



Private Enterprise

Venture Pulse

Q1 2021

Global analysis of venture funding

April 21, 2021

Welcome message

Welcome to the Q1'21 edition of KPMG Private Enterprise's *Venture Pulse* – a quarterly report highlighting the major trends, opportunities, and challenges facing the venture capital market globally and in key jurisdictions around the world.

The global VC market got off to a banner start in Q1'21, with record levels of VC investment globally and in Europe, the United States, and the Americas. Asia also saw robust VC investment, although the total remained well shy of the peak seen in Q2'18. The surge in VC funding was driven, in part, by a significant number of \$100 million+ deals in all jurisdictions, in addition to nine \$1 billion+ funding rounds, including Robinhood (\$3.4 billion) in the Americas, Xingsheng Selected (\$3 billion) in Asia, and Klarna (\$1 billion) in Europe.

Valuations rose in Q1'21 as many VC investors continued to shy away from early-stage deals in favour of later stage opportunities, with the fear of missing out contributing to both the fierce competition for deals and an acceleration in deal speed. Investments continued to focus on areas accelerated throughout the pandemic, including fintech, logistics and delivery, autotech and healthtech.

Exits continued to accelerate in Q1'21, with exit value reaching a new high for the second straight quarter, led by the \$4.5 billion IPO of South Korea-based e-commerce company

Coupang on the NYSE. SPACs also continued to attract significant interest. During the quarter a large number of SPACs were created, while interest in SPAC mergers grew among companies looking to go public more quickly than a traditional IPO.

Heading into Q2'21, VC investors will likely continue to make big deals – although there may be some shifting of focus as investors look to determine what companies and business models will thrive in a post-pandemic world.

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

- The diversity of VC deals attracting \$100 million+ funding rounds
- The resurgence in VC deal activity in Latin America
- Valuations and the rapid rise in unicorn births
- The flurry of interest in SPAC mergers – including outside of the US

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

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- Global median deal size for late-stage VC hits \$15 million
- Series D+ approaches stratospheric mark of \$1 billion
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- US brings in 7 or largest 10 deals globally



US

- VC hits record \$69 billion invested across 3042 deals
- Median deal size by stage reaches \$14 million for late VC
- Early-stage volume has strong start to the year
- Corporate VC surges to over \$30 billion invested
- Exits continue at elevated pace

Americas

- Americas hits record high \$74.4 billion invested across 3310 deals
- Late-stage median round size nearly doubles year over year
- Canada sees 5 mega-deals led by largest deal by DapperLabs
- Brazil sees over \$2 billion invested with mega deals to WeCancer, Loggi and Nubank
- USA dominates biggest of big deals – including 10 over \$600 million



Europe

- New quarterly record in Europe - with over \$21 billion invested on 1430 deals
- Corporate venture capital dial up even further – reaching \$9.7 billion invested
- Exits surge to one of the highest levels on record
- UK, Germany, Nordics, Spain and Israel all hit new investment highs
- UK attracts lion's share of large deals – including 7 of top 10 financings



Asia

- Venture Capital investment remains strong with \$31 billion across 1615 deals
- Surge of tech IPOs across exchanges in Asia – including 12 over \$1 billion
- Chinese deal value nearly matches levels from Q4'20
- India deal value drops slightly for second consecutive quarter
- All top 10 deals in China – led by \$3 billion investment in XingshengSelected



Globally, in Q1'21 VC-backed companies raised
\$126.9B across 6,508 deals

Global VC investment rose to a record high in Q1'21 as investors in most regions of the world continued to focus on late-stage deals. With a significant amount of dry powder in the market, competition for VC deals was red hot, driving valuations up – particularly in the US, but also in other jurisdictions.



Record number of \$1 billion+ deals

Q1'21 saw a record nine \$1 billion+ VC deals, which accounted for nearly \$17 billion in global VC investment. The US accounted for the majority of these large funding rounds, including raises by Robinhood, Rivian Automotive, VillageMD, GoPuff, and Databricks. China-based Xingsheng Selected, Hong-Kong based Lalamove, and Sweden-based Klarna raised the others. The companies that raised these funding rounds represent an impressive diversity of sectors, including wealthtech, e-commerce, automotive, delivery, logistics, challenger banking, and healthcare.



Median deal sizes grow significantly

Median deal sizes rose substantially across all deal stages in Q1'21, with the median deal size for Series D+ deals rising from \$60 million in 2020 to \$100 million in Q1'21. The median global pre-valuation for deals was also up significantly, particularly for Series C and Series D+; for Series C, median global pre-valuation for deals rose from \$192 million in 2020 to almost \$278 million in Q1'21, while for Series D+, it almost doubled – from \$489 million in 2020 to \$965 million in Q1'21.



Unicorn companies attract significant funding

Unicorn companies were the big winners for VC investment globally in Q1'21, accounting for almost 40% of all VC funding. The quarter saw over \$49 billion raised across 182 unicorn funding rounds, compared to \$100.5 billion raised across 403 unicorn rounds during all of 2020. The funding reflects the ongoing focus of investors on mature late-stage companies.



Deal speeds accelerate, helping drive valuations

The global VC market saw an explosion of activity in Q1'21 as investors across the globe competed for the biggest and best deals. With numerous companies appearing to raise pre-IPO rounds, there appeared to be a significant amount of FOMO – the fear of missing out – in the market as investors looked to make deals. The strong competition and numerous oversubscribed rounds helped accelerate deal activity quite significantly, at least for late-stage deals. In addition to driving valuations upwards. While deal speeds primarily accelerated in the US, Europe also saw a quickened pace of deal making.



Investors continue to focus on pandemic accelerated sectors, but 'new normal' also in sight

As was seen in 2020, COVID-19 has not stopped VC investment. The pandemic actually increased funding in many areas as investors looked to get in on tech companies seeing a rapid acceleration in demand, including areas like software-as-a-service, delivery, and a wide-range of consumer-focused digital solutions – from edtech and gaming to digital health services. Q1'21 saw a continuation of this trend. Fintech was a big winner in most regions of the world during Q1'21, in addition to logistics, food delivery, edtech, and B2B solutions.

With vaccines now being distributed, however, many investors are looking longer-term to determine the companies and business models likely to thrive in the 'new normal' post-pandemic. While B2B solutions and fintech will likely remain high on the radar of investors, others might see interest wane. There could also be a bump in interest related to industries devastated by the pandemic but expected to make a strong comeback – such as travel and tourism focused companies.



Unicorn births go into high gear

Globally, there were almost 100 unicorn companies created during Q1'21 – a major surge compared to historical trends. The US accounted for more than half of these new unicorns, including companies ranging from Clubhouse and Sidecar Health to Axiom Space and Socure. The Americas more broadly also saw new unicorns, including Canada-based PointClickCare and Dapper Labs and Brazil-based MadeiraMadeira. The ongoing maturation and expansion of Europe's VC market was also on display, with the region birthing almost 20 new unicorns across eight jurisdictions including lesser-known innovation centers like Austria (BitPanda), Turkey (Getir), and Switzerland (Nextthink).



Exit value reaches record high for second-straight quarter

Exit activity globally continued to surge, with exit value reaching a record \$284 billion across 667 deals in Q1'21 compared to \$472 billion across 2,219 deals during all of 2020. During Q1'21, South Korea e-commerce giant Coupang saw the most valuable IPO – raising \$4.5 billion on the NYSE. In Europe, Germany-based Auto1 and Denmark-based Trustpilot held successful IPOs. UK-based Deliveroo, however, had a rocky IPO; its sub-par performance could drive investors to take a deeper look at companies in the red-hot delivery sector – enhancing their focus on profitability.

Direct listings continued to be a viable exit option, as evidenced by US-based video game platform Roblox. Cryptocurrency Coinbase also announced plans to go public using a direct listing, with its shares scheduled to start trading early in Q2'21¹.

Secondary listings, meanwhile, were robust in Asia, driven by Chinese companies looking to minimize risks associated with changes to US-listing rules. During the quarter, China-based mega-giant Baidu raised \$3.1 billion and vehicle platform Autohome raised \$688 million through secondary listings on the SEHK.

¹<https://fortune.com/2021/01/28/coinbase-ipo-direct-listing-going-public-share-target-crypto-ipos/>



SPAC frenzy continues – begins to proliferate outside of US

Interest in SPACs grew almost exponentially during Q2'21 – with companies all over the world considering ways to get in on the phenomenon that has been building in the US in recent quarters. During Q1'21, numerous SPACs were created. A number of diverse companies also announced plans for SPAC mergers in Q1'21, including US-based WeWork², proptech Offerpad³, and foodtech AeroFarms⁴, Israel-based trading platform eToro⁵, and India-based Grab⁶. SPACs are viewed by many startups as a means to go public more quickly than a traditional IPO.



Corporates remain critical source of VC investment

Corporate VC investment remained very high globally as many established businesses continued to accelerate their digital efforts and look for innovative startups able to help them improve their digital products and services and enhance the efficiency of their internal operations.



Trends to watch for globally

VC investment is expected to remain robust globally heading into Q2'21, particularly in sectors like fintech and B2B services. Artificial intelligence, robotics, and blockchain related solutions - including non-fungible tokens, are also expected to be priorities for VC investors.

Exit activity is expected to remain very strong. SPAC mergers will likely continue to gain steam as an option for companies to go public in key regions during Q2'21, although whether they will be a hot trend long term will likely depend on the performance of announced SPAC mergers over the next few quarters.

² <https://yourstory.com/2021/03/wework-public-spac-merger-9-billion-ipo-valuation>

³ <https://techcrunch.com/2021/03/18/real-estate-tech-startup-offerpad-to-go-public-via-spac-merger-in-3b-deal/>

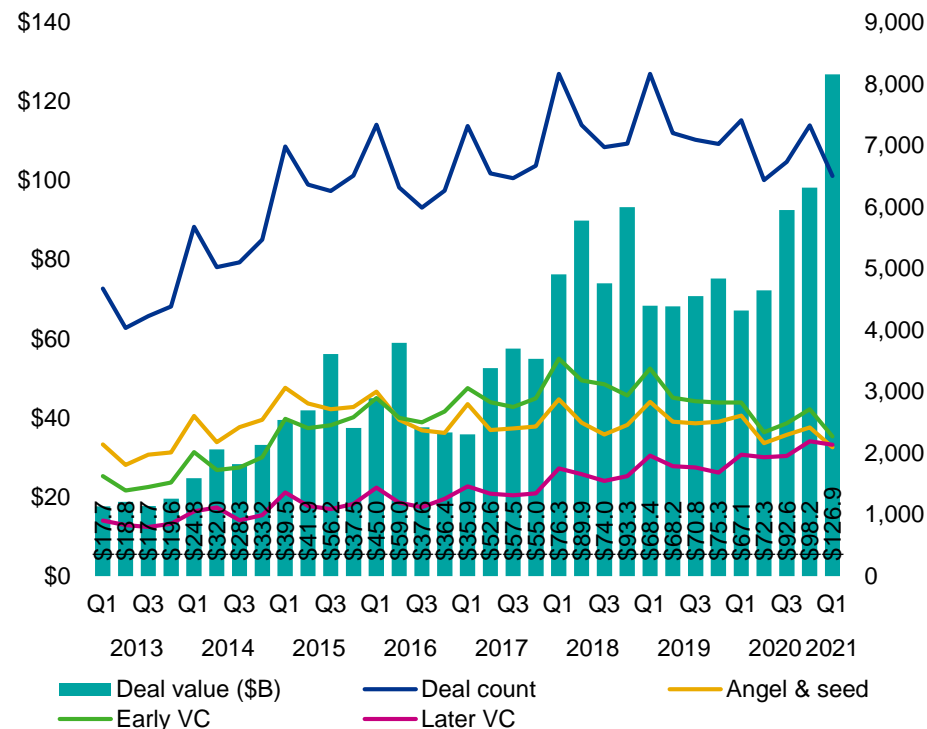
⁴ <https://www.marketwatch.com/story/aerofarms-to-go-public-with-merger-valued-at-12-billion-with-spac-spring-valley-acquisition-2021-03-26>

⁵ <https://techcrunch.com/2021/03/16/trading-platform-etoro-to-go-public-via-spac-merger-in-10b-deal/>

⁶ <https://www.coinspeaker.com/grab-ipo-spac/>

Global venture financing

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

Note: Refer to the Methodology section at the end of this report to understand any possible data discrepancies between this edition and previous editions of Venture Pulse.

The COVID-19 pandemic was a unique shock to the world. However, it could be argued that more than ever before, businesses were prepared for the unique challenges engendered by the crisis. Within the realm of venture capital, that is even more abundantly clear. Q2 2020 saw the brunt of the pandemic's impact on investor confidence and activity as everyone sought to grapple with the potential ramifications unspooling worldwide across economies and financial markets. However, dealmaking quickly resumed. The back half of 2020 saw remarkable momentum and multiple cases of massively funded, mature companies raising even more capital with what could seem like relative ease. That momentum has carried over into the first quarter of 2021, which now looks set to see the bull market in VC that can be traced back to the start of 2018 continue.

“Globally, so much is happening in terms of VC investments, VCs raising funds, valuations skyrocketing. The range of companies attracting investments is phenomenal – fintech, ecommerce, AI, robotics, health, delivery – and the geographic diversity continues to expand. The exit space is also on fire, even outside of the US, with IPOs and an impressive number of SPACs. There’s no sign anything that we’re seeing now will slow down as we head into Q2’21.”

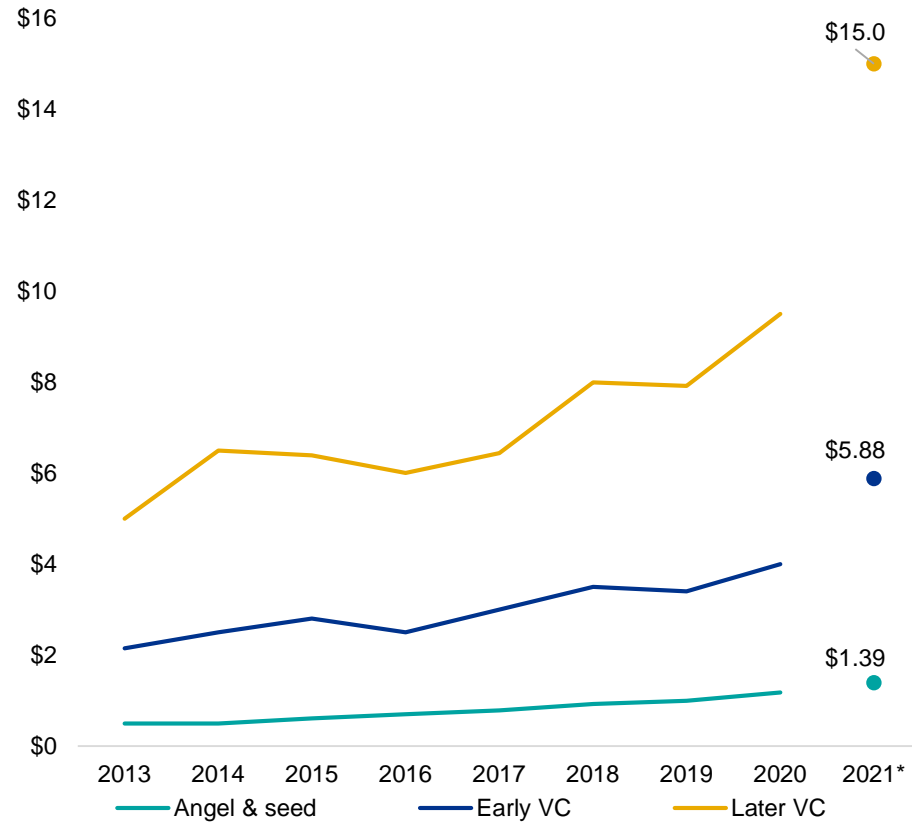


Jonathan Lavender
Global Head,
KPMG Private Enterprise

Q1 2021 notches new highs across all stages

Global median deal size (\$M) by stage

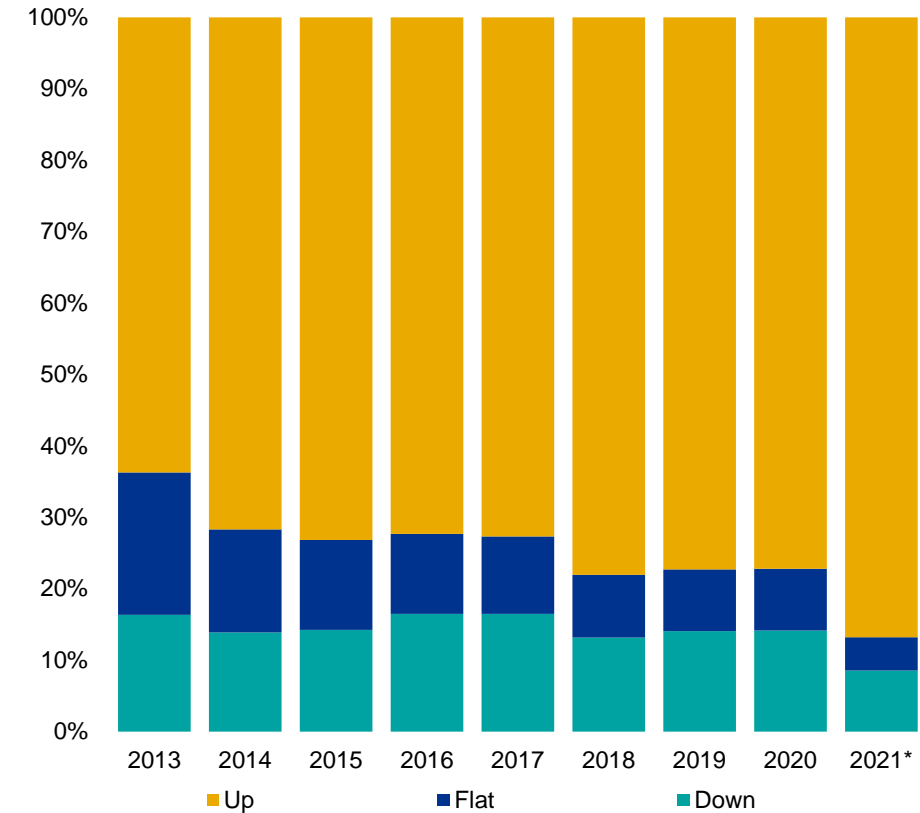
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Global up, flat or down rounds

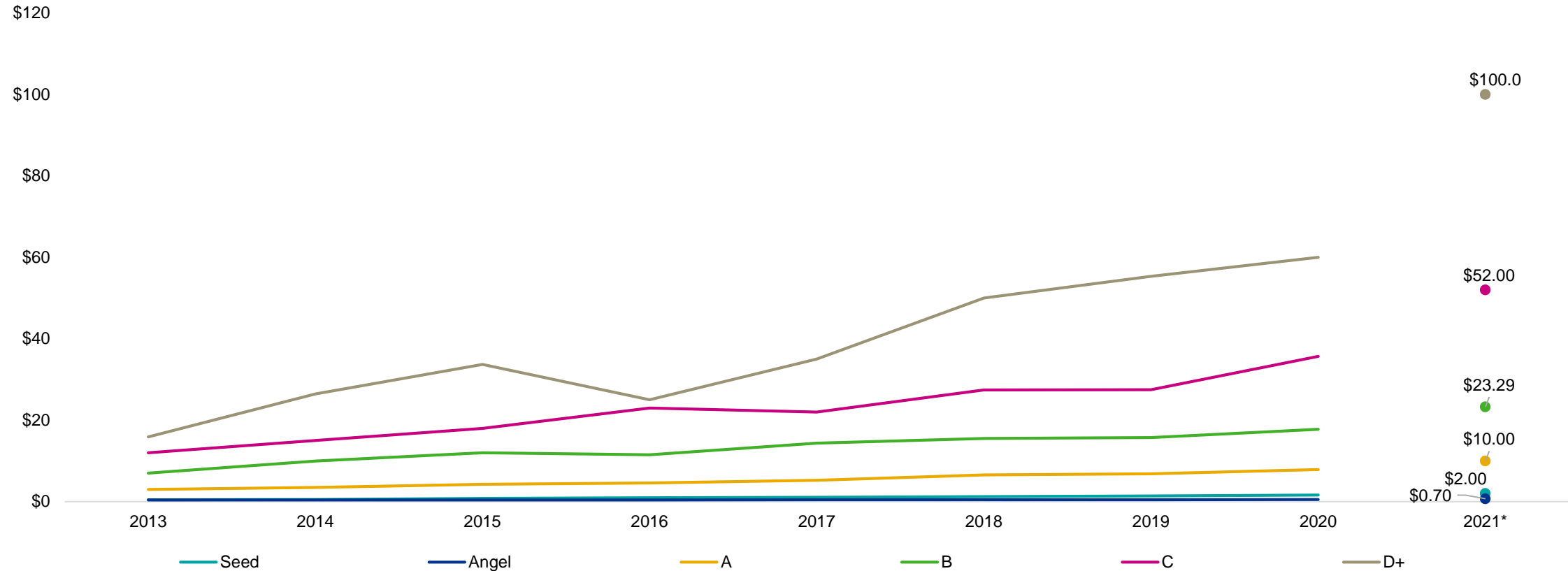
2013–2021*



The late-stage experiences greatest jumps

Global median deal size (\$M) by series

2013–2021*

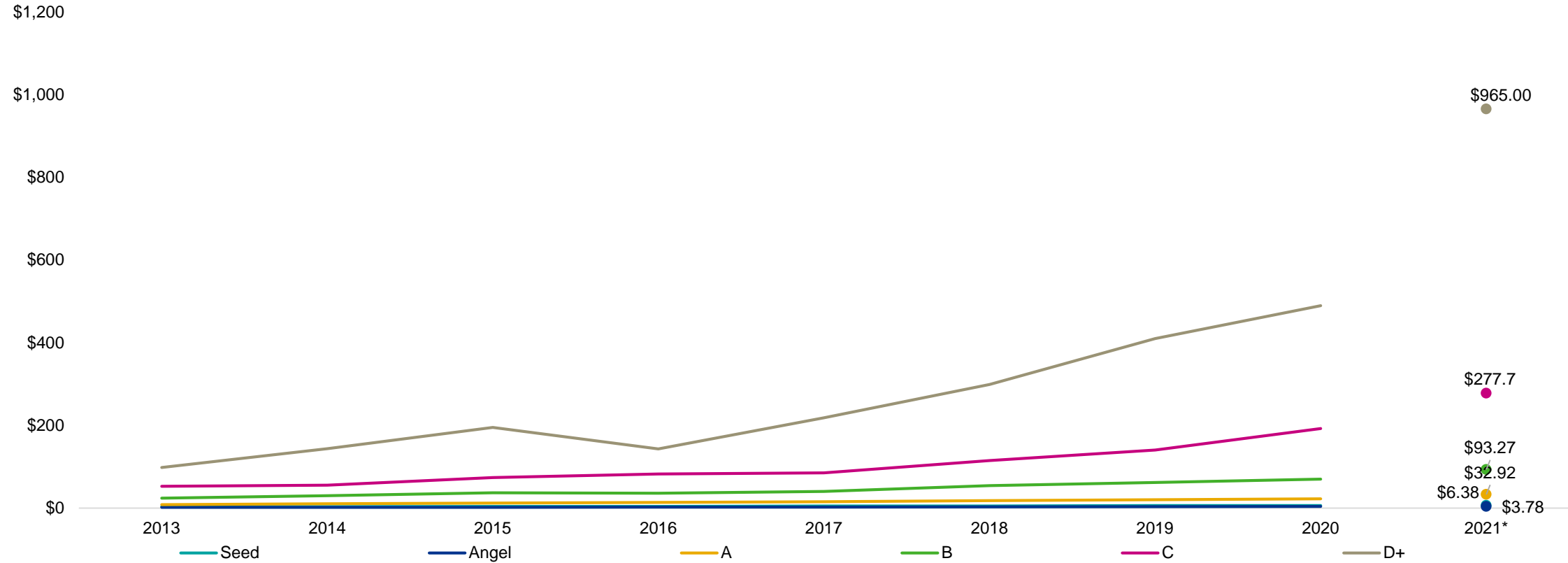


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Series D+ approaches stratospheric mark of \$1 billion

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

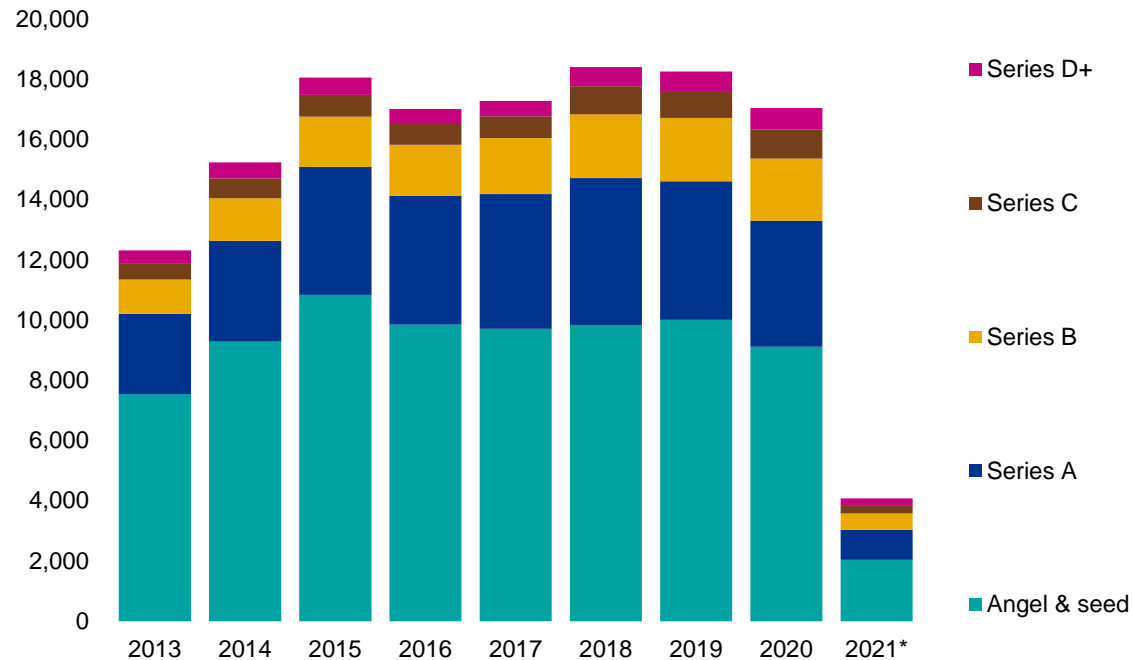
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Global deal share by series

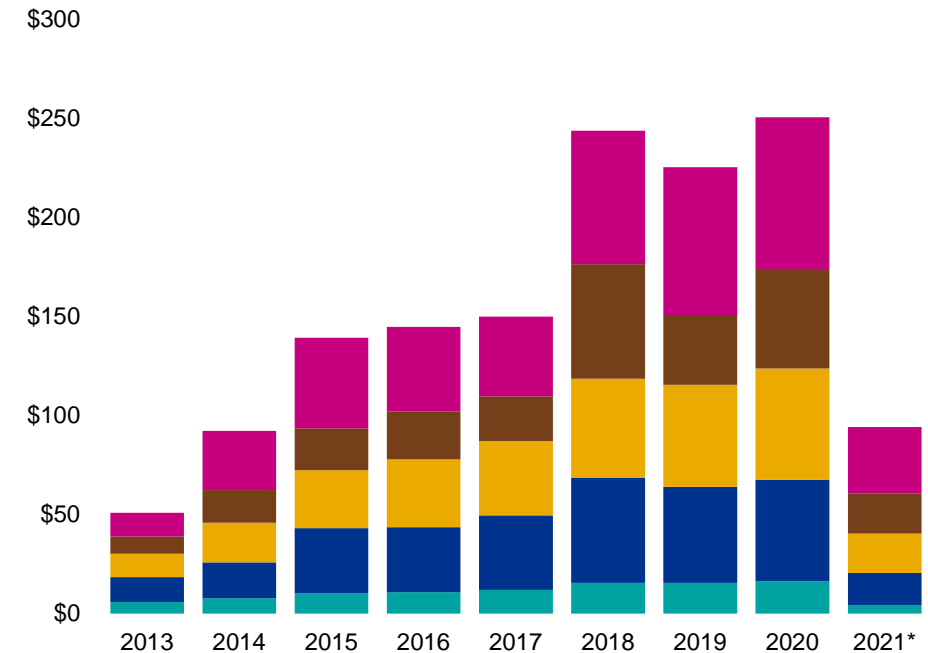
2013–2021*, number of closed deals



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Global deal share by series

2013–2021*, VC invested (\$B)

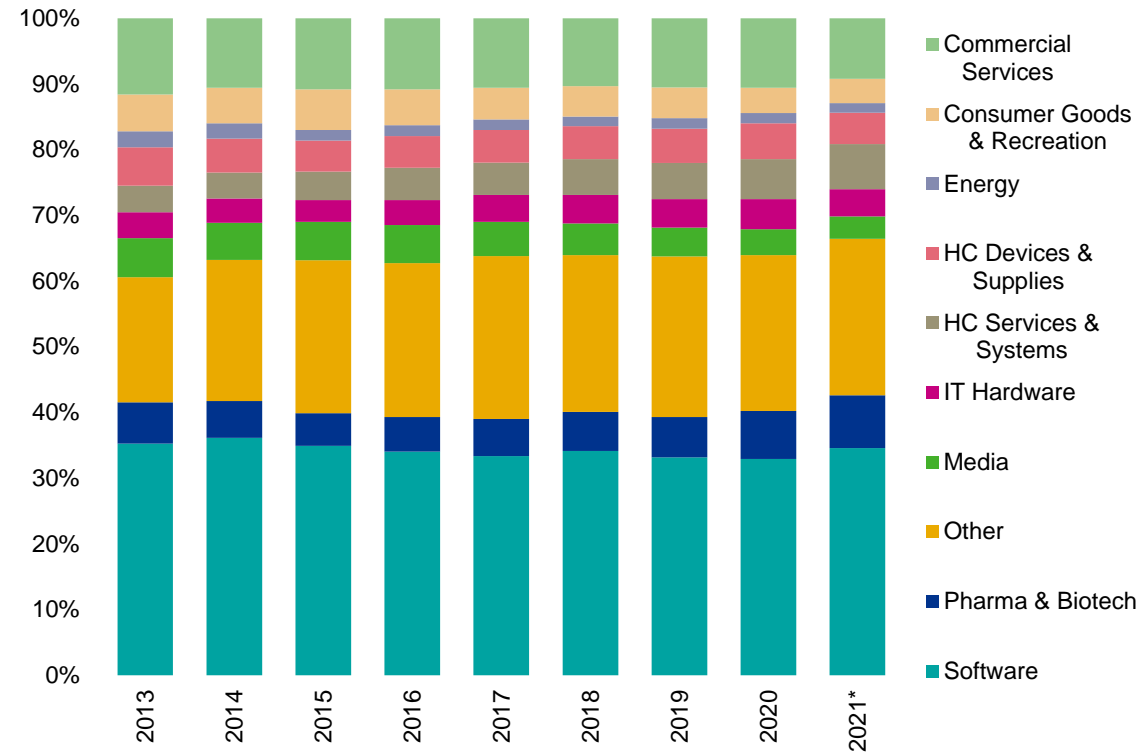


The concentration of capital at the later stages has been gradually increasing for some time as the venture environment has inflated for years now. 2020 exacerbated that trend, especially in key sectors that saw the effects of the pandemic actually accelerate their businesses, due to a confluence of unexpected and expected factors. 2021 looks set to only build further upon that trend. Some mature unicorns are likely raising their last infusions of private capital prior to going public in the roaring equities market, whereas others are simply taking advantage of an accommodative financing climate.

Software & handful of formerly less-funded sectors off to stronger start

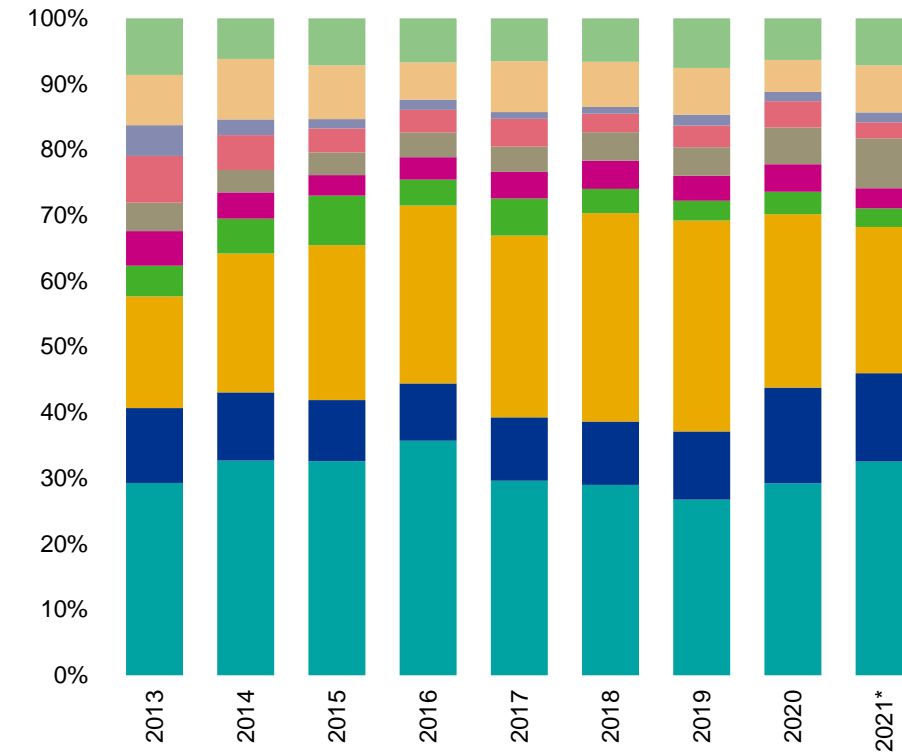
Global financing trends to VC-backed companies by sector

2013–2021*, number of closed deals



Global financing trends to VC-backed companies by sector

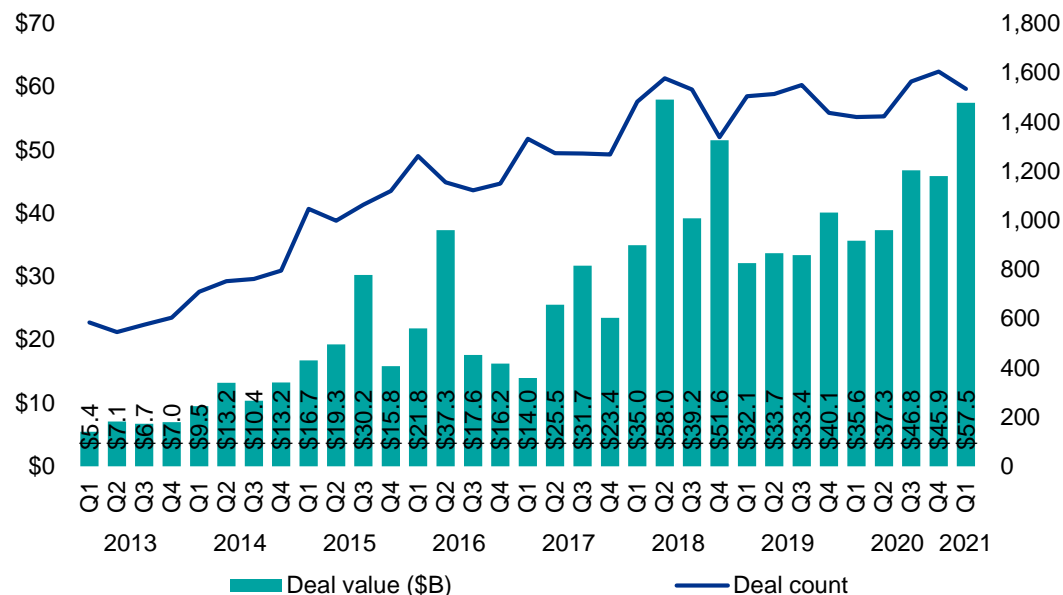
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Corporate VC participation in global venture deals

2013–Q1'21



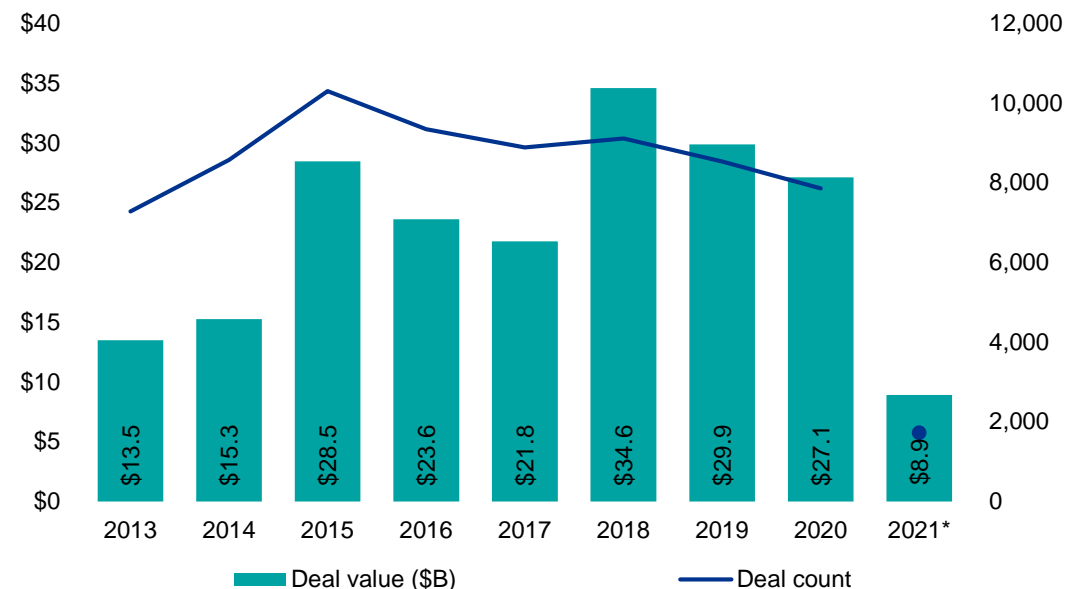
Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

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

After a very active back half of 2020, corporates and their venture arms pulled back somewhat from the sheer volume of activity registered in recent peaks, although not by much. In addition, they still took part in a hefty total of rounds by aggregate deal value. Looking ahead, that trend is likely to continue given ongoing competition and positioning for access to key developments at the forefront of technologies in certain sectors, e.g., battery manufacturing. However, a variable to watch will be a refocusing on internal R&D and capex investment.

Global first-time venture financings of companies

2013–2021*



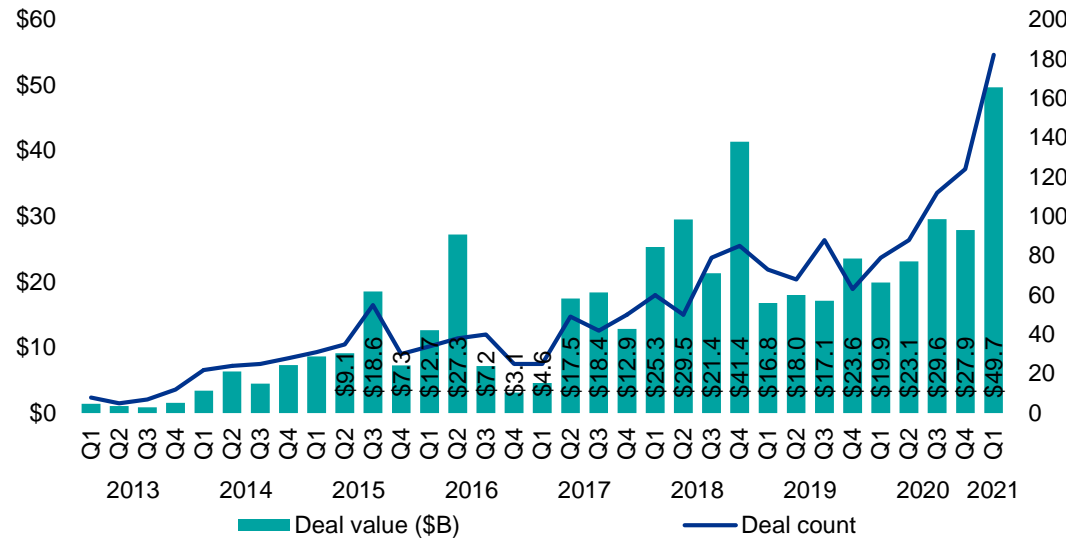
Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

As anticipated, first-time financing volume did subside once again year-over-year, although the sheer sum of dollars invested was still relatively strong. That is due primarily to a cyclical effect, wherein as the venture investing cycle continues to mature, the allocation of volume tends to favor repeat fundings of more established companies across the environment.

Unicorns continue to rake in VC while others achieve full liquidity

Global unicorn rounds

2013–Q1'21



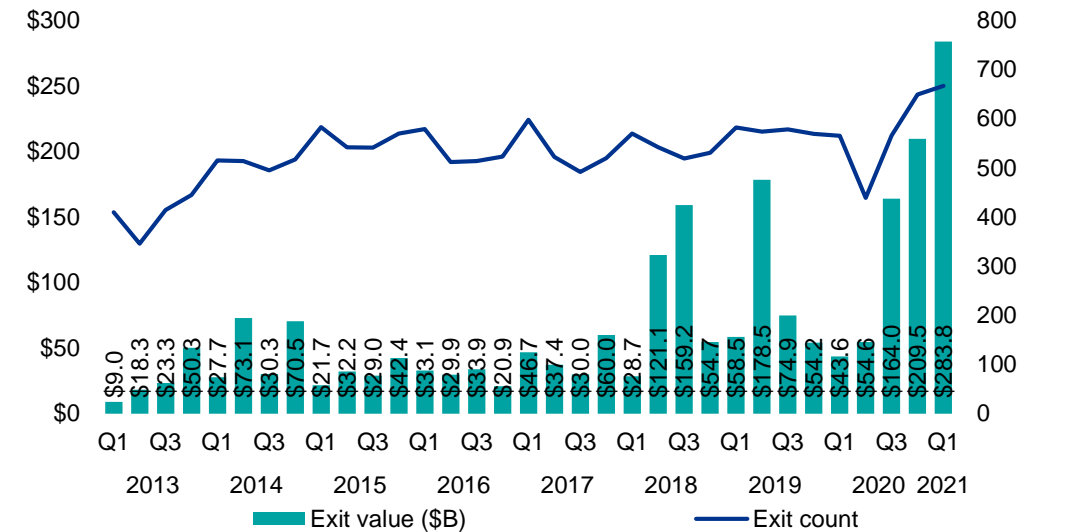
Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

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

Especially since the onset of the pandemic, the cohort of unicorns that saw their businesses significantly accelerated by the ramifications of the pandemic have skewed financing totals by handily raking in additional hundreds of millions if not billions of dollars in private funding. What remains to be seen is how much that fuels an ongoing push into public markets.

Global venture-backed exit activity

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

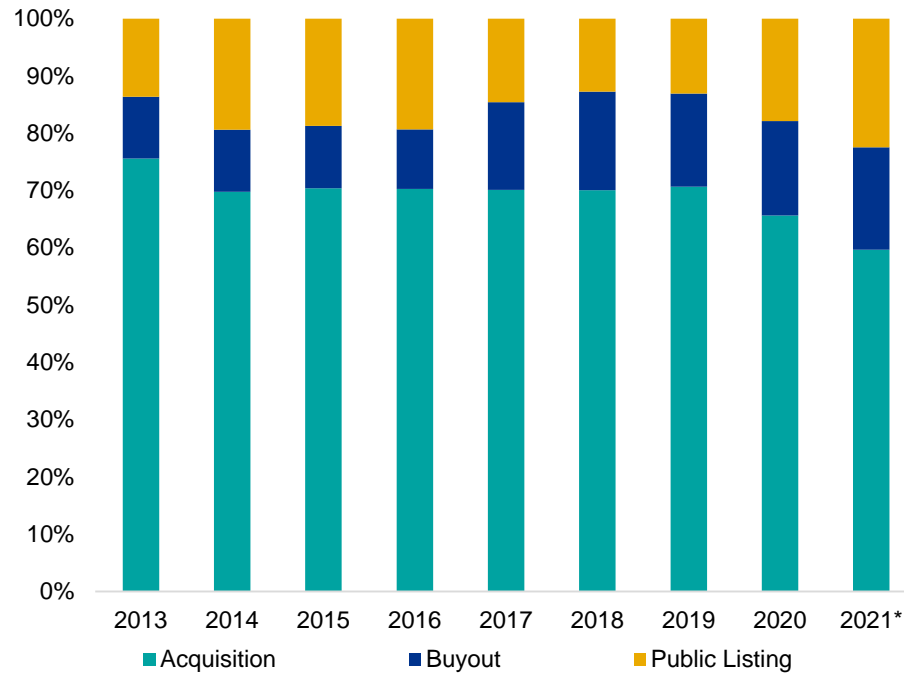
Note: Exit value for initial public offerings is based on post-IPO valuation, not the size of the offering itself.

2020 saw extraordinarily strong liquidity for the venture realm. 2021 is off to a similarly strong start, with debuts by mature venture-backed companies continuing apace. Furthermore, with a giant pool of untapped capital raised by SPACs to be deployed within a short timeline, there could be a boom in reverse mergers and other semi-novel public listings.

After record year, strong exit trends look poised to continue

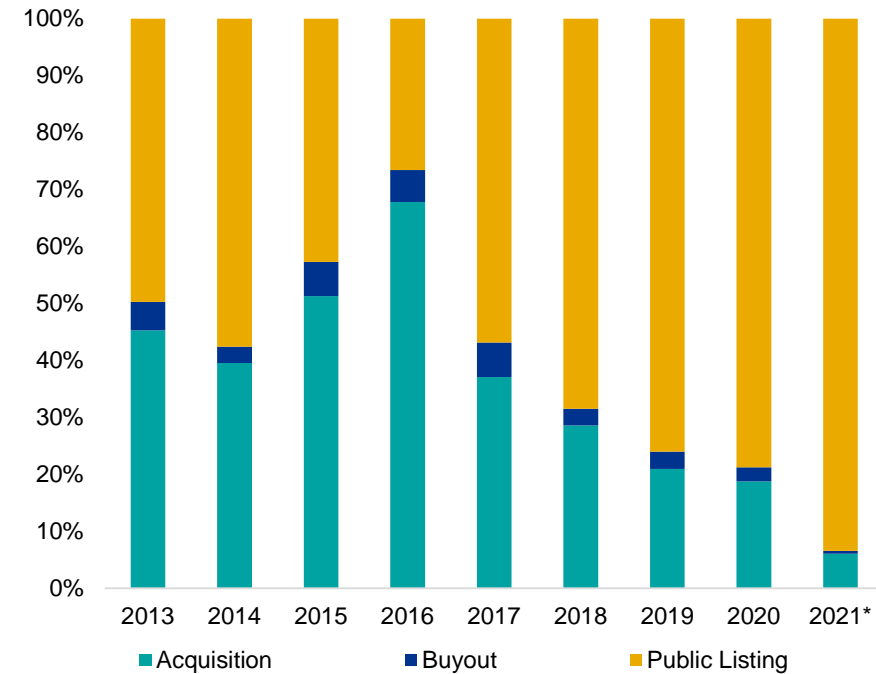
Global venture-backed exit activity (#) by type

2013–2021*



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

2013–2021*

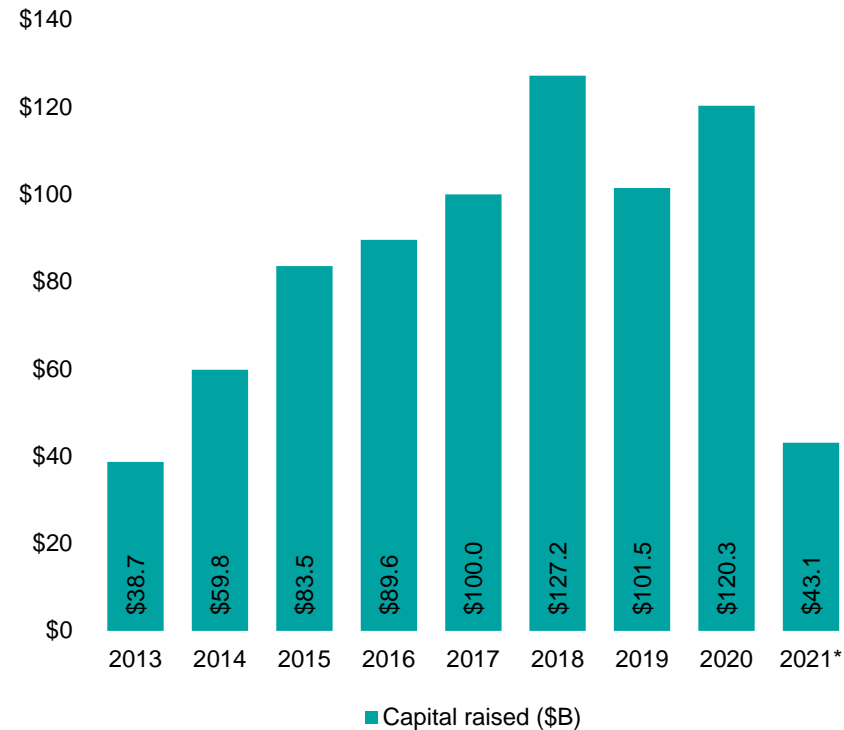


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

The back half of 2020 saw an onrush of mature VC-backed portfolio companies to public markets, tapping into a historic equities boom. That trend has only continued as markets remain favorable. Moreover, as traditional M&A continues, the unique phenomenon of the massive surge in SPAC fundraising could potentially pave the way to even greater intensification of liquidity trends. However, much of that remains to be seen.

Global venture fundraising

2013–2021*



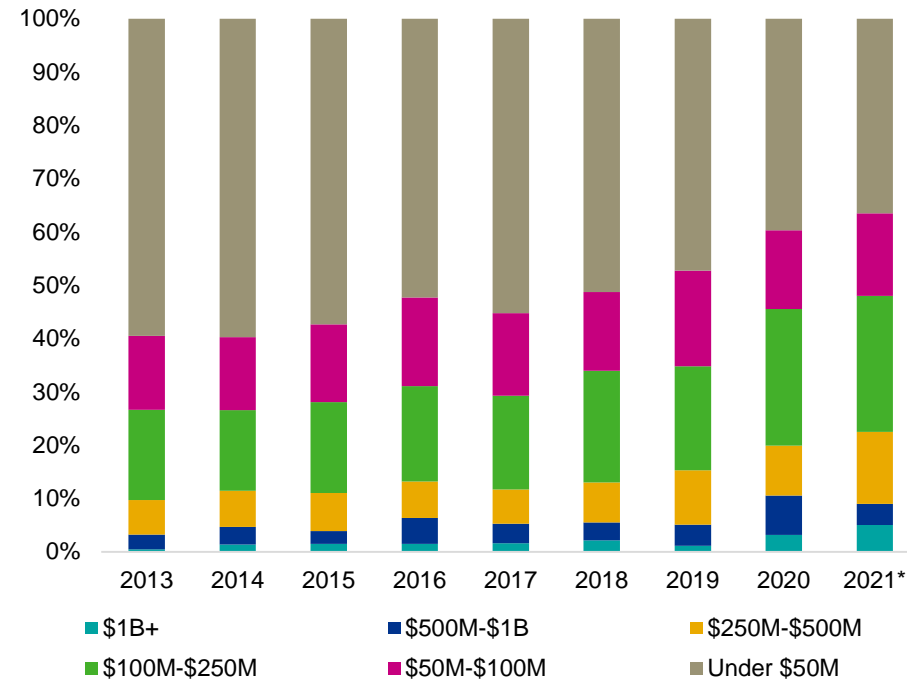
Fundraising metrics diverged last year, as volume contracted but over \$120 billion was raised worldwide across 700+ pools of capital. 2021 thus far has seen that trend only continue, as large sums have poured into relatively few vehicles. This trend is partially driven by how large the top tier of venture firms have grown, due to continued success. In addition, as modes of access to private capital have proliferated, traditional venture funds at the extremely small end of the market in terms of size have not necessarily suffered due to competition, but have not grown significantly either. That said, the seed stage remains quite competitive and thus could inspire more and more firms to be launched targeting that segment of the market.

After a **near-record year for capital raised** at \$120.3 billion, the first quarter of **2021** is off to a strong start, **exceeding \$43 billion** committed already ...

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Global venture fundraising (#) by size

2013–2021*

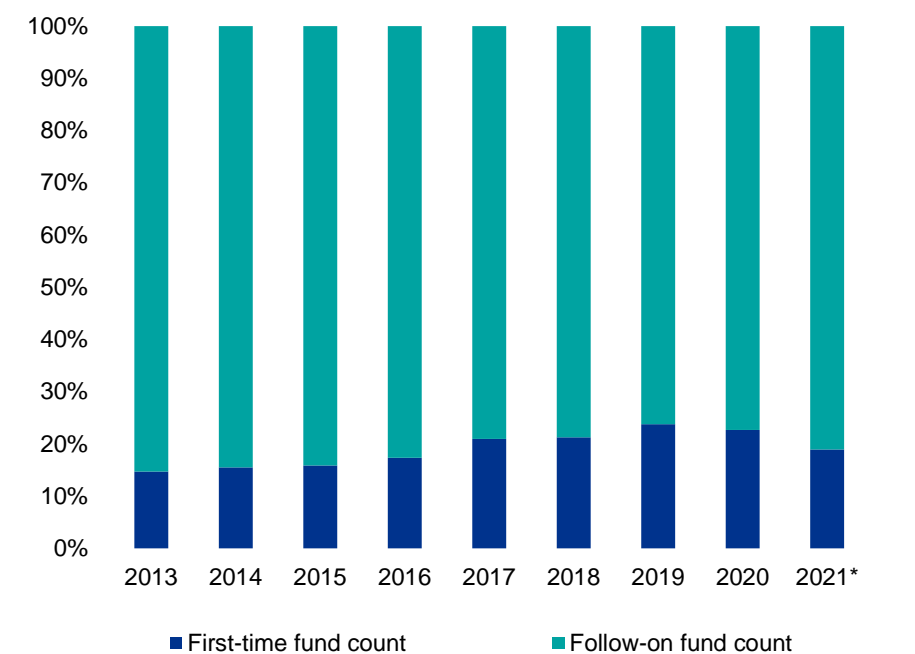


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

First-time fundraising regressed a bit between 2019 and 2020 in terms of proportion of overall global volume, but was still relatively robust in Q1 2021, which is critical to ensuring a pipeline of healthy capital supplies across the entire venture ecosystem. In addition, more fund managers are targeting ever-more niche segments, which could stand to benefit the next wave of critical technical innovation.

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

2013–2021*



Top 10 global financings in Q1'21



1. **Robinhood** — \$3.4B, Menlo Park, US — Fintech — *Late-stage VC*
2. **Xingsheng Selected** — \$3B, Changsha, China — Retail — *Late-stage VC*
3. **Rivian Automotive** — \$2.65B, Michigan, US — Automotive — *Series F*
4. **Lalamove** — \$1.5B, Shenzhen, China — Logistics — *Series F*
5. **Klarna** — \$1.3B, Stockholm, Sweden — Fintech — *Late-stage VC*
6. **goPuff** — \$1.15B, Philadelphia, US — Retail — *Late-stage VC*
7. **Pacaso** — \$1.075B, San Francisco, US — Real estate technology — *Series B*
8. **VillageMD** — \$1.025B, Chicago, US — Healthtech — *Late-stage VC*
9. **Databricks** — \$1B, San Francisco, US — Database software — *Series G*
10. **SpaceX** — \$850M, Hawthorne, US — Aerospace & defense — *Late-stage VC*

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

In Q1'21 US VC-backed companies raised
\$69.0B across 3,042 deals

An incredibly strong exit market, high valuations, and a highly competitive market for VC deals helped drive VC funding in the US through the roof in Q1'21. Increasing vaccine distribution and the sense of a light at the end of the pandemic tunnel likely also contributed to a strong sense of optimism in the US during the quarter.



\$1 billion+ mega-deals strengthen investment numbers

Very large mega-deals helped propel VC investment in the US, including a \$3.4 billion raise by wealthtech Robinhood, a \$2.6 billion raise by electric vehicle company Rivian Automotive, a \$1.1 billion raise by delivery app GoPuff⁷ raised \$1.1 billion, and \$1 billion raises by healthcare practice management platform VillageMD and data analytics software company Databricks. These deals highlight not only the strength of the US VC market, but also its variety – with each company reflecting a different hot sector of investment, including fintech, automotive, logistics, and healthcare.

Growing deal sizes and the larger number of \$100 million+ megadeals likely also contributed to the record 64 unicorn births in the US, including companies like Hinge Health, Dremio, Enfusion, Axiom Space, BlockFi, Pilot.com, and Cameo.



Deal speed accelerating for late-stage deals

Q1'21 saw deal speed in the US accelerate, with significant funding rounds oversubscribed as investors competed for some of the biggest bets. FOMO – the fear of missing out – appeared to be a real concern to US-based investors as late-stage and potential pre-exit rounds attracted strong interest and rapid investment. Even the challenges associated with doing business during a pandemic have not hindered deal speeds in the US, with most investors and startups now accustomed to doing deals remotely.

While VC investors in the US continued to deploy capital to Series C and later rounds, early-stage funding remained soft.



SPACs attracting significant attention as exit interest remains high

SPACs continued to gain ground in the US as an alternative to traditional IPO exits during Q1'21. A large number of SPACs were formed in the US in recent quarters, and each of these SPACs will need to find a company to invest in within the next two years. The increasing availability and visibility of SPAC transactions has led to more companies looking at a SPAC merger as a potential exit option. Some companies that were eying IPO exits over the next two to three years are now looking at SPACs as an opportunity to go public sooner.

One concern related to the increase in SPAC transactions is the potential for companies to go public before they are well-equipped to do so. While SPAC transactions are expected to remain an important exit option in Q2'21, the use of SPACs over the longer term will likely be dependent on the performance of companies that have recently exited via SPAC mergers.

Direct listings also continued to be seen as a potential IPO alternative; in Q1'21, video game platform Roblox conducted a direct listing, with share prices rising 50% on the first day of trading.



VC investors showing interest in AI and data analytics focused health opportunities

Healthtech continued to be an attractive area of investment in the US in Q1'21. During the quarter, investors showed increasing interest in consumer-focused health solutions, such as health tracking and personalized fitness solutions. Investors were also keenly interested in companies able to connect data and predict outcomes using AI and data analytics. Investors see the intersection of AI and health as a very powerful opportunity, suggesting it will remain an attractive area of investment for the foreseeable future.

⁷ <https://techcrunch.com/2021/03/23/gopuff-new-funding/>



VC investors betting on new normal

The pandemic accelerated digital transformation for many businesses and helped both consumers and companies see the art of the possible. With vaccine distribution ramping up significantly, VC investors are now starting to look at what the new normal will look like, and differentiating between business models critical during a pandemic and those that will likely remain in demand once COVID-19 wanes. This could lead to falling investment in some sectors – such as edtech, given the expectation that children will fully return to school. Other sectors are expected to remain attractive to investors given the expectation that some learned behaviors will remain strong even within a new normal – including areas like fintech, B2B services, and delivery and logistics.



Trends to watch for in the US

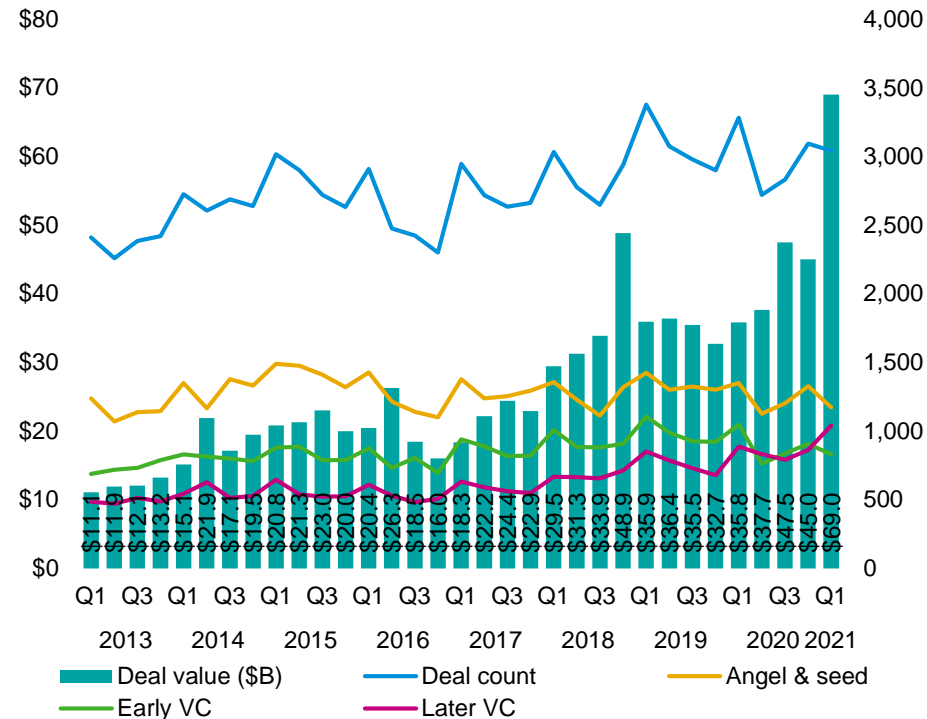
VC investment in the US is expected to remain strong and valuations are expected to remain high in Q2'21 as VC investors continue to compete for the most attractive deals. Fintech is expected to remain a very hot area of investment, in addition to digital solutions and almost all areas of AI.

IPO activity will likely remain quite strong, including both traditional IPOs and direct listings. More SPACs are also expected to be formed during Q2'21, while SPAC mergers will likely increase.

A mammoth quarter sets a new high

Venture financing in the US

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

Despite a modest decrease in the number of financings, the sheer weight of dry powder across US venture drove a remarkable outcome to close out the majority of 2020: a record three-quarter stretch of VC invested eclipsing \$40 billion apiece. Ongoing unicorn funding as well as continued focus on mature companies contributed to this significant slew of investment.

“There continues to be enormous amounts of capital looking for a home – and a significant appetite for public issuances. In addition to traditional IPOs, the SPAC phenomenon continues to accelerate – including companies availing themselves of SPACs as a way to go public sooner than they may have initially planned. It remains to be seen if all of these companies will be able to effectively function as a public company.”



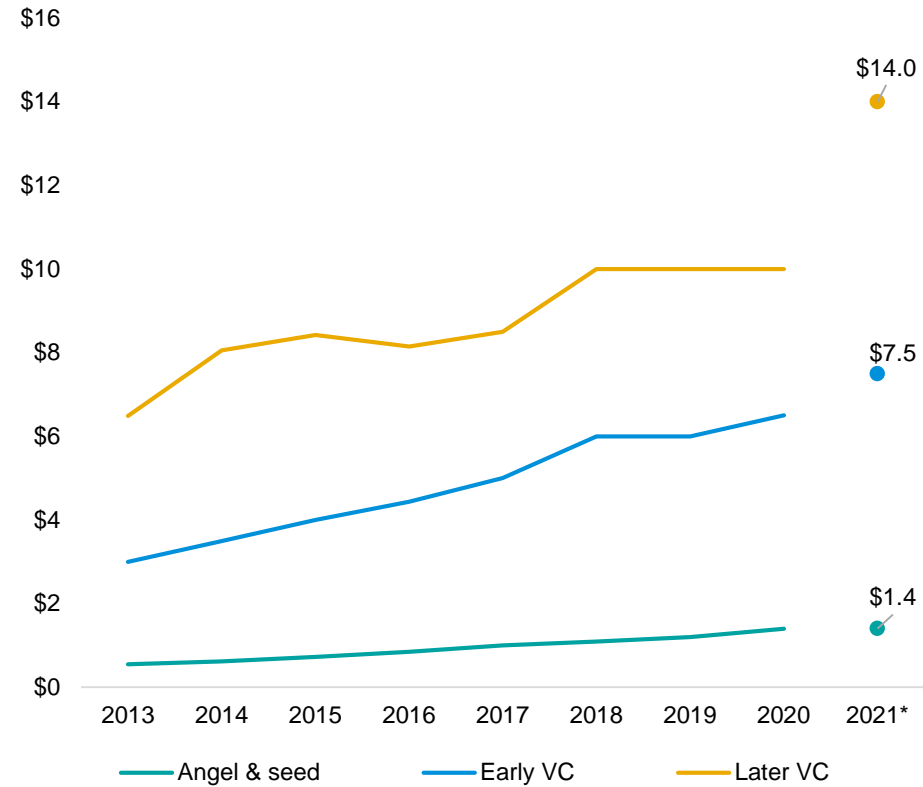
Conor Moore

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

A surge in up rounds speaks to investor confidence

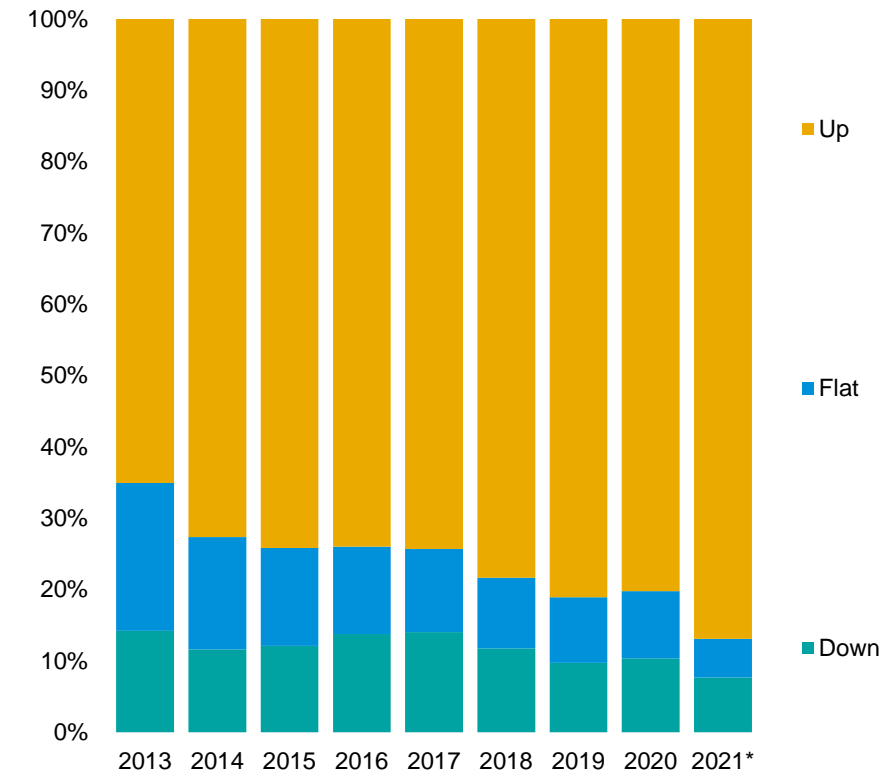
Median deal size (\$M) by stage in the US

2013–2021*



Up, flat or down rounds in the US

2013–2021*

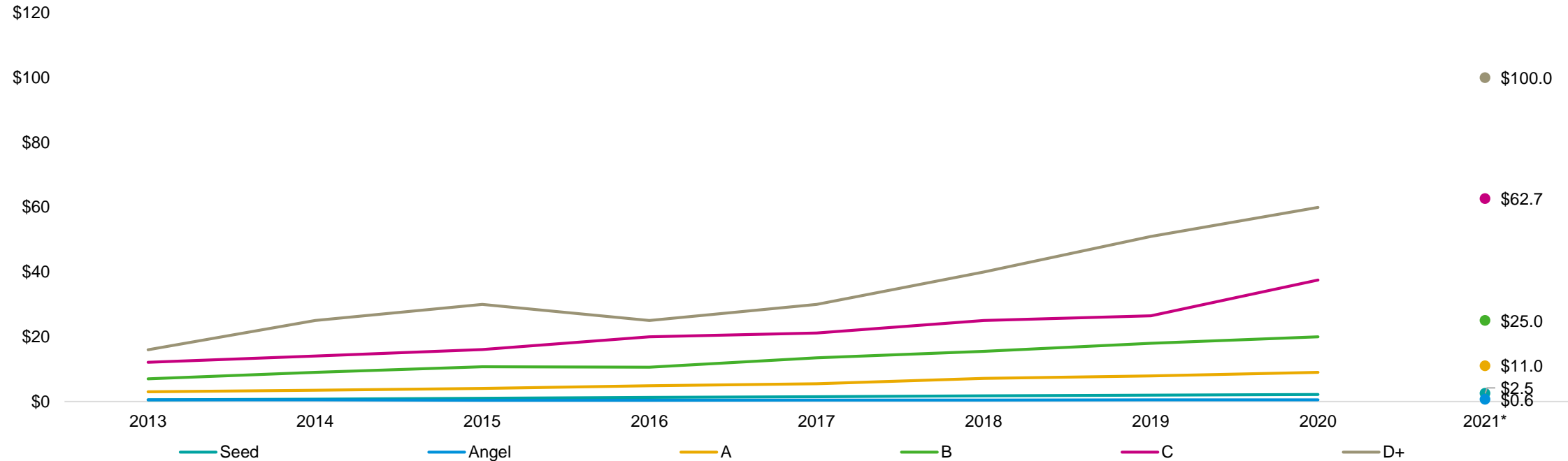


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

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

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

2013–2021*



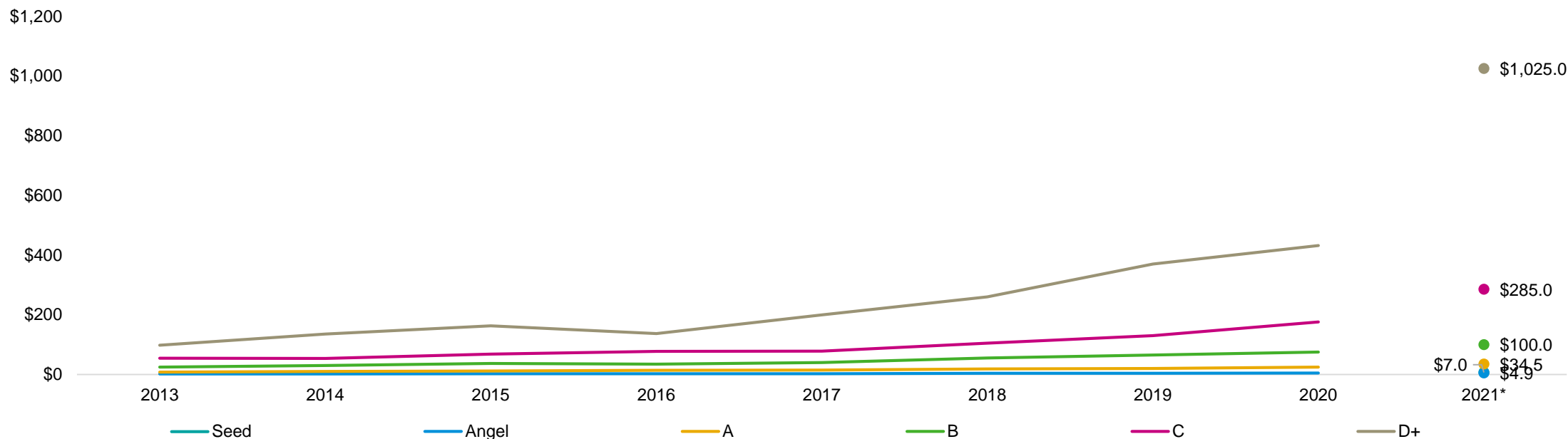
Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Note: Figures rounded in some cases for legibility.

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

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

2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

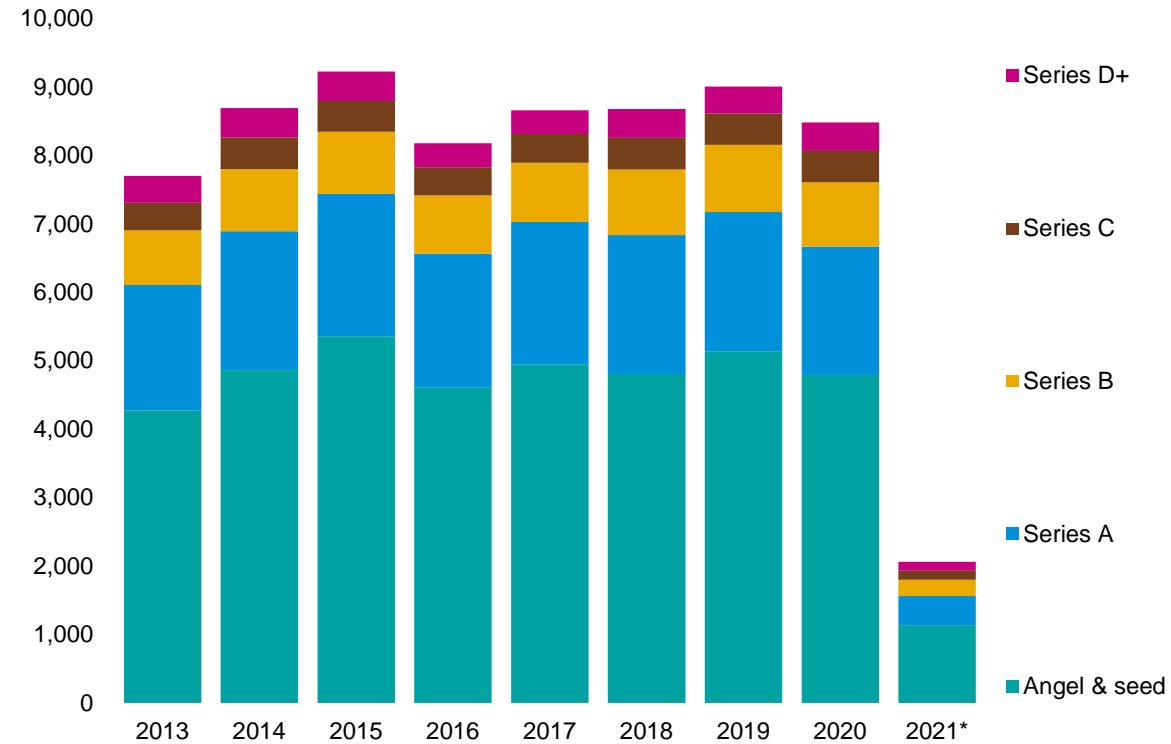
Note: Figures rounded in some cases for legibility.

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

Early-stage volume starts off robustly in promising sign

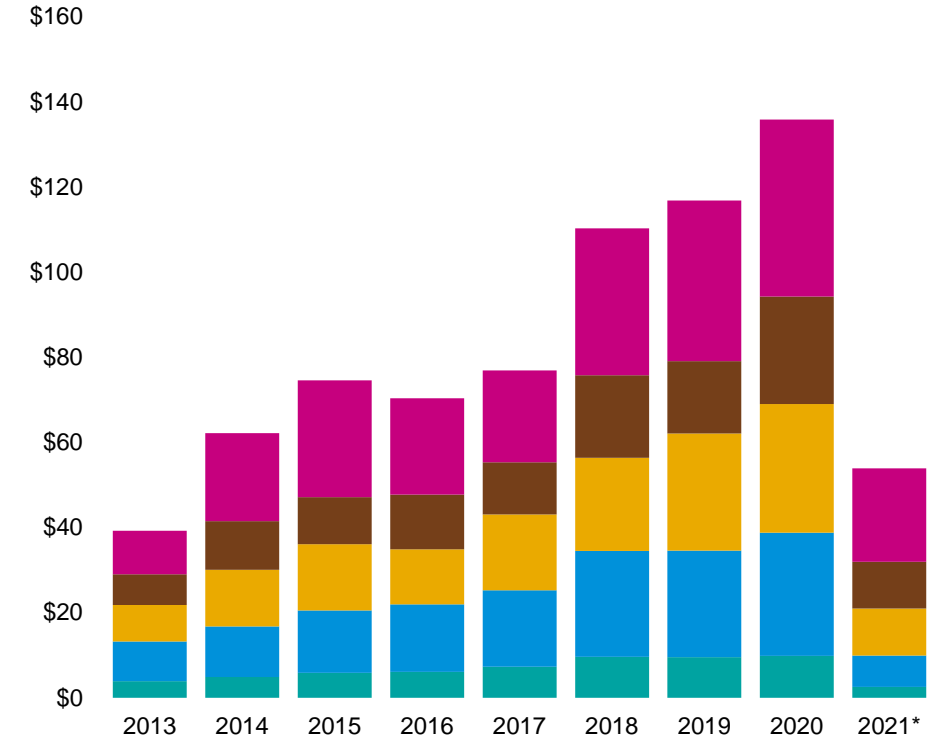
Deal share by series in the US

2013–2021*, number of closed deals



Deal share by series in the US

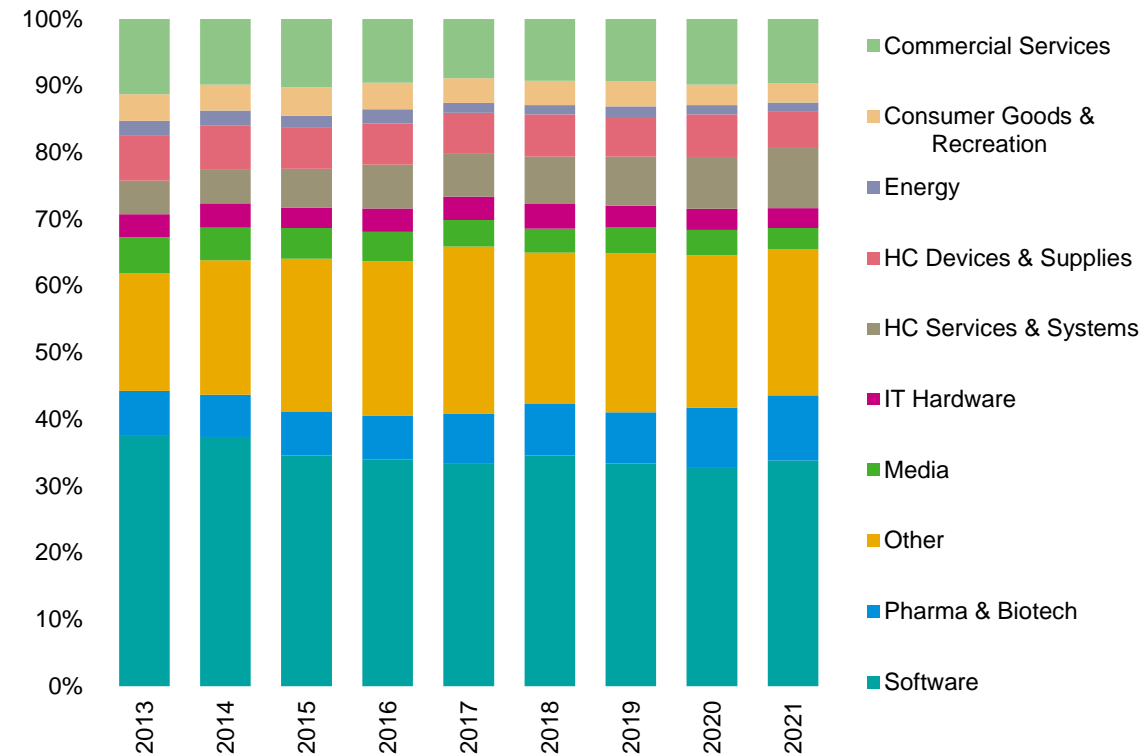
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

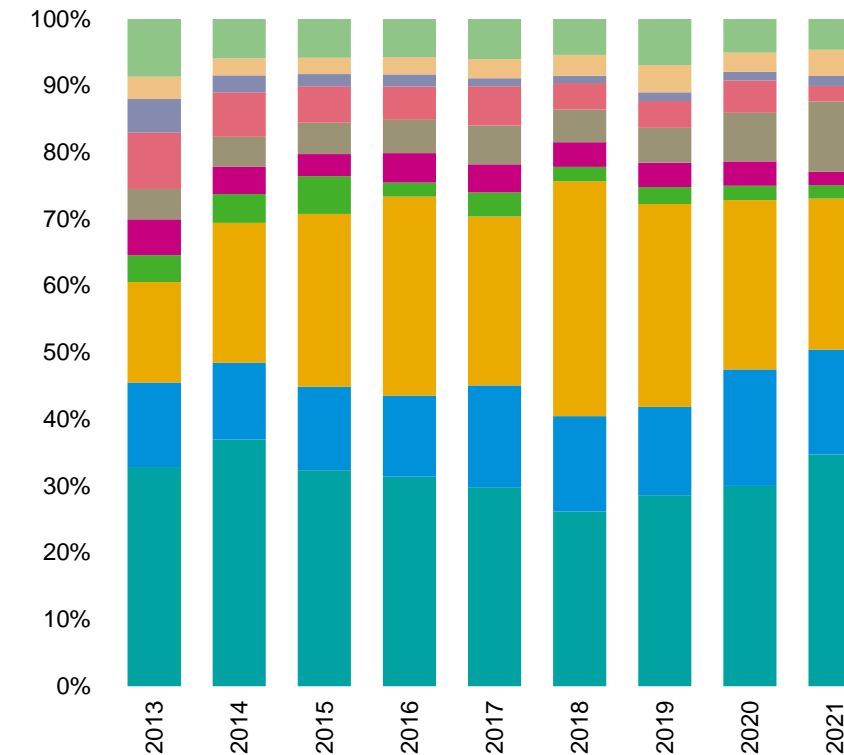
Venture financing by sector in the US

2013–2021*, number of closed deals



Venture financing by sector in the US

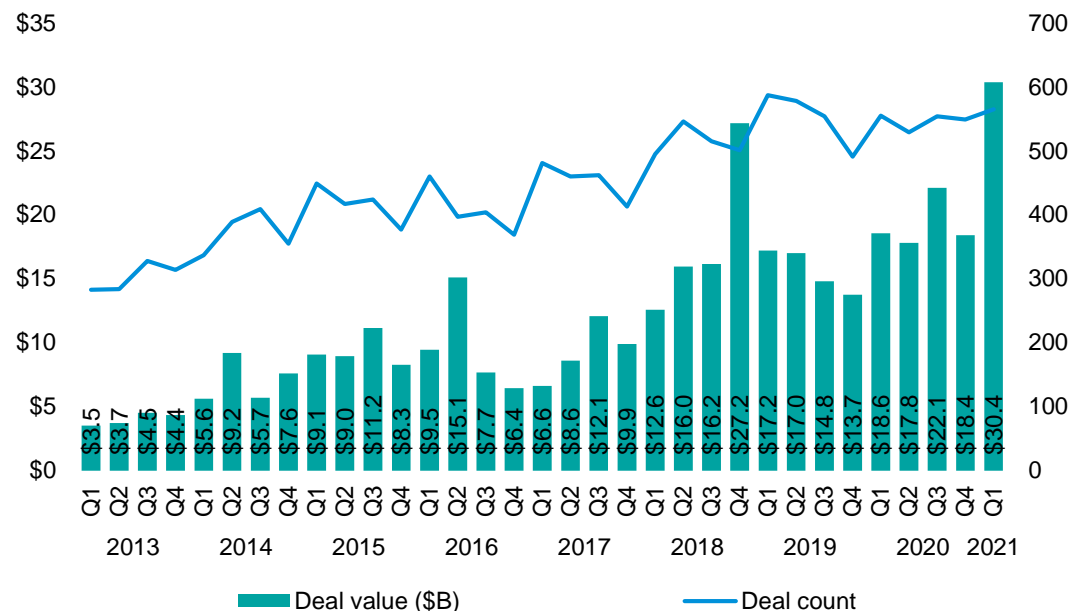
2014–2021*, VC invested (\$B)



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

Corporate participation in venture deals in the US

2013–Q1'21

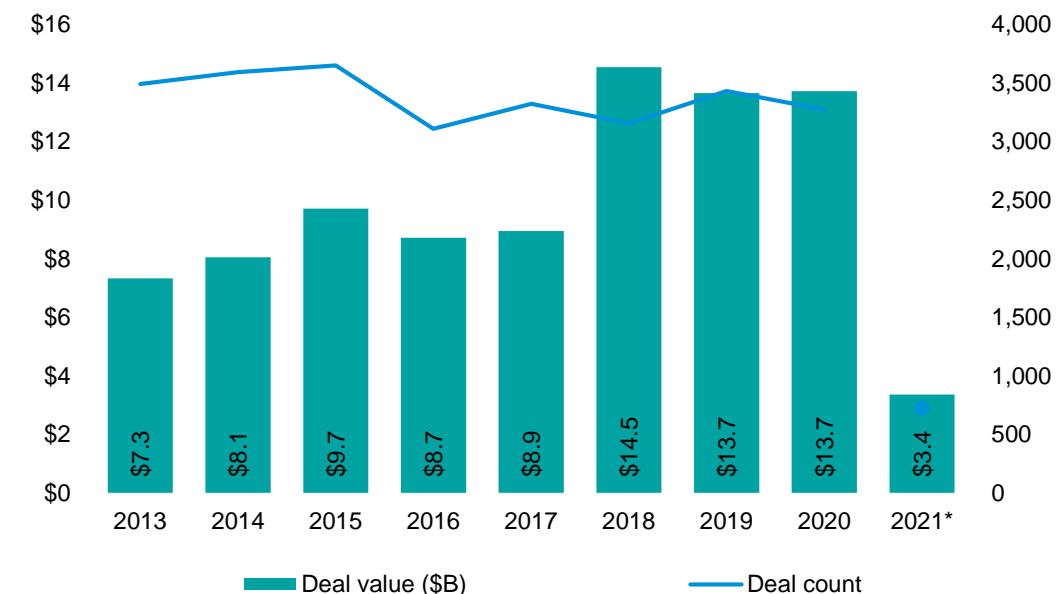


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 18, 2021.

Corporate players in the realm of venture have been quite active for some time in the US, but due to the overall surge in funding to kick off 2021, they participated in the largest aggregate sum of VC invested in a single quarter in some time, even outstripping the end of 2018. This is more due to the fact multiple corporate VCs wanted or extended exposure to many of the more mature, heavily funded portfolio companies across the board than any novel macro factor.

First-time venture financings of companies in the US

2013–2021*

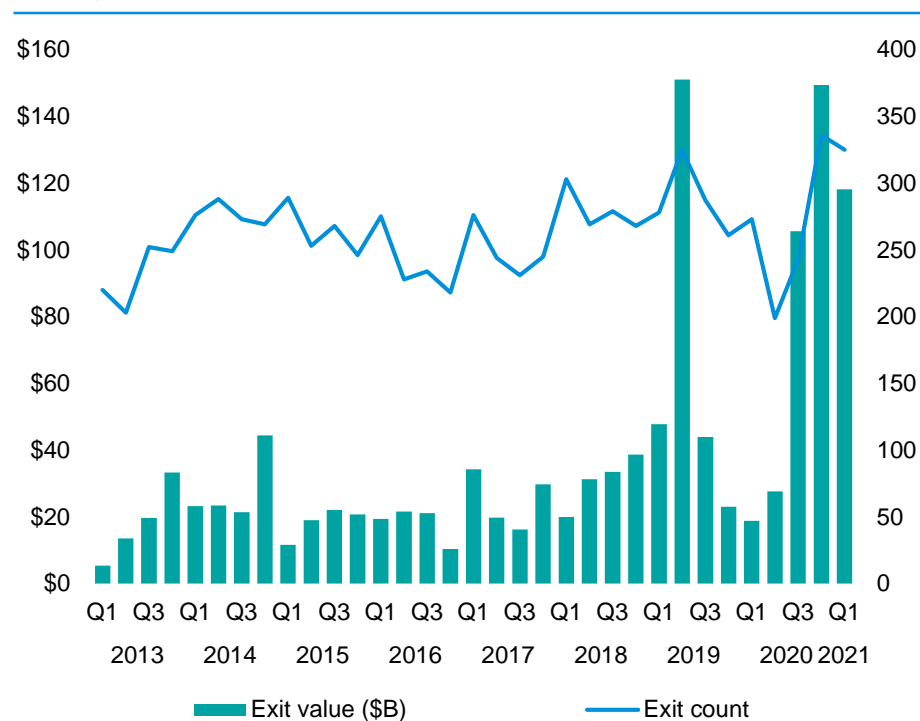


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

The three-year stretch from 2018 to 2020 saw much more robust tallies of VC invested even in first-time financings than in the decade prior, most likely due to overall desire for exposure to the key industry trends that became pervasive in that same timeframe, e.g., the shift to the cloud.

Venture-backed exit activity in the US

2013–Q1'21



2021 shows no signs of slowing down when it comes to liquidity for VC-backed portfolio companies. In the US, volume remained nearly as high as it was in the final quarter of 2020, and, moreover, exit value notched its third consecutive quarter in exceeding \$100 billion handily. Much of this flood of liquidity is being driven by opportunistic debuts into public markets, with equities exhibiting a period of uniquely strong performance. It is difficult to foresee what may slow this flood down given many macroeconomic and policy factors are still registering as bullish.

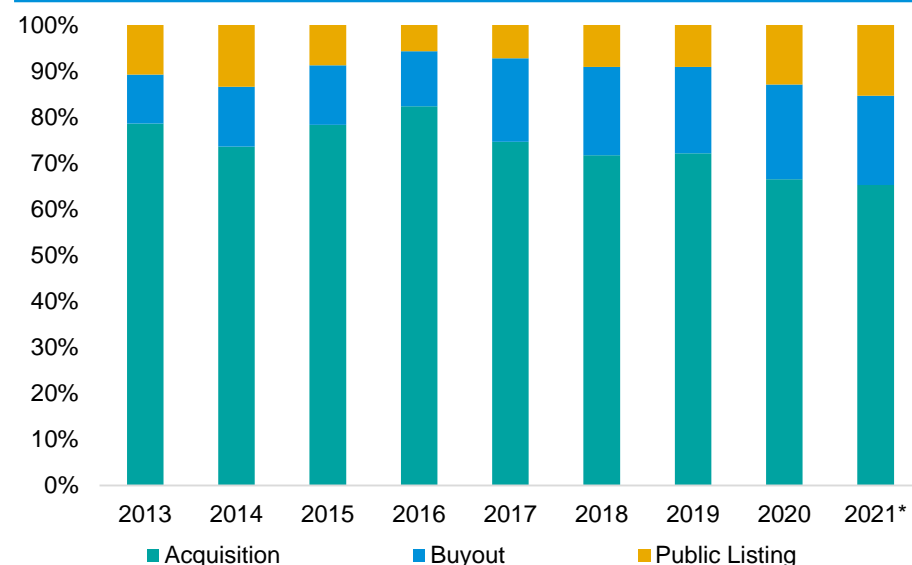
“The pandemic has been an awful event, but some good things have come out of it. One of them is people getting comfortable with digital, much more so than they would have otherwise. This is even true in quite sensitive sectors, like healthcare. People here in the US are more willing to interact with a doctor virtually, or to have their files kept electronically, or to share data through devices. That’s a very positive trend, and I think it will continue to spur healthtech investment moving forward.”



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

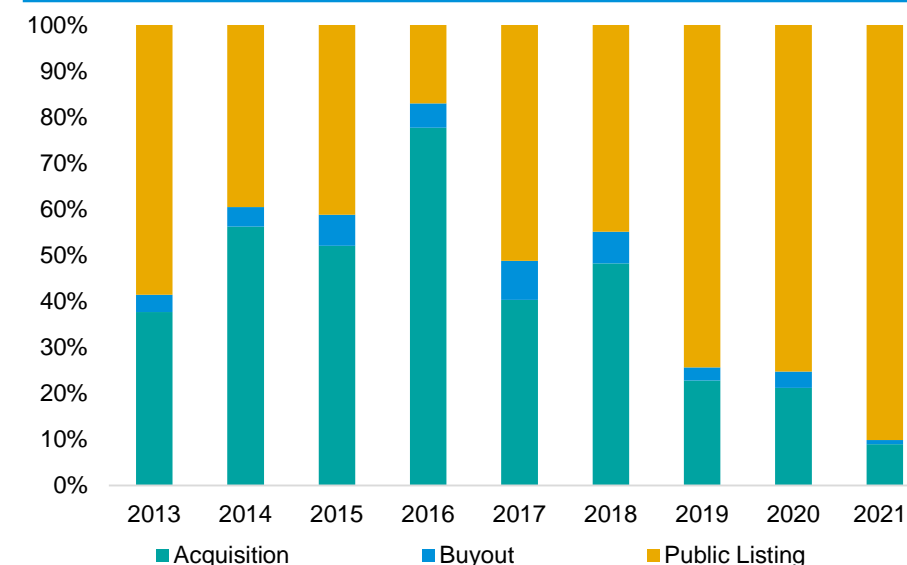
Venture-backed exit activity (#) by type in the US

2013–2021*



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

2013–2021*

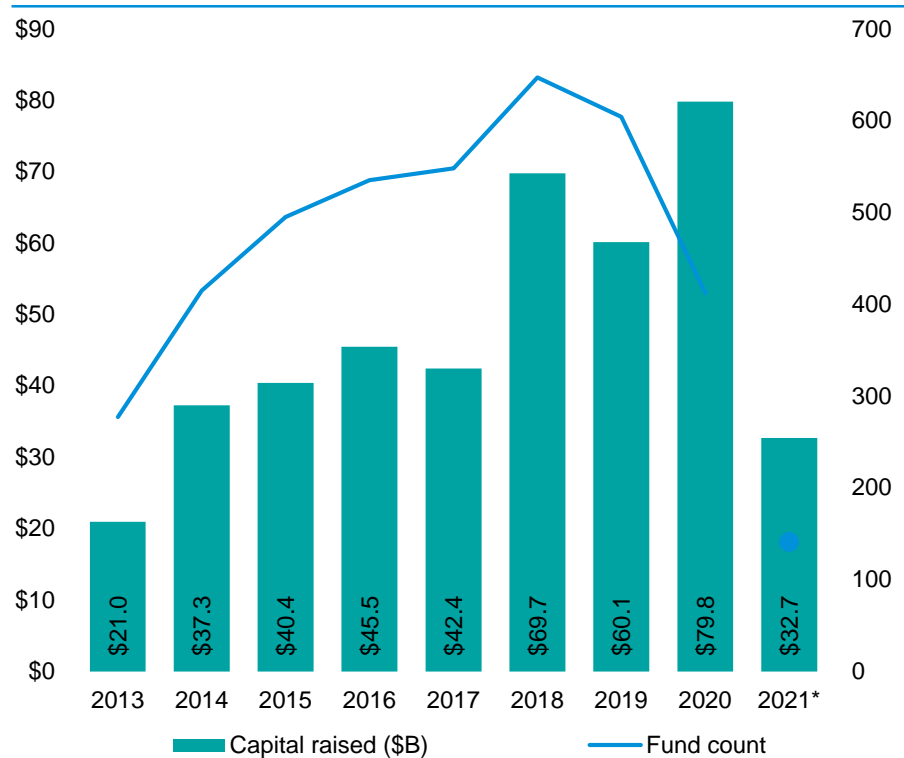


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Especially with in the US, it is possible to review the record proportions of exit value that public listings (updated to include SPACs and reverse mergers for this edition of the Venture Pulse) have achieved in the past nine quarters and conclude that although the bull market in equities over that same timeframe was the prime driver, the debuts of multiple unicorns after their long tenure in private markets was what tilted the proportion of exit value away from outright acquisitions. Thus far 2021 has seen that trend continue apace. Furthermore, given the \$100 billion+ and counting raised by SPACs to acquire mature tech companies, there could be even more to come.

US venture fundraising

2013–2021*



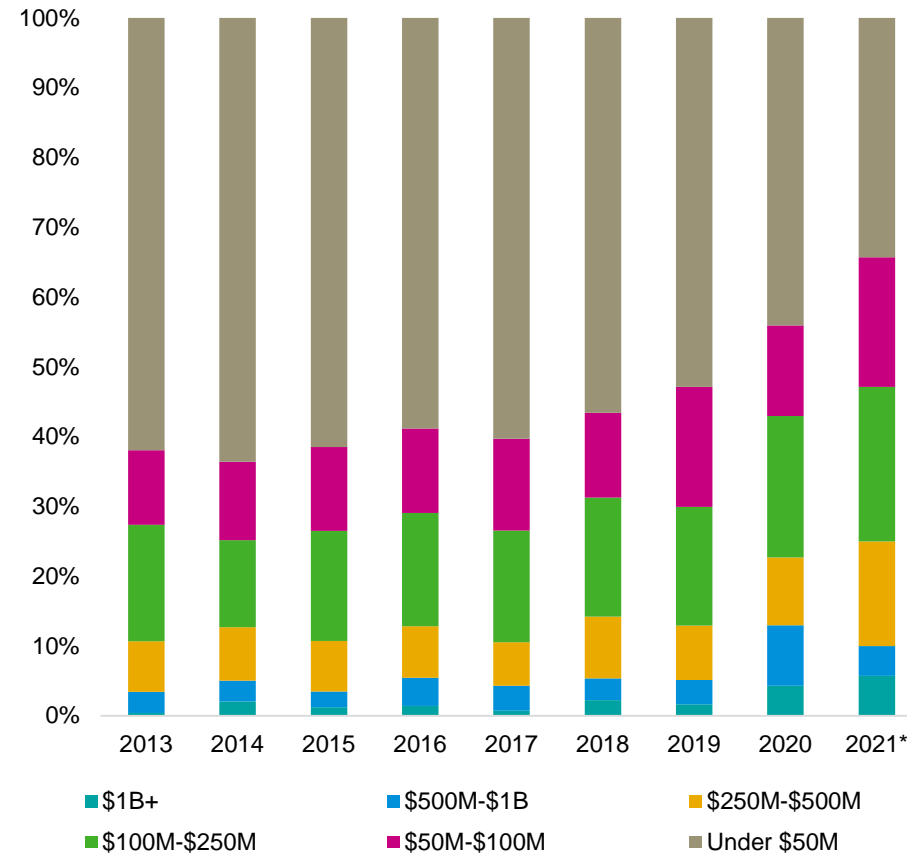
Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021.
Data provided by PitchBook, April 21, 2021.

There is still no slowing the appetite of institutional investors when it comes to gaining exposure to VC in their portfolios. In addition, there have never been more mature, large VC firms with multiple managers to raise and run pools of capital. As a result, 2021 is off to a remarkable start for fundraising. It is difficult to foresee how this cycle may slow, given the fact that VC still represents a small slice of the modest average allocation to alternative investments in most portfolios. There could be significant room for further growth.

... **2021** is off to a **roaring start**, with close to **\$33 billion committed to VC funds in the US**, even after a record year for capital commitments.

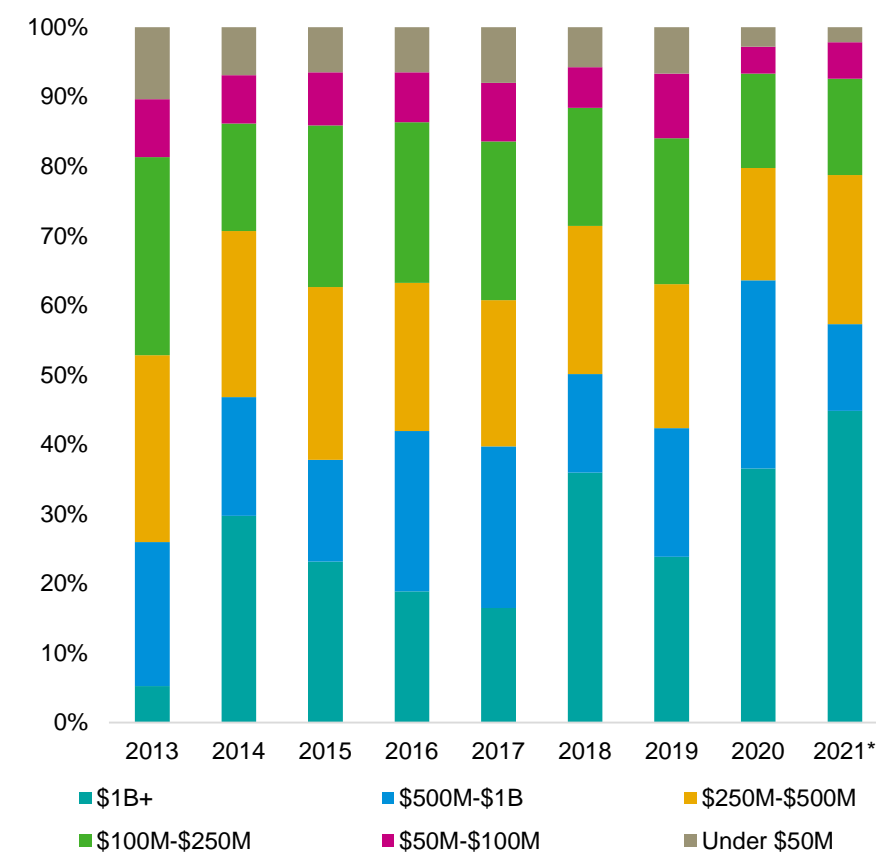
Venture fundraising (#) by size in the US

2013–2021*



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

2013–2021*

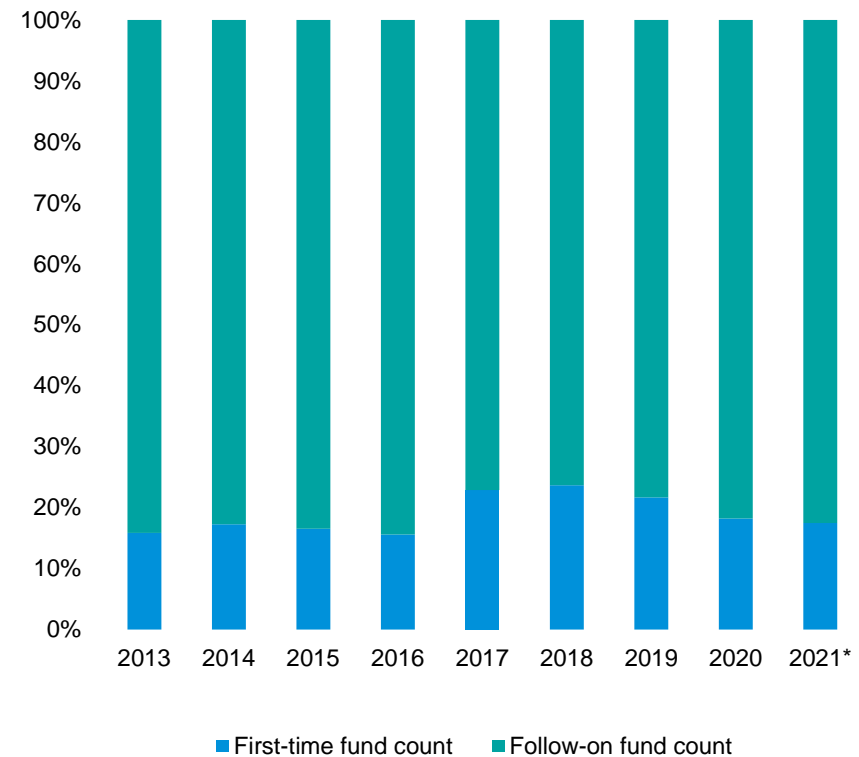


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Follow-on funds dominate VC committed, but first-time volume is resilient

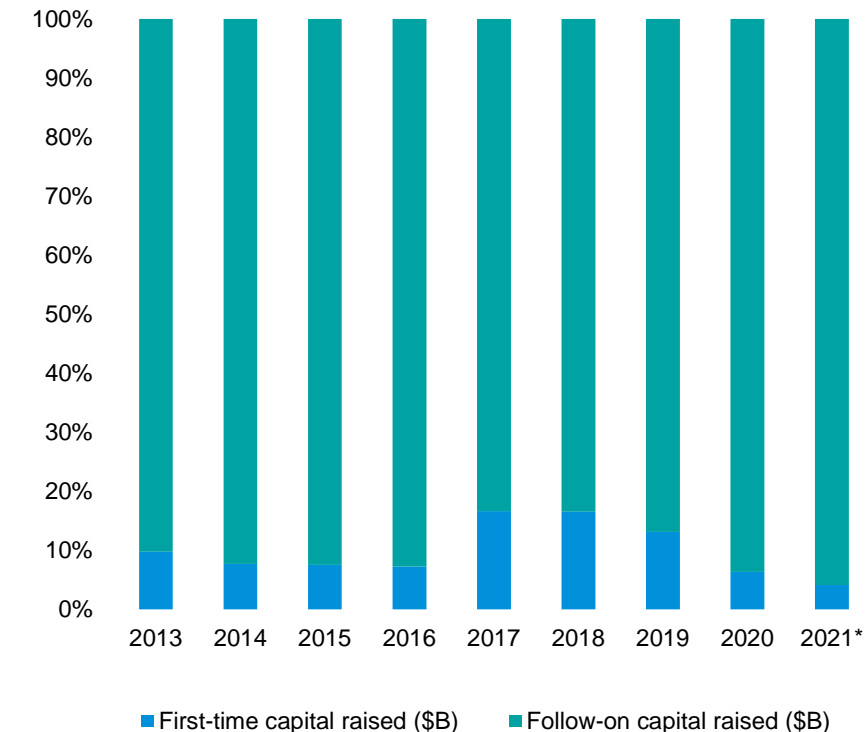
First-time vs. follow-on funds (#) in the US

2013–2021*



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

2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

In Q1'21 VC-backed companies in the Americas raised
\$74.4B across 3,310 deals

VC investment in the Americas was very strong in Q1'21, with record levels of investment in the US, Brazil, and Mexico. Canada also saw investment reach a five-quarter high during the quarter. While investment in the US was robust throughout 2020 despite the pandemic, the surge in VC investment in the other jurisdictions was quite pronounced in Q1'21 compared to previous quarters.



Fintech continuing to drive investment in Americas

Fintech investment remained very strong in the Americas during Q1'21, led by the \$3.4 billion raise by US-based wealthtech Robinhood. In Latin America, fintech continued to be the hottest area of interest to VC investors, with Brazil-based Nubank raising \$400 million, Brazil-based RecargaPay raising \$70 million, and Mexico-based fintech platform and cybersecurity exchange Bitso raising \$62 million. Mexico also saw some solid early-stage fintech funding rounds, including a \$50 million raise by e-commerce business acquirer Valoreo, a \$33 million raise by payment card firm Stori, and a \$14 million raise by Minu – a pay-on-demand startup.

Canada also attracted several fintech deals, including wealth management as service platform Purpose Financial's C\$53 million raise⁸ and at-risk customer engagement platform Symend's \$43 million raise⁹. Canadian based gig-economy payments platform Payfare also raised C\$65 million in an IPO on the TSX during the quarter.



Robust exit activity throughout Americas

Exit activity was very robust across the Americas, including M&A, IPOs and direct listings, and SPAC transactions. Coming off its strongest year of IPOs in over a decade, Brazil's IPO market remained red-hot into Q1'21, with activity including the successful \$242 million IPO of tech equipment manufacturer Intelbras SA. Brazil also saw the acquisition of marketing automation company RD Station by enterprise software company TOTVS for nearly \$327 million during the quarter.



Unicorn births rampant in Q1'21

Unicorn births were incredibly strong in Q1'21 – particularly in the US where over 60 new unicorns were created during the quarter. Brazil-based MadeiraMadeira and Canada-based Dapper Labs also became unicorns during the quarter. The high number of new US unicorns highlights the increasing valuations being garnered by companies in the country.



Strong VC investment in Mexico in Q1'21

VC investment in Mexico was very robust in Q1'21. While fintech continued to be the hottest area of investment, online supermarket Justo raised the country's largest deal of the quarter: a \$65 million Series A raise.

While Mexico's economy is struggling with Pandemic effects, the lack of support related to COVID-19 has caused many businesses to fail, which could have a negative impact on future investment. Political uncertainty is also causing some concern for investors, particularly related to emerging sectors like clean energy. All eyes will likely be on Mexico's congressional election in June, as the election's outcomes could affect key priorities.

⁸ <https://betakit.com/purpose-financial-secures-53-5-million-cad-investment-from-allianz-x/>

⁹ <https://betakit.com/symend-eyes-global-markets-with-54-million-cad-series-b-extension-led-by-inovia/>



VC activity in Brazil hot as several companies attract big funding rounds

VC investment in Brazil got off to a very strong start to the year, far exceeding previous quarterly totals. Low interest rates, global investors looking for cheaper investment opportunities, and an increasingly diverse range of companies looking for funding helped to lift VC investment during Q1'21. Corporate participating investment was particularly impressive, accounting for \$1.5 billion in Q1'21 – an amount already higher than 2020's total.

Q1'21 saw a handful of \$100 million+ megadeals in Brazil, including a \$530 million raise by patient assistance platform WeCancer, a \$425 million raise by real estate platform Loft, a \$400 million raise by digital bank Nubank, a \$212 million raise by logistics company Loggi, and a \$190 million raise by online home goods platform MadeiraMadeira. The number and size of these deals for one quarter was unprecedented for the Latin American region. Interest in edtech and healthtech remained strong; In Q1'21, edtech Descomplica raised \$84.5 million and, in addition to WeCancer, healthtech Alice raised \$33 million.

Government support for innovation has also grown in Brazil. In Q1'21, government agency Sebrae, the Ministry of Economy, and other partners launched Projeto Ideiaz – a new program aimed to support innovative startups.



VC investment in Canada soars to record high

In Q1'21, Canada saw almost \$2.5 billion in VC investment, almost double its previous quarterly record, including a \$305 million raise by blockchain-focused Dapper Labs and two large raises by edtechs: a \$130 million raise by Top Hat and a \$124 million raise by Prodigy. The size of VC deals in Canada continued to grow, with 21 deals over \$25 million in Q1'21, compared to 38 deals during all of 2020.



Corporate-affiliated VC investment was also very strong, accounting for \$826 million in Q1'21 – near to half the total amount of CVC investment Canada saw during all of 2020.

Canada's IPO market was incredibly strong during Q1'21. Innovators that built successful startups in the past are now achieving similar successes with new companies. This second wave of successful entrepreneurship is expected to help drive follow-on waves of innovation as serial entrepreneurs move on to found new startups.

Canada's technology ecosystem continues to diversify and grow across the country, attracting world-class executive teams and larger growth-stage funding rounds that enable building an increasing number of globally meaningful businesses. The shift to remote work is also benefiting them. They can now not only hire experienced leaders to help them scale up, but also offer college or university graduates exciting opportunities. Domestic VC investors are also becoming increasingly capable of cutting big cheques. Historically, big funding rounds in Canada were driven by US VC investors. Now, while US investment remains strong, domestic Canadian VC firms are becoming more active in larger and later stage rounds.



Trends to watch for in Q1'21

With a strong sense of optimism permeating the VC market, VC investment is expected to remain robust across the Americas heading into Q2'21 – with corporate investment expected to remain particularly strong.

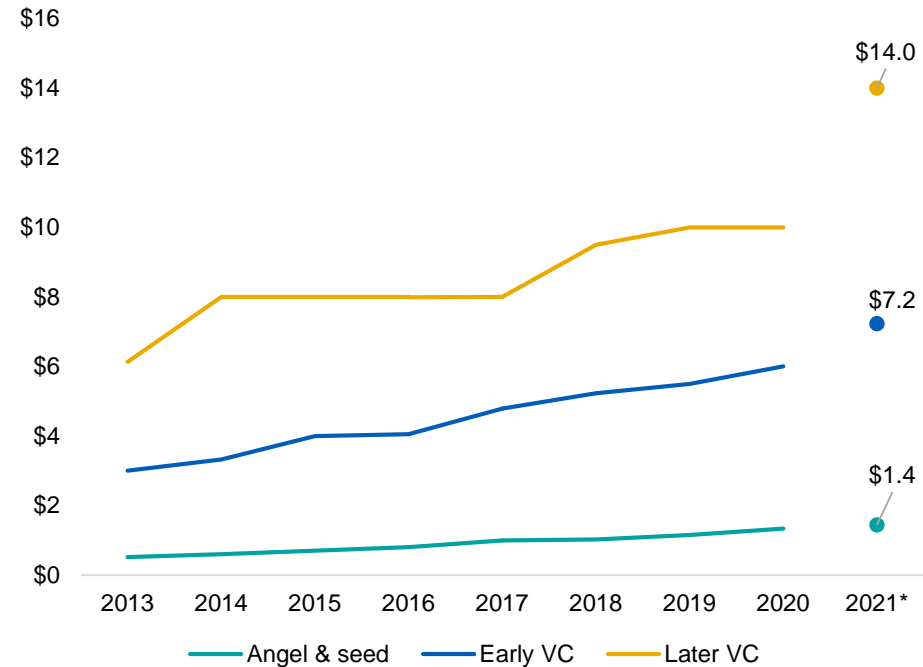
Exit activity is also expected to remain high, including strategic M&A and IPO activity. SPAC transactions will likely also gain steam given the number of SPACs being created, with heightening interest from companies outside of the US.

¹⁰ <https://techcrunch.com/2021/03/23/real-estate-platform-loft-raises-425m-at-a-2-2b-valuation-in-one-of-brazils-largest-venture-rounds/>

38

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

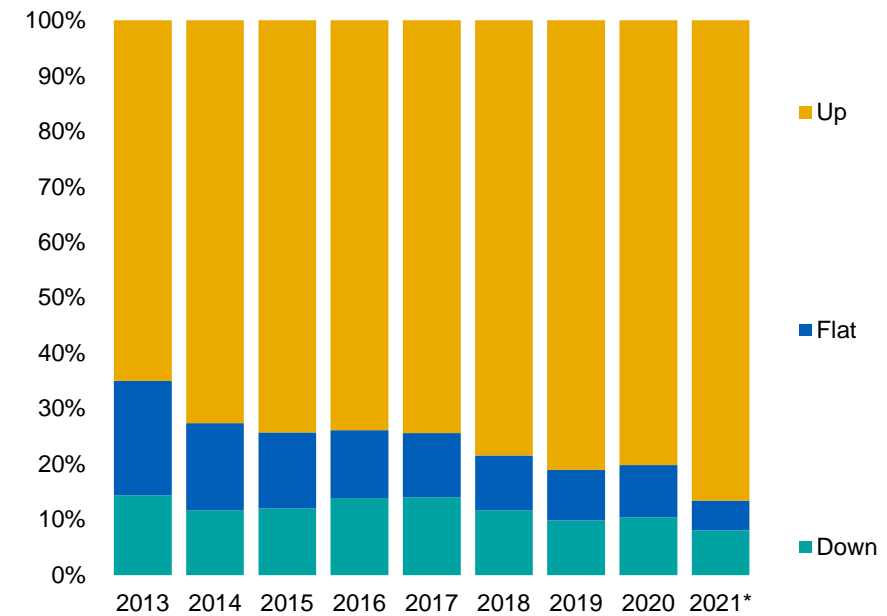
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

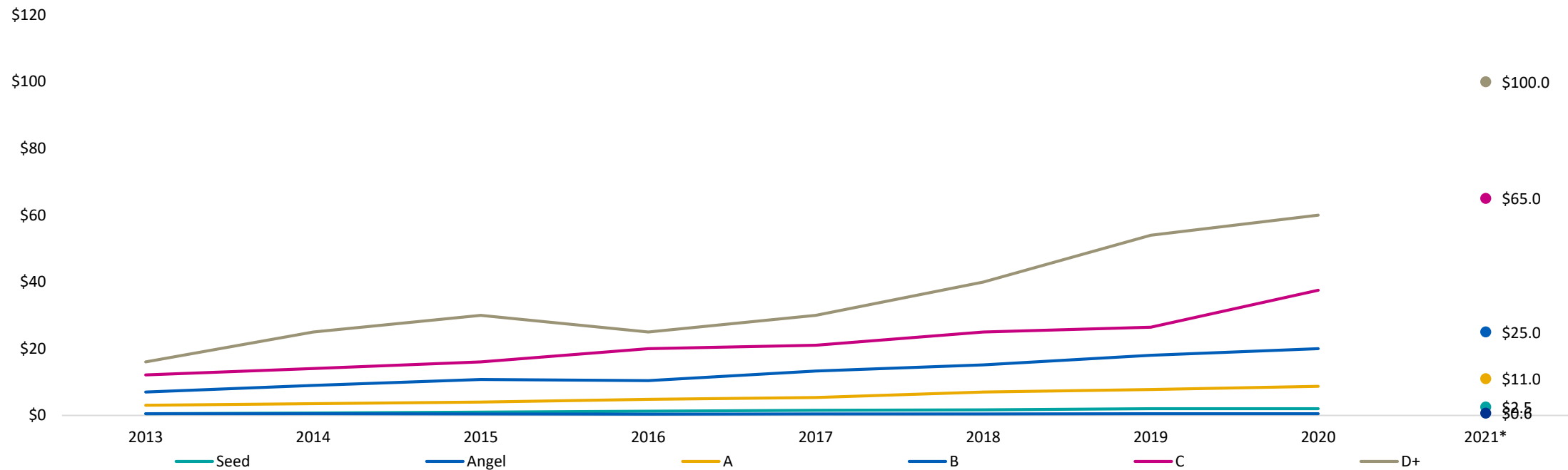
Up, flat or down rounds in the Americas

2013–2021*



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

2013–2021*

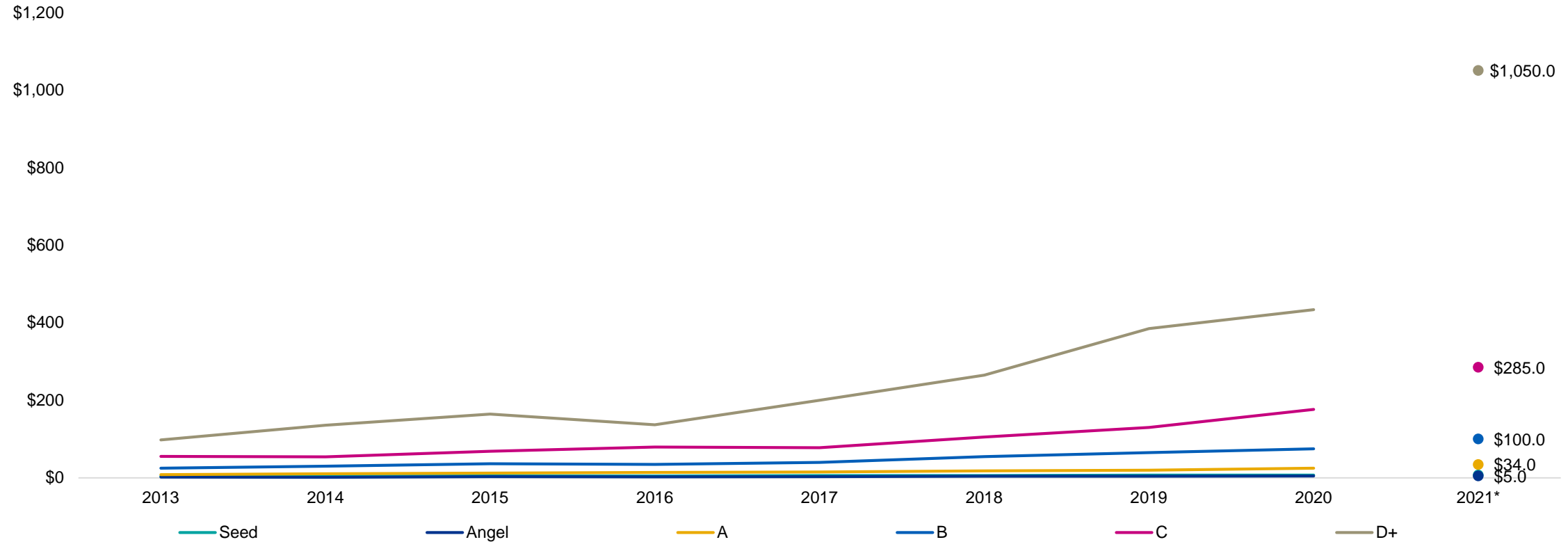


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

A historic mark—the latest stage soars past \$1 billion

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

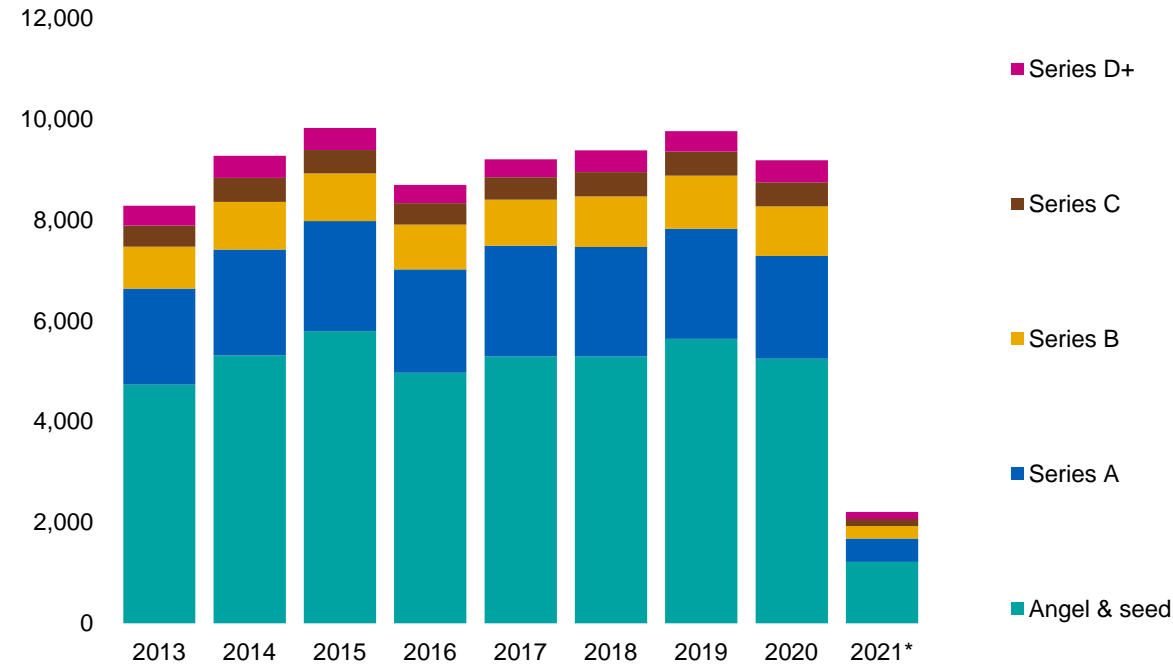
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

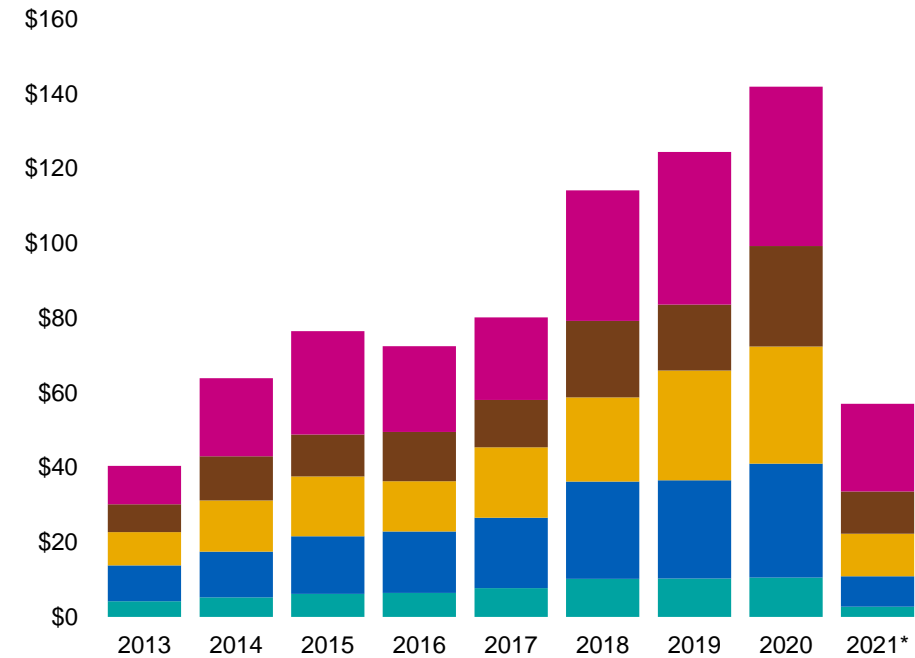
Deal share by series in the Americas

2013–2021*, number of closed deals



Deal share by series in the Americas

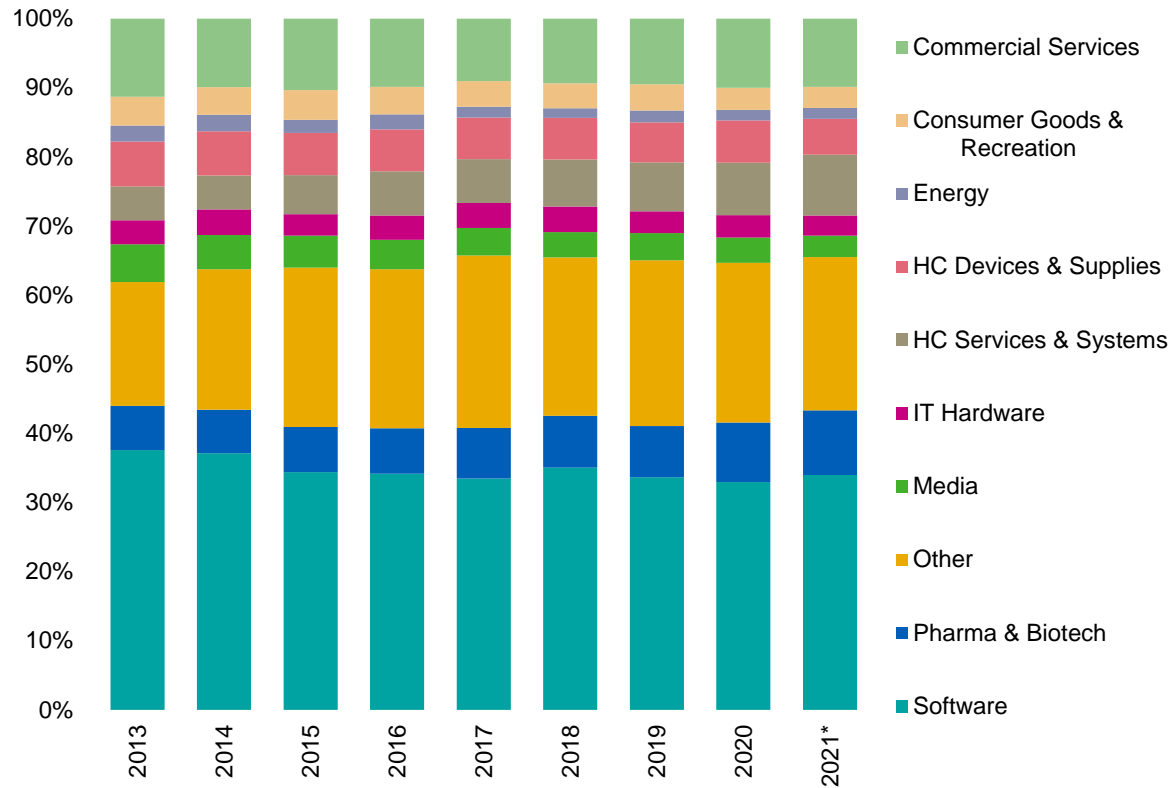
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

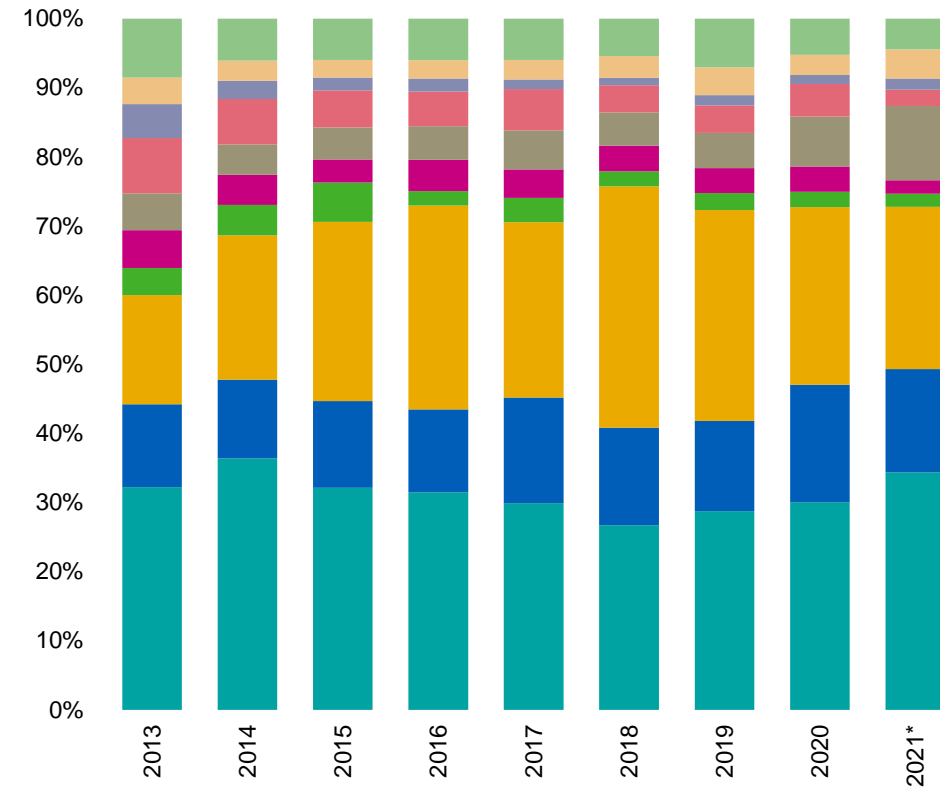
Venture financing of VC-backed companies by sector in the Americas

2013–2021*, # of closed deals



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

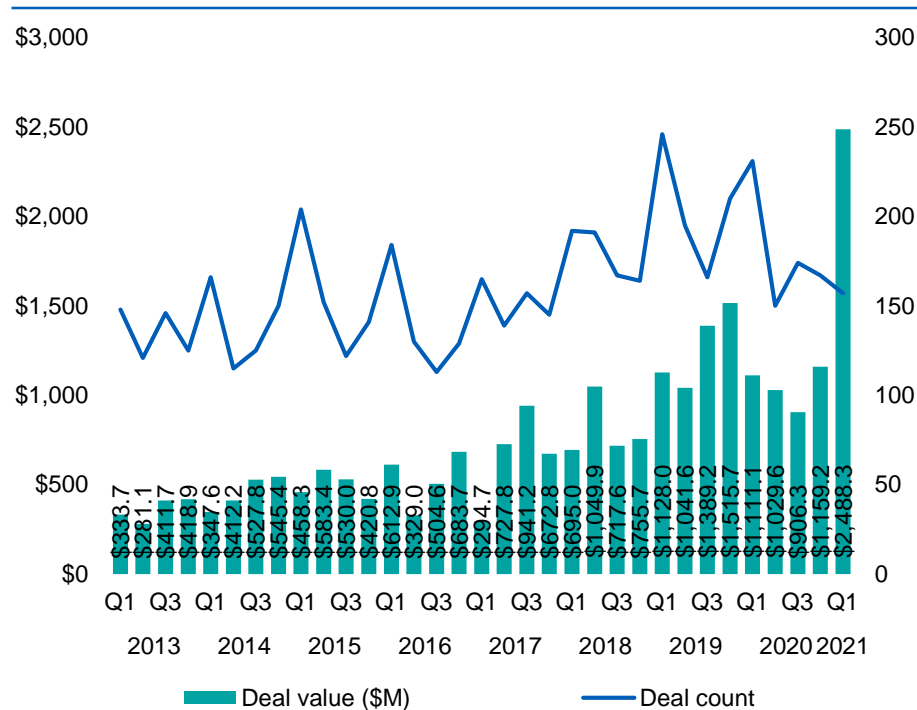
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Venture financing in Canada

2013–Q1'21



The back half of 2019 set records in terms of VC invested for the Canadian startup ecosystem, with several late-stage fundings helping significantly. However, the first quarter of 2021 has seen an even larger surge in VC invested, to a truly mammoth tally. This surge was driven by not just a single outlier financing, but five different rounds of \$100 million or more, spanning multiple segments. For example, blockchain platform Dapper Labs raised \$350 million, while High Power Exploration, an exploration & production platform, raised \$200 million to explore new base metals.

Five separate companies raised \$100M or more in the Canadian ecosystem...

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

“ I don’t believe that anyone in Canada – or globally for that matter – thinks that the business environment is going to go back to the way it was. The question now is will there be a bump for companies that saw activity plummet during the pandemic? And for industries that saw high levels of activity, will that activity come down or have consumer and business behaviors changed enough to keep the ball rolling? There are going to be a lot of big bets made by VC investors related to these questions over the next few quarters. ”

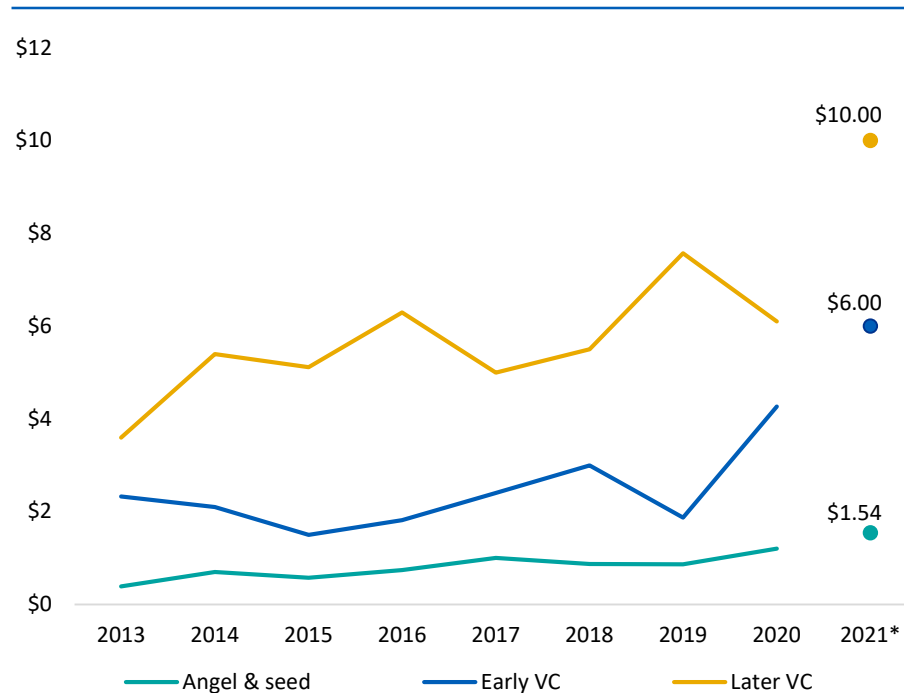


Sunil Mistry
Partner, KPMG Private Enterprise,
Technology, Media and
Telecommunications,
KPMG in Canada

The late-stage median round size nearly doubles year over year

Median financing size (\$M) by stage in Canada

2013–2021*



Source: Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Outside investor support and growing interest, plus burgeoning supplies of dry powder worldwide that is earmarked for venture investment across the global fund manager universe, have all led to rising valuations and financing sizes in many ecosystems. Canada is no exception. With its growing cohort of mature companies that are able to raise nine-figure rounds, late-stage financing sizes have soared the most year over year. As such cohorts continue to expand it is likely the median financing size will remain elevated prior to historical tallies, due to the combined factors of record dry powder and viable tech companies within the Canadian venture ecosystem.

As mature cohorts of companies continue to expand, it is likely median financing metrics will continue to rise or at least stay high across the Canadian ecosystem...

“We are seeing Canadian entrepreneurs attract world-class executive teams and larger growth-stage funding rounds, enabling them to build an increasing number of globally meaningful businesses. The shift to remote work is also benefiting them. They can now not only hire experienced leaders to help them scale up, but also offer college or university graduates exciting opportunities. The combination of attracting top talent and later stage capital is resulting in impressive funding milestones.”

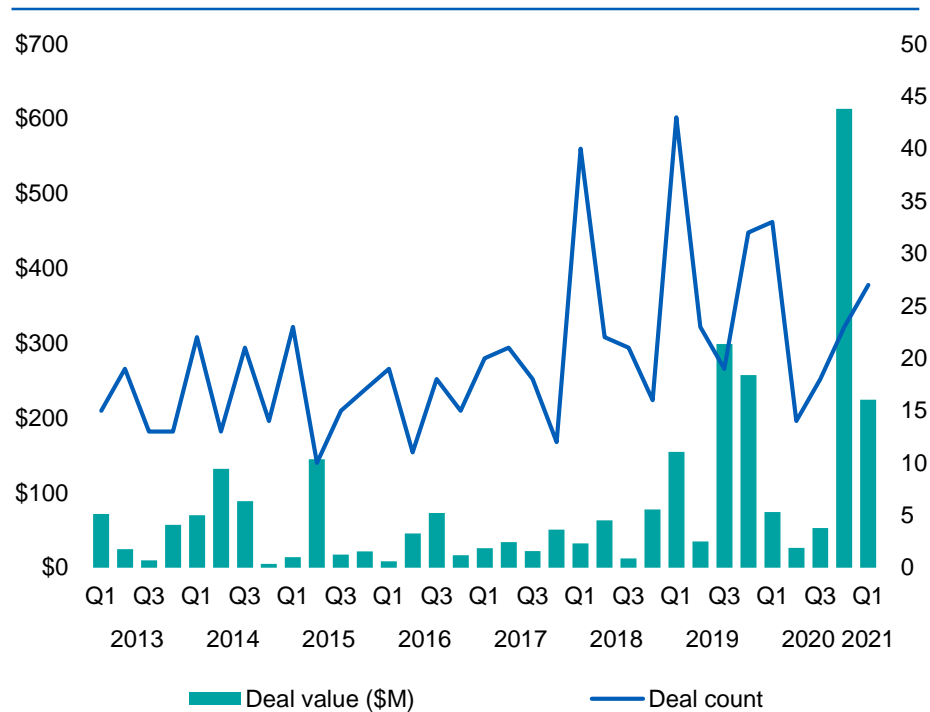


Dan Wilson
Partner, National Sector Lead,
Technology
KPMG in Canada

Q1VC

Venture financing in Mexico

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

The past variability in the flow of venture funding in the Mexican ecosystem makes it a fool's errand to try to predict any definitive trends, but it is promising that for two quarters now, significant sums have flowed into the domestic venture scene. Granted, Q4 2020 was skewed by a single outlier financing—used car retailing platform Kavak—but now 50 financings have been completed in the past six months, in what could be a sign funding flow is picking up after the initial shock of the COVID-19 pandemic.

The past **variability** in the flow of **venture funding** in the **Mexican ecosystem** makes it **difficult for any clear trend to emerge ...**

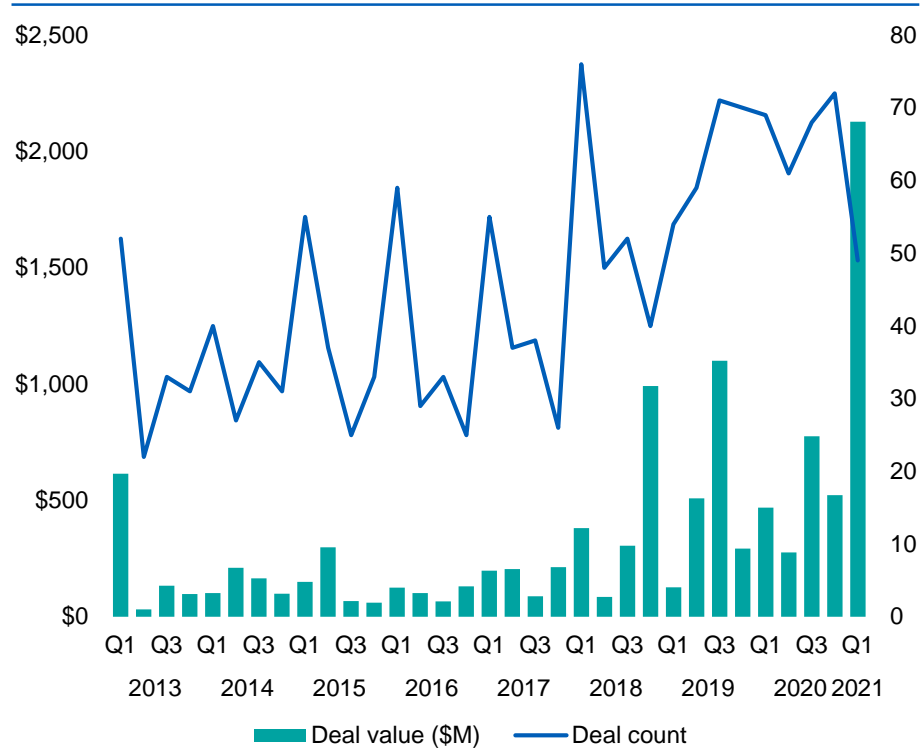
“SPACs are proving very popular in Mexico. Instead of taking 12 to 18 months like a traditional IPO, SPACs typically take 3 to 6 months on average. The short close time is particularly attractive to investors in Mexico as it reduces the risk associated with possible changes in the public markets that might happen during a longer-time frame. SPACs also allow for the price to be negotiated in advance while IPO price depends on the market conditions at the time of listing.”



Jesus Luna
Partner, Private Enterprise
Leader,
KPMG in Mexico

Venture financing in Brazil

2013–Q1'21



Brazil has had a remarkable start to 2021 in terms of venture financing, with no fewer than six companies closing on rounds of at least \$100 million or more. Moreover, they all range across a diverse array of sectors: diagnostics platform WeCancer raised over \$500 million; shipping logistics platform Loggi raised over \$200 million; and Nubank raised \$400 million, to name a few. It remains to be seen if this momentum carries forward as the ecosystem is still growing and may not produce an endless series of large companies capable of raising this much VC consistently, but it is a promising start to the year.

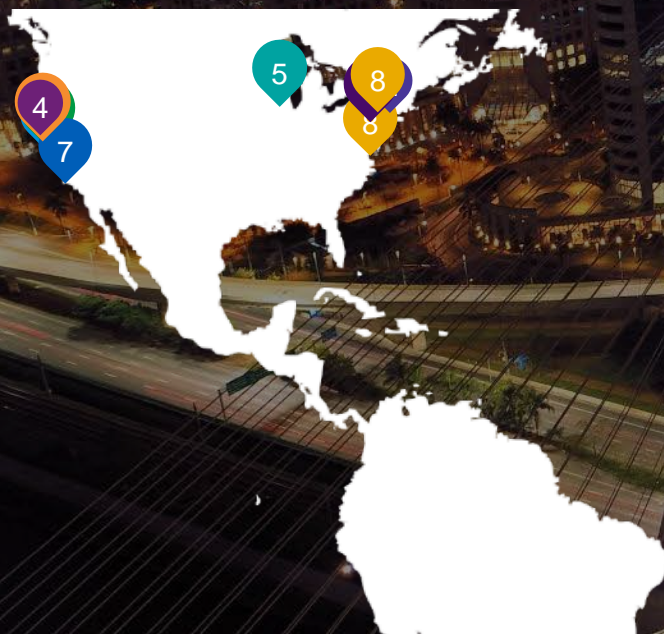
“ This is the first time in Brazil’s history that interest rates have been as low as 2 percent. This is helping to drive interest in the VC market. Over the past year, we’ve seen a lot of new funds looking to invest in Brazil. We’ve also seen a number of new local firms being created to invest in the venture capital market and some private equity being diverted to the VC market as well. ”



Robson Del Fiol
Partner, Head of Emerging
Giants & Digital Marketing
Strategist,
KPMG in Brazil

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021.
Data provided by PitchBook, April 18, 2021.

Top 10 financings in Q1'21 in Americas



1. **Robinhood** — \$3.4B, Menlo Park, US — Fintech — *Late-stage VC*
2. **Rivian Automotive** — \$2.65B, Plymouth, US — Automotive — *Series F*
3. **goPuff** — \$1.15B, Philadelphia, US — Retail — *Late-stage VC*
4. **Pacaso** — \$1.075B, San Francisco, US — Real estate technology — *Series B*
5. **VillageMD** — \$1.025B, Chicago, US — Healthtech — *Late-stage VC*
6. **Databricks** — \$1B, San Francisco, US — Database software — *Series G*
7. **SpaceX** — \$850M, Hawthorne, US — Aerospace & defense — *Late-stage VC*
8. **Thrasio** — \$750M, Walpole, US — E-commerce — *Series C2*
8. **UiPath** — \$750M, New York, US — Business/productivity software — *Series F*
10. **Stripe** — \$600M, San Francisco, US — Fintech — *Series H*

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

In Q1'21, European VC-backed companies raised
\$21.0B across 1,430 deals

Europe-focused VC investment rose significantly in Q1'21, driven in part by a number of \$100 million+ funding rounds, including a \$1 billion+ raise by Sweden-based Klarna – in what was one of Europe's largest VC funding rounds ever.



Bigger deals, more unicorn births

The median size of VC deals has grown in recent years, likely contributing to the growing number of unicorn companies across Europe. In Q1'21, Europe saw 19 unicorn births. While the UK (e.g., PPRO, Blockchain.com, Starling Bank), Germany (e.g., Mambo, Personio, Atai Life Services), and Israel (e.g., Melio, Earnix, Aqua Security) saw the majority of unicorn births, other countries also saw new unicorns, including Switzerland (Nextthink), France (Vestiaire Collective), Sweden (Epidemic Sound), Austria (BitPanda), and Turkey (Getir).



Delivery services remain hot ticket, although Deliveroo's IPO could put focus on profitability

The food and grocery delivery sector in Europe saw several big deals in Q1'21, including a \$535 million raise by Wolt, a \$300 million raise by Getir¹¹, a \$290 million raise by Gorillas, and a \$180 million pre-IPO funding round by Deliveroo. Deliveroo's much anticipated IPO on the last day of the quarter, however, was rocky; its share price dropped 26% in its debut, which could have a resonating impact on the industry heading into Q2'21¹². It is likely that VC investors will take a much closer look at the sustainability and profitability of food and grocery delivery models in the future.

¹¹ <https://ca.news.yahoo.com/turkish-delivery-firm-getir-receives-120402051.html>
¹² <https://www.bbc.com/news/business-56578445>



Fintech attracts major VC investment in Europe

Interest in fintech continued to accelerate in Q1'21, along with valuations for fintechs. In addition to Klarna's raise, three UK based fintechs raised large rounds, including LendInvest (\$381 million), Checkout.com (\$450 million), and Rapyd (\$300 million). With its \$15 billion valuation, Checkout.com became the most valuable fintech company in Europe in January¹³ before Klarna's raise put it at a \$31 billion valuation¹⁴. Interest in B2B was also high as corporates looked to leverage fintechs not only to digitize products and enhance their customer experience, but also to improve their general operations.



Europe sees flurry of exit activity

Exit activity in Europe accelerated during Q1'21 – with 196 exits accounting for \$17 billion in exit value. This reflects a significant uptick in both exit activity and value given that 2020 saw 629 exits, with a total exit value of just \$25 billion.



VC investment in UK maintains strength

VC investment in the UK remained robust in Q1'21, driven in part by investors looking to deploy a significant amount of dry powder. The UK government continued to focus on enhancing its competitiveness post Brexit, with several reviews released in Q1'21. The Hill Review recommended changes to attract investment in UK-based businesses and to encourage listings on the LSE, including modifying listing practices to allow for dual class shares¹⁵. The Khalifa Review, meanwhile, recommended changes to improve the UK's fintech sector¹⁶.

¹³ <https://www.btabloid.com/london-based-company-checkout-com-becomes-europes-most-valuable-fintech-firm/#:~:text=London%20based%20company%20Checkout.com%20becomes%20Europe%E2%80%99s%20most%20valuable,in%20an%20investment%20led%20by%20Tiger%20Global%20Management>

¹⁴ <https://www.cnn.com/2021/02/25/klarna-to-raise-1-billion-at-31-billion-valuation.html>

¹⁵ <https://www.bbc.com/news/business-56247739>

¹⁶ <https://www.bbc.com/news/business-56204277>



Germany sees record quarter of VC investment

VC investment in Germany rose to a new high in Q1'21 as investors remained focused on late-stage deals and follow-on investments. Interest in IPOs also increased, with a number of mature companies considering IPO and SPAC transactions. During Q1'21, car trading platform Auto1 held a very successful IPO, with its share prices rising 45% at opening¹⁷. During the quarter, Apple also announced plans to create a chip lab in Munich – an investment expected to strengthen the city's innovation ecosystem. The German government also quick-started its \$10 billion future fund – a new fund to help startups scale¹⁸.



Nordics region continues to gain steam

The VC market in the Nordics region continued to show incredible strength in Q1'21 as later-stage companies continued to grow and attract larger funding rounds. In addition to Klarna's \$1 billion raise and Wolt's \$530 million raise, Sweden-based sound platform Epidemic Sound raised \$450 million during Q1'21. Corporate investment in the Nordics increased dramatically, reaching \$2.4 billion in Q1'21, compared to \$3.3 billion during all of 2020. During the quarter, Denmark-based consumer review site Trustpilot also raised \$655 million in its successful IPO on the LSE. Other later-stage companies in the region have also begun to consider IPO exits, with the largest expected to target foreign exchanges such as New York, London or Frankfurt.



Israel sees flurry of SPAC interest in Q1'21

VC investment remained steady in Israel during Q1'21, with \$100 million+ funding rounds by DriveNets, Aqua Security, Optibus, and others. There was a flurry of interest in SPAC mergers in the quarter, with a number of Israel-based companies announcing plans to use a SPAC as a means to go public, including trading platform eToro¹⁹ and digital ad company Taboola²⁰.



Ireland remains key focus for international corporates

After a strong Q4'20, VC investment in Ireland was relatively modest in Q1'21. Ireland did see a diversity of early-stage rounds, including food ordering platform Flipdish (\$48 million), Neurent Medical (\$25 million), EV charging company EasyGo (\$12) million, and GoContractor (\$4.5 million). International companies also continued to invest in Ireland; during Q1'21, Stripe, Intel, Workday, and HP Enterprises each announced new investments or expansion activities.



Trends to watch for in Q1'21

VC and CVC investment in Europe is expected to remain robust in Q2'21, with more megadeals and large acquisitions potentially on tap. Interest in IPO and SPAC mergers is also expected to grow. Fintech, B2B services, business productivity, and cybersecurity will likely remain attractive to investors, while ESG is expected to continue to gain traction.

¹⁷ <https://www.reuters.com/article/auto1-ipo-idUSL8N2KA2LE>

¹⁸ <https://www.ipe.com/news/german-government-quick-starts-fund-with-10bn-for-future-tech/10051949.article>

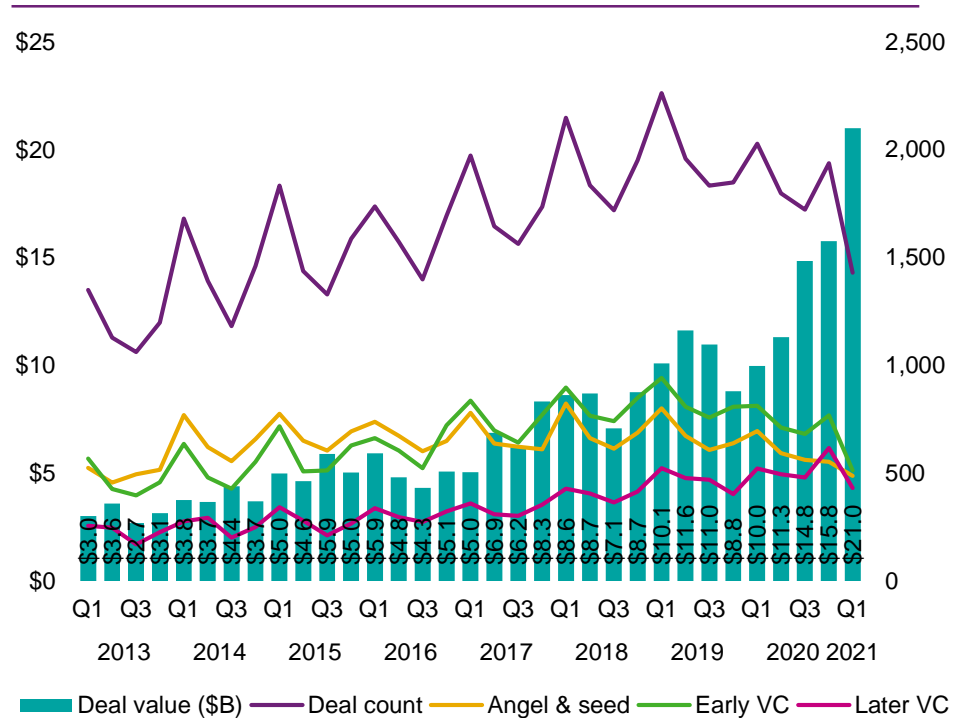
¹⁹ <https://techcrunch.com/2021/03/16/trading-platform-etoro-to-go-public-via-spac-merger-in-10b-deal/>

²⁰ <https://www.cnbc.com/2021/01/25/digital-ad-firm-taboola-plans-to-go-public-via-spac.html>

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

Venture financing in Europe

2013–Q1'21



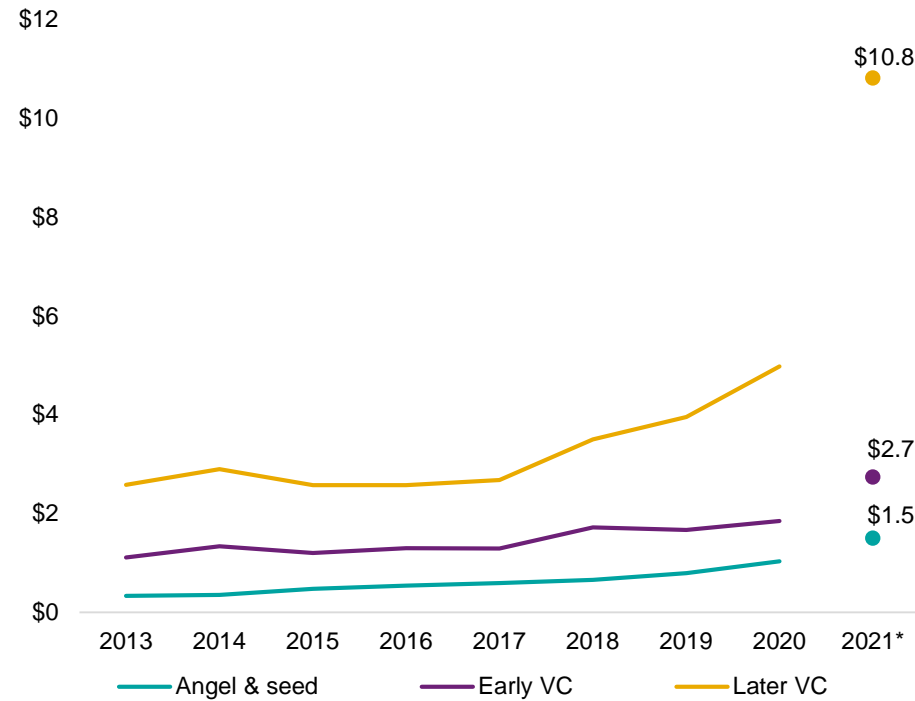
Thanks to a bevy of very large financings across a cluster of sectors, Q1 2021 marked the fifth straight quarter that the European venture ecosystem recorded an increase in VC invested, even as volume diminished slightly or remained choppy due to the ripple effects of the COVID-19 pandemic. This is a testament to the growing maturity of the European startup ecosystem, as more and more companies continue to grow to the stage they are able to command financings sized at hundreds of millions of dollars.

... the fifth straight quarter that the European venture ecosystem recorded an increase in VC invested, to a new, record high ...

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 18, 2021.

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

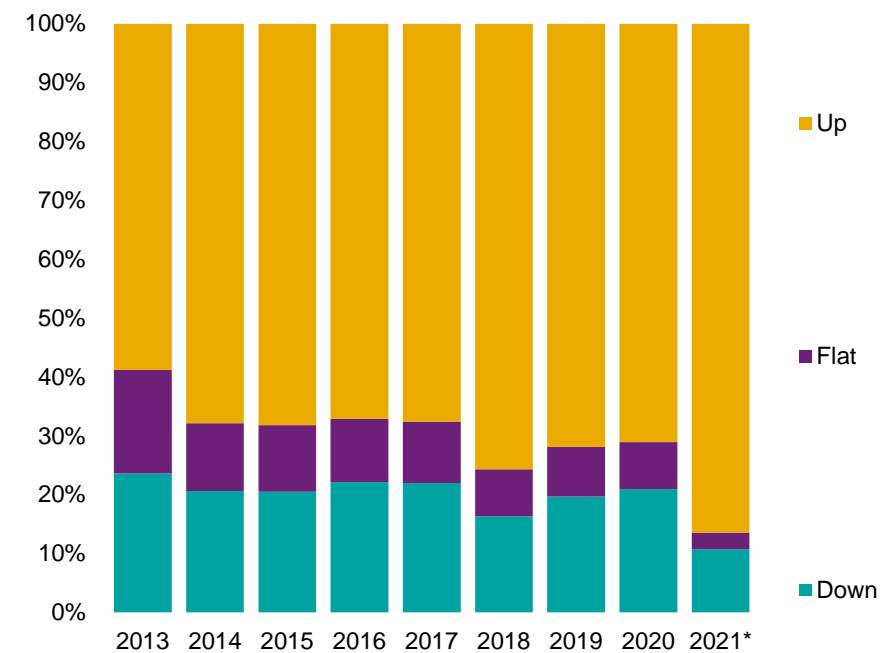
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Up, flat or down rounds in Europe

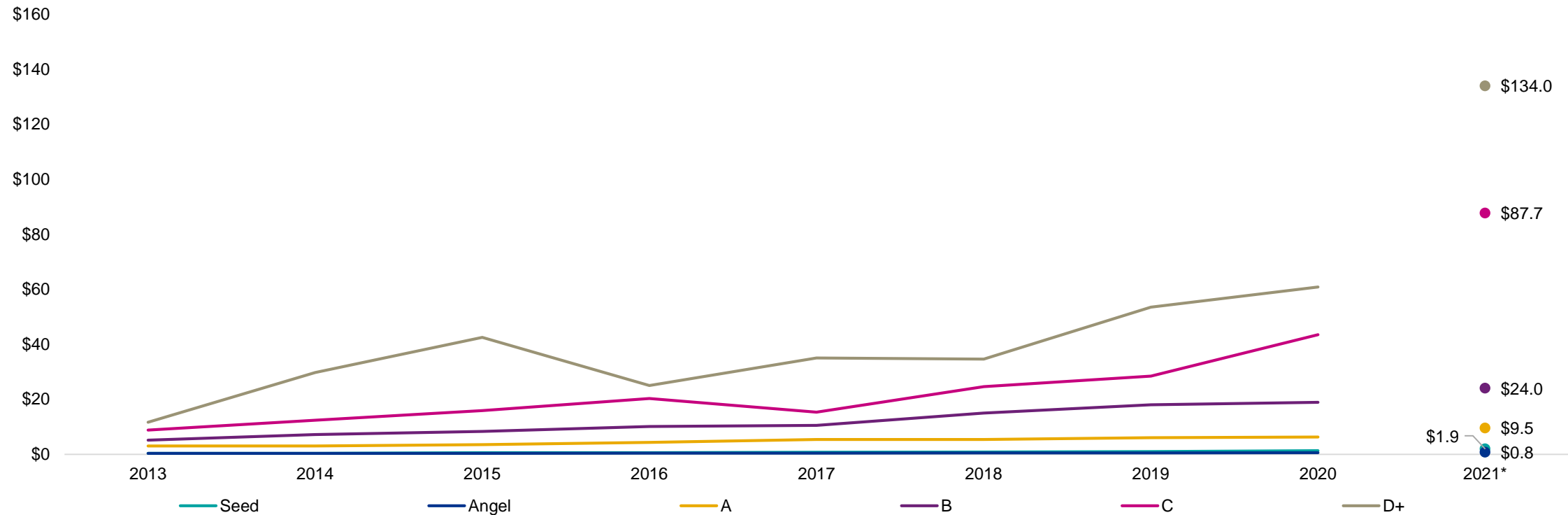
2013–2021*



The later stages more than double in size

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

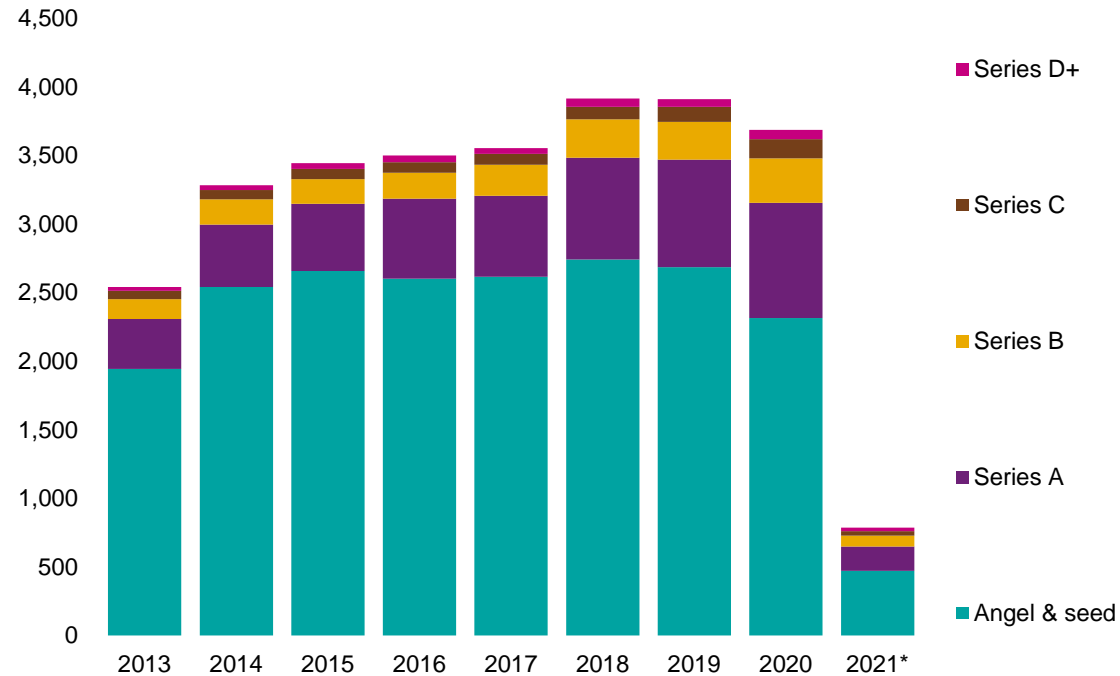
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021; the sample size for the Series D+ value in 2013 is based on a sample size of n = 25. Data provided by PitchBook, April 21, 2021.

Deal share by series in Europe

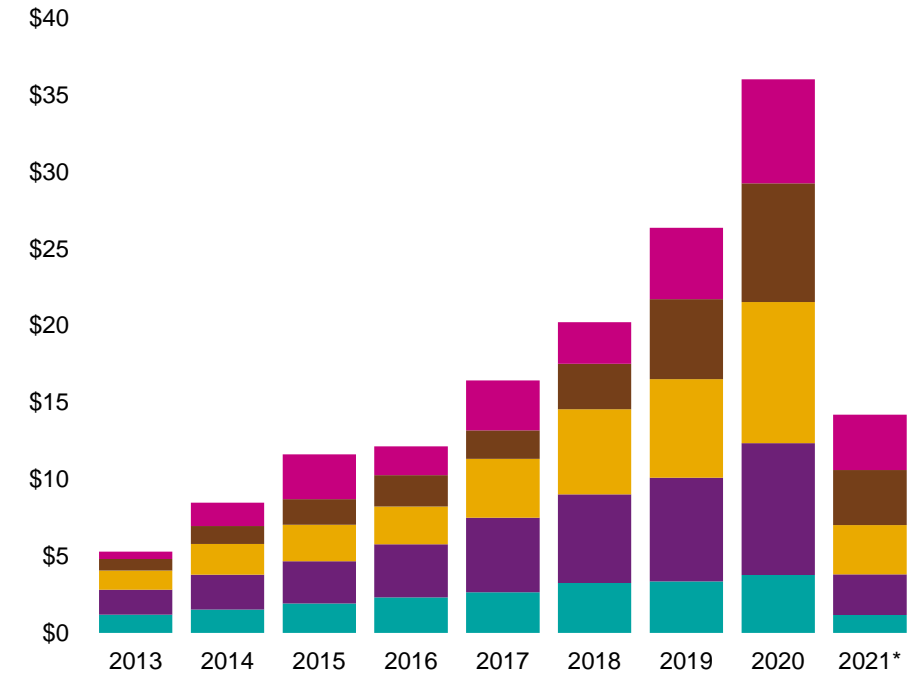
2013–2021*, number of closed deals



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

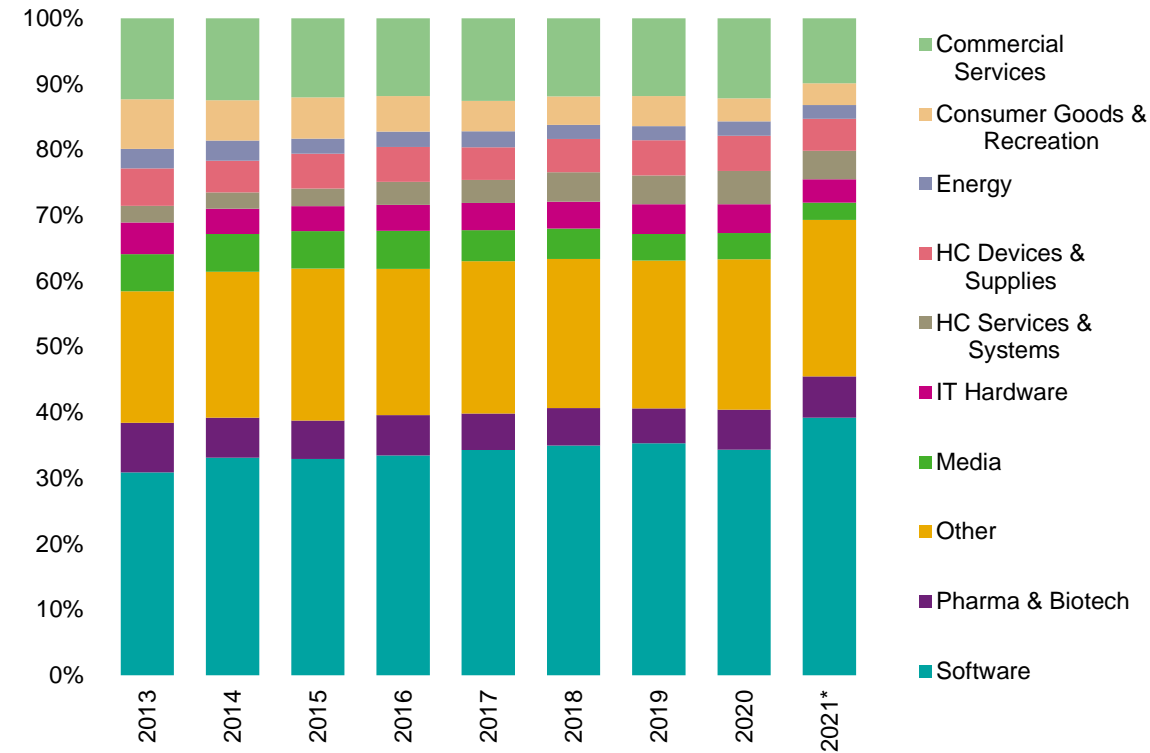
Deal share by series in Europe

2013–2021*, VC invested (\$B)



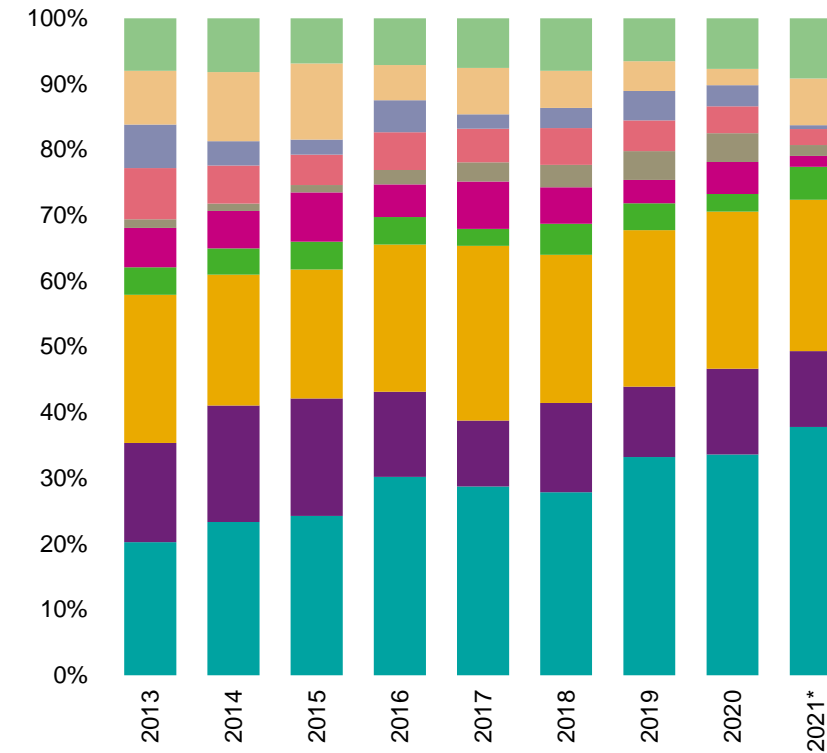
European venture financings by sector

2013–2021*, number of closed deals



European venture financings by sector

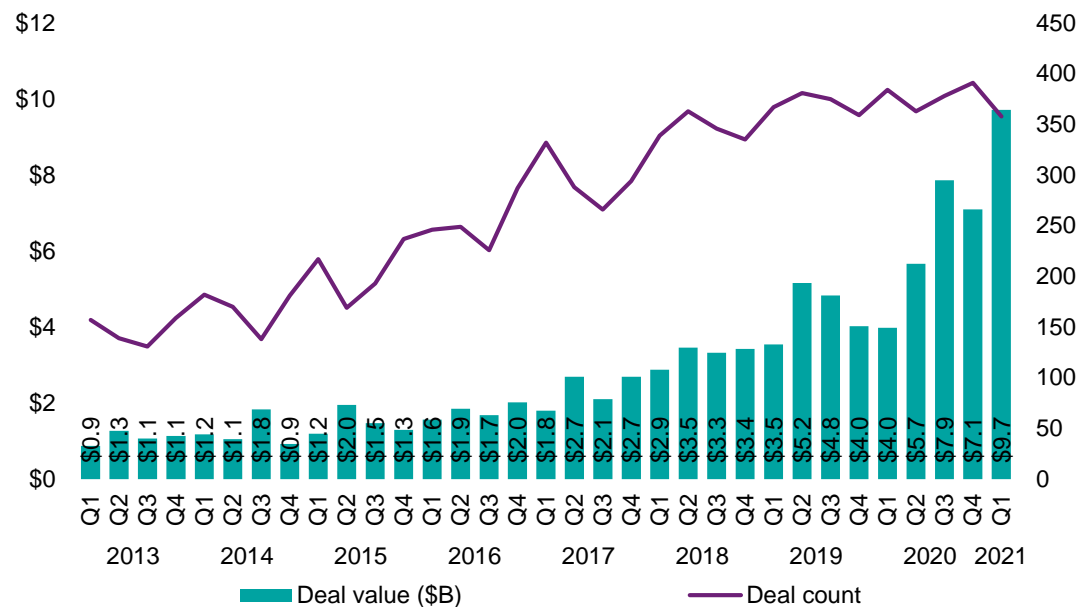
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Corporate VC participation in venture deals in Europe

2013–Q1'21

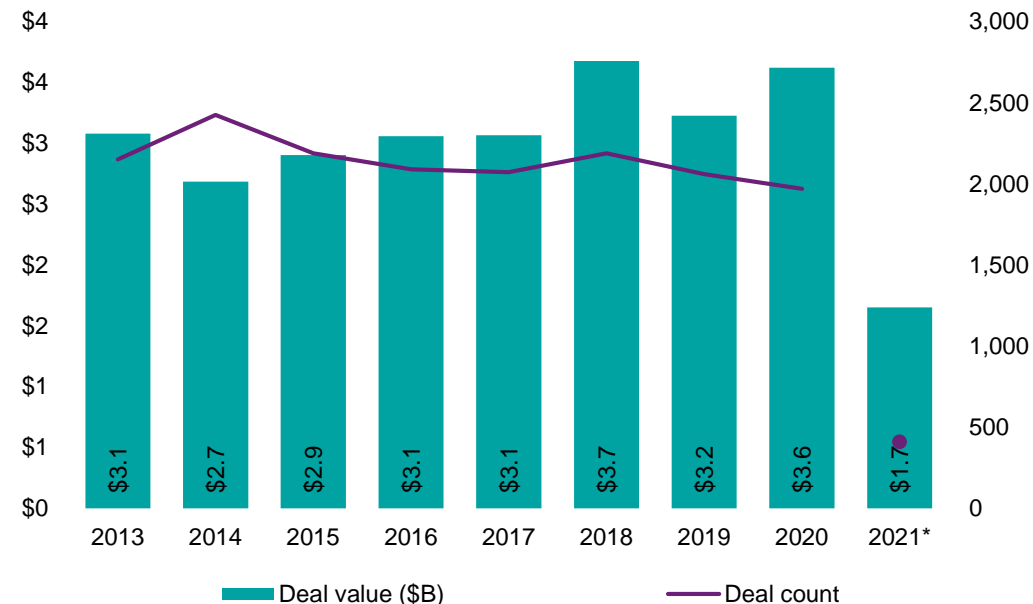


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 18, 2021.

The rise in quarterly VC invested tallies with corporate participation has been one of the decade's more consistent trends across the European venture ecosystem, and a key linchpin to the continent's growth in venture volume overall. They remained active at an elevated level in Q1, but participated in a new record for aggregate VC invested, more due to joining in some of the largest rounds in the quarter than anything else.

First-time venture financings of companies in Europe

2013–2021*



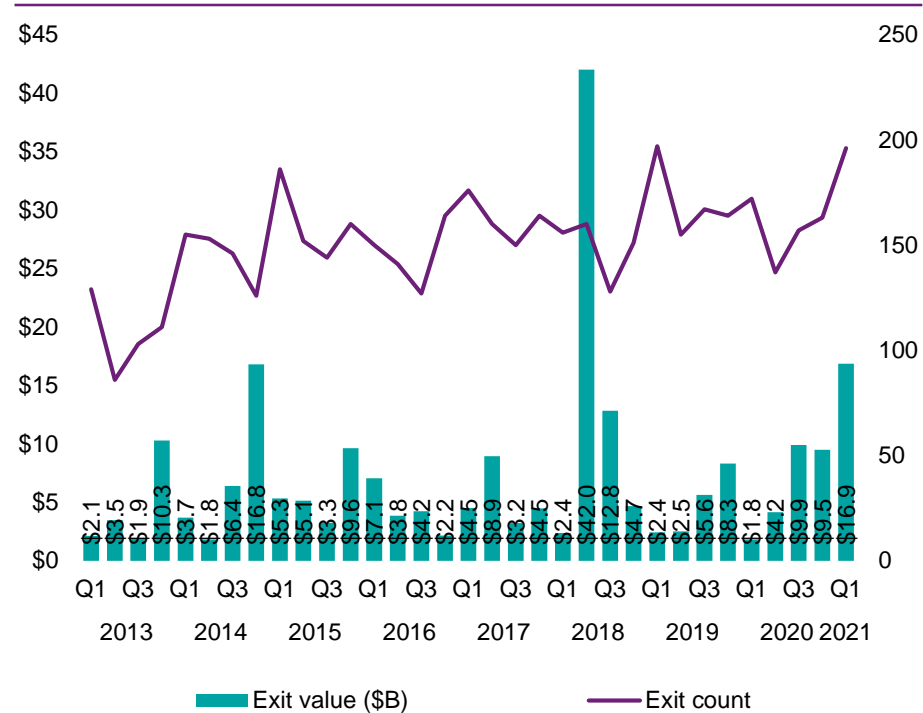
Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

Once again, a caveat must be noted: In a complex environment such as Europe, first-time fundings may take longer to be ascertained and confirmed. However, 2021 has started off remarkably strong for even this nascent cohort of companies, with a mammoth \$1.7 billion in VC invested across just over 400+ financings. This bodes well for future funding given investors' clear optimism.

Exits surge in Q1 2021 to one of the highest levels on record

Venture-backed exit activity in Europe

2013–Q1'21



Aggregate exit value surged in the back half of 2020, but 2021 is off to an even stronger start. Just shy of 200 exits closed, accounting for \$16.9 billion in aggregate exit value. This bodes very well for recycling of capital back into the startup and venture ecosystem overall, even if exit value is driven by a handful of larger liquidity events.

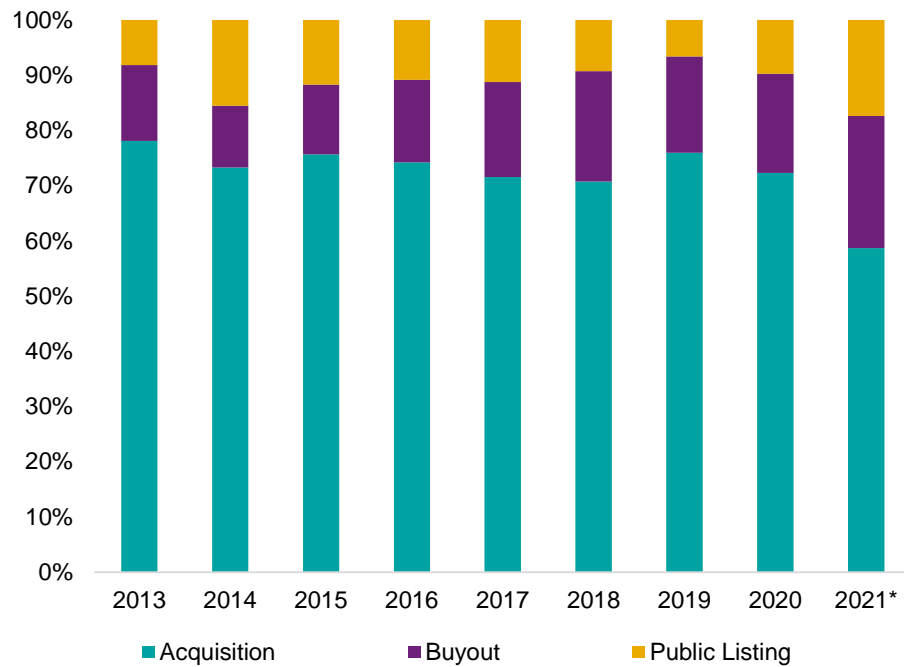
... with **three robust quarters of exit volume and value** in a row, there is likely to be **more capital recycling** back into the broader **European ecosystem** in coming years.

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

Buyouts & IPOs swell in proportion of overall volume

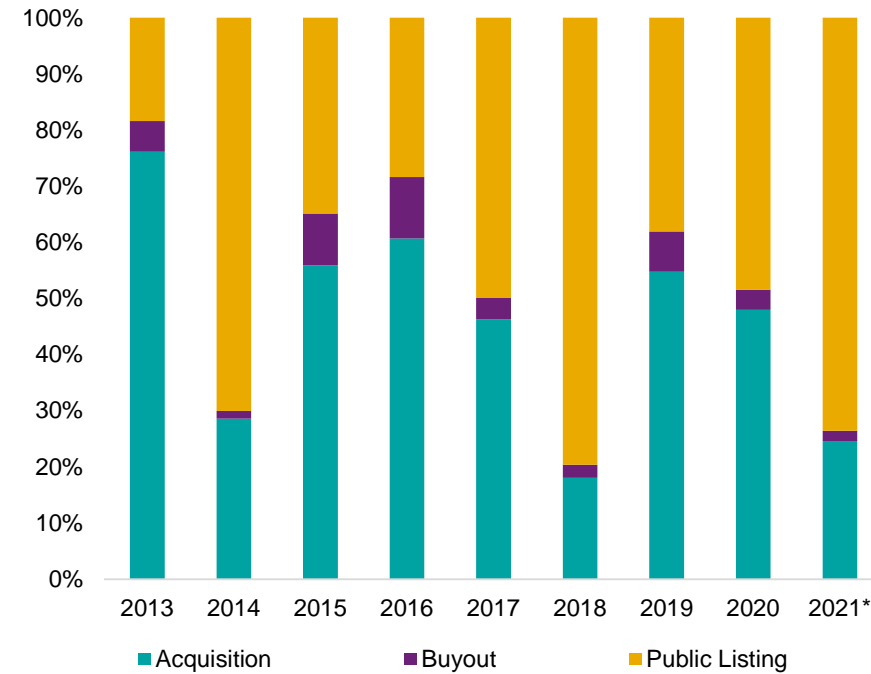
Venture-backed exit activity (#) by type in Europe

2013–2021*



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

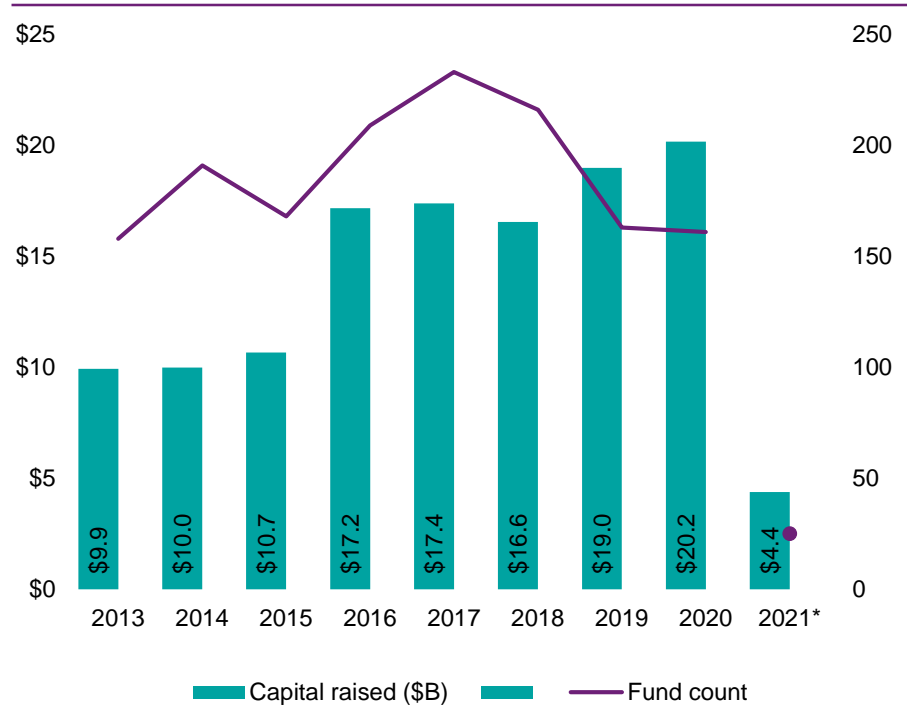
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

European venture fundraising

2013–2021*

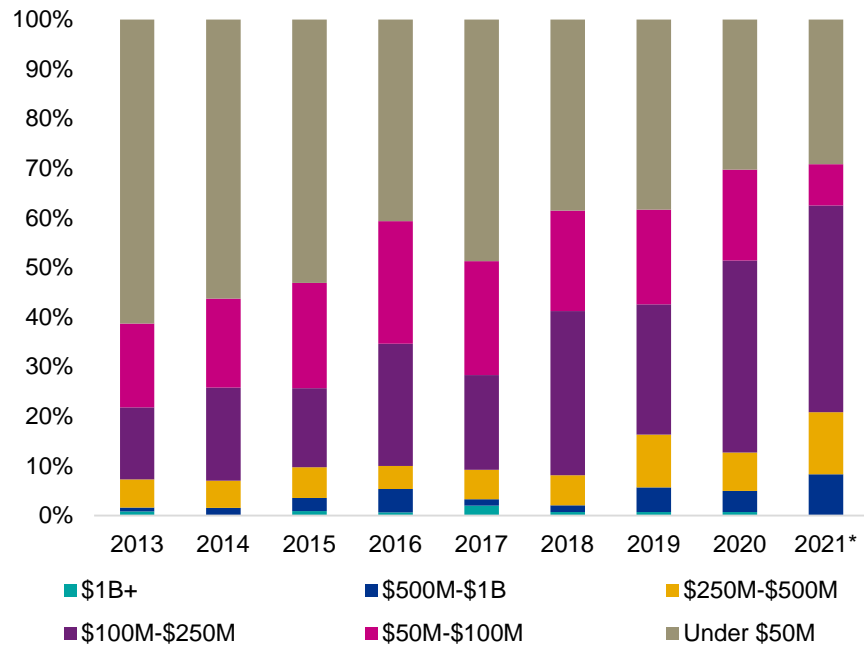


For the five years between 2016 and 2020, capital committed to venture funds in Europe was quite robust, nearing and then finally eclipsing \$20 billion in 2020. However, in that same timeframe, the volume of closed funds did decrease from a peak in 2017. As will be seen in the following pages, part of that is due to 2017 seeing a spike in the number of funds closed that were sized at \$50 million or less, while since then there have not been quite as many. Part of that trend is due to successful firms being able to raise larger funds after initially raising one of those micro-funds; 13 funds sized between \$500 million and \$1 billion closed in 2019 and 2020. This happening is cyclical in nature, and thus does not preclude the potential for a bevy of new micro-funds to raise and close in the coming years. That will depend primarily on how healthy the venture environment, particularly with regard to liquidity, develops in the next couple of years. With well over \$4 billion raised in Q1 2021, the signs are promising so far, however.

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

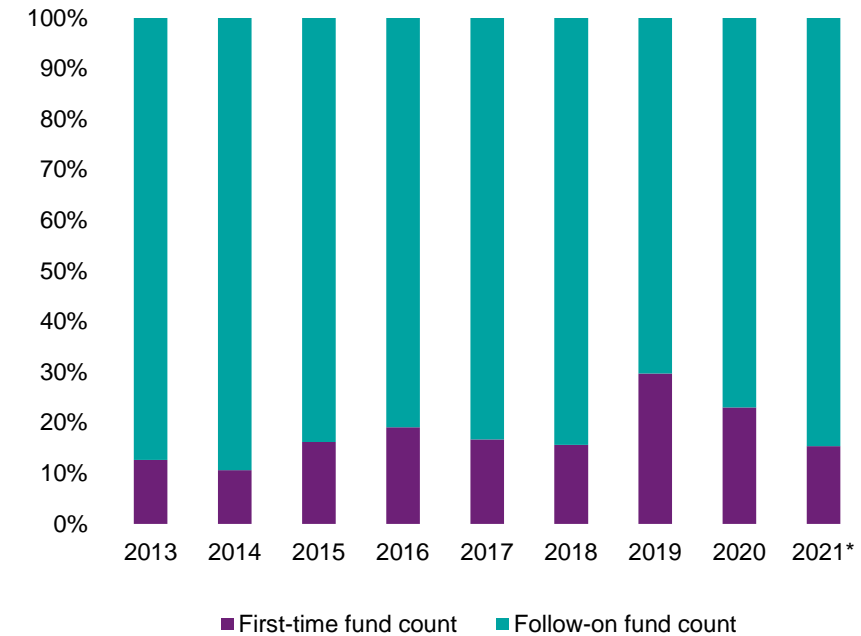
Venture fundraising (#) by size in Europe

2013–2021*



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

2013–2021*

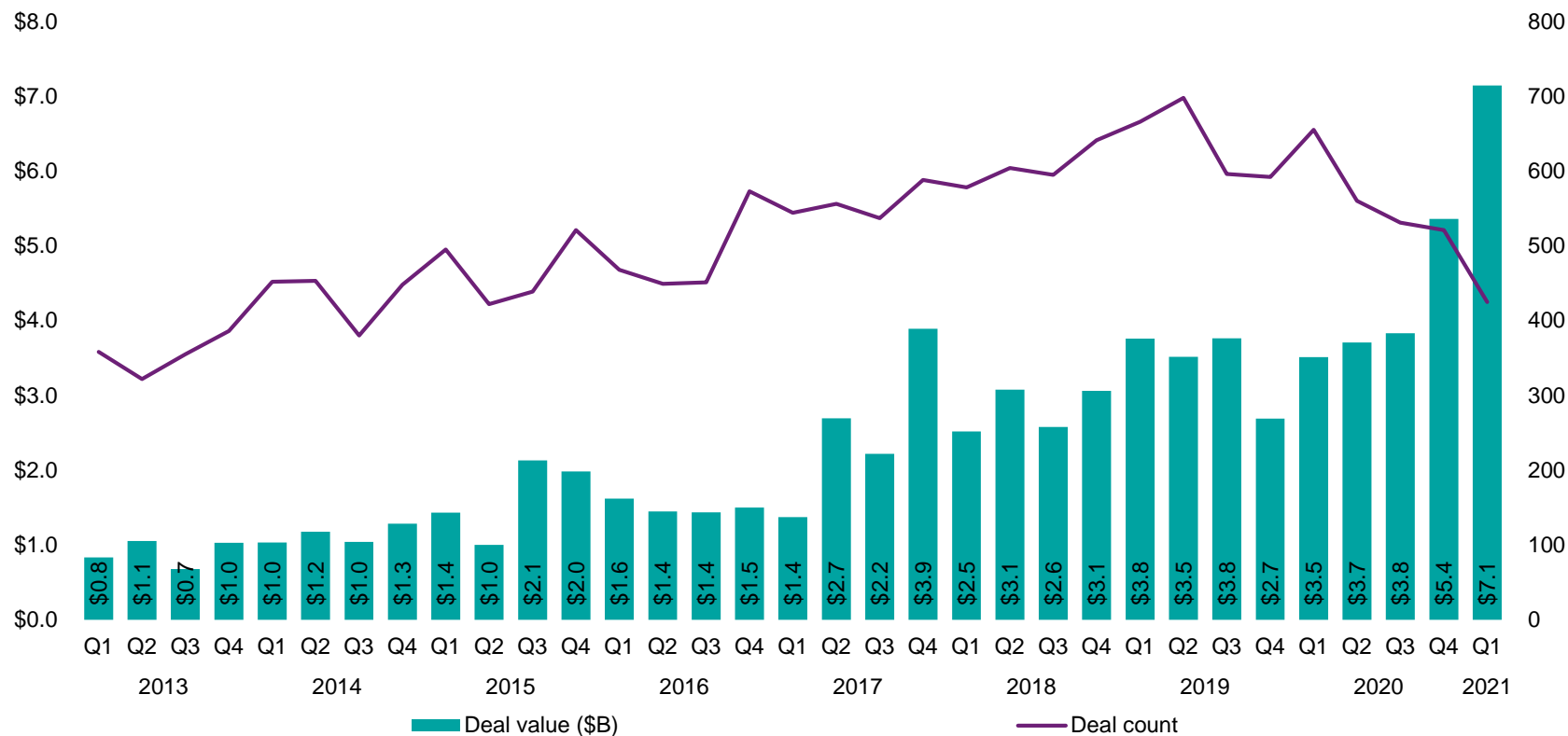


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

After a record quarter, yet another one eclipses its predecessor

Venture financing in the United Kingdom

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

“Here in the UK, B2B services is a fast-growing area of VC investment both for VC and CVC investors. We’re seeing more fintechs focusing on B2B services – offering everything from financial tools for SMEs to solutions focused on enhancing cash flow or managing accounting requirements. Given the number of local and global financial institutions looking to improve their legacy tech and infrastructure, I expect we will continue see significant investments in this space as we go through 2021.”



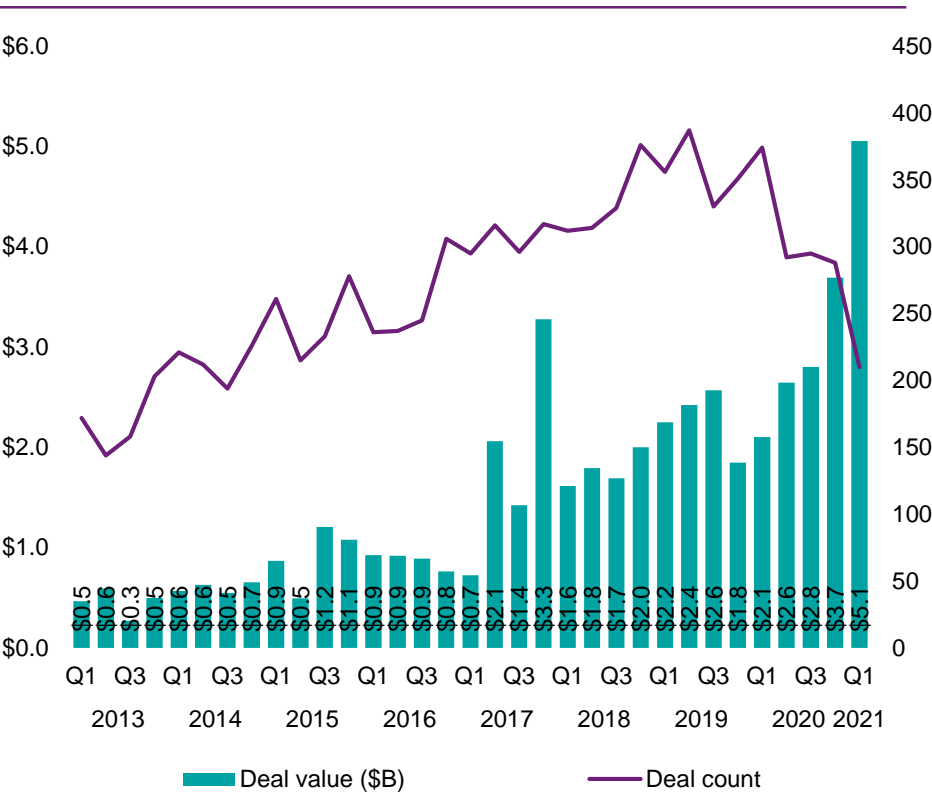
Kevin Smith

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

London sees yet another new high driven by mega-deals

Venture financing in London

2013–Q1'21



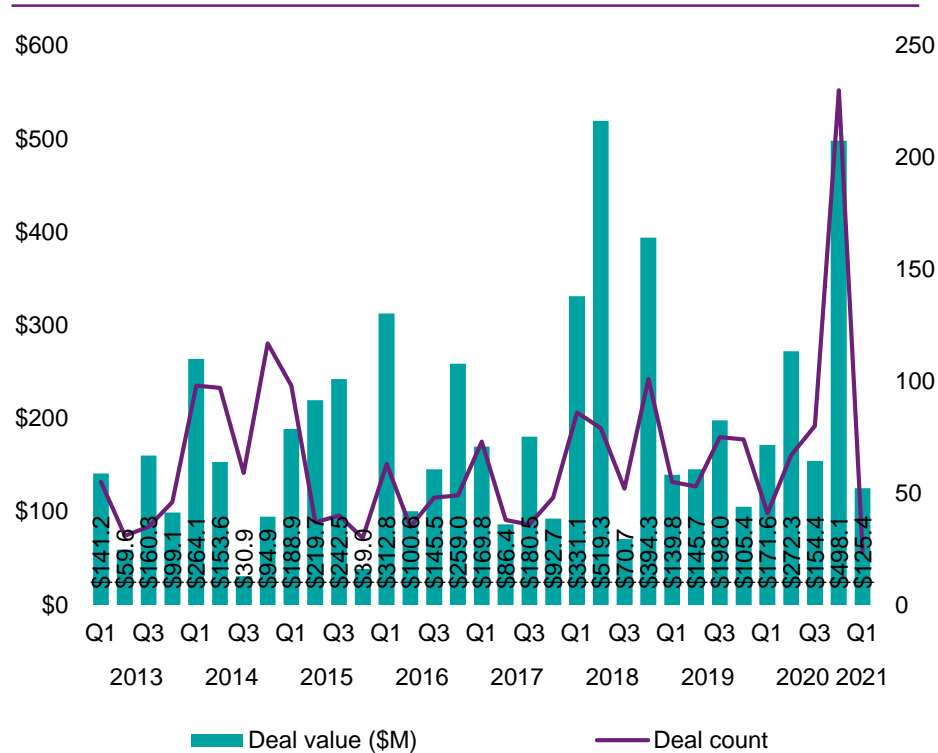
For the fifth quarter in a row, London has seen its venture ecosystem experience rise in VC invested. Q4 2020 saw a new high of \$3.7 billion... only to be eclipsed by Q1 2021 which set the year off at an accelerated rate with no less than \$5.1 billion in aggregate. Mega-deals once again contributed to the tally, given the diminution in financing volume.

Seven of the top European rounds in terms of size in Q1 2021 were for **London-based companies**, which **contributed to a new record high**.

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Venture financing in Ireland

2013–Q1'21



The Irish ecosystem experienced one of its slower quarters, although a healthy amount of VC invested still flowed into domestic companies, after a peak in Q4 2020 with outlier financings like that of solar power platform Amarenco, which closed on nearly \$191 million in funding. Thus far in 2021, such large rounds have not yet closed, but it is likely they shall. The largest funding in Q1 2021 was the \$48 million+ infusion of capital into food-ordering platform Flipdish.

“Investment in Irish companies got off to a slow start in Q1'20, after a bumper close to Q4'20. That said, of the companies funded in Q1, the continued pandemic dominated environment has helped confirm their product market fit. With the investment secured in Q1 we expect to see these companies scale through 2021. VC backed Stripe, who raised a \$600m Series H in Q1 in the US also confirmed their commitment to Ireland, announcing a significant expansion in their Irish operations over the next 5 years, adding to the buzzing tech ecosystem.”

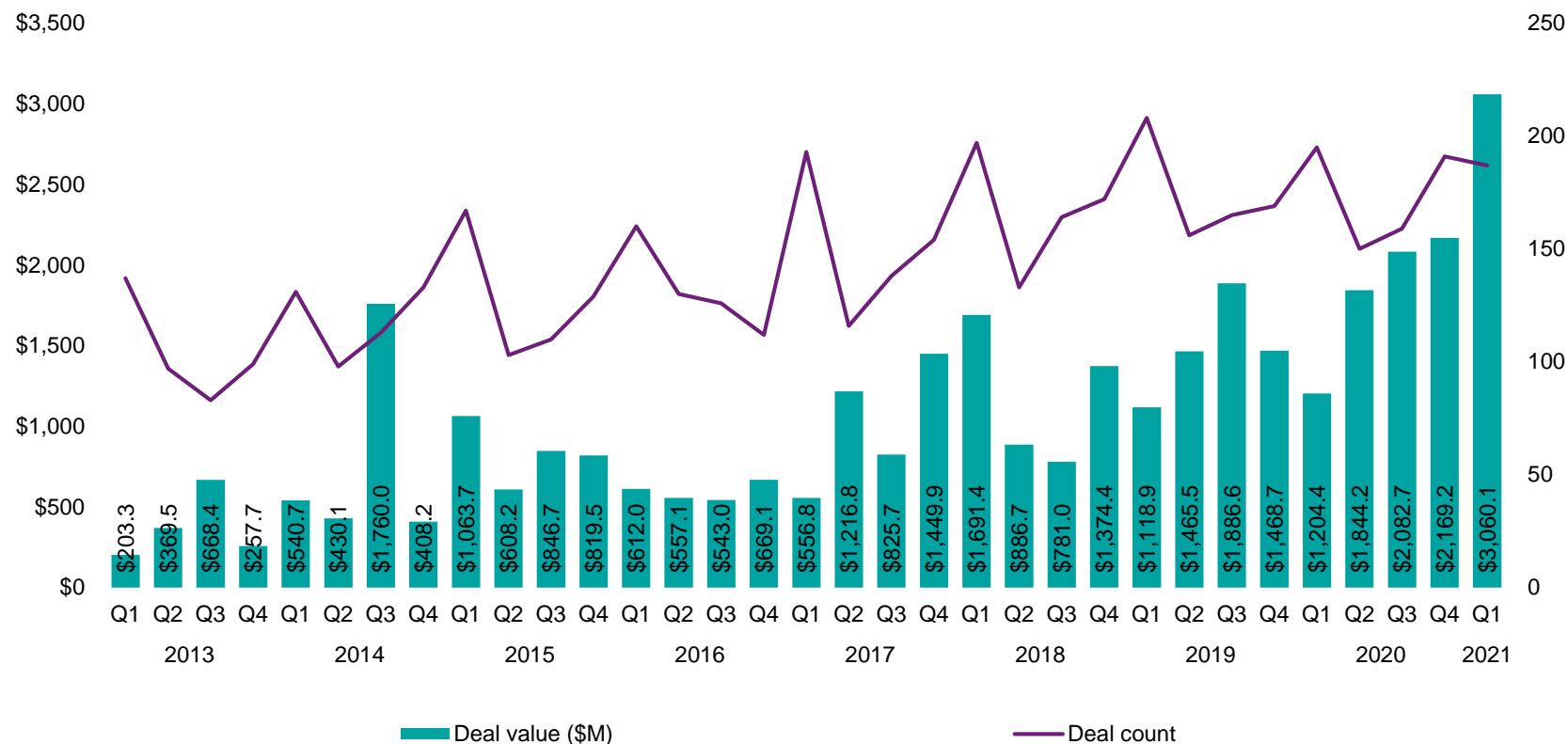


Anna Scally
Partner, Head of Technology and
Fintech Lead,
KPMG in Ireland

After a steady rise in 2020, VC invested booms in Q1

Venture financing in Germany

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

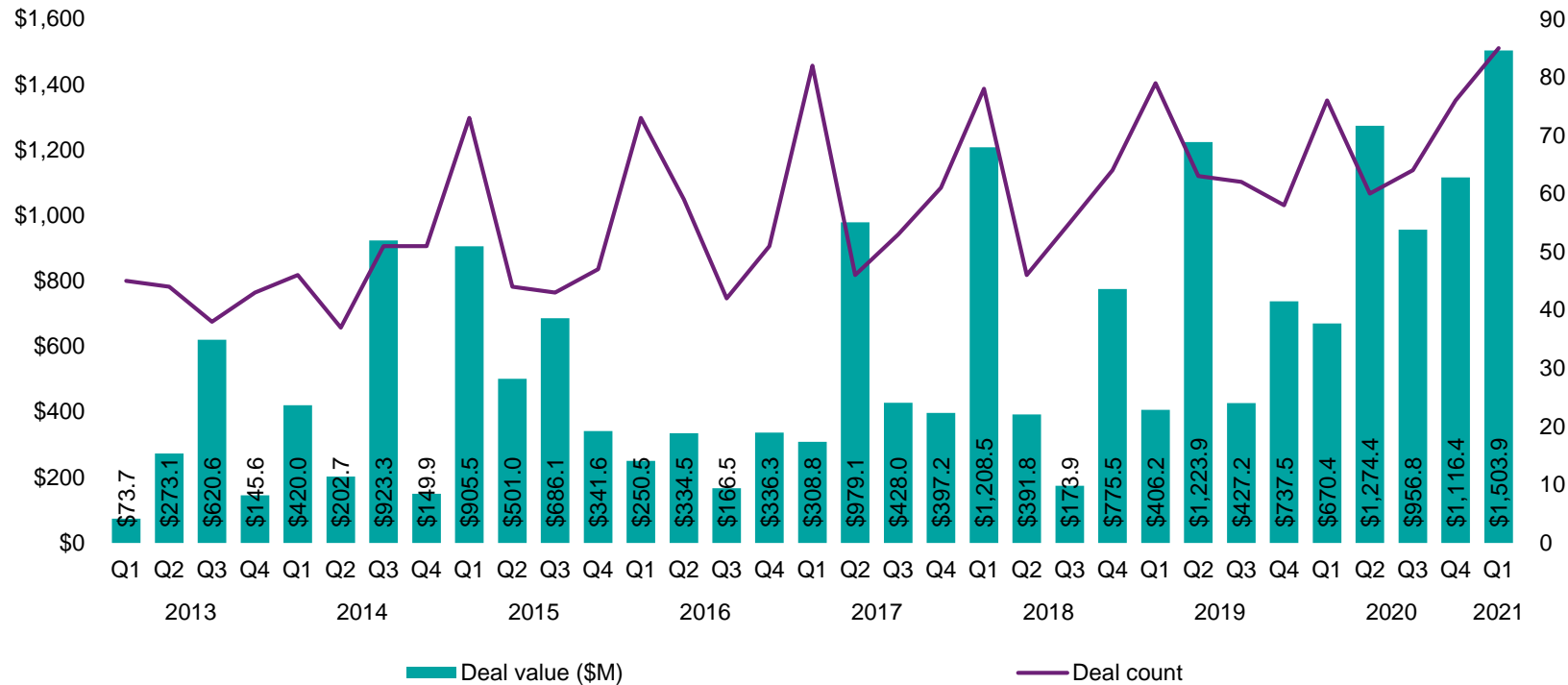
“ Here in Germany, valuations are going up for companies in key industries like SAAS, e-commerce, and logistics. The valuations are getting higher because these business models are gaining maturity very rapidly. They are now proven because they are running well in real circumstances. Valuations for early-stage businesses, however, are quite low though because VC investors are still putting their funds into more secure companies and less risky areas. ”



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

Venture financing in Berlin

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

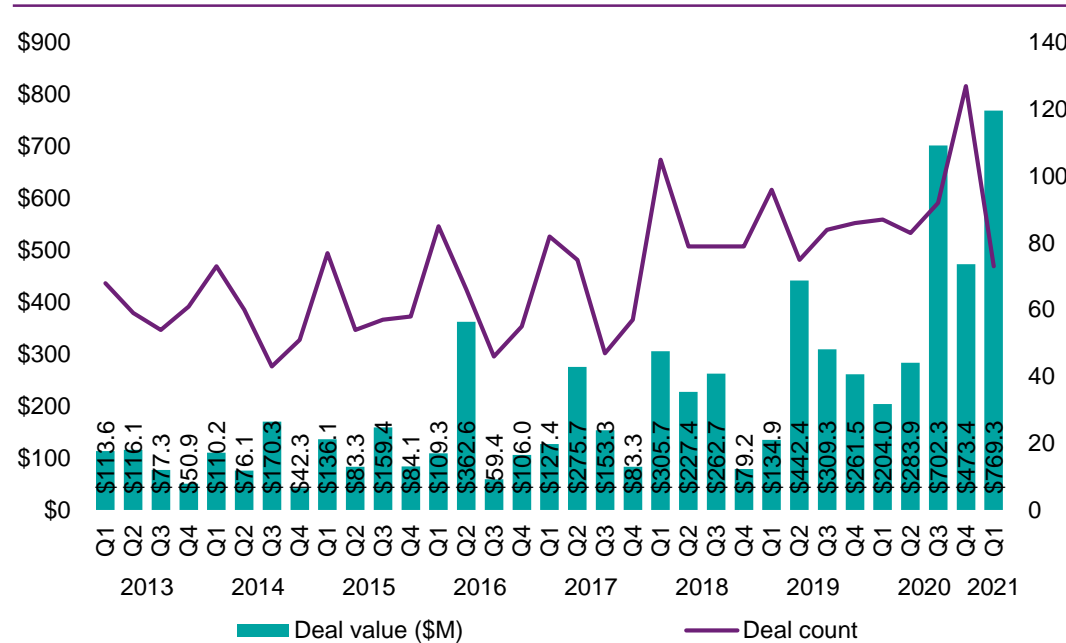
“ We are seeing bigger valuations at later deal stages across Europe. Fintech is enormously strong here, so it's attracting a lot of the really big funding rounds. But other areas accelerated by the pandemic are also seeing a lot of interest - like delivery and healthtech. VC funds are competing over a lot of these promising later-stage companies, which is helping to drive those larger valuations. ”



Tim Dümichen
Partner, KPMG in Germany

Venture financing in Spain

2013–Q1'21

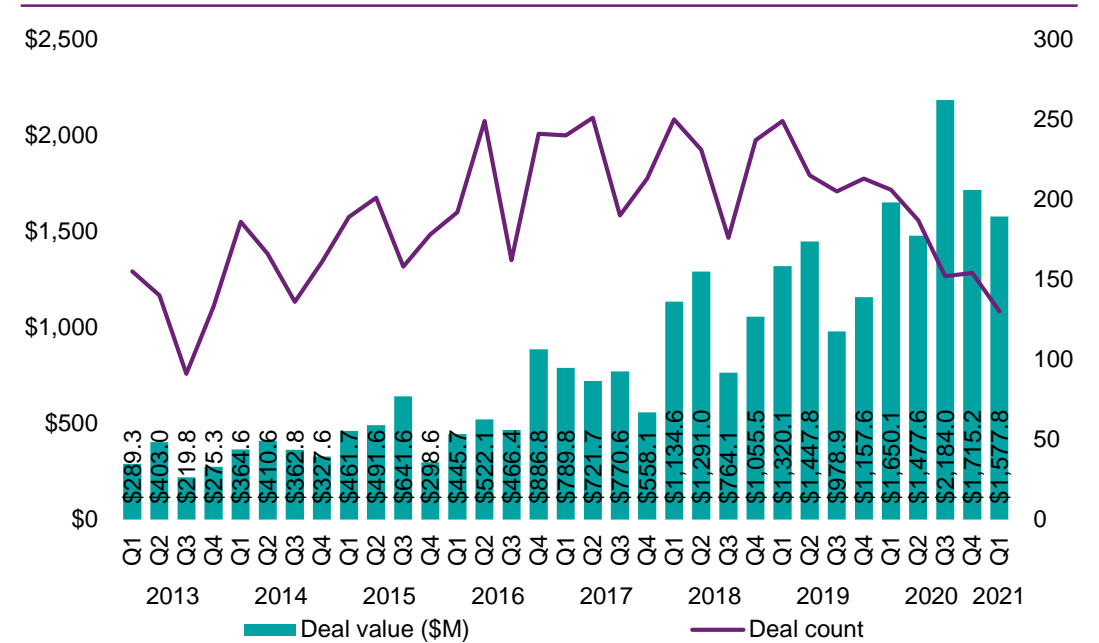


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Spain saw a continuation of robust VC invested, even as volume dipped back to roughly median levels relative to the past several quarters. As is common in such an occurrence, a handful of large financings drove that total up substantially: delivery platform Glovo closed on well over \$500 million in VC; recruiting platform Jobandtalent \$220.9 million; and mobile-based shopping platform Wallapop nearly \$190 million.

Venture financing in France

2013–Q1'21



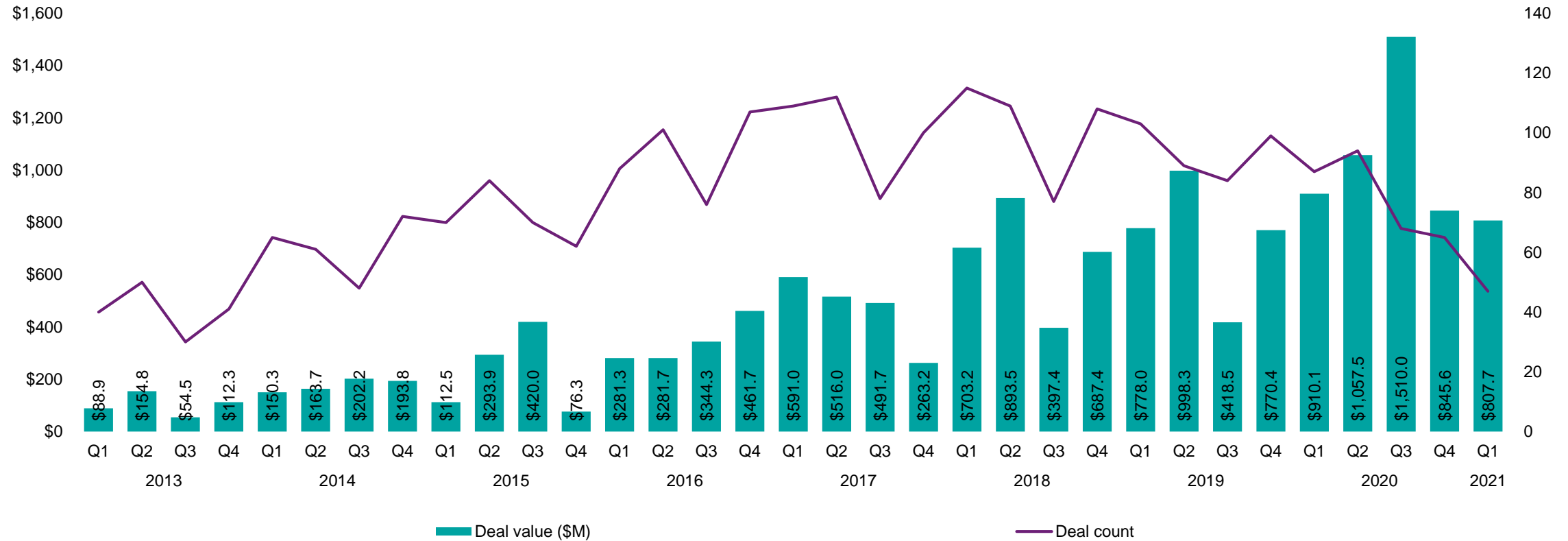
Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

The past two years have seen a boom in VC invested for France as a bevy of companies matured and continued to rake in large late-stage rounds. 2021 continued that trend, albeit not at record levels, by seeing \$1 billion in VC invested eclipsed handily yet again, despite flattening volume.

A healthy tally of VC invested to start 2021

Venture financing in Paris

2013–Q1'21

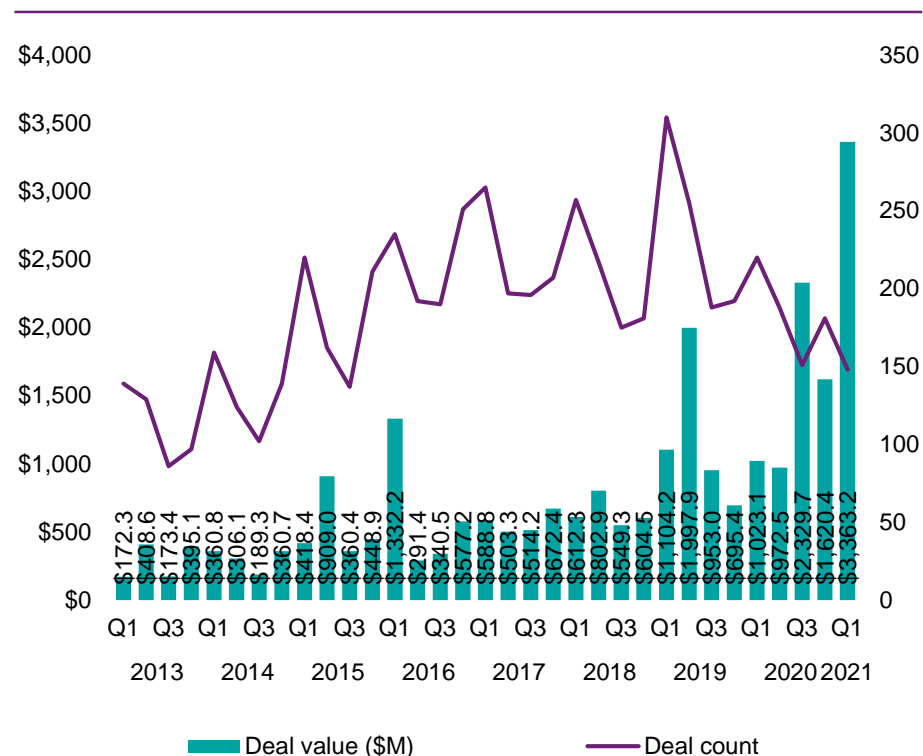


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Nordic region sees a record quarter after a strong stretch

Venture financing in the Nordics

2013–Q1'21



Klarna's mammoth \$1.29 billion funding in Q1 2021 overshadows much of the surge in VC invested to a new quarterly record, but it's worth noting several other prominent Nordic companies garnered substantial infusions of capital. Food ordering platform Wolt raked in well over \$500 million in capital, while wine marketplace Vivino and immunotherapy developer IO Biotech each raised just about \$155 million.

“VC investment in the Nordic region is soaring. We have more money in the market than ever – and that money is flowing into companies that are performing well and growing fast. As we look to the future, those companies are going to start looking at exits, if they haven't already. Just this quarter, we saw Trustpilot have a strong IPO in London. There is a strong expectation that there is going to be more where that came from.”

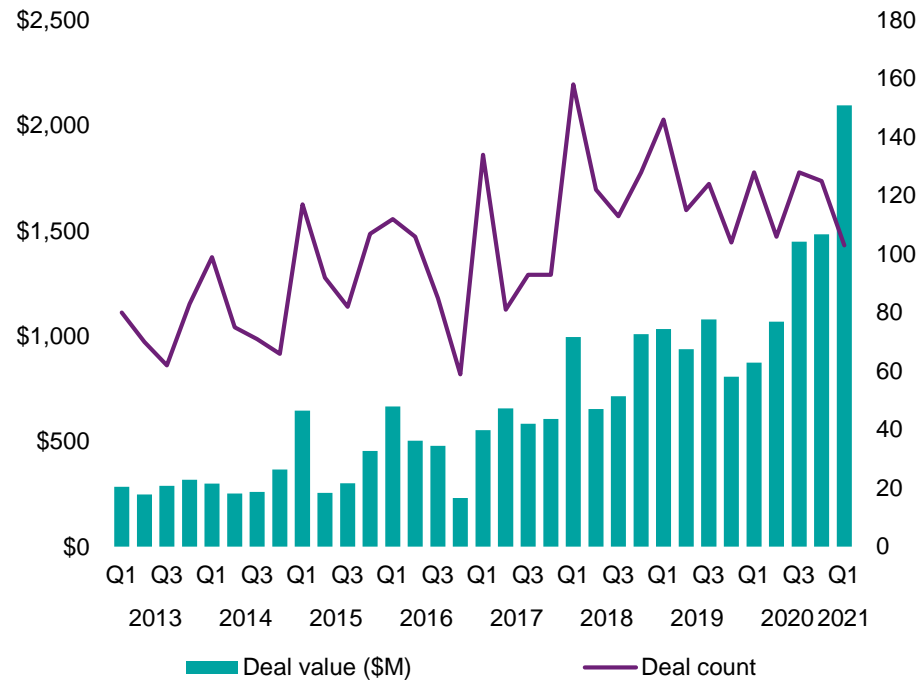


Jussi Paski
Head of Startup Services
KPMG in Finland

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021.
Data provided by PitchBook, April 21, 2021.

Venture financing in Israel

2013–Q1'21



More than seven VC deals closed in Q1 2021 that were \$100 million or more in size, topped by the \$208 million infusion of VC into cloud networking developer Drivenets. In fact, six of the seven top fundings went to companies that engaged with various cloud-based niches and target end users, ranging from transportation focus to cybersecurity. Israel's ecosystem has long benefited from robust government and industry support across multiple nascent sectors, and now it is paying off.

VC keeps flowing into Israel across multiple \$100 million+ rounds even as volume declined somewhat

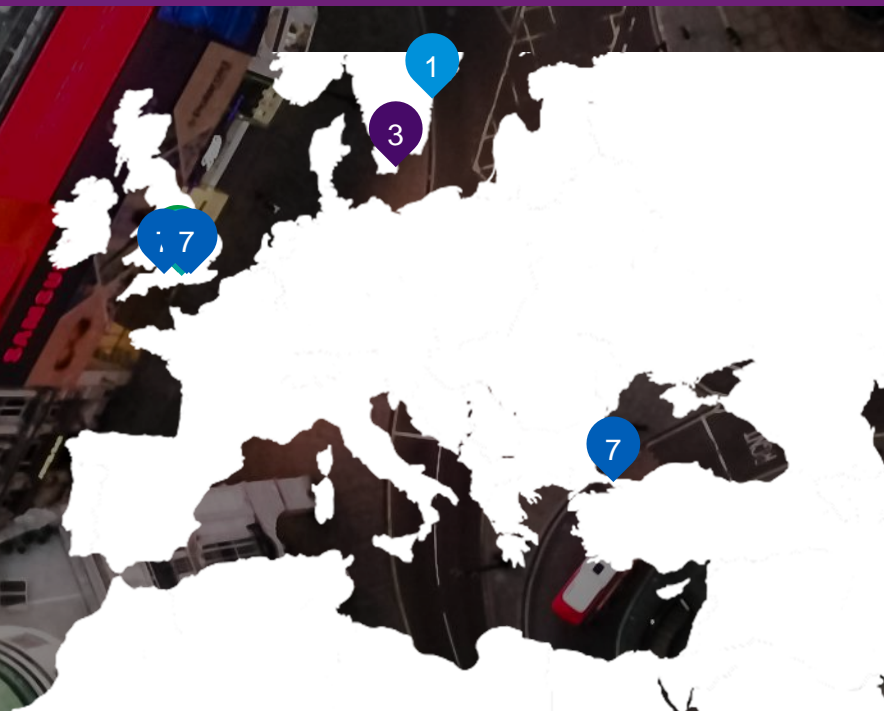
“The Israeli VC market has experienced an unprecedented quarter with almost 90% increase in fundraising rounds compared to Q4 2020. The increase happened mostly due to the activity of foreign investors. Going forward, we hope that this positive development will continue, and we hope that the investment to early-stage companies will continue in order to ensure the sustainability of the Israeli Tech Market.”



Dina Pasca-Raz
Head of Technology
KPMG in Israel

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Top 10 financings in Q1'21 in Europe



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 21, 2021.

1. **Klarna** — \$1.29B, Stockholm — Fintech — *Late-stage VC*
2. **LendInvest** — \$681.4M, London — Fintech — *Late-stage VC*
3. **Wolt** — \$535.2M, Helsinki — Foodtech — *Series G*
4. **Checkout.com** — \$450M, London — Financial software — *Series C*
5. **Hopin** — \$400M, London — Media — *Series C*
6. **Starling Bank** — \$378.3M, London — Fintech — *Series D*
7. **Getir** — \$300M, Istanbul — Internet retail — *Series C*
7. **Rapyd** — \$300M, London — Fintech — *Series D*
7. **Blockchain.com** — \$300M, London — Cryptocurrency — *Series C*
7. **PatSnap** — \$300M, London — Business software — *Series E*

In Q1'21, VC-backed companies in the Asia region raised
\$31.0B across 1,615 deals

VC investment in Asia held steady quarter-over-quarter, driven by the continued resurgence of investment in China, including a \$3 billion raise by group buying platform Xingsheng Selected



Asia remains attractive to VC investors

Asia continued to be an attractive market for VC investment in Q1'21, although ongoing travel restrictions likely affected the amount of international investment going into the region. A number of VC funds have targeted Asia, particularly Southeast Asia given its high population and its relatively low level of market maturity.

China attracted the largest deals of the quarter. In addition to Xingsheng Selected, enterprise AI solutions company 4Paradigm raised \$700 million, electric vehicle company Leapmotor raised \$662 million, alternative battery solutions provider Svolt raised \$541 million, and remote healthcare provider Miaoshou Doctor raised \$463 million. Hong Kong (SAR) -based Lalamove also raised \$1.5 billion. India also saw strong VC investment in Q1'21, including a \$460 million installment in an ongoing fundraise by edtech Byju, a \$450 million raise by e-grocery Grofers, a \$400 million secondary transaction sale by gaming company Dream11, and a \$250 million raise by food delivery app Zomato.



Record Q1'21 exit value surpasses 2020 total

Exit value in Asia rose to a record \$148 billion in Q1'21 – significantly higher than the \$112 billion peak seen in Q3'18 – and already higher than the \$134 billion seen during all of 2020. China-based companies accounted for \$87 billion of the total.



Embedded solutions a high priority for investors in China

Artificial intelligence continued to be a key area of investment in China, however, the focus of investment has shifted from the development of AI capabilities to the use of AI for specific solutions. The applicability of AI to other sectors is diverse, ranging from healthcare scanning and analysis to autonomous driving and green building solutions. Companies with embedded AI solutions are expected to be the main priority of VC investors over the next few quarters.



India sees strong VC activity in Q1'21

VC in India was robust in Q1'21, with a wide range of sectors attracting \$100 million+ funding rounds, including edtech, grocery delivery, and gaming. Over the quarter, VC deal activity picked up significantly, both in terms of companies looking to raise funds and in terms of dry powder being deployed. The velocity of deals was also quite rapid, with companies getting higher valuations. During Q1'21, India also saw one of the largest exits by a gaming company: a domestic IPO by Nazara Technologies. The successful IPO highlights the rapidly changing perceptions of startups in India, as similar startups would have had to look to foreign markets to go public as recently as eighteen months ago.



SEHK attracts secondary listings from China-based companies

The Hong Kong Stock Exchange (SEHK) continued to be a key location for hosting IPOs in Asia, including the secondary listings of China-based companies already listed in the US. Given recent changes to US listing rules, a number of Chinese companies listed in the US are now considering Hong Kong for a secondary listing in order to remain public in the event they are delisted in the US. In March, China mega-giant Baidu raised \$3.1 billion in a secondary listing on the SEHK. Online vehicle platform Autohome also held a secondary listing on the SEHK, raising \$688 million in Q1'21.

VC investment in Asia holds steady in Q1'21, cont'd.

On the global stage, South Korea e-commerce company Coupang held the largest IPO in the US during Q1'21 – raising over \$4.5 billion in its IPO, with share prices increasing 40% in debut trading.



China's new Five-year Plan expected to drive innovation focus

During Q1'21, China released its 14th Five-year Plan. The plan is expected to guide China's economic and social development activities over the next five years, and includes a strong focus on making China self-reliant in terms of scientific research and technology development. The new plan will likely drive additional investment in a wide range of key areas, including green technologies, semiconductors, TMT and chip manufacturing.

During Q1'21, China also continued to expand its digital currency efforts. In Q1'21, the testing of China's digital Renminbi was expanded to bigger cities, including Beijing and Shanghai.



Traditional and digital insurance growing together in India

Insurance as a whole is a growing sector in India, particularly general insurance and health insurance. The penetration of insurance products in the country is increasing, with consumers becoming more interested in different products than they have been historically. This has led to growth both in terms of traditional insurance businesses digital insurance businesses. Because of the relative early maturity of both in India, they've been growing together as a result of societal evolution. This potential offered by the industry is expected to drive increasing VC investment over time.



Trends to watch for in Asia

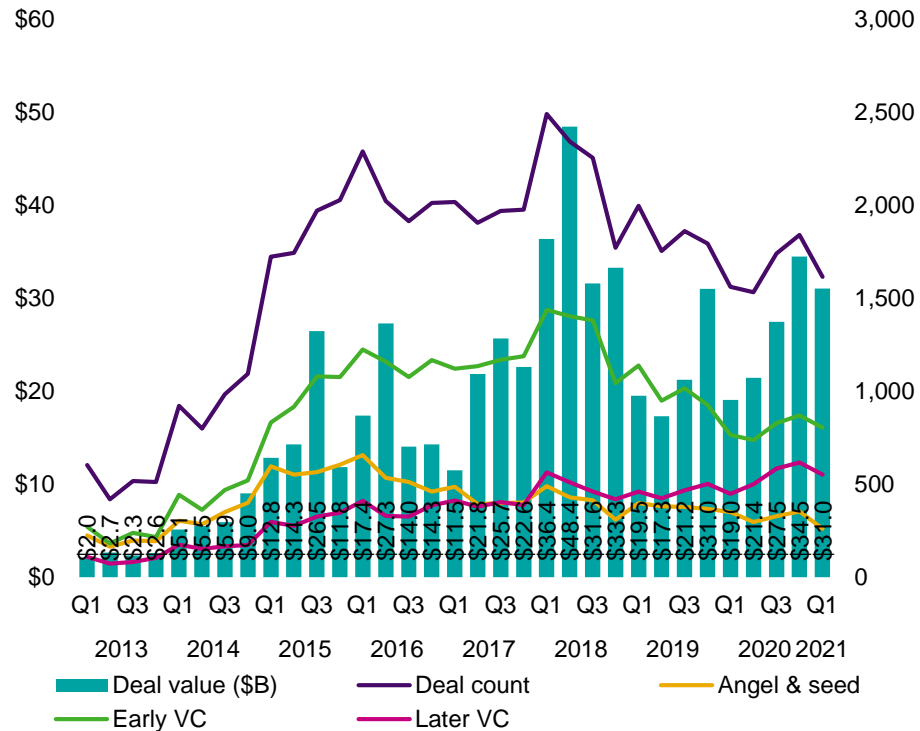
Looking head to Q2'21, VC investment in China is expected to focus significantly on embedded technologies like AI in healthcare. Green technologies will likely also garner increasing investments given China's commitment to become Net Zero by 2060. Foodtech is also poised to gain some traction among investors, particularly in Hong Kong, where there is increasing interest in alternatives to traditional meat.

In India, the velocity of VC deals activity is only expected to increase, with sectors like edtech, delivery, and e-commerce expected to remain hot, while interest in insurance is poised to see significant growth. IPO activity is also expected to pick up in India given a number of the large raises held in Q1'21 were viewed as pre-IPO rounds.

Q1 2021 builds off of recovery throughout entirety of 2020

Venture financing in Asia

2013–Q1'21



As it was first hit, the Asia-Pacific ecosystem saw the impact of the pandemic on venture activity ahead of any other. However, VC activity in volume recovered relatively swiftly, as did VC invested, the latter metric trending upward steadily. Q1 2021 built off that recovery to record a robust level of both financing volume and VC invested, as economic growth got back on track and longer-term macro factors such as ongoing investment and focus on domestic demand and digital infrastructure investment.

“ VC investment is tremendously strong in China, with a significant amount of dry powder available in the market. Investor interest is quite widespread, with many different industries and technologies attracting attention. AI has remained a very significant area of investment, particularly around embedded solutions, while non-fungible token (NFT) is one area that is really starting to heat up. ”

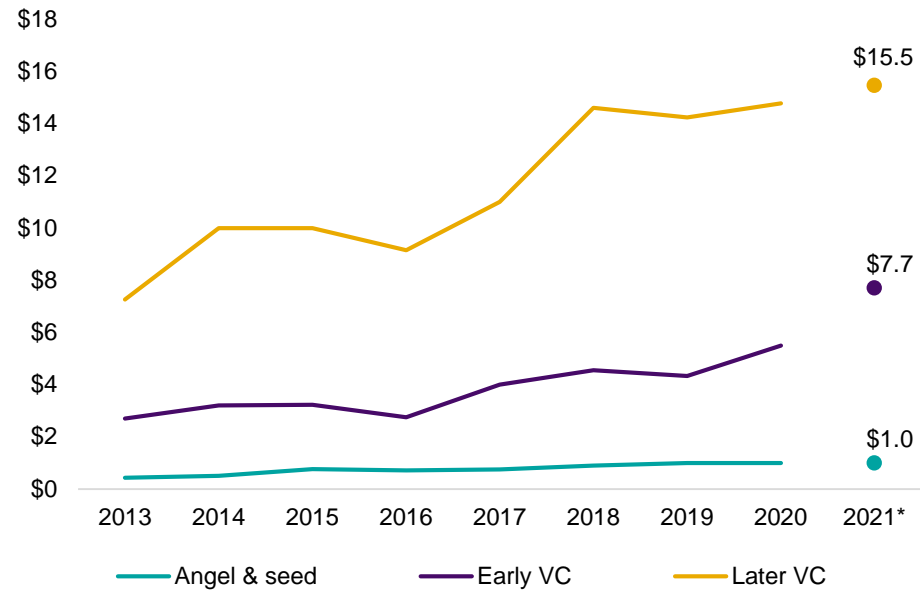


Egidio Zarrella
Partner, Clients and
Innovation
KPMG China

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 18, 2021.

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

2013–2021*



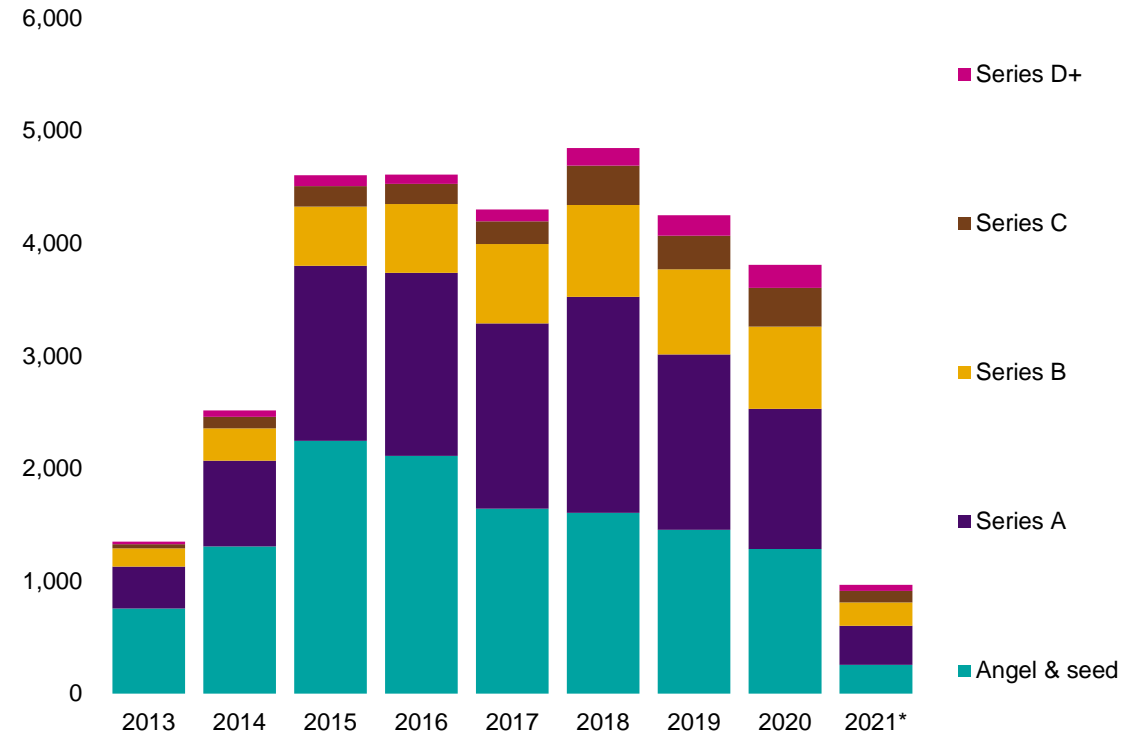
In other regions, it is easy to look at stratospheric growth in median financing sizes and conclude that they may be unsustainable, whereas in the Asia-Pacific ecosystem, it may be that healthier balances are being struck between the supply of and demand for VC, across all stages. That said, there has been a modest uptick at minimum across the late-stage, while the bigger surge at the early-stage may be likely due to a temporal effect.

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

Early-stage volume stabilizes, but garners very slim proportion of VC invested

Deal share by series in Asia

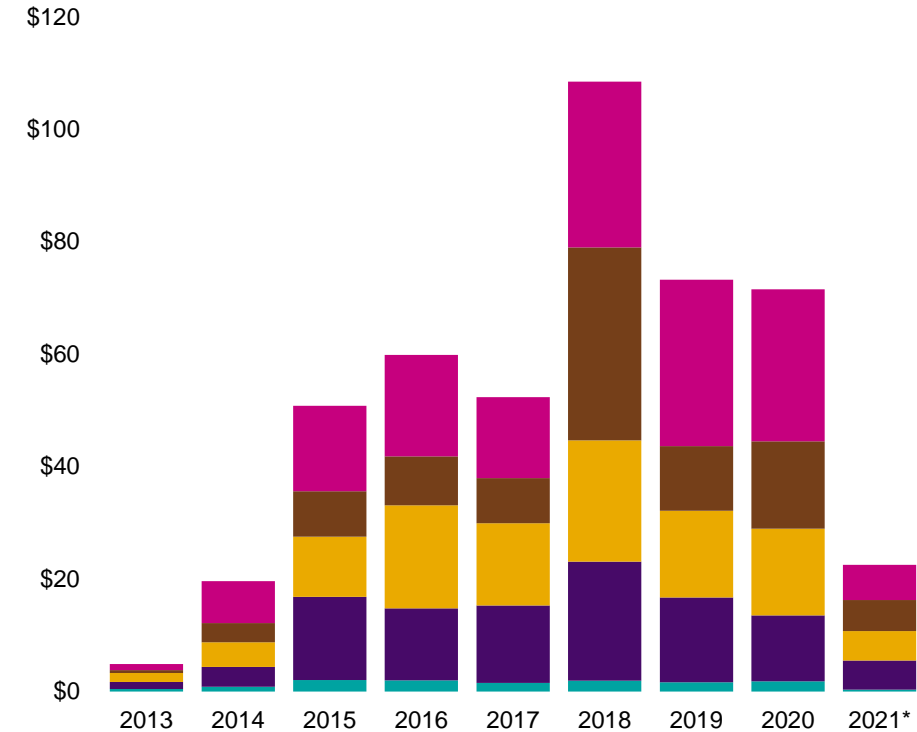
2013–2021*, number of closed deals



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

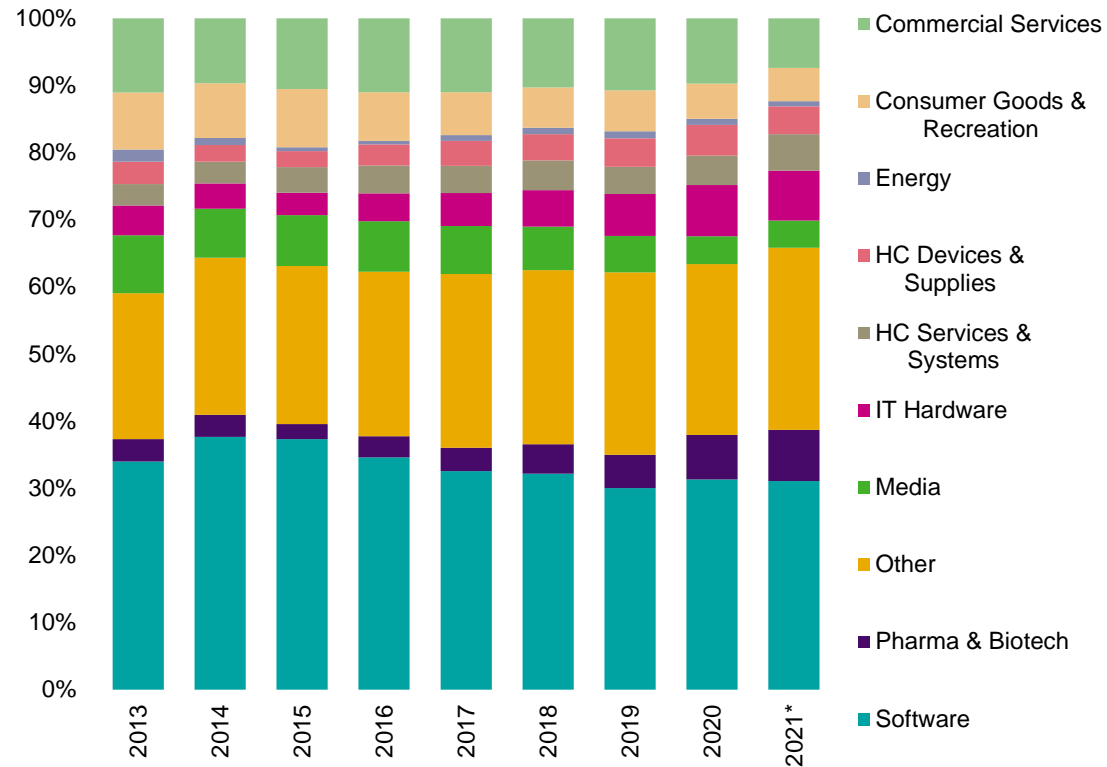
Deal share by series in Asia

2013–2021*, VC invested (\$B)



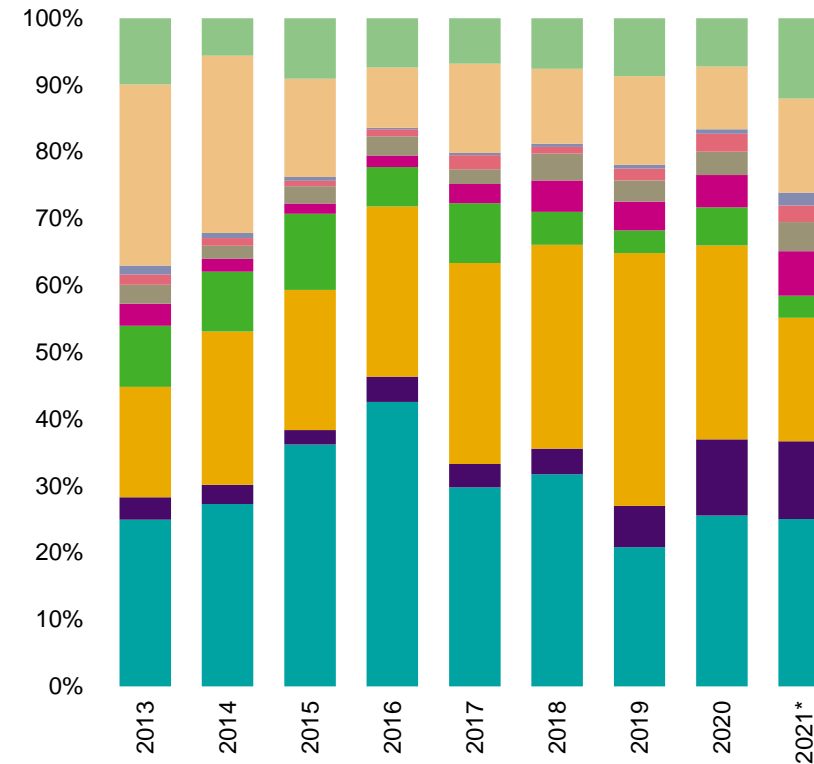
Asia venture financings by sector

2013–2021*, number of closed deals



Asia venture financings by sector

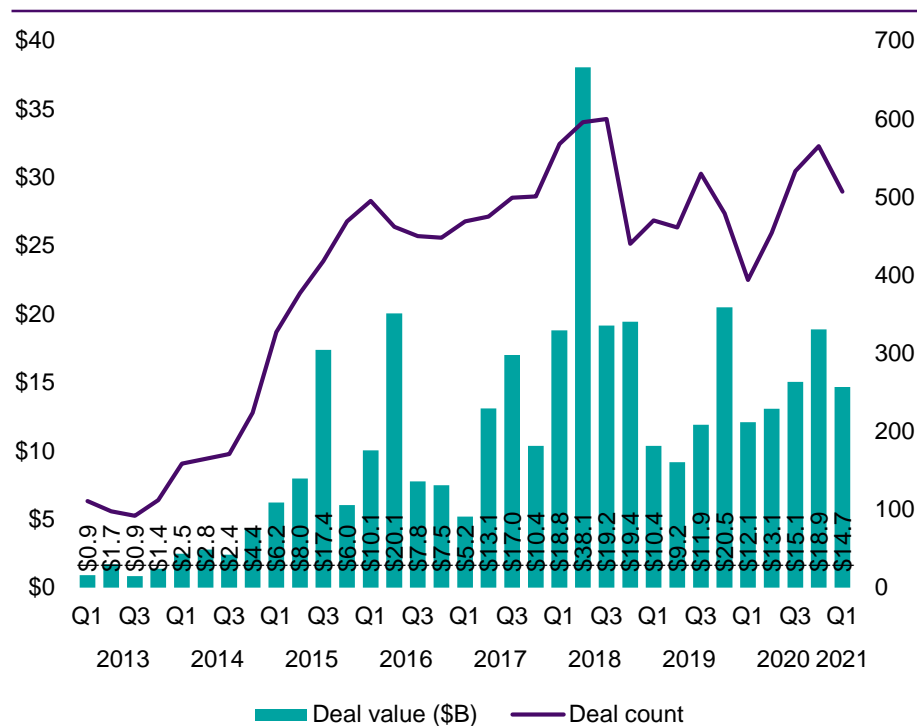
2013–2021*, VC invested (\$B)



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 18, 2021.

Corporate participation in venture deals in Asia

2013–Q1'21



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

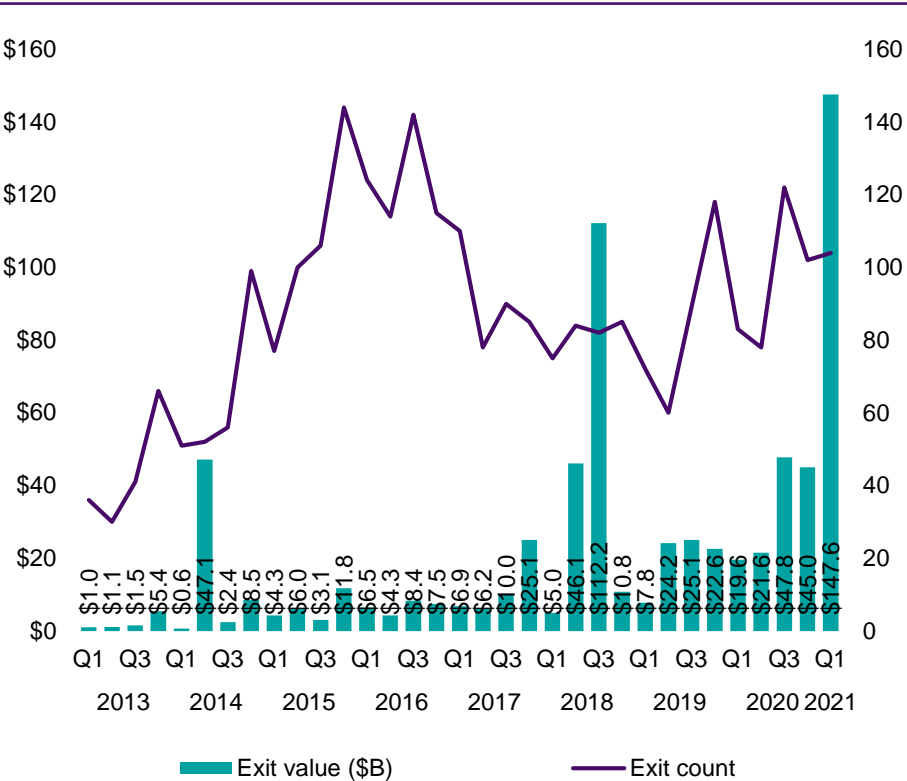
...the **2020 rebound** was to be **expected** based on the longer-term motivations of **CVCs** and their corporate counterparts' interests in **fostering longer-term economic growth**.

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 18, 2021.

After a strong back half of 2020, Q1 2021 sees immense surge

Venture-backed exit activity in Asia

2013–Q1'21



A surge of tech IPOs across exchanges in Asia continue to contribute to volume significantly when looking at annual tallies, speaking to the burgeoning of the Hong Kong (SAR) and other tech exchanges in the region. No fewer than 12 companies went public in Q1 to attain post-valuations of \$1 billion or more. Social platform Kuaishou reached nearly \$61 billion upon its debut.

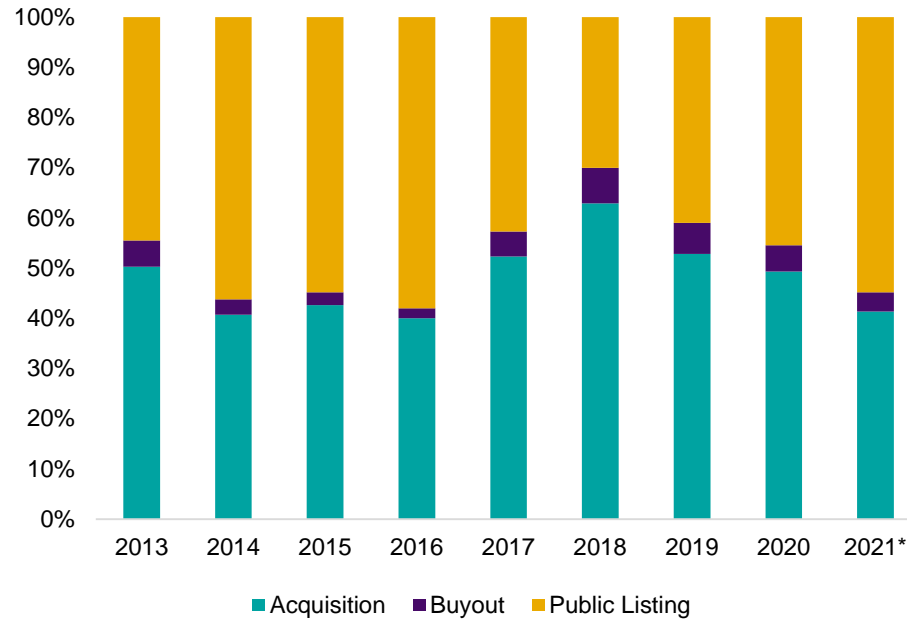
“One area that will likely see growth in the future is around ESG-driven businesses. In Hong Kong, there continues to be strong interest in ESG and a dedication to reducing carbon emissions –and that’s driving interest in everything from meat alternatives to smart technologies. China has also committed to becoming Net Zero by 2060, which will likely drive investment over time in a host of related sectors.”



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

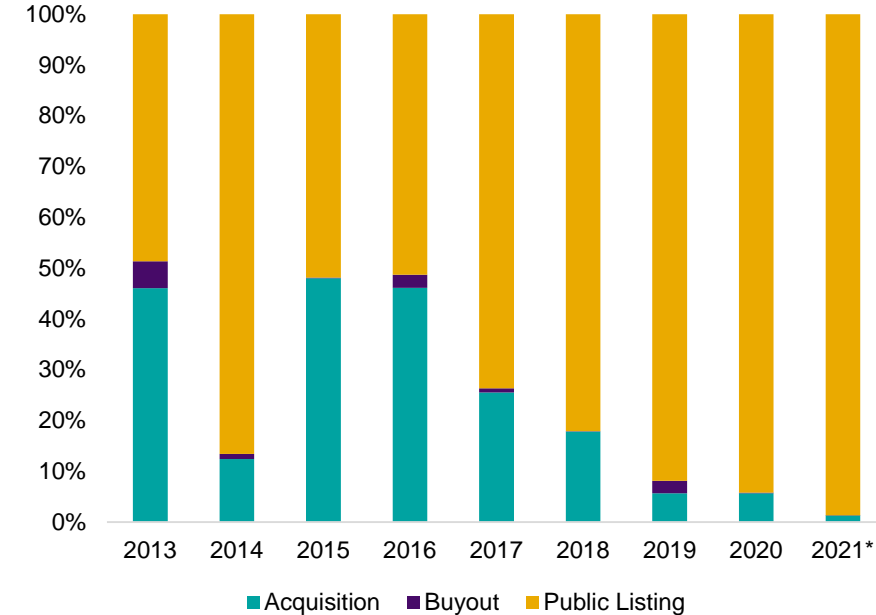
Venture-backed exit activity (#) by type in Asia

2013–2021*



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

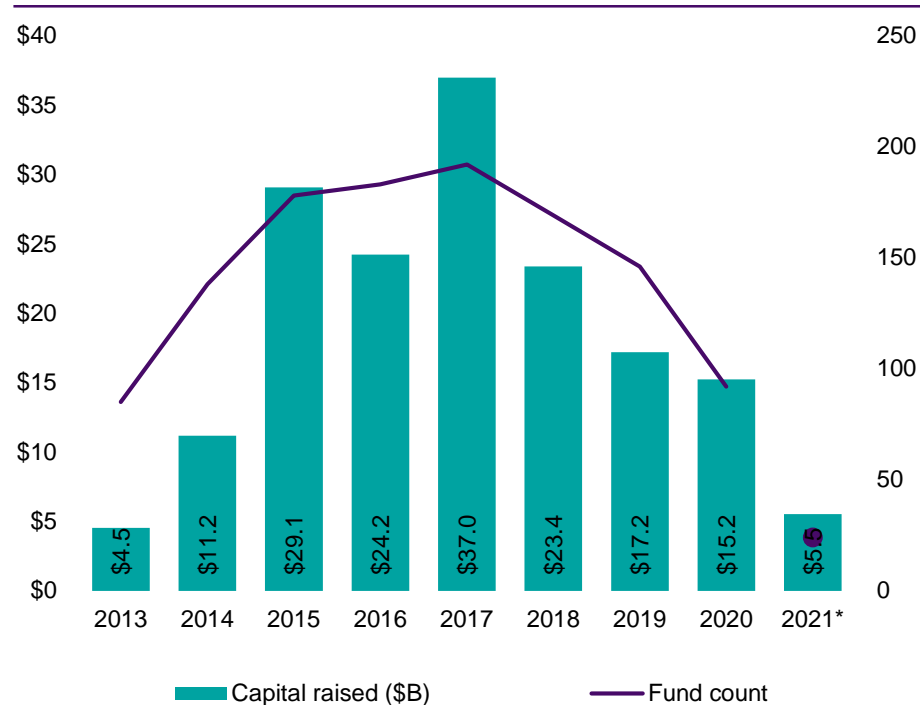
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Venture fundraising in Asia

2013–2021*



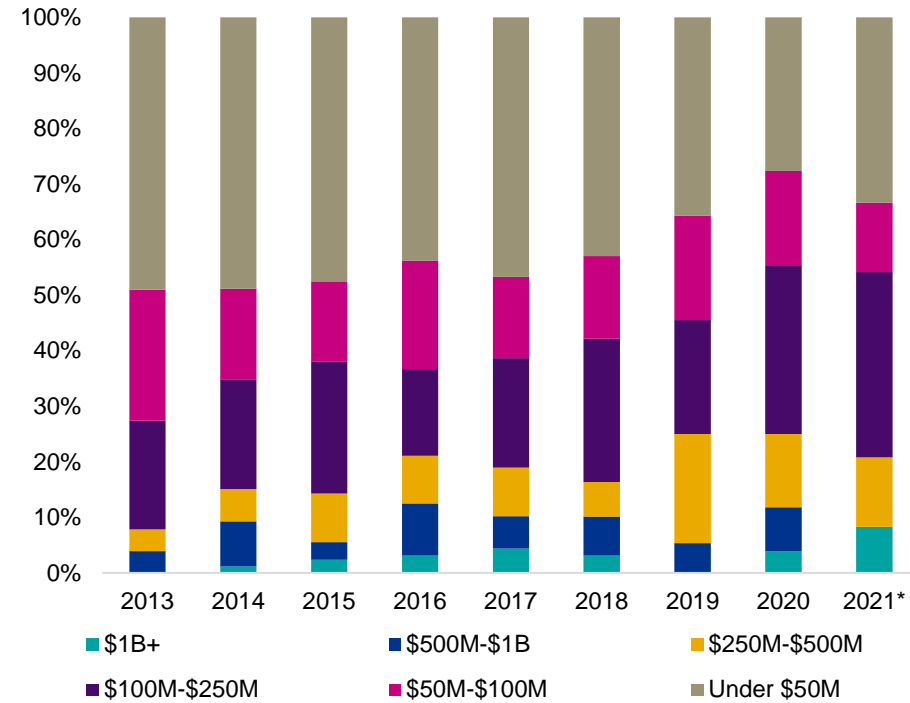
After a 2017 peak, it is clear the region has been in a significant decline for domestic fundraising. However, based on Q1 2021 results, it is likely that VC committed to funds within the region could be evening out, as counts also look relatively promising to potentially match the tally from 2020. It should be noted that given the existence of multiple mega-VCs by now, there is plenty of competition from Asia-focused funds that are domiciled elsewhere.

The **fundraising cycle** is **stirring** back up, **with** a healthy **\$5 billion+** closed in **Q1 alone** by a small but experienced cohort of firms.

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

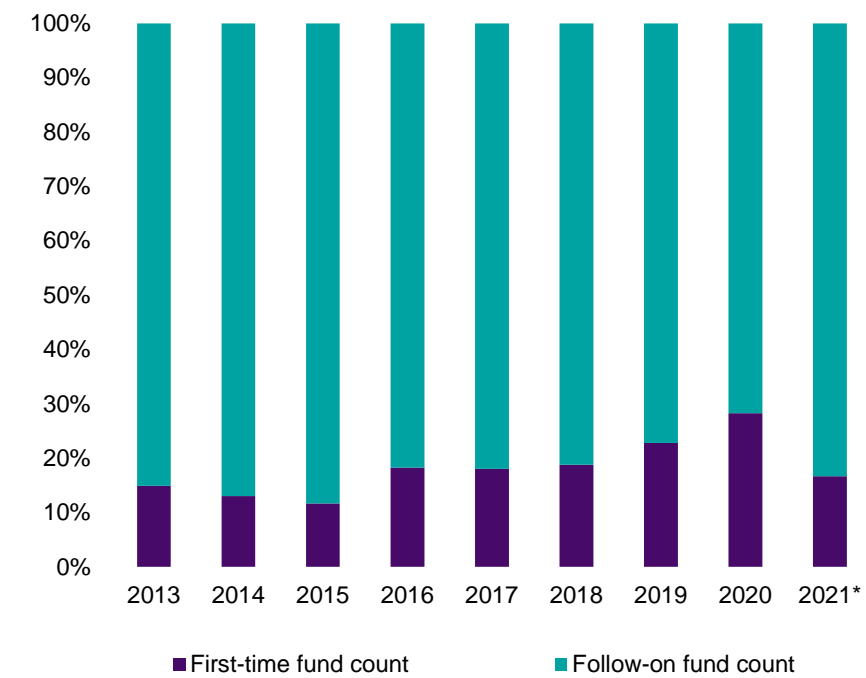
Venture fundraising (#) by size in Asia

2013–2021*



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

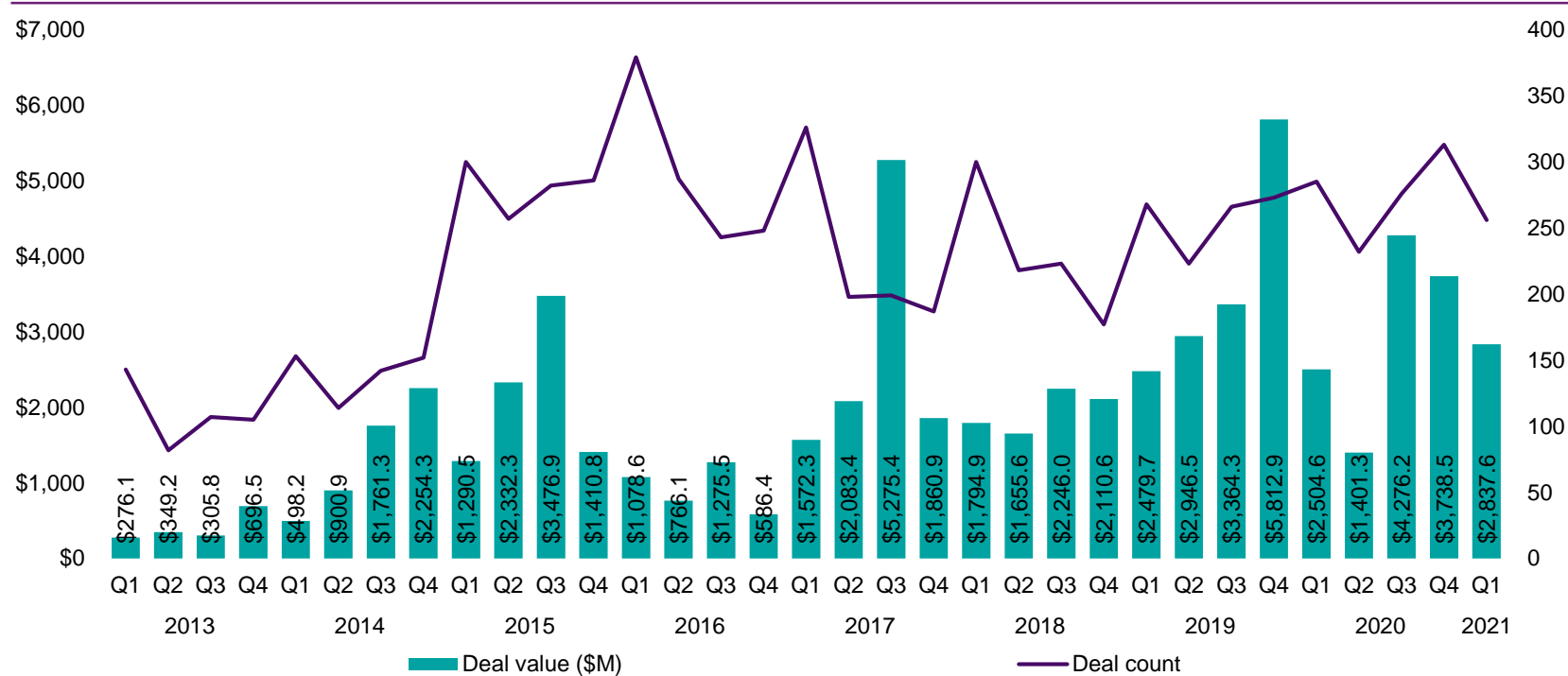
2013–2021*



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Venture financing in India

2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

“ Interest from VC investors in India is at an all time high - the pandemic has just been a catalyst for the new age tech / consumer tech businesses, which has seen significant demand from consumers. Many deals that were put on hold and the investors were waiting to see the impact of the pandemic are now coming out of the pipe and seeing significant investor interest. Pandemic has elevated some of these businesses to a new higher level of platform and this positivity is expected to continue in the near term. ”

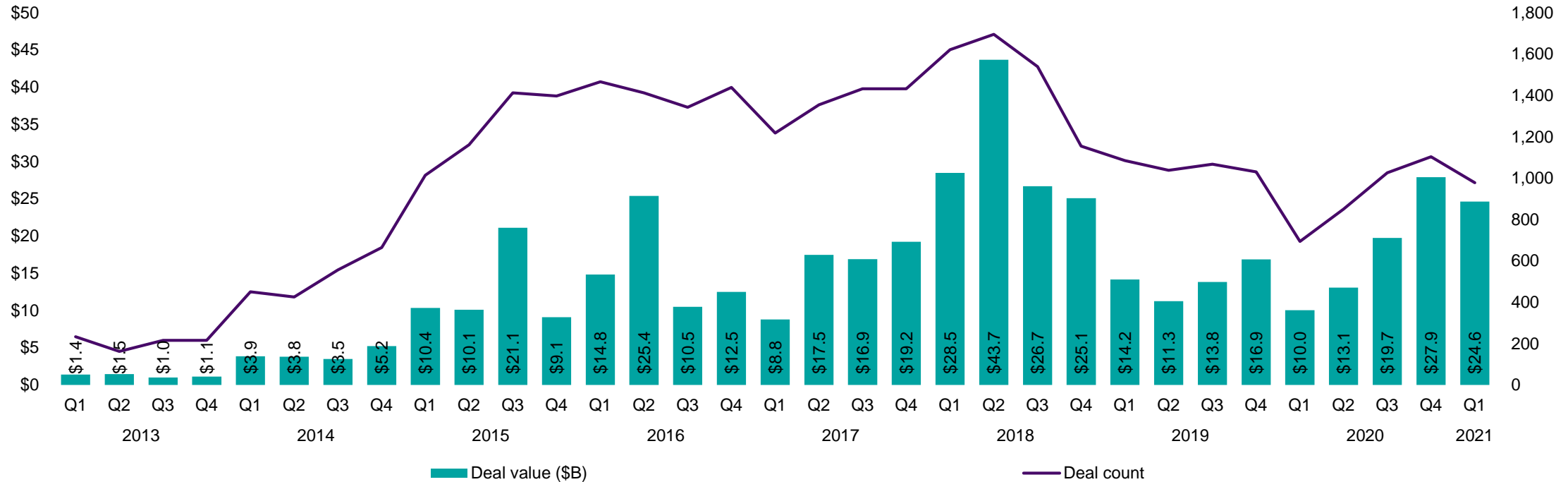


Nitish Poddar

Partner and National Leader,
Private Equity
KPMG in India

Venture financing in China

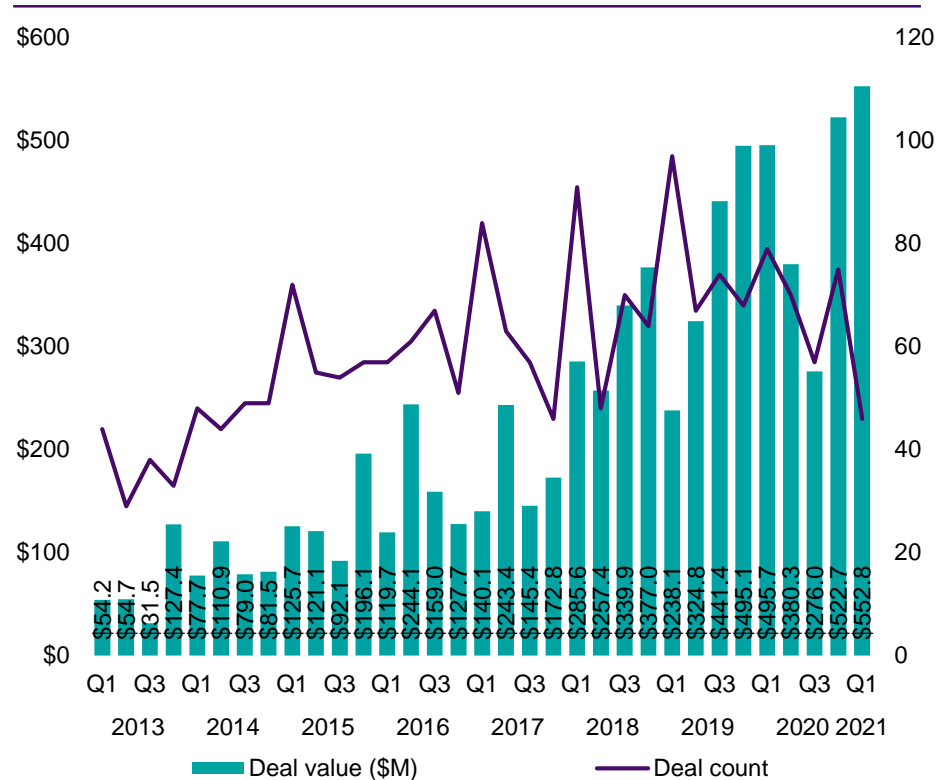
2013–Q1'21



Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

Venture financing in Australia

2013–Q1'21



After a blockbuster year in terms of VC raised by Australian companies, 2021 starts off even more promisingly with a record quarter. More intriguingly, only one deal that was \$100 million or more was recorded, while eight raised at least \$20 million or more, spanning a diverse array of sectors from computer hardware to healthcare.

Despite the ongoing ripple effects of the **COVID-19** pandemic, **investors are still eager to fund the best prospects ...**

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021.
Data provided by PitchBook, April 21, 2021.

Top 10 financings in Q1'21 in Asia-Pacific



1. **Xingsheng Selected** — \$3B, Changsha — Retail — *Late-stage VC*
2. **Lalamove** — \$1.5B, Shenzhen — Logistics — *Series F*
3. **4Paradigm** — \$700M, Beijing — Software development applications — *Series D*
3. **JD Property (China)** — \$700M, Suqian Jiangsu Province — Real estate technology — *Series A*
5. **Leapmotor** — \$662.35M, Hangzhou — Automotive — *Series B*
6. **SVOLT** — \$541.4M, Changzhou — Energy storage — *Series A*
7. **Momenta (China)** — \$500M, Beijing — AI & ML — *Series C*
8. **Miaoshou Doctor** — \$463.5M, Beijing — Healthtech — *Series E*
9. **Horizon Robotics** — \$400M, Beijing — Semiconductors — *Series C2*
9. **Hive Box Technology** — \$400M, Shenzhen — Logistics — *Late-stage VC*

Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 18, 2021.

KPMG Private Enterprise Emerging Giants Network.

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- **Tim Dümichen**, Partner, KPMG in Germany

Methodology

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

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

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

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

Fundraising

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

Deals

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

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

Exits

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

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



To connect with a KPMG Private Enterprise adviser in your region email enterprise@kpmg.com

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