



Venture Pulse

Q4 2021

Global analysis of venture funding

January 19, 2022

Welcome message

Welcome to the Q4'21 edition of *Venture Pulse* — KPMG Private Enterprise's quarterly report highlighting the key trends, challenges, and opportunities facing the VC market globally and in key jurisdictions around the world.

2021 was a banner year for the global VC market, with record high highs for total investment and the value and number of VC deals, global CVC investment and the number of CVC deals, the number of exits and total exit value, and global fundraising value. Despite the Omicron variant of COVID-19 leading to new rounds of travel challenges and local restrictions in the second half of the year, VC investment in Q4'21 remained high, propelled by robust investment across the Americas and Europe. While total VC investment in Asia dropped from the record high achieved in Q3'21, it remained relatively robust compared to historical trends.

Megadeals continued to dominate the VC market, with nine companies raising \$1 billion+ rounds during Q4'21, led by Indonesia-based J&T Express (\$2.5 billion); US-based companies Commonwealth Fusion Systems (\$1.8 billion), Gopuff (\$1.5 billion) and Sierra Space (\$1.4 billion); and China's Regor Therapeutics (\$1.5 billion).

A \$900 million raise by Germany-based N26 was Europe's largest deal of the quarter. Numerous industries and market segments attracted significant interest from VC investors, including fintech, B2B services, healthtech, cybersecurity, and

advanced manufacturing. ESG also continued its climb to prominence 齙 driven in part by the COP26 conference, which was held during the quarter.

Heading into 2022, VC investment globally is expected to remain high given the wealth of dry powder available in the market, the continued involvement of non-traditional investors, and the ongoing evolution of VC markets in less developed jurisdictions, including South America and Africa. While IPO activity is expected to slowdown from the frenetic pace seen in 2021 as more companies take the time needed to set themselves up for post-IPO success, the IPO market in general is expected to remain robust in addition to M&A activity.

In this quarter's edition of *Venture Pulse*, we share highlights of both annual and Q4'21 VC market results, in addition to discussing a number of global and regional trends, including:

- The increasing prioritization of IPO readiness over speed
- The growing focus on talent and HR-focused solutions
- The enhanced focus on hybrid models of work
- The industries likely to see consolidation, including fintech and food delivery

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

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Jonathan Lavender
Global Head,
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Conor Moore
Head of KPMG Private Enterprise in the Americas, Global Leader — Emerging Giants, KPMG Private Enterprise and Partner, KPMG in the US

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Global

- VC investment capped off incredible year with another near record quarter of \$171.4 billion
- Corporate VC participation jumps from \$49.9 billion to \$81 billion YoY
- Unicorn rounds spike for fourth consecutive quarter
- Venture-backed exits surpass \$300 billion for the quarter — again
- Global fundraising reaches \$200 billion in 2021



US

- VC hits record \$88.2 billion invested across 3536 deals
- Annual median deal size for D+ rounds, hits \$105 million
- Fintechs pull in 4 of the largest 10 deals
- Corporate VCs join in over \$37 billion in Q4 — capping record year
- Annual fundraising reaches new heights over \$128 billion

Americas

- New record high of \$95.2 billion invested across 3946 deals
- Annual median deal size for D+ rounds hits \$110 million
- Q4 caps a historic year for Canadian startups
- Historic year for Brazil — with 22 companies raising \$100 M or more
- Brazil sees over \$2.5 billion invested with mega deals including Nubank



Europe

- Investment remains strong in Europe — with over \$28 billion invested on 2041 deals
- Corporate VC participation remains healthy
- First-time venture financing rises from \$4.2 billion to \$11 billion YoY
- London sees record-breaking VC investment in Q4
- Top 10 deals spread among 6 countries

Asia

- Venture Capital investment nears new high — with \$46.2 billion across 2440 deals
- Corporates double down — with investments nearing \$30 billion
- Exits resurge in Q4 — finishing the year strong
- India concludes record-setting year with another \$10 billion + quarter
- China dominates with 7 of top 10 deals



Globally, in Q4'21 VC-backed companies raised
\$171.4B across 8,710 deals

Global VC market shatters numerous records, as VC investment surges to new annual high

VC investment globally remained strong in Q4'21 — bringing to a close an incredible year. The ready availability of cash, the significant returns seen on exits throughout the year, and the increasing participation of corporates, family offices, and a range of other non-traditional investors has only added to the overall attractiveness of the market. With the rise of the Omicron variant and the return of work-from-home mandates in some jurisdictions or the delay of return-to-office plans in others, the continued pressure to enhance digital offerings and hybrid work environments is expected to remain firmly on the radar of investors across industries. The combination of a strong investment environment and the continued drive for digitalization will likely help keep VC investment high heading into Q1'22.



2021: The year of breaking records

2021 was the strongest year for VC investment on record, in terms of both total deal value and the number of VC deals seen globally. The robust VC investment climate was highlighted in part by record setting investment levels in numerous jurisdictions, including the US, Canada, Brazil, the UK, Germany, Israel, the Nordic region, Ireland, and India. Corporate VC investment also reached a new high during the quarter — more than a third higher than the previous record set in 2018.

The expanding breadth of VC investors, including an increasing number of non-traditional investors, globally propelled fundraising near-record levels, only slightly lower than 2019's total. On the other end of the deal life cycle, both the number of exits and total exit value also broke records — with the latter almost three times the previous high.



Unicorn companies key to VC investment surge

Unicorn companies globally continued to account for a significant amount of VC investment in 2021, with a number of existing unicorns raising large rounds in Q4'21, including J&T Express (\$2.5 billion), Lacework (\$1.3 billion), Thrasio (\$1 billion) and N26 (\$900 million). The number of unicorn deals more than doubled year-over-year, along with the total amount invested in unicorn companies.

The number of unicorn companies continued to explode in Q4'21, with 126 unicorns globally. Quite a range of less mature VC markets saw new unicorns birthed during the quarter, including Vietnam (Sky Mavis, Momo), Brazil (CargoX, Olist), Mexico (Clara, Merama), Indonesia (Kopi Kenangan, Ajaib), and the Philippines (Mynt) — highlighting not only the increasing diversity of the global VC market but the growing size of startups attracting investment in all corners of the world.



Hot sectors remain pivotal to investment surge

VC investment globally stretched across a broad range of sectors in Q4'21, with fintech, health and biotech, B2B services, cleantech, mobility, autotech, cybersecurity, and delivery continuing to attract significant attention. At a global level, several of the more mature sectors of investment also began to feel rumblings of consolidations; during Q4'21, for example, US-based DoorDash announced plans to acquire European delivery company Wolt for approximately \$8 billion in a deal expected to close in 2022¹.



ESG continues climb to prominence

Following on the strong uptick last quarter, the importance of ESG continued to gain ground in Q4'21 — helped in part by the COP26 conference. The focus on ESG has evolved considerably over the last year given increasing pressure, from consumers demanding more action from the companies they do business with VC investors increasing evaluating ESG metrics to inform their investment decisions, and the growing importance of ESG stories for companies looking to go public.

The breadth of ESG-specific VC investments has also evolved, with an increasing focus on net zero or low emissions technologies across sectors, food-and agtech, and alternative energy. From a VC investor standpoint, one challenge with ESG continues to be the lack of standards for evaluating ESG activities on a consistent basis; heading into 2022, there will likely be increasing investments in ESG solutions and measurement tools to help both companies and investments track, measure, and report their results.

¹ <https://www.theverge.com/2021/11/10/22774485/doorDash-acquires-wolt-stock-europe-international>

Global VC market shatters numerous records, as VC investment surges to new annual high, cont'd.



Companies increasingly prioritizing IPO readiness over speed

IPO activity continued to be robust in Q4'21, although the pace pulled back somewhat as SPAC transactions continued to lose their luster and a number of companies that had held SPAC exits experienced poor post-IPO performance. During the quarter, a number of companies that had initially considered making quick SPAC exits instead turned their attention to raising crossover rounds that gave them more optionality as to timing and type of public offering. While the increasing focus on IPO readiness over speed is expected to cause the number of IPOs to decline somewhat in 2022 next to 2021's record level of transactions, there is growing confidence among both investors and companies that the IPOs that will be held will be of higher quality and result in better post-IPO performance.



HR-focused technologies a growing priority for VC investors

The critical importance of talent and HR to the success of both startups and traditional corporates has led to a significant uptick in VC investment focused on a wide range of HR solutions, from AI-powered recruitment technologies to performance management solutions. In Q4'21, for example, US-based payroll and compliance platform Deel raised \$425 million, Germany-based automated people workflow provider Personio raised \$270 million, and US-based background check automation firm Chekr raised \$250 million. Given the rapid changes companies have made to their operations over the last eighteen months, including the increasing use of remote and hybrid workforces, investments in HR and people technologies will likely remain very strong well into 2022.



Trends to watch for in 2022

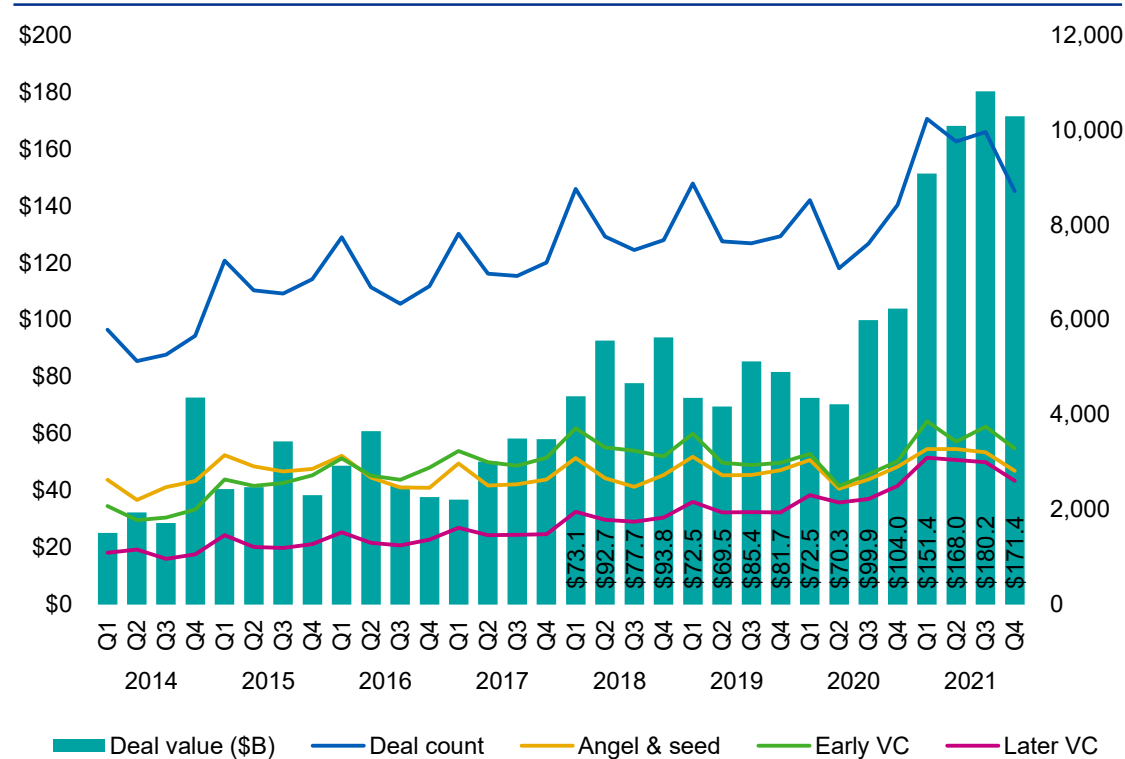
Heading into 2022, VC investment is expected to remain very strong in most regions of the world, with less developed VC markets, such as Africa and the Middle East, expected to gain more attention from VC investors. Fintech will likely remain one of the hottest areas of investment, in addition to B2B services, healthtech, cybersecurity, and AI solutions across sectors. ESG-aligned VC investments are also expected to grow as both companies and VC investors increasingly prioritize or target a broader range of ESG fundamentals.

While the pace of IPOs may drop off somewhat heading into Q1'22 as companies focus on preparedness, the quality of IPOs is expected to be very strong. M&A activity will likely remain robust, particularly in highly mature sectors like fintech and food delivery — where consolidations are expected to increase significantly.

2021 concludes with record figures

Global venture financing

2014–Q4'21



Source: Venture Pulse, Q4'21. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, January 19, 2022.

After a record Q3, 2021 concluded with the second-highest single quarter of VC invested in the 2010s to surge past dot-com financing frenzies. Moreover, financing volume charted all-time highs as well worldwide. All in all, 2021 saw \$671 billion invested throughout the full year, a staggering sum when compared to the annual highs seen at the start of the decade. It is fair to be cautious of a mania, yet key drivers and trends to watch that both stoked this historic surge and could portend its future include:

- Whether liquidity remains strong, adding further veracity to sky-high private valuations
- Ongoing levels of commitments by limited partners to fund managers worldwide
- Surges in equities that prompt further allocations to alternative investments, especially venture and private equity, in order to keep up with the “denominator effect”
- The diversifying and still-growing base of startups worldwide that are exerting significant demand for capital

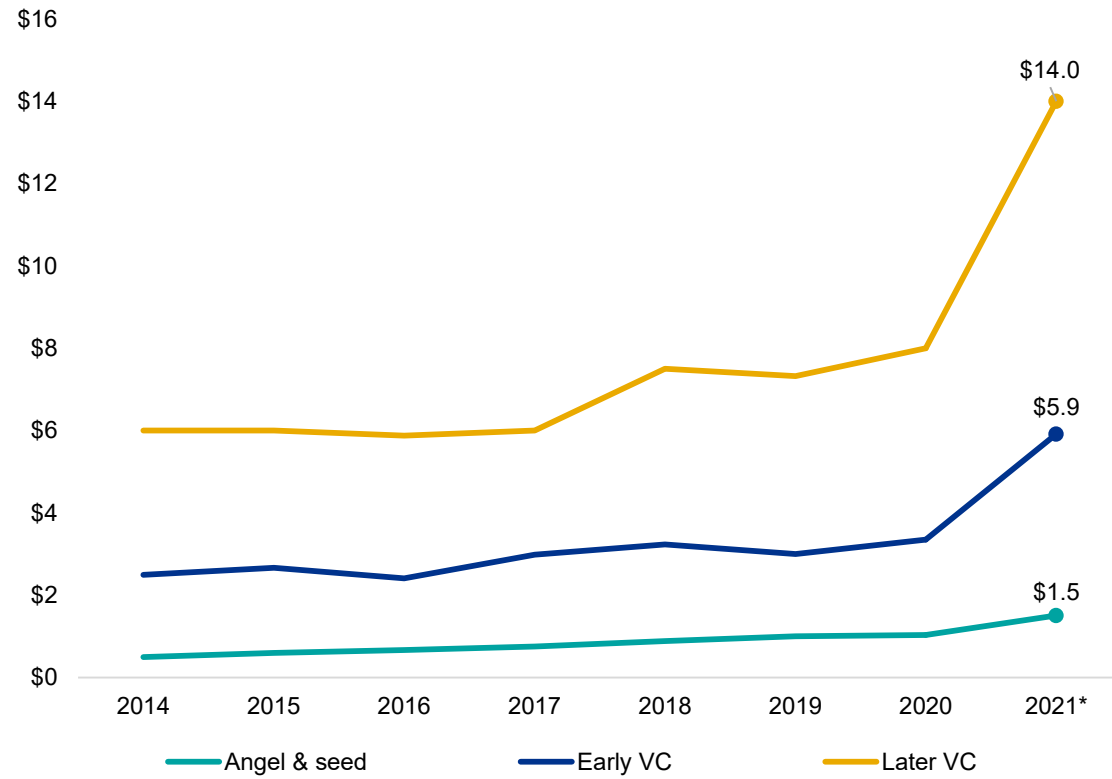
“ There’s a lot of positivity right now in the global VC space and, assuming there’s not some major setback due to the Omicron variant, that positivity is likely going to carry well into 2022, particularly in the US and Europe. Over the next year, we’re also going to start seeing VC investments pick up in less developed regions of the world, including in places like Africa, the Middle East, and South America. ”



Jonathan Lavender
Global Head,
KPMG Private Enterprise

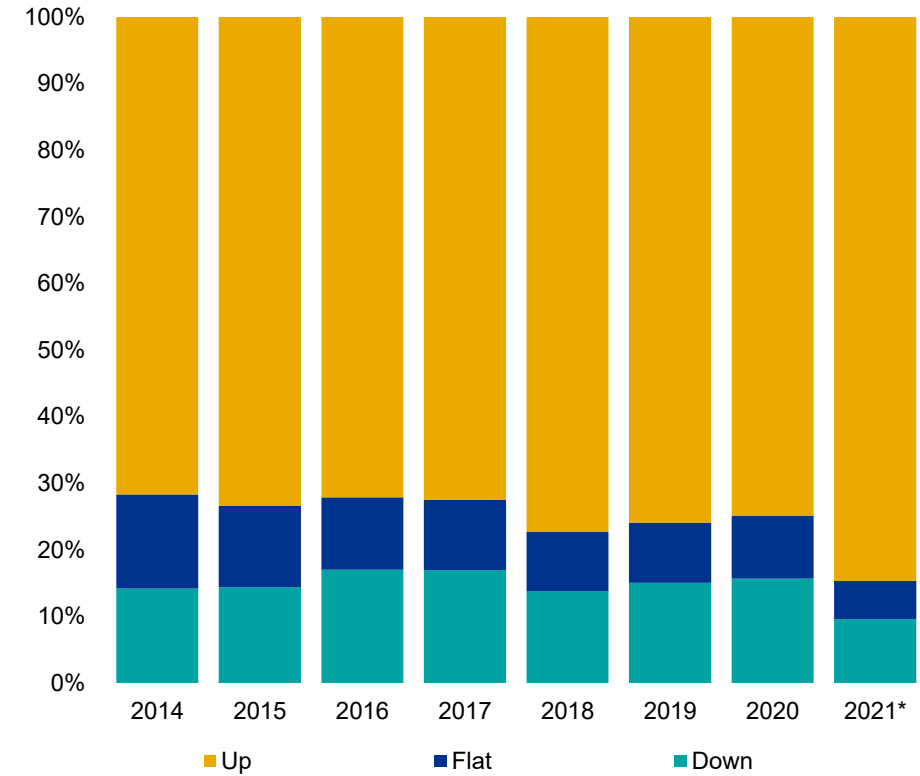
Global median deal size (\$M) by stage

2014–2021*



Global up, flat or down rounds

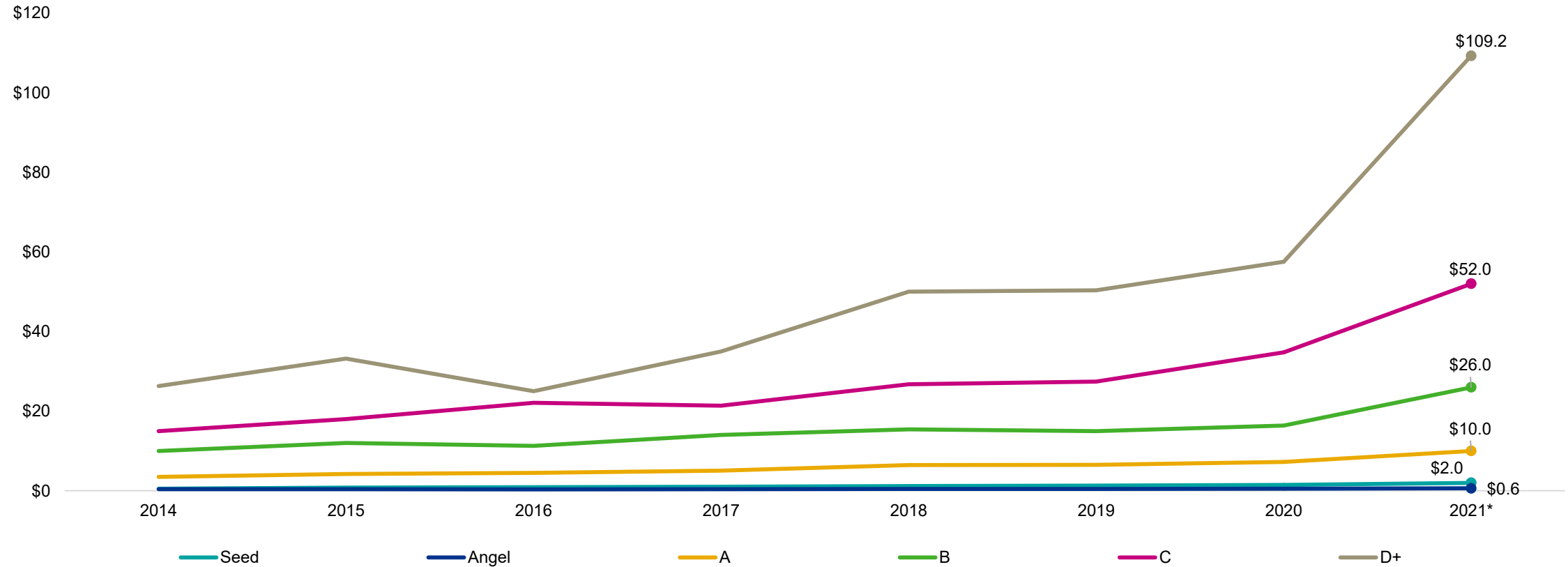
2014–2021*



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Global median deal size (\$M) by series

2014–2021*

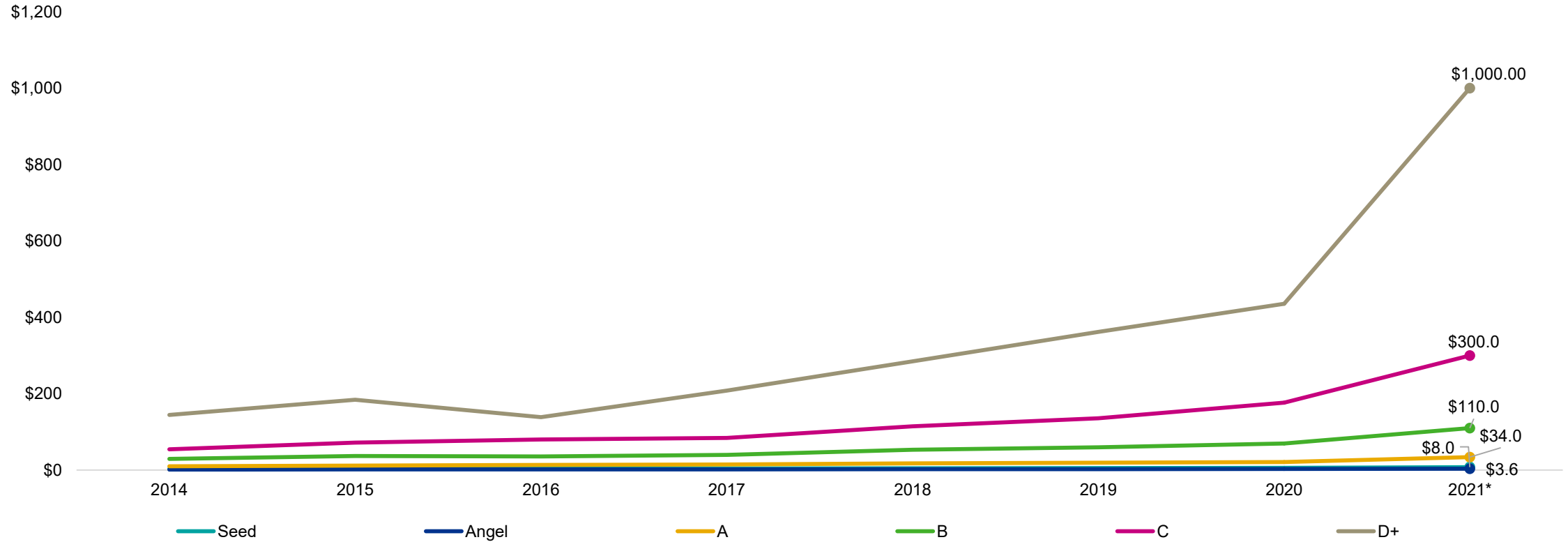


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

The late stage more than doubles YoY

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

2014–2021*

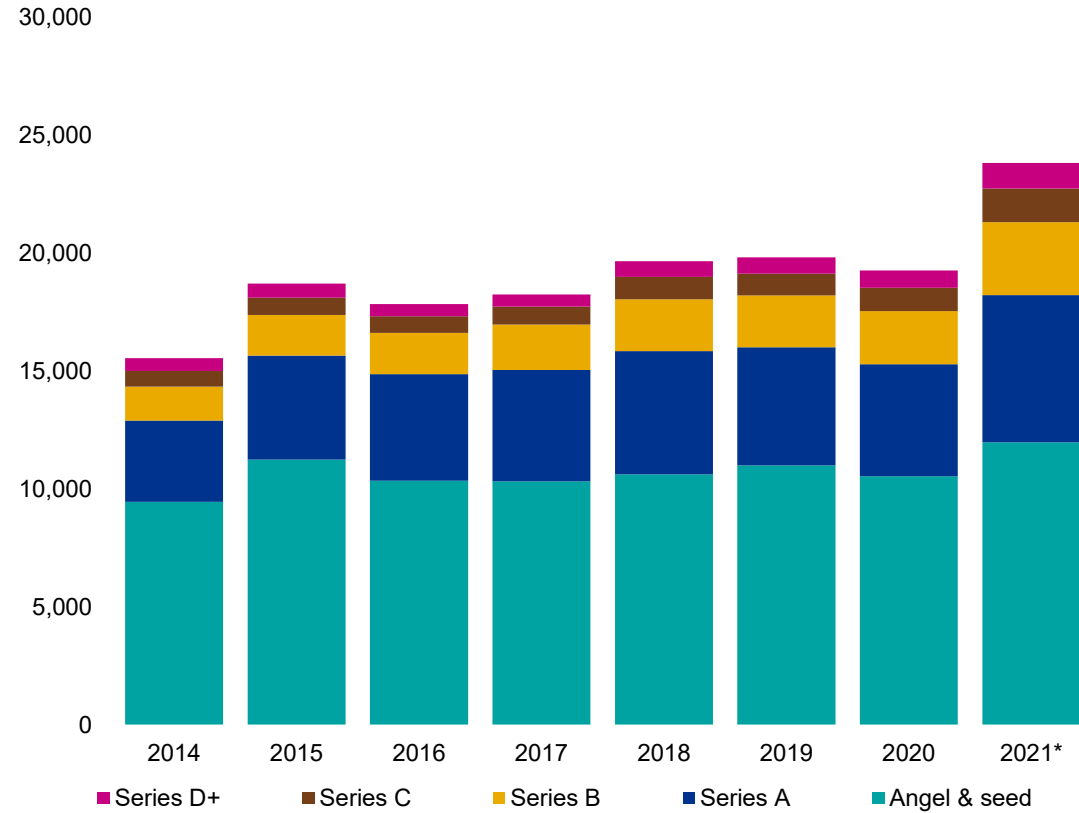


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Even Series A sees a record sum of VC invested

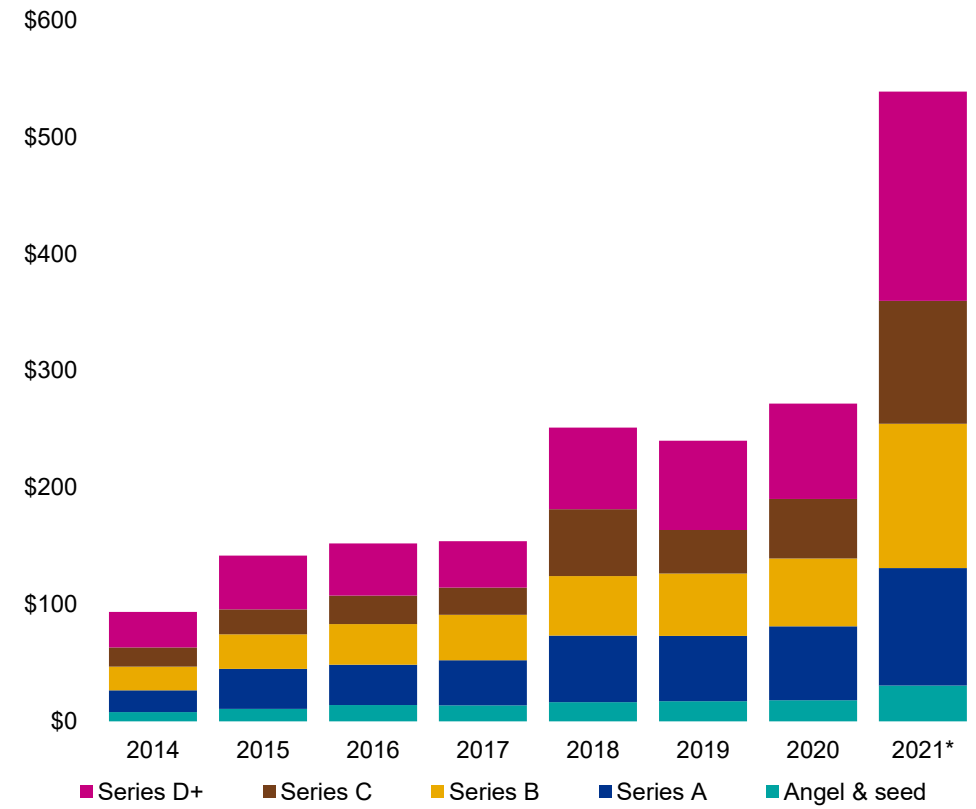
Global deal share by series

2014–2021*, number of closed deals



Global deal share by series

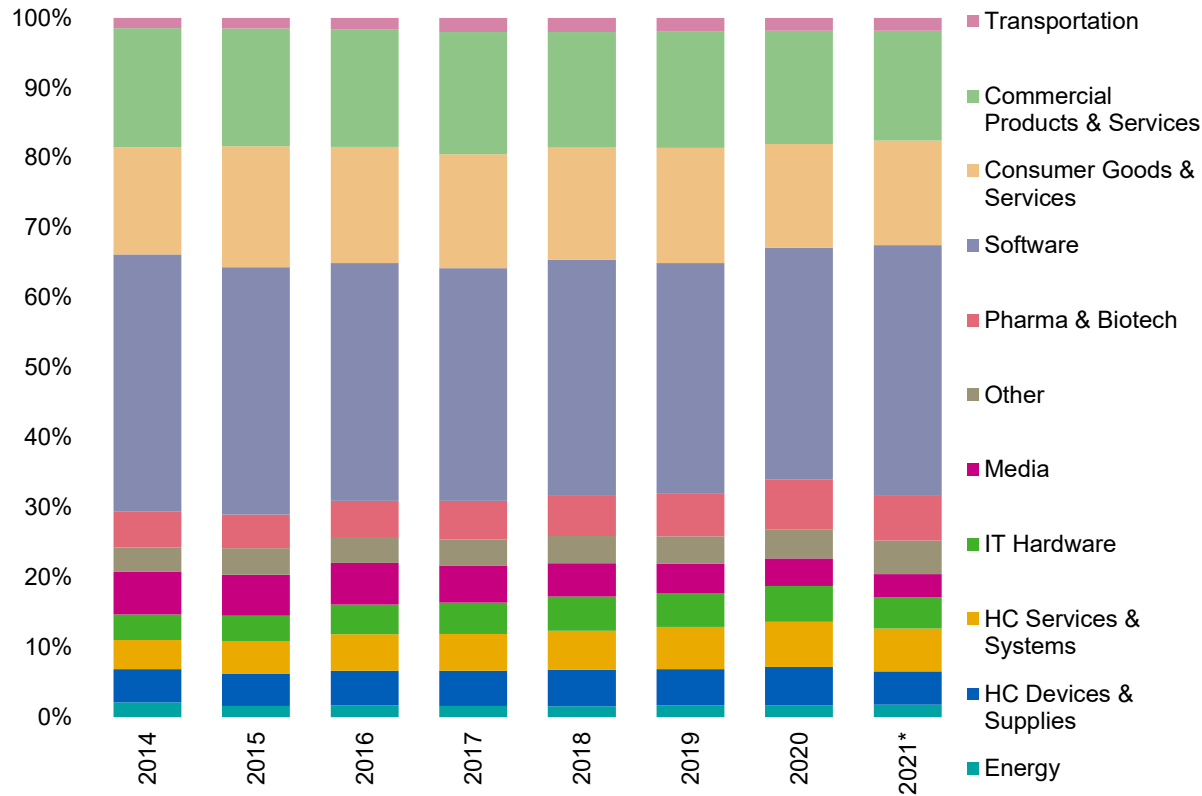
2014–2021*, VC invested (\$B)



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

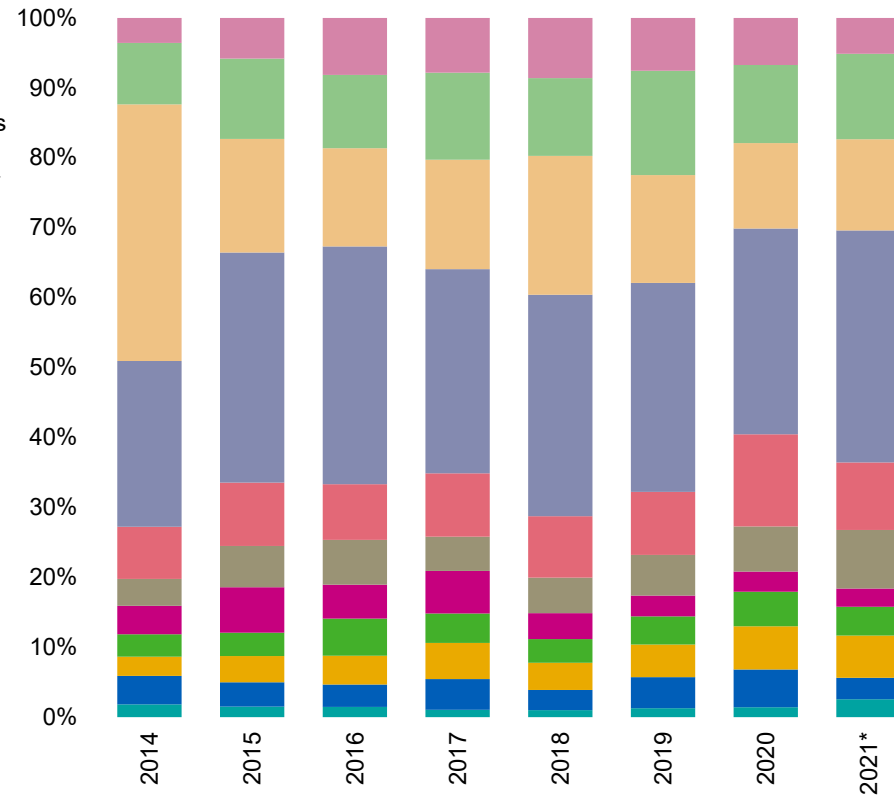
Global financing trends to VC-backed companies by sector

2014–2021*, number of closed deals



Global financing trends to VC-backed companies by sector

2014–2021*, VC invested (\$B)

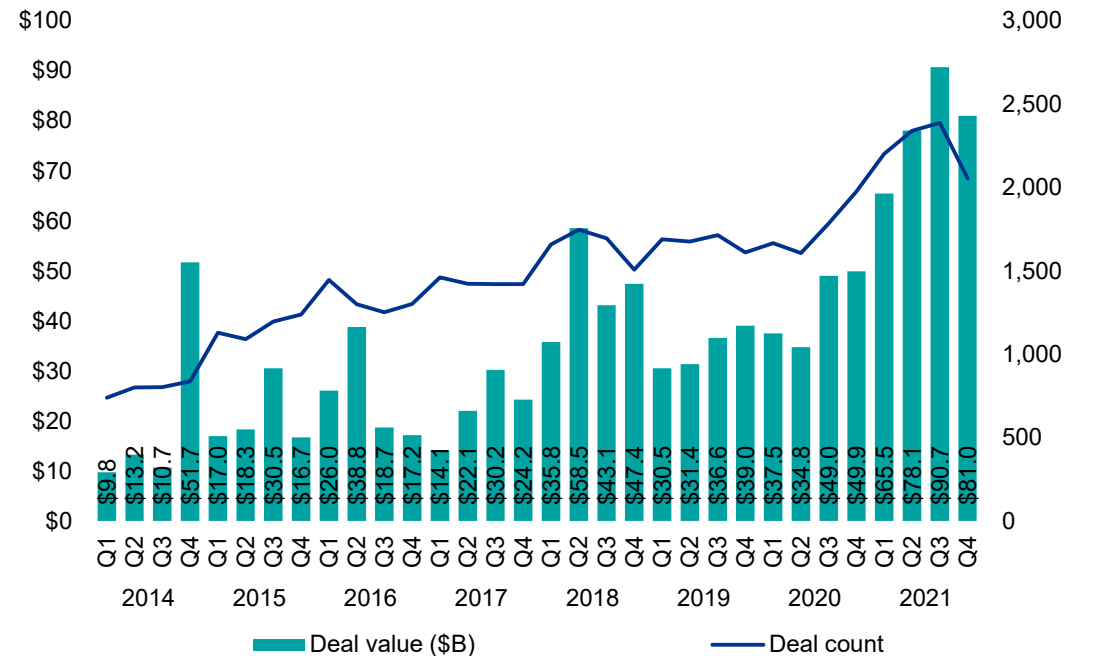


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

First-time financings turn trends around

Corporate VC participation in global venture deals

2014–Q4'21



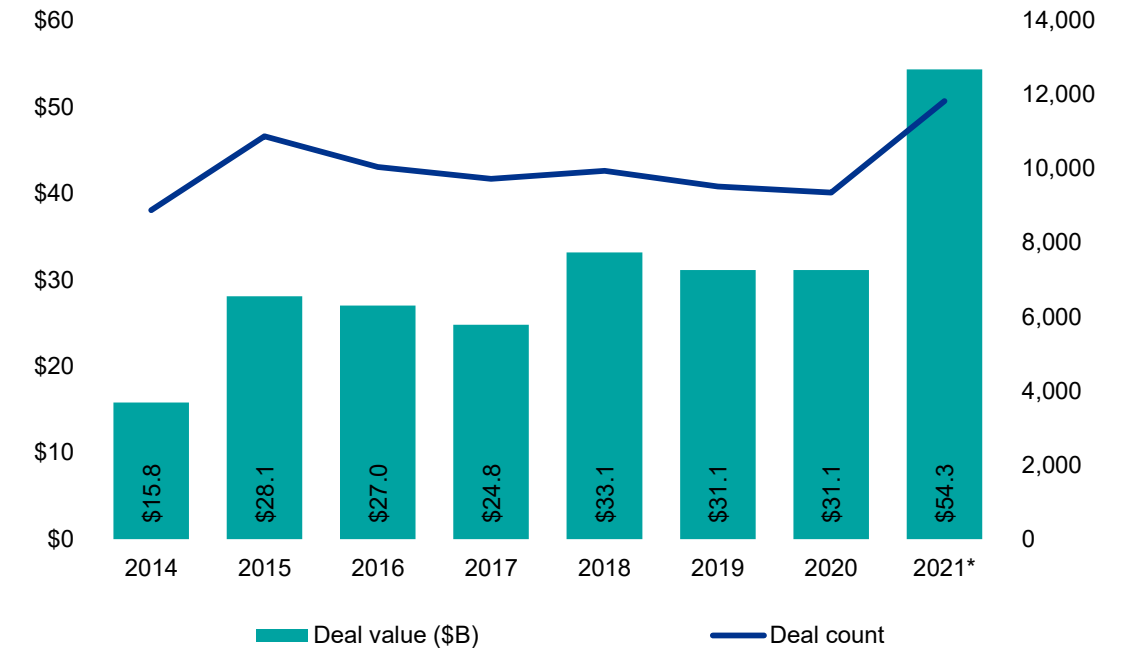
Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

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.

Corporate venture arms and corporates via direct investment continue to remain critical participants in a significant portion of all deal value, although the increasing size of traditional incumbent venture firms also has ensured more co-investment rounds than before.

Global first-time venture financings of companies

2014–2021*



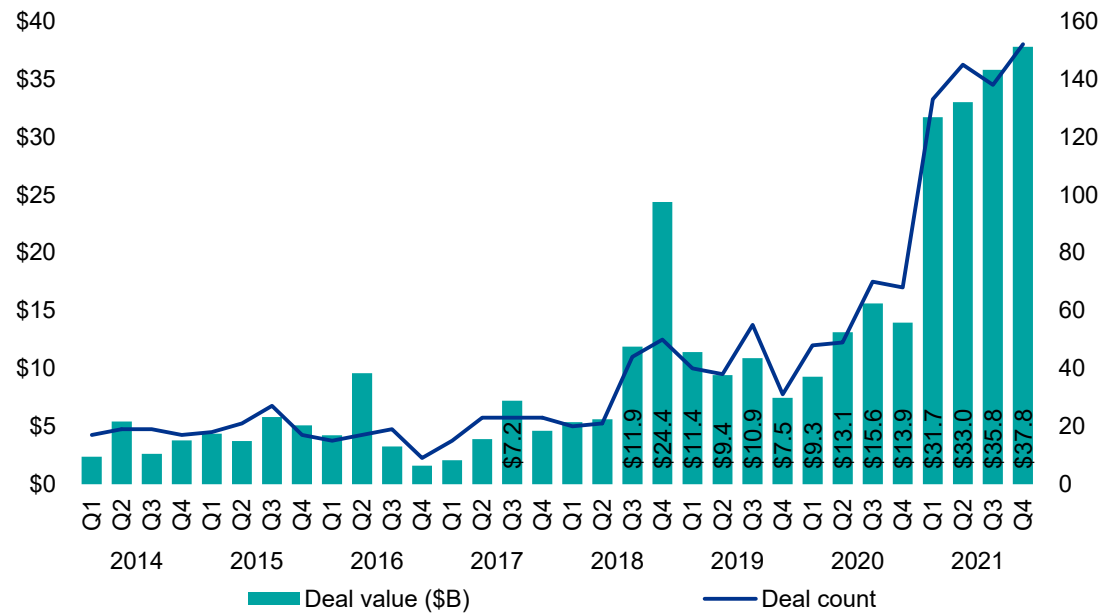
Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

After a slow slide throughout much of the decade, first-time financings finally resurged in both count and aggregate VC invested, seeing all-time highs in both for the year, thanks to some record-breaking raises.

The rich get richer, and liquidity proves out

Global unicorn rounds

2014–Q4'21



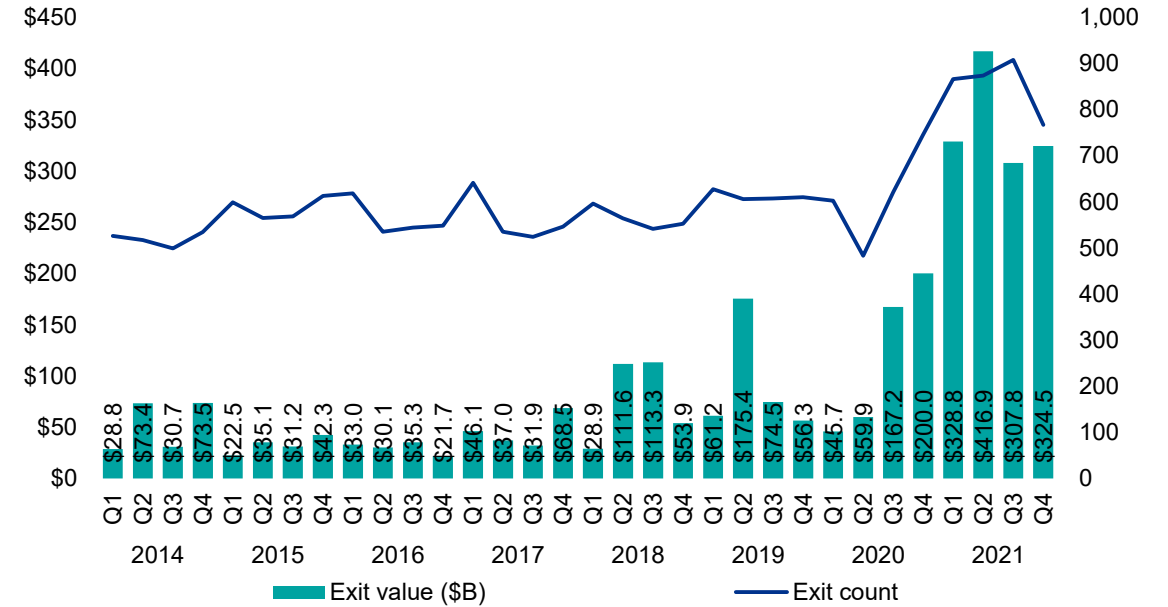
Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

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.

As noted in the prior edition of the Venture Pulse, it is likely many unicorns are raising large sums for potentially the last time before they prepare for a significant liquidity event, most likely a public listing given the current climate. Moreover, new unicorns continue to be created at a significant clip, leading to a remarkable concentration of VC invested in existing, large private companies.

Global venture-backed exit activity

2014–Q4'21



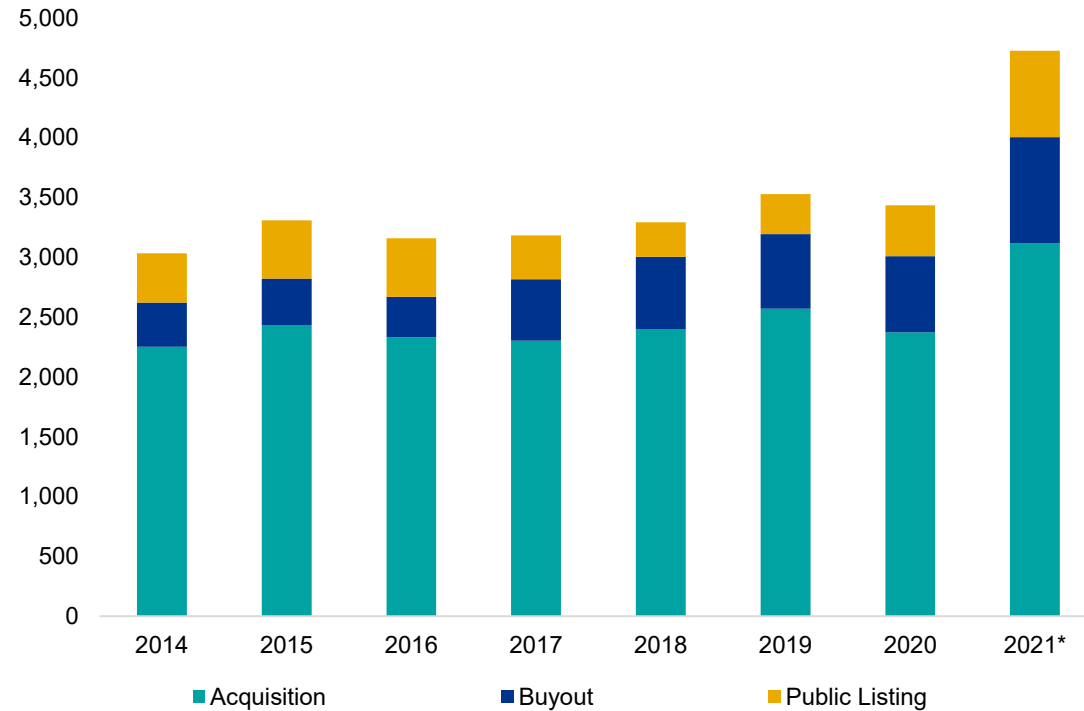
Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

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

Q4 2021 marked the sixth straight quarter well over \$150 billion was notched worldwide by venture-backed exits across traditional routes. With 2021 experiencing overall historic liquidity, the global venture ecosystem is experiencing an unprecedented rate of VC investment being returned to fund investors thereby encouraging even greater investment rates.

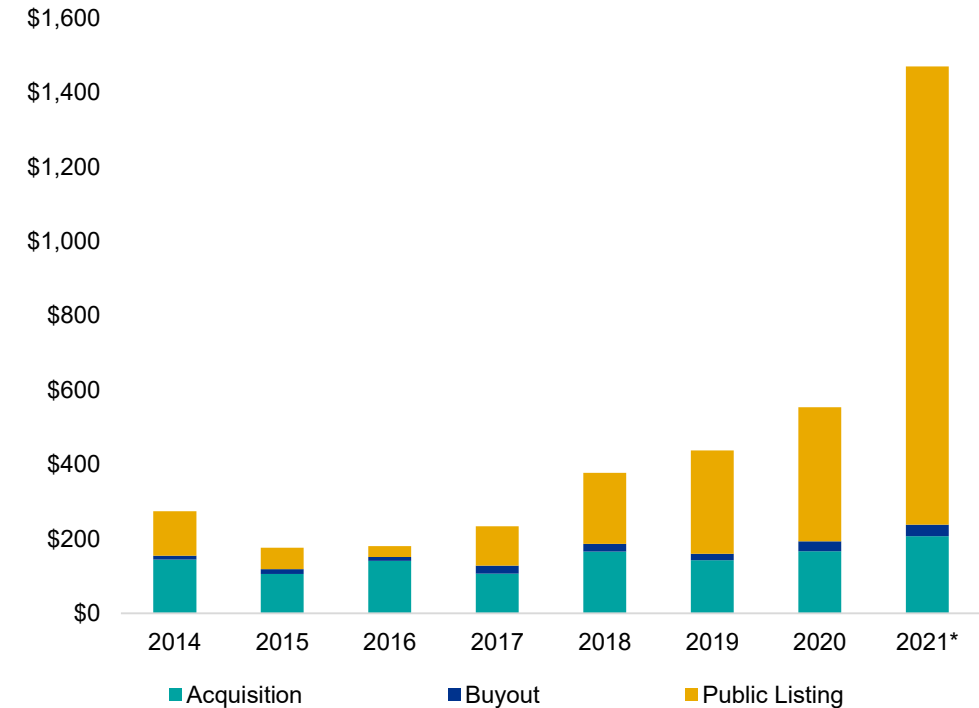
Global venture-backed exit activity (#) by type

2014–2021*



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

2014–2021*



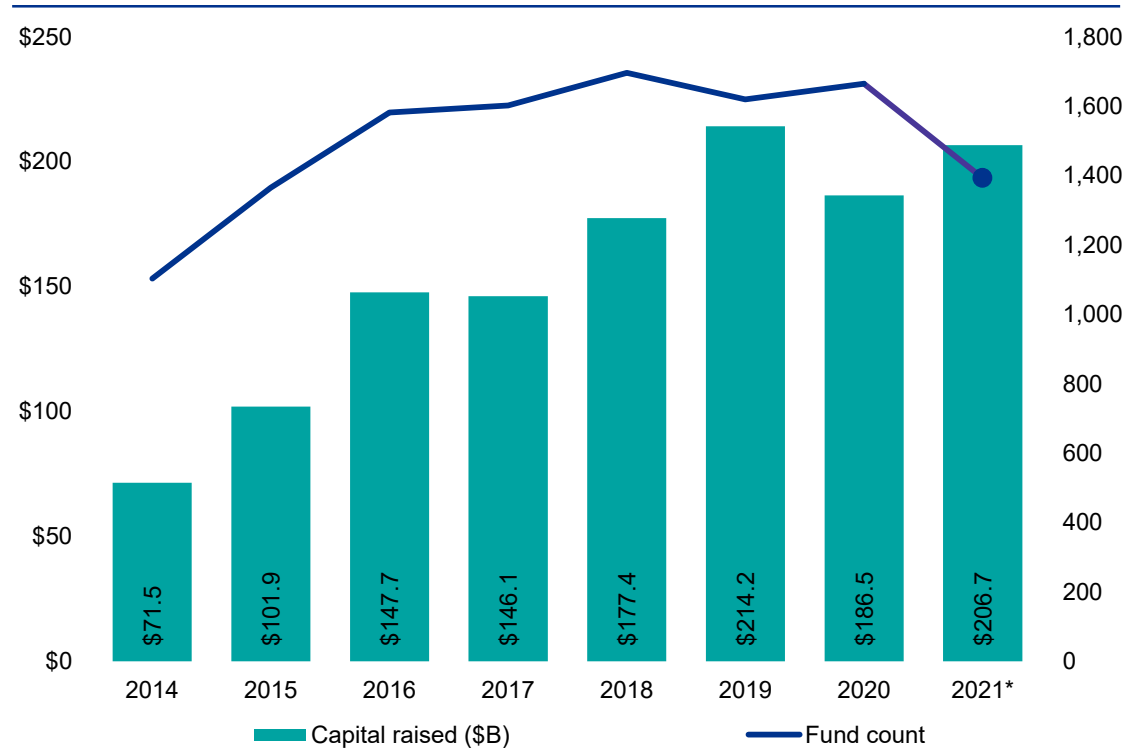
Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Even as volatility has crept back up given various geopolitical concerns, 2021 notched all-time highs to close the year. Public equities have experienced and continue to display unique, unprecedented trends. For the venture ecosystem in particular, 2020 and 2021 continue to be characterized by opportunistic unicorns going public across exchanges worldwide as market conditions remain so bullish.

\$200 billion+ achieved... again

Global venture fundraising

2014–2021*



Allocators worldwide continue to flock to alternative investments — venture is no exception. For the second time this decade, LPs contributed sufficient capital to venture firm coffers that well over \$200 billion was raised worldwide. This will only continue to fuel record valuations and investment rates going into the 2020s. The market environment is likely to remain heated and competitive for some time to come.

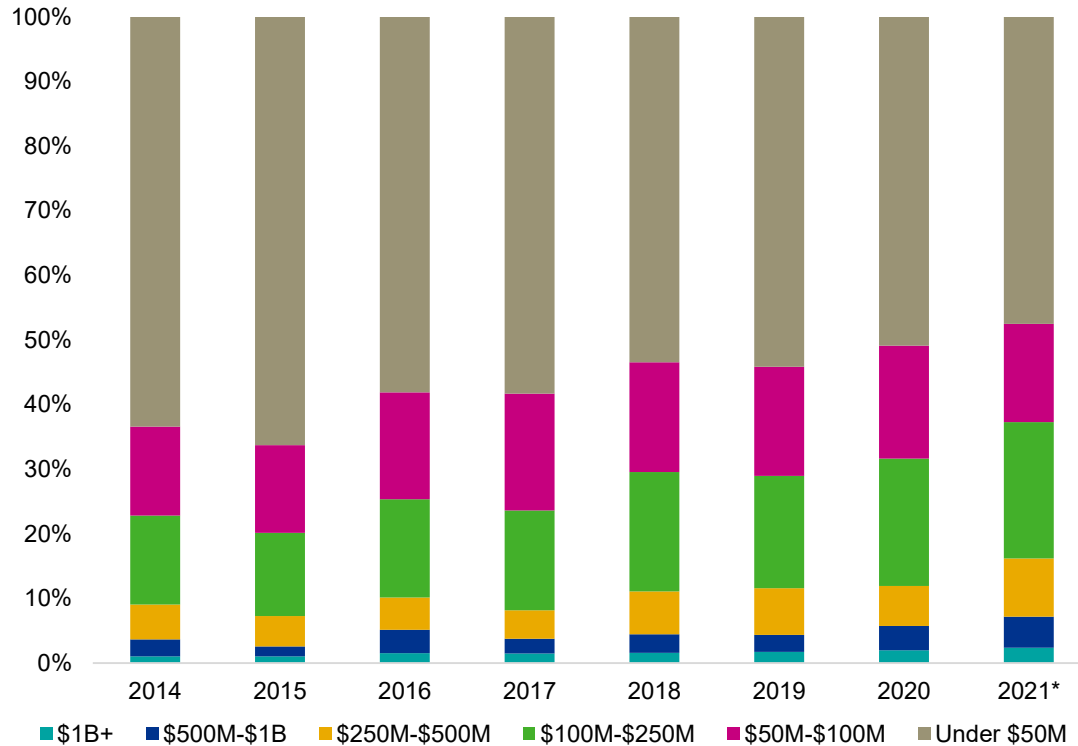
2021 has surged past a historic mark once again, with well over **\$200 billion closed across just shy of 1,400 funds worldwide.**

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

LPs keep plying existing managers

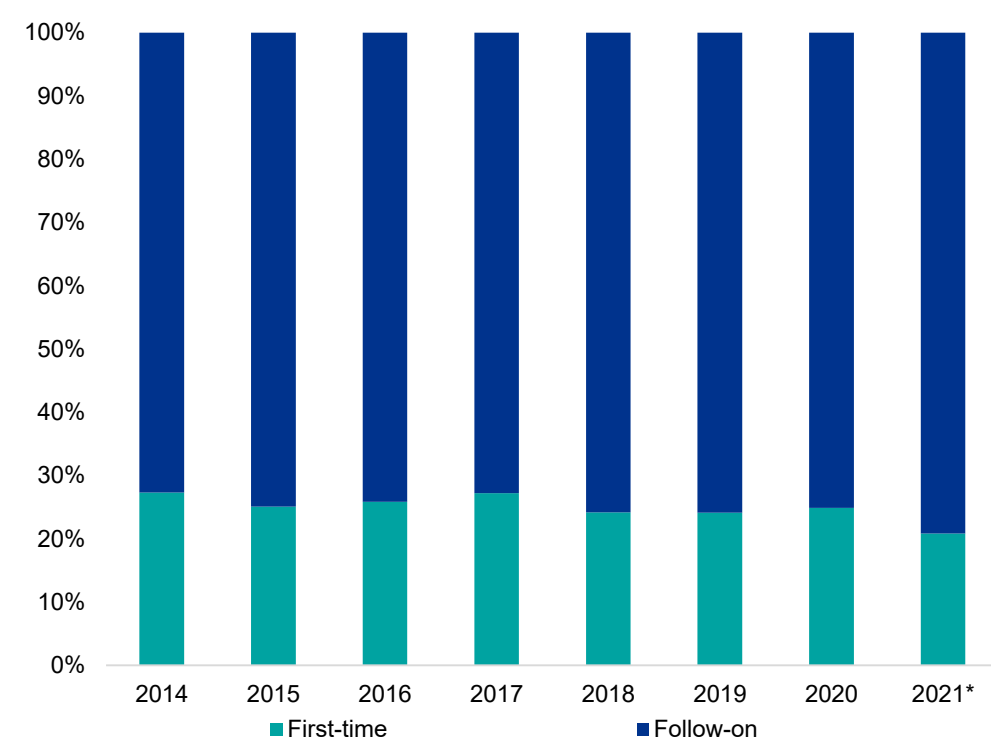
Global venture fundraising (#) by size

2014–2021*



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

2014–2021*



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

China & the US account for most top deals

Top 10 global financings in Q4'21



1. **J&T Express** — \$2.5B, Jakarta, Indonesia — E-commerce — *Late-stage VC*
2. **Commonwealth Fusion Systems** — \$1.8B, Cambridge, US — Cleantech — *Series B*
3. **Gopuff** — \$1.5B, Philadelphia, US — Retail — *Late-stage VC*
4. **Regor Therapeutics** — \$1.5B, Shanghai, China — Biotech — *Early-stage VC*
5. **Sierra Space** — \$1.4B, Broomfield, US — Spacetech — *Series A*
6. **Lacework** — \$1.3B, San Jose, US — Network management software — *Series D*
7. **GTA Semiconductor** — \$1.25B, Shanghai, China — Semiconductors — *Early-stage VC*
8. **Nanjing LingHang Technology** — \$1.2B, Nanjing, China — Automotive — *Series A*
9. **Thrasio** — \$1B, Walpole, US — E-commerce — *Series D*
10. **Pupumall** — \$950M, Fuzhou, China — Retail — *Late-stage VC*

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

In Q4'21 **US** VC-backed companies raised
\$88.2B across **3,536** deals

US sees fourth straight quarter of record VC investment

The VC market in the US finished the year on a high note, setting a fourth consecutive record for VC investment in Q4'21, propelled by \$1 billion+ funding rounds by thermonuclear power development company Commonwealth Fusion Systems, food delivery and consumer good company Gopuff, space tourism company Sierra Space, cybersecurity firm Lacework, and e-commerce aggregator Thrasio.



Fundraising soars past \$100 billion

Fundraising activity in the US climbed well above \$125 billion in 2021, significantly higher than the previous high of \$87 billion seen in 2020. A number of factors have contributed to the rise, including a growing number of LPs — such as endowments, university funds, high net worth individuals, and family offices — increasing their allotments dedicated to the VC space.

The increase in fundraising in the US has driven a number of additional trends during 2021, including an increase in specialized funds — such as the \$2.2 billion crypto fund raised by Andreessen Horowitz in June. As of the end of Q4'21, the fund was fully deployed². Proven fund managers have also increasingly taken the strong fundraising environment as an opportunity to leave larger VC firms in order to create their own niche funds.



Definition of cleantech evolving, driving more interest from VC investors

Over the past twelve months, the definition of cleantech in the US has evolved dramatically, moving far beyond the building of windmills and solar farms. In today's investment environment, cleantech encompasses everything from software to measure and monitor emissions outputs to mechanisms to utilize resources more efficiently. These less capital-intensive forms of cleantech are generating significant interest from VC investors — both from a risk and a cost perspective.

This, combined with the increasing global consciousness for climate change, an enhanced willingness on the part of companies to invest in climate change solutions, and the range of climate-friendly initiatives included in the US's Q4'21 infrastructure plan will likely continue to drive cleantech interest heading into 2022. Longer term, the infrastructure plan in particular could also spur a new era of investment in highly innovative infrastructure solutions — like electrified roads.



Delivery sector continues to see robust interest and investment

VC investment in the delivery and logistics space continued at a strong pace in Q4'21, with a range of diverse companies raising large funding rounds, including autonomous delivery company Nuro (\$600 million), Uber's freight brokerage platform Uber Freight (\$550 million), and rapid delivery company Jokr (\$260 million). Robust interest in the delivery space is also acting as a springboard for VC investments in related technologies like artificial intelligence, robotics, and autonomous vehicles.



Health and biotech solutions remain attractive to VC investors

Over the past eighteen months and more, COVID-19 has driven strong interest in a wide-range of healthtech and biotech solutions, in addition to the accelerated use and acceptance of digital technologies, tracking and monitoring tools, and remote services. During Q4'21, a number of diverse healthtech companies attracted \$100 million+ funding rounds, including digital back and joint pain clinic Hinge Health (\$600 million) and population health technology company Color (\$100 million)³. Surging interest in using technology to support and deliver a broader range of healthcare services — such as mental health care — combined with an increased willingness to use digital tools, will likely keep healthtech investment strong well into 2022.

² <https://www.cnbc.com/2021/12/15/crypto-investor-katie-haun-leaves-andreessen-horowitz-to-launch-fund.html>

³ <https://www.vcbay.news/2021/11/10/us-based-healthtech-startup-color-raises-usd-100-million-in-series-e-round/>

US sees fourth straight quarter of record VC investment, cont'd.



Fintech poised to start seeing consolidation

VC investment in fintech remained quite strong in the US in Q4'21, led by a \$735 million raise by embedded investing company DriveWealth. While areas like wealthtech and insurtech remain big ticket areas of VC investment, more developed subsectors — like digital banking — are beginning to get saturated. Digital banks are also seeing greater competition from traditional banks as they get smarter and embrace technologies to address their customers' changing needs. The sector will likely start to see some consolidation as the larger digital banks thrive and others find themselves challenged to survive.



Exit activity in the US rises to major new height

Exit value in the US closed out 2021 almost three times higher than the previous peak of \$289 billion seen in 2020, while the number of exits also reached a record high. While IPO activity is expected to remain high, the fervor for SPAC transactions has continued to lessen as of Q4'21. Over the last quarter, a number of companies that were considering SPAC mergers have stepped back their plans, while others have decided to hold back going public until they are ready for a more traditional IPO.



Trends to watch for in 2022

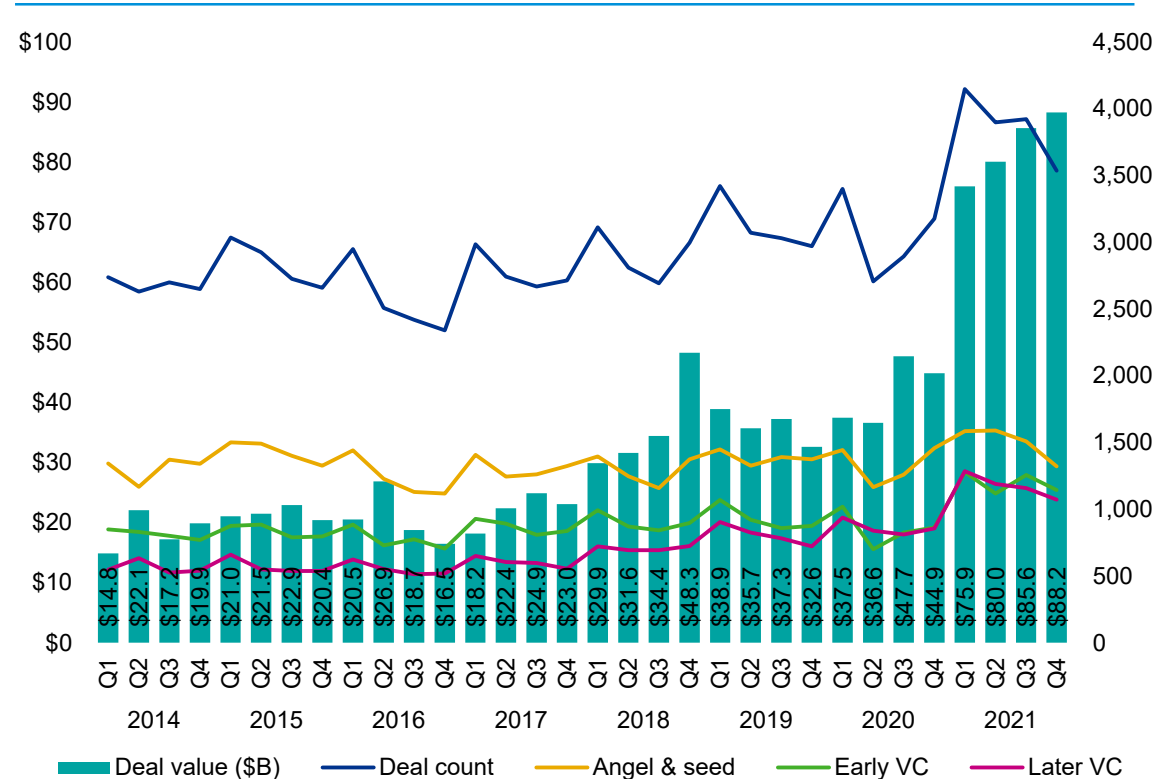
VC investment in the US is expected to remain very strong in Q1'22, with areas like healthtech, B2B services, and cleantech gaining additional momentum. Proptech is also expected to see growing interest.

The IPO market in the US is also expected to remain robust, however, the number of IPOs could fall from 2021's peak as companies increasingly focus on IPO quality and readiness over speed. One sector to watch in 2022 will be fintech; given the growing size and maturity of some US-based privately held fintechs, more IPO exits could soon be on their horizon.

Q4 2021 sees an all-time high in VC invested

Venture financing in the US

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

2021 saw an unending quarter-over-quarter rise in VC invested in the US, even as deal volume flattened out throughout the year. The late stage saw an unprecedented rate of deal flow, with even the earlier stages also seeing healthy if not quite as historic funding volume. Boasting a huge bevy of unicorns that continued to raise significant sums, while also seeing gargantuan inflows of liquidity thanks to public listings, the US environment looks set to remain as heated as ever headed further into the 2020s, although some caution is mounting. Although some companies will continue to enjoy accelerations of their business models thanks to ongoing concern around the pandemic, challenges stemming from ripple effects are proliferating still, affecting supply chains and talent pools in unforeseen ways.

“ The reality is that companies are just starting to fully appreciate the difficulties associated with managing remote or hybrid workforces — and that’s on top of the challenges they already face attracting and retaining required talent in the first place. Companies able to simplify and help with different parts of the HR and people management process are going to be in high demand. This is no doubt going to lead to increasing VC investment in HRtech here in the US and globally. ”



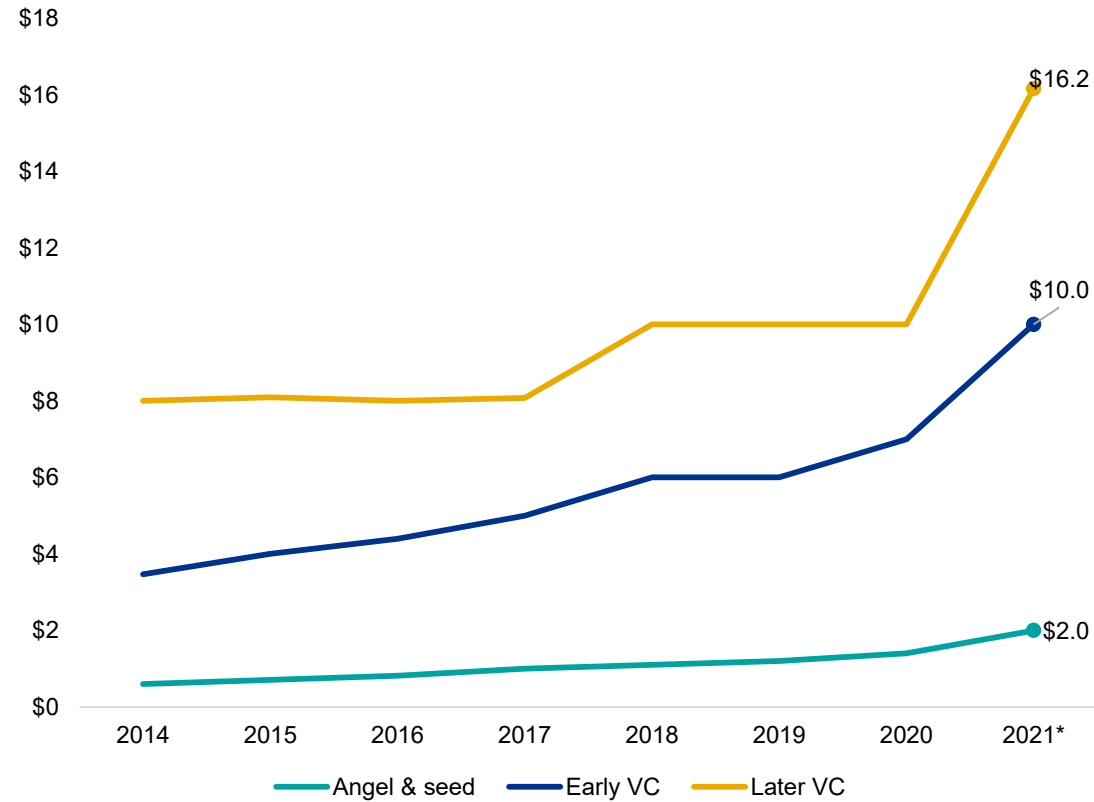
Conor Moore

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

Investors remained ebullient in 2021

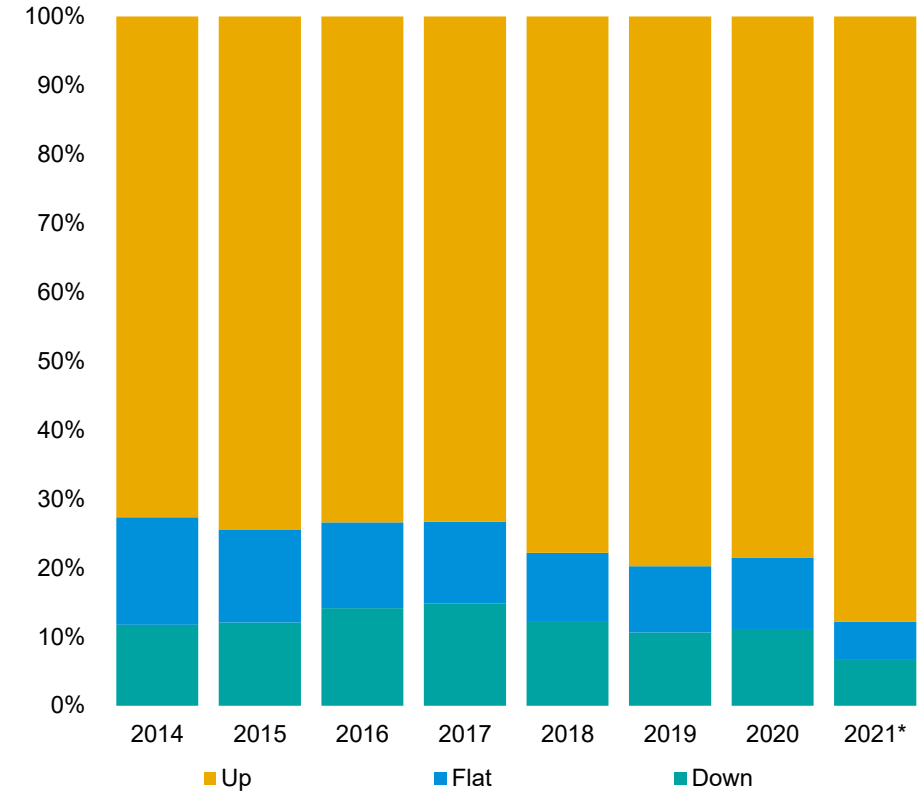
Median deal size (\$M) by stage in the US

2014–2021*



Up, flat or down rounds in the US

2014–2021*

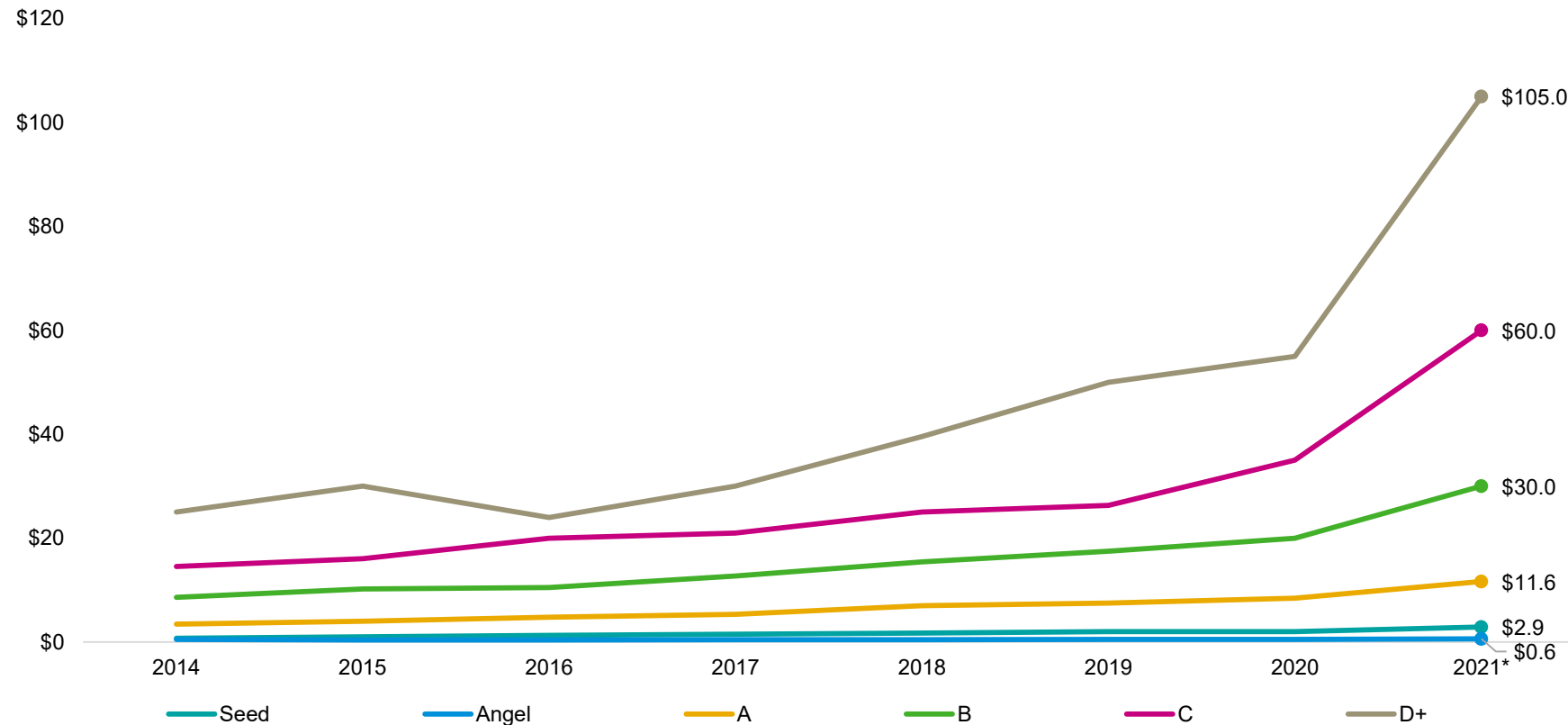


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Every series sees a new high

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

2014–2021*



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Note: Figures rounded in some cases for legibility.

“ With so much capital available in the US, it is difficult to imagine venture investment slowing down anytime in the near future. All types of investors, including many non-traditional ones are jumping on the pre-IPO investing bandwagon and a vast collection of private company founders are taking advantage. ”



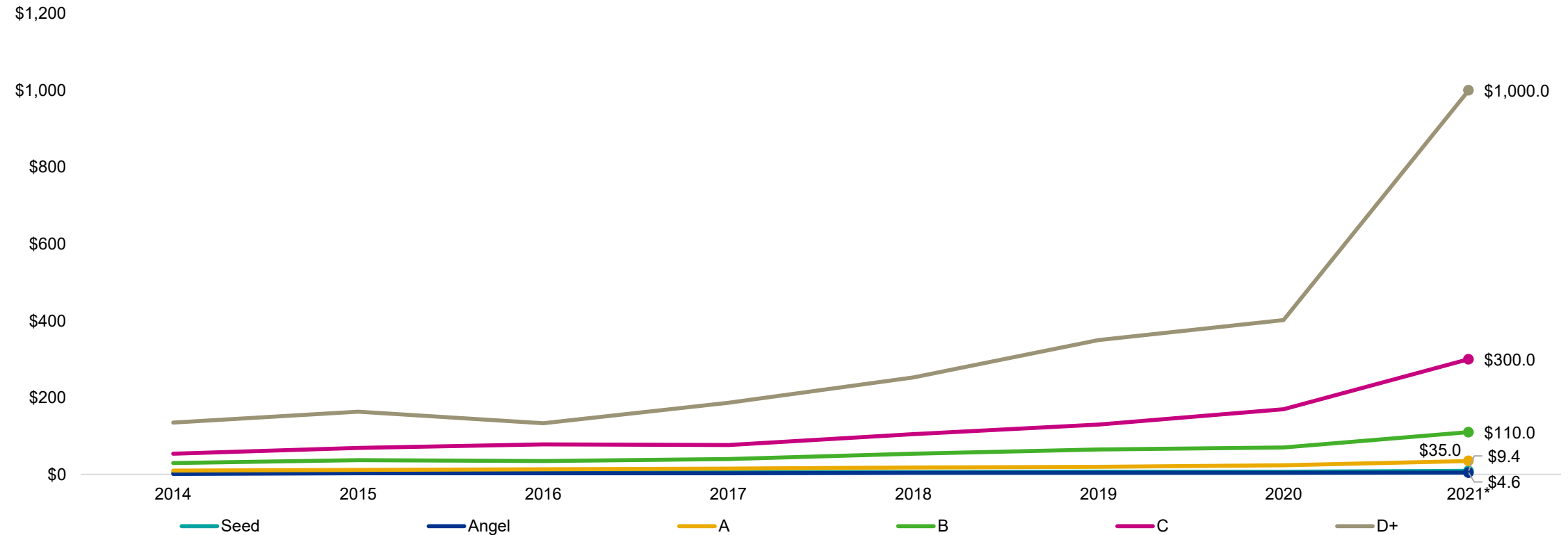
Jules Walker

Senior Director, Business Development,
KPMG in the US

2021 finally sees a \$1B figure at the late stage

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

2014–2021*



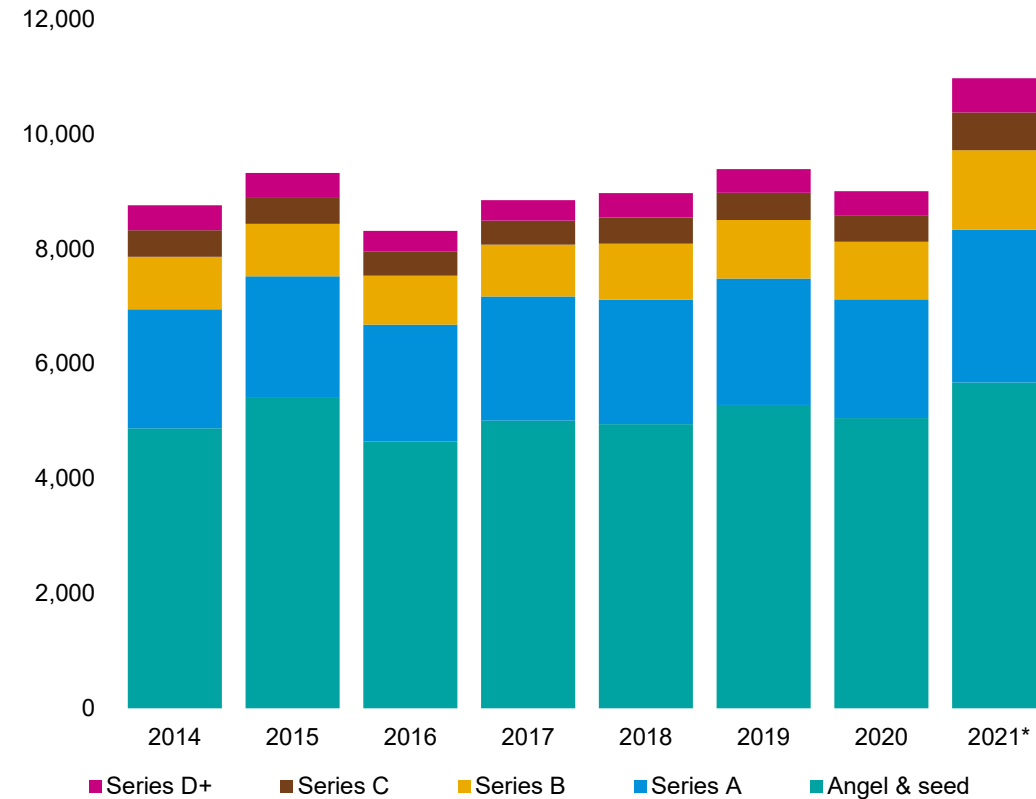
Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Note: Figures rounded in some cases for legibility.

Most series see record sums invested

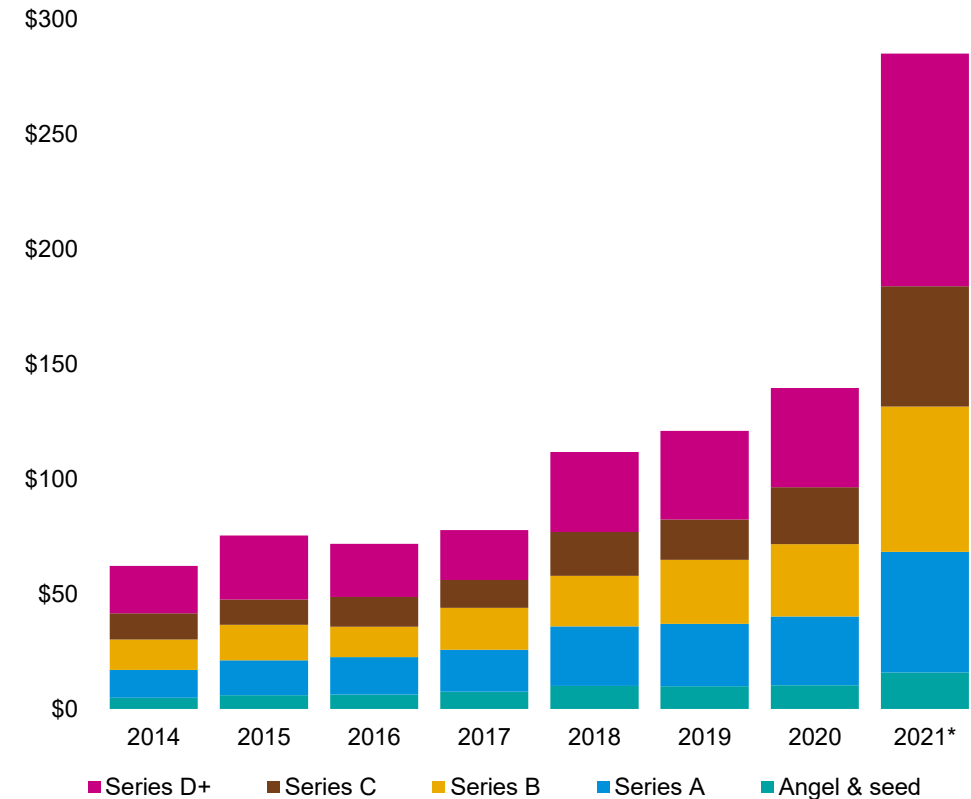
Deal share by series in the US

2014–2021*, number of closed deals



Deal share by series in the US

2014–2021*, VC invested (\$B)

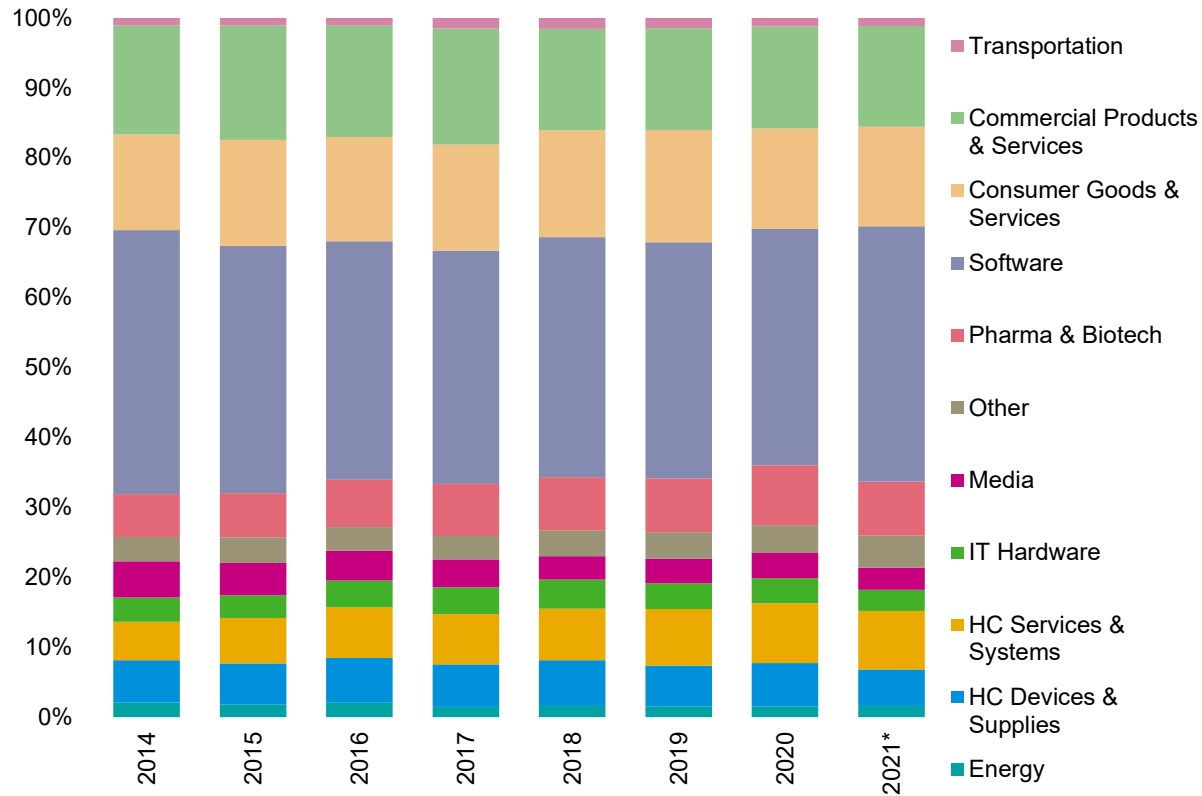


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

After banner year, biotech retreats somewhat

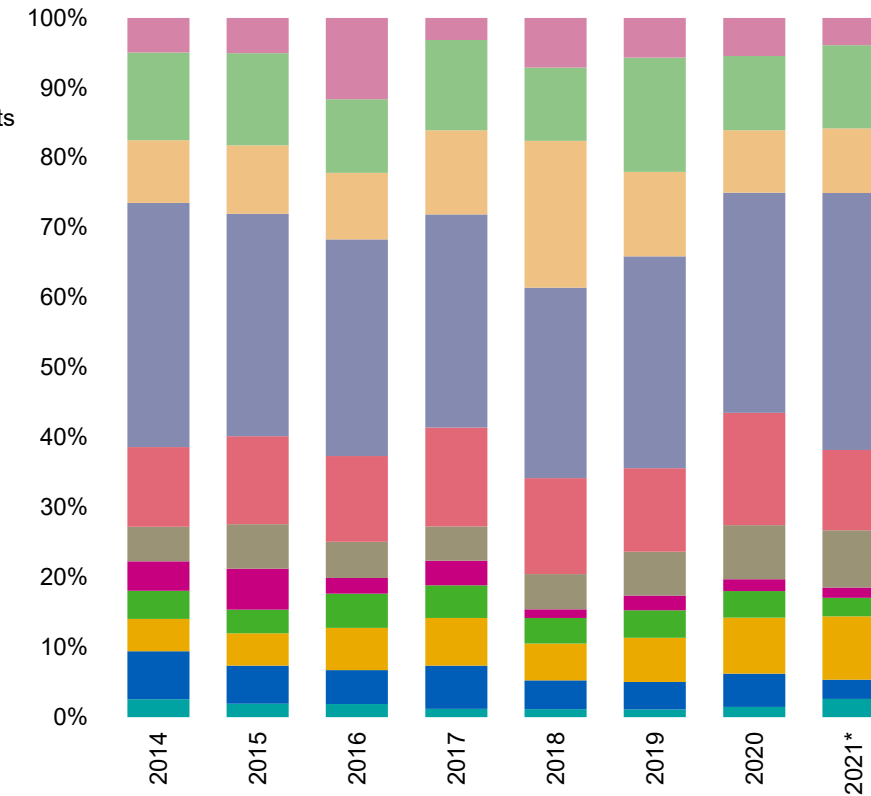
Venture financing by sector in the US

2014–2021*, number of closed deals



Venture financing by sector in the US

2014–2021*, VC invested (\$B)

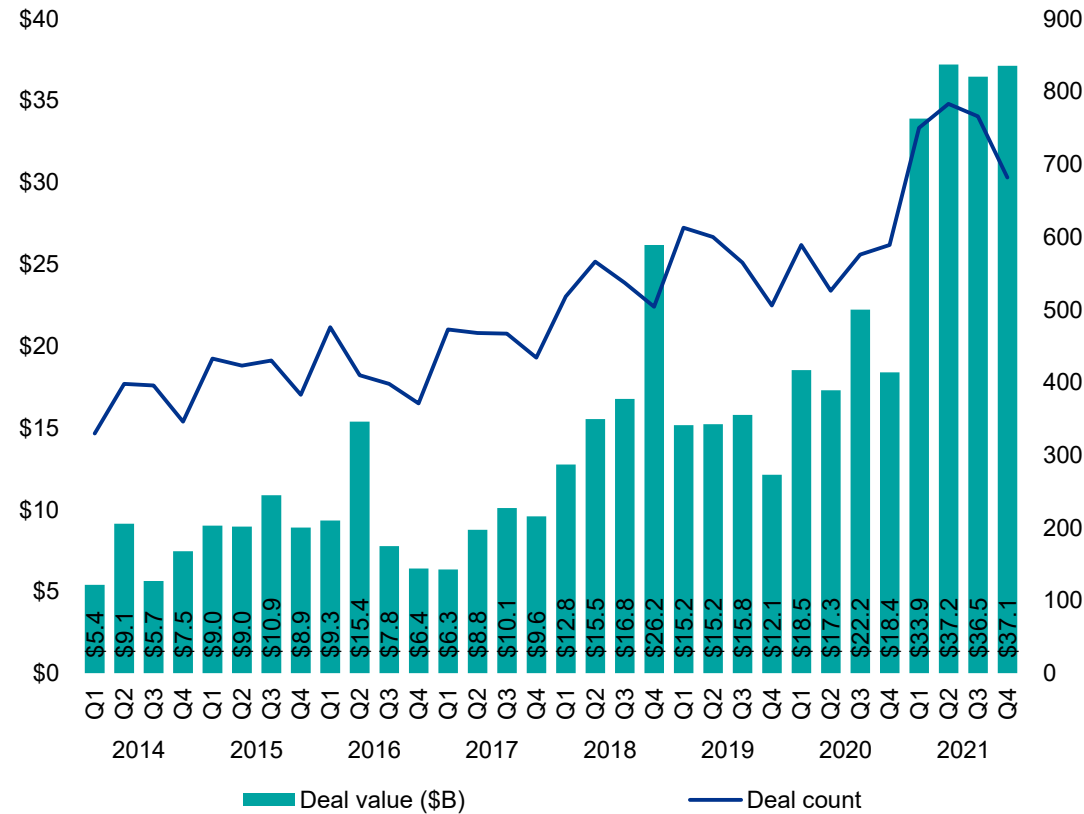


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

First-time funding finally resurges

Corporate participation in venture deals in the US

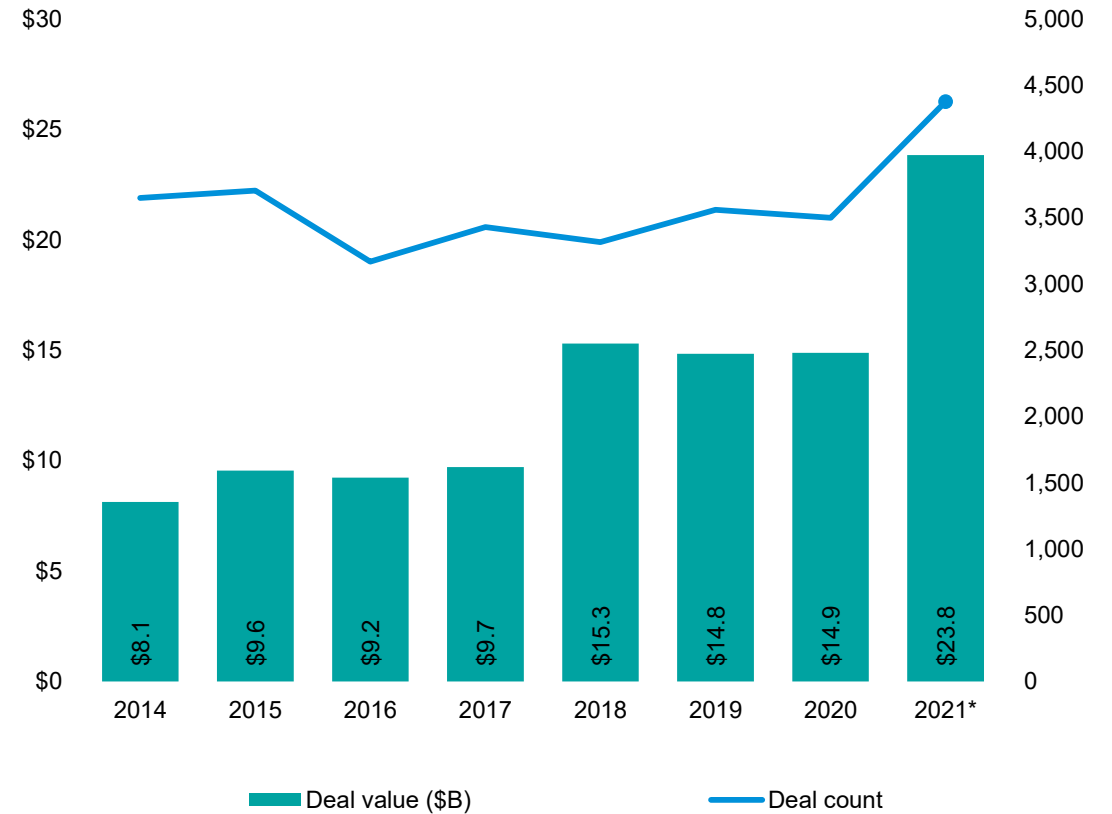
2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

First-time venture financings of companies in the US

2014–2021*

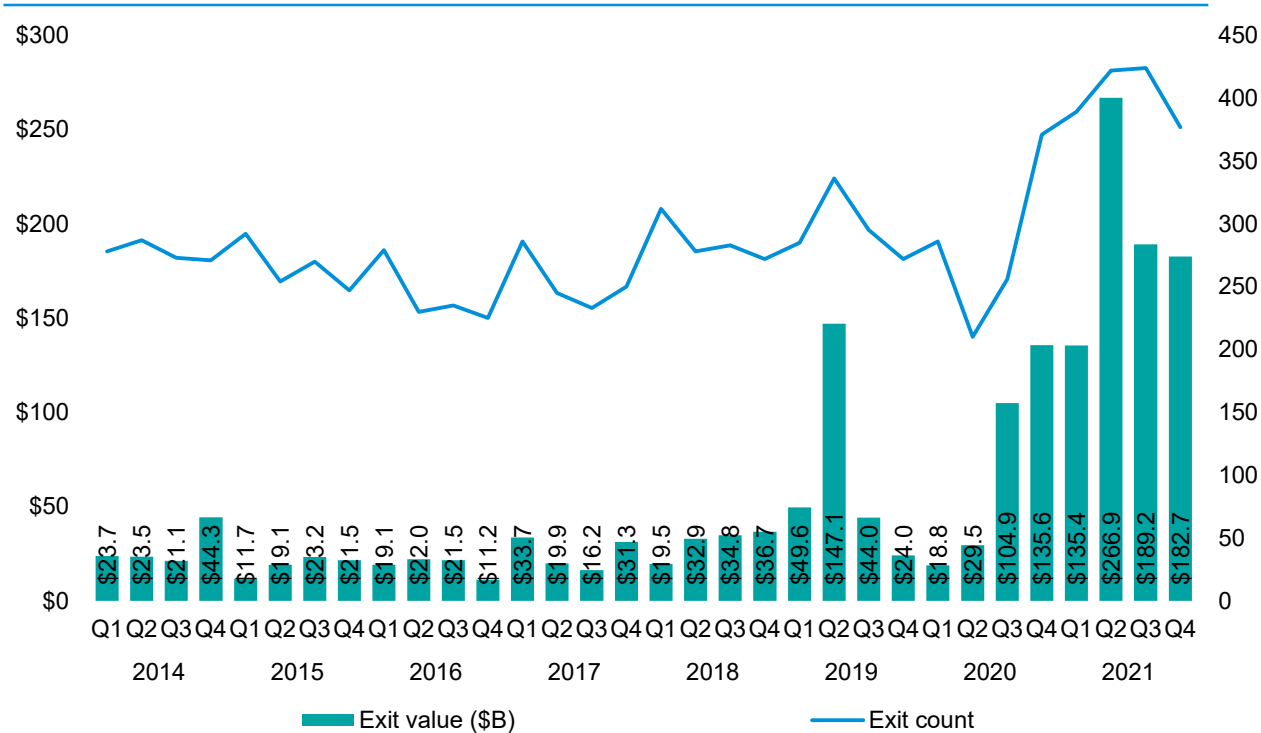


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Historic exit trends reinforce investment

Venture-backed exit activity in the US

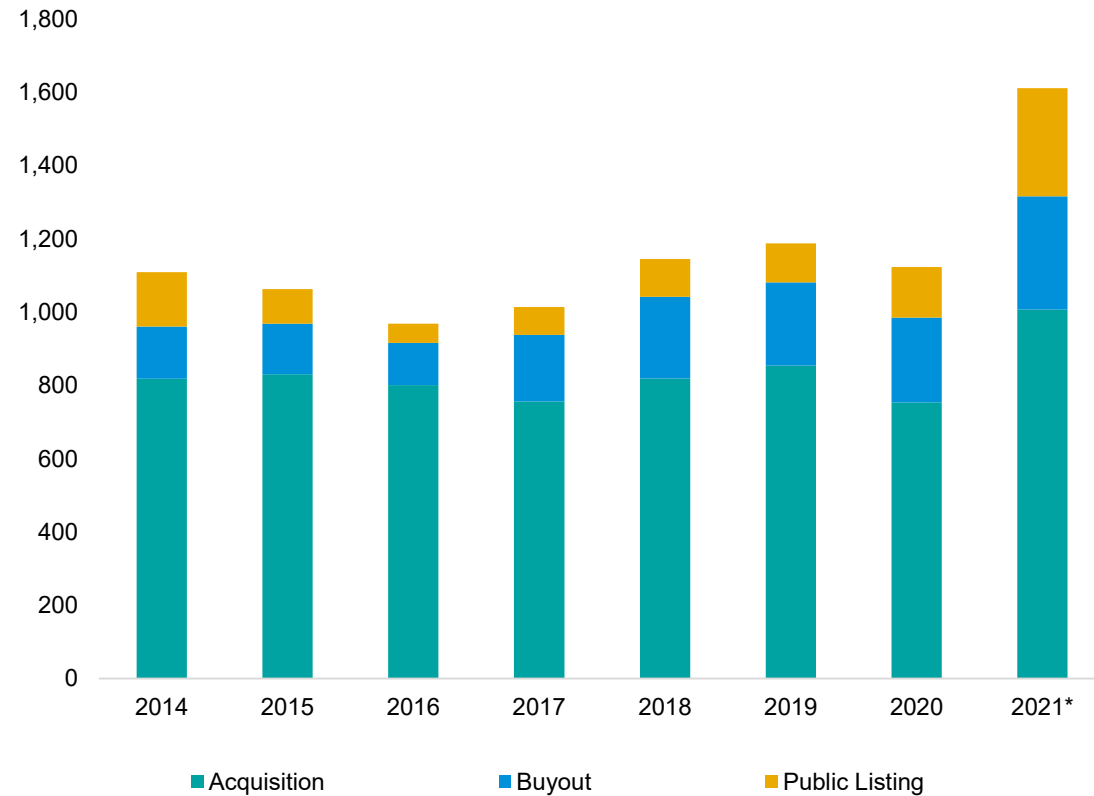
2014–Q4'21



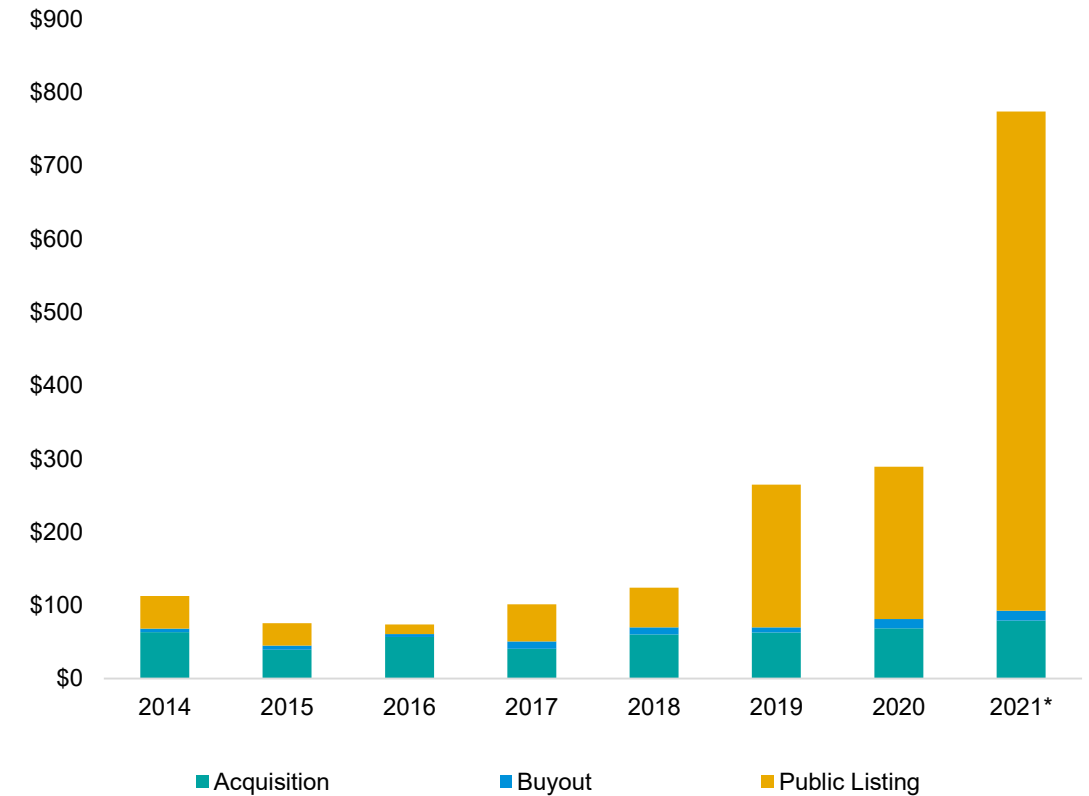
2021 closed with markets ripping even higher than before, with the S&P 500 seeing no fewer than 68 record highs, a tally unseen since the mid-1990s. Thanks to that performance, venture-backed companies, particularly unicorns, kept flocking to public markets, leading to a historic year for exit value and volume for the US. It remains to be seen how much longer such a torrid pace of exits can be maintained, but many of the same factors that encouraged such market surges remain intact, from the sheer dominance of incumbent tech giants to digitization to hybrid work enablement to massive government support for cleantech to realization of biotech innovations. However, fiscal and monetary policies look set to exert a greater influence on market fortunes in 2022, given the specter of inflation and ongoing political wrangling.

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Venture-backed exit activity (#) by type in the US
2014–2021*



Venture-backed exit activity (\$B) by type in the US
2014–2021*

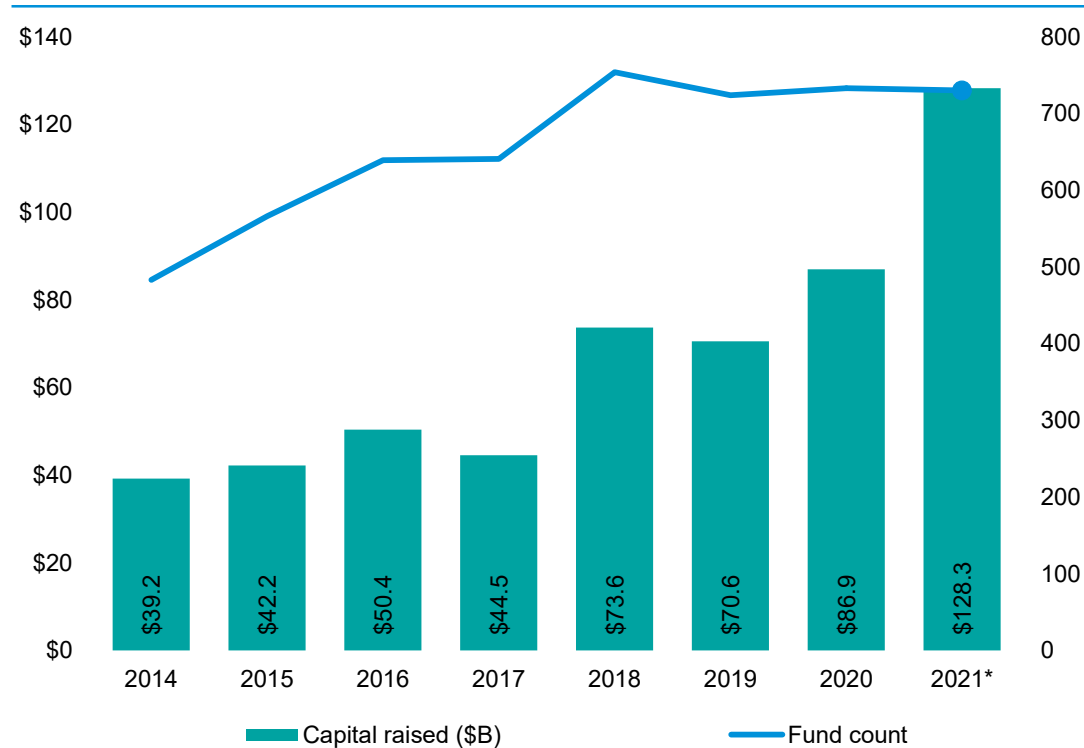


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

LP appetite remains strong

US venture fundraising

2014–2021*



Maintaining a 700+ plateau of funds closed, multiple large firms were able to close on record-sized funds, leading to nearly \$130 billion raised in the US throughout the year. This will continue to exert upward pressure on market dynamics across the board, from funding rates to valuations. It remains to be seen how much discipline investors can continue to exhibit.

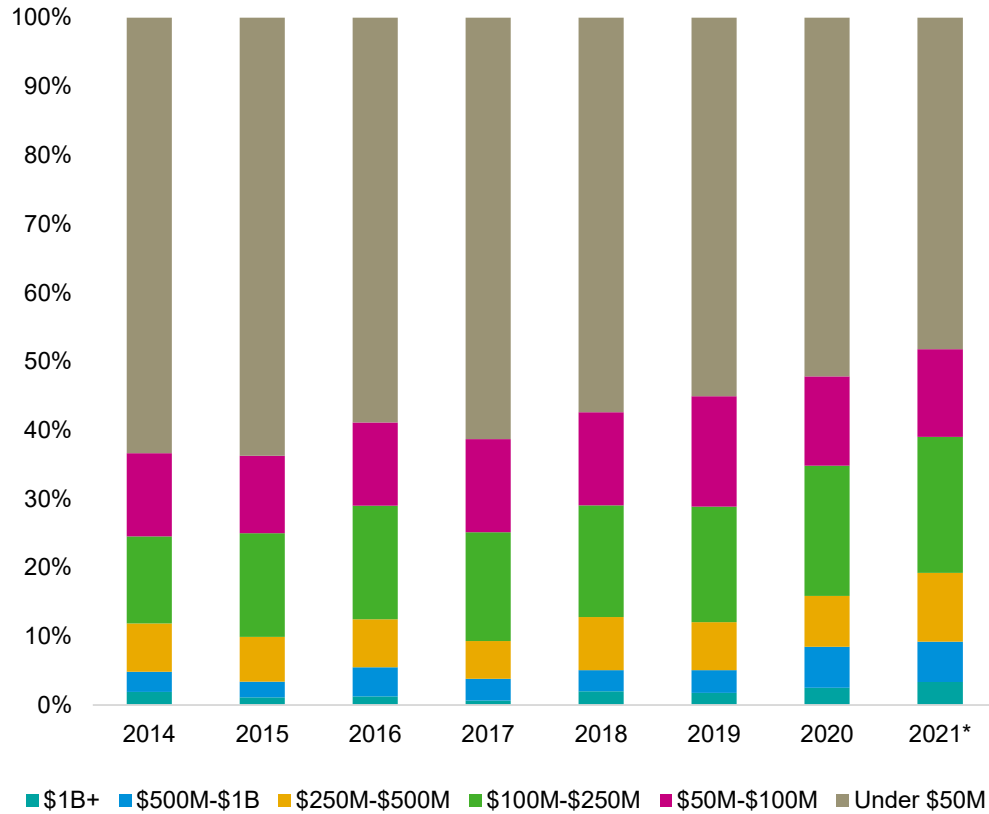
... even after three straight years of strong fundraising, LPs continue to exhibit strong appetite for venture exposure, to the tune of a **staggering \$130 billion+**.

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

A healthy proportion of mid-sized funds closed

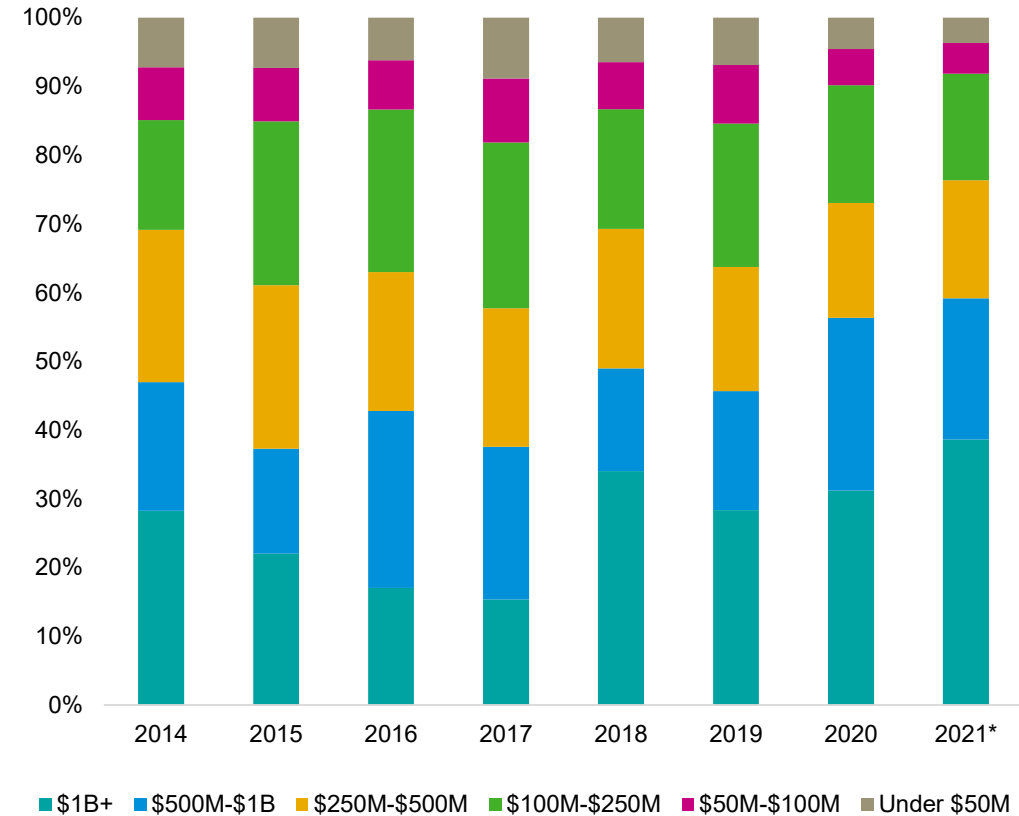
Venture fundraising (#) by size in the US

2014–2021*



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

2014–2021*

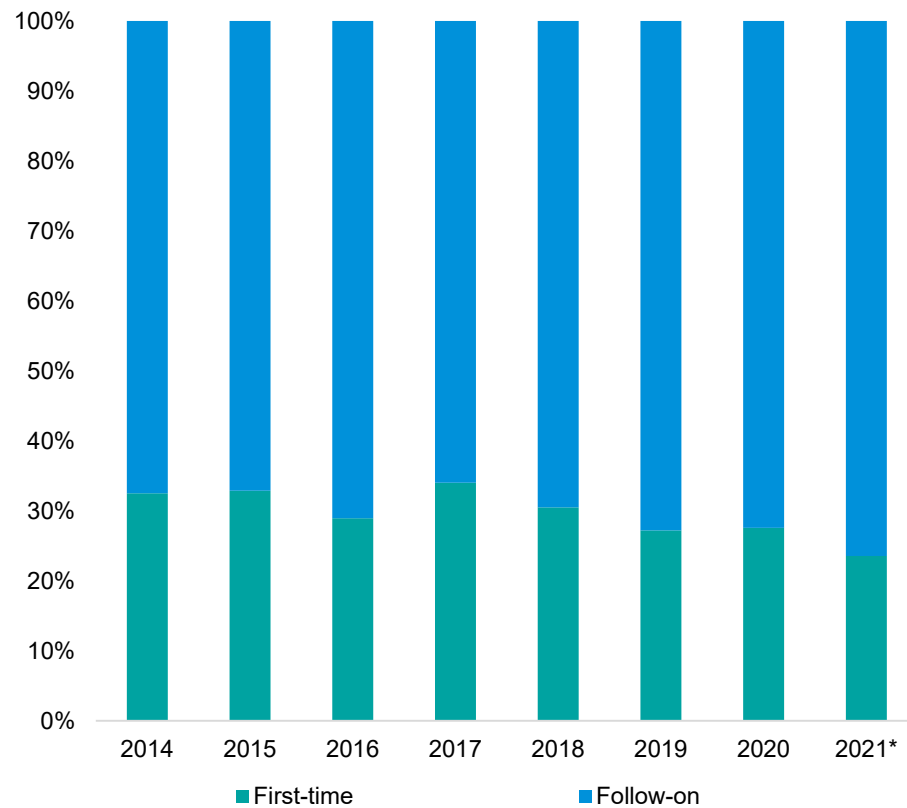


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

With competition rising, first-time funds dwindle

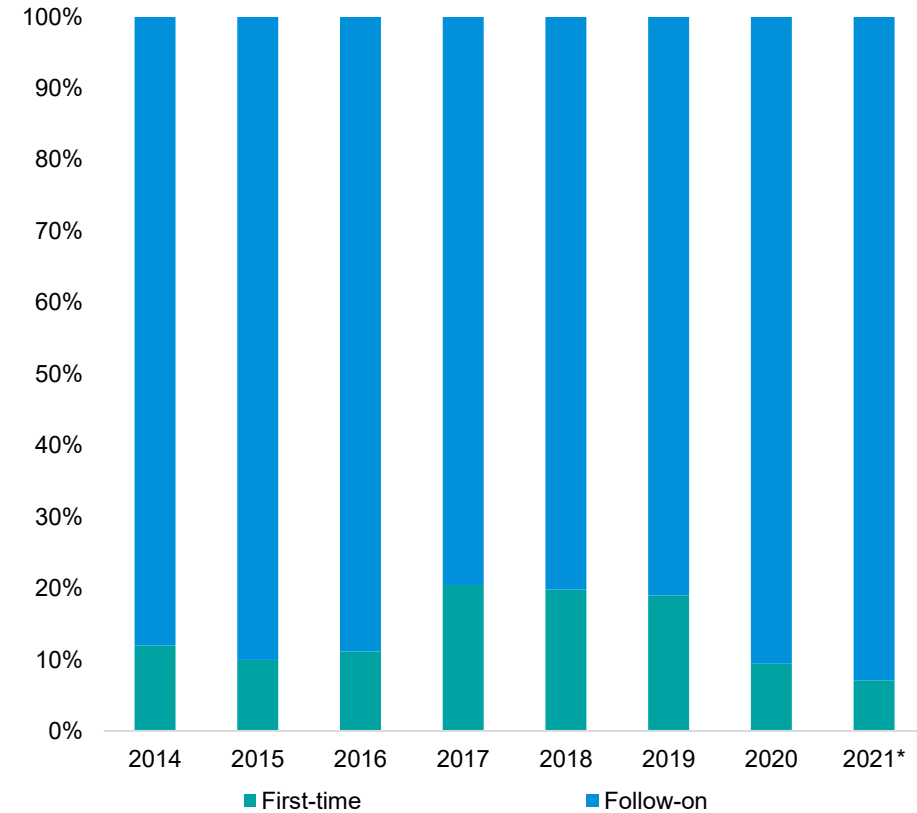
First-time vs. follow-on funds (#) in the US

2014–2021*



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

2014–2021*



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

In Q4'21 VC-backed companies in the **Americas** raised
\$95.2B across **3,946** deals

VC investment in Americas remains strong as Latin America sees four new unicorns

VC investment in the Americas was very strong in Q4'21, driven by a record-breaking quarter in the US. Following three very strong quarters of VC investment, Canada saw a significant drop-off in VC funding in Q4'21; despite the quarter-over-quarter decline, total VC investment in Canada during Q4'21 was the highest the country has seen in a Q4. Following a remarkable high in Q3'21, VC investment in Brazil dropped slightly in Q4'21 — although it was still the country's second-best quarter of VC investment on record.



While megadeals remain big ticket, first-time financings see record growth

Megadeals continued to drive a significant proportion of VC investment in the Americas during Q4'21 — particularly in the US, which saw a \$1.8 billion investment in Commonwealth Fusion, a \$1.5 billion investment in Gopuff, a \$1.4 billion raise by Sierra Space, a \$1.3 billion raise by Lacework, and a \$1 billion raise by Thrasio, in addition to \$500 million+ funding rounds by a breadth of companies including DriveWealth, Hinge Health, Nuro, Uber Freight, and others. While the presence of large megadeals has been a consistent trend throughout 2021, the Americas also saw the number of first-time financings and their associated deal value reach new records during the year.



VC investments in Canada taking more time; interest from investors stays high

Following three very robust quarters of investment, VC investors in Canada took a bit of a pause in Q4'21, taking more time to assess and complete due diligence on potential deals. This, combined with a typical lull in deal activity over the winter holiday period likely accounted for the drop in VC investment during the quarter. Increasing concerns around the Omicron variant, supply chain issues, and inflation may also have also caused some distraction in the Canadian VC market.

AI remained a very hot sector for investment in Canada, helped by the country's strong AI ecosystem including its talent base, education institutions, and array of startups. The broad applicability of AI solutions across sectors will likely keep AI-focused investment in Canada strong headed into 2022. Healthtech and fintech also remained strong areas of investment in Canada during Q4'21.



VC market in Latin America maturing quickly

The VC market in Latin America is evolving rapidly, with a growing number of startups raising larger fundrounds. The maturation of companies is readily apparent in the number of companies reaching unicorn status and the speed at which some are doing so. During Q4'21, Latin America accounted for four new unicorns: logistics company CargoX and SMB e-commerce enabler ng Olist in Brazil and e-commerce aggregator Merama and corporate credit focused fintech Clara in Mexico.



Corporate investment incredibly strong across Americas

Corporate VC investment in the Americas remained strong in Q4'21, contributing to the region's record annual high for number of CVC deals and CVC investment. Both Canada and Brazil saw CVC investment jump considerably compared to their previous records, highlighting the growing interest of corporates in those jurisdictions.

Many large companies in the Americas, particularly those in the US, are increasingly using VC investment as a means to encourage R&D more broadly and rapidly than they could undertake internally. This has helped drive a wide range of sector-specific innovations. In cases where the resulting technologies don't align as desired, corporates still have an opportunity to achieve strong financial returns. For example, in Q4'21, Ford Motor and EV automaker Rivian announced that they would not work on a joint vehicle⁴. Despite the strategic decision to not move ahead together, Ford's investment in Rivian has been a financial success; as of Rivian's Q4'21 IPO, Ford's shares are estimated to be worth \$10 billion based on an equity investment of approximately \$820 million⁵.

⁴ <https://www.cnn.com/2021/11/19/ford-and-rivian-cancel-plans-to-jointly-develop-an-electric-vehicle.html>

⁵ <https://www.cnn.com/2021/11/10/fords-stake-in-ev-truck-start-up-rivian-is-worth-more-than-10-billion-in-first-day-of-trading.html>

VC investment in Americas remains strong as Latin America sees four new unicorn, cont'd.



Canada sees record number of exits for second straight year

Exit activity involving VC-backed companies in the Americas rose to a new high in 2021, driven by a surge in exit activity in the US and Canada. While total exit value was much smaller in Canada compared to the US, Canada's exit activity was particularly notable given the country had set strong records for both number of exits and exit value in 2020 — and then eclipsed both in 2021. With valuations still high and plenty of capital still available in the market, exit activity in Canada is expected to remain strong into Q1'21



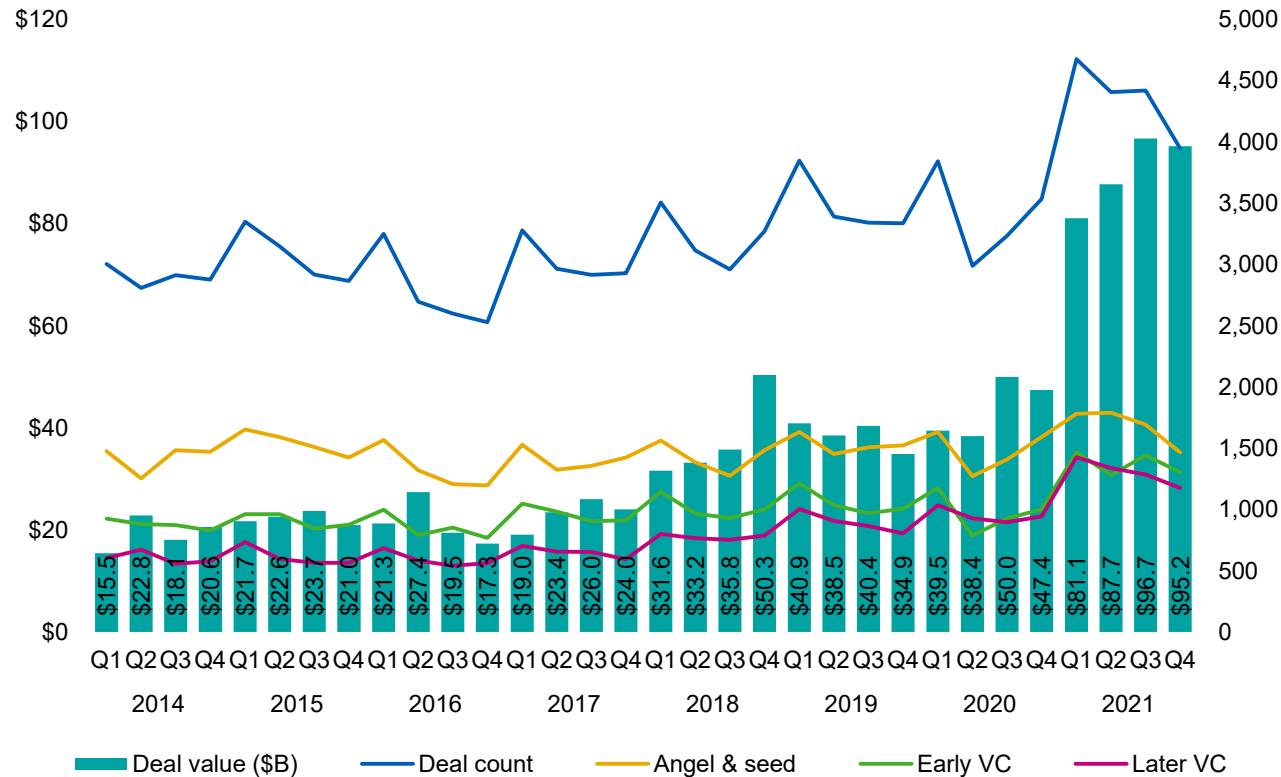
Trends to watch for in 2022

The Americas is expected to see robust VC investment heading into Q1'22. While the US is expected to remain the dominant VC market in the region, other jurisdictions within the Americas — particularly in Latin America — will increasingly see strong and globally competitive companies emerge.

Over \$95 billion invested in Q4 alone

Venture financing in the Americas

2014–Q4'21



Thanks to historic tallies in the US but also across a growing swathe of other American nations, 2021 culminated as a record year across the board for the entire region, benefiting significantly from massive rounds raised by unicorns across Mexico, Brazil, Canada and elsewhere.

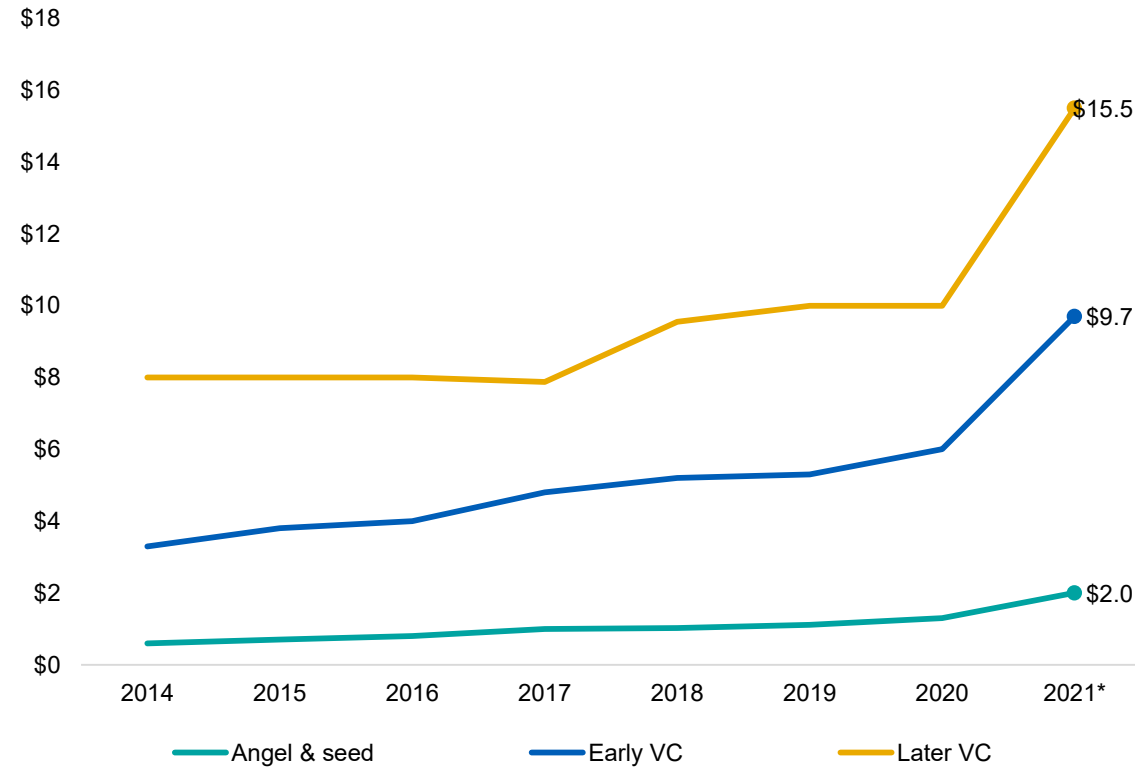
... VC invested stayed the course at a remarkable rate; **the back half of the year saw well over \$190 billion invested**, concluding 2021's remarkable run.

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Round sizes double or more YoY

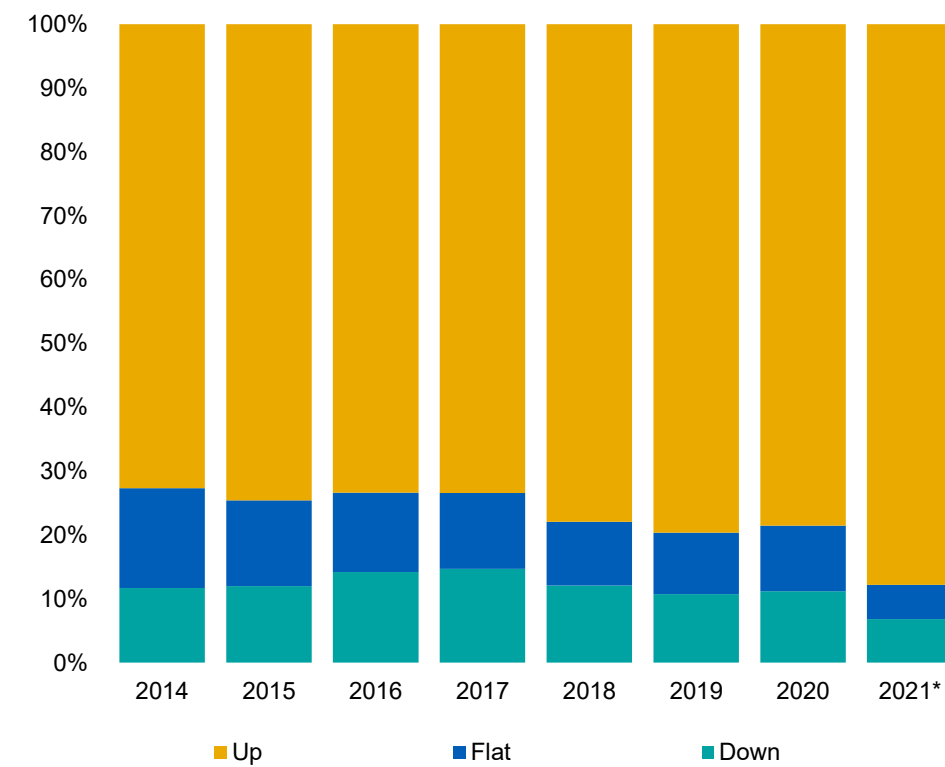
Median deal size (\$M) by stage in the Americas

2014–2021*



Up, flat or down rounds in the Americas

2014–2021*

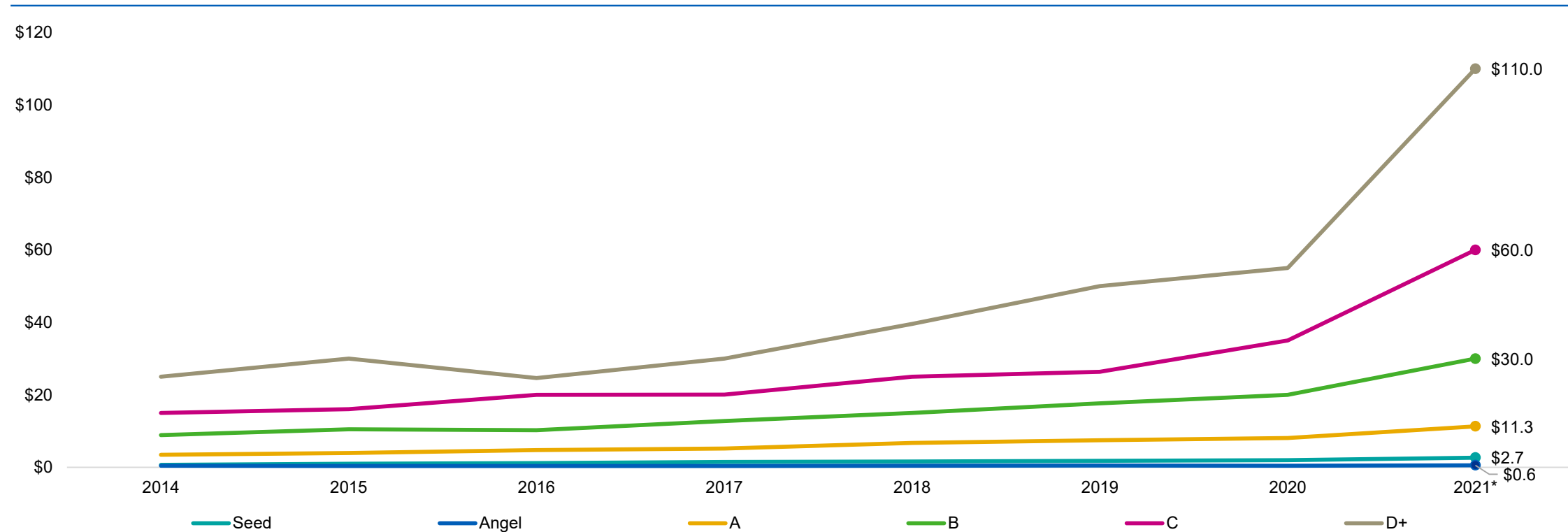


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

The late stage grows more inflated

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

2014–2021*

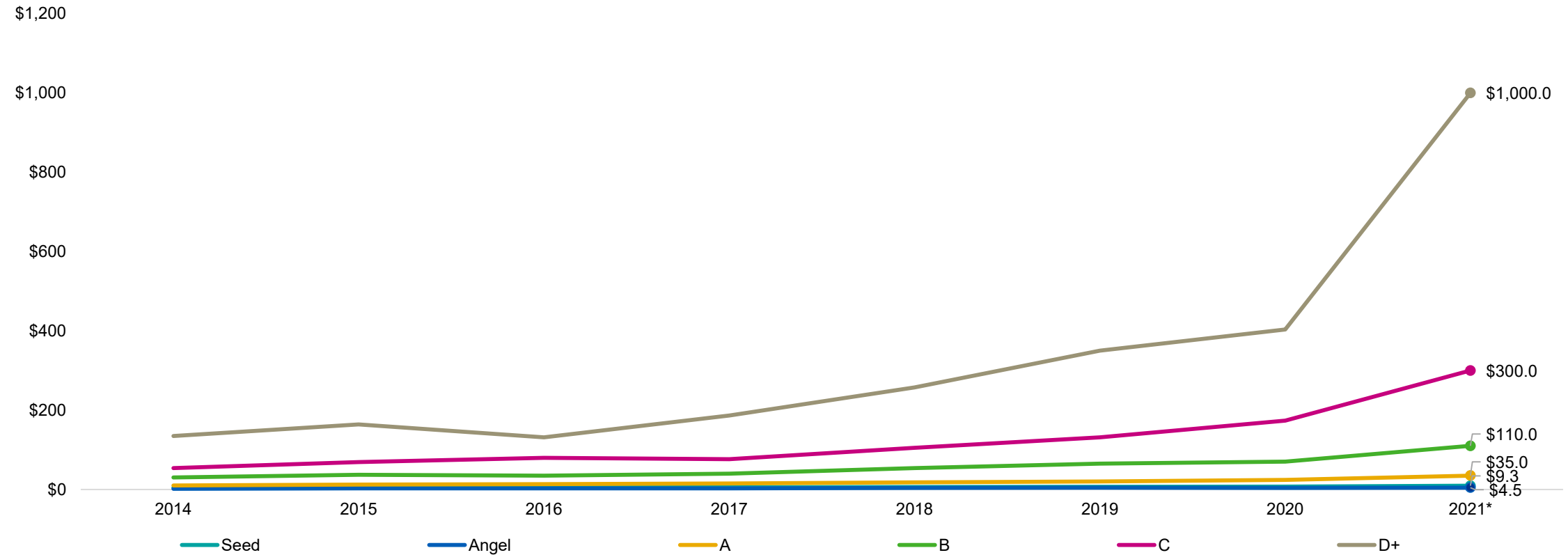


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Unicorns in South America prop up valuations

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

2014–2021*

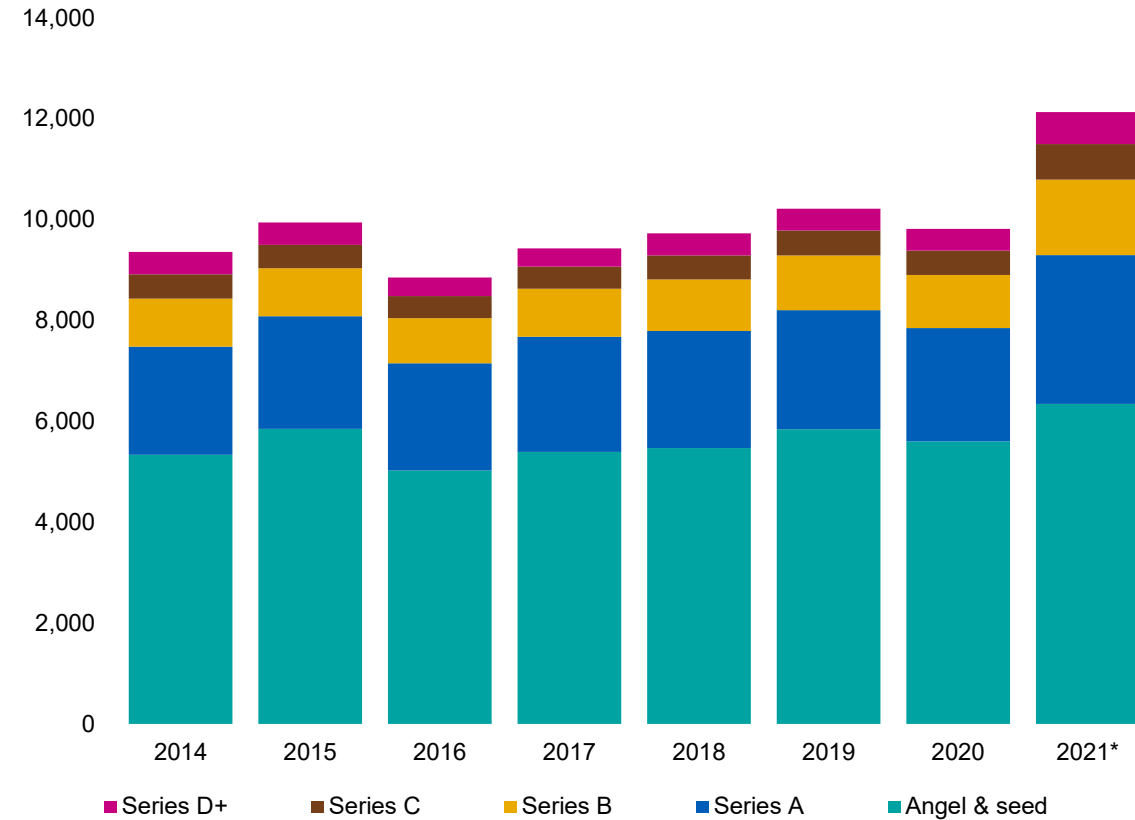


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Angel & seed volume rebound

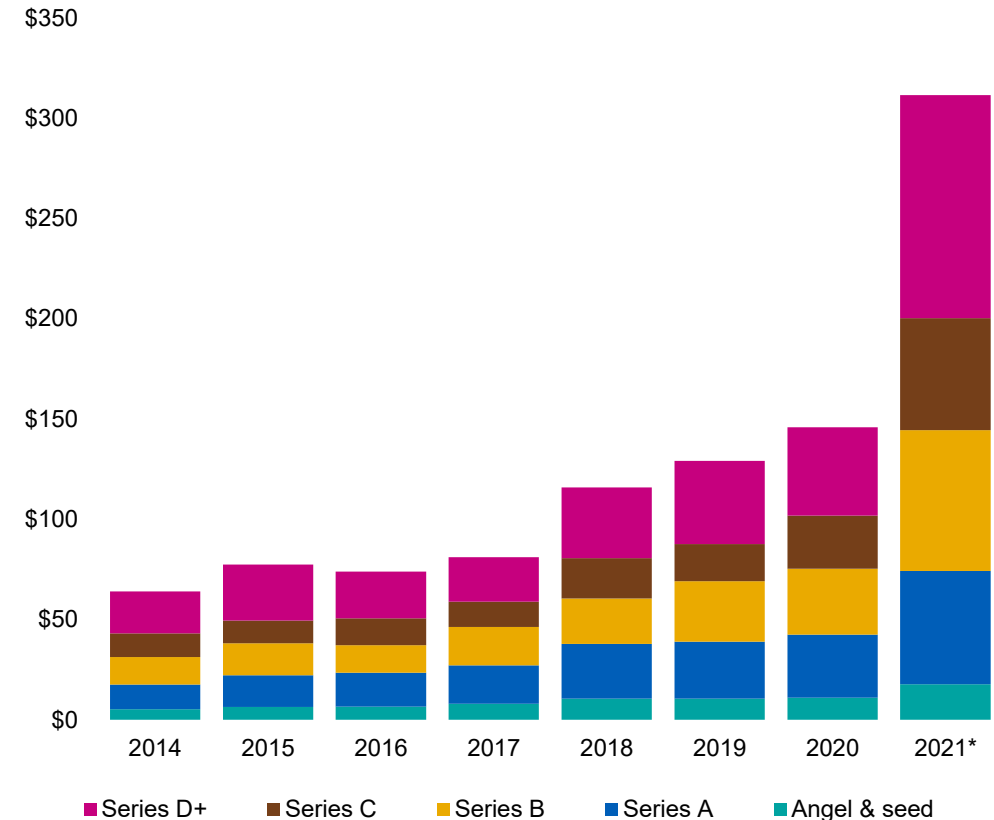
Deal share by series in the Americas

2014–2021*, number of closed deals



Deal share by series in the Americas

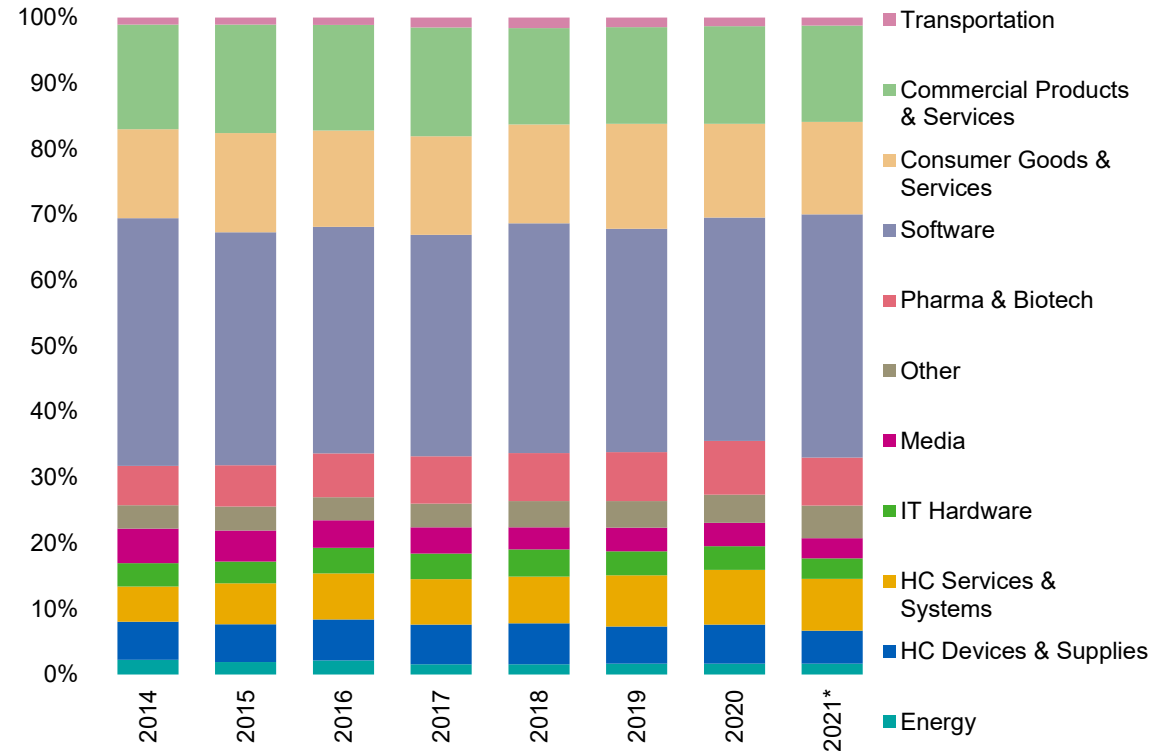
2014–2021*, VC invested (\$B)



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

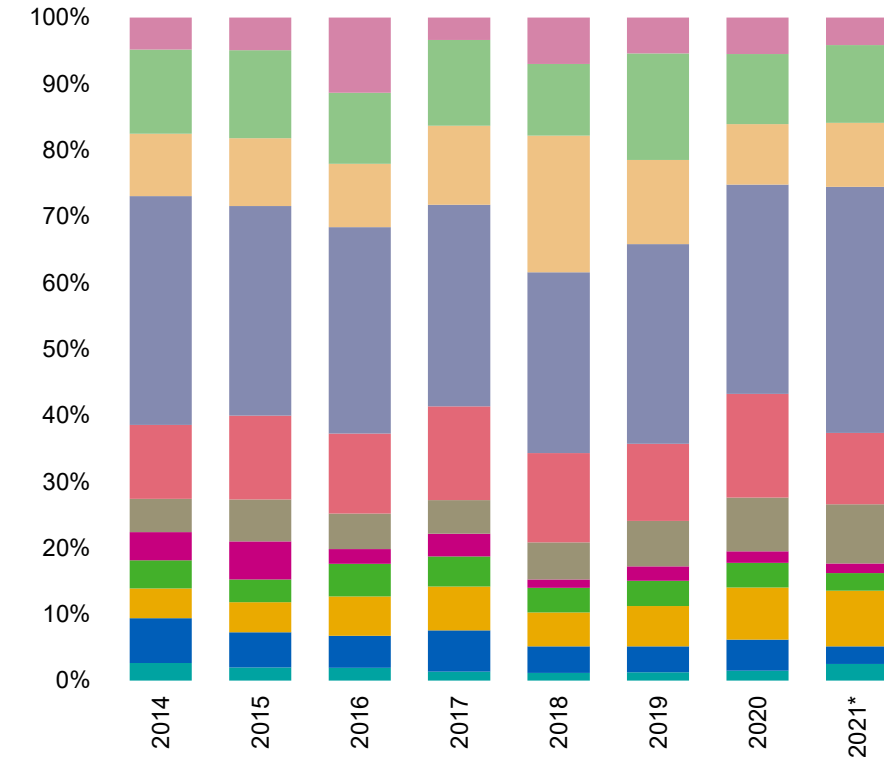
Venture financing of VC-backed companies by sector in the Americas

2014–2021*, # of closed deals



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

2014–2021*, VC invested (\$B)

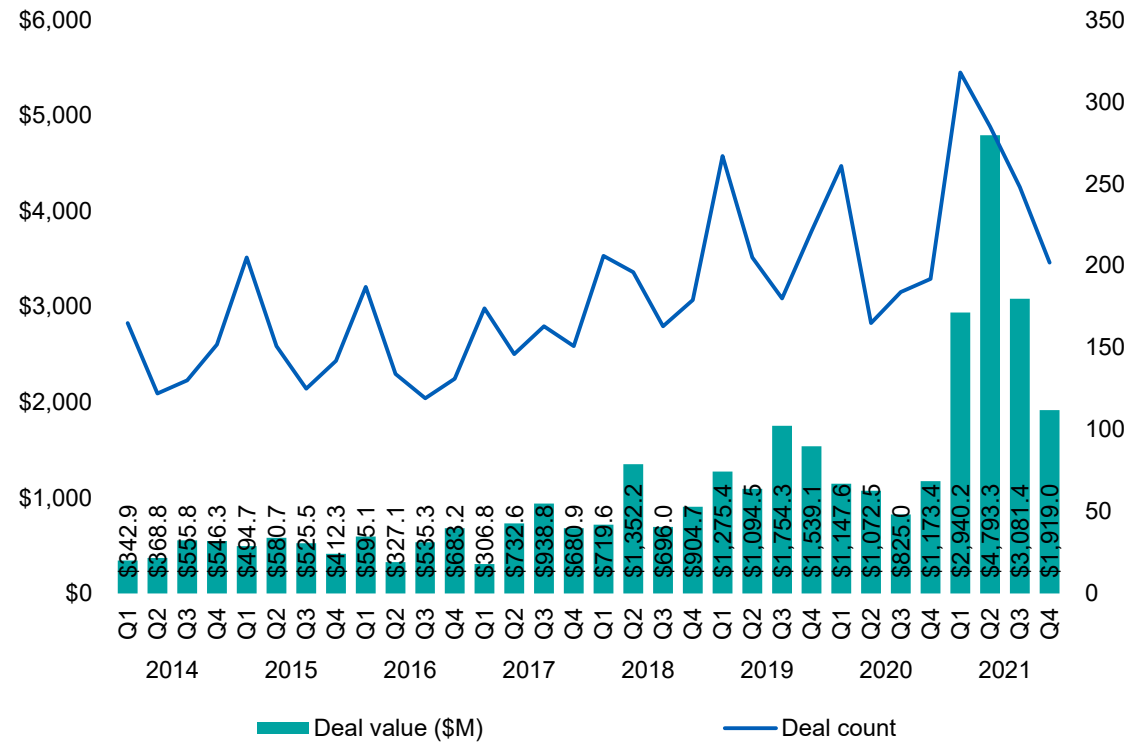


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Q4 caps a historic year for Canadian startups

Venture financing in Canada

2014–Q4'21



After a historic first half of the year, 2021 concluded in the Canadian venture ecosystem with a historically robust tally of close to \$2 billion invested, with standouts such as Foresight Cleantech’s \$130 million Series E or fintech Ledn’s \$70 million raise, both in December 2021.

32 separate companies have now raised \$100M or more in the Canadian ecosystem, with three alone doing so twice...

“ IPOs exits in Canada are incredibly strong right now. Although, the surge really started in 2020 when company valuations started to go through the roof and a lot of companies that wouldn’t have thought about going public before all of a sudden realized it was an option. As long as money continues to be out there and valuations remain relatively robust, we’ll probably keep seeing good exits here into Q1 and Q2’22. ”



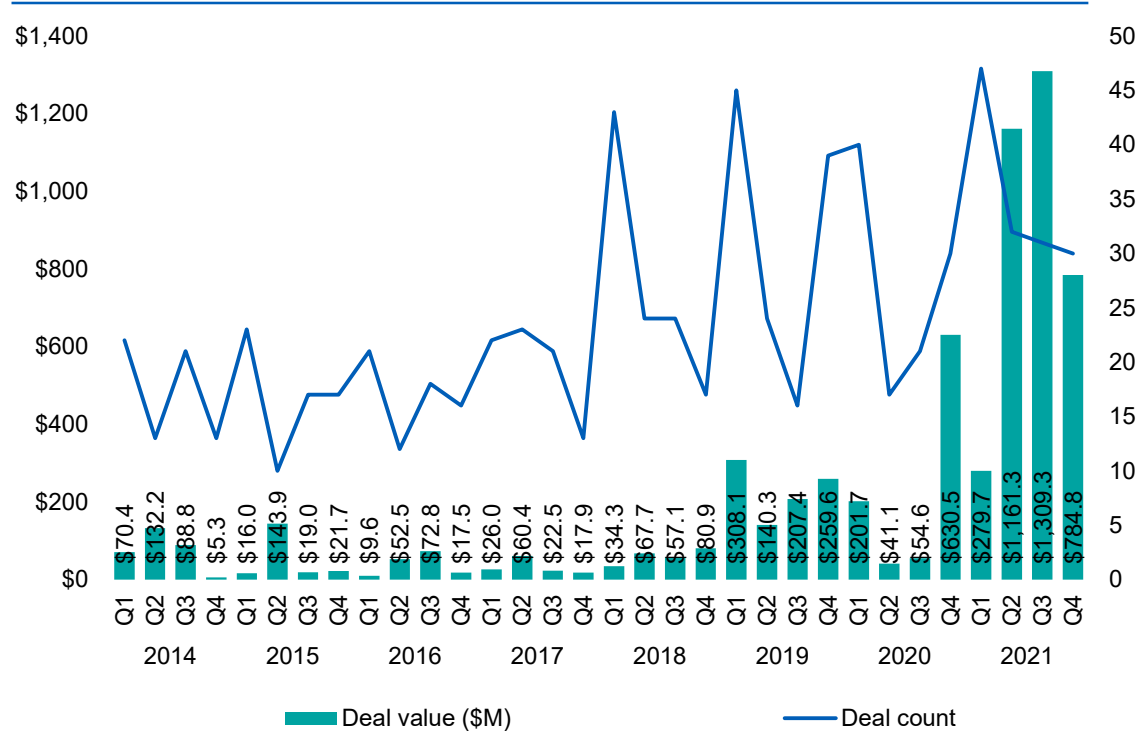
Sunil Mistry
Partner, KPMG Private Enterprise, Technology, Media and Telecommunications, KPMG in Canada

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

2021 closes as best year on record for Mexico

Venture financing in Mexico

2014–Q4'21



2021 saw some of the most consistent flows in funding, from outlier rounds to sheer consistency in approximately 30+ transactions closed per quarter, across the Mexican venture ecosystem. Granted, the impact of outliers was significant in terms of VC invested, with six companies raising \$100 million in more throughout the year — Kavak and Konfio accounting for two separate large fundraises apiece — but the sheer number of companies raising tens of millions boded well for future growth in the Mexican market.

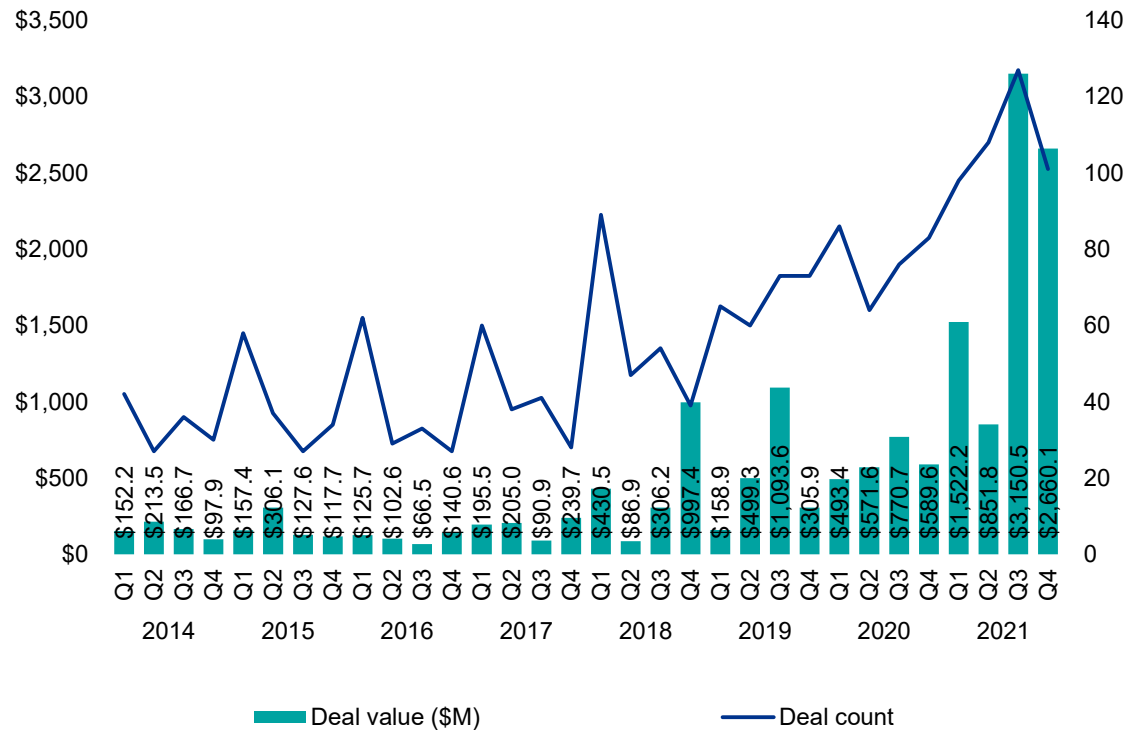
2021 saw multiple outlier rounds, signaling the **Mexican ecosystem** is potentially beginning to see an uptick in **more consistent, robust funding...**

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

2021's second half sees staggering \$5.8B

Venture financing in Brazil

2014–Q4'21



Thanks to a bevy of outlier financings, Brazil finished the year strong with a total of 22 companies raising at least \$100 million or more throughout its duration. Moreover, they spanned a plethora of sectors, signaling growing innovation in multiple segments of the Brazilian socioeconomic ecosystem. That bodes well for potential future growth across multiple key segments of any growing economy.

“ Q4 ended with the 2nd highest venture financing volume to date in Brazil. On Q4 alone, we saw the emergence of at least five new unicorns in the country, such as: Olist (e-commerce solutions ecosystem for SMBs), Facility (low-ticket social commerce marketplace), CargoX (logtech rebranded Frete.com), Daki (superfast grocery e-commerce and delivery platform) and Cloudwalk (next-gen payments merchant acquirer). The activity is likely to remain robust, as VC liquidity is still high even after record investment rounds in 2021.”



Rodrigo Guedes
Managing Director,
KPMG in Brazil

Capital concentrates in fintech & infrastructure

Top 10 financings in Q4'21 in Americas



1. **Commonwealth Fusion Systems** — \$1.8B, Cambridge, US — Cleantech — *Series B*
2. **Gopuff** — \$1.5B, Philadelphia, US — Retail — *Late-stage VC*
3. **Sierra Space** — \$1.4B, Broomfield, US — Spacetech — *Series A*
4. **Lacework** — \$1.3B, San Jose, US — Network management software — *Series D*
5. **Thrasio** — \$1B, Walpole, US — E-commerce — *Series D*
6. **Better** — \$750M, New York, US — Fintech — *Late-stage VC*
7. **Celsius Network** — \$750M, Hoboken, US — Blockchain — *Series B*
8. **DriveWealth** — \$735.3M, Chatham, US — Fintech — *Series D2*
9. **Airtable** — \$735M, San Francisco, US — Cloudtech & dev ops — *Series F*
10. **Forte** — \$725M, San Francisco, US — Blockchain — *Series B*

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

In Q4'21, **European** VC-backed companies raised
\$28.0B across **2,041** deals

Jurisdictions across Europe rake in record levels of VC investment in 2021

VC investment in Europe was incredibly strong throughout 2021, propelled by record-levels of investment in many individual jurisdictions, including the UK, Germany, Israel, Ireland, France, Spain, and the Nordic Region. A robust funding environment, increasing valuations, and a growing number of unicorns highlighted a perfect storm of opportunities for VC investors in Europe.



Fintech generates heat as digital banks raise large Q4'21 VC rounds

Q4'21 saw several digital banks in Europe raise large VC rounds, with a \$900 million raise by Germany-based N26, and the \$300 million raises by UK-based Zopa among the largest deals of the quarter. A number of fintechs more broadly also attracted sizeable rounds, highlighting the ever-expanding breadth of the sector. B2B was particularly notable, with Germany-based B2B payments company Billie raising \$298 million.



HRtech gaining traction Europe — poised for rapid growth

With COVID-19 changing the model of work at a fundamental level in Europe over the past two years, there has been an increasing emphasis on solutions aimed at helping organizations recruit and manage their people more effectively. VC investor interest in HRtech has skyrocketed, with investors pouring money into HRtech companies across the region. During Q4'21, Germany based SME-focused HR platform Personio raised \$270 million in Europe's largest HRtech funding round of the quarter. Given the serious war for talent both in Europe and globally, VC investment in HRtech will likely explode heading into 2022.



COP26 drives ESG interest higher

Over the course of 2021, VC investment in ESG related solutions climbed in Europe as VC investors and corporates recognized the demand for net zero and ESG compliant solutions and operations. The COP26 conference, which occurred in Europe during Q4'21, helped drive additional attention to the space. With ESG increasingly embedded in mainstream thinking, it is likely that VC investments in a broad range of solutions — including operations management, emissions tracking, net zero infrastructure, and mobility will likely continue to grow heading into 2022.



Europe sees diverse crop of unicorns in Q4'21

The increasing number of unicorn births in Europe during 2021 highlights the growing maturity of the European VC ecosystem. Q4'21 saw 17 new unicorn companies in Europe, representing seven countries (i.e., UK, Germany, Israel, Spain, France, Sweden, and Finland) and industries ranging from fintech and healthtech to travel and HRtech.



Annual VC investment in the UK almost double previous high

The VC market in the UK was incredibly robust in 2021, with record high deal volume and a level of investment over double the previous record high. IPO activity was also up considerably during the year. In addition to fintech, healthtech was a particularly strong sector of VC investment in the UK, with healthtech players in the country growing faster than in many other jurisdictions. Heading into 2022, the BNPL space will be an area to watch as the FCA looks to introduce regulations for BNPL companies; this could drive some consolidation in the space.



Germany sees dramatic surge in VC funding

VC investment in Germany surged in 2021, with increasingly high valuations, larger deals sizes, and a growing stable of unicorn companies reflecting a broad mix of sectors. The IPO market in Germany also gained steam, with more companies considering IPOs as a potential exit strategy than have historically — although the need to improve IPO readiness led some to extend their IPO timelines. AI was a big ticket for investment in Germany during Q4'21 given its widespread applicability. At a sector level, fintech and delivery were both very hot areas of investment — as evidenced by N26's \$900 million raise and Gorilla's near \$1 billion raise in Q4'21. Agtech and ESG were also high on the radar of VC investors in Germany.

Jurisdictions across Europe rake in record levels of VC investment in 2021, cont'd.



VC investment in Israel soars to record quarterly high

The VC market in Israel ended 2021 with a record quarter of investment, led by a \$300 million raise by gaming company Moon Active. With considerable capital available in the market, the major challenge promising startups are facing in Israel is a talent shortage and the need to attract and retain critical talent in order to grow and scale. Israel is also beginning to see consolidation in areas like cybersecurity as companies look to gain scale in order to attract interest from larger VC firms.



Nordics region gaining attention from international investors

The VC market ecosystem in the Nordics region evolved considerably over the last year, with a growing number of companies raising larger rounds and beginning to consider IPO plans. Despite a drop in total VC investment in Q4'21, VC investment for the year was well above the previous record high. The region continued to grow on the radar of international investors, helped in Q4'21 by Helsinki hosting Slush — a successful conference focused on connecting companies with VC and other investors.



Micro-mobility hot in Ireland as government moves to regulate scooters

Micro-mobility gained a lot of attention in Ireland in Q4'21 as the government passed legislation allowing e-bikes and e-scooters on roads. The recognition for growing personal transport options has been seen as a positive move, with a number of e-mobility companies looking at regulation as a means to enhance both acceptance for e-mobility options and safety for users. The government's focus on enhancing road safety for all users has generated interest among e-mobility companies across Europe and could lead to additional investments in the space in 2022 and beyond. During Q4'21, Ireland's government also announced a €90 million Innovation Fund focused on early stage companies, which will launch in 2022⁶.



Trends to watch for in 2022

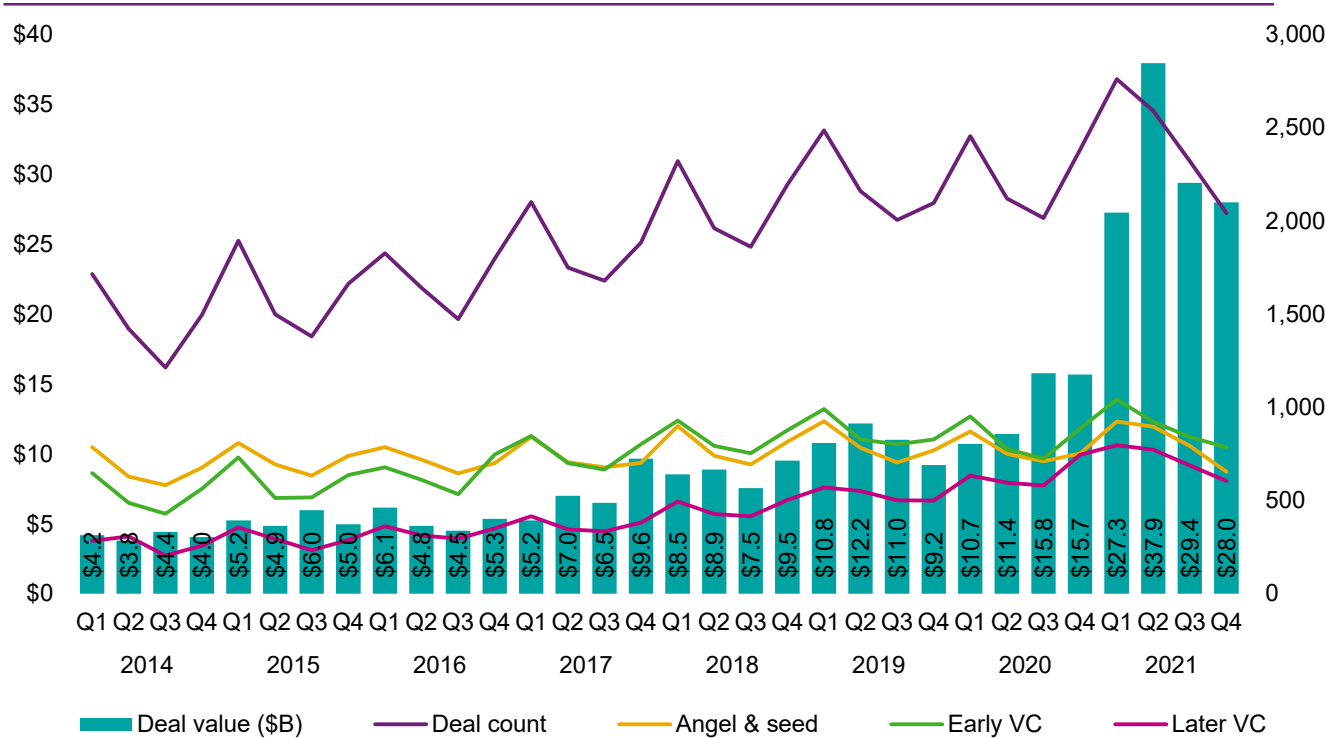
Both VC and CVC investment in Europe are expected to remain strong in Q1'22. Fintech, delivery, and healthtech will continue to be hot sectors, while investment in insurtech and ESG will continue to gain momentum. Agtech is also expected to gain significant attention in 2022 as early stage agtechs across the region grow and begin to attract larger funding rounds.

⁶ <https://www.irishtimes.com/business/companies/venture-capital-funding-for-irish-smes-rose-almost-20-in-q3-to-231m-1.4734683>

Europe sees all-time records set in 2021

Venture financing in Europe

2014–Q4'21



As could be foreseen given the historic quarterly results throughout last year, the European continent was on pace for its highest tallies of both capital invested and count of completed venture transactions ever, with healthy rates across all stages of financings. The European startup ecosystem continues to diversify and deepen, seeing more unicorns minted each quarter across different segments, with some beginning to expand abroad into other markets.

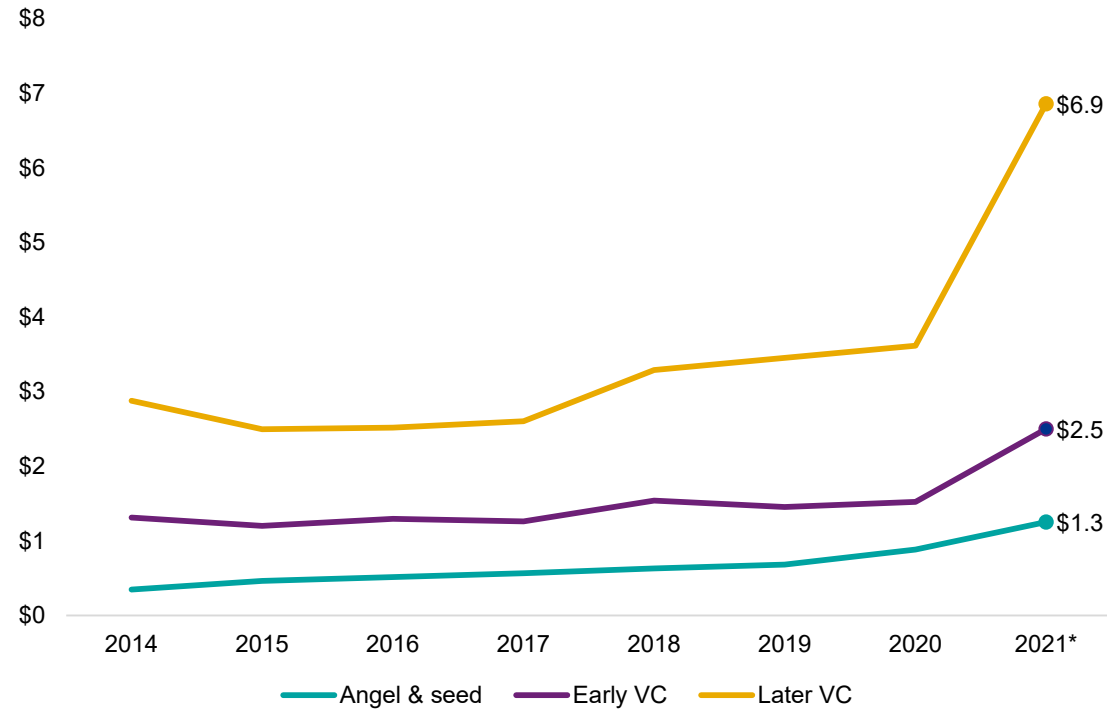
... after record-breaking quarters, the European ecosystem had a year for the ages given Q4's robust tallies, sending 2021 to all-time new highs ...

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

The late stage surges to record

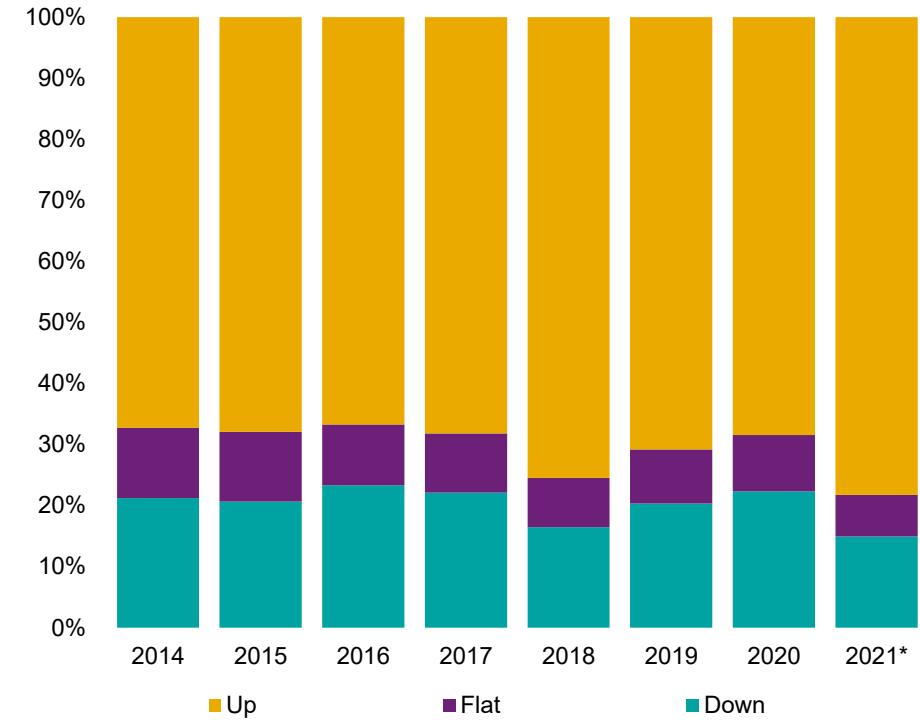
Median deal size (\$M) by stage in Europe

2014–2021*



Up, flat or down rounds in Europe

2014–2021*

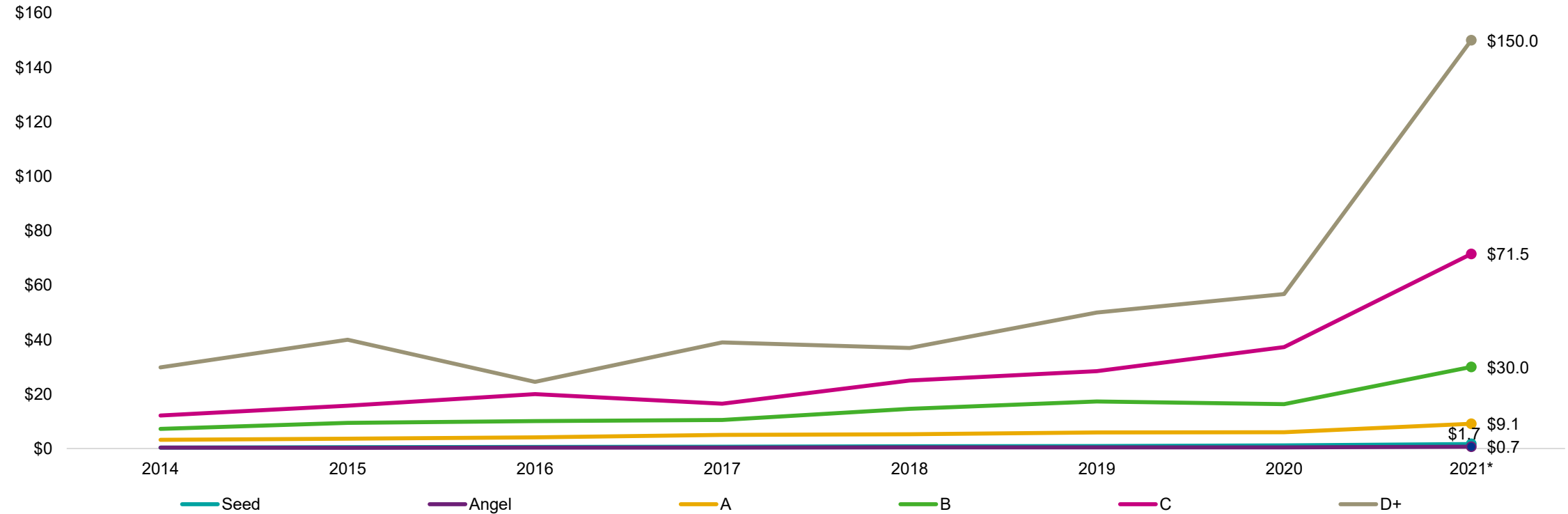


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Multiple metrics nearly double YoY

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

2014–2021*

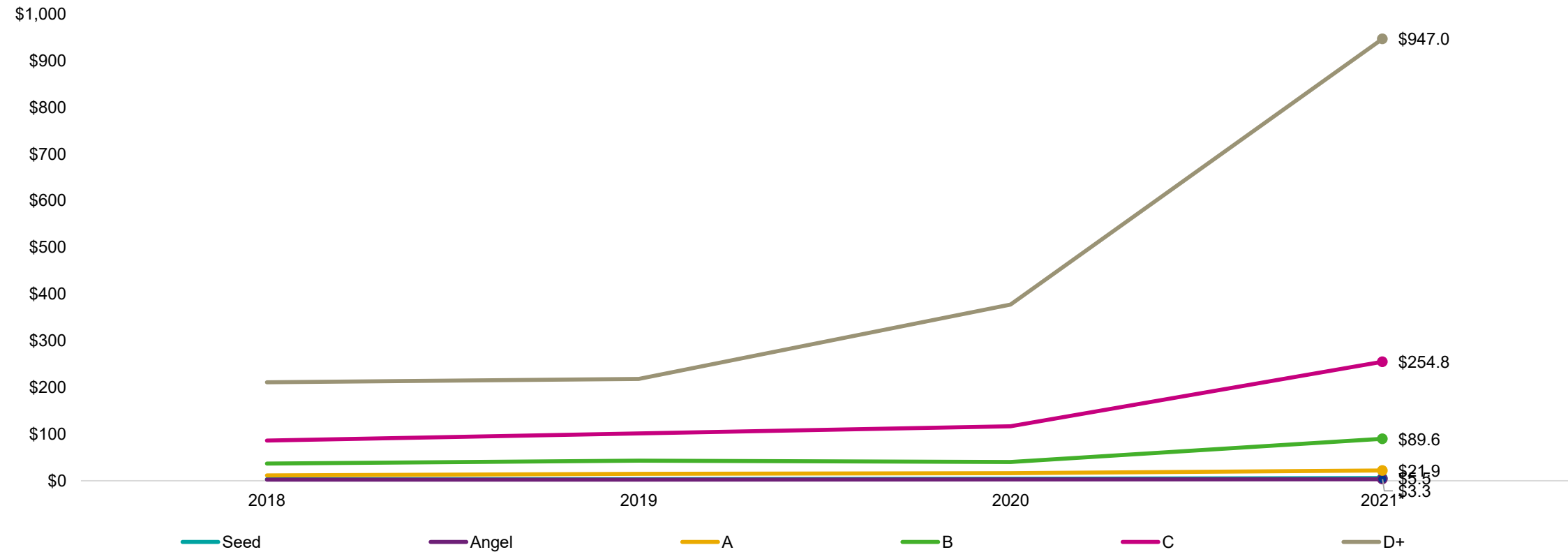


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

The latest stage closes near to unicorn range

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

2018–2021*

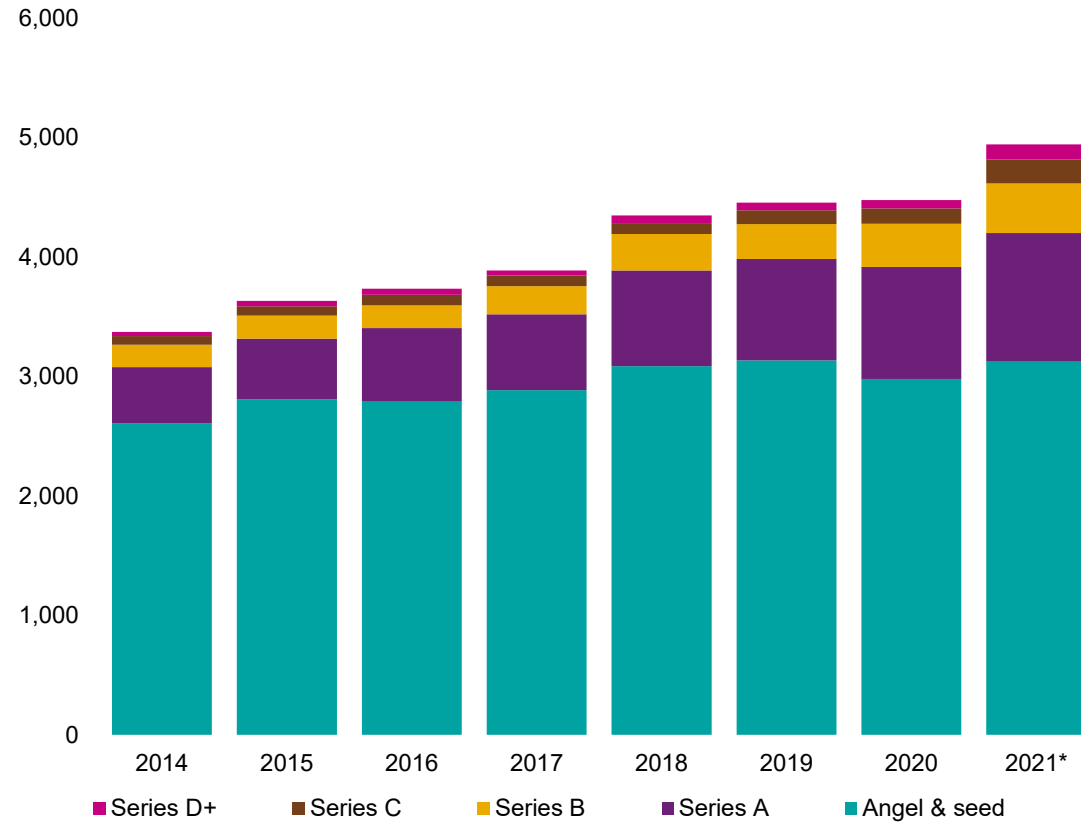


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Early-stage volume stays steady

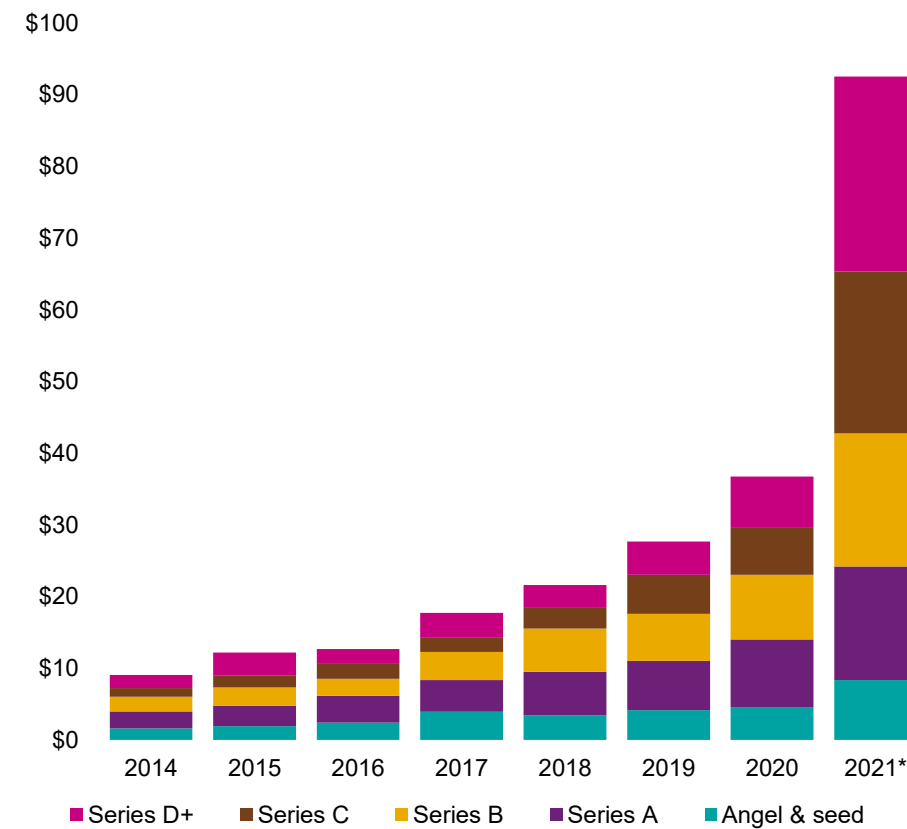
Deal share by series in Europe

2014–2021*, number of closed deals



Deal share by series in Europe

2014–2021*, VC invested (\$B)

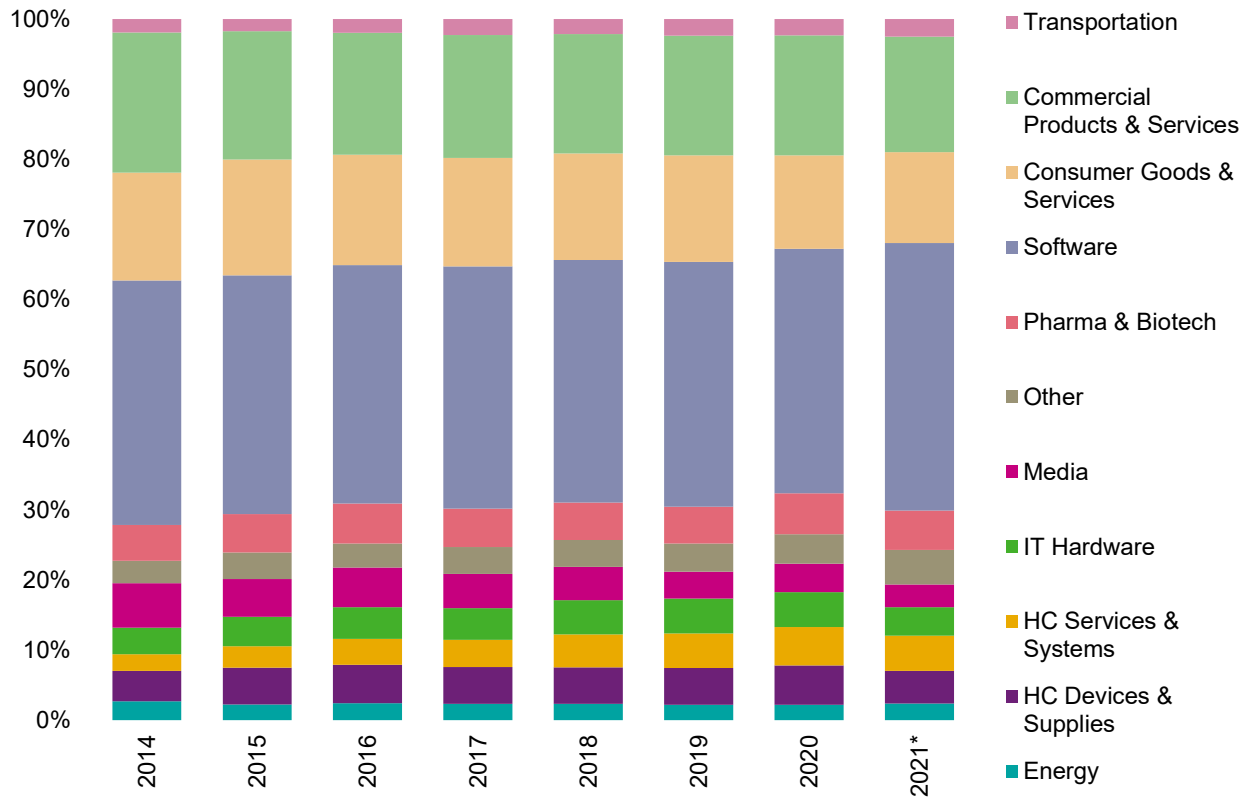


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Software ecosystems surge higher

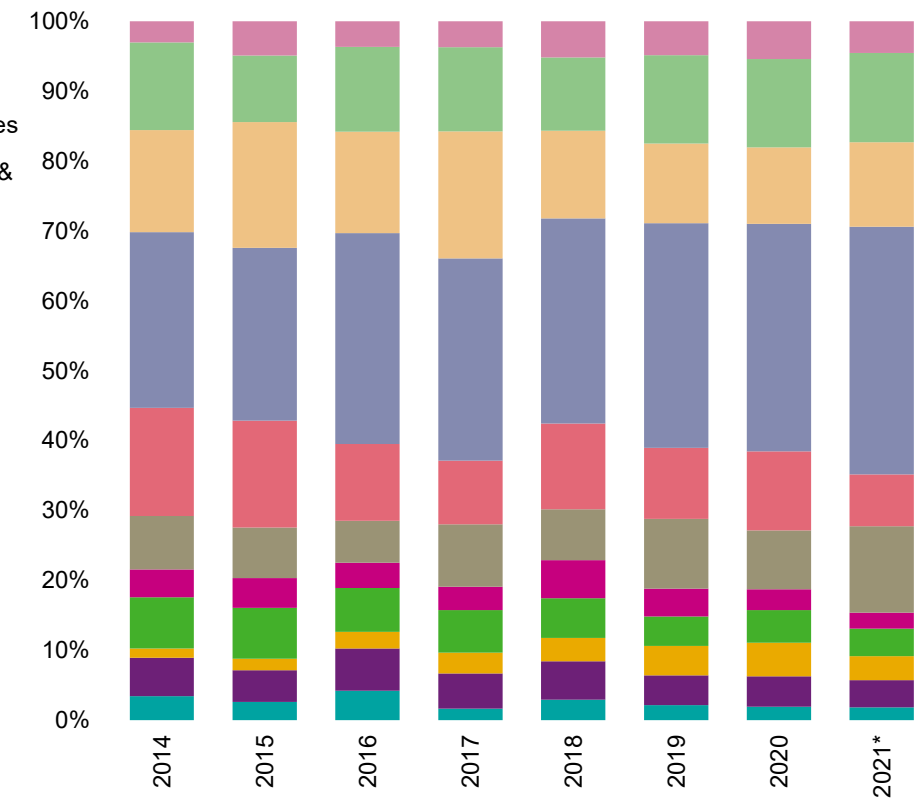
European venture financings by sector

2014–2021*, number of closed deals



European venture financings by sector

2014–2021*, VC invested (\$B)

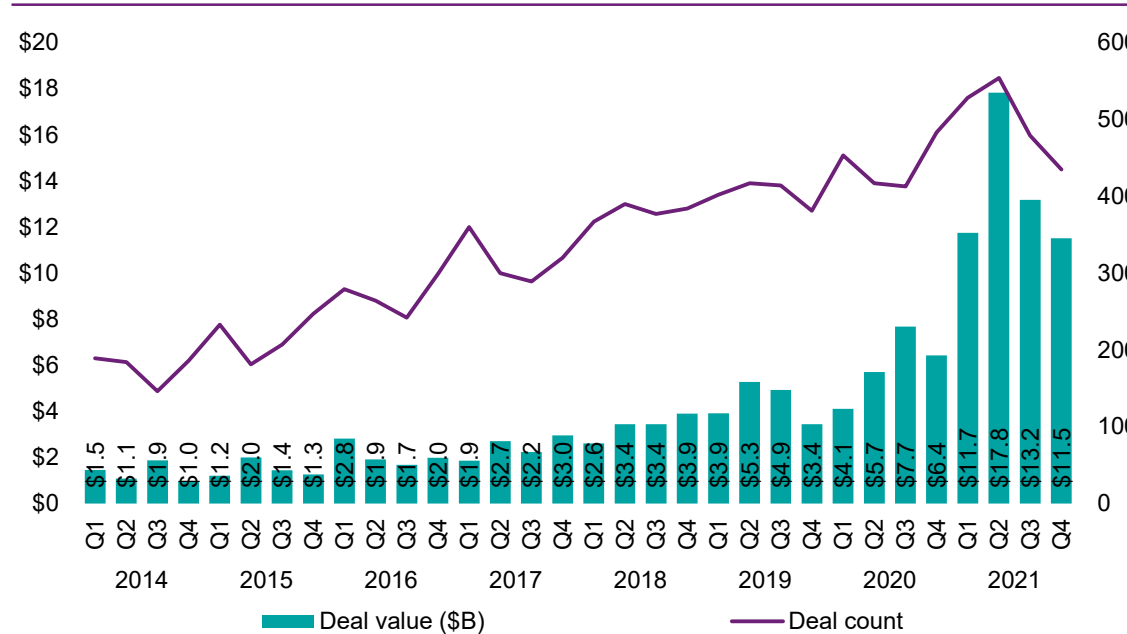


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

First-time financings resurge historically

Corporate VC participation in venture deals in Europe

2014–Q4'21

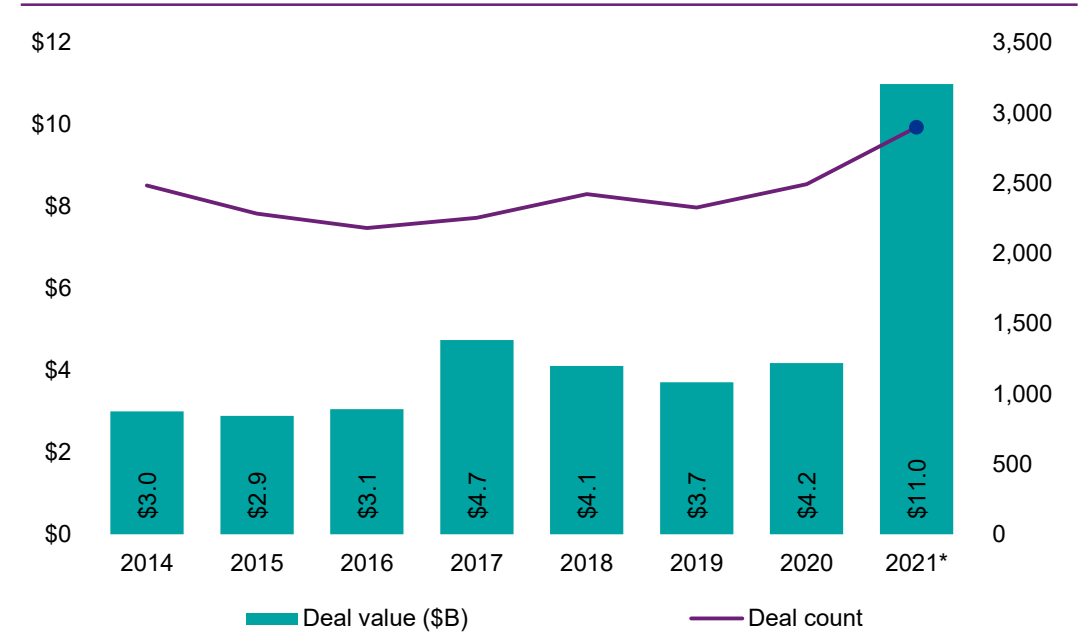


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Although the second half of 2021 saw a decline in financing volume affiliated with corporate players from direct investors to their venture arms, given that investment participation was historically healthy, and moreover, they kept joining in rounds on the larger side, this trend is likely a temporal quirk more than anything else.

First-time venture financings of companies in Europe

2014–2021*



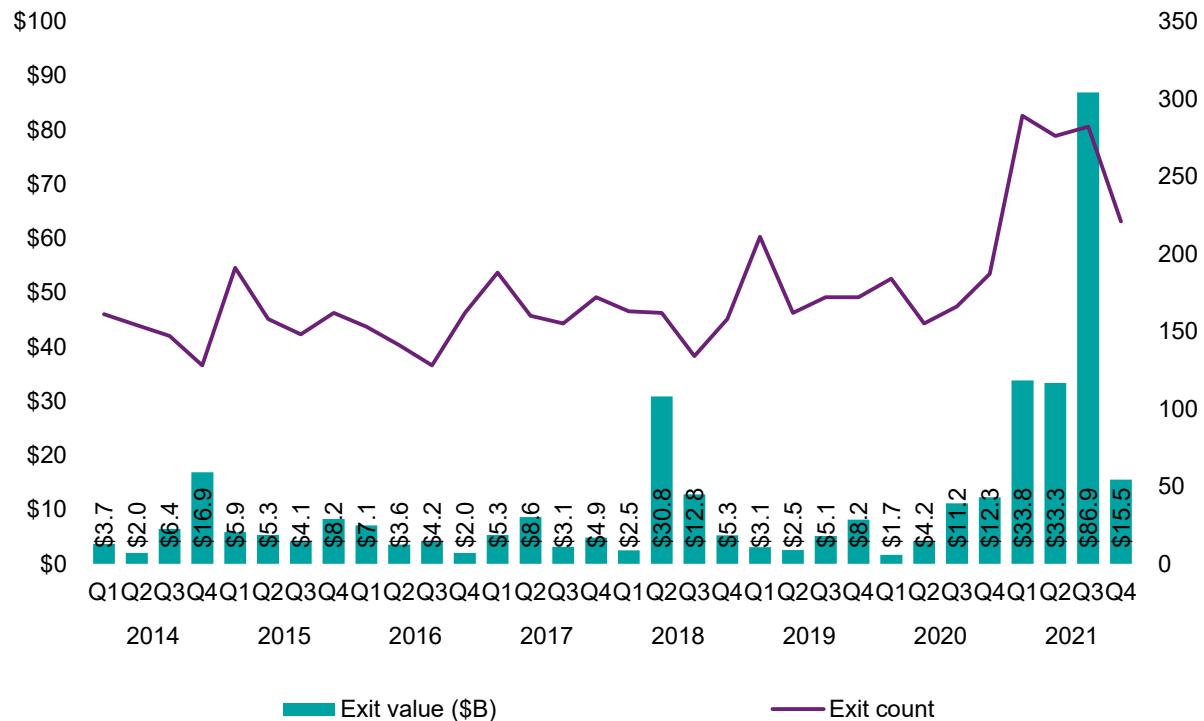
Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Once again, a caveat must be noted: In a complex environment such as Europe, first-time financings may take longer to be ascertained and confirmed. That said, given the final tallies from Q4 2021, it is clear last year saw a truly historic resurgence in VC invested across nearly 3,000 completed first-time financings, boding well for the continent's push to further invigorate its startup ecosystems.

A record Q3 boosts entire year

Venture-backed exit activity in Europe

2014–Q4'21



Although Q4 2021 saw a slide in completed exits and aggregate exit value, all in all, the sheer sum of nearly \$170 billion in completed liquidity events last year should help not only replenish firms' fundraising efforts as they return significant sums to their investors, but also bodes well for recycling of capital back into the ecosystem.

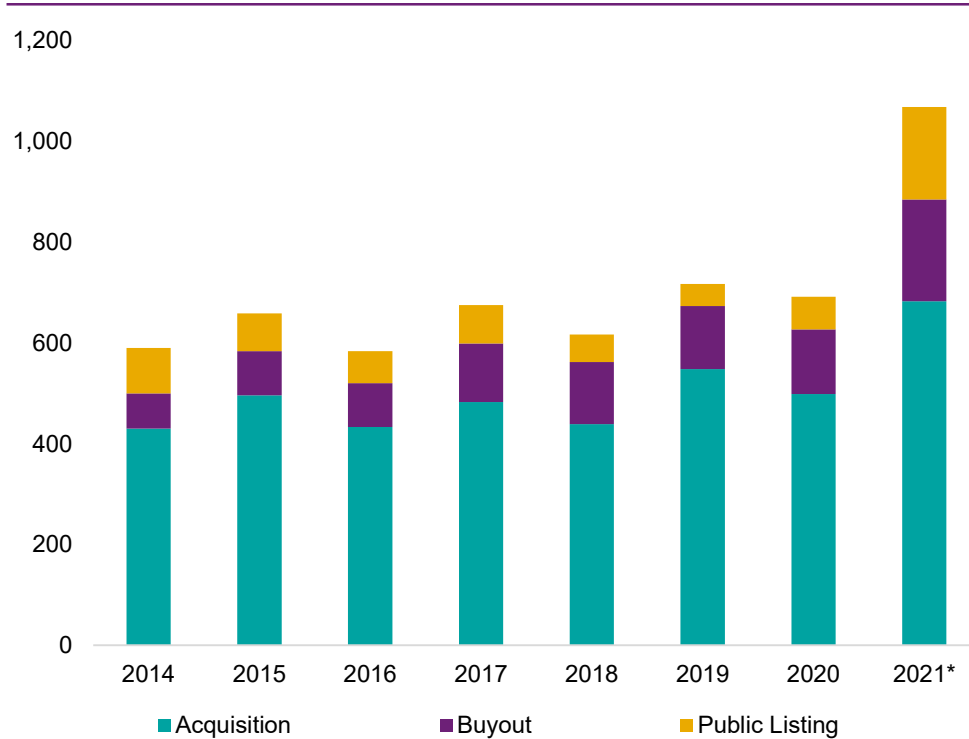
... with **close to \$170 billion** in exit value seen in 2021 to date, **liquidity trends** continue to exert significant positive pressure on investment rates across the continent going further into the 2020s.

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

M&A surges in volume, as listings propel value

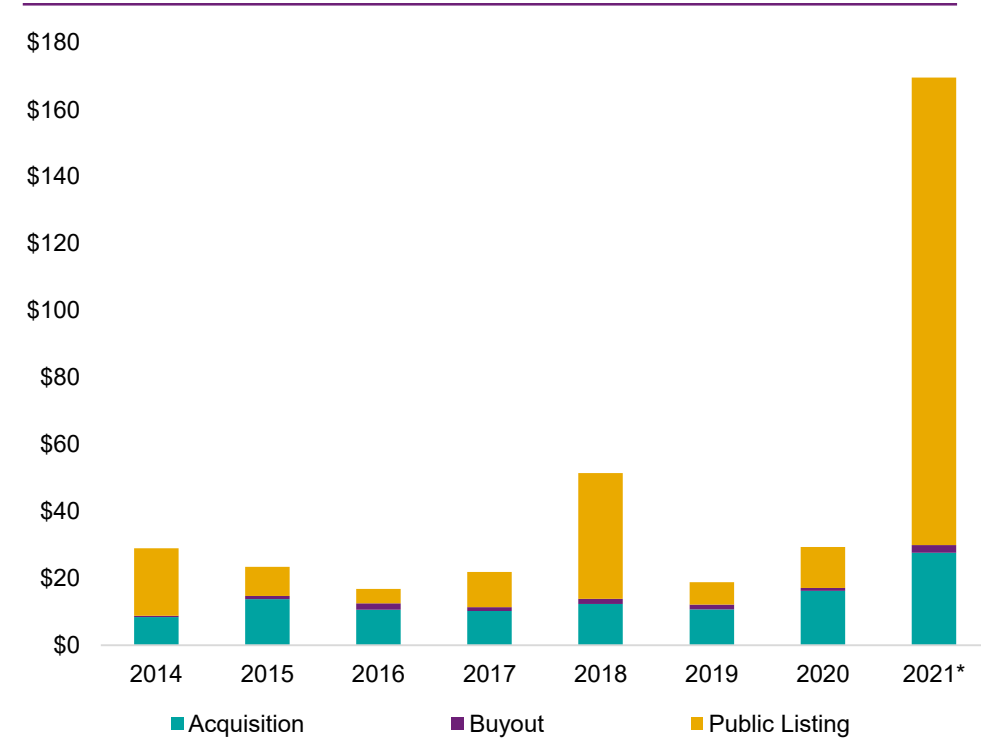
Venture-backed exit activity (#) by type in Europe

2014–2021*



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

2014–2021*

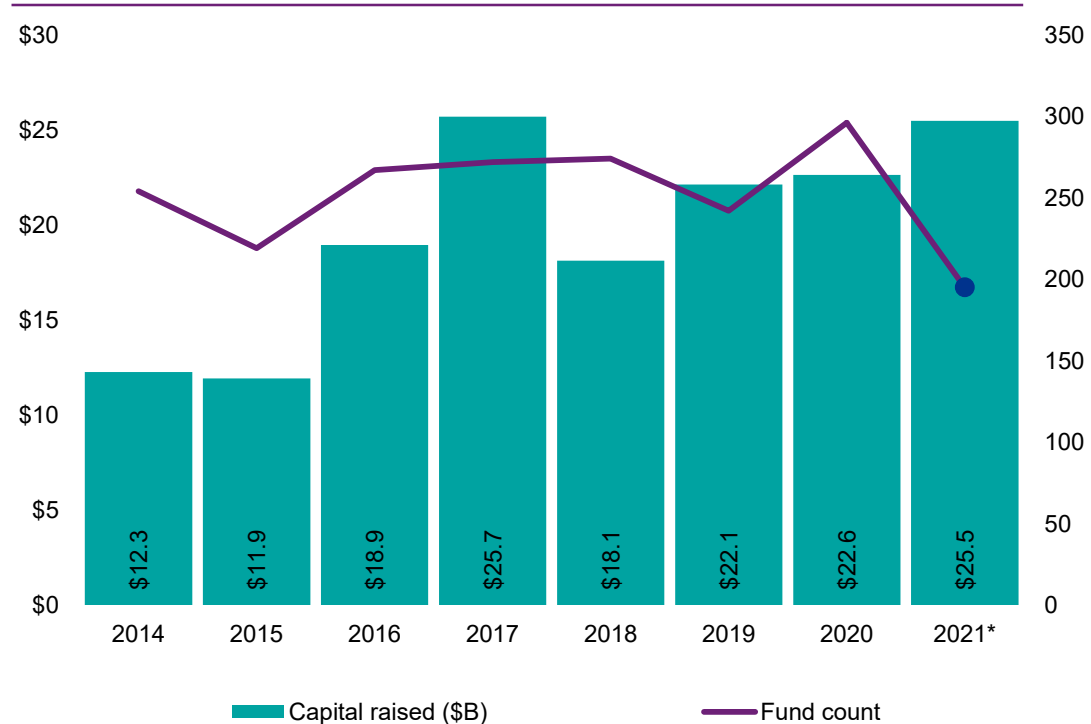


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

European fund coffers refill handsomely

European venture fundraising

2014–2021*



As noted in the prior edition of the Venture Pulse, the sharp decline in the tally of funds closing in 2021 to date is more driven by the fact that the prior five years saw elevated levels of fundraising volume than anything else. Venture firms do not always raise large funds every single year, unless at a sufficient scale, and many European venture firms are not yet that large to have multiple strategies. However, larger firms that had the track record and resources to do so, plus established investor base, were able to close on sufficiently large pools of capital that well over \$25 billion was closed for the second time in the decade, which will aid future funding levels.

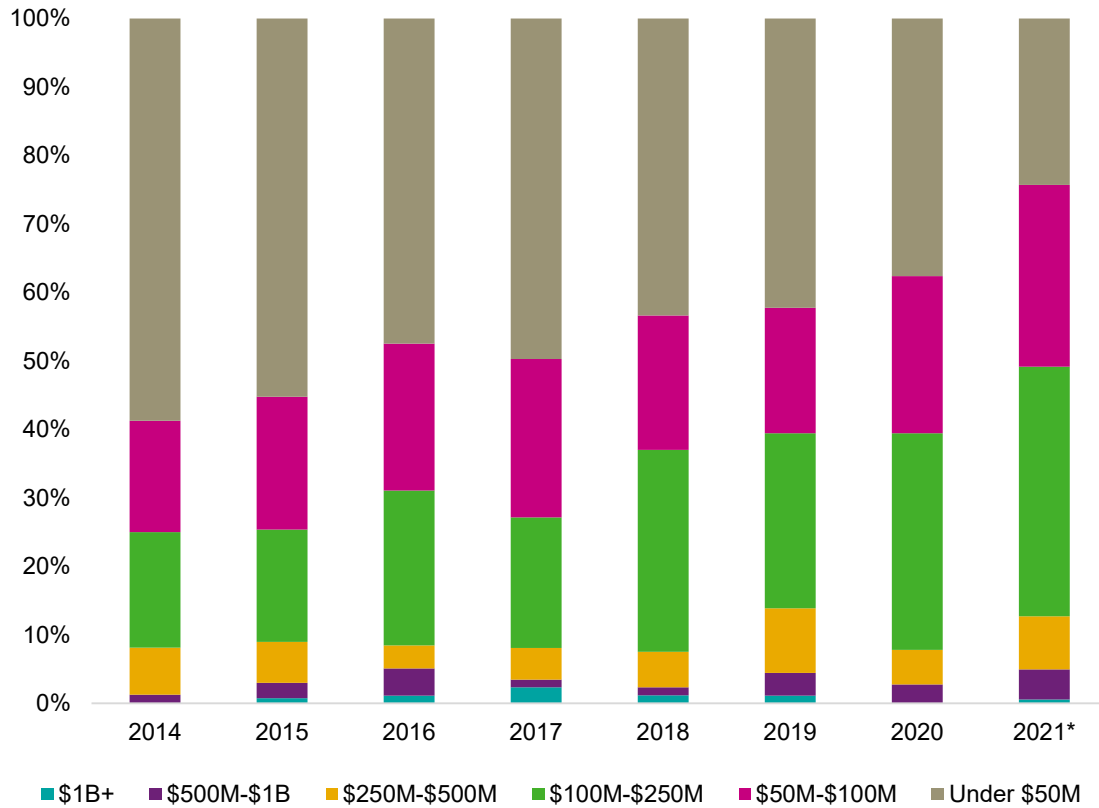
... 2021 is now the **second year** that capital committed to European fund managers has exceeded **\$25 billion**.

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Midsized funds rebound in volume

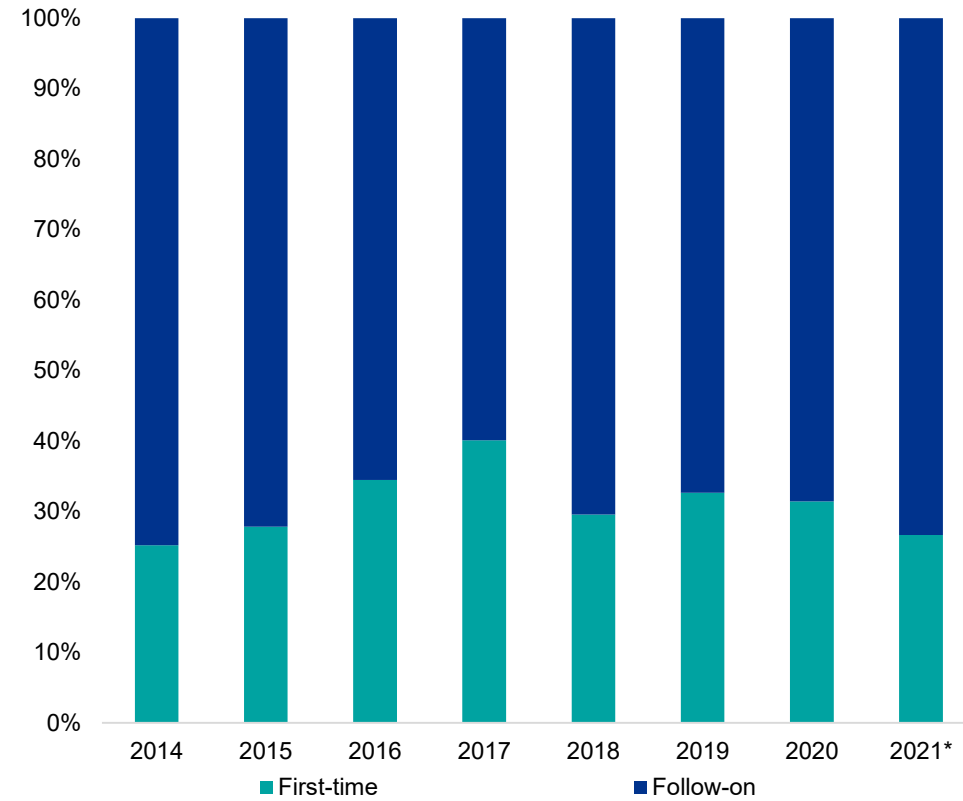
Venture fundraising (#) by size in Europe

2014–2021*



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

2014–2021*

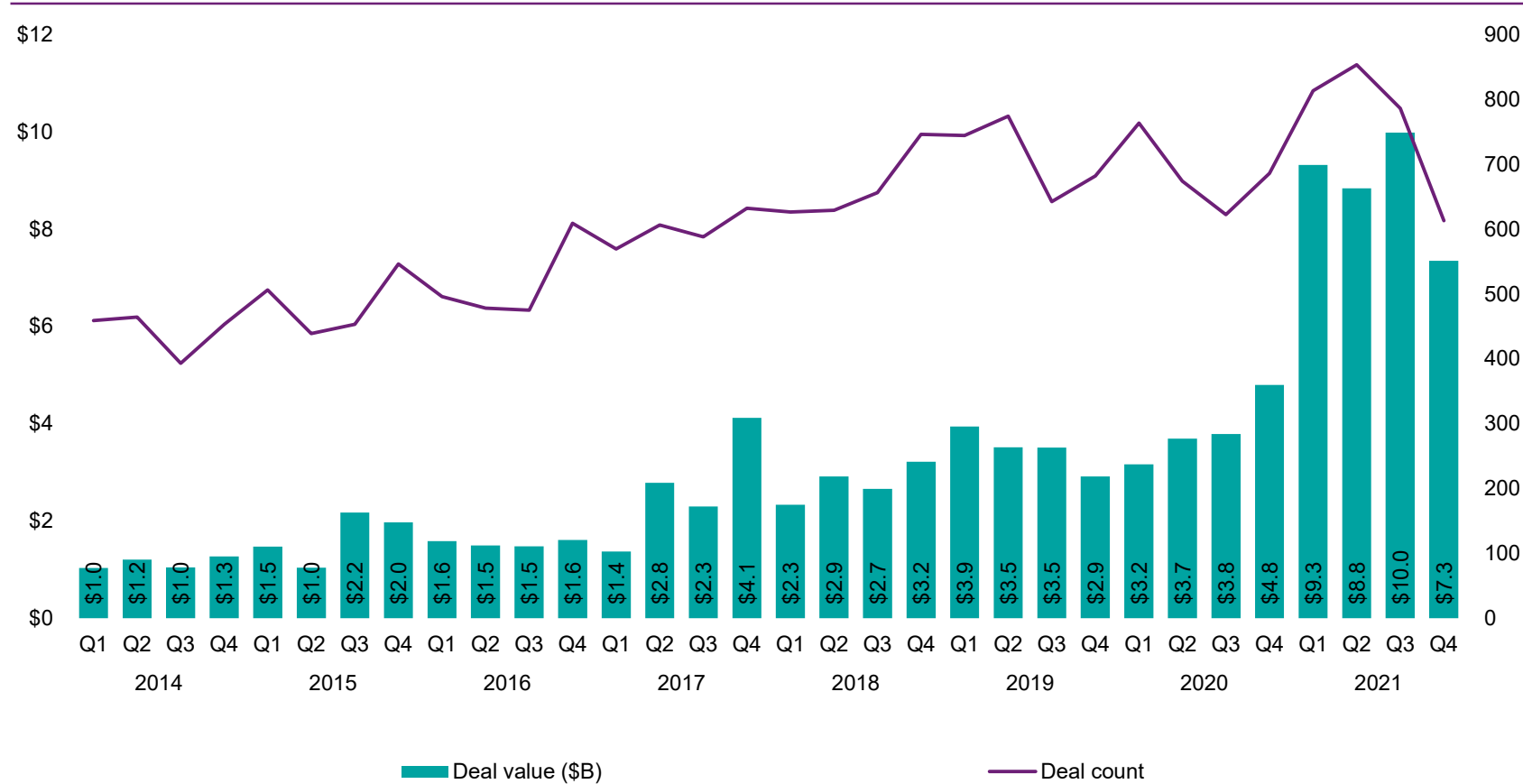


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

A subdued Q4 still leaves 2021 with records

Venture financing in the United Kingdom

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

“ We have definitely noticed a rise in investments into ESG-focused businesses in the UK. While we haven’t necessarily seen many massive deals yet, there’s certainly a lot of interest in the space, in part driven by the recent COP26 conference in Glasgow. We’re also seeing more government grants and programs being introduced that are specifically aimed at helping to drive investment in areas such as Net Zero. ”

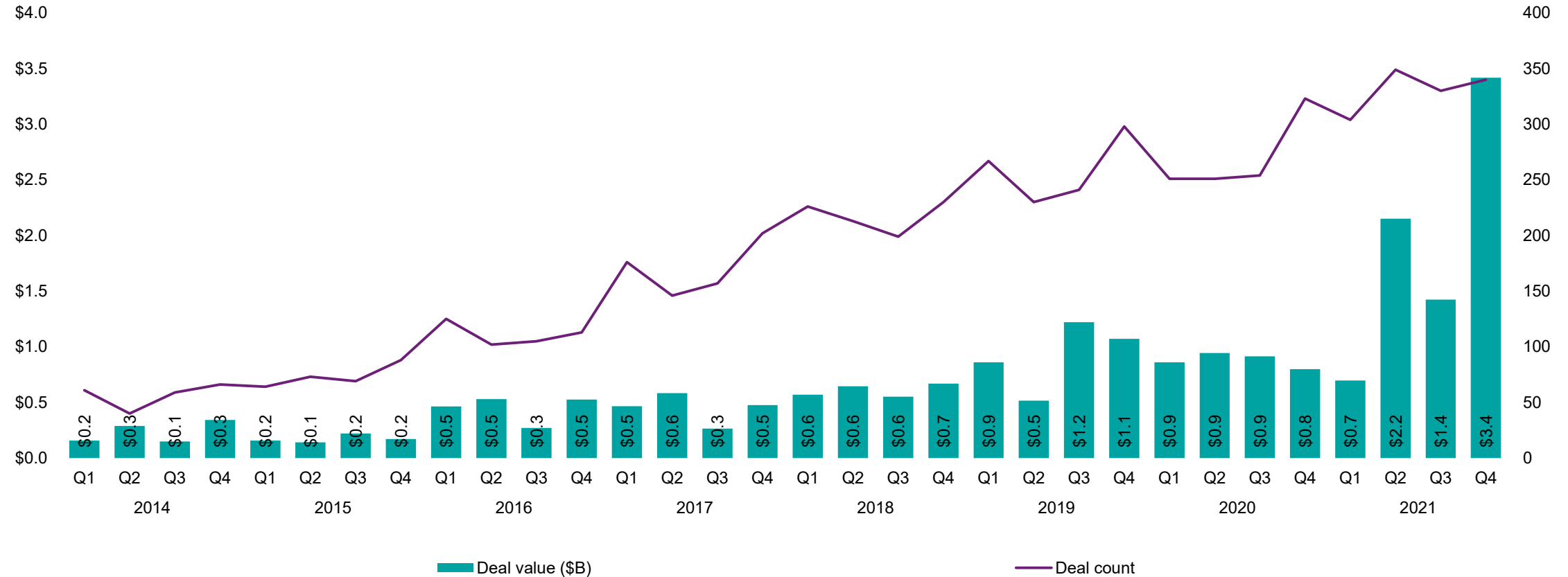


Warren Middleton
Lead Partner for Emerging Giants
CoE in the UK,
KPMG in the UK

London sees record-breaking Q4

Venture financing in London

2014–Q4'21

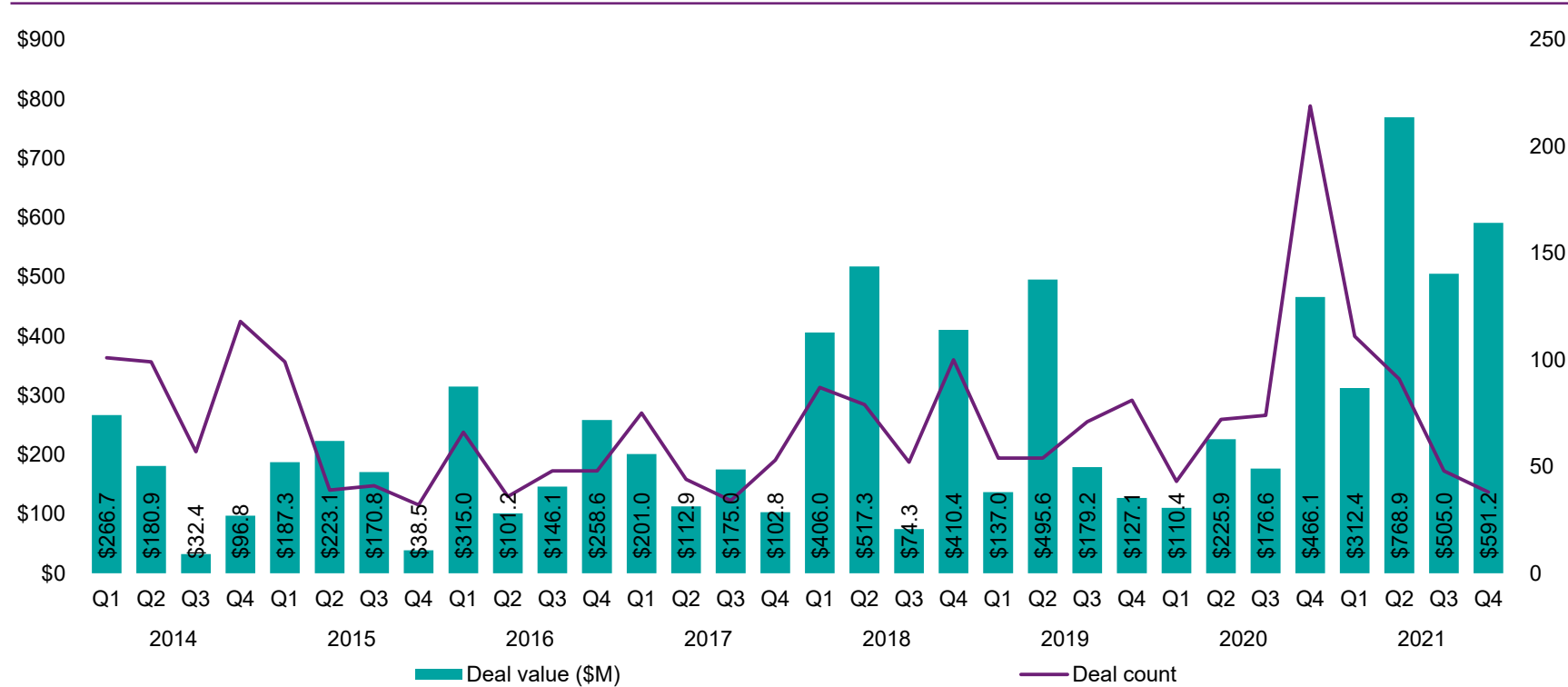


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

2021 closes as a banner year for Irish VC

Venture financing in Ireland

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

“ Micro-mobility has gained a lot of traction due to concerns around the safety of mass public transit in a Covid environment and the desire for greener transportation options. The challenge has been safety. By creating a legal framework to regulate e-scooter’s and e-bike’s, the Irish Government is making the roads safer for all users. This will undoubtedly open the way for further investment in e-mobility in Ireland.”

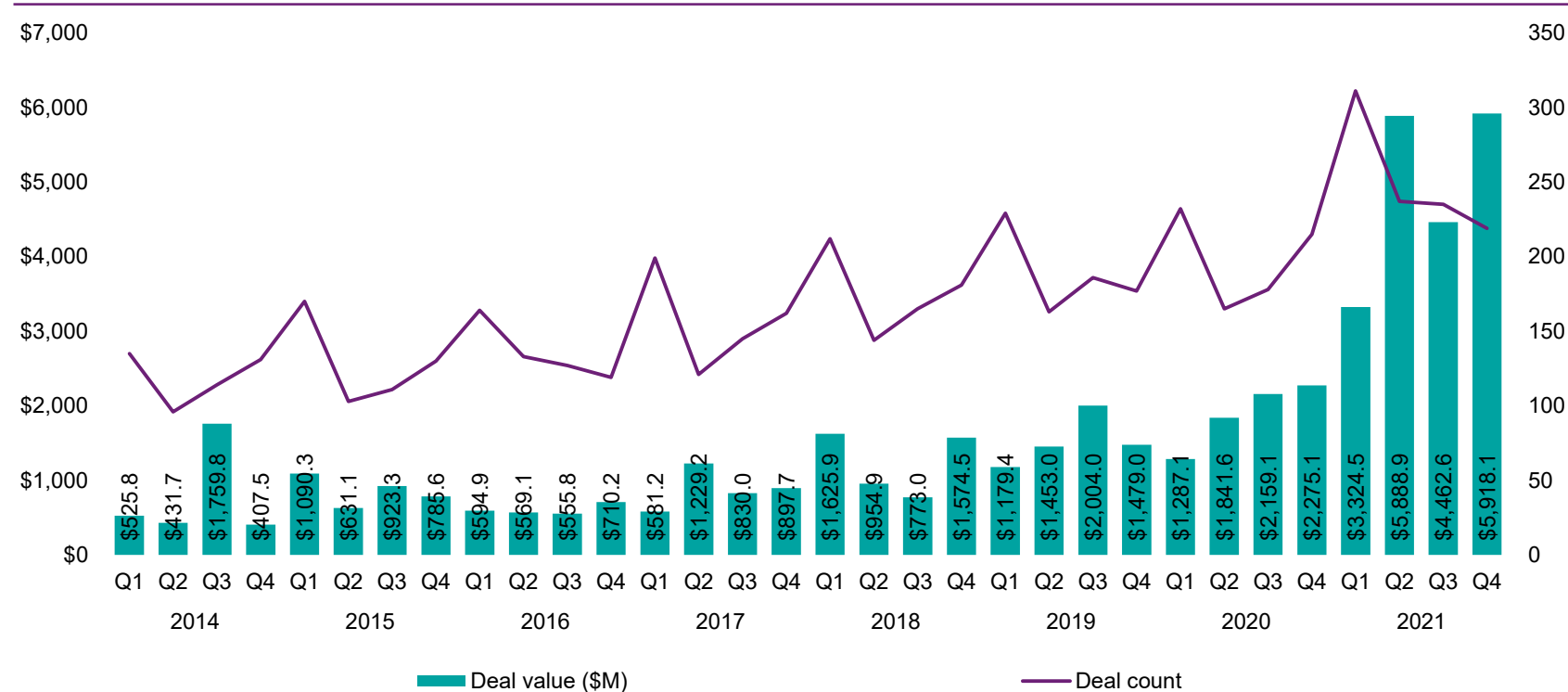


Anna Scally
Partner, Head of Technology and Fintech Lead,
KPMG in Ireland

Q4 just barely claims record VC invested tally

Venture financing in Germany

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

“ Here in Germany, we are seeing companies interested in IPO exits starting to recognize that in order to go public successfully, they need to take the time to ensure they are prepared — even if it means taking an extra year or two. The sense of urgency that permeated the market earlier this year has faded somewhat — and that will likely lead to fewer but higher quality exits heading into 2022.”

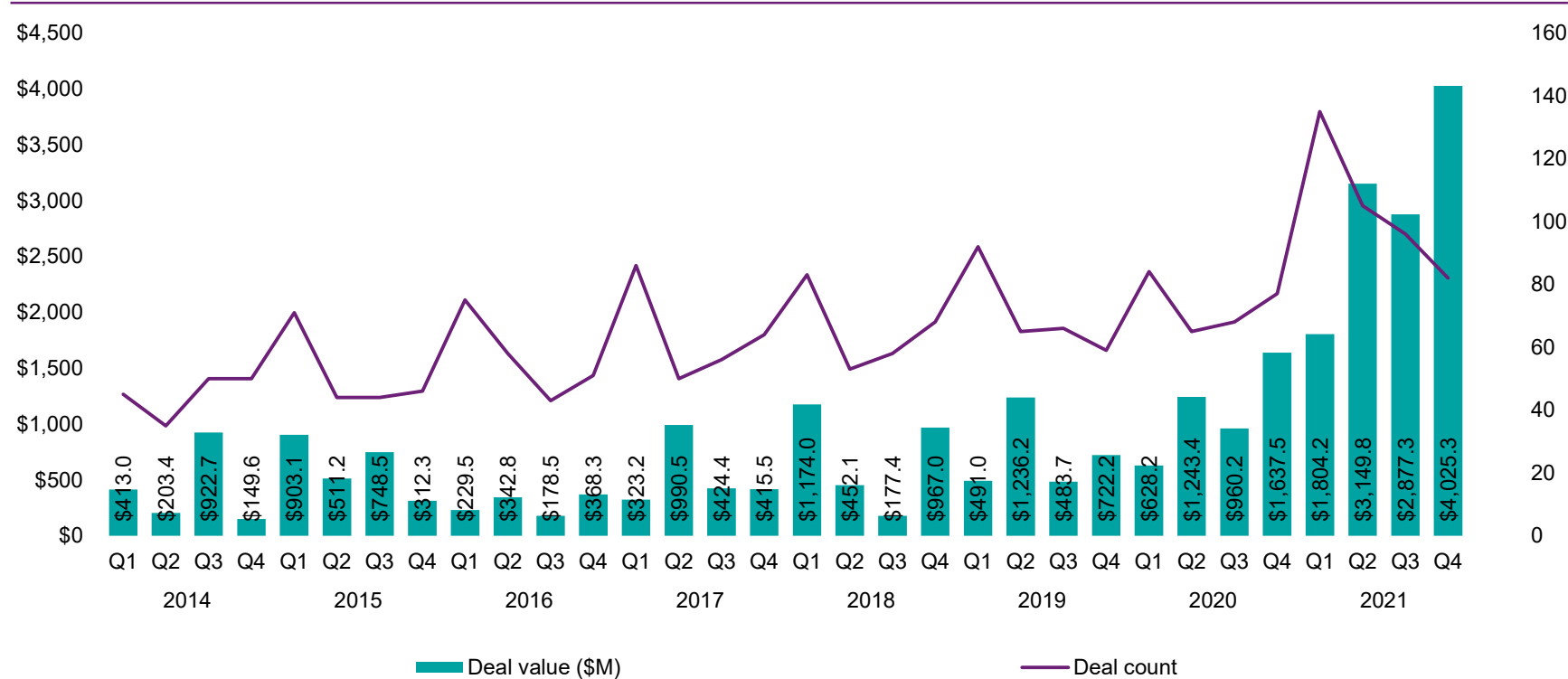


Dr. Ashkan Kalantary
Partner, Deal Advisory Venture Services
KPMG in Germany

Berlin's ecosystem surges in year-end finish

Venture financing in Berlin

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

“ Many of the big corporates are feeling a lot of pressure to enhance their core business models — pressure that has only grown and increased during the pandemic. This has driven an explosion of growth in CVC investment because companies now recognize how important CVC investment is to helping them respond quickly to the challenges they are facing in a changed business environment. Given the immense amount of change that many corporates need to make, CVC investment will likely remain high for a while.”

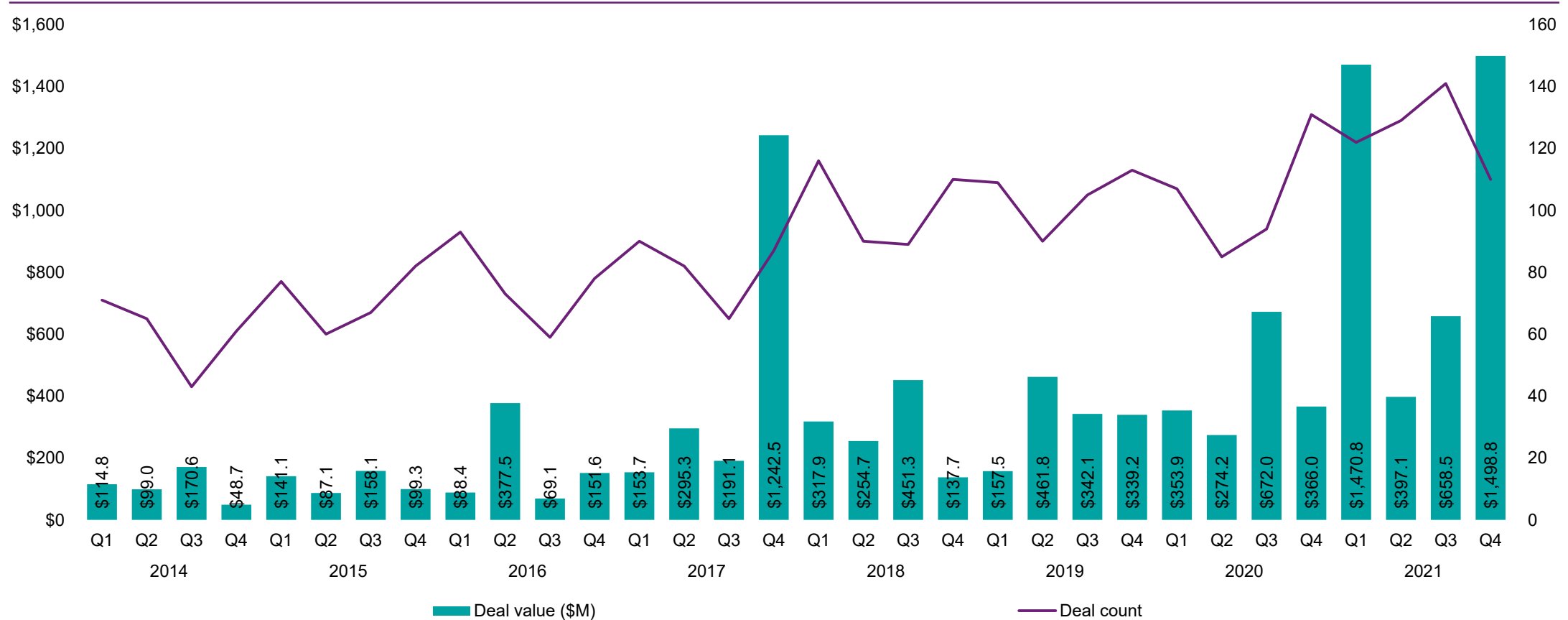


Tim Dümichen
Partner, KPMG in Germany

Thanks to mega-rounds, Spain sets Q4 record

Venture financing in Spain

2014–Q4'21

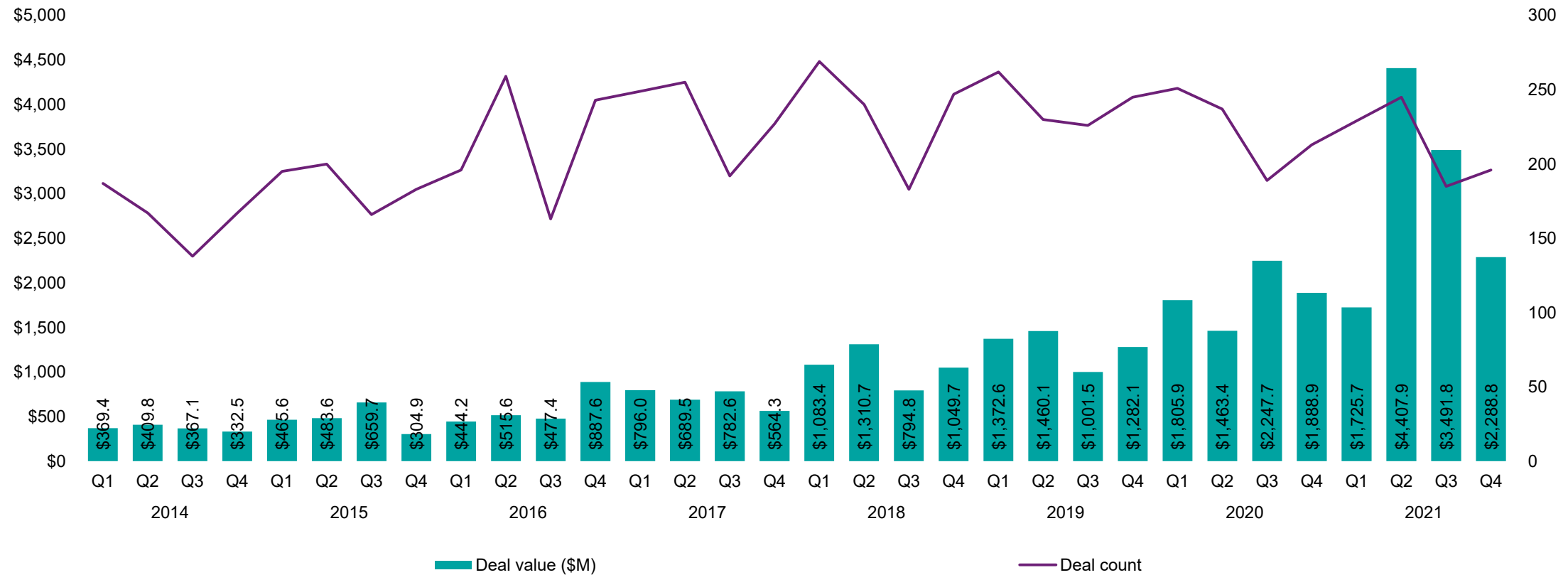


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

2021 remains marked by mega-rounds

Venture financing in France

2014–Q4'21

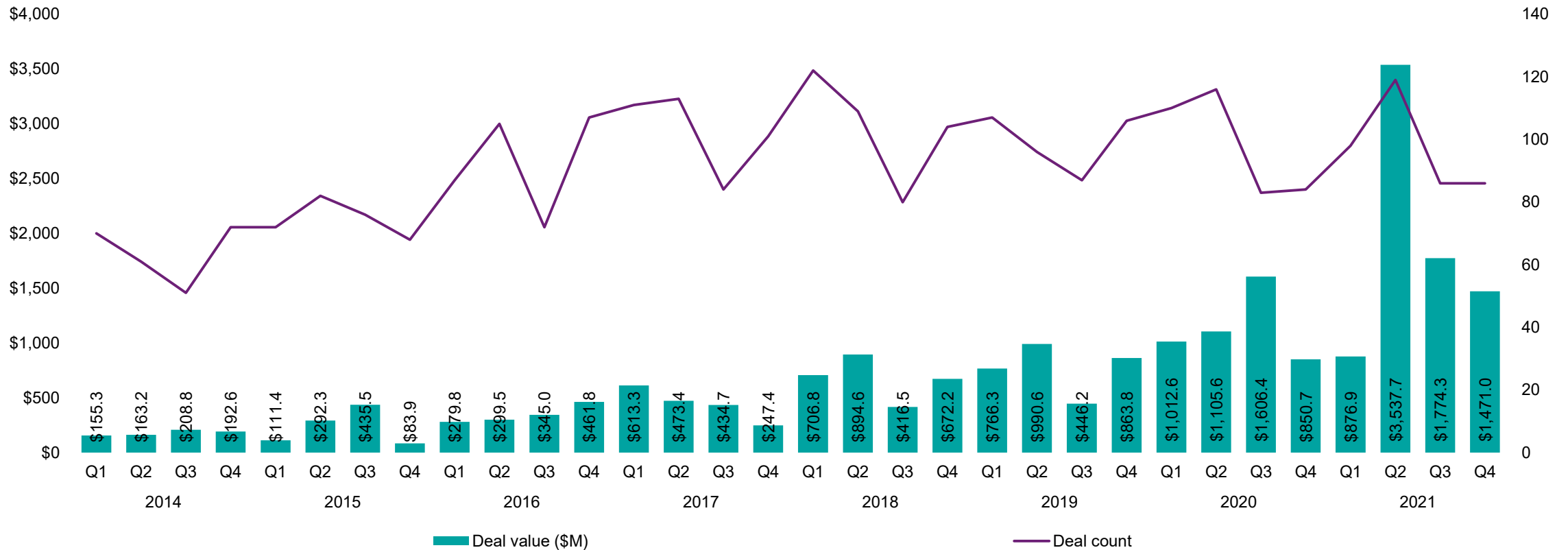


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

The Paris ecosystem stays strong to finish

Venture financing in Paris

2014–Q4'21

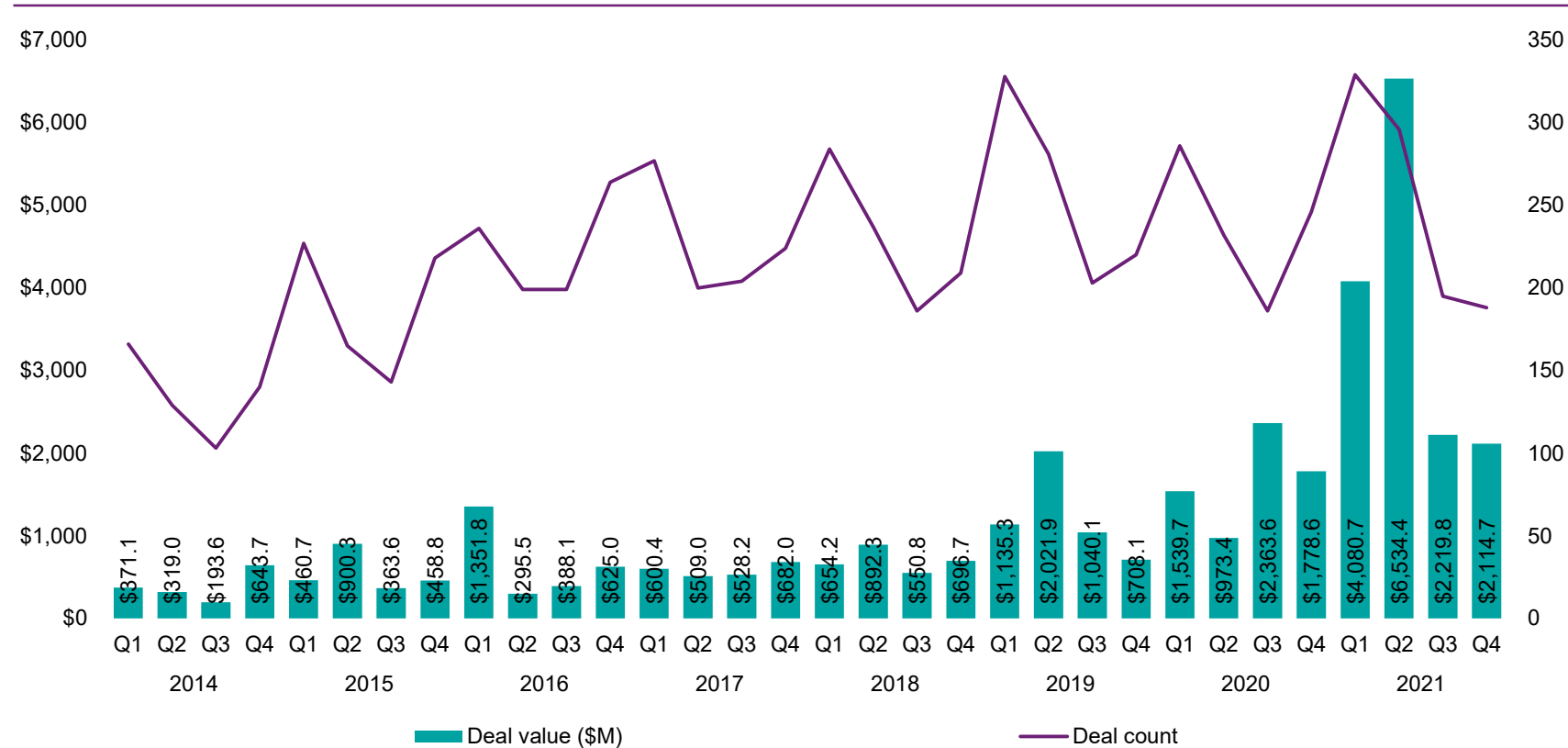


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

After unicorn-dominated H1, activity subsides

Venture financing in the Nordics

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

“ The market is very hot in the Nordic region, with a lot of interest coming in from international investors. It seems like every quarter we see at least one major megaround and then a lot of mid-sized funding rounds. It's this combination that is driving the continuous growth in investment value. The continuous turn of new deals and larger deals will help the ecosystem to grow when part of that money is flowing back to early-stage funds and companies after exits or late-stage secondary transactions.”

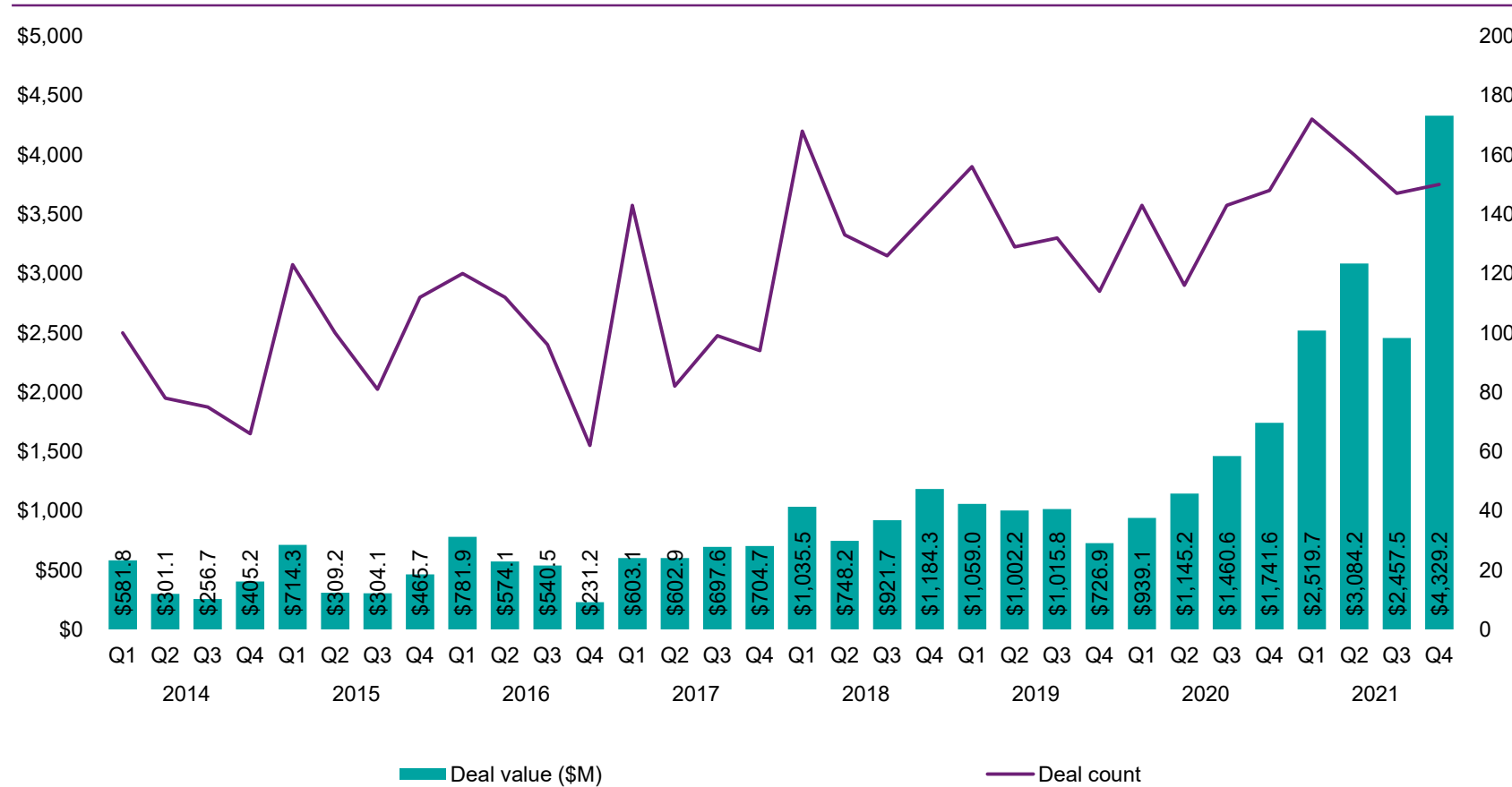


Jussi Paski
Head of Startup Services
KPMG in Finland

At massive \$4.3 billion, Israel ends 2021 strong

Venture financing in Israel

2014–Q4'21



“ VC investment in Israel continues to be very strong, although we’re also starting to see a lot more focus on consolidations — particularly in the cyber sector. A lot of companies are working to consolidate, not only to run up valuations but also to get the people they needed to grow and scale.”



Dina Pasca-Raz
Head of Technology
KPMG in Israel

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Foodtech, fintech & marketplaces dominate

Top 10 financings in Q4'21 in Europe



1. **N26** — \$900M, Berlin, Germany — Fintech — *Series E*
2. **Flink** — \$750M, Berlin, Germany — Foodtech/e-commerce — *Series B*
3. **Greeneden Topco** — \$580M, Luxembourg — Commercial services — *Late-stage VC*
4. **Orca Security** — \$550M, Tel Aviv, Israel — Cybersecurity — *Series C*
5. **Clikalia** — \$523.4M, Madrid, Spain — Real estate tech — *Early-stage VC*
6. **Jobandtalent** — \$502.1M, Madrid, Spain — HR tech — *Series E*
7. **SellerX** — \$500M, Berlin, Germany — E-commerce platform — *Early-stage VC*
8. **Storfund** — \$410M, London, UK — Fintech — *Early-stage VC*
9. **Pleo** — \$350M, Copenhagen, Denmark — Fintech — *Series C*
10. **Future Meat** — \$347M, Rehovot, Israel — Foodtech — *Series B*

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

In Q4'21, VC-backed companies in the **Asia** region raised
\$46.2B across **2,440** deals

Q4'21 VC investment in Asia holds strong — contributes to annual record high

VC investment in Asia remained quite strong in Q4'21, helping lift total VC investment to a new record high. A number of companies across the Asia Pacific region attracted large deals, including Indonesia-based J&T Express (\$2.5 billion), and China-based companies — Regor Therapeutics (\$1.5 billion), GTA Semiconductor (\$1.25 billion) and Nanjing LingHang Technology (\$1.2 billion), Singapore-based MoonPay (\$555 million), and India-based PharmEasy (\$350 million).



Artificial intelligence big winner of China focused investment in Q4'21

VC investment in China remained solid in Q4'21, propelled by a number of large deals involving AI-driven companies, including Nanjing LingHang Technology (\$1.2 billion), Dreame Technology (\$558 million), and Avatar Technology (\$377 million). The quarter also saw AI company SenseTime raise \$740 million in its debut on the HKSE.

While some sectors in China have seen VC investment dry up in recent quarters due to changes in regulatory guidance, others continued to attract interest and VC investment — among them, advanced manufacturing, electric vehicle manufacturing, renewable energy, green technologies, and healthcare and biotech.



VC investment in India remains strong, despite drop following record Q3'21

VC investment in India dropped dramatically in Q4'21 compared to the record high set in Q3'21. Despite the optics, however, Q4'21 was India's second-best quarter of VC investment ever. A growing economy, stable government policies, and a growing middle class have all contributed to the upswell in interest from VC investors. Shifting policy directions in China have likely also helped drive addition investment into India, particularly in sectors not seen as a priority by China's Central Government. From a sector perspective, fintech was a very strong area of VC investment in India during Q4'21, in addition to healthtech, B2B services, and direct-to-consumer platforms.



Number of CVC deals reaches record high in Asia

Corporate VC activity was very strong in Asia in 2021, with the number of CVC deals reaching a record high and CVC investment falling just shy of one. India, in particular, saw a steep rise in both the number of CVC deals and the total of CVC investment compared to previous highs.



IPO activity soars in India in Q4'21

Exit activity was robust in Asia during 2021, with China seeing a massive start to the year in terms of deal value and then declining sharply in the second-half of the year, and India starting on a cooler note and really heating up in Q4'21 with the IPOs of online cosmetics company Nykaa and digital payments firm Paytm. Nykaa raised \$722 million in its October IPO⁷, while digital payments firm Paytm held a \$2.4 billion dual-listing on the Bombay and National Stock Exchanges in November⁸. The booming stock market in India has likely helped drive continued interest in the VC market, as VC investors gained increasing confidence that they can get good exits from their investments in the country.

In Hong Kong (SAR, China), IPO activity slowed considerably in Q4'21 amidst general market volatility and liquidity, tensions related to regulatory changes to data security and VIE structures. However, the pace of listing is expected to pick up in 2022 as more pre-IPO and US listed mainland Chinese companies are expected to choose to list in Hong Kong (SAR, China) as they are re-evaluating their IPO strategies in light of US listing challenges. The introduction of the new listing regime for special purpose acquisition companies (SPACs) by the Hong Kong Exchange in December is also expected to make Hong Kong (SAR, China) an attractive location for high growth and innovative companies from mainland China and South East Asia to list in Hong Kong (SAR, China).

⁷ <https://beautymatter.com/articles/indias-nykaa-raises-heavily-over subscribed-722-million-ipo>

⁸ <https://fortune.com/2021/10/29/paytm-ipo-india-largest-2021-share-sale-zomato-china-crackdown/>

Q4'21 VC investment in Asia holds strong — contributes to annual record high, cont'd.



India sees record year for unicorns in 2021

During 2021, India saw over fifty new unicorn companies — a major jump from previous years. During Q4'21, the country saw 14 new unicorns birthed — ranging from healthtechs PristynCare and CureFit to insurtech Acko General Insurance, home rental platform NoBroker, and digital credit platform Slice. The breadth of new unicorns in India highlights the growing breadth of India's startup ecosystem and maturity of startups across a range of sectors.



VC market in Japan continues to mature as funding reaches new high

Japan continued to see strong VC investment activity in Q4'21, capping off a record year that saw the country attract a record \$4.5 billion in VC funding. A rapidly evolving startup ecosystem, growing number of emerging companies, and increasing deal sizes have all helped bring attention and foreign VC investment to Japan. During Q4'21, biotech firm AculyPharma⁹ and sneaker marketplace Soda Inc¹⁰ became the first Japanese startups to receive investment from SoftBank's Vision Fund. Exit Activity in Japan also doubled year-over-year to \$7.6 billion, led by PayPal's acquisition of buy-now-pay-later company Paidy¹¹ in Q3'21.



Trends to watch for in 2022

VC investment in Asia will likely remain strong heading into Q1'22. In China, ESG is well-positioned to see an increase in investment, given the focus of China's Central Government on greening the economy and goal to become the largest market for electric vehicles.

Following 2021's record number of unicorn births, there are high expectations that India's stable of unicorns will grow even further in 2022 as rapidly maturing companies in a wide-range of sectors attract larger investments. Fintech, edtech, and ecommerce are expected to remain hot areas of VC investment, although all three sectors could also see some consolidation as smaller players look to gain scale or are acquired by their larger and better capitalized counterparts.

⁹ <https://aculy.com/en/aculy-pharma-closes-us60-million-series-a-financing/>

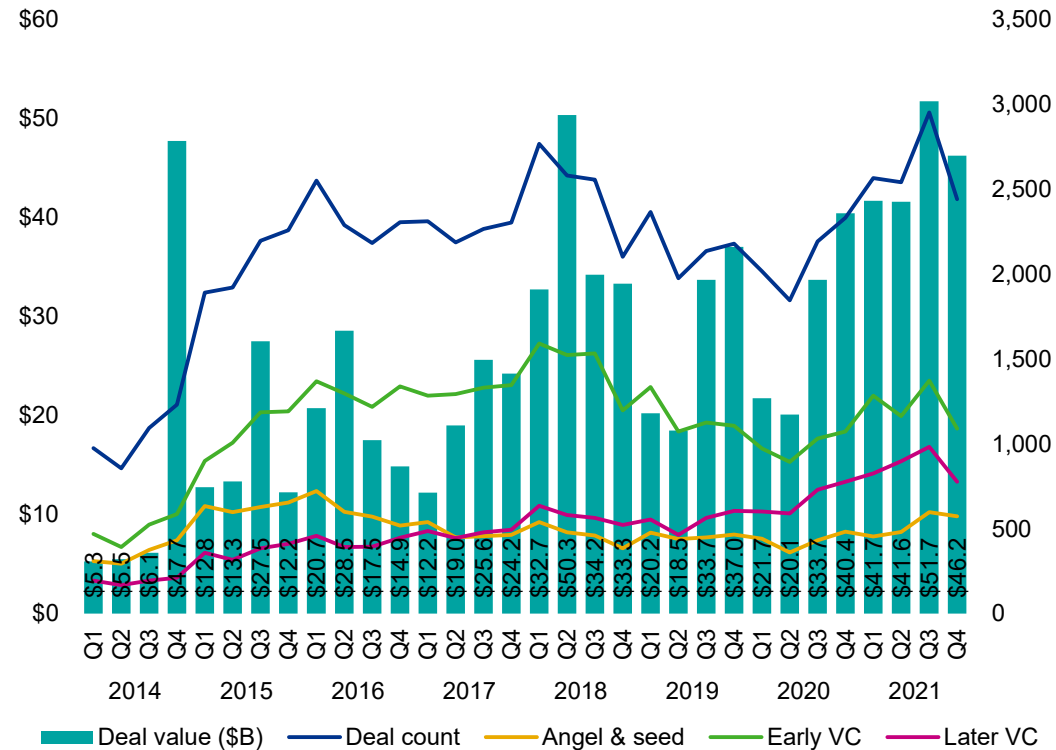
¹⁰ <https://prtimes.jp/main/html/rd/p/000000025.000043703.html>

¹¹ <https://newsroom.paypal-corp.com/2021-09-07-PayPal-To-Acquire-Paidy>

2021 finishes strong

Venture financing in Asia

2014–Q4'21



It is safe to say the Asia Pacific ecosystem has completely rebounded from the recent pandemic-driven nadir of funding declines. 2021 saw the highest quarter of VC invested on record at \$51.7 billion, while mega-rounds continued to flow across the entire continent throughout the year, leaving 2021 with a mammoth \$181.2 billion in VC invested overall across multiple nations.

“ One area where there’s a lot of room for VC investment growth in China is ESG. The government has an absolute focus on greening the economy and really leveraging innovative technologies to become a leader in areas like EV manufacturing. Looking forward to 2022, I think that focus will help drive a significant increase in the space. ”



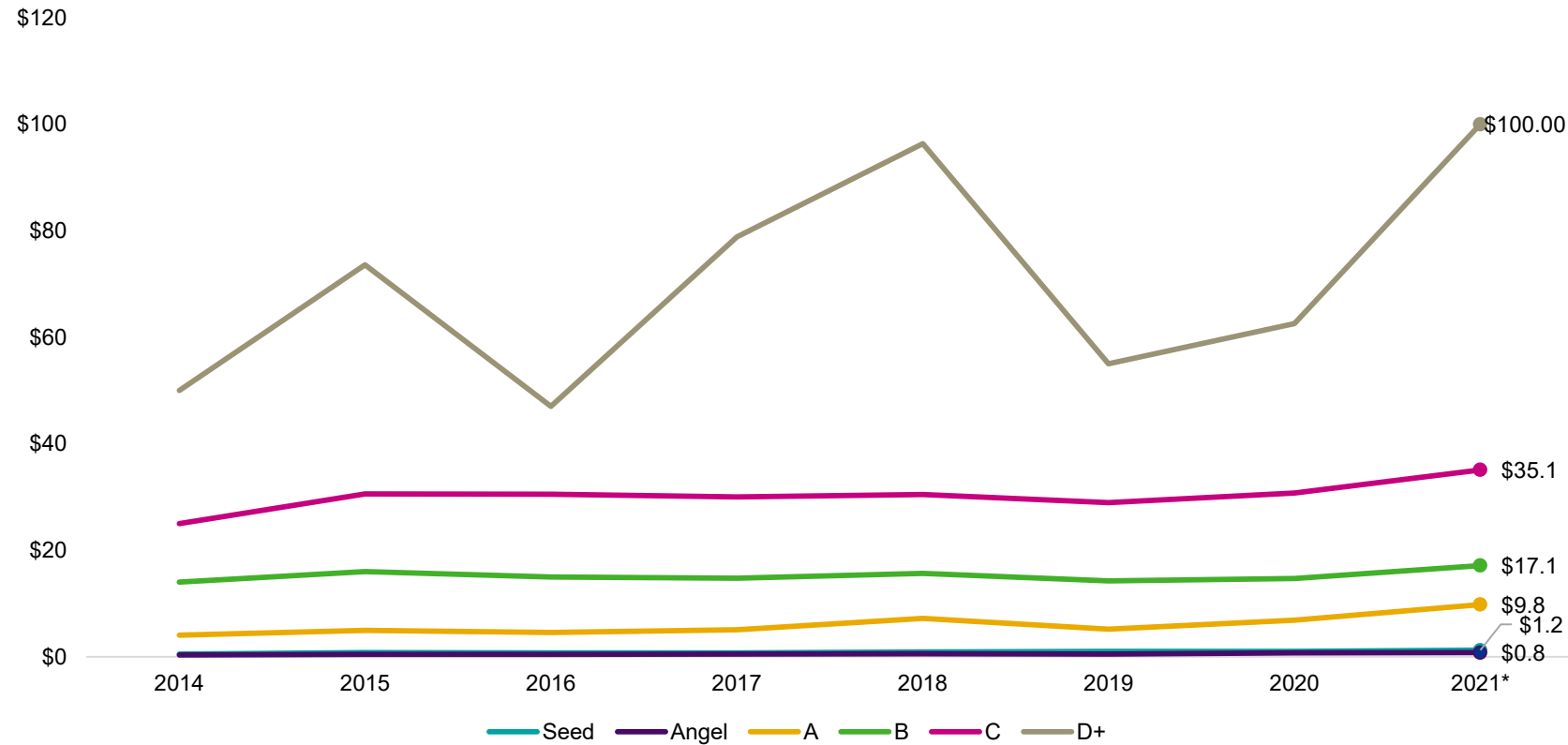
Egidio Zarrella
Partner, Clients and Innovation
KPMG China

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Metrics rebound, especially at the late stage

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

2014–2021*



“ The number of Unicorns that India has seen in calendar year 21 has been higher than last 5 years put together. This coupled with the fact that public markets have embraced Indian tech company IPOs is just an indication of the fact that we are at the cusp of a revolution in the Indian market. 2022 in my view is going to be a landmark year for Indian start up industry and will set new benchmarks.”



Nitish Poddar

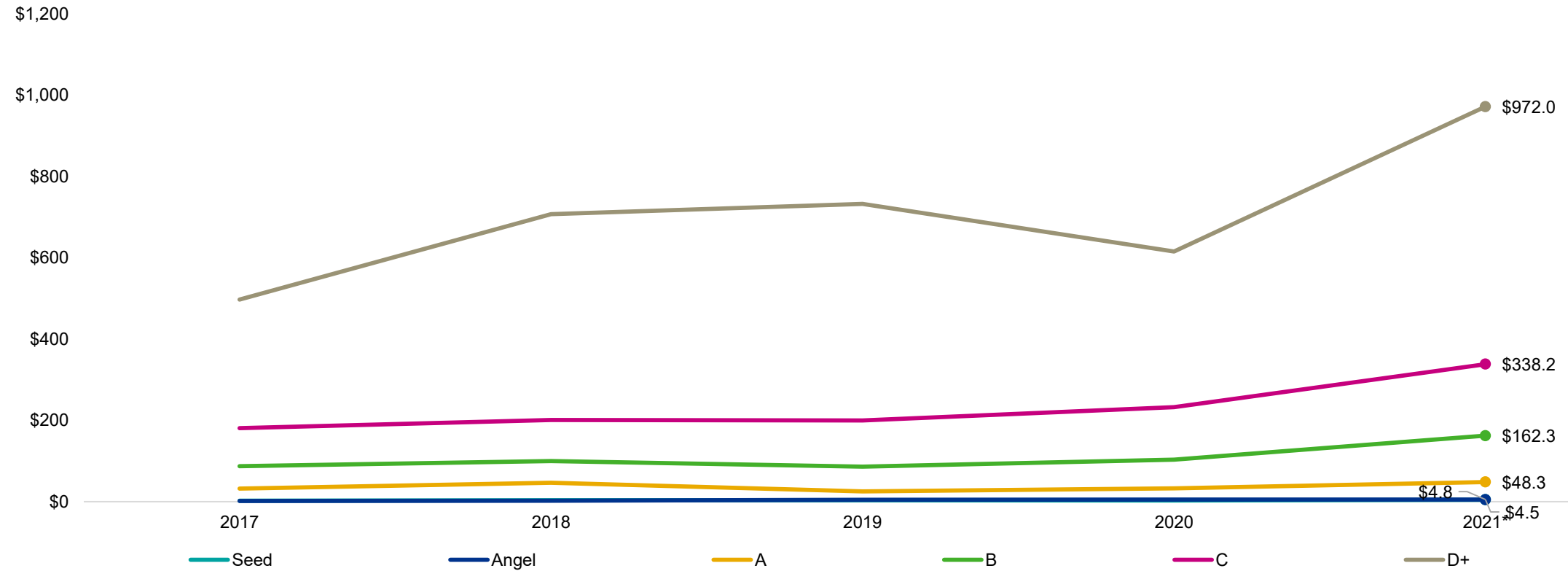
Partner and National Leader,
Private Equity
KPMG in India

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Valuations continue to recover to new highs

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

2017–2021*

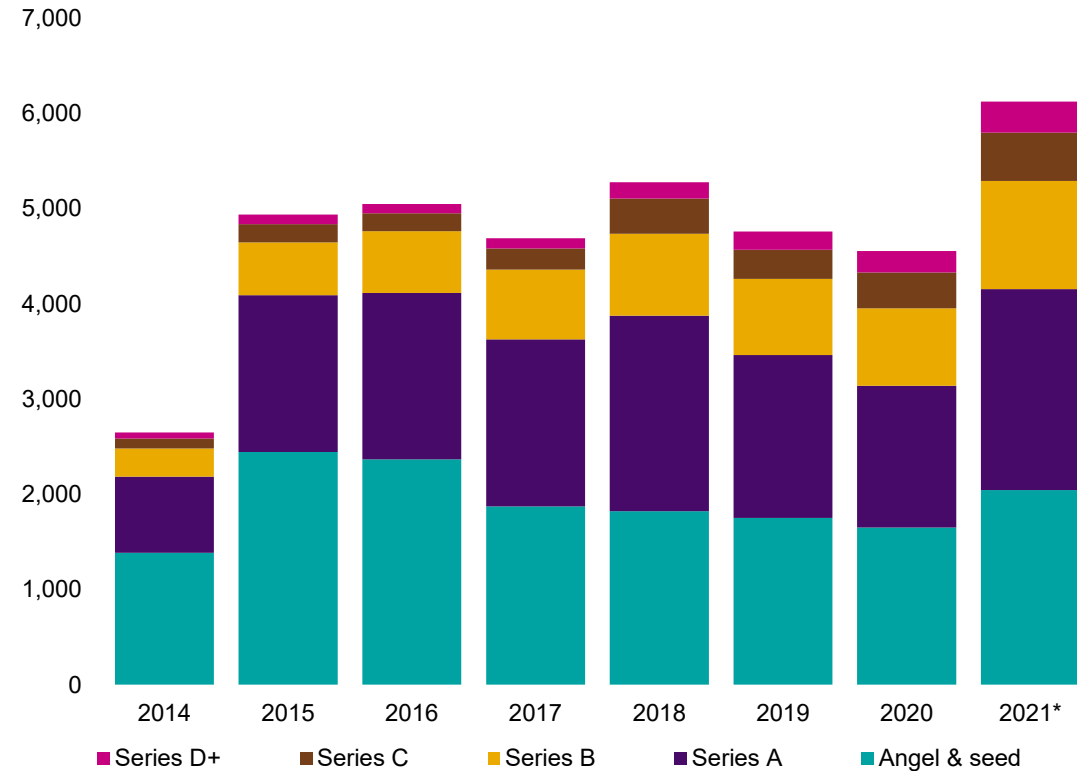


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Angel & seed rebound in volume if not value

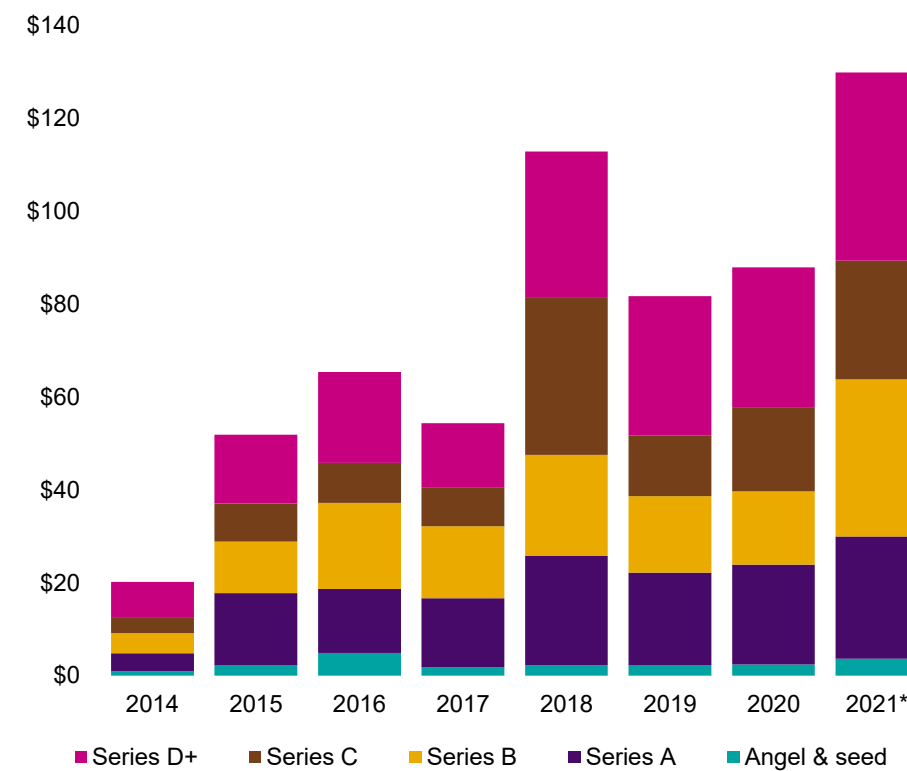
Deal share by series in Asia

2014–2021*, number of closed deals



Deal share by series in Asia

2014–2021*, VC invested (\$B)

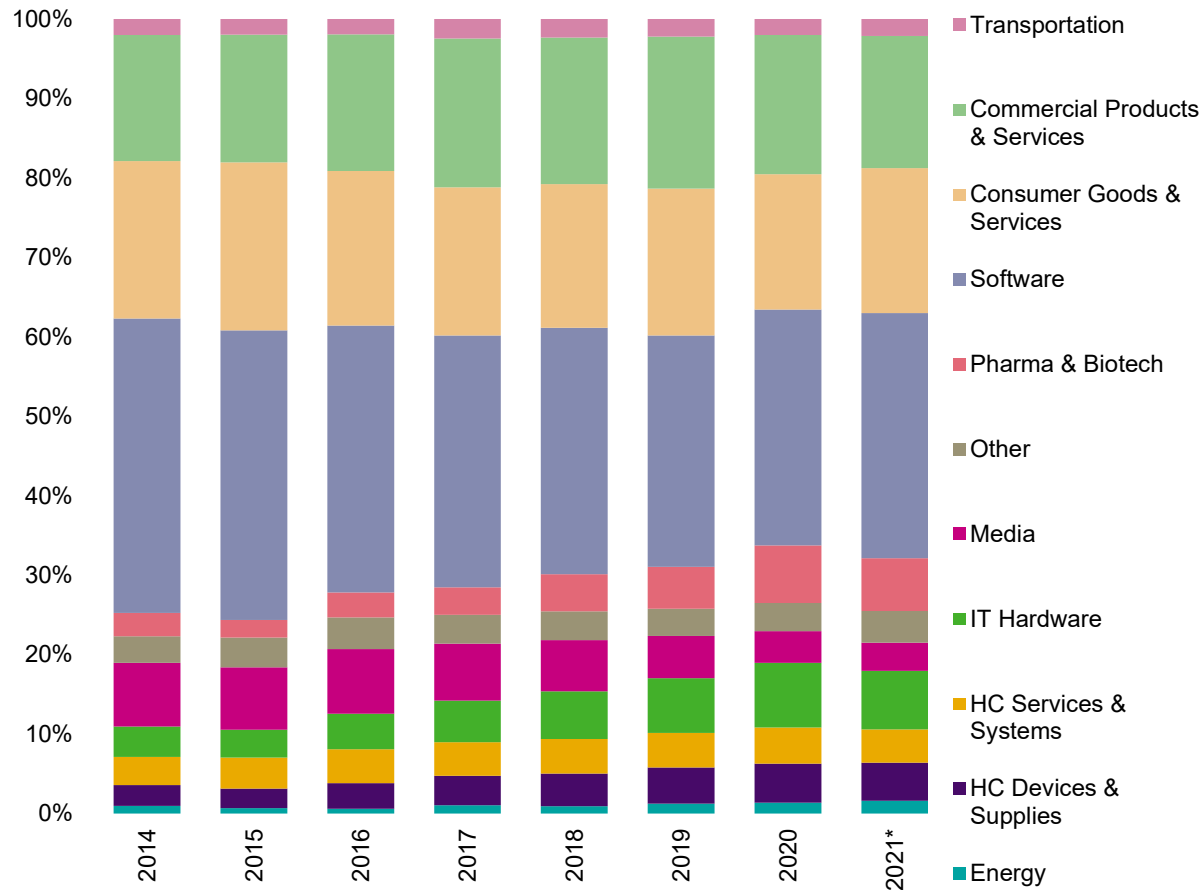


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Healthcare & biotech continue to resurge

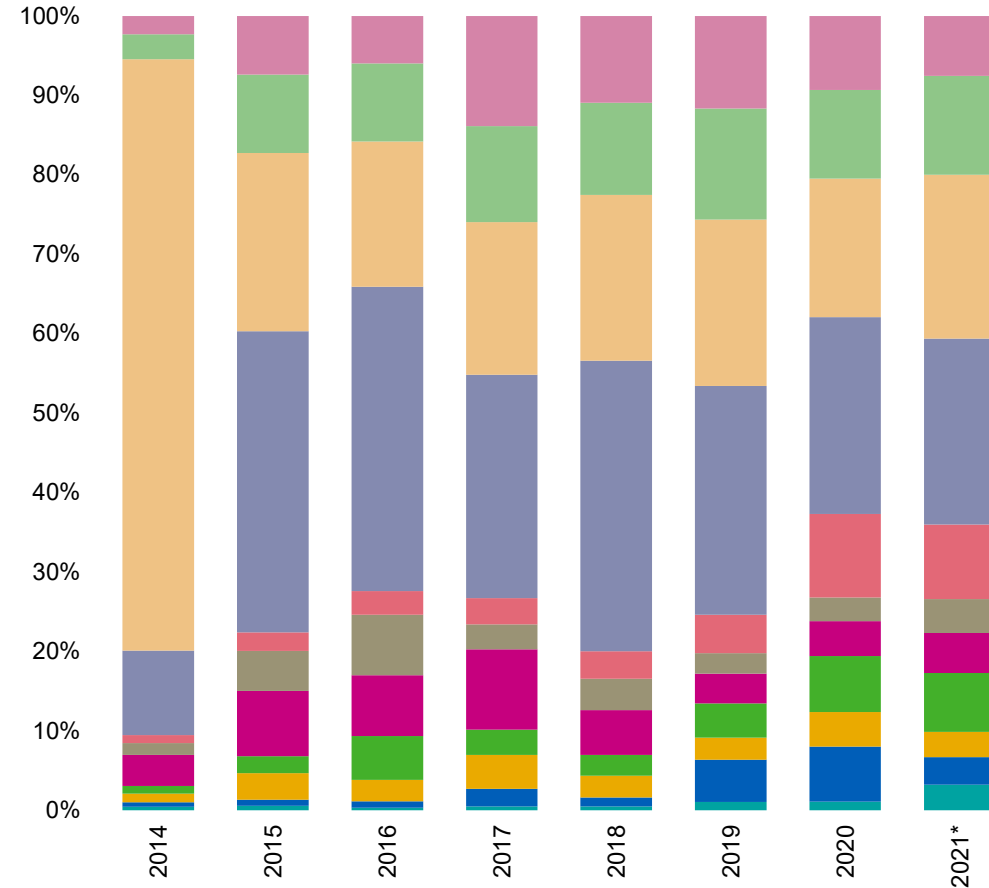
Asia venture financings by sector

2014–2021*, number of closed deals



Asia venture financings by sector

2014–2021*, VC invested (\$B)

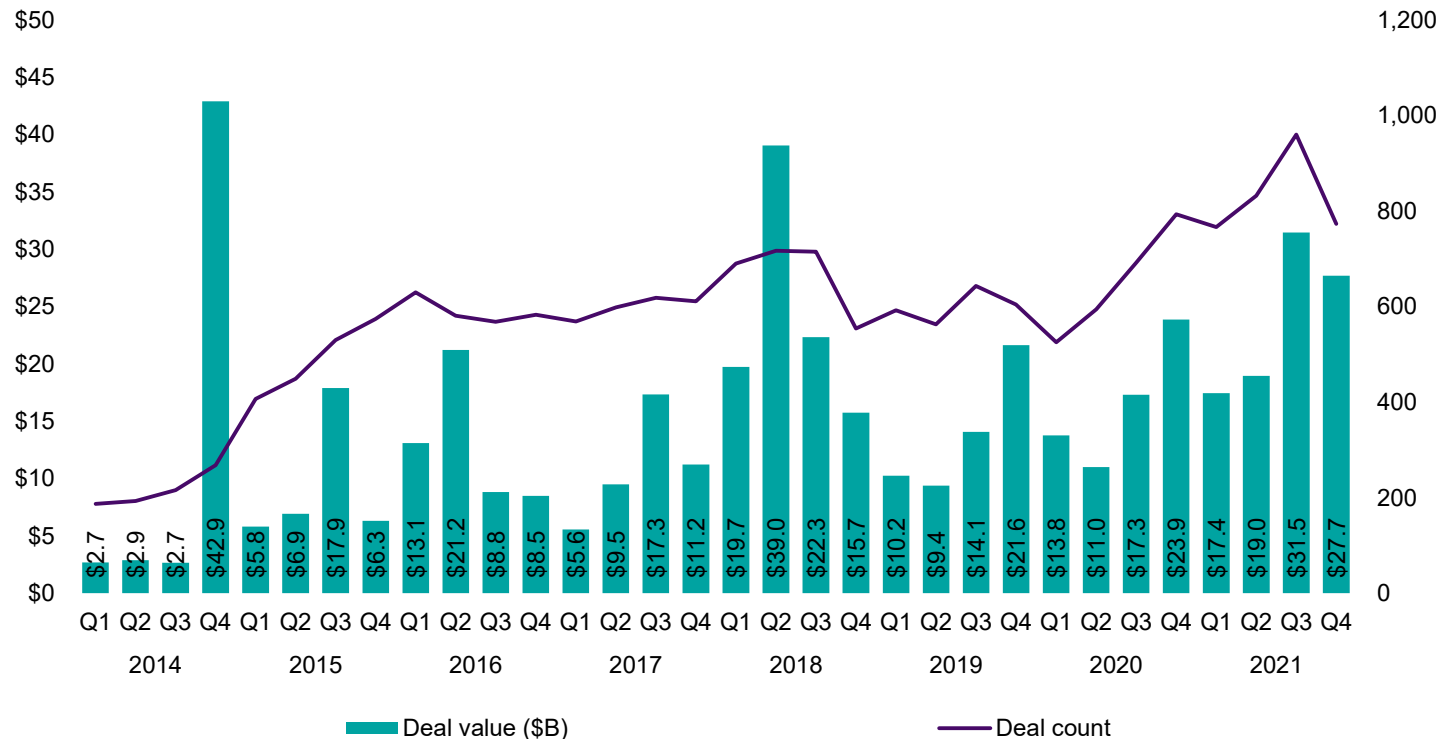


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Corporates join in record tally of rounds

Corporate participation in venture deals in Asia

2014–Q4'21



Corporates played a key role in supporting the rise of venture investment, given the structures of the politico-economic scenes in major nations such as India and China, throughout the entire 2010s. Since the dip in early 2020, they have played a key role in 2021's resurgence, particularly in Q3 2021.

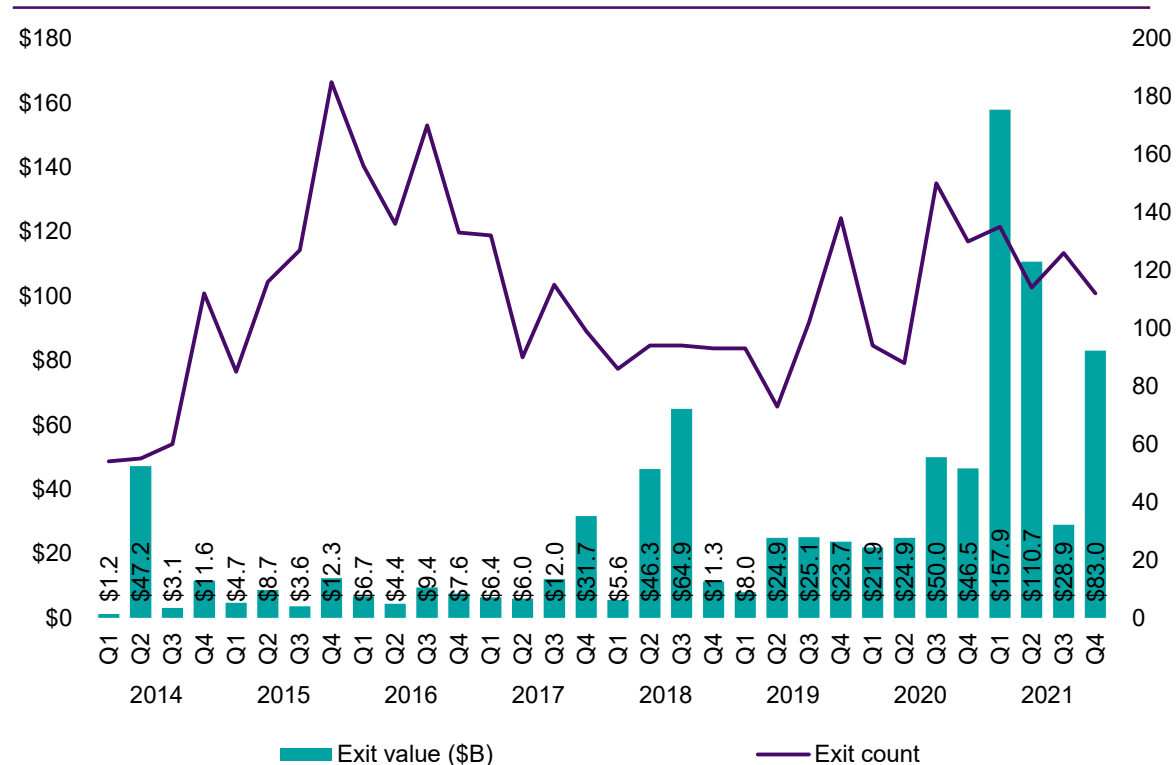
...the **continued 2021 recovery** is increasingly the result of **the longer-term motivations of CVCs** and their corporate counterparts' interests in **fostering longer-term economic growth, especially in partnership with governments.**

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Q4 2021 rebounds in exit value

Venture-backed exit activity in Asia

2014–Q4'21



After a record breaking first half in terms of exit value, Q3 2021 saw a temporary slowdown in larger exits, only for the final quarter of the year to see a significant resurgence once clearer guidance from governing bodies was obtained for regulatory changes.

“ While we expect to see continued market volatility in Hong Kong (SAR, China) given the continued uncertainties around the economic impact from the Omicron variant, we expect to see VC activities to return in the China region in 2022 across TMT, consumer markets, green technologies and biotech. We expect IPO activities to remain strong in this region in 2022 boosted by the return or secondary listing of US listed Chinese companies and Hong Kong’s (SAR, China) new SPAC listing regime. So we should see another strong year of IPO listings of innovative companies. ”



Irene Chu

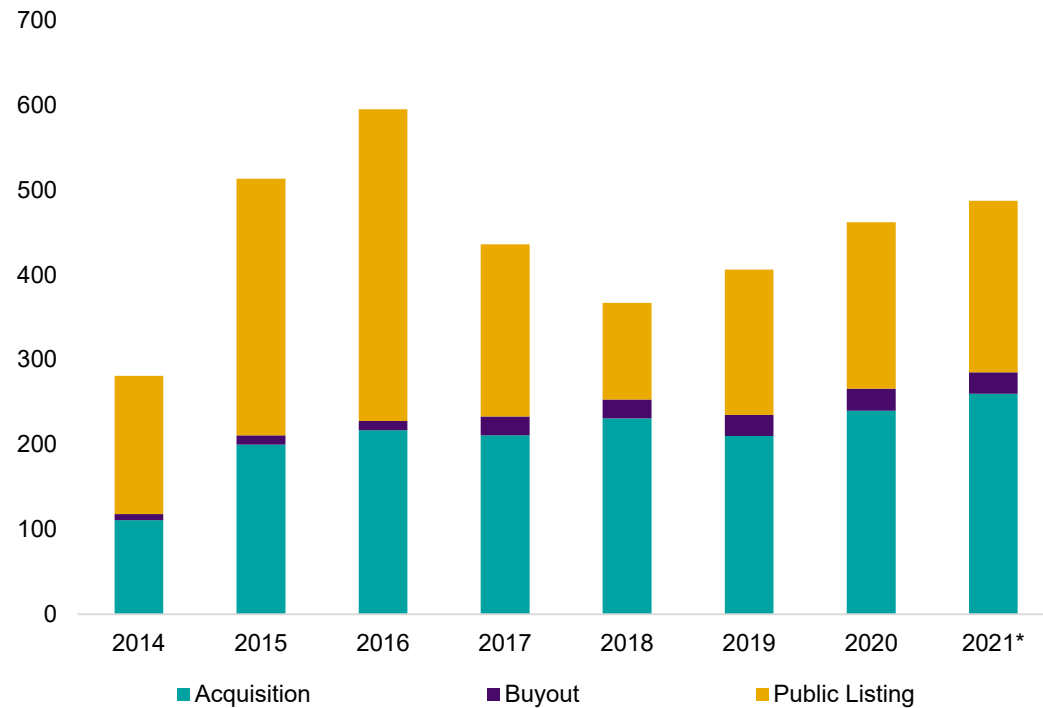
Partner, Head of New Economy and Life Sciences, Hong Kong Region
KPMG China

Q4VC

2021 nearly triples public listings' exit value

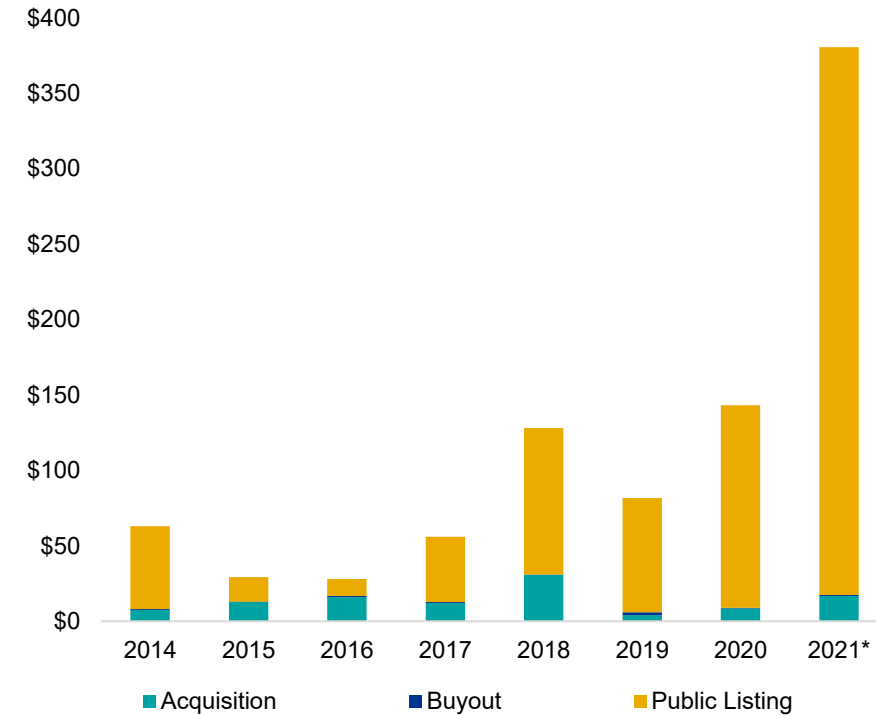
Venture-backed exit activity (#) by type in Asia

2014–2021*



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

2014–2021*

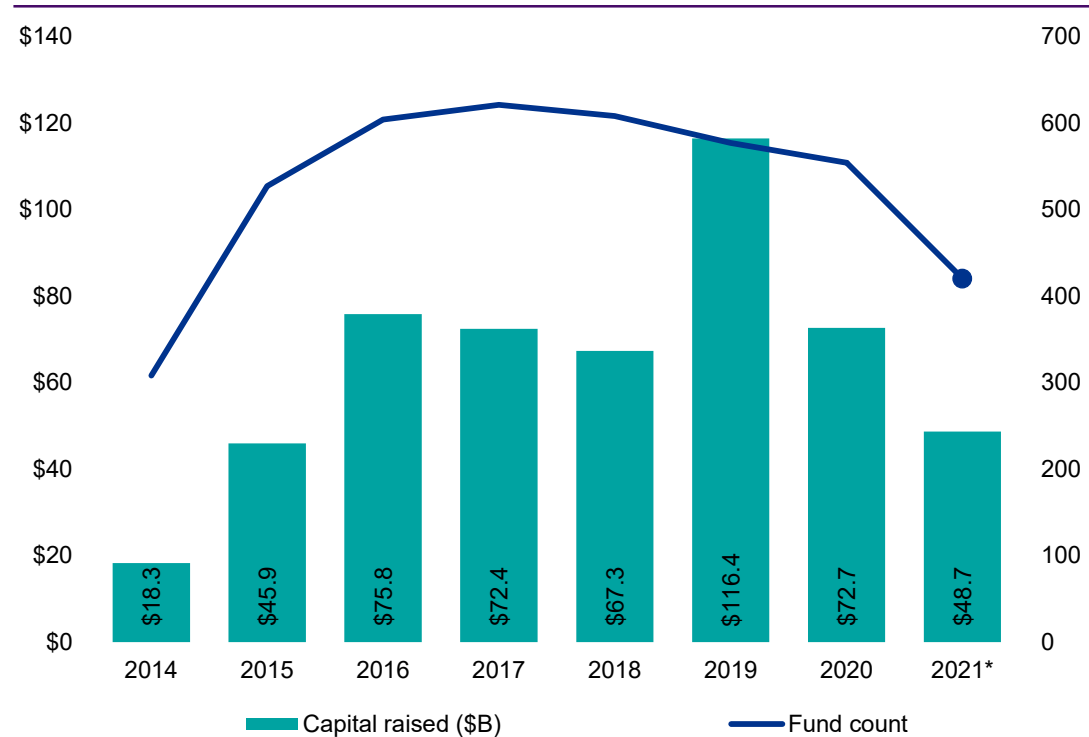


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Fundraising cyclicality could be in play

Venture fundraising in Asia

2014–2021*



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021.
Data provided by PitchBook, January 19, 2022

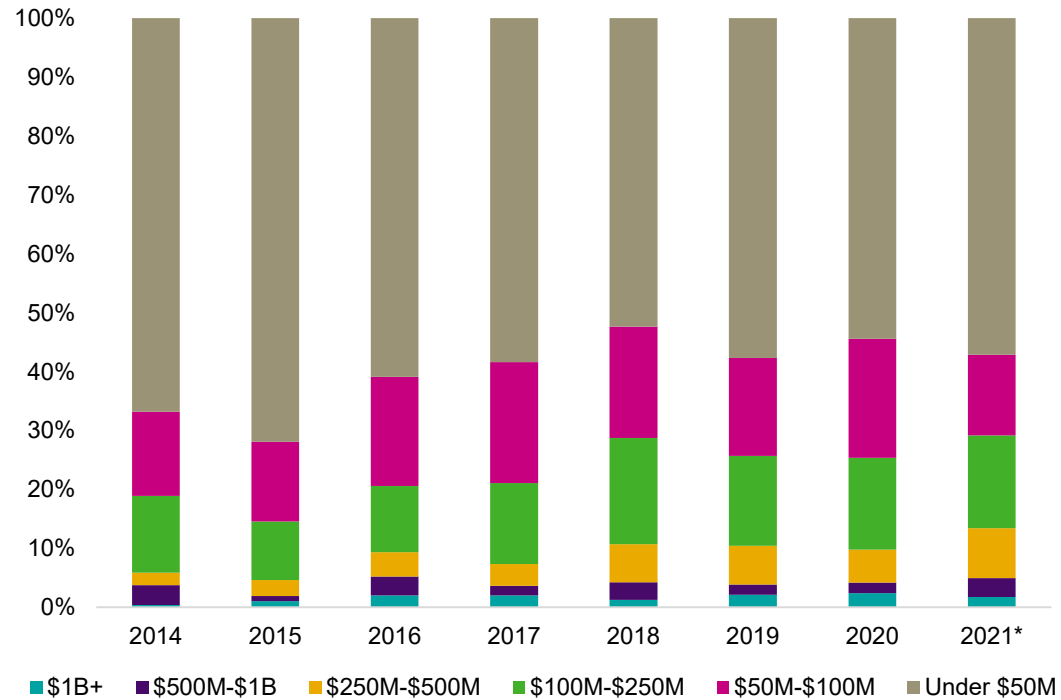
Healthier fundraising totals in the second half of the 2010s could be contributing to a decline in fundraising across the region in 2021, although it is also possible that currently evolving regulatory guidelines for cross-border investments as well as domestic fundraising efforts could be protracting fund closures.

The **fundraising cycle** subsided in what could be a cyclical pause, **with \$48.7 billion in VC committed** putting 2021 in line with pre-2016 levels.

Midsized fundraising volume grew somewhat

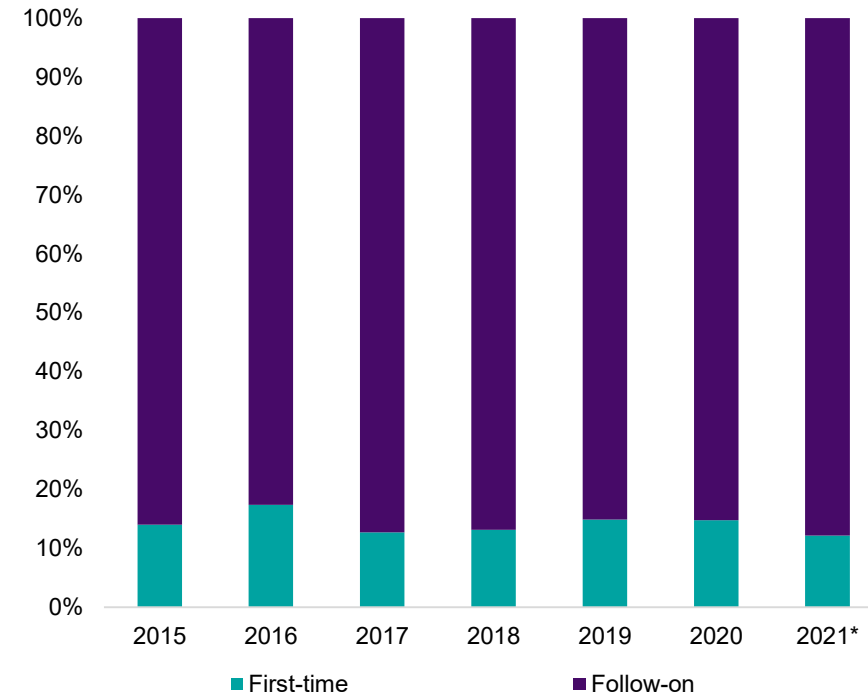
Venture fundraising (#) by size in Asia

2014–2021*



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

2014–2021*

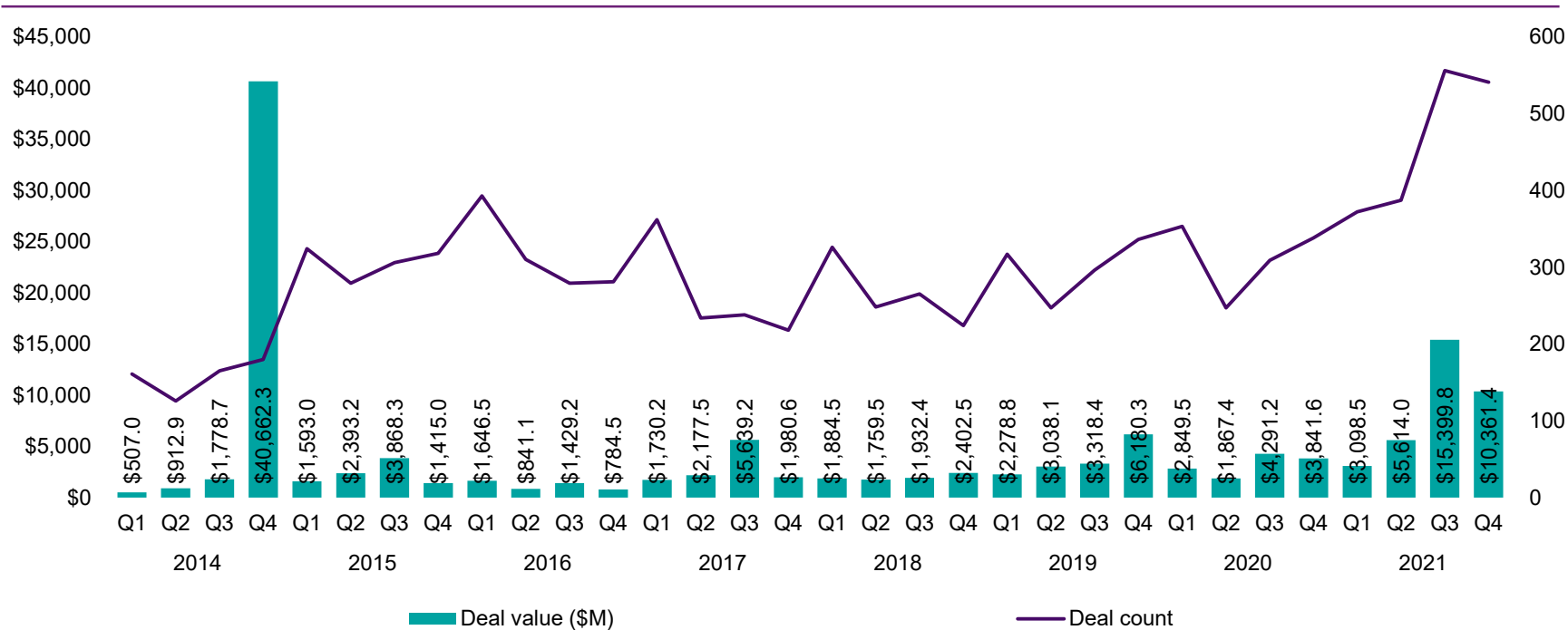


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

India sees record financing volume

Venture financing in India

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

“Over the last two years, India has really stepped up in terms of its VC ecosystem. There’s a lot going on here — and companies are really growing in any number of sectors. It’s a very favorable market right now — the macro economic factors were good. The stock markets have been booming. Investors have gained confidence about potential exits. All of these are driving VCs and LPs to put loads of money into India’s VC ecosystem — and one well positioned to continue as we head into 2022.”

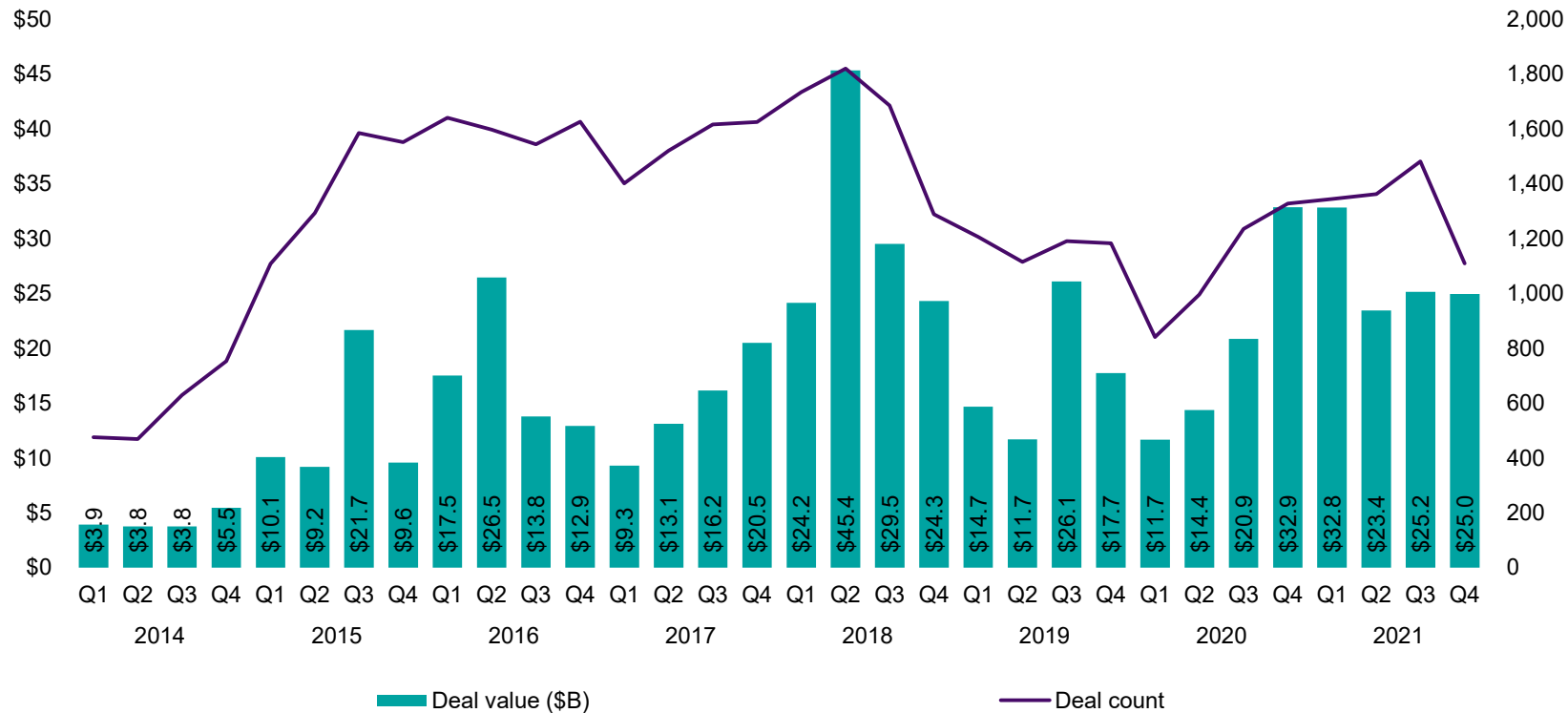


Amarjeet Singh
Partner
KPMG in India

Chinese VC invested remains consistent

Venture financing in China

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

“ In China, healthcare is still a very active sector for VC investment, with biotech companies in particular attracting a lot of attention and an increasing number of funding rounds. The semiconductor space is also very hot. While VC investment in China historically has focused on consumer-centered businesses, we are now starting to see B2B companies getting more attention. ”

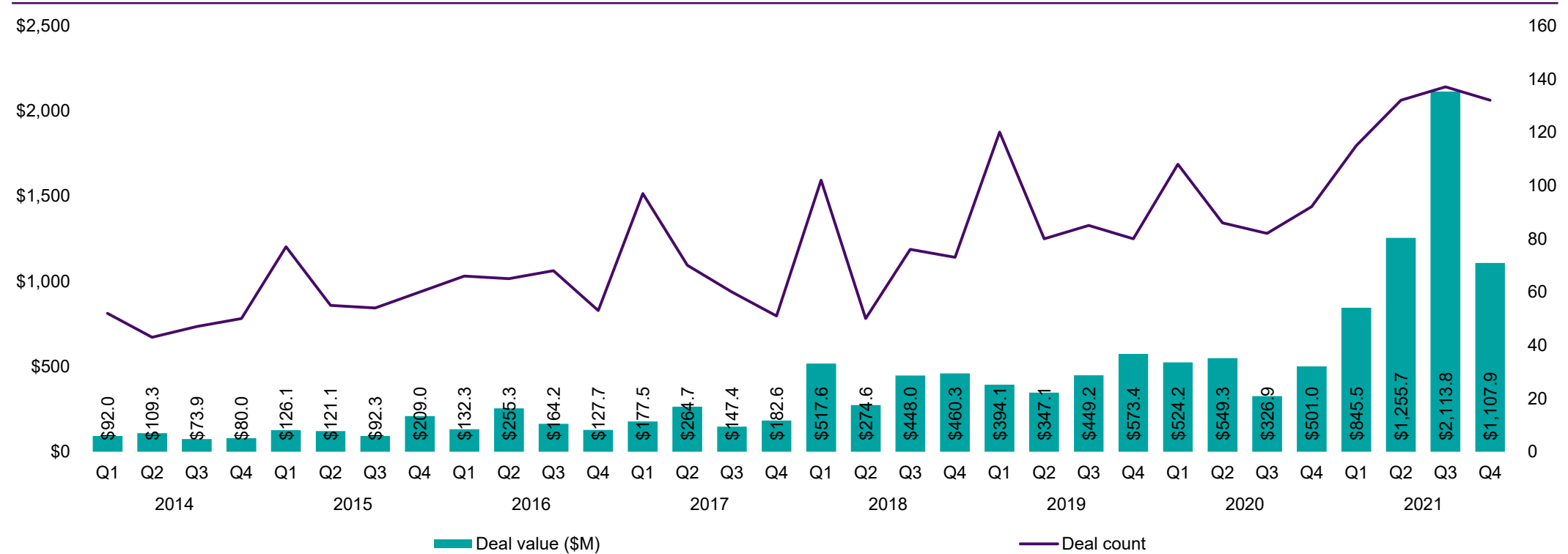


Allen Lu
Partner and Head of TMT Audit
KPMG China

Australia notches third \$1 billion+ quarter

Venture financing in Australia

2014–Q4'21

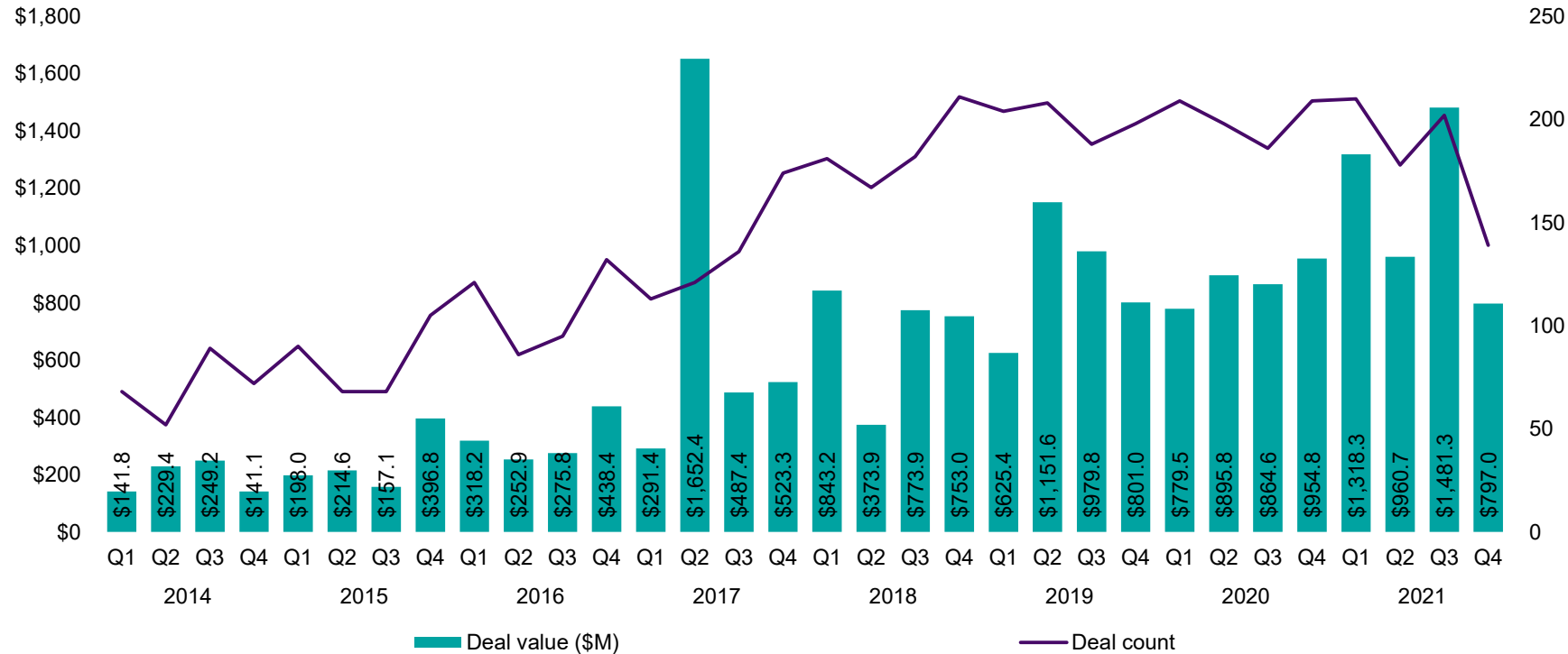


Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

Japan closes year at record \$4.6 billion invested

Venture financing in Japan

2014–Q4'21



Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021. Data provided by PitchBook, January 19, 2022

“ The Japanese VC market is evolving very rapidly — and is poised to see substantial growth as we move into 2022. We’re seeing more companies raising funds than ever before and more involvement from foreign VC firms — not to mention larger exits to larger exits. There is an incredible amount of opportunity here and no sign it will slow down any time soon. ”



Hiroshi Abe
Executive Board Member,
Partner
KPMG AZSA LLC

Diversity in sectors evident across top deals

Top 10 financings in Q4'21 in Asia-Pacific



1. **J&T Express** — \$2.5B, Jakarta, Indonesia — E-commerce — *Late-stage VC*
2. **Regor Therapeutics** — \$1.5B, Shanghai, China — Biotech — *Early-stage VC*
3. **GTA Semiconductor** — \$1.25B, Shanghai, China — Semiconductors — *Early-stage VC*
4. **Nanjing LingHang Technology** — \$1.2B, Nanjing, China — Automotive — *Series A*
5. **Pupumall** — \$950M, Fuzhou, China — Retail — *Late-stage VC*
6. **SVOLT** — \$939.4M, Changzhou, China — Energy storage/cleantech — *Series B1*
7. **Dream Sports** — \$840M, Mumbai, India — Gaming — *Late-stage VC*
8. **Ola** — \$639M, Bengaluru, India — Ridehailing — *Series J*
9. **Hozon** — \$621.7M, Shanghai, China — Automotive — *Series D1*
10. **Dreame Technology** — \$558M, Tianjin, China — Consumer durables — *Series C*

Source: Venture Pulse, Q4'21, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of December 31, 2021.
Data provided by PitchBook, January 19, 2022

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Methodology

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

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

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

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

Fundraising

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

Deals

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

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

Exits

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

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



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