



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

Coupage 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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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 finech 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

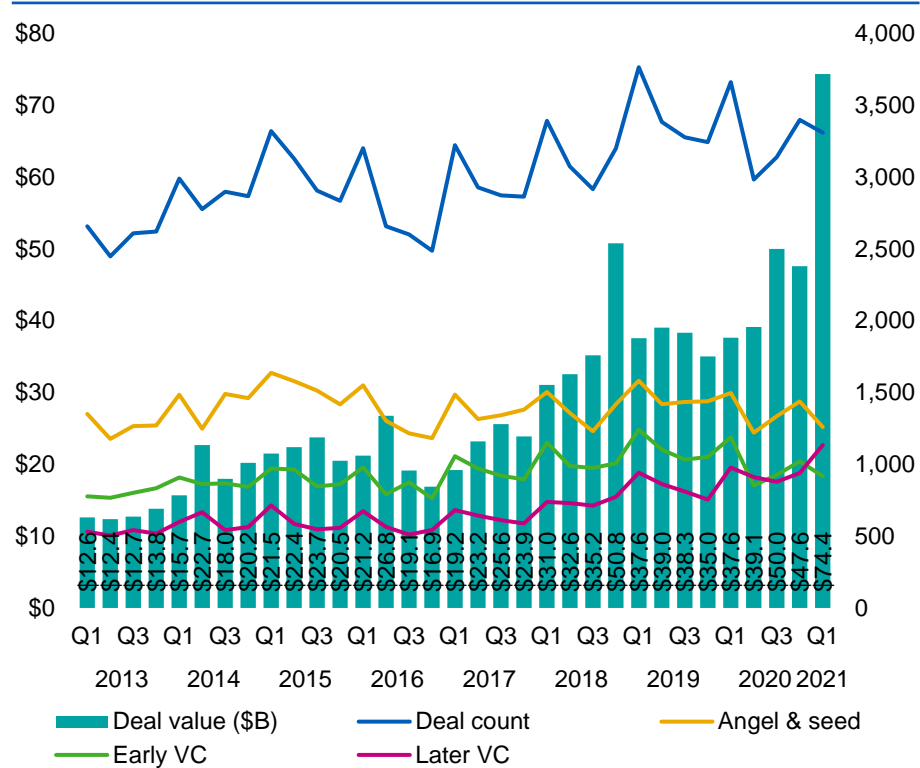
With a strong sense of optimism permeating the VC market, VC investment is expected to remain robust across the Americas heading into Q2'21 – with corporate investment expected to remain particularly strong.

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/>

Venture financing in the Americas

2013–Q1'21



Thanks to record-breaking raises by the likes of Robinhood and other mature unicorns, often as their potentially last private fundraising round prior to going public, the Americas exceeded \$70 billion invested in the first quarter of 2021, far and away outstripping any previous similar tally. The drivers of this record sum are primarily the record amount of venture dry powder globally and the expanding cohort of unicorns that continue to be able to raise at an accelerated clip.

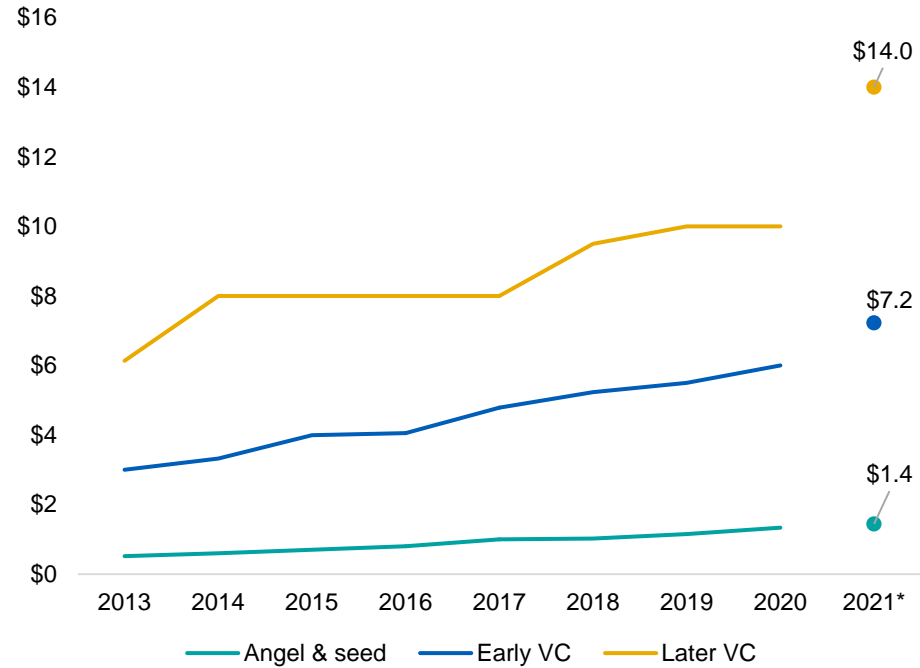
... A staggering **\$74.4 billion** was invested in **VC in Q1 2021**, setting 2021 off to a rip-roaring start.

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.

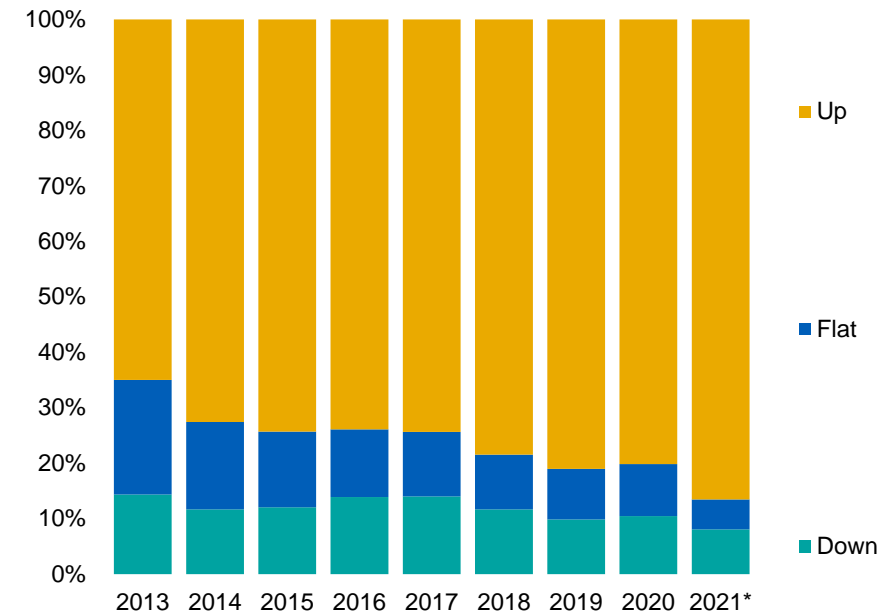
Median deal size (\$M) by stage in the Americas

2013–2021*



Up, flat or down rounds in the Americas

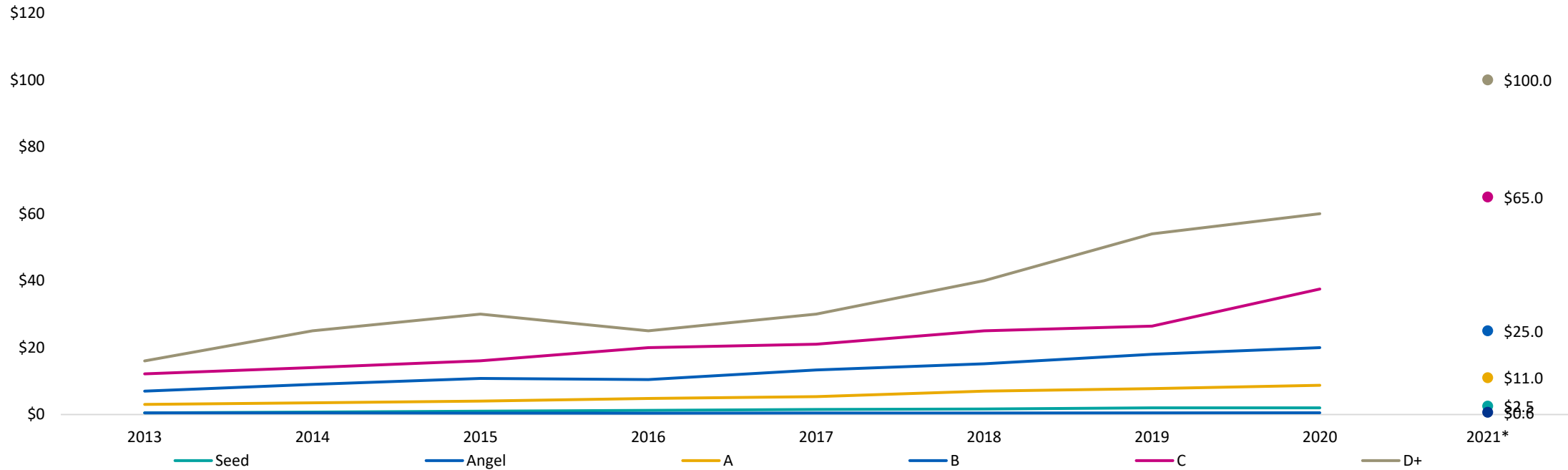
2013–2021*



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.

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

2013–2021*

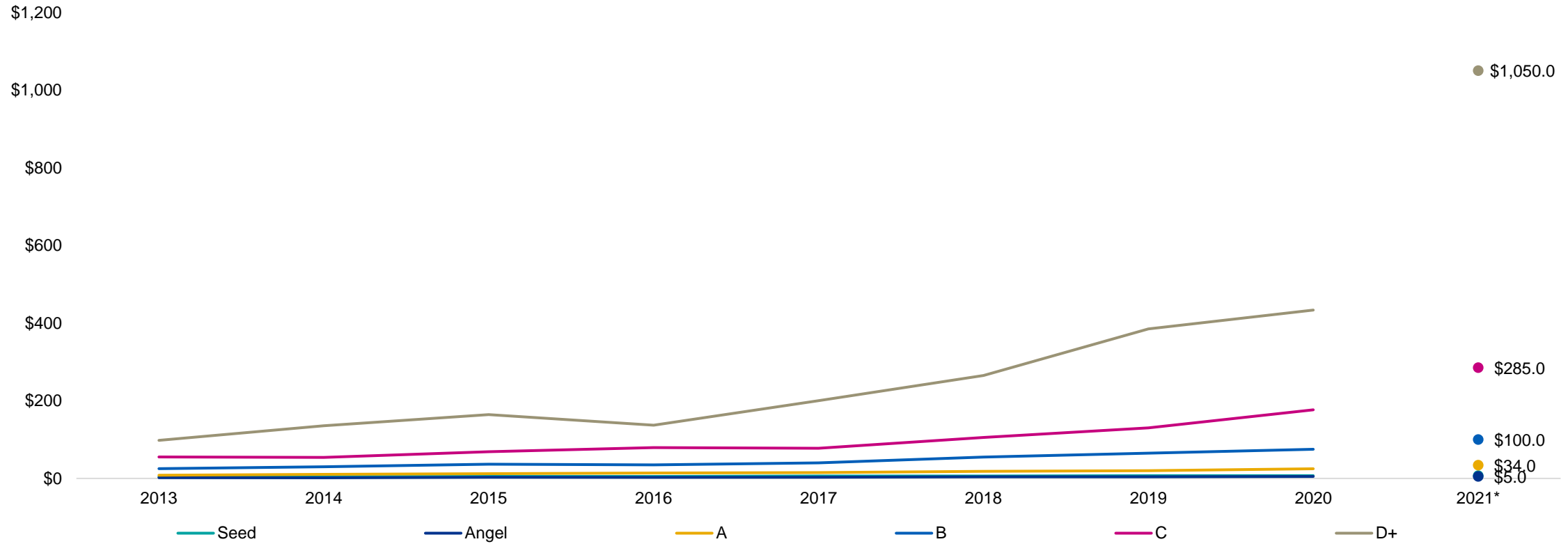


Source: Venture Pulse, Q1'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2021. Data provided by PitchBook, April 21, 2021.

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

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

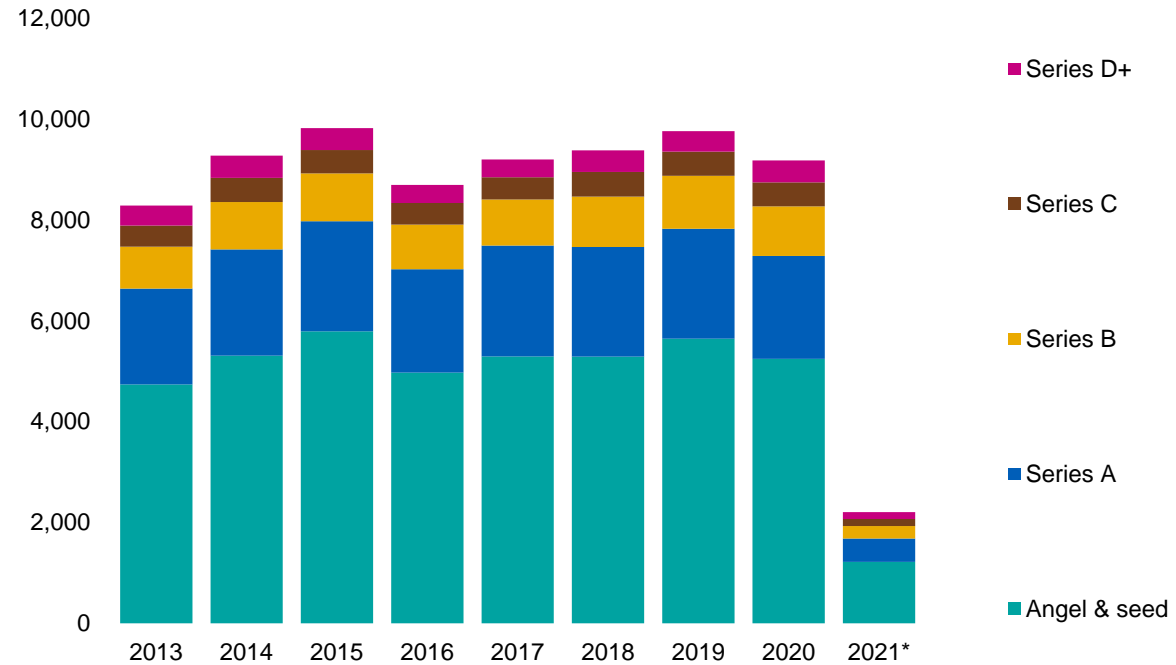
2013–2021*



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

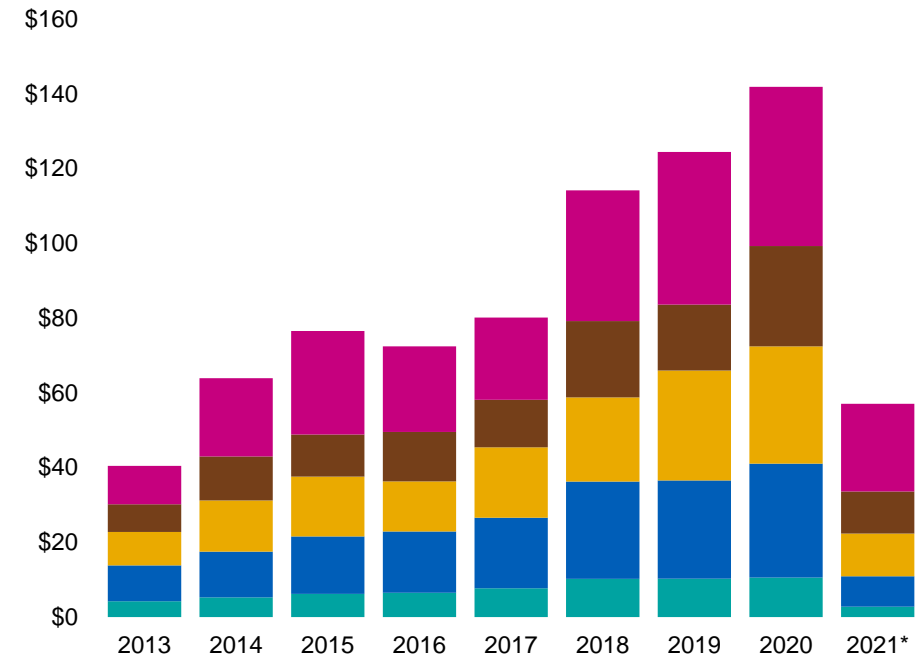
Deal share by series in the Americas

2013–2021*, number of closed deals



Deal share by series in the Americas

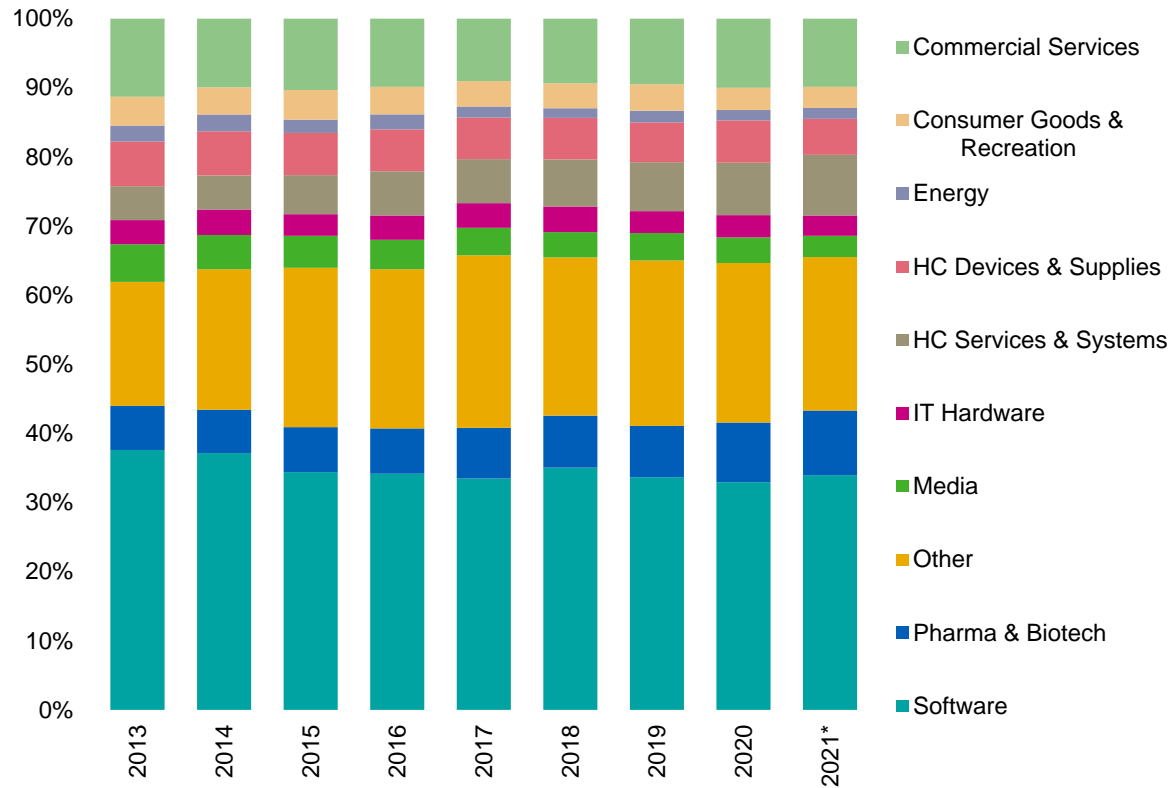
2013–2021*, VC invested (\$B)



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

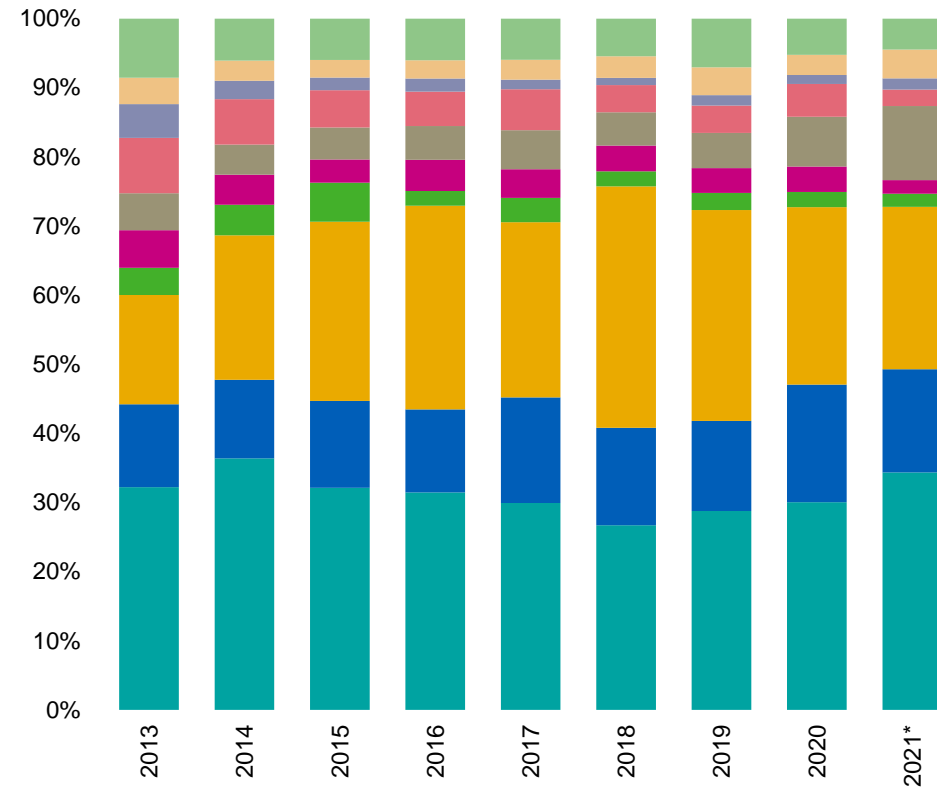
Venture financing of VC-backed companies by sector in the Americas

2013–2021*, # of closed deals



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

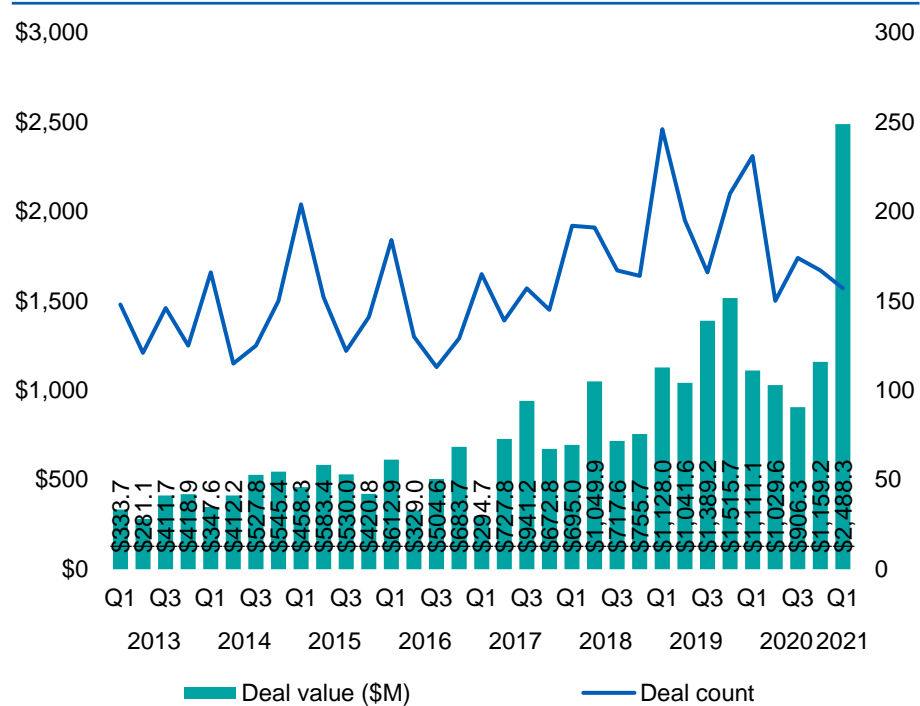
2013–2021*, VC invested (\$B)



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.

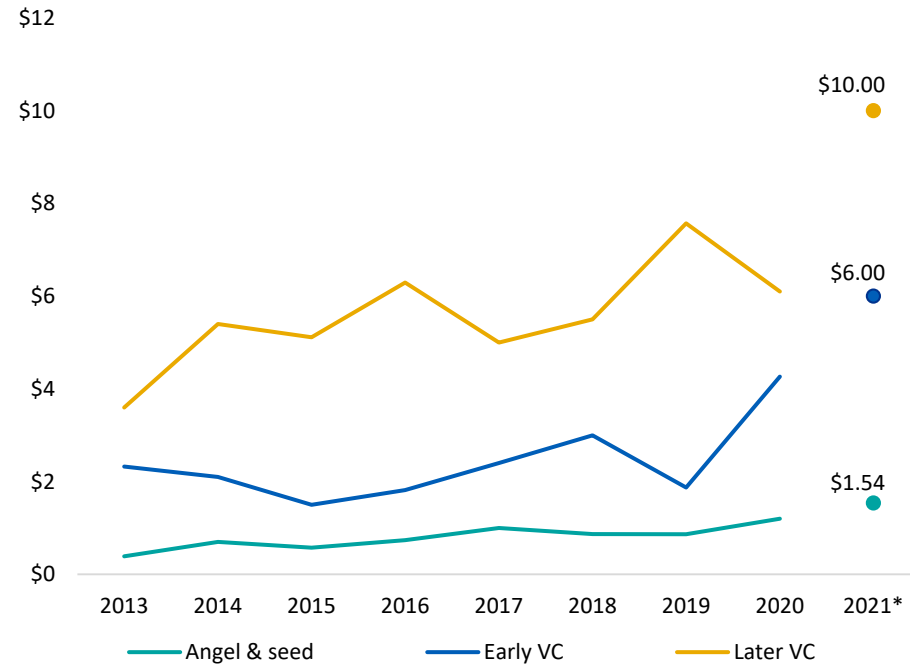
“ I don’t believe that anyone in Canada – or globally for that matter – thinks that the business environment is going to go back to the way it was. The question now is will there be a bump for companies that saw activity plummet during the pandemic? And for industries that saw high levels of activity, 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

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...

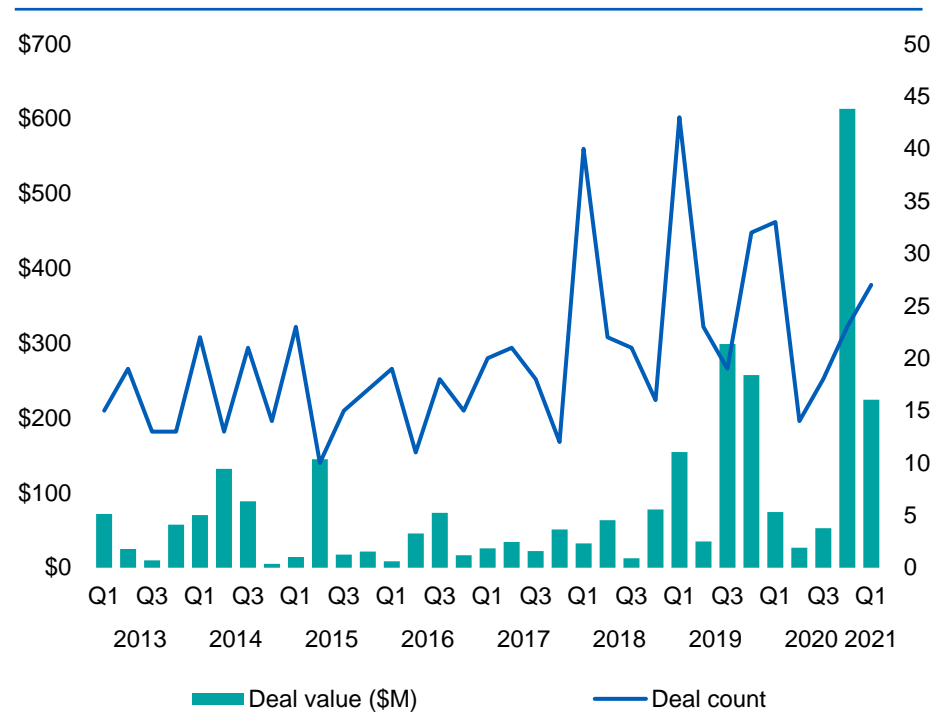
“ We are seeing Canadian entrepreneurs attract world-class executive teams and larger growth-stage funding rounds, enabling them to build an increasing number of globally meaningful businesses. The shift to remote work is also benefiting them. They can now not only hire experienced leaders to help them 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

Venture financing in Mexico

2013–Q1'21



The past variability in the flow of venture funding in the Mexican ecosystem makes it a fool's errand to try to predict any definitive trends, but 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 ...**

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.

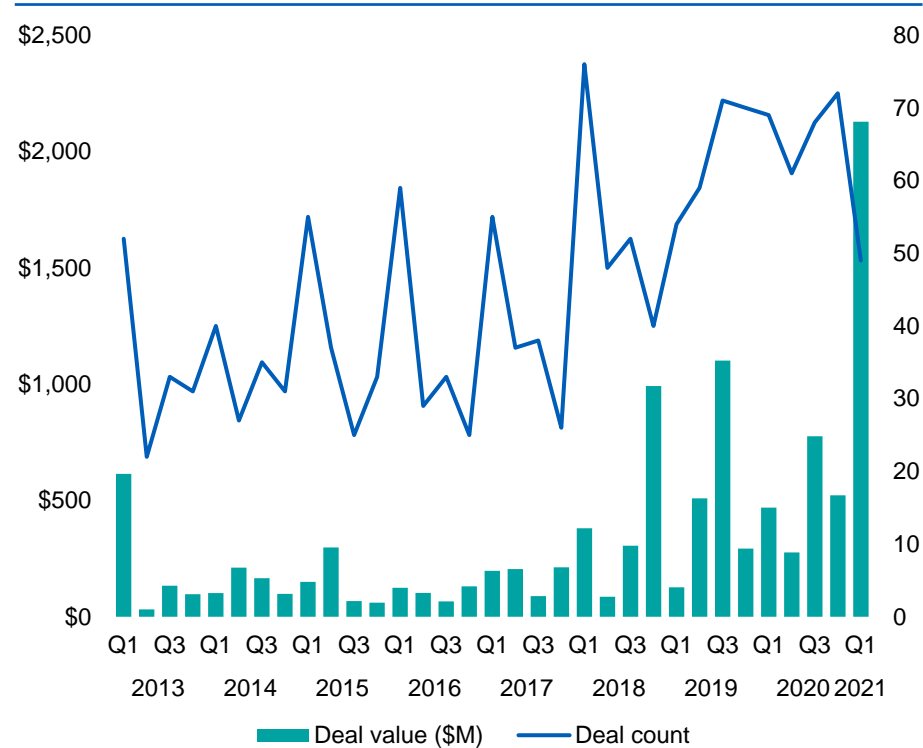
“ SPACs are proving very popular in Mexico. Instead of taking 12 to 18 months like a traditional IPO, SPACs typically take 3 to 6 months on average. The short close time is particularly attractive to investors in Mexico as it reduces the risk associated with possible changes in the public markets that 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 21, 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.

KPMG Private Enterprise Emerging Giants Network.

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



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

Acknowledgements

We acknowledge the contribution of the following individuals who assisted in the development of this publication:

- **Jonathan Lavender**, Global Head, KPMG Private Enterprise, KPMG
- **Conor Moore**, Global Co-Leader Emerging Giants, KPMG Private Enterprise, KPMG, Partner, KPMG in the US
- **Kevin Smith**, Head of KPMG Private Enterprise in EMA, Global Co-Leader Emerging Giants, KPMG Private Enterprise, KPMG, Partner, KPMG in the UK
- **Anna Scally**, Partner, Head of Technology and Media and Fintech Lead, KPMG in Ireland
- **Dan Wilson** Partner, National Sector Lead for Technology, KPMG in Canada
- **Dr. Ashkan Kalantary**, Partner, Deal Advisory Venture, KPMG in Germany Services
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- **Diogo Garcia Correia**, Venture Capital & Emerging Giants Business Development, KPMG in Brazil
- **Egidio Zarrella, Partner**, Clients and Innovation, KPMG China
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- **Lindsay Hull**, Director, Emerging Giants Global Network, KPMG Private Enterprise, KPMG
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- **Nicole Lowe**, Head of KPMG Access, KPMG in the U.K.
- **Nitish Poddar**, Partner and National Leader, Private Equity, KPMG in India
- **Robson Del Fiol**, Partner, Head of Emerging Giants & Digital Marketing Strategist, KPMG in Brazil
- **Sunil Mistry**, Partner, KPMG Private Enterprise, Technology, Media and Telecommunications, KPMG in Canada
- **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.



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