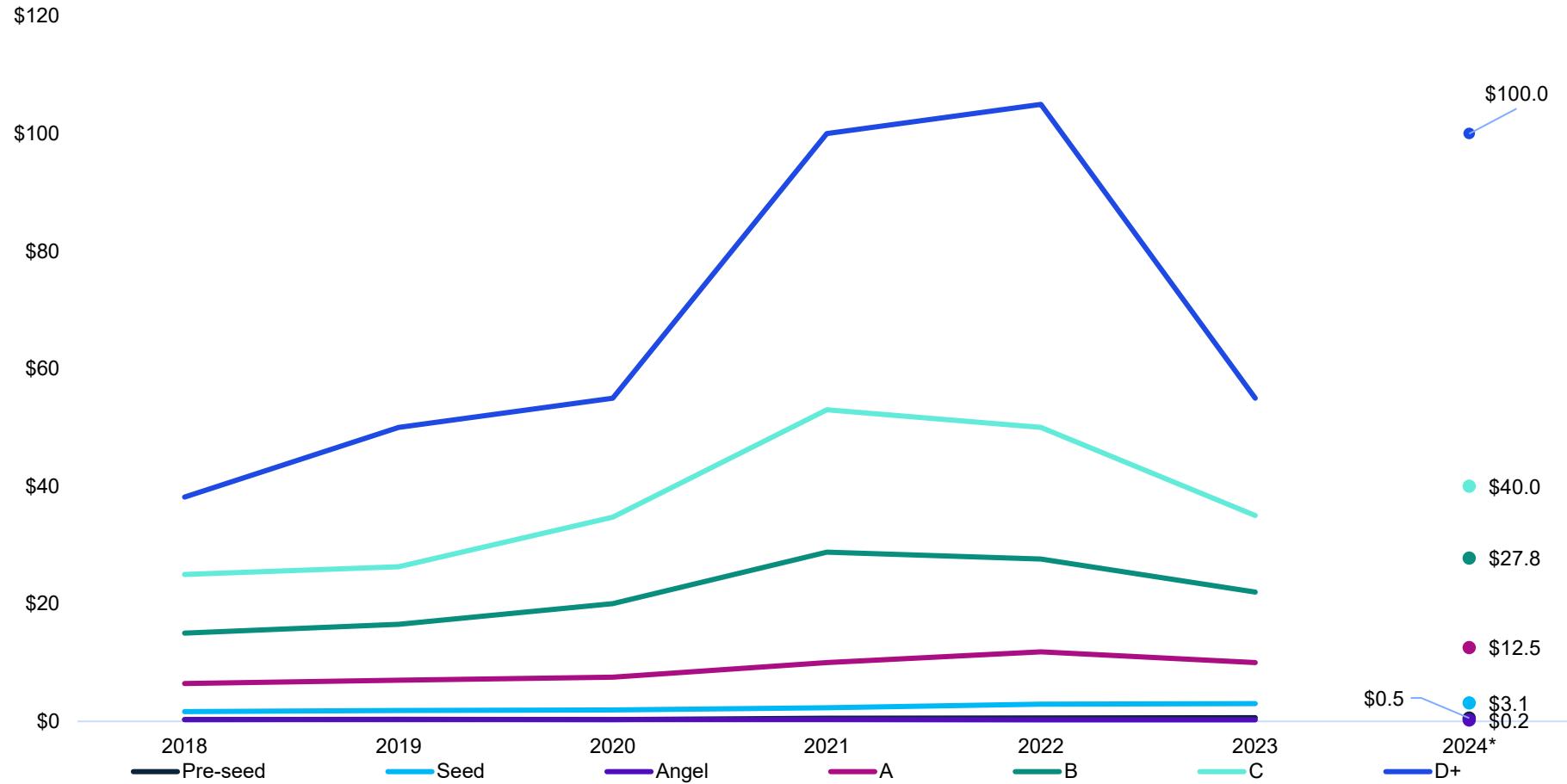
2018–2024*



Deal sizes tend to hold steady

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

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Note: Figures rounded in some cases for legibility.

“ Investors in the US have been pressuring their portfolio companies to become more efficient and to extend the runway of their last round of funding longer than historical norms. What we’re seeing now is that the survivors are in a position to come out of the shadows and say, ‘Hey, we heard you, we responded, and now we need more cash to take it to the next level.’ And the ones that can prove that they’re better, stronger, faster are getting Series B and C money to continue their growth journeys. ”

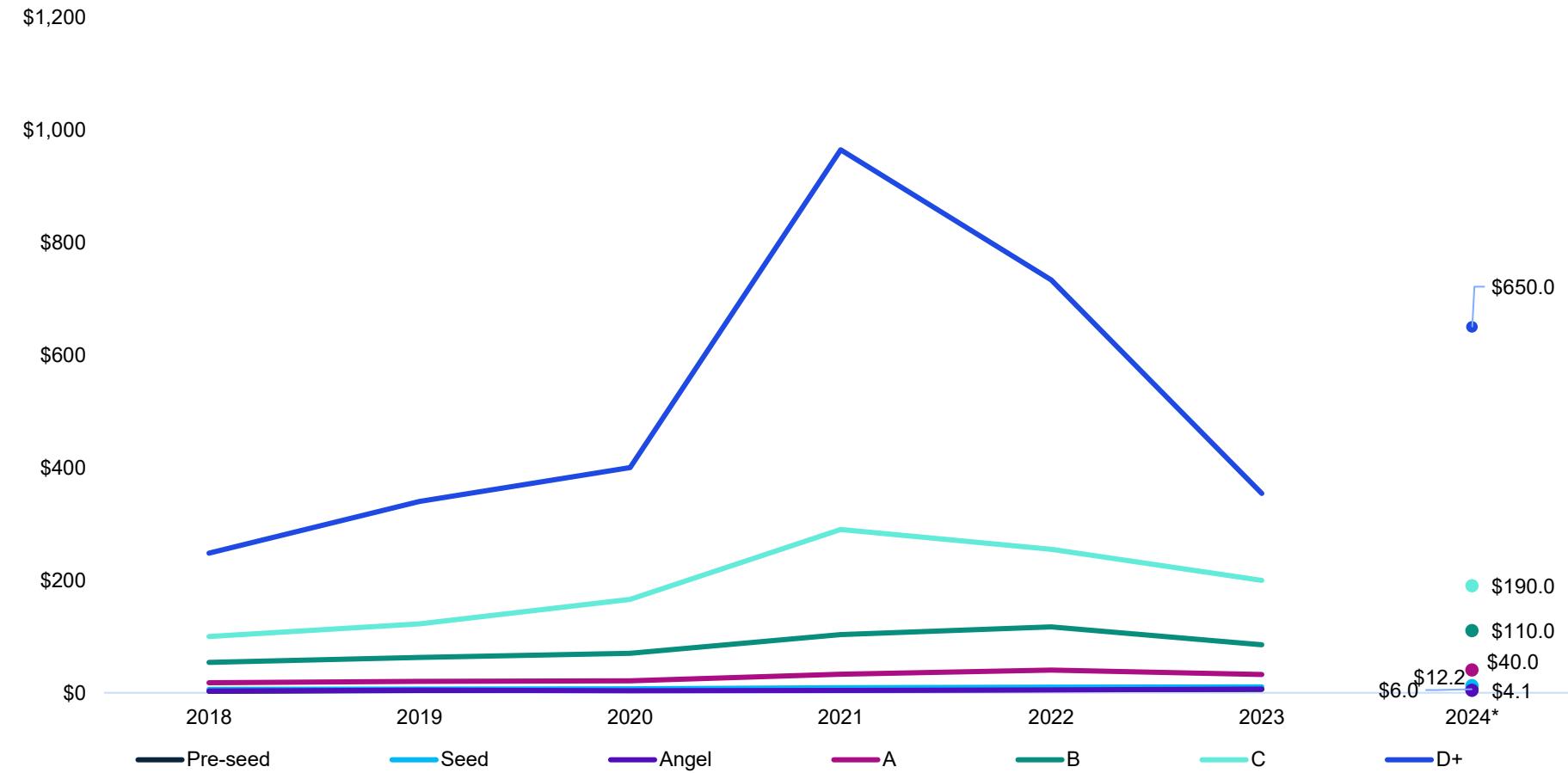


Jules Walker
Managing Director
Business Development
KPMG in the US

Clusters of outlier deals prop up the latest stage

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

2018–2024*

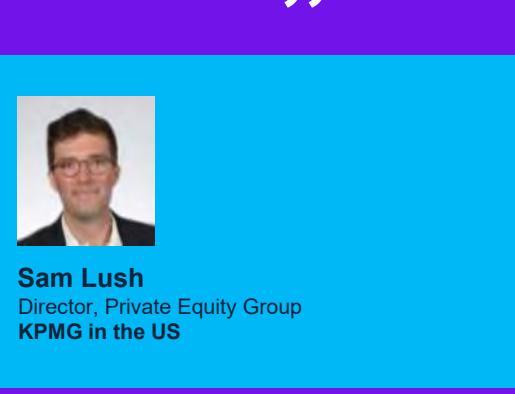


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Note: Figures rounded in some cases for legibility. 2024* pre-seed and angel metrics are based on population sizes of n < 30.

“

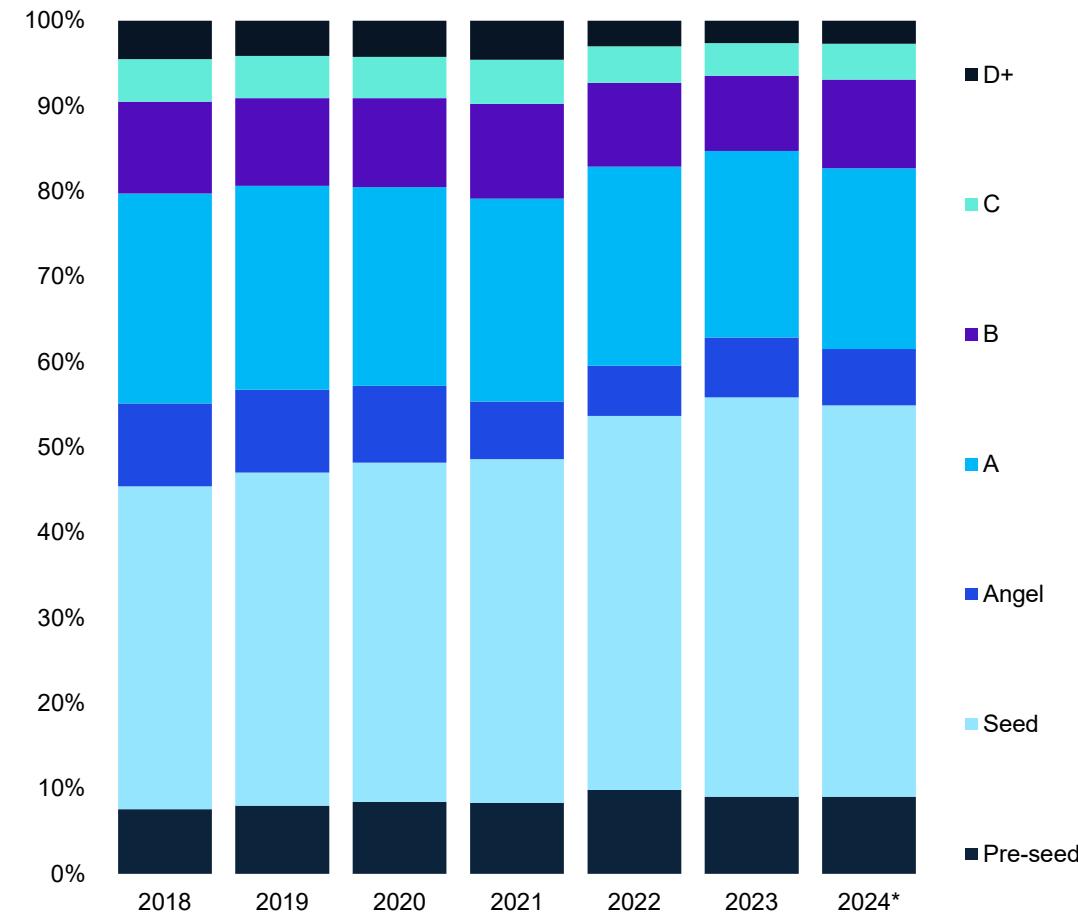
The main theme this quarter in the US is the fact that while high interest rates are persisting, we're seeing a return to deal flow. This is good, although a lot of the deal flow outside of AI has been in more defensive areas like subscription based technology businesses, cybersecurity, healthcare, and consumer staples — sectors that are particularly resilient.



VC invested in Series B & C continues to swell proportionally

Deal share by series in the US

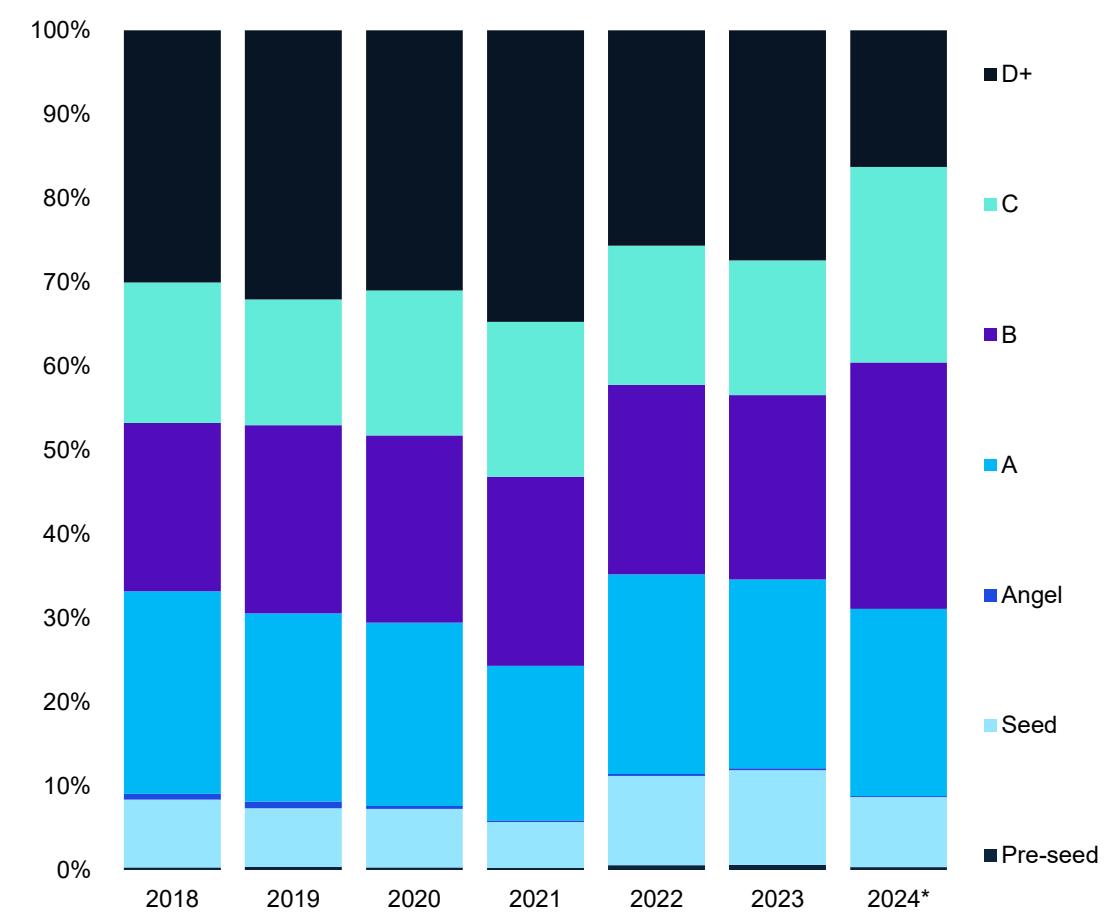
2018–2024*, number of closed deals



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Deal share by series in the US

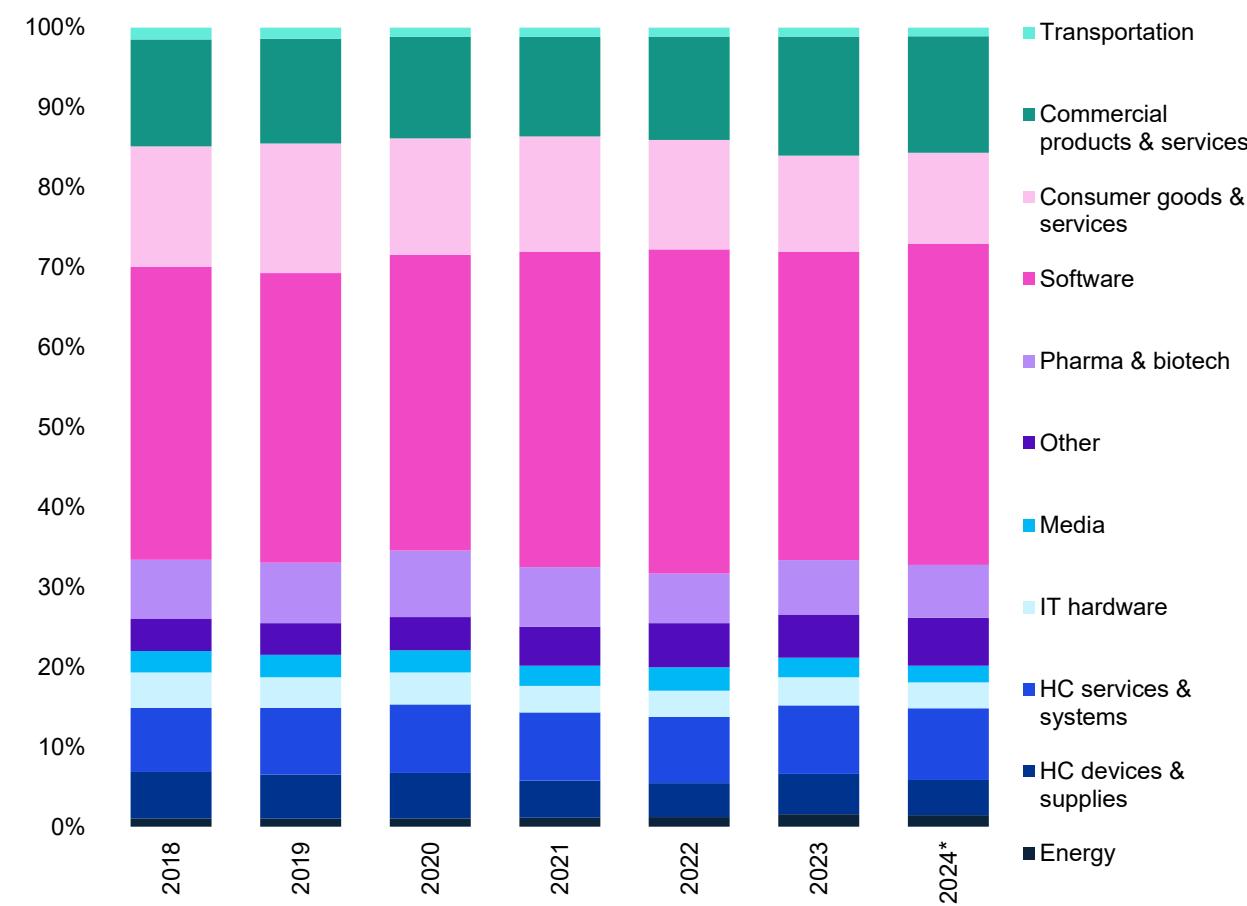
2018–2024*, VC invested (\$B)



Biotech sees steady if slight growth in proportions of VC invested

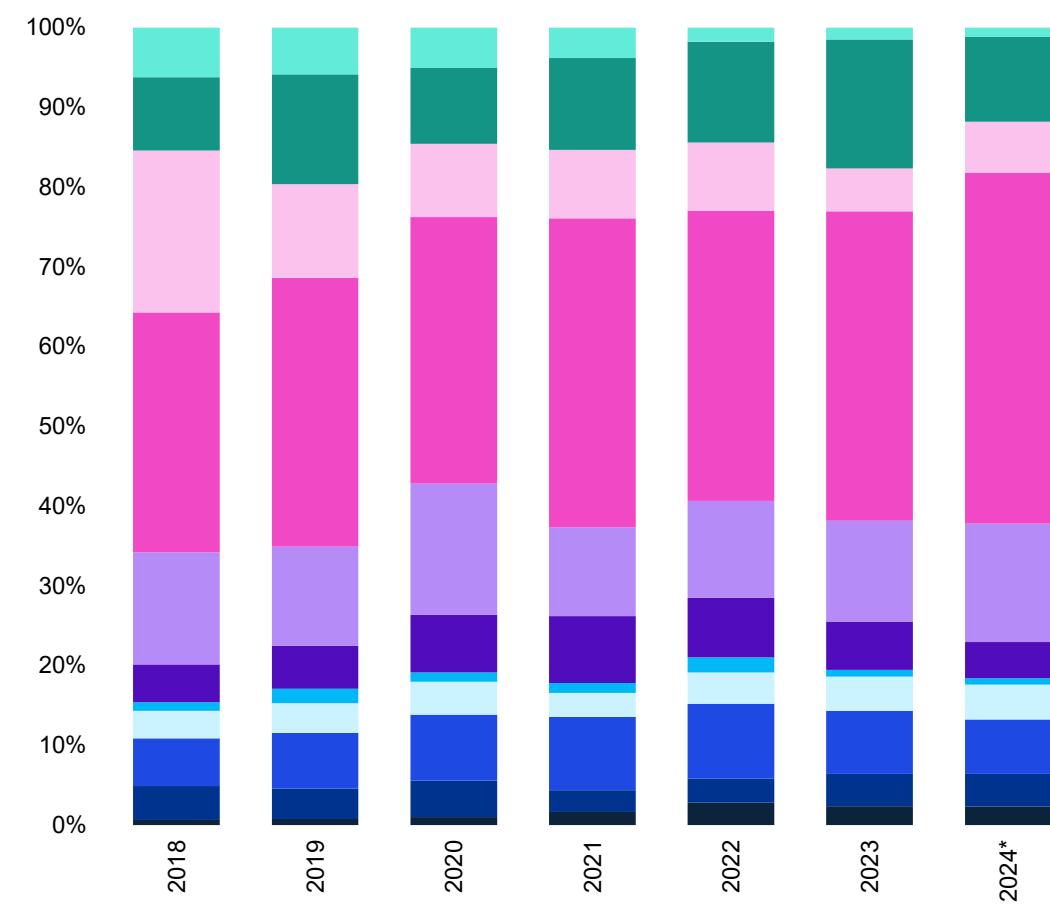
Venture financing by sector in the US

2018–2024*, number of closed deals



Venture financing by sector in the US

2018–2024*, VC invested (\$B)

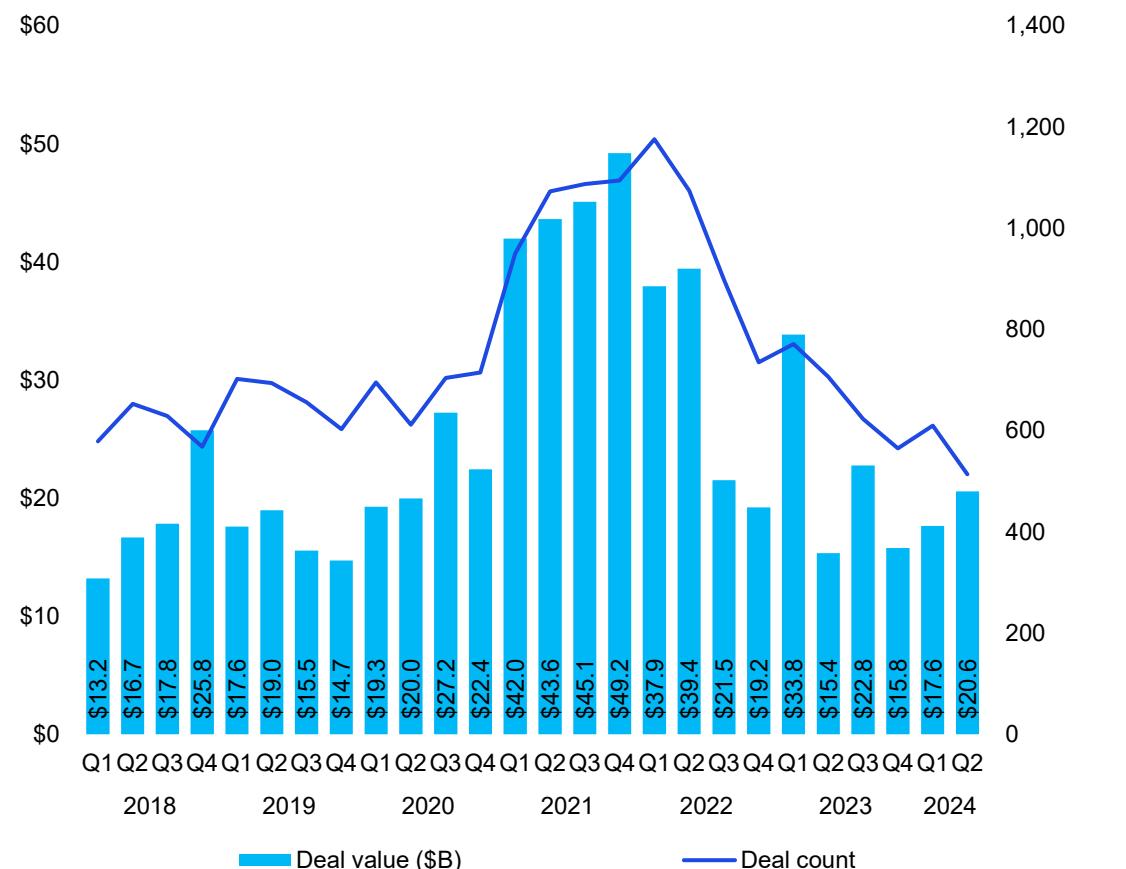


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

First-time financings see bump in VC invested

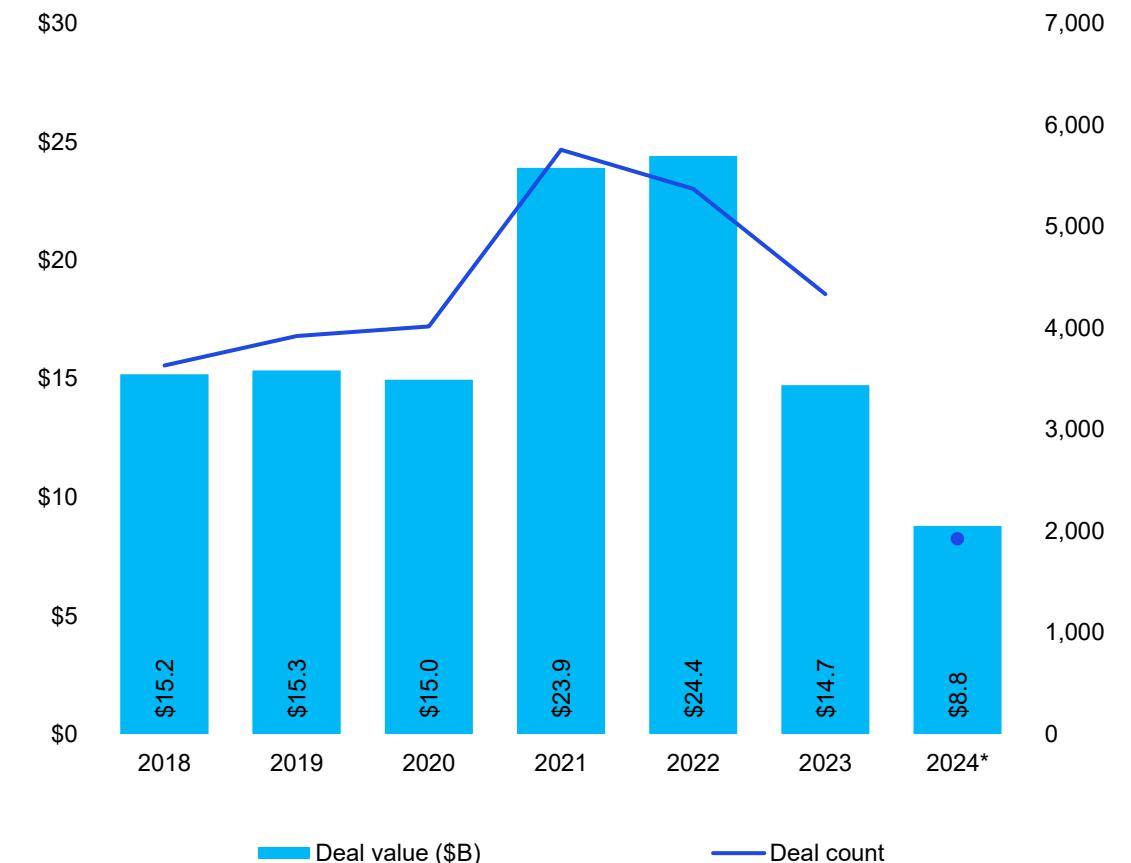
Corporate participation in venture deals in the US

2018–Q2'24



First-time venture financings of companies in the US

2018–2024*

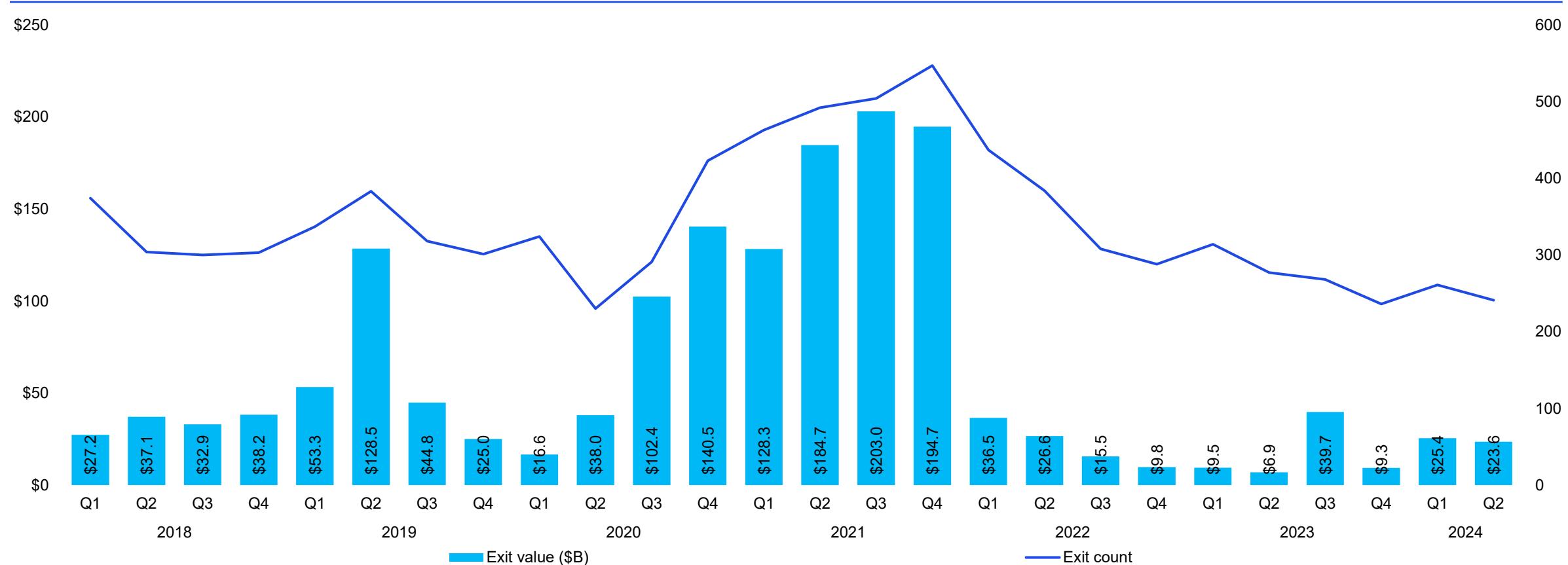


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Exit values remain low though at least clear the \$20B threshold

Venture-backed exit activity in the US

2018–Q2'24

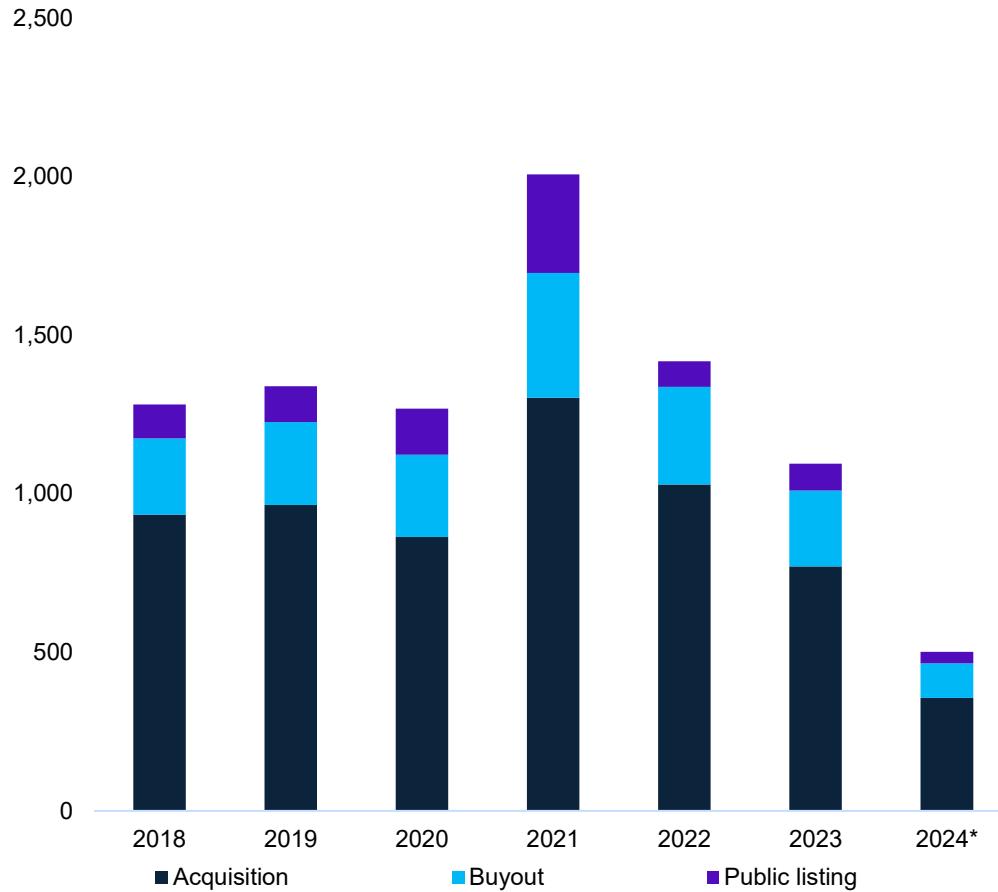


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

The trickle of IPOs returns

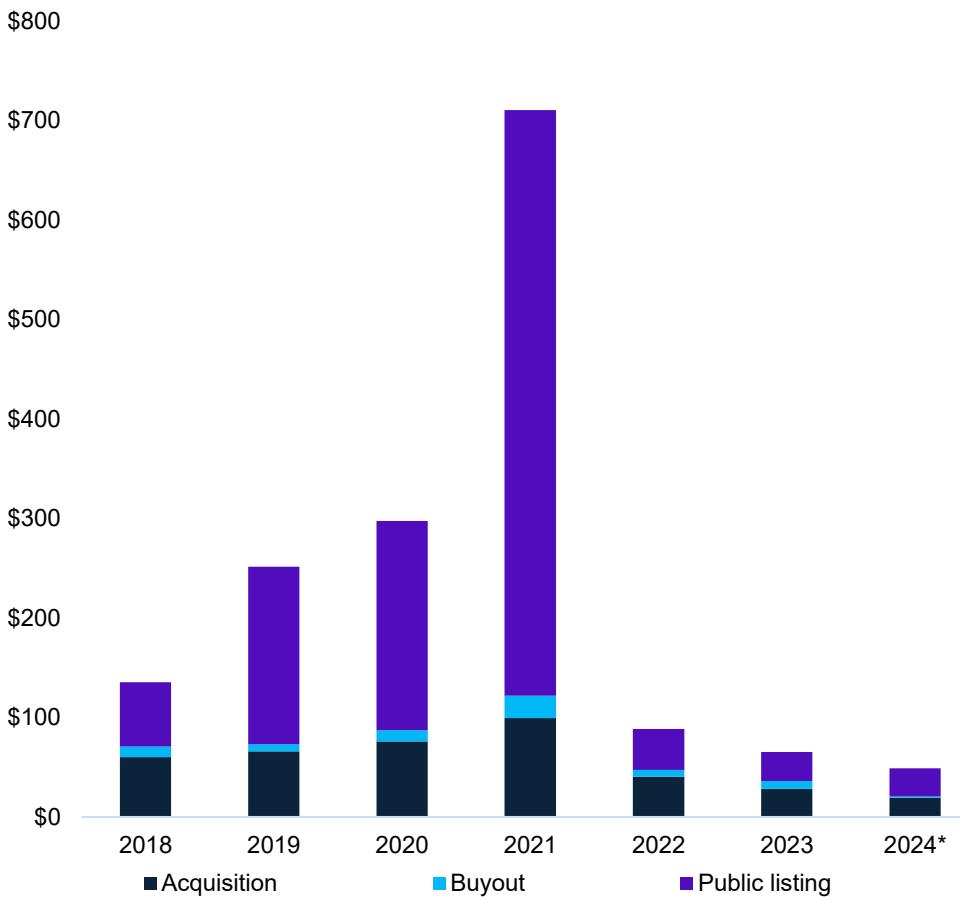
Venture-backed exit activity (#) by type in the US

2018–2024*



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

2018–2024*

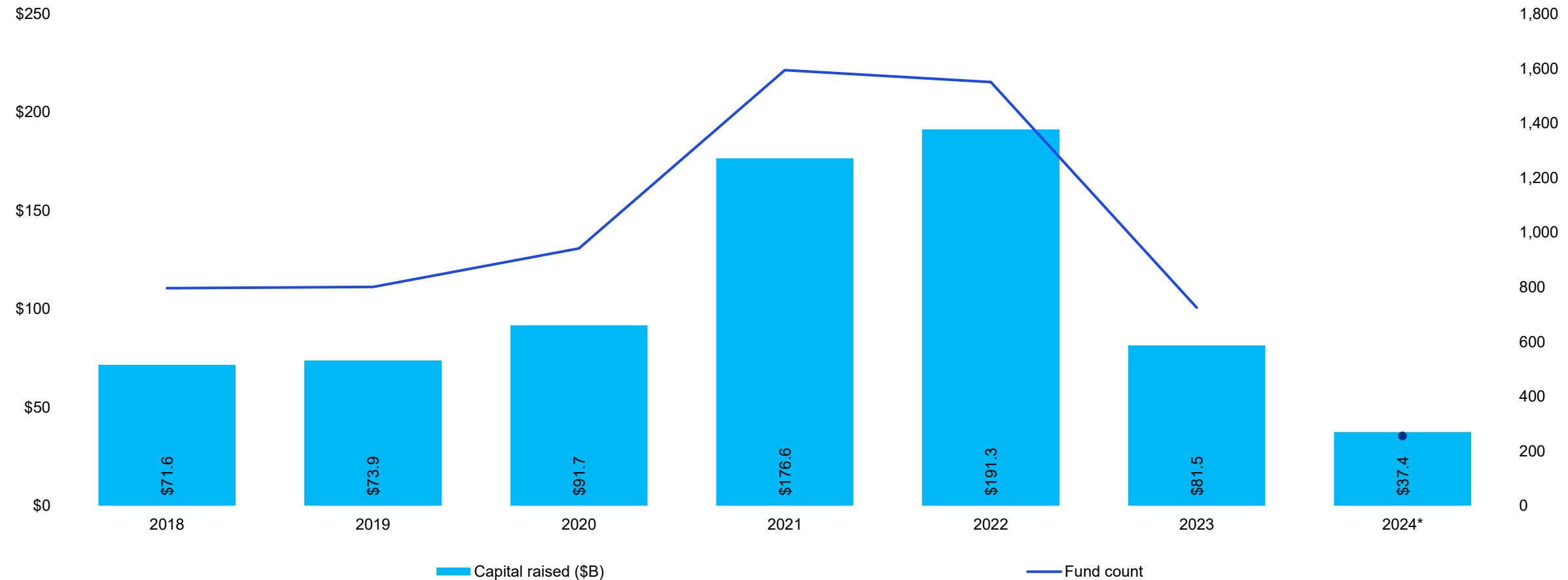


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Fundraising remains subdued if not overly sluggish

US venture fundraising

2018–2024*

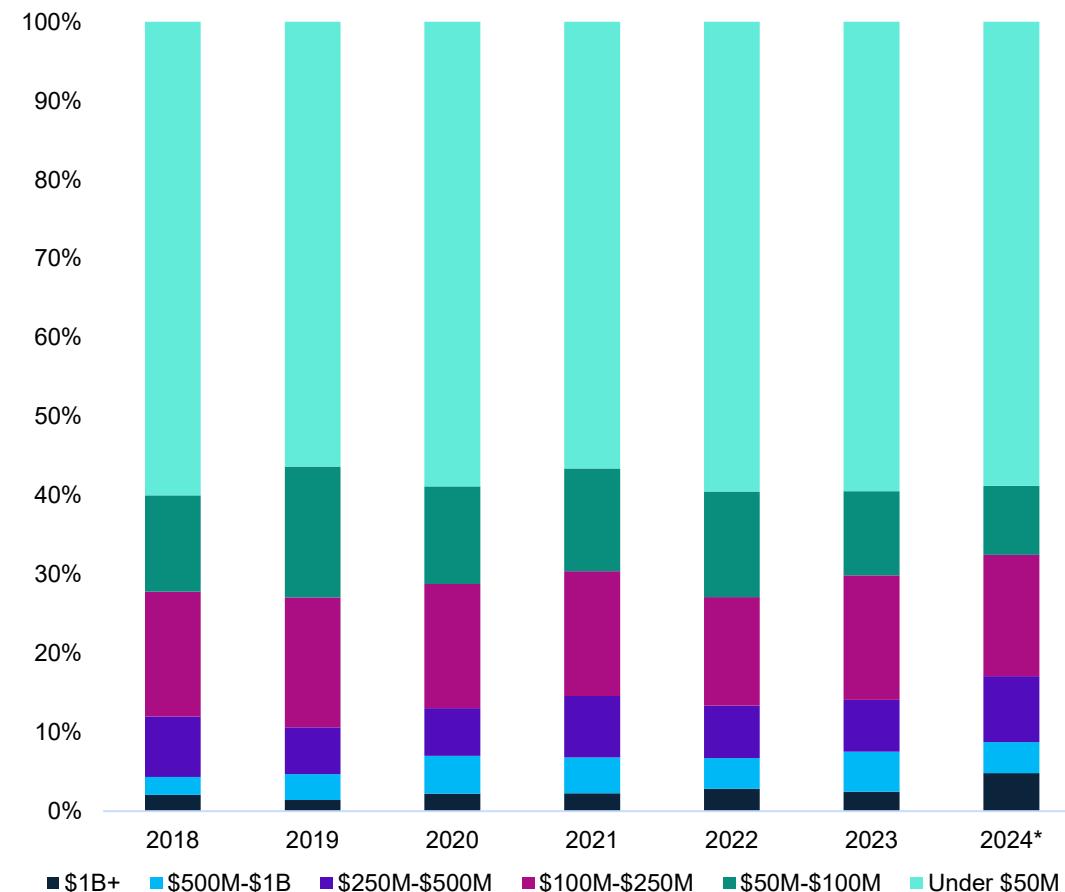


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

The middle of the market is benefiting from LP caution

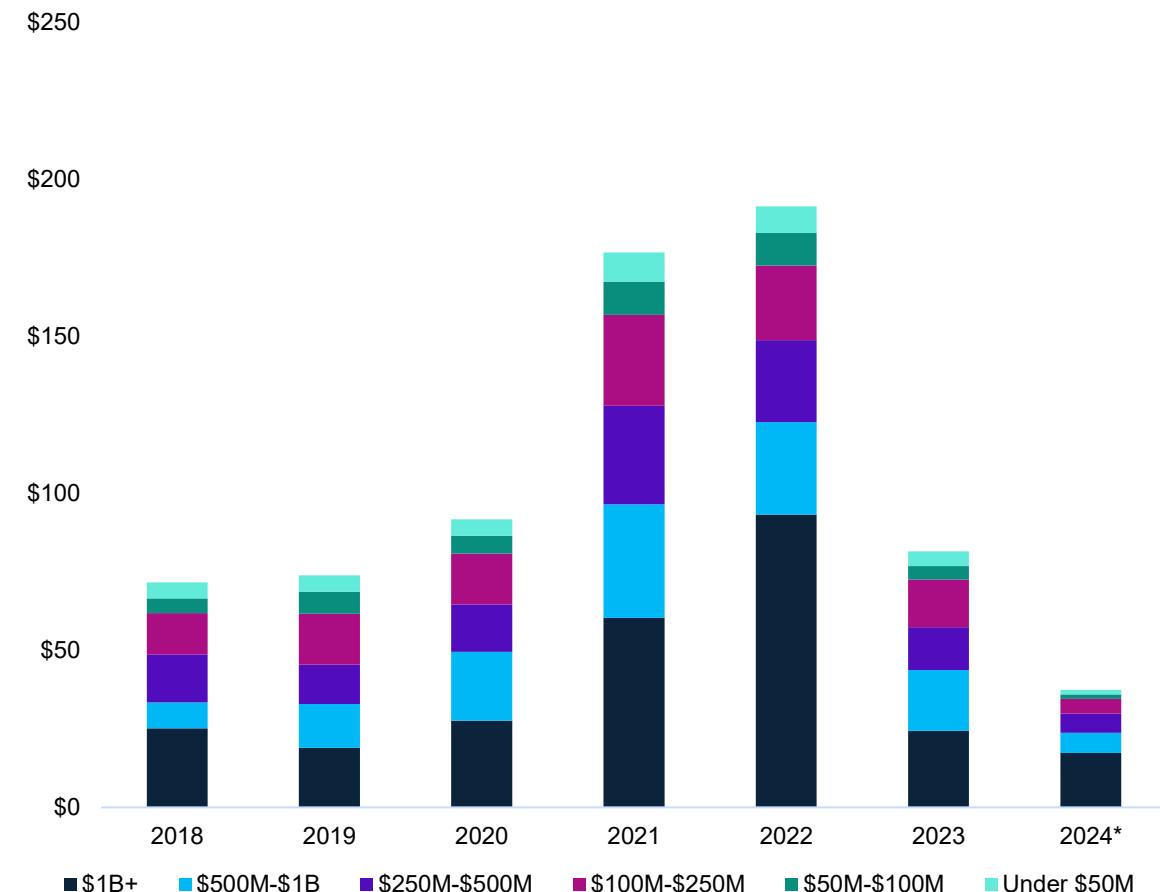
Venture fundraising (#) by size in the US

2018–2024*



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

2018–2024*

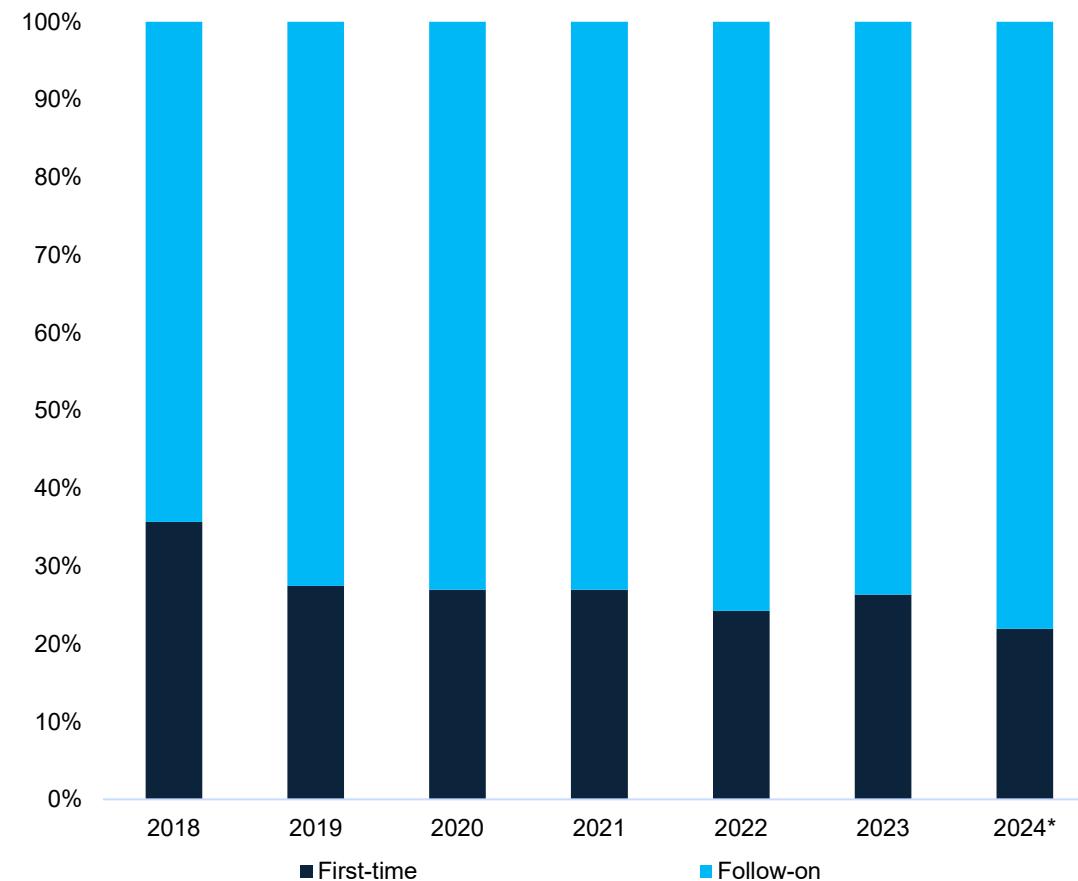


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

LPs tilt toward favoring follow-on funds in Q2

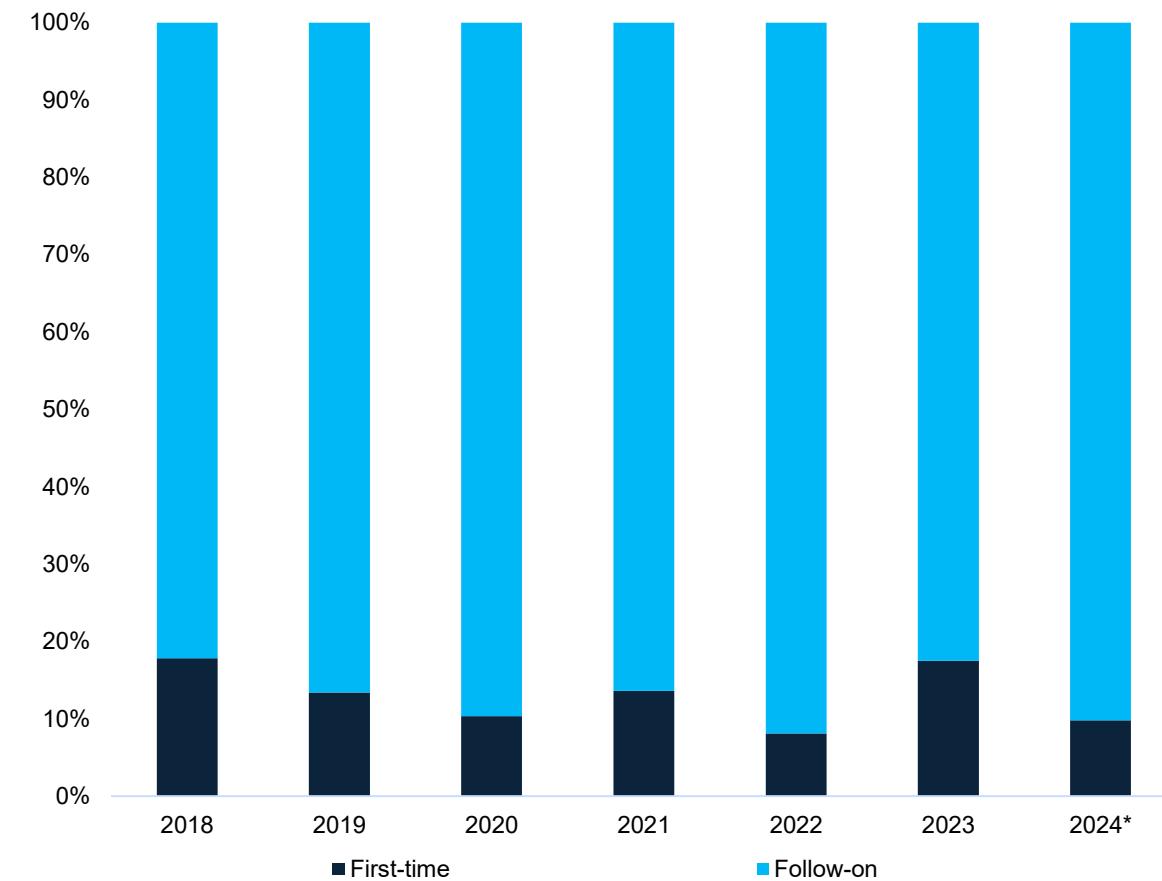
First-time vs. follow-on funds (#) in the US

2018–2024*



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

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

In Q2'24, VC-backed companies in the Americas raised \$58.3B across 3,472 deals



Americas sees strong uptick in VC investment in Q2'24

VC investment in the Americas rose to an eight-quarter high of \$58.3 billion in Q2'24, driven in part by a resurgence in \$100 million mega-deals in the US, including six deals at over \$1 billion (CoreWeave — \$8.6 billion, xAI — \$6 billion, Juul — \$1.2 billion, Scale AI — \$1 billion, Wiz — \$1 billion, and Xaira Therapeutics (\$1 billion).

VC investment outside the US remained subdued compared to historical norms, despite strong increases quarter-over-quarter in Canada, Brazil, and Mexico. In Canada, VC investment rose from \$783 million in Q1'24 to \$1.3 billion in Q2'24, while in Brazil, VC investment rose from \$352.8 million to \$816.8 million. In Mexico, VC investment rose dramatically, from a mere \$33 million to \$225.9 million quarter-over-quarter.

Energy and cleantech continuing to gain interest and traction in Americas

During Q2'24, cleantechs continued to attract attention from VC investors in the Americas, with a growing number raising funding to get up and running and test proofs of concept. Attracting later stages of funding has been more of a challenge, particularly in the US, with some cleantechs struggling to obtain the later stages of funding needed to scale their offerings to the point of mass production.

In Brazil, interest in the renewable energy and cleantech space has been growing slowly but steadily among investors, particularly in areas like decarbonization and alternative energy generation. As market conditions improve, the energy sector in Brazil could see increasing investment in this space, particularly in areas related to hydrogen energy.

Fundraising across the Americas remains dry

Fundraising by VC funds across the Americas remained incredibly soft in Q2'24. In the US, pressure to spend existing funds likely inhibited additional fundraising activity — which likely contributed to the growth in \$100 million+ mega-deals in the country during Q2'24.

In Brazil, the fundraising drought continued, with Brazil-based fund managers finding it incredibly difficult to raise funds. The dearth of fundraising has led to an erosion in the availability of dry powder and to a decline in the number of investments being made. This has led some Brazil-based VC funds to get creative in terms of finding ways to create liquidity for their LPs, such as by using secondary funds.

⁷ <https://www.theglobeandmail.com/business/article-ev-charging-grid-flo-gets-136-million-boost-in-financing/>

Fundraising activity is not expected to pick up in the Americas over the short term, although there could be an upswing toward the tail end of 2024 and into 2025, particularly should there be a substantial increase in exit activity.

Canada sees VC investment pick up in Q2'24

There was some optimism in Canada's VC market during Q2'24, with total investment rising to \$1.3 billion, although it remained relatively soft compared to historical highs and to the same quarter in 2023 (\$1.9 billion). Renewable energy continued to attract interest during the quarter, with Quebec-based electric charging station company Flo raising \$100 million.⁷

During Q2'24, the Bank of Canada cut its key interest rate by 0.25% — the first rate cut Canada has seen since Q1'20; while a positive sign that market conditions may be improving, further interest rates cuts will likely occur in a very measured way rather than with any rapidity.

VC investment in Brazil more than doubles in Q2'24

VC investment in Brazil rose to \$816.8 million in Q2'24, the highest level seen in Brazil since Q3'22. A \$250 million raise by financial services infrastructure company QI Tech helped improve Brazil's quarterly results; the substantial raise earned the fintech unicorn status, with a \$1 billion+ valuation. A number of Brazil-based startups are struggling to survive, given the extended challenges that have permeated the VC market in Brazil over the past year and more. In order to survive, a number of startups have focused on obtaining alternative financing; in the B2C space, for example, some companies have attracted financing by leveraging the future cash flows generated by their customers.

Americas sees strong uptick in VC investment in Q2'24, cont'd.

Strong government support for AI innovation in Canada

During Q2'24, the Canadian government showed significant support for the ongoing development of the AI ecosystem in the country. In April, it announced \$2.4 billion in AI-related funding, including \$2 billion for a fund aimed at providing access to technical infrastructure and computing capabilities and funding to support the creation of an AI safety institute and an office of the AI and Data Commissioner to support enforcement of the proposed Artificial Intelligence and Data Act (AIDA).⁸

In April, Scale AI — an initiative funded by the Federal and Quebec governments — also announced \$31.3 million in funding for twenty-two projects focused on incorporating AI into different industries.⁹

Trends to watch for in Q3'24

VC investment in the Americas is expected to remain relatively similar quarter-over-quarter, with AI and cleantech investment poised to remain hot in the US and Canada. In Brazil and Latin America more broadly, fintech will likely remain the biggest driver of VC investment heading into Q3'24, although investment in cleantech is expected to pick up slowly over time.

In the US, many eyes will be on the IPO market; with the US presidential election slated for November, any increasing IPO activity will likely materialize in Q3'24 before quieting again until after the election. In Brazil, all eyes will likely be on interest rates and the level of inflation heading into Q3'24 as even a small drop would likely be seen very positively by VC investors.

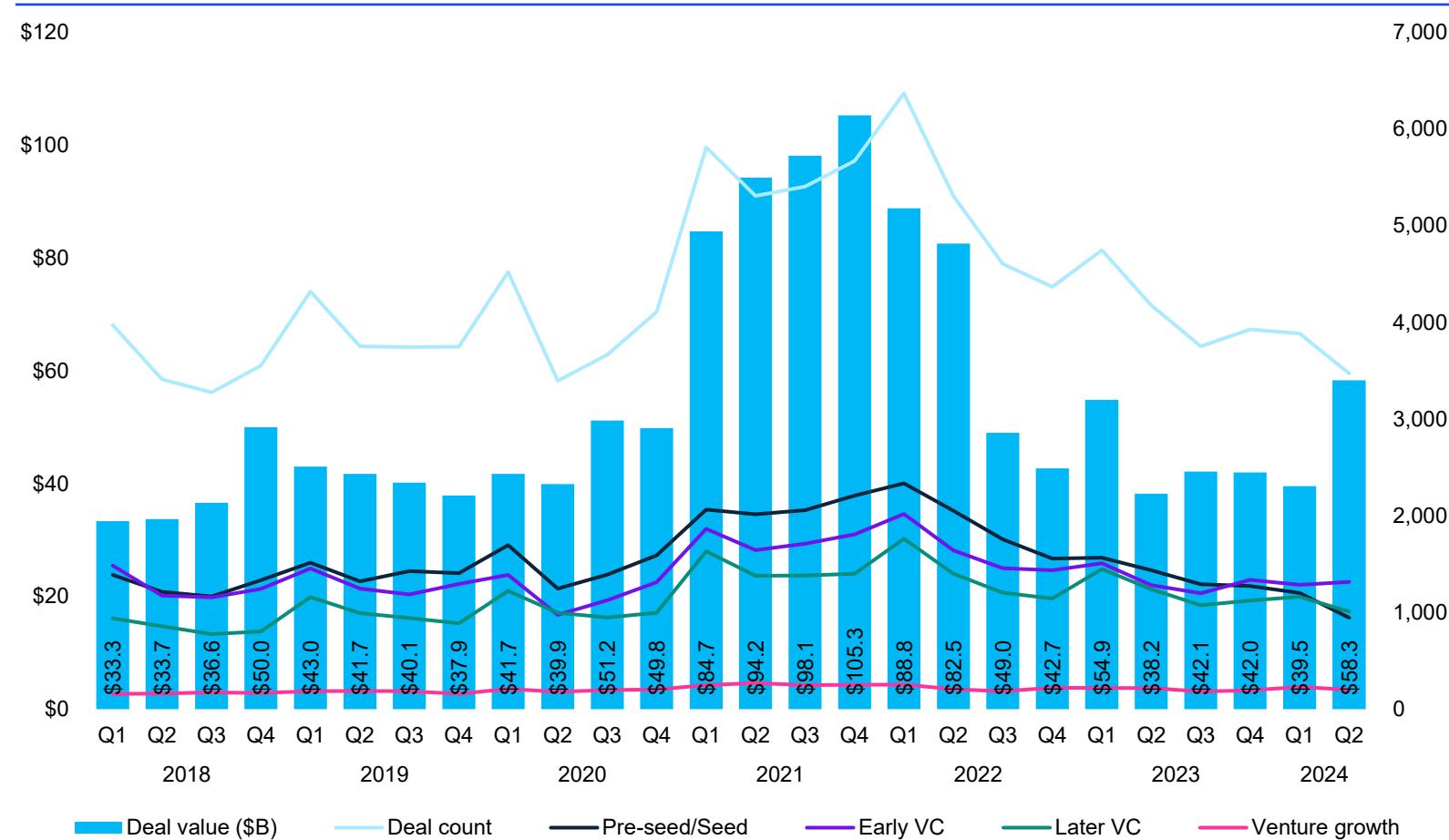
^{8.} <https://www.cbc.ca/news/politics/federal-government-ai-investment-1.7166234>

^{9.} <https://betakit.com/canadas-ai-global-innovation-cluster-invests-31-3-million-across-22-projects/>

Dealmaking looks clearly on a path toward a healthy plateau

Venture financing in the Americas

2018–Q2'24



A cluster of billion-dollar-plus deals in the US boost VC invested — a more promising sign for the Americas is that including other nations' tallies means that the volume of deals is holding steady after volatility in the past.

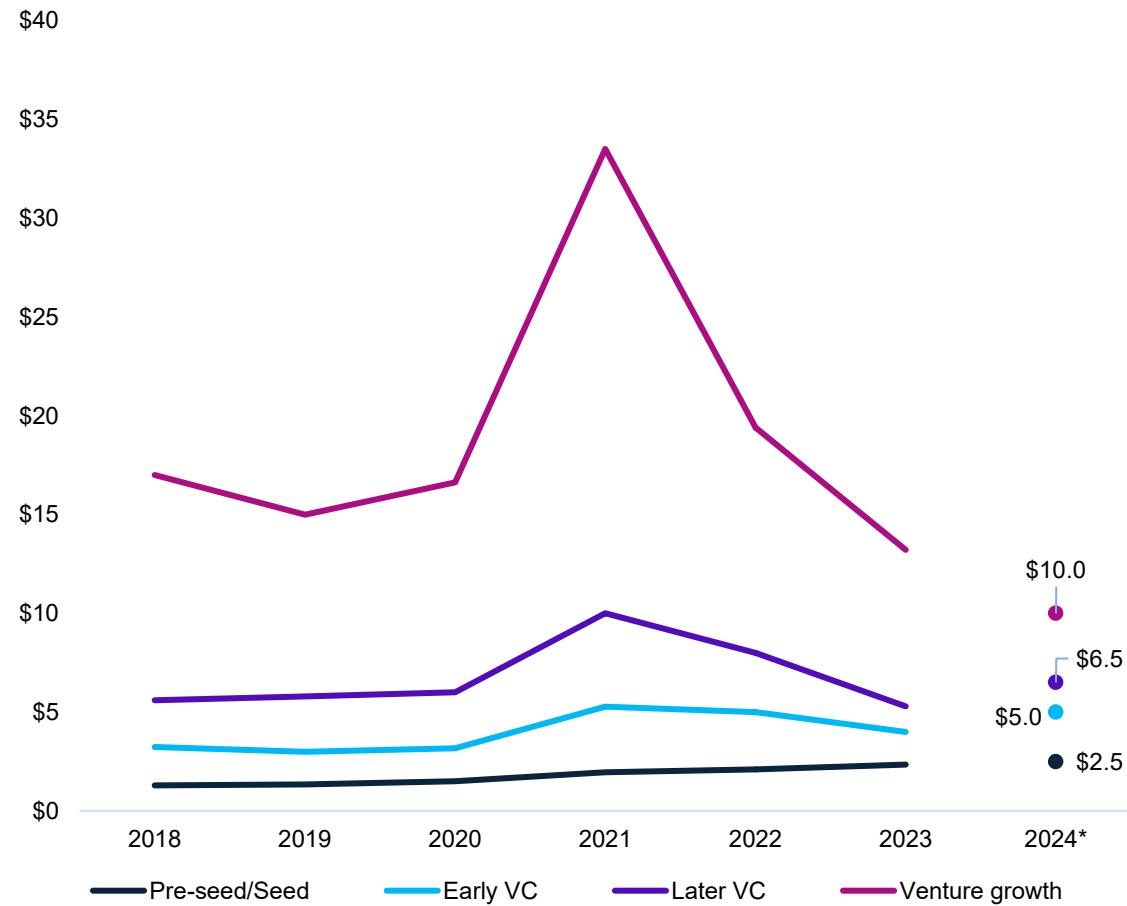
... dealmaking shows all signs of having evened out; 2022 took the brunt of the plunge in financing activity, and now figures have steadied although an air of caution is shown in some metrics still.

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Dealmakers are more cautious, not yet circumspect

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

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Fund managers are still willing to dole out sizable sums

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

2018–2024*

\$120

\$100

\$80

\$60

\$40

\$20

\$0

2018
— Pre-seed

2019
— Seed

2020
— Angel

2021
— A

2022
— B

2023
— C

2024*
— D+

\$100.0

\$40.0

\$27.8

\$12.0

\$3.0

\$0.7

\$0.2

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Any rebound in valuations is likely a skew – overall, figures remain healthy

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

2018–2024*

\$1,200

\$1,000

\$800

\$600

\$400

\$200

\$0

2018

2019

2020

2021

2022

2023

2024*

Pre-seed

Seed

Angel

A

B

C

D+

\$190.0

\$110.0

\$40.0

\$4.8

\$6.0

\$12.0

\$650.0

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise.

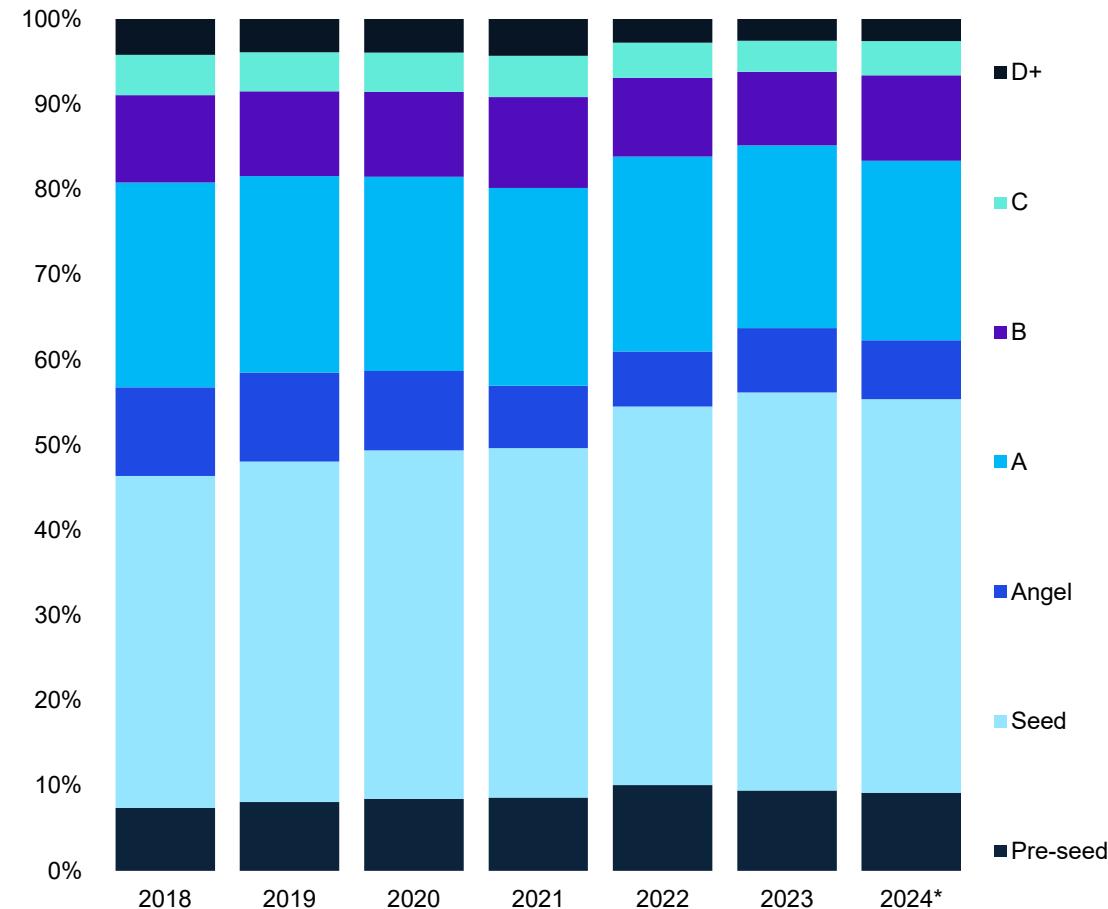
*As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Note: The 2024* figures for angel are based on population sizes of n < 30.

Proportions indicate dealmakers' caution in safer, not overly expensive, rounds

Deal share by series in the Americas

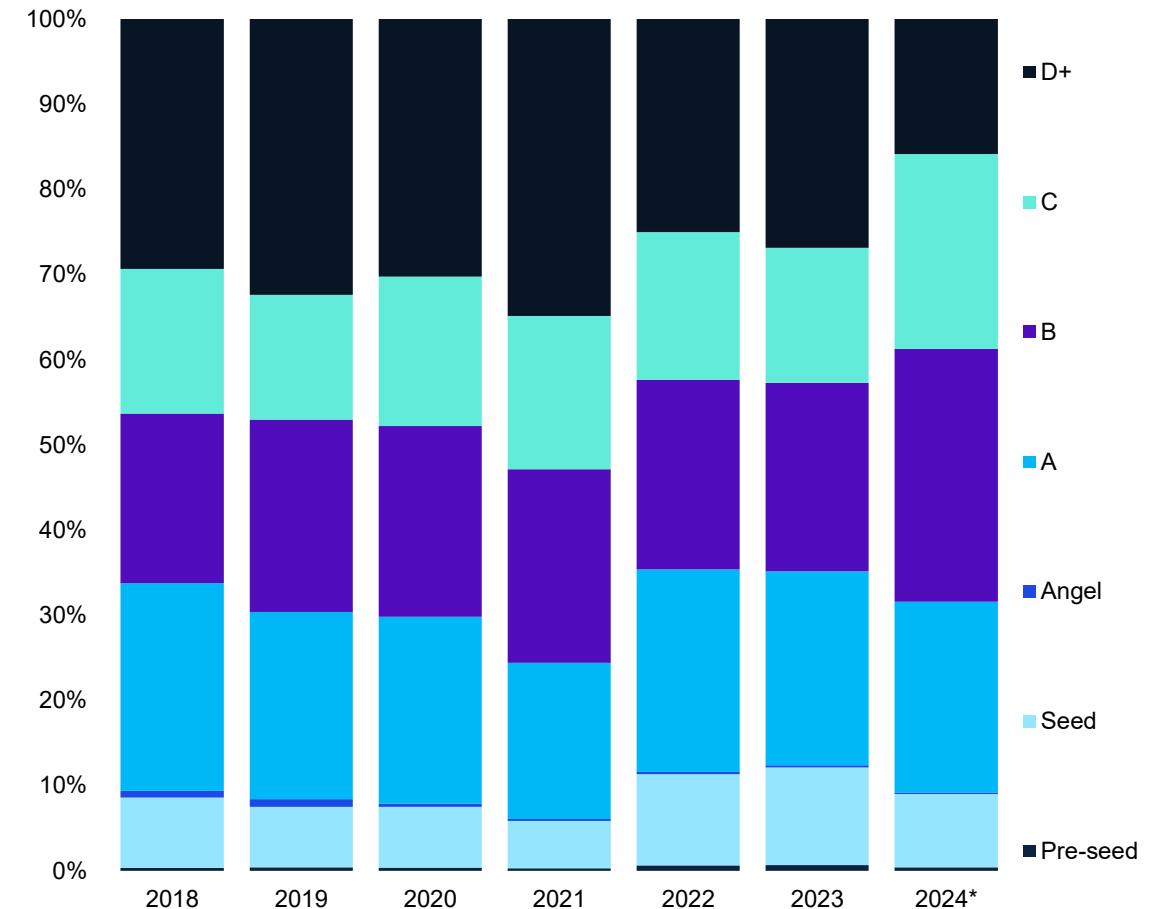
2018–2024*, number of closed deals



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Deal share by series in the Americas

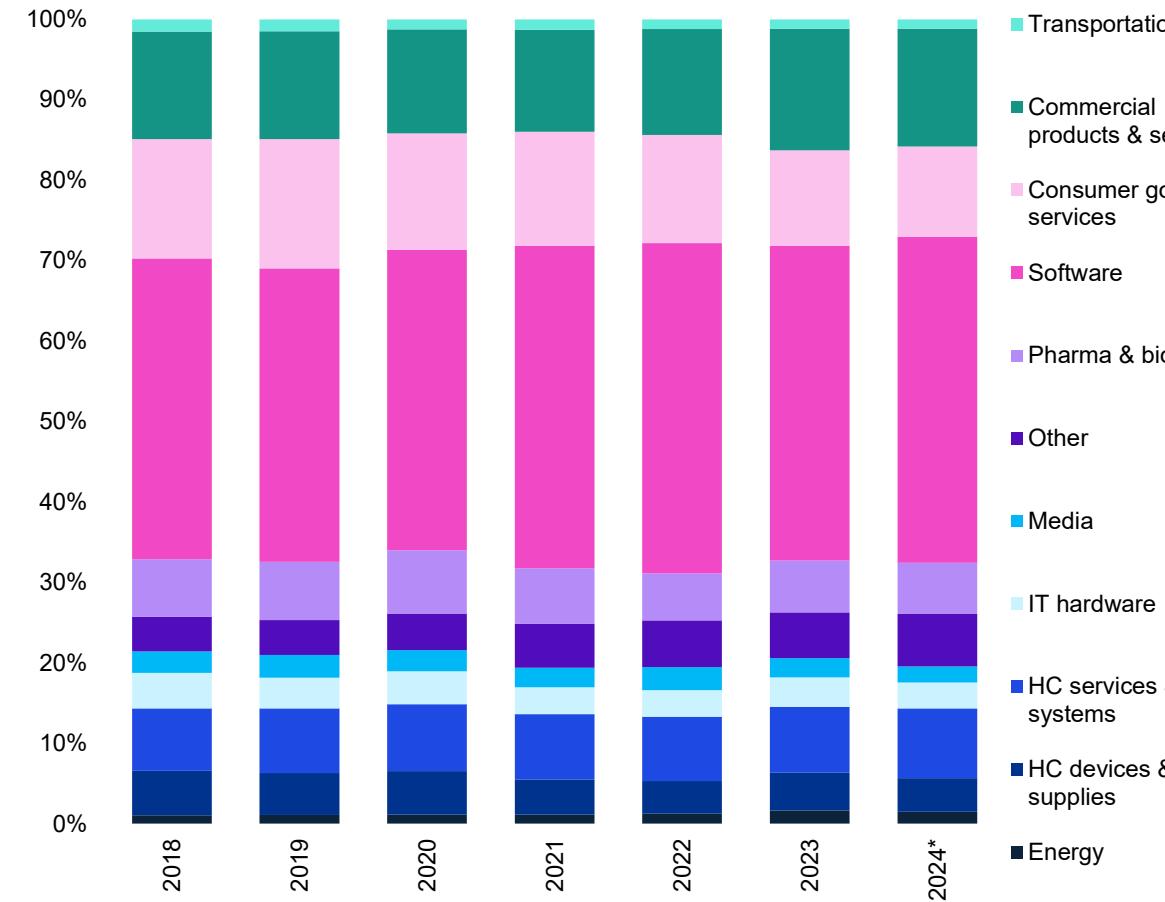
2018–2024*, VC invested (\$B)



Biotech & enterprise software applications, including AI, boom

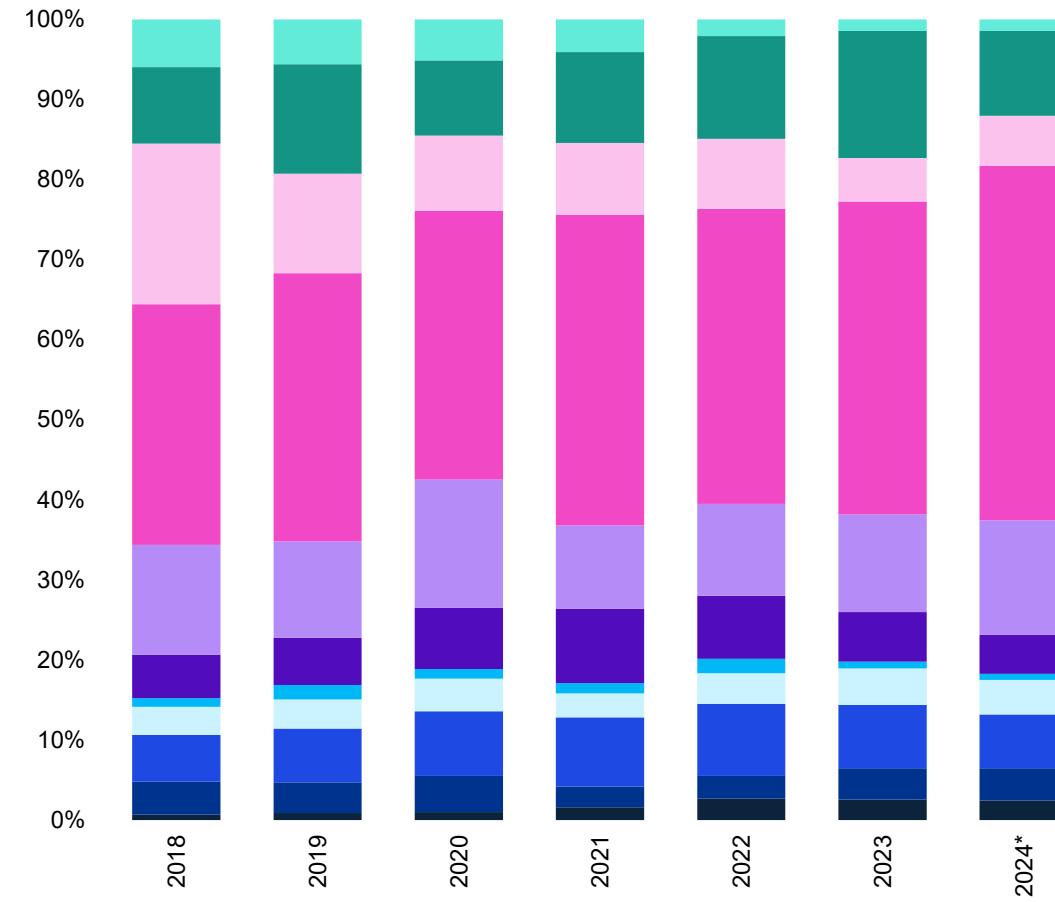
Venture financing by sector in the Americas

2018–2024*, # of closed deals



Venture financing by sector in the Americas

2018–2024*, VC invested (\$B)

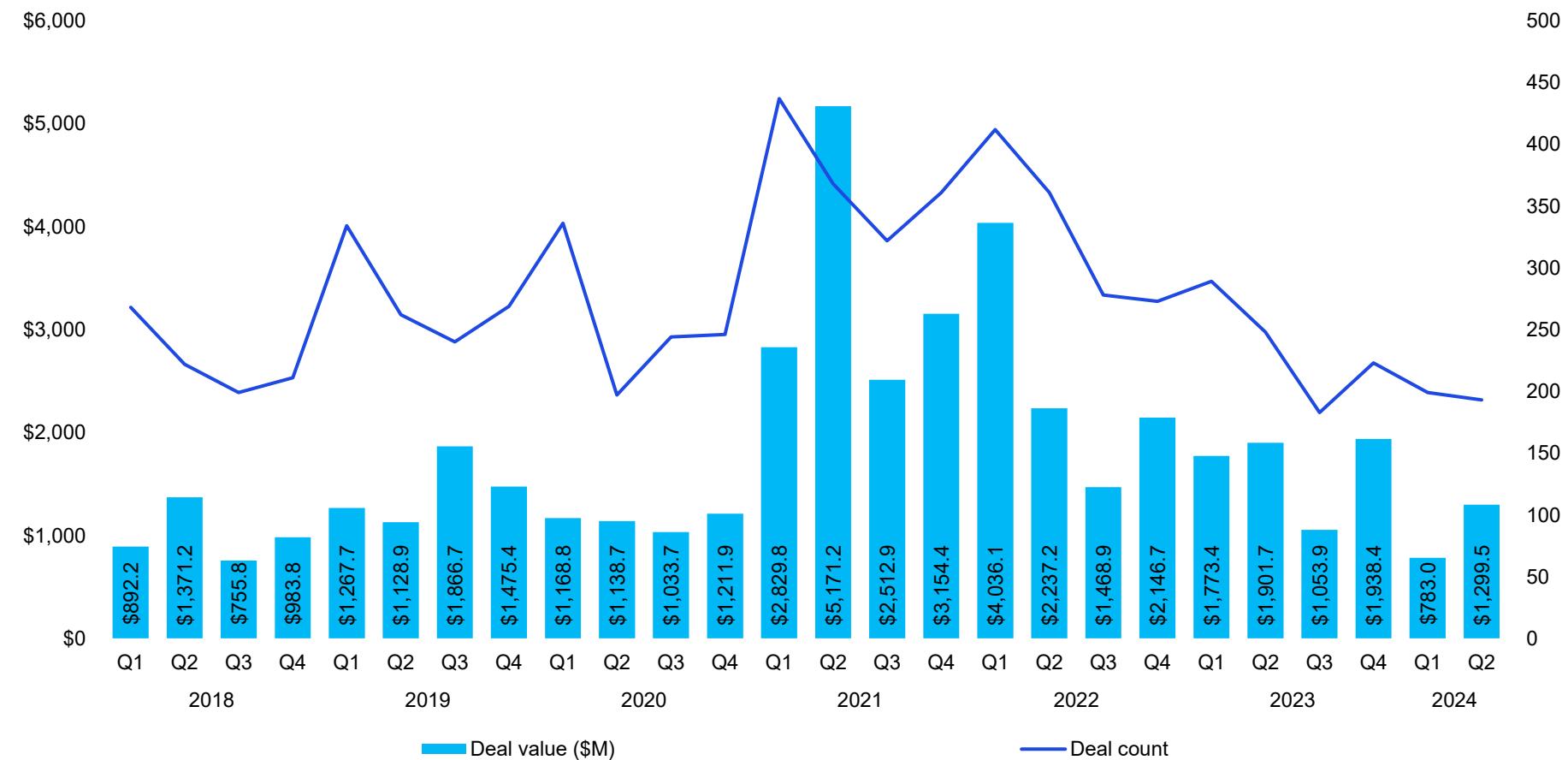


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Canada sees bump in VC invested

Venture financing in Canada

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“ AI is something that Canada is known for and is really wanting to grow. I believe the government did a lot to prove its commitment this quarter, both with its \$2.4 billion funding announcement and with its support of small companies and working to get AI into various other industries. ”

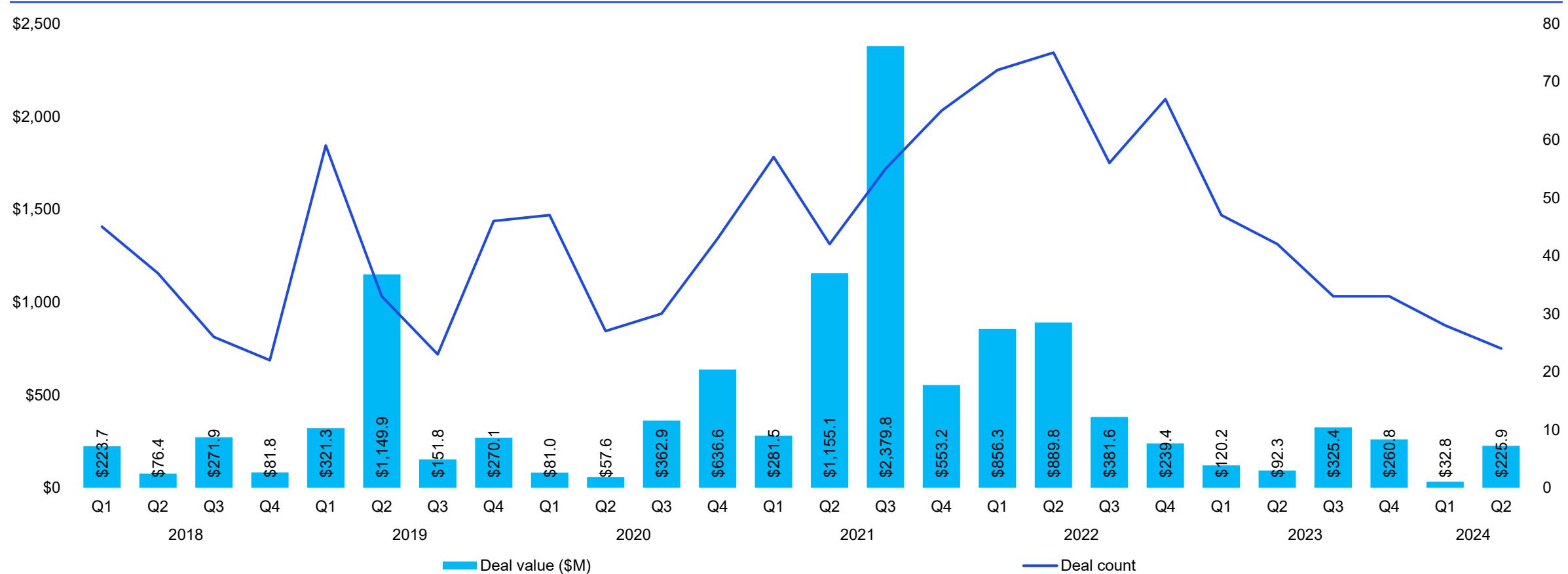


Ryan Forster
Partner
KPMG in Canada

Mexico continues to see typical variability in streams of VC

Venture financing in Mexico

2018–Q2'24

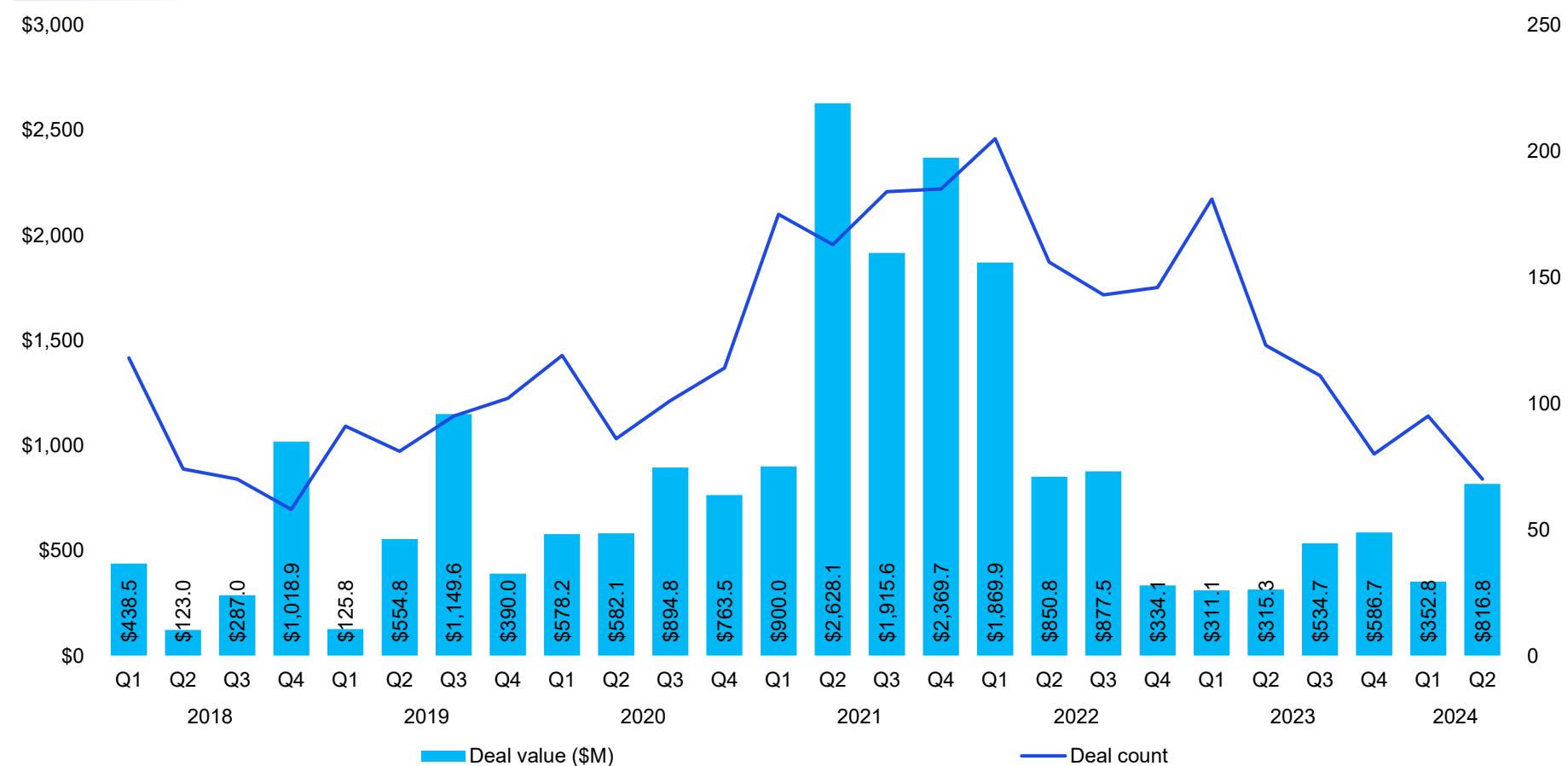


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Brazil sees VC activity hold steady – a few larger deals spike deal value

Venture financing in Brazil

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“ We are creating a graduating class of tough entrepreneurs in Brazil right now because of this hard moment where there's been strong market turbulence. Startups have been forced to become very creative with respect to their operations and really focus on their profitability in order to survive. The current generation of startups that show resilience and thrive will be well-positioned to resume their growth strategies when market conditions improve. **”**



Carolina de Oliveira
Partner, KPMG Private Enterprise
Leader in Brazil and South America
KPMG in Brazil

AI remains a key draw while \$1B deals proliferate elsewhere

Top 10 financings in Q2'24 in Americas



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024.
Data provided by PitchBook, July 17, 2024.



1. **CoreWeave** — \$8.6B, Roseland, US — AI & ML — *Series C*
2. **xAI** — \$6B, Burlingame, US — AI & ML — *Series B*
3. **JUUL** — \$1.3B, Washington D.C., US — Consumer — *Late-stage VC*
4. **Scale AI** — \$1B, San Francisco, US — AI & ML — *Series F*
4. **Wiz** — \$1B, New York, US — Cybersecurity — *Series E*
4. **Xaira Therapeutics** — \$1B, San Francisco, US — Drug discovery — *Series A*
7. **Clear Street** — \$685M, New York, US — Fintech — *Series B*
8. **AlphaSense** — \$650M, New York, US — AI & ML — *Late-stage VC*
9. **Nexamp** — \$520M, Boston, US — Cleantech — *Late-stage VC*
10. **Epic Games** — \$425M, Cary, US — Gaming — *Late-stage VC*

In Q2'24, European
VC-backed companies
raised \$17.8B across
1,869 deals



VC investment in Europe rises to \$17.8 billion in Q2'24

VC investment in Europe rose quarter-over-quarter — from \$13.9 billion in Q1'24 to \$17.8 billion in Q2'24, driven by a solid uptick in mega-deals, including a \$1 billion funding round by AI autonomous driving technology company Wayve, a \$999.6 million raise by consumer lending platform Abound, a \$650.6 million raise by LLM-focused Mistral AI,¹⁰ and a \$621 million raise by neobank Monzo.

AI attracts significant attention from VC investors in Europe

AI remained a very hot area of investment in Europe during Q2'24; in addition to UK-based Wayve and France-based Mistral AI, Germany-based AI language translation company DeepL raised \$300 million and France based AI automation company H Company raised \$220 million. VC investment in AI remained quite broad in Europe, with investments going to both companies focused on developing core AI technologies and those focused on leveraging AI to help companies improve different aspects of their business models, such as the customer experience or product development.

VC investors continue to make bets on alternative energy and cleantech

Alternative energy and cleantech also attracted sizeable funding rounds in Europe during Q2'24, including a \$381.9 million raise by UK-based energy storage company Highview Power, a \$168 million raise by Estonia-based hydrogen-focused company Elcogen, and a \$152 million raise by Netherlands-based hydrogen-focused startup Tree Energy Solutions. Given the EU's Carbon Sustainability Reporting Directive (CSRD) — which requires larger companies to report on their sustainability metrics — and other evolving sustainability regulations and climate change commitments in the region, regtechs focused on the sustainability space have also been of interest to investors.

Optimism growing for the IPO market in Europe

Across Europe, there was growing optimism that the IPO window could reopen slightly in Q3'24 should economic conditions remain stable, with a growing number of companies beginning to consider and prepare for the possibility of a future IPO. During Q2'24, the London Stock

Exchange saw some positive activity, with budget computer company Raspberry Pi raising \$211 million in its June IPO; the company's stocks continued to perform well in post-IPO trading.¹¹

The LSE, in particular, has also undertaken efforts to support startups earlier in their lifecycle; it recently partnered with Floww to create connections between investors and Early-stage businesses.¹² It is also undertaking a consultation process on the implementation of a Private Intermittent Securities and Capital Exchange System (PISCES) that would allow for the intermittent trading of shares in private companies.¹³

VC investment in the UK more than doubles quarter-over-quarter

After falling to a low not seen since Q2'18 in Q1'24, VC investment in the UK more than doubled quarter-over-quarter, rising from \$2.9 billion to \$6.9 billion between Q1'24 and Q2'24. The largest deals of Q2'24 included Wayve's \$1 billion raise and two large deals in the fintech space — a \$999.6 million raise by Abound and a \$621 million raise by Monzo. While many later stage companies in the UK found it challenging to raise money and close deals in Q2'24, the increasing number of mega-deals over the latter half of the quarter was viewed as a positive sign. Pre-seed and seed stage deals continued to see robust interest from VC investors in the UK, with median deal sizes increasing quite substantially. This growth likely reflects both a growing appetite for making investments in Early-stage companies as the market in the UK begins to pick up and a desire on the part of VC investors to derisk their portfolios.

¹⁰ <https://techcrunch.com/2024/06/11/paris-based-ai-startup-mistral-ai-raises-640-million/>

¹¹ <https://edition.cnn.com/2024/06/11/tech/raspberry-pi-ipo-london-stock-exchange/index.html>

¹² <https://www.londonstockexchange.com/discover/news-and-insights/lse-partners-with-floww?accordionId=1-cf1b91cd-b652-4fb8-912d-f2e8360f08ec>

¹³ <https://gateleyplc.com/insight/article/pisces-a-new-share-trading-platform-for-private-companies/>

VC investment in Europe rises to \$17.8 billion in Q2'24, cont'd.

VC investment in Germany holds steady quarter-over-quarter

VC investment in Germany held nearly steady at \$2.2 billion in Q2'24. This total included a good number of \$100 million rounds, including AI-driven deeptech DeepL (\$300 million), chip manufacturer Black Semiconductor (\$275 million), satellite launch company Isar Aerospace (\$237 million), credit card as a service company Pliant (\$163 million), and intermodal transport systems company Cargo Beamer (\$150 million). ESG companies, particularly those focused on the B2B space, continued to attract investment in Germany during Q2'24. Certain areas of fintech also saw solid investment, while others floundered; in particular, VC investors showed interest in fintechs acting as industry enablers, while interest in crypto continued to fall. Last mile delivery also took a hit as grocery delivery company Gorillas announced plans to shutter operations in Germany and several other countries during the quarter.¹⁴

Austria attracts bigger VC funding rounds as startups mature

VC investment in Austria rose to \$283 million in Q2'24 — its highest level since Q1'22. Several companies raised substantial funds during the quarter, including content management company StoryBlok (\$80 million — Series C) and Energy grid optimization company enspired (€25.5 — million Series B).¹⁵ Startups with AI-enabled solutions were in particular demand, attracting significant interest from international investors. Outside of the AI space, many startups struggled, with a growing number declaring bankruptcy. PE firms showed some interest in Austria during Q2'24, likely driven by the relatively low valuations, the number of distressed investment opportunities, and the amount of dry powder at their fingertips.

Nordics region sees VC investment fall to level not seen since Q2'20

VC investment in the Nordic region remained very subdued in Q2'24, falling to \$1.3 billion — the lowest level since Q2'20. Despite this decline, early-stage funding continued to be very healthy

in the region. Energy, cleantech and deeptech solutions continued to be key area of interest for VC investors. While a number of growth companies in the Nordic region have struggled in recent quarter given the extended economic challenges, there are many others that are well positioned to attract money moving forward. If the economy continues to stabilize, the region could see some companies looking to hold IPO exits towards the tail end of 2024 and into 2025.

Ireland sees VC investment pick up in Q2'24

VC investment in Ireland picked up in Q2'24, reaching \$239 million compared to \$150 million in Q1'24. A \$110 million raise by biotech SynOx Therapeutics — a drug discovery company focused on developing treatments for diffuse tenosynovial giant cell tumors — accounted for a large part of this total. Nory, a fintech company focused on using AI to help restaurants operate more efficiently, also raised \$16 million during the quarter. In Ireland, VC investors showed increasing willingness to make bigger bets again in Q2'24, although their focus was somewhat narrow — on areas like AI, biotech, and fintech.

Trends to watch for in Q3'24

While positivity is growing in Europe, a number of uncertainties are expected to keep VC investors cautious heading into Q3'24, including the UK general election held at the beginning of July and the US presidential election slated for November. AI will likely remain a very hot area of investment in the region, in addition to energy and cleantech. Despite these uncertainties, there is some optimism that the IPO market in Europe could see some fresh activity heading into Q3'24.

As of January 17, 2025, financial institutions in the EU will be required to comply with the Digital Operational Resilience Act (DORA). Given the complexities associated with compliance, there will likely be growing interest in regtechs focused on helping companies comply.

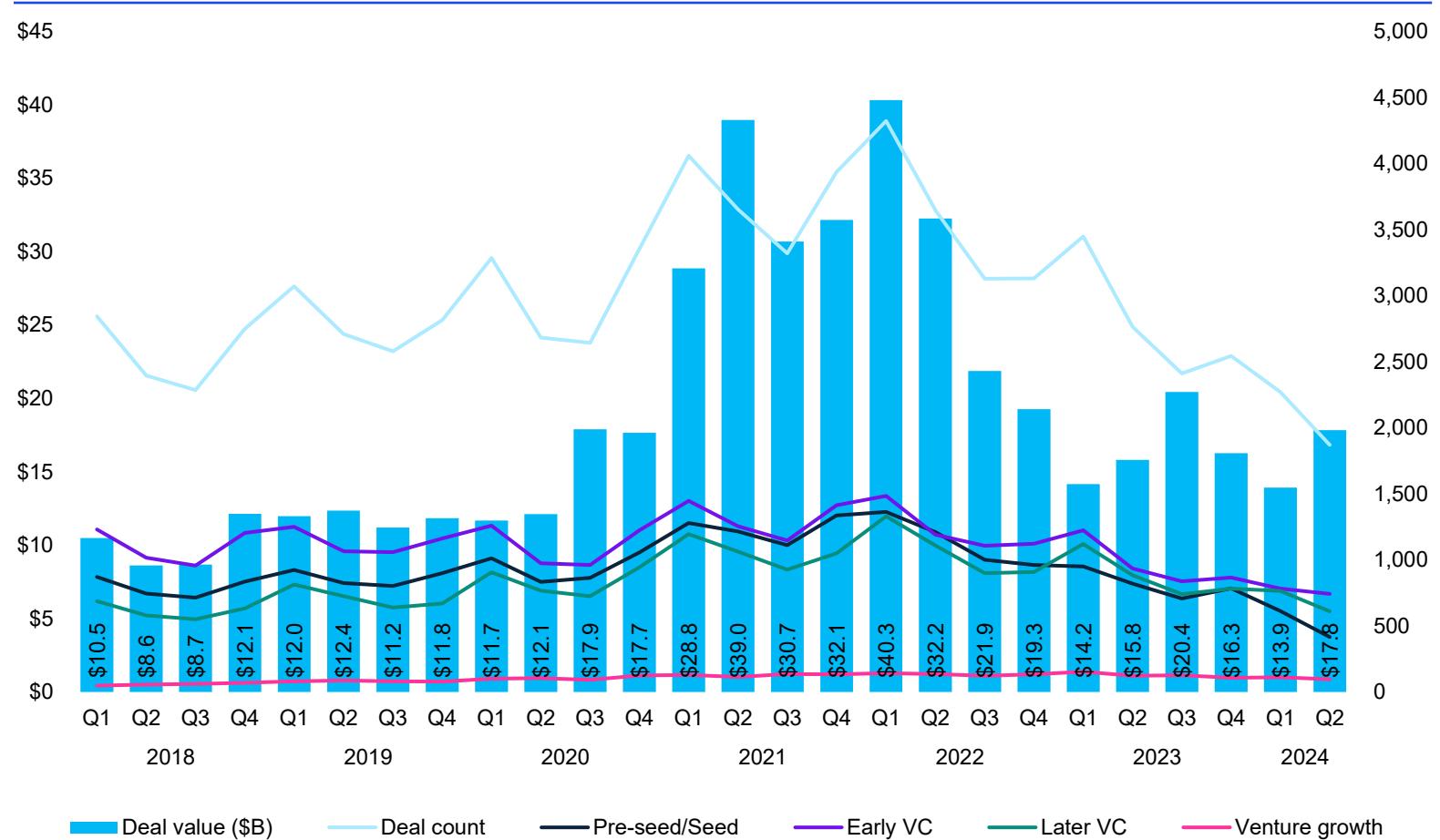
¹⁴ <https://www.wiwo.de/unternehmen/dienstleister/lieferdienst-getir-bestaeigt-rueckzug-aus-deutschland/29769672.html>

¹⁵ <https://hub.enspired-trading.com/blog/enspired-secures-25.5-million-in-series-b-funding>

Europe sees moderate jump in VC invested again

Venture financing in Europe

2018–Q2'24



Even after ticking upward thanks to additional deal disclosures and the like, past quarterly tallies of completed VC financings are holding steady, suggesting dealmakers and executives/entrepreneurs are meeting in the middle more often than not. VC invested remained healthy, buoyed by a handful of larger deals that are a testament to the growing maturity of the European ecosystem.

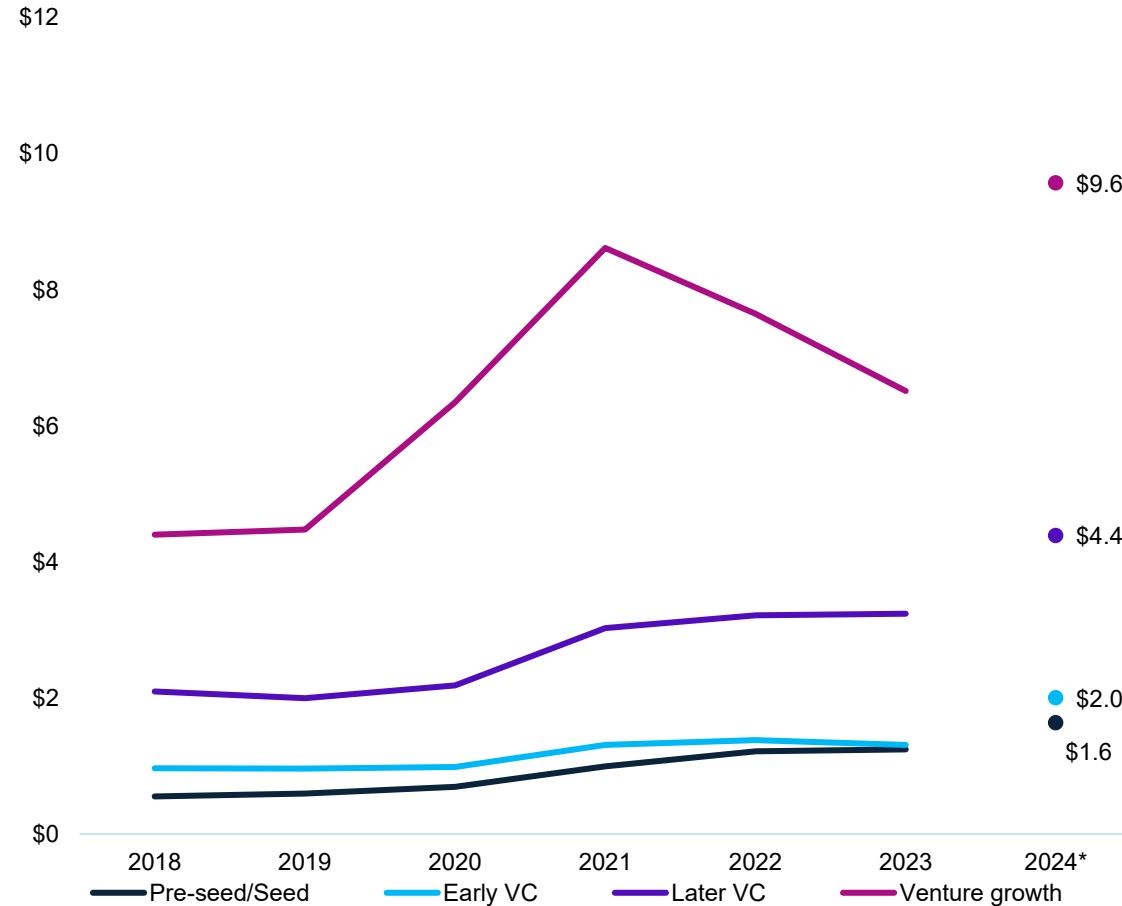
... after sustained volatility, it appears that **European startup ecosystems are seeing mature companies once again command larger sums...**

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Deal metrics remain high again – but so do down rounds

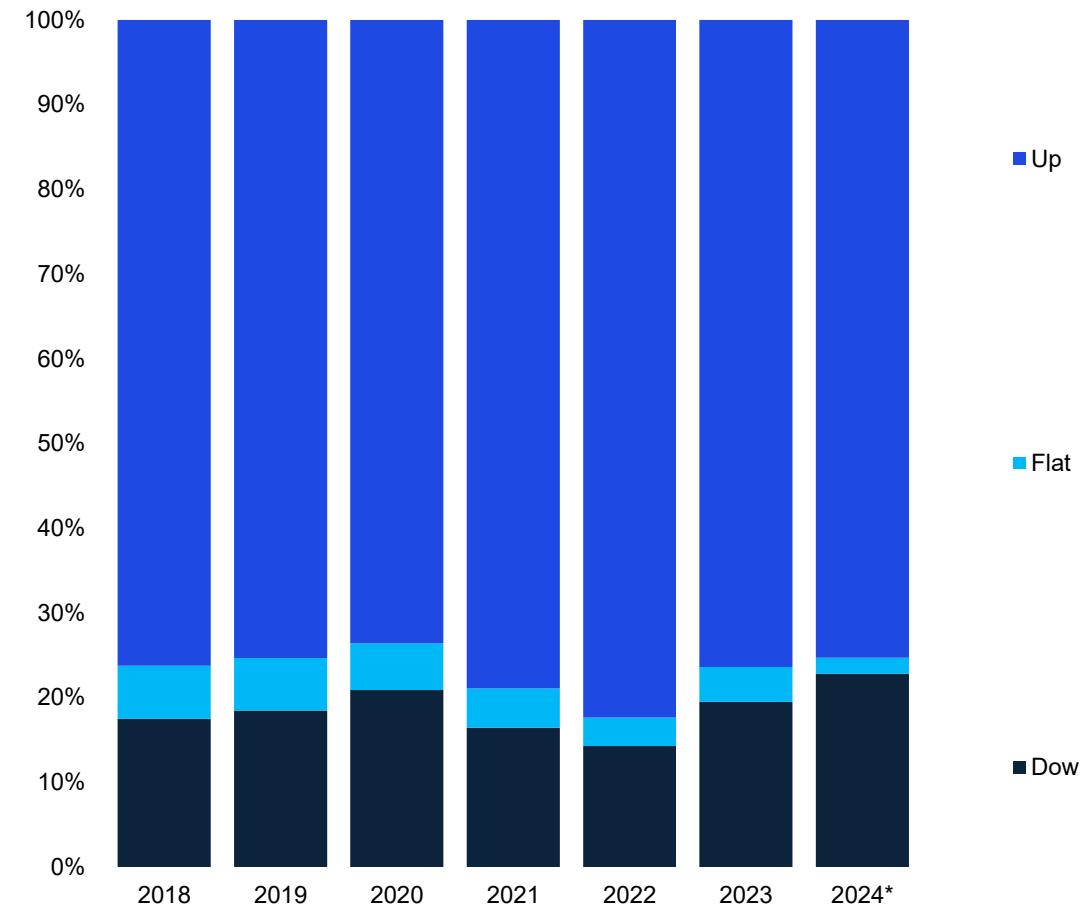
Median deal size (\$M) by stage in Europe

2018–2024*



Up, flat or down rounds in Europe

2018–2024*

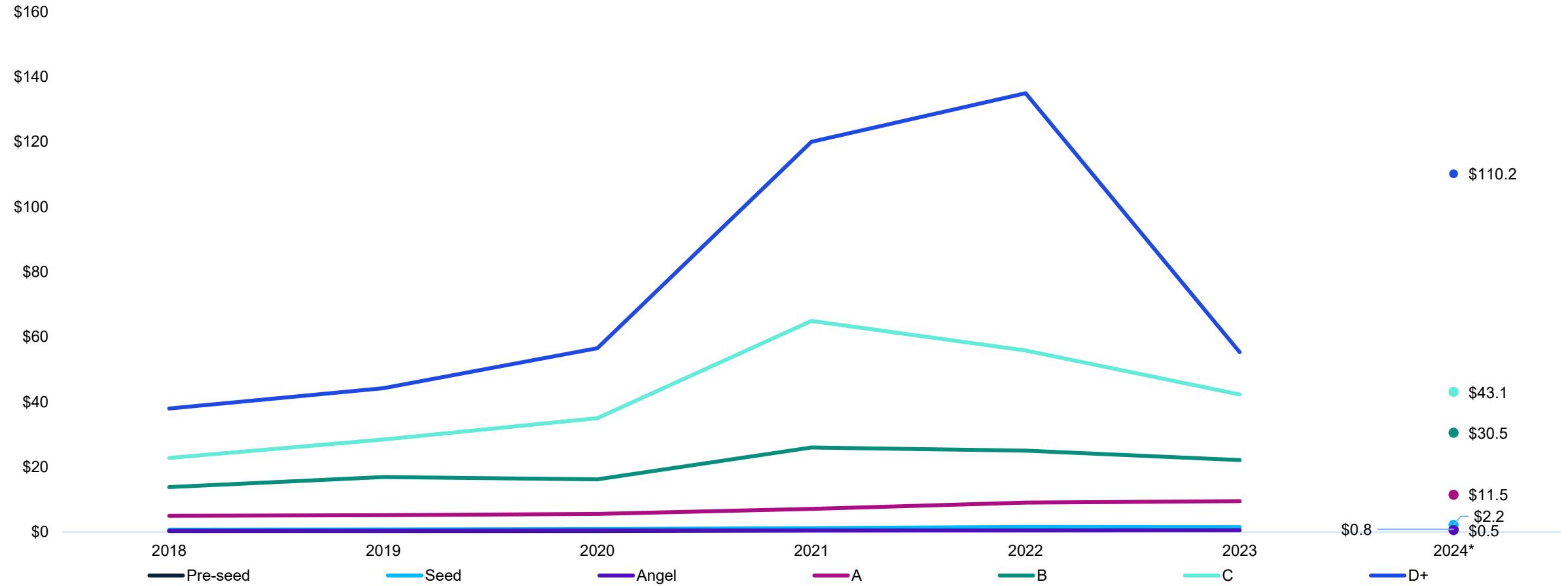


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

The Early-stages log another quarter of health

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

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024. 2024* Series C and D figures are based on population sizes of n < 30.

Valuations are skewed again but still appear healthy

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

2018–2024*

\$1,000

\$900

\$800

\$700

\$600

\$500

\$400

\$300

\$200

\$100

\$0

2018

2019

2020

2021

2022

2023

2024*

Pre-seed

Seed

Angel

A

B

C

D+

2

3

4

5

6

7

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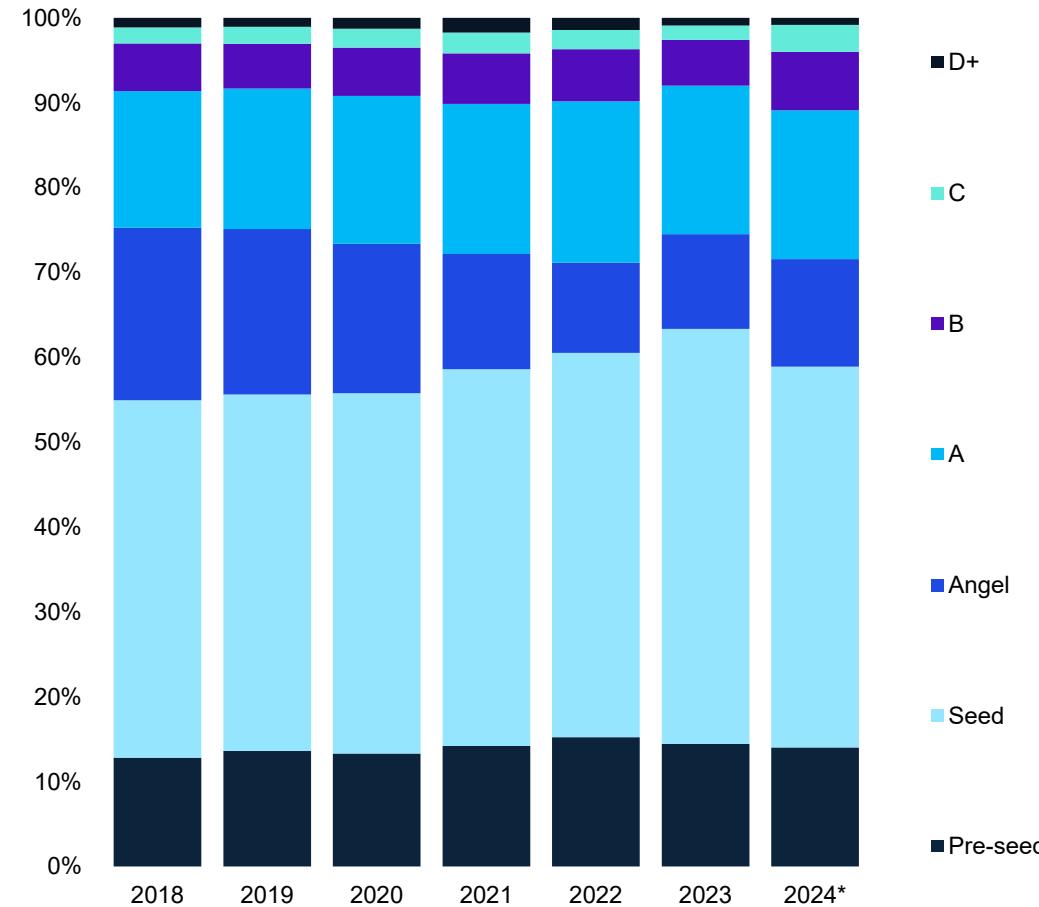
303

304

VC invested tilts back toward Series B & onward

Deal share by series in Europe

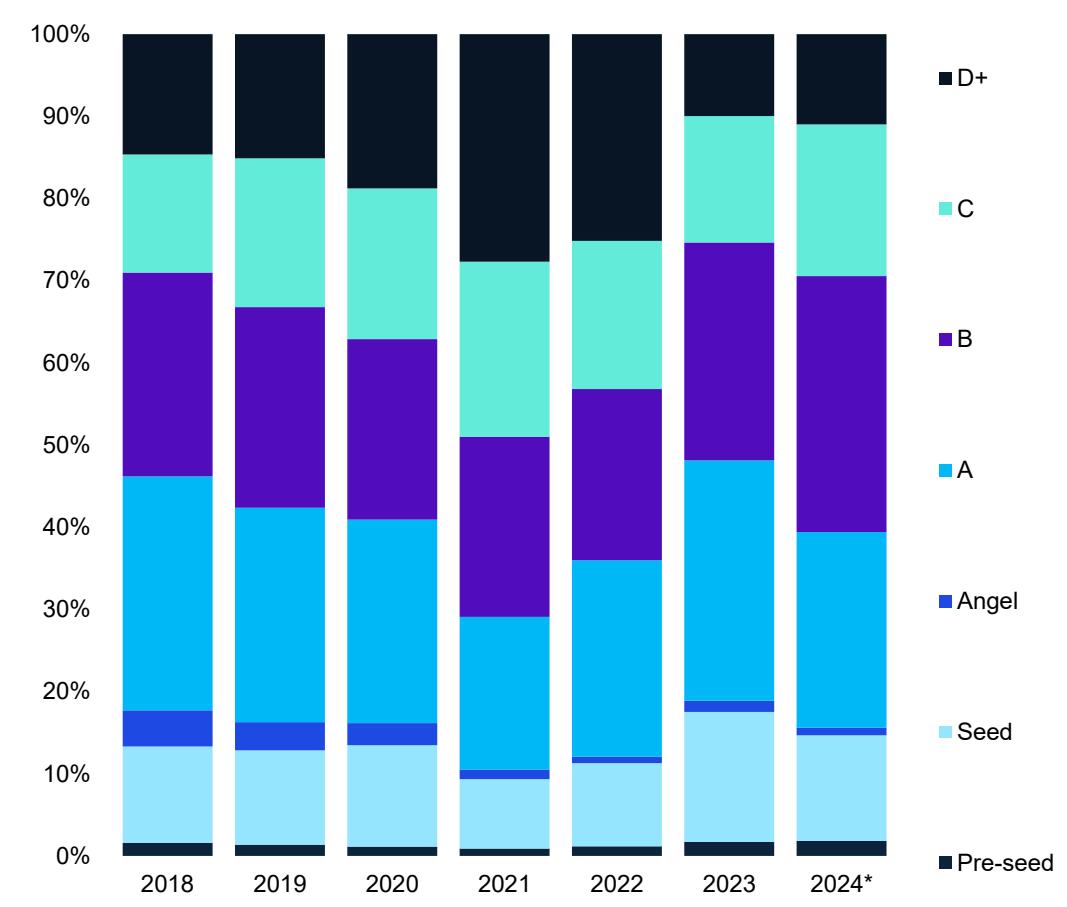
2018–2024*, number of closed deals



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Deal share by series in Europe

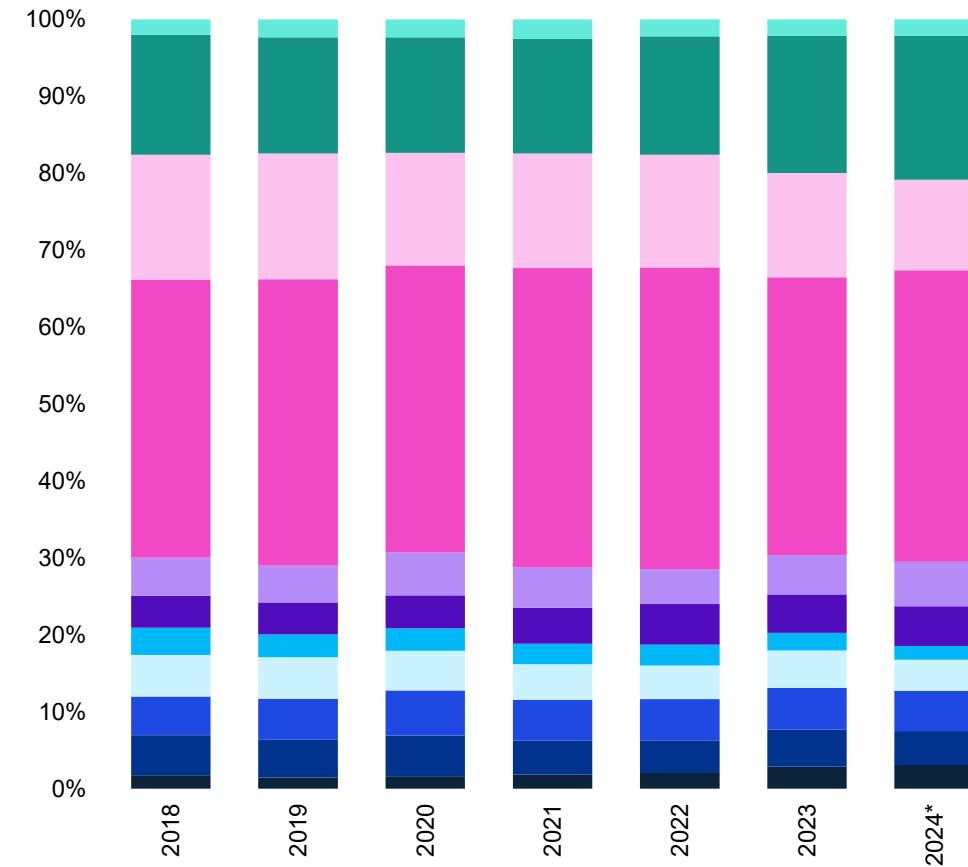
2018–2024*, VC invested (\$B)



Enterprise continues to draw VC across multiple sectors

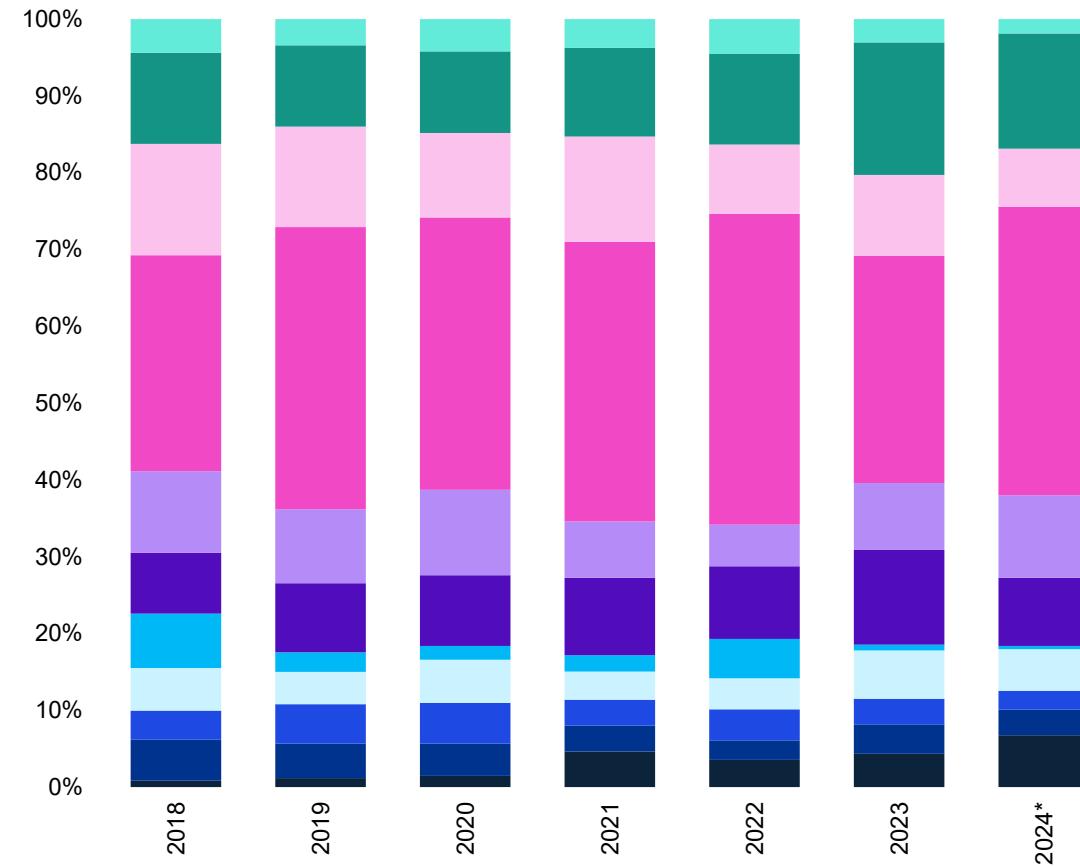
Venture financings by sector in Europe

2018–2024*, number of closed deals



Venture financings by sector in Europe

2018–2024*, VC invested (\$B)

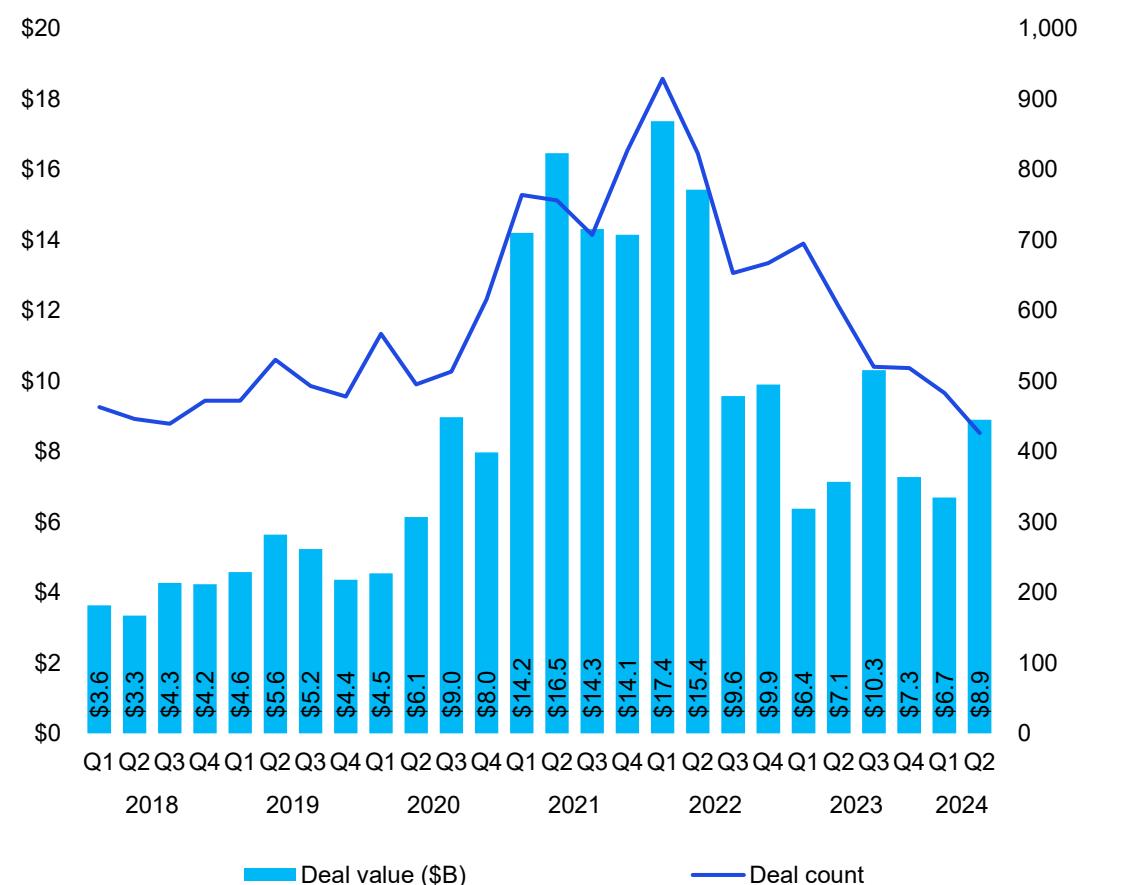


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Corporates join in a few larger rounds, while first-time deals persist

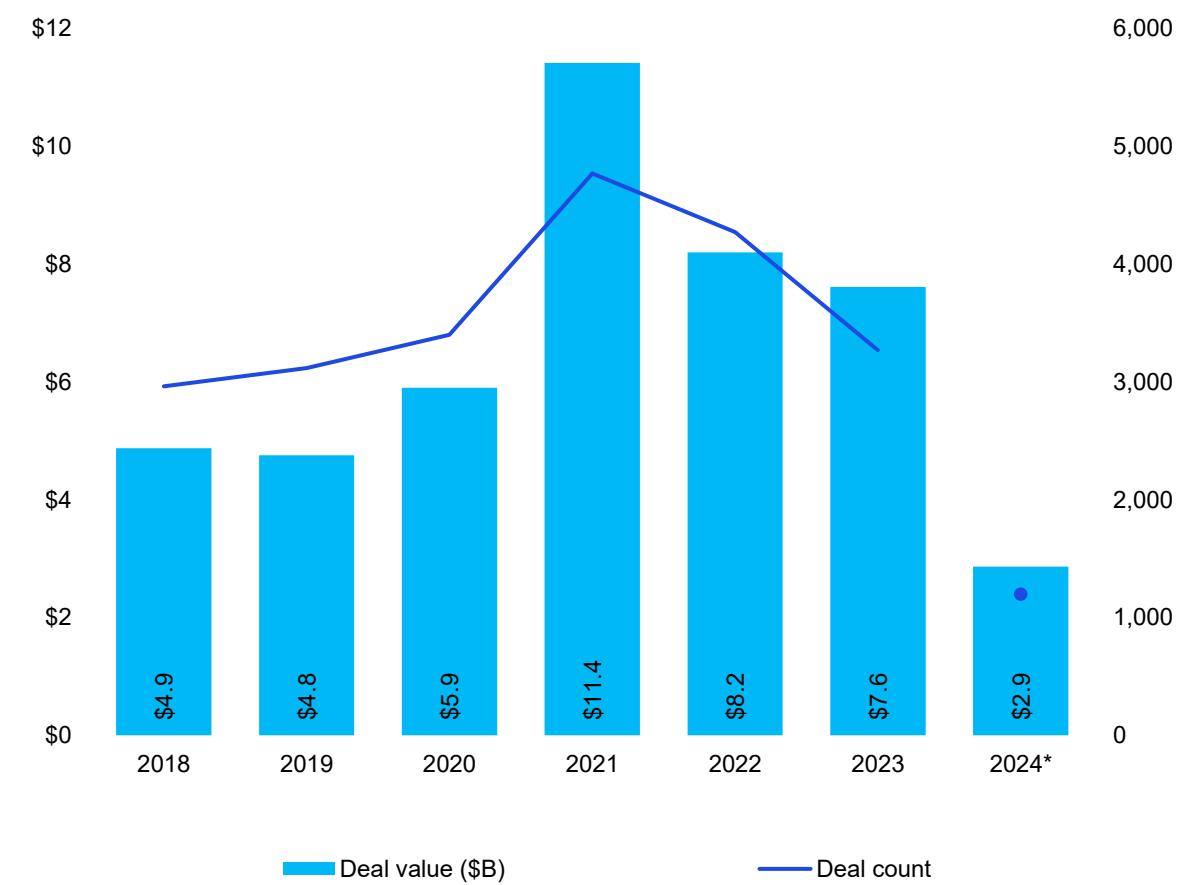
Corporate VC participation in venture deals in Europe

2018–Q2'24



First-time venture financings of companies in Europe

2018–2024*

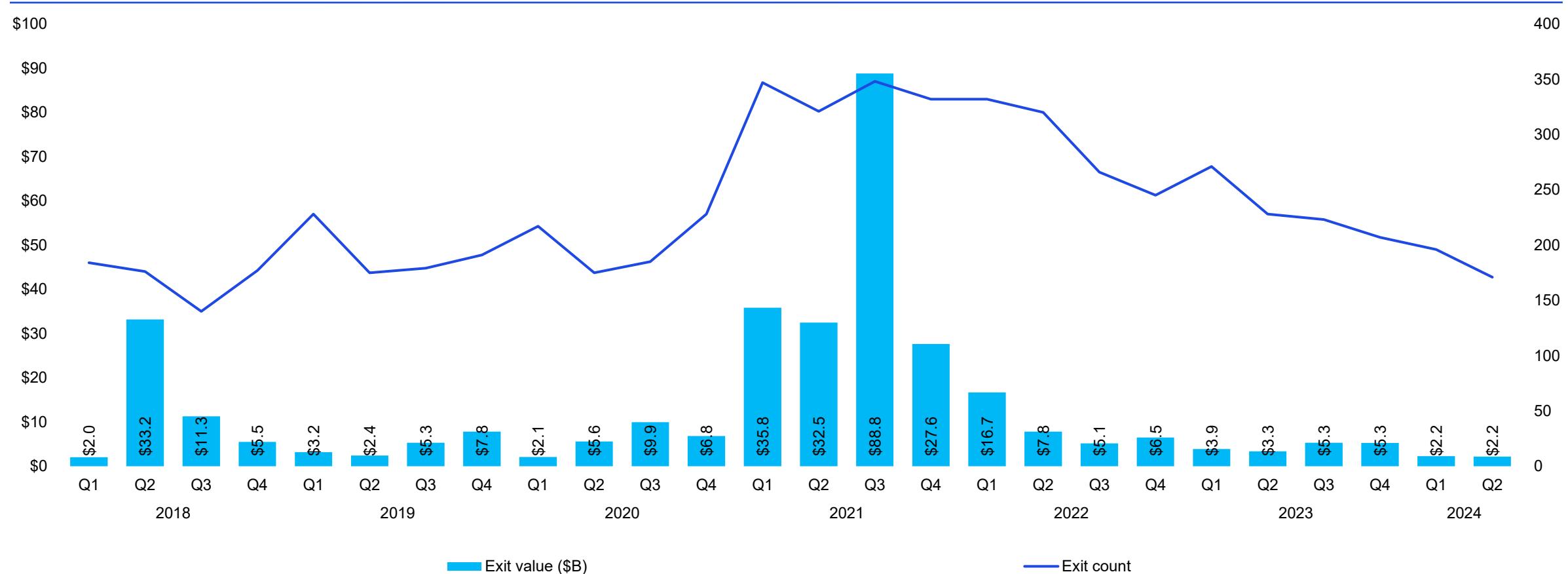


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Exits remain the major question mark for venture backers

Venture-backed exit activity in Europe

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

M&A continues to provide the bulk of all liquidity

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

2018–2024*

1,600

1,400

1,200

1,000

800

600

400

200

0

2018

2019

2020

2021

2022

2023

2024*

■ Acquisition

■ Buyout

■ Public listing

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

2018–2024*

\$200

\$180

\$160

\$140

\$120

\$100

\$80

\$60

\$40

\$20

\$0

2018

2019

2020

2021

2022

2023

2024*

■ Acquisition

■ Buyout

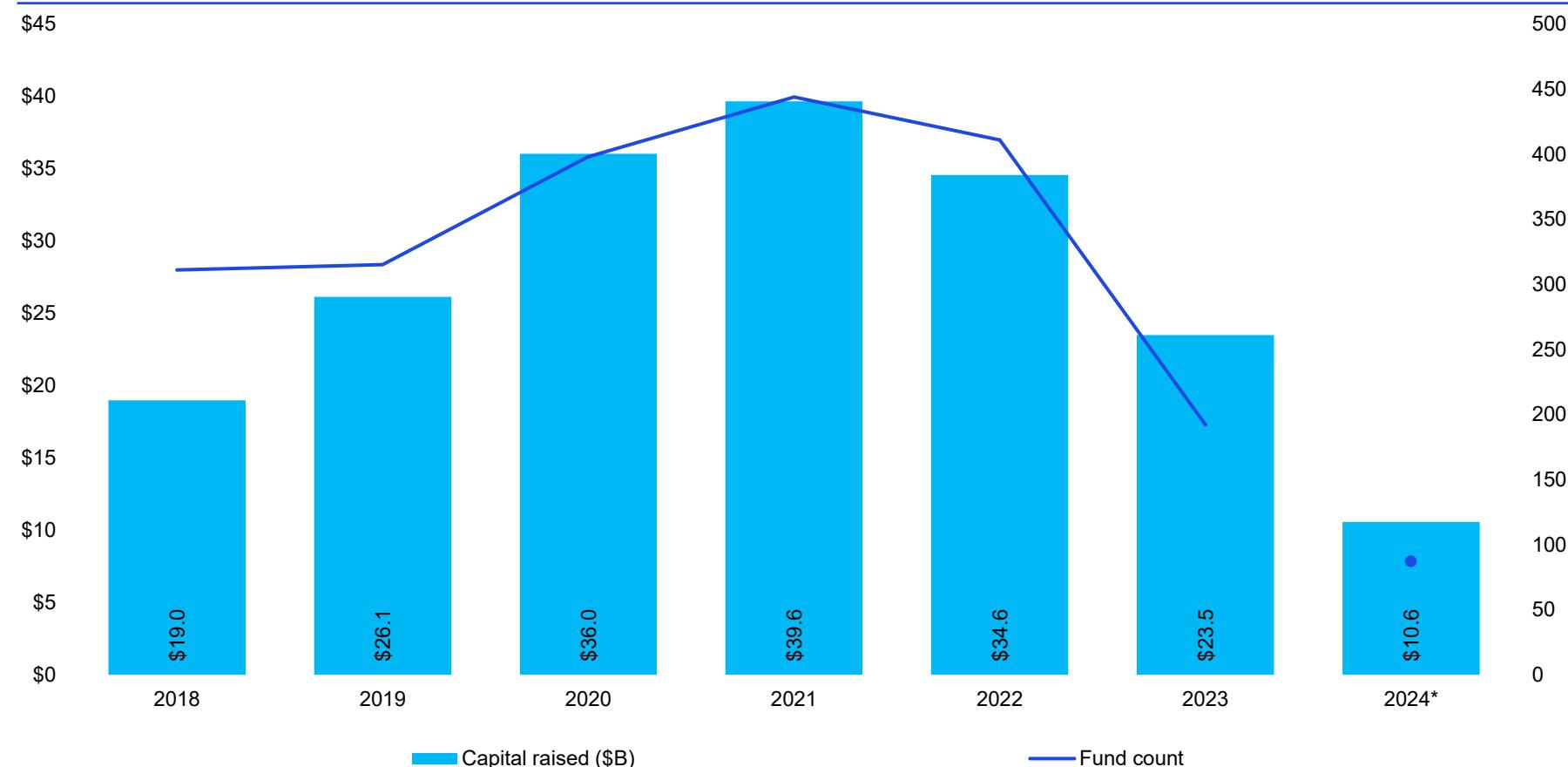
■ Public listing

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Fundraising jumps somewhat to post a healthy midyear tally

European venture fundraising

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“ We're not out of the woods yet in terms of exits, but I certainly feel as if it's a much stable, positive environment compared with 2023. Even if inflation doesn't come down as fast as people hope, it is coming down. Central banks' base rates will reduce and even that clarity over the direction of travel is bringing more stability for decision making and fundraising. So, it's definitely more positive — and, as a result, we're also starting to see IPOs emerge as a credible exit route. **”**

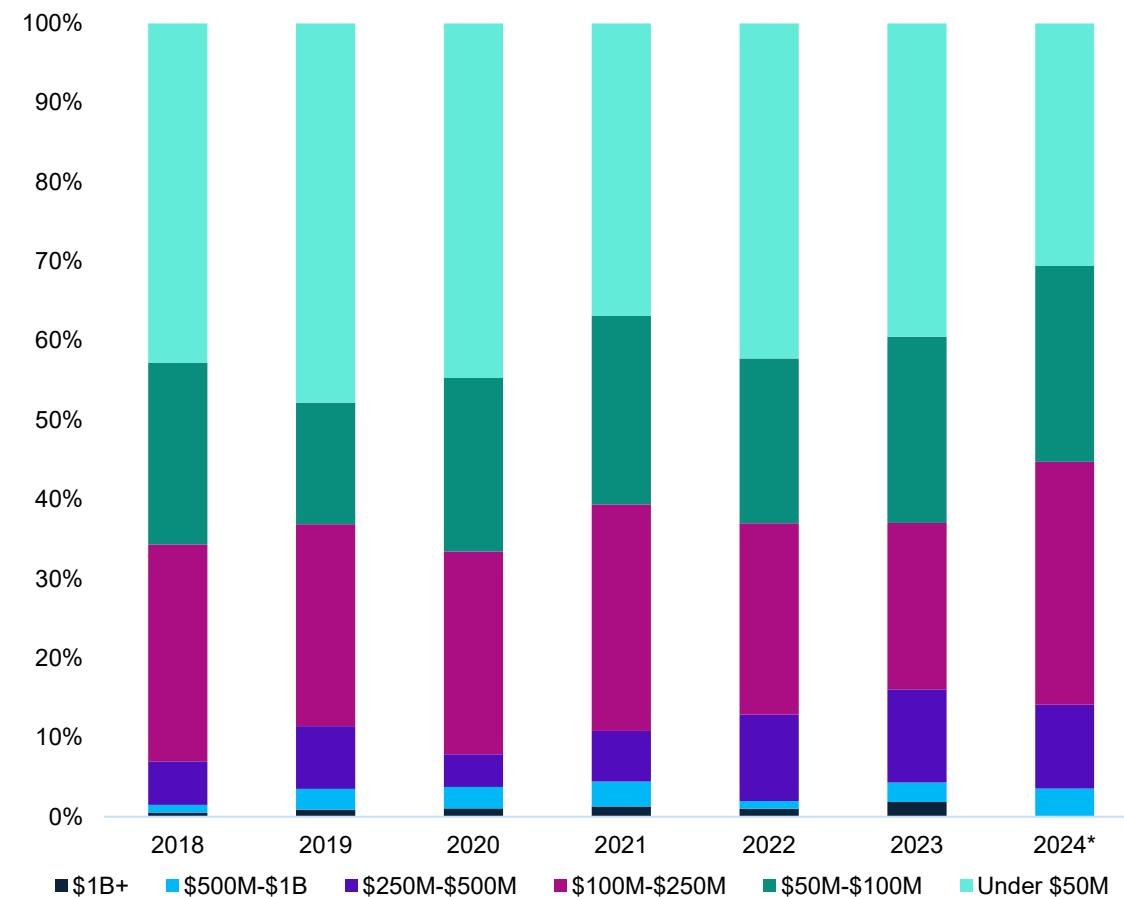


Robert Baxter
Head of Corporate Finance
KPMG in the UK

Fundraising's jump is primarily concentrated in midsized funds

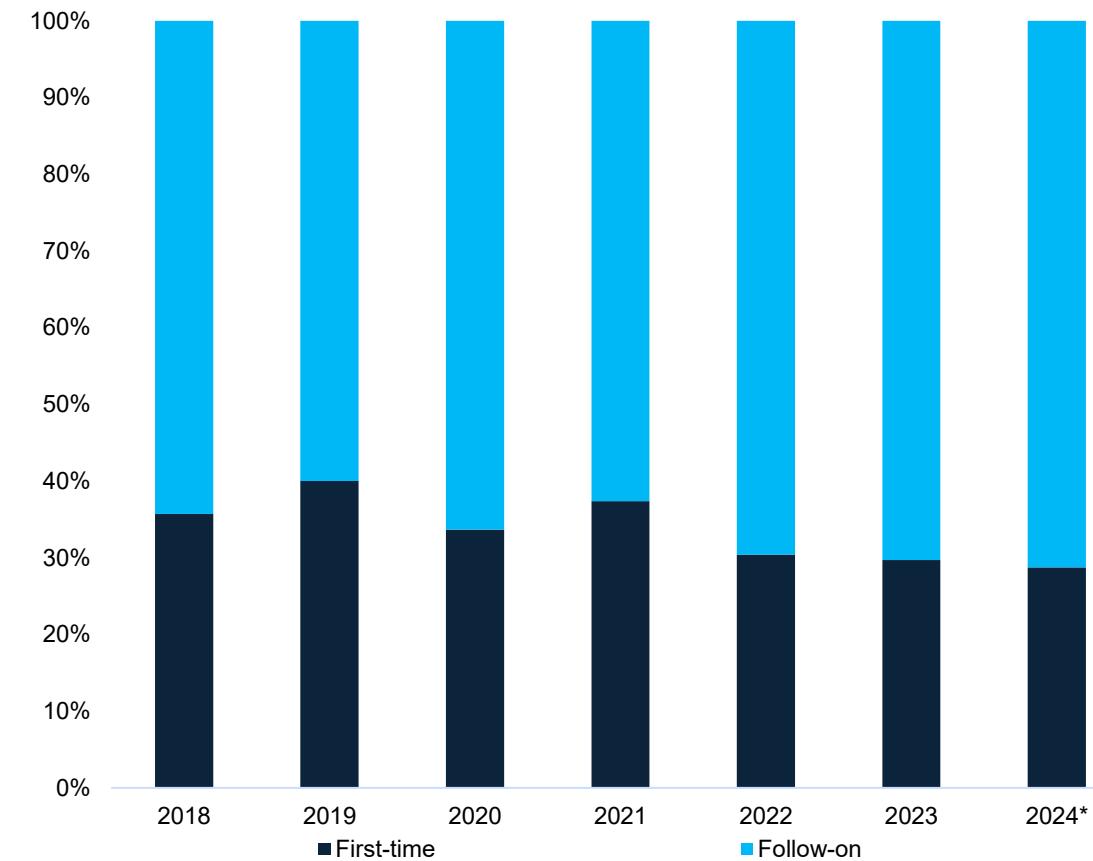
Venture fundraising (#) by size in Europe

2018–2024*



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

2018–2024*

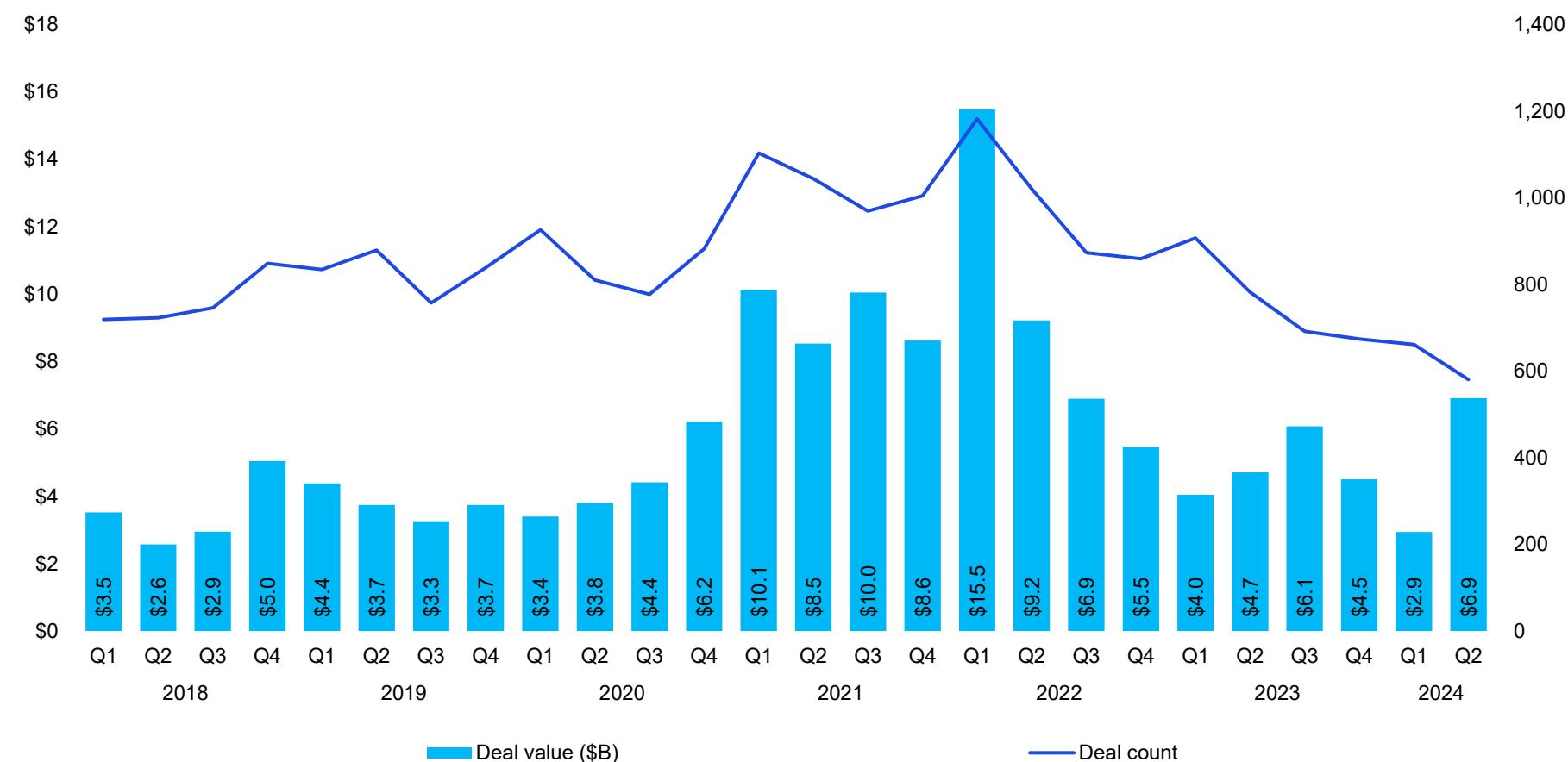


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

UK mega-deals power a resurgence in VC invested

Venture financing in the United Kingdom

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“ The fact that Seed and Series A rounds are up is amazing — we really want to support these new businesses and to encourage entrepreneurship across the UK. However, when we're looking at later-stage deals we're not seeing the same movement and this has been an issue for us over the last year — in part because there are just not the capital pools available for those size of rounds. Here in the UK, we're recognizing this as a weakness and starting to consider ways to address it, but that will take time. **”**

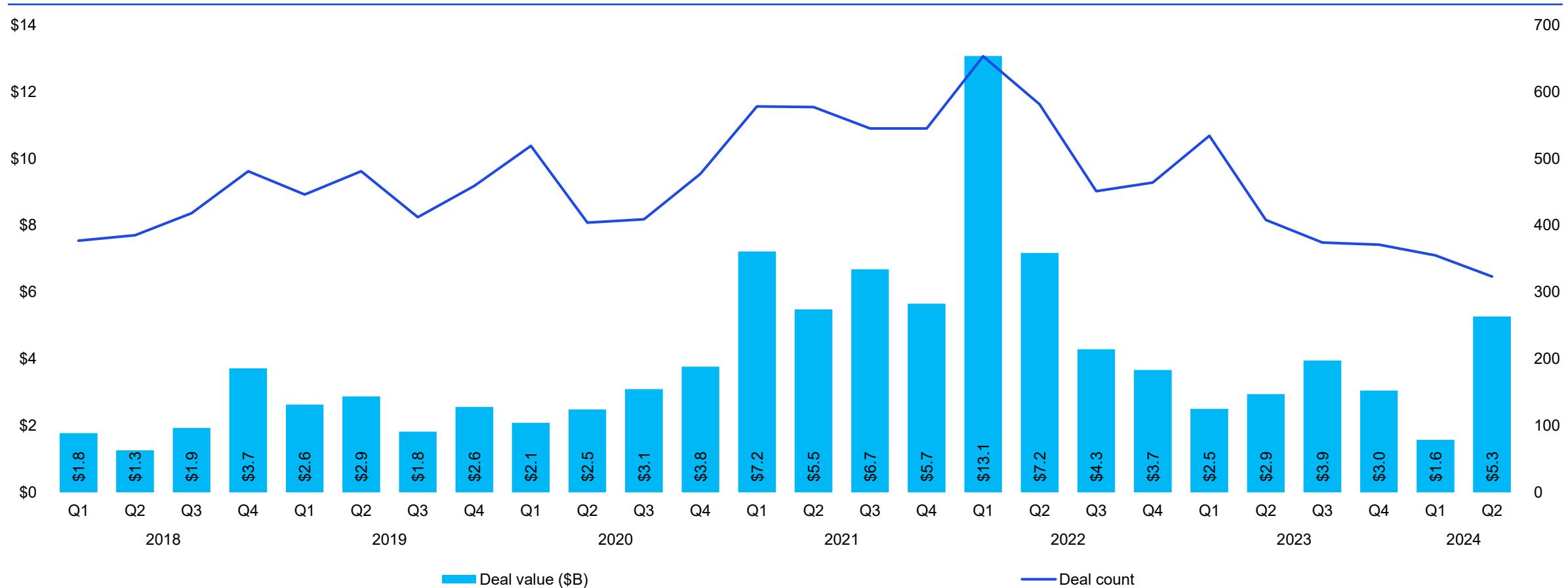


Nicole Lowe
UK Head of Emerging Giants
KPMG in the UK

London hosts a mega-deal resurgence

Venture financing in London

2018–Q2'24

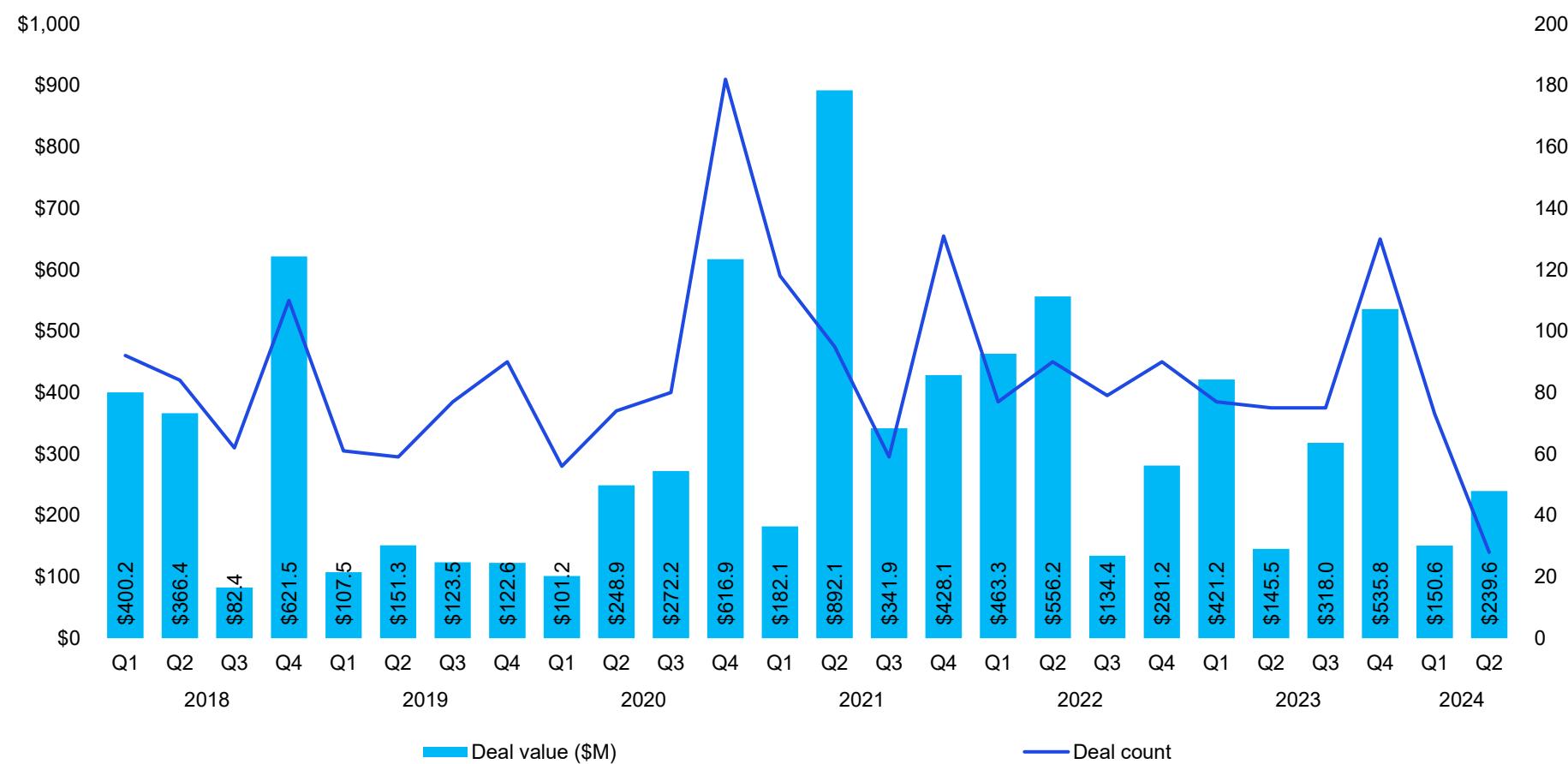


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Ireland continues to post historically robust tallies

Venture financing in Ireland

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“ Irish and European investors are more confident this quarter. However, the uncertainties created by the 2024 elections in the US and Europe, together with a sluggish IPO market and relatively high interest rates, mean they will remain cautious, and it's unlikely to see VC investment return to the levels reached in 2021 and 2022. It's particularly encouraging to see investment and interest in Irish innovative solutions within biotech, ocean data tech, healthtech and AI. ”

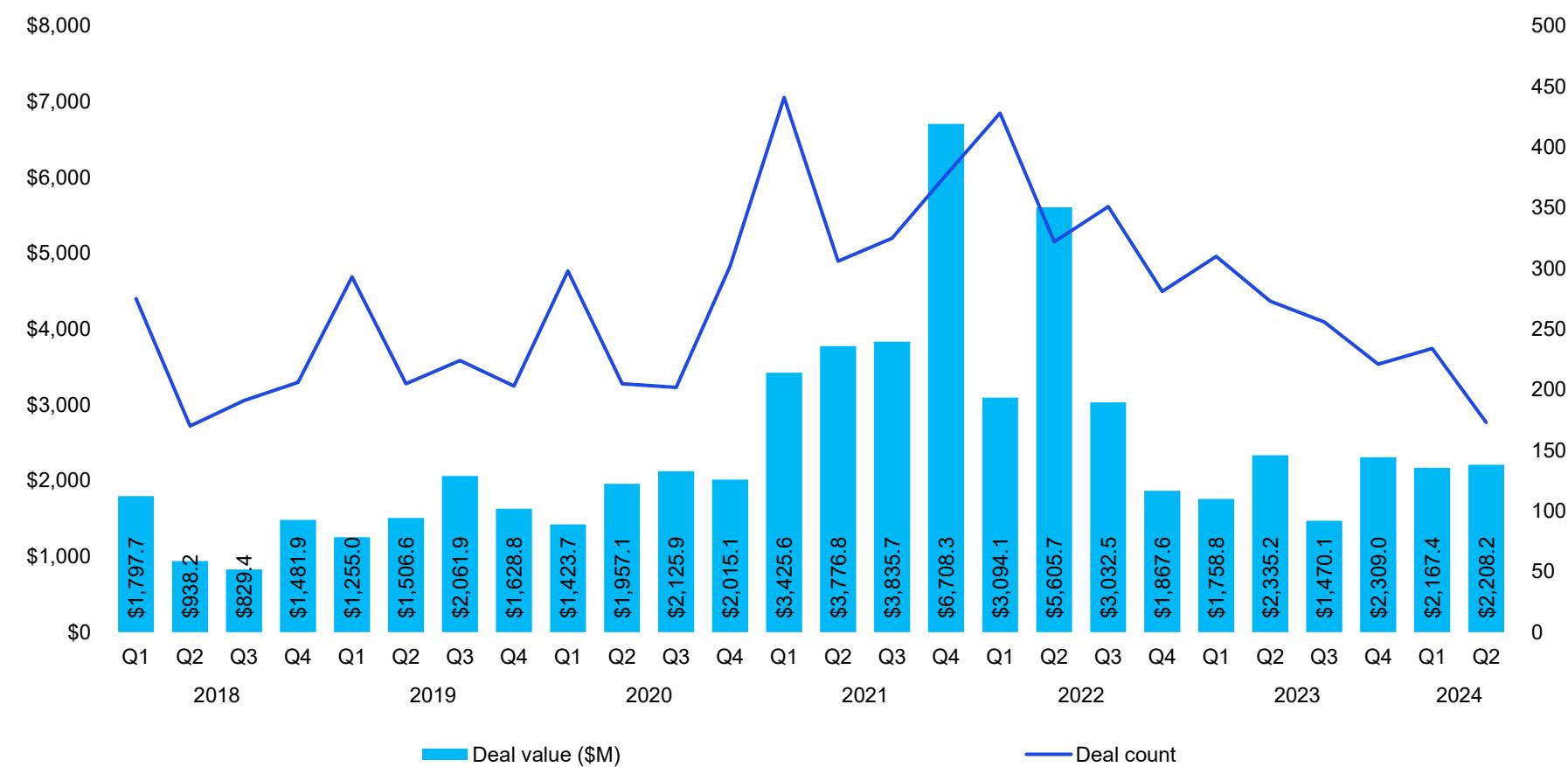


Anna Scally
EMA region Head of Technology & Media,
and Partner
KPMG in Ireland

VC invested smooths out into a plateau

Venture financing in Germany

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“ Nobody believes that we had the kind of drive power and high valuations that we had two years ago. But what everyone is telling us is that it's a healthy development because valuations — perhaps with the exception of AI — are back to a situation that really reflects the actual degree of maturity of the underlying business models. Although the big party is over, a lot of participants in the VC market recognize that the correction mode we have been in for a while has had its good sides. **”**

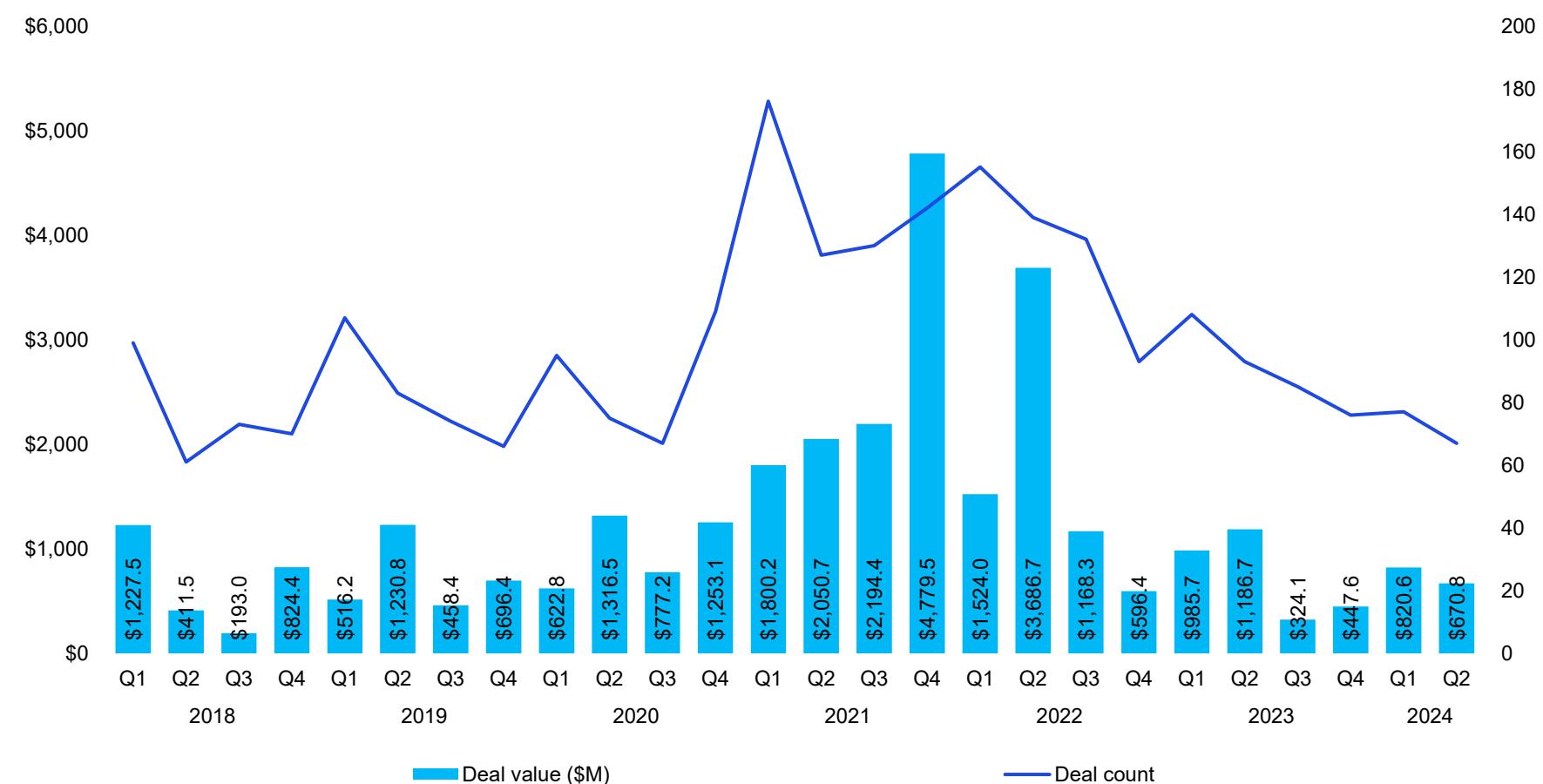


Tim Dümichen
Partner
KPMG in Germany

The Berlin venture ecosystem continues at a sedate pace

Venture financing in Berlin

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

When it comes to AI startup valuations and financing rounds from a German perspective, we have seen comparably large investments in model layer startups so far, while application layer business cases are still in the process of catching up in terms of valuations and financing rounds. With this scenario in mind, we are looking forward to seeing the first application layer business cases scale in a manner similar to what LLM developers have achieved. Moreover, considering the latest developments within the German ecosystem, there is a fair chance that application layer startups could eventually scale even more successfully. ,

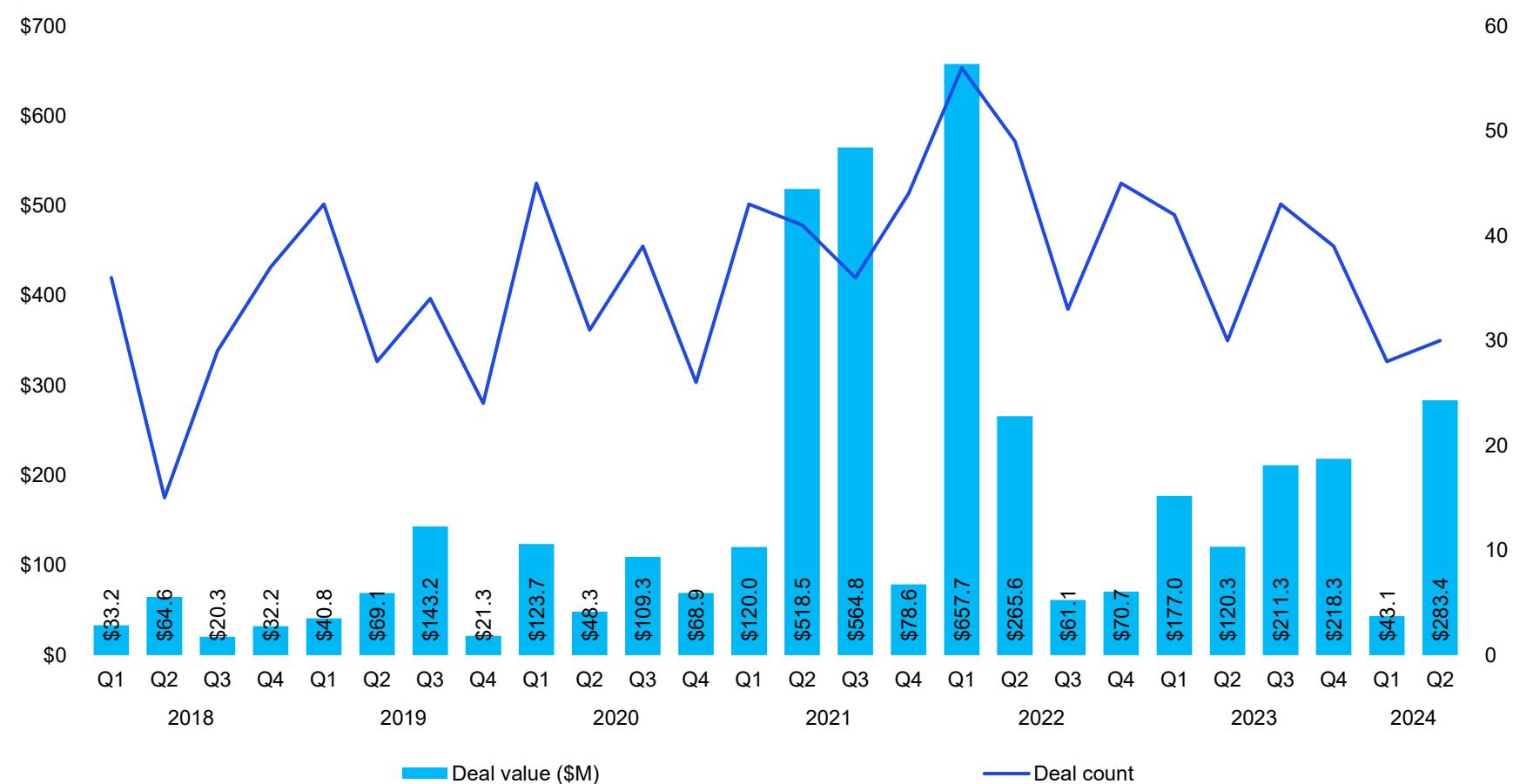


Florian Merkel
Director of Tax,
Head of Venture Services
KPMG in Germany

After a slow Q1, Austria sees a rebound into fourth-highest tally in years

Venture financing in Austria

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“

In Austria, investors are still very, very active in the market when it comes to investing in targets that match their criteria. The activity has definitely picked up compared to where we were at the end of last year. In terms of the companies being funded, the hottest area is definitely AI — but really, it's those startups that are more established and that can show investors a proven use as to how their AI solutions can save costs or optimize revenues. ”

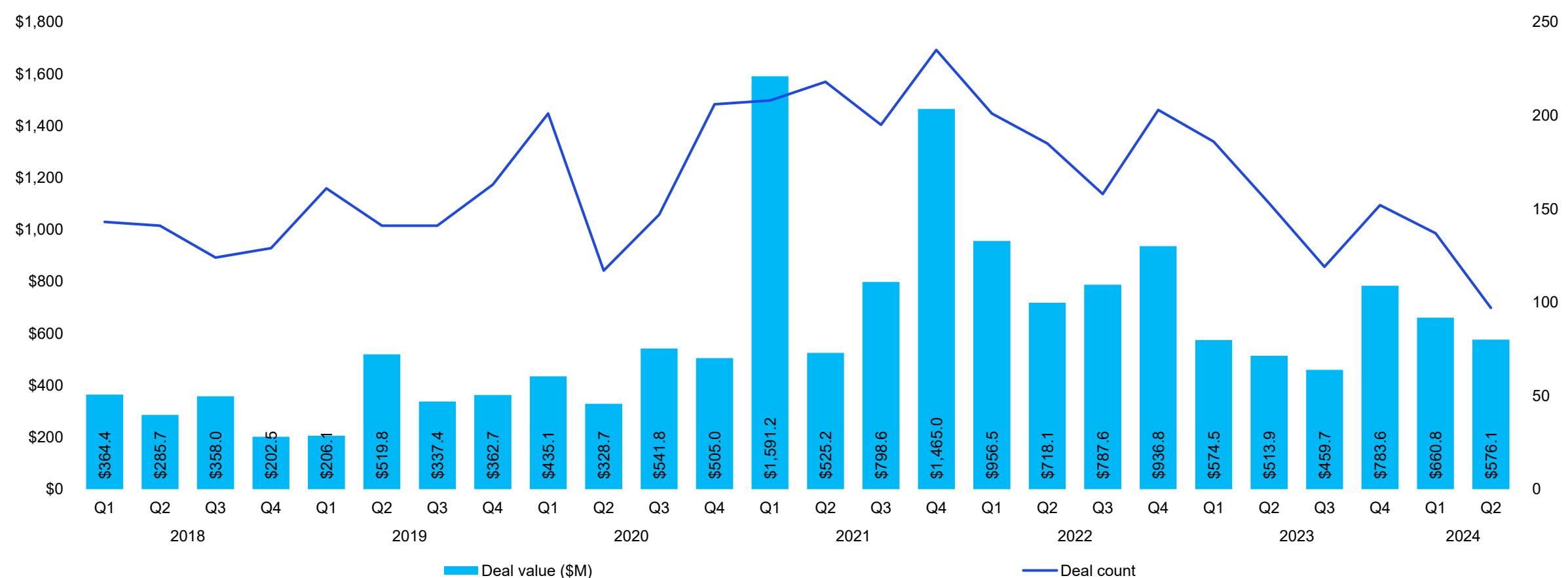


Leonardo Peikoff
Head of Startups Manager
KPMG in Austria

Despite slower volume, VC invested remains healthier than pre-2021

Venture financing in Spain

2018–Q2'24

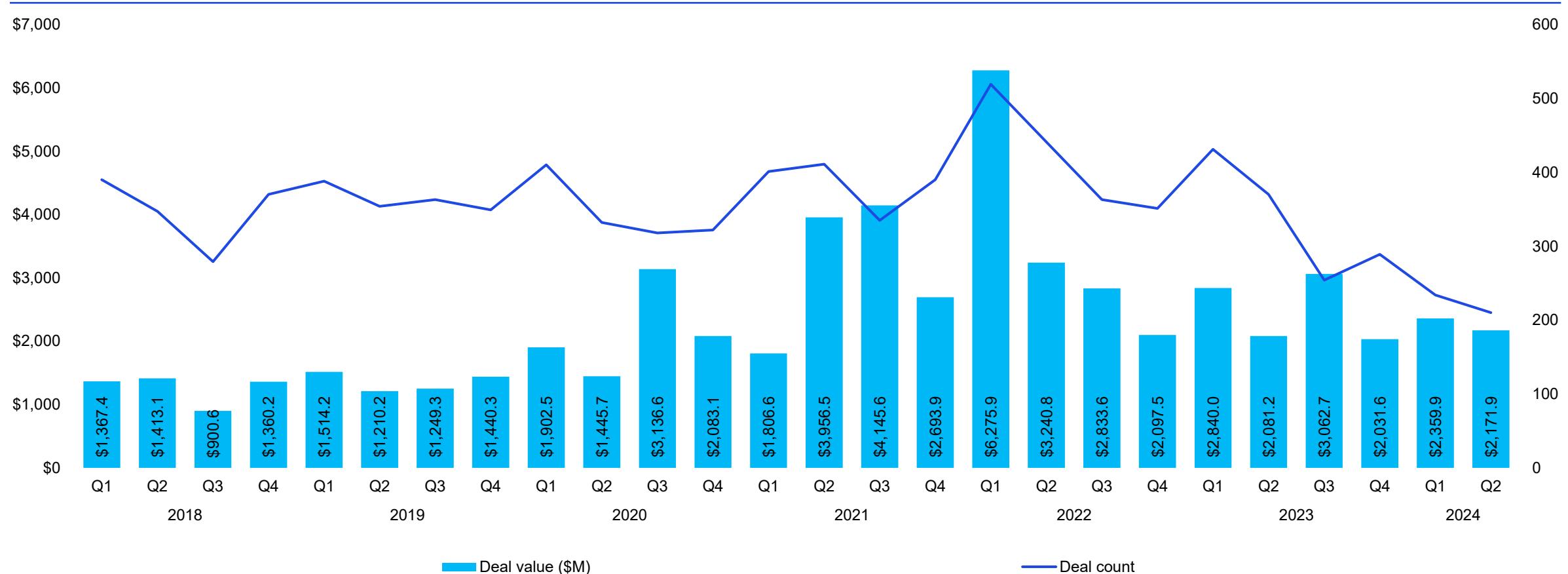


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

France still sees a healthy plateau of activity

Venture financing in France

2018–Q2'24

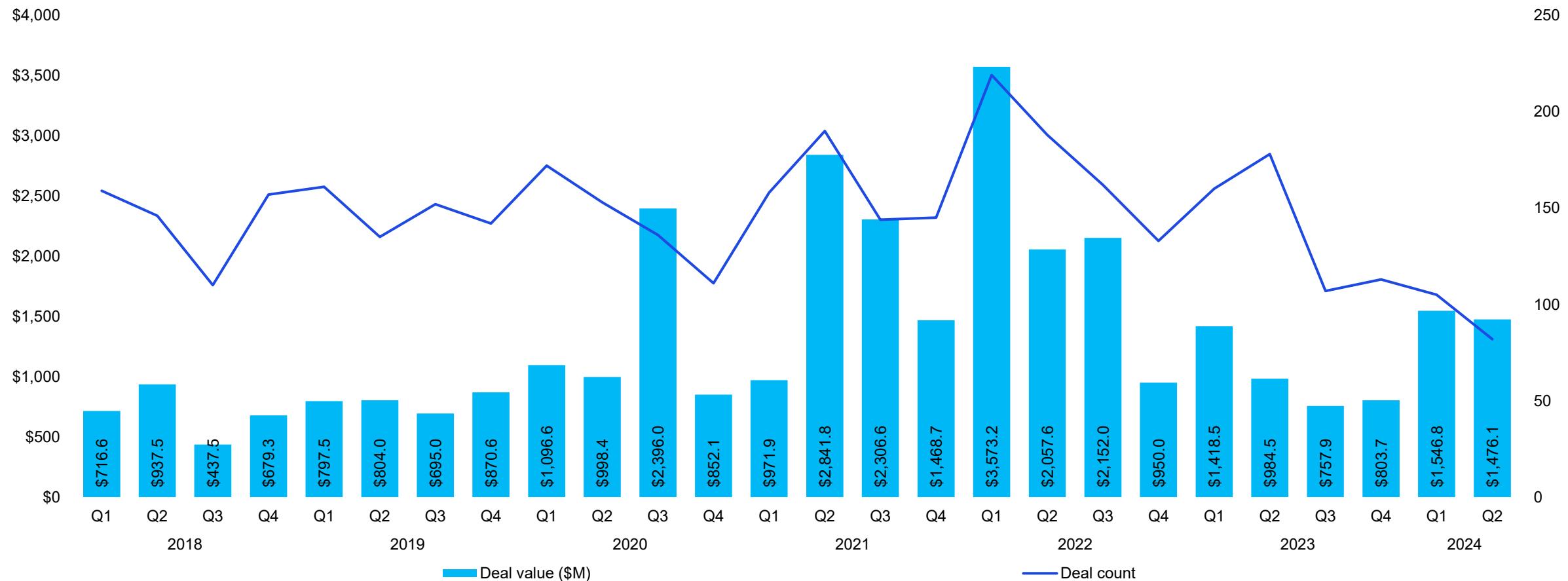


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Mega-deals still skew 2024 for Paris in a positive fashion

Venture financing in Paris

2018–Q2'24

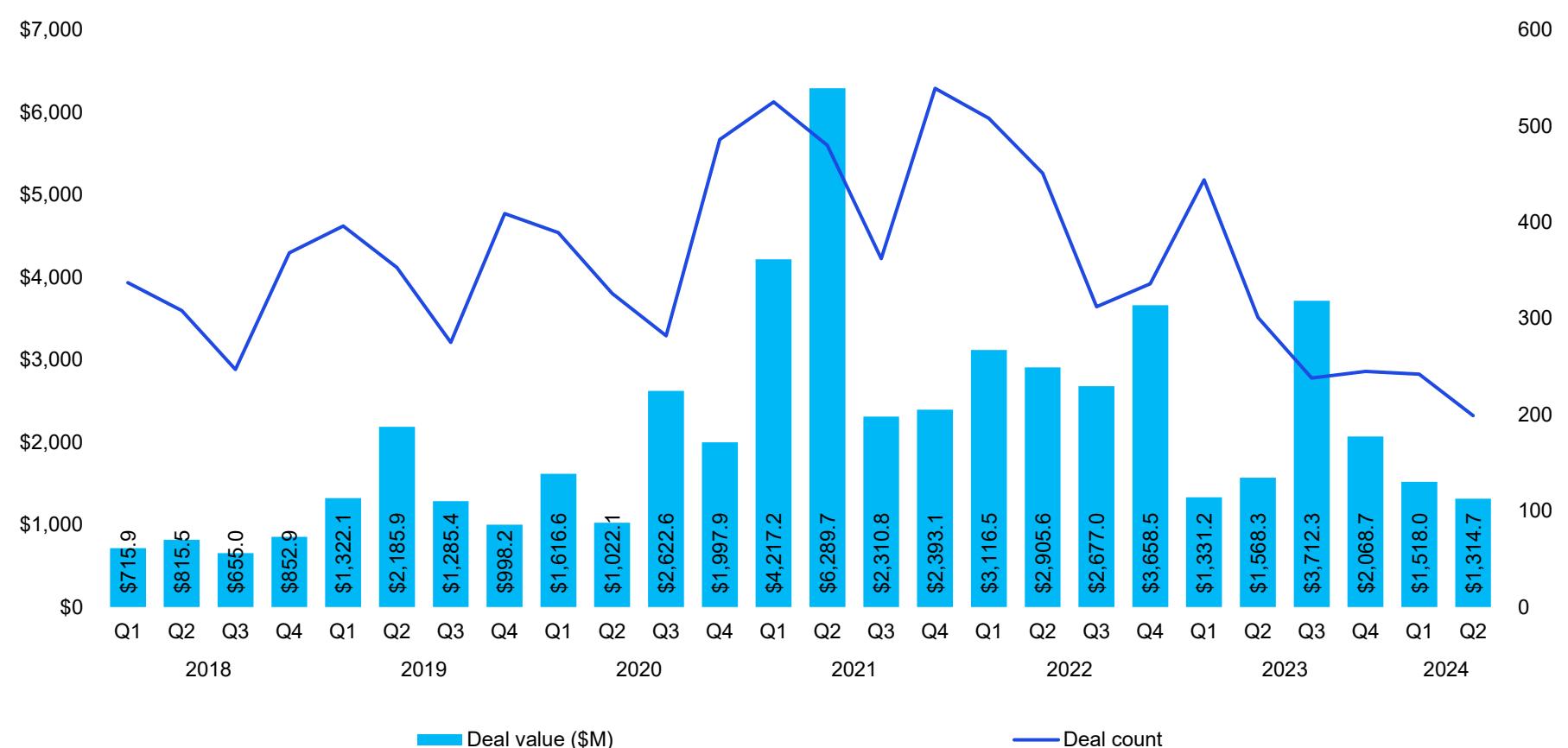


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

VC activity continues at a pre-COVID pace

Venture financing in the Nordics

2018–Q2'24



“ Early-stage venture funding is pretty healthy here in the Nordic region. The bottleneck is with funding rounds from Series A and B onwards, especially for companies that are CapEx heavy with earnings years ahead in the future. IPO's could be an alternative funding path for these companies to follow as it would give them better access to large institutional and international capital with visibility to build their brands. ”



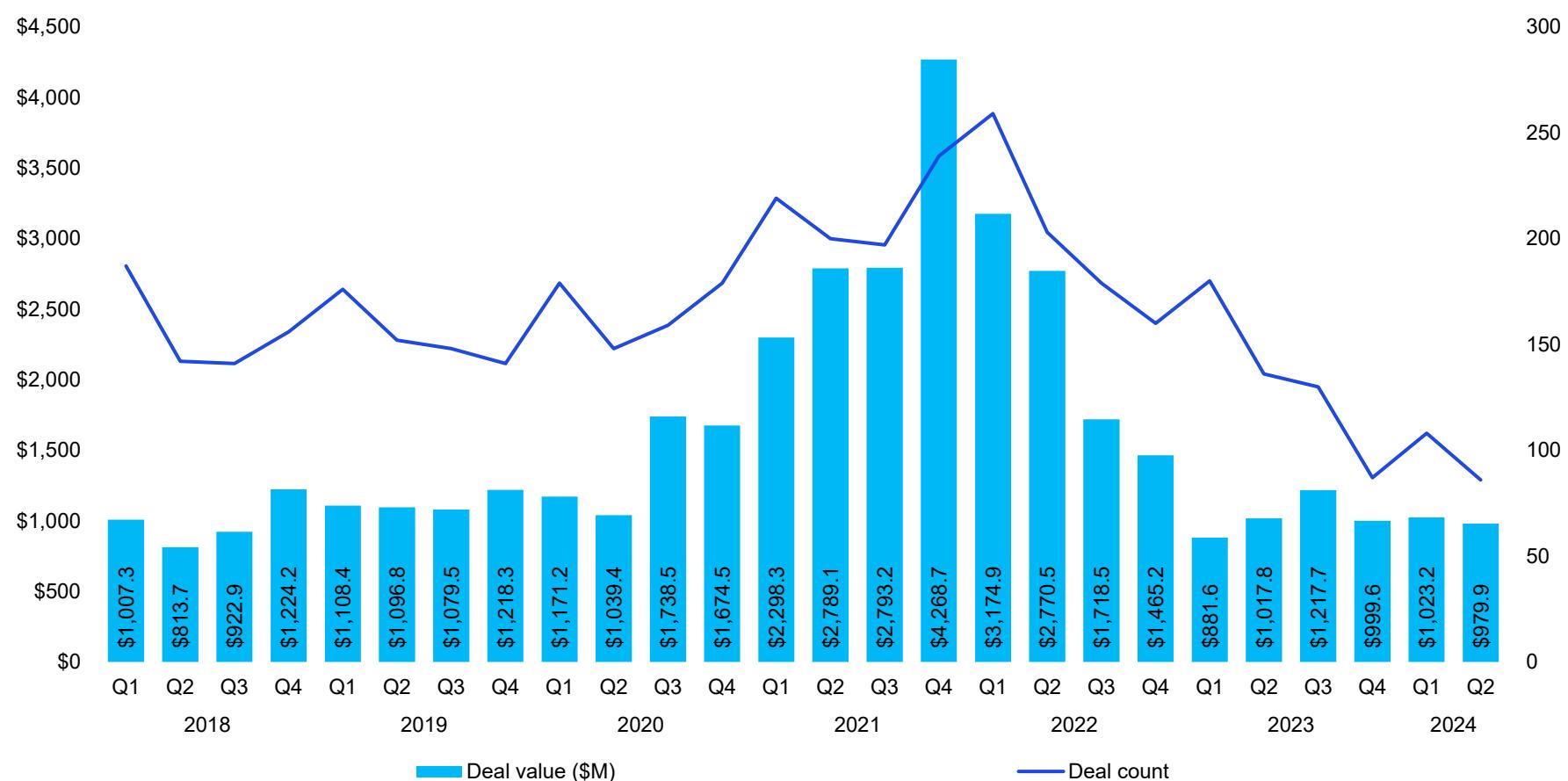
Jussi Paski
Head of Startup & Venture Services
KPMG in Finland

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024. In the previous edition of Venture Pulse for Q1 2024, a mega-deal by H2 Green Steel was combined into one overall financing of \$5.2 billion. Since, due to input by the company, that single round has been split into its separate components of a grant of nearly \$270 million, project financing of \$4.5 billion, and early-stage VC of \$329.1 million.

Israel sees activity moderate much like elsewhere

Venture financing in Israel

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.



Q2'24 investments surpass each of 2023 quarters with more than \$2B in funding. It is dominated by large scale funding and exit deals. Cloud security company Wiz led the financial rounds with an investment of \$1B. M&As were led by WalkMe (SAP, \$1.5B), BioCatch (Permira, \$750M), Run:AI (NVIDIA, \$720M), and Priority (Blackstone Growth, \$560M). With regards to number of deals, early-stage rounds (Seed and Round A) maintain high prevalence, accounting for more than 55% of deals, with increased funding per round. Serial entrepreneurs, returning to the market with new startups after completing successful exits in recent years, attract interest from leading investors, while the decrease in companies' valuations also offer appealing opportunities to investors who refrained from investing during the pick valuations period.



Dina Pasca-Raz

Head of Technology,
Head of International Tax
KPMG in Israel

VC continues to flow into diverse sectors

Top 10 financings in Q2'24 in Europe



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024.
Data provided by PitchBook, July 17, 2024.

1. **Wayve** — \$1B, London, UK — Autonomous cars — *Series C*
2. **Abound** — \$999.6M, London, UK — Fintech — *Series B*
3. **Mistral AI** — \$650.6M, Paris, France — AI & ML — *Series B*
4. **Monzo** — \$621M, London, UK — Fintech — *Series I*
5. **Highview Power** — \$381.9M, London, UK — Cleantech — *Late-stage VC*
6. **DeepL** — \$300M, Cologne, Germany — AI & ML — *Series B*
7. **Black Semiconductor** — \$275.8M, Aachen, Germany — Semiconductor — *Series A*
8. **HarperCrewe** — \$250.8M, Warwick, UK — Manufacturing — *Early-stage VC*
9. **Getir** — \$250M, Istanbul, Turkey — E-commerce — *Late-stage VC*
10. **Isar Aerospace** — \$237.8M, Ottobrun, Germany — Spacetech — *Series C*

In Q2'24, VC-backed companies in the Asia region raised \$17.4B across 2,155 deals



Soft investment in China pulls VC investment in Asia down

VC investment in Asia fell from \$20.8 billion to \$17.4 billion between Q1'24 and Q2'24. A very quiet quarter of investment in China was primarily responsible for the decline as a number of other jurisdictions within Asia saw VC investment rise between Q1'24 and Q2'24, including India, Singapore, and Japan.

E-commerce continues to attract large deals in Asia

Unlike in other regions, e-commerce and consumer focused companies continued to find traction with investors in Asia. The sector attracted the two largest deals in Asia during Q2'24, including a \$1.9 billion raise by Singapore based marketplace platform Lazada and a \$1 billion raise by India-based e-commerce company Flipkart.

New energy remains hot in China, in addition to Semiconductors and AI

Both new energy and semiconductors continued to attract relatively strong VC investment from VC investors in China during Q2'24, led by a \$693 million raise by China-based electric vehicle manufacturer Neta Auto and a \$599 million raise by CRRC Times Semiconductor. While investment remains quite good compared to other sectors, VC deal activity in the EV space has slowed somewhat in China as the sector has become more crowded. Some consolidation is expected over the next few quarters.

AI companies were also very attractive in Q2'24, with retail focused company Zunyuan Supermarket raising \$528.7 million, generative AI company Zhipu AI raising \$400 million, AI and IoT platform company Terminus Technologies raising \$277.8 million, and intelligent electric truck developer Windrose Technology raising \$110 million. Many of the AI investments in China during the quarter focused on AI-enablement rather than on LLM offerings, including areas like robotics and improving workplace efficiencies. VC investors also showed strong interest in AI related to autonomous vehicles.

Jurisdictions across Asia see different levels of IPO Activity

IPO activity in China and Hong Kong was very quiet in Q2'24, while secondary market activity was very active. The IPO market in India, meanwhile, continued to be robust, with insurtech Go Digit

holding a successful IPO during the quarter. The capital markets in the country saw all-time highs during Q2'24, feeding the appetite of venture companies looking to raise funds in the public markets. Startups already listed, such as Zomato and Nykaa, have also continued to perform well.

Japan saw solid IPO activity, although exits were very small in comparison to typical IPOs in other jurisdictions. The biotech space saw a number of these IPOs; Heartseed, aims to commercialize cardiac regenerative medicine from iPS cells — is also scheduled for an IPO early in Q3'24 on the TSE growth market.

VC investment in Japan rises despite more challenging macroeconomic conditions

VC investment in Japan rose from \$842 million in Q1'24 to \$1.2 billion in Q2'24, despite some erosion in macroeconomic conditions, including the continue decline in real personal consumption, the inability of wages to keep up with inflation, and the uncertainty caused by the suspension of the sales and shipping of several vehicles in the wake of a quality scandal among certain automotive manufacturers.¹⁶ VC interest and investment in deeptech was strong in Japan during Q2'24, particularly in areas like space tech, nuclear fusion, biotech, and AI. During Q2'24, Pale Blue Inc. raised \$9.6 million in Series B funding,¹⁷ while Kyoto Fusioneer吸引 attracted \$9.9 million in funding as part of a Series C extension round.¹⁸

Japan has experienced quite rapid growth in its VC ecosystem in recent quarters, with the amount of funding per VC transaction growing on average. Growth stage investments remained a challenge, however, which could impede the continued growth of Japan startups as they work to achieve scale.

¹⁶ <https://www.reuters.com/business/autos-transportation/toyota-other-japan-automakers-under-fire-vehicle-certification-issues-2024-06-03/>

¹⁷ <https://news.satnews.com/2024/06/07/pale-blue-raises-million-in-series-b-funding/>

¹⁸ <https://kyotofusioneer.com/en/news/2024/04/11/2256>

Soft investment in China pulls VC investment in Asia down, cont'd.

VC investors in China taking time to make deals

VC investment in China fell from \$13.5 billion in Q1'24 to \$6.9 billion in Q2'24, although three companies raised \$500 million+ rounds — Neta Auto (\$693 million), CRRC Semiconductors (\$599 million), and Zunyuan Supermarket (\$529 million). Given the softness of the economy — including decreasing levels of consumption — VC investors in China showed no rush to dive into making major deals during Q2'24, taking as much time as needed to conduct due diligence and, in some cases, delaying decisions to see how targets performed for a longer period of time. In order to spur investment, local governments have provided significant matching funds aimed at companies focused on areas of strategic importance, including semiconductors, alternative energy, new materials, and AI.

Political stability in India suggests hope for VC investment

VC investment in India rose considerably between Q1'24 and Q2'24 — from \$2.9 billion to \$4 billion. During the quarter, VC investors in India focused on more traditional sectors for investment, including fintech, electric vehicles, and consumer technologies. Unlike many other jurisdictions where investment in the consumer-focused technology space has dried up dramatically, India's population and demographics has kept investment in the space relatively resilient. During Q2'24, e-commerce platform Flipkart raised \$1 billion, instant grocery delivery company Zepto raised \$665 million, and consumer lending company KreditBee raised \$209 million.

Trends to watch for in Q3'24

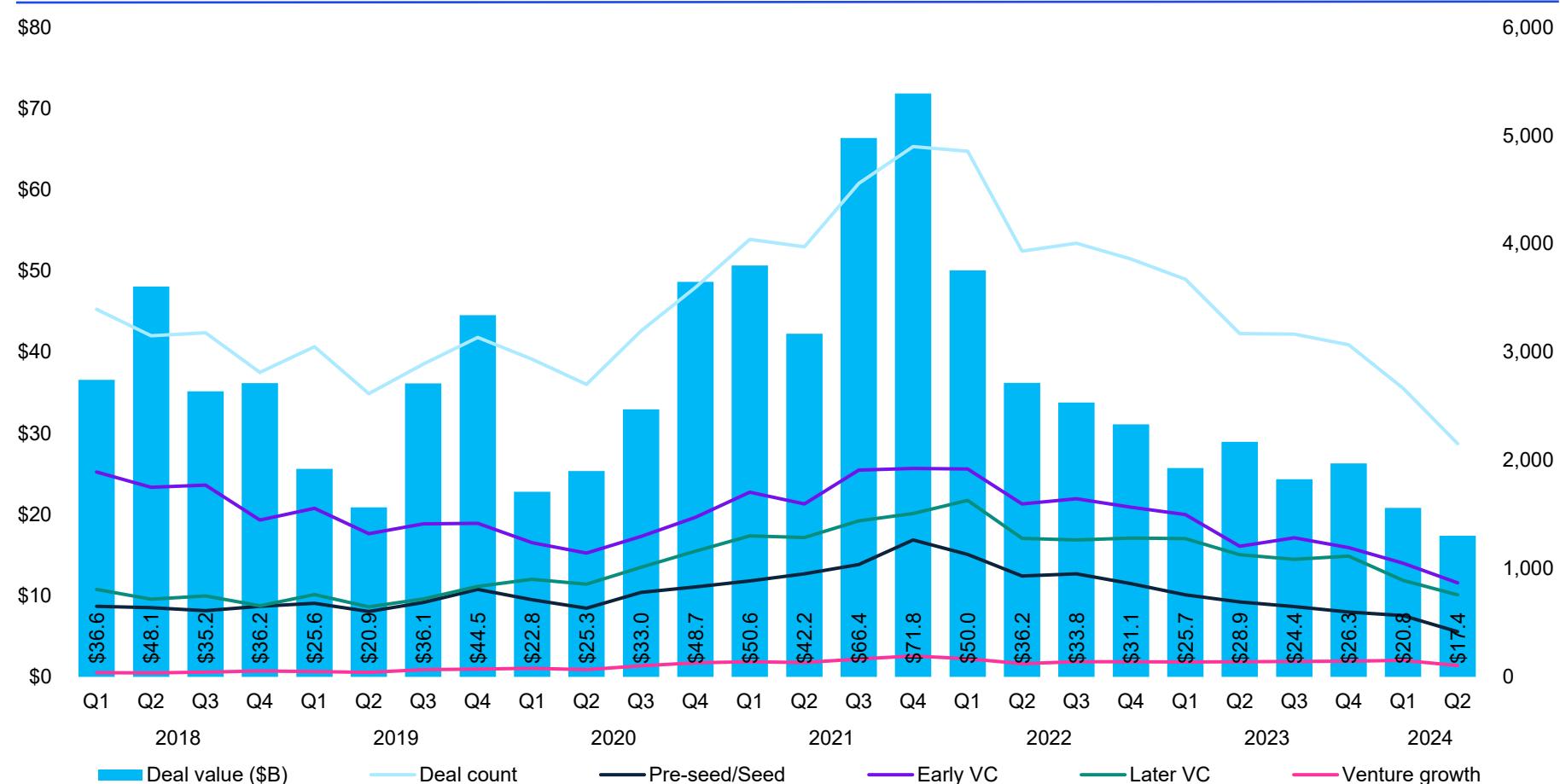
Heading into Q3'24, AI and alternative energy vehicles are expected to remain attractive in the eyes of VC investors. VC investment in China is expected to remain relatively soft in Q2'24; although it could pick up from the weak level seen in Q2'24, it may not rise to the level seen in Q1'24. A number of China-based companies are continuing to prepare for IPOs, with the hope that the IPO market will rebound in 2025.

In India, VC investment is expected to continue to pick up during Q2'24, driven in part by the country's stable government and positive economic environment. In Japan, VC market activity is expected to remain solid, although growth stage funding will likely remain a challenge. As domestic startups begin to grow and expand outside of Japan, the country may be better positioned to attract investment from overseas.

A sedate decline in dealmaking speaks to macro factors

Venture financing in Asia

2018–Q2'24



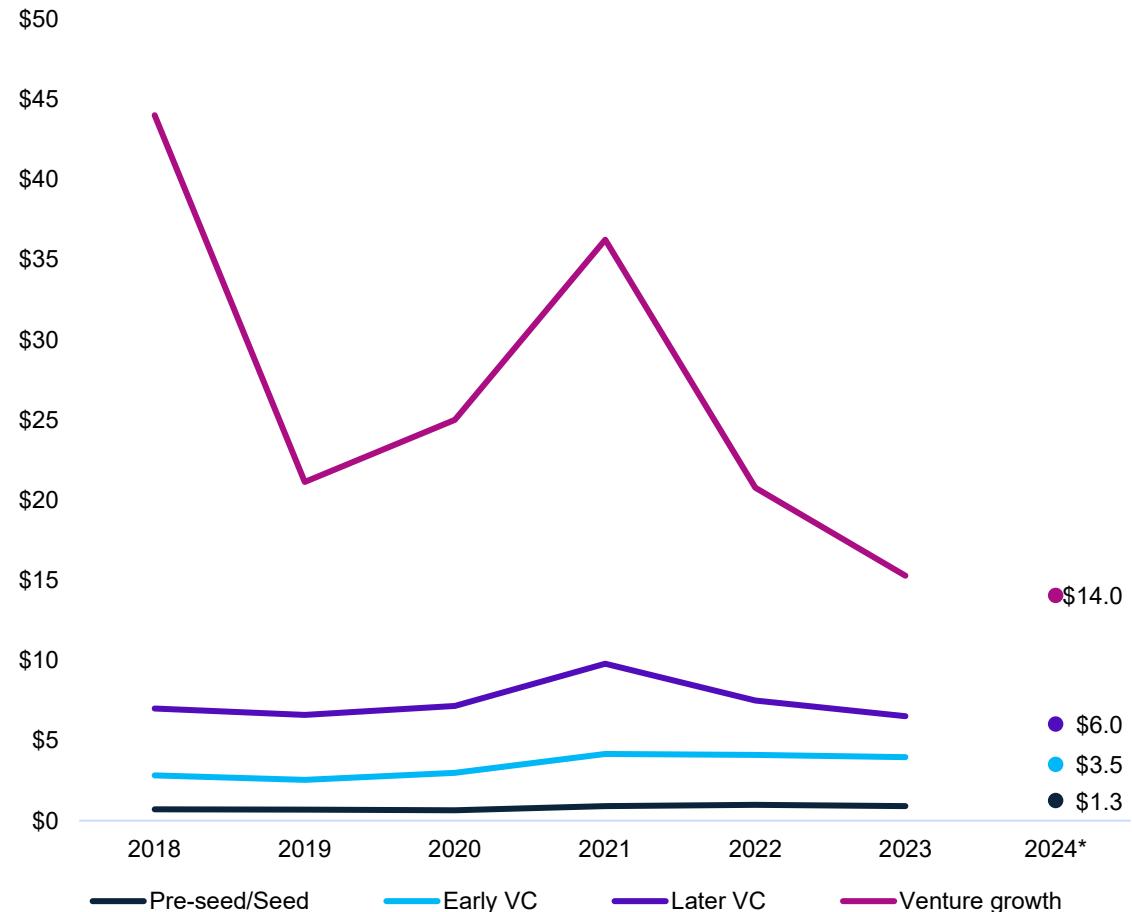
It is unmistakable that VC activity has declined slowly in the Asia-Pacific region since the start of 2022. The pace of decline is not troubling, as there is still plenty of financing flowing to diverse sectors as seen in the top deals of Q2 2024 breakdown at the end of this section. However, it does speak to the overall macro factors of geopolitical uncertainty, fiscal policy, regulatory shifts and more that are all contributing to dealmakers' caution. This is only slowing the pace of dealmaking and likely preventing mega-rounds from occurring as they did in the past — it is not leading to any catastrophic or alarming decline in venture financing activity across the region. It remains to be seen, however, whether these factors will eventually resolve into a more subdued yet steady dealmaking environment.

Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Metrics cease steep slides, begin to plateau

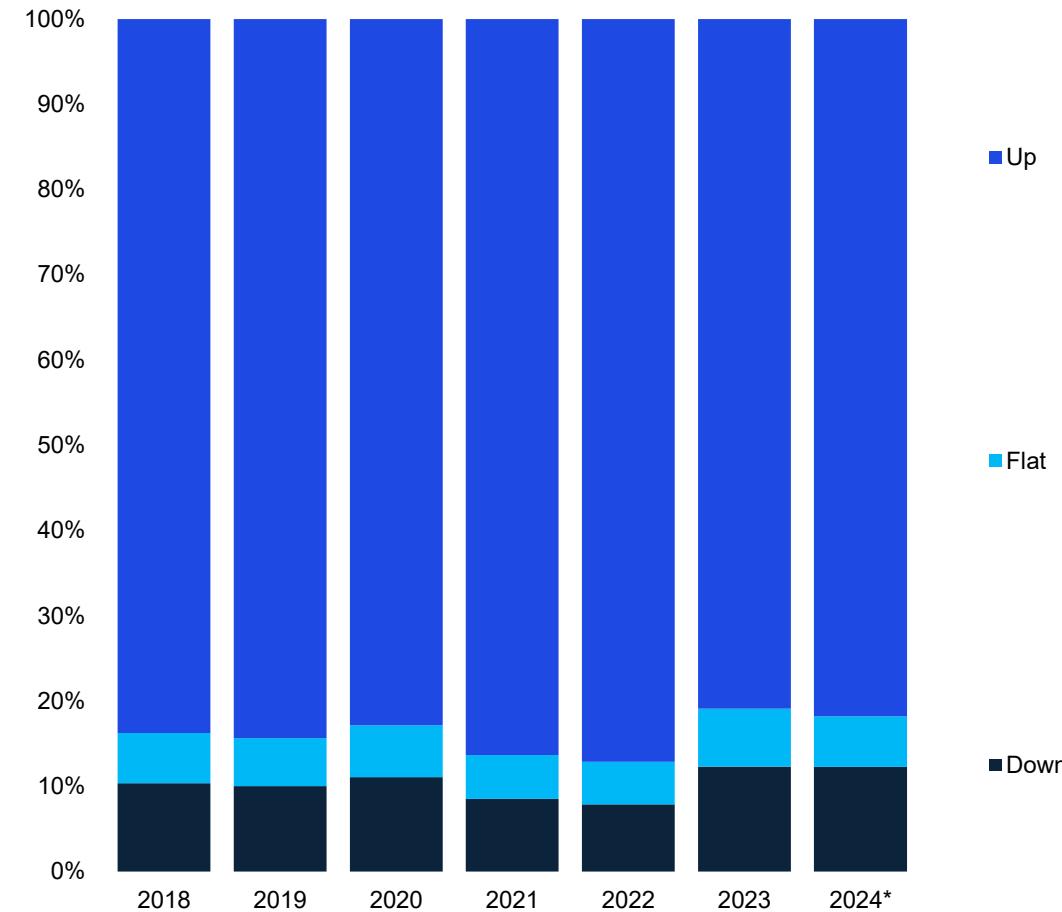
Median deal size (\$M) by stage in Asia

2018–2024*



Up, flat or down rounds in Asia

2018–2024*

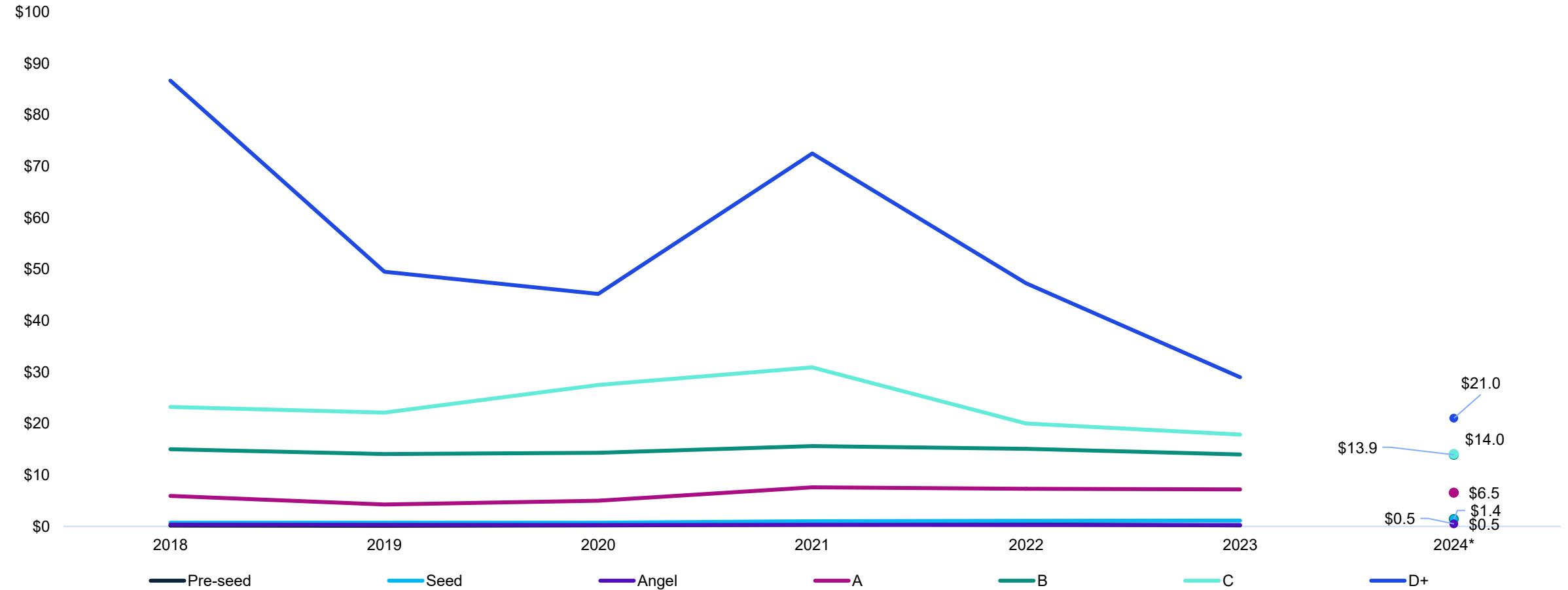


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024. Note: The 2024* figures for down and flat rounds were below n = 30.

As later stages slide, early- to mid-stages hold steady

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

2018–2024*

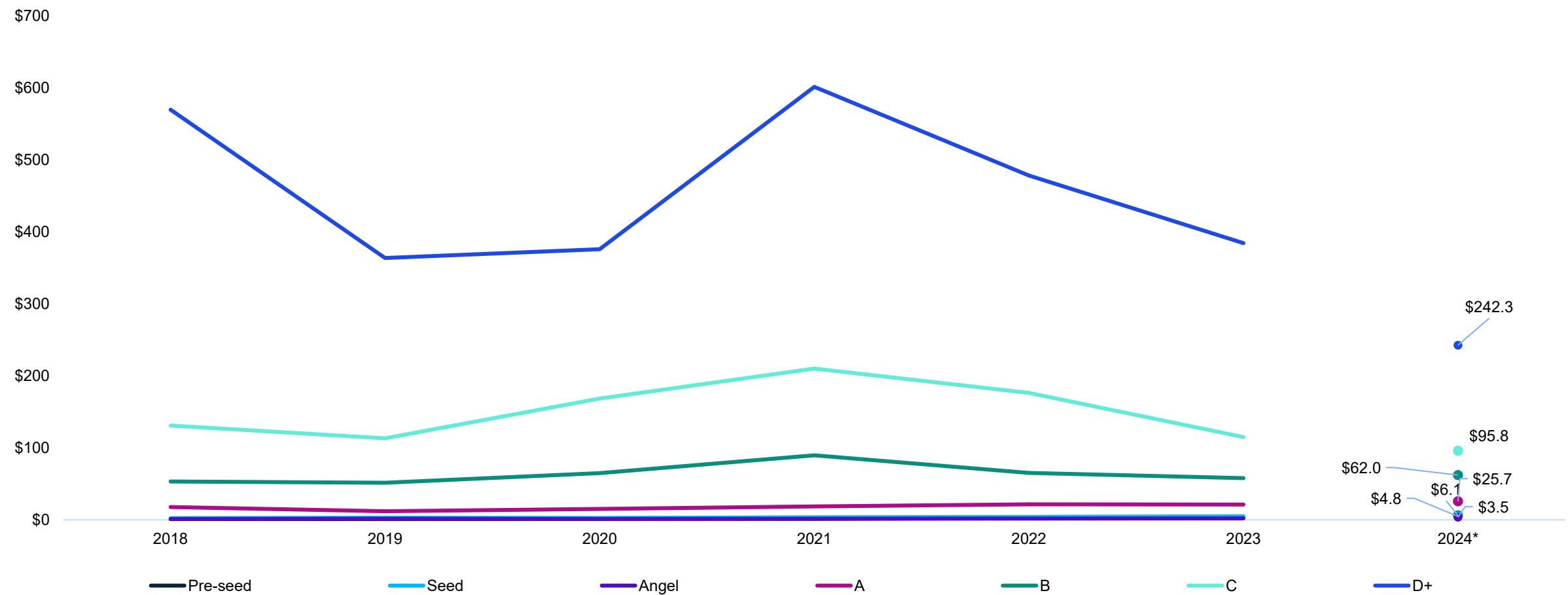


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Valuations remain skewed by small sample sizes

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

2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise.

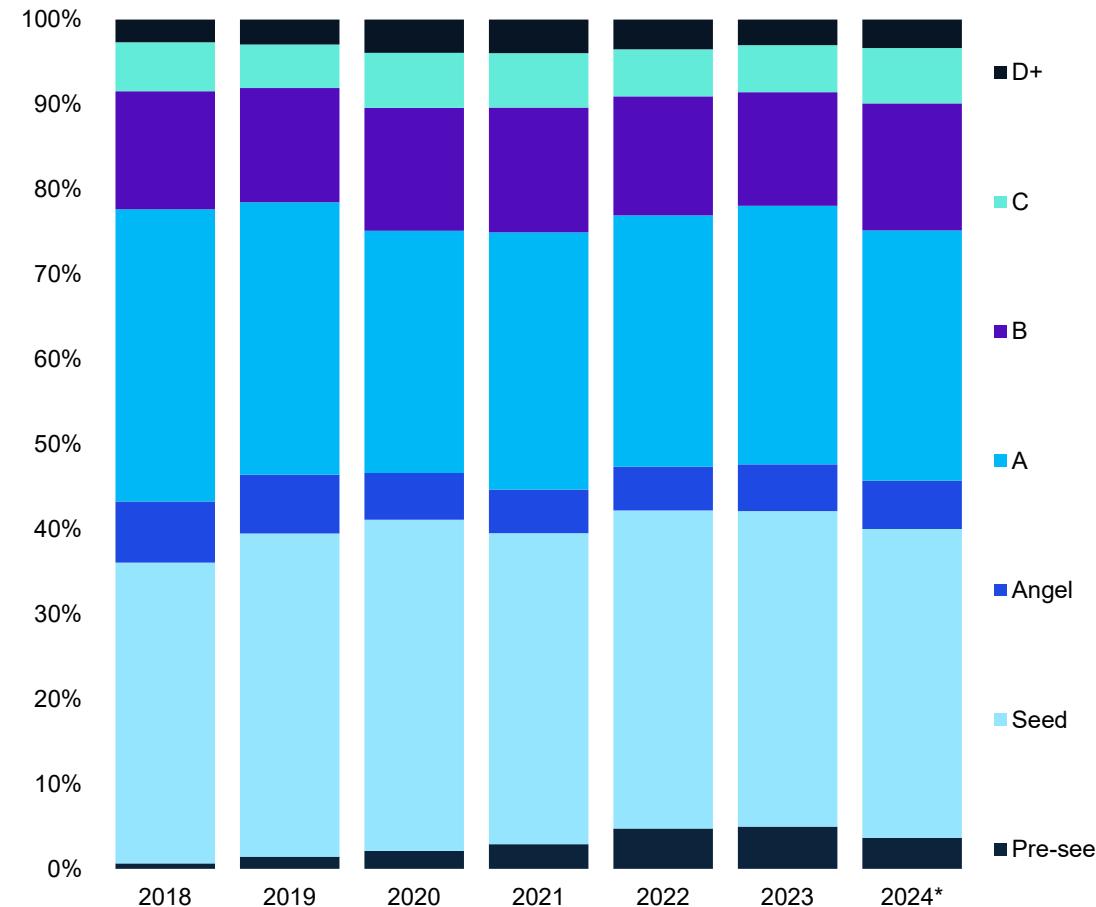
*As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Note: The 2024* figures for pre-seed, C, and D+ are based on population sizes < 30.

Seed and Series A activity remains strong

Deal share by series in Asia

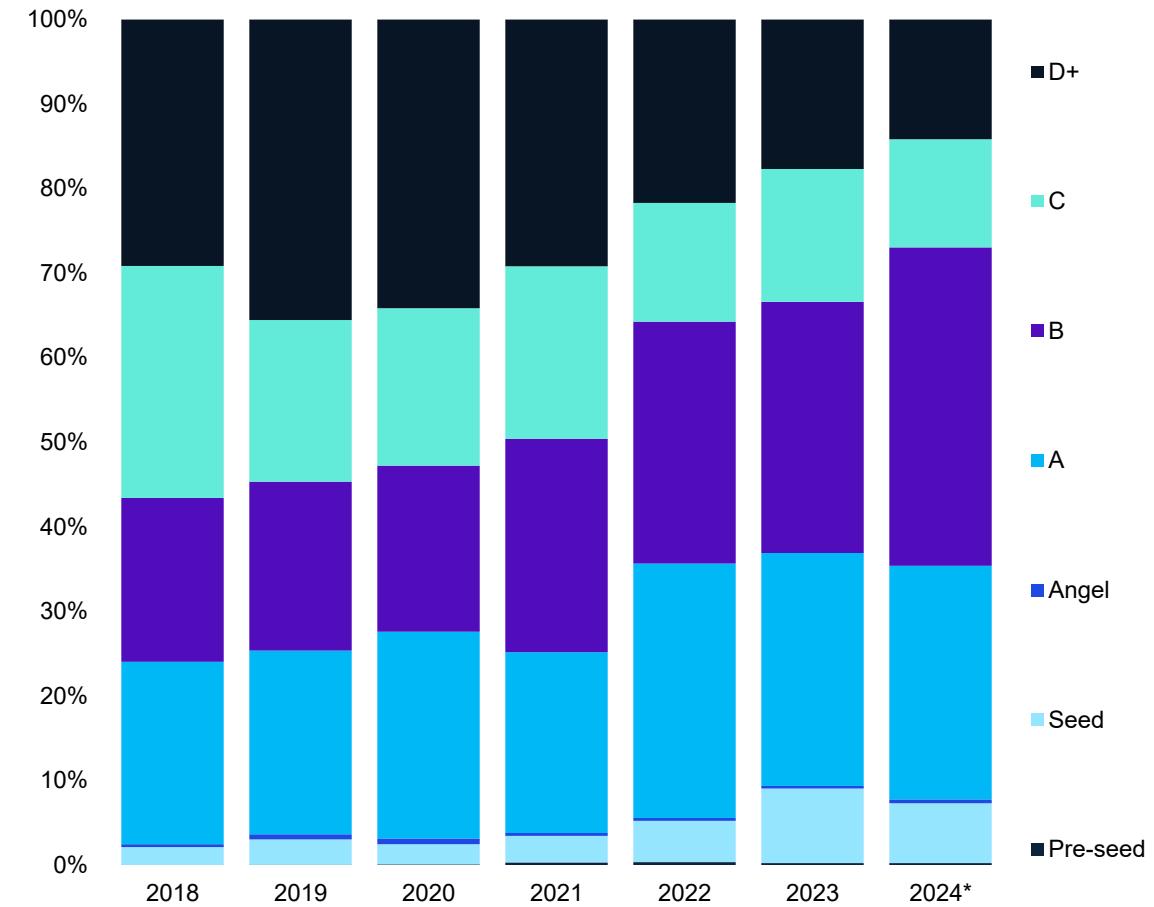
2018–2024*, number of closed deals



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Deal share by series in Asia

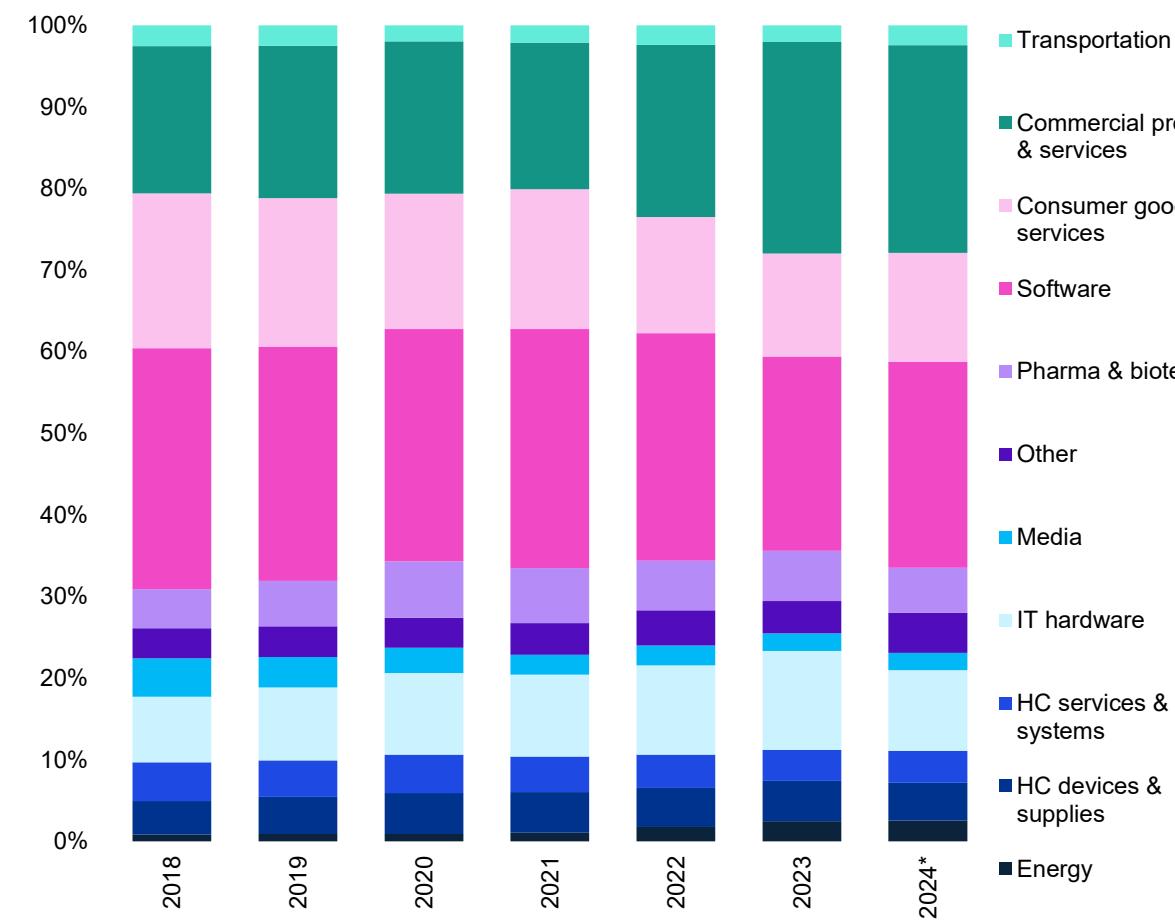
2018–2024*, VC invested (\$B)



Key sectors for domestic consumption and security remain draws

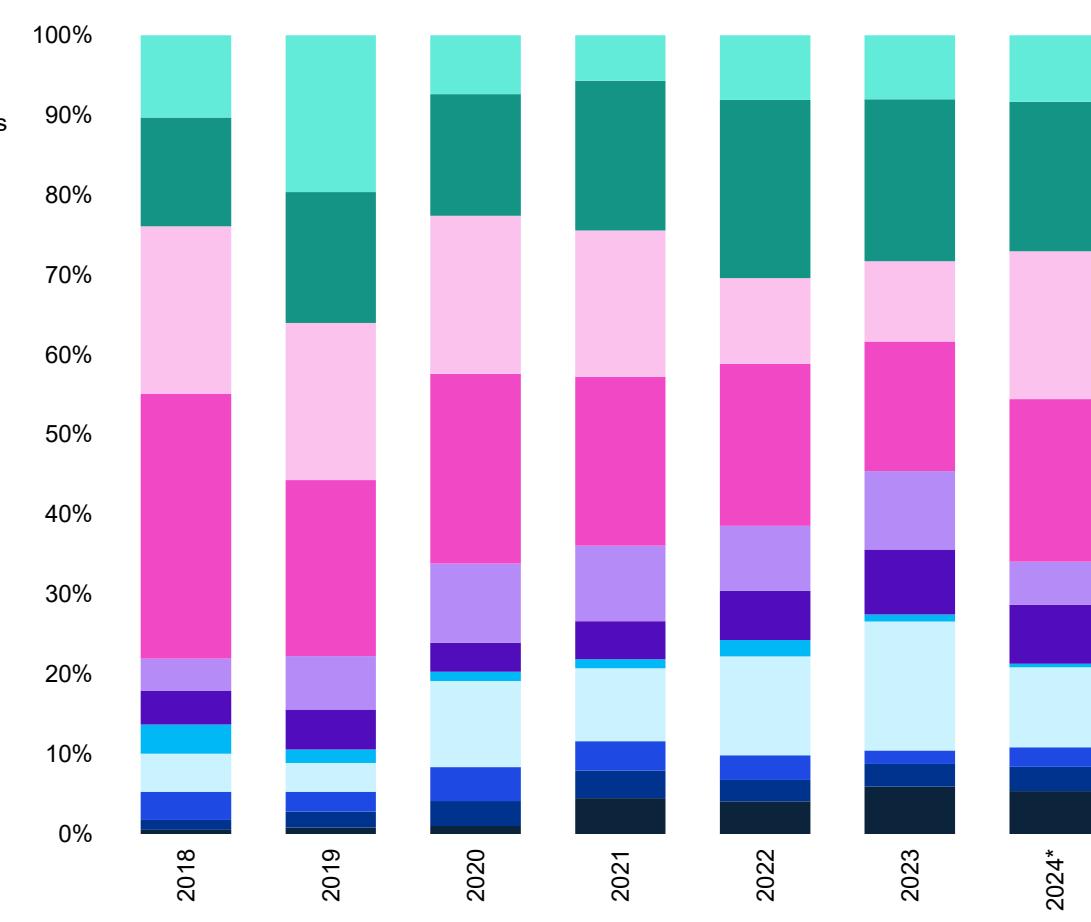
Venture financings by sector in Asia

2018–2024*, number of closed deals



Venture financings by sector in Asia

2018–2024*, VC invested (\$B)

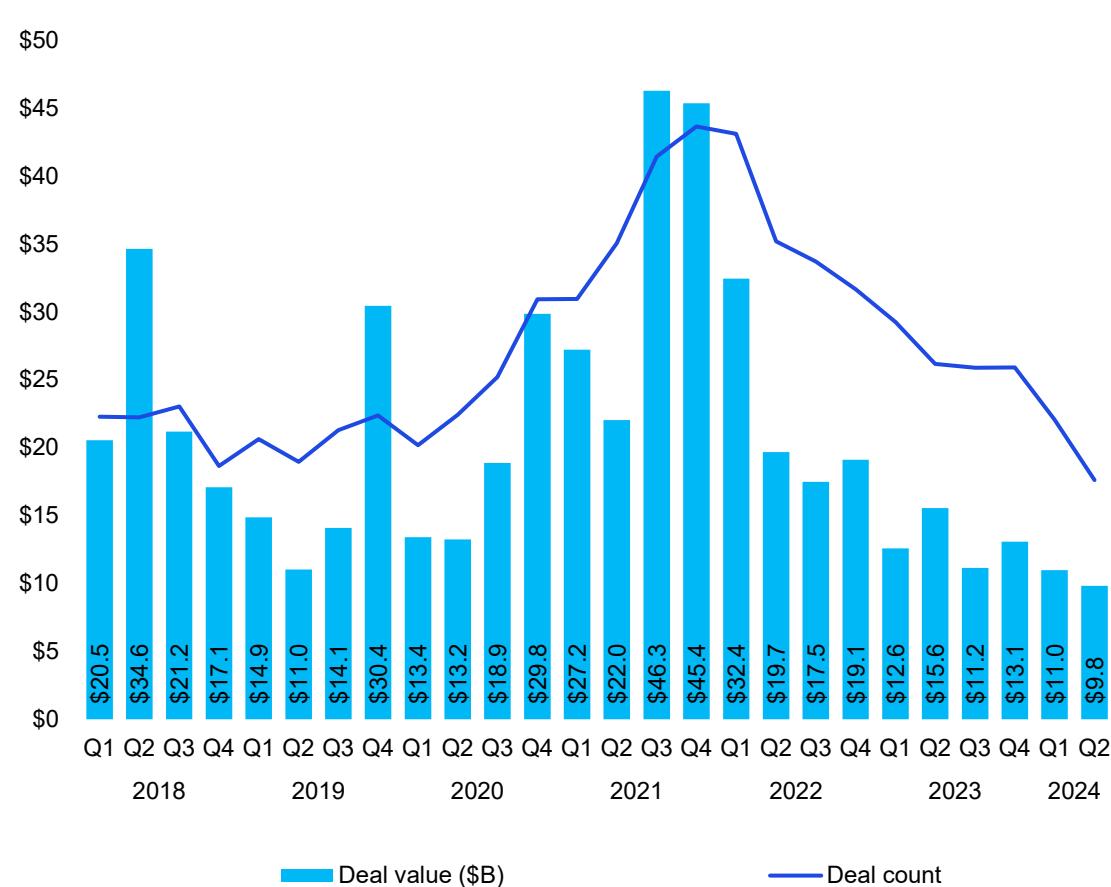


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Corporates pull back in line with the general market

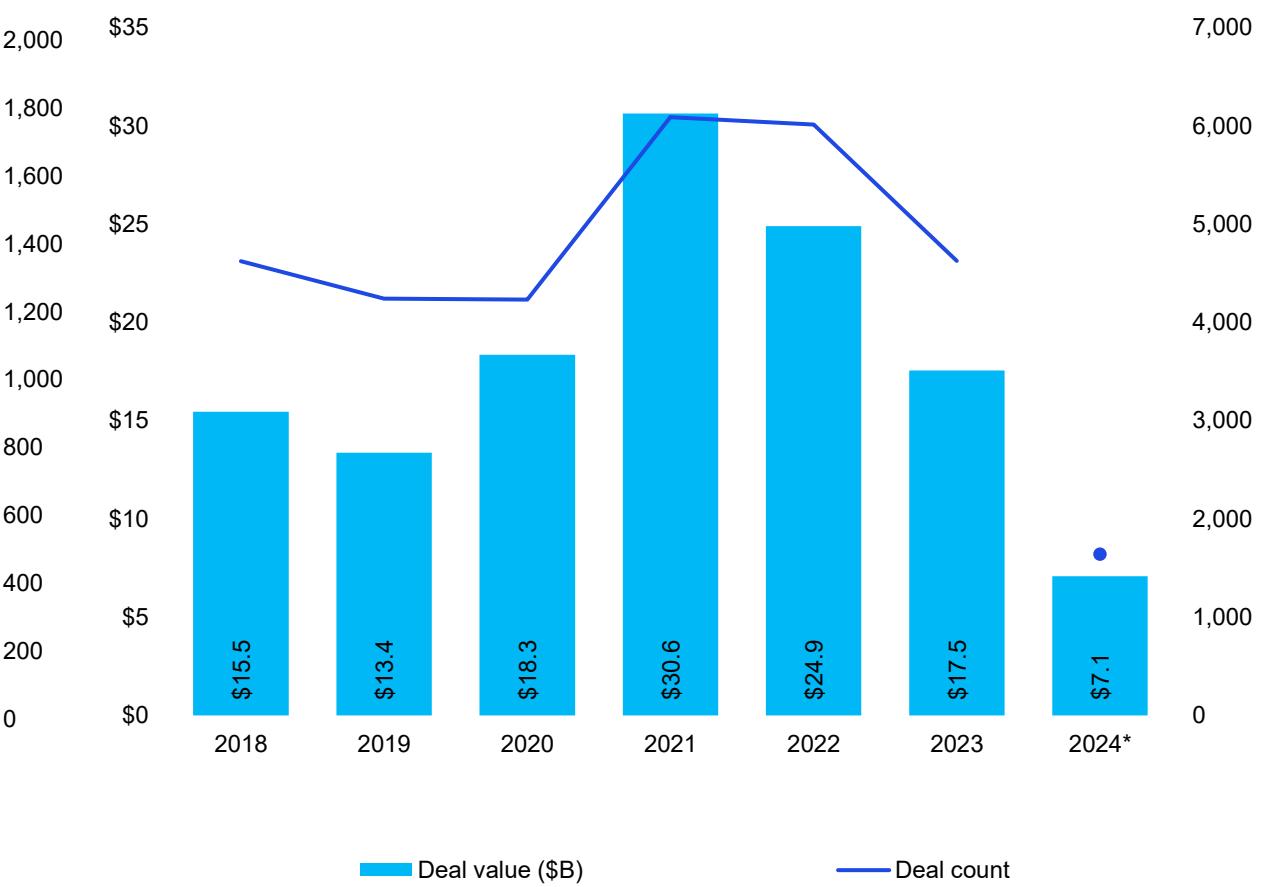
Corporate participation in venture deals in Asia

2018–Q2'24



First-time venture financings of companies in Asia

2018–2024*

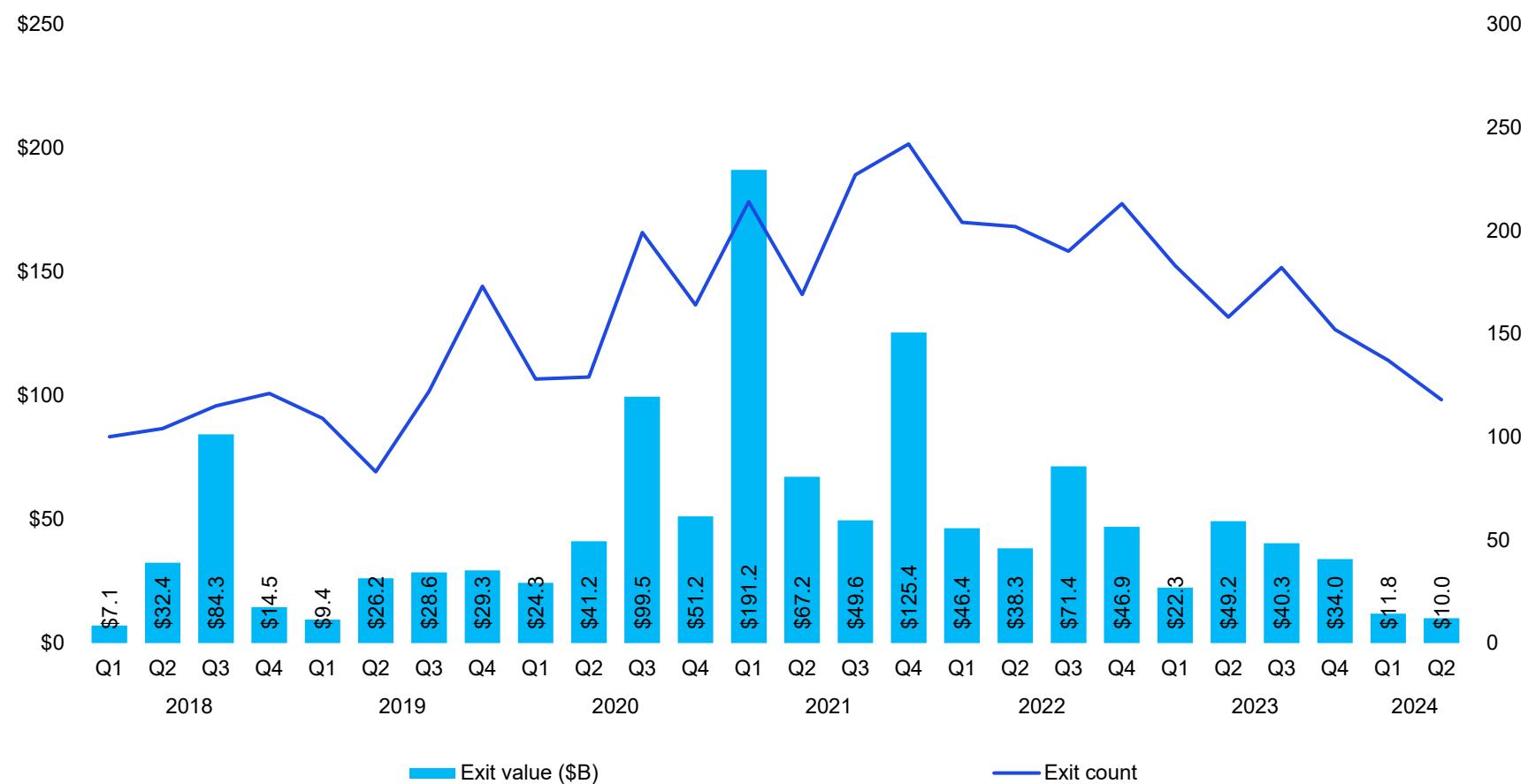


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Exit activity is more markedly sluggish thus far in 2024

Venture-backed exit activity in Asia

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“ Here in China, the percentage of downrounds has been increasing. A number of VC funds are under pressure to return money to their investors. Given the cool exit market, these funds are going to the secondaries market in order to provide some liquidity to their investors. ”

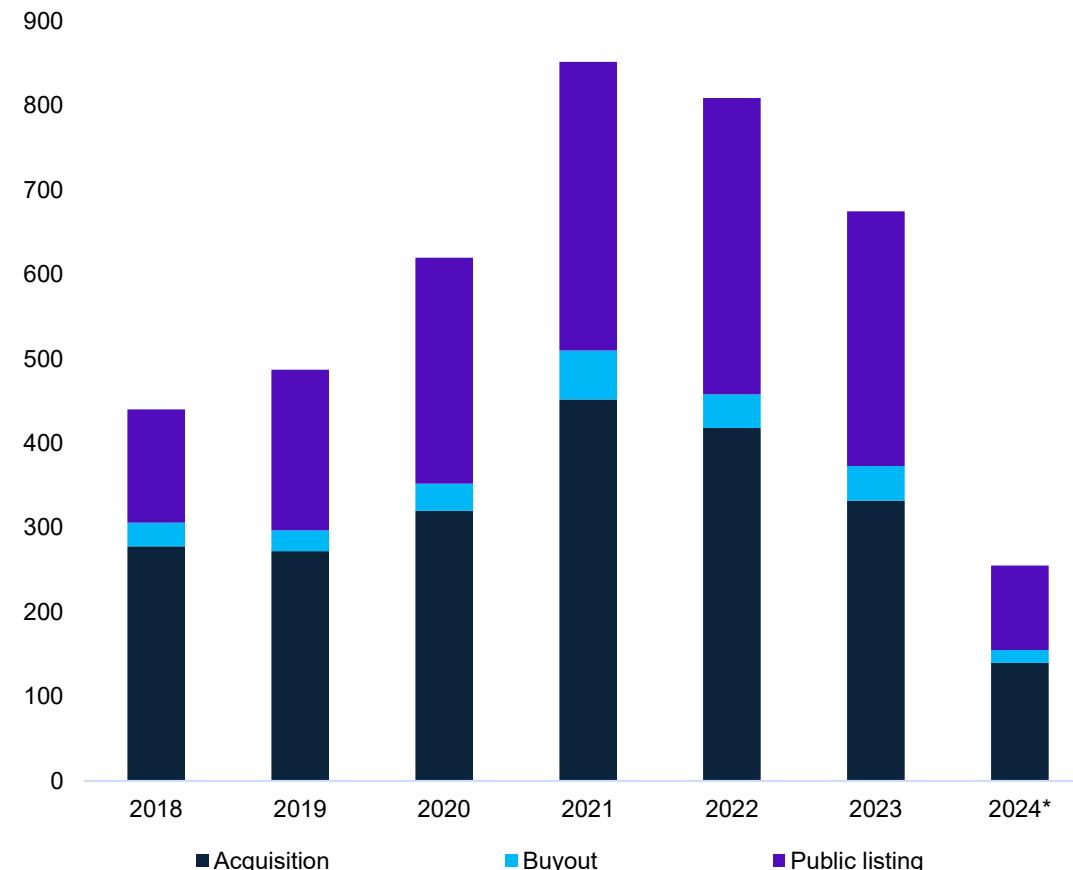


Angela Chiu
Director, Corporate Finance, M&A and
Deal Strategy
KPMG China

IPOs generate 2024's exit value thus far singlehanded

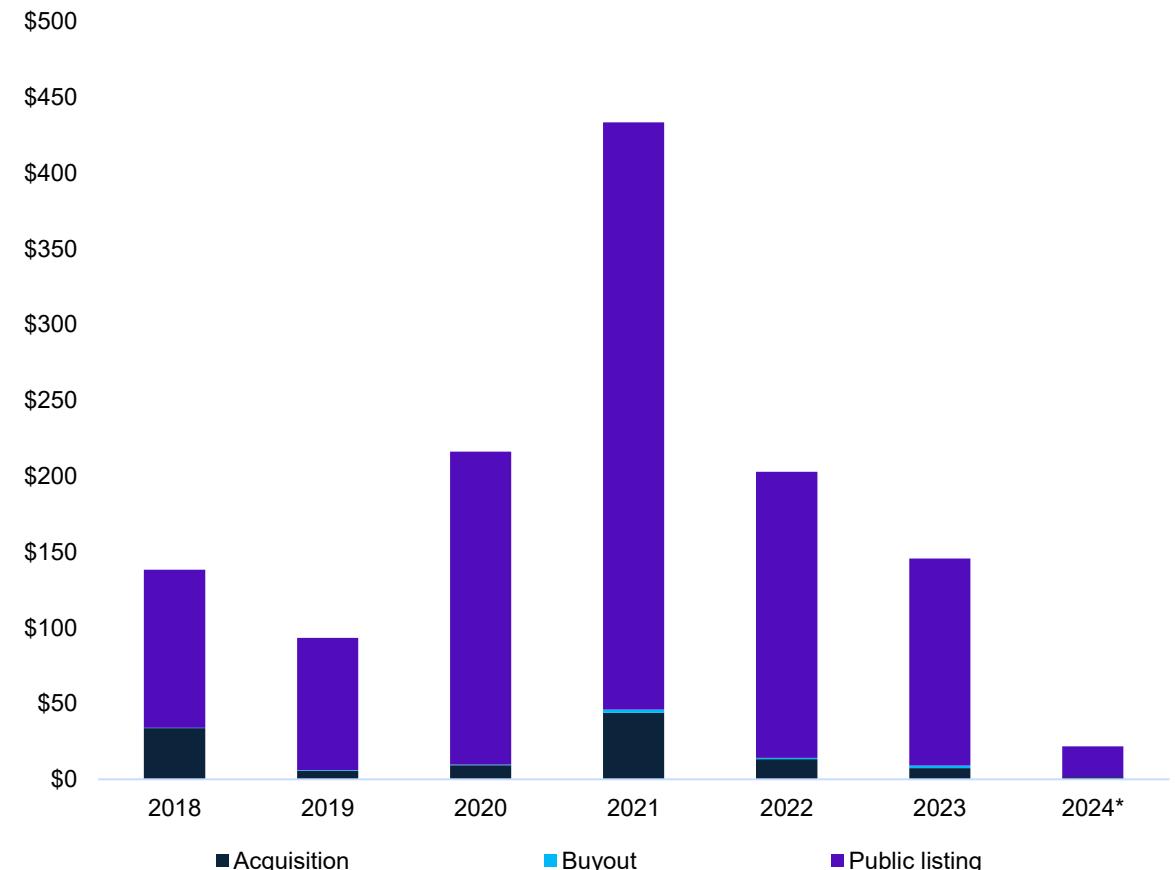
Venture-backed exit activity (#) by type in Asia

2018–2024*



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

2018–2024*

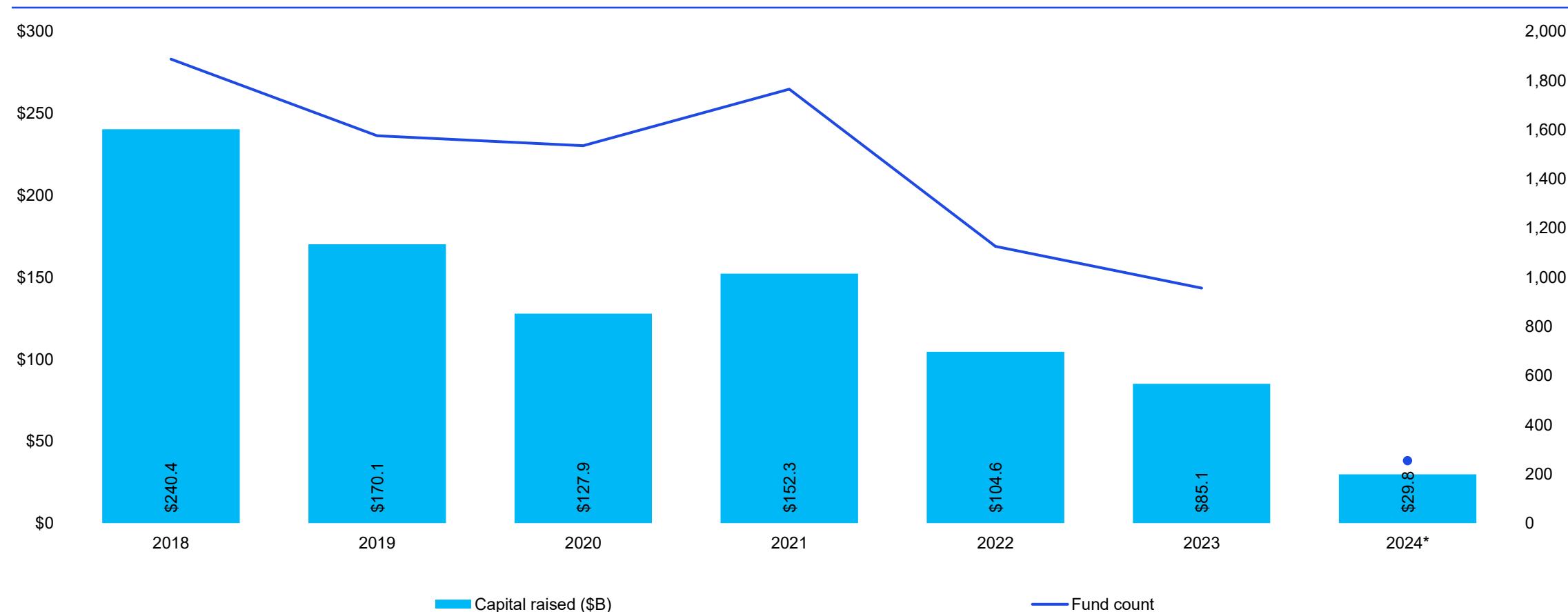


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Amid sluggish liquidity, fundraising is depressed also

Venture fundraising in Asia

2018–2024*

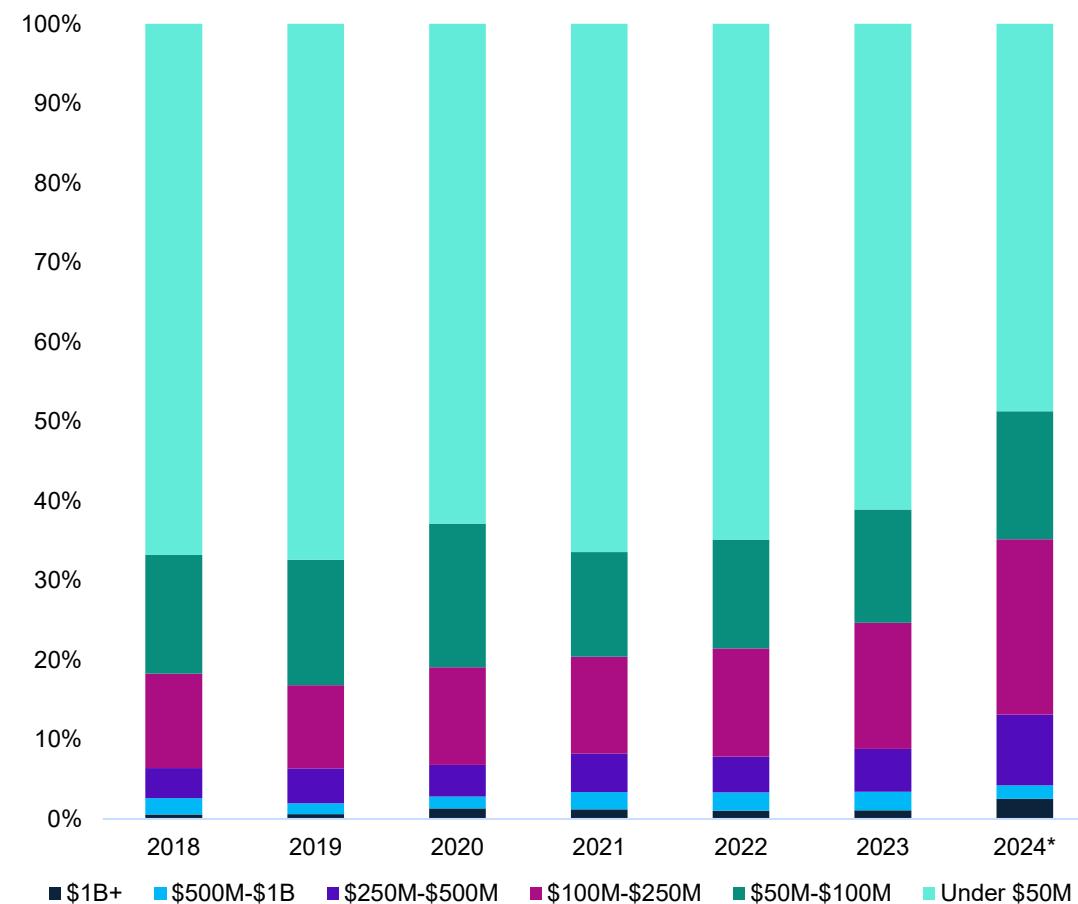


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

In a sluggish market, midsized funds surge

Venture fundraising (#) by size in Asia

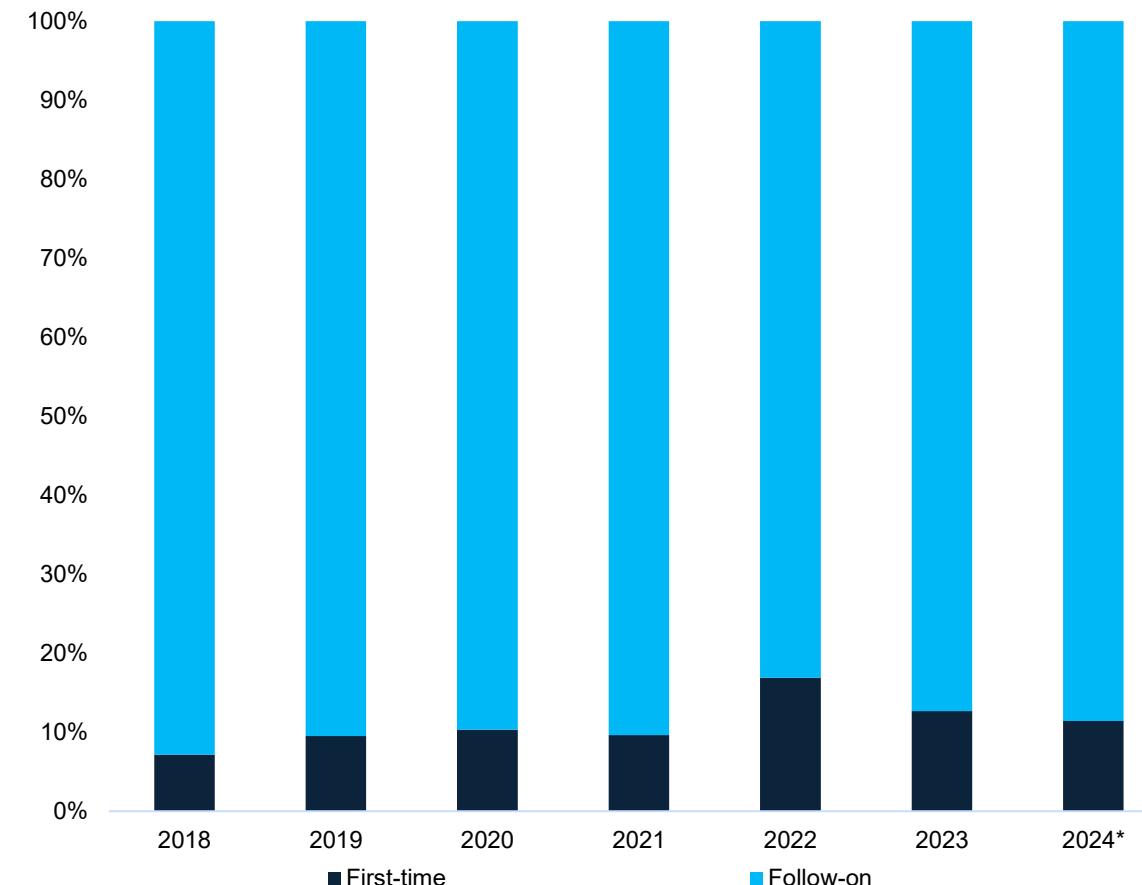
2018–2024*



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

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

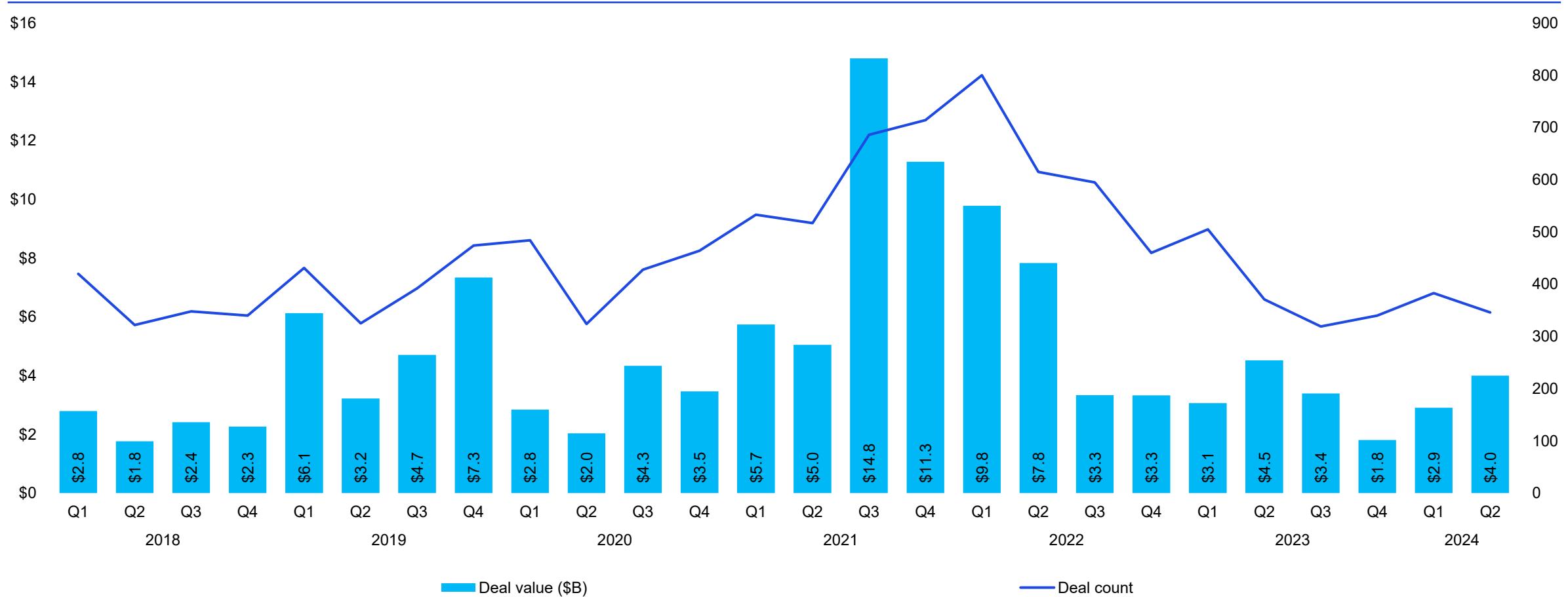
2018–2024*



India experiences a slight bump in Q2, building upon Q1

Venture financing in India

2018–Q2'24

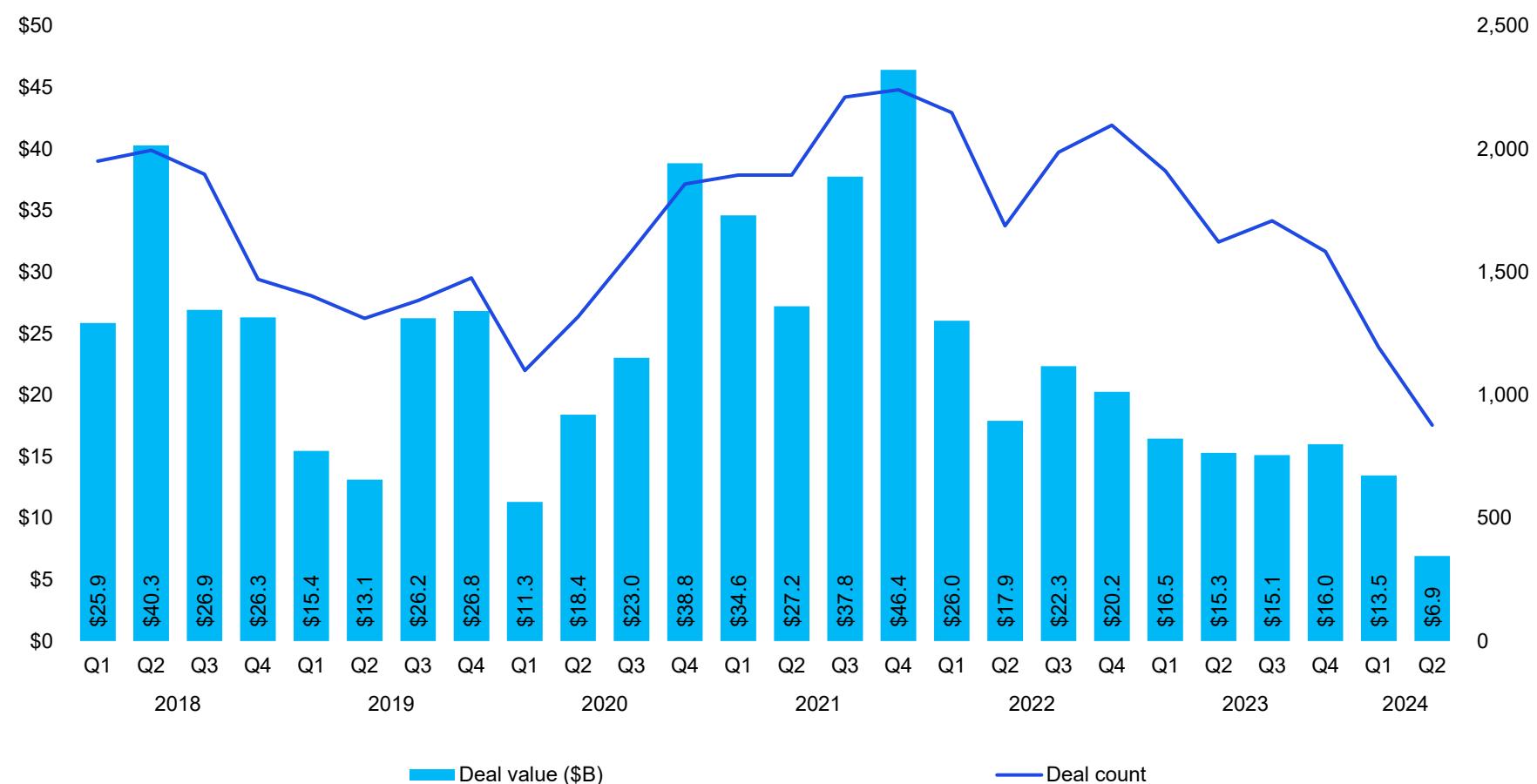


Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

VC activity in Q1 subsides, though mega-deals occur

Venture financing in China

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“ The AI space continued to attract strong VC investment here in China during Q2'24, with AI-driven applications of particular interest to investors. The number of AI focused startups have grown considerably over the last year or so, with quite a number emerging and attracting investment. But VC investors in AI are becoming a bit more cautious. The big question now is which of these companies will be able to produce results and be able to commercialize their offerings. ”

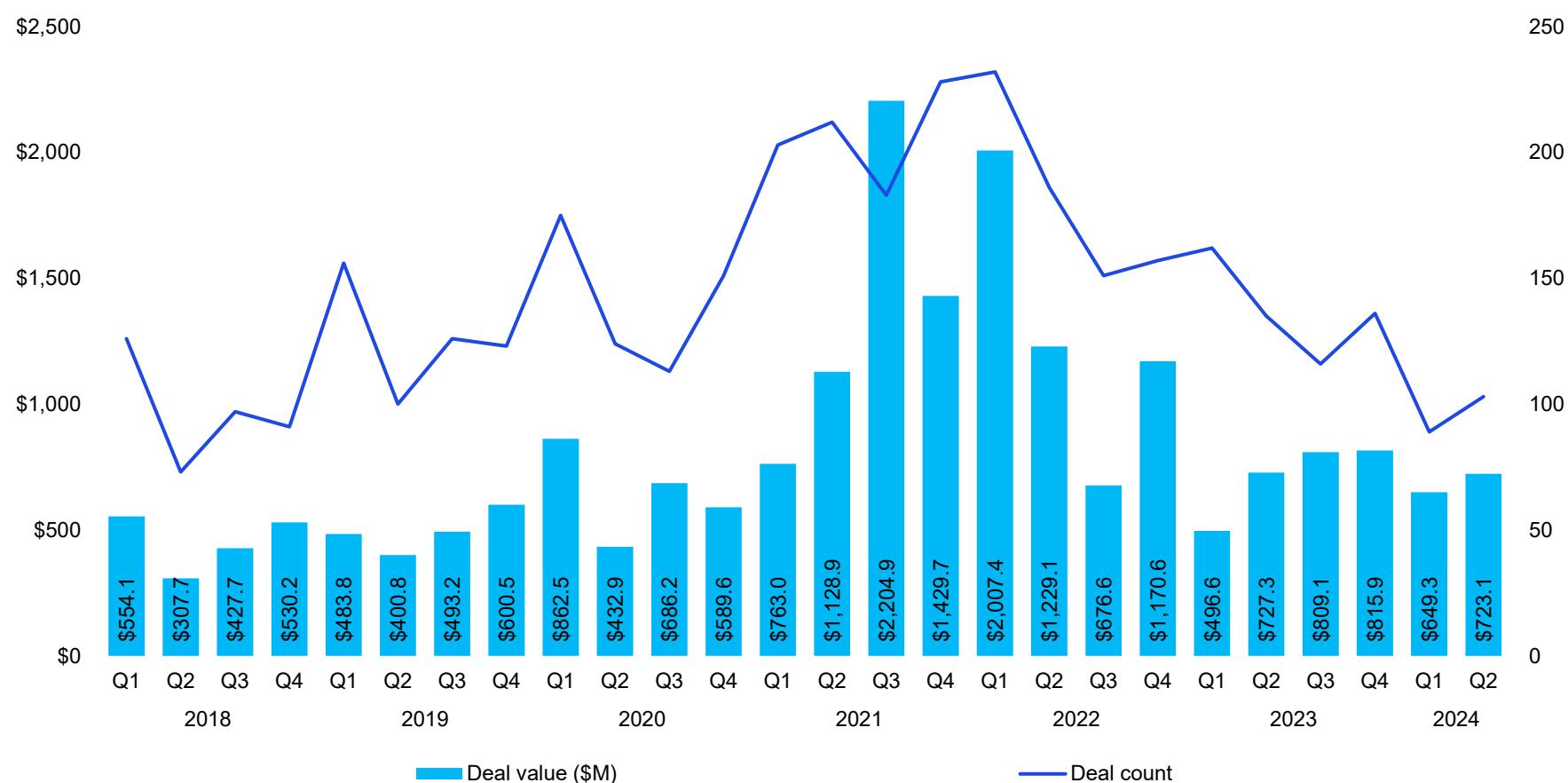


Zoe Shi
Partner
KPMG China

Dealmaking ticks up into robust territory

Venture financing in Australia

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

Startup investment in Australia has increased over the first half of 2024, up 12% compared to the same period in 2023. This positive trend will no doubt be welcomed by startup founders, who have faced challenges trying to access to growth capital. While it is still too early to point to a full recovery the numbers make a strong case for the robustness of Australia's VC market. 

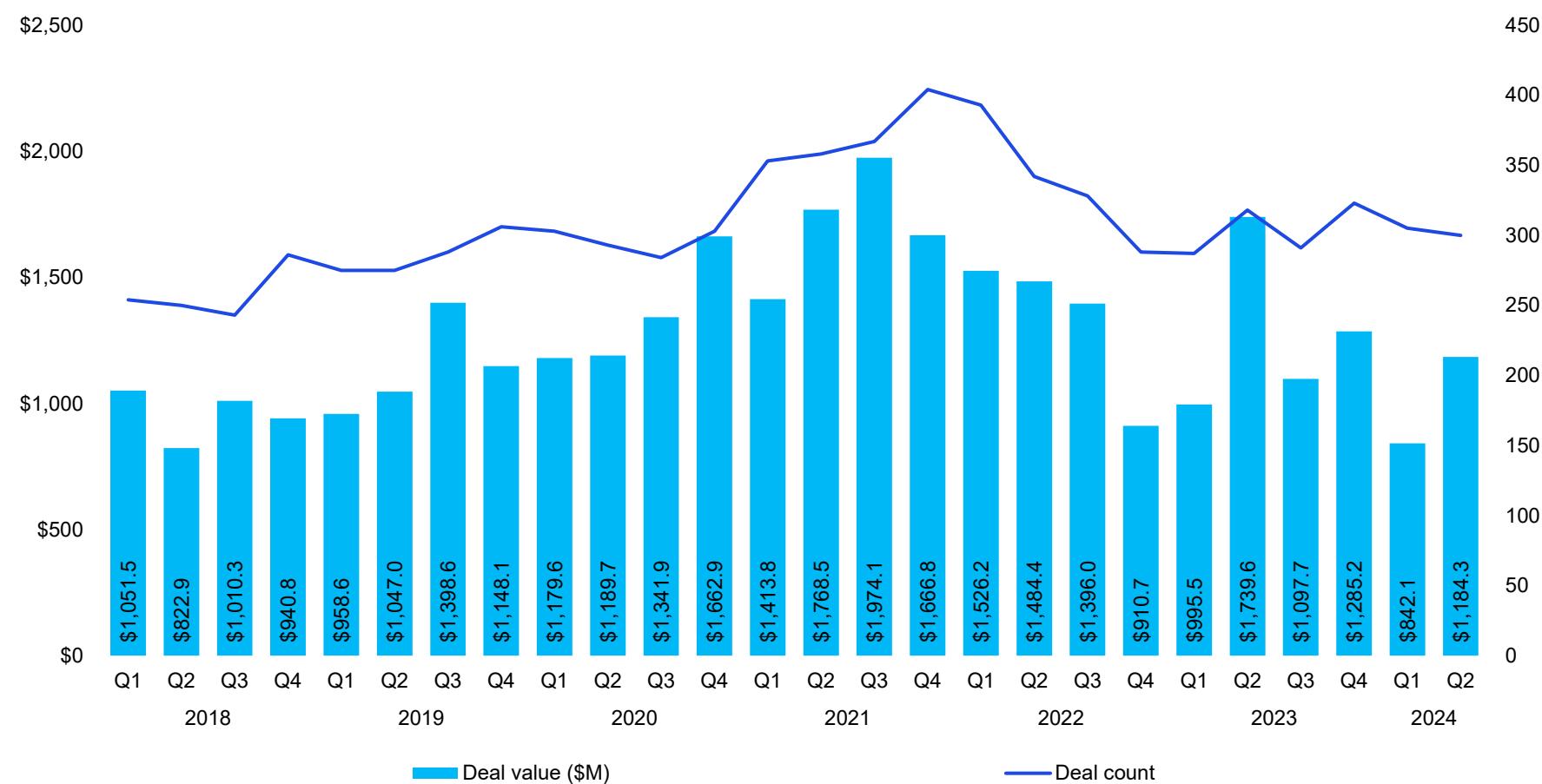


Amanda Price
Partner & Head of KPMG
High Growth Ventures
KPMG Australia

Japan continues to post robust tallies

Venture financing in Japan

2018–Q2'24



Source: Venture Pulse, Q2'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2024. Data provided by PitchBook, July 17, 2024.

“Here in Japan, there continues to be plenty of dry powder held by both VC and CVC funds. This is causing some to consider making later stage deals where there is a high potential for exit, particularly as the deadline for the use of funds raised during 2020 and 2021 approaches. We've seen an increasing number of high quality Series C stage investments in particular.”



Hiroshi Abe
Executive Board Member,
Partner
KPMG in Japan

A broad array of sectors, especially AI, draw capital

Top 10 financings in Q2'24 in Asia-Pacific



1. **Lazada** — \$1.96B, Singapore — E-commerce — *Late-stage VC*
2. **Flipkart** — \$1B, Bengaluru, India — E-commerce — *Late-stage VC*
3. **Neta Auto** — \$693.3M, Shanghai, China — Automotive — *Late-stage VC*
4. **Zepto** — \$665M, Mumbai, India — E-commerce — *Series F*
5. **CRRC Times Semiconductor** — \$598.8M, Zhuzhou, China — Semiconductors — *Late-stage VC*
6. **Zunyuan Supermarket** — \$528.7M, Haikou, China — AI & ML — *Series B*
7. **Zhipu AI** — \$400M, Beijing, China — AI & ML — *Late-stage VC*
8. **Terminus** — \$277.8M, Beijing, China — AI & ML — *Series D*
9. **Space Pioneer** — \$209.5M, Beijing, China — Spacetech — *Series C2*
10. **KreditBee** — \$209.4M, Bengaluru, India — Fintech — *Series D*

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KPMG Private Enterprise's 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

Acknowledgements

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- **Ryan Forster**, Partner, KPMG in Canada
- **Samuel Lush**, Director, Private Equity Group, KPMG in the US
- **Tim Dümichen**, Partner, KPMG in Germany
- **Zoe Shi**, Partner, KPMG China

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. However, as of the Q4 2022 edition, a new stage for venture that was invented by PitchBook to account for growth at late-stage VC will be included, defined as venture growth. That same edition saw some minor updates to the wording of the methodology on this page.

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 VC funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional VC firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identifying as growthstage 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's investment team is based; 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.

Deals

PitchBook includes equity investments 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, VC firms, corporate venture firms, corporate investors, and institutions, among others. 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. All financings are of companies headquartered in the US, with any reference to "ecosystem" defined as the combined statistical area (CSA). PitchBook includes deals that include partial debt and equity.

- **Pre-seed/seed:** The pre-seed stage encompasses a collection of emergent startups receiving the first check from at least one institutional investor to fuel their development growth. For global startups, we reclassify angel deals depending on institutional investors' prior deal participation. Deals that have been tagged as "angel" due to the company's investor base consisting solely of individual investors will now be recategorized into the early-stage or late-stage VC deal category based on stage methodologies in place. For startups headquartered in the US and Europe, we define pre-seed as a round of financing for a company founded less than two years ago that has not yet received institutional investor support. This update was made in the Q4 2023 edition of Venture Pulse and all subsequent editions.
- **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.
- **Growth:** Financings tagged as Series E or later or deals involving companies that are at least seven years old and have raised at least six VC rounds will be included in this category, as of the Q4 2022 edition of Venture Pulse released in January 2023.
- **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 majority liquidity event for holders of equity securities of venture-backed companies. This includes events where there is a public market for the shares (IPO) or the acquisition of majority of the equity by another entity (corporate or financial acquisition). This does not include secondary sales, further sales after the initial liquidity event, 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. IPO value is based on the premoney valuation of the company at its IPO price. One slight methodology update is the categorical change from "IPO" to "public listings" to accommodate the different ways we track VC-backed companies' transitions to the public markets. To give readers a fuller picture of the companies that go public, this updated grouping includes IPOs, direct listings, and reverse mergers via SPACs.

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, 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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