



# Venture Pulse

## Q2 2021

**Global analysis of venture funding**

# Welcome message

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

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

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

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

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

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

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

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

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

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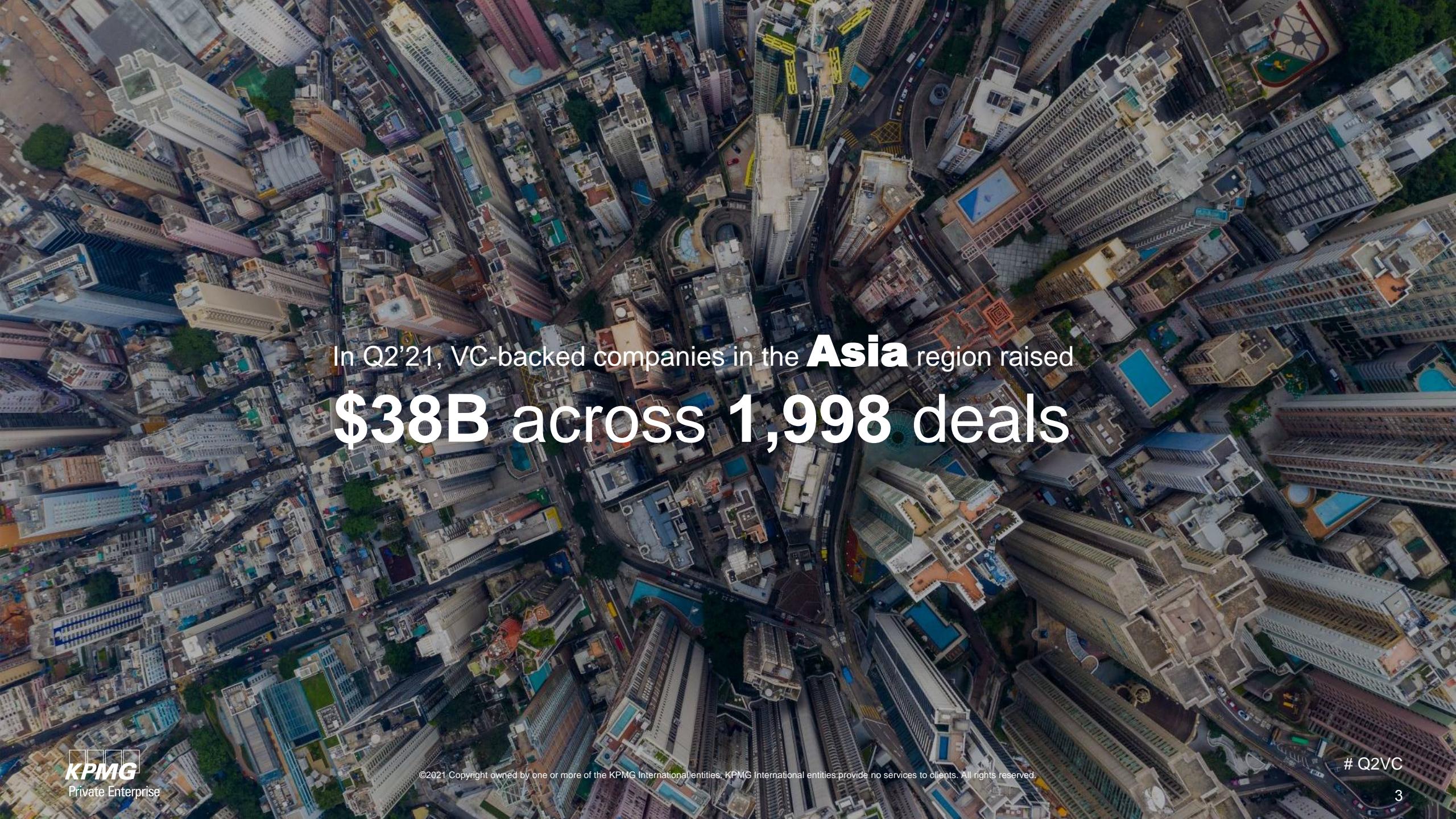
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**Conor Moore**  
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In Q2'21, VC-backed companies in the **Asia** region raised  
**\$38B** across **1,998** deals

# VC investment in Asia strengthens as India sets quarterly funding record

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



## China sees numerous \$100 million+ VC funding rounds

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

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



## India sees VC investment fly through the roof

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

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



## Exit activity surges in Asia

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

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



## Secondary listings and SPACs gain attention in Hong Kong

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

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

During Q2'21, the Monetary Authority of Singapore (MAS) completed consultations on the proposed move to allow SPACs to list on the SGX main board.<sup>1</sup> The HKSE is planning to issue a consultation on the listing of SPACs in Hong Kong.

<sup>1</sup> <https://www.ifcreview.com/news/2021/april/singapore-jurisdiction-consults-on-spacs-listing-framework/>

# VC investment in Asia strengthens as India sets quarterly funding record, cont'd.



## Southeast Asia: a hotbed of deals activity

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

During Q2'21, Singapore-based Grab, Gojek's primary competitor, announced a delay in the expected finalization of its merger with SPAC Altimeter Growth Corp. The company is currently working to meet SEC requirements; the merger is now expected to occur by the end of 2021, where previously the company had targeted end of Q2'21.<sup>3</sup> During the quarter, Singapore also saw a number of large VC deals, including a \$642 million raise by business productivity firm Trax and a \$360 million funding round by used car marketplace Carro.<sup>4</sup>



## Fintech remains very hot

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



## Japan's startup system attracting larger deals

During Q2'21, Japan attracted several large deals, including a \$120 million raise by Buy Now Pay Later ("BNPL") provider Paidy<sup>5</sup> — which earned the company unicorn status, a \$143 million raise by HR management company SmartHR — which also became a unicorn, a \$60 million raise by QR code payment gateway Netstars<sup>6</sup>, and a \$50 million raises by digital molecular analysis company Atonarp<sup>7</sup>.

The startup ecosystem in Japan continued to mature, in part due to the government's increasing focus on encouraging innovation and entrepreneurship. The government developed its Integrated Innovation Strategy 2020<sup>8</sup> to focus its efforts on creating innovation capacity and strengthening research capacity in the country in the wake of COVID-19. Japan's Ministry of Economic Trade and Industry also set a goal to help develop 20 unicorns by 2023<sup>9</sup>.



## COVID-19 continues to drive attention to health and biotech

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



## Trends to watch for in Asia

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

<sup>2</sup> <https://techwireasia.com/2021/06/tokopedia-gojek-finalize-merger-with-chinese-tech-giants-blessing/>

<sup>3</sup> <https://www.reuters.com/business/southeast-asias-grab-says-complete-40-bln-spac-merger-q4-2021-06-09/>

<sup>4</sup> <https://www.cnbc.com/2021/06/15/singapore-start-up-carro-raises-360-million-from-softbank-and-others.html>

<sup>5</sup> [https://paidy.com/media\\_center/press/article/45Uuag8qPWVlamEgNqb118](https://paidy.com/media_center/press/article/45Uuag8qPWVlamEgNqb118)

<sup>6</sup> <https://www.netstars.co.jp/en/262/>

<sup>7</sup> <https://www.atonarp.com/atonarp-news/atonarp-announces-50m-series-d-financing-to-scale-its-molecular-sensing-and-digital-diagnostics-testing-platforms>

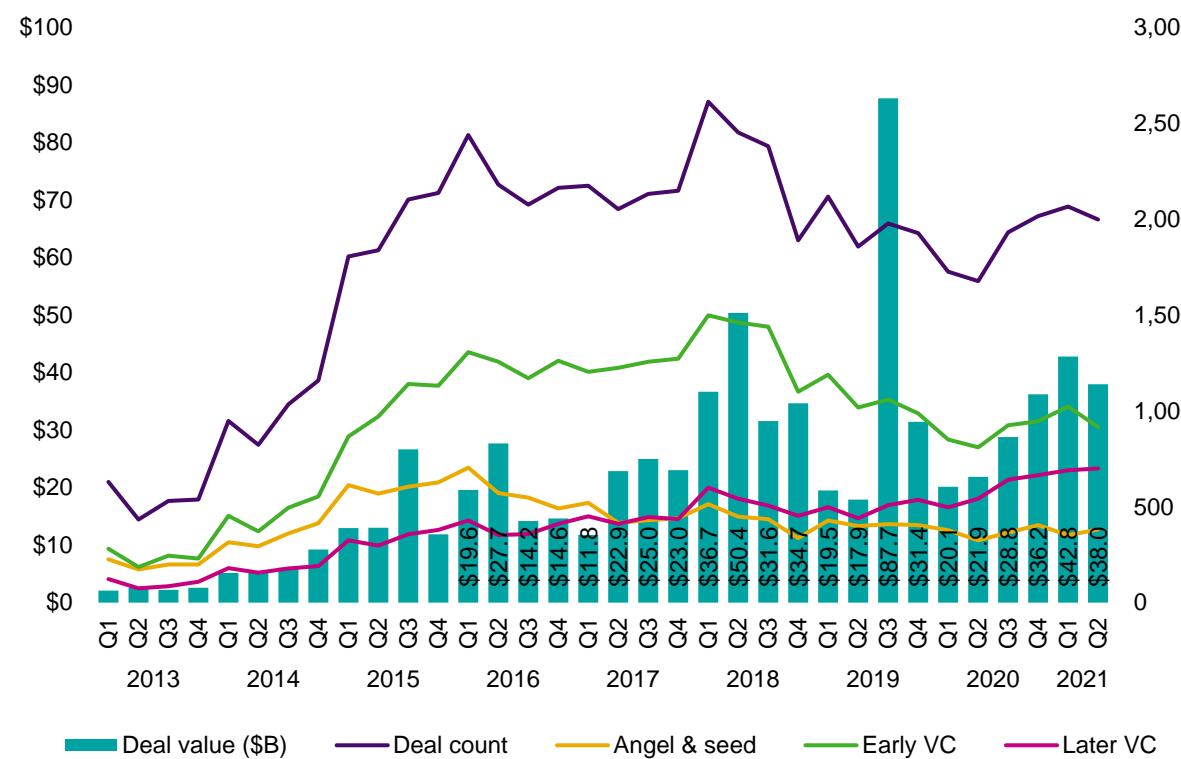
<sup>8</sup> [https://www8.cao.go.jp/cstp/english/outline\\_strategy\\_2020.pdf](https://www8.cao.go.jp/cstp/english/outline_strategy_2020.pdf)

<sup>9</sup> [https://www.meti.go.jp/english/press/2018\\_06/0611\\_003\\_00.html](https://www.meti.go.jp/english/press/2018_06/0611_003_00.html)

# 2021 continues to see robust rates of funding

## Venture financing in Asia

2013–Q2'21



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

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



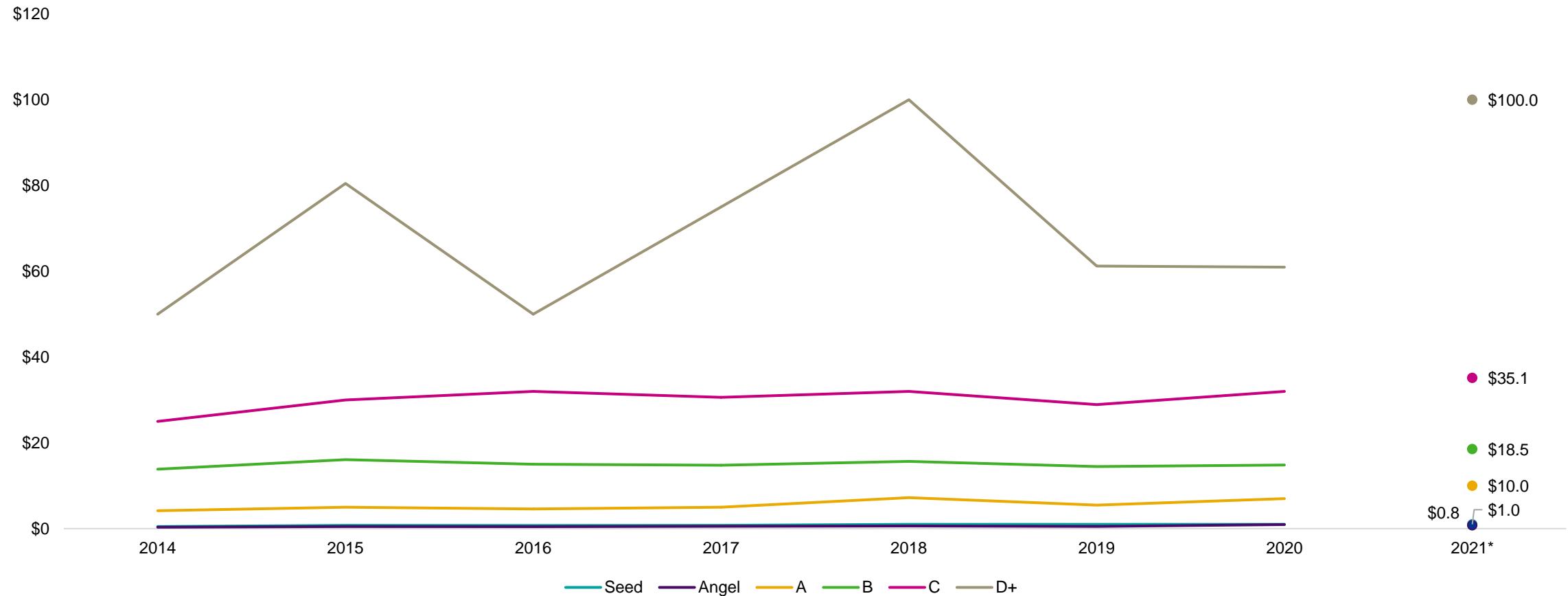
**Egidio Zarrella**  
Partner, Clients and  
Innovation  
**KPMG China**

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

# The early stage heats up somewhat

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

2014–2021\*

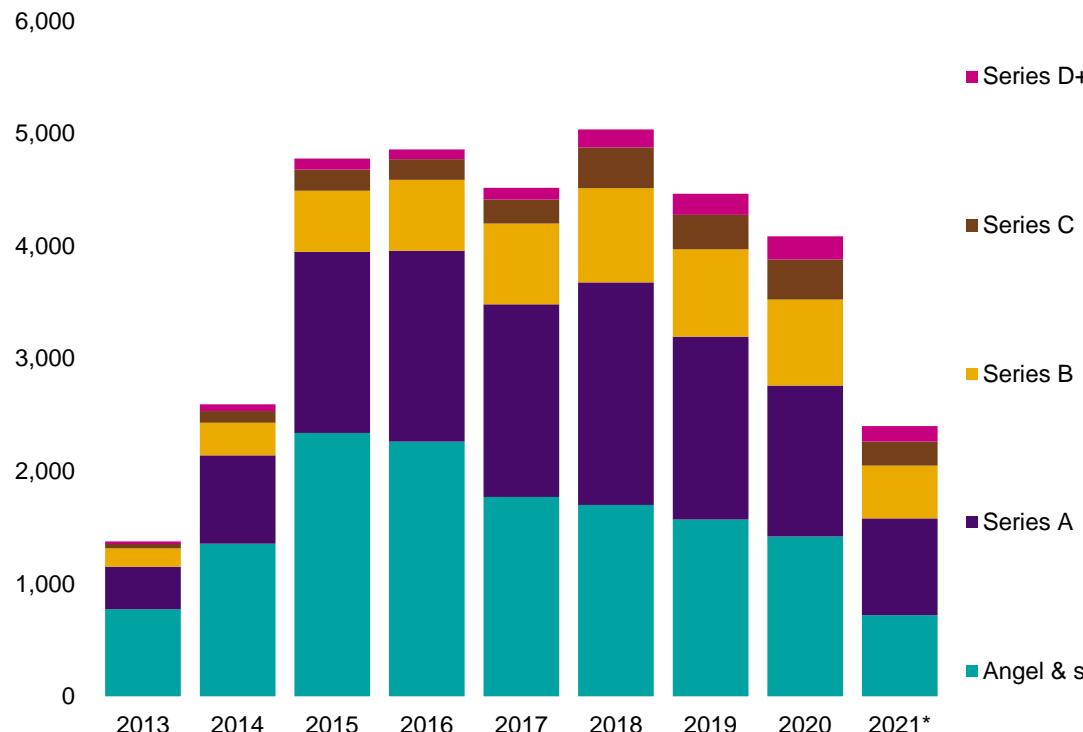


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. \*As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

# Early-stage volume makes modest gains

## Deal share by series in Asia

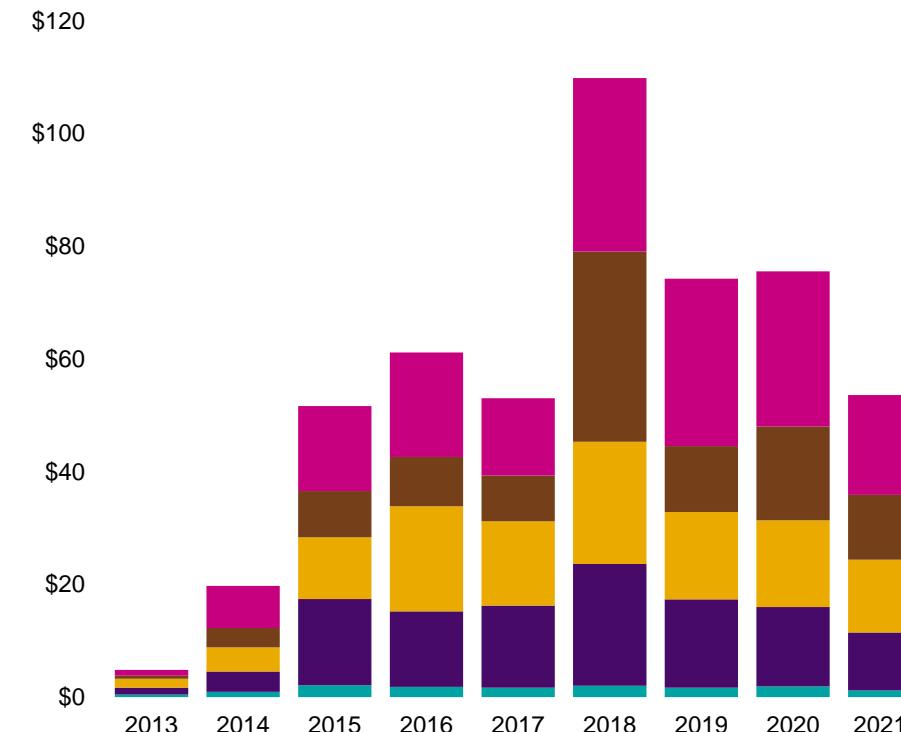
2013–2021\*, number of closed deals



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

## Deal share by series in Asia

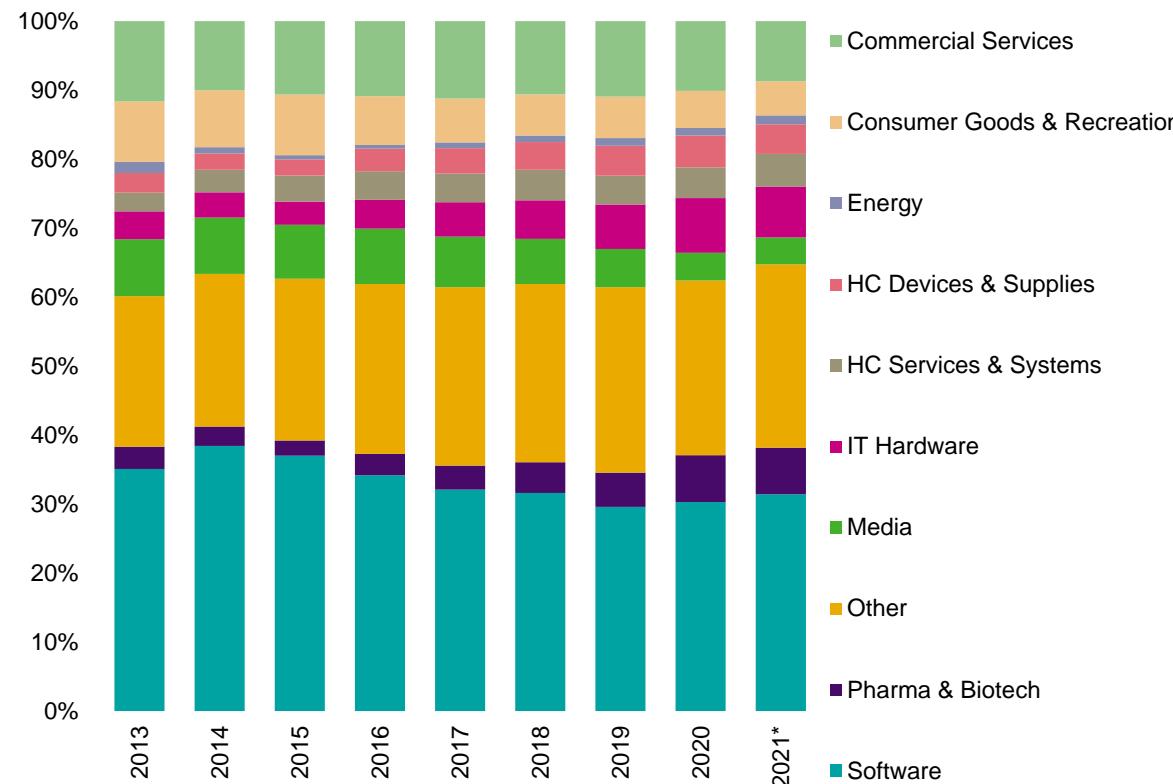
2013–2021\*, VC invested (\$B)



# Biotech, pharma & software bolster overall funding levels

## Asia venture financings by sector

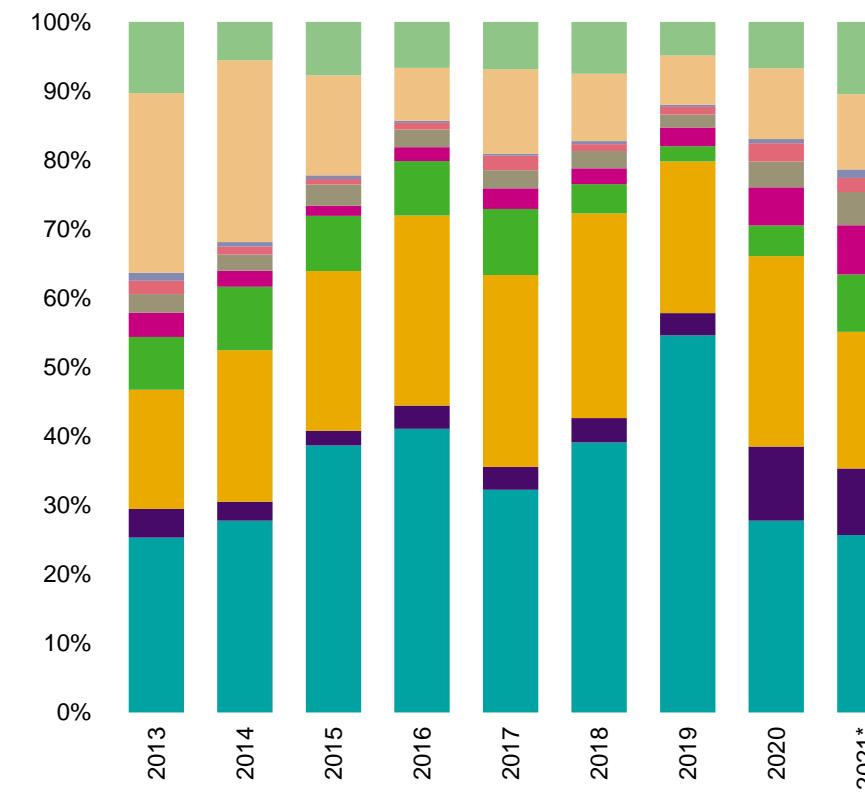
2013–2021\*, number of closed deals



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

## Asia venture financings by sector

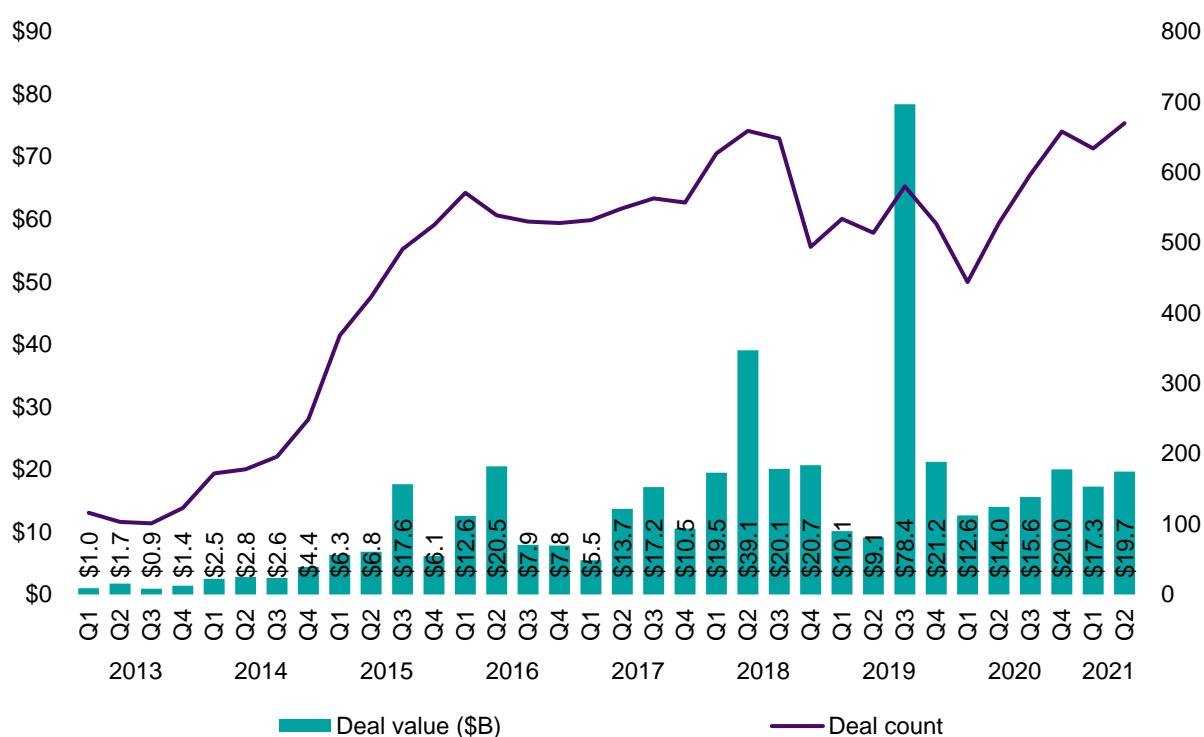
2013–2021\*, VC invested (\$B)



# Corporates continue to support healthy levels of VC activity

## Corporate participation in venture deals in Asia

2013–Q2'21



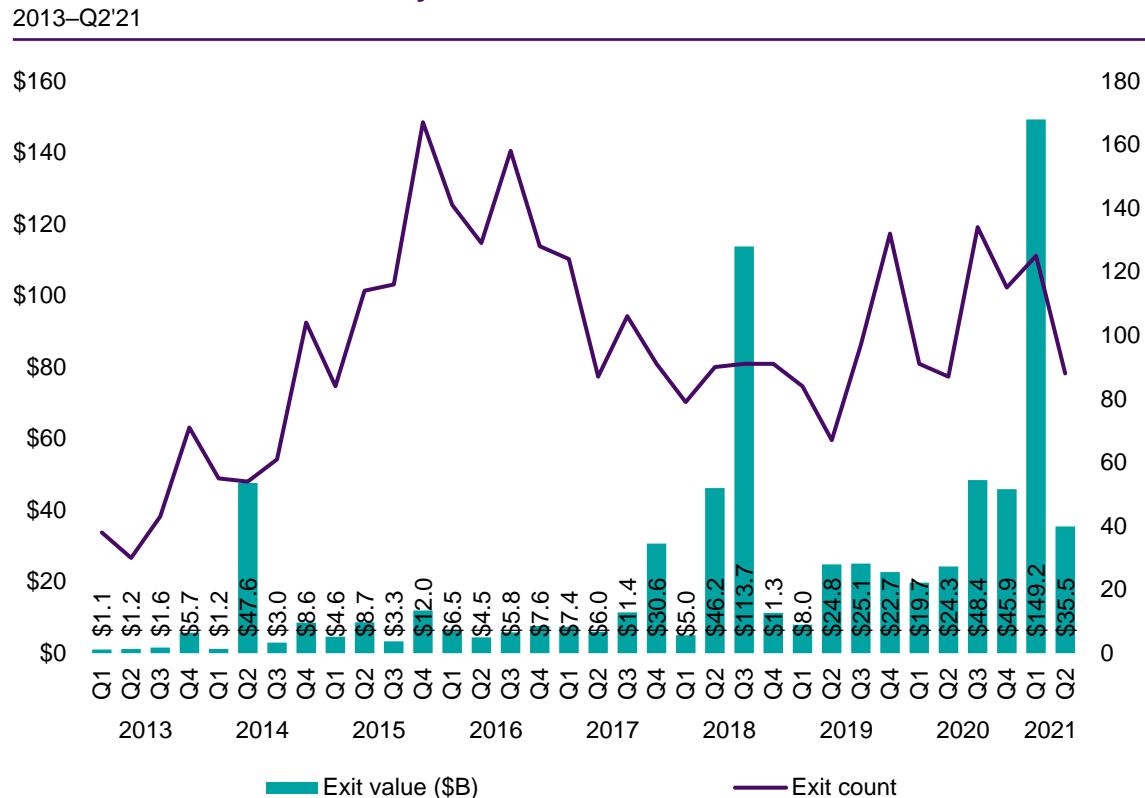
Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. \*As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

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

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

# Q2 2021 sees normalization after record Q1

## Venture-backed exit activity in Asia



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

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



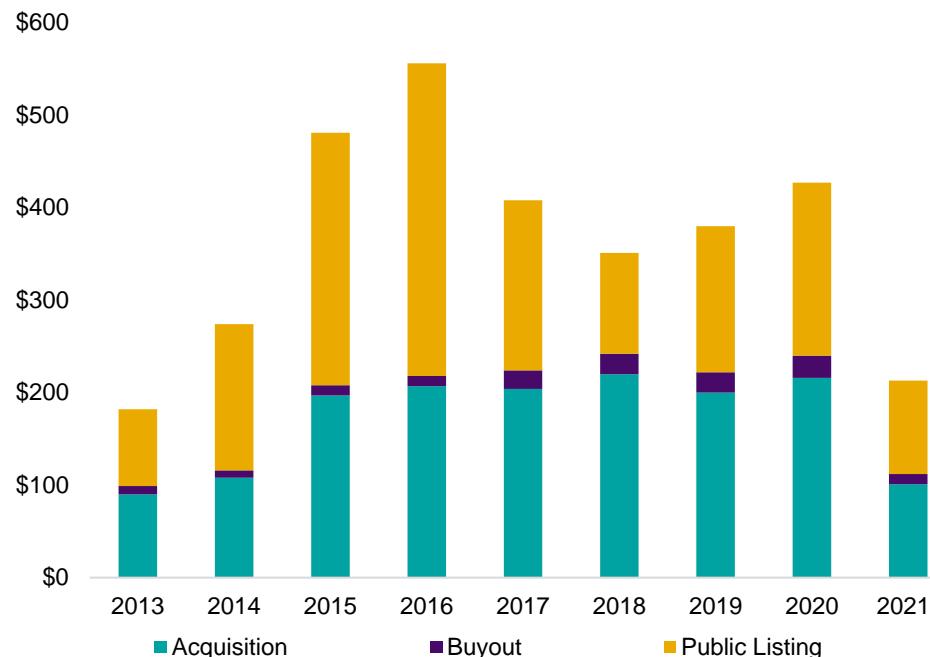
**Irene Chu**  
Partner, Head of New Economy and Life Sciences, Hong Kong Region,  
**KPMG China**

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

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

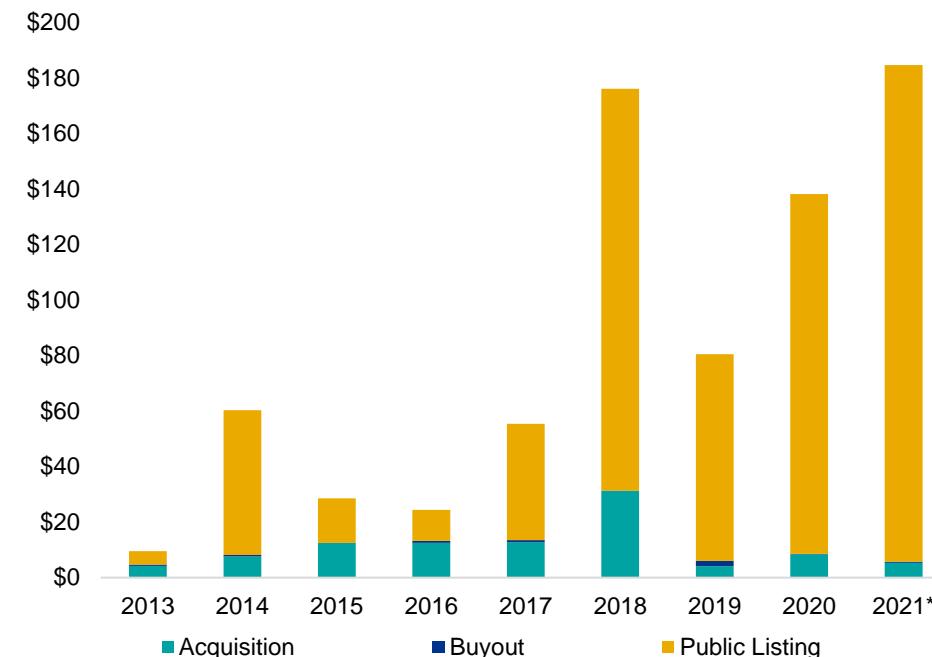
## Venture-backed exit activity (#) by type in Asia

2013–2021\*



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

2013–2021\*

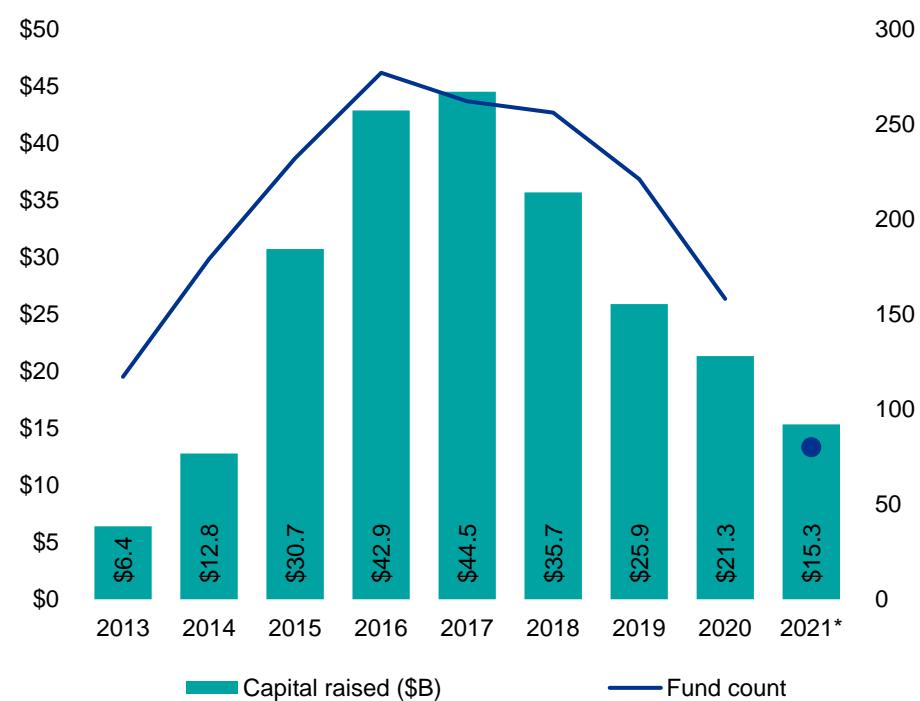


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. \*As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

# Fundraising trends look set to repeat, with rising VC committed

## Venture fundraising in Asia

2013–2021\*



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

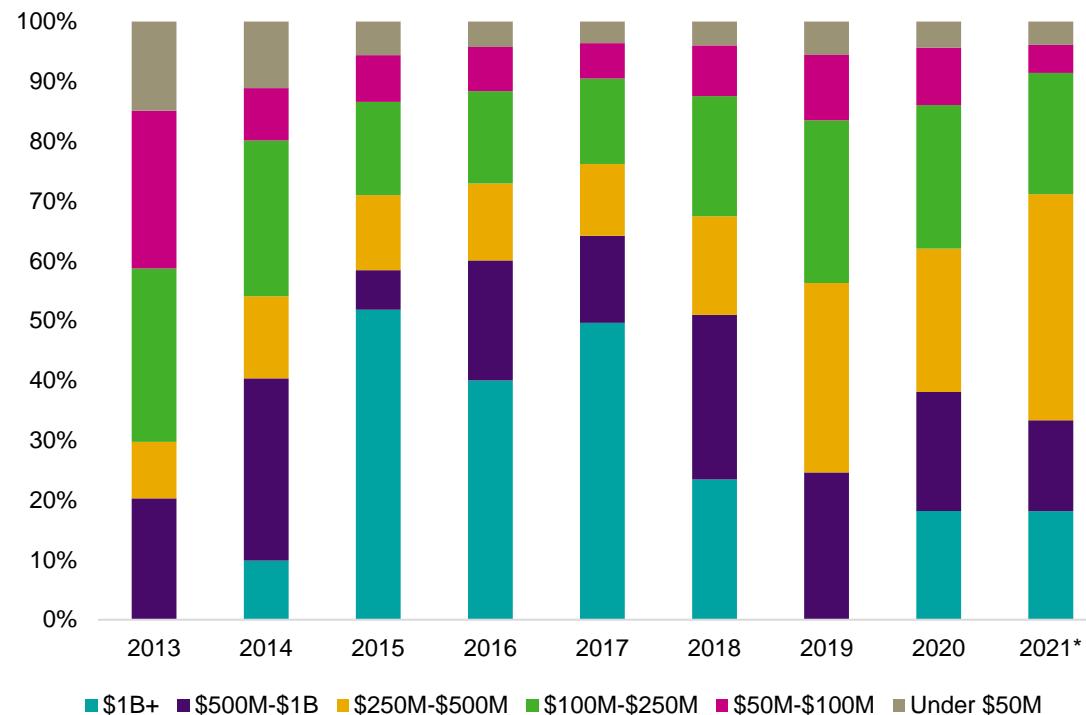
The **fundraising cycle** looks as if it is reverting to healthy plateau, **with \$15.3 billion in VC committed** putting 2021 on pace to approximate 2020.

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

# Follow-on fundraising predominates in 2021 to date

## Venture fundraising (#) by size in Asia

2013–2021\*



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

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

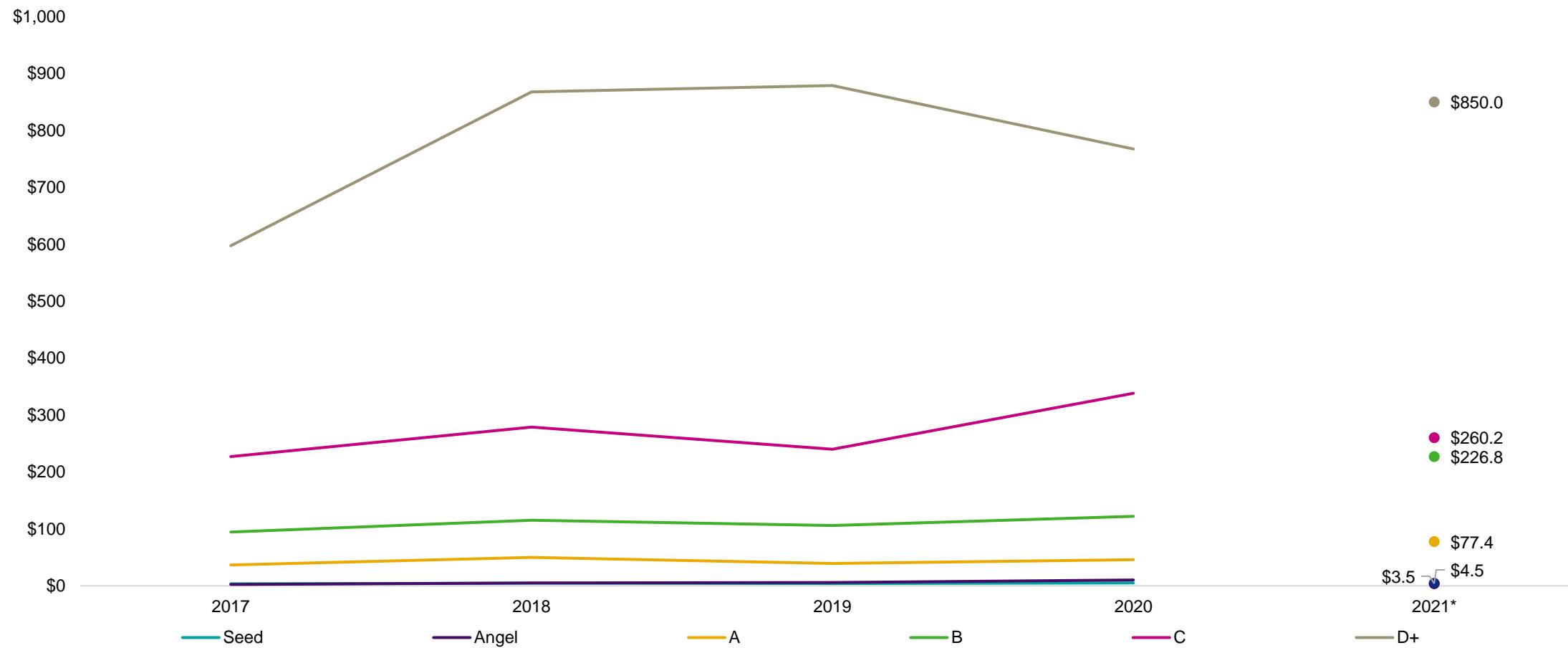
2013–2021\*



# The latest stage rebounds

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

2017–2021\*

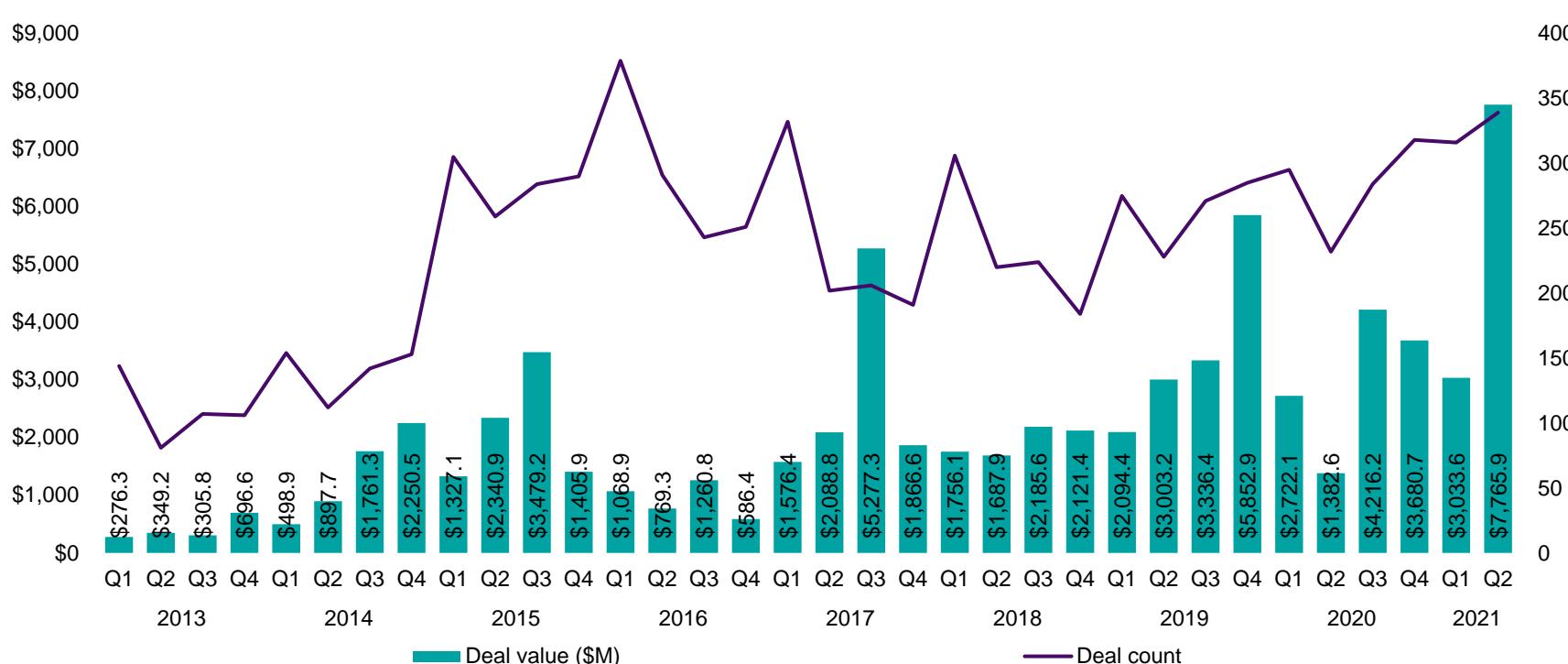


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. \*As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

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

## Venture financing in India

2013–Q2'21



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

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



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

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

## Venture financing in China

2013–Q2'21

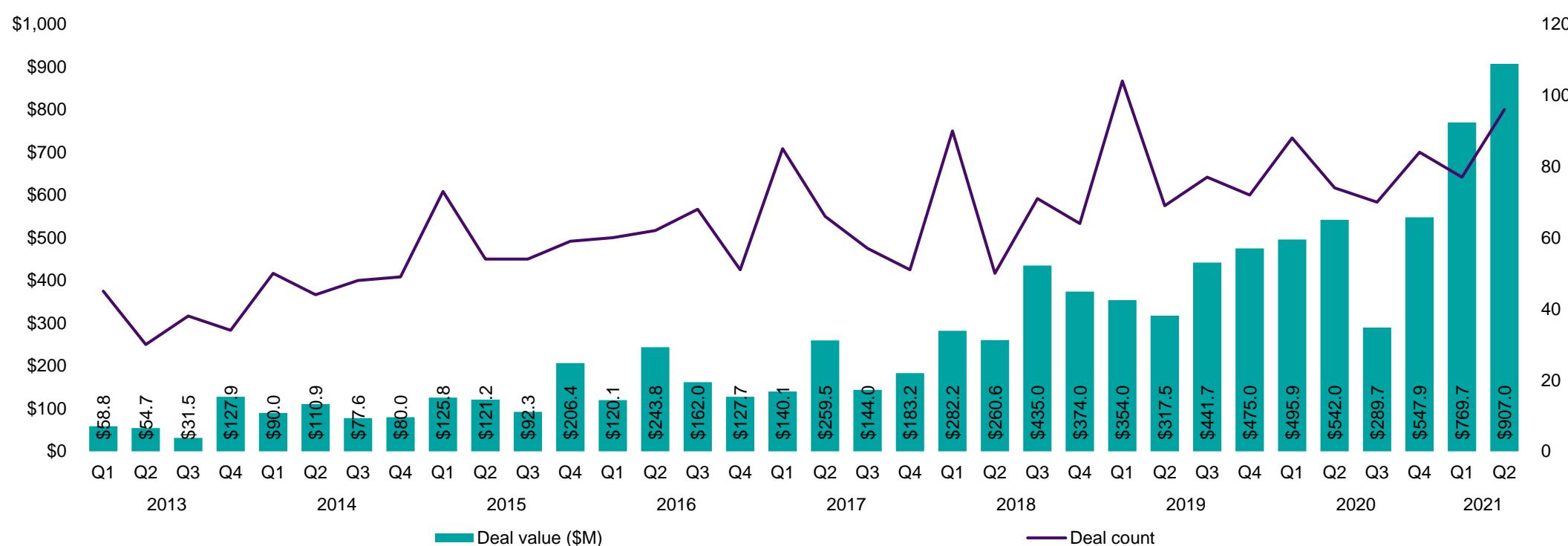


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. \*As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

# Australia sees yet another record quarter for VC invested

## Venture financing in Australia

2013–Q2'21

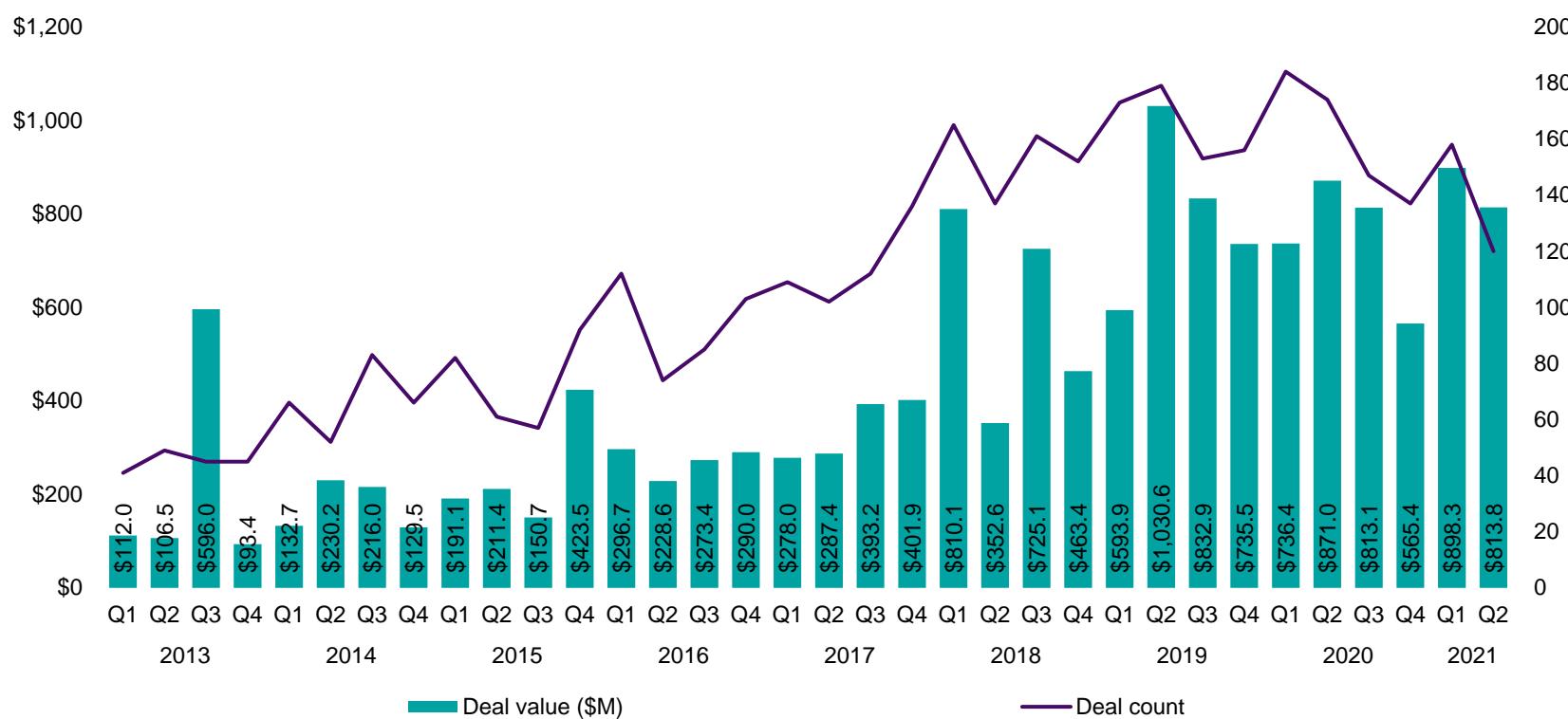


Source: Venture Pulse, Q2'21, Global Analysis of Venture Funding, KPMG Enterprise. \*As of June 30, 2021. Data provided by PitchBook, July 21, 2021.

# Japan's financing trends remain robust

## Venture financing in Japan

2013–Q2'21



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

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

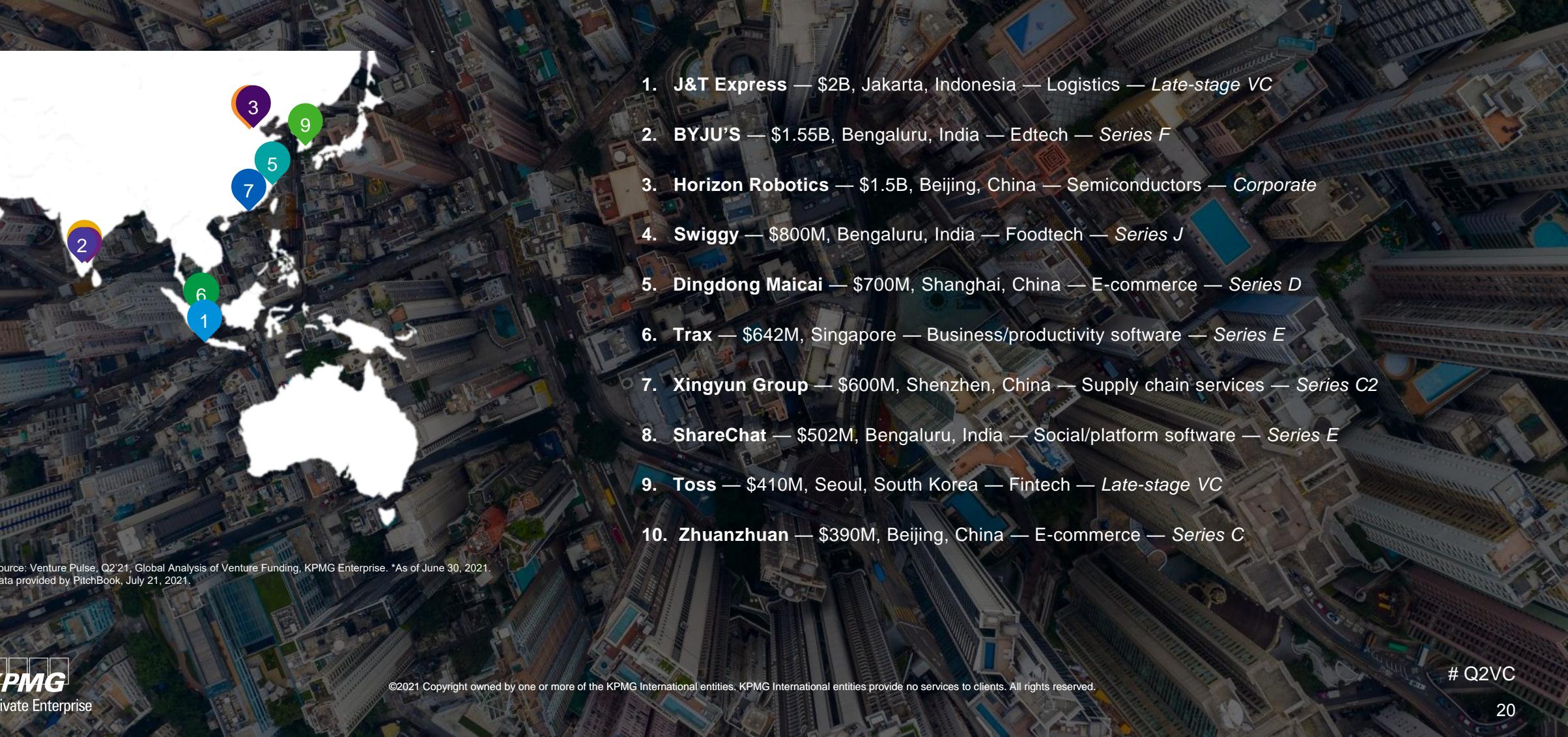


**Paul Ford**

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

## Top 10 financings in Q2'21 in Asia-Pacific



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

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

# KPMG Private Enterprise Emerging Giants Network.

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



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

# About the report

## Acknowledgements

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

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- **Dina Pasca-Raz**, Partner, Head of Technology, KPMG in Israel
- **Diogo Garcia Correia**, Venture Capital & Emerging Giants Business Development, KPMG in Brazil
- **Egidio Zarrella, Partner**, Clients and Innovation, KPMG China
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- **Lauren Taylor**, Fintech Business Development, KPMG in the U.K.
- **Lindsay Hull**, Director, Emerging Giants Global Network, KPMG Private Enterprise, KPMG
- **Melany Eli**, Managing Director, Marketing and Communications, KPMG Private Enterprise, KPMG
- **Nicole Lowe**, Head of KPMG Access, KPMG in the U.K.
- **Nitish Poddar**, Partner and National Leader, Private Equity, KPMG in India
- **Paul Ford**, Partner, Head of Private Equity, KPMG Japan/M&A Deal Analytics Lead, KPMG FAS/Leader of Transaction Services, KPMG Japan
- **Sunil Mistry**, Partner, KPMG Private Enterprise, Technology, Media and Telecommunications, KPMG in Canada
- **Tim Dümichen**, Partner, KPMG in Germany

# About the report

## Methodology

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

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

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

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

#### Fundraising

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

#### Deals

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

— **Angel/seed:** PitchBook defines financings as angel rounds if there are no PE or VC firms involved in the company to date and we cannot determine if any PE or VC firms are participating. In addition, if there is a press release that states the round is an angel round, it is classified as such. Finally, if a news story or press release only mentions individuals making investments in a financing, it is also classified as angel. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than \$500,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.

— **Early-stage:** Rounds are generally classified as Series A or B (which we typically aggregate together as early-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

— **Late-stage:** Rounds are generally classified as Series C or D or later (which we typically aggregate together as late-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors, and more.

— **Corporate:** Corporate rounds of funding for currently venture-backed startups that meet the criteria for other PitchBook venture financings are included in the Venture Pulse as of March 2018.

— **Corporate venture capital:** Financings classified as corporate venture capital include rounds that saw both firms investing via established CVC arms or corporations making equity investments off balance sheets or whatever other non-CVC method is employed.

#### Exits

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

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



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