



Private Enterprise

Venture Pulse Q4 2020

**Global analysis of
venture funding**

January 20, 2021



Welcome message



Welcome to the Q4'20 edition of Venture Pulse — KPMG Private Enterprise's quarterly report highlighting the key issues, trends, and opportunities facing the VC market globally and in key jurisdictions around the world.

2020 was a year of tremendous change. While the global pandemic severely impacted countless industries — from travel and sports to hospitality and live entertainment — it also acted as a catalyst for technology transformation and innovation as startups capitalized on accelerating digital trends and corporates worked to rapidly advance their digital strategies in order to survive and effectively meet the shifting needs of their customers.

The VC market globally showed incredible resilience in 2020, defying early expectations of a potential dip due to COVID-19. While the total number of VC deals globally dropped sharply in 2020, total global VC investment grew year-over-year as VC investors focused primarily on late-stage deals and on supporting companies within their existing portfolios. VC investment in the earliest deal stages dropped off in most jurisdictions, a multi-quarter trend that could affect the pipeline for deals over the longer term.

During Q4'20, VC investment was very strong in all regions of the world. After a lacklustre first half of the year, VC investment in Asia continued to rebound, particularly in China where truck-hailing company Manbang Group raised \$1.7 billion and edtechs Zuoyebang and Yuanfudao raised \$1.6 billion and \$1 billion respectively. Both the Americas and Europe also saw strong levels of VC investment in Q4'20, helping to propel them to new annual record highs. VC investment during the quarter continued to focus on sectors that have seen high demand given the ongoing pandemic, including logistics and mobility, healthcare and biotech, fintech, edtech, and gaming.

With barely a pause for the US presidential election in November, the stream of high-profile unicorn exits continued in Q4'20 with the successful US-based IPOs of Airbnb and DoorDash. Hong Kong also continued to see very strong IPO activity during the quarter, despite the sudden cancellation of Ant Financial's IPO a few days prior to its expected double-listing.

Low interest rates in many jurisdictions combined with large amounts of dry powder are expected to keep VC investment robust heading into Q1'20. IPO activity is also expected to remain very strong, both in the US and Asia.

In this quarter's edition of Venture Pulse, we examine both annual and Q4'20 VC market results, in addition to delving into a number of global and regional trends, including:

- The increasing focus on mega funds
- The strengthening focus on domestic investment in China
- The surge in IPO activity by unicorn companies
- The expanding focus on healthtech beyond COVID-19 related solutions

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

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Private Enterprise



Global



US



Americas



Europe



Asia



***Globally, in Q4'20
VC-backed
companies raised***

\$80.8B

across

5,418 deals



Global Venture Capital investment holds strong in Q4'20

Despite uncertainties related to the global pandemic, the November US presidential election, Brexit, and the ongoing trade tensions between China and the US, VC investment remained very strong in Q4'20. The significant amount of dry powder in the market, combined with a continued focus on late-stage deals helped to keep VC investment high globally despite an ongoing decline in the number of VC deals.



VC investors focused on tech-driven solutions

During 2020, COVID-19 created numerous challenges for governments, businesses, and consumers. It also created significant opportunities, particularly for tech-driven companies with solutions able to help businesses quickly respond to the shifting needs of their workforce and their customers. During Q4'20, VC investors across jurisdictions continued to focus on companies with strong value propositions given the ongoing pandemic, including companies in logistics and delivery, health and biotech, fintech, and business productivity.



Fundraising increases as mega funds gain traction

Global fundraising activity surged to \$112 billion in 2020 from \$90 billion last year, in part due to the increasing focus on mega funds (defined as funds in excess of \$1 billion raised). In Q4'20, VC firm Andreessen Horowitz raised two mega funds worth \$4.5 billion in total — a \$1.3 billion fund with early stage companies focused on fintech, consumer, and enterprise solutions and a \$3.2 billion fund focused on a broader array of growth stage companies¹. In part, this reflects the move of larger investors to put their capital into the hands of proven fund managers with a track record of high returns from their funds.



Corporate VC investment globally remains high

Corporate VC investment remained very robust globally in Q4'20 as corporate investors continued to embrace disruptive technologies to help them survive and thrive given the challenging business environment. The corporate digital transformation efforts seen in recent years were significantly accelerated by the pandemic as digital channels gained priority practically overnight. This forced companies that may have typically taken an in-house, organic-growth approach to transformation to invest in new technology companies able to help them adapt quickly to a changing business environment and shifting consumer behaviors.



IPO market continues to surge

During Q4'20, the IPO market continued to surge, particularly in the US where three unicorns went public over a two-day period in early December; delivery company DoorDash raised over \$3.3 billion in its IPO, AI-driven enterprise SaaS firm C3.ai raised \$651 million^{2,3}, and vacation rental marketplace Airbnb raised \$3.5 billion⁴. Special Purpose Acquisition Company (SPAC) IPOs also continued to explode during the quarter, helping to make 2020 the biggest year for SPAC IPOs in decades.

¹ <https://www.businessinsider.com/andreessen-horowitz-raised-45-billion-for-two-mega-funds-2020-11>

² <https://www.bloomberg.com/news/articles/2020-12-08/door-dash-is-said-to-raise-3-37-billion-in-above-range-ipo>

³ <https://www.cnn.com/2020/12/09/tech/door-dash-ipo/index.html>

⁴ <https://www.washingtonpost.com/technology/2020/12/10/airbnb-stock-market-debut/>

Global Venture Capital investment holds strong in Q4'20, cont'd.

In Asia, IPO activity was also strong in both Hong Kong and Shanghai during Q4'20, although the much anticipated Ant Financial dual-IPO was cancelled a few days prior to listing.

The strong surge in unicorn exits helped propel the exit value of VC backed companies globally to a record \$448 billion for 2020, compared to the previous record of \$362 billion seen in 2018. Exit value in the US also rose to a record \$290 billion in 2020, compared to \$257 billion in 2019.



Health and biotech well positioned for continued growth

In Q4'20, health and biotech continued to be a very hot area of venture capital investment in all regions of the world, with a number of companies raising \$100 million+ funding rounds, including US-based Resilience (\$725 million) and Tempus Labs (\$450 million), UK-based LumiraDX (\$389 million), China-based LianBio (\$310 million) and RecBio (\$224 million), and Germany-based ATAI Life Sciences (\$125 million). During the quarter, China-based JD Health also held the largest healthcare IPO seen in Asia, raising \$3.5 billion on the SEHK⁵.

While the approval of a number of COVID-19 vaccines during Q4'20 suggests the world will be able to move beyond the pandemic in 2021, VC investments in healthcare and biotech are expected to remain high across jurisdictions for the foreseeable future given the increasing awareness of the need to modernize many aspects of the healthcare system and the potential applicability of technologies like AI to improve drug discovery processes.



A permanent shift in consumer behaviors

Over the past year, consumers around the world had little choice but to embrace digital technologies across many aspects of their lives. Consumers that once clung to in-person service channels have grown accustomed to using technology for a whole host of activities, from conducting their day-to-day banking activities to ordering groceries and other household items for delivery. The convenience of many of these activities is expected to outlast the pandemic, driving a permanent shift in consumer behaviours and their uptake and interest in digital channels.

The shift in consumer behaviours and the ongoing acceleration of digital trends is expected to continue to drive VC investment, particularly from corporates looking to respond to the shifting needs of their customers. At the same time, the increasing focus on digital channels is expected to drive increased investment in complementary activities, including cybersecurity and customer authentication.

⁵ <https://www.cnbc.com/2020/12/02/jd-health-raises-3point48-billion-in-hong-kongs-biggest-ipo-in-2020-.html>

Global Venture Capital investment holds strong in Q4'20, cont'd.



Supply of capital driving high valuations

Given the significant amount of dry powder permeating the VC market globally, there continued to be steep competition for the best deals. Demand for late-stage companies with proven business models grew significantly across most regions of the world, with investors all vying to capture a piece of the value. This has led to increasingly high valuations in a number of hot sectors, including fintech, delivery and logistics, edtech, and business productivity. While there has been some concern about unrealistic valuations, the high post-IPO valuations of companies like delivery company DoorDash and AI-driven SaaS firm C3.ai in December helped validate current pricing.



Early stage companies feeling pressure

Early stage companies in almost all regions of the world continued to struggle to attract funding in Q4'20 as investors remained focused on late-stage deals and companies within their own portfolios. This was particularly true for companies at the Seed and Series A deal stages, where companies that did receive funding may have had to compromise on valuations. The ongoing decline in early stage investments could cause challenges to the deals pipeline in the medium term.



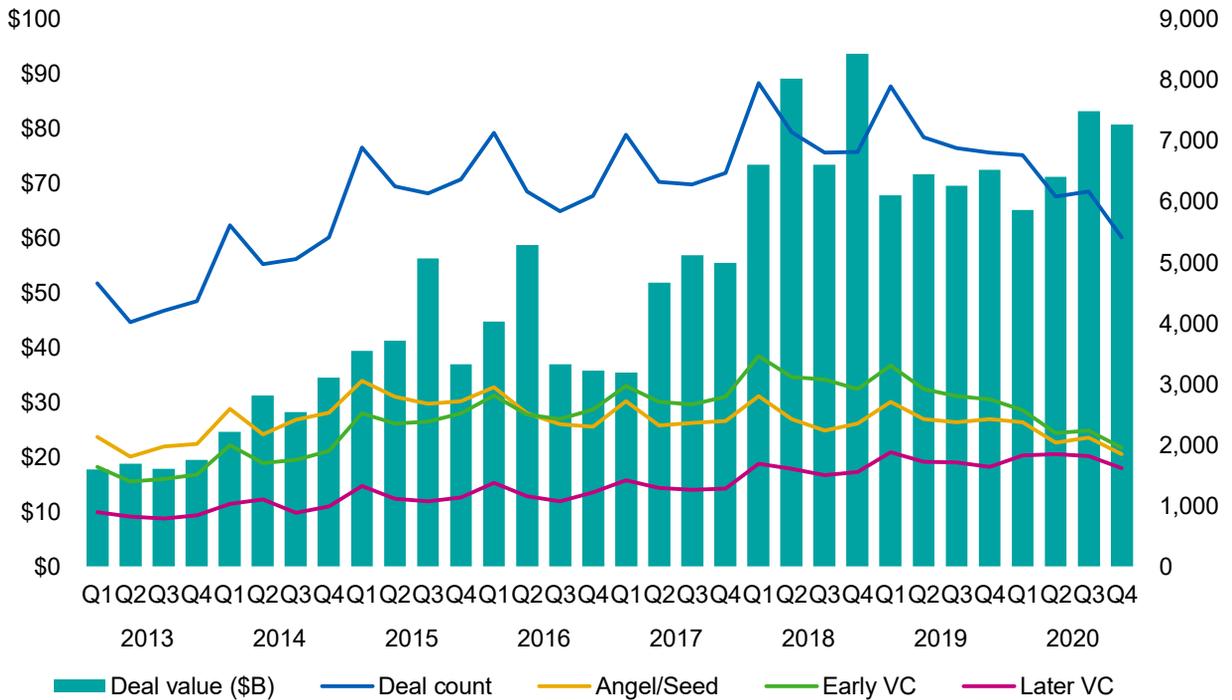
Trends to watch for globally

Looking ahead to Q1'21, global VC investment is expected to remain quite high given the low interest rate environment in many regions of the world and the vast amount of dry powder in the market. IPO activity is also expected to remain strong given the pipeline of unicorns and other mature technology companies looking to exit.

2020 finishes strong

Global venture financing

2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.
Note: Refer to the Methodology section at the end of this report to understand any possible data discrepancies between this edition and previous editions of Venture Pulse.

For some time now, a plateau to the mildest of slowdowns in venture funding volume worldwide has been apparent. Throughout 2020, volume contracted even further under the unique pressures exerted by the COVID-19 pandemic, from general caution due to economic uncertainty to significant business hardships endured by major companies given their respective business models. However, as shown by the largest decrease in volume being at the earliest stages, while late-stage financing volume stayed relatively robust, VC invested remained near all-time records in the back half of 2020 as more clarity around economic fortunes was achieved.

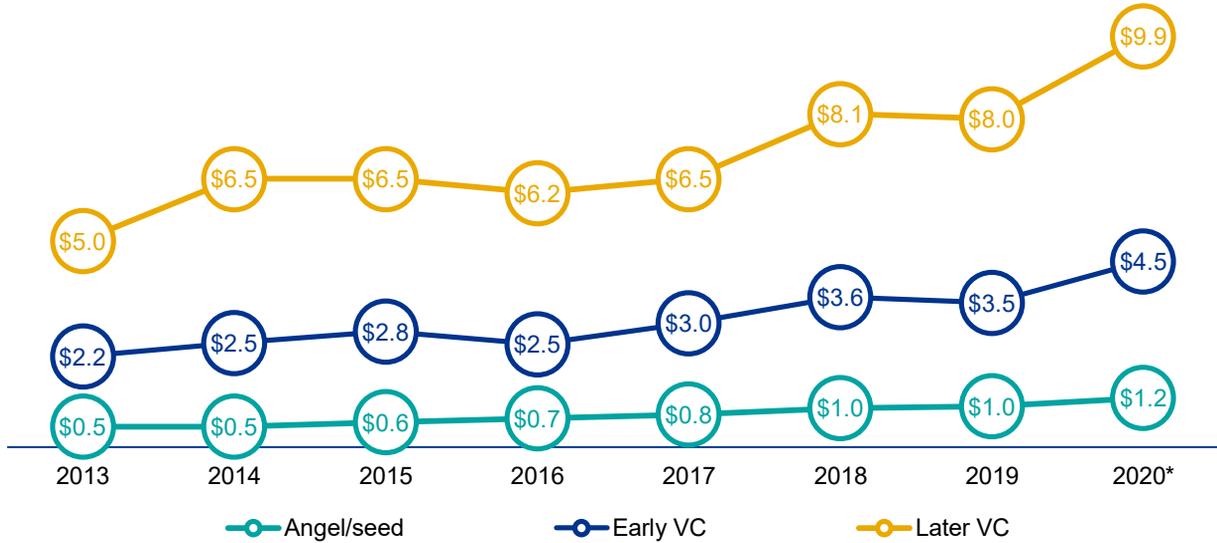
“We could continuously talk about COVID-19 and the enormous challenges it has created, but the reality is that some sectors, like the tech sector, specifically in SaaS, AI, and digital health, are more resilient than ever due to the pandemic. People and businesses across the world have embraced technology — and that’s why there’s so much money going into the space right now. That momentum is only going to continue heading into Q1’21.”



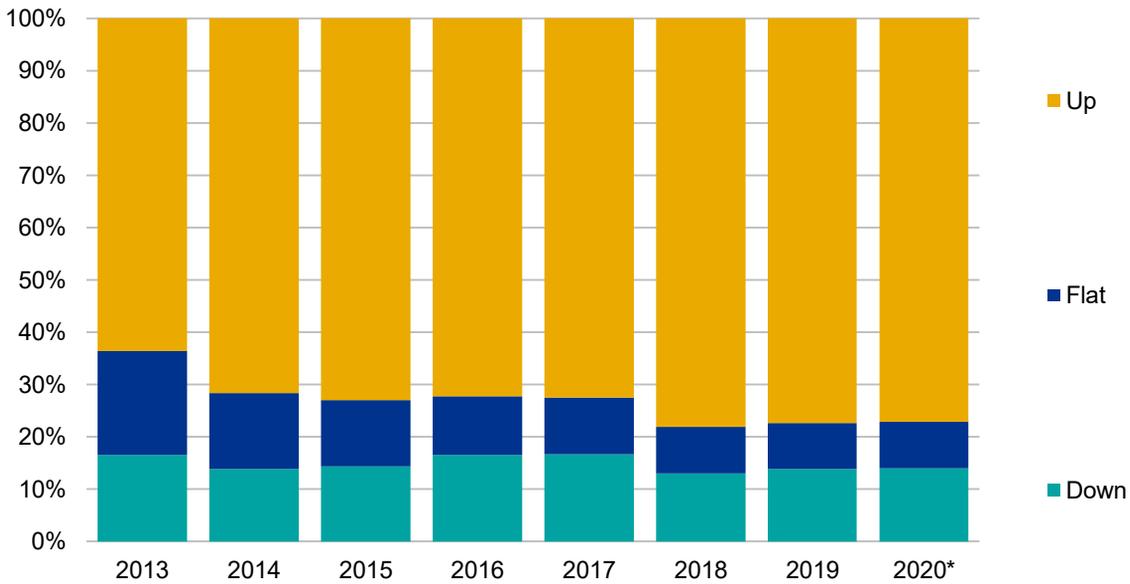
Jonathan Lavender
Global Head, KPMG Private Enterprise
KPMG International

Metrics stay strong across the board

Global median deal size (\$M) by stage 2013–2020*



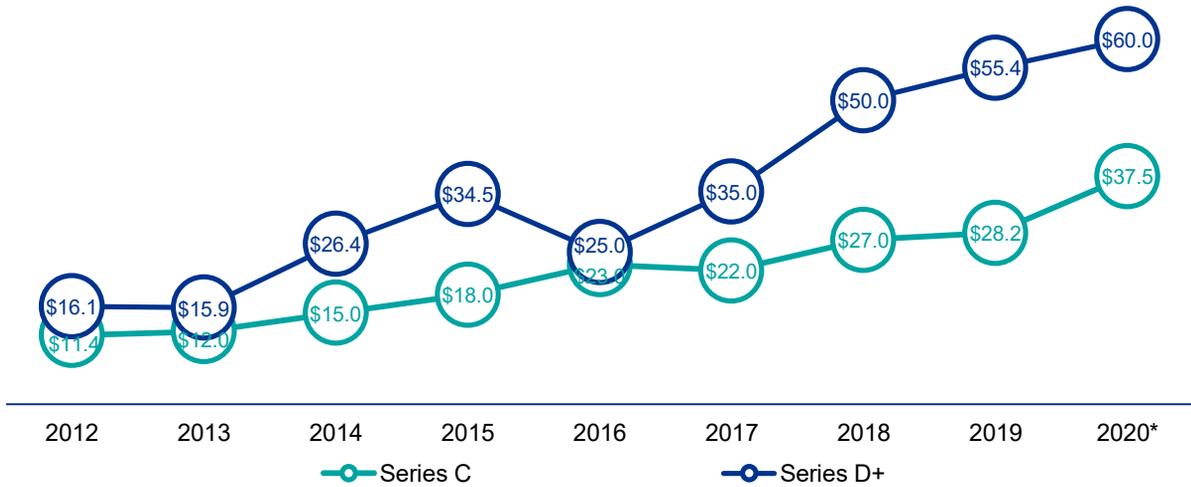
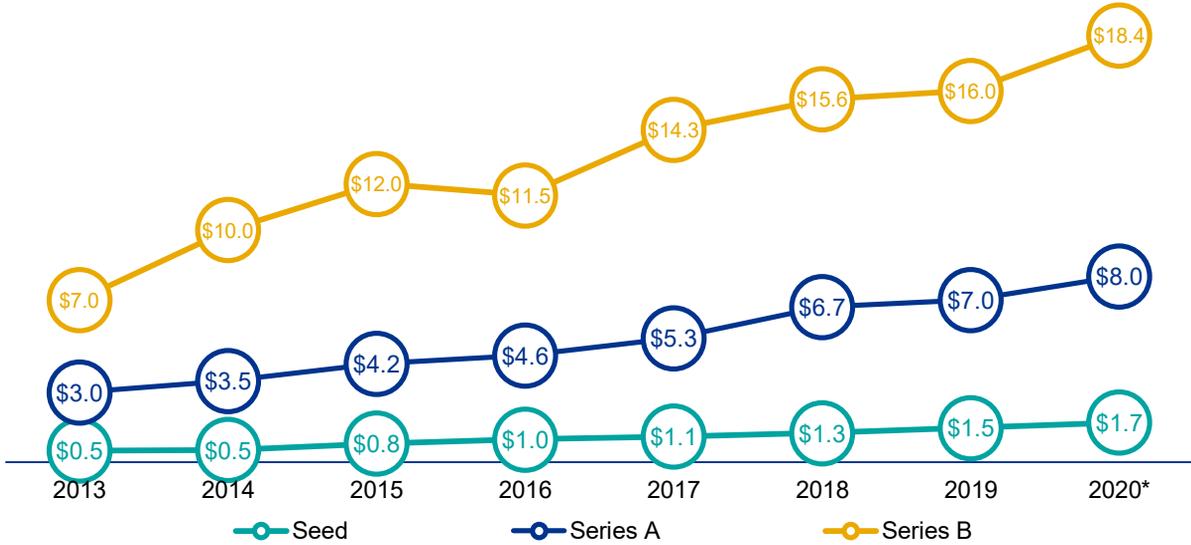
Global up, flat or down rounds 2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

All-time highs hold steady

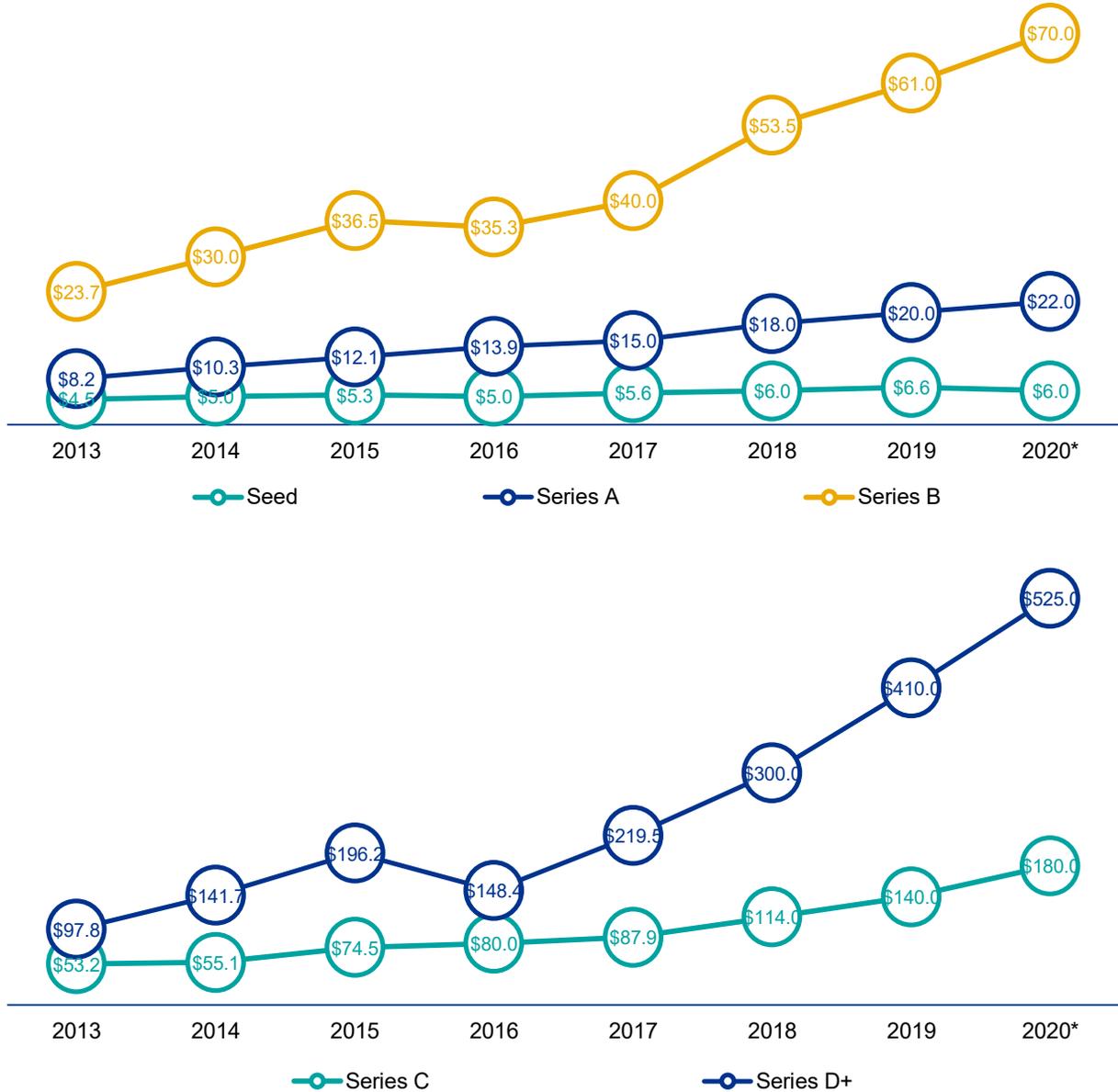
Global median deal size (\$M) by series
2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Dry powder underpins record valuations

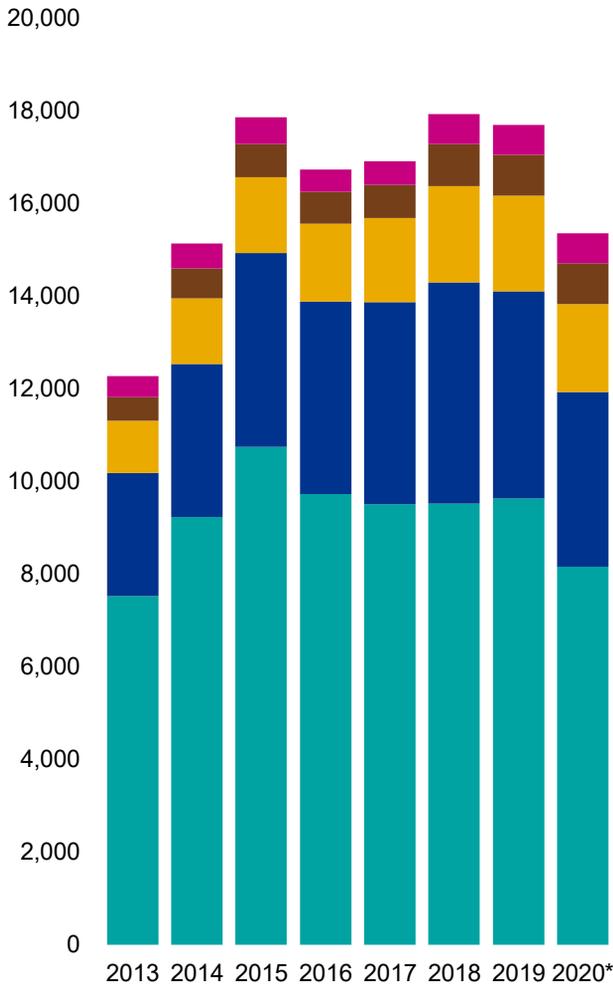
Global median pre-money valuation (\$M) by series
2013–2020*



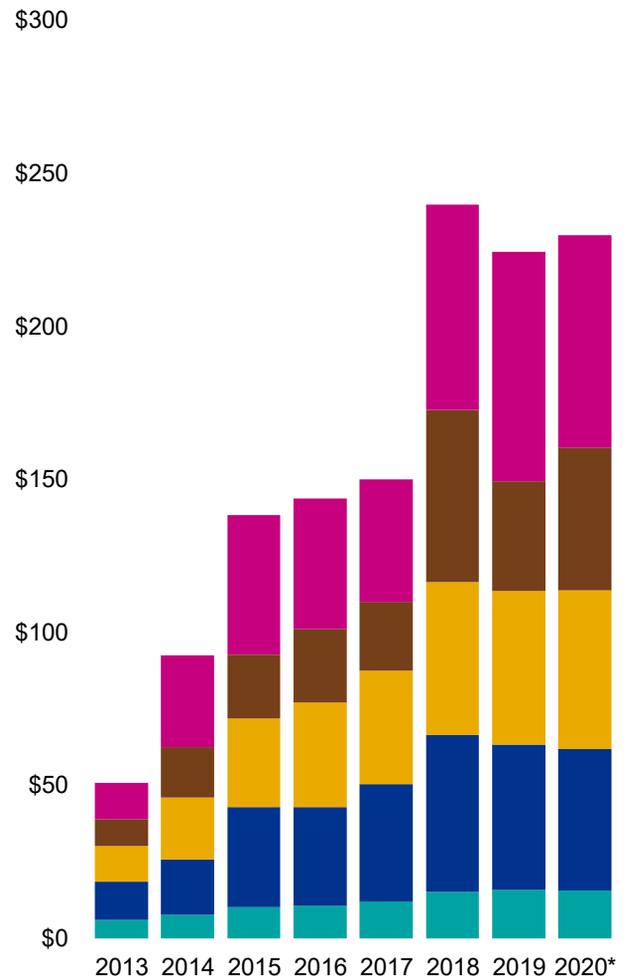
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Early-stages contract further

Global deal share by series
2013–2020*, number of closed deals



Global deal share by series
2013–2020*, VC invested (\$B)



■ Series D+ ■ Series C ■ Series B ■ Series A ■ Angel/seed ■ Series D+ ■ Series C ■ Series B ■ Series A ■ Angel/seed

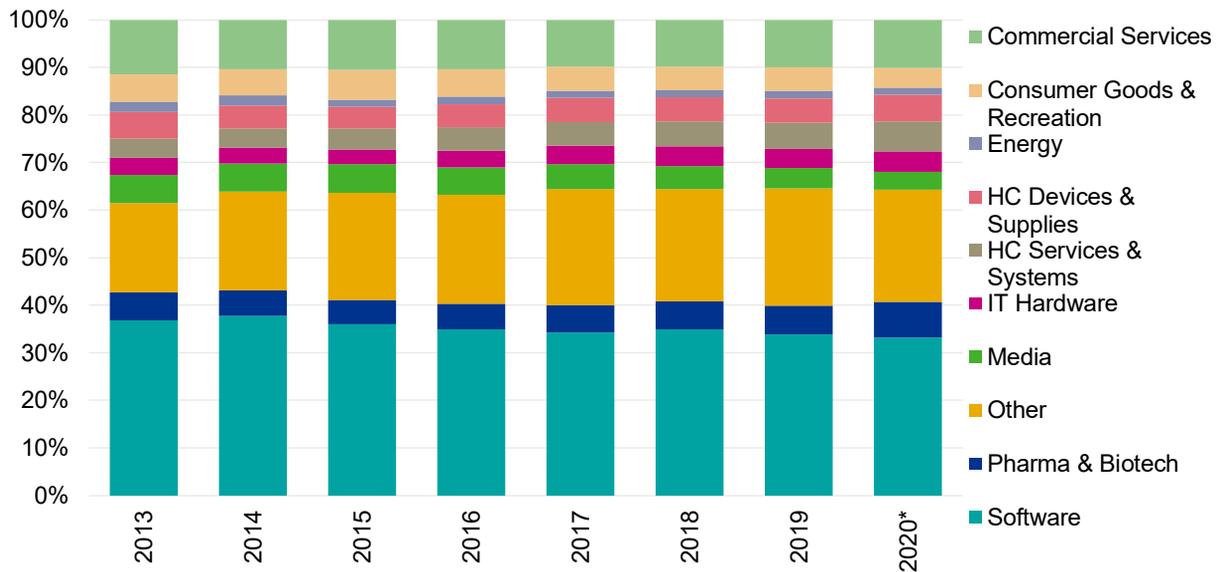
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Later-stage companies are safer bets during uncertain times, as a general rule of thumb. Judging by how much capital has kept flowing into later-stage rounds, whereas angel & seed financings have contracted significantly in volume, it is clear that investors have dialed back activity in pricey early-stage activity and rather are being judicious as to overall risk.

Pharma & biotech see record proportion of VC invested in 2020

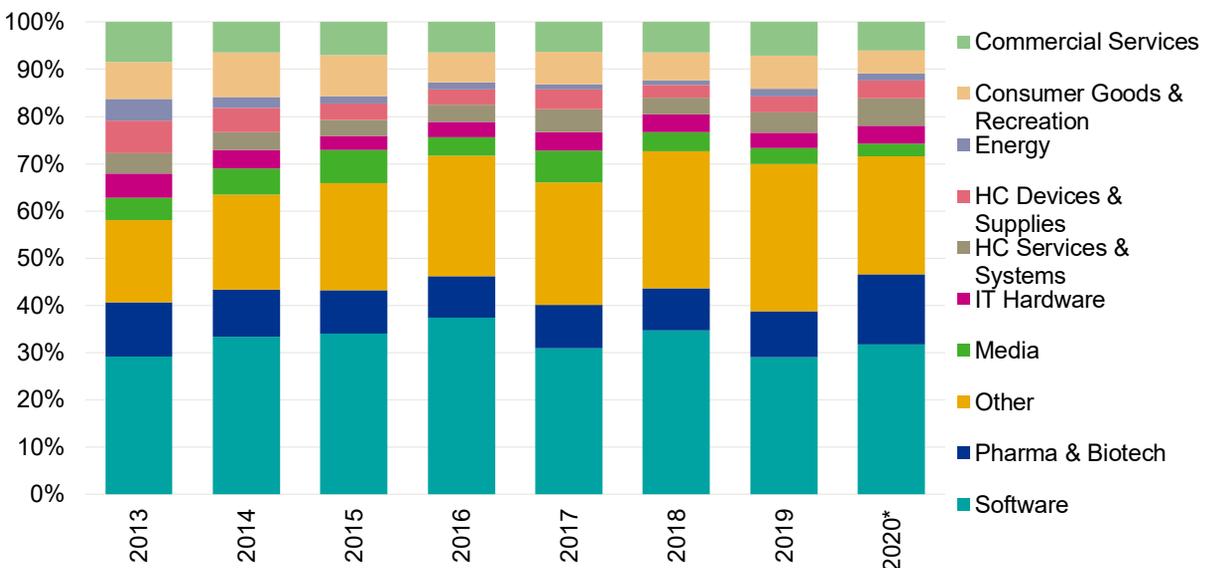
Global financing trends to VC-backed companies by sector

2013–2020*, number of closed deals



Global financing trends to VC-backed companies by sector

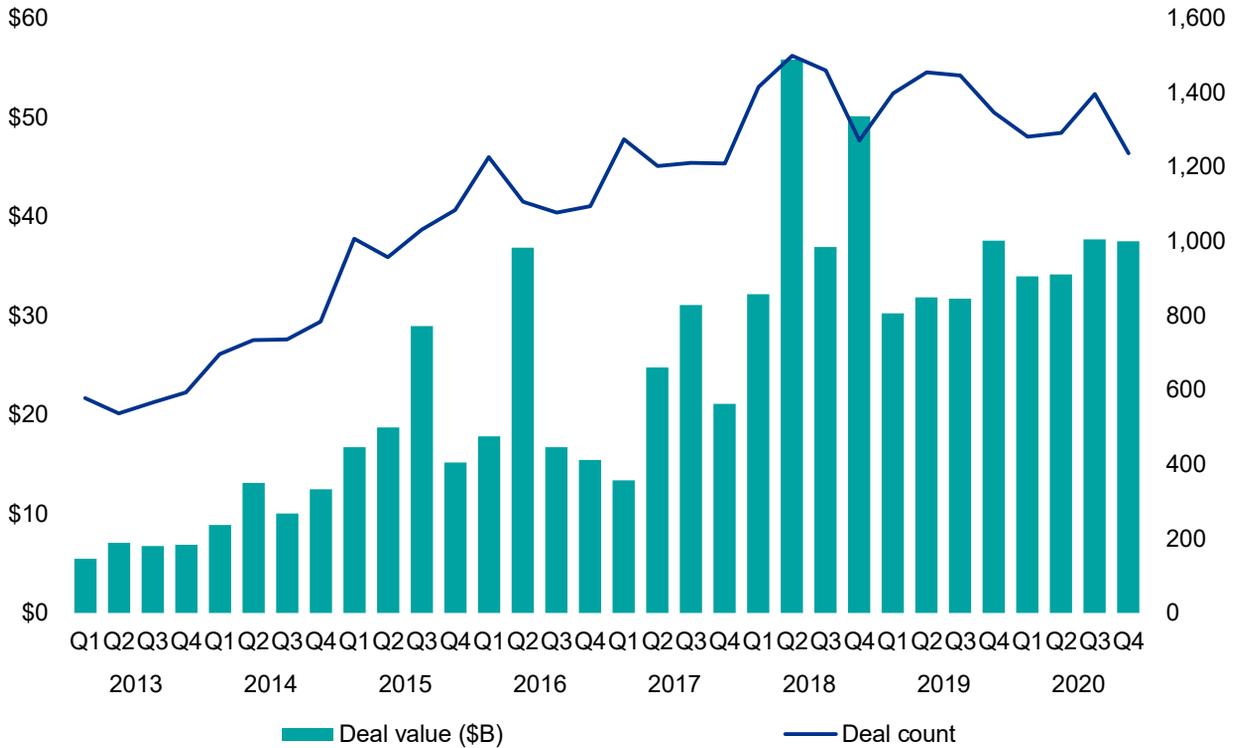
2013–2020*, VC invested (\$B)



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Corporates stay active at elevated rate

Corporate VC participation in global venture deals 2013–Q4'20



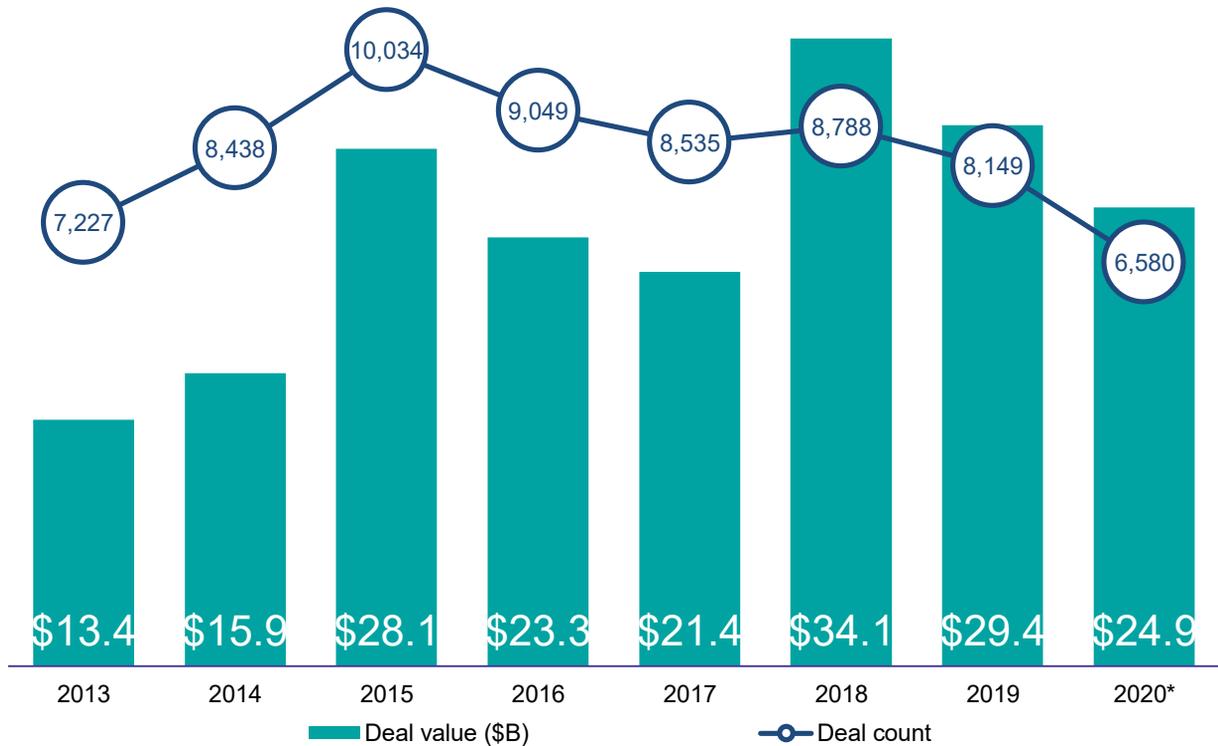
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

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

Despite some variation throughout the year, 2020 once again saw corporate investors as well as their CVC arms remain active at elevated rates (relative to historical tallies) across the global venture landscape. Their primary motives remain intact — financial gain, strategic positioning, partnerships and even potential positioning for acquisition, although that last is not yet conclusively demonstrated via PitchBook data to be a significant driver of M&A. All in all, corporate involvement in direct venture investment appears to be holding steady and unlikely to change heading into 2021.

Continued contraction of first-time financings

Global first-time venture financings of companies 2013–2020*

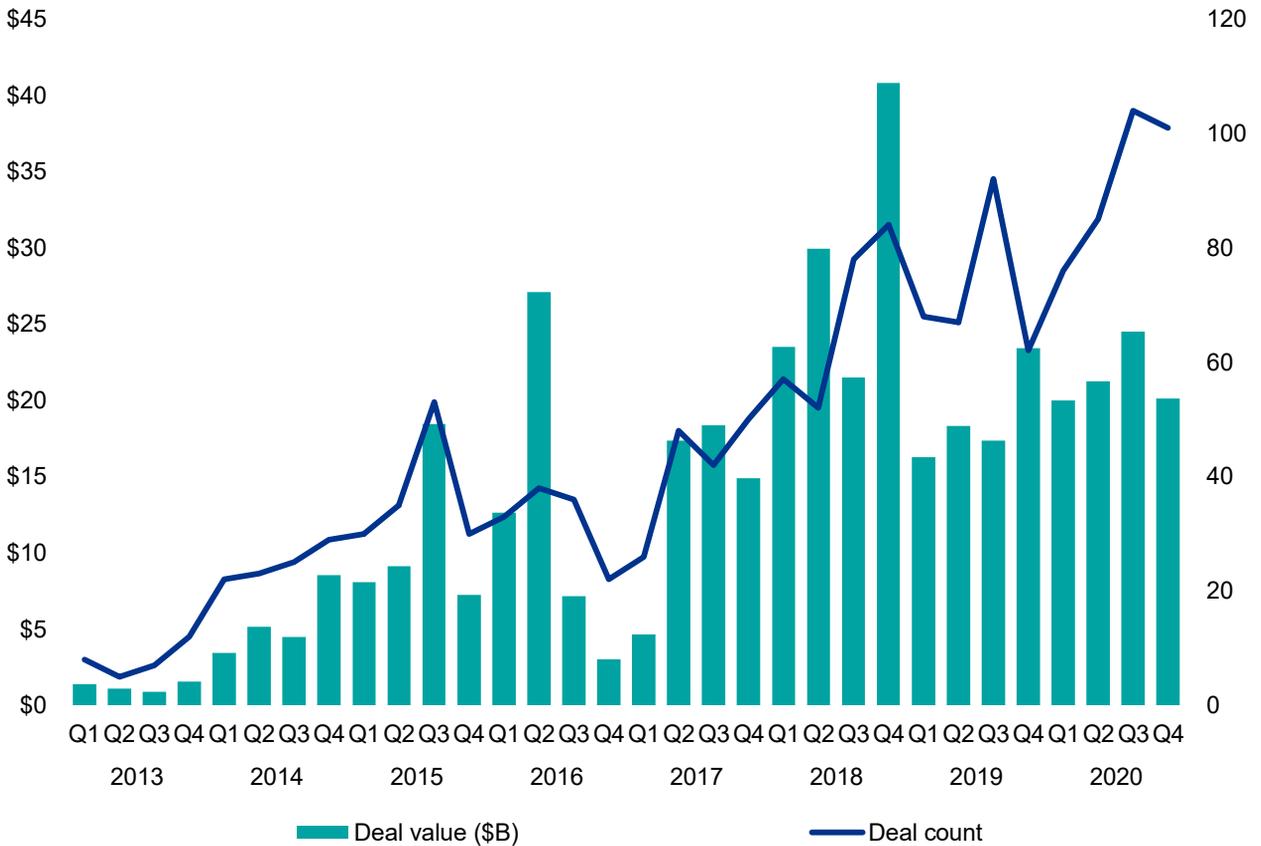


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

As anticipated, first-time financing volume did subside once again year-over-year, although the sheer sum of dollars invested was roughly in the median of the past several years, signifying that it is not so much a significant decline as likely cyclical. Although 2015 to 2017 exhibited somewhat similar trends, what is likeliest is that between 2015 and the present, there was sufficient cyclical and secular advances in major sectors that a new wave of first-time startups have yet to come, e.g. in mobility or ridesharing.

Unicorns continue to rake in VC

Global unicorn rounds 2013–Q4'20



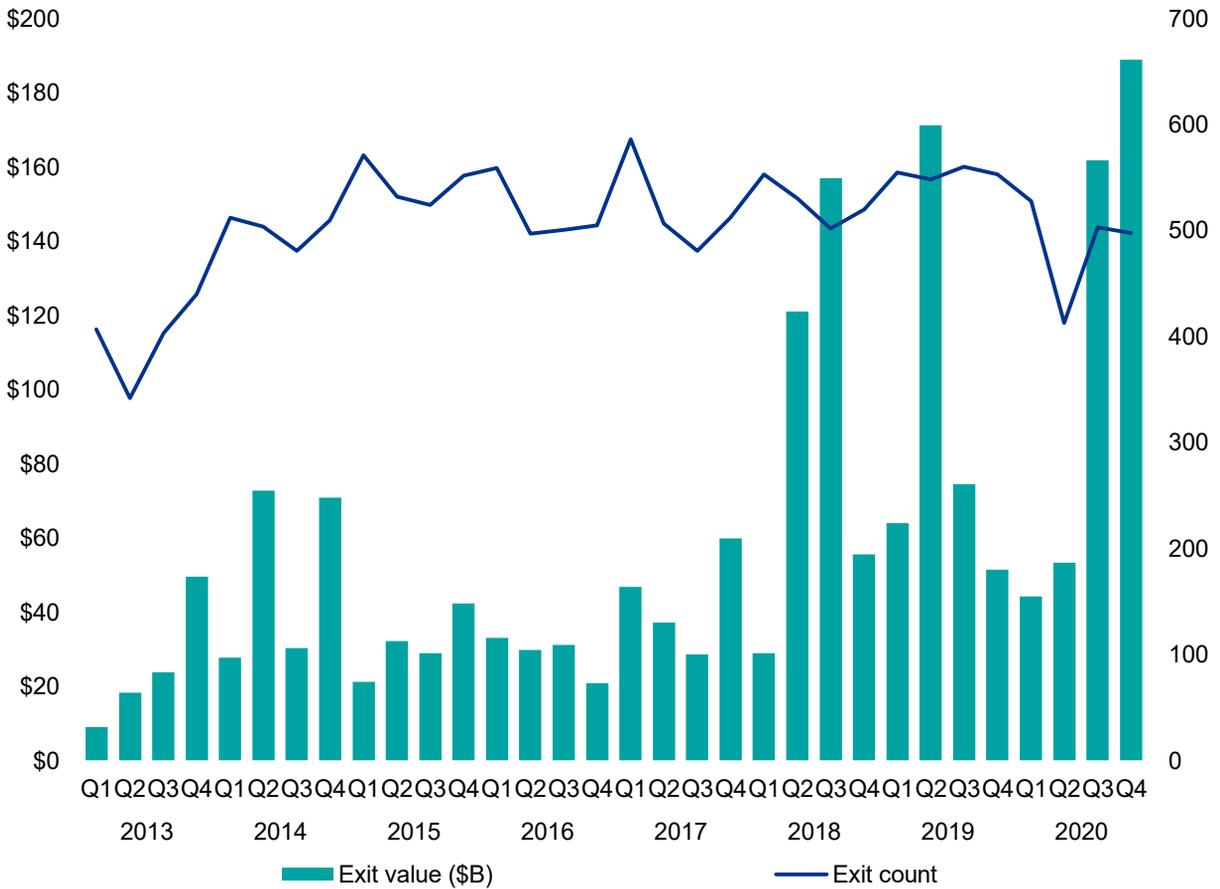
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

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

Regardless of its past variability, one trend over the past two years is clear: Unicorns are still able to raise plenty of funding even as the letter of their latest series moves into the middle of the alphabet. For the first time, unicorns both existing and freshly minted closed 100 or more rounds in back-to-back quarters, closing on billions of dollars. This represents the confluence of two trends: first, a concentration of capital in perceived safer and more lucrative outcomes by investors, and second, the ongoing maturation of the stay-private trend by companies given the sheer accessibility of private capital, unprecedented in history.

Blockbuster M&A and IPOs fuel record exits

Global venture-backed exit activity 2013–Q4'20

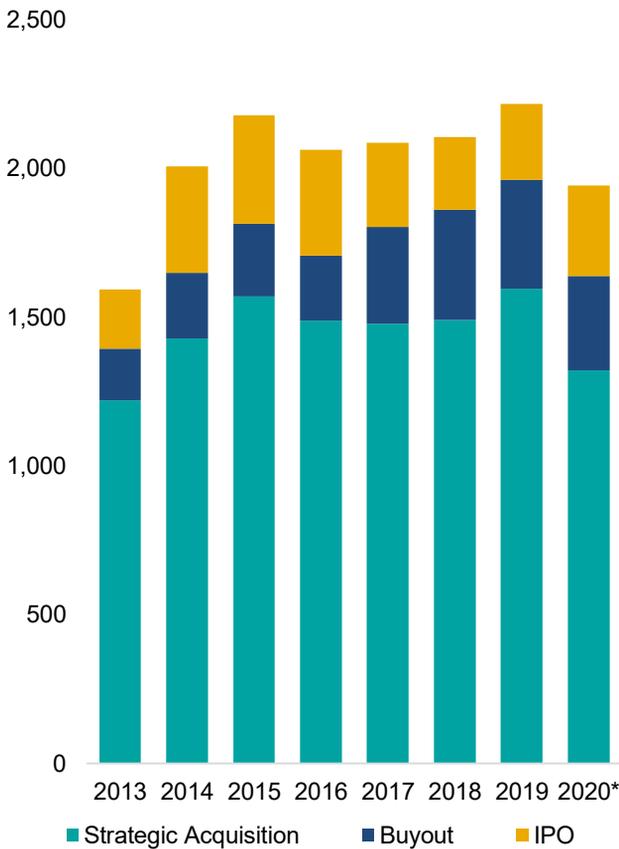


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.
Note: Exit value for initial public offerings is based on post-IPO valuation, not the size of the offering itself.

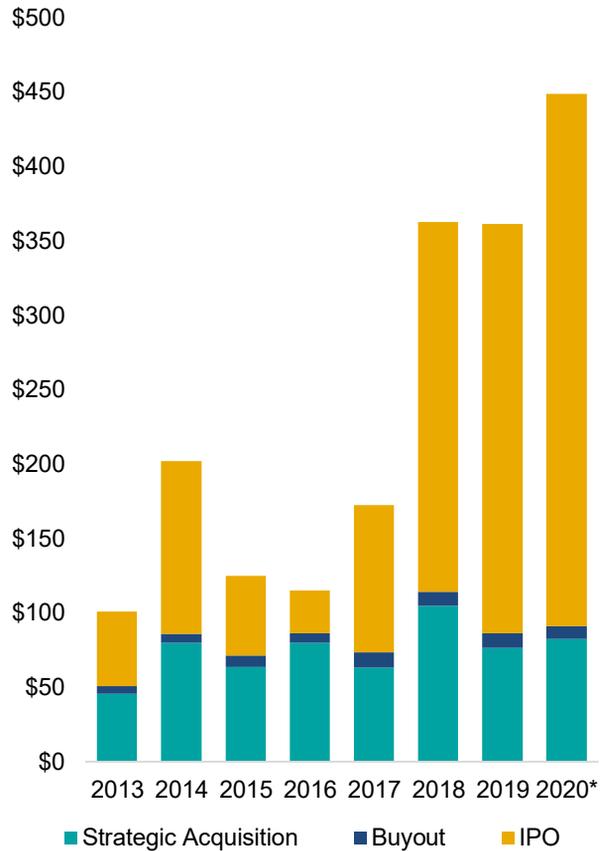
As is clear from the chart above, 2020 closed with something extraordinary. Thanks to blockbuster M&A and huge debuts on public exchanges, multiple venture firms and other backers saw mature companies such as Airbnb and DoorDash finally go public to achieve multibillion-dollar valuations. Much like parts of 2018 and the first half of 2019, the back half of 2020 saw the culmination of several unicorns' journeys as independent or privately held entities, which spurred this massive surge in liquidity. What remains to be seen is how much more is to come.

The IPO surge culminates in a record year

Global venture-backed exit activity (#) by type
2013–2020*



Global venture-backed exit activity (\$B) by type
2013–2020*

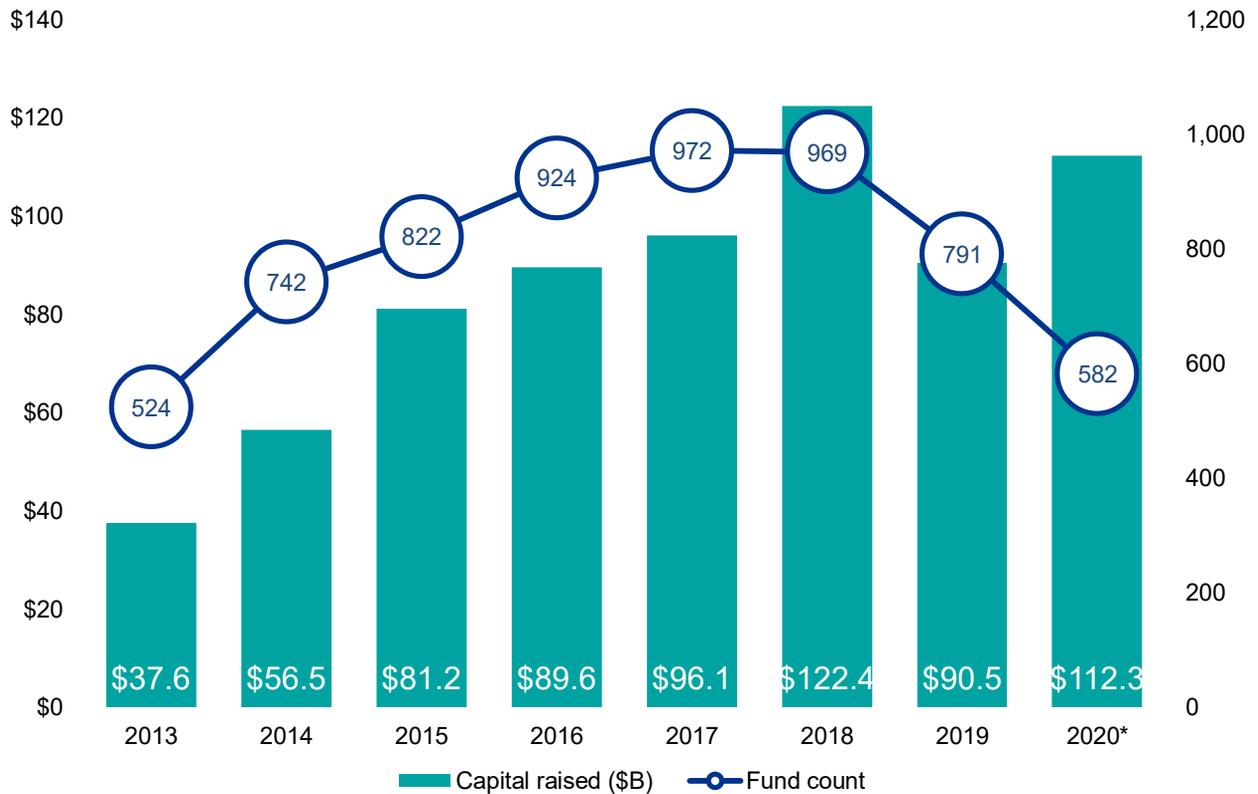


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

For the first couple editions of Venture Pulse in 2020, IPO volume had contracted. However, by a small margin, that exit route came roaring back to the tune of a record year in exit value, at nearly \$450 billion. Public market turmoil in the first half of the year was likely the cause of that initial slowdown, yet record market highs achieved in the back half of 2020 encouraged the debuts of several unicorns.

Fundraising nearly hits new record.

Global venture fundraising 2013–2020*

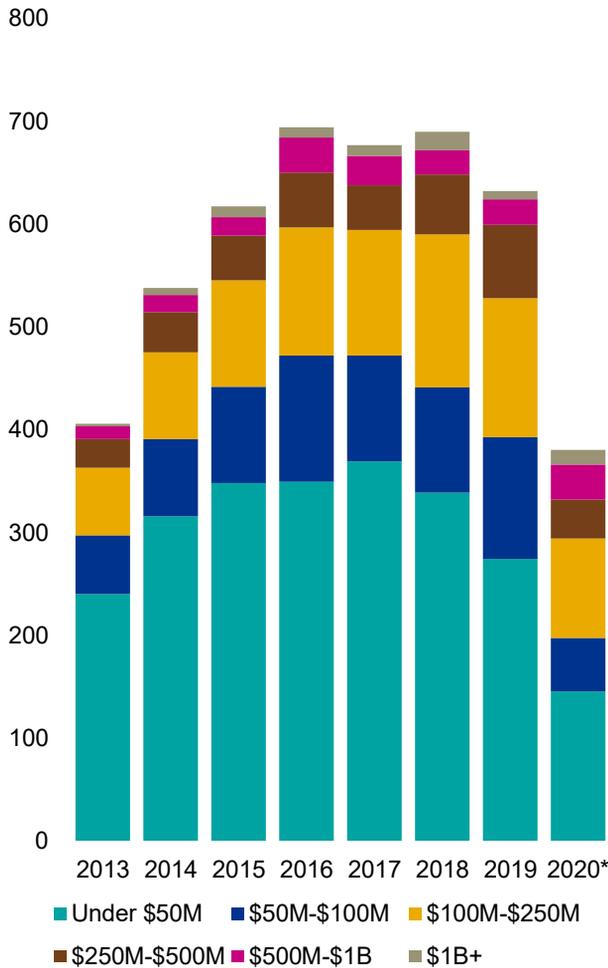


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

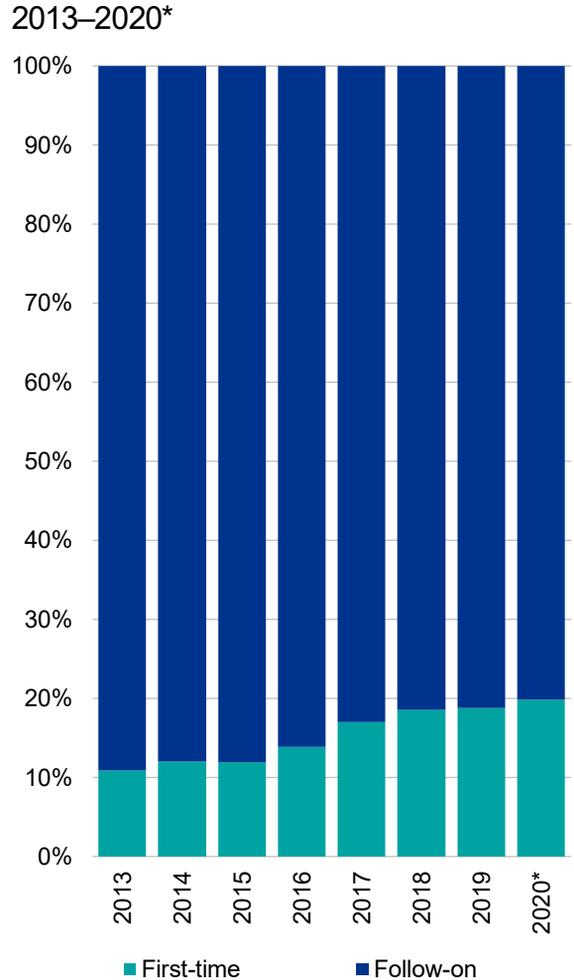
The venture asset class remains undeniably popular, although increasingly large sums concentrated in fewer vehicles does raise some interesting implications. At \$112.3 billion across close to 600 vehicles closed, what is clear is that flagship venture firms are finding unprecedented success in raising ever-larger funds, and thus will continue to be able to hold commanding positions across later stages of the market. However, plenty of other smaller firms are still closing, thus suggesting general availability of VC across lifecycles will persist.

First-time fundraising hits record proportion

Global venture fundraising (#) by size 2013–2020*



Global first-time vs. follow-on venture funds (#) 2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

At nearly 20 percent of 2020 fundraising volume, first-time vehicles set a record proportion unforeseen when the year began. This is promising in several ways, chiefly as brand-new vehicles often target underserved segments of the market, and also because emerging managers, although very risky, can often generate the largest gains for their backers, dollar for dollar.

China roars back in Q4 2020 mega-deals



Top 10 global financings in Q4'20

- | | |
|---|---|
| <p>1 Manbang Group — \$1.7B, Nanjing
Logistics
<i>Early-stage VC</i></p> | <p>6 Resilience — \$725M, San Diego
Pharmaceuticals
<i>Series B</i></p> |
| <p>2 Zuoyebang — \$1.6B, Beijing
Educational software
<i>Series E1</i></p> | <p>7 Robinhood — \$668.3M, Menlo Park
Fintech
<i>Series G</i></p> |
| <p>3 Yuanfudao — \$1B, Beijing
Educational software
<i>Series G</i></p> | <p>8 Zomato — \$660M, Gurugram
Foodtech
<i>Late-stage VC</i></p> |
| <p>4 Yunwang Wandian — \$907.1M, Shenzhen
Internet retail
<i>Series A</i></p> | <p>9 Chime — \$533.8M, San Francisco
Fintech
<i>Series F</i></p> |
| <p>5 Enovate Motors — \$735.85M, Shanghai
Automotive
<i>Series B</i></p> | <p>10 Relativity — \$500M, Long Beach
Aerospace & defense
<i>Series D</i></p> |

Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.



Private Enterprise



Global



US



Americas



Europe



Asia



***In Q4'20 US
VC-backed
companies raised***

\$38.8B

across

2,526 deals



VC investment in the US reaches new annual record high

VC investment in the US stayed robust in Q4'20, helping drive total annual VC investment to a new record high of \$156.2 billion in 2020, compared to \$138 billion last year. While the US faced a number of uncertainties during the quarter, including the presidential election in November, a seemingly endless supply of cash on the sidelines and an ample exit market helped to keep confidence in the VC market relatively robust through the end of the year.

During Q4'20, VC investment in the US remained focused on key sectors relevant in the current pandemic environment, including fintech, health and biotech, and transportation. These sectors accounted for many of the quarter's largest funding rounds, including Resilience (\$725 million), Robinhood (\$668 million), Chime (\$533 million), Nuro (\$500 million), Tempus Labs (\$450 million), and Hippo Insurance (\$350 million).



Large VC funds grow more attractive, while smaller funds struggle

Fundraising activity in the US reached a near-record high in 2020. In Q4'20, in particular, Andreessen Horowitz announced two mega funds totalling \$4.5 billion⁶. Over the course of the year, large US VC funds attracted the lion's share of capital, while some smaller funds had difficulties with capitalization. This trend towards larger funds has been building for a couple of years, although it accelerated in recent quarters as investors increased their focus on metrics like cash-flow, unit economics, and the long-term sustainability of target companies. With a lot of capital sitting on the sidelines, large institutional investors and pension funds moved to put their capital into safe and knowledgeable hands – which predominantly meant larger VC firms with proven fund managers offering a consistent track record for delivering high returns over the lifespan of their funds.



COVID-19 driving disruption across US healthcare sector

The health and biotech sector continued to be a hot priority for US-based VC and corporate investors in Q4'20, with interest stretching well beyond COVID-19 specific activities. Over the last few quarters, the pandemic highlighted significant gaps in the healthcare ecosystem in the US ripe for disruption, which has led to an uptick in investor interest in a wide-range of health and biotech areas, including remote diagnostics, medical imaging solutions, fitness, and wellness. The wellness industry in particular saw significant growth throughout 2020 as consumers became more concerned about their health — a trend expected to continue well into 2021.



IPO activity in the US continues to surge

Following a strong quarter in Q3'20, IPO activity in the US continued to surge in Q4'20, despite the uncertainty related to the US presidential election. December saw a number of highly successful unicorn IPOs, including vacation rental marketplace Airbnb, delivery company DoorDash, and AI-driven enterprise SaaS company C3.ai. Airbnb raised \$3.5 billion in its IPO, with shares rising 112 percent on the first day of trading, propelling the company's valuation

⁶ <https://www.finmes.com/2020/11/andreessen-horowitz-closes-two-funds-totalling-4-5-billion.html>

VC investment in the US reaches new annual record high, cont'd.

over \$100 billion⁷. DoorDash raised \$3.3 billion, with shares climbing 85 percent on the first day, giving it a market cap of \$44 billion⁸. C3.ai, meanwhile, raised \$651 million, with shares spiking over 170 percent on the first day of trading, giving it a market cap of \$10 billion⁹.

The ongoing march of unicorn exits in the US propelled the exit value of VC backed companies in the US to a record \$290 billion in 2020 — well above the previous record of \$257 billion seen in 2019.



No slowdown in M&A activity

M&A exit activity remained strong in the US during Q4'20, led by the announcement of the \$27.7 billion acquisition of enterprise communications company Slack by Salesforce¹⁰. The acquisition follows less than two years after Slack's IPO via a direct listing¹¹.

The strong M&A activity in the US is likely due to a number of competing factors, including acquirers looking for deals from companies hit hard by the pandemic and others acting quickly to acquire companies in growing sectors before they became too expensive. Corporates also continued to make acquisitions during the quarter — primarily targeted at companies able to help them accelerate their digital efforts in order to not be left behind by more nimble and responsive competitors.



Trends to watch for in the US

VC investment in the US is expected to remain strong heading into Q1'21, in addition to M&A and traditional IPO activity. The use of SPACs for IPOs is also expected to continue into Q1'21, although the time horizon of SPACs — which (typically) require target companies to be acquired within a two-year period — could lead to some suboptimal choices over time given the number of SPACs currently in the market looking for targets.

Investment in the fintech, delivery and logistics, automotive, and health and biotech sectors is expected to remain strong well into 2021, while investments related to cybersecurity are expected to heat up given the expectation that digital channels and offerings will remain important to consumers in a post-pandemic world.

The change in administration in the US will also be critical to watch heading into 2021 as it will likely drive a shift in key government priorities and policies over time, which could affect key sectors of VC investment. One area well positioned to see an increase in activity is cleantech — such as cloud-based software solutions and energy storage and battery technologies.

⁷ <https://www.forbes.com/sites/jonathanponciano/2020/12/10/airbnb-ipo-shares-valuation-billion-more-than-marriott-hilton-hyatt/?sh=6abb42cb20ef>

⁸ <https://investorplace.com/2020/12/why-post-ipo-pullback-door-dash-stock-will-likely-continue/>

⁹ <https://www.businessinsider.in/stock-market/news/software-firm-c3-ai-skyrockets-174-after-651-million-ipo/articleshow/79652222.cms>

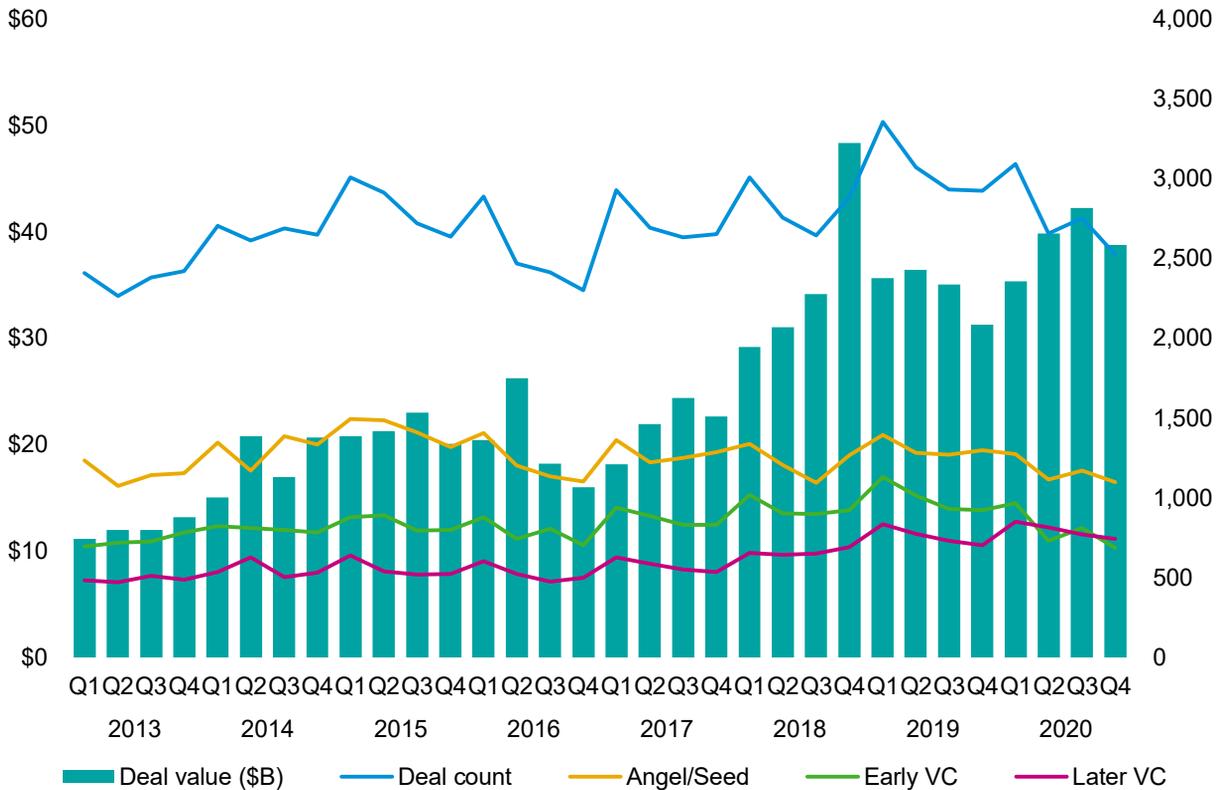
¹⁰ <https://www.nytimes.com/2020/12/01/technology/salesforce-slack-deal.html>

¹¹ <https://venturebeat.com/2019/06/20/slack-ipo-starts-trading-at-38-50-for-23-billion-valuation/>

Volume evens out while VC invested stays strong

Venture financing in the US

2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

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

“If you’d have asked me back in March or April, when the world shut down, if the VC market would be this strong, I would’ve said no. But based on what we saw in Q2 and Q3, the continued strength of the VC market is no longer a huge surprise. And I think the market is only going to get better in light of the exits that we’ve seen recently — both the IPOs and the M&As, based on this the outlook for 2021 is positive.”



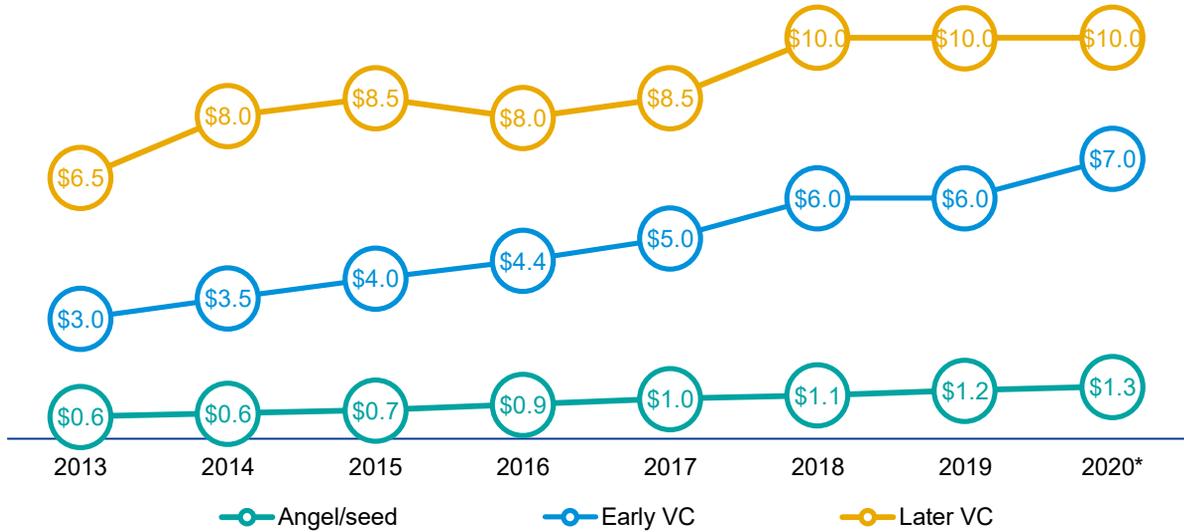
Conor Moore

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

Late-stage metrics hold steady

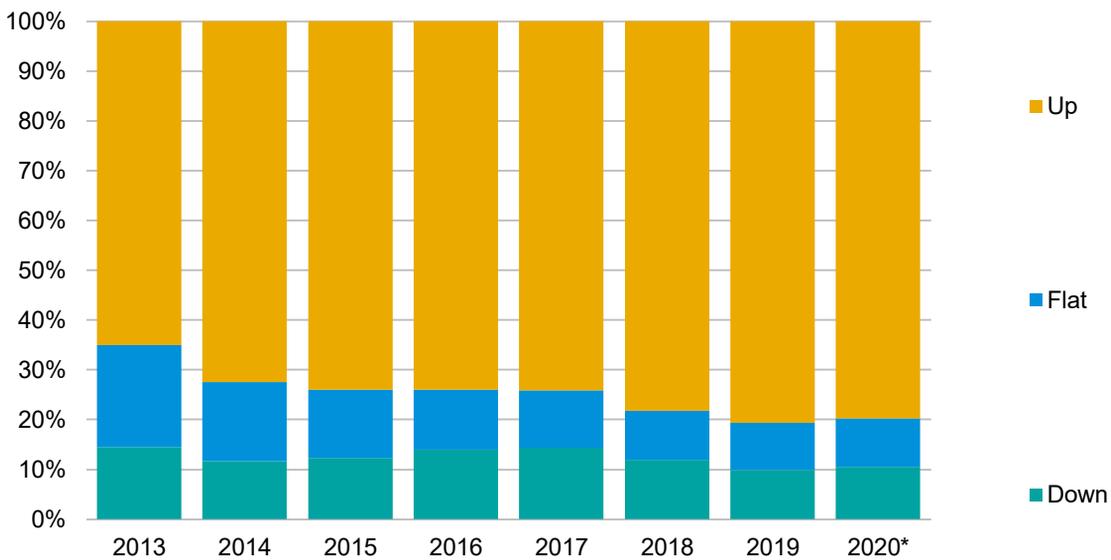
Median deal size (\$M) by stage in the US

2013–2020*



Up, flat or down rounds in the US

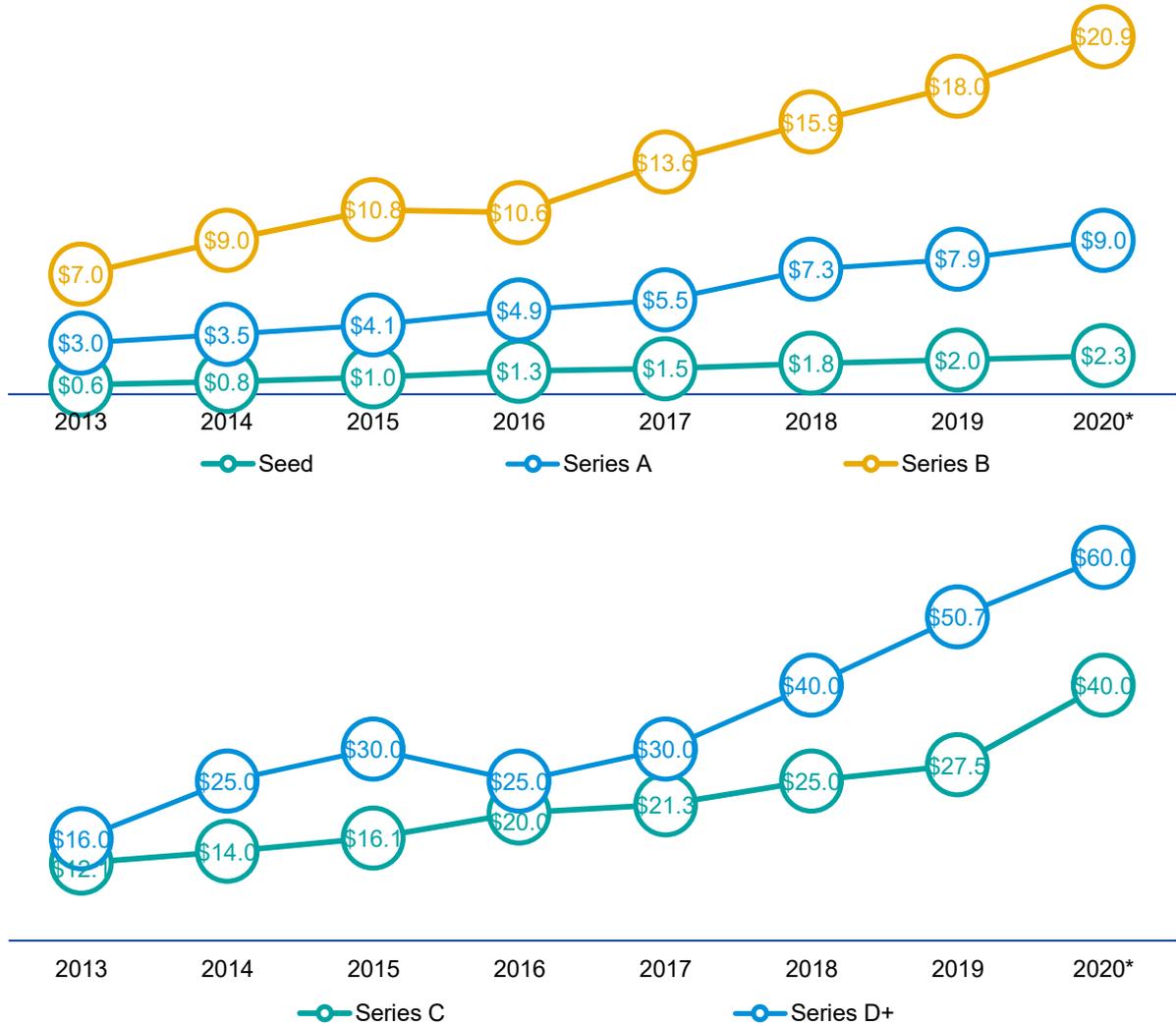
2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Modest rises at the earlier stages

Median deal size (\$M) by series in the US
2013–2020*

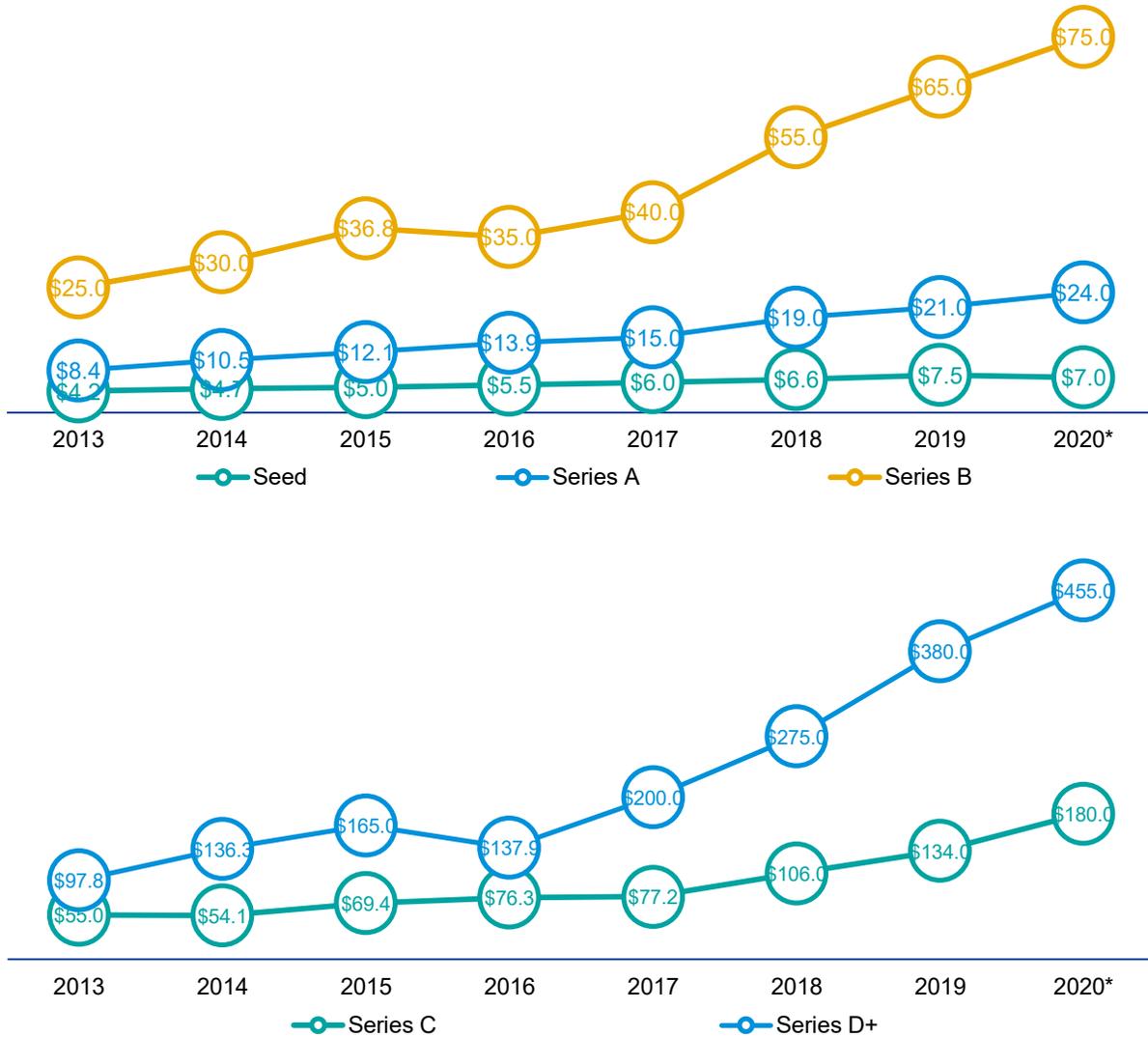


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Note: Figures rounded in some cases for legibility.

Record valuations hold steady

Median pre-money valuation (\$M) by series in the US
2013–2020*

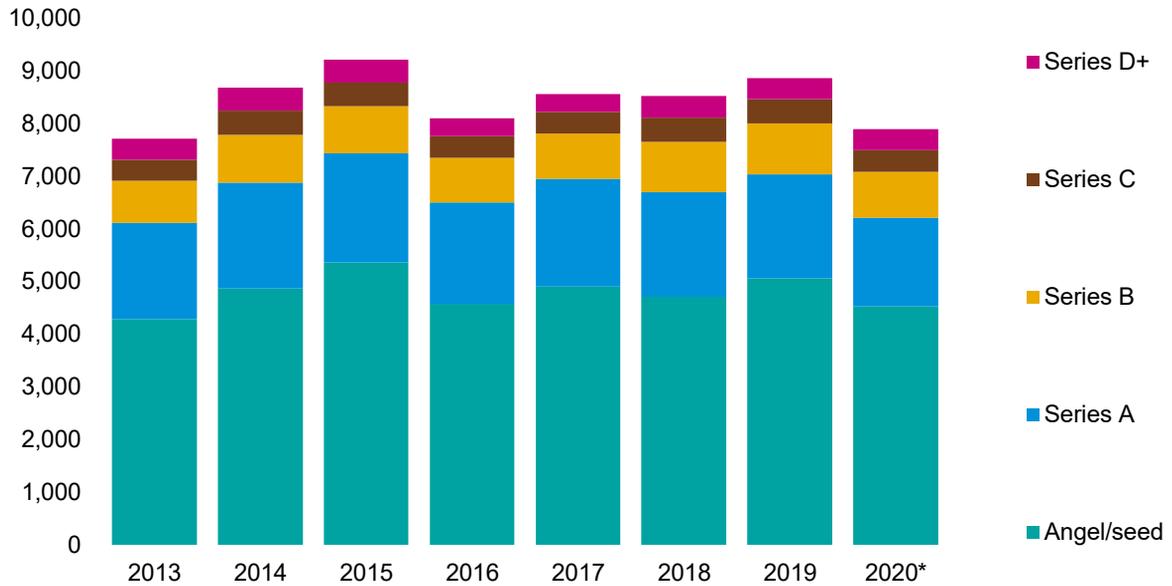


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.
Note: Figures rounded in some cases for legibility.

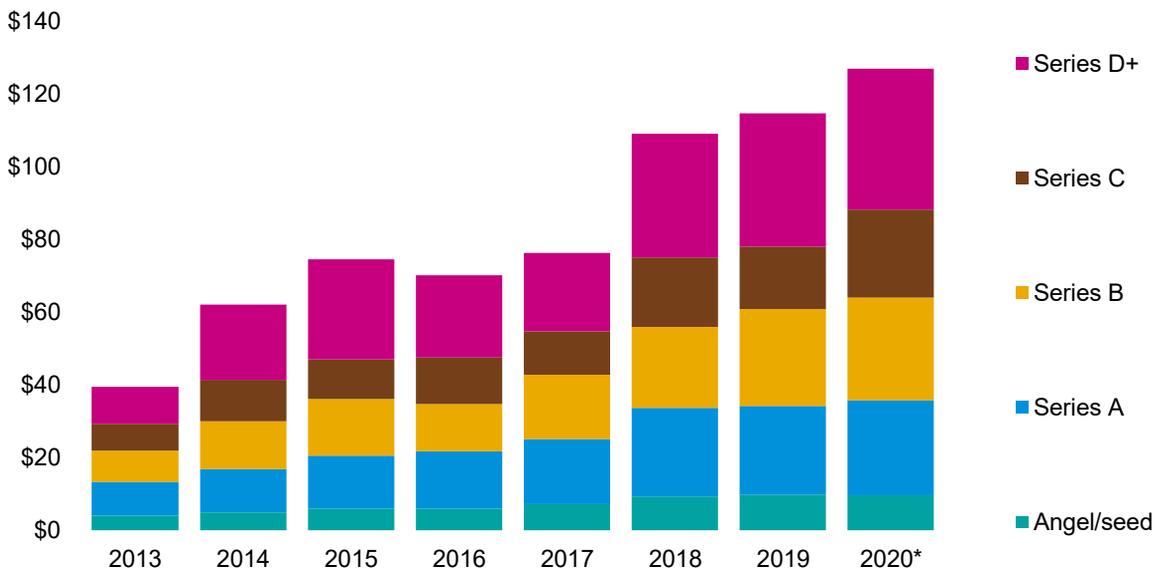
2020 closed out with record valuations, indicating VCs focused on the longer term and in safer prospects due to company maturity and sheer size throughout the year, continuing to fuel record valuations across nearly every series. Tellingly, only the seed stage saw a modest decline, hinting at the tumult throughout 2020 and the general air of caution due to the degree of unknown economic, market and political factors.

Angel & seed ended up contracting

Deal share by series in the US
2013–2020*, number of closed deals



Deal share by series in the US
2013–2020*, VC invested (\$B)

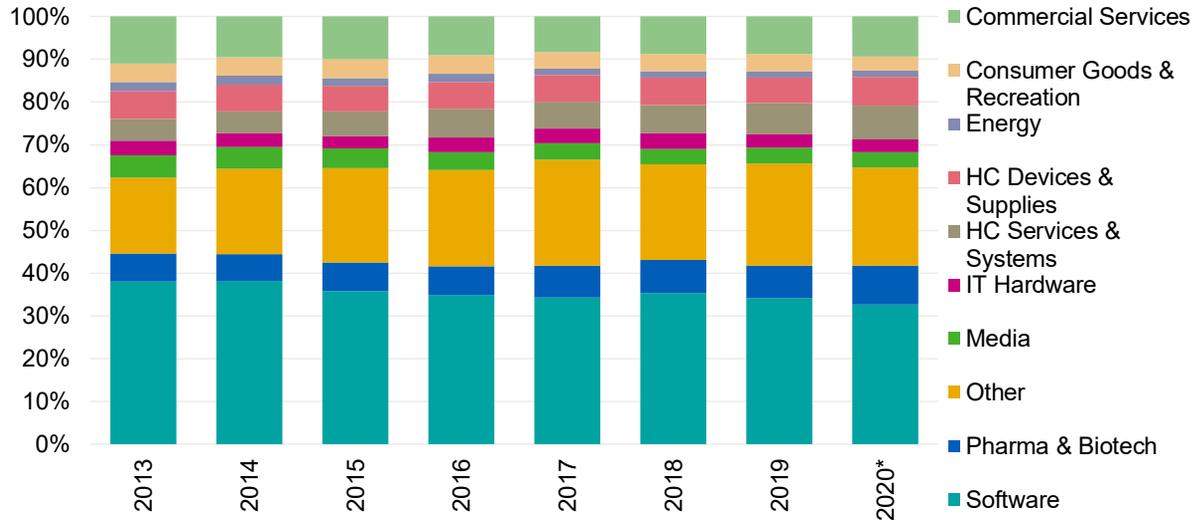


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Pharma & biotech notch a new high

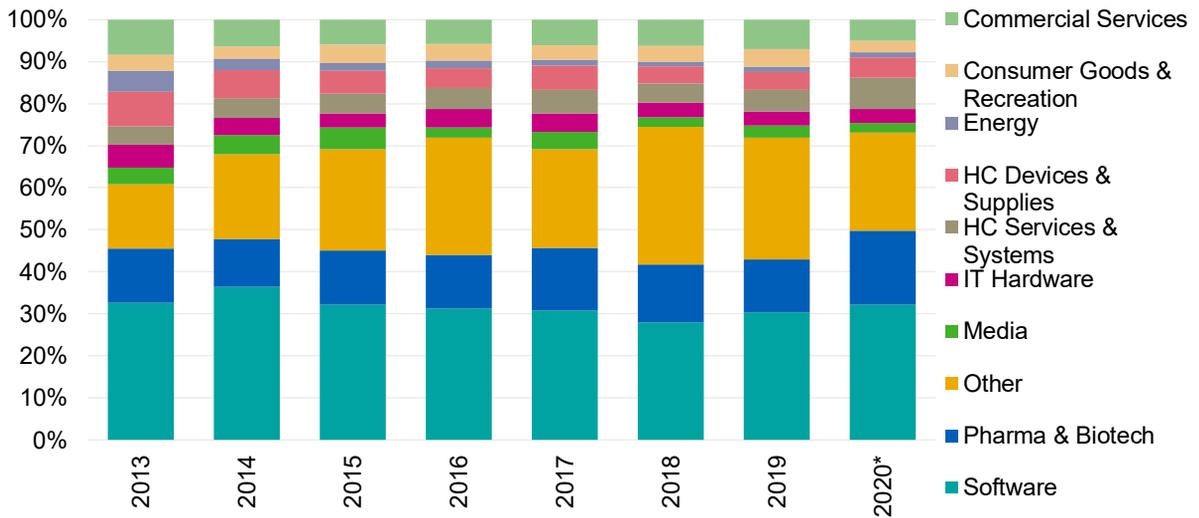
Venture financing by sector in the US

2013–2020*, number of closed deals



Venture financing by sector in the US

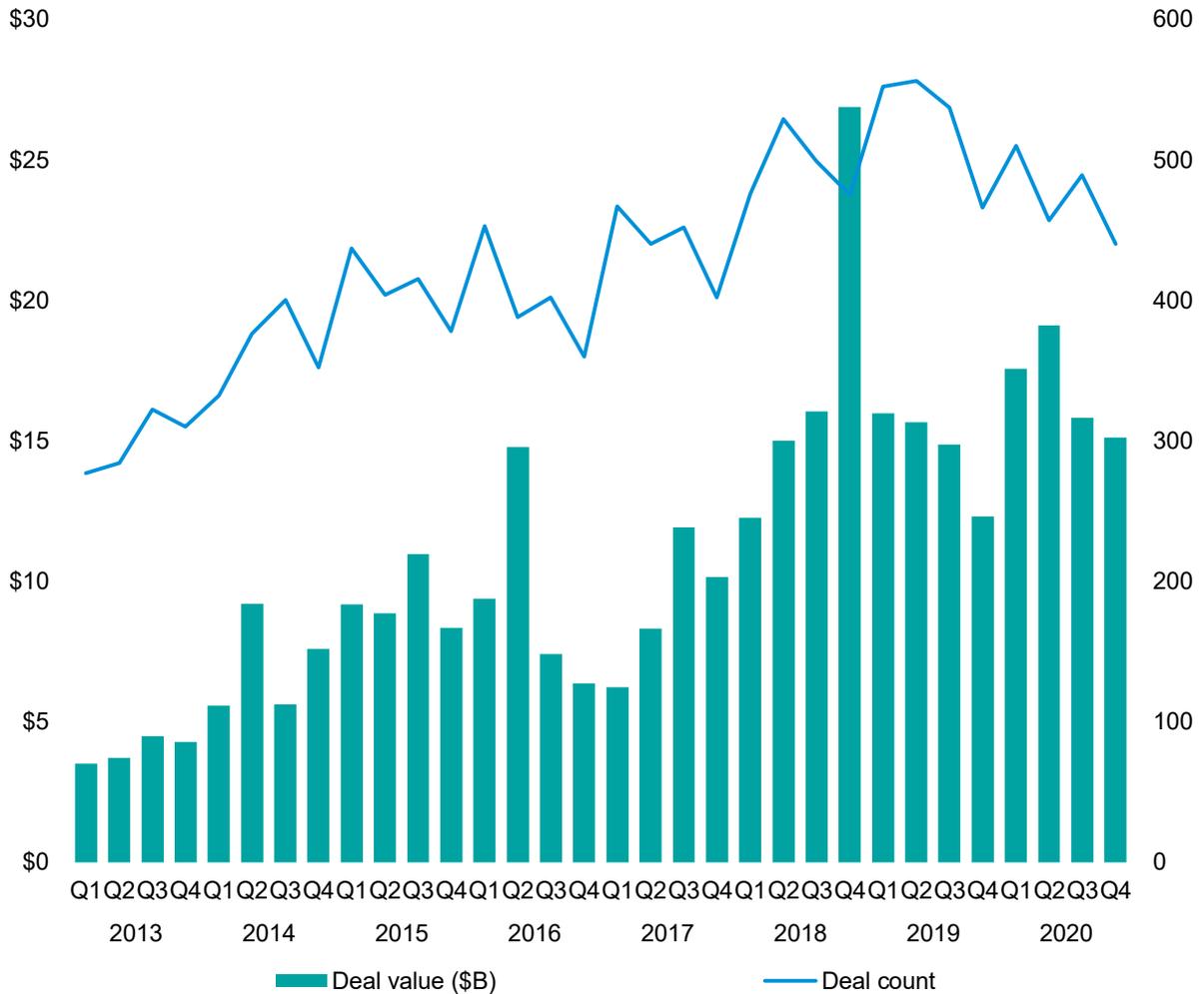
2014–2020*, VC invested (\$B)



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

CVC activity declines slightly in the US

Corporate participation in venture deals in the US 2013–Q4'20

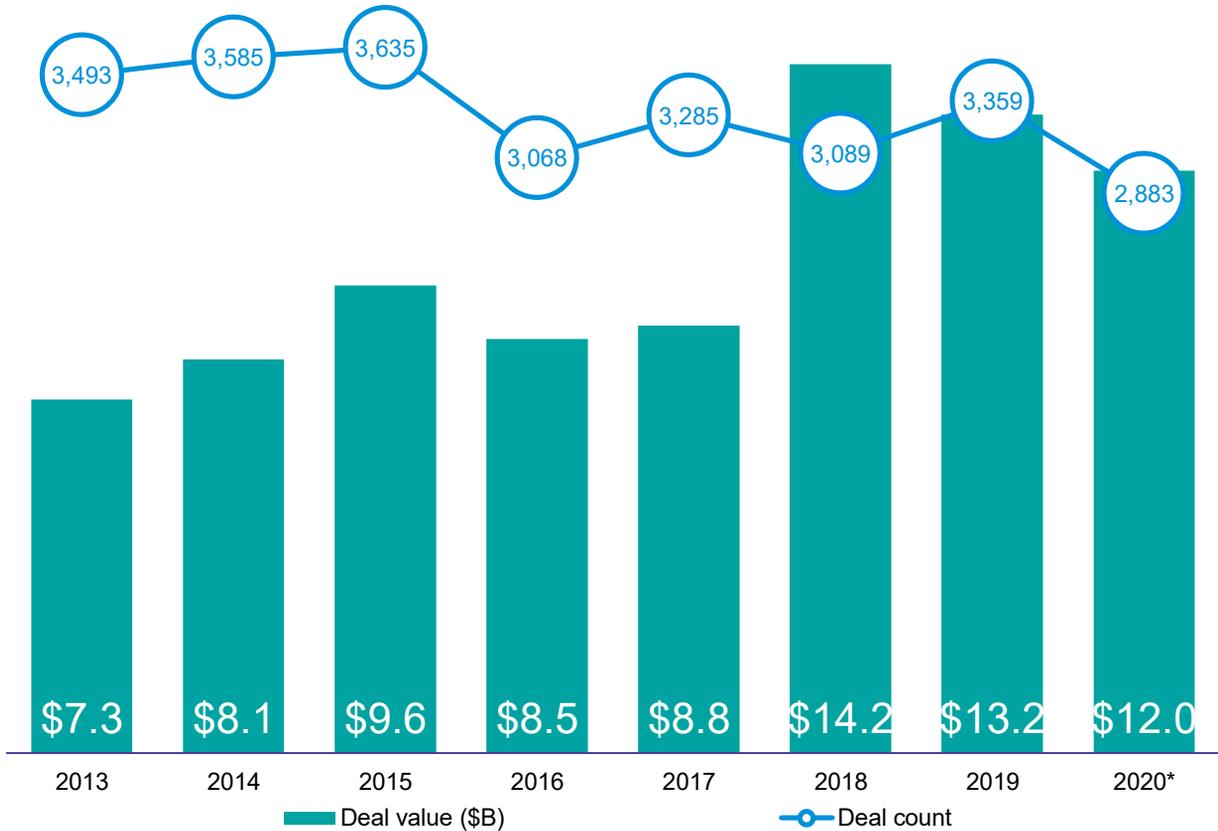


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

Rather than the usual trendline of participation percentage, to better illustrate the environment in 2020, the trendline of actual deal count in which corporate players or their venture arms participated is depicted above. Although the deal value of the rounds in which they participated stayed quite high by historical standards, volume slid slightly in a choppy fashion throughout 2020, to culminate at still-strong levels. It is likeliest that CVCs stay involved at a high level, and such choppyness was more due to quirks of timing than anything else.

First-time VC stays strong as volume slides

First-time venture financings of companies in the US 2013–2020*



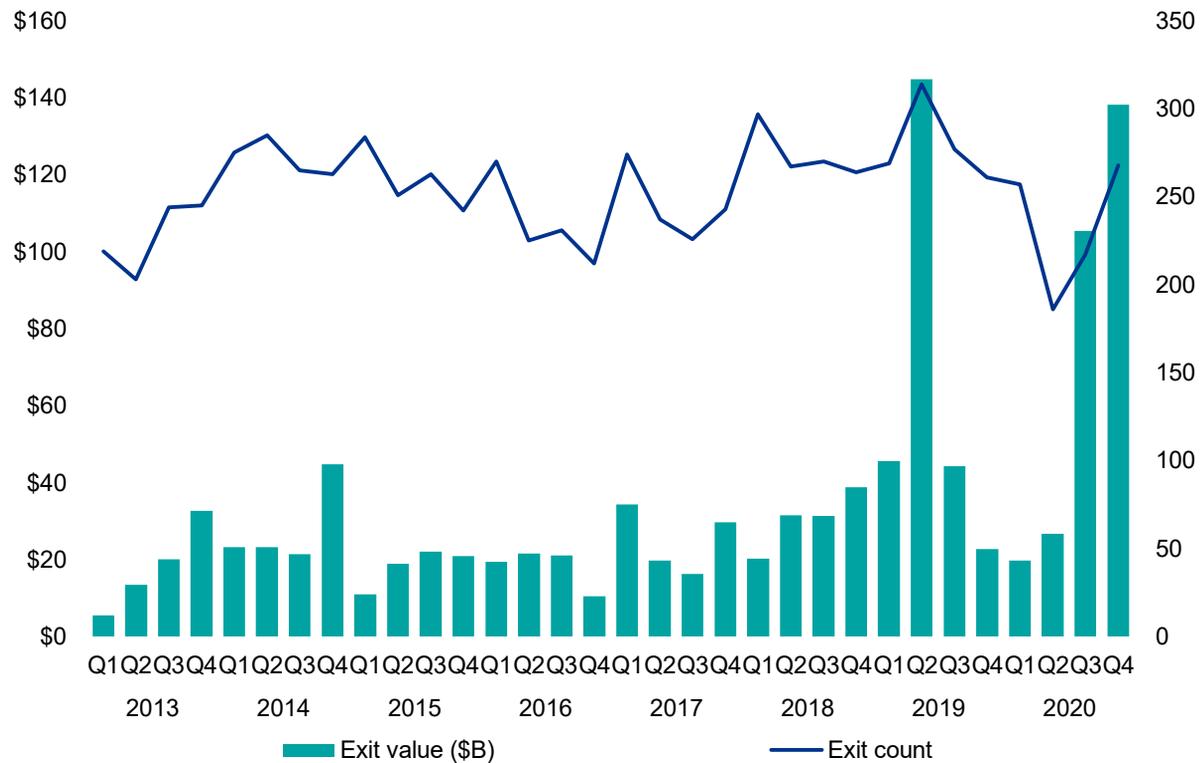
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

2018 and 2019 were both so strong in terms of first-time funding within the US that it is easy to forget that, on a historical basis, 2020 ended up actually recording very robust figures. Volume understandably declined to sheer overall uncertainty, but by and large, investors still plowed plenty of funds into new ideas and relatively youthful entities, by and large.

Exits come roaring back to near records

Venture-backed exit activity in the US

2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

After a plunge to start the year, exit volume as well as value came roaring back to a near-unprecedented degree, borne of a slew of M&A as well as huge IPOs by unicorns, at long last. It remains to be seen how much liquidity high unicorns will keep propelling, or if the record wave of SPACs formed in 2020 will actually yield a fruitful crop of M&A for venture backers, in 2021.

“Here in the US, we’ve seen unprecedented IPO activity this quarter, with Airbnb and DoorDash leading the unicorn herd to the public markets and being valued at astronomical amounts. And we have significant pent-up demand from other VC-backed companies that have been growing fast, raising private money and holding off on going public. Now those companies are looking at the success stories and thinking about the money they could raise. The IPO door is wide open and that pent up demand is likely going to lead to 2021 being another big year.”

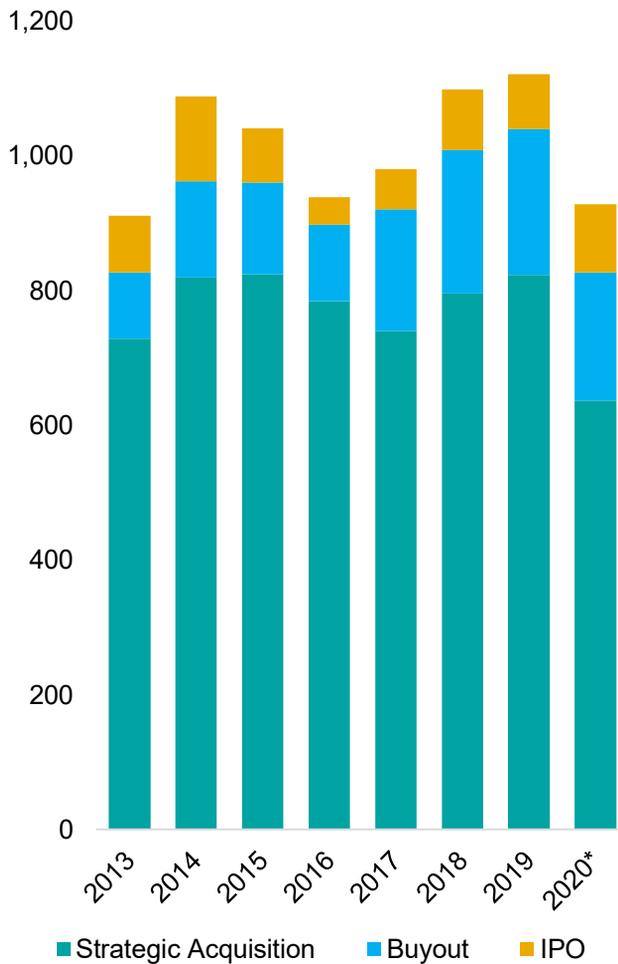


Jules Walker
Senior Director, Business Development,
KPMG in the US

IPOs set a record for exit value

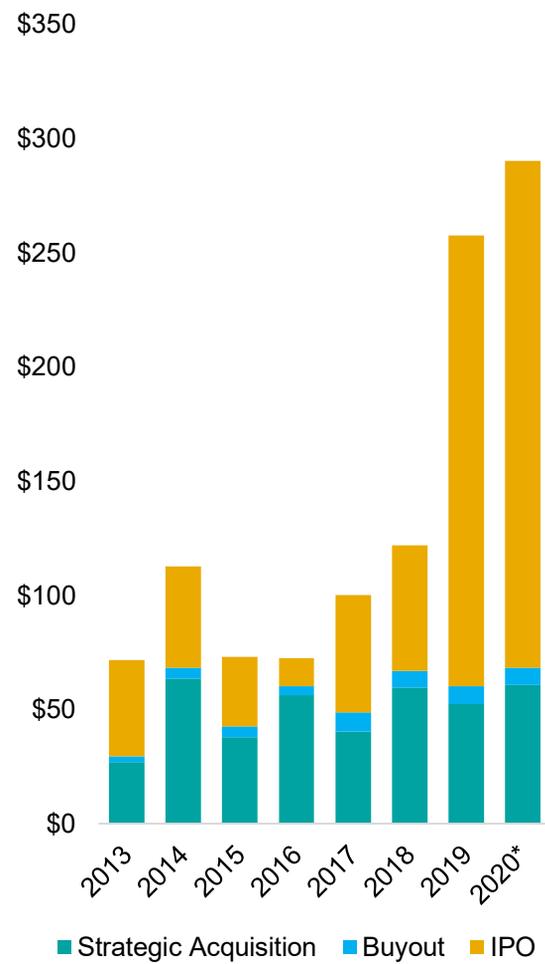
Venture-backed exit activity (#) by type in the US

2013–2020*



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

2013–2020*



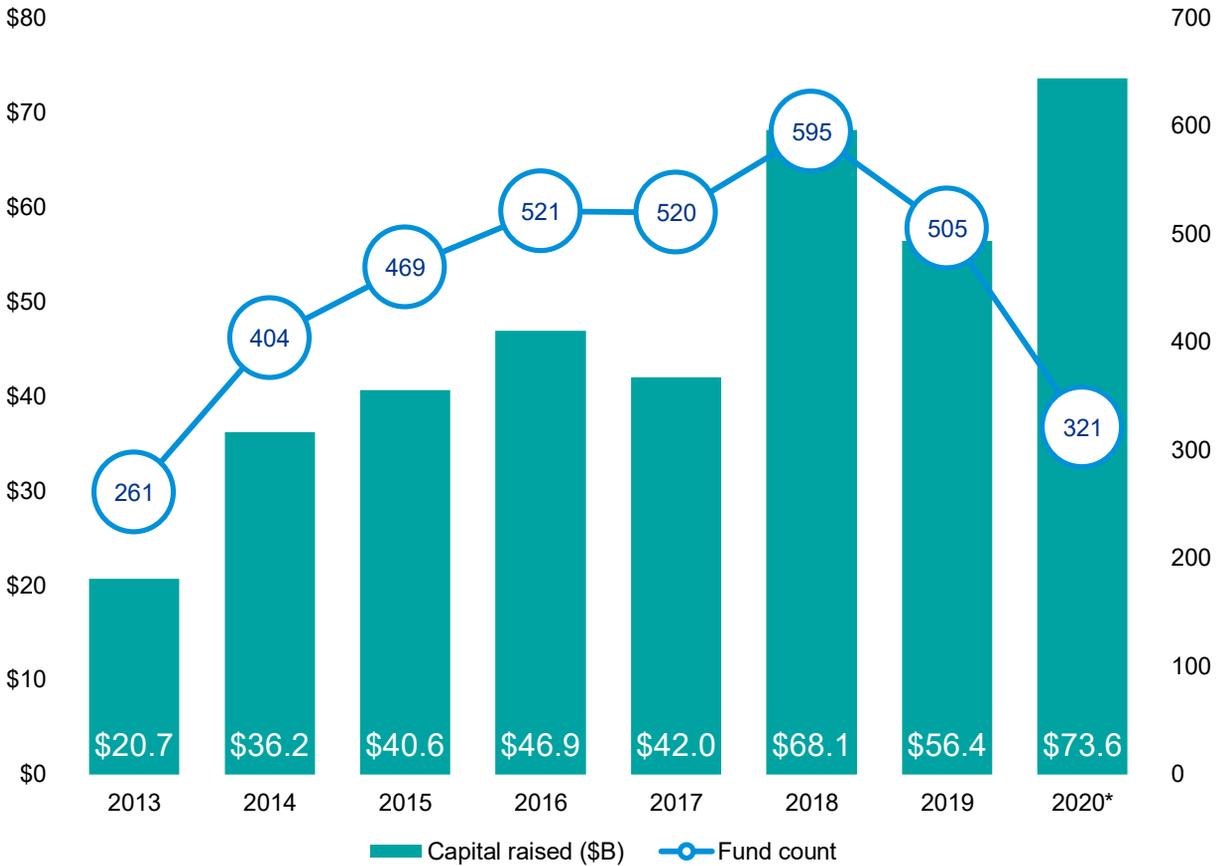
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

The bevy of unicorns that went public in 2019, whatever their later troubles, propelled exit values via that route to a new high for the decade, even outstripping Facebook's debut in 2013. Given sheer uncertainty in public markets, it was difficult to be confident in predicting that 2020 would eventually outpace that year, but 2020 ended up once again proving surprising to a significant degree, and saw a new high for IPOs borne on the surge of public markets to record highs.

2020 sets a record

US venture fundraising

2013–2020*

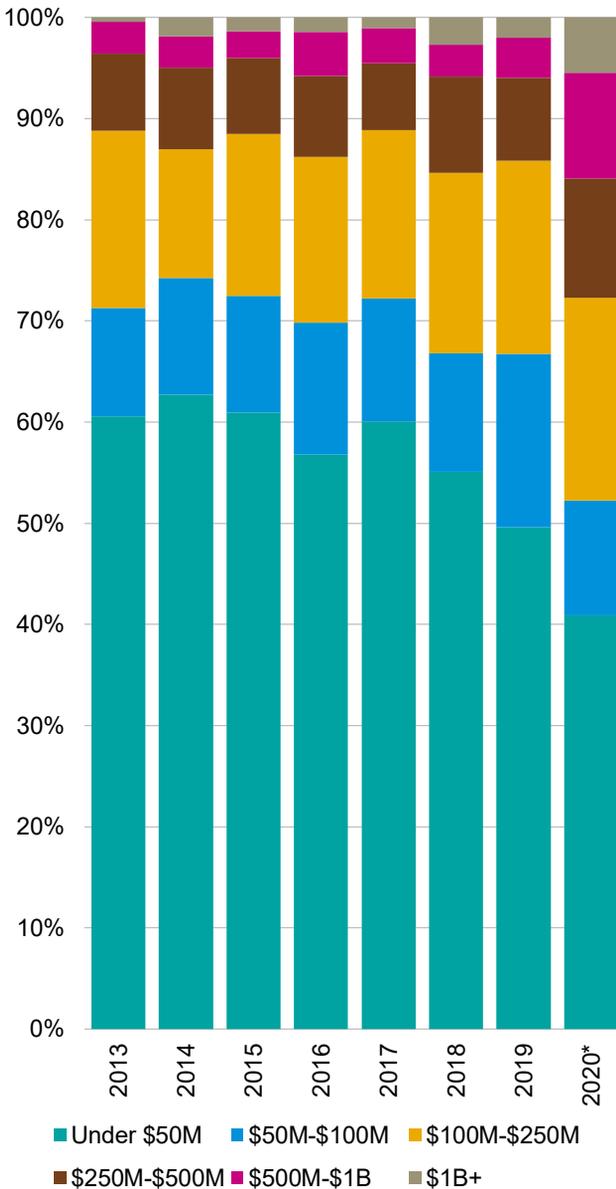


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

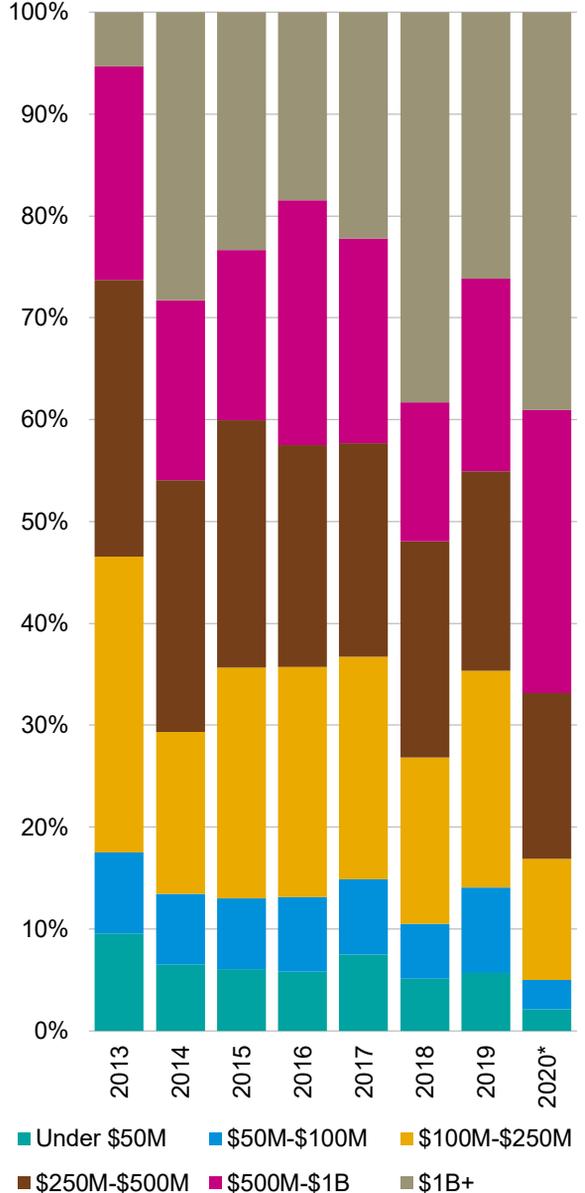
After a record haul in terms of dollars committed and volume in the past two years, one would think venture firms may let up the pace of fundraising. However, 2020 ended up with a truly mammoth \$73.6 billion committed to US-based venture funds, even as the volume of fundraising fell to the lowest level since 2013. Of course, such a trend indicates the presence of mega-funds. 14 funds alone in the US closed on \$1 billion or more, raised by the likes of Lightspeed Venture Partners, New Enterprise Associates, Battery Ventures and other prominent VCs.

Fundraising skews bigger in era of caution

Venture fundraising (#) by size in the US
2013–2020*



Venture fundraising (\$B) by size in the US
2013–2020*

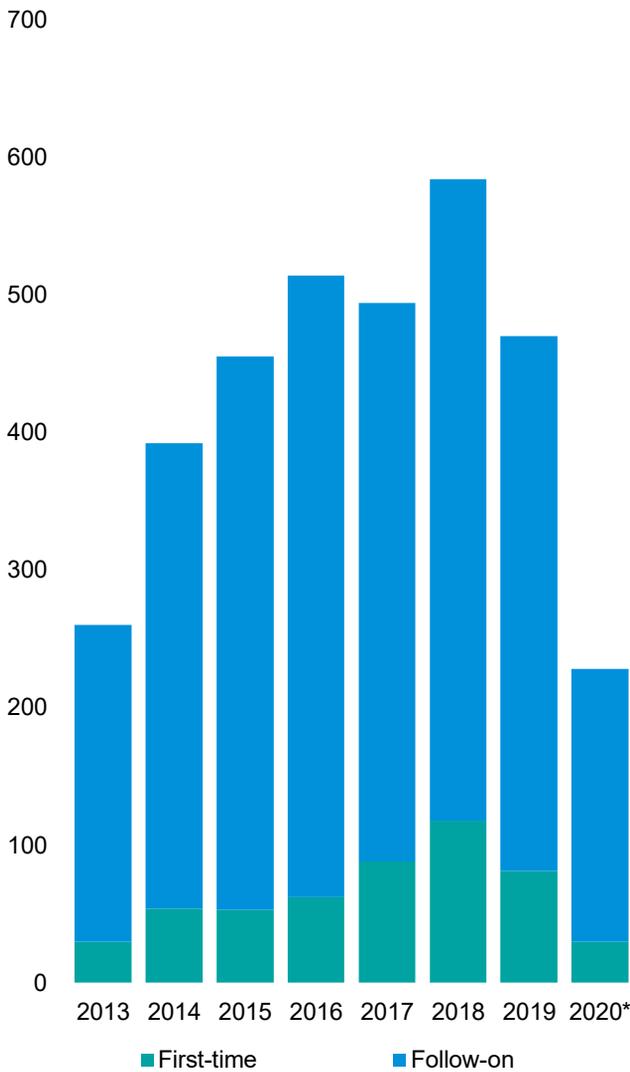


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

In US, follow-on fundraising predominates

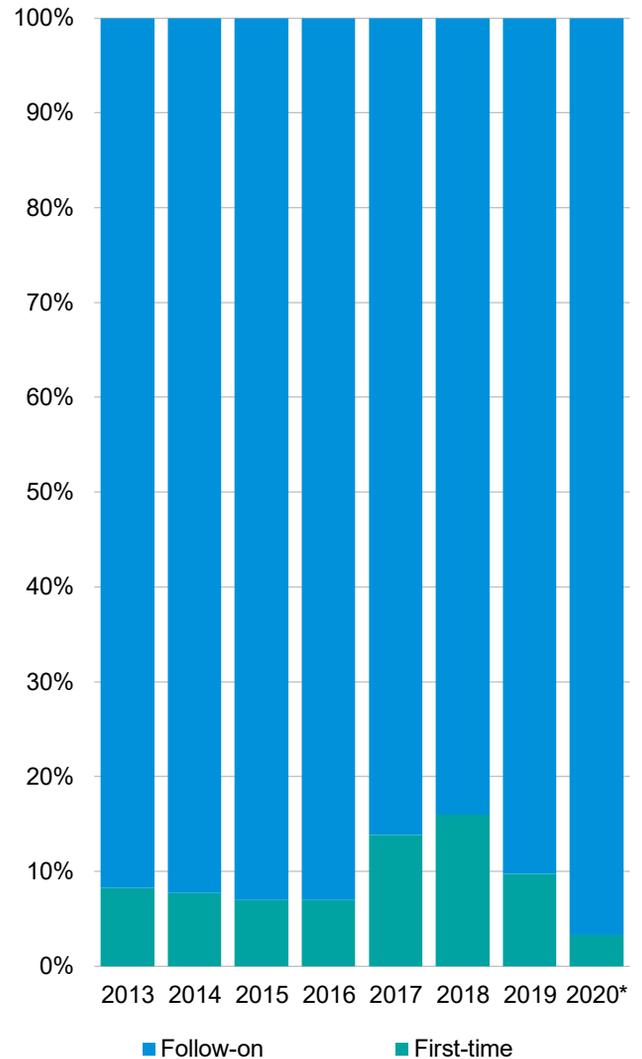
First-time vs. follow-on funds (#) in the US

2013–2020*



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

2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.



Private Enterprise



Global



US



Americas



Europe



Asia



*In Q4'20 VC-backed
companies in the
Americas raised*

\$41.0B

across

2,725 deals



Robust VC investment in the Americas in Q4'20

VC investment in the Americas was relatively robust in Q4'20, driven primarily by activity in the US, where Resilience, Robinhood, Chime, Relativity Space, and Nuro all raised \$500 million+ funding rounds. Quarterly VC investment in Canada remained steady compared to historical norms, while investment in Latin America was driven primarily by Mexico-based Kavak's \$397 million raise in October and a \$255 million funding round by Brazil-based Credits in December¹².



Corporate venture capital investment remains high as competitiveness becomes critical

Corporate VC related investment in the Americas grew from \$64 billion in 2019 to \$71 billion in 2020, an amount just shy of the record \$72 billion seen in 2018. As the importance of digital channels and solutions skyrocketed due to the impact of COVID-19 across the region, many corporates were forced to rapidly accelerate their digital transformation agendas in order to remain competitive. Given the importance of speed to market, many corporates were driven to invest in startups with relevant technologies already in play that could help them move forward more quickly than they could otherwise move.



Fintech attracting significant VC investment across the Americas

Across the Americas, fintech continued to be one of the most attractive areas for investment. While fintech has been a critical area of investment for a number of quarters, the global pandemic has increased interest in the sector even further given the increases in e-commerce and the growing demand for touchless and digital payment options.

During Q4'20, a number of US-based companies raised sizeable funding rounds, including Robinhood (\$668 million), Chime (\$533 million) and Hippo Insurance (\$350 million), while Brazil-based Credits raised \$255 million and Canada-based Wealthsimple raised \$86 million. In Latin America, payments and lending continued to be the most prominent areas of fintech investment during Q4'20, while in the US and Canada VC investors were attracted to a broader range of fintech subsectors, including insurtech and wealthtech.



Increasing geographic diversity of innovation ecosystems across the Americas

While Silicon Valley continued to drive a large percent of VC investment in the Americas, regional innovation ecosystems continued to gain traction across the Americas during 2020. For example, the birth of new unicorns in both Mexico (Kavak) and Brazil (Credits) during Q4'20 highlight the growing maturity of the innovation ecosystems in Latin America. At the same time, the pandemic has driven some startups to recognize that their employees do not always need to be based in a single location in order to be productive. This could lead to companies acquiring talent from well outside of traditional innovation hubs – where talent shortages and talent wars are the norm.

¹²<https://www.yahoo.com/now/softbank-backed-credits-reaches-1-141502350.html>

Robust VC investment in the Americas in Q4'20, cont'd.



VC investment in Canada remains steady in Q4'20

VC investment in Canada remained steady in Q4'20, led by an \$86 million raise by Wealthsimple. While numerous companies across Canada have been hit hard by the pandemic, including live entertainment companies, restaurants, and hotels, many technology companies have seen the exact opposite impact — increasing interest and booming sales and revenues. In particular, B2B solutions have seen significant demand in Canada as a wide range of businesses looked for ways to connect their workforce and to provide or enhance their online sales and digital service channels. From a sector perspective, fintech gained a lot of traction over the past few quarters in Canada as both consumers and businesses looked for ways to avoid handling cash. This led to increasing interest in digital payments models, payments processors, and other related fintech offerings.

The M&A space in Canada was quite active in Q4'20, in part driven by corporates looking for tuck-in opportunities in order to take advantage of existing technologies. The rapid acceleration of digital trends and the need for companies to find quicker options than in-house R&D is expected to keep deals activity strong heading into 2021.



Fintech continues to drive VC investment in Brazil

Over the course of 2020, Brazil continued to attract significant attention, both from international investors like Softbank and domestically. Compared to historical norms, Brazil's interest rates were very low during 2020, helping to drive both VC investment and its second biggest year for IPO exits next to 2008.

Fintech continued to be Brazil's hottest sector of investment; during Q4'20, Brazil-based consumer loan company Credits raised \$255 million in Q4'20, making it the country's newest fintech unicorn with a valuation of \$1.75 billion¹³. E-commerce platforms and delivery and logistics companies were also seen as key areas of interest to investors. Interestingly, competition in Brazil is also heating up between e-commerce companies and banks — with banks looking to buy e-commerce platforms in order to become marketplaces and e-commerce platforms looking to buy banks.



Mexico sees first tech-based unicorn company

VC investment in Mexico rose significantly in Q4'20, driven primarily by a \$397 million raise by used car sales platform Kavak. The funding round propelled the company to a \$1.15 billion valuation, making it Mexico's first tech unicorn¹⁴.



Trends to watch for in the Americas

VC investment in the Americas is expected to remain robust heading into Q1'21. In the US, both VC investors and startups will be watching carefully as the administration changes as it will likely signal a shift in priorities. Across the Americas, fintech is expected to remain a very hot area of investment, in addition to delivery and logistics and B2B services.

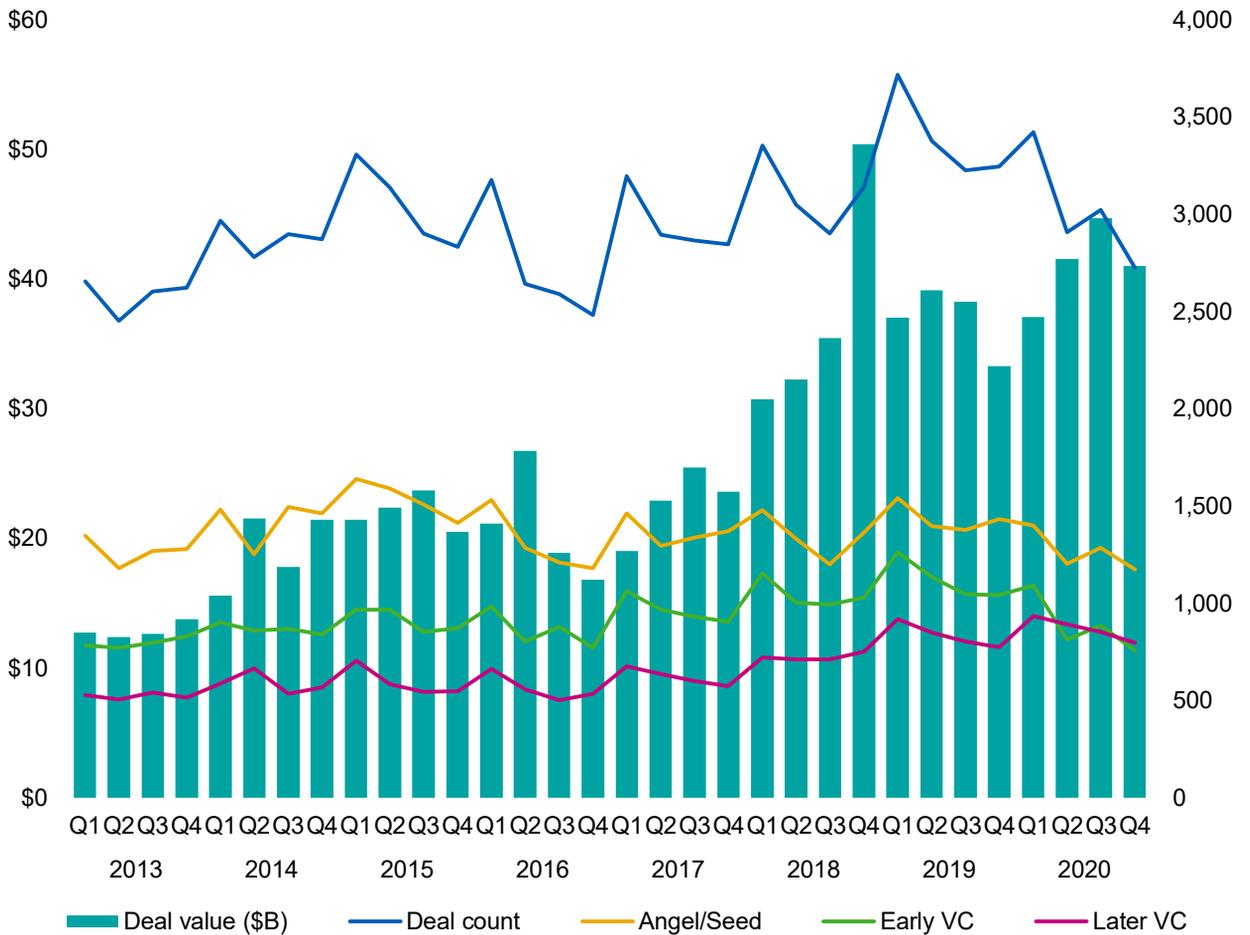
¹³<https://www.forbes.com/sites/angelicamarideoliveira/2020/12/23/with-open-banking-on-the-horizon-brazils-new-unicorn-credits-eyes-further-growth/?sh=3b0bf70b7729>

¹⁴<https://www.reuters.com/article/us-mexico-kavak-idUSKBN26M4KB>

Funding pulls off record stretch

Venture financing in the Americas

2013–Q4'20



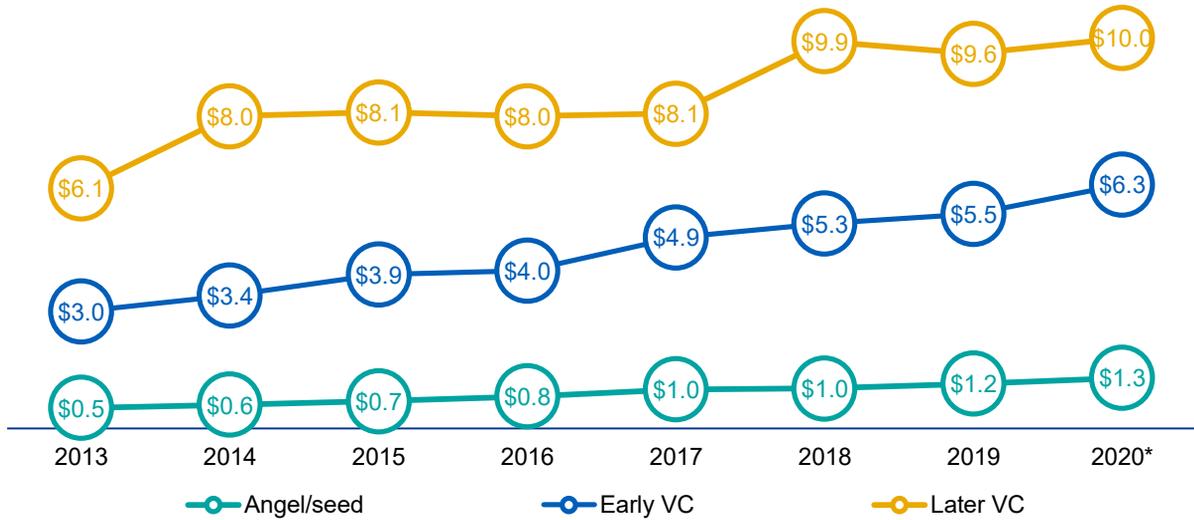
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

As has been stated in previous editions of the Venture Pulse, inevitable lags in private markets data collection or clarification can result in penultimate quarter tallies of volume adjusting upward. Given that, plus the record three-quarter stretch of funding, primarily in the US, the Americas saw more-than-robust funding levels throughout 2020 despite the sheer degree of tumult throughout the year.

Metrics hold steady, by and large

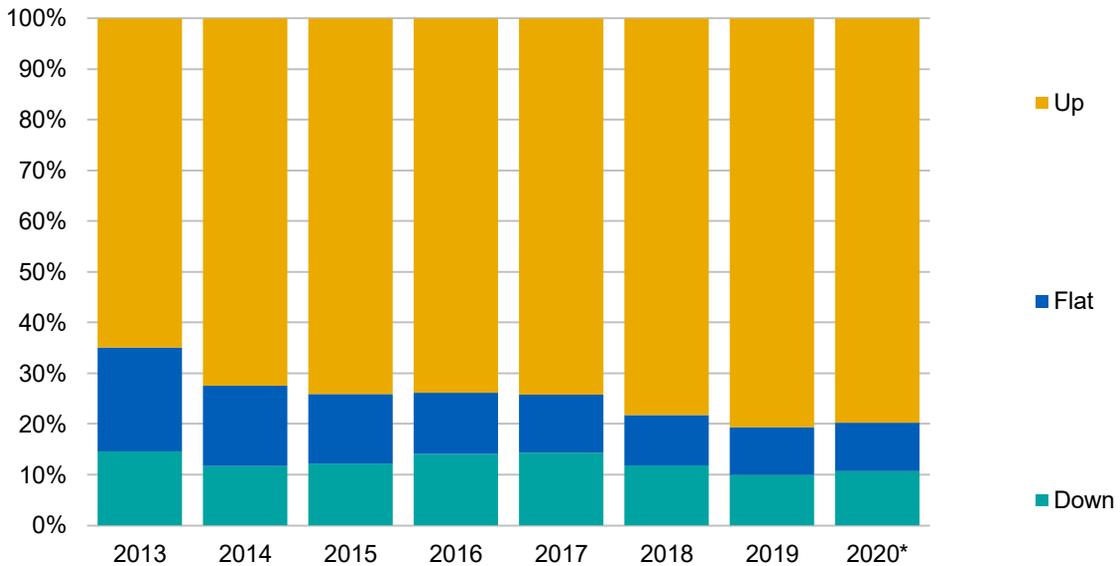
Median deal size (\$M) by stage in the Americas

2013–2020*



Up, flat or down rounds in the Americas

2013–2020*

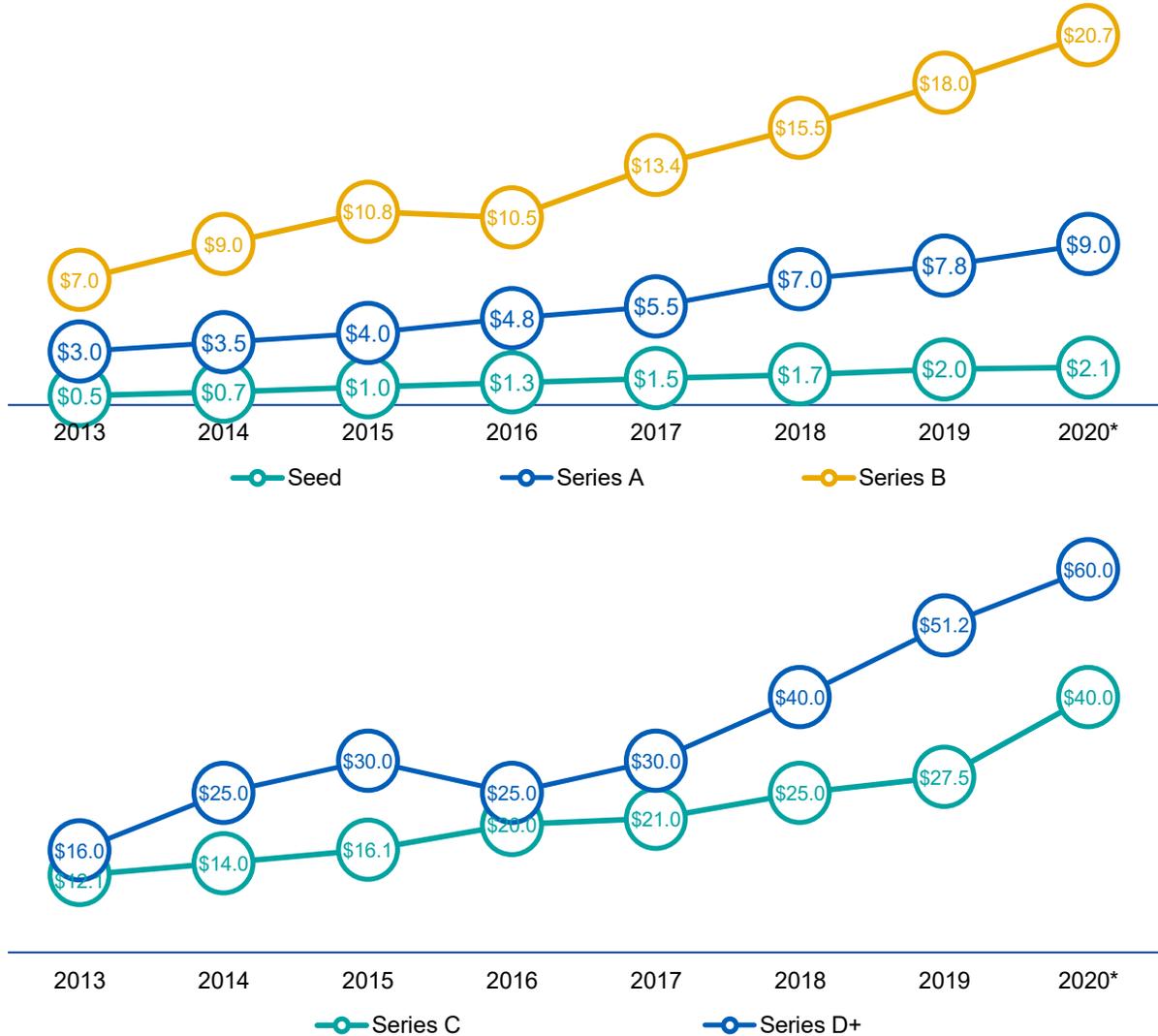


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Continued rises to set new highs for 2020

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

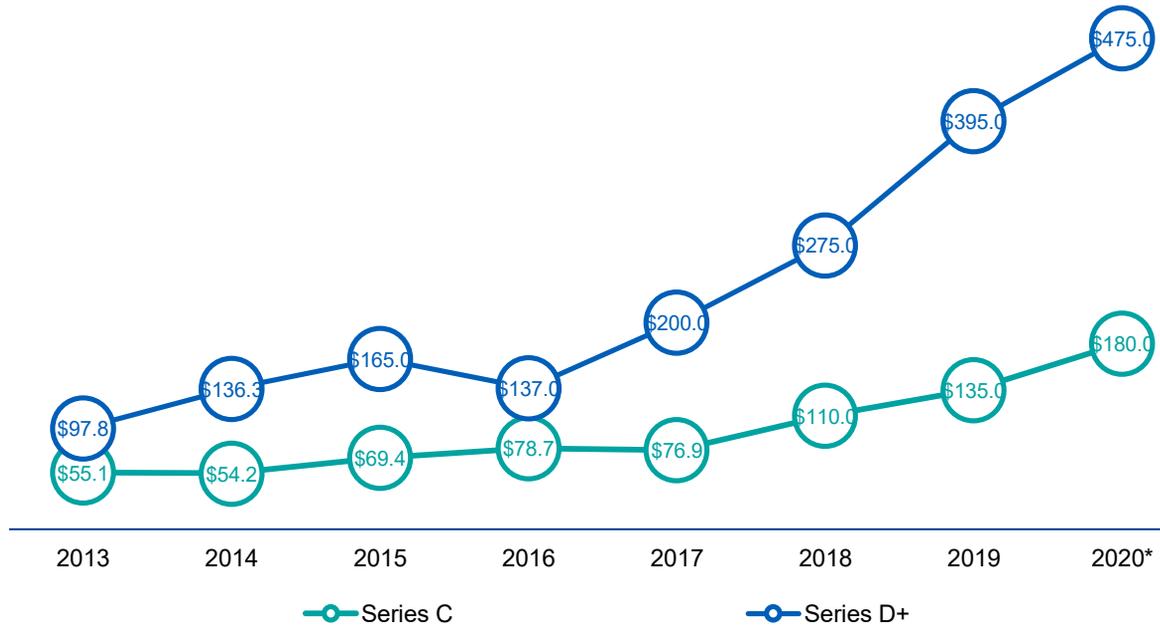
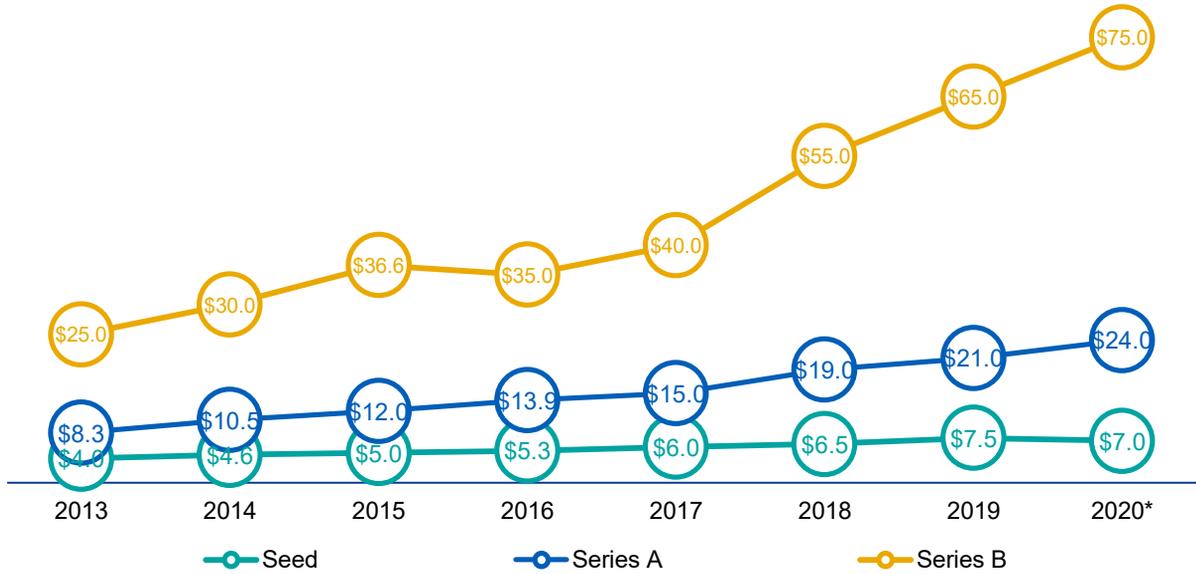
2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

2020 records stay intact with final data

Median pre-money valuation (\$M) by series in the Americas 2013–2020*

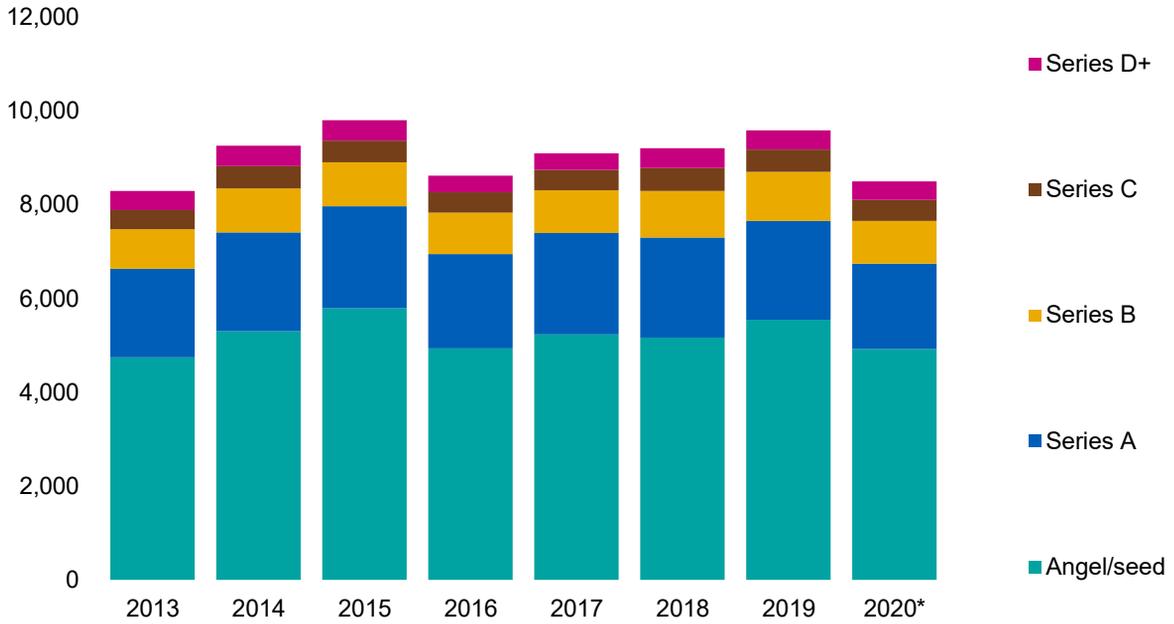


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Late-stage volume grows to record proportions

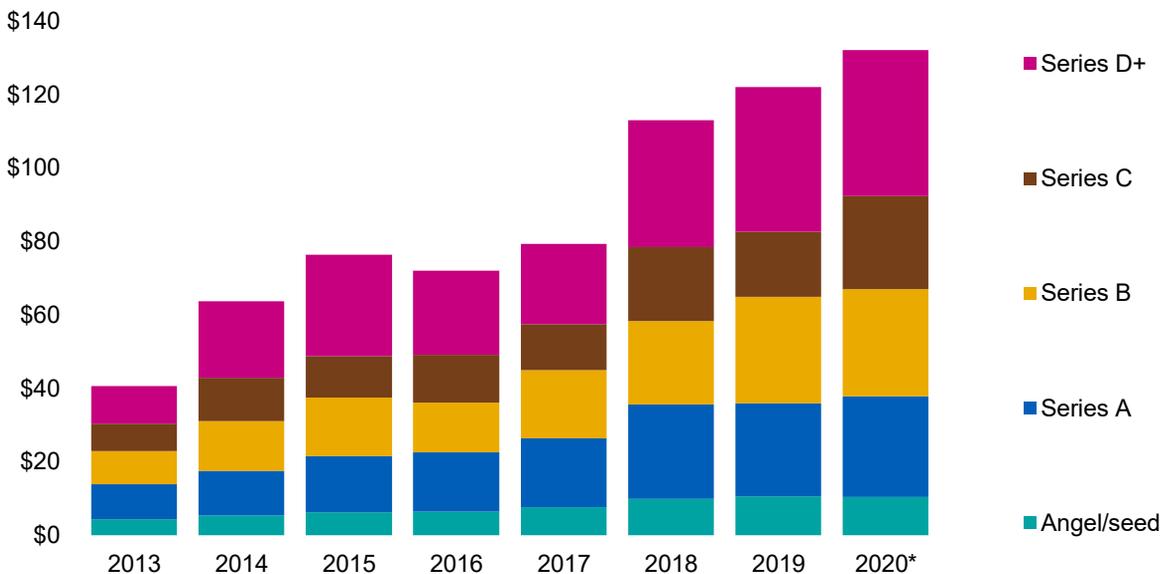
Deal share by series in the Americas

2013–2020*, number of closed deals



Deal share by series in the Americas

2013–2020*, VC invested (\$B)

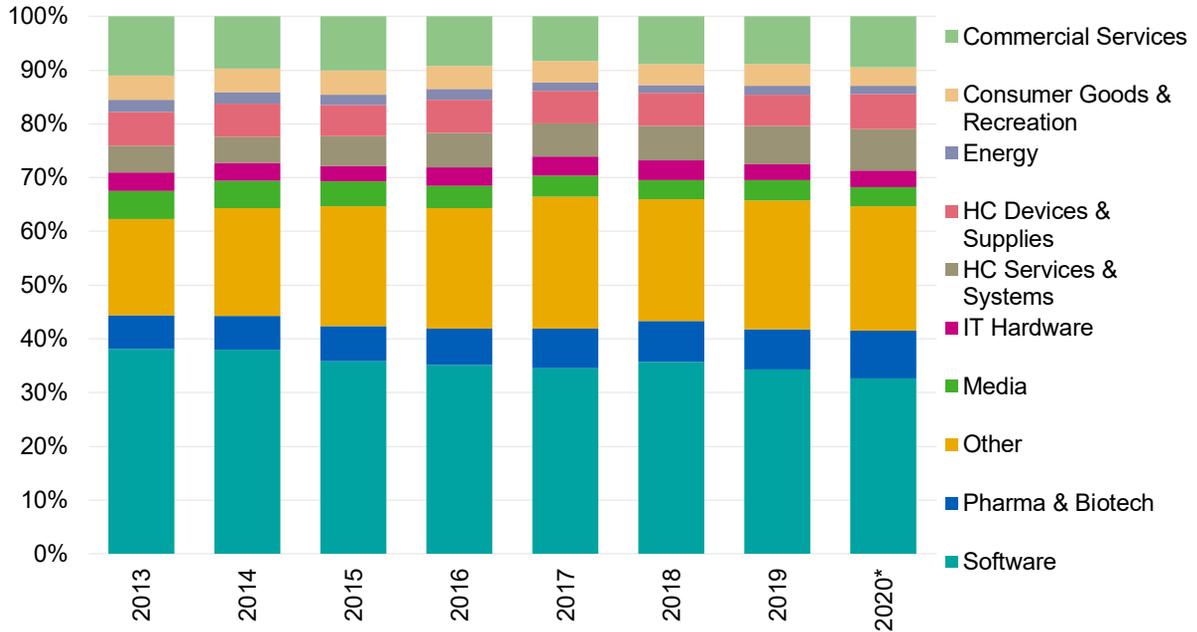


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Pharma & biotech plus healthcare hit highs

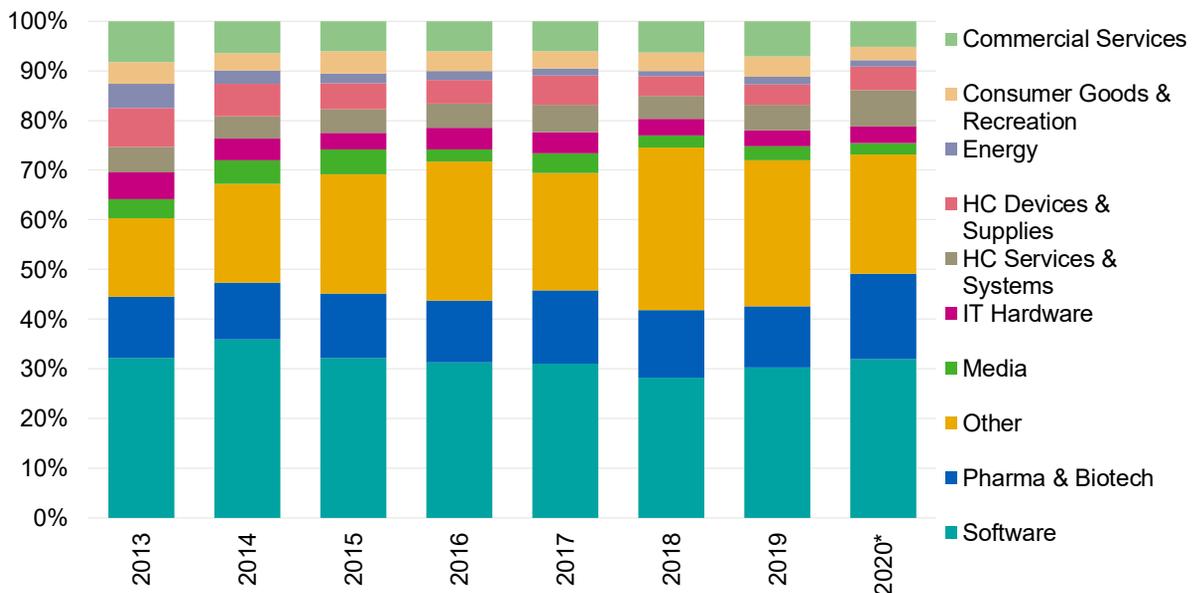
Venture financing of VC-backed companies by sector in the Americas

2013–2020*, # of closed deals



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

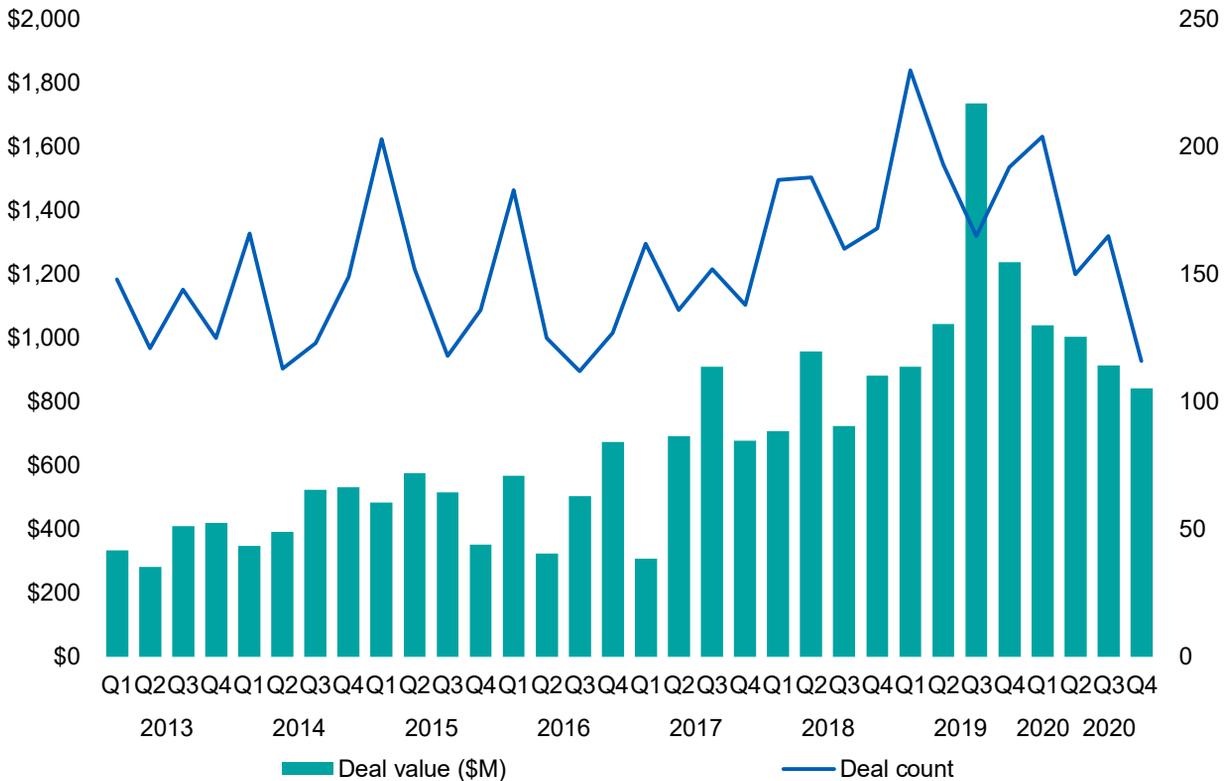
2013–2020*, VC invested (\$B)



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

The rate of decline sharpens to close the year

Venture financing in Canada 2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

The back half of 2019 set records in terms of VC invested for the Canadian startup ecosystem, with several late-stage fundings helping significantly. The first half of 2020 saw significant choppiness in quarterly results, although with the final tallies from Q4 2020 it is clear the year was set for a decline in volume. Granted, volume may be marginally adjusted upward when undisclosed financings finally come to light, but more immediately heartening findings are that VC invested has stayed relatively strong overall, signifying a slowing but ongoing stream of VC to keep funding Canadian startups throughout the year.

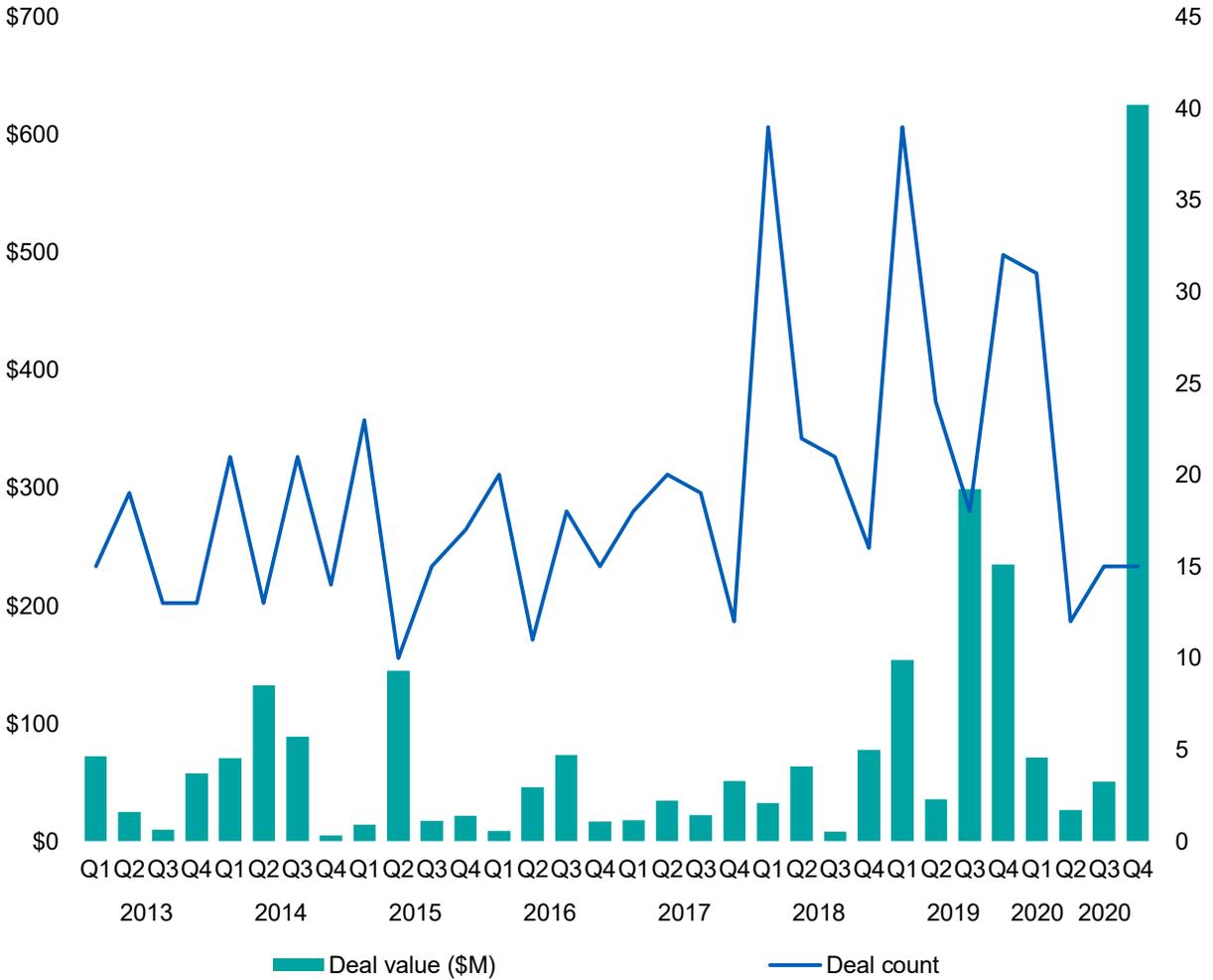
“We’re starting to see the light at the end of the tunnel here in Canada. Investors are starting to look not only at companies that have done well through the pandemic. They are also starting to think that if a majority of the vaccines are distributed by half-way through 2021, what companies, industries, and sectors will be well positioned for a comeback.”



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

Record mega-deal sends VC tally surging

Venture financing in Mexico 2013–Q4'20

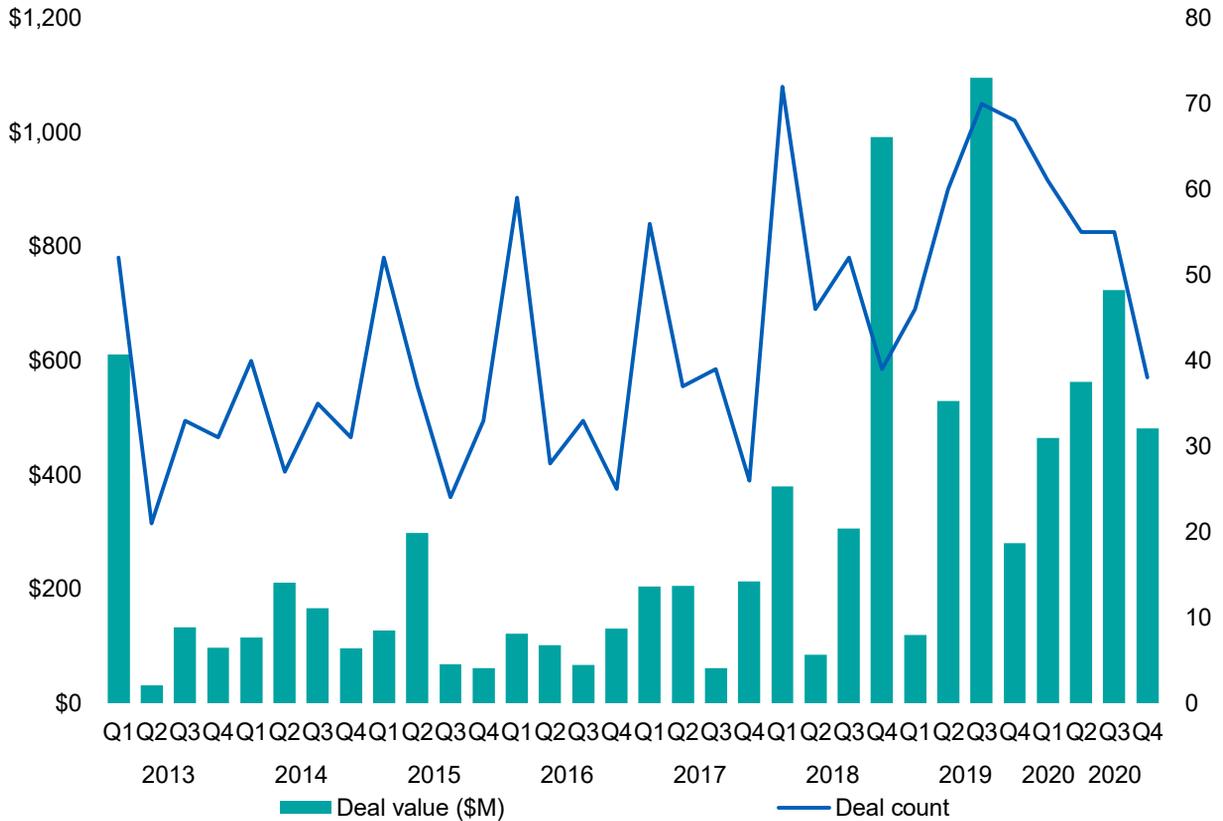


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

The past variability in the flow of venture funding in the Mexican ecosystem makes it difficult for any clear trend to emerge, and the mega-financing of car trading platform Kavak, to the tune of \$397.2 million in October 2020, only further accentuates variability. That said, the occurrence of such a funding could bode well if in small fashion for future ventures started up by veterans of that company or other founders taking note of their success.

Brazil sees down Q4 to close 2020

Venture financing in Brazil 2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

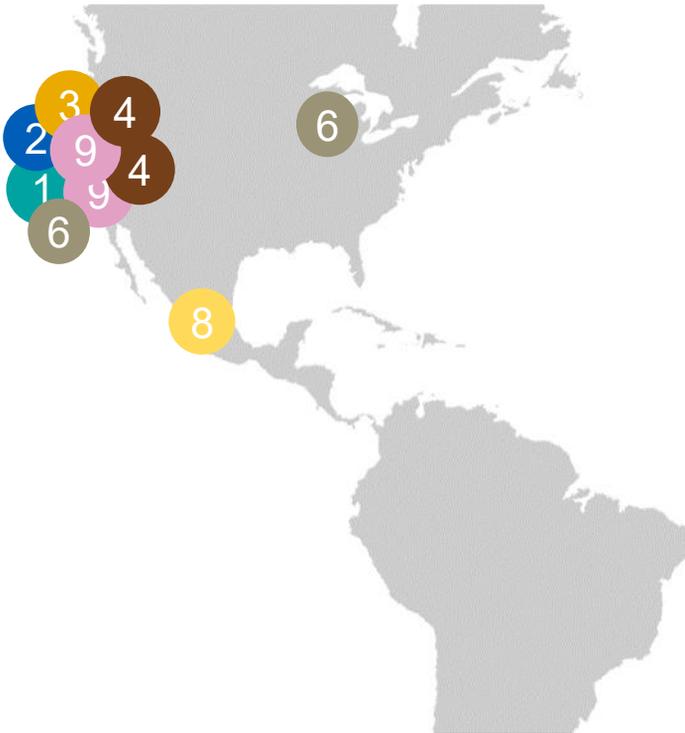
In the first half of 2020, investor caution led to a mild drop in the volume of funding, milder than observed in other nations, given the Brazilian ecosystem’s strengths have been in consumer finance and ongoing digitization of tools for small to mid-sized businesses, it stands to reason that businesses benefiting from any lockdowns or customer caution pushing the flow of commerce online would keep attracting funding. However, Q4 saw a highly probable downturn to close 2020 as uncertainty reigned supreme.

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



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

Investors keep plying unicorns with VC



Top 10 financings in Q4'20 in Americas

- | | |
|--|--|
| <p>1 Resilience — \$725M, San Diego
Pharmaceuticals
<i>Series B</i></p> | <p>6 Swell (Energy Storage) — \$450M, Santa Monica
Energy storage
<i>Late-stage VC</i></p> |
| <p>2 Robinhood — \$668.3M, Menlo Park
Fintech
<i>Series G</i></p> | <p>6 Tempus Labs — \$450M, Chicago
Healthcare technology systems
<i>Series G</i></p> |
| <p>3 Chime — \$533.8M, San Francisco
Fintech
<i>Series F</i></p> | <p>8 Kavak — \$397.2M, Lerma de Villada
Automotive
<i>Early-stage VC</i></p> |
| <p>4 Relativity Space — \$500M, Long Beach
Aerospace & defense
<i>Series D</i></p> | <p>9 TuSimple — \$350M, San Diego
Transportation
<i>Series E</i></p> |
| <p>4 Nuro — \$500M, Mountain View
Transportation
<i>Series C</i></p> | <p>9 Hippo Insurance — \$350M, Palo Alto
Insurtech
<i>Late-stage VC</i></p> |

Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.



Private Enterprise



Global



US



Americas



Europe



Asia



In Q4'20 European VC-backed companies raised

\$14.3B

across

1,192 deals



Annual VC investment in Europe shatters previous high

VC investment in Europe rose to a record \$49 billion in 2020, soaring past 2019's previous high of \$42 billion despite a significant drop in deal volume. Q4'20 was also very robust in Europe, driven in part by a strong rebound in UK investment; the UK accounted for six of the region's top deals during the quarter, including LumiraDx (\$389 million), Molo (\$343 million), Cazoo (\$310 million, One Trust (\$300 million), Graphcore (\$222 million), and Trinny London (\$192 million).

Others in Europe also attracted \$100 million+ rounds, including France (Ynsect — \$372 million), Germany (TIER Mobility — \$248 million), the Netherlands (MessageBird: \$200 million), Ireland (Amarenco — \$190 million), and Israel (Cato Networks: \$130 million). While the number of VC deals in Europe dropped for the third straight quarter, the average size of deals continued to increase.



Numerous European jurisdictions see record levels of VC investment in 2020

The surge to a record level of VC investment in Europe during 2020 was driven by record-breaking levels of annual VC investment in numerous jurisdictions, including the UK (\$15.3 billion), Germany (\$7.1 billion), France (\$6.3 billion), the Nordic region (\$5.7 billion), and Israel (\$5 billion).

While mature innovation centers like the UK, Germany, and Israel attracted many of the largest deals in Q4'20, the growing size of VC deals in locations like France are a testament to the rapid growth of other innovation ecosystems. France saw particular success in the agriculture and foodtech space during Q4'20, with Ynsect raising \$372 million and aquaculture company InnovaFeed raising \$165 million.



Early stage companies finding it difficult to attract investment

In 2020, the amount of funding dedicated to first-time financings in Europe was weak as investors focused on their existing portfolio companies and proven bets. VC investors were likely also hesitant about making completely new investments without the opportunity to meet founders face to face. While there continued to be fierce competition for the best deals, it was very difficult for most companies looking to raise Seed and Series A funding rounds to attract investments without making major compromises. In recent months, a number of startups pulled back on funding rounds given concerns over valuations and access to potential funds — instead looking to shorter-term interim funding to keep them afloat and push their need for larger raises down the road.



VC investment in mobility speeds along

The mobility space was very attractive area to VC investors in Europe during Q4'20, as evidenced by the \$248 million raise by Germany's TIER Mobility and the \$160 million raise by Sweden-based Voi¹⁵. The importance of personal mobility has increased throughout Europe during the pandemic as consumers looked for alternative transportation options. The entire mobility space will likely continue to be of interest well into 2021.

¹⁵<https://techcrunch.com/2020/12/01/voi-the-european-micro-mobility-rental-company-raises-160m-additional-equity-and-debt-funding/>

Annual VC investment in Europe shatters previous high, cont'd.



UK moving to review IPO rules to support tech exits

In November, the UK government announced plans to review the rules around IPOs in order to make the UK more appealing to tech companies in a post-Brexit world. While IPO activity in the UK has slowed in 2020 due to the pandemic, it is expected to pick up somewhat over the next year as companies like Deliveroo consider exits.



Health and biotech gains ground in Germany

VC investment in Germany remained very strong in Q4'20, with health and biotech generating an increasing amount of interest given BioNTech's involvement with one of the first approved COVID-19 vaccines. Interest in the space has expanded quite significantly, extending into areas like physician communications, telemedicine, and edtech for physicians. During Q4'20, ATAI Life Sciences raised \$125 million for its work on innovative mental health treatments. Fintech also continued to gain steam as consumers increasingly embraced online offerings due to pandemic lockdowns.



Nordics region sees large deals as ecosystem matures

Q4'20 saw a significant level of VC investment in the Nordic region, including the \$160 million raise by Voi, a \$115 million round by digital lender Lendify, and a \$103 million round by open banking platform Tink¹⁶. Corporate investment was also high, particularly in the fintech space. Many of the region's biggest banks have been actively investing in open banking applications—applications they are now beginning to bring to market. Gaming, edtech, and healthtech also continued to attract interest from VC investors in the region.



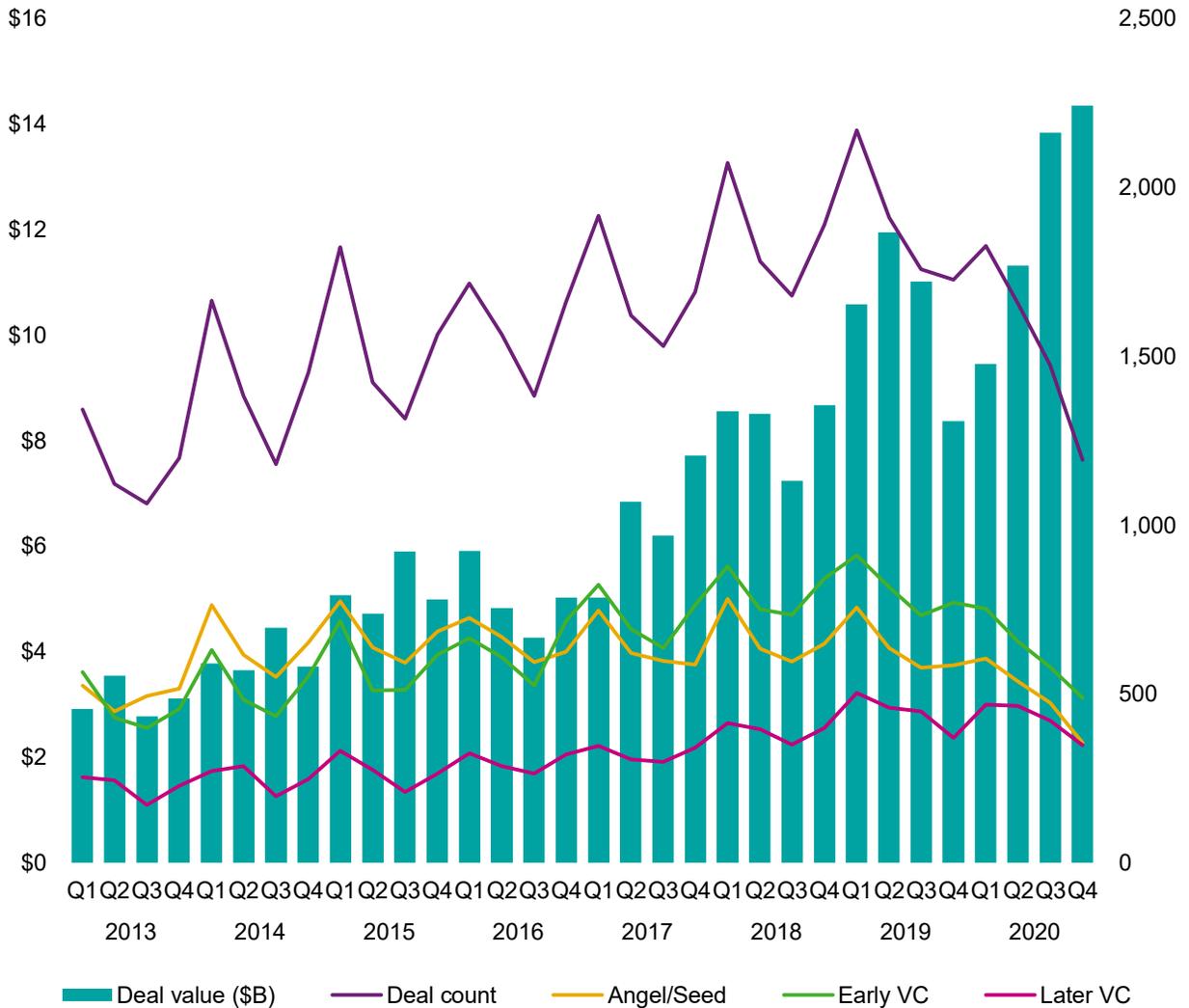
Trends to watch for in Europe

VC investment in Europe is expected to remain strong heading into Q1'21, particularly in areas like fintech, healthtech, edtech, and SaaS solutions. Cybersecurity is also expected to be a hot area of investment given the rapid acceleration of digital strategies and changing consumer behaviors. One area expected to grow on the radar of VC investors is foodtech given the increasing emphasis being put on the sustainability of the food supply and food sources across the region.

¹⁶<https://techcrunch.com/2020/12/11/swedens-tink-raises-103m-as-its-open-banking-platform-grows-to-3400-banks-and-250m-customers/>

Back-to-back record quarters

Venture financing in Europe 2013–Q4'20

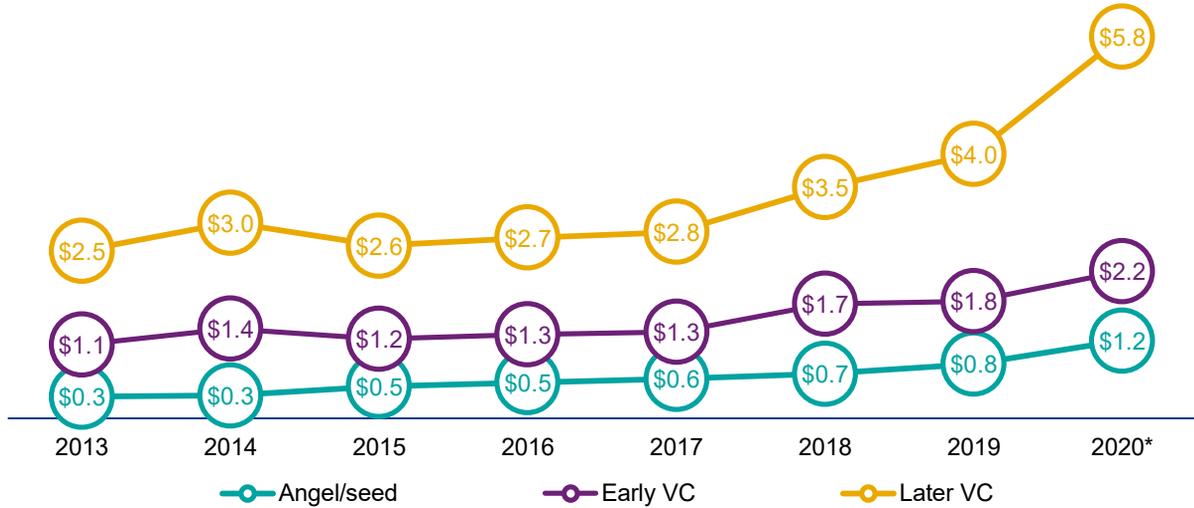


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

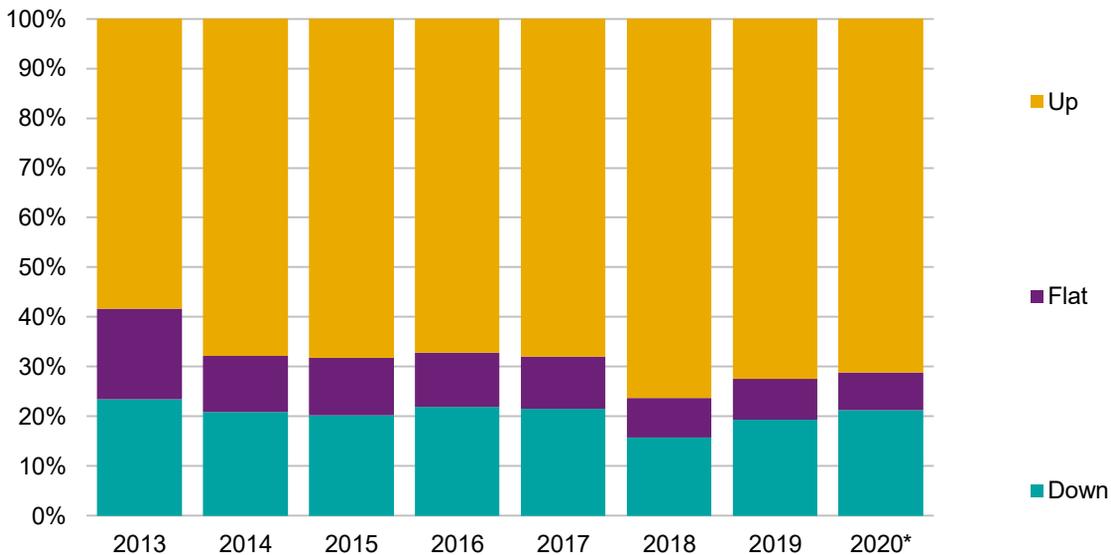
As must be reiterated, especially in a complex venture ecosystem like Europe, private markets data can experience lags primarily in volume, especially at the angel or seed stages that can remain undisclosed until later dates for a variety of reasons. That said, the sheer resilience of the late-stage European ecosystem is well evidenced by the record back half of 2020 in terms of VC invested.

Late-stage rises by largest amount ever

Median deal size (\$M) by stage in Europe
2013–2020*



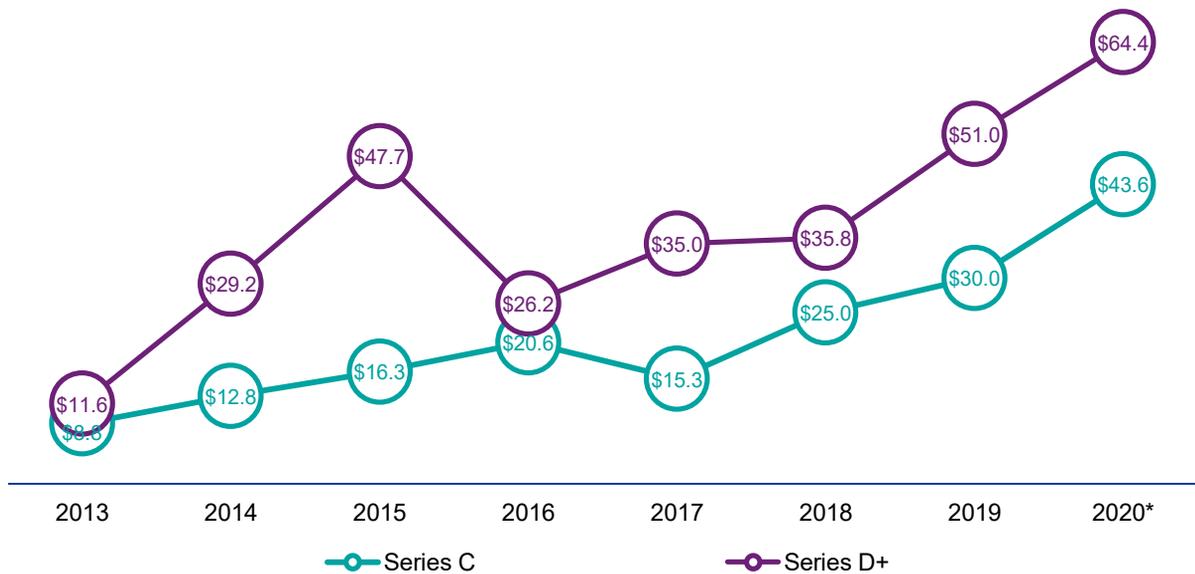
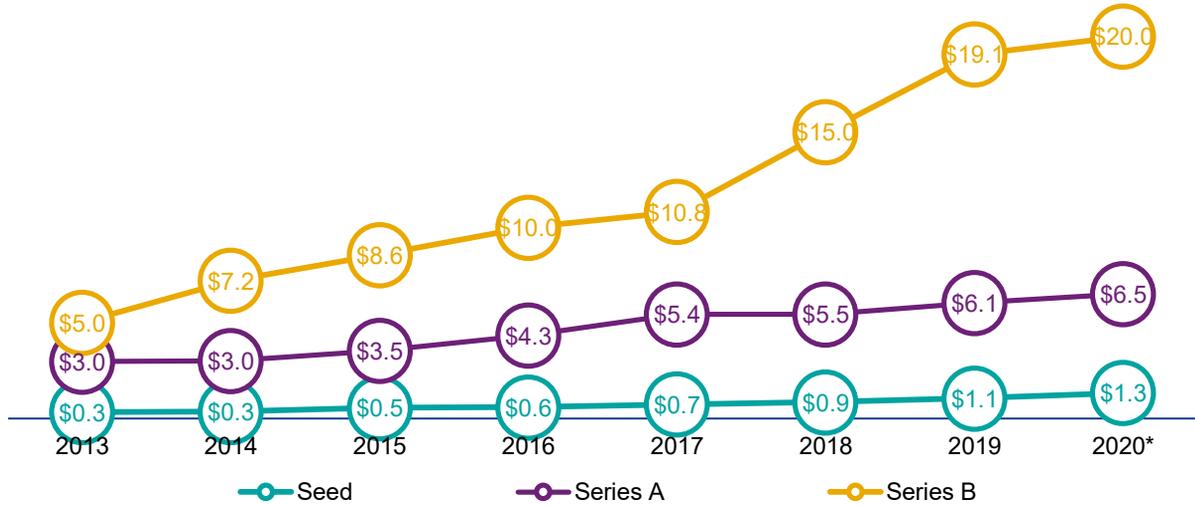
Up, flat or down rounds in Europe
2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

The late-stage caps another year of growth

Median deal size (\$M) by series in Europe
2013–2020*

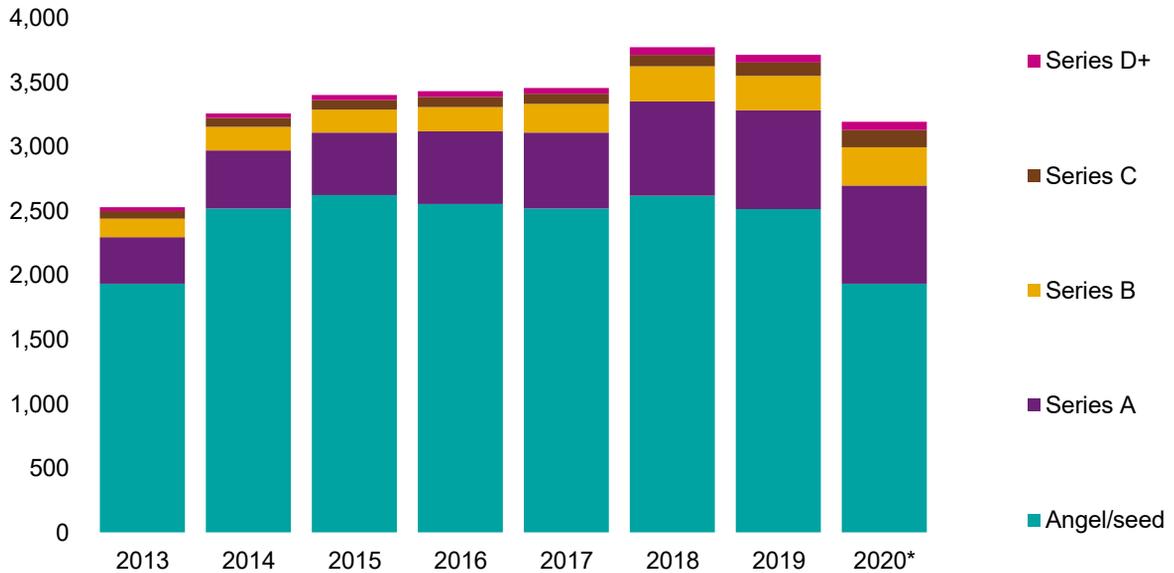


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20; the sample size for the Series D+ value in 2013 is based on a sample size of n = 25. Data provided by PitchBook, 1/20/21.

Angel & seed contract sharply to 2013 level

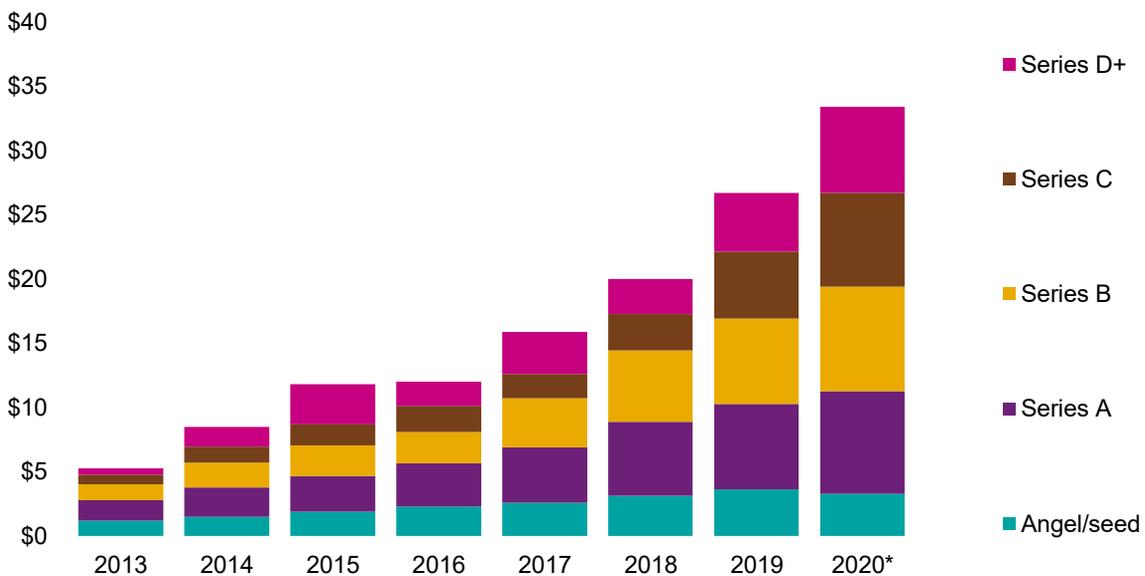
Deal share by series in Europe

2013–2020*, number of closed deals



Deal share by series in Europe

2013–2020*, VC invested (\$B)

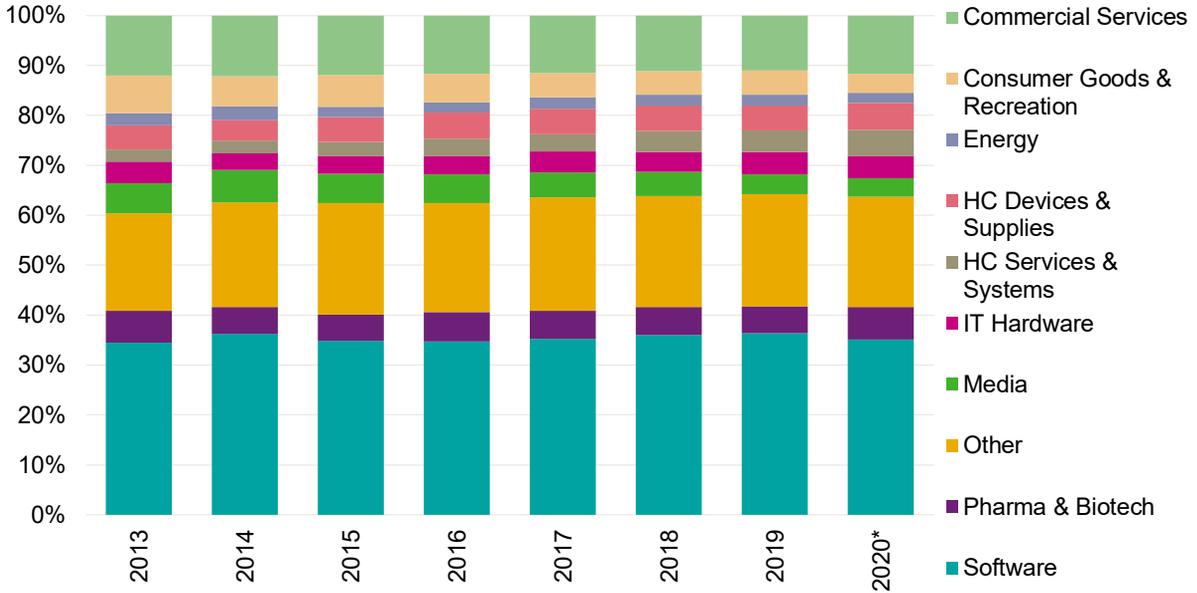


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Healthcare notches new high, marginally

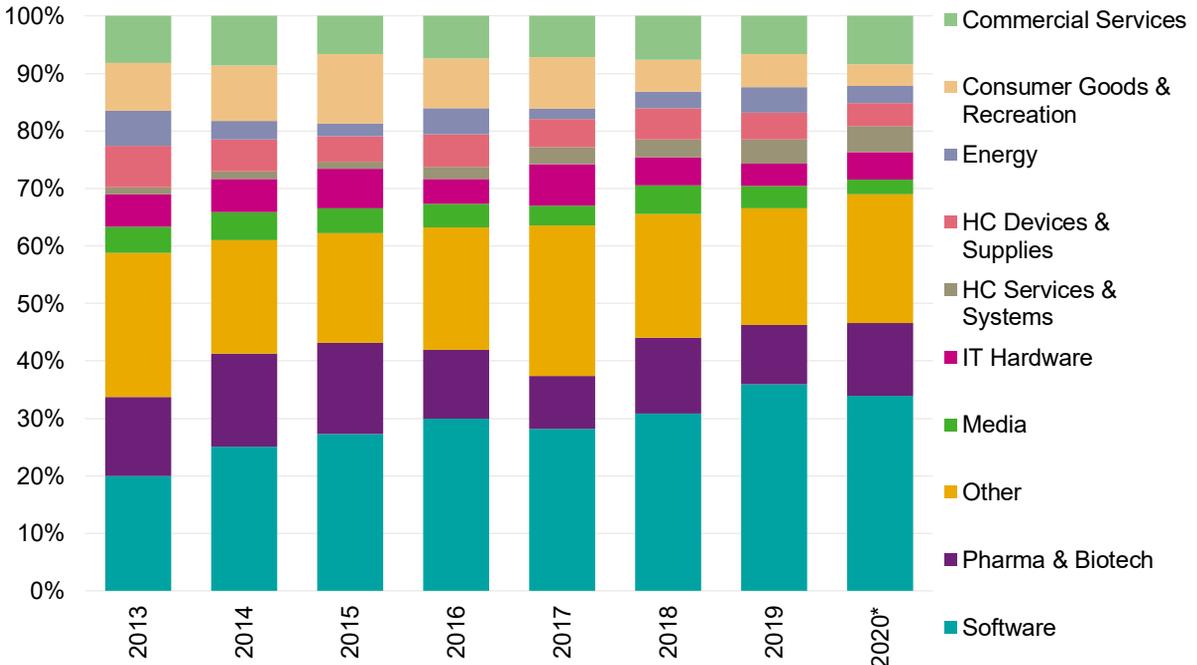
European venture financings by sector

2013–2020*, number of closed deals



European venture financings by sector

2013–2020*, VC invested (\$B)

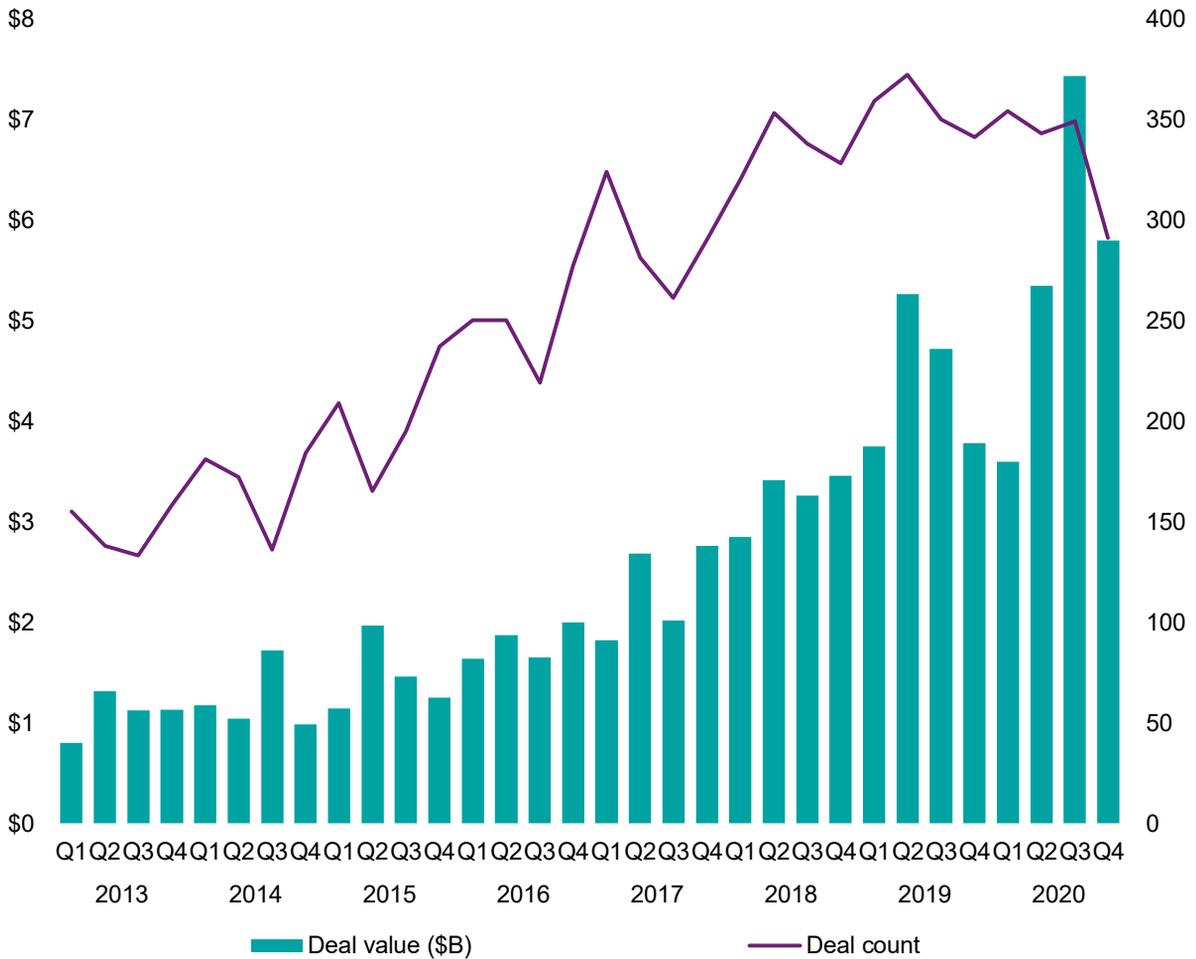


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

CVCs log another banner year, by and large

Corporate VC participation in venture deals in Europe

2013–Q4'20

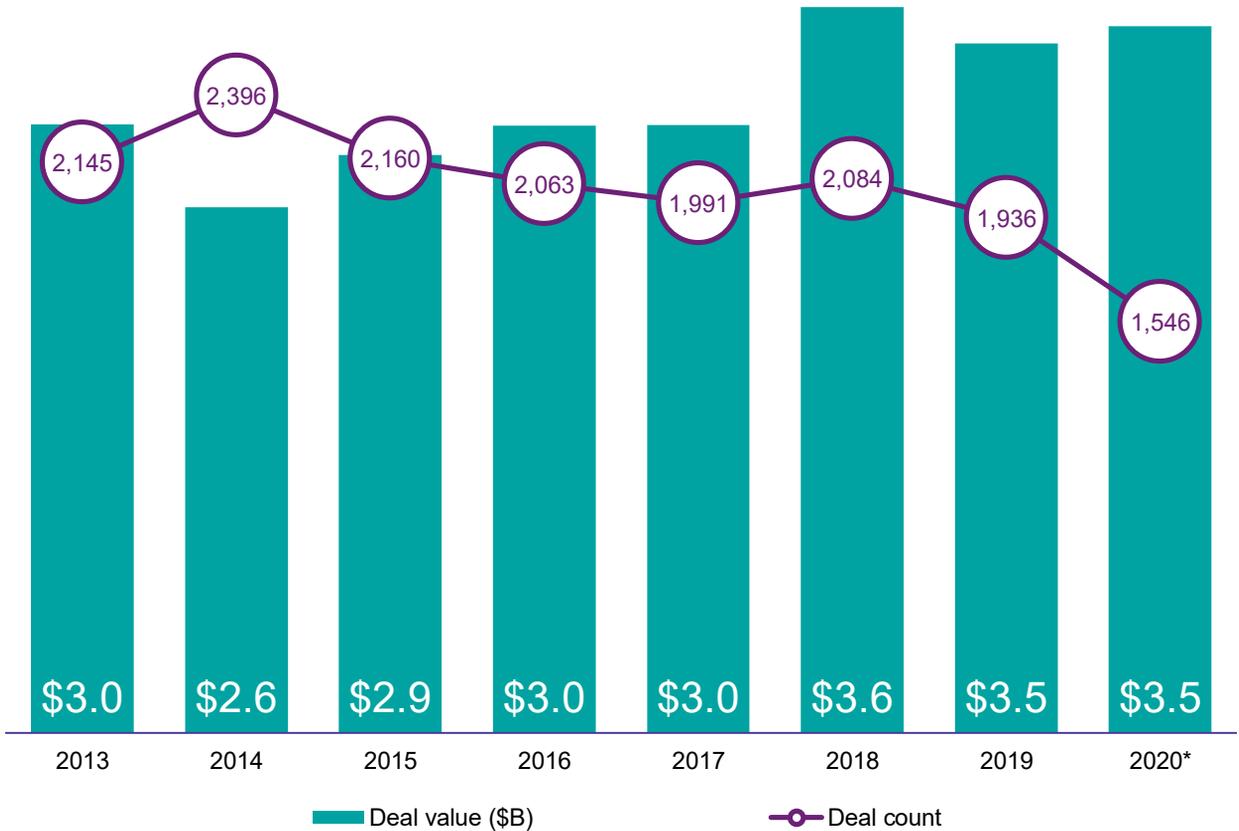


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

The rise in quarterly VC invested tallies with corporate participation has been one of the decade's more consistent trends across the European venture ecosystem, a testament to the growing perception that more direct exposure, both financial and strategic, to innovation earlier in its cycle is an imperative for extant corporations. The drop in Q4 is likely a temporal aberration more than anything else.

First-time funding closes 2020 in robust fashion

First-time venture financings of companies in Europe 2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Once again, a caveat must be noted: In a complex environment such as Europe, first-time fundings may take longer to be ascertained and confirmed. However, in good news for the health of the overall European entrepreneurial pipeline, even though VC volume of completed financings fell once again year over year, VC invested tallies stayed quite strong, in fact, the second-highest year on record. Albeit cautious, European and foreign investors are willing to fund the best prospects with significant sums.

A promising back half of 2020 for exits

Venture-backed exit activity in Europe 2013–Q4'20



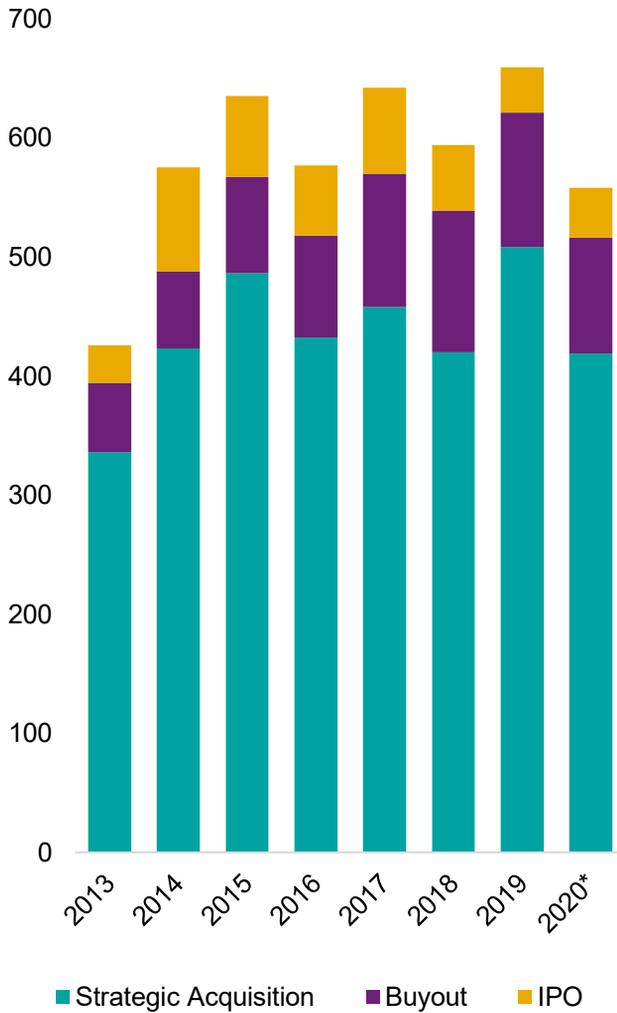
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

Aggregate exit value surged even further in the back half of the year, despite relatively sluggish exit volume overall. Although not near past records, that six-month stretch could bode well for at least an ongoing trickle of liquidity for European companies, signifying that even in tumultuous environments that M&A and IPOs can continue at a decent clip.

IPOs rebound in value, M&A remains vital

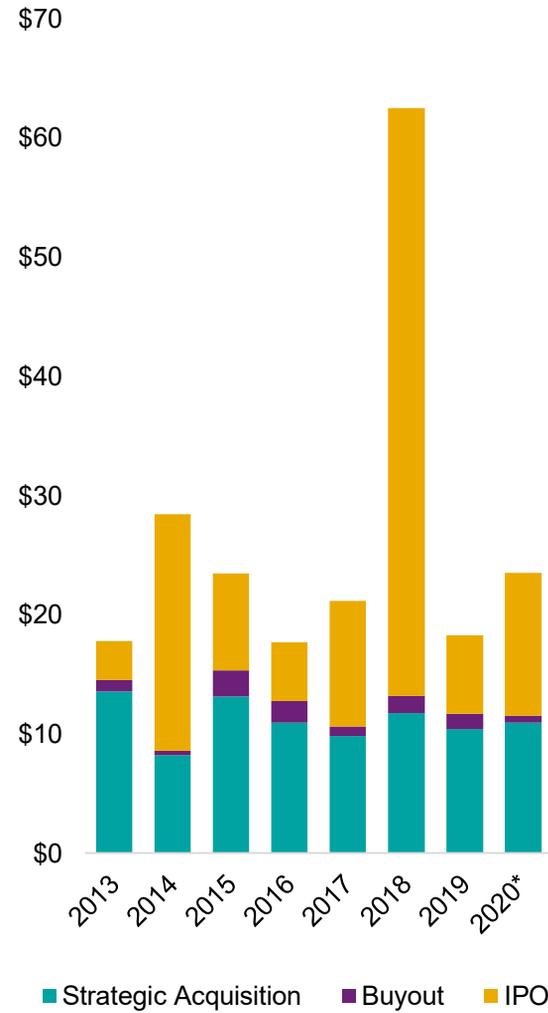
Venture-backed exit activity (#) by type in Europe

2013–2020*



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

2013–2020*

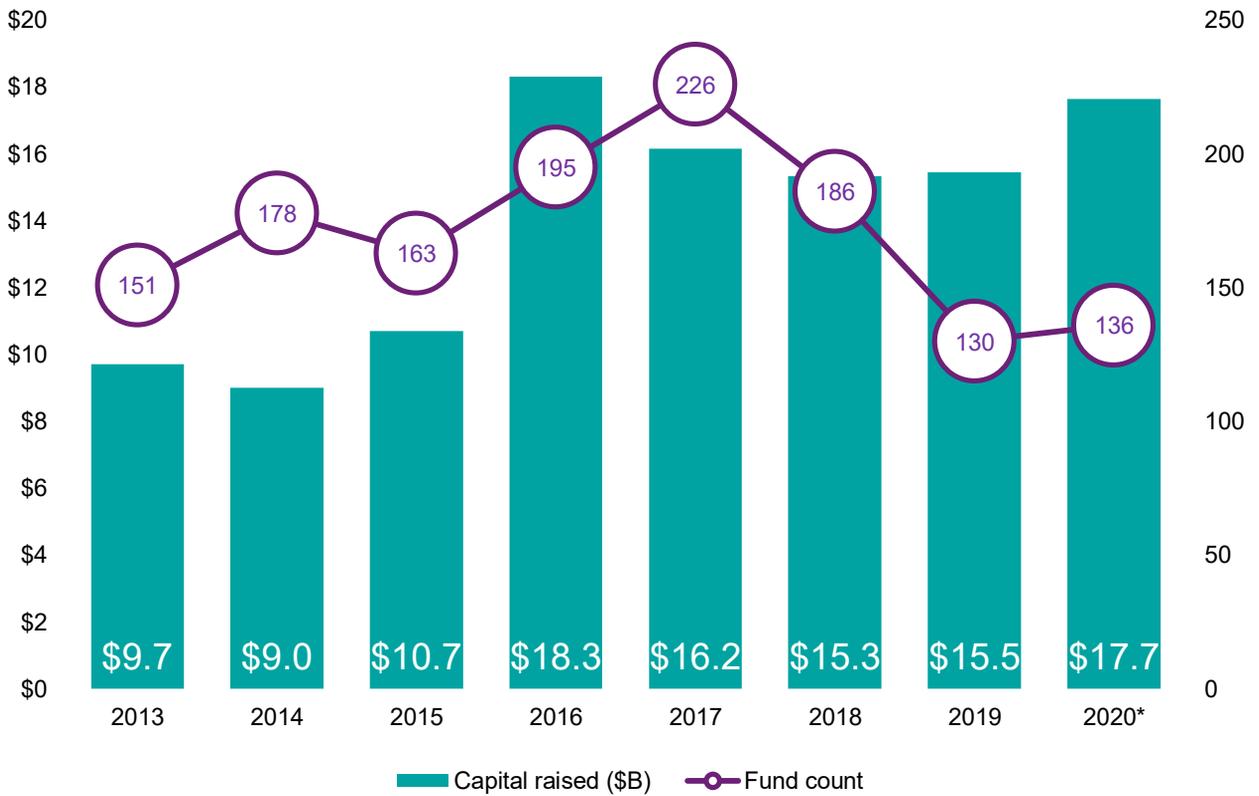


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Fundraising continues at a strong pace

European venture fundraising

2013–2020*



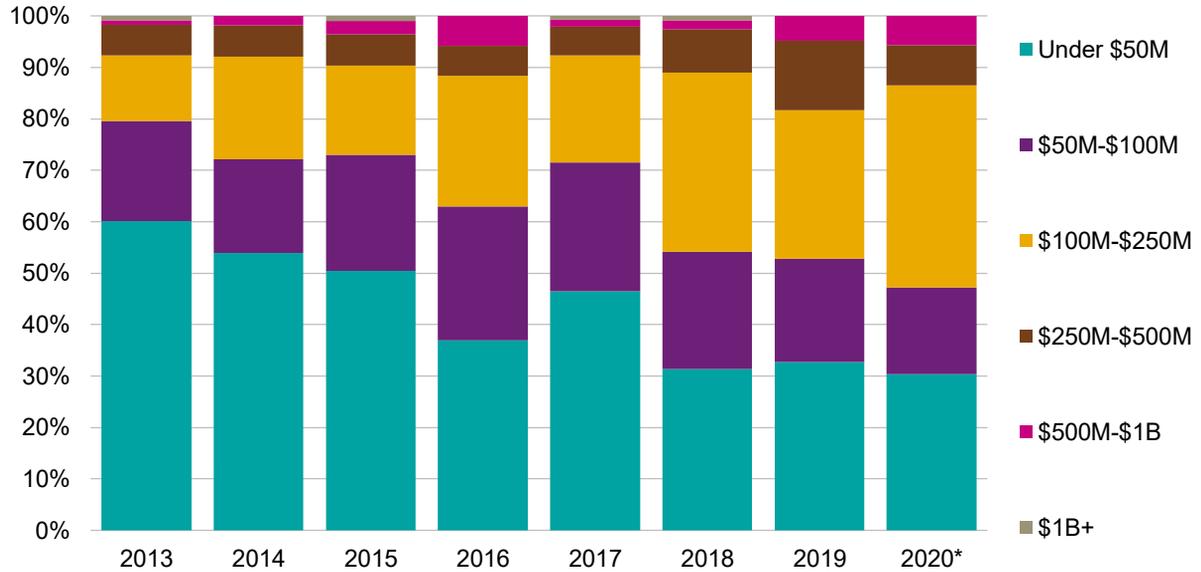
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

An oft-repeated narrative in venture is that the best companies are founded in downturns. Consequently, the best investment opportunities are also to be found in similar periods. Although alternatives overall have benefited significantly from the increase in allocations over the past decade by major traditional and nontraditional firms like public pension plans, we have now seen an increase in successful fundraising across the European ecosystem driven by a handful of large firms and newcomers — predominantly the former. This bodes well for future investing.

Fundraising skews somewhat larger

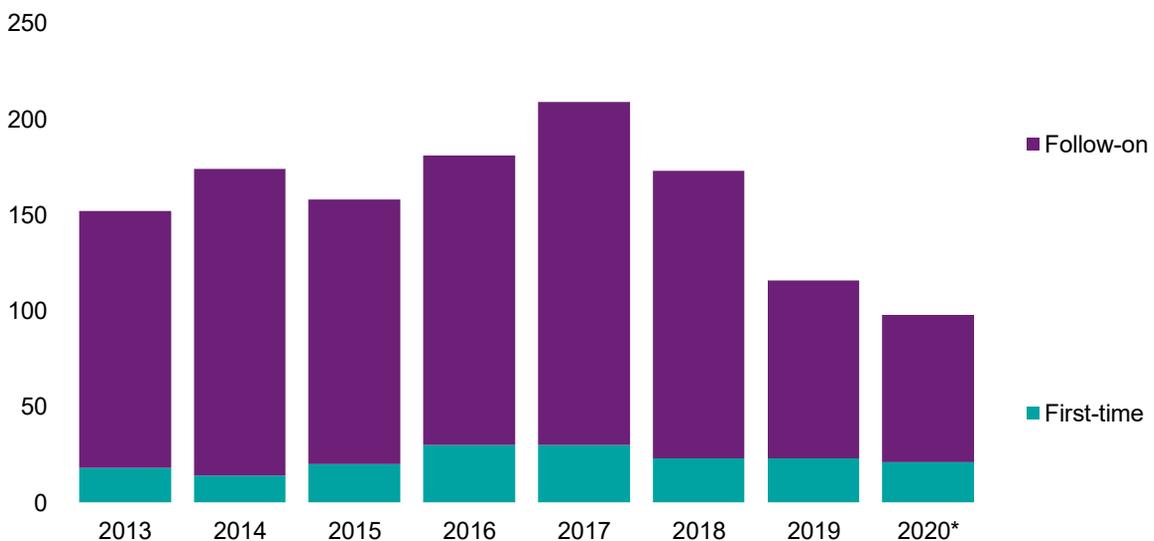
Venture fundraising (#) by size in Europe

2013–2020*



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

2013–2020*

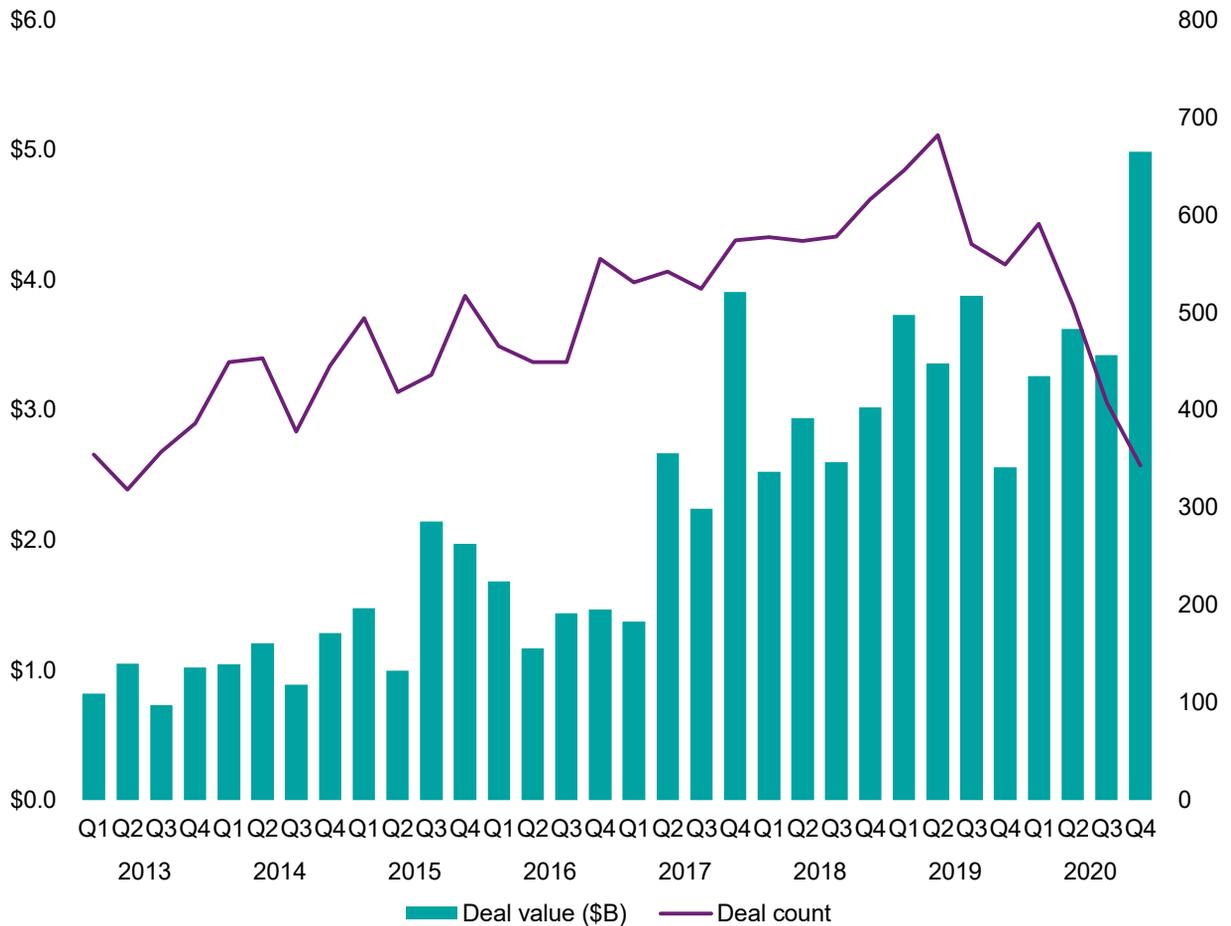


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Mega-deals push VC invested to new record

Venture financing in the United Kingdom

2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

“A number of investors focussed on what they knew and took steps to protect existing investments. We’ve also seen various governments offering incentives to support high growth and high potential businesses through the pandemic using mechanisms like the UK Future Fund. It would be wrong though to say that new deals weren’t being done. Good investments remain good investments.”

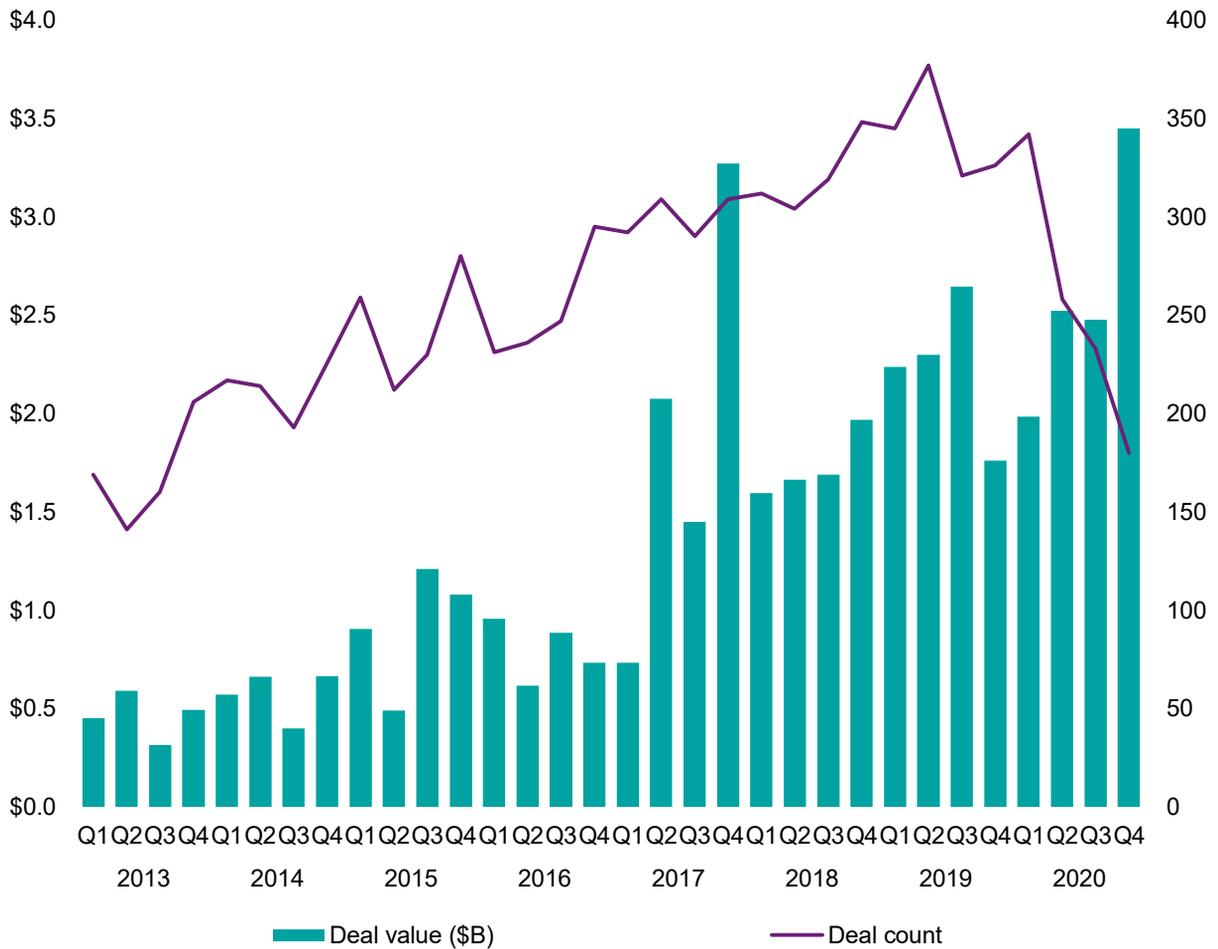


Kevin Smith

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

London sees new high driven by mega-deals

Venture financing in London 2013–Q4'20

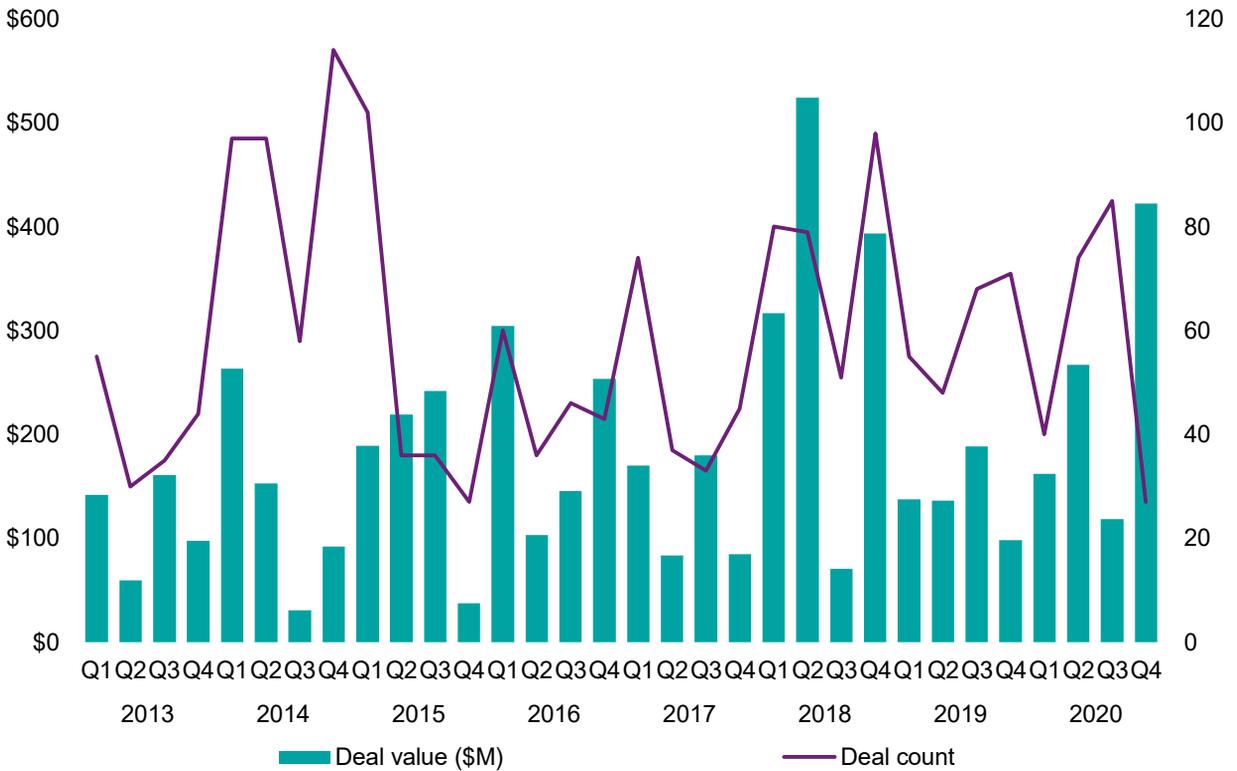


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Four of the top European rounds in terms of size in Q4 2020 were for London-based companies, which contributed to a new record high. It is difficult to assess whether the ongoing wrangling over Brexit as well as sustained COVID-19 challenges will impact fundraising for next quarter.

Ireland VC jumps off a mega-deal

Venture financing in Ireland 2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

In the absence of significantly sized rounds, VC invested in Ireland plunged last quarter; however, the Irish ecosystem still is producing mature, healthy companies as is evidenced by the resurgence in Q4 2020 due to the hefty round closed by solar power platform Amarenco.

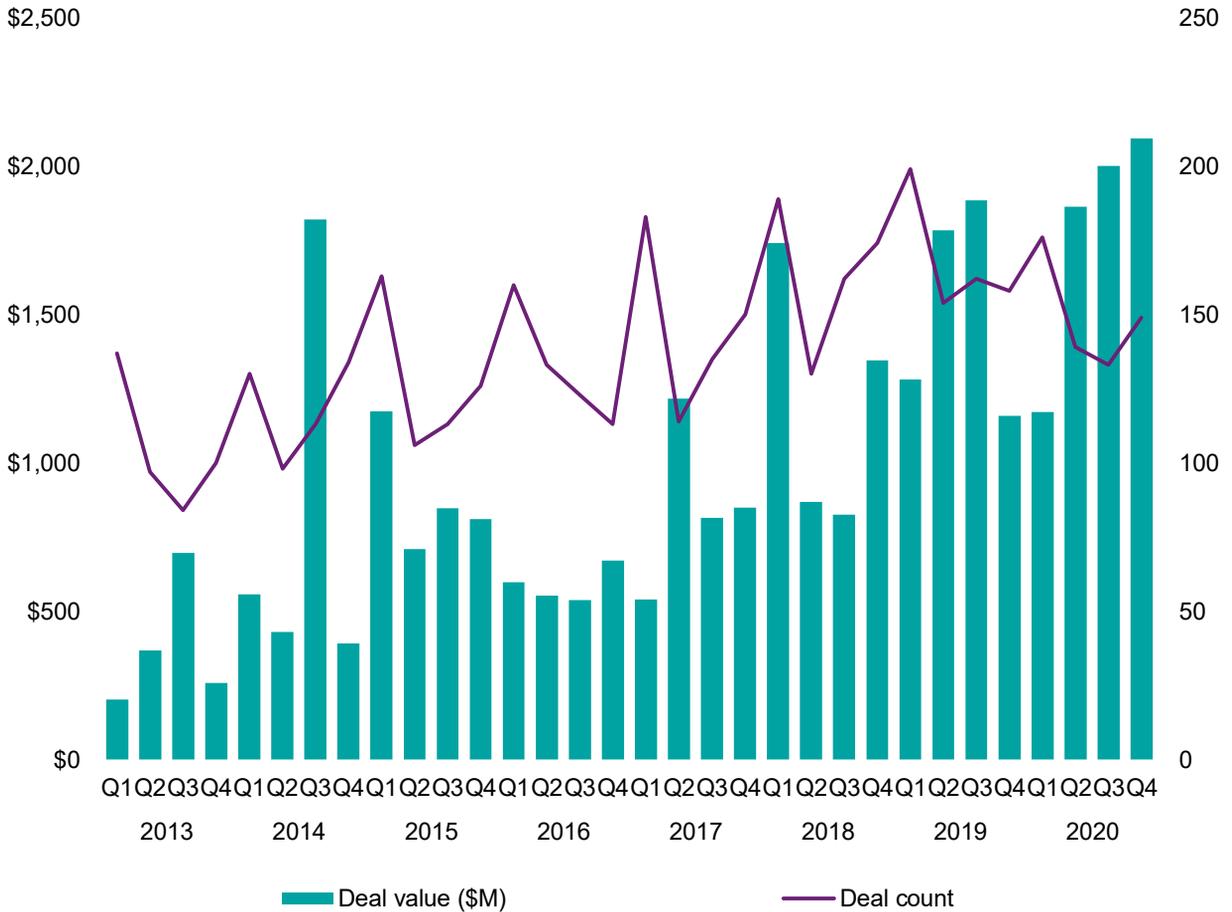
“The VC market in Ireland has been pretty robust in 2020. There were a lot of transactions in the pipeline so a lot of companies got funded in Q1 and Q2 then, after a small dip in Q3, we’ve seen excellent activity to end the year. There is some concern, however, that not enough money is going to early stage companies, which could affect the deals pipeline down the road.”



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

Rising VC invested tallies closed out 2020

Venture financing in Germany 2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

“The pandemic has helped sectors like fintech really attract more interest and investment. The various lockdowns have driven more consumers to make use of different online platforms and services. They’re trying a whole host of new activities where in the past, they might have been more skeptical. Those experiences that customers are having now will have a long-term impact on fintech offerings in the future.”



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

VC invested rebounded thanks to large deals

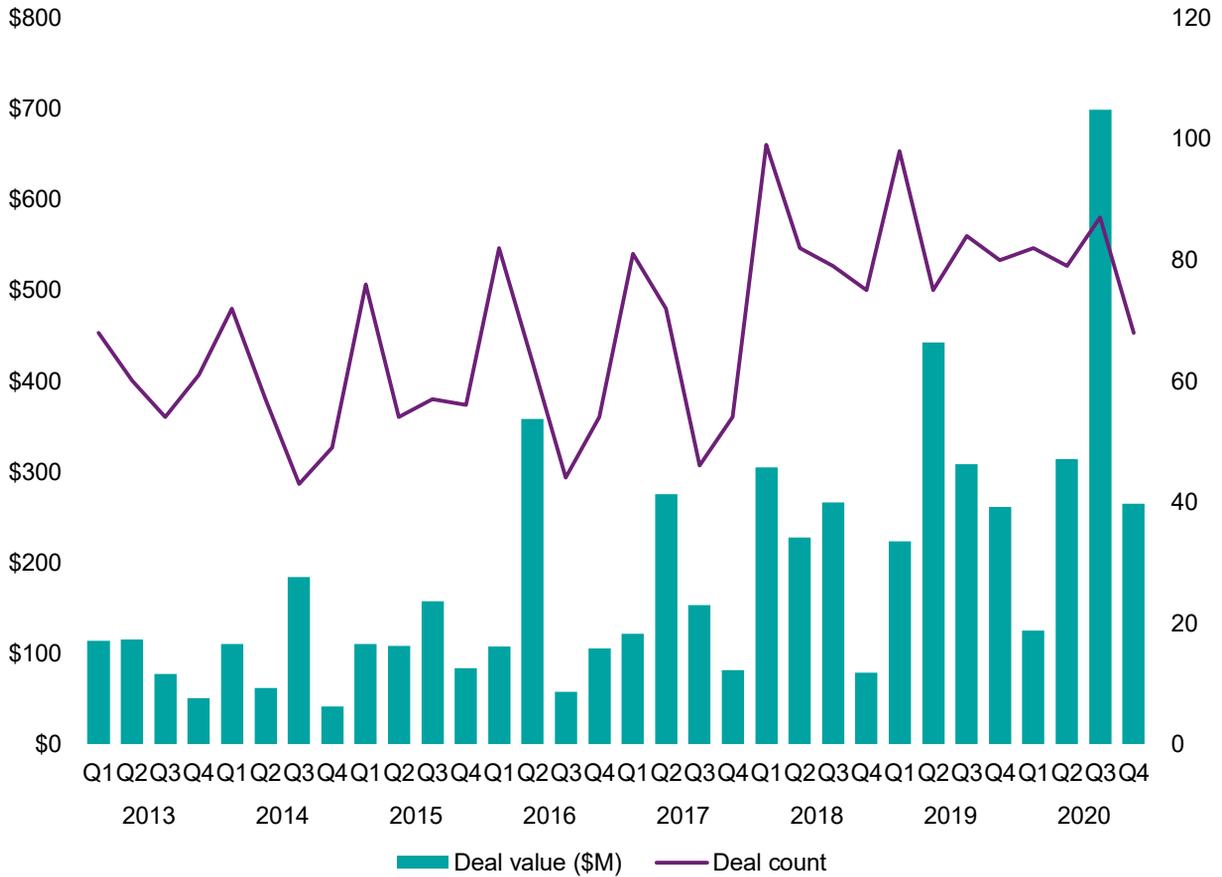
Venture financing in Berlin 2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

VC invested subsides after record Q3

Venture financing in Spain 2013–Q4'20

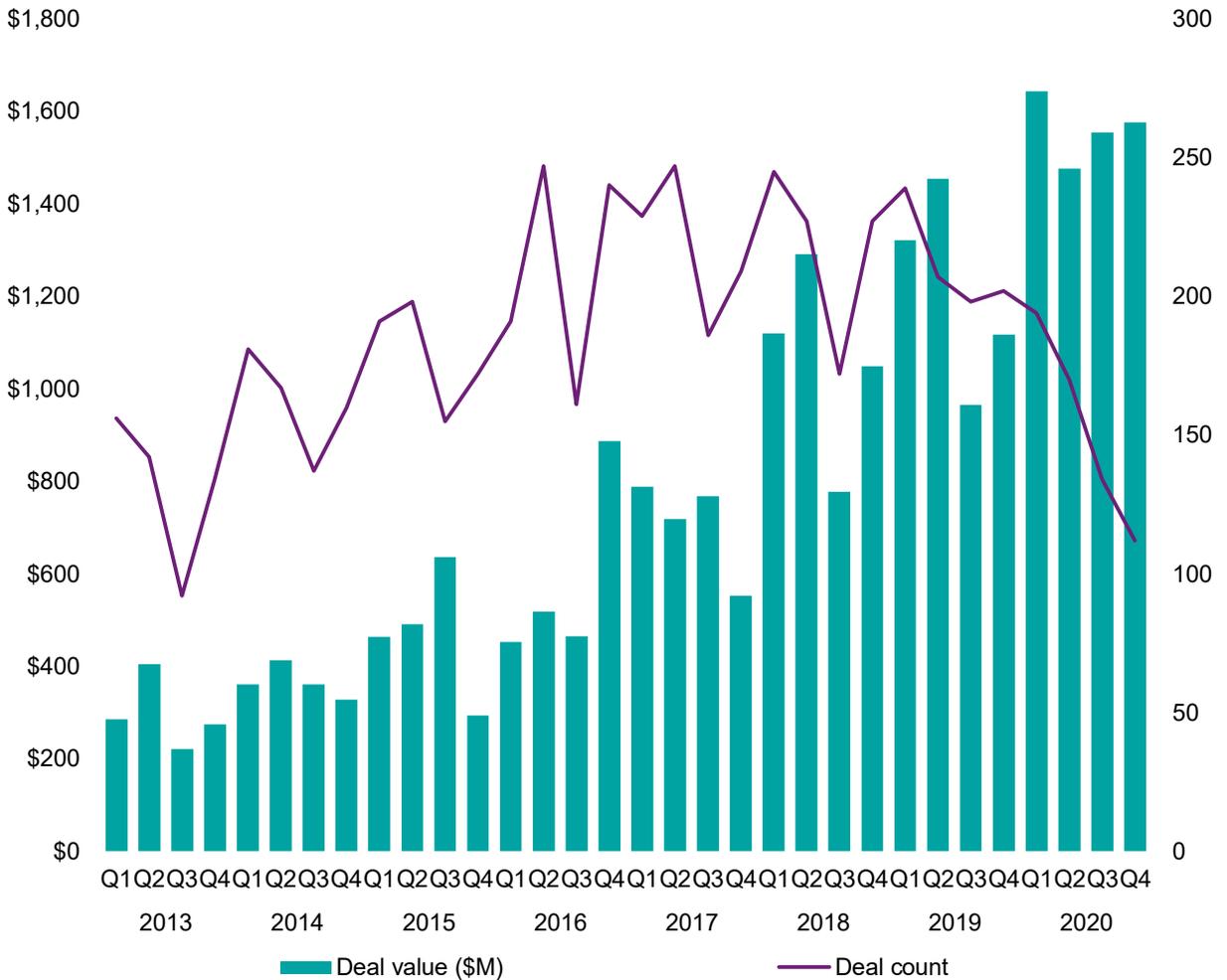


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

After a steady stream of VC volume culminating in a record Q3 in 2020 for VC invested — thanks to a handful of large financings — volume slid to close the year, in what is likely to be a temporal aberration barring reversal of current modest economic growth in 2021.

France sees diverging trends, ends on high note

Venture financing in France 2013–Q4'20

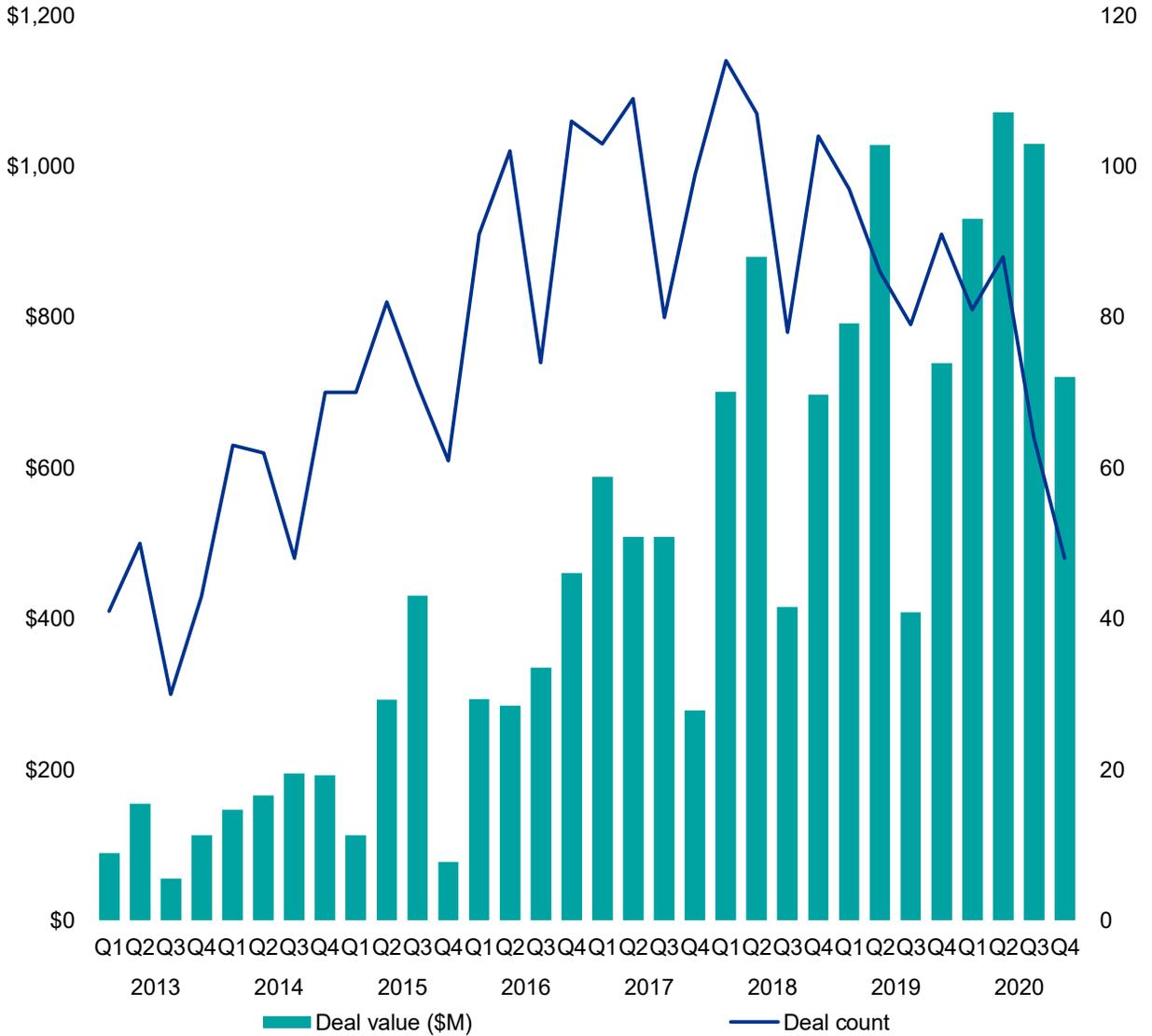


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

The past two years have seen a boom in VC invested for France as a bevy of companies matured and continued to rake in large late-stage rounds. The volume of completed financings does indicate that the rate of funding across the entire venture ecosystem is likely diminishing significantly, but for the time being, multiple mature companies are able to close on significant sums still. It should be noted Q4 was largely driven by Ynsect's \$400 million+ round.

Paris sees another slide to close the year

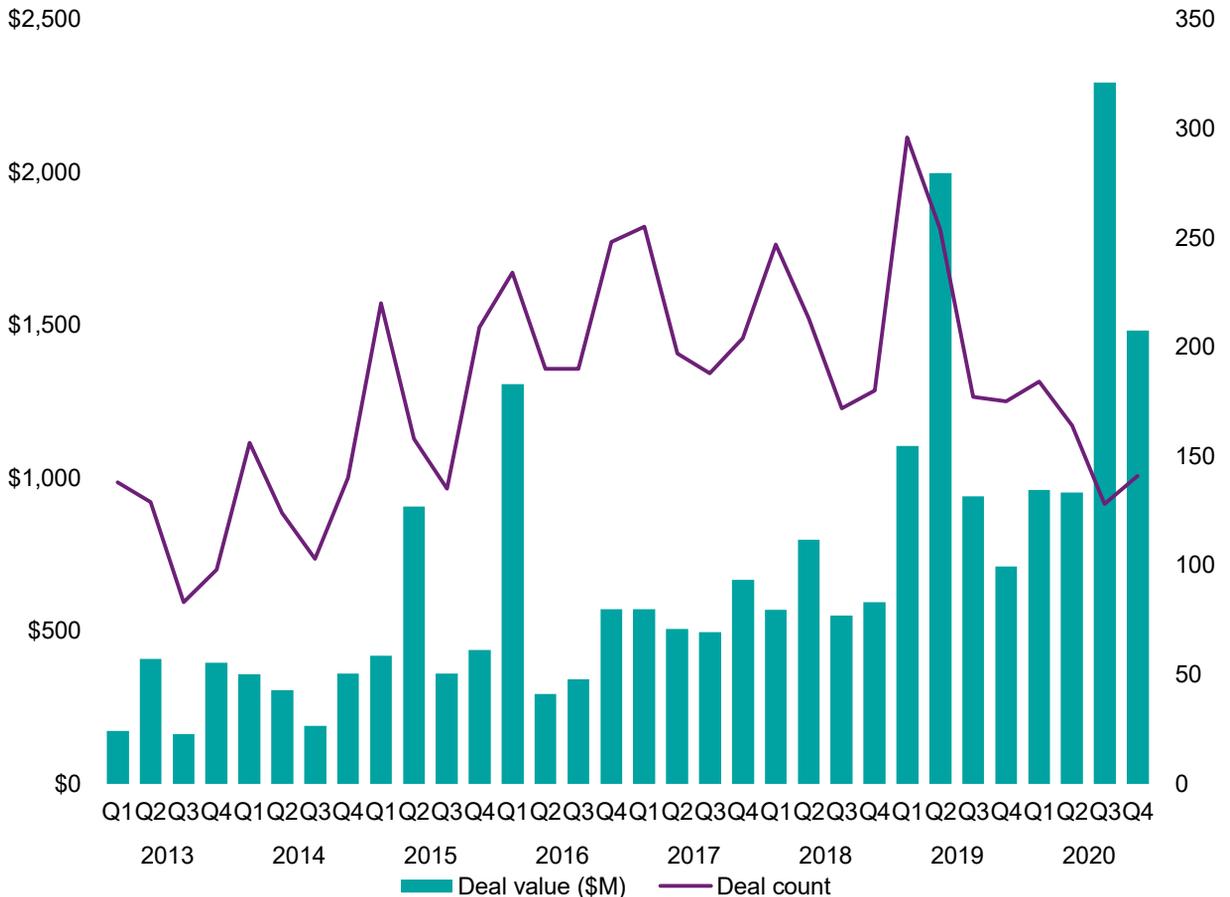
Venture financing in Paris 2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Nordic region closes year at robust level

Venture financing in the Nordics 2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

A handful of the top 10 financings globally helped propel the region’s aggregate deal value to a new record in Q3 2020. Although that performance was not repeated in Q4 2020, volume evened out, in a tentatively promising sign for future funding levels.

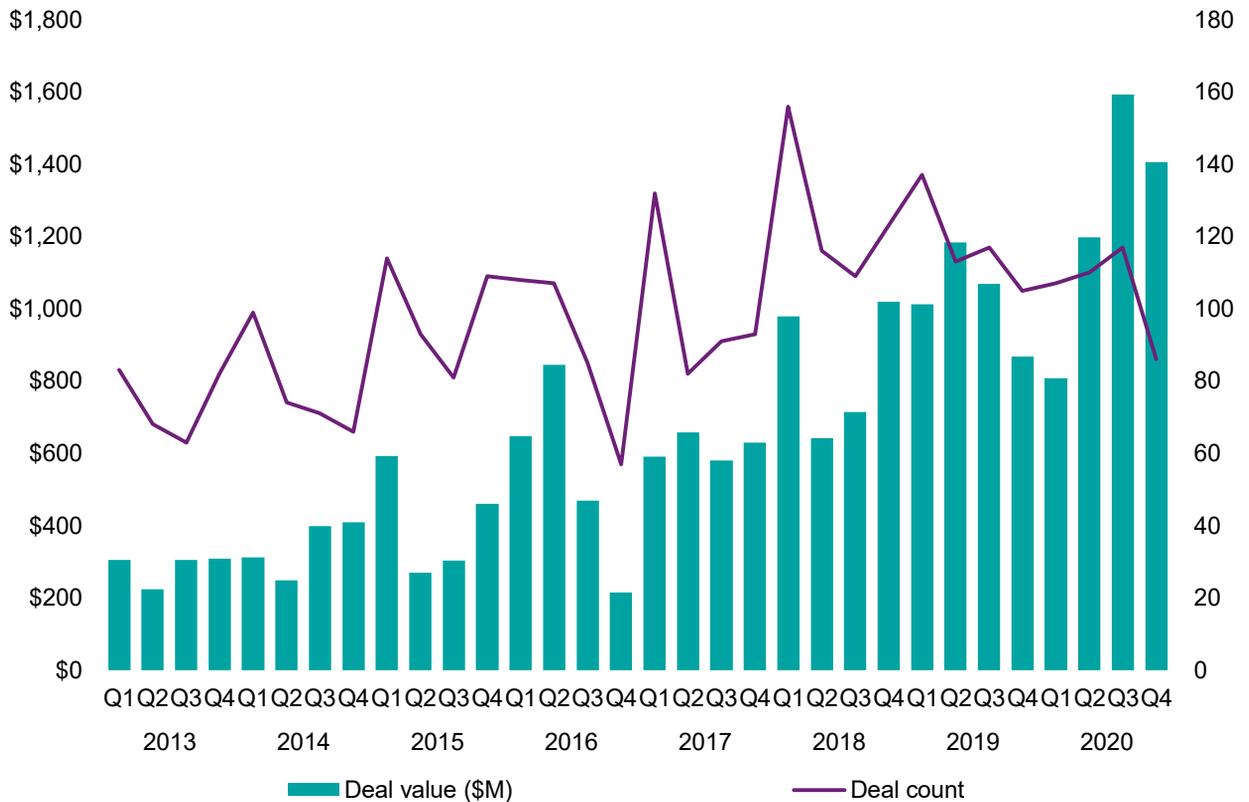
“There was a lot of promise around open banking after the regulations changed — a lot of talk. We’re now starting to see the first actual applications of open banking come to market — primarily from the big banks who have been quite active in terms of investing in and working with open banking startups. This activity is expected to continue well into 2021.”



Jussi Paski
Head of Startup Services
KPMG in Finland

Israel sees ongoing strong fundraising tallies

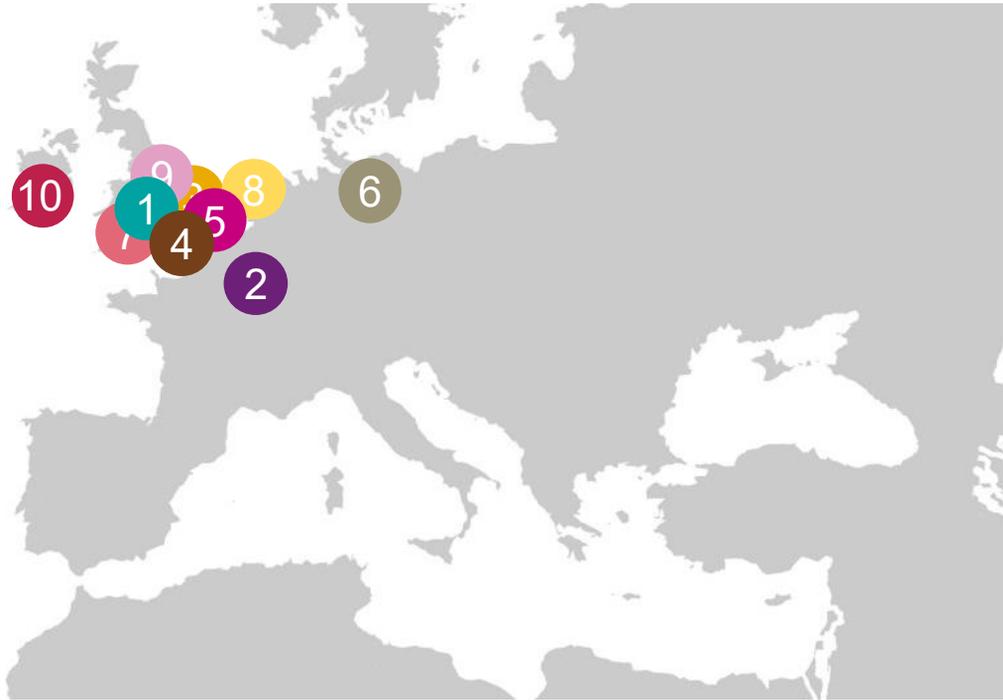
Venture financing in Israel 2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Boosted in part by one of the larger fundraises in the region for the entire year — the \$168 million funding of network management software provider BioCatch — Israel closed off 2020 with record highs in VC invested even as volume remained somewhat lower relative to prior peaks.

A diverse array of sectors draws funding



Top 10 financings in Q4'20 in Europe

- | | |
|--|--|
| <p>1 LumiraDx — \$389M, London
Digital health
<i>Late-stage VC</i></p> | <p>6 TIER Mobility — \$248.4M, Berlin
Automotive
<i>Series C</i></p> |
| <p>2 Ynsect — \$372M, Evry
Agtech
<i>Series C</i></p> | <p>7 Graphcore — \$222M, Bristol
Semiconductors
<i>Series E</i></p> |
| <p>3 Molo (Financial Software) — \$343M, London
Financial software
<i>Early-stage VC</i></p> | <p>8 MessageBird — \$200M, Amsterdam
Communication software
<i>Series C</i></p> |
| <p>4 Cazoo — \$310.7M, London
Automotive
<i>Series D</i></p> | <p>9 Trinny London — \$192.3M, Saffron Walden
Personal products
<i>Late-stage VC</i></p> |
| <p>5 OneTrust — \$300M, London
Business software
<i>Series C</i></p> | <p>10 Amarenco — \$190.7M, Cork
Energy
<i>Late-stage VC</i></p> |

Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.



Private Enterprise



Global



US



Americas



Europe



Asia



In Q4'20 VC-backed companies in the Asia region raised

\$25.2B

across

1,398 deals



Asia continues to see strong rebound in VC investment

VC investment in Asia continued to rebound in Q4'20, driven primarily by a continued surge in investment in China, where VC investment rose to an eight-quarter high. Chinese companies accounted for five of the top ten largest VC funding rounds globally during the quarter, including a \$1.7 billion raise by truck-hailing company Manbang Group, a \$1.6 billion raise by edtech provider Zuoyebang, a \$1 billion raise by home tutoring app, Yuanfudao, a \$907 million raise by e-commerce company Yunwang Wandian, and a \$736 million raise by electric vehicle maker Enovate motors.



IPO activity in Asia remains strong

IPO activity was very strong in Hong Kong and Shanghai during Q4'20, despite the sudden cancellation of Ant Financial's IPO two days before listing. Given ongoing tensions with the US and concerns about the potential de-listing in the U.S. of a number of China-based companies, many looking to exit are setting their sights on regional exchanges. Healthcare and biotech were big winners in the IPO market in Asia during the quarter. In December, JD Health raised \$3.5 billion in its IPO on the Hong Kong Stock Exchange (SEHK) — the largest healthcare IPO ever seen in Asia. The company's stock rose 72 percent in first day trading¹⁷. The SEHK also hosted one of the world's largest biotech IPOs of the year when China-based biotech RemeGen raised \$515 million in October¹⁸.

The SEHK was not the only exchange to see significant activity in Asia. The Shanghai Stock Exchange's Star Market, introduced in 2019 to help innovative companies leverage public markets, saw its 200th listing in December 2020¹⁹. The Shenzhen Stock Exchange's ChiNext market also saw increased activity and interest from China-based startups following changes to its listing rules in Q3'20.



Edtech driving major interest across Asia

During 2020, edtech attracted a significant amount of attention and VC investment in Asia, including a \$1.6 billion raise by China-based Zuoyebang, a \$1 billion raise by China-based Yuanfudao, and an \$87 million raise by UnAcademy in India during Q4'20. Yuanfudao's raise made it the most valuable private edtech company in the world at \$15.5 billion²⁰, surpassing India-based Byju's, which was valued at \$11 billion in September²¹. Over the next few quarters, edtech will likely continue to be a hot area of investment in Asia, with India potentially starting to see some consolidation in the space.

¹⁷<https://www.cnbc.com/2020/12/02/jd-health-raises-3point48-billion-in-hong-kongs-biggest-ipo-in-2020-.html>

¹⁸<https://pharmaboardroom.com/articles/china-2020s-biggest-biotech-ipo-in-profile/>

¹⁹<https://www.cnbc.com/2020/12/07/chinas-shanghai-star-market-tech-stock-board-gains-200th-ipo.html>

²⁰<https://techcrunch.com/2020/10/22/chinese-live-tutoring-app-yuanfudao-is-now-worth-15-5-billion/>

²¹<https://www.financialexpress.com/industry/sme/byjus-valuation-crosses-11-billion-mark-as-it-adds-new-investors-in-ongoing-500-million-round/2089517/>

Asia continues to see strong rebound in VC investment, cont'd.



Domestic focus fueling VC market in China

VC investment in China was very strong in Q4'20 as VC investors focused heavily on domestic opportunities. The ongoing trade tensions between China and the US have heightened concerns about supply chain availability, which has led to an increase in domestic investments targeted at support technologies required for innovative solutions, such as chipsets and chipset architecture. Mature technology companies in China have also enhanced their focus on domestic and regional opportunities, both in terms of their expansion efforts and exit plans.



Pandemic spurring hot sectors in India

VC investment in India continued to focus primarily on sectors considered to be beneficiaries of the pandemic. During Q4'20, for example, home delivery, marketplace platforms, and ecommerce were the hottest areas of investment, attracting the majority of India's funding rounds of \$100 million or more, including a \$200 million raise by marketplace platform Cars24, a \$660 million raise by food delivery company Zomato.



Fintech investment in Asia relatively quiet in Q4'20

Fintech-focused VC investment in Asia was relatively quiet in Q4'20. During Q4'20, the Monetary Authority of Singapore issued its first four digital banking licenses, including two full licenses — to a consortium including Grab and Singtel and to e-commerce giant Sea Limited, and two wholesale licenses — to Ant Group and a consortium including Greenland Financial Holdings, Beijing Co-operative Equity Investment Fund Management, and Linklogis Hong Kong²². It is expected that the new digital banks will become active in 2022. Heading into 2021, Malaysia is expected to follow suit with its own digital banking licenses. Activity from Hong Kong's digital bank license holders continued to be very cautious in Q4'20 amid the ongoing pandemic.



Biotech attracts big deals in China

Biotech continued to gain traction among VC investors in China, with a number of companies raising \$100 million+ funding rounds in Q4'20, including LianBio — which raised \$310 million to support its efforts to expand access to novel therapeutics in the region, and RecBio — which raised \$224 million to support its development of genetically engineered vaccines, including a COVID-19 vaccine, an HPV vaccine, and others.



Trends to watch for in Asia

VC investment in Asia is expected to continue to rebound heading into Q1'21. Health and biotech are expected to remain very hot areas of investment, in addition to edtech, logistics, and marketplace platforms. IPO activity is also expected to remain strong in Asia, particularly with respect to secondary listings by China-based companies already listed in the US.

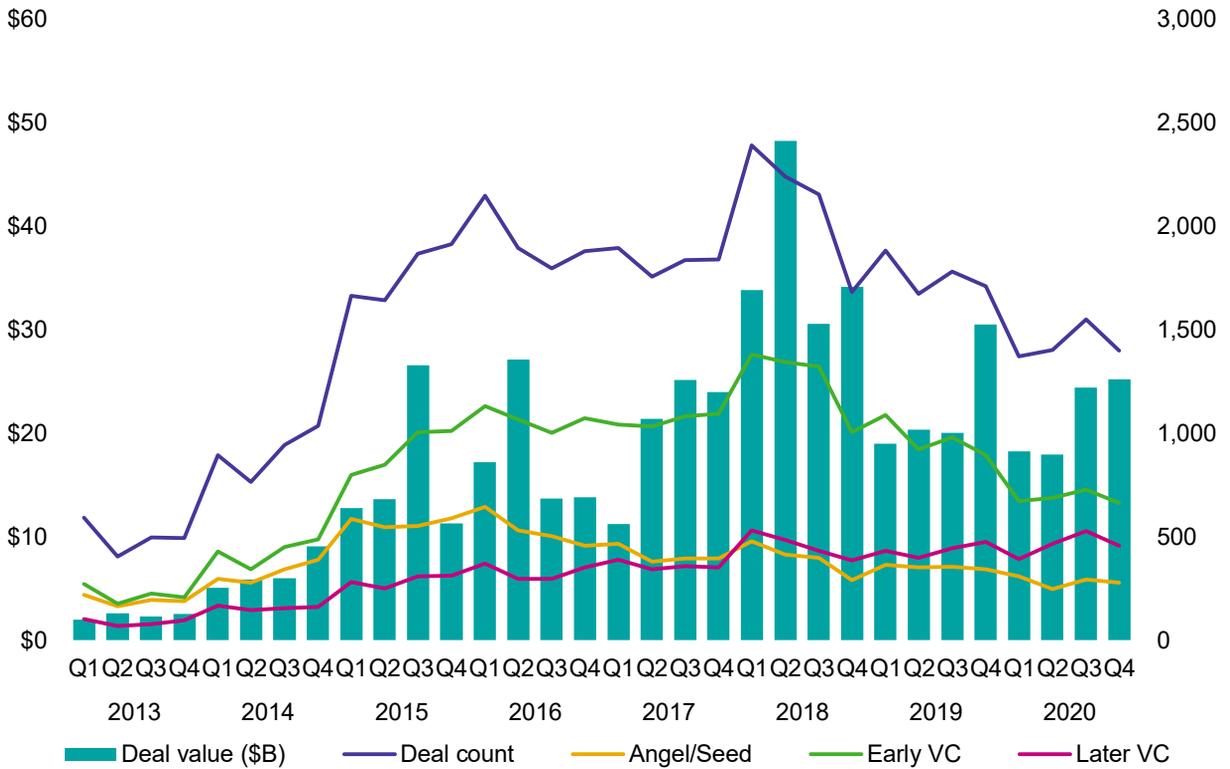
While big VC funds are expected to continue to attract capital more readily than smaller funds in Asia, in 2021, there is also expected to be increasing fundraising activity focused on niche sectors — such as sustainability or inclusive finance.

²²<https://www.straitstimes.com/business/banking/mas-awards-digital-full-bank-licences-to-grab-singtel-and-sea-ant-gets-digital>

A modest recovery to end 2020

Venture financing in Asia

2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

As it was first hit, the Asia-Pacific ecosystem saw the impact of the pandemic on venture activity ahead of any other. This explains the initial dip in the beginning of 2020, followed by an evening out of financing volume at a subdued level relative to prior highs. However, VC invested came back on the strength of several mega-deals to close out the second half of the year.

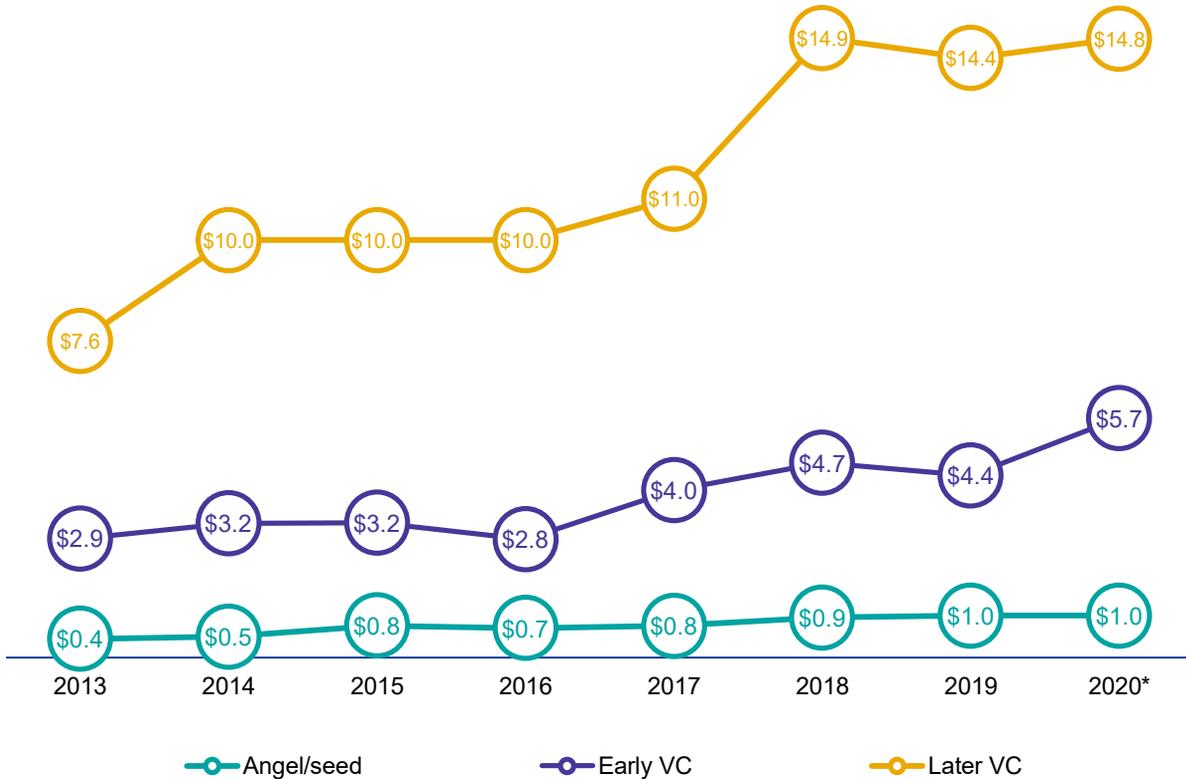
“Looking ahead to Q1'21, the outlook for VC investment in China is quite optimistic given the increasing focus on domestic investment and growth. Hot sectors will likely continue to be things like transportation and logistics, automotive, edtech, and health and biotech. We may also start to see increasing investments in different green technologies — not only in China, but across Asia.”



Egidio Zarrella
Partner, Clients and Innovation
KPMG China

Figures hold largely steady

Median deal size (\$M) by stage in Asia
2013–2020*



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Figures evened out to close the year, or even experienced substantial upticks, as funding volumes held steady and the supplies of available capital remained relatively robust. In addition, multiple local venture ecosystems have continued to grow or become even more important to their domestic economies, and thus have enjoyed support from respective governments.

“Over the past few quarters, a number of innovation ecosystems in the Middle East have emerged, particularly in Abu Dhabi and Dubai. More startups are popping up, more VCs are investing in those startups, and ecosystem support structures are also evolving. While funding rounds to date has been quite small, they are growing — with fintech, energy, and SaaS models attracting the most attention.”

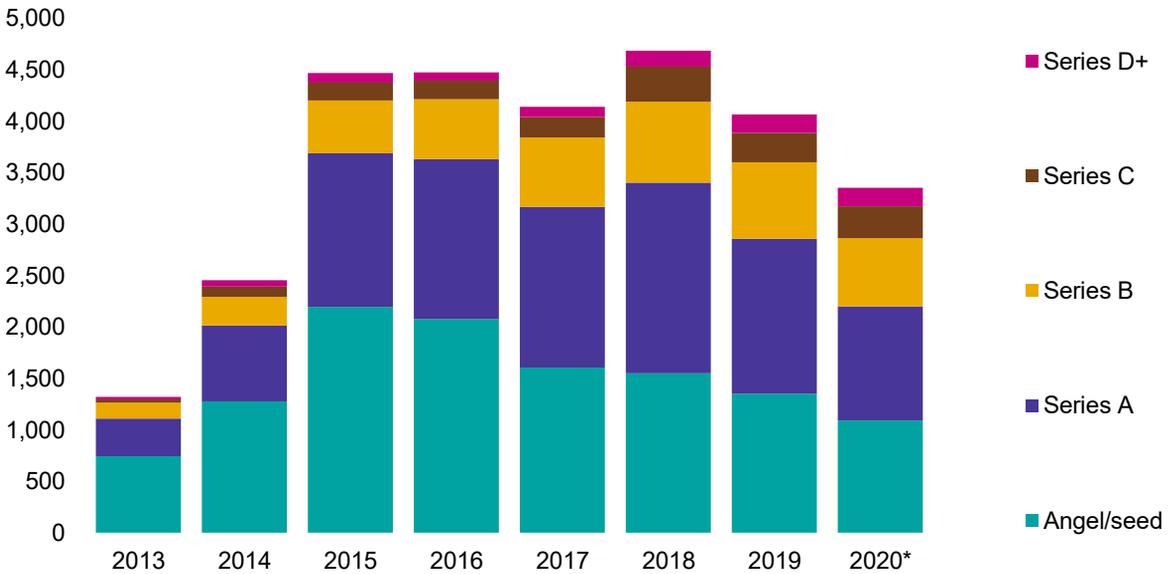


Anshul Gupta
Partner, Head Corporate Finance,
KPMG United Arab Emirates

Capital concentrated at the late-stage

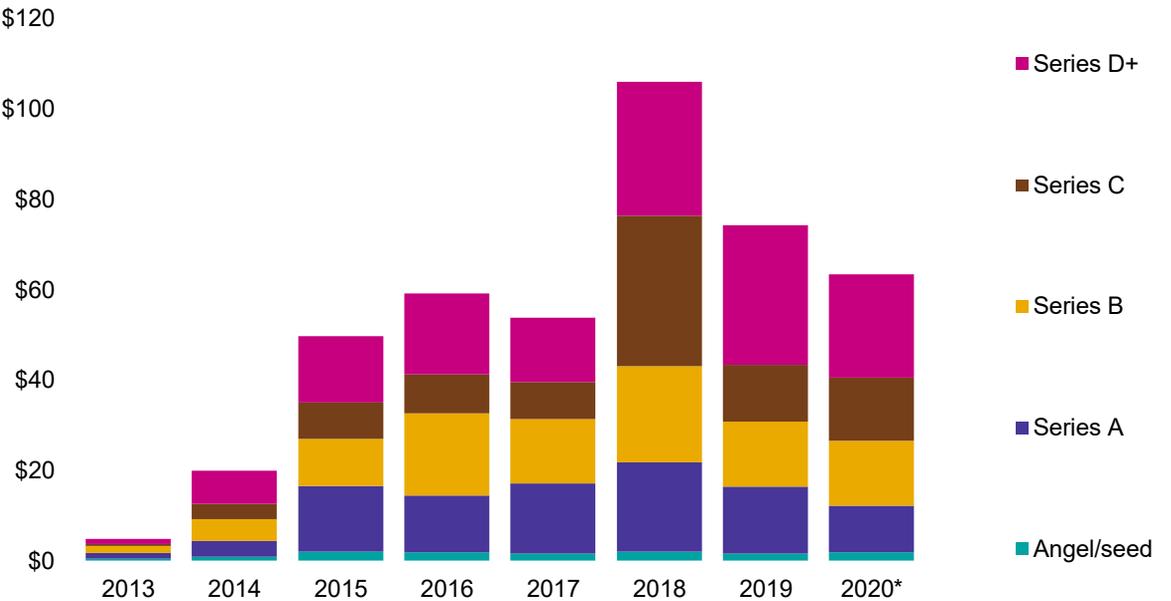
Deal share by series in Asia

2013–2020*, number of closed deals



Deal share by series in Asia

2013–2020*, VC invested (\$B)

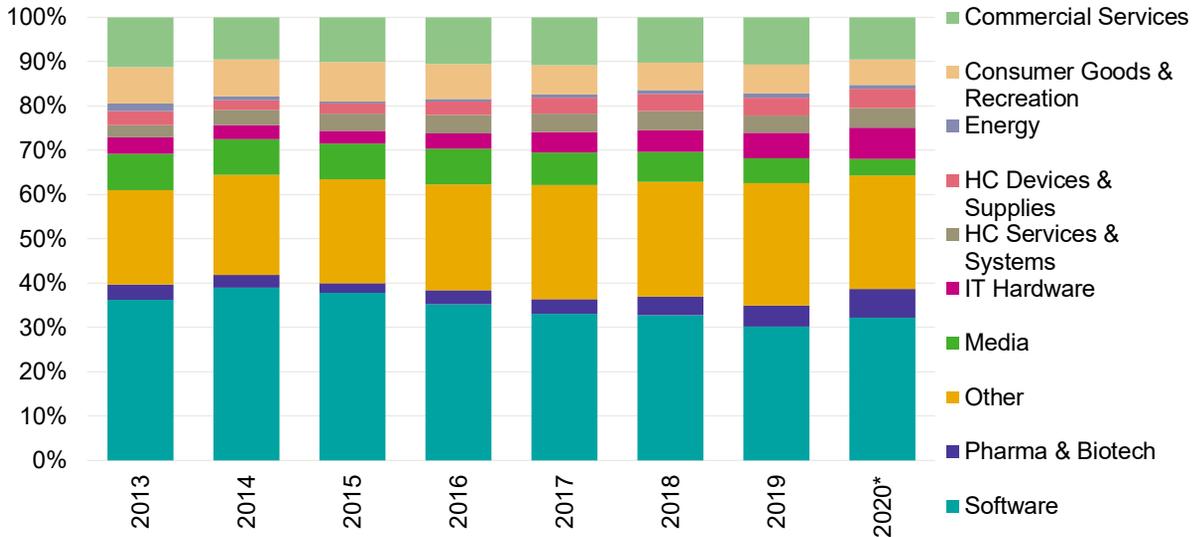


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

VC invested in biotech sets record

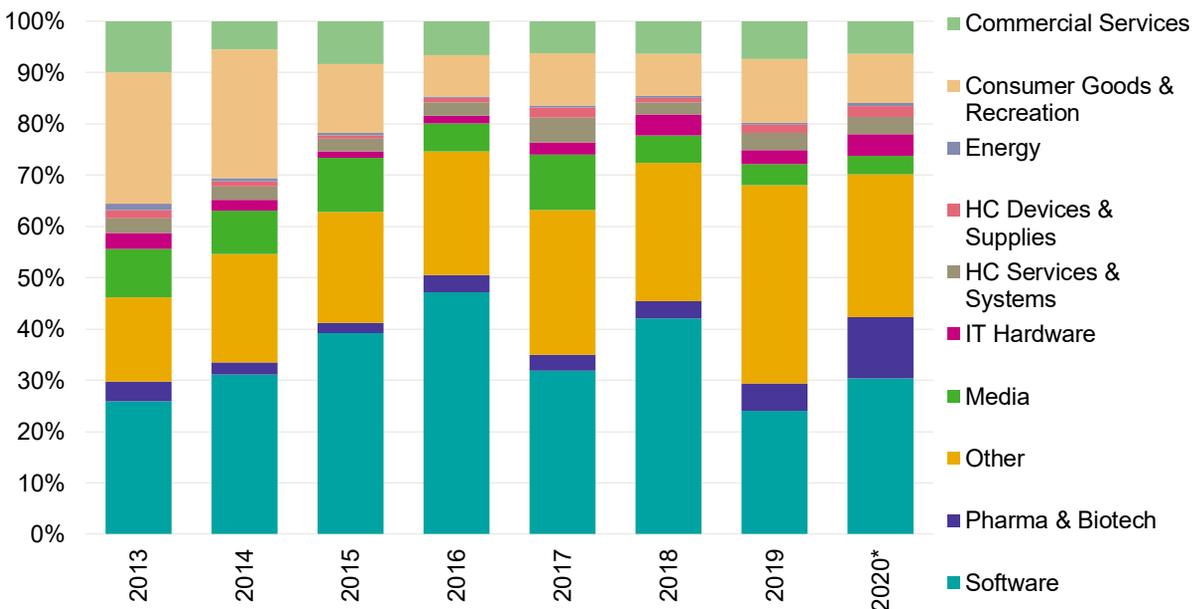
Asia venture financings by sector

2013–2020*, number of closed deals



Asia venture financings by sector

2013–2020*, VC invested (\$B)

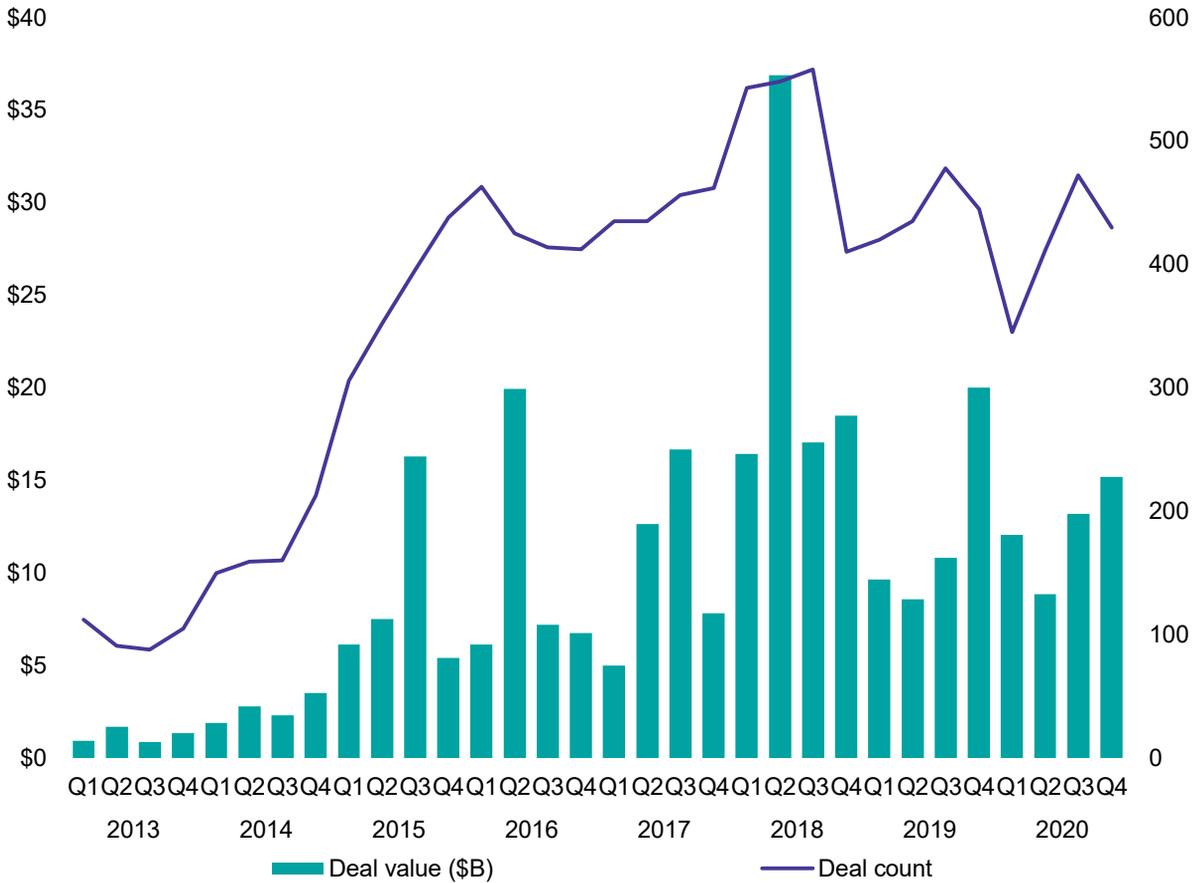


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Corporates rebound after slowdown in Q1

Corporate participation in venture deals in Asia

2013–Q4'20



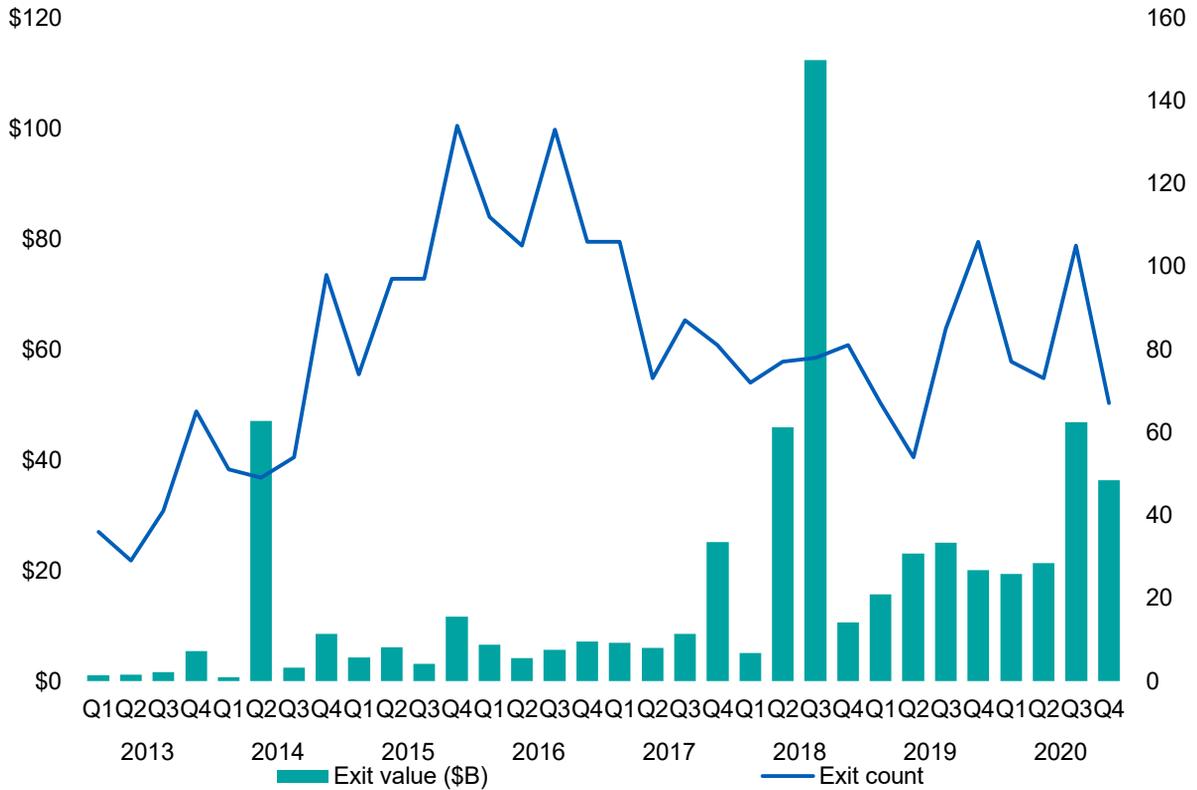
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

Corporations and their venture arms have been a mainstay of the Asia venture ecosystem for years; the initial dip in 2020 was unsurprising given the massive shock of the COVID-19 pandemic, but the rebound was to be expected based on the longer-term drivers of CVC's and their corporate counterparts' interests in exposure to domestic venture ecosystems.

IPOs lead exits to close year on high note

Venture-backed exit activity in Asia

2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

A surge of tech IPOs across exchanges in Asia contributed to volume significantly when looking at annual tallies, speaking to the burgeoning of the Hong Kong and other tech exchanges in the region.

“On the investment front, healthcare continues to be a very strong area of investment in mainland China and Hong Kong. Many companies are attracting investments, from diagnostics and medical equipment to biotech companies focused on vaccine development and therapeutics. IPOs in this space were also strong in Hong Kong — a trend we expect to continue well into 2021 given the solid deals pipeline.”



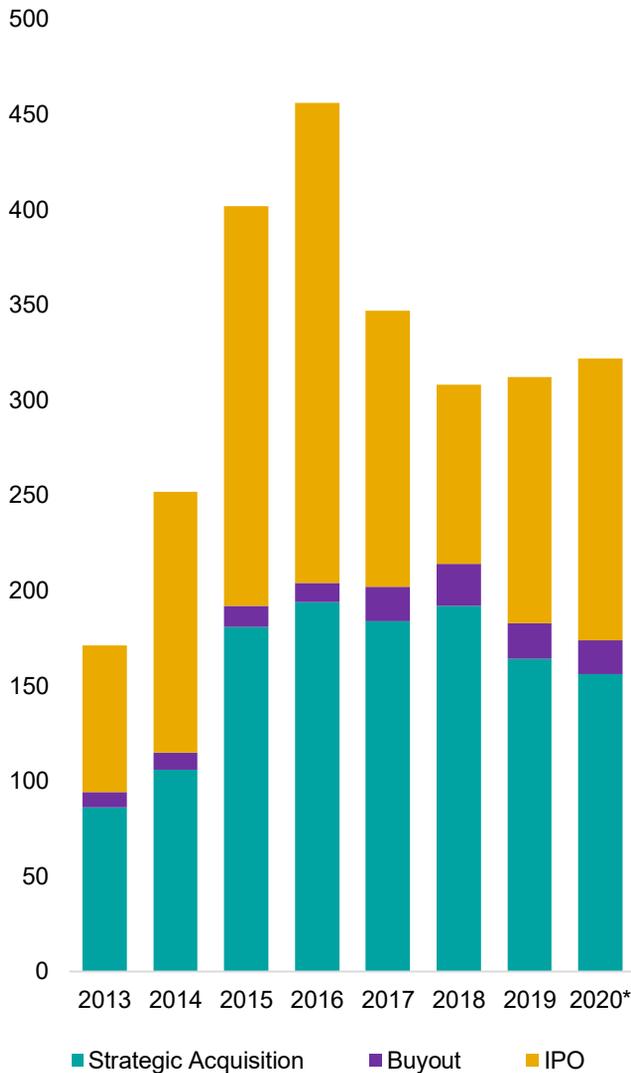
Irene Chu

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

IPOs primarily power near-record exit value

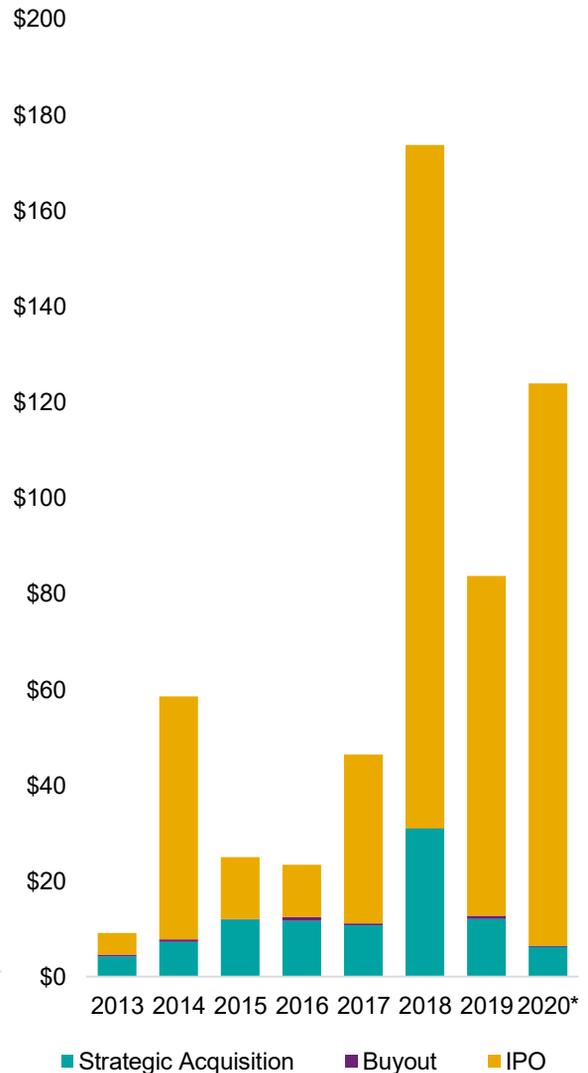
Venture-backed exit activity (#) by type in Asia

2013–2020*



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

2013–2020*

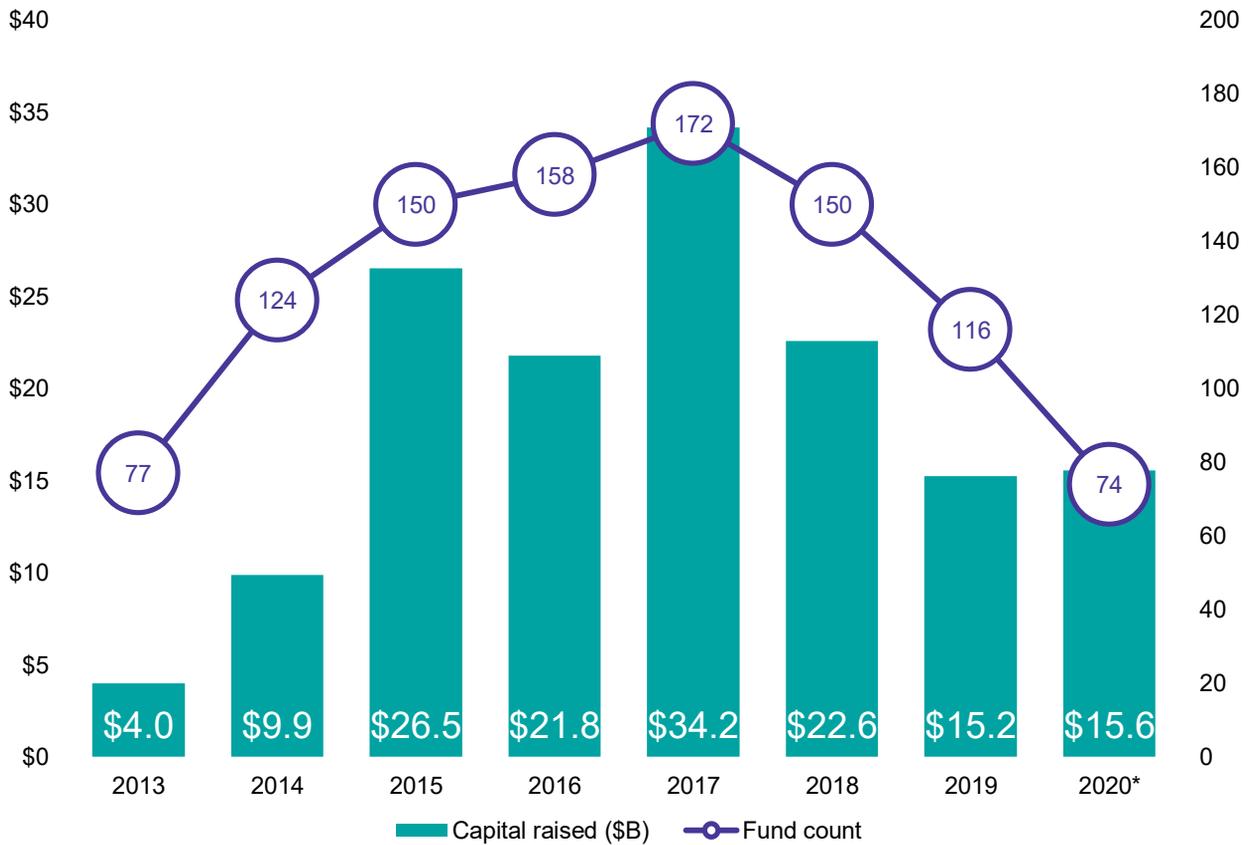


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Funds raised even out even as volume slides

Venture fundraising in Asia

2013–2020*



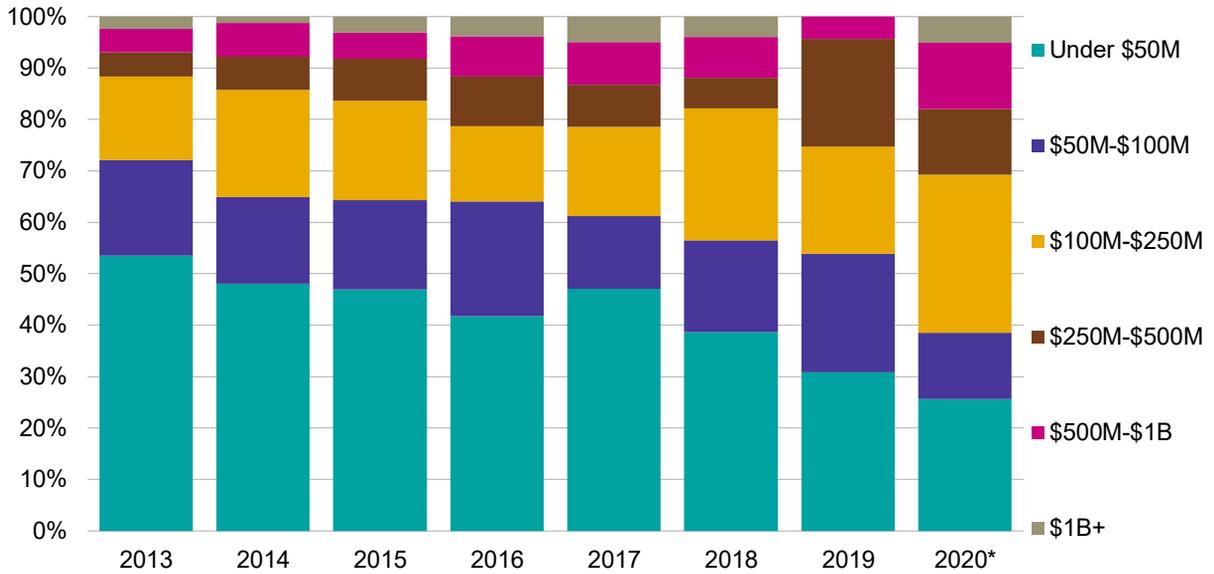
Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

After a 2017 peak, it is clear the region has been in a significant decline for domestic fundraising. Promisingly, VC invested remained strong even with 2019 when final numbers were tabulated, even though volume slid considerably. This suggests that a cohort of venture firms have been able to successfully close larger vehicles due to their investing track record.

First-time funds hit new high in promising sign

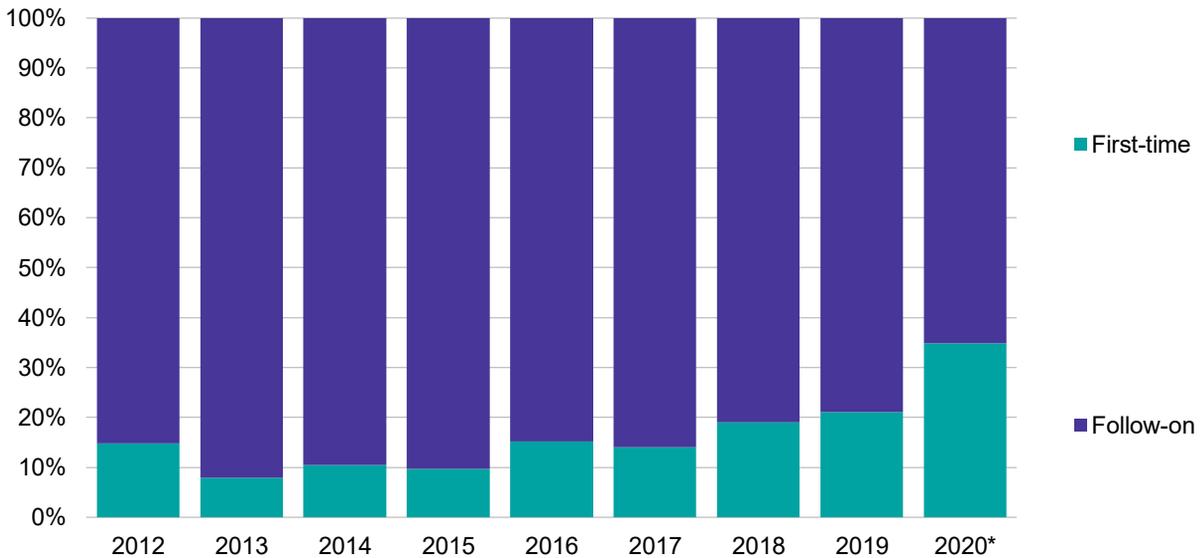
Venture fundraising (#) by size in Asia

2013–2020*



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

2013–2020*

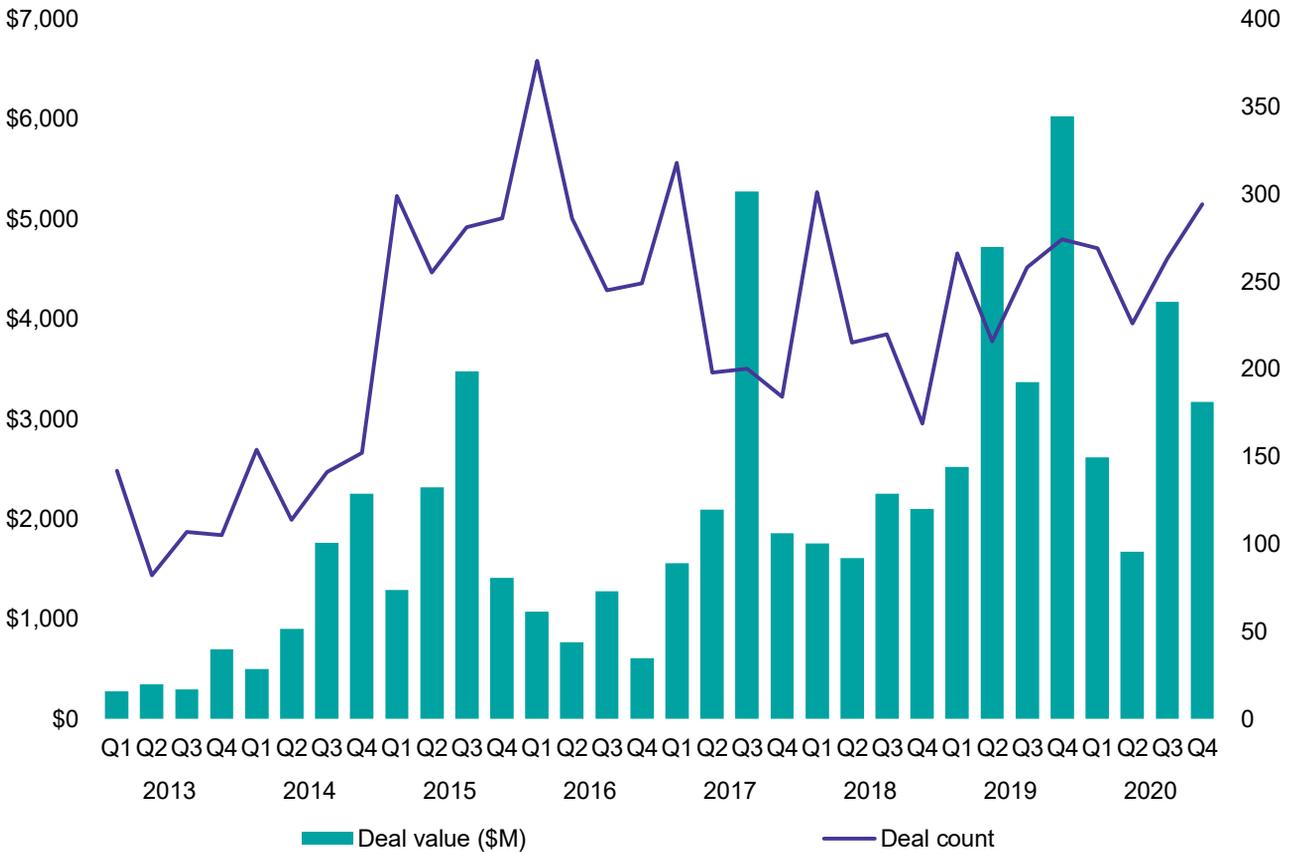


Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

India is boosted by existing unicorns

Venture financing in India

2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

After steadily rising throughout 2019, India saw a record quarter to close off the year. 2020 has been a mixed bag since but ended on a high note in terms of recovered volume, and also thanks to mega-deals saw significant rebounds in VC invested to close the back half of the year.

“There have been a number of sectors that have really benefited from the pandemic here in India. Interest in staples delivery — fresh food, groceries, and the like — has grown quite significantly in recent months, in addition to online retail and gaming. That has driven a lot of investment. Then there’s edtech. It’s been an attractive area for VC investors for a couple of years now — but in 2020, that interest skyrocketed and so did the investments.”

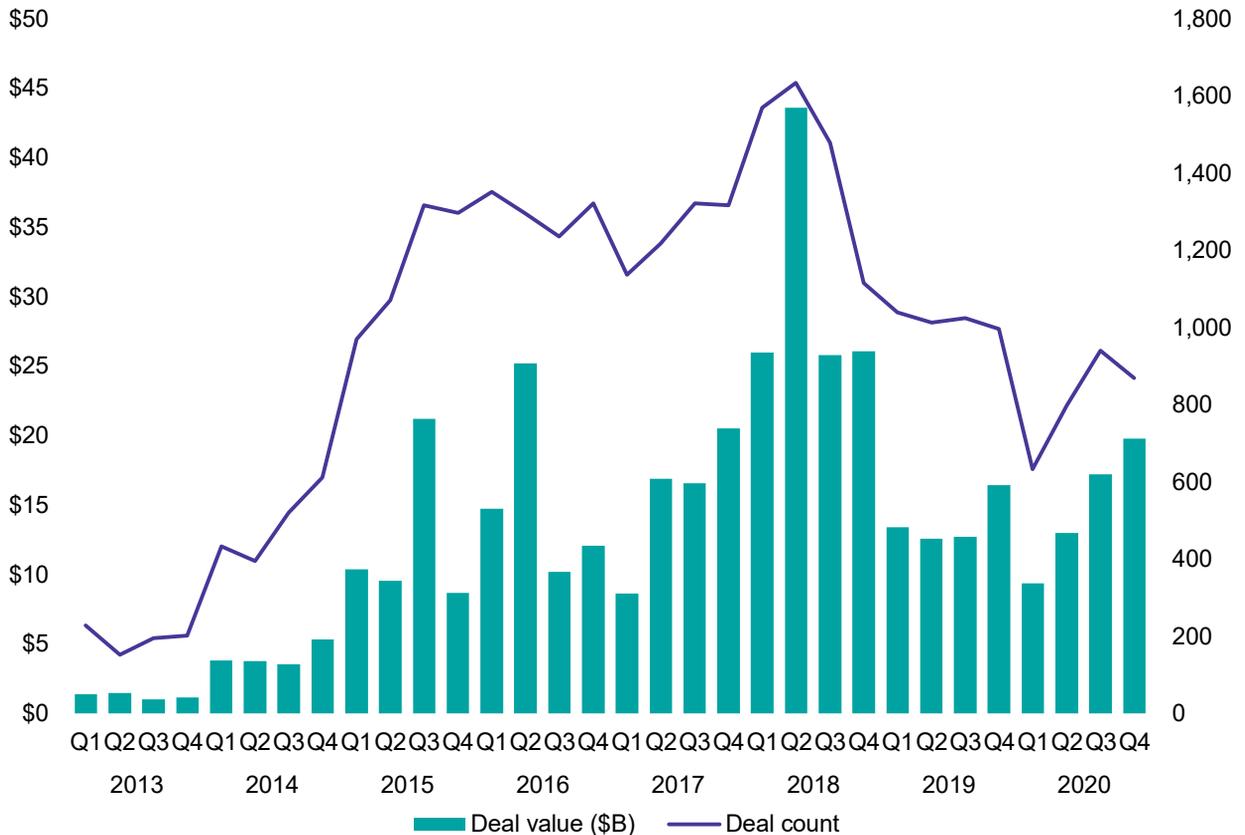


Nitish Poddar
Partner and National Leader, Private Equity
KPMG in India

China sees slight resurgence

Venture financing in China

2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

China is now positioned as one of the first country or jurisdiction to begin the steady economic recovery in tandem, its VC invested tallies recovered significantly quarter over quarter, while its financing volume evened out.

“Given some geopolitical tensions, many VC investors and corporates in China focused on making domestic and regional investments during Q4'20. There is also an increasing focus on improving the sustainability of the supply chain in technology and related sectors — investments towards the development of underlying deep-tech areas like chipsets, sensors, 5G, AI and databases etc. It is expected that, over time, these investments will help fuel ongoing innovation in the country.”

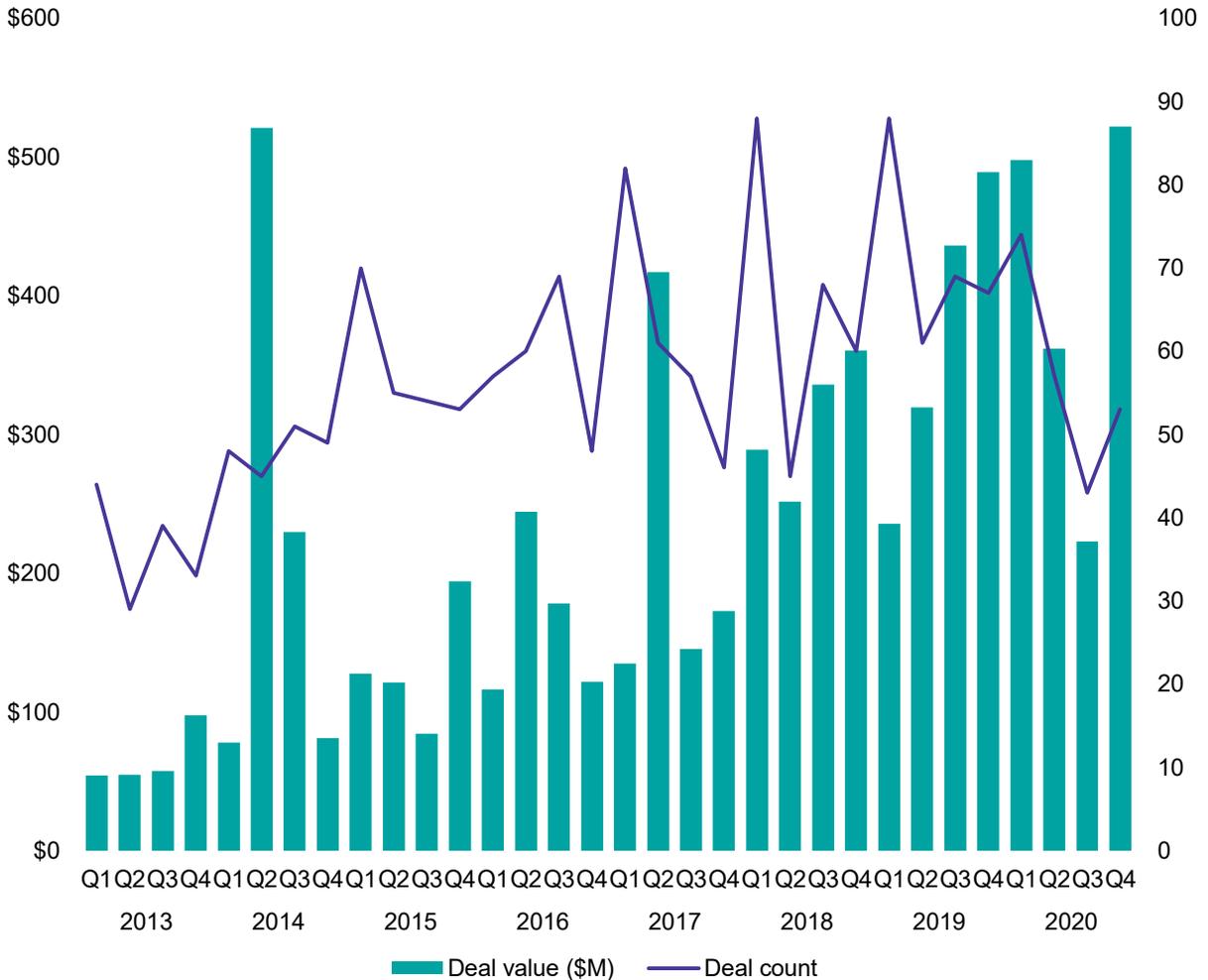


Philip Ng
Partner, Head of Technology
KPMG China

Australia notches near-record VC invested

Venture financing in Australia

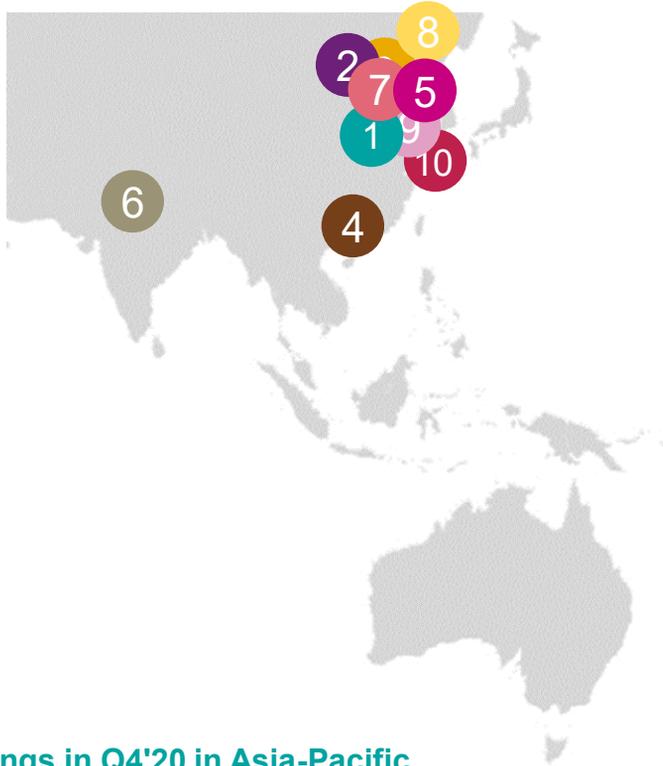
2013–Q4'20



Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of 12/31/20. Data provided by PitchBook, 1/20/21.

Despite the ongoing ripple effects of the COVID-19 pandemic, investors are still eager to fund the best prospects, and accordingly have continued to ply select Australian companies, particularly the larger and more mature ones, with VC.

Digitization of commerce predominates



Top 10 financings in Q4'20 in Asia-Pacific

- | | | | |
|---|--|----|--|
| 1 | Manbang Group — \$1.7B, Nanjing
Logistics
Early-stage VC | 6 | Zomato — \$660M, Gurugram
Foodtech
Late-stage VC |
| 2 | Zuoyebang — \$1.6B, Beijing
Educational software
Series E1 | 7 | Dmall — \$400M, Beijing
Internet retail
Series C |
| 3 | Yuanfudao — \$1B, Beijing
Educational software
Series G | 8 | ZhangGuanWeiXing — \$372.2M, Changchun
Space technology
Late-stage VC |
| 4 | Yunwang Wandian — \$907.1M, Shenzhen
Internet retail
Series A | 9 | Zhenkunhang — \$315M, Shanghai
Industrial supplies & parts
Series E |
| 5 | Enovate Motors — \$735.85M, Shanghai
Automotive
Series B | 10 | LianBio — \$310M, Shanghai
Biotechnology
Early-stage VC |

Source: Venture Pulse, Q4'20, Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, 1/20/2021.

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About KPMG Private Enterprise

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Acknowledgements

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

Jonathan Lavender, Global Head, KPMG Private Enterprise, KPMG International

Conor Moore, Global Co-Leader Emerging Giants, KPMG Private Enterprise, KPMG International, Partner, KPMG in the US

Kevin Smith, Head of KPMG Private Enterprise in EMA, Global Co-Leader Emerging Giants, KPMG Private Enterprise, KPMG International, Partner, KPMG in the UK

Anshul Gupta, Partner, Head of Corporate Finance, KPMG United Arab Emirates

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

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

Dina Pasca-Raz, Partner, Head of Technology, KPMG in Israel

Diogo Garcia Correia, Venture Capital & Emerging Giants Business Development, KPMG in Brazil

Egidio Zarrella, Partner, Clients and Innovation, KPMG China

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

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

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

Melany Eli, Managing Director, Marketing and Communications, KPMG Private Enterprise, KPMG International

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

Philip Ng, Partner, Head of Technology, KPMG China

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

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

Tim Dümichen, Partner, KPMG in Germany

Methodology

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

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

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

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

Fundraising

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

Deals

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

Methodology, cont'd.

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.

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Private Enterprise

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