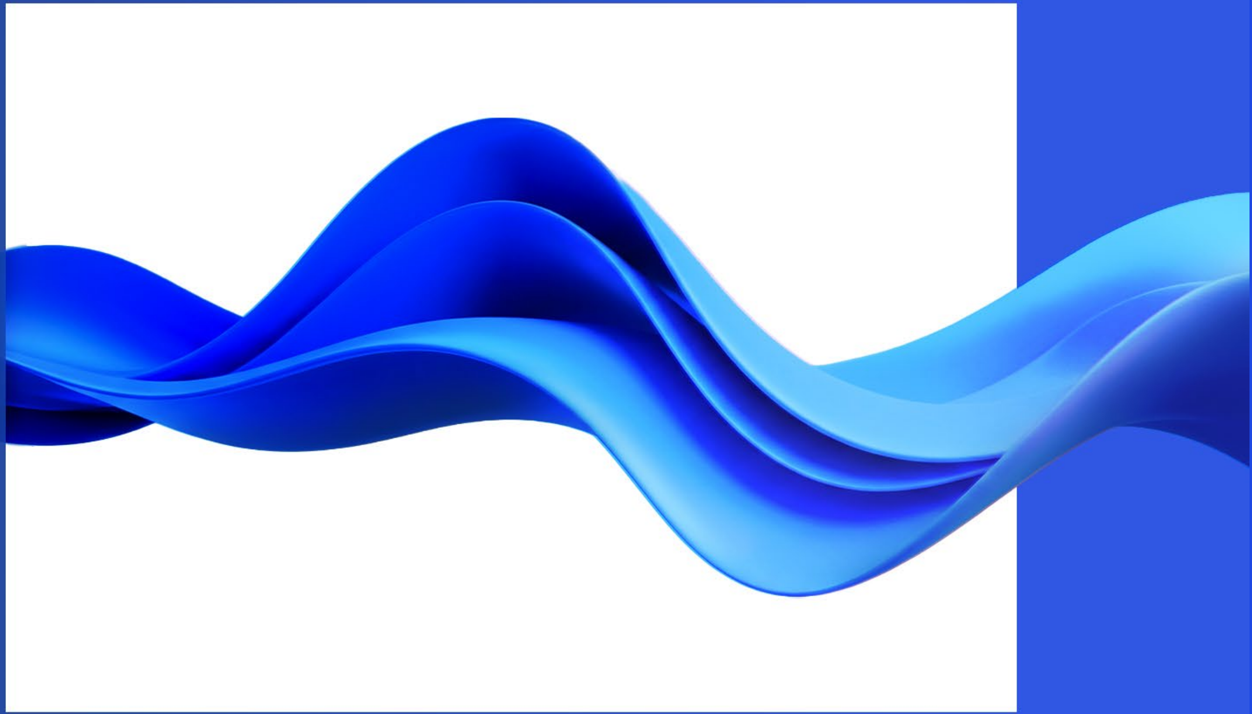
KPMG Private Enterprise

Venture Pulse Q2 2026

Global analysis of venture funding



KPMG. Make the Difference.

July 15, 2026

Welcome message

Welcome to the Q2'26 edition of KPMG's Venture Pulse, a quarterly report highlighting the key trends, opportunities and challenges facing the venture capital market globally and in major jurisdictions around the world.

Global VC investment remained very strong in Q2'26 ($227.4 billion), despite falling from a record $332.9 billion in Q1'26 (which included a $122 billion raise by OpenAI). The US saw the largest share of VC investment during the quarter ($144.9 billion), including the three largest VC deals globally: a $65 billion raise by LLM-focused Anthropic, a $12 billion raise by AI modeling company Project Prometheus,[1] and a $5 billion raise by AI-powered defensetech Anduril Industries.

In Asia, VC investment jumped to $50.8 billion in Q2'26, helped by China's 18-quarter high of $35.1 billion in investment; during the quarter, China saw four companies raise $2 billion+ funding rounds: (Deepseek: $7.4 billion, ByteDance — $3 billion; StepFun — $2.5 billion; Moonshot AI — $2 billion). After a robust Q1'26, Europe attracted a more modest level of VC investment ($25.6 billion), led by three $1 billion+ raises: Isomorphic Labs ($2.1 billion), ICEYE ($1.2 billion) and Ineffable Intelligence ($1.1 billion).

The AI space remained highly active in the eyes of VC investors during Q2'26, with industry-focused AI solutions continuing to attract investor interest across the Americas, Asia and Europe. Defensetech, biotech and fintech also saw significant attention from VC investors globally during the quarter.

Global exit activity spiked in Q2'26, although a small number of large exits accounted for the substantial rise in exit value. Spacetech company SpaceX — which had separately acquired xAI for $250 billion in Q1'26 — held the largest IPO in history during Q2'26, raising $75 billion in its debut on the Nasdaq;[2] this number climbed to $85.7 billion after all greenshoe options were exercised.[3] AI chipmaker Cerebras also held a successful IPO during the quarter, raising $5.5 billion in its debut on the Nasdaq.[4]

Heading into Q3'26, AI is expected to remain the largest driver of VC investment globally, with investors showing continued interest in industry-focused solutions. Given ongoing geopolitical uncertainties, investment in defensetech is also expected to be quite hot. Many eyes will also be on the US IPO market, with the expectation that both Anthropic and OpenAI are expected to follow SpaceX before year-end.

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

- The ongoing surge in large AI megadeals
- The shifting IPO environment in the wake of the SpaceX IPO
- The growing focus on deeptech, including longer-term plays
- The increasing attention being paid to dual-use defense opportunities

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

You know KPMG. You might not know KPMG Private Enterprise.

KPMG Private Enterprise advisers in KPMG firms around the world are dedicated to working with you and your business, no matter where you are in your growth journey — whether you're looking to reach new heights, embrace technology, plan for an exit or manage the transition of wealth of your business to the next generation.

Conor Moore
Global Head, KPMG Private Enterprise,
KPMG International and Partner
KPMG in the US

[1] Annie Palmer, "Bezos opens up about AI startup Prometheus after $12 billion raise: 'We're not being secretive'", updated 11 June 2026, CNBC.com, accessed 5 July 2026. https://www.cnbc.com/2026/06/11/project-prometheus-bezos-bajaj-live-updates.html
[2] Thomson Reuters, "SpaceX stock jumps after record IPO, making Musk the first trillionaire", updated 12 June 2026, CBC.ca, accessed 5 July 2026. https://www.cbc.ca/news/business/spacex-ipo-opens-9.7233364
[3] Lora Kolodny & Chris Eudaily, "SpaceX IPO raises total of $85.7 billion as underwriters exercise 'greenshoe' overallotment option", updated 15 June 2026, CNBC.com, accessed 5 July 2026. https://www.cnbc.com/2026/06/15/spacex-ipo-spcx-greenshoe-overallotment.html
[4] Julie Bort, "Cerebras raises $5.5B, then stock pops 108%, in the first huge tech IPO of 2026", 14 May 2026, TechCrunch.com, accessed 5 July 2026. https://techcrunch.com/2026/05/14/cerebras-raises-5-5b-kicking-off-2026s-ipo-season-with-a-bang/

Contents

Globally, in Q2'26 VC-backed companies raised $227.4 billion across 8,440 deals

After surging to a new high in Q1'26, global VC investment remains strong in Q2'26

Global VC investment reached its second-highest total ever in Q2'26, helped by the second-largest VC funding round ever recorded: a $65 billion raise by US-based LLM Anthropic. Despite the robust result, this total fell well shy of the Q1'26 record ($332.9 billion), which included LLM OpenAI's staggering $122 billion funding round.

Americas attracts largest share of VC funding in Q2'26, while Asia continues its rebound

The Americas dominated global VC investment in Q2'26, attracting $150 billion across 3,999 deals. the US accounted for the vast majority of this total, attracting $144.9 billion across 3,644 deals, including eight of the region's $1 billion+ deals. Asia also continued its VC investment rebound, surging to $50.8 billion across 2,676 deals in Q2'26, a fourth consecutive quarter of improvement, driven by a fresh surge in megadeals in China, including four $1 billion+ funding rounds. Meanwhile, Europe also saw another solid quarter of VC investment with $25.6 billion invested across 1,636 deals.

All regions attract $1 billion+ AI deals in Q2'26 as AI space shows no signs of faltering

AI remained the dominant force in the VC market globally during Q2'26, with large deals seen across the Americas, Asia and Europe. At a jurisdictional level, the US attracted the largest share of AI funding by far; in addition to Anthropic's big raise, the US saw Project Prometheus raise $12 billion, AI-powered defensetech Anduril Industries raise $5 billion, and AI coding company Cognition AI raise $1 billion.

In Asia, China attracted the largest share of AI-focused VC investment during Q2'26, led by a $7.4 billion raise by DeepSeek,[5] a $3 billion raise by AI-powered content platform ByteDance, a $2.5 billion raise by LLM-focused StepFun, and a $2 billion raise by LLM-focused Moonshot AI.

In Europe, UK-based AI lab Ineffable Intelligence raised $1.1 billion in Q2'26, while both a UK-based autonomous vehicle firm and Sweden-based AI-powered legaltech Legora announced add-ons to rounds announced in Q1'26, bringing their totals raised to $1.26 billion[6] and $600 million[7] respectively.

Defensetech and spacetech continue to attract significant attention globally

Ongoing geopolitical tensions and the increasing focus on developing sovereign defense capabilities by a number of jurisdictions helped keep global VC investor interest in defensetech high in Q2'26. While US-based Anduril Industries raised the largest defensetech funding round globally ($5 billion) during the quarter, Europe continued to see a robust environment for defensetech investment, attracting a $392 million raise by dual-use hybrid-electric aircraft company Aura Aero.

Spacetech also saw a great deal of interest, given the record-breaking IPO of SpaceX during the quarter. Other spacetech firms also raised sizable rounds; one notable example was India-based launch vehicle company Skyroot Aerospace, which raised $60 million to become India's first spacetech unicorn.

Life sciences and biotech see some resurgence across jurisdictions

Globally, life sciences and biotech saw good traction during Q2'26, evidenced by a $2.1 billion raise by UK-based AI drug design engine company Isomorphic Labs and a $1.5 billion raise by US-based MiRus, a biotech focused on treatment solutions for cardiovascular and orthopedic diseases. In Africa, concerns about affordability and access to healthcare are also starting to gain traction; this could lead to growing investment in the healthtech space in the region over the coming year.

[5] Dongyan Zheng, "DeepSeek Closes $7.4 Billion Debut Funding Round Under Founder-Control Structure", 16 June 2026, ChinaBizInsider.com, accessed 5 July 2026. https://chinabizinsider.com/deepseek-closes-7-4-billion-debut-funding-round-under-founder-control-structure/
[6] Arjun Kharpal, "Chip giants AMD, Qualcomm and Arm back driverless car startup Wayve with fresh funds", 15 April 2026, CNBC.com, accessed 5 July 2026. https://www.cnbc.com/2026/04/15/wayve-fund-raise-amd-qualcomm-arm.html
[7] Legora, "Legora extends Series D with additional $50 million, welcomes Atlassian and NVentures as investors", 30 April 2026, Legora.com, accessed 5 July 2026. https://legora.com/newsroom/legora-extends-series-d-with-additional-50-million-welcomes-atlassian-and-nventures-as-investors

After surging to a new high in Q1'26, global VC investment remains strong in Q2'26, cont'd.

Interest in quantum computing continues to attract investor interest after surge in 2025

While global VC investment in quantum computing has fallen off pace of 2025's record, investor interest has continued to bubble, evidenced by Netherlands-based QuantWare raising $178 million[8] and Germany-based eleQtron raising $66 million. In the Americas, public listings by quantum firms have also gained some attention. At the tail end of Q1'26, Canada-based Xanadu held a $302 million SPAC merger with Crane Harbor Acquisition Corp, listing on both the Nasdaq and Toronto Stock Exchange. This was followed in June by US-based Quantinuum raising $1.6 billion in an IPO on the Nasdaq, earning a valuation of $17.6 billion.[9]

One challenge with many quantum computing solutions is their perceived time to commercialization, which is often viewed as longer than most technology plays outside of biotech; this is causing some VC investors to take more time to consider potential investments. Long-term, there is still strong belief in quantum's ability to support long-term applications across industries, like medical research, particularly paired with AI.

Record SpaceX IPO expected to cause ripples in the global IPO market through the remainder of 2026

Exit activity was in the spotlight in Q2'26, particularly on the US IPO front. During the quarter, several AI firms held IPOs, including AI chipmaker Cerebras, which raised $5.5 billion in its IPO on the Nasdaq in May. This result was eclipsed in June by SpaceX's IPO on the Nasdaq; the spacetech company raised $75 billion, with an additional $10.7 billion after greenshoe options were exercised, at a valuation of over $2 trillion.[10,11]

During the quarter, both Anthropic and OpenAI also filed confidentially with the SEC, which could see the companies going public before year end. How this will affect the IPO timelines of other startups is somewhat of a question mark; activity could slow somewhat as other companies choose to hold back so as to avoid being overshadowed.

In Asia, IPO activity remained strong in the Chinese Mainland and Hong Kong (SAR), with the latter increasing its efforts to attract the IPOs or dual-listings of international companies. In Europe, however, exit activity remained exceptionally subdued.

Trends to watch for in Q3'26

Heading into Q3'26, AI is expected to remain a highly active area of VC investment globally given its growing reach into different industries and verticals, and the perceived addressable markets for different solutions.

Given ongoing geopolitical tensions and uncertainties, VC investment in defensetech is also expected to remain very strong heading into Q3'26, particularly in the US and Europe. Numerous subsectors are well-positioned to see growing investment, including autonomous systems, autonomous drones and vehicles, defense software, and space and satellite intelligence. Dual-use capabilities will also remain very high on the radar of investors as companies increasingly look at how civilian solutions can be applied within defense contexts.

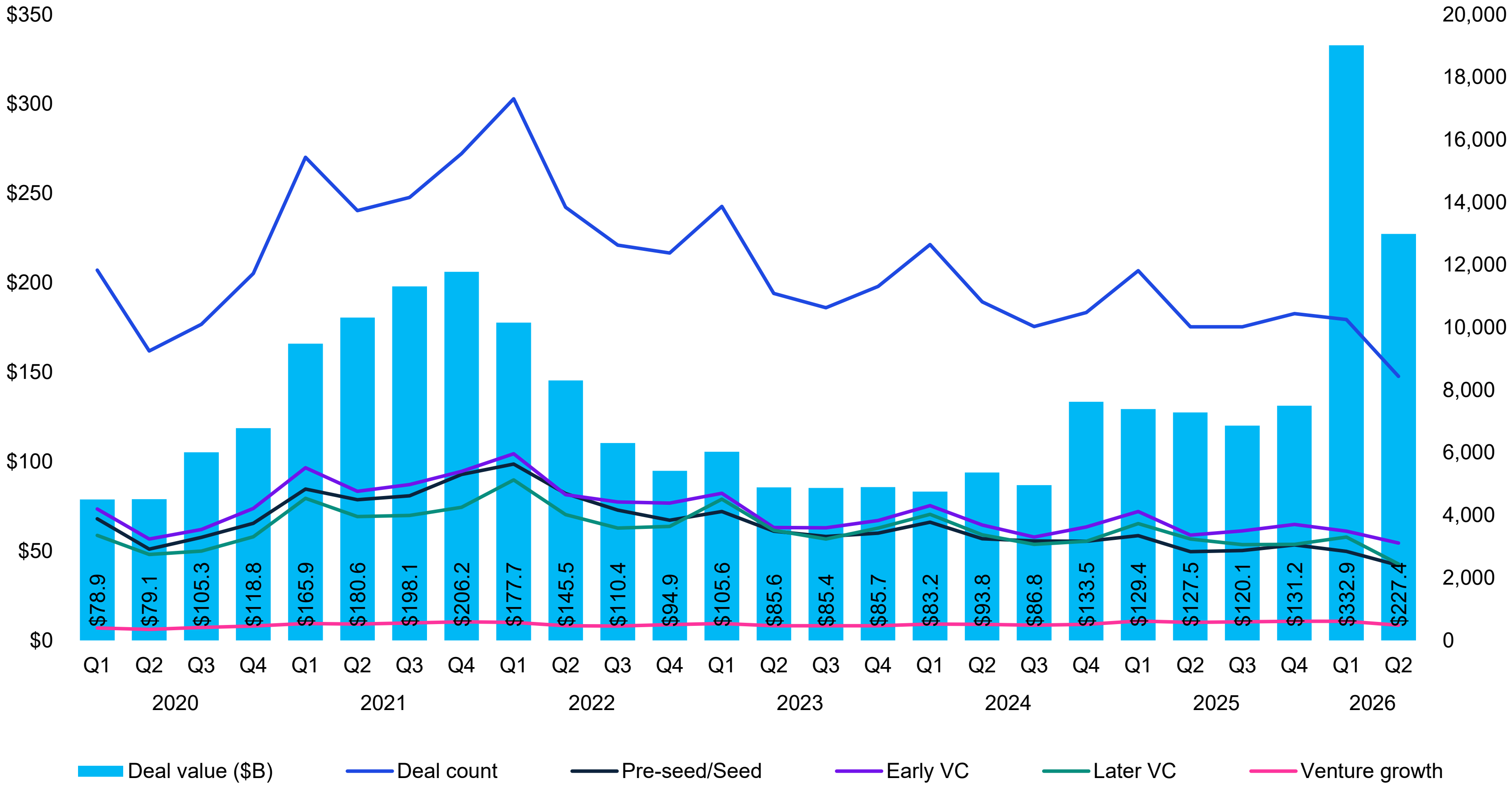
Fintech is also expected to remain a solid area for VC investment, particularly in regions like Latin America and Africa, along with health and biotech.

[8] QuantWare, "QuantWare Raises $178 Million to Build World's Most Powerful Quantum Processors at an Industrial Scale", 5 May 2026, Quantware.com, accessed 5 July 2026. https://quantware.com/news/quantware-raises-178-million
[9] Prakhar Srivastava & Pritam Biswas, "Honeywell's Quantinuum valued at $17.6 billion as shares rise in Nasdaq debut", 4 June 2026, Reuters via Yahoo Finance, accessed 5 July 2026. https://finance.yahoo.com/sectors/technology/articles/honeywells-quantinuum-heads-nasdaq-debut-104829320.html
[10] Max Zahn, "SpaceX soars after trading begins in largest IPO of all time", 12 June 2026, ABCNews.com, accessed 5 July 2026. https://abcnews.com/Business/spacex-ipo/story?id=133713436
[11] BBC News, "SpaceX IPO raised $10bn more than thought", 15 June 2026, BBC.com, accessed 5 July 2026. https://www.bbc.com/news/articles/cgrk21wnvy9o

VC investment keeps up a rapid pace

Global venture financing

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

"AI is rapidly becoming a finance and governance issue as we move past the proof of concept. I sit in many boardrooms where more and more questions are being asked around the total cost of ownership of AI initiatives, including infrastructure, data, security, and compliance costs.
The most challenging question is often: where are the savings that will offset those costs?"

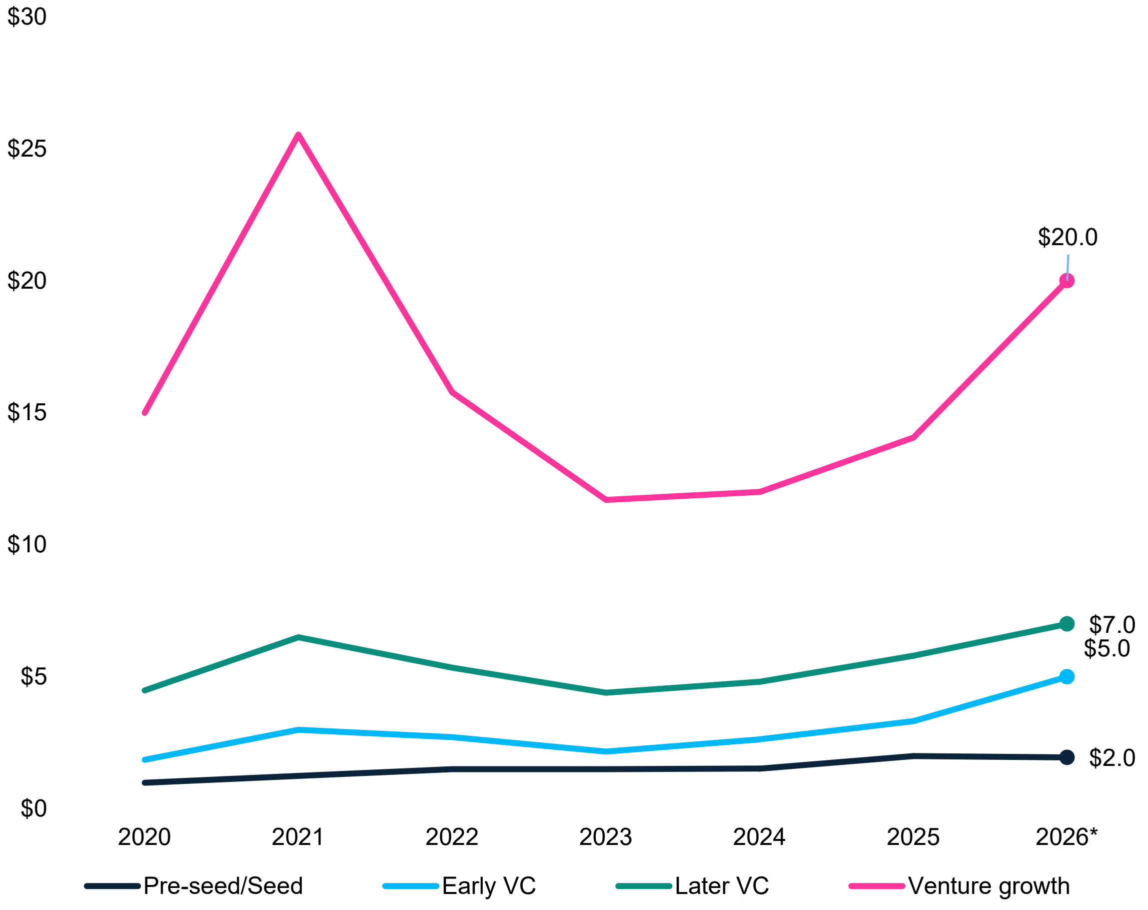
Conor Moore
Global Head,
KPMG Private Enterprise,
KPMG International and Partner
KPMG in the US

KPMG Private Enterprise

Cautious optimism cements gains, but caution remains

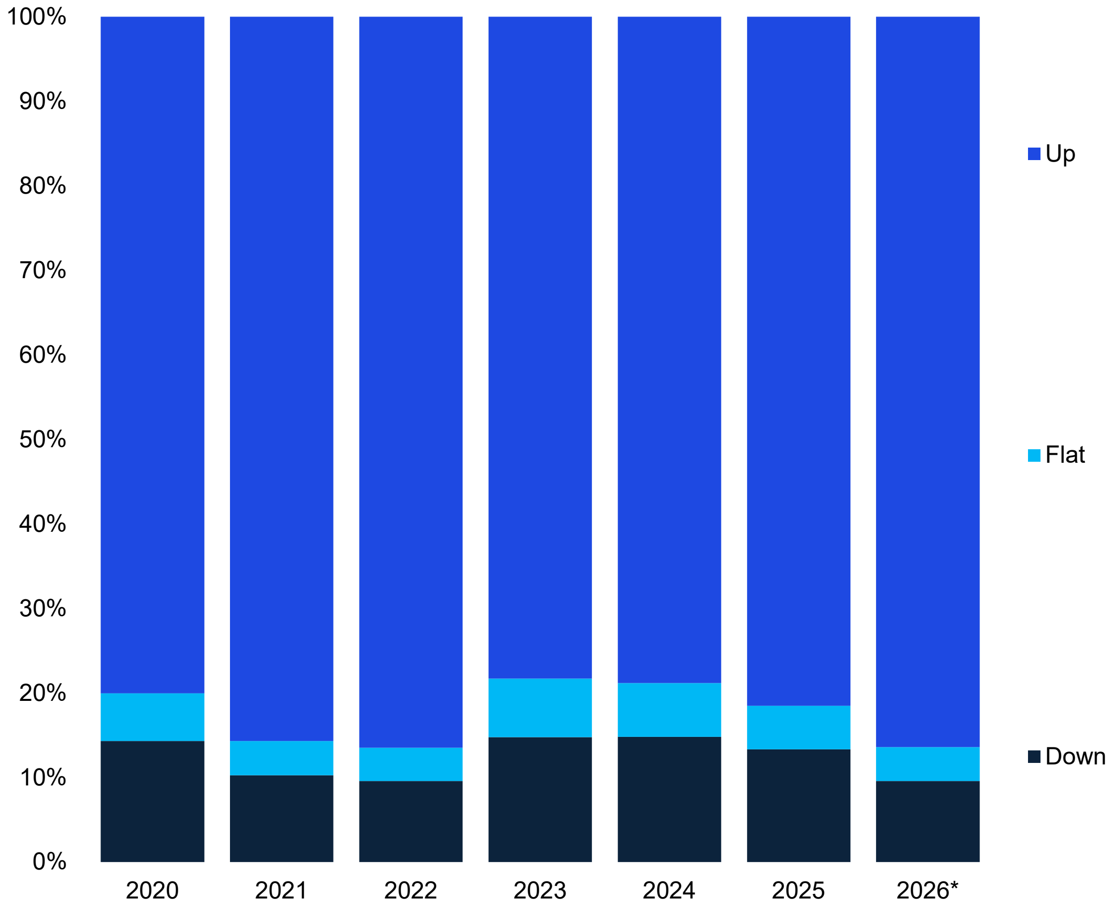
Global median deal size ($M) by stage

2020–2026*



Global up, flat or down rounds

2020–2026*

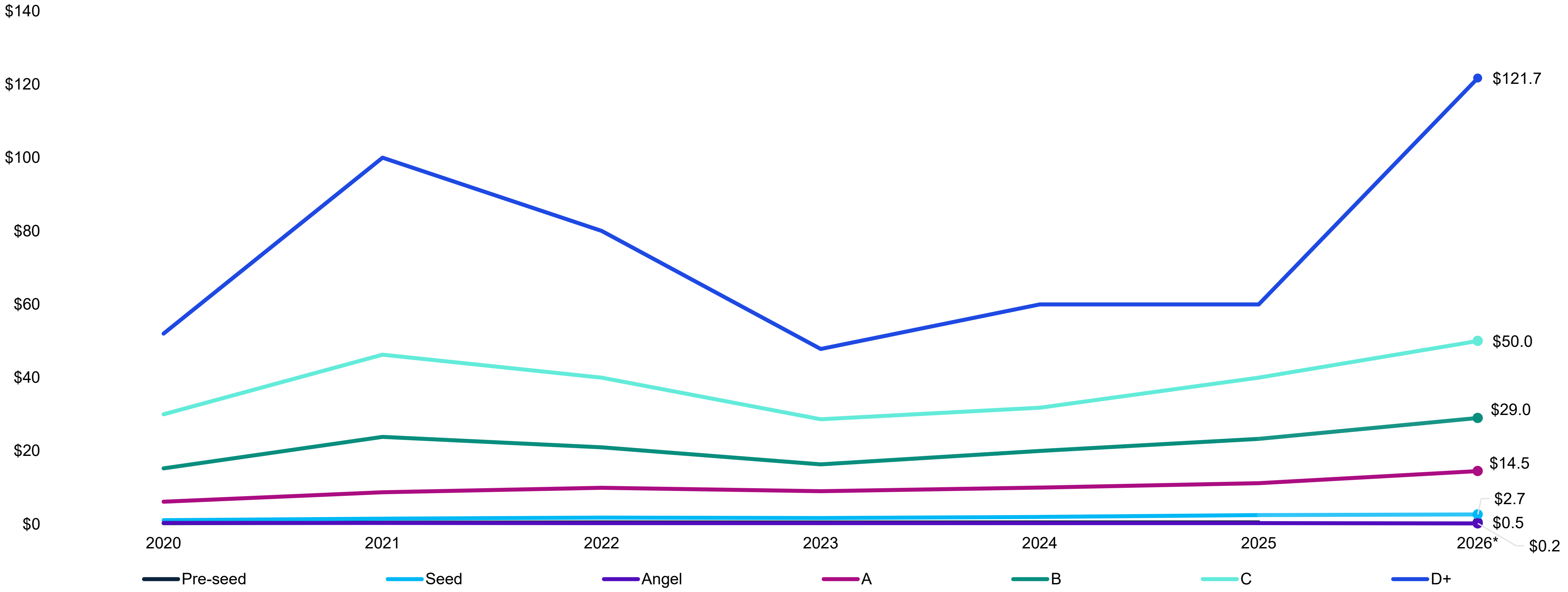


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Financing sizes continued to rise in Q2'26

Global median deal size ($M) by series

2020–2026*

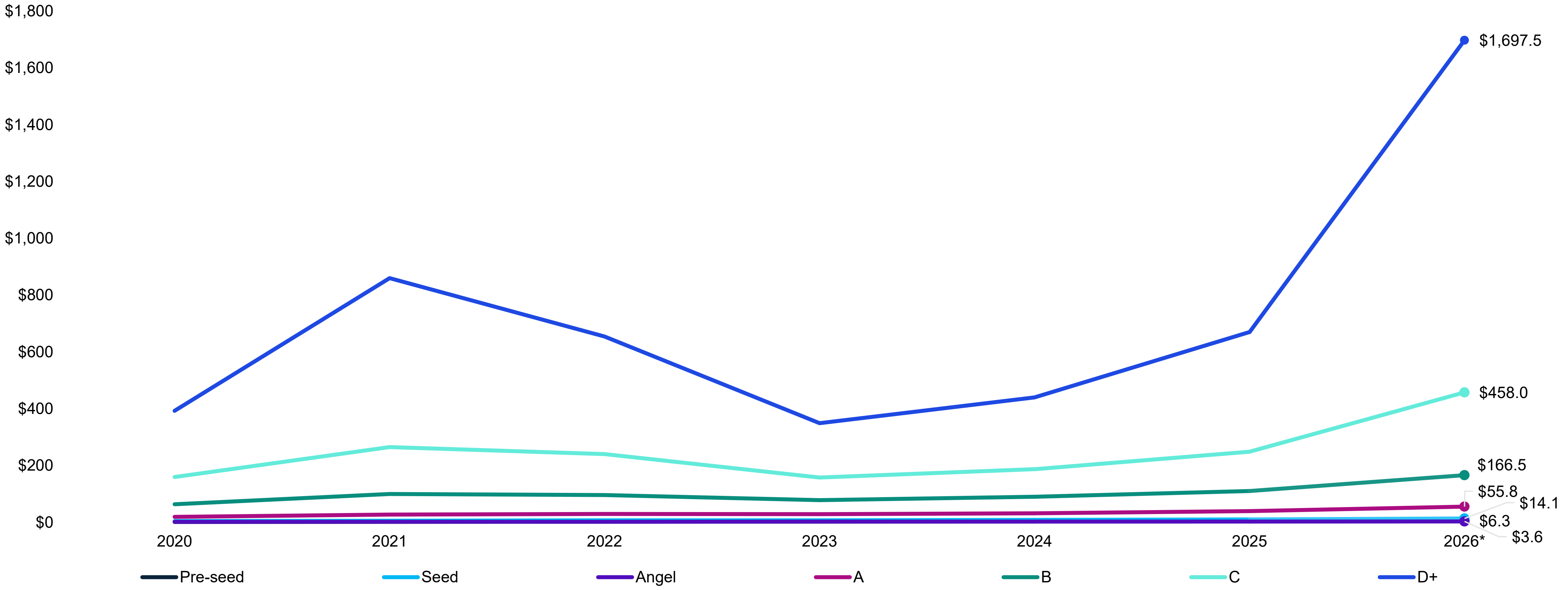


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Valuations sprint past 2021 levels for Series D+

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

2020–2026*

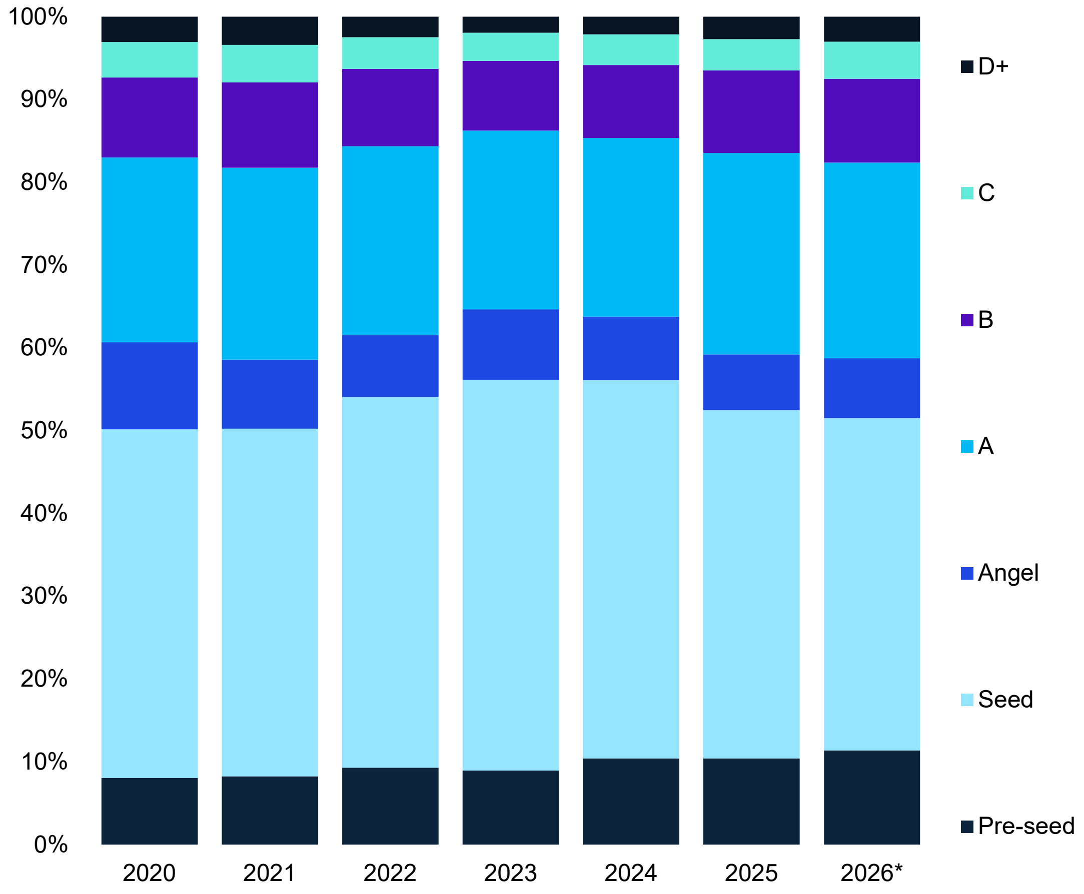


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Capital concentrations skew extremely toward the latest stage

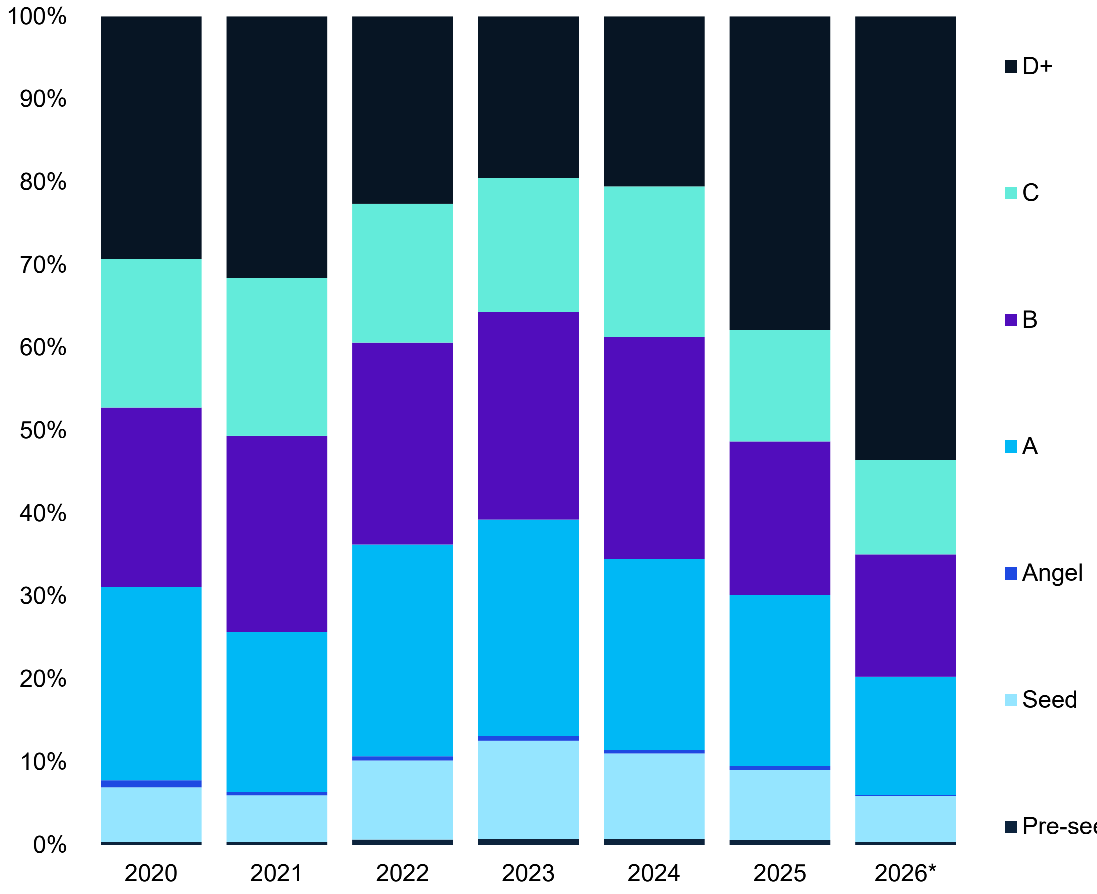
Global deal share by series

2020–2026*, number of closed deals



Global deal share by series

2020–2026*, VC invested ($B)

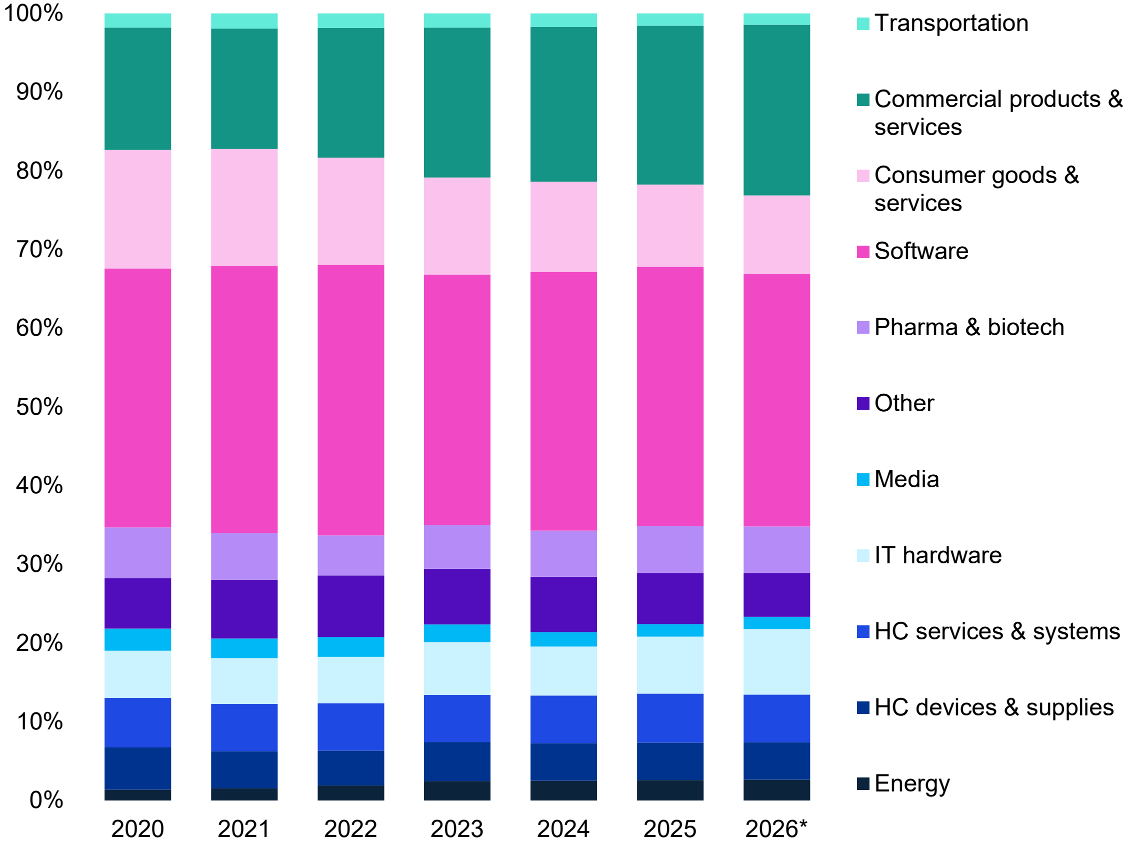


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

AI-driven software dwarfs all other sectors in VC invested

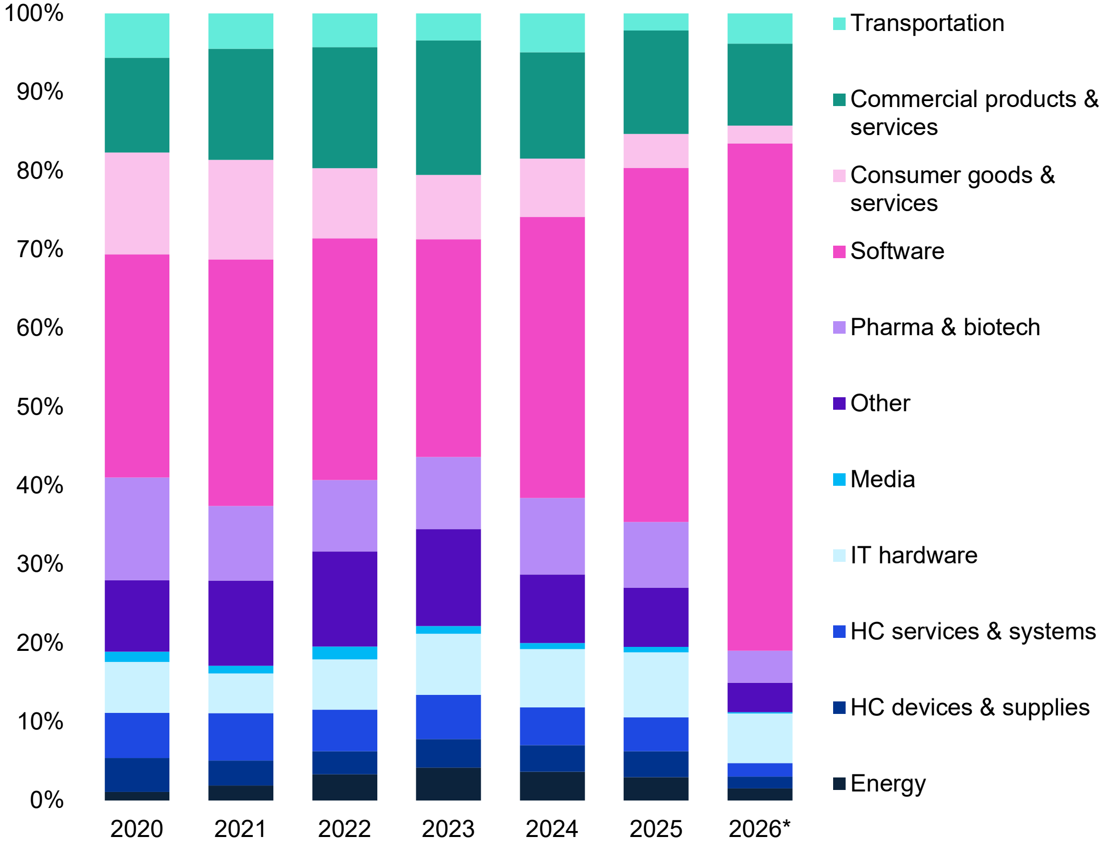
Global financing trends to VC-backed companies by sector

2020–2026*, number of closed deals



Global financing trends to VC-backed companies by sector

2020–2026*, VC invested ($B)

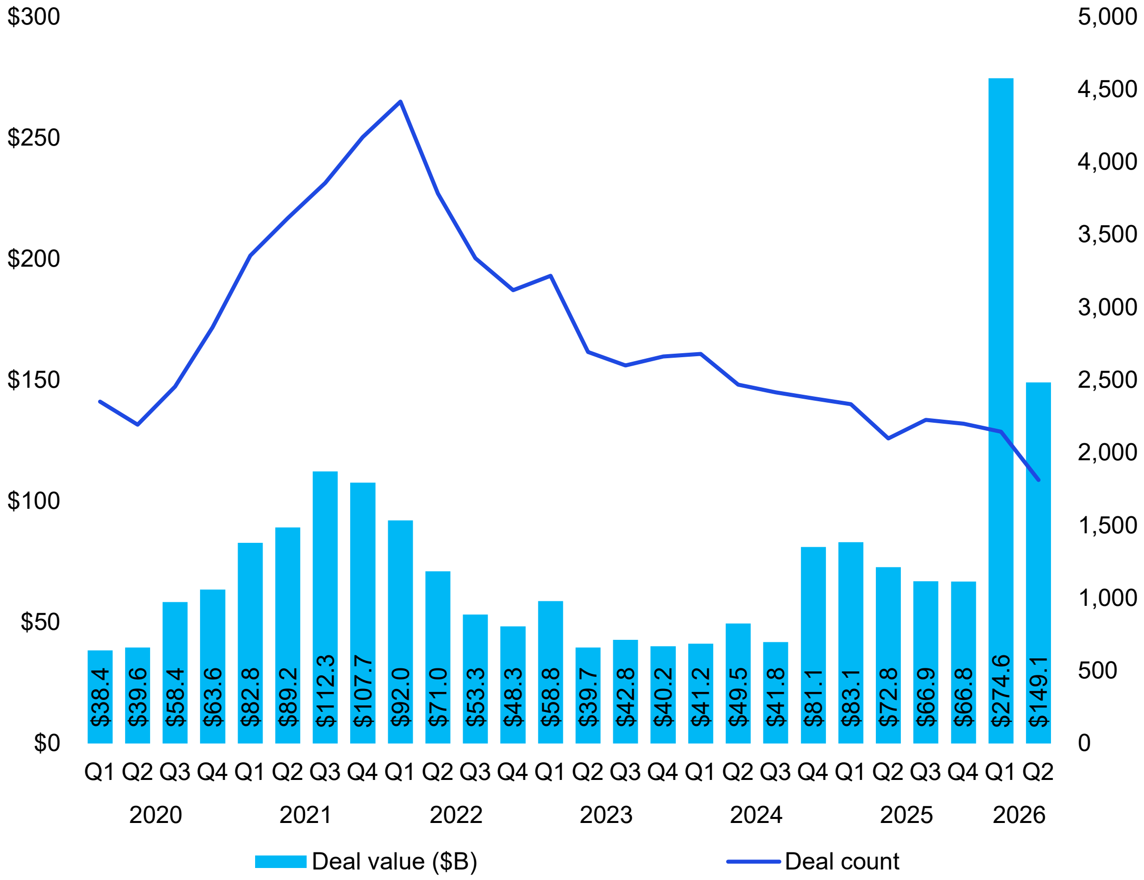


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

First-time financings could outpace 2025

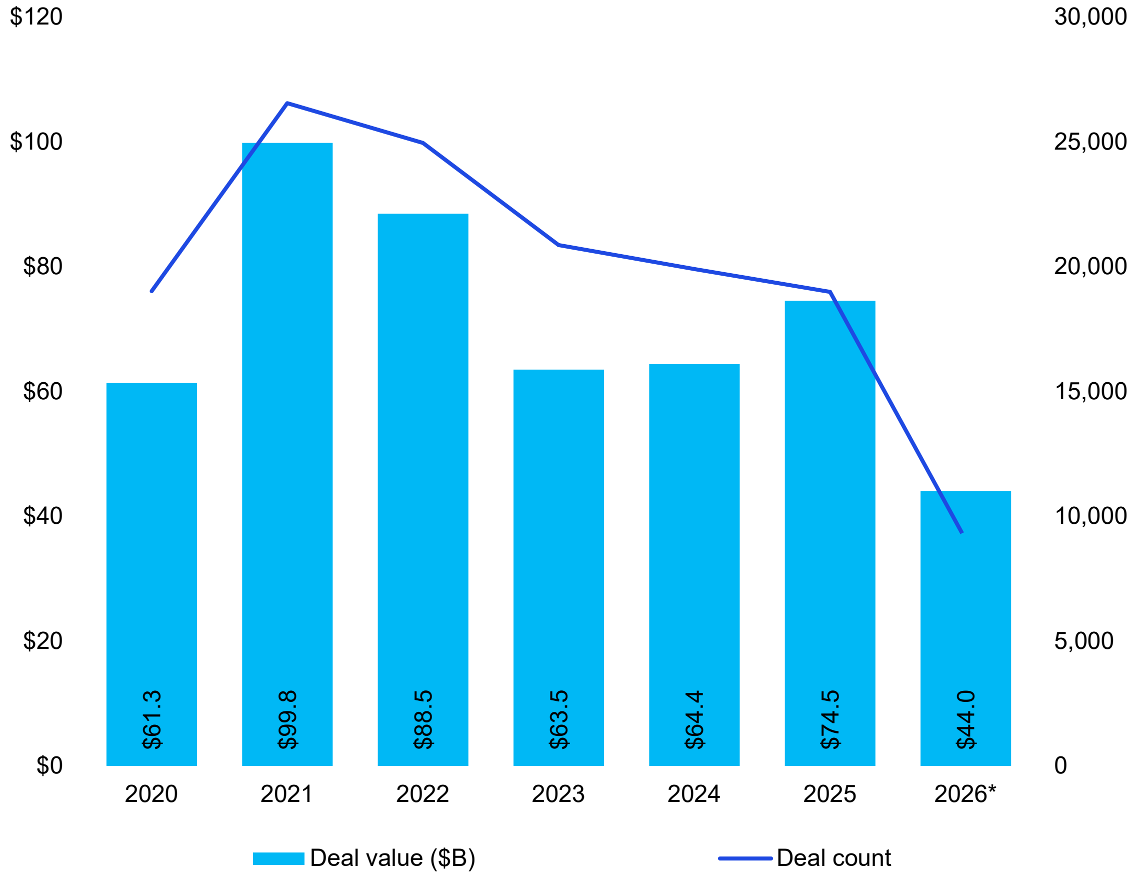
Corporate VC participation in global venture deals

2020–Q2'26



Global first-time venture financings of companies

2020–2026*

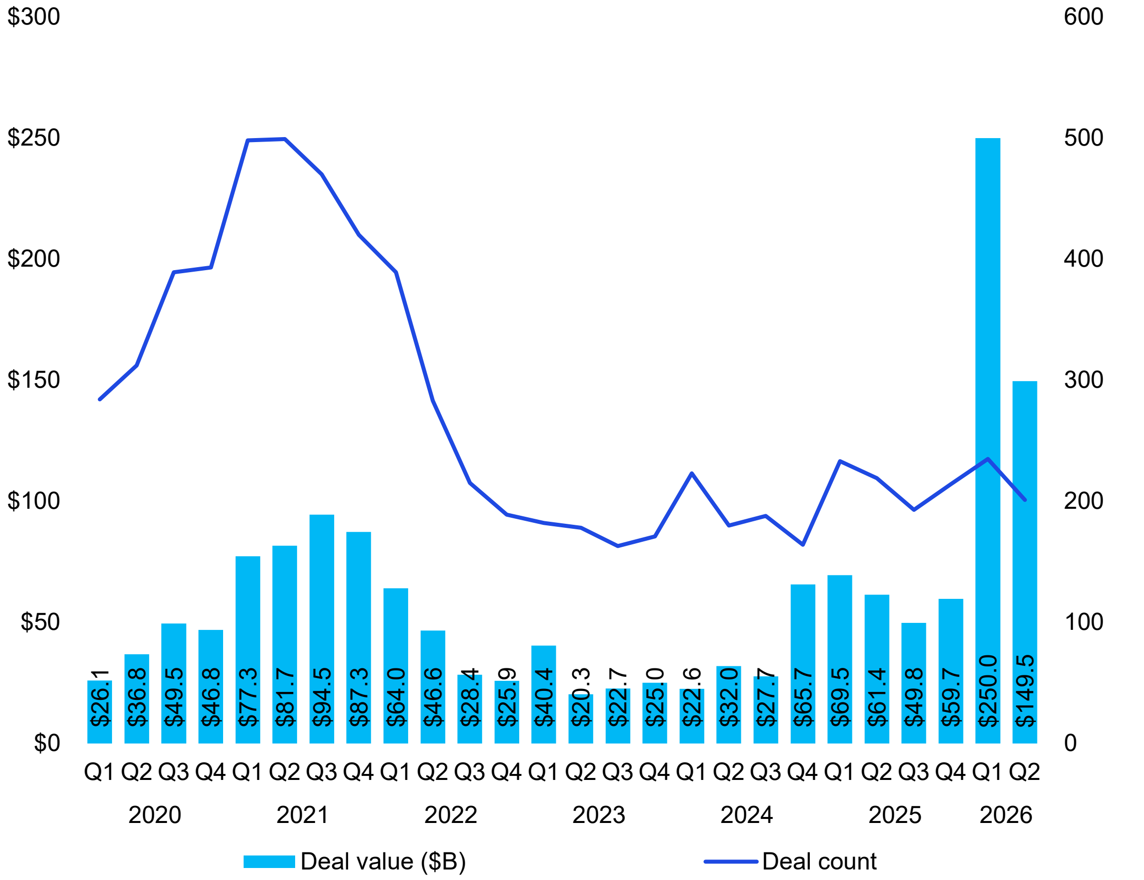


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

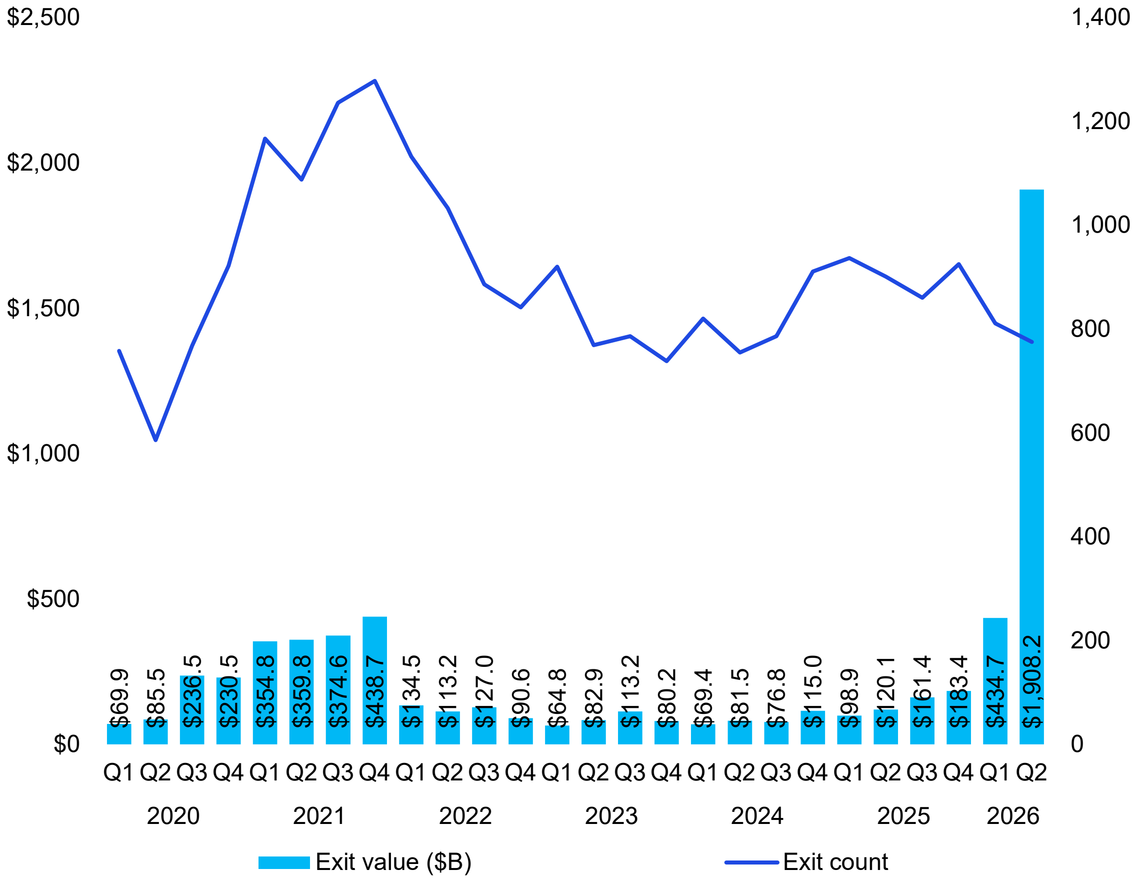
Note: The capital invested is the sum of all the round values in which corporate venture capital investors participated, not the amount that corporate venture capital arms invested themselves. Likewise, deal count is the number of rounds in which corporate venture firms participated. This applies to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

Exit activity remains highly skewed by outsized AI transactions

Global unicorn rounds
2020–Q2'26



Global venture-backed exit activity
2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

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

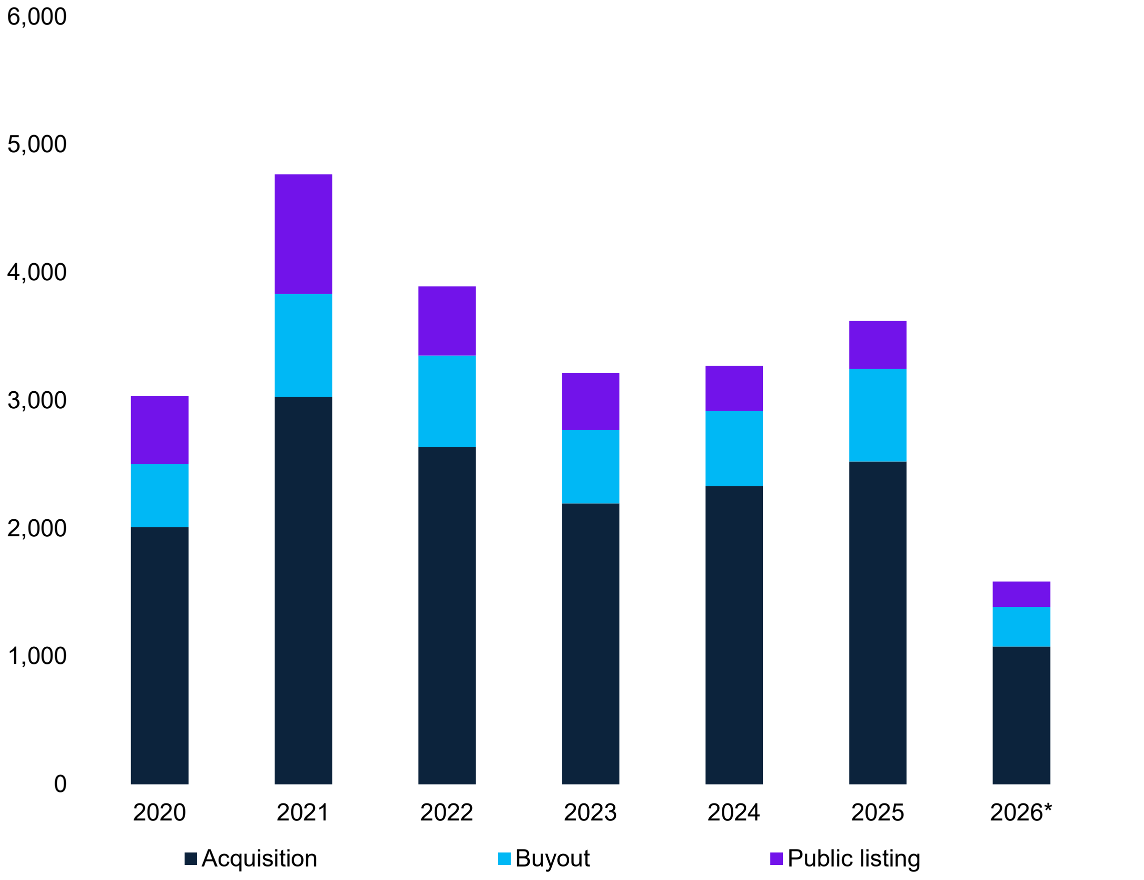
Note: Exit value for initial public offerings is based on pre-IPO valuation, not the size of the offering itself. In January 2025, a new extrapolation for M&A exit values was also applied.

KPMG Private Enterprise

SpaceX sets a new record

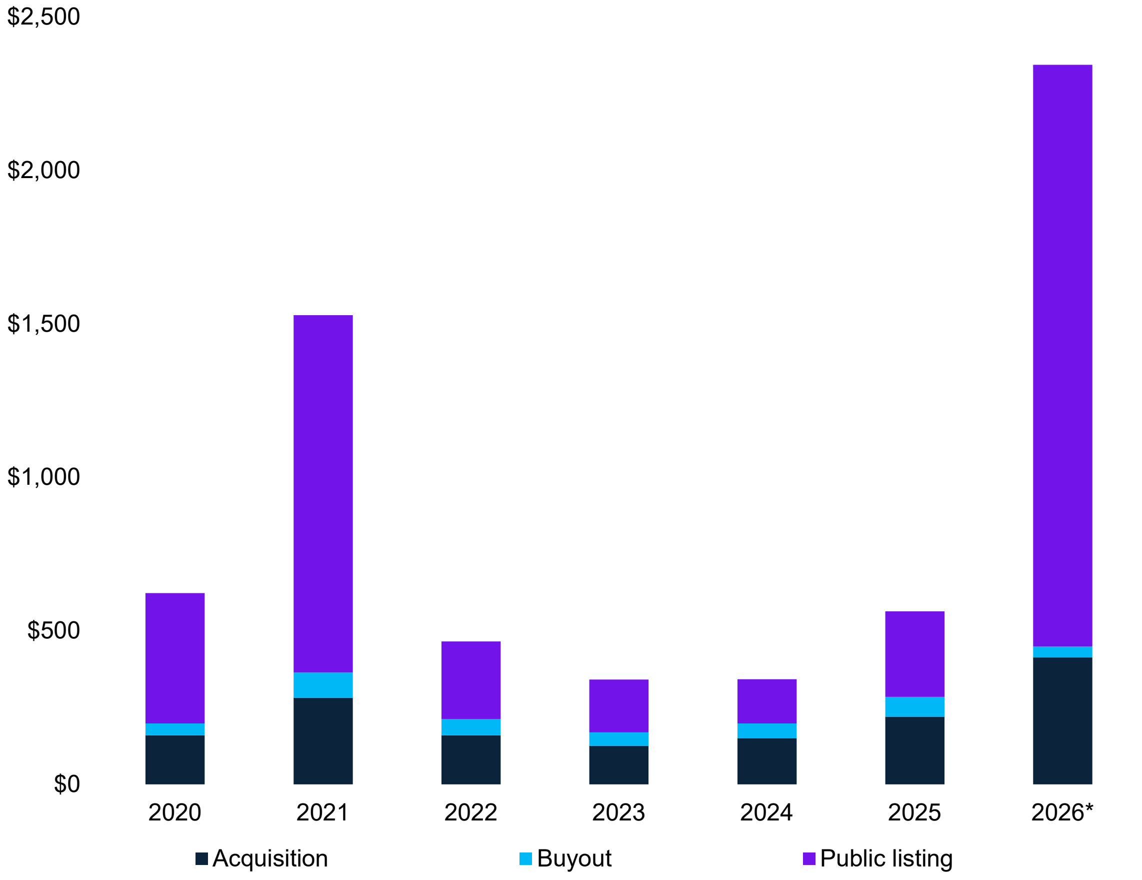
Global venture-backed exit activity (#) by type

2020–2026*



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

2020–2026*

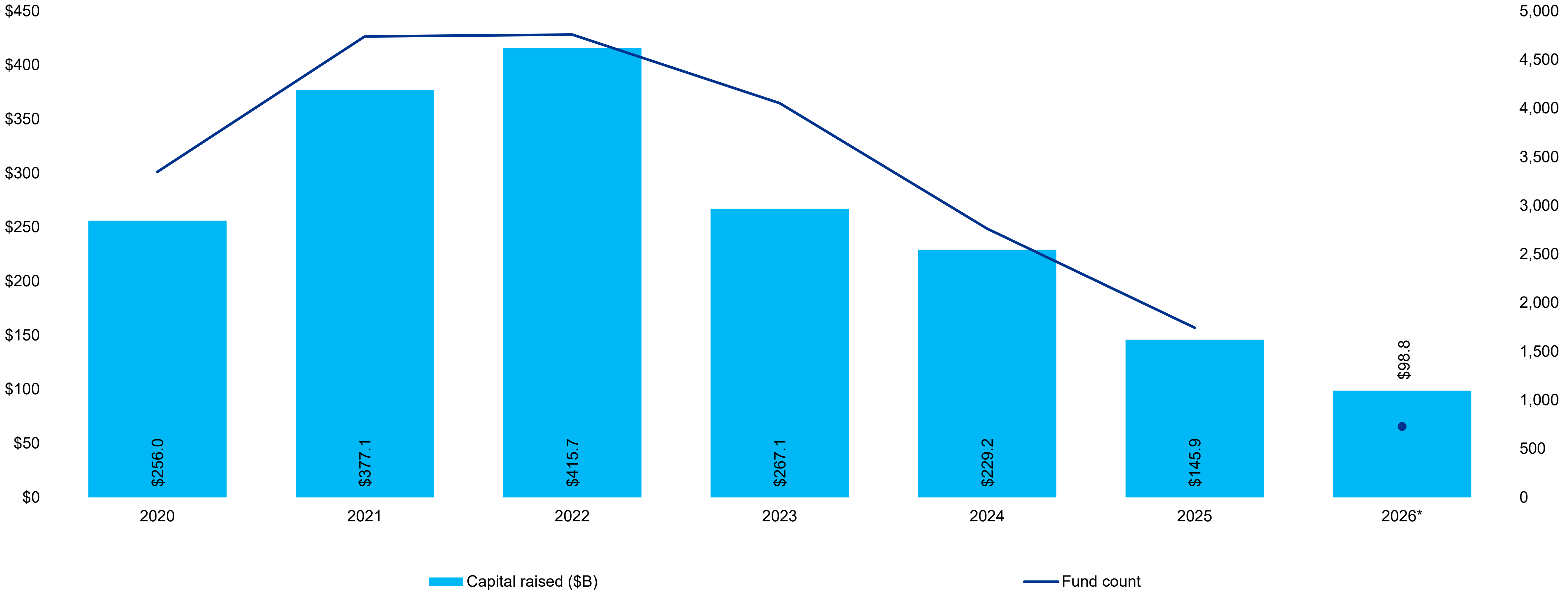


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Fundraising remains on the slow side

Global venture fundraising

2020–2026*

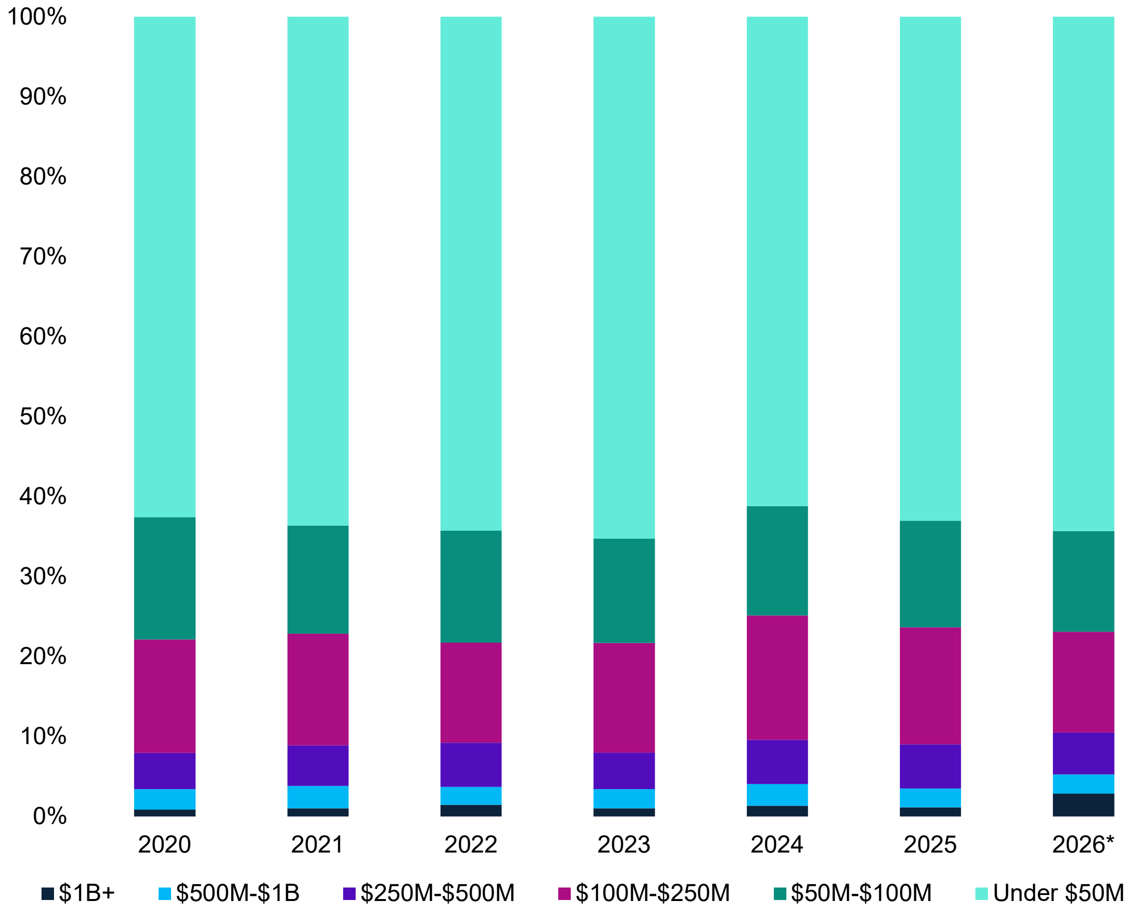


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

VC allocators focus on experience

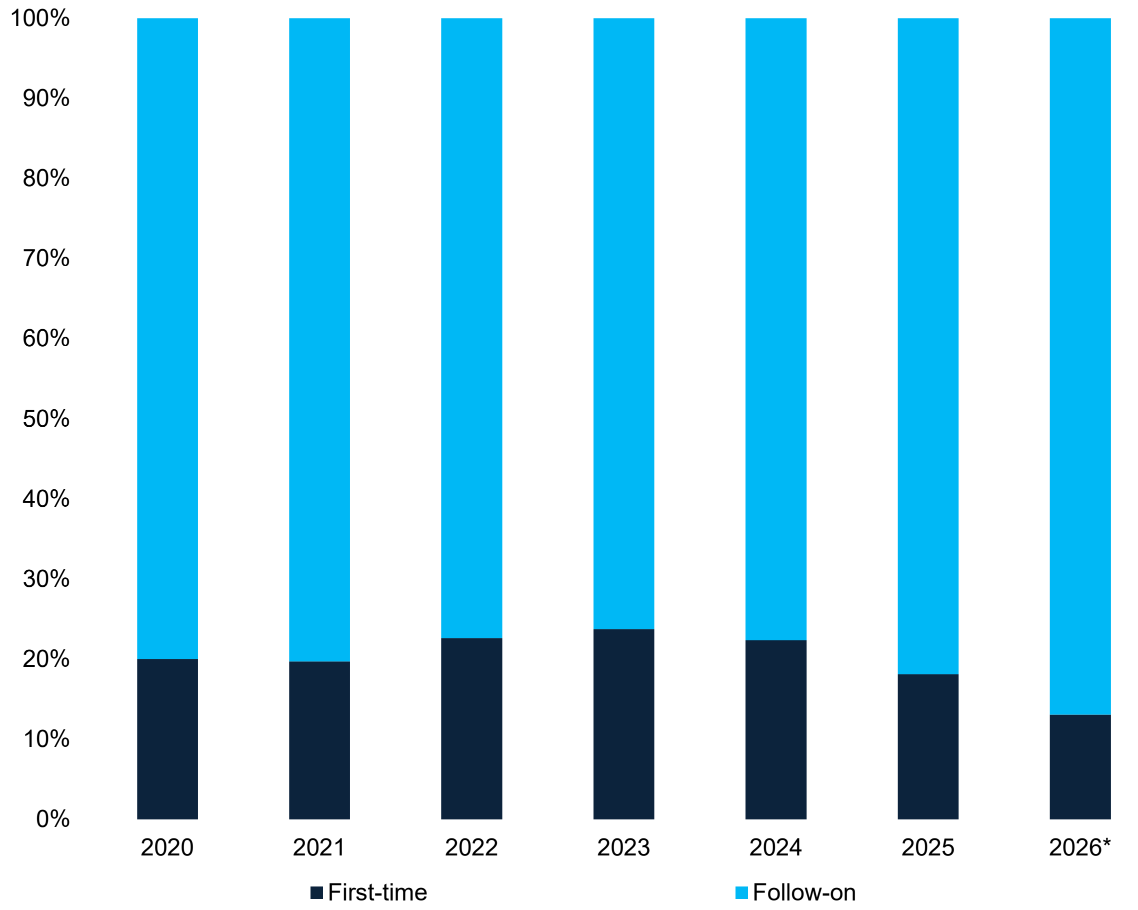
Global venture fundraising (#) by size

2020–2026*



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

2020–2026*



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

In Q2'26, US VC-backed companies raised $144.9 billion across 3,644 deals

AI surge continues to drive VC investment in the US in Q2'26

VC investment in the US continued to be very healthy during Q2'26, with $144.9 billion invested across 3,644 deals. The robust VC deal value, second only to Q1'26 ($268.9 billion), was helped by expansive investment in AI at all deal stages.

US VC investment remains highly concentrated on AI

The energy and pace of VC investment in the US was very strong during Q2'26, although much of this investment was concentrated in the highly active AI space. During the quarter, AI accounted for the vast majority of $1 billion+ deals in the US, including LLM-focused Anthropic ($65 billion), Project Prometheus ($12 billion), AI-powered defensetech Anduril Industries ($5 billion), and AI coding company Cognition AI ($1 billion). The continued frenetic interest and investment in the AI space highlights the perceived transformative power of AI both across industries and within them. While LLMs in the US have raised many of the largest funding AI rounds to date, VC investors have demonstrated a willingness to pour significant sums of money into AI startups even at the earliest deal stages.

IPO environment keeps improving amid activity by AI giants, but SaaS companies still facing pressure

Despite ongoing market uncertainty related to the tensions between the US and Iran, the IPO market in the US was positive during Q2'26. In particular, the quarter saw significant activity from AI and spacetech companies. In May, AI infrastructure firm Cerebras held an IPO on the Nasdaq, raising $5.5 billion; the company saw shares pop 108 percent during first day trading.[12] In June, SpaceX, which acquired xAI in Q1'26 for $250 billion, raised $75 billion in the largest IPO ever seen. LLM companies Anthropic and OpenAI also filed IPO paperwork during the quarter, which could lead to their exits in the back half of 2026.

The IPO market showed some bifurcation during Q2'26; while AI companies eyed exit opportunities with increasing positivity, SaaS companies fell at the opposite end of the spectrum amid concerns about their survival in the age of AI.

Defensetech investment sees big growth in US

Over the last few quarters, interest and investment in the US defensetech space has increased significantly. While defense historically has largely been viewed as a no-go sector, this is no longer the case; VC investors have increasingly recognized defensetech as a high-potential sector for investment given the size of the asset category, increasing awareness of how warfare is changing, and growing recognition of the dual-use capabilities and use cases of many innovative technologies, including drones, autonomous vehicles, space and satellite technologies, and cybersecurity solutions.

Deal sizes in the defensetech sector have also been growing; already in 2026, the space has seen three $1 billion+ funding rounds in the US, including the $1.5 billion raise by drone company Shield AI and the $1.7 billion raise by autonomous ship company Saronic in Q1'26, and the $5 billion raise by Anduril Industries in Q2'26.

[12] Julie Bort, "Cerebras raises $5.5B, then stock pops 108%, in the first huge tech IPO of 2026", 14 May 2026, TechCrunch.com, accessed 5 July 2026. https://techcrunch.com/2026/05/14/cerebras-raises-5-5b-kicking-off-2026s-ipo-season-with-a-bang/

AI surge continues to drive VC investment in the US in Q2'26, cont'd.

CVC investment in US grows as corporates rethink ecosystems

CVC investment in the US was very strong during the first half of 2026, even taking out the outlier raises by OpenAI and Anthropic and the acquisition of xAI by SpaceX. Heading into the second half of the year, annual CVC investment is well on pace to exceed the four-year annual average by more than 25 percent. This substantial uptick reflects large corporates taking a closer look at their ecosystems in the face of enormous disruption, on the AI front in particular. With companies recognizing the critical need to stay relevant, many have started prioritizing buy-over-build strategies in order to accelerate their innovation agendas. Large corporates are increasingly targeting small and mid-sized startups with in-demand capabilities, strong proofs of concept and operationalized systems able to slot into their businesses.

Trends to watch for in Q3'26

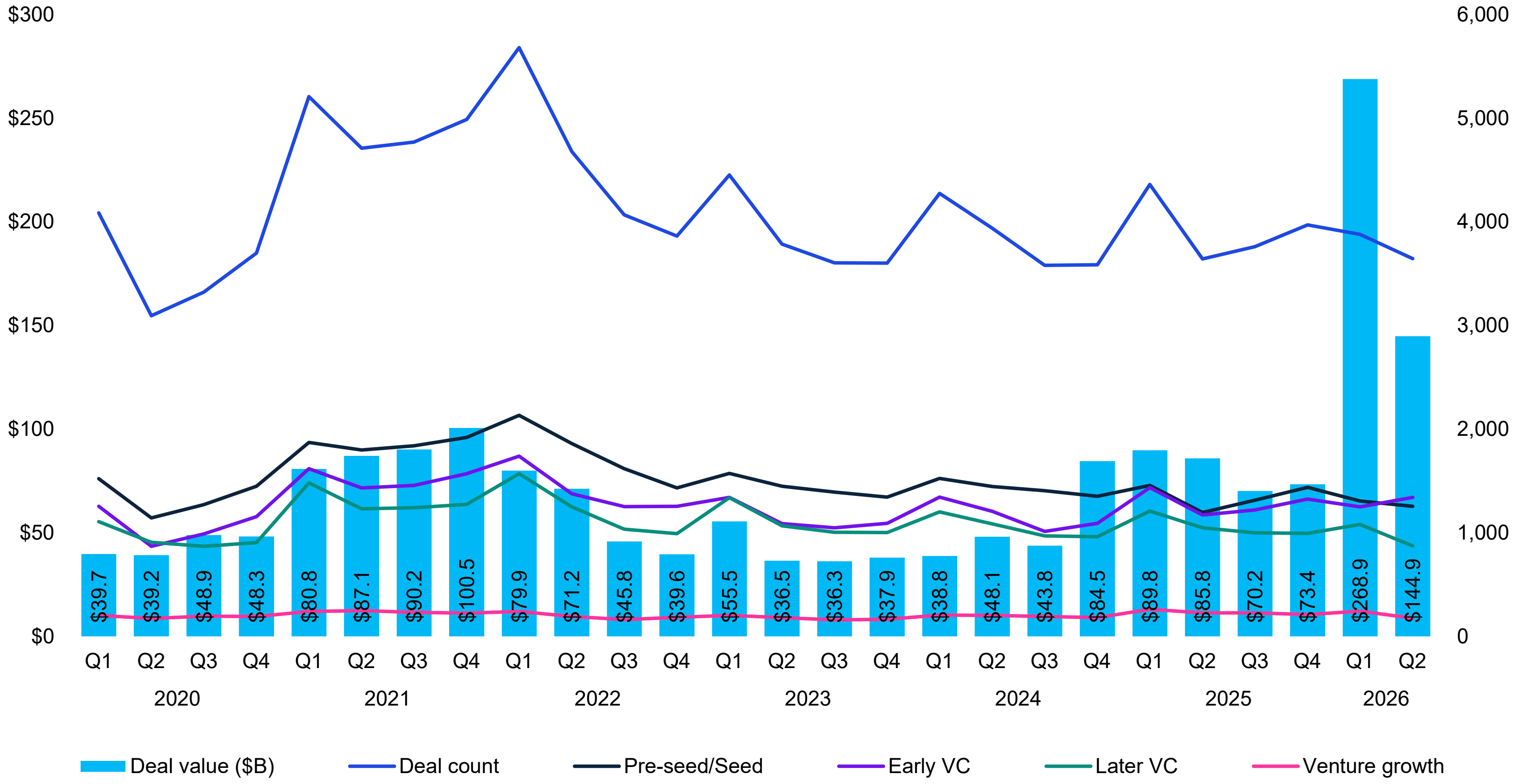
Looking ahead to Q3'26, VC market activity in the US is expected to remain positive, with energy continuing to pour into the AI space in particular. Given the significant amount of money available in the market, fundraising activity will likely remain soft outside of proven mega funds and boutiques. That said, potential changes to 401(k) rules could lift investment flows if enacted.

Over the next couple of quarters, a lot of attention will likely be on the IPO market given expectations that Anthropic and OpenAI will exit before the year is out should market conditions remain stable. While these IPOs are expected to make major waves in the public markets, they could also extend the IPO timelines for some startups concerned about going public in their shadow. With SpaceX's IPO now completed and other very large exits likely on the horizon, one area to watch over the next few quarters will be the early-stage deals environment. Given the amount of capital that has been locked up over the past two years, deal activity at the earliest deal stages has been very soft. Now, with capital starting to get returned to the market, there is growing hope that early-stage deal activity will get invigorated.

2026 records another elevated quarter

Venture financing in the US

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

> "Early-stage deal activity will be a key area to watch in the second half of 2026 and into 2027, particularly if Anthropic and OpenAI follow in SpaceX's IPO footsteps. Over the last couple of years, there's been a lot of focus on late-stage deals given the amount of capital locked up in the market, which has made it difficult for many early-stage startups, particularly those not in the AI space. Now, as money gets pushed back into the private markets, we'll hopefully see the early-stage deal environment start to improve, which is critical for reinvigorating the ecosystem."

Shivani Sopory
Audit Partner
KPMG in the US

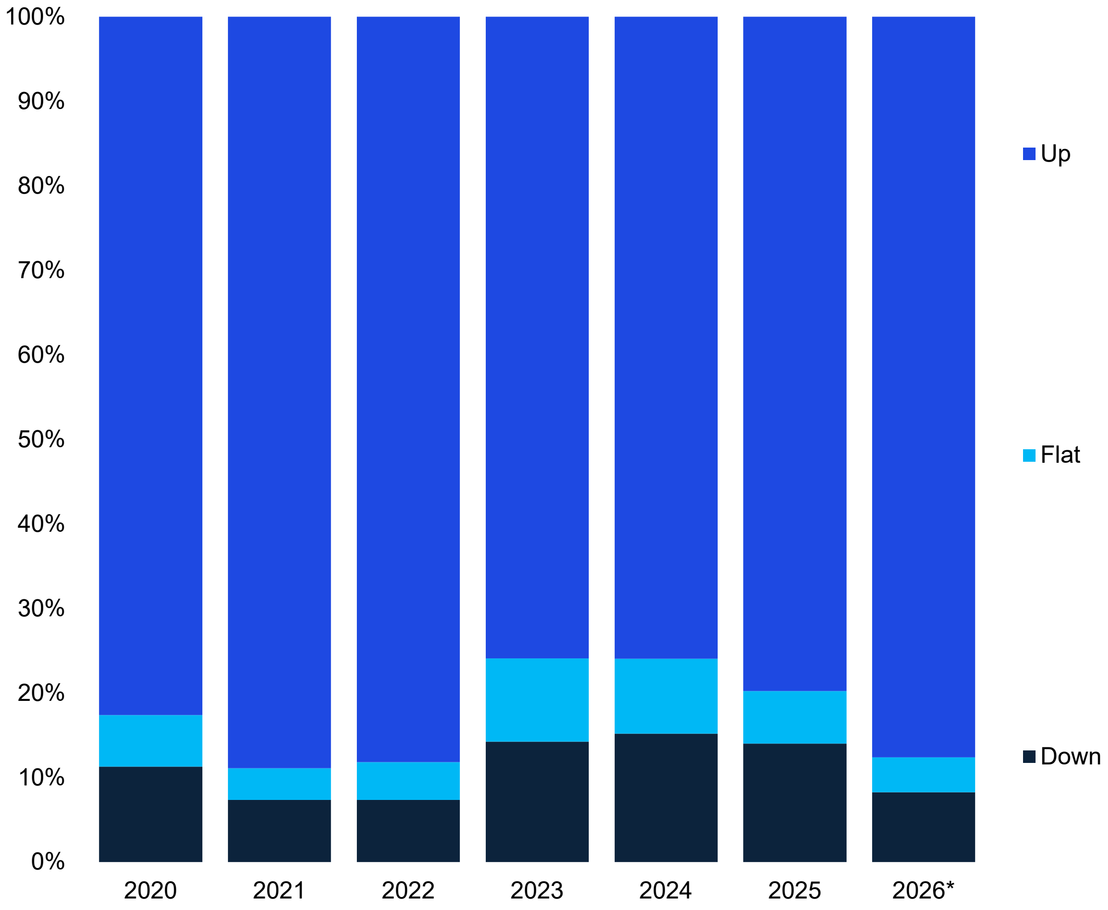
Optimism is back — but still concentrated in AI

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

2020–2026*

Up, flat or down rounds in the US

2020–2026*



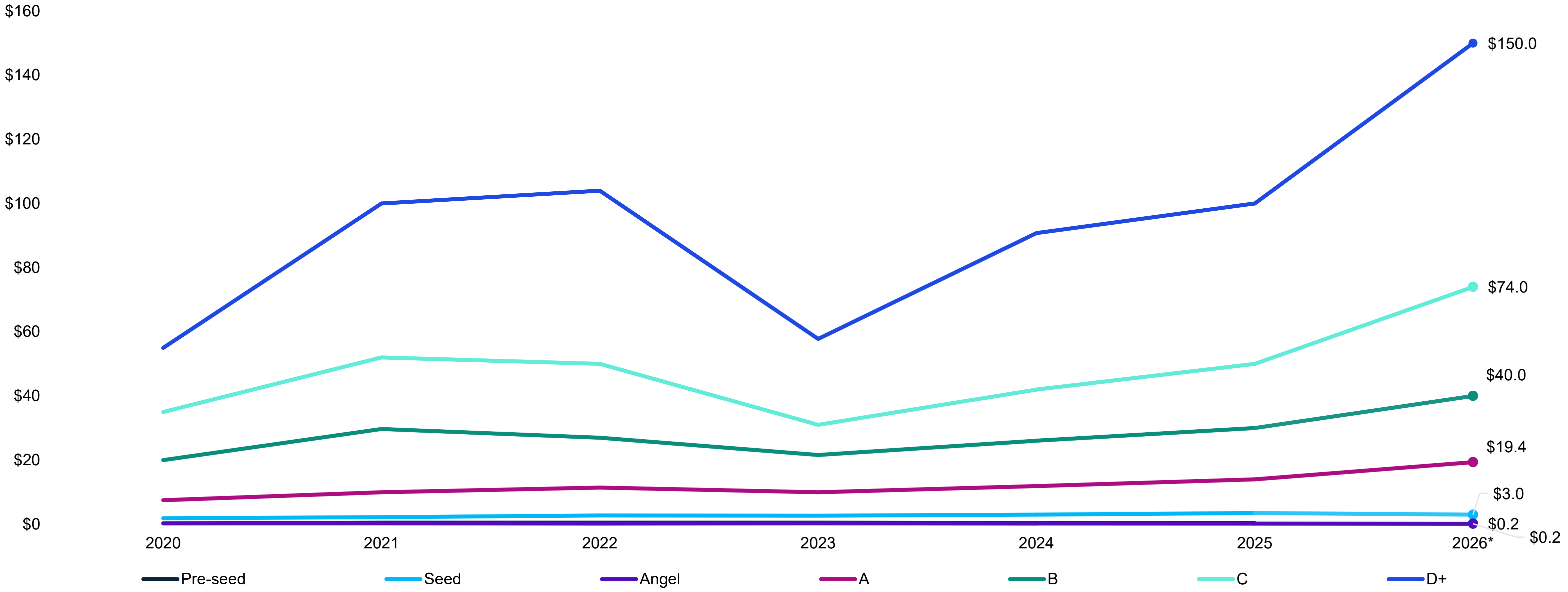
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

KPMG Private Enterprise

Financing sizes rise across the board

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

2020–2026*

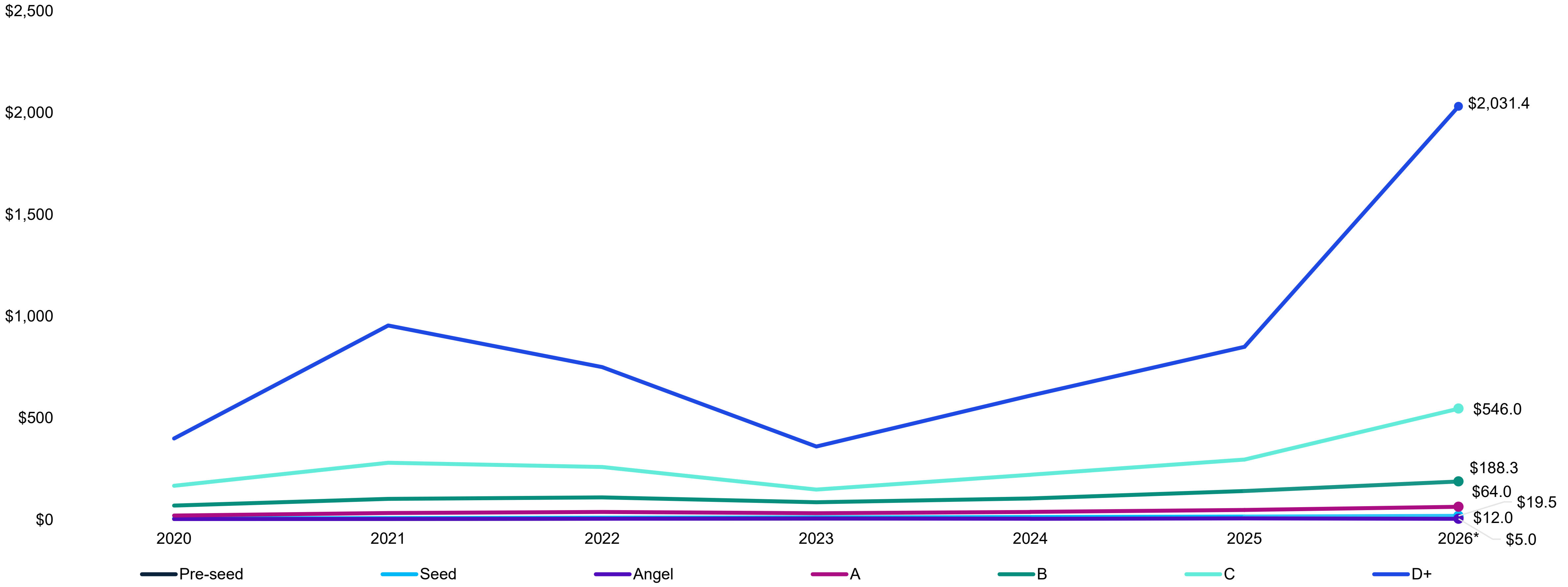


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.
Note: Figures rounded in some cases for legibility.

Later-stage valuations blow past 2021 levels

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

2020–2026*

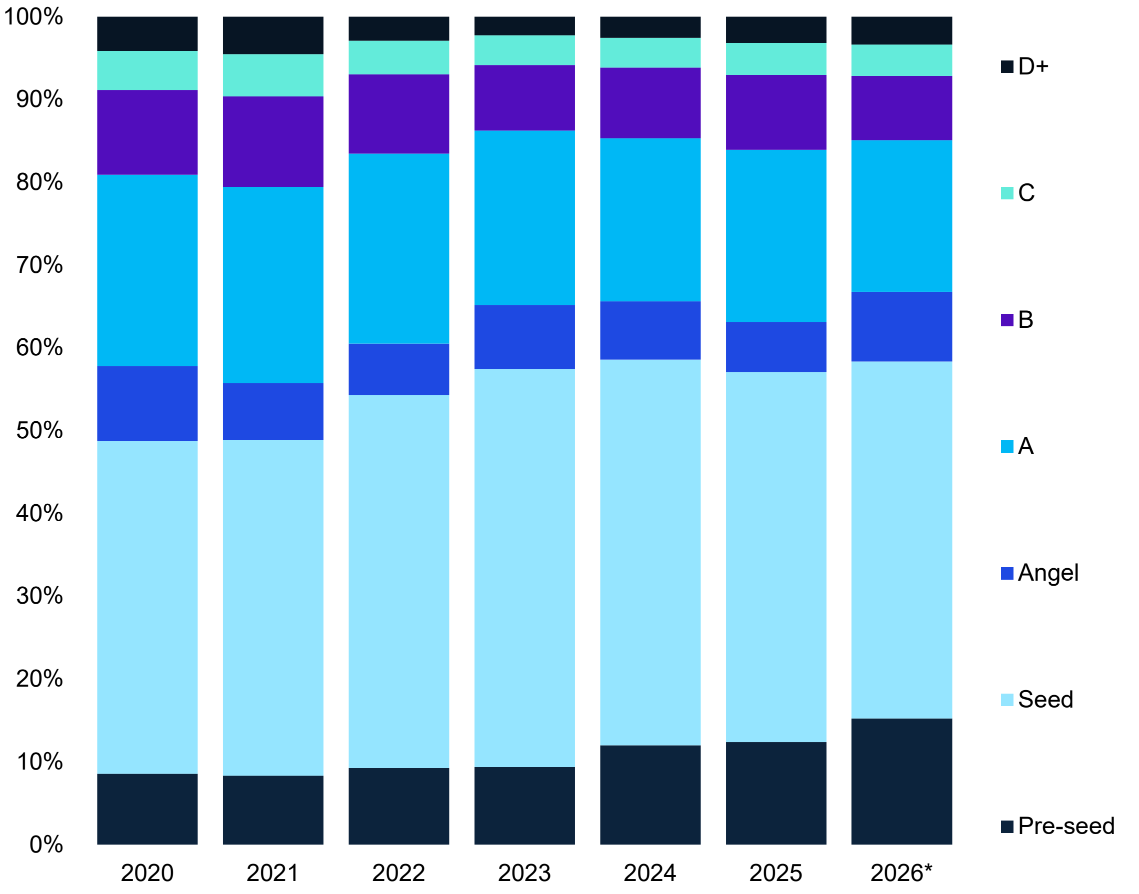


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.
Note: The 2026 data point for angel is based on a non-normative population. The Series D+ figure for 2026 is an extreme outlier due to the prevalence of AI mega-rounds.

At pre-seed, AI encourages volume; at late-stage, it concentrates capital

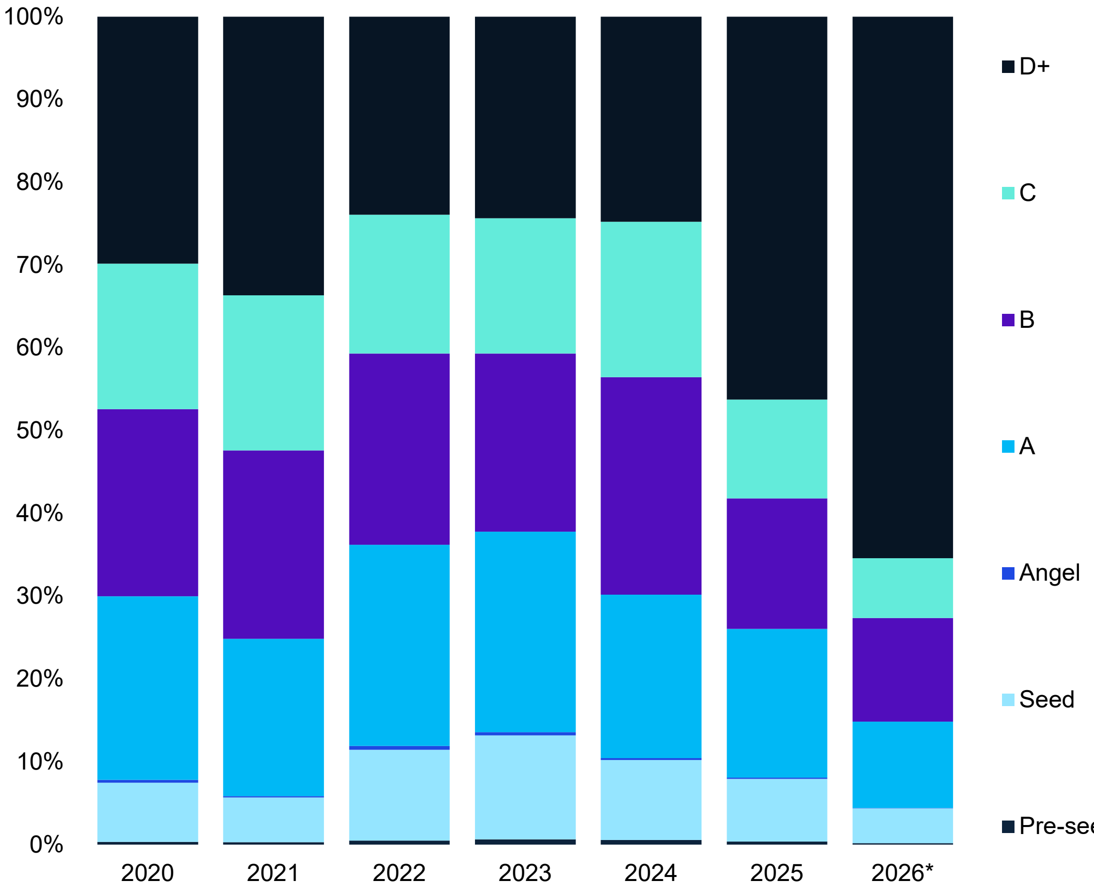
Deal share by series in the US

2020–2026*, number of closed deals



Deal share by series in the US

2020–2026*, VC invested ($B)

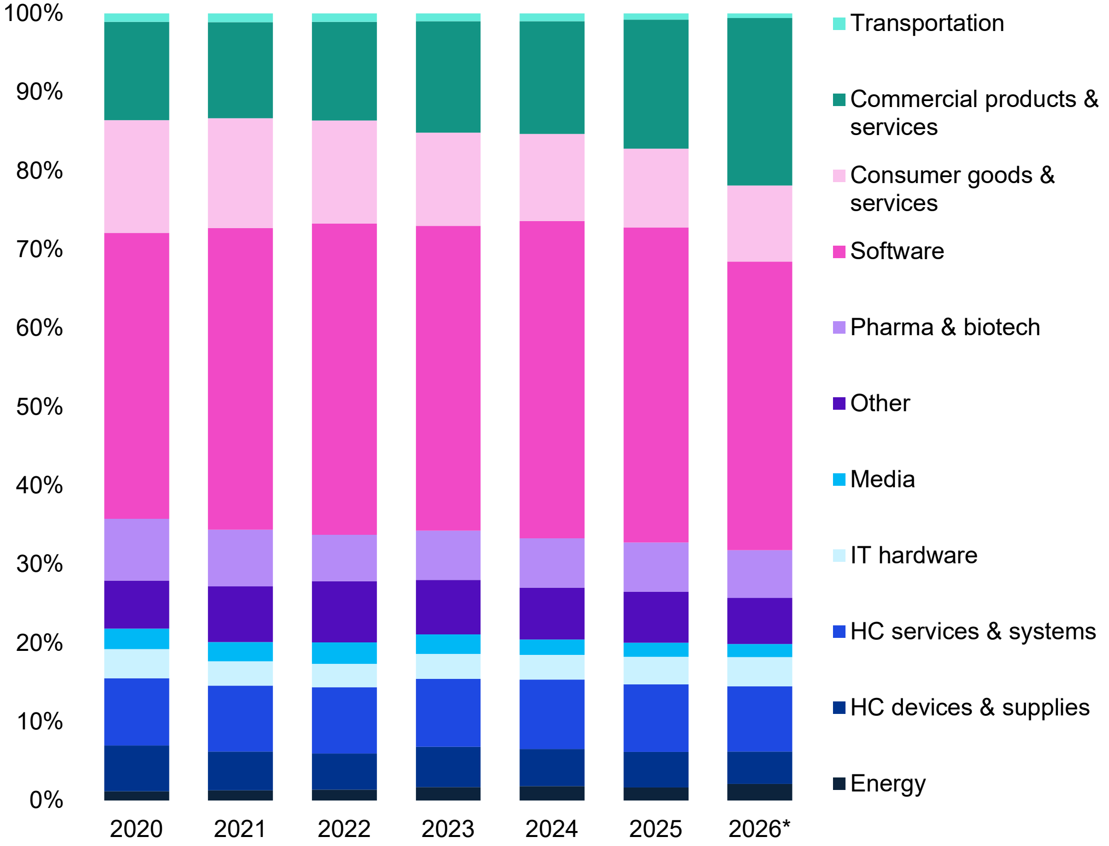


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Financings tilt toward the nexus of AI and enterprise use cases

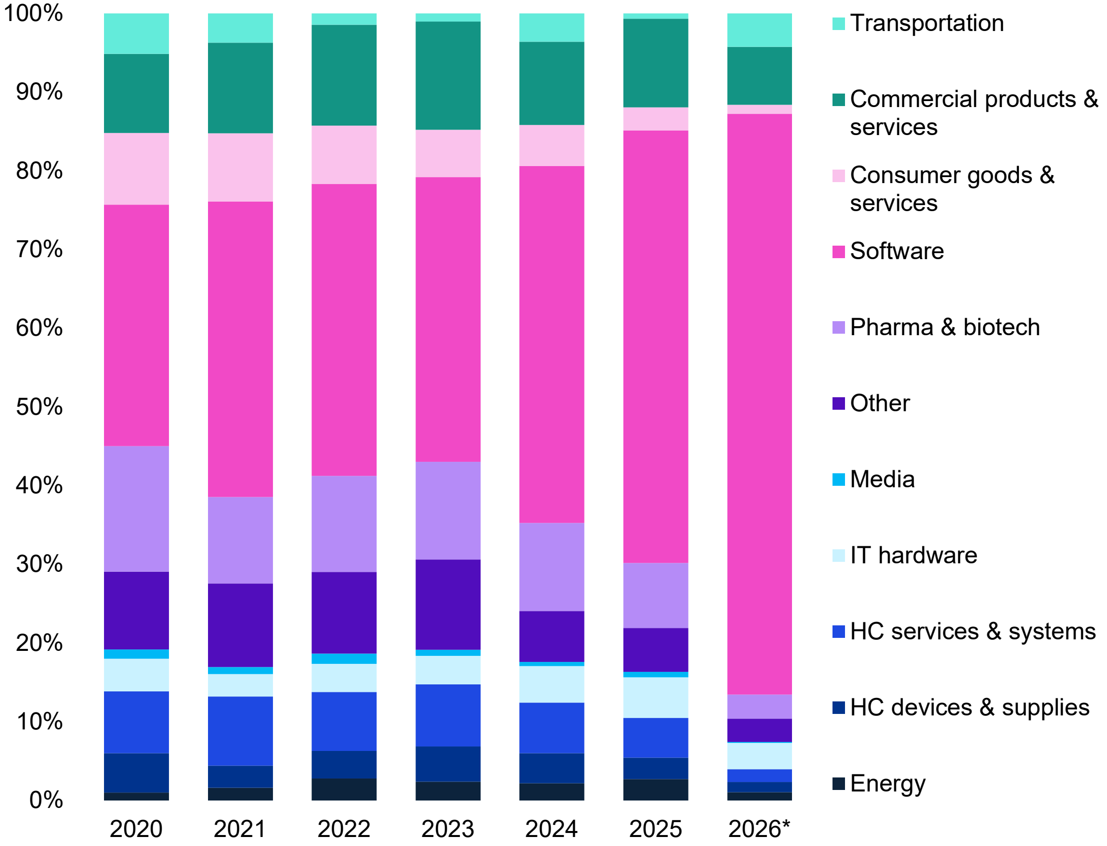
Venture financing by sector in the US

2020–2026*, number of closed deals



Venture financing by sector in the US

2020–2026*, VC invested ($B)

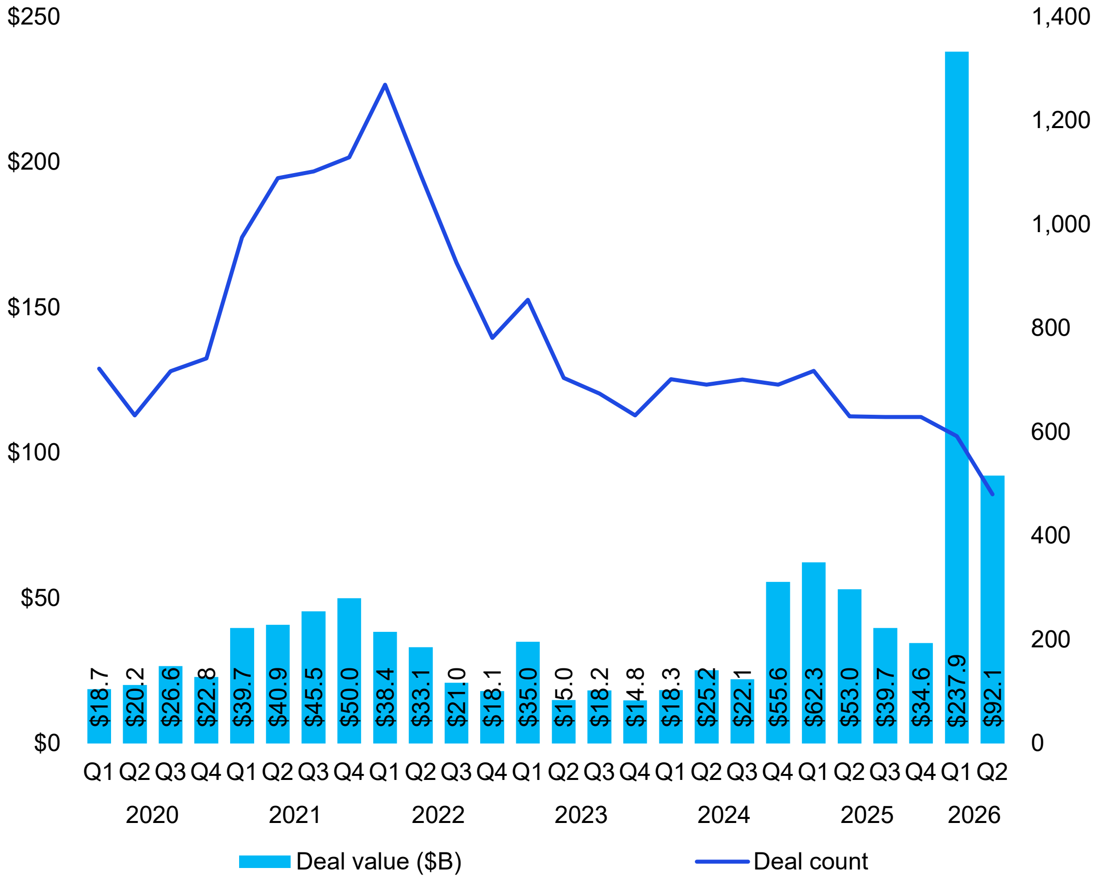


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

First-time venture financings remain resilient in the US

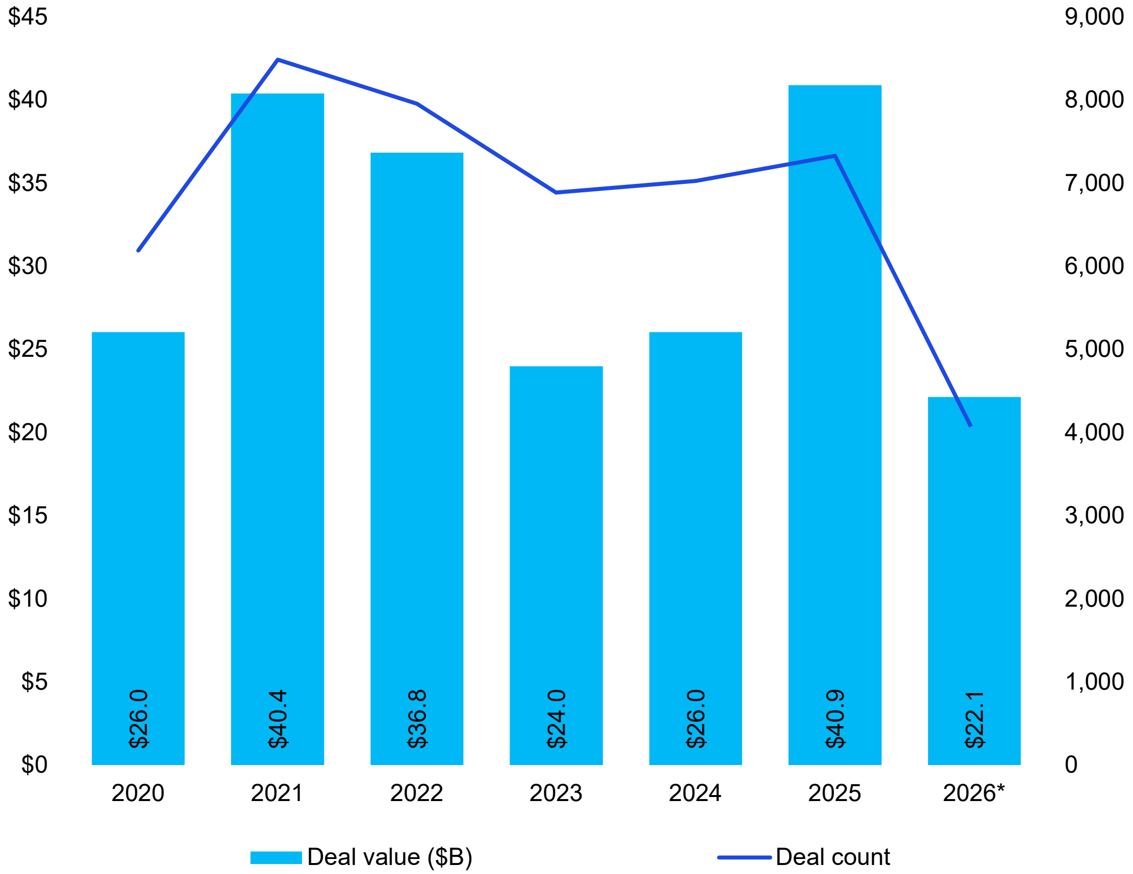
Corporate participation in venture deals in the US

2020–Q2'26



First-time venture financings of companies in the US

2020–2026*

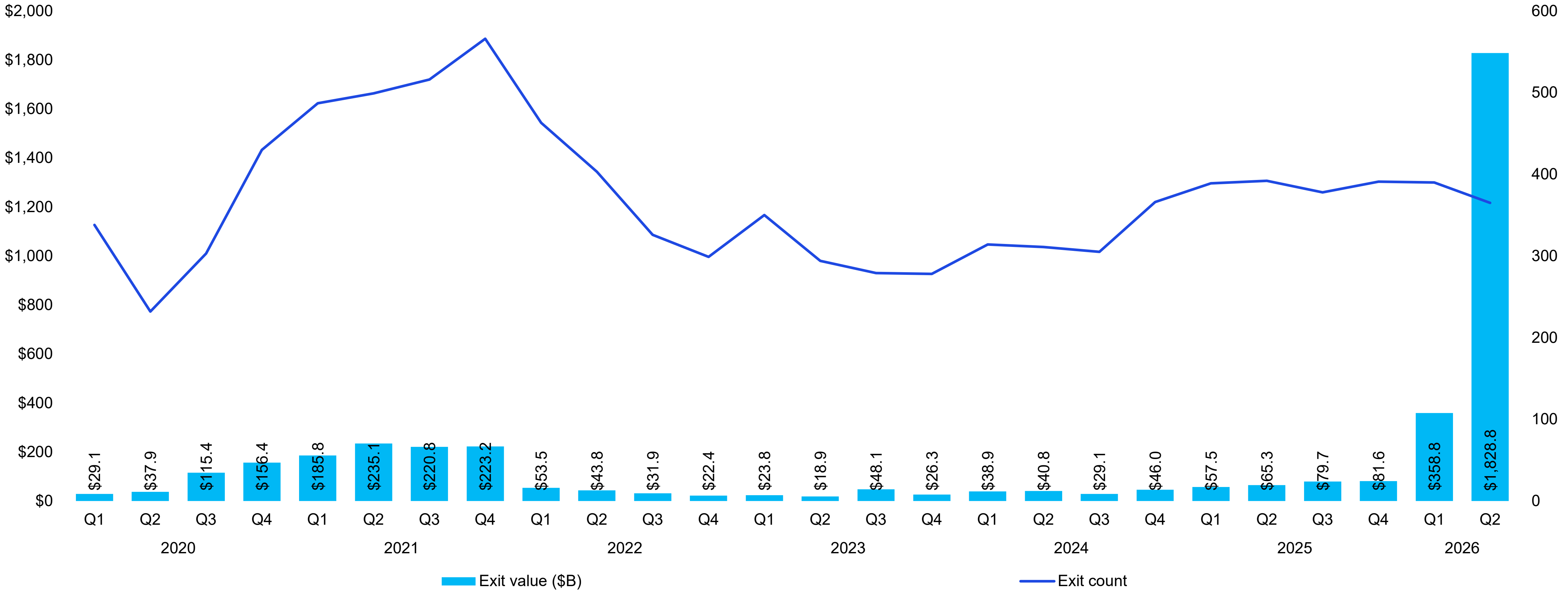


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

SpaceX accounts for the bulk of 2026 liquidity

Venture-backed exit activity in the US

2020–Q2'26

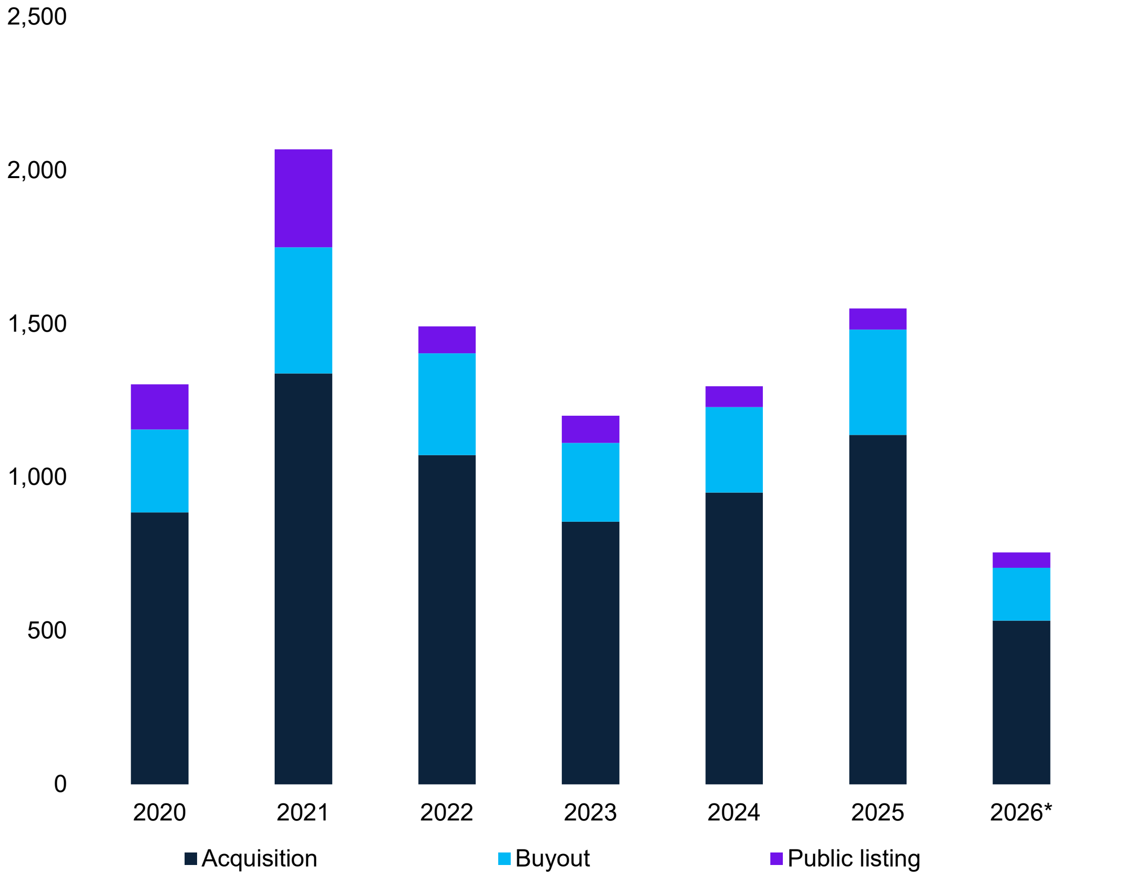


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

SpaceX IPO and xAI transaction drive outsized exit value

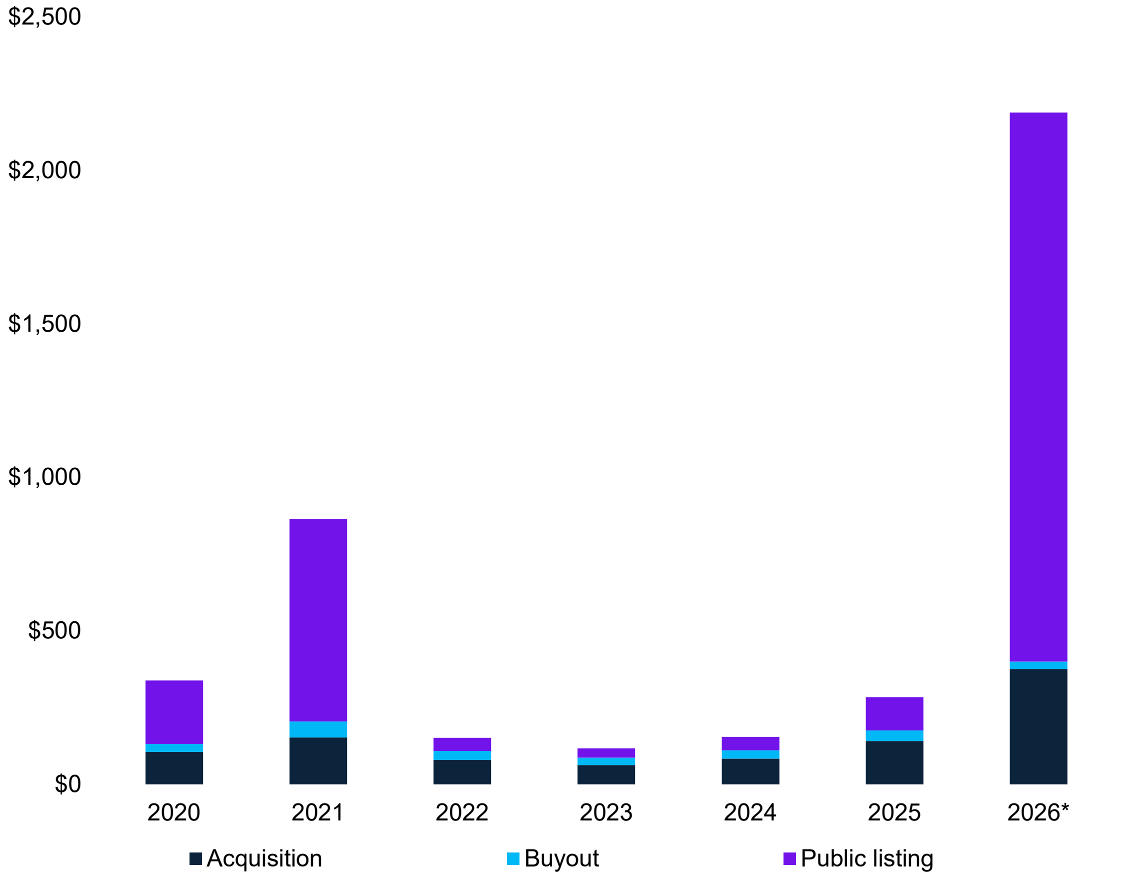
Venture-backed exit activity (#) by type in the US

2020–2026*



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

2020–2026*

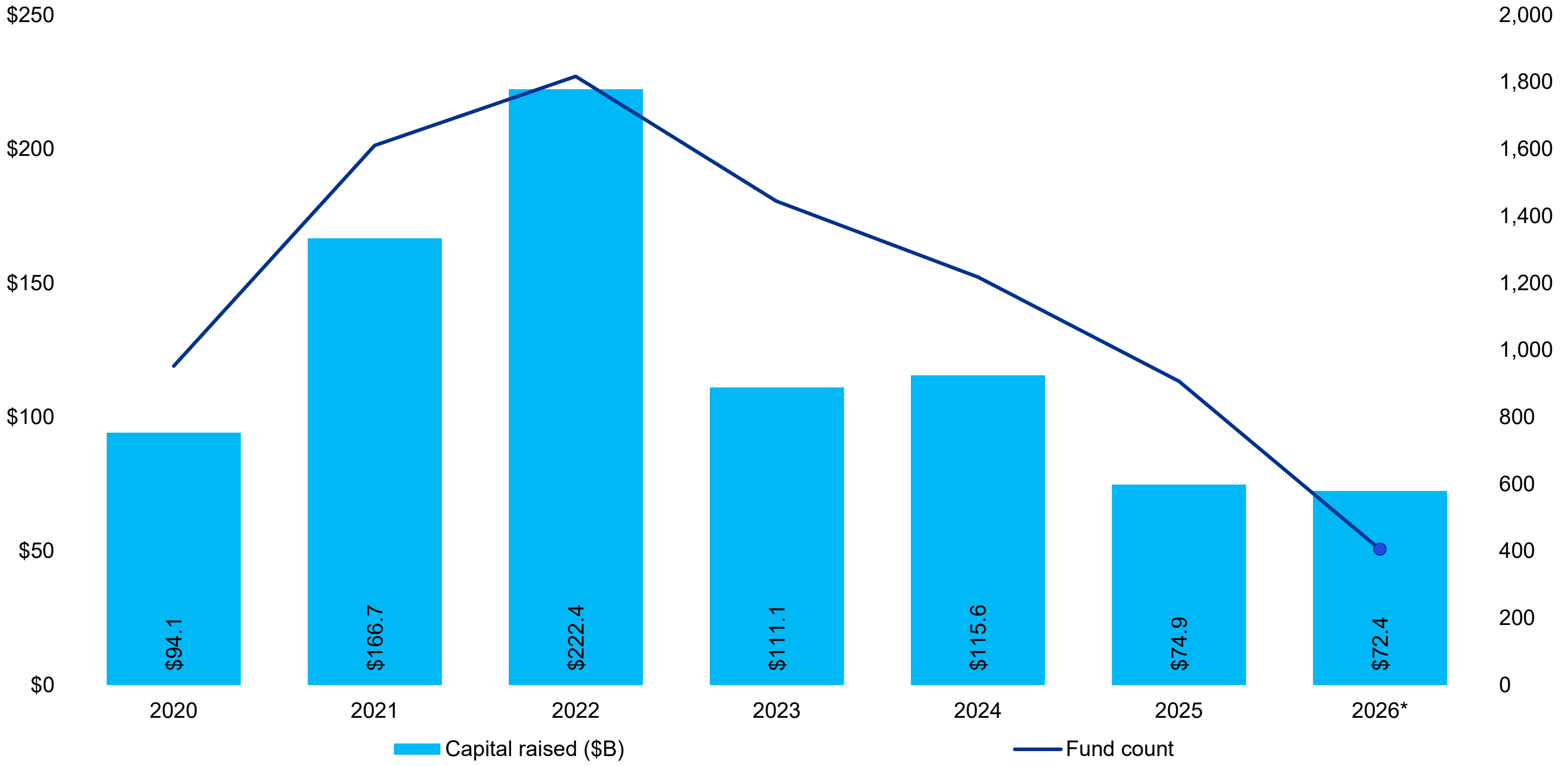


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

The fundraising cycle benefits from flagship fund closes

US venture fundraising

2020–2026*



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

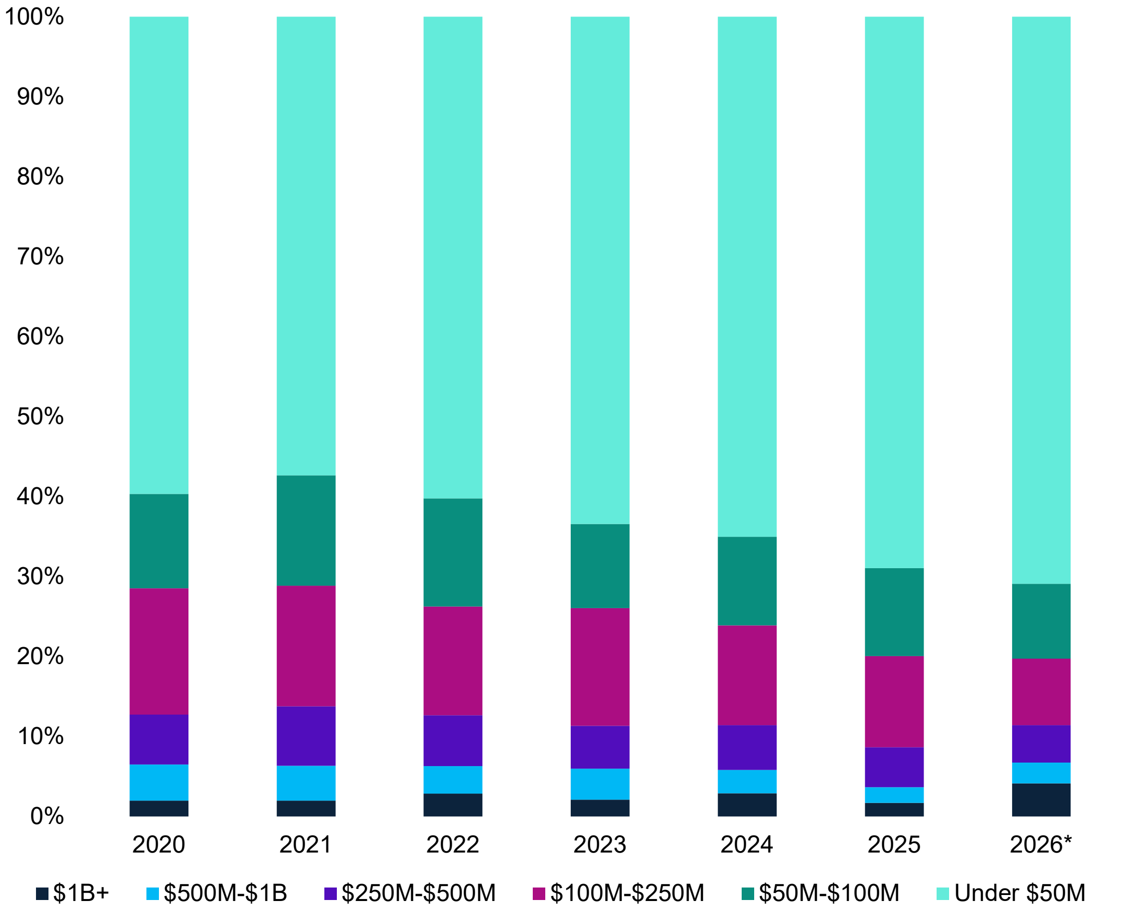
"AI has excellent momentum at the moment, despite there being a real question of whether the valuations will ever pan out for some of the biggest startups. But part of the momentum is that investors are making bets on total addressable market. While the market isn't necessarily there today, investors are betting that it will be built — that AI has the ability to influence the world in ways that we haven't seen before. And in that sense, the total potential addressable market is very, very large."

Scott Burger
Partner
KPMG in the US

Small funds continue to close, but bulk commitments concentrate at the $1B+ stage

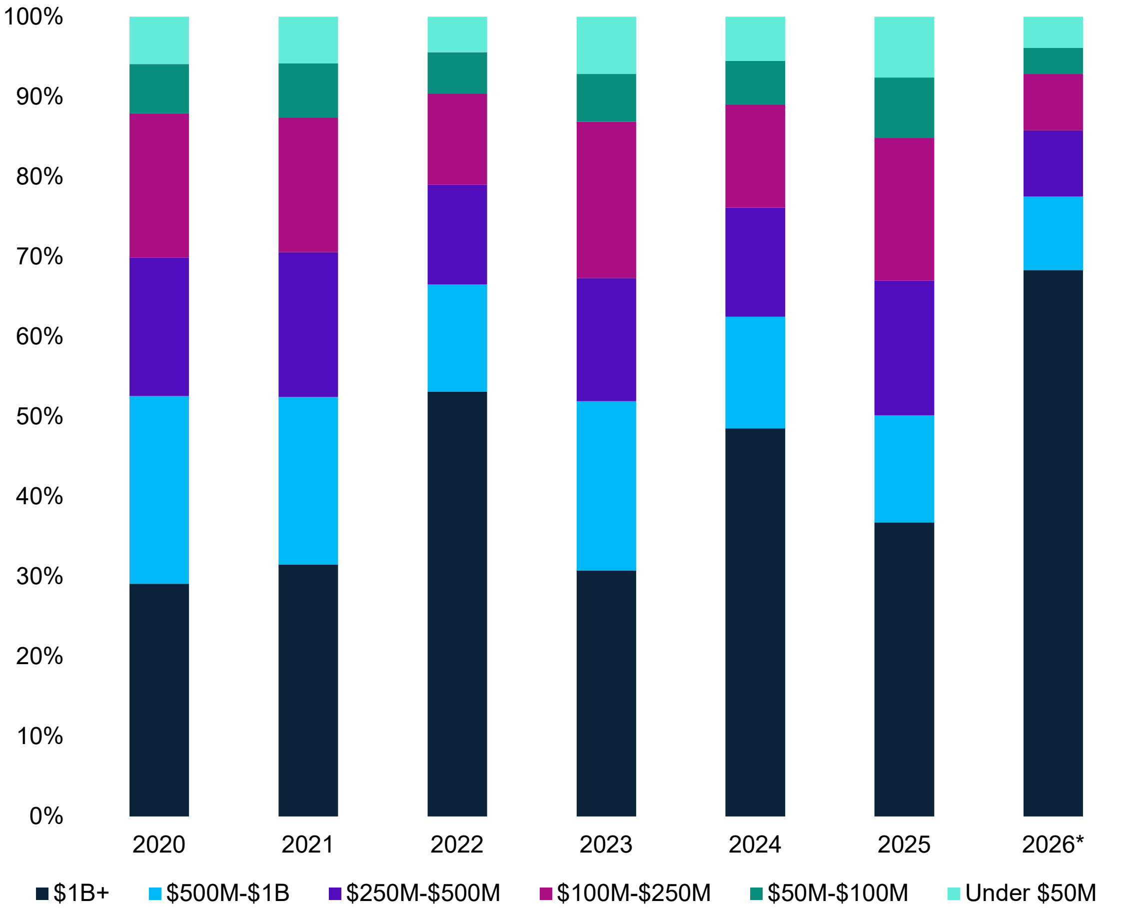
Venture fundraising (#) by size in the US

2020–2026*



Venture fundraising ($B) by size in the US

2020–2026*

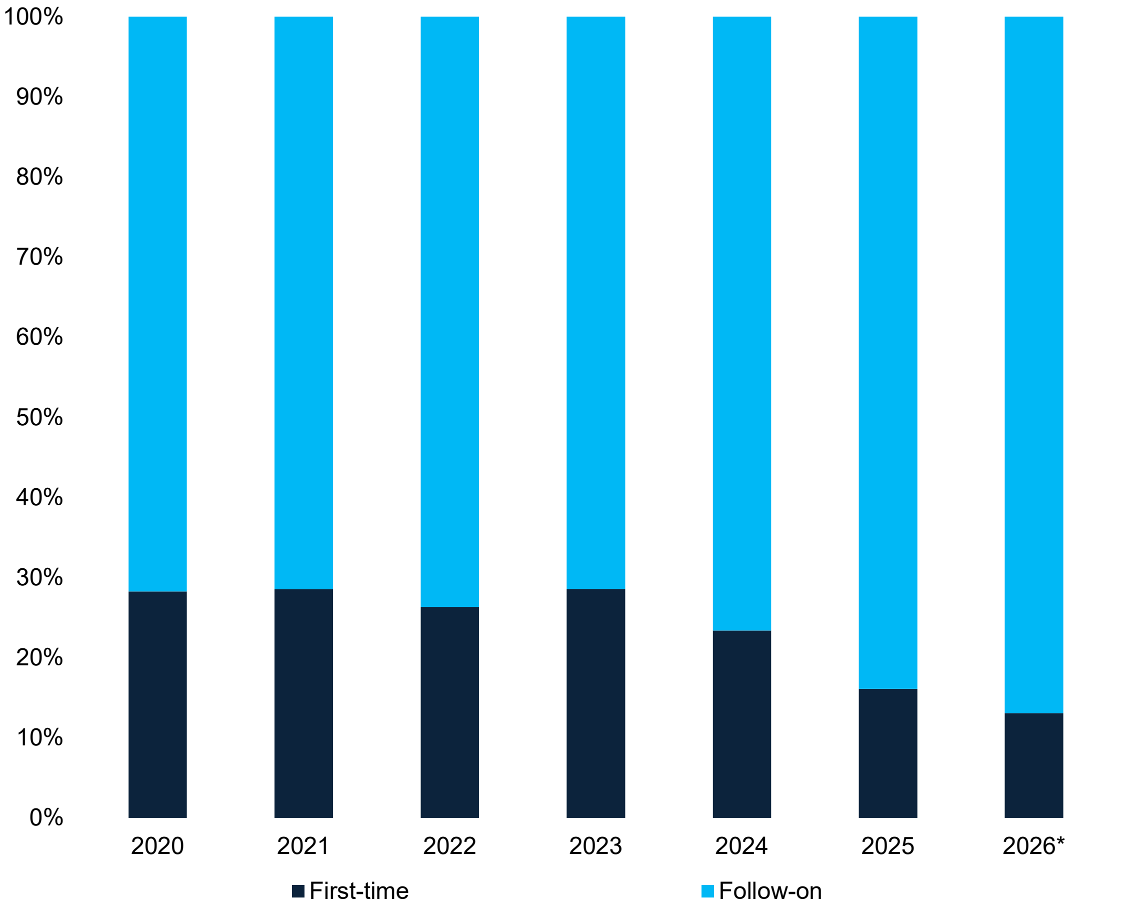


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Commitments concentrate among existing LP base

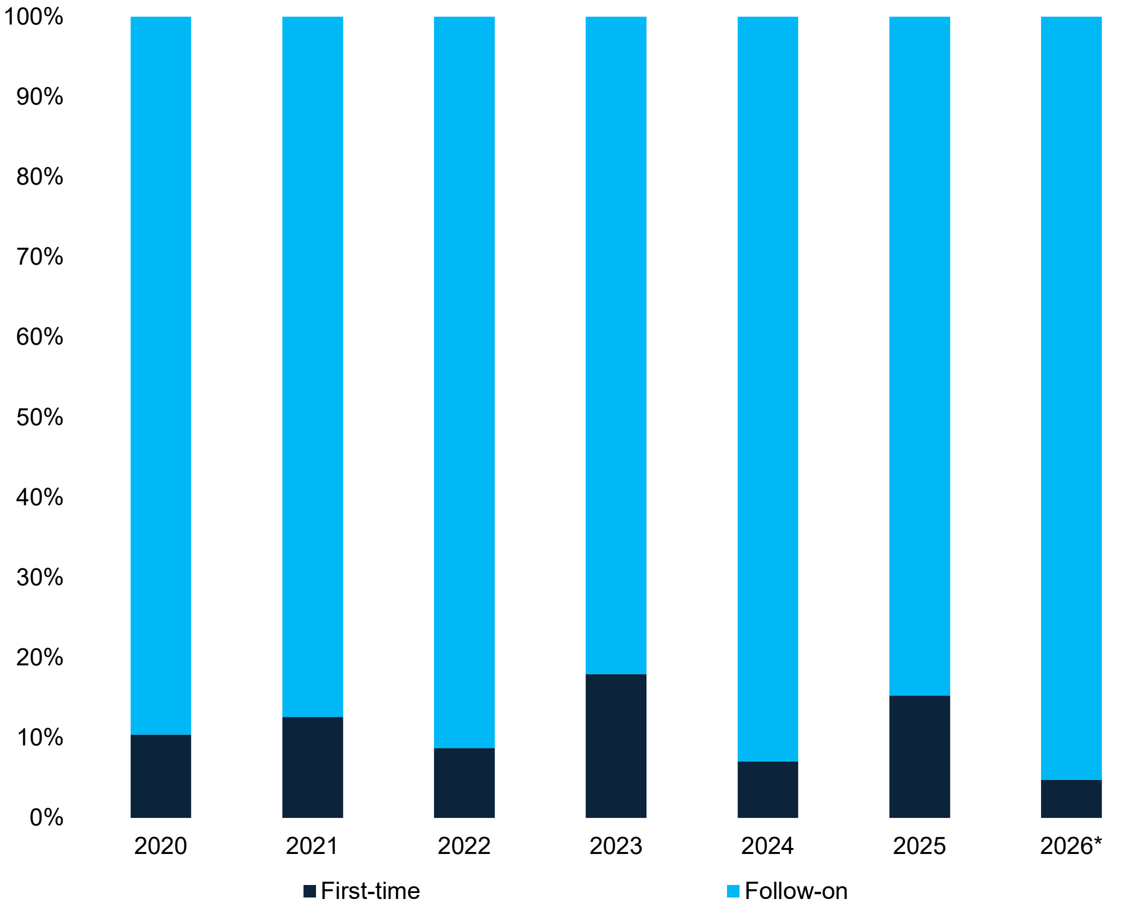
First-time vs. follow-on funds (#) in the US

2020–2026*



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

2020–2026*



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

In Q2'26, VC-backed companies in the Americas raised $150 billion across 3,999 deals

KPMG
Private Enterprise

After banner Q1'26, VC investment in the Americas remains robust in Q2'26

While VC investment in the Americas fell well short of the record high set in Q1'26, the $150 billion seen during Q2'26 represented the region's second strongest quarter ever. The robust result was driven significantly by large AI funding rounds in the US (Anthropic — $65 billion; Project Prometheus — $12 billion; Anduril Industries — $5 billion).

US dominates VC investment in the Americas, but Canada and Mexico also attract solid investment

The US dominated the VC market in the Americas during Q2'26, accounting for $145 billion in investment across 3,644 deals, including all but one of the nine of $1 billion+ deals in the region. Canada attracted the second largest share of VC investment ($1.46 billion across 183 deals), including a C$302 million raise by digital mortgage platform Nesto[13] and a C$130 million raise by challenger bank Koho; Koho's raise earned the company coveted unicorn status with a valuation of C$1.33 billion.[14]

In Latin America, Mexico attracted the largest share of VC funding during Q2'26 ($440.8 million), propped up by a $405 million raise by digital bank Plata Card. VC investment in Brazil remained steady with $391.6 million raised during the quarter, including AI-powered litigation platform Enter becoming Latin America's first AI unicorn.[15]

Fintech sees strong investment across the Americas in Q2'26

Fintech continued to be a very strong sector for VC investment across the Americas, with companies in several jurisdictions attracting sizable funding rounds, including financial services market intelligence platform AlphaSense ($350 million),[16] Canada-based Nesto (C$302 million) and Koho (C$130 million), and Mexico-based Plata Card ($405 million). The Koho raise in Canada was particularly interesting as it drew attention to how close the digital bank is to obtaining a federal banking license from OSFI.[17]

While IPO environment continues to improve in US and Canada, exit concerns remain in Latin America

Exit activity in the US continued to improve in Q2'26, with IPO activity gaining the spotlight amid SpaceX's record-breaking $75 billion IPO on the Nasdaq and announcements that Anthropic and OpenAI had both filed confidentially with the SEC. The quarter also saw several other notable IPOs, including the Nasdaq debut of U.S.-based AI chipmaker Cerebras and the public offering of electric scooter and e-bike company Lime. Canada also saw some fresh IPO interest following on the $302 million SPAC merger of photonic quantum computing company Xanadu with Crane Harbor Acquisition Corp, which saw the company list on both the Nasdaq and the Toronto Stock Exchange at the end of Q1'26;[18] during Q2'26, Canada-based last mile delivery company UniUni filed plans to go public on the Toronto Stock Exchange via a SPAC merger with MAK Acquisition Corp.[19]

In Latin America, uncertainty around exit routes continued to permeate the market, with growing concern for the ability of VC investors to recycle their capital. The lack of predictable exit routes has eroded investor confidence, making it more difficult for early stage startups to attract attention.

[13] nesto Group, "nesto raises $302 million Series E at $1.47 billion valuation to accelerate growth", 10 June 2026, NestoGroup.ca, accessed 5 July 2026. https://nestogroup.ca/industry-news/nesto-raises-302-million-series-e-at-1-47-billion-valuation-to-accelerate-growth/
[14] Josh Scott, "Koho becomes Canada's latest unicorn following $130-million Series E round", 11 June 2026, BetaKit.com, accessed 5 July 2026. https://betakit.com/koho-becomes-canadas-latest-unicorn-following-130-million-series-e-round/
[15] Rafael Silva Santos, "Brazil's Enter Becomes Latin America's First AI Unicorn at $1.2B", 7 May 2026, RioTimesOnline.com, accessed 5 July 2026. https://www.riotimesonline.com/enter-brazilian-legal-ai-unicorn-1-2-billion-may-2026/
[16] AlphaSense, "AlphaSense Raises $350M at $7.5B Valuation, and Surpasses $600M in Annual Recurring Revenue", 3 June 2026, Alpha-Sense.com, accessed 5 July 2026. https://www.alpha-sense.com/press/alphasense-raises-350m-at-7-5b-valuation-and-surpasses-600m-in-annual-recurring-revenue/
[17] Naimul Karim, "Koho moves closer to getting banking licence after raising $130 million", 11 June 2026, Financial Post via Yahoo Finance, accessed 5 July 2026. https://ca.finance.yahoo.com/news/koho-moves-closer-getting-banking-110050793.html
[18] Xanadu, "Xanadu Becomes First Pure-Play Photonic Quantum Computing Company to Go Public", 27 March 2026, Xanadu.ai, accessed 5 July 2026. https://www.xanadu.ai/press/xanadu-becomes-first-pure-play-photonic-quantum-computing-company-to-go-public
[19] MAK Acquisition Corp, "UniUni, North America's Fastest-Growing Last-Mile Delivery Platform, Moves Closer to TSX Listing as Preliminary Prospectus Is Filed", 11 June 2026, Yahoo Finance, accessed 5 July 2026. https://finance.yahoo.com/markets/stocks/articles/uniuni-north-america-fastest-growing-210000143.html

After banner Q1'26, VC investment in the Americas remains robust in Q2'26, cont'd.

Canada continues to see healthy VC investment in Q2'26

VC investment in Canada was steady in Q2'26, although deal sizes paled compared to those in the US. While fintech was the big winner for VC investment in Canada during the quarter, quantum computing also gained significant attention in the wake of Xanadu's public listing via a SPAC merger in late March. The successful listing has drawn attention to Canada's strong quantum computing ecosystem and should help keep quantum companies in Canada.

The Canadian government continued to show strong support for both quantum and AI innovation in Canada during Q2'26; in May, it announced a National AI Strategy to help support the development of sovereign AI capabilities and the scale-up of Canadian startups; the strategy highlighted five priority sectors for AI development: health and life sciences, energy and natural resources, transportation, agriculture, and manufacturing and robotics, in addition to dual-use defensetech applications.[20]

$405 million raise by Plata Card round highlights focus on large deals in Mexico

The VC market in Mexico continues to be characterized by a small number of large, late-stage VC deals, rather than by a strong number of deals. During Q2'26, digital bank Plata Card raised a $405 million funding round, one of the few deals to exceed $100 million+ in the quarter. This raise is particularly notable as it highlights the growing maturity of the fintech market in Mexico and the growing size of deals as VC investors increasingly focus on perceived market winners.

In addition to these larger deals, Q2'26 saw VC investors in Mexico making investments in high-quality seed and early-stage startups in nascent sectors, such as accessible medical care insurtech platform Sofia, which announced new financing during the quarter.[21] VC investors view the health-focused insurtech space as a significant opportunity for growth given the challenges Mexico faces in terms of healthcare access and affordability.

Despite relatively soft VC investment environment, Brazil sees first AI startup reach unicorn status

VC investment in Brazil remained somewhat quiet in Q2'26 as VC investors, particularly global investors, continued to take a disciplined and selective approach to dealmaking. Despite the current lull, there was a sense of optimism in Brazil during the quarter, helped by AI-powered legaltech Enter becoming Latin America's first AI unicorn through a $100 million Series B raise that earned the startup a valuation of $1.2 billion. AI is seen as a high-potential area of investment in Brazil — and in Latin America more broadly — given existing market and infrastructure challenges, and the belief that local AI startups could be better positioned than large, global LLMs to address them. Over the next few quarters, Brazil could see a growing number of AI start-ups focused on providing niche industry solutions.

[20] Innovation, Science and Economic Development Canada, "Canada's National Artificial Intelligence Strategy: AI for All", 2026, Government of Canada (ISED), accessed 5 July 2026. https://ised-isde.canada.ca/site/ised/en/canadas-national-artificial-intelligence-strategy-ai-all
[21] Gunderson Dettmer, "Mexico-based Sofía Announces New Financing", 5 May 2026, Gunder.com, accessed 5 July 2026. https://www.gunder.com/en/news-insights/client-news/mexico-based-sofia-announces-new-financing

After banner Q1'26, VC investment in the Americas remains robust in Q2'26, cont'd.

Trends to watch for in Q3'26

Heading into Q3'26, AI will likely remain one of the hottest tickets for VC investors in the US and Canada, while fintech continues to drive the bulk of VC investment in Latin America.

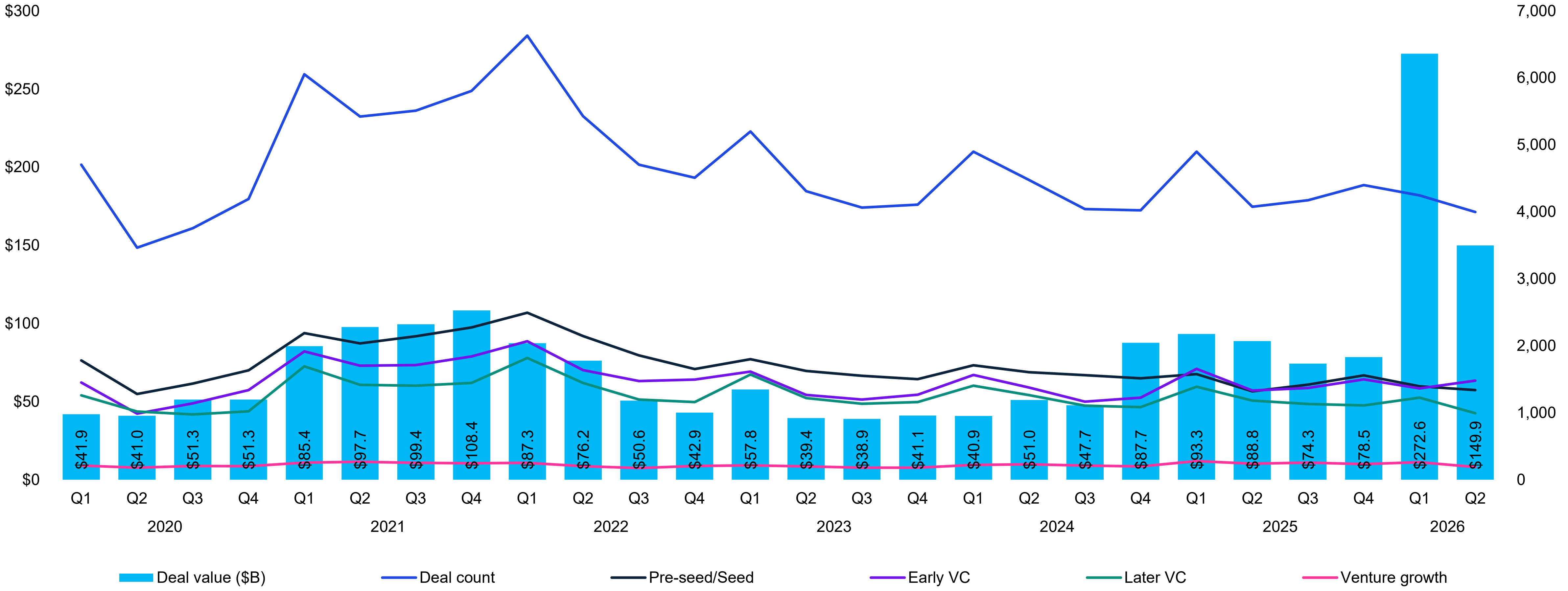
Exit activity is expected to be a key focus for VC investors across the Americas, with many eyes watching the US IPO market in the wake of SpaceX's IPO in Q2'26. While exit activity in Latin America has been challenged in recent quarters, there is some expectation that the fintech space could start to see consolidation over the next year as leaders in the space continue to emerge.

For Mexico and Canada, developments related to the USMCA/CUSMA review could be an important area to watch over the next quarter, particularly for startups focused on manufacturing and automotive sectors.

2026 continues elevated investment levels

Venture financing in the Americas

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

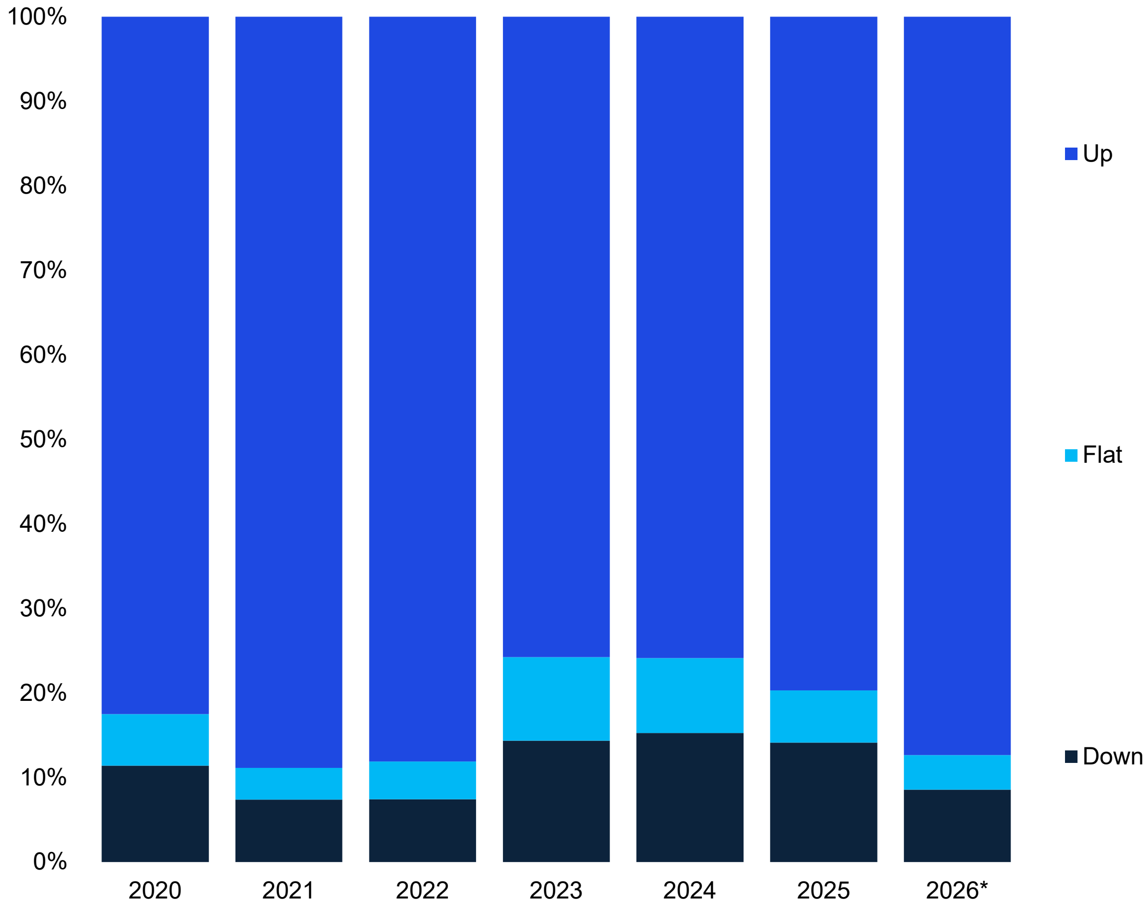
Broader medians are somewhat more tempered

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

2020–2026*

Up, flat or down rounds in the Americas

2020–2026*



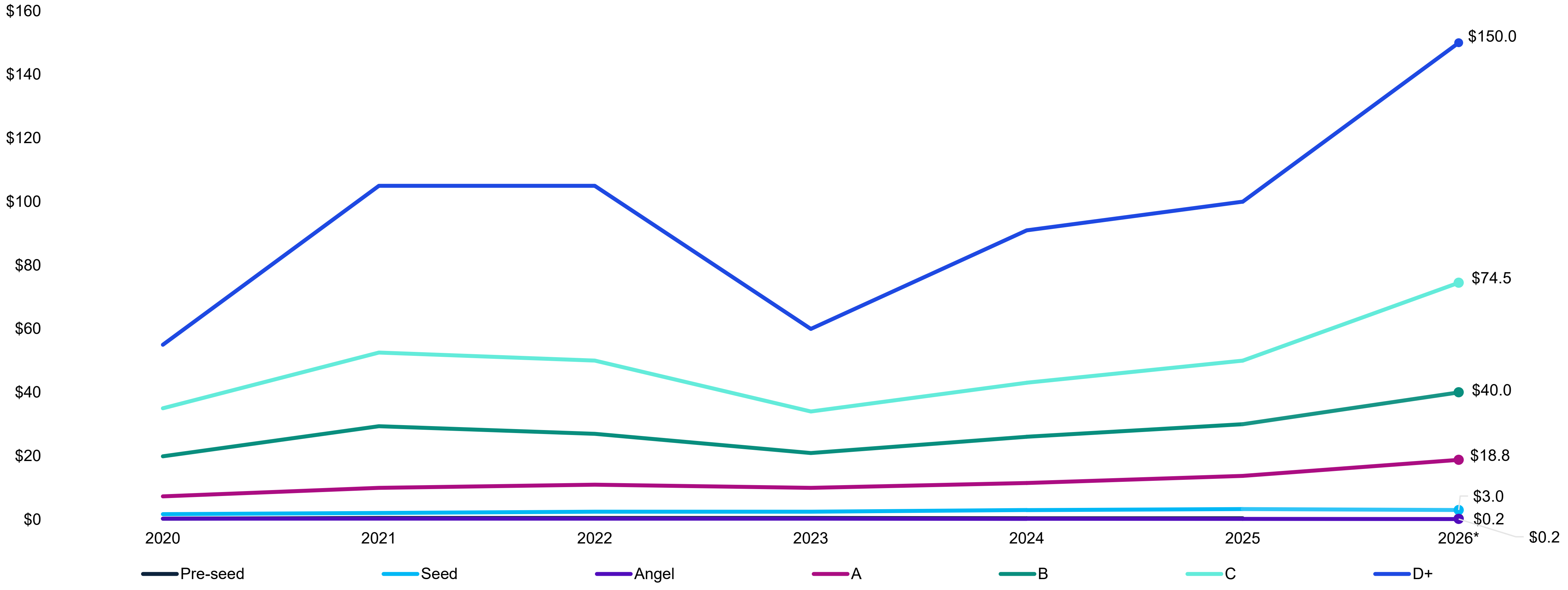
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

KPMG Private Enterprise

Deal sizes maintain a year-over-year gain

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

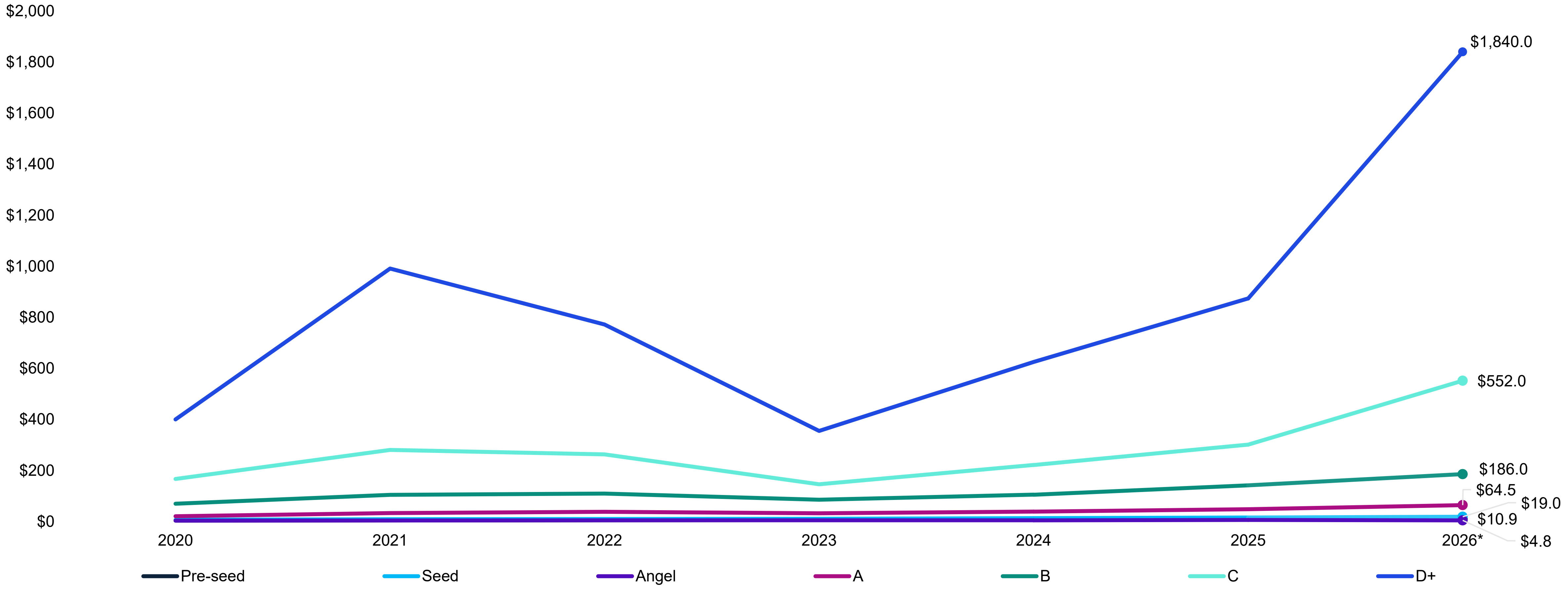
2020–2026*



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Valuations rise across the board, borne off a general AI-driven rise

Median pre-money valuation ($M) by series in the Americas
2020–2026*

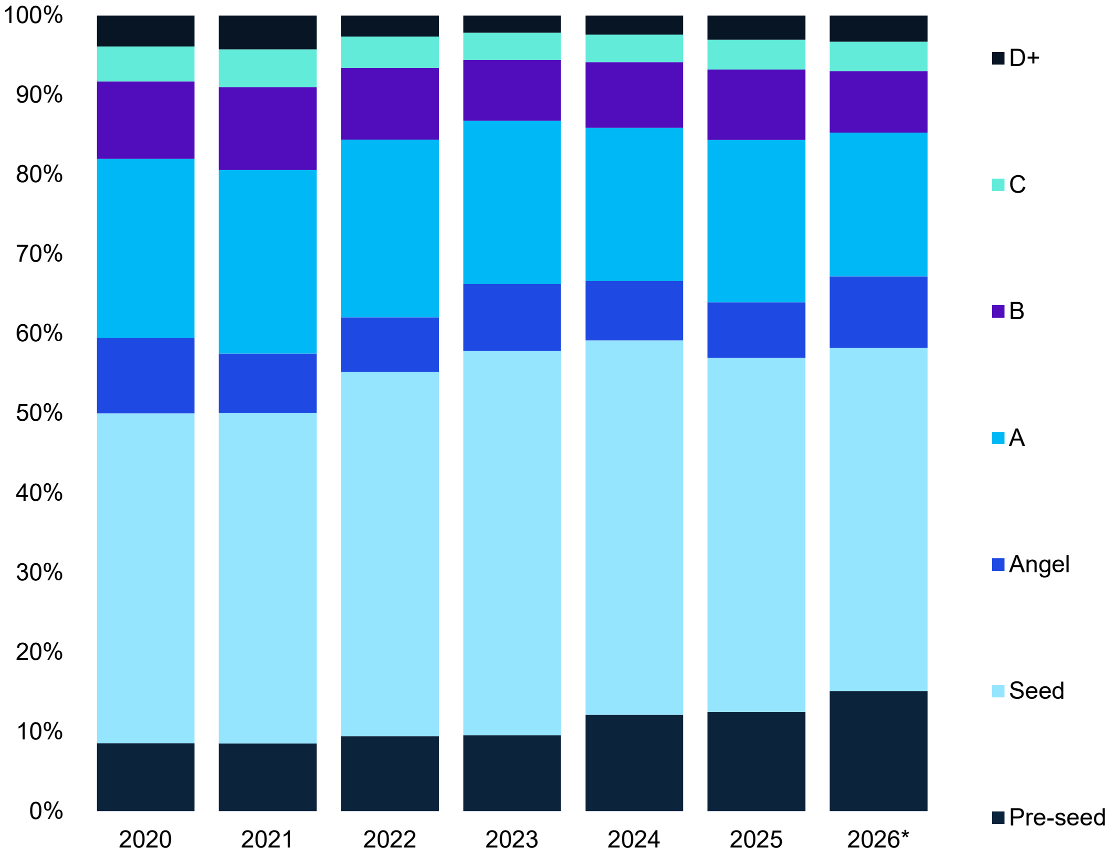


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.
Note: The angel 2026* figure is based on a non-normative population.

AI drives a record surge in megadeals

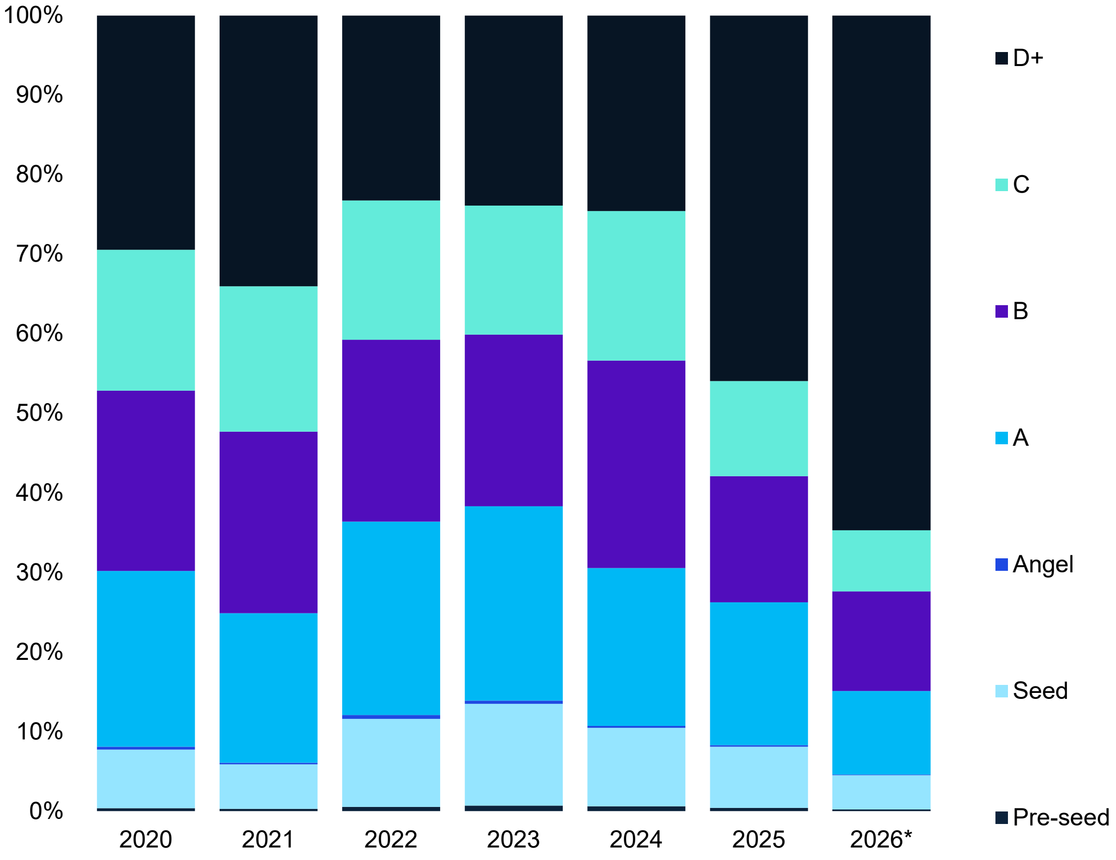
Deal share by series in the Americas

2020–2026*, number of closed deals



Deal share by series in the Americas

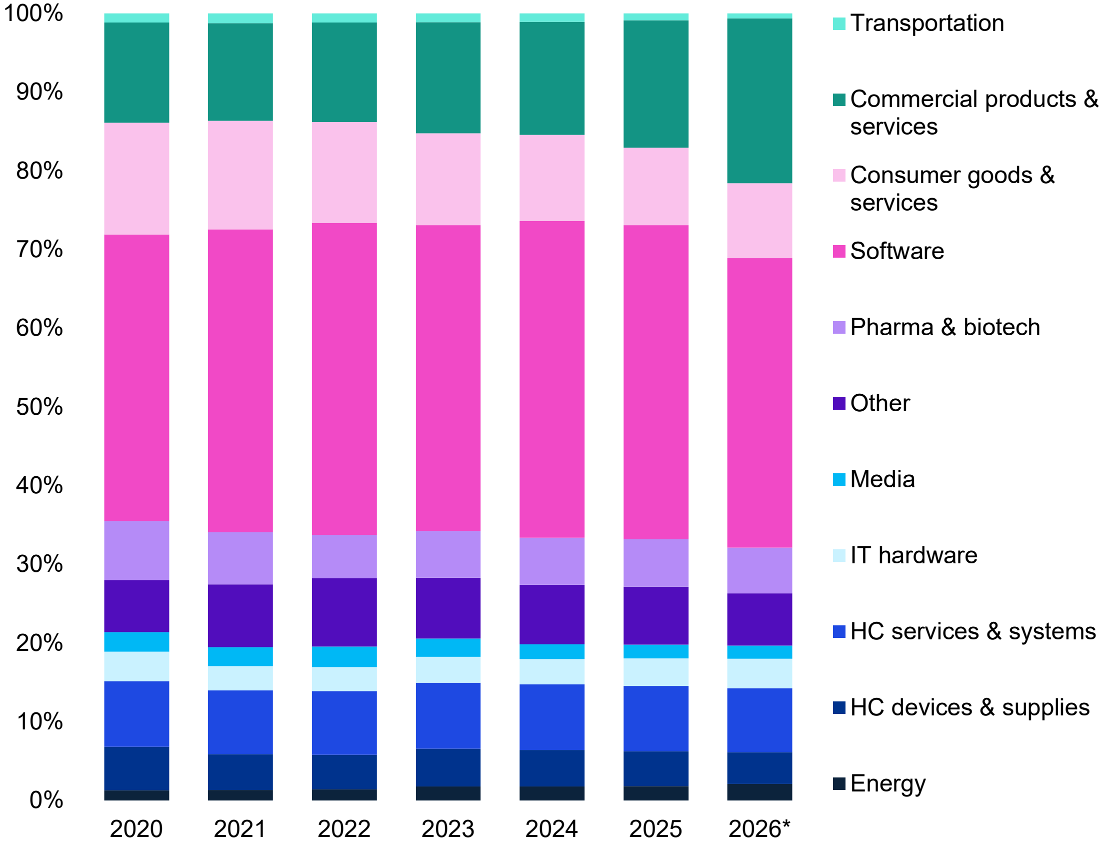
2020–2026*, VC invested ($B)



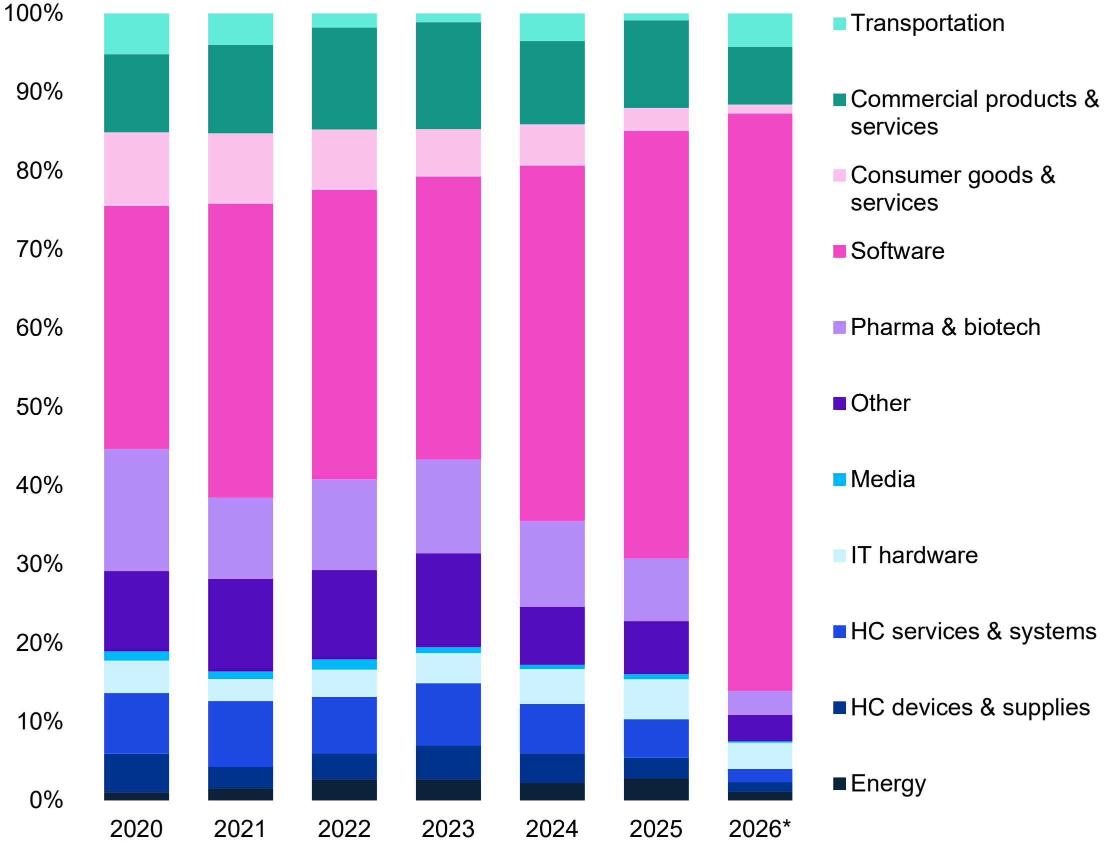
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

AI-related activity contributes to software's large share of VC investment

Venture financing by sector in the Americas
2020–2026*, # of closed deals



Venture financing by sector in the Americas
2020–2026*, VC invested ($B)

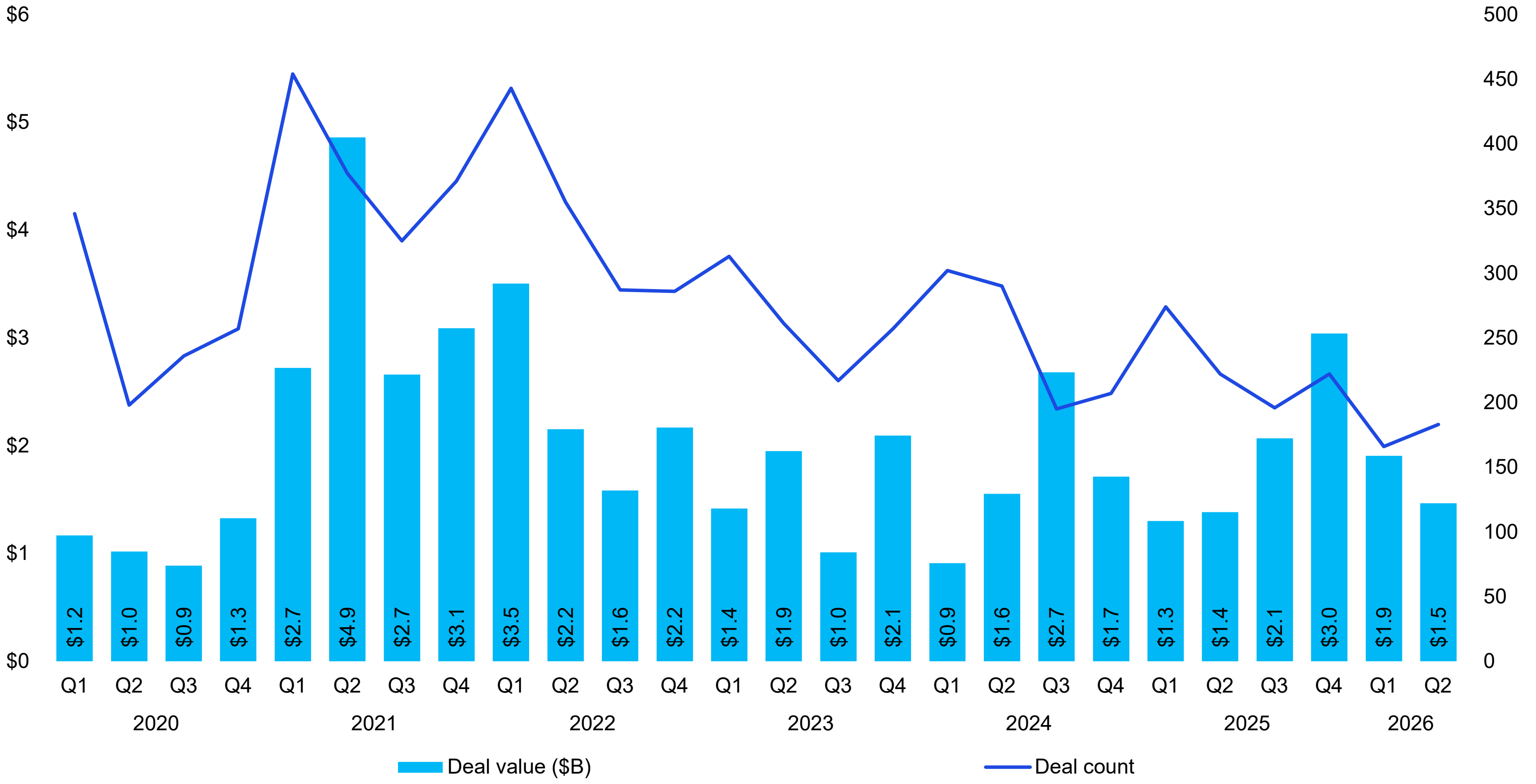


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Canadian ecosystem sees another unicorn creation

Venture financing in Canada

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

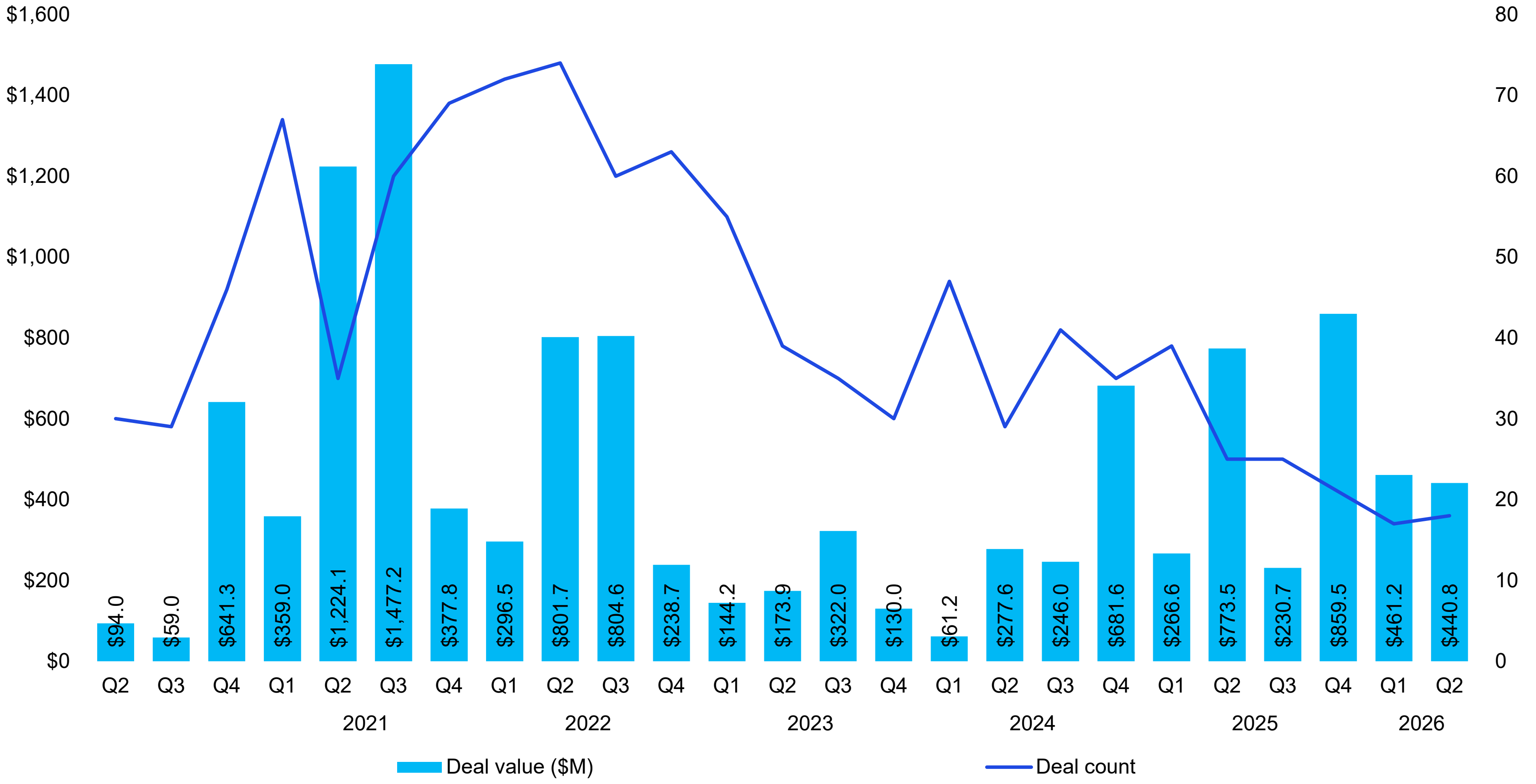
"With the amount of attention being paid to areas like AI and quantum at the moment here in Canada, other market developments can fly under the radar. One interesting development that could be easily missed this quarter was the close of certain social impact funds, an impact fund-of-funds that brings together government and private sector capital to support social finance activities and drive social impact. Social finance may be a niche area, but it's one that could substantively drive positive impact across Canada in the years ahead."

Ryan Forster
Partner
KPMG in Canada

Mexico sees a handful of robust deals

Venture financing in Mexico

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

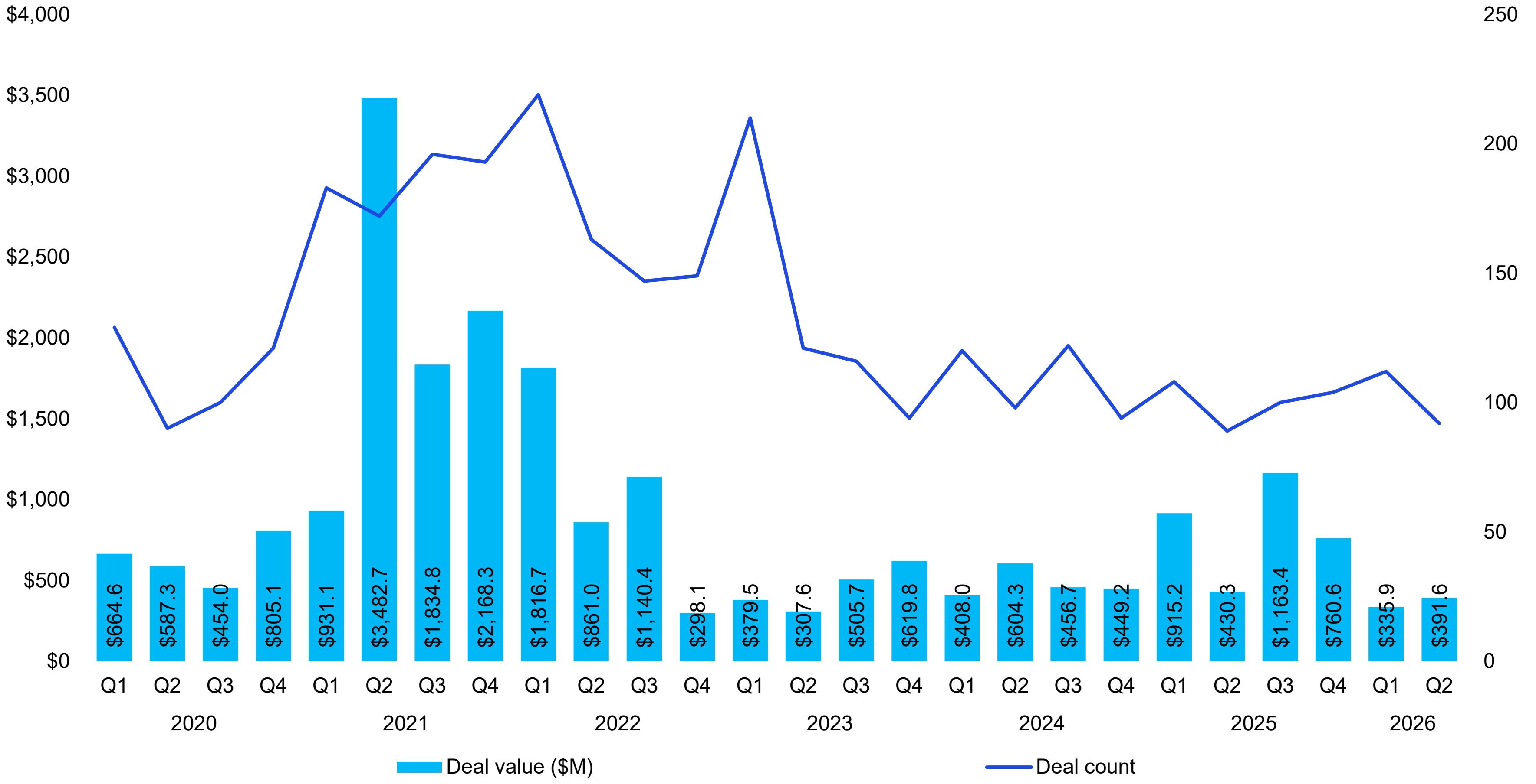
"I believe the healthcare sector is going to gain a lot more attention from VC investors in Mexico, particularly when it comes to the provision of health insurance. Currently, the public health system is very overcrowded here, while private health insurance is very expensive and out of the reach of most of the population. There's a strong opportunity for insurtechs in the middle of these two options, startups able to improve both access to and the affordability of healthcare."

Guillermo Goñi
Partner
KPMG in Mexico

Brazil's ecosystem continues to benefit from Nubank influence

Venture financing in Brazil

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

"Venture capital in Brazil continues to move at a selective pace, but the most important signals in 2026 are qualitative: capital is returning with greater discipline, favoring business models with strong operational efficiency, proven traction and a clear path to liquidity. The next phase of the Brazilian ecosystem is likely to be driven by vertical AI solutions applied to local challenges, particularly in complex sectors such as legal, financial services, healthcare and corporate back-office."

Carolina Oliveira
Global Lead of Emerging Giants, KPMG International Private Enterprise Leader
KPMG Brazil and South America Cluster

In Q2'26, European VC-backed companies raised $25.6 billion across 1,636 deals

KPMG
Private Enterprise

Europe sees solid VC investment in Q2'26, driven by large deals in the UK

Total VC investment in Europe remained very strong in Q2'26, reaching $25.6 billion. While down slightly from the $25.95 billion recorded in Q1'26, it marked the second-highest quarterly total in the past four years. The number of VC deals remained at historically low levels as VC investors focused on making larger bets on a smaller number of startups.

AI continues to attract large deals in Europe, including region's largest ever seed deal

VC investors in Europe continued to pour money into the AI space during Q2'26, although they increasingly prioritized AI native companies over software companies working to add AI on top of their existing offerings. UK-based AI companies attracted the largest deals of the quarter, including a $2.1 billion Series B raise by AI-accelerated drug discovery company Isomorphic Labs, and a $1.1 billion seed raise by AI lab Ineffable Intelligence. During the quarter, an autonomous driving company also raised $60 million in follow-on funding to its Q1'26 round,[22] for a combined total of $1.26 billion, while collaborative AI platform Legora raised $50 million in add-on funding to its Q1'26 Series D round, for a total of $600 million.[23]

The size of the Ineffable Intelligence raise, the largest seed round ever in Europe, highlights how many VC investors in the region are taking a high-risk, high-reward approach to AI, making larger bets earlier in the investment cycle in order to get in on perceived high-growth AI opportunities. This contrasts with the significantly more cautious investment strategies European VC investors are taking to opportunities in other sectors.

Defensetech and dual-use solutions becoming mainstream for VC investors

Over the last year, defensetech has evolved from an off-limits area of VC investment into one considered mainstream in Europe, driven both by protracted geopolitical conflicts and tensions and by the increasing focus of governments in the region on the development of sovereign defense capabilities. VC investors have shown interest in a broad range of both defensive and offensive defensetech solutions, from autonomous vehicles, drones and spacetech, to intelligence, secure communications and cyber solutions. They've also shown significant interest in dual-use solutions; during Q2'26, France-based dual-use hybrid-electric aircraft company Aura Aero raised €50 million in equity funding (part of a broader €340 million package that also included grant and debt financing, which are excluded from VC deal totals).

Corporates have also started to become more active investors in the defensetech space in recent quarters. During Q2'26, a UK-based defense firm announced that it was investing €25 million into two separate defensetech VC funds, one managed by Expeditions and one managed by Lakestar.[24]

UK sees strong VC investment momentum

In the UK, momentum in the VC market continued to grow in Q2'26, although total VC investment fell slightly shy of the near record $9.8 billion raised in Q1'26. AI startups attracted a significant portion of VC investment in Q2'26, including those focused on developing AI native solutions for specific industries, like AI drug discovery platform Isomorphic Labs ($2.1 billion), and those focused on AI infrastructure. During Q2'26, the UK's £500 million Sovereign AI Fund also announced its first equity investment, in AI infrastructure firm Callosum; the fund reflects the UK government's commitment to helping AI startups build and scale.

Exit activity in the UK remained very soft during Q2'26, particularly on the IPO front; US investors, however, continued to show interest in acquiring UK startups, likely driven by their better multiples.

Germany VC market activity remains steady in Q2'26 despite decline in funding

After reaching a 15-quarter high in Q1'26, VC investment in Germany fell in Q2'26, although it remained quite steady compared to historical norms. VC investors continued to show strong interest in defensetech, AI and alternative energy; during Q2'26, for example, laser fusion firm Focused Energy raised a $240 million Series A round, while AI robotics company Sereact raised $110 million.

Quantum computing firm eleQtron, a spinout from research at the University of Siegen, raised a €57 million Series A round during the quarter, highlighting growing interest from VC investors in quantum computing applications both in Germany and across Europe.[25]

[22] Arjun Kharpal, "Chip giants AMD, Qualcomm and Arm back driverless car startup Wayve with fresh funds", 15 April 2026, CNBC.com, accessed 5 July 2026. https://www.cnbc.com/2026/04/15/wayve-fund-raise-amd-qualcomm-arm.html
[23] Legora, "Legora extends Series D with additional $50 million, welcomes Atlassian and NVentures as investors", 30 April 2026, Legora.com, accessed 5 July 2026. https://legora.com/newsroom/legora-extends-series-d-with-additional-50-million-welcomes-atlassian-and-nventures-as-investors
[24] BAE Systems, "BAE Systems invests in European VC funds", 16 June 2026, BAESystems.com, accessed 5 July 2026. https://www.baesystems.com/en-uk/article/bae-systems-invest-in-vc-firms-backing-european-start-ups
[25] Rahul Raj, "Germany's eleQtron raises €57 million Series A to scale quantum computing systems for industrial applications", 5 May 2026, EU-Startups.com, accessed 5 July 2026. https://www.eu-startups.com/2026/05/germanys-eleqtron-raises-e57-million-series-a-to-scale-quantum-computing-systems-for-industrial-applications/

Europe sees solid VC investment in Q2'26, driven by large deals in the UK, cont'd.

VC market activity in Nordics region picking up

VC activity in the Nordics continued its strong momentum in Q2'26, reaching $4.6 billion across 213 deals — the region's strongest quarter since Q1'21 — as investors continued to prioritize AI, defense technology, cleantech and other deeptech investments. The quarter included several sizable Nordic rounds, most notably Stegra's $1.6 billion late-stage VC financing in Sweden and ICEYE's $1.2 billion Series F round in Finland. While many investments in the region have been concentrated at earlier stages to date, the speed at which some startups are scaling could quickly translate into larger VC rounds and companies beginning to consider IPO opportunities. Deeptech also continued to gain attention across the Nordic region, although some startups have found it challenging to navigate later-stage funding routes. In Finland specifically, one notable recent trend has been the growing participation of pension funds in late-stage VC investing, driven largely by regulatory changes to allocation models.

Ireland continues to see VC investors focusing on profitability

VC investment in Ireland during Q2'26 was quite consistent with levels seen in recent quarters as VC investors continued to focus on startups with clear paths to profitability. AI enabled businesses attracted significant attention, primarily in the software space with Fonoa and CameraMatics raising relatively significant funding in the quarter. Many AI startups in Ireland have focused on developing industry and vertical AI solutions in order to take advantage of specific niche opportunities rather than on horizontal offerings. This has led to a prevalence of relatively small raises compared to what has been seen in the AI sector regionally and globally.

Trends to watch for in Q3'26

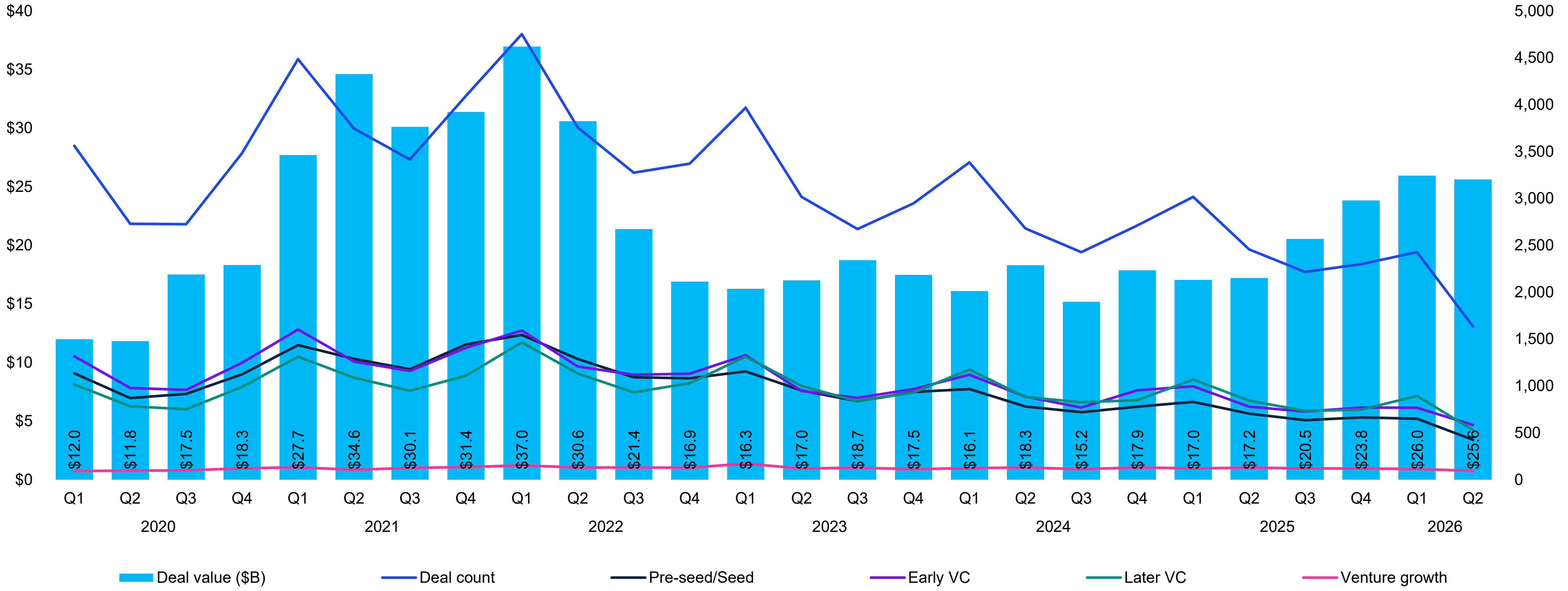
Looking ahead to Q3'26, AI and defensetech are expected to remain clear winners in terms of VC investment across Europe, in addition to areas like biotech and alternative energy.

Many VC investors in Europe are likely to be watching the US IPO market over the near term given the global impact that the IPOs of Anthropic and Open AI are likely to have. Longer term, one area to watch in Europe could be subscription-based business models; given the increasing integration of AI, pricing models could move from traditional per-seat approaches to ones based on volume or other metrics as companies look to enhance their profitability, sustainability and attractiveness to investors.

2026 logs another strong quarter for VC invested

Venture financing in Europe

2020–Q2'26

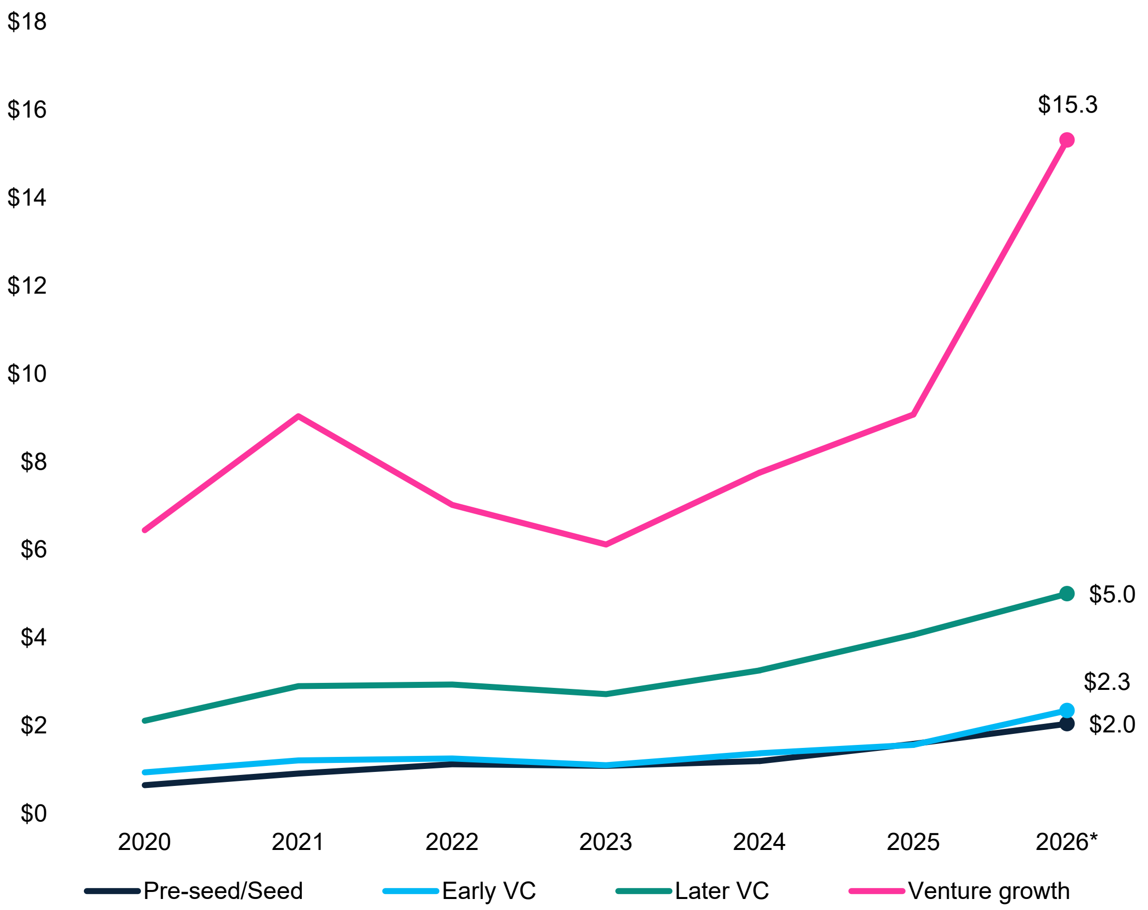


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Down rounds stay subdued, signs of tempered enthusiasm

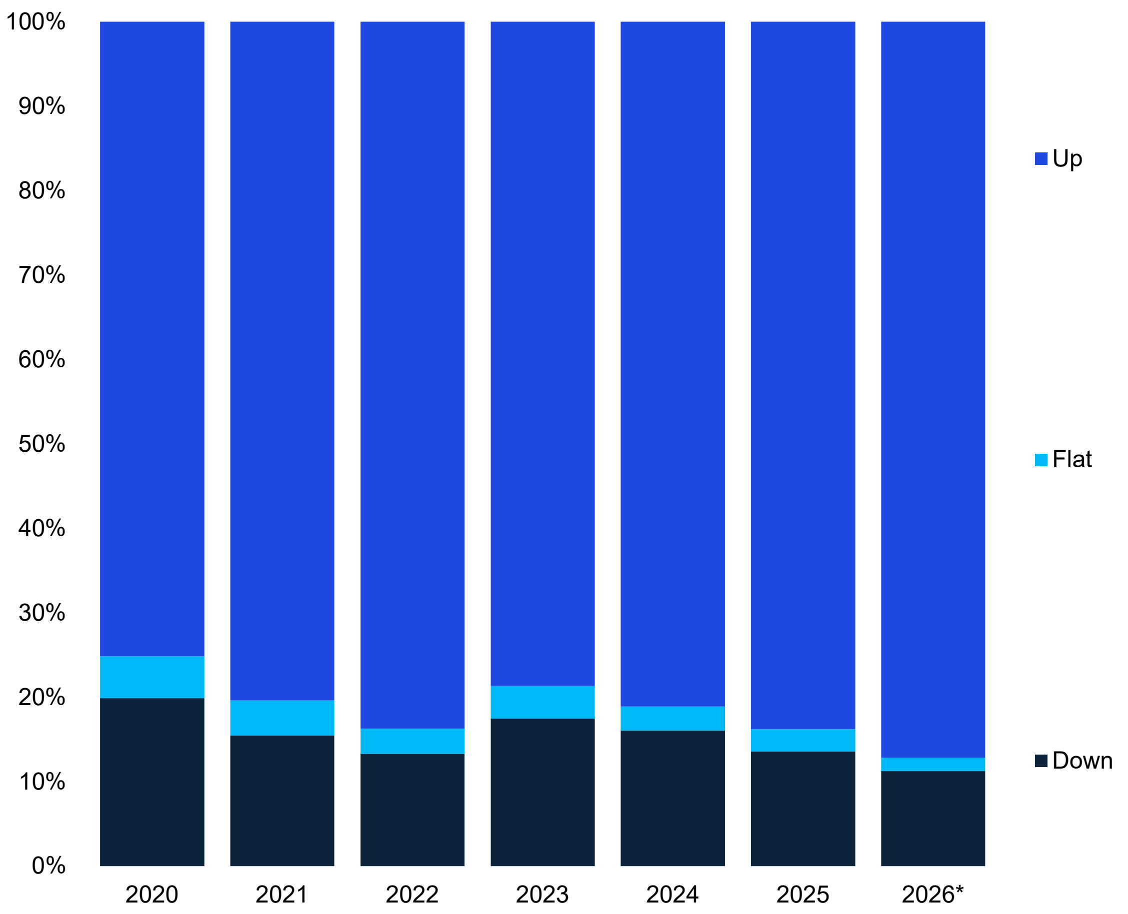
Median deal size ($M) by stage in Europe

2020–2026*



Up, flat or down rounds in Europe

2020–2026*

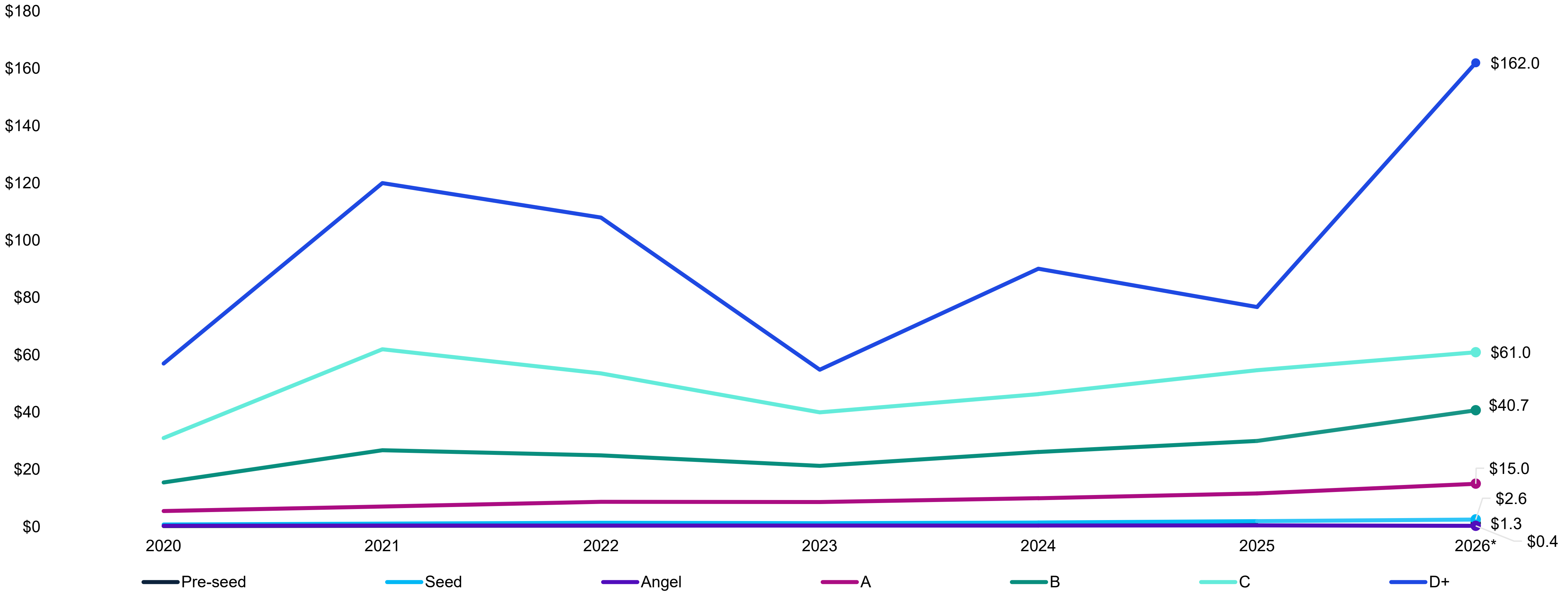


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Deal sizes cautiously rise across nearly every series

Median deal size ($M) by series in Europe

2020–2026*

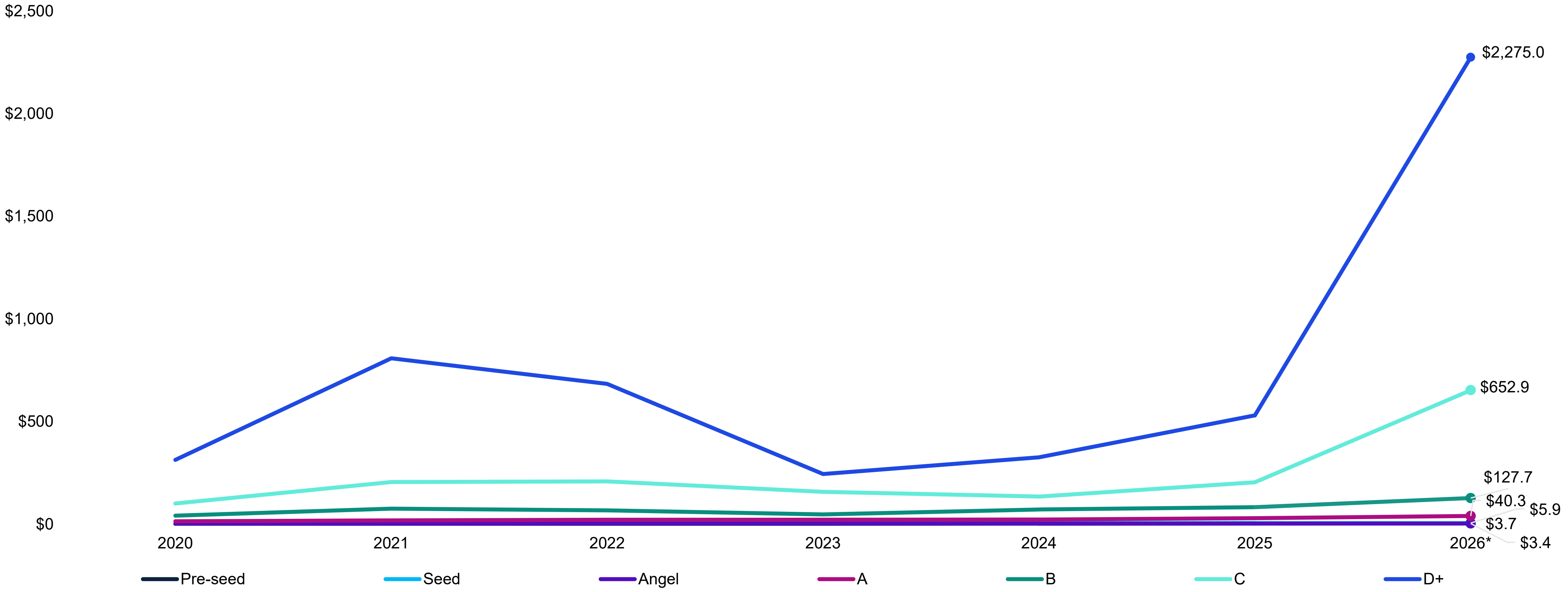


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Late-stage financing metrics are still underpinned by avid AI demand

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

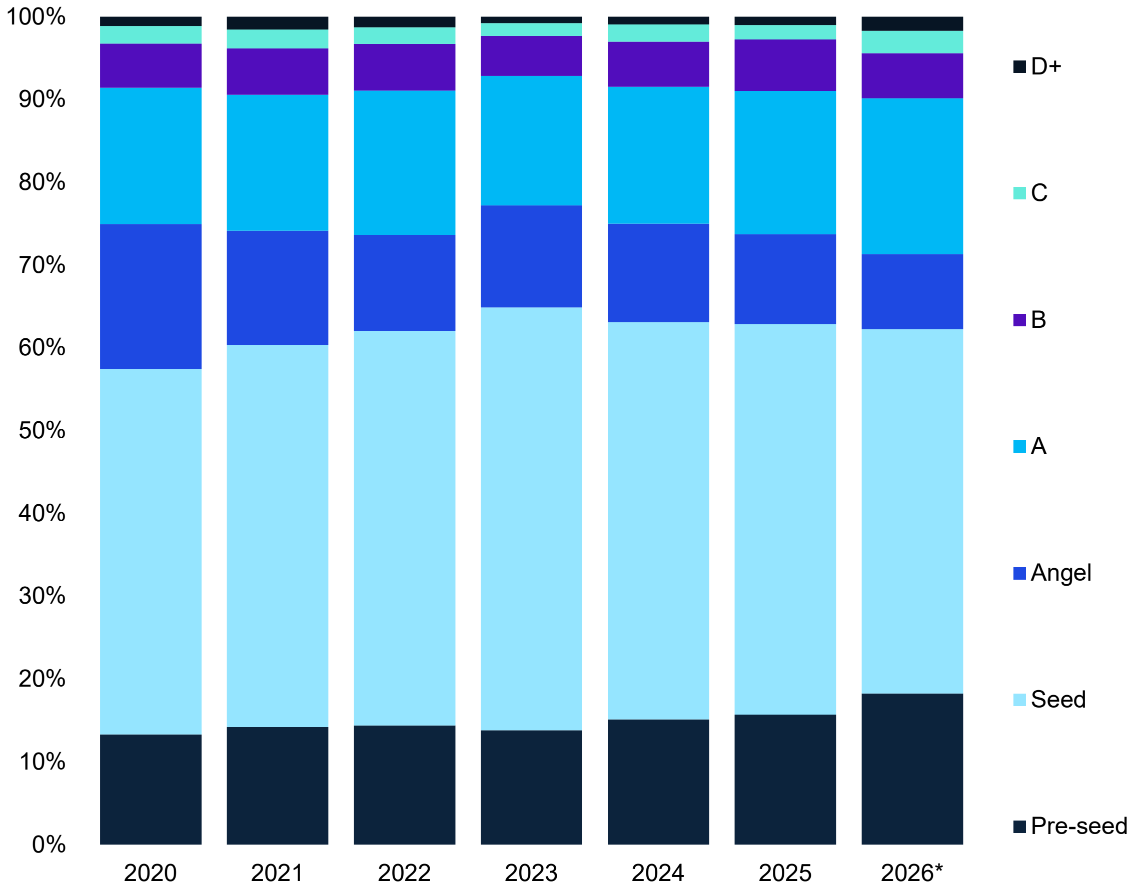
2020–2026*



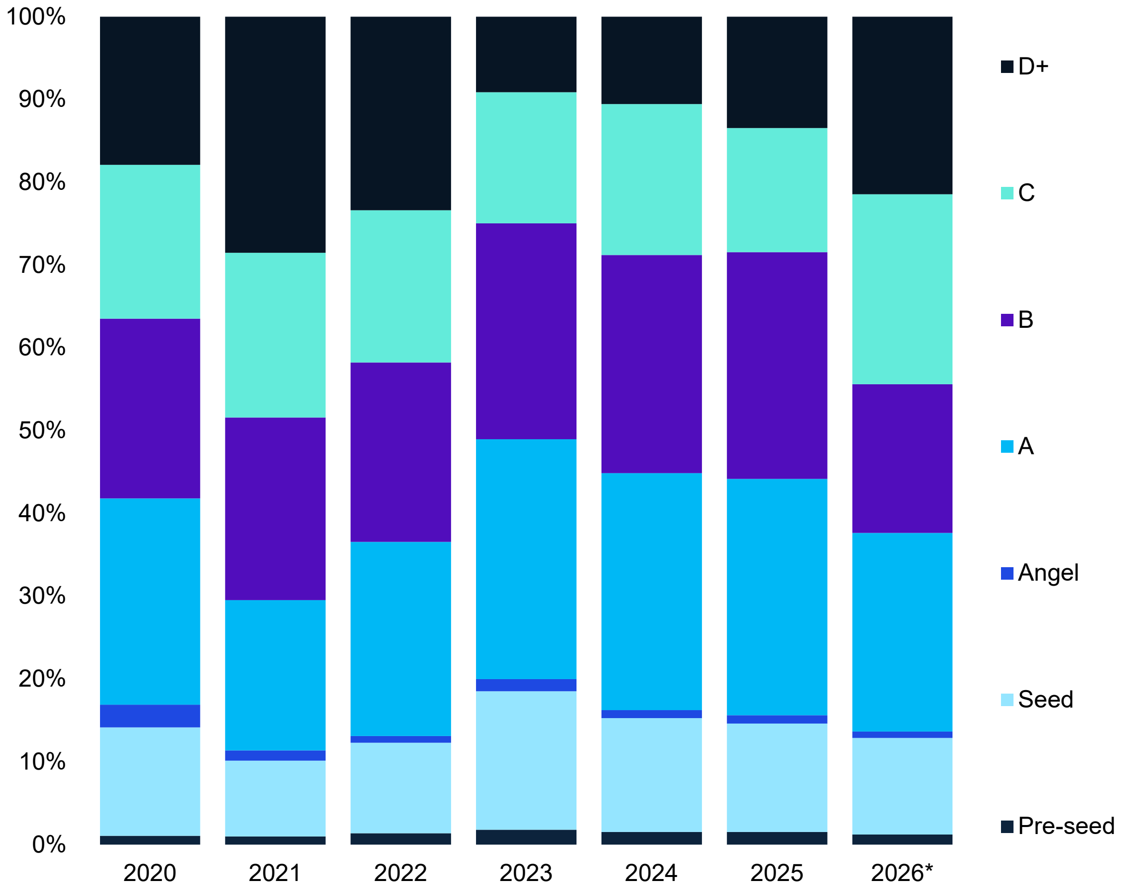
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.
Note: All 2026 data points are based on non-normative populations excepting seed and Series A.

A barbell continues to emerge, highlighting perennial scaling challenge

Deal share by series in Europe
2020–2026*, number of closed deals



Deal share by series in Europe
2020–2026*, VC invested ($B)

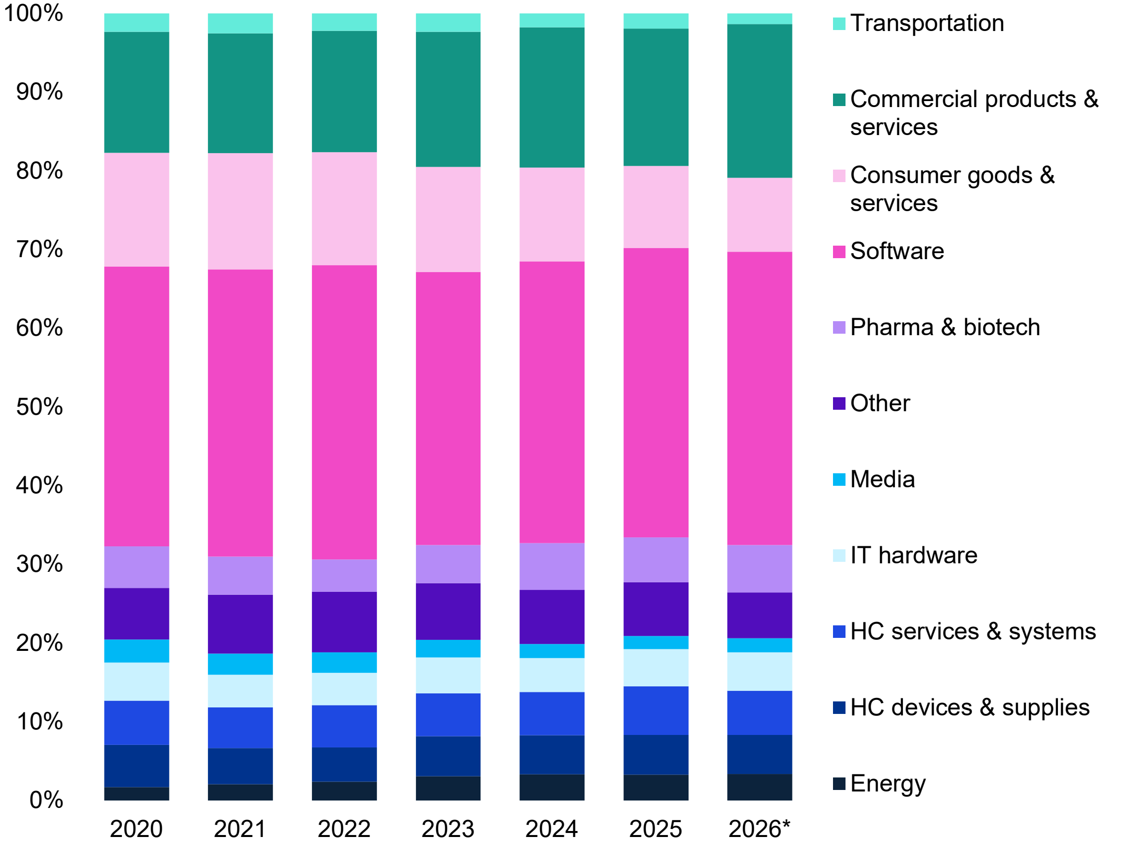


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

AI pushes software to record proportions

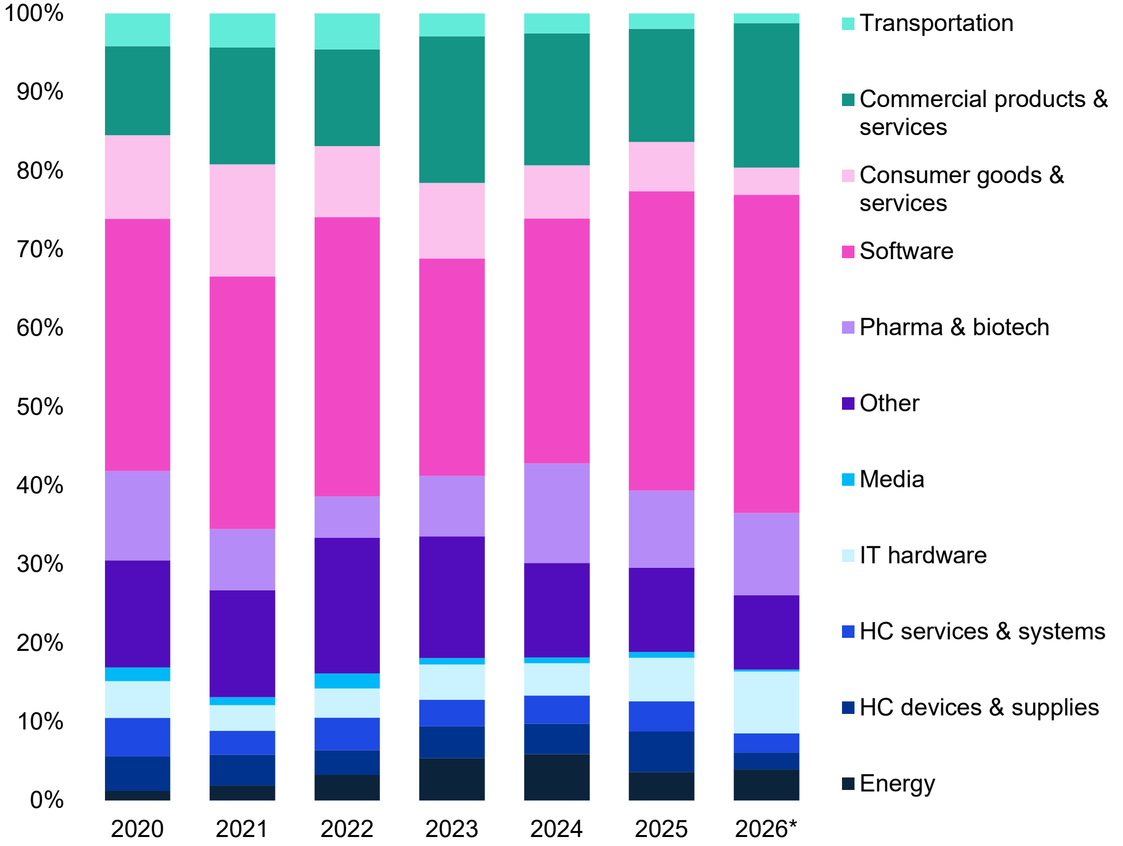
Venture financings by sector in Europe

2020–2026*, number of closed deals



Venture financings by sector in Europe

2020–2026*, VC invested ($B)

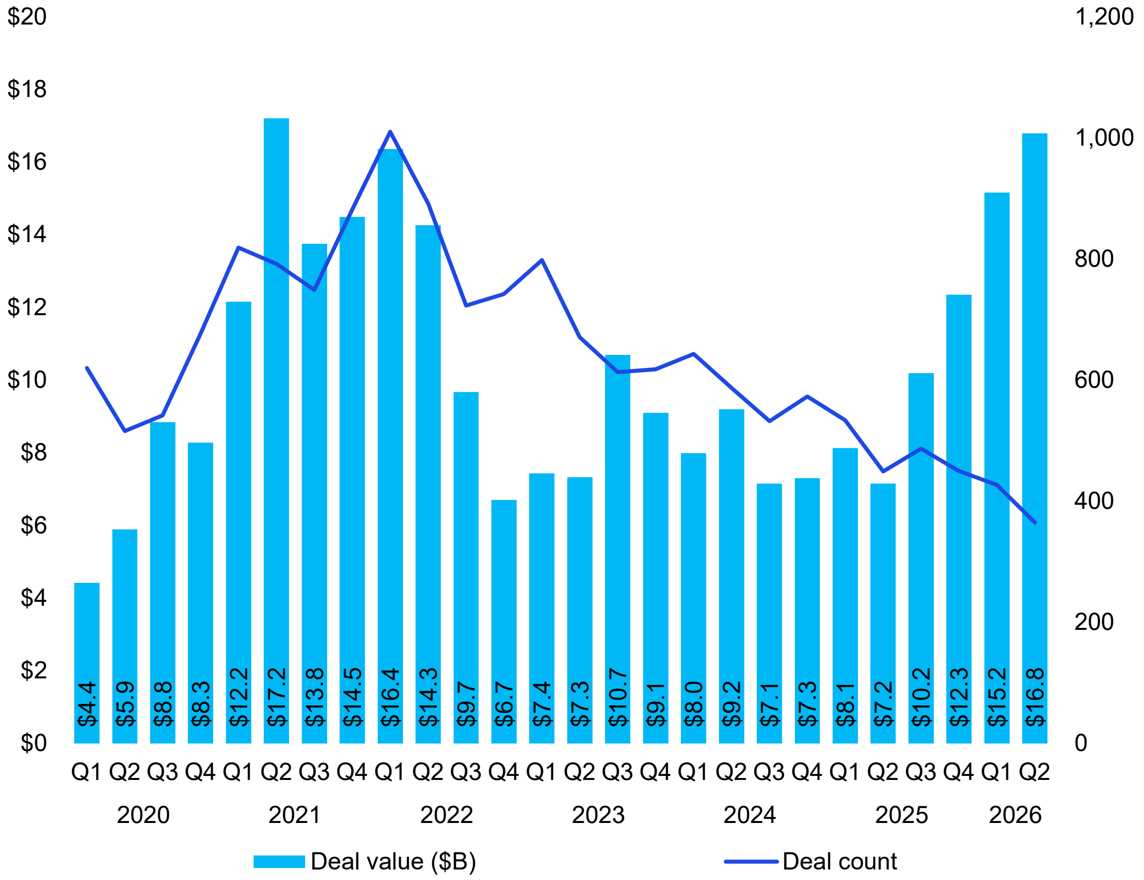


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

CVCs remain a key driver for larger rounds

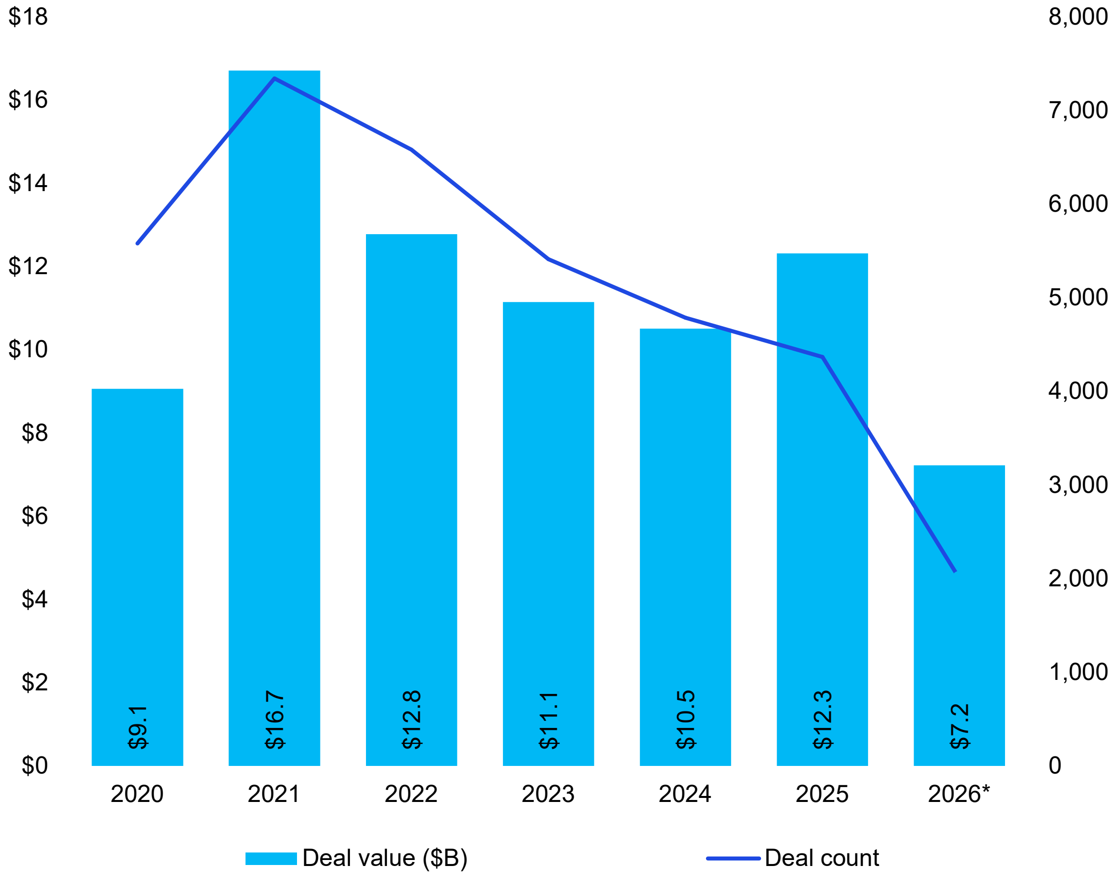
Corporate VC participation in venture deals in Europe

2020–Q2'26



First-time venture financings of companies in Europe

2020–2026*

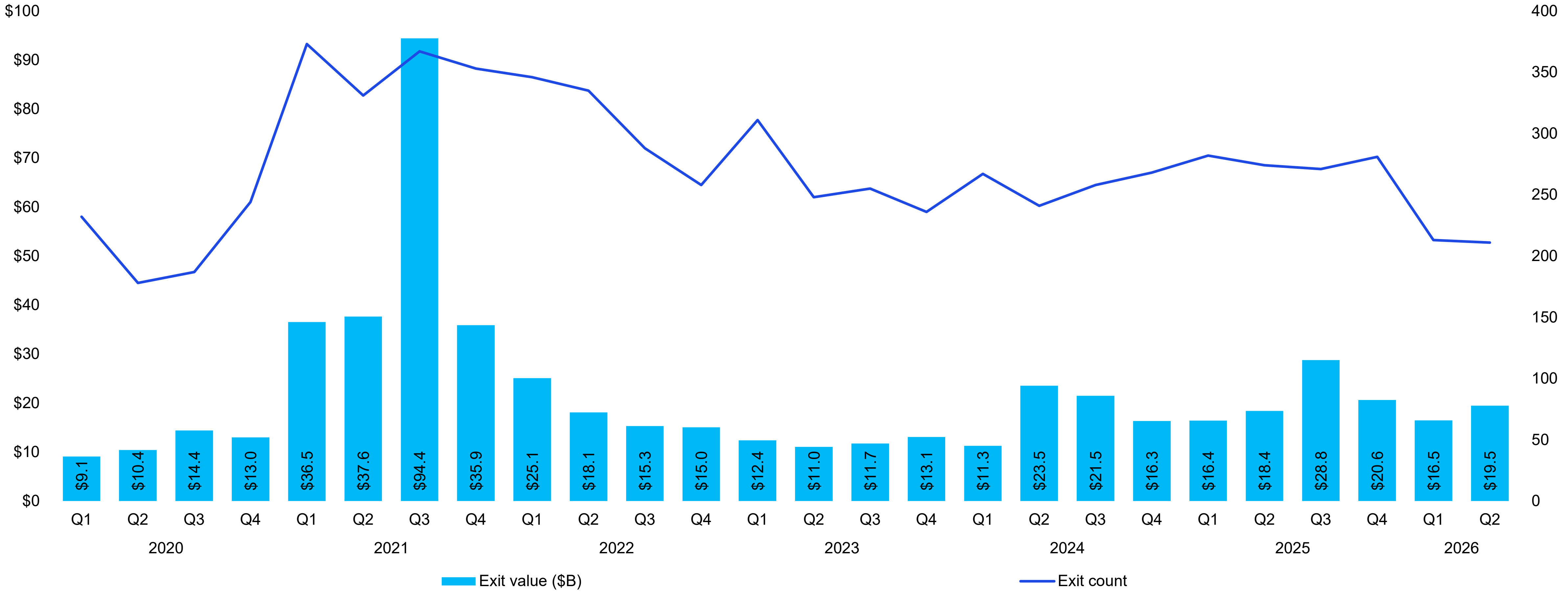


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

After regaining ground, exits continue to move at a sedate pace

Venture-backed exit activity in Europe

2020–Q2’26



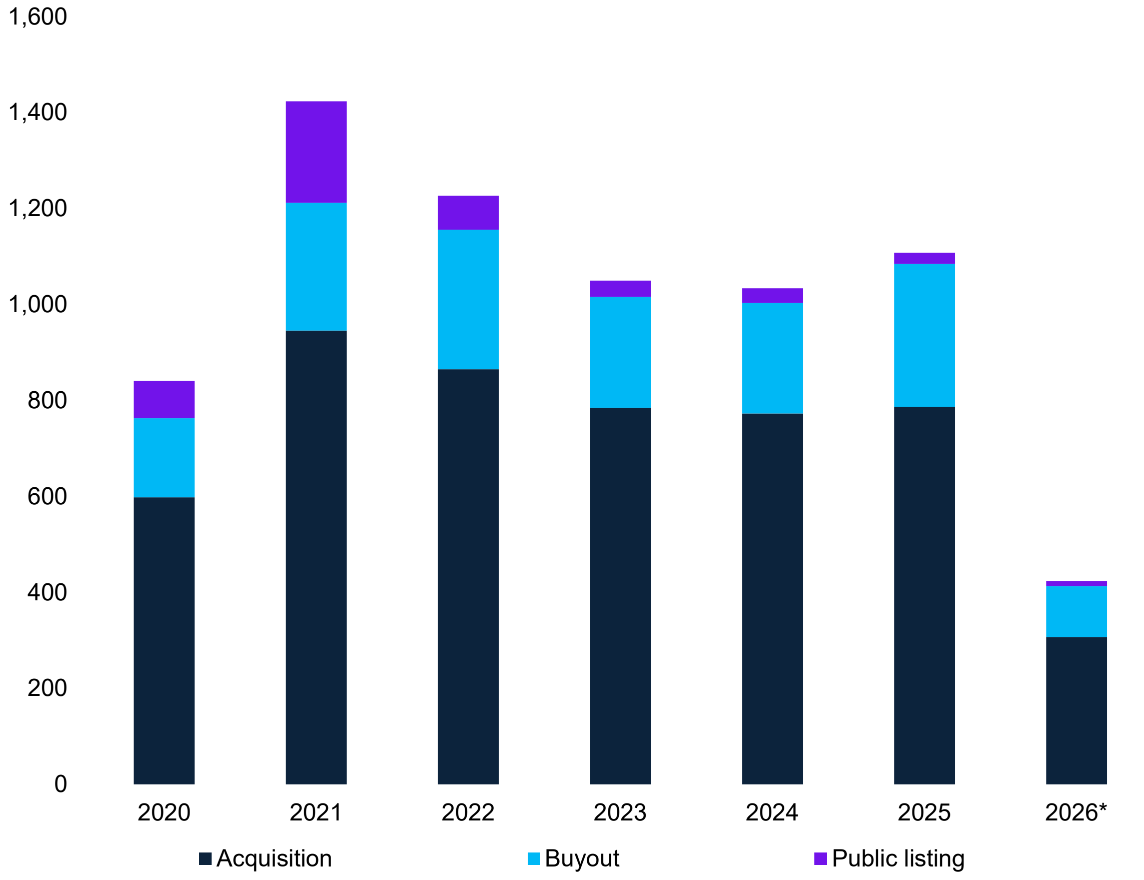
Source: KPMG Private Enterprise analysis of PitchBook data, Q2’26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

KPMG Private Enterprise

M&A continues to drive bulk of liquidity

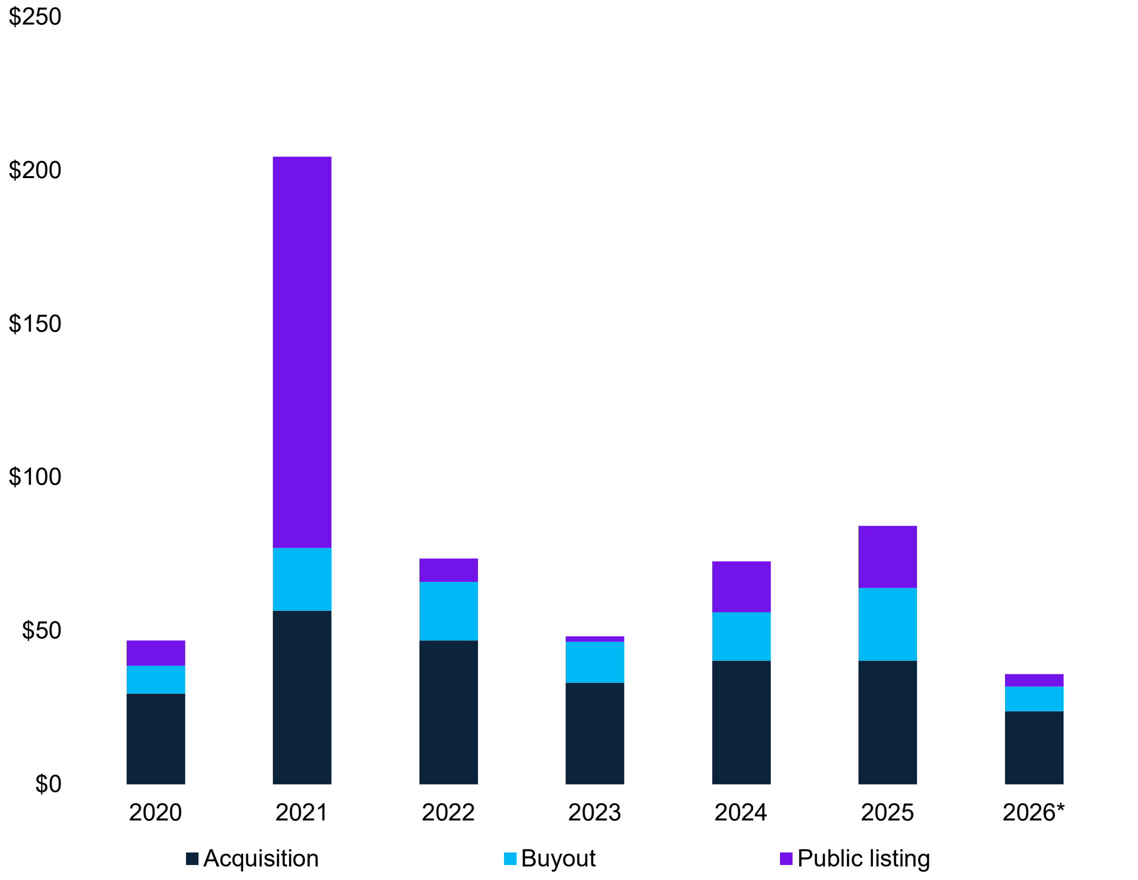
Venture-backed exit activity (#) by type in Europe

2020–2026*



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

2020–2026*

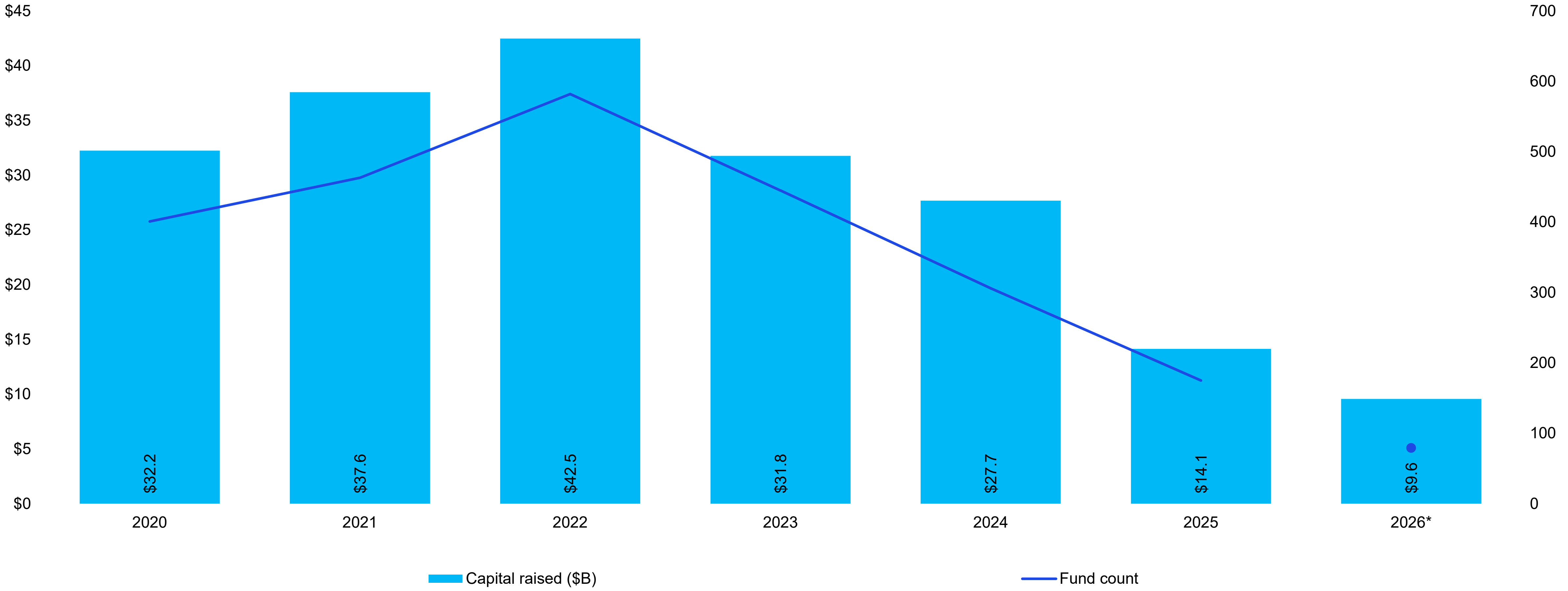


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Capital committed could overtake 2025's nadir

European venture fundraising

2020–2026*

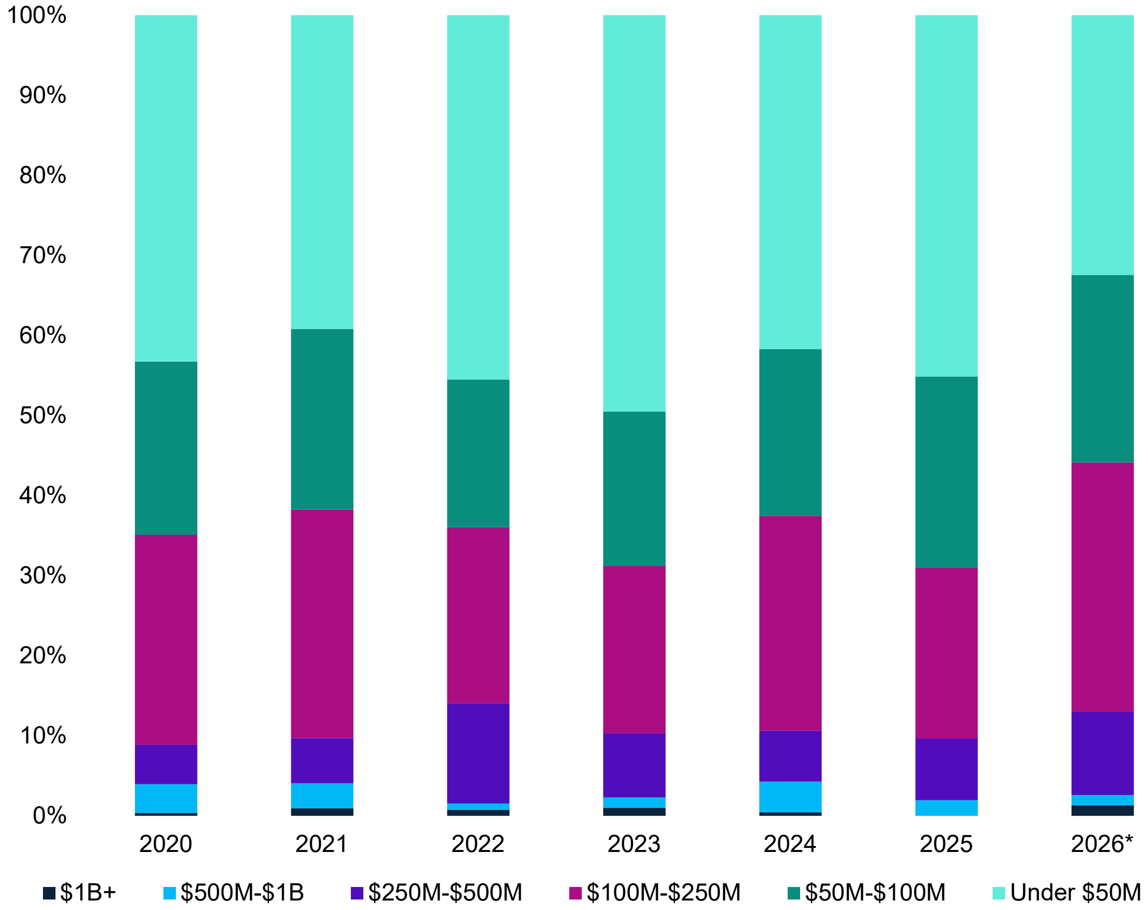


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

AUM for VC may continue to decline as fundraising stays concentrated in mid-market

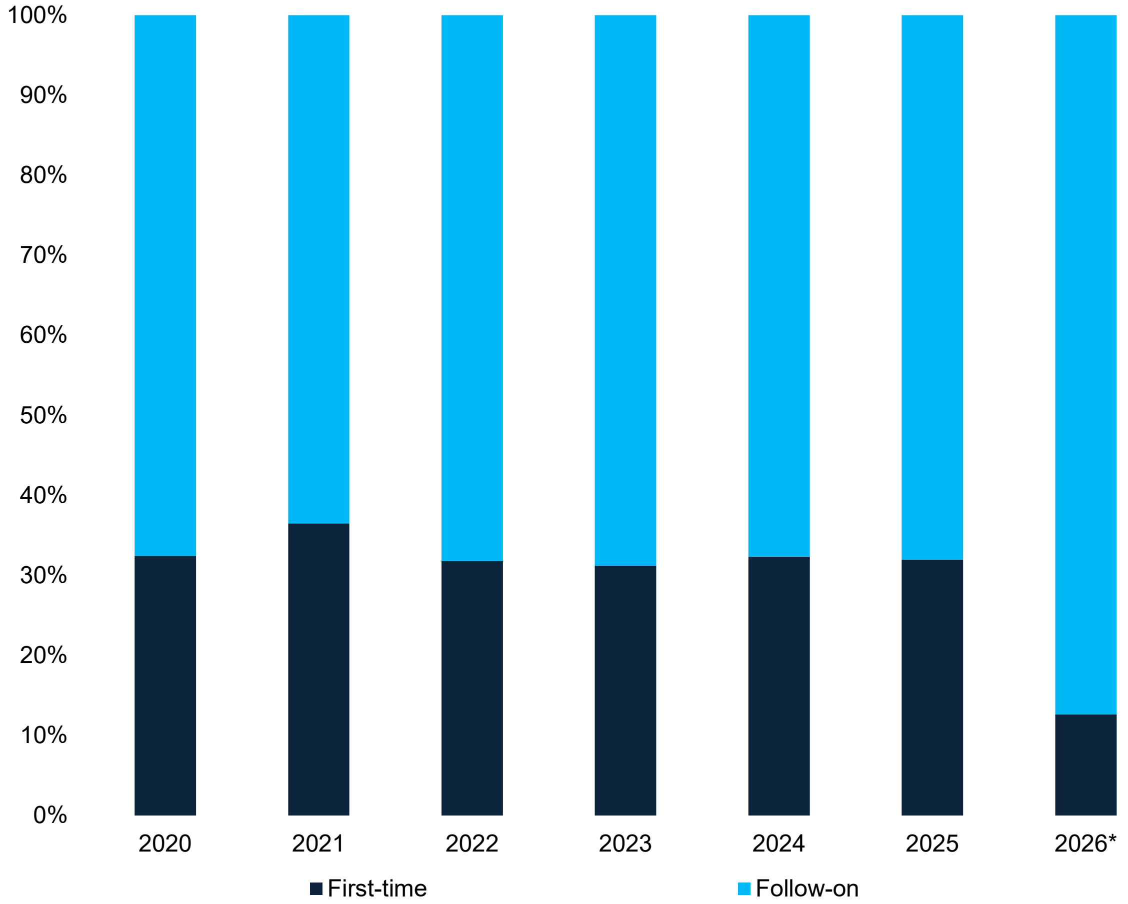
Venture fundraising (#) by size in Europe

2020–2026*



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

2020–2026*

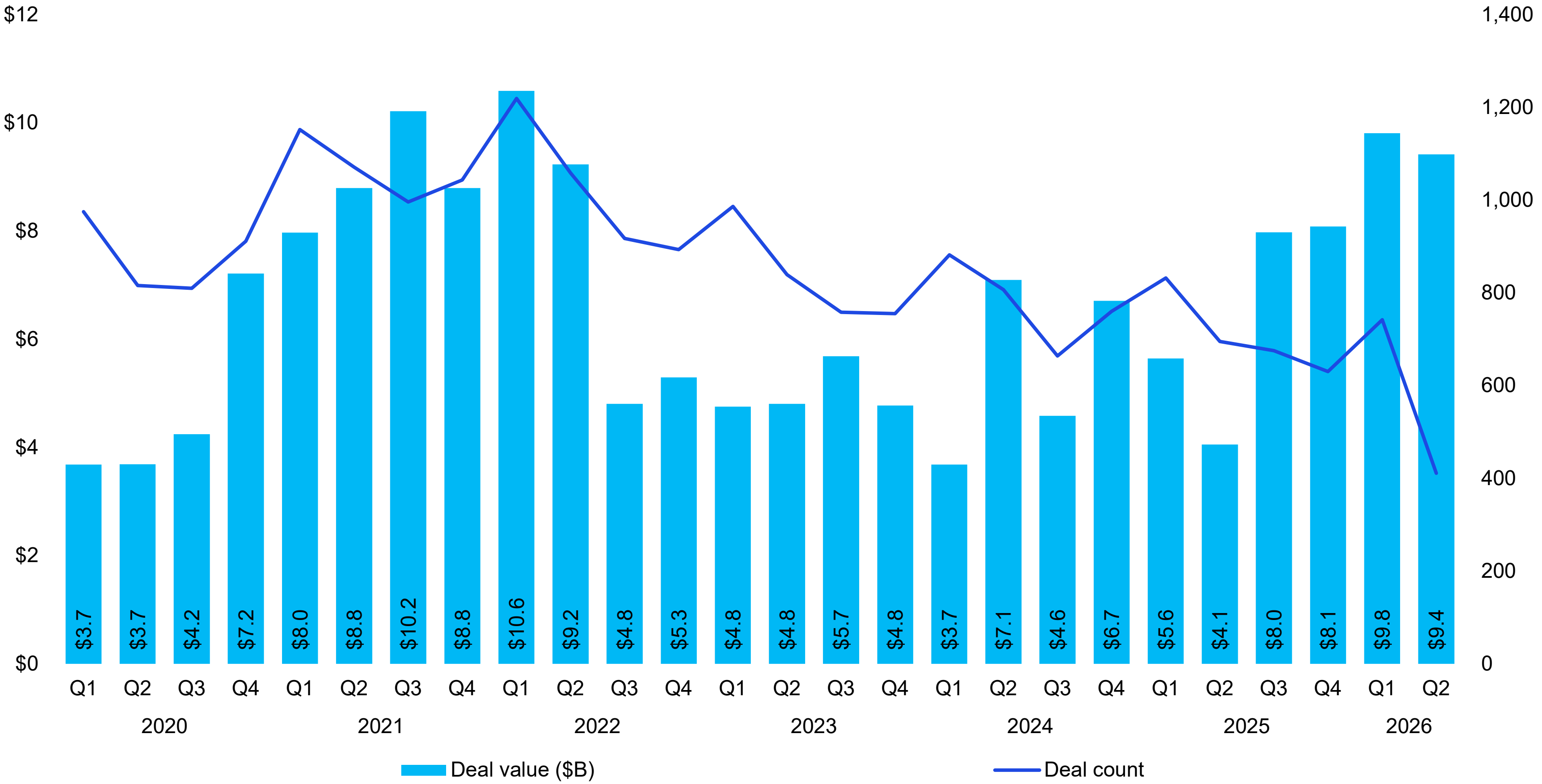


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Megadeals propel the UK to another strong quarter

Venture financing in the United Kingdom

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

> "I don't see AI investment going away anytime soon. What we're seeing now is that the really strong AI native businesses are the ones getting the money, while the ones that were just associating themselves with AI are now falling away. You could say we're starting to see the crème de la crème shining through in the space, which is resulting in some big investments."

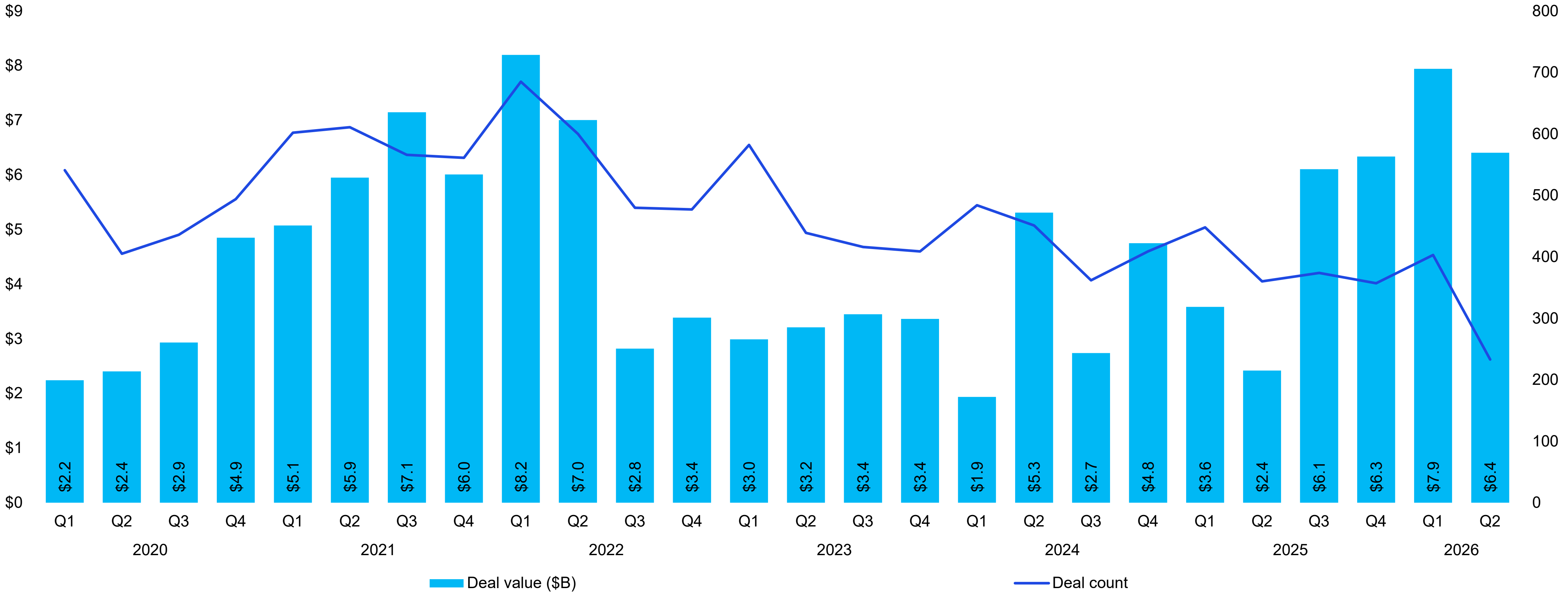
Nicole Lowe
UK Head of Emerging Giants
KPMG in the UK

KPMG Private Enterprise

London plays host to emerging AI contenders

Venture financing in London

2020–Q2'26

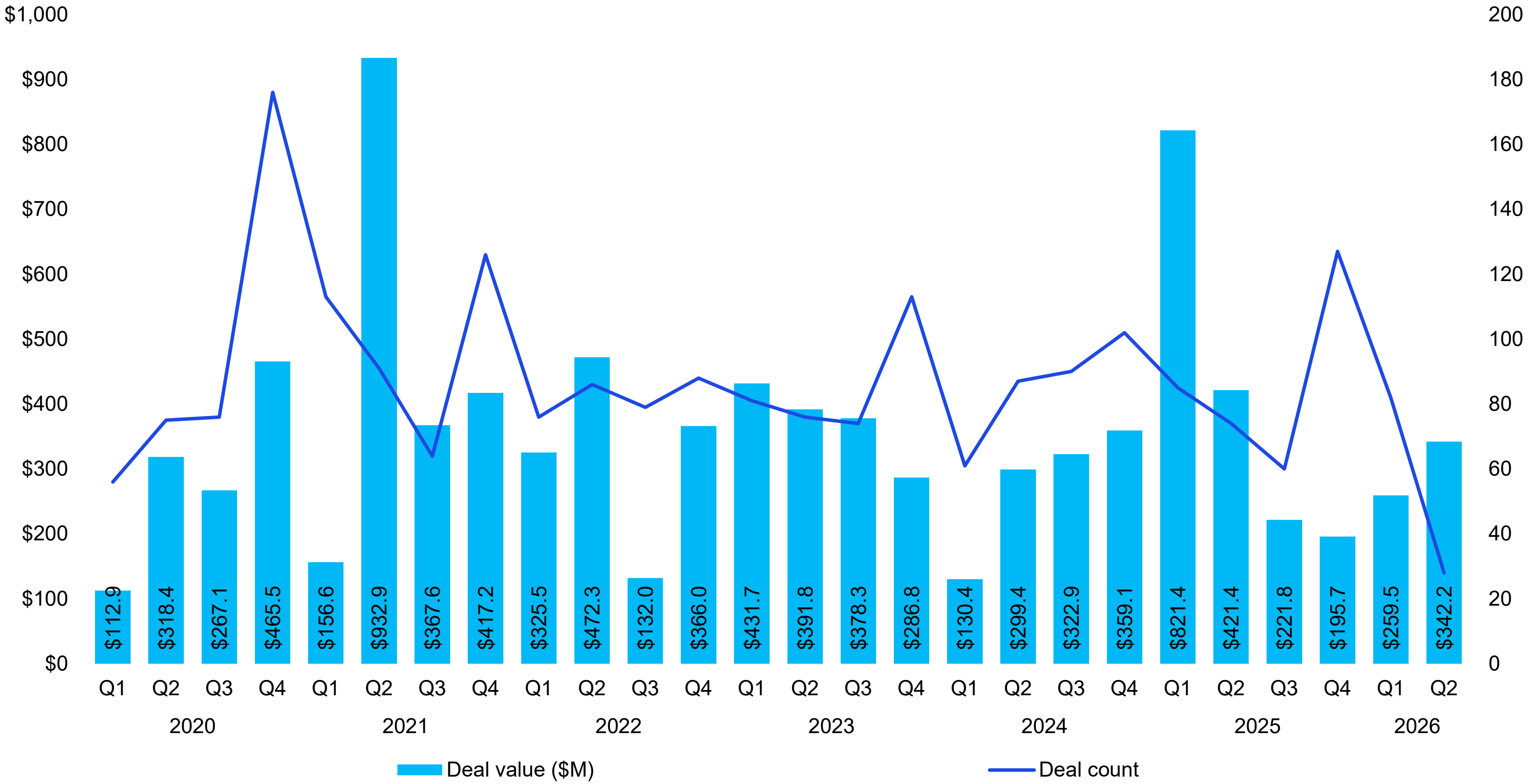


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

A healthy tally of VC invested bodes well for Irish ecosystem

Venture financing in Ireland

2020–Q2'26



Source: Venture Pulse, Q2'26, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of June 30, 2026. Data provided by PitchBook, July 15, 2026.

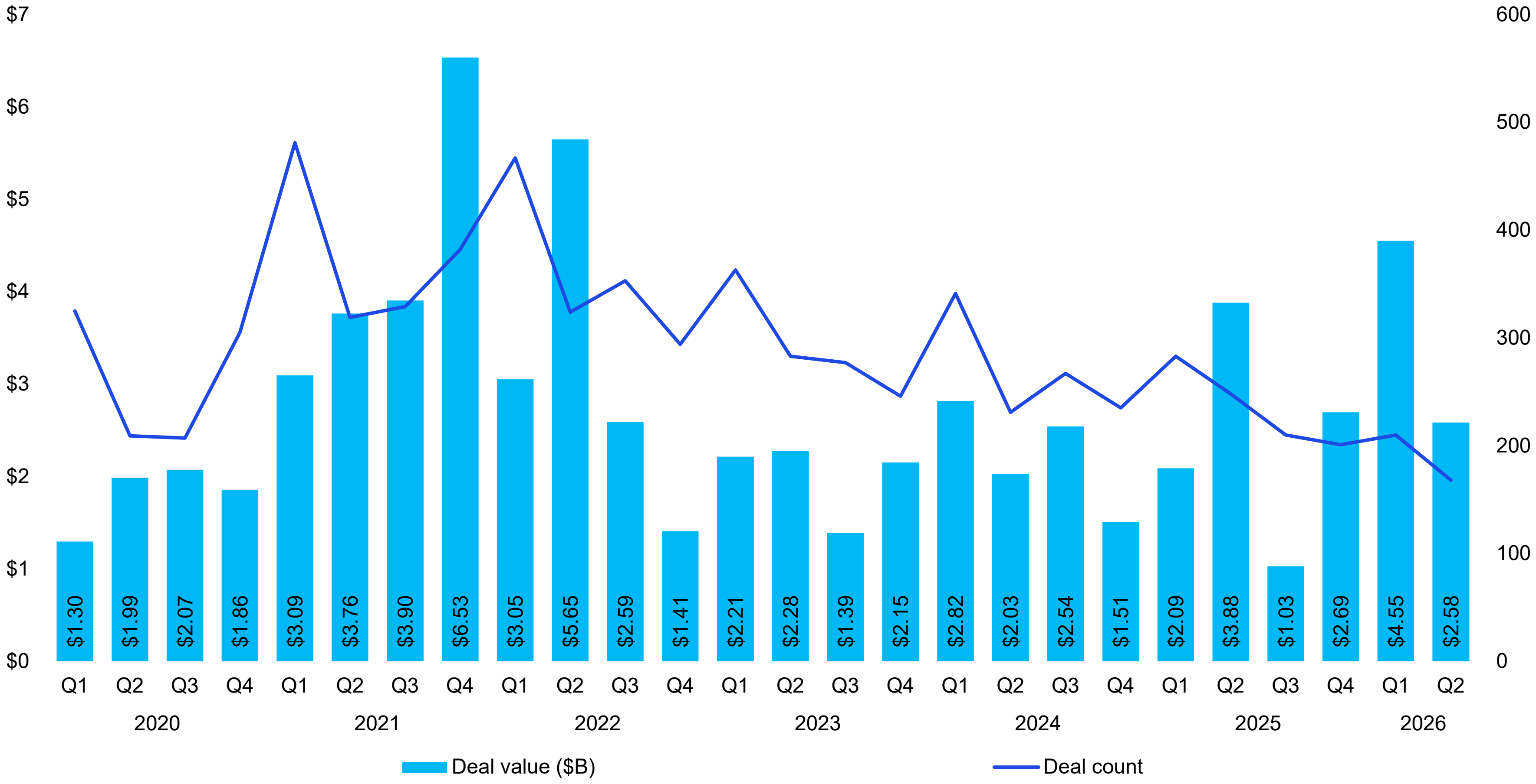
"The majority of fundraising this quarter has flowed to software businesses. While a couple of more established start ups have raised significant later stage funding, there are a variety of AI-native applications raising smaller seed rounds as they seek to develop solutions across niche verticals."

Gavin Sheehan
Partner
Deal Advisory
KPMG in Ireland

German VC ecosystem expands further into defense, deeptech

Venture financing in Germany

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

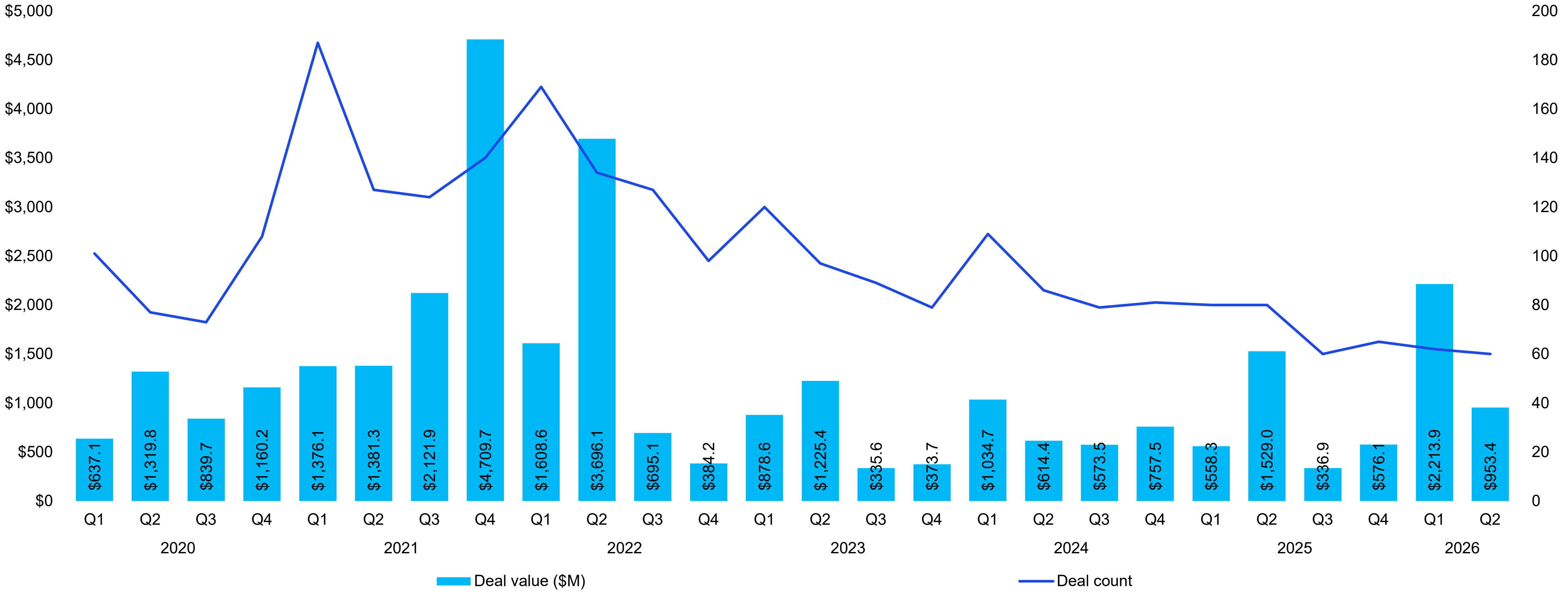
"In the past, quite a relevant number of German and European funds used to have investment restrictions within their governance regarding defensetech investments. But due to the ongoing geopolitical and policy changes we are seeing globally, these limitations have been done away by a variety of funds — instead, there is rather an overwhelming demand for defensetech investments. And some investors are even looking well beyond defensive capabilities. Similarly, any venture backed company featuring a product or service, even slightly interesting to armed forces and intelligence agencies, is pivoting in this direction. Dual-use cases are becoming increasingly hot."

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

A quieter Q2 after a megadeal as Munich defensetech ecosystem grows

Venture financing in Berlin

2020–Q2'26



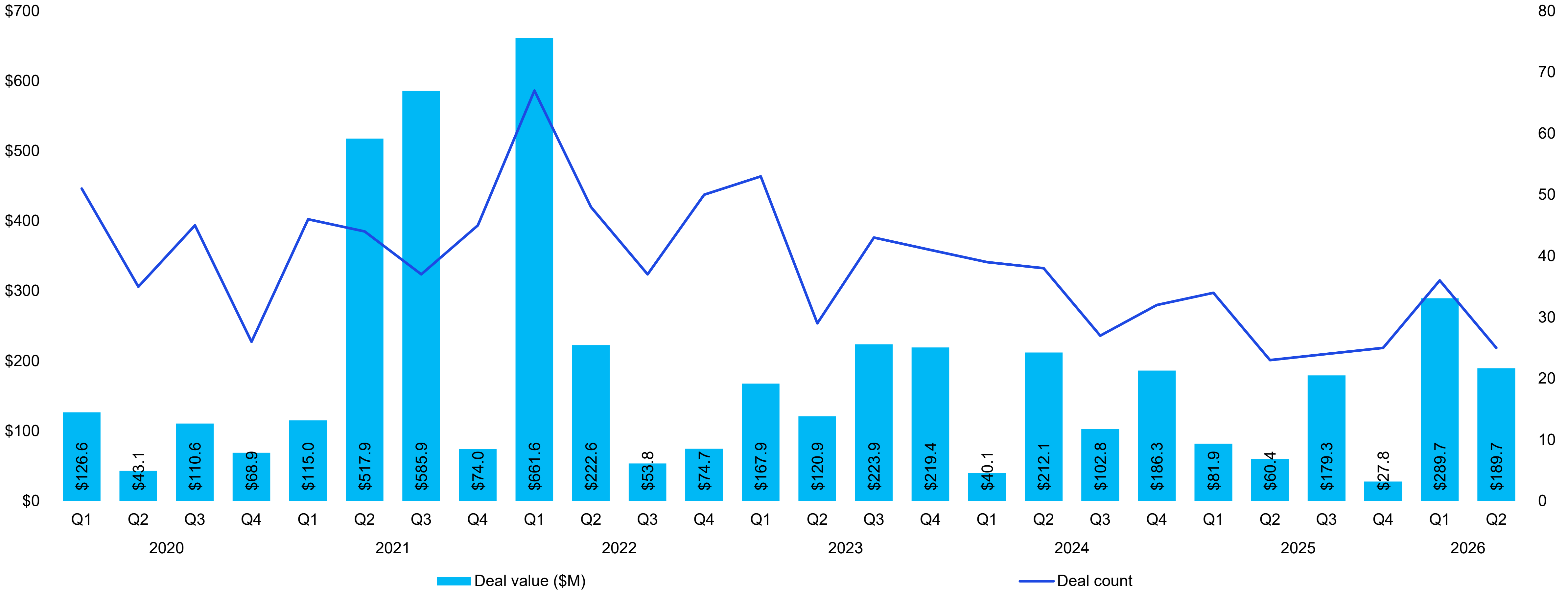
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

KPMG Private Enterprise

Austria sees a healthy second quarter

Venture financing in Austria

2020–Q2'26

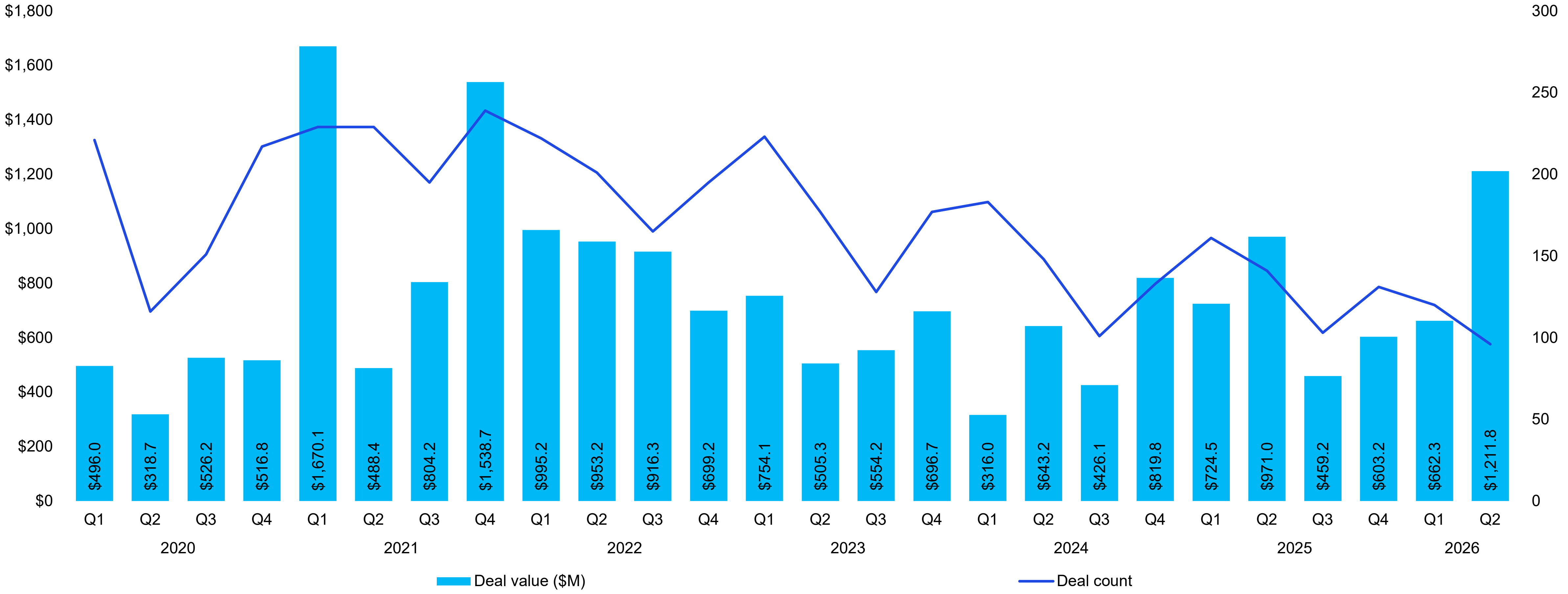


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Larger rounds across fintech, business software drive a resurgent quarter

Venture financing in Spain

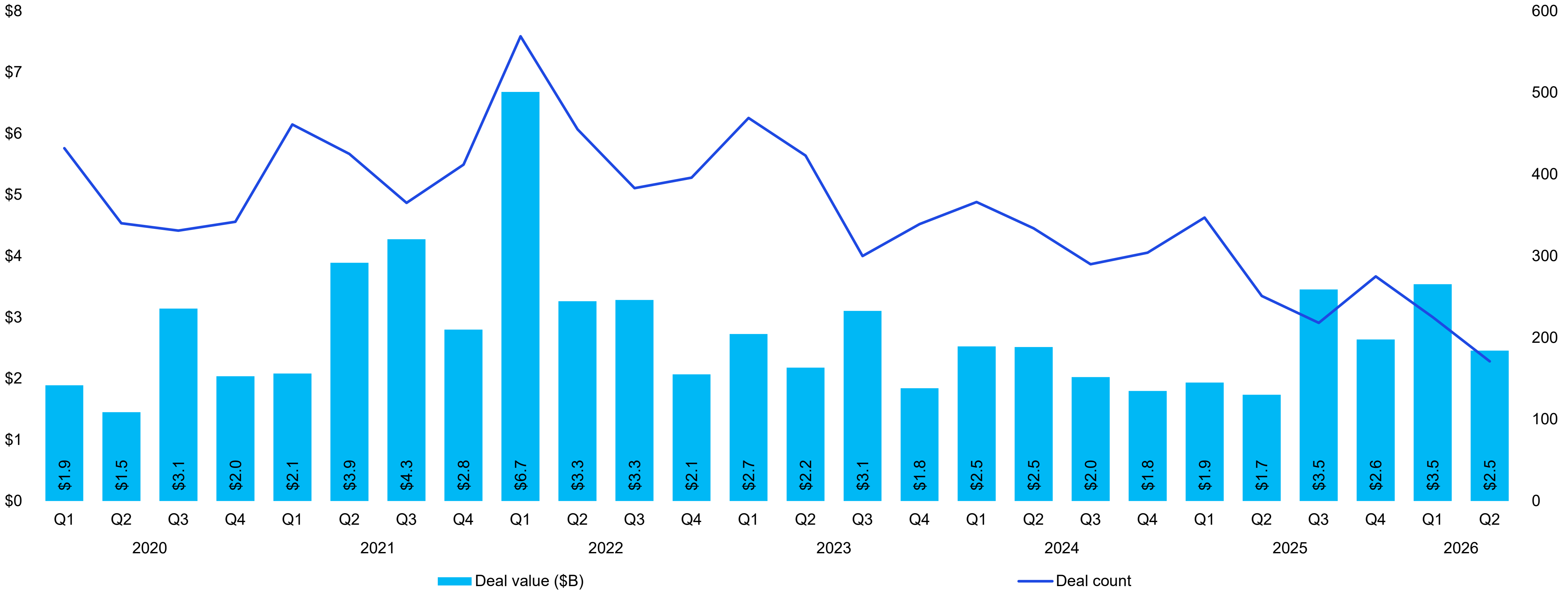
2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

French software ecosystem broadens into AI unlocking

Venture financing in France
2020–Q2'26

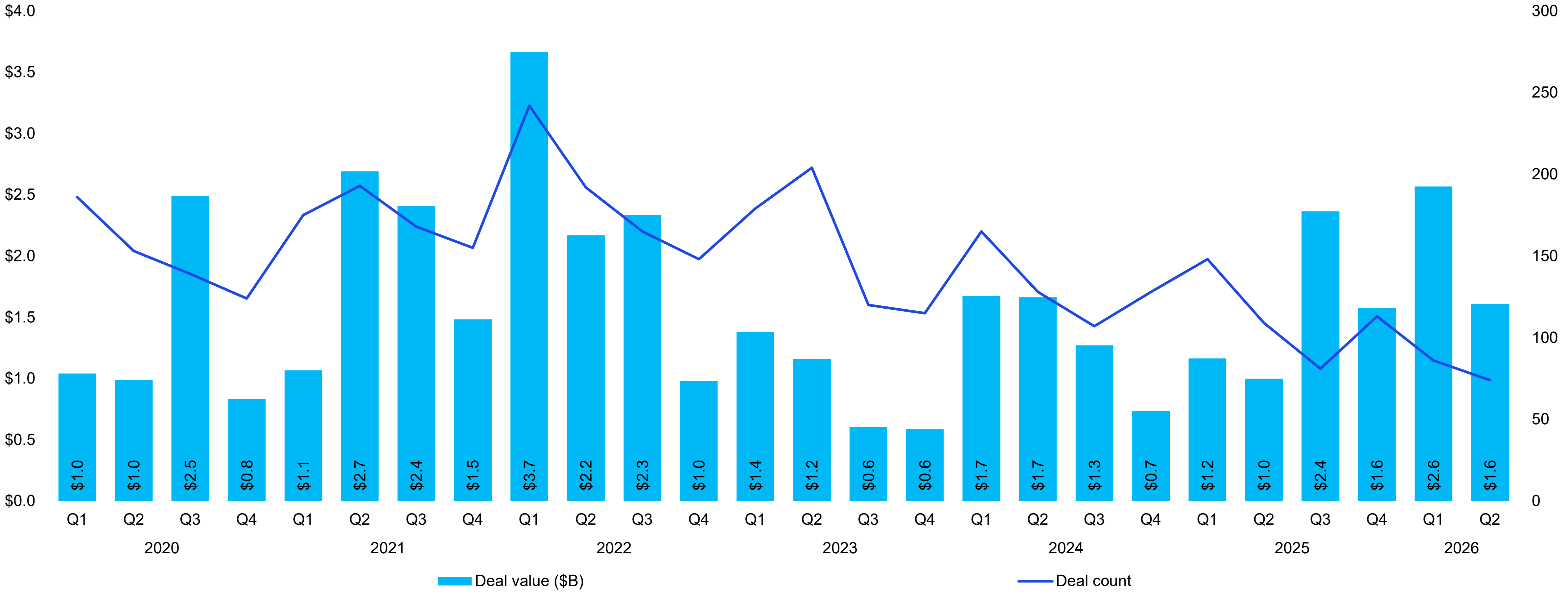


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

French dealmaking ecosystem still centers on Paris

Venture financing in Paris

2020–Q2'26

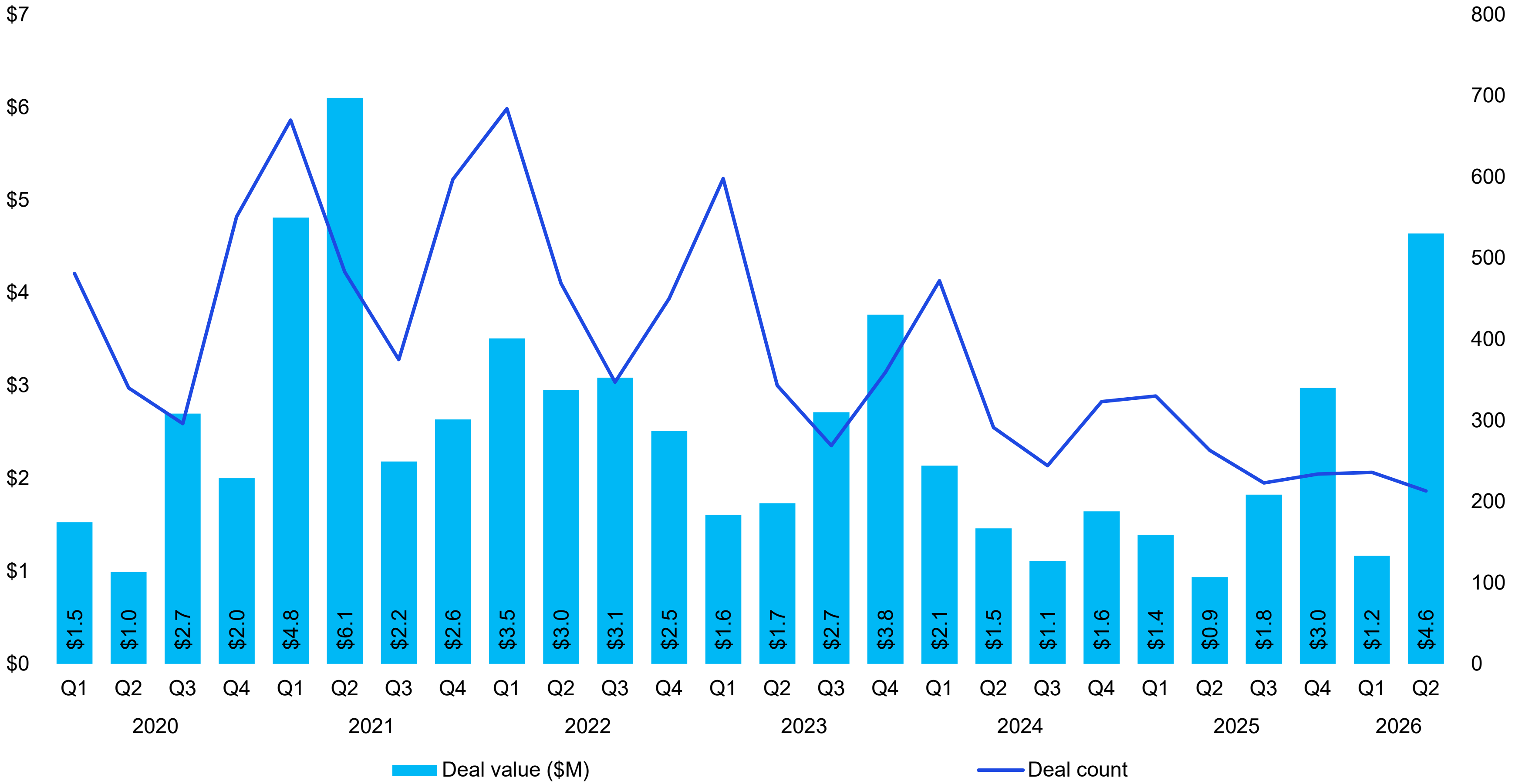


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Mega-deals still propel quarterly shifts for the Nordics

Venture financing in the Nordics

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

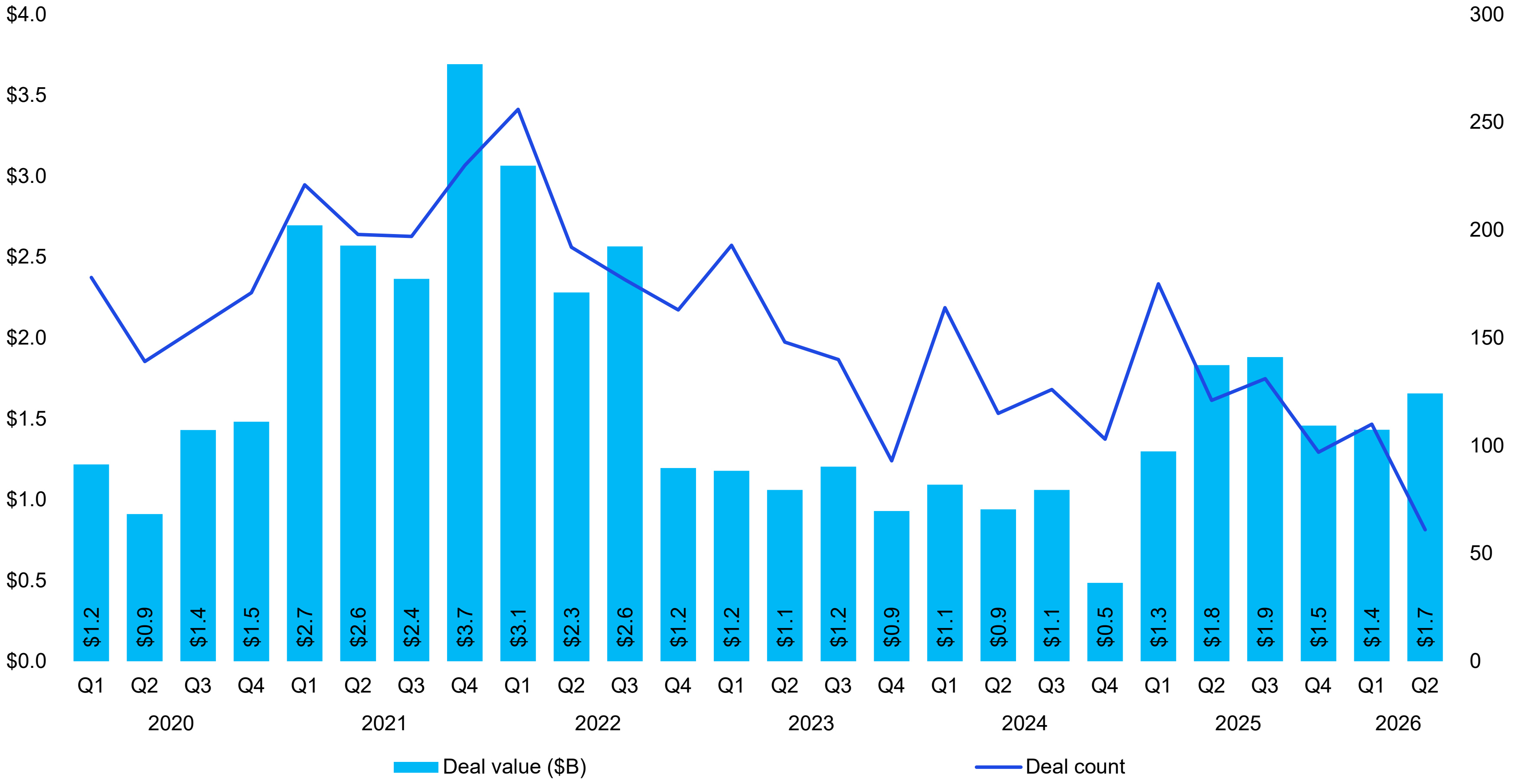
"There are clear reasons to be optimistic about the VC and growth company market in the Nordics. The second quarter showed continuation of sizable financing rounds in the region, particularly in areas such as AI, deeptech, cleantech and defense technology. We have also seen further positive signals post Q2, including IQM's SPAC merger and Nasdaq listing, which highlights the growing maturity and international relevance of Nordic technology companies. While the Q3 is traditionally quieter in the Nordics, I expect the overall positive momentum to continue into the second half of the year."

Jussi Paski
Partner, Head of
Startup & Venture
KPMG in Finland

Key Israeli segments of security and defense align into AI

Venture financing in Israel

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

"The first half of 2026 reflects continued investor confidence in the Israeli tech ecosystem. Foreign VCs remain the dominant funding source, accounting for approximately 70% of all active investors. In Q2, funding shifted toward later-stage companies and larger financing rounds, while early-stage investments declined by approximately 50%. Defensetech and quantum companies experienced a significant increase in capital raised during the first six months of the year. However, cybersecurity ventures, many of which have AI at their core, continued to lead the market in overall funding volumes. Given the ongoing geopolitical tensions in Europe and the Middle East, we expect security solutions to remain the leading recipients of venture capital funding going forward."

Dina Pasca-Raz
Head of Technology
KPMG in Israel

In Q2'26, VC-backed companies in the Asia region raised $50.8 billion across 2,676 deals

KPMG Private Enterprise

VC investment in Asia reaches $50.8 billion in Q2'26 — strongest quarter since Q4'21

VC investment continued to gain strength in Asia during Q2'26, propelled by a resurgence in large deal activity in China, including four $1 billion+ funding rounds.

AI drives VC investment across Asia in Q2'26

The AI space was the hottest area of VC investment across much of Asia during Q2'26, as VC investors poured money into a range of AI startups, from those focused on large or small language models to those developing practical industry and cross-industry solutions.

China attracted the largest share of AI investment, including a $7.4 billion raise by LLM DeepSeek,[26] a $3 billion raise by AI-powered content platform ByteDance, a $2.5 billion raise by LLM-focused StepFun, and a $2 billion raise by LLM-focused Moonshot AI. Robotics companies were particularly attractive to VC investors in China; during the quarter, A12 Robotics raised $738 million and robotic brain company Sudu Technology raised $500 million. South Korea-based small language firm Upstage raised $378 million, while an Australia-based AI infrastructure company raised $505 million.

VC investment in China continues to strengthen

VC investment in China continued to rebound in Q2'26, reaching levels of funding not seen since 2021. AI and deeptech, hardware, advanced manufacturing and alternative energy attracted the most interest from VC investors given their strong alignment with key government priorities. In addition to significant raises by AI companies, China saw new energy automotive company Landian Technology raise $979 million and lithium-ion battery manufacturer Jiangsu Guoxuan New Energy Technology raise $583 million during the quarter.

CVC investment was particularly strong in China during the quarter, driven both by traditional corporates looking to use investments to drive their business development activity and by those looking to expand vertically up or down within their supply chain.

Japan continues to attract attention from VC investors

VC investment in Japan remained relatively soft in Q2'26 as investors continued to take a more cautious and selective approach to deployment. Rather than spreading capital across a larger number of companies, VC firms remained focused on backing a smaller group of high-quality businesses following more rigorous due diligence. Industry-embedded AI solutions, particularly those aimed at enhancing manufacturing and pharmaceutical development processes, continued to attract strong investor interest. Exit activity, however, stayed exceptionally weak, underscoring the persistent liquidity challenges in Japan's VC market.

VC investment in India remains relatively steady in Q2'26

In India, VC investment remained relatively stable quarter-over-quarter, driven by a solid number of $100 million+ megadeals, including a $280 million raise by digital lending company KreditBee, which earned the fintech unicorn status. While consumer-facing companies attracted a large share of VC funding in India during Q2'26, spacetech also garnered some interest; during the quarter, space launch vehicle company Skyroot Aerospace raised $60 million to become India's first spacetech unicorn.[27]

[26] Dongyan Zheng, "DeepSeek Closes $7.4 Billion Debut Funding Round Under Founder-Control Structure", 16 June 2026, ChinaBizInsider.com, accessed 5 July 2026. https://chinabizinsider.com/deepseek-closes-7-4-billion-debut-funding-round-under-founder-control-structure/
[27] Joe Mathew, "Skyroot Aerospace raises $60 million, becomes India's first space-tech unicorn", 7 May 2026, FortuneIndia.com, accessed 5 July 2026. https://www.fortuneindia.com/startups-news/skyroot-aerospace-raises-60-million-becomes-indias-first-space-tech-unicorn/136341

KPMG Private Enterprise

VC investment in Asia reaches $50.8 billion in Q2'26 — strongest quarter since Q4'21, cont'd.

Governments taking an active role in investment and ecosystem development

In a number of jurisdictions in Asia, including China and Japan, government funds have become a key driver of investment, particularly in areas like semiconductors, compute power and spacetech. This increasing government participation reflects a number of broader trends in the region, including growing commitments to building essential AI infrastructure, growing sovereign technology capabilities and localizing critical supply chains given ongoing geopolitical tensions and uncertainties.

For example, DeepSeek's $7.4 billion raise included a significant investment from China's National Artificial Intelligence Industry Investment Fund during Q2'26,[28] while Japan's Information-Technology Promotion Agency (IPA) invested an additional $943 million in semiconductor manufacturer Rapidus.[29] During the quarter, the Japanese government also formalized its Startup Comprehensive Creation Package, which aims to support the development of deeptech startups, foster the creation of startups in key priority sectors like AI, drug discovery and fusion, and fuel the scaling of Japanese startups.

The Hong Kong (SAR) and Chinese Mainland continue to see robust IPO activity

Exit activity in the Hong Kong (SAR) and Chinese Mainland remained very strong in Q2'26, with a good pipeline of candidates expected to keep activity robust through the remainder of the year should market conditions remain stable. In recent quarters, the Hong Kong Stock Exchange has worked diligently to expand its reach and influence, both across the region and on the global stage. This has led a growing number of international companies to consider listing in Hong Kong, whether through a direct IPO or through a dual listing.

Changes to listing rules in Japan affecting exit sentiment and VC investor strategy

Within Japan, one issue that has resonated through the VC market over the last two quarters is the Q4'25 revision of securities listing rules for the Tokyo Stock Exchange Growth Market, which now require listed companies to reach a market capitalization of more than 10 billion yen within five years of listing.[30] This change has prompted VC investors in Japan to rethink their investment strategies, with some intensifying their focus on whether startups have the ability to reliably scale within the mandated timeframe.

The very sluggish IPO market in Japan, combined with recent changes to listing rules, has made exits more difficult; this has, in turn, constrained new fundraising activity to a significant degree. Large scale M&A activity has also been limited, although the number of deals and deal sizes is growing steadily. In Q2'26, Japan's Ministry of Economy, Trade and Industry released Startup M&A Guidance in order to promote M&A as a legitimate exit option alongside IPOs.[31]

[28] Dongyan Zheng, "DeepSeek Closes $7.4 Billion Debut Funding Round Under Founder-Control Structure", 16 June 2026, ChinaBizInsider.com, accessed 5 July 2026. https://chinabizinsider.com/deepseek-closes-7-4-billion-debut-funding-round-under-founder-control-structure/
[29] Rapidus, "Rapidus Completes 150 Billion Yen Funding Round from Japan Government", 22 June 2026, 3DInCites.com, accessed 5 July 2026. https://www.3dincites.com/2026/06/rapidus-announcement-150millionfunding/
[30] Tokyo Stock Exchange, "Revisions to the Growth Market's Continued Listing Criteria and Related Revisions", 1 December 2025, JPX.co.jp, accessed 5 July 2026. https://www.jpx.co.jp/english/rules-participants/rules/revise/vk0khi000000axd4-att/Outline.pdf
[31] Ministry of Economy, Trade and Industry (METI), "Startup M&A Guidance Released", 21 May 2026, METI.go.jp, accessed 5 July 2026. https://www.meti.go.jp/english/press/2026/0521_001.html

VC investment in Asia reaches $50.8 billion in Q2'26 — strongest quarter since Q4'21, cont'd.

Trends to watch for in Q3'26

Heading into Q3'26, AI is expected to remain a robust area of investment in Asia, with investors increasingly focusing on robotics, embodied AI and industry-specific solutions.

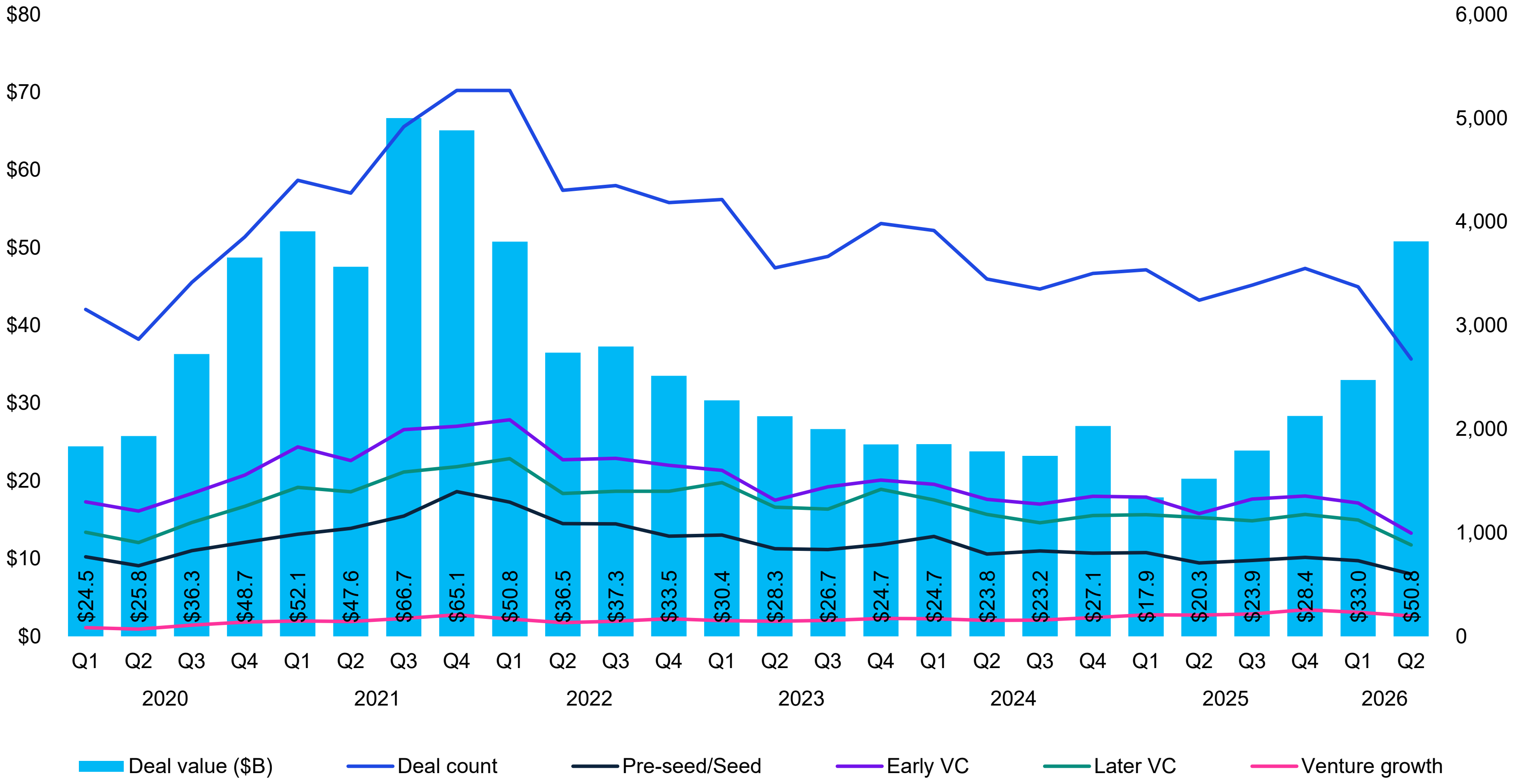
In China, VC market momentum is expected to continue, driven by investment in the government's priority sectors. One trend to watch over the next few quarters, however, will be the rising cost of AI, as corporate users increasingly evaluate their AI spend against the value it delivers and look to achieve the best possible AI outputs at the lowest possible cost. As this trend evolves, it could begin to affect where VC investors choose to allocate their capital.

While VC investment levels are expected to remain relatively steady in Japan for the remainder of 2026, funding will likely remain concentrated on high-quality, leading companies. This could cause some polarization in the VC market, with less mature startups increasingly finding it more difficult to attract funding.

Mega-rounds propel a strong rebound quarter

Venture financing in Asia

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

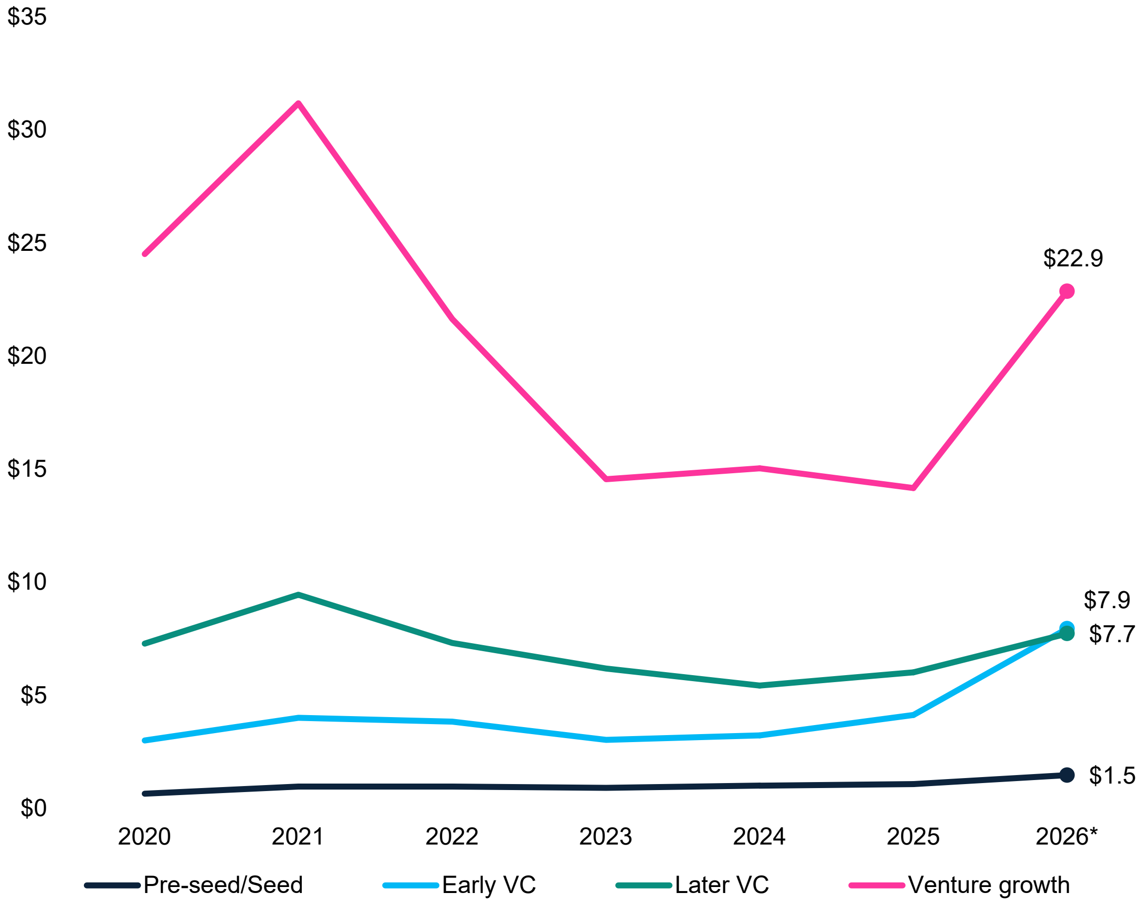
> "Looking at the first six months of the year, we're seeing numbers revert back to levels we haven't seen since 2022. Market activity is booming — in hardware, AI, advanced manufacturing, energy and other key areas. It's amazing. AI has definitely been a major driver of this activity because so much of the investment we're seeing is linked to it in some way, whether in robotics or semiconductors. Over the next six months, it will be good to see this momentum continue."

Zoe Shi
Partner
KPMG China

Even as deal flow is strong, flat or down rounds remain slightly higher

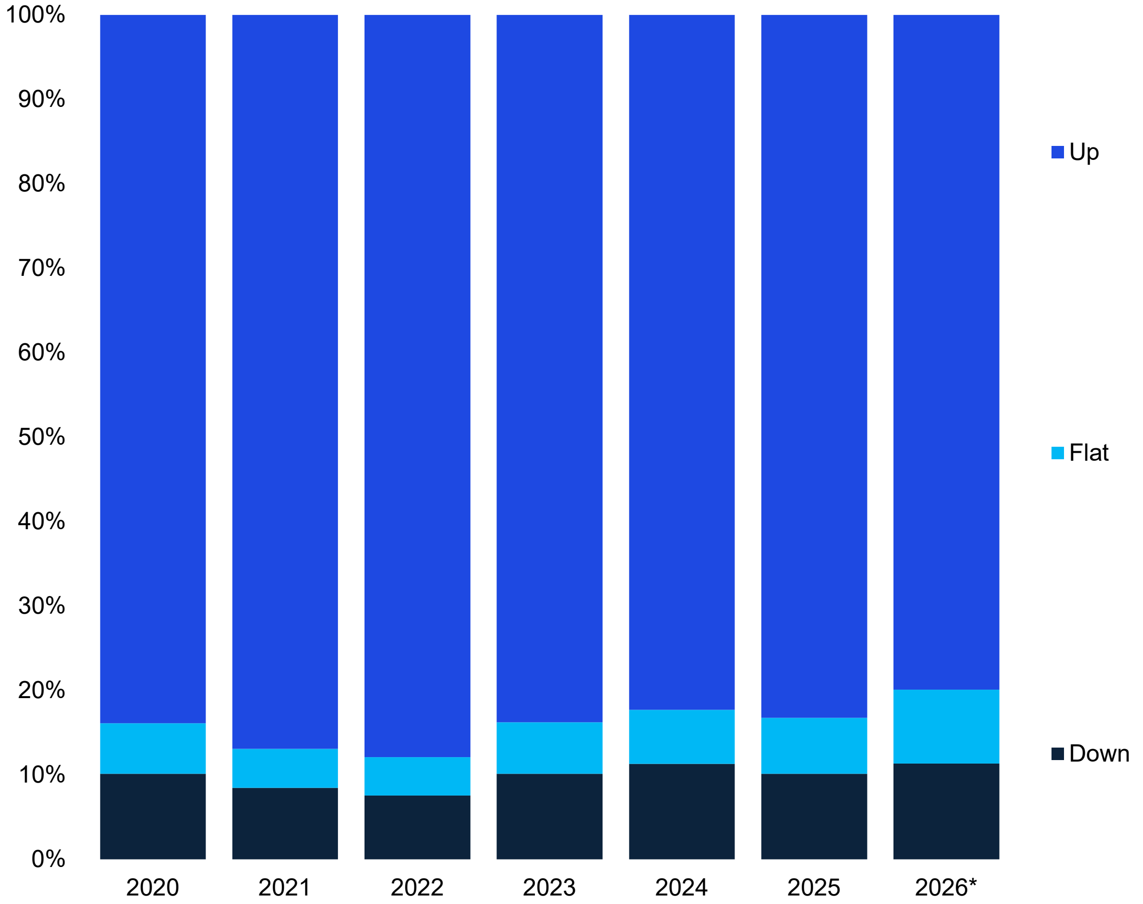
Median deal size ($M) by stage in Asia

2020–2026*



Up, flat or down rounds in Asia

2020–2026*

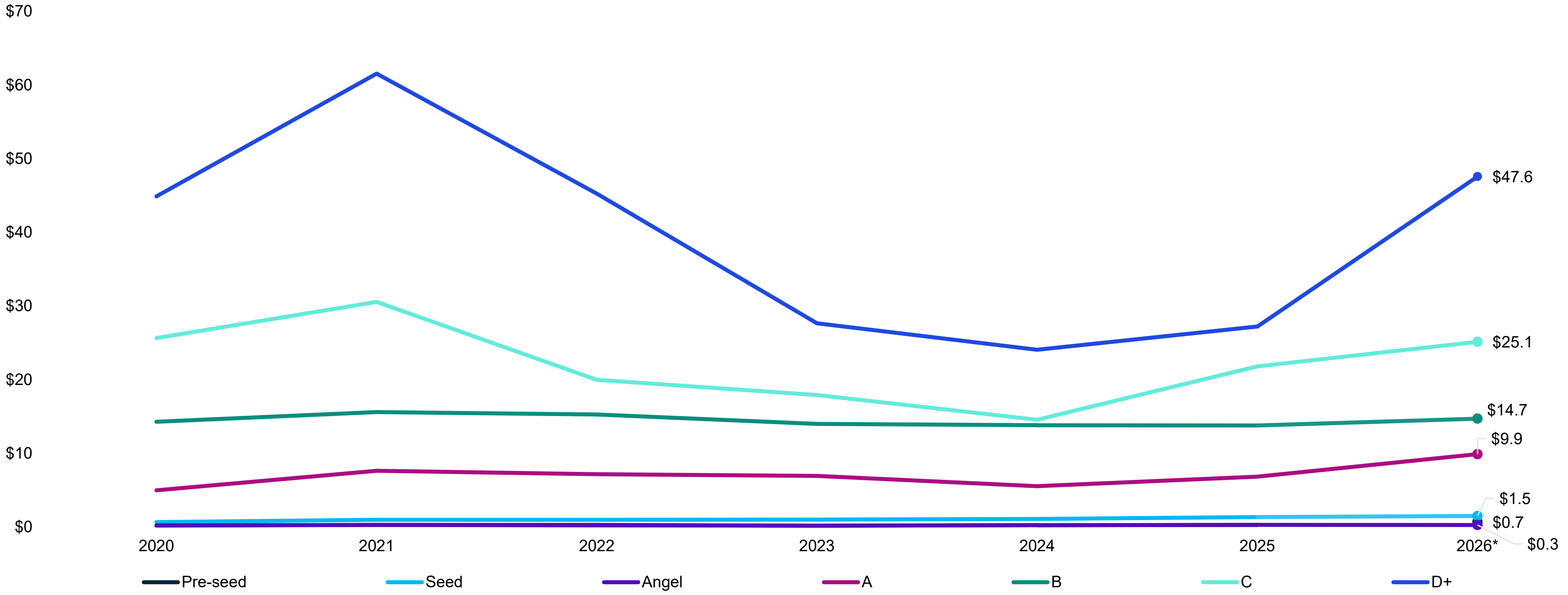


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Deal sizes bounce back or at least hold steady

Median deal size ($M) by series in Asia

2020–2026*

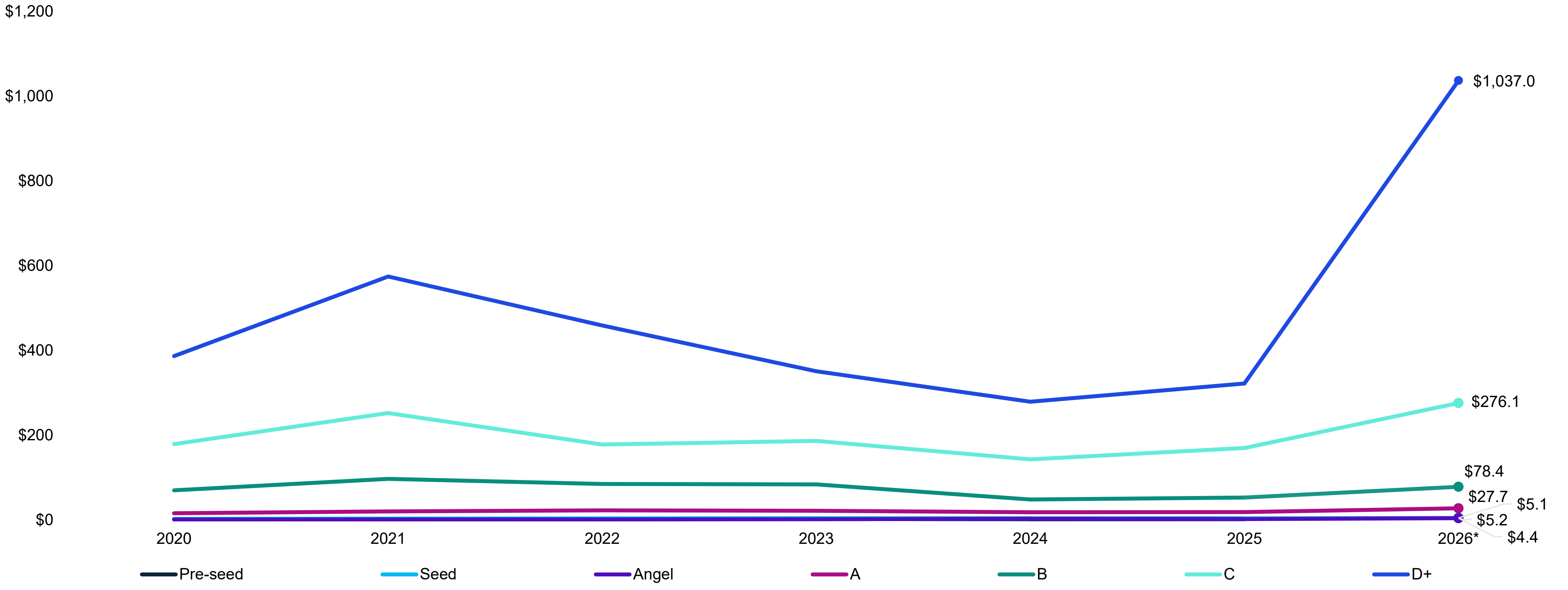


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Valuations continue a resurgence across the board

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

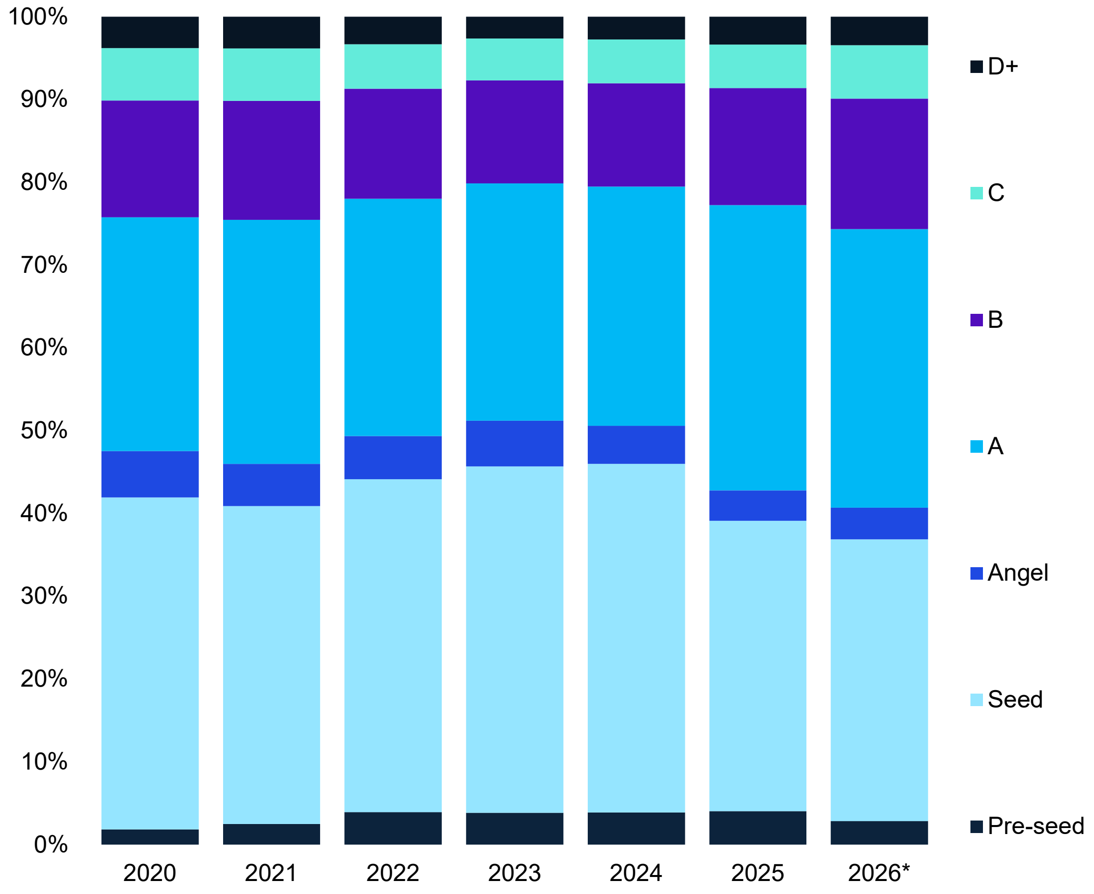
2020–2026*



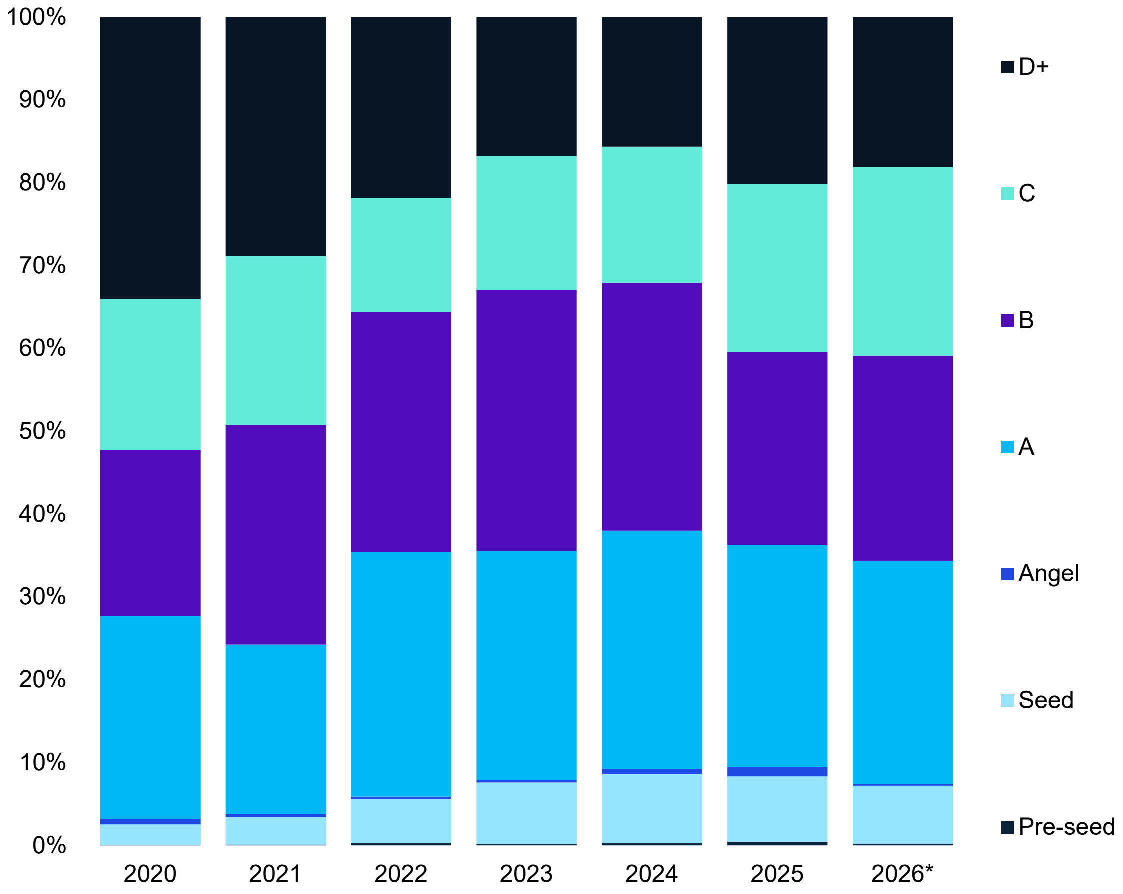
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.
Note: All 2026 pre-seed and C and D+ data points are based on non-normative populations.

Midstage rounds still account for bulk of VC invested, signaling concentration

Deal share by series in Asia
2020–2026*, number of closed deals



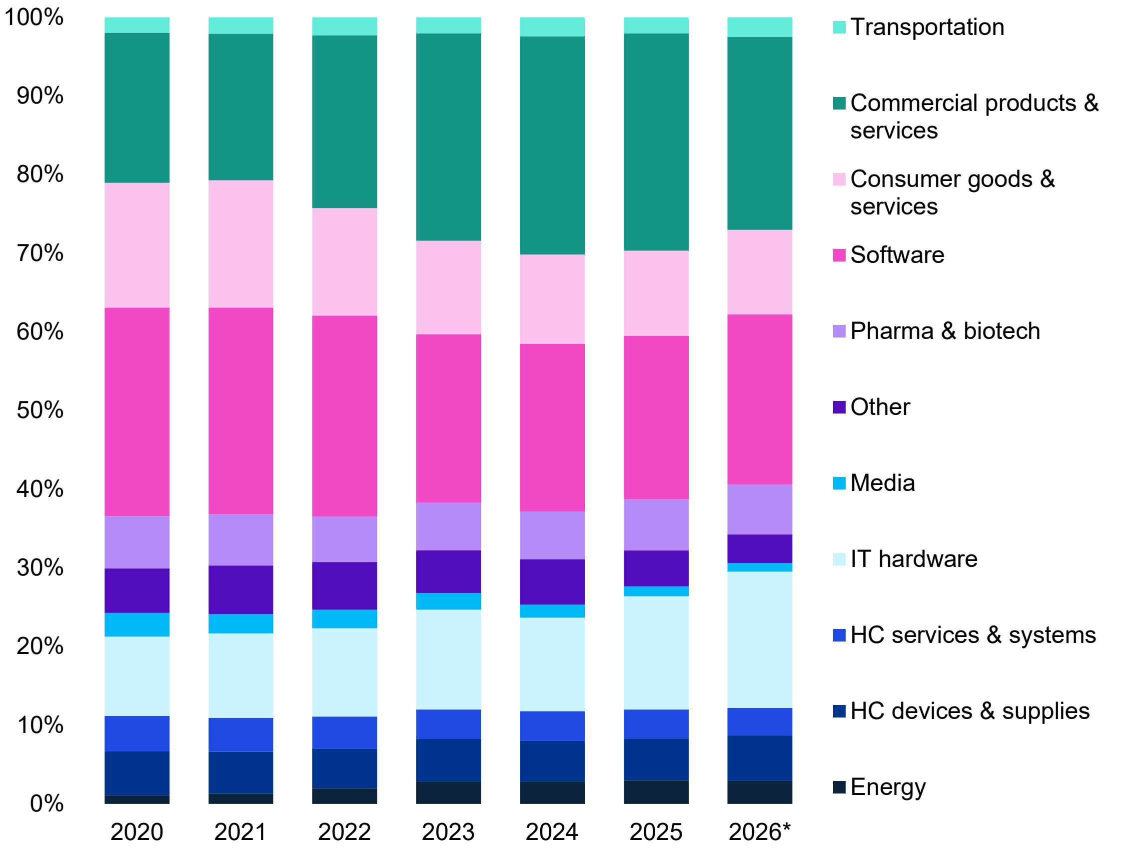
Deal share by series in Asia
2020–2026*, VC invested ($B)



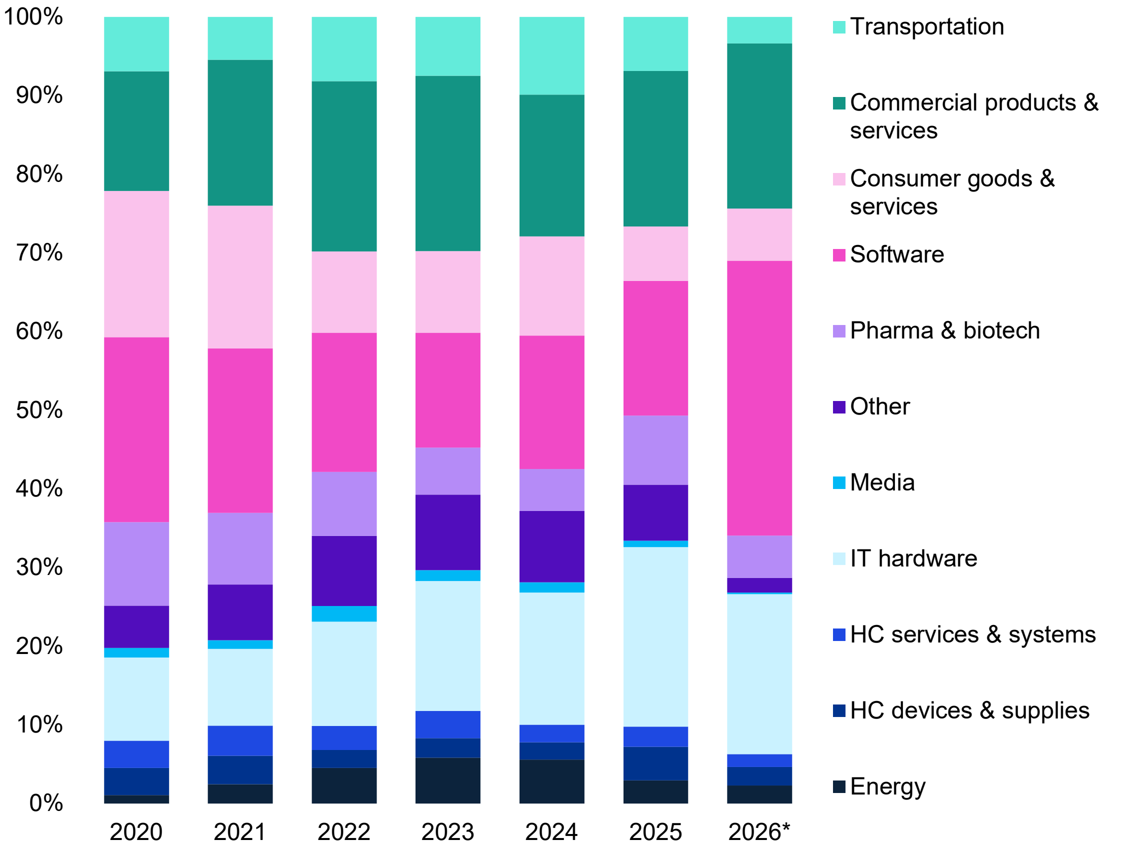
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

AI drives seismic shift in deal value, as regional manufacturing focuses on chips

Venture financings by sector in Asia
2020–2026*, number of closed deals



Venture financings by sector in Asia
2020–2026*, VC invested ($B)

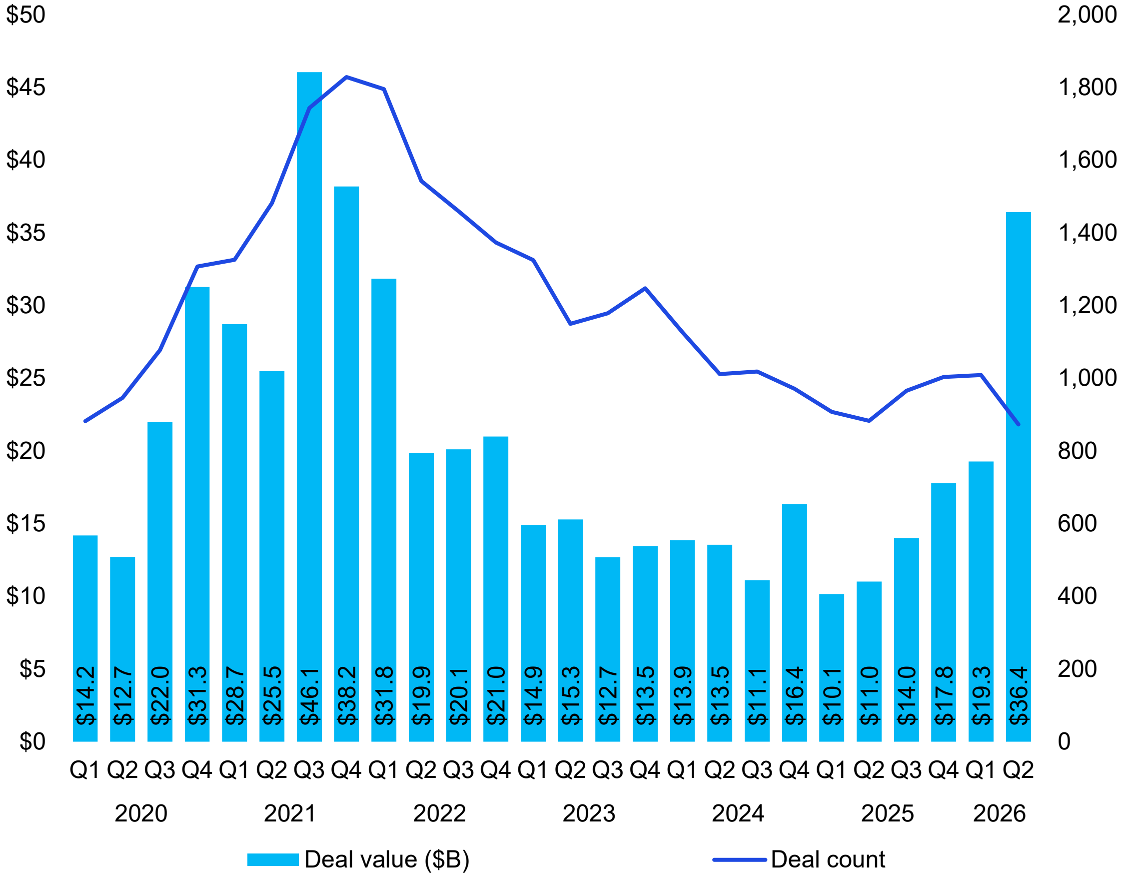


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

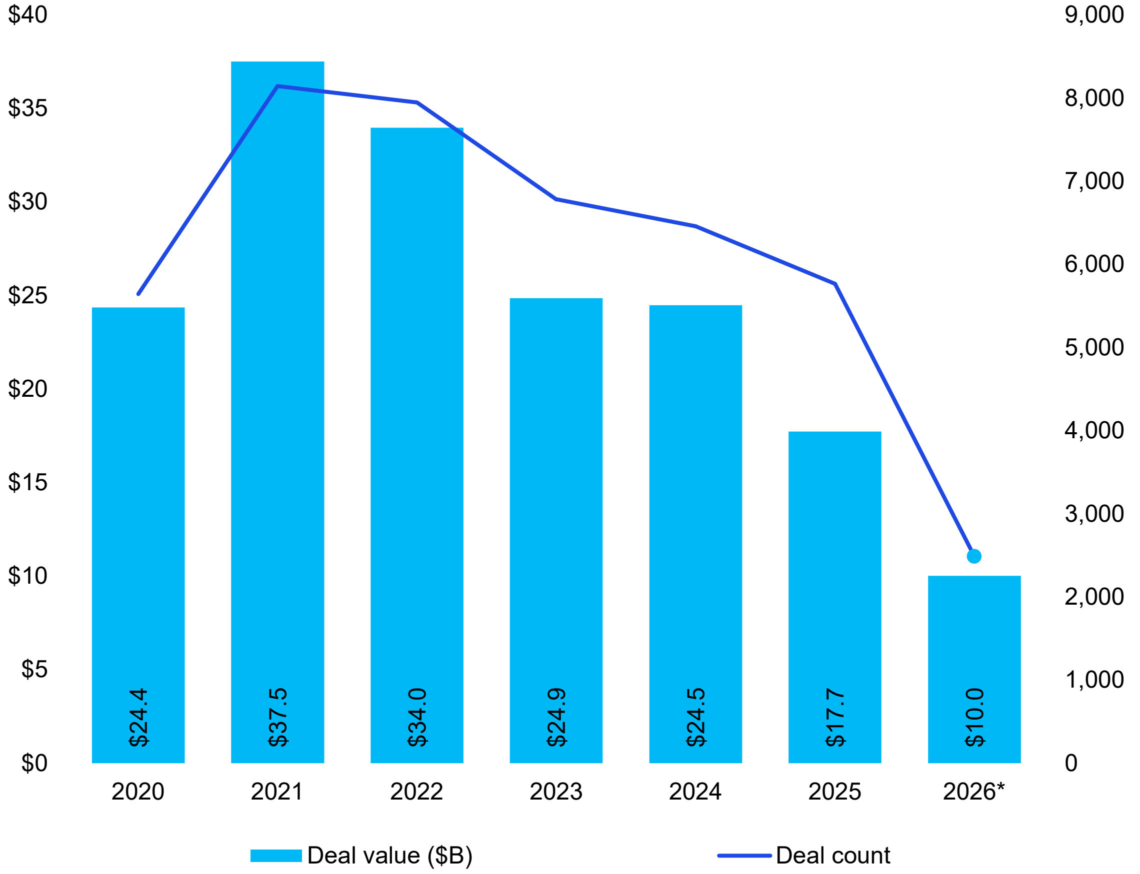
KPMG Private Enterprise

First-time financings are roughly on par with 2025 tallies

Corporate participation in venture deals in Asia
2020–Q2'26



First-time venture financings of companies in Asia
2020–2026*

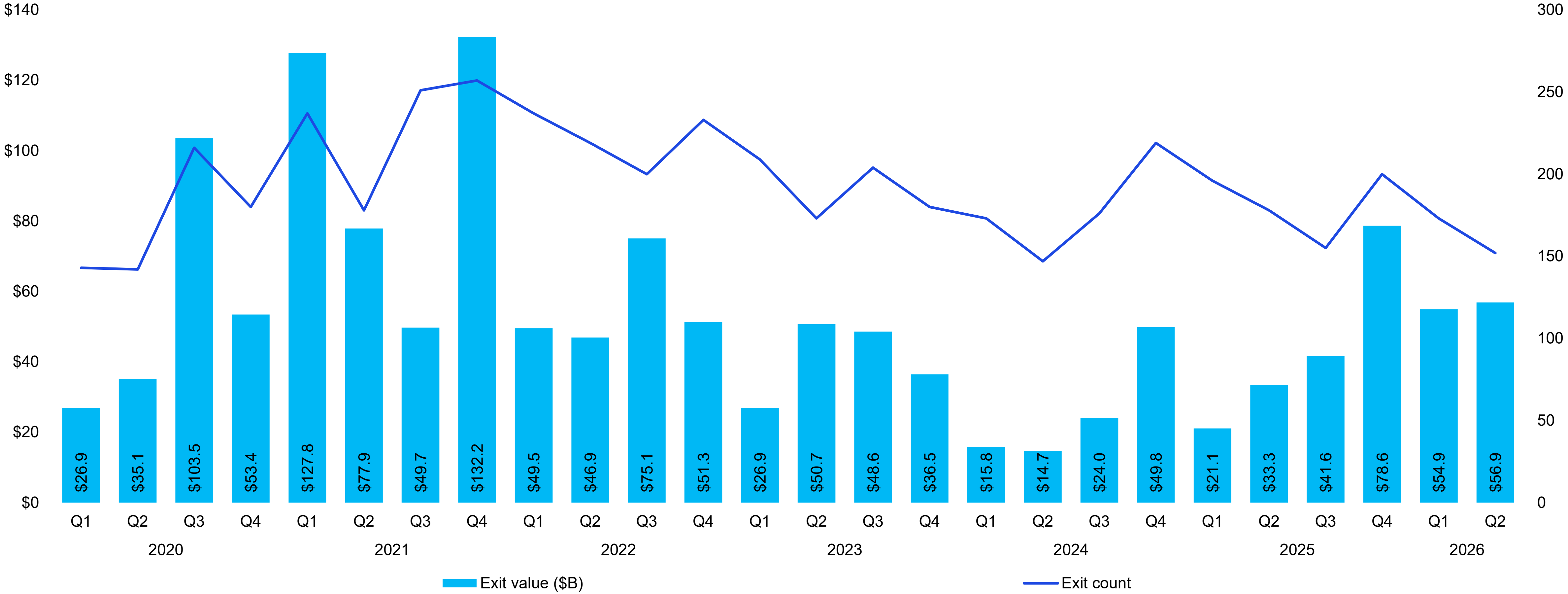


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Exits turn in another healthy quarter in terms of value

Venture-backed exit activity in Asia

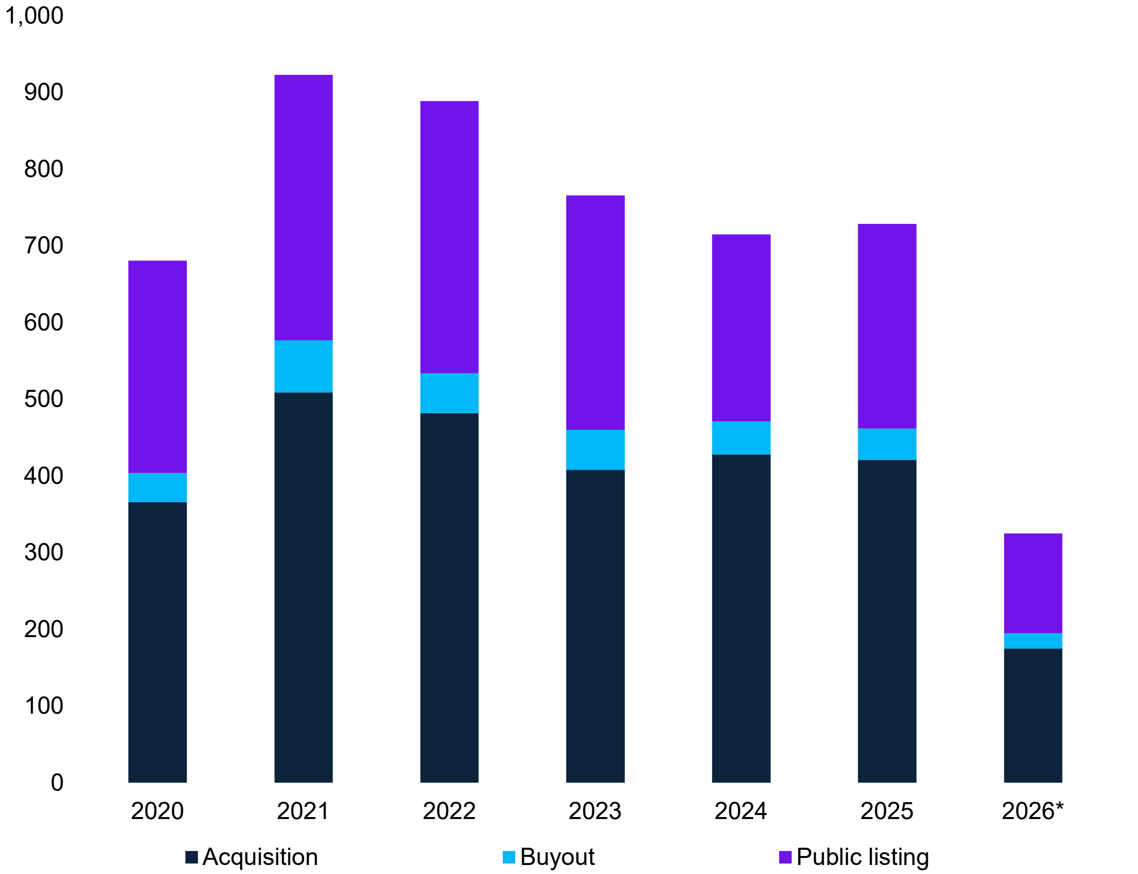
2020–Q2'26



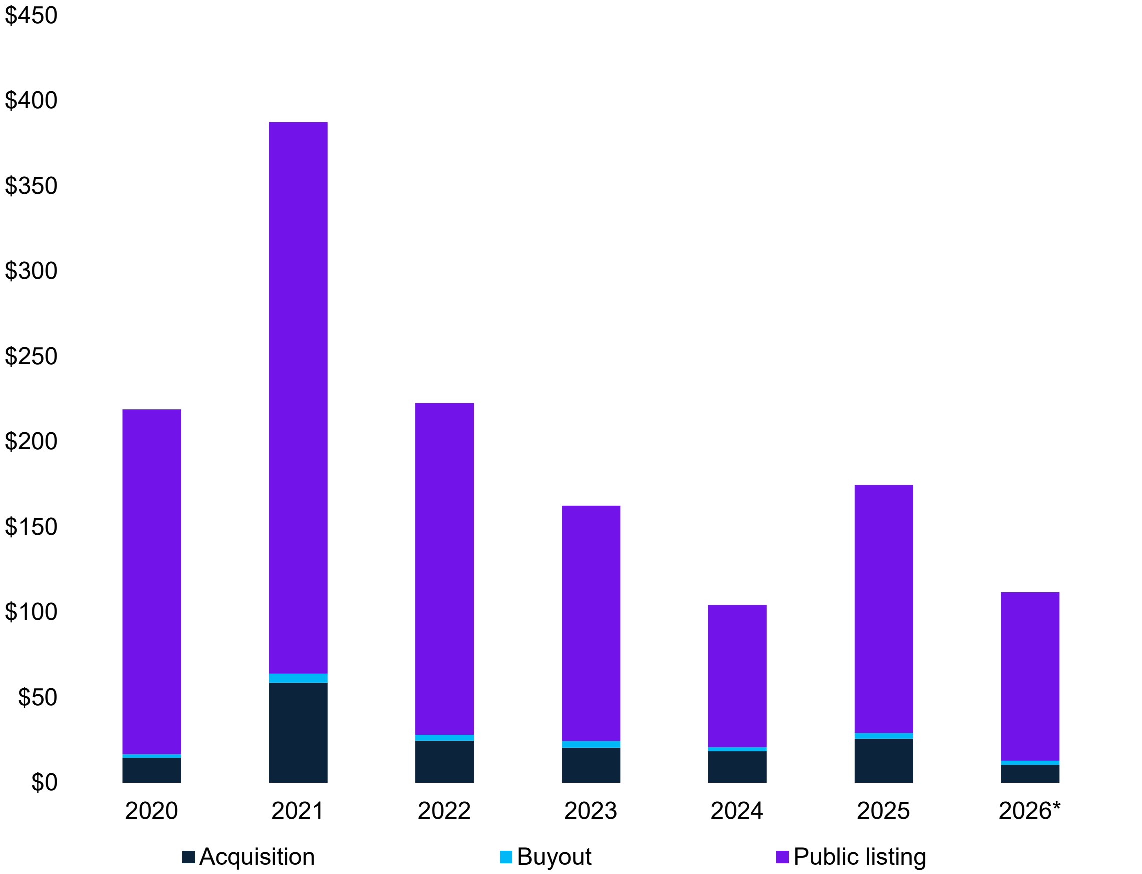
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Listings still propel the bulk of exit value

Venture-backed exit activity (#) by type in Asia
2020–2026*



Venture-backed exit activity ($B) by type in Asia
2020–2026*



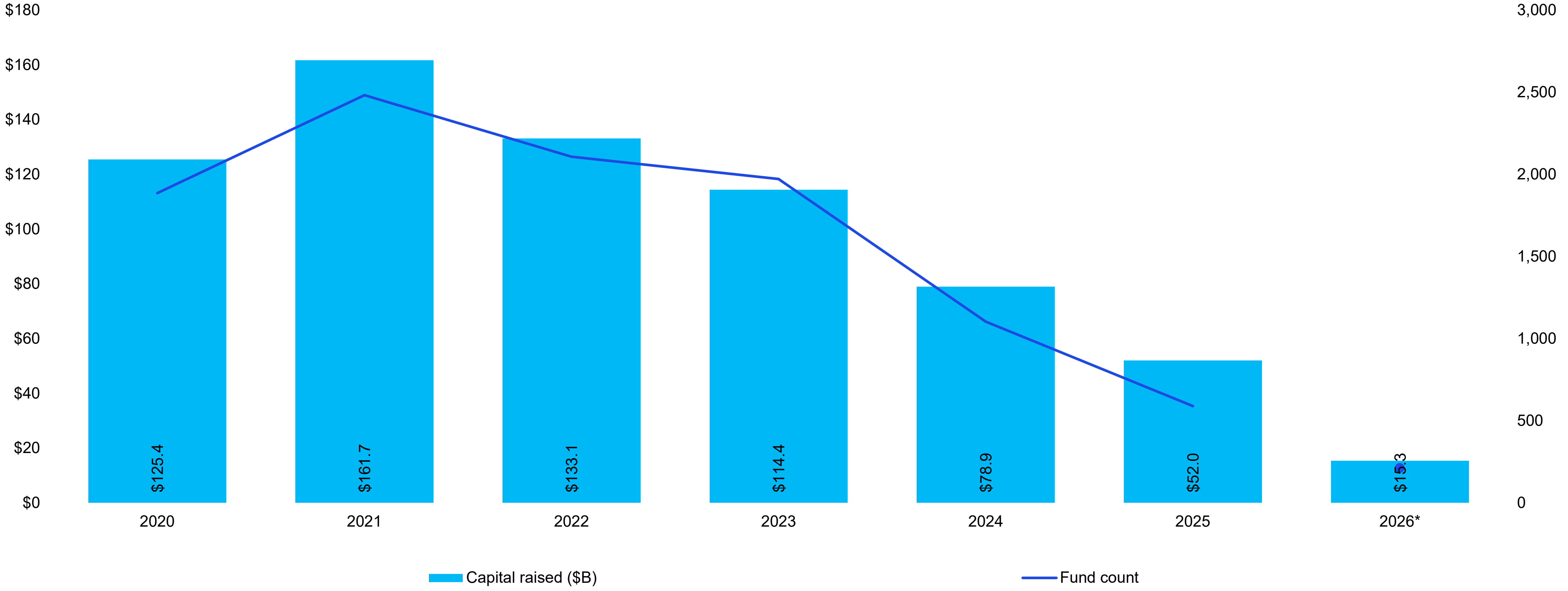
Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

KPMG Private Enterprise

Outside, nontraditional capital remains key to large rounds

Venture fundraising in Asia

2020–2026*

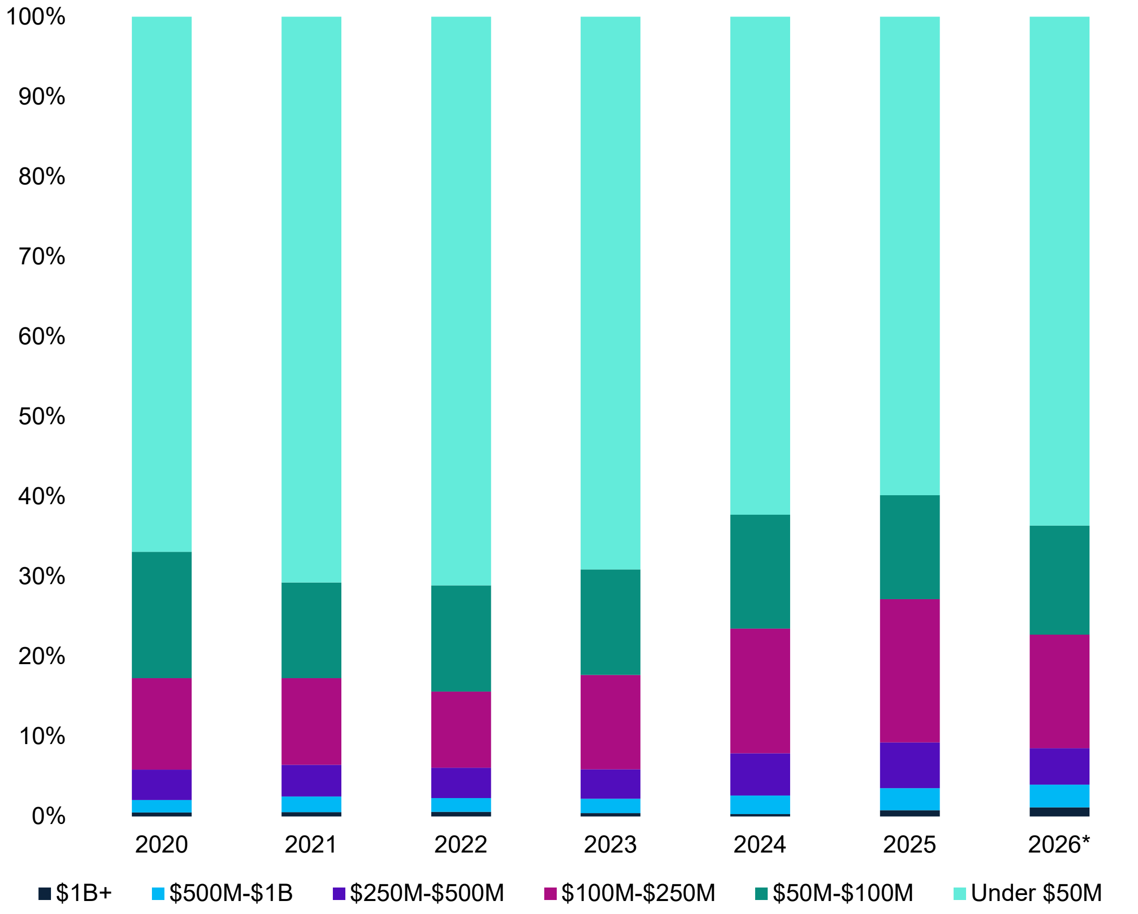


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Dealmaking and capital commitments diverge, as smaller funds predominate

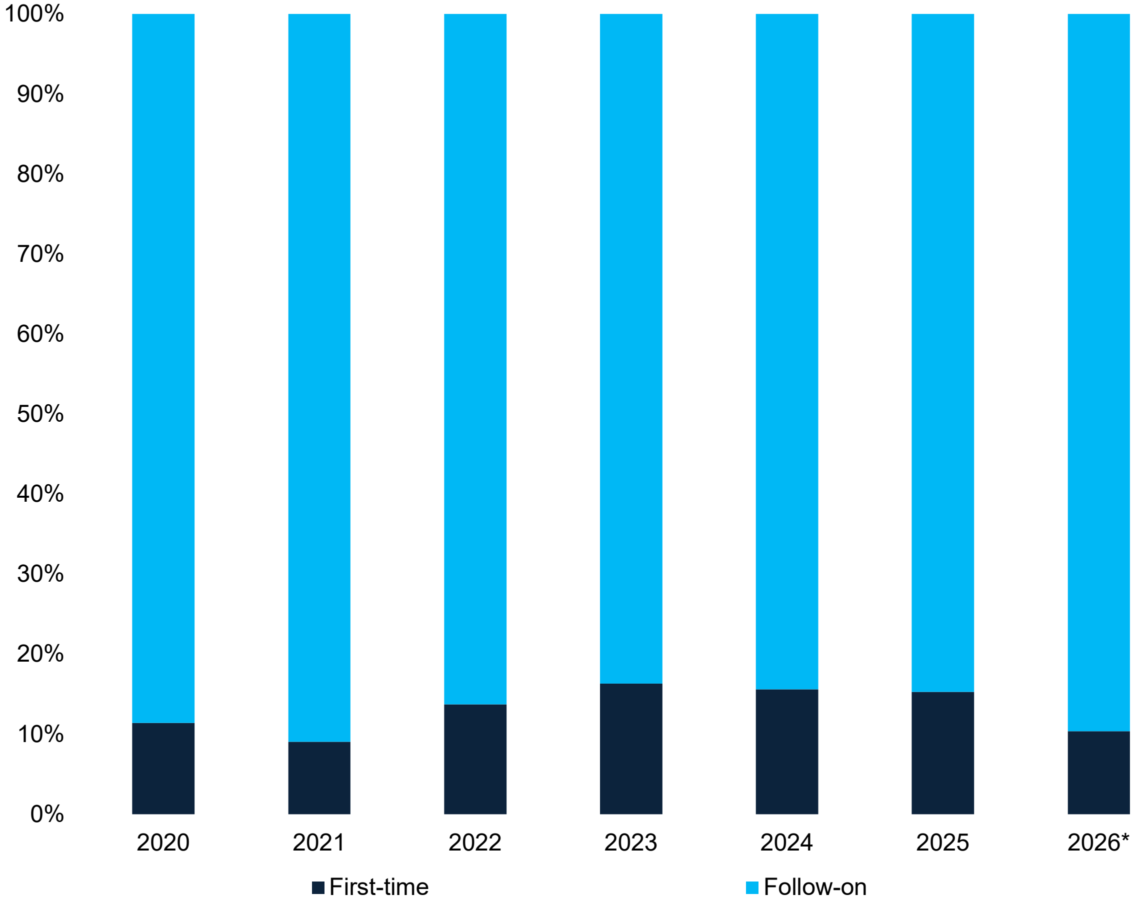
Venture fundraising (#) by size in Asia

2020–2026*



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

2020–2026*

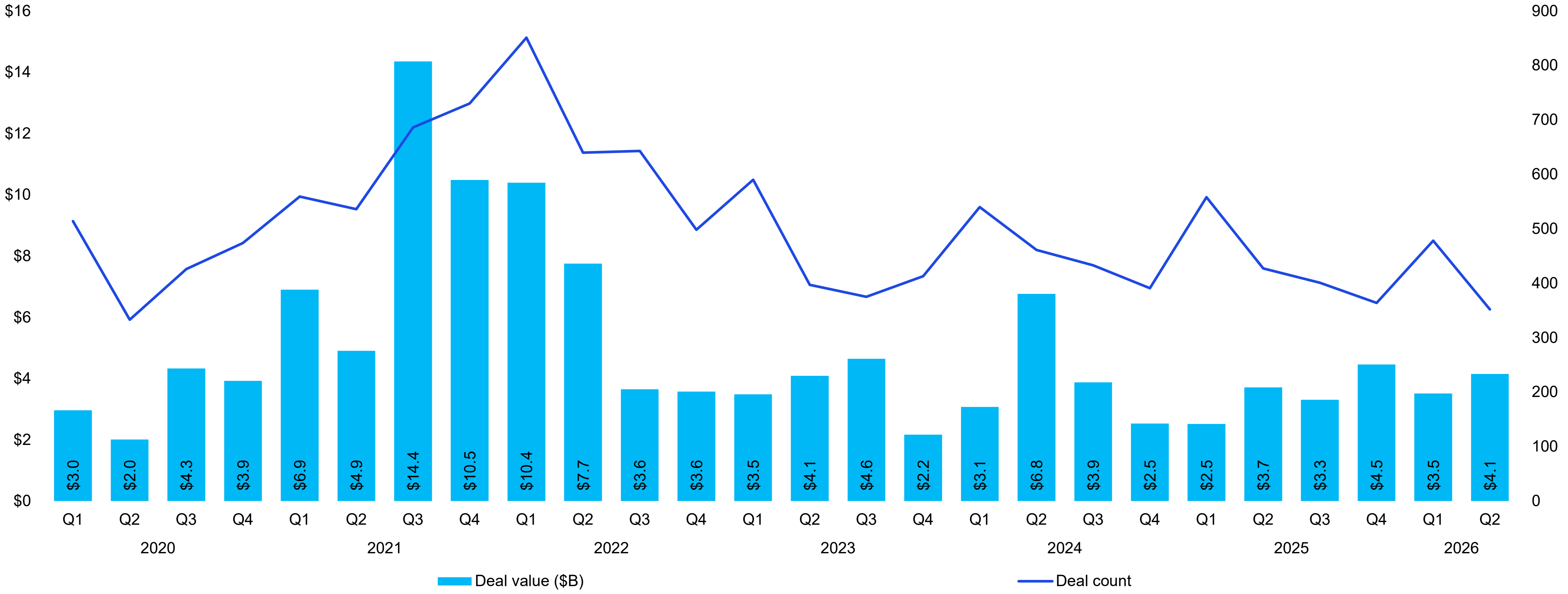


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

India sees healthy volume, as CRED financing signifies deepening corporate ties

Venture financing in India

2020–Q2'26

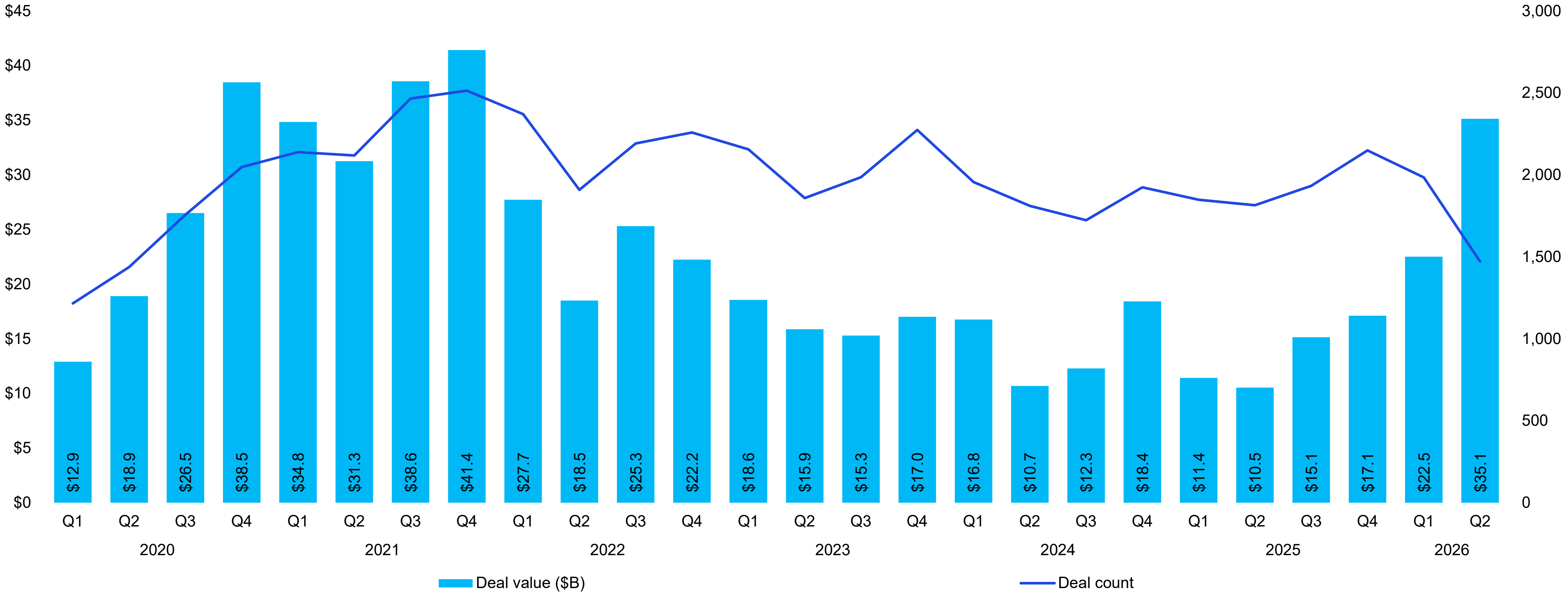


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

China sees its own record AI emblematic financings

Venture financing in China

2020–Q2'26

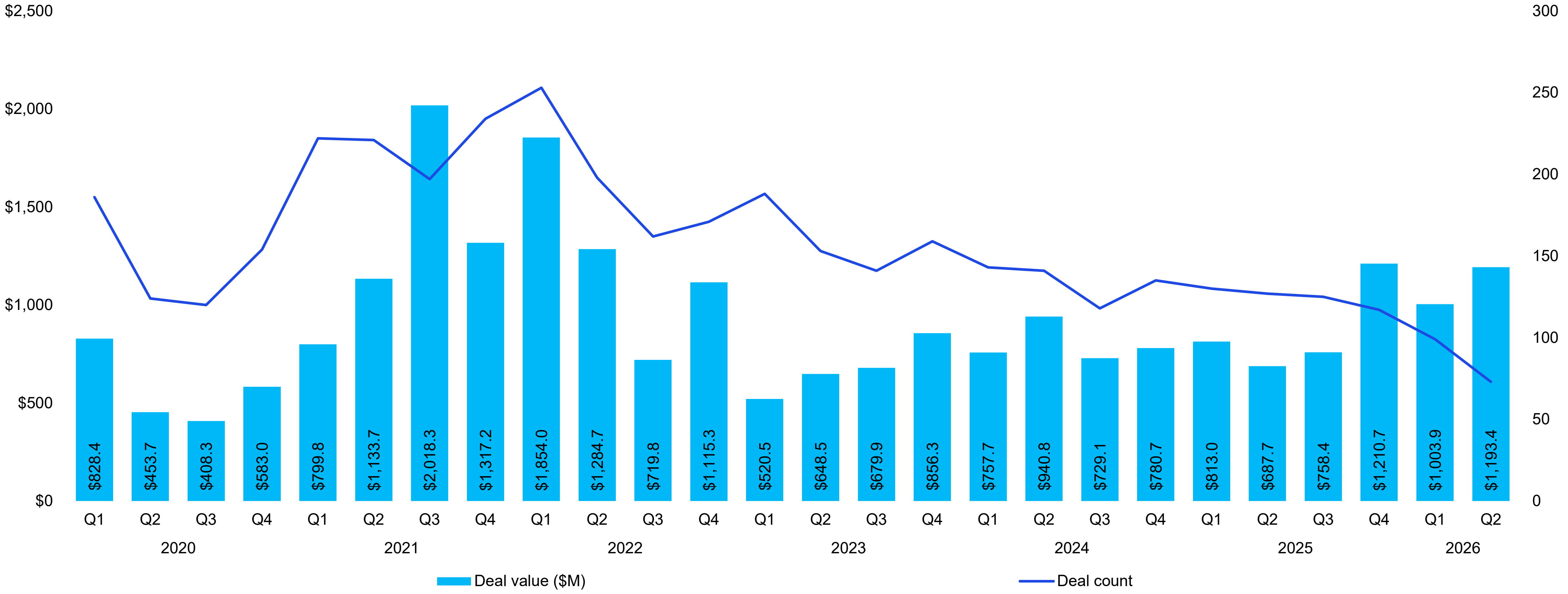


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Australia positions for investment in key sectors

Venture financing in Australia

2020–Q2'26

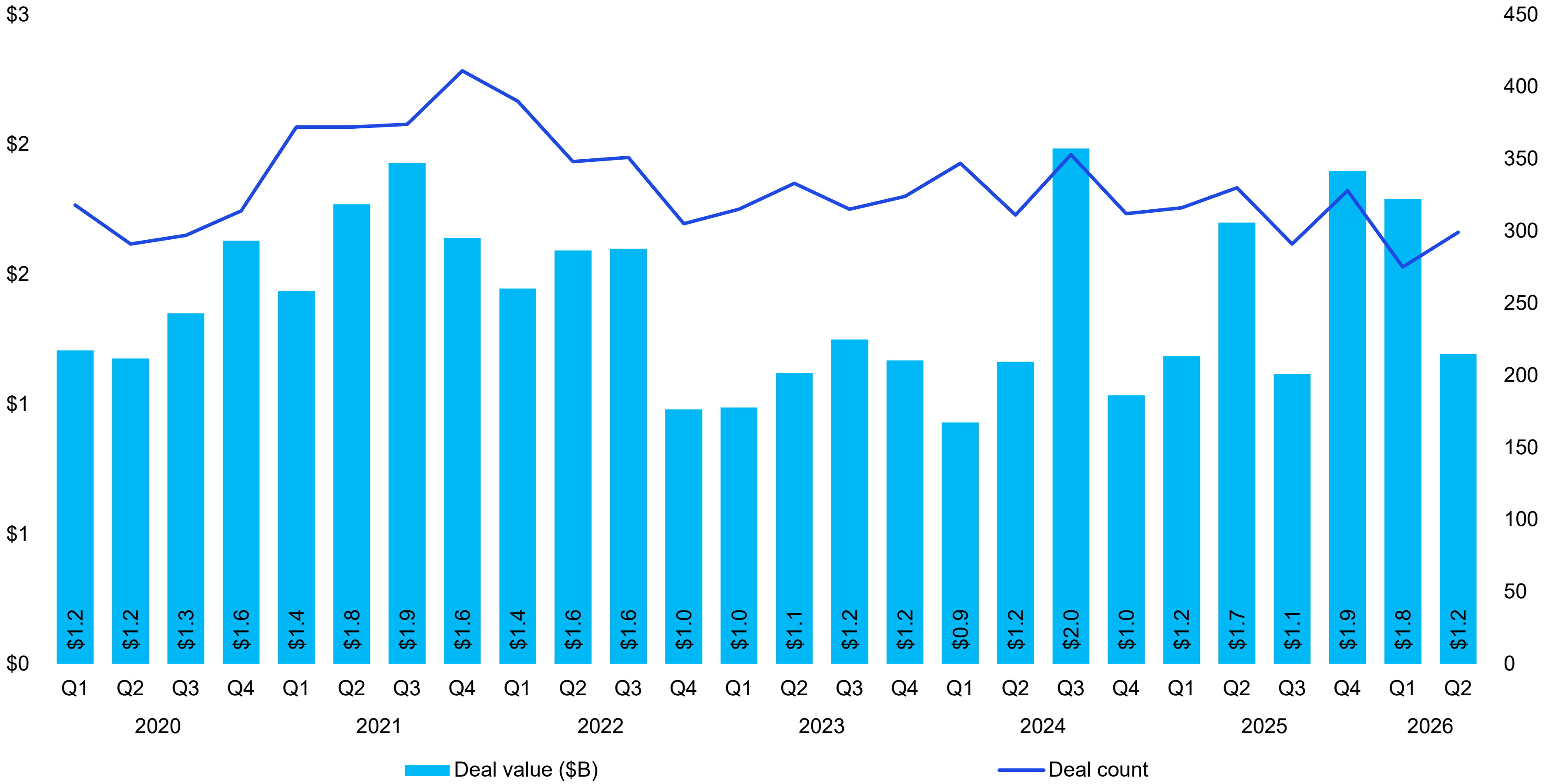


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Healthy activity continues, in line with national priorities

Venture financing in Japan

2020–Q2'26



Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

"Deeptech is an area crucial for Japan's future growth, which is why we're going to see a great deal of collaboration between the government and the private sector. And many major Japanese companies have a lot of internal reserves and VC funds — and they're trying to promote innovation. While investment may be selective for the moment, once CVC funds start flowing into the deeptech area, it could unleash much potential."

Hiroshi Abe
Executive Board Member,
Partner
KPMG in Japan

In Q2'26, VC-backed companies in the Africa region raised $158.9 million across 143 deals

Fintech continues to dominate VC investment in Africa, but investors becoming more selective

VC investment in Africa was relatively soft in Q2'26 as VC investors showed caution and selectivity with respect to their dealmaking, focusing capital on proven startups rather than on those at more conceptual development stages.

Fintech continues to drive the interest of VC investors across Africa, but the bar has been raised

Fintech continued to be the biggest driver of VC investment in Africa during Q2'26, although the bar has noticeably been raised for fintechs looking to attract capital. Part of this stems from a number of jurisdictions introducing or strengthening regulations over the last couple of years — for fintechs, for companies offering digital services or for both. Startups have also had to demonstrate greater sophistication as they've looked to expand their offerings beyond payments into areas such as credit and savings, which require additional regulatory approvals in many jurisdictions across the region.

Incubators and accelerators doing more to help startups prepare for market

Across Africa, incubators and accelerators — some sponsored by family offices — have helped a broad range of startups ideate and run with their ideas. Increasingly, many of these programs have enhanced their focus on preparing startups for market, working with them to assess market viability and whether specific offerings are saturated, helping them understand and prepare for regulatory requirements, and helping them determine their unique value propositions.

While startups in the region are receiving increasing support to set themselves up for success, funding remains a major challenge as initial funding is often limited and quickly drawn down and subsequent funding difficult to obtain. Part of this mismatch likely reflects ecosystem growing pains as generally the ecosystem is becoming broader, with more businesses than ever attracting funding.

Political uncertainty causing international investors to be more cautious

Within Africa, political shifts often cause major changes to government priorities and regulatory frameworks. With a good number of elections expected in the region over the next year or two, it's no surprise that international investors are taking a more cautious approach to the jurisdictions and companies in which they invest. Notwithstanding election cycles, jurisdictions with some level of startup regulations, like Egypt, Kenya, Nigeria and South Africa, have generally been more successful at fostering innovation, maturing their startup ecosystem, scaling startups and attracting international investors.

Climatetech investment not moving as fast as predicted

Investment in climatetech has not grown as fast as predicted, despite the significant impact that Africa has felt from the effects of climate change. The costs involved have proven to be a major barrier, given the business is quite capital intensive; additionally, most countries in Africa lack clear regulations around carbon monetization. One exception has been renewable energy, which has continued to gain some traction. Long term, climatetech is expected to remain a priority for governments, although it may take time for larger scale investments to materialize.

Healthtech ecosystem maturing

The high cost of healthcare and access concerns have kept healthtech on the radar of VC investors in Africa, although the sector remains relatively nascent; the ecosystem is starting to mature, however, with VC investors growing more comfortable with the complexities of the space, such as data protection and privacy. This space will likely see increasing investment over time.

Fintech continues to dominate VC investment in Africa, but investors becoming more selective , cont'd.

Trends to watch for in Q3'26

Looking ahead to the second half of the year, VC investment is expected to remain relatively concentrated in Africa as investors continue to rationalize their investments. Fintech is expected to remain the biggest ticket for VC investors in Africa, although areas like healthtech could see increasing investment over time.

Given changing geopolitical dynamics, many of the governments in Africa are working to reduce their dependency on foreign aid and foreign capital and are looking toward local capital to fill gaps. This could make it challenging for startups to obtain bank financing given governments are seen as much lower risk than startups or scaling companies. This could, however, present a big opportunity for family offices and family businesses looking to pivot in new directions.

Despite short-term challenges, the medium to longer-term outlook for VC investment in Africa remains solid given its demographics, increasing digital penetration and potentially underserved markets.

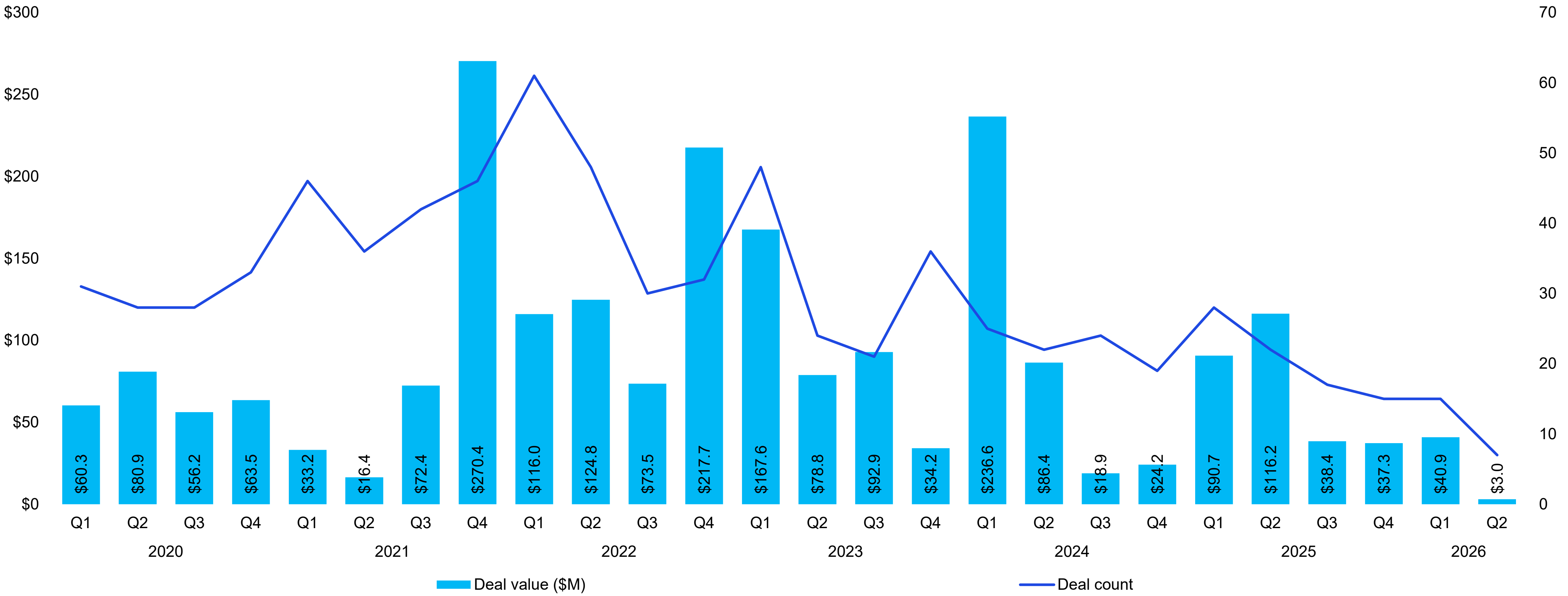
> "Fintech is still dominant in terms of VC investment and deals volume across Africa, but we are seeing slow and steady growth in other areas, like healthtech, climatetech and other essential services. While the funding environment is more challenging for startups than it was a few years ago, as investors are taking a much more disciplined approach to dealmaking, we could see some of the best opportunities for growth emerge because of this disciplined time of market development."

Sandeep Main
Partner, Tax & Regulatory Services and Africa Head of Private Enterprise
KPMG One Africa

VC activity turns in a soft quarter

Venture financing in Southern Africa

2020–Q2'26

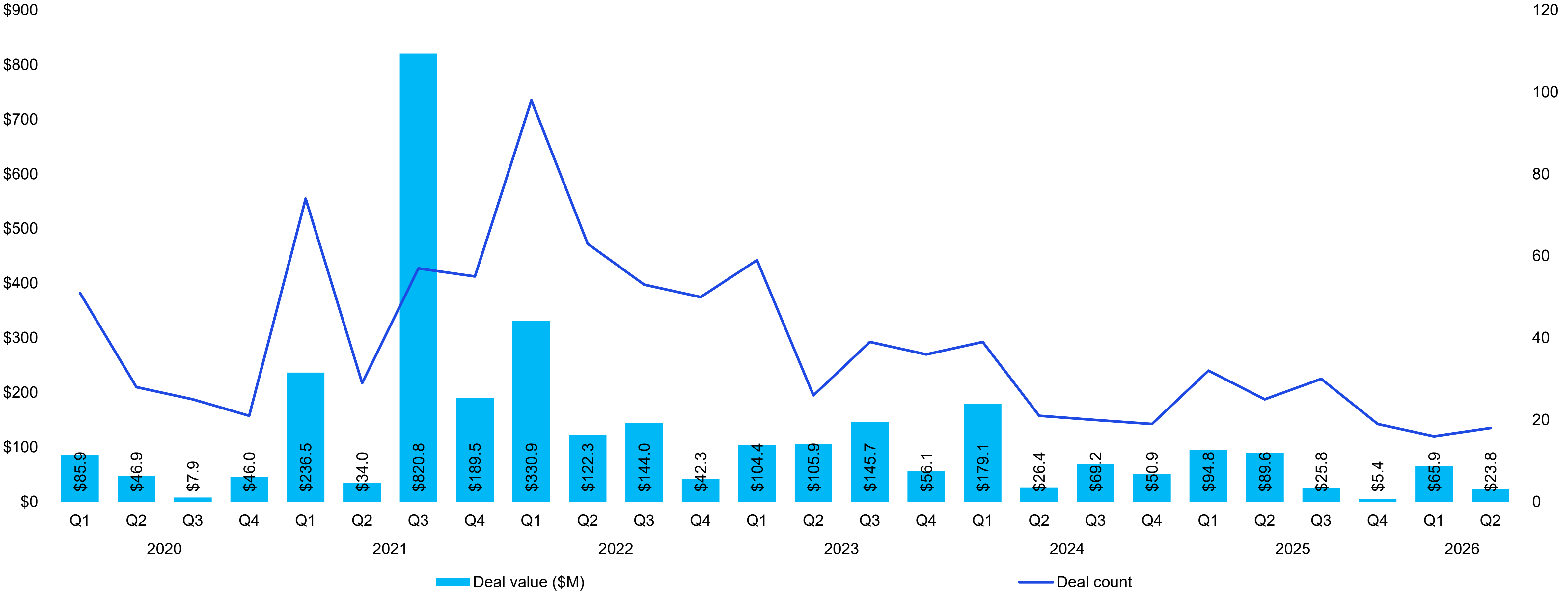


Source: KPMG Private Enterprise analysis of PitchBook data, Q2'26. Data as of June 30, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

Deal flow remains sluggish overall

Venture financing in West Africa

2020–Q2'26

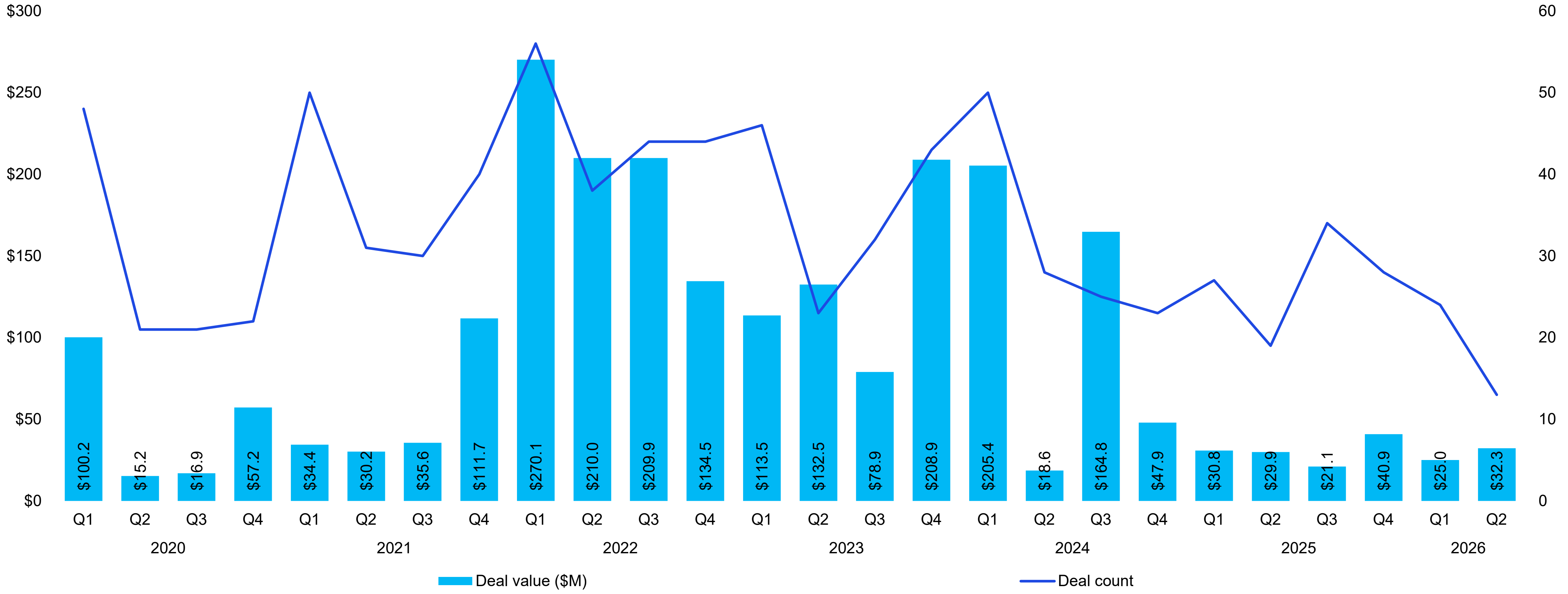


Source: KPMG Private Enterprise analysis of PitchBook data, Q1'26. Data as of March 31, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

VC activity continues at a consistent, if muted pace

Venture financing in East Africa

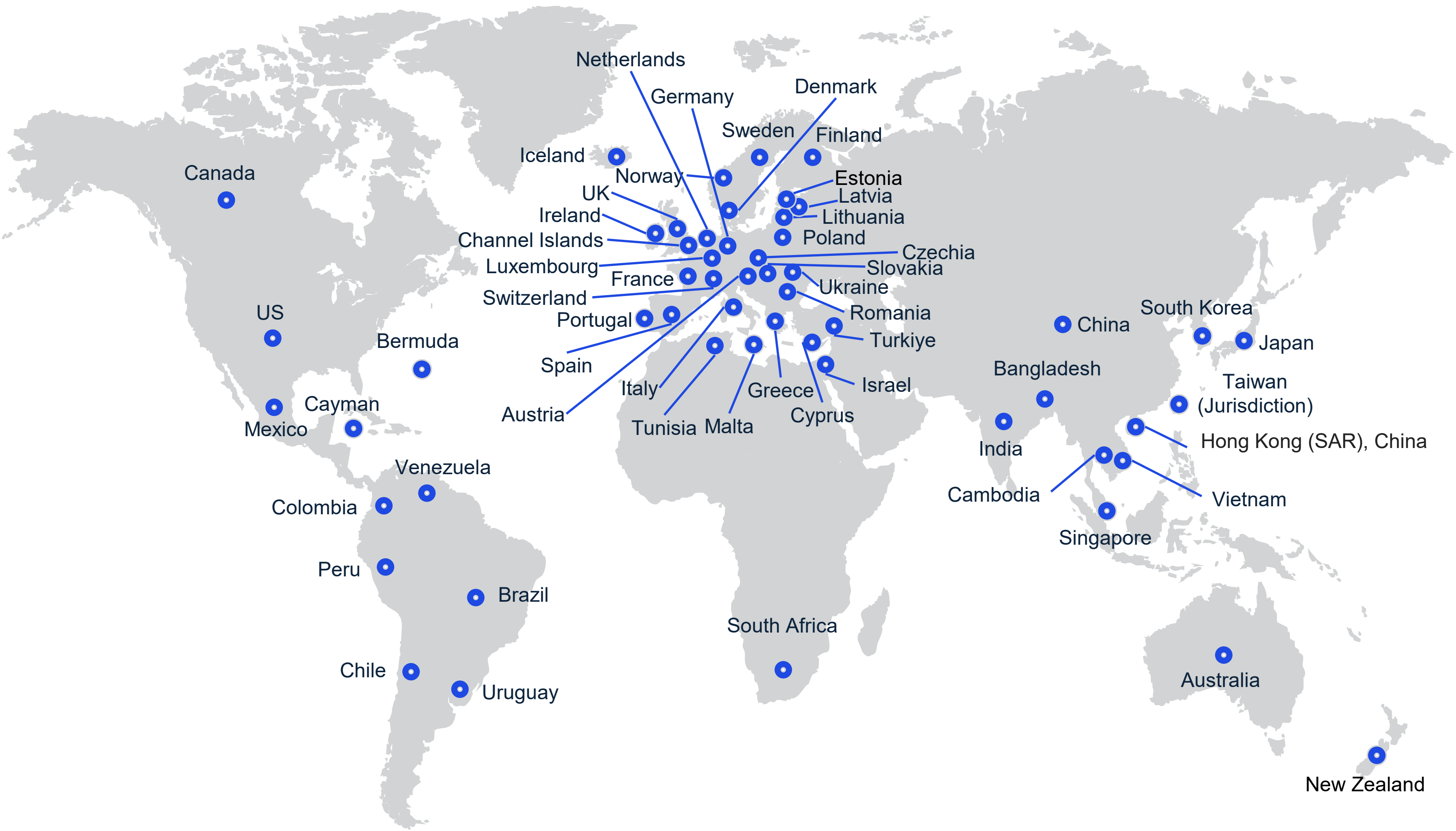
2020–Q2’26



Source: KPMG Private Enterprise analysis of PitchBook data, Q1’26. Data as of March 31, 2026. PitchBook data is proprietary and subject to final internal validation prior to publication.

KPMG Private Enterprise Emerging Giants network

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



Contact us

Conor Moore
Global Head,
KPMG Private Enterprise,
KPMG International and
Partner
KPMG in the US

Carolina Oliveira
Global Lead of
Emerging Giants,
KPMG International and
Partner and Private
Enterprise Leader
KPMG Brazil and
South America Cluster

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

KPMG Private Enterprise

About us

About KPMG Private Enterprise

You know KPMG. You might not know KPMG Private Enterprise. KPMG Private Enterprise advisers in KPMG firms around the world are dedicated to working with you and your business, no matter where you are in your growth journey — whether you're looking to reach new heights, embrace technology, plan for an exit or manage the transition of wealth of your business to the next generation. You gain access to KPMG firms' global resources through a single point of contact: a professional adviser to your company. It is a local touch with a global reach.

KPMG Private Enterprise's global network of professionals 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.

KPMG Private Enterprise

About the report

Acknowledgements

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

- **Conor Moore**, Global Head, KPMG Private Enterprise, KPMG International
- **Amy Burnett**, Head of KPMG Private Enterprise Access, KPMG in the UK
- **Carolina de Oliveira**, Global Lead of Emerging Giants, KPMG International and Partner and Private Enterprise Leader, KPMG Brazil and South America Cluster
- **Dina Pasca-Raz**, Partner, KPMG in Israel
- **Florian Merkel**, Director of Tax, Head of Venture Services, KPMG in Germany
- **Gavin Sheehan**, Partner, KPMG in Ireland
- **Guillermo Goñi**, Partner, KPMG in Mexico
- **Hiroshi Abe**, Executive Board Member, Partner, KPMG in Japan
- **Jussi Paski**, Head of Startup and Venture Services, KPMG in Finland
- **Lauren Taylor,** Director, KPMG in the UK
- **Lindsay Hull**, Senior Director, Emerging Giants Global Network, KPMG Private Enterprise, KPMG International
- **Nicole Lowe**, Head of Emerging Giants, KPMG in the UK
- **Patrick Molyneux**, Partner, KPMG in the UK
- **Ryan Forster**, Partner, KPMG in Canada
- **Samuel Lush**, Managing Director, Private Equity Group, KPMG in the US
- **Sandeep Main,** Partner, Tax & Regulatory Services and Africa Head of Private Enterprise, KPMG One Africa
- **Sarah Meyers**, Associate Director, KPMG Private Enterprise, KPMG International
- **Scott Burger**, Partner, KPMG in the US
- **Shivani Sopory**, Partner, KPMG in the US
- **Stefan Kimmel**, Partner, KPMG in Germany
- **Zoe Shi, Partner**, KPMG China

About the report

Methodology

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

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

In addition, particularly within the European region, the Venture Pulse does not contain any transactions that are tracked as private equity growth by PitchBook. As such rounds are often conflated with late-stage venture capital in media coverage, there can be confusion regarding specific rounds of financing. The key difference is that PitchBook defines a PE growth round as a financial investment occurring when a PE investor acquires a minority stake in a privately held corporation. Thus, if the investor is classified as PE by PitchBook and it is the sole participant in the recipient company's financing, then such a round will usually be classified as PE growth and not included in the Venture Pulse datasets. However, as of the Q4 2022 edition, a new stage for venture that was invented by PitchBook to account for growth at late-stage VC will be included, defined as venture growth. That same edition saw some minor updates to the wording of the methodology on this page.

Also, if a company is tagged with any PitchBook vertical, excepting manufacturing and infrastructure, it is kept. Otherwise, the following industries are excluded from growth equity financing calculations: buildings and property, thrifts and mortgage finance, real estate investment trusts and oil & gas equipment, utilities, exploration, production and refining. Lastly, the company in question must not have had an M&A event, buyout or IPO completed prior to the round in question. An additional estimated deal count for Q2 2025 was provided for this edition due to lags in confirming deals from a variety of investors. The estimate was based on PitchBook's existing venture deal count estimation methodology which utilizes a running calculation based on differences between previous editions' final figures and changes on a quarterly basis, i.e., the delta between final figures pulled at the end of Q1 2025 versus Q2 2025, but for the same timeframe. Then, that percentage change is applied to the current quarter's count to attempt to account for any potential lag given the opacity of private markets.

Fundraising

PitchBook defines VC funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional VC firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identifying as 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's investment team is based; if that information is not explicitly known, the HQ country of the fund's general partner is used. Only funds based in the United States that have held their final close are included in the fundraising numbers. The entirety of a fund's committed capital is attributed to the year of the final close of the fund. Interim close amounts are not recorded in the year of the interim close.

Deals

PitchBook includes equity investments into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, VC firms, corporate venture firms, corporate investors and institutions, among others. Investments received as part of an accelerator program are not included; however, if the accelerator continues to invest in follow-on rounds, those further financings are included. All financings are of companies headquartered in the US, with any reference to "ecosystem" defined as the combined statistical area (CSA). PitchBook includes deals that include partial debt and equity.

Pre-seed/seed: The pre-seed stage encompasses a collection of emergent startups receiving the first check from at least one institutional investor to fuel their development growth. For global startups, we reclassify angel deals depending on institutional investors' prior deal participation. Deals that have been tagged as "angel" due to the company's investor base consisting solely of individual investors will now be recategorized into the early-stage or late-stage VC deal category based on stage methodologies in place. For startups headquartered in the US and Europe, we define pre-seed as a round of financing for a company founded less than two years ago that has not yet received institutional investor support. This update was made in the Q4 2023 edition of Venture Pulse and all subsequent editions.

- **Early-stage:** Rounds are generally classified as Series A or B (which we typically aggregate together as early-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors and more.
- **Late-stage:** Rounds are generally classified as Series C or D or later (which we typically aggregate together as late-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including: the age of the company, prior financing history, company status, participating investors and more.
- **Growth:** Financings tagged as Series E or later or deals involving companies that are at least seven years old and have raised at least six VC rounds will be included in this category, as of the Q4 2022 edition of Venture Pulse released in January 2023.
- **Corporate:** Corporate rounds of funding for currently venture-backed startups that meet the criteria for other PitchBook venture financings are included in the Venture Pulse as of March 2020.
- **Corporate venture capital:** Financings classified as corporate venture capital include rounds that saw both firms investing via established CVC arms or corporations making equity investments off balance sheets or whatever other non-CVC method is employed.

Exits

PitchBook includes the first majority liquidity event for holders of equity securities of venture-backed companies. This includes events where there is a public market for the shares (IPO) or the acquisition of majority of the equity by another entity (corporate or financial acquisition). This does not include secondary sales, further sales after the initial liquidity event or bankruptcies. M&A value is based on reported or disclosed figures, with no estimation used to assess the value of transactions for which the actual deal size is unknown. IPO value is based on the premoney valuation of the company at its IPO price. One slight methodology update is the categorical change from "IPO" to "public listings" to accommodate the different ways we track VC-backed companies' transitions to the public markets. To give readers a fuller picture of the companies that go public, this updated grouping includes IPOs, direct listings and reverse mergers via special purpose acquisition companies (SPACs).

In the edition of the KPMG Venture Pulse covering Q1 2020 and all ensuing, PitchBook's methodology regarding aggregate exit values changed. Instead of utilizing the size of an IPO as the exit value, the prevaluation of an IPO, based upon ordinary shares outstanding, was utilized. This has led to a significant change in aggregate exit values in all subsequent editions yet is more reflective of how the industry views the true size of an exit via public markets. In the edition of the KPMG Venture Pulse covering Q1 2021 and all ensuing, the IPO exit type was updated to include all types of public listings, including SPACs and other reverse mergers. In January 2025, a new extrapolation for M&A exit values was also applied.

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

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

kpmg.com/venturepulse