



Nasdaq Private Market

Nasdaq Private Market 2021 Annual Report

Strong Secondary Valuations Drive 2021 Growth and Continued Transformation of Private Markets



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State of the Private Market

Dramatic demand from both traditional and nontraditional investors is underpinning the transformation of the private market ecosystem. Primary deal cadence and size remain elevated for companies, and secondaries have evolved as an avenue to provide investment allocations to strategic investors not able to engage via primary fundraising rounds. Companies of all stages have benefited from the surge in demand, but they face new obstacles to efficiently connect with a fragmented market of investors while unlocking secondary capital at prevailing market valuations.

In 2021, NPM spun-out from Nasdaq to operate as an independent company, to scale and further develop its private market trading venue into a centralized, institutional-grade ecosystem for issuers, banks, brokers, shareholders, and prospective investors of private company stock. Advancing its mission to build a premier marketplace for private companies, NPM received strategic investments from Nasdaq, SVB Financial Group, Citi, Goldman Sachs, Morgan Stanley, and Allen & Company.



2021 Market Highlights and Trends

- Secondary liquidity has become a critical component of recruitment and retention strategies for private companies.
- Secondary valuations converging with primary round valuations.
- Private market ecosystem continues to transform due to surging demand from new investors seeking pre-IPO access.

NPM Stats for 2021

 **\$13.0B** Total Transaction Value

 **146** Company Sponsored Programs

 **187%** Growth in Transaction Value

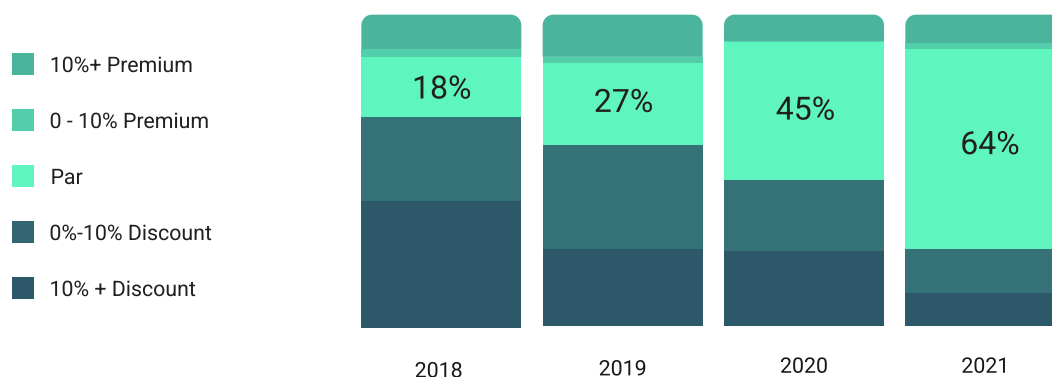
 **40K+** Total Participants

2021 Secondary Valuations Drive Record Value

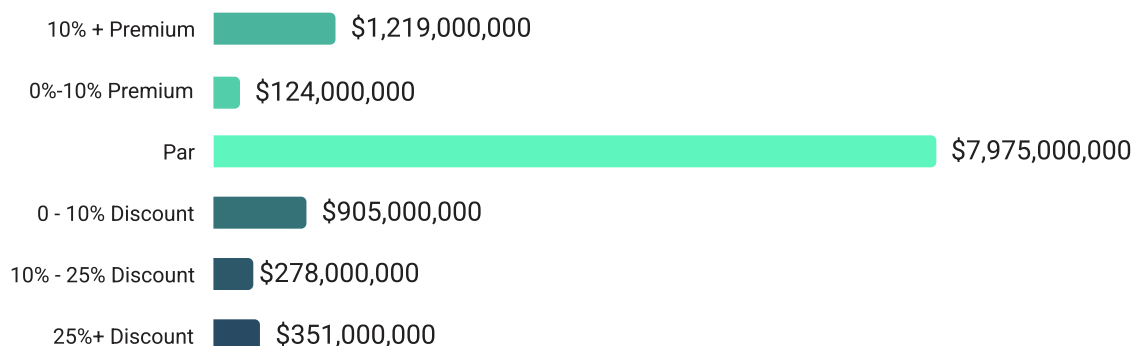
In 2021, NPM achieved a record-breaking \$13.0B in total transaction value (187% increase year-over-year) across 146 company-sponsored programs (62% increase year-over-year). Along with this growth, Nasdaq Private Market clients experienced a continued narrowing in secondary pricing discount to their most recent primary issuance.

Investor demand for private assets in both the primary and secondary markets has driven both valuations and dampened secondary discounts. Across all company-sponsored secondaries in 2021, the median discount remained at 0.0%, and 11% of programs were at a premium to the last primary round.

Narrowing In Discount To Recent Preferred Price Drives Valuations



2021 NPM Transaction Value By Secondary Pricing*

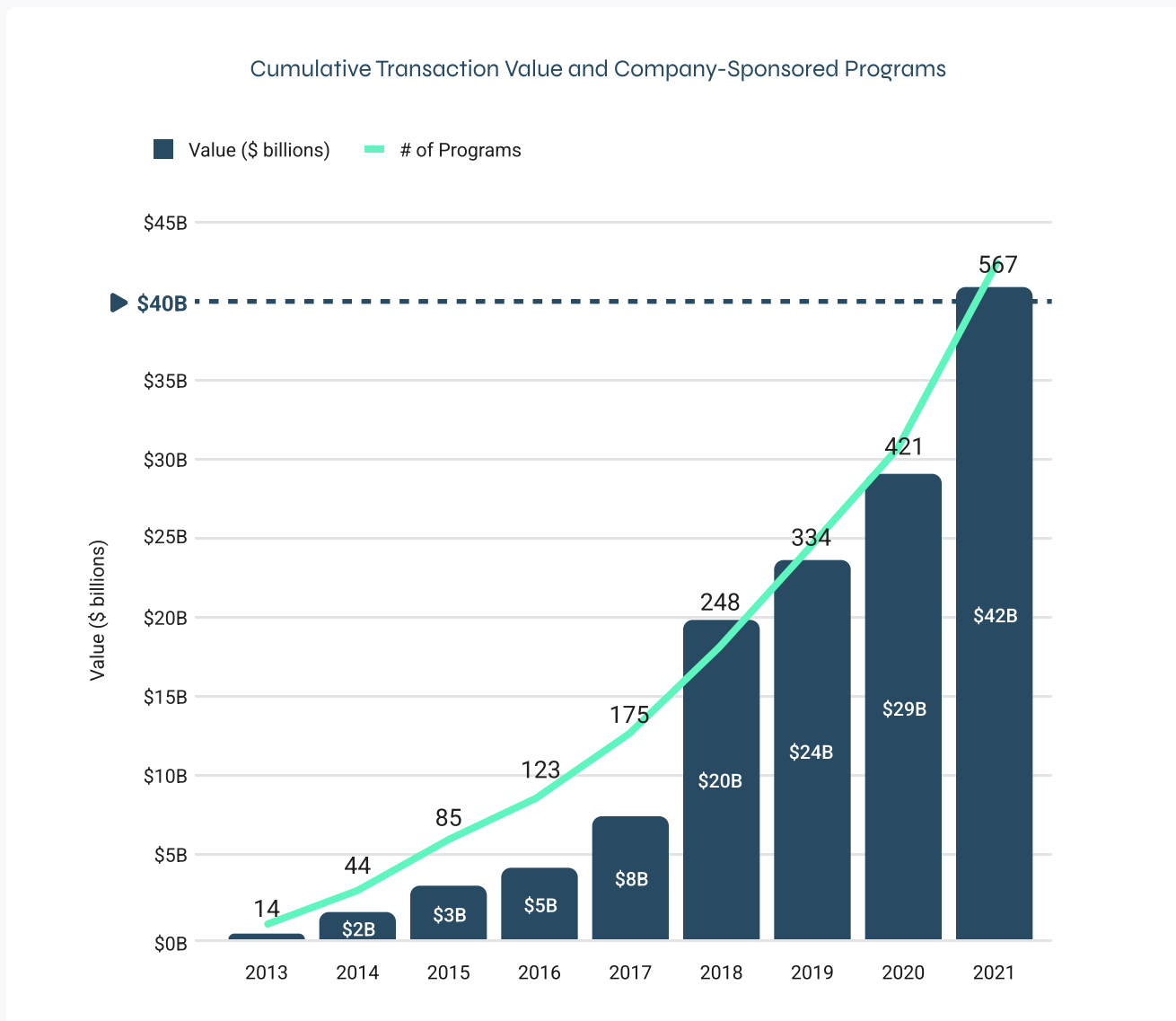


Includes Transactional Value For All Programs With Recent Primary Pricing Data

The Center of Private Company Liquidity

The number of companies with a Unicorn status (\$1B+ valuation) grew from 564 in 2020 to 882 in 2021. Throughout the year, NPM supported 14% of all U.S.-based Unicorns, and 26% of all U.S.-based Unicorns that went public last year, in meeting their secondary liquidity needs¹.

The largest and most established global private companies continue to partner with NPM to address their unique liquidity challenges, from tender offers to buy-side auctions to a pre-listing company marketplace.

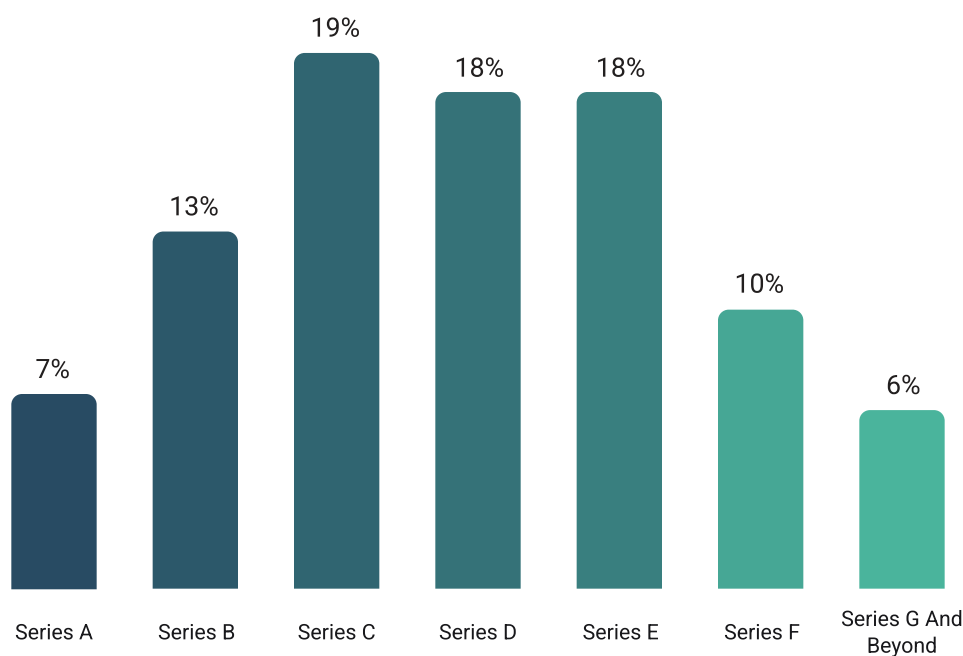


Companies of All Stages are Accessing Secondary Liquidity

Private companies are integrating secondary liquidity programs into their overall growth and retention strategy. In particular, early-stage companies are increasingly accessing the secondary markets as they strive to recruit and retain employees amidst a tight labor market.

More broadly, many companies are electing to pursue a secondary offering in conjunction with, or soon after a primary equity raise, to increase the efficiency of the process.

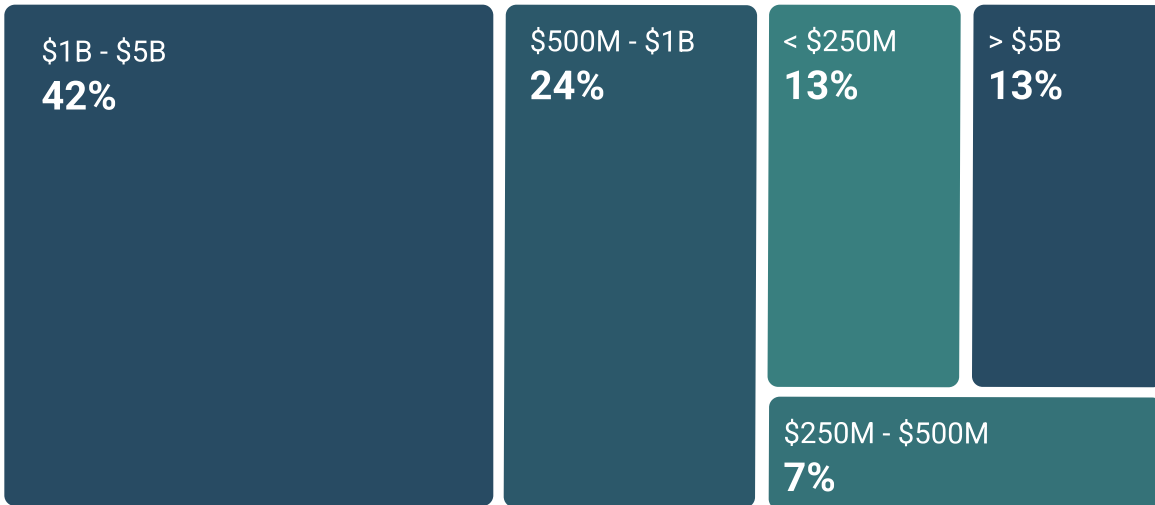
2021 NPM Clients By Recent Financing Stage*



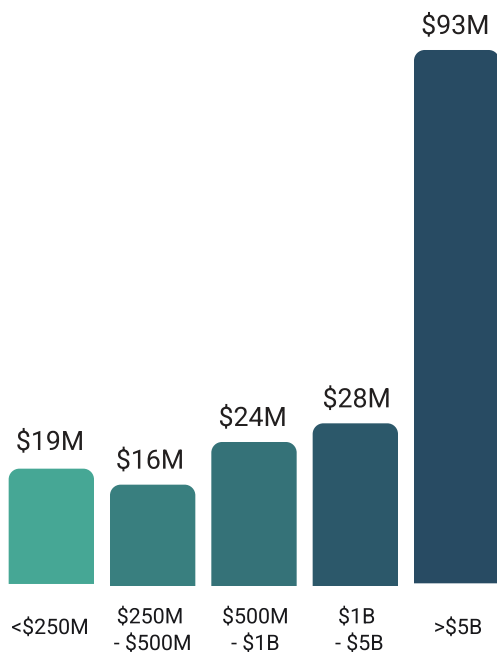
*10% Of Programs Did Not Fit Into Included Categories

NPM Client Snapshot 2021

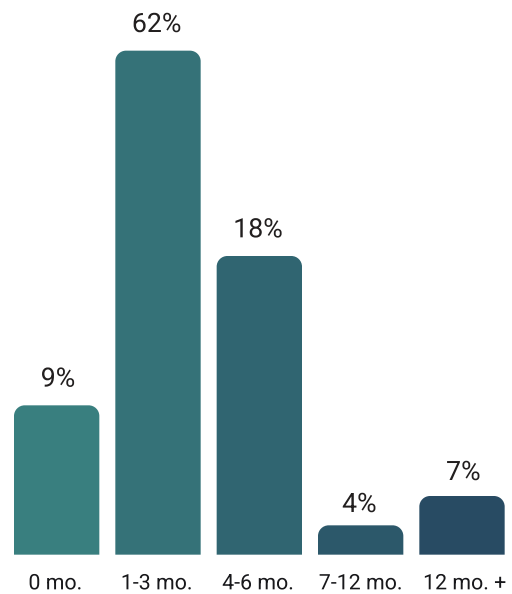
NPM Client Size



Median Transaction Size by Valuation



Months Since Recent Financing



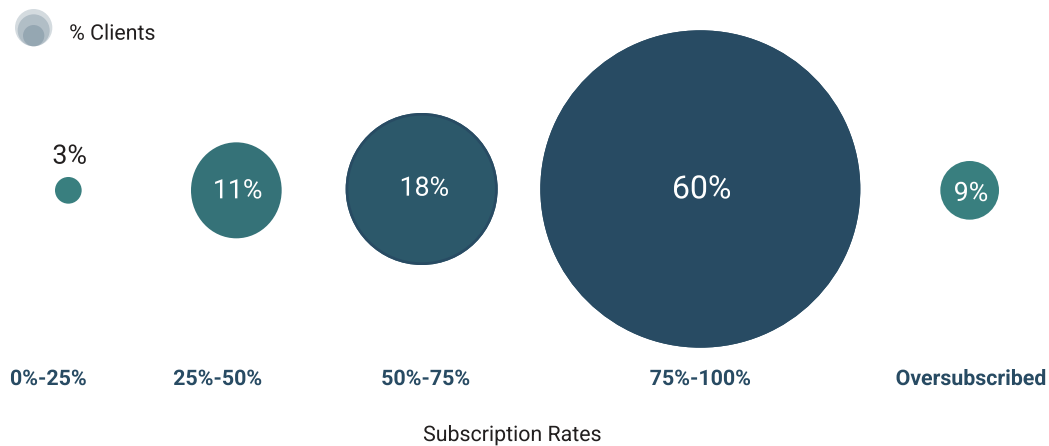
Employee Recruitment and Retention is a Key Focus for Companies

2021 was a transformational year for venture-backed companies. With record levels of dry powder across the private market, companies have found it relatively easy to raise capital. However, as private companies continue to stay private for longer periods of time, it has become very difficult to attract and retain top talent.

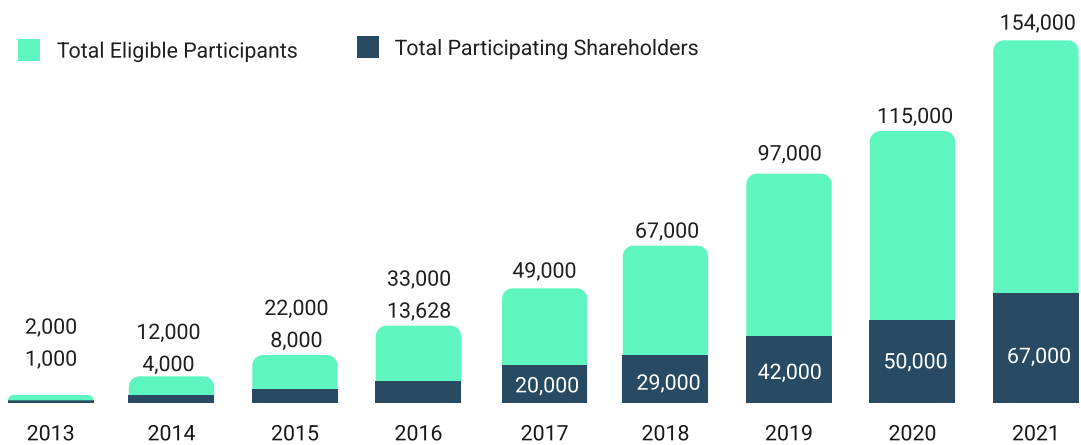
As funding for companies has increased, demand for employees has outpaced the market's supply of human capital, resulting in a talent shortage and competition for top talent. More companies are actively pursuing systematic secondary transactions as a competitive tool.

High Subscription Rates Across Programs

Sellers able to access liquidity as buyers receive desired allocations



NPM Cumulative Eligible and Participating Shareholders

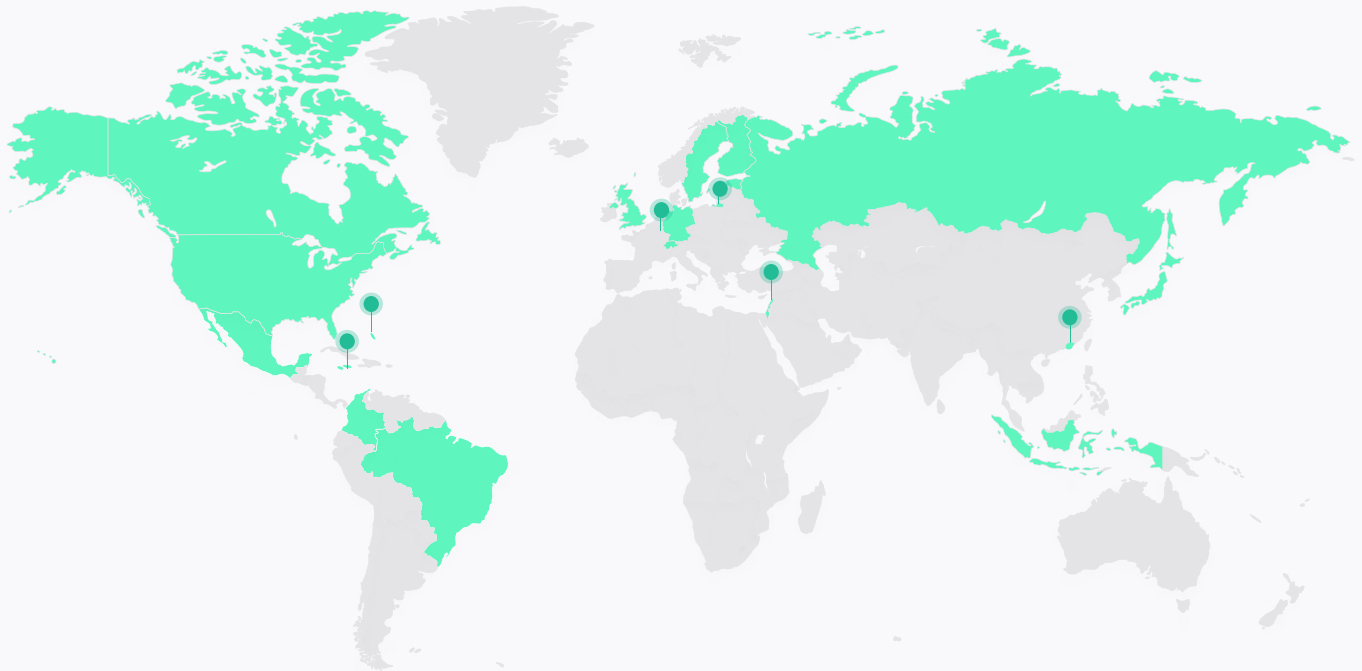


International Secondary Growth

In addition to Nasdaq Private Market’s penetration of the U.S. market, NPM significantly expanded its international reach in 2021, with 230% growth in non-U.S. headquartered clients. NPM has served companies and investors in over 20 countries and territories.





















Given the differing secondary regulations across jurisdictions, NPM has worked closely with international clients to better understand their needs and structure their secondaries accordingly.

NPM sees vast market potential at the international level given the global adoption of secondary transactions.



 **20**

Countries
And Territories

- | | | | |
|--|---|--|--|
|  Bermuda |  Estonia |  Israel |  Singapore |
|  Brazil |  Finland |  Japan |  Switzerland |
|  Canada |  Germany |  Luxembourg |  Sweden |
|  Cayman Islands |  Hong Kong |  Mexico |  United Kingdom |
|  Colombia |  Indonesia |  Russia |  United States |

Legal Relationships

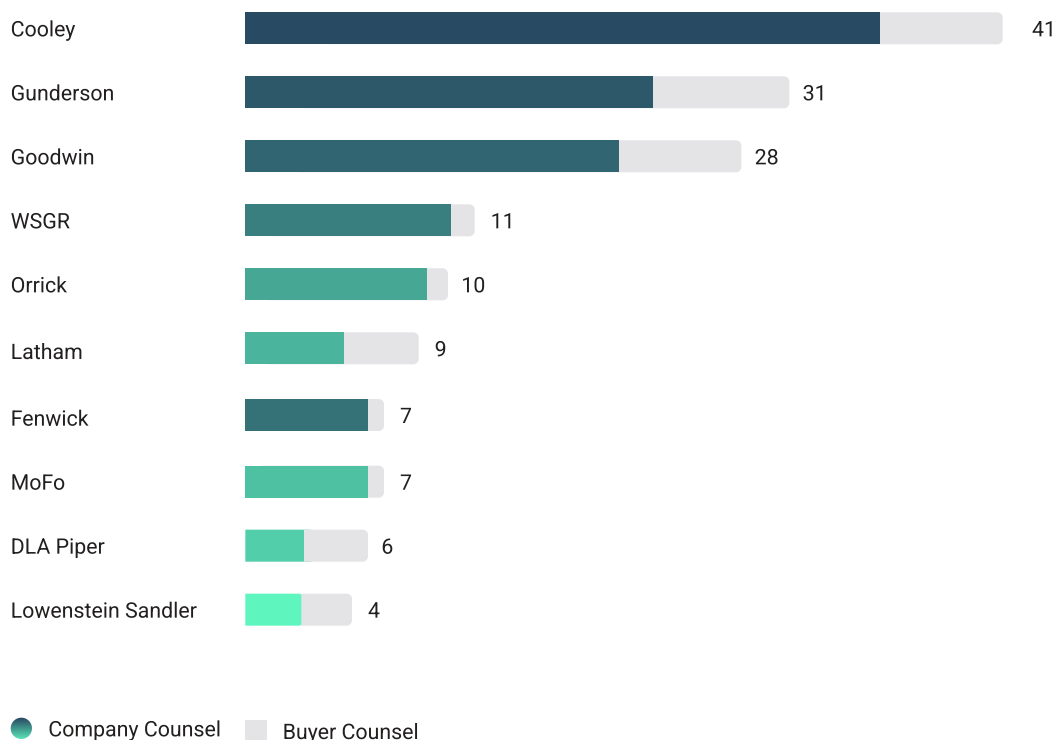
Nasdaq Private Market worked with 49 individual law firms in 2021, including both buy-side and company counsel. NPM's deep relationships with the corporate legal community globally continues to aid business expansion.

Partners and associates alike have grown to trust NPM as their recommended provider of secondary liquidity, relying on NPM's partnership for guidance on structuring the appropriate secondary transaction.

NPM's longstanding history in the market, commitment to security and confidentiality, excellent client service, and execution align with the legal community's expectations for the clients they serve.

Law Firms Leading Private Company Transactions

Top 10 Law Firms 2021



2022: A Look To The Year Ahead

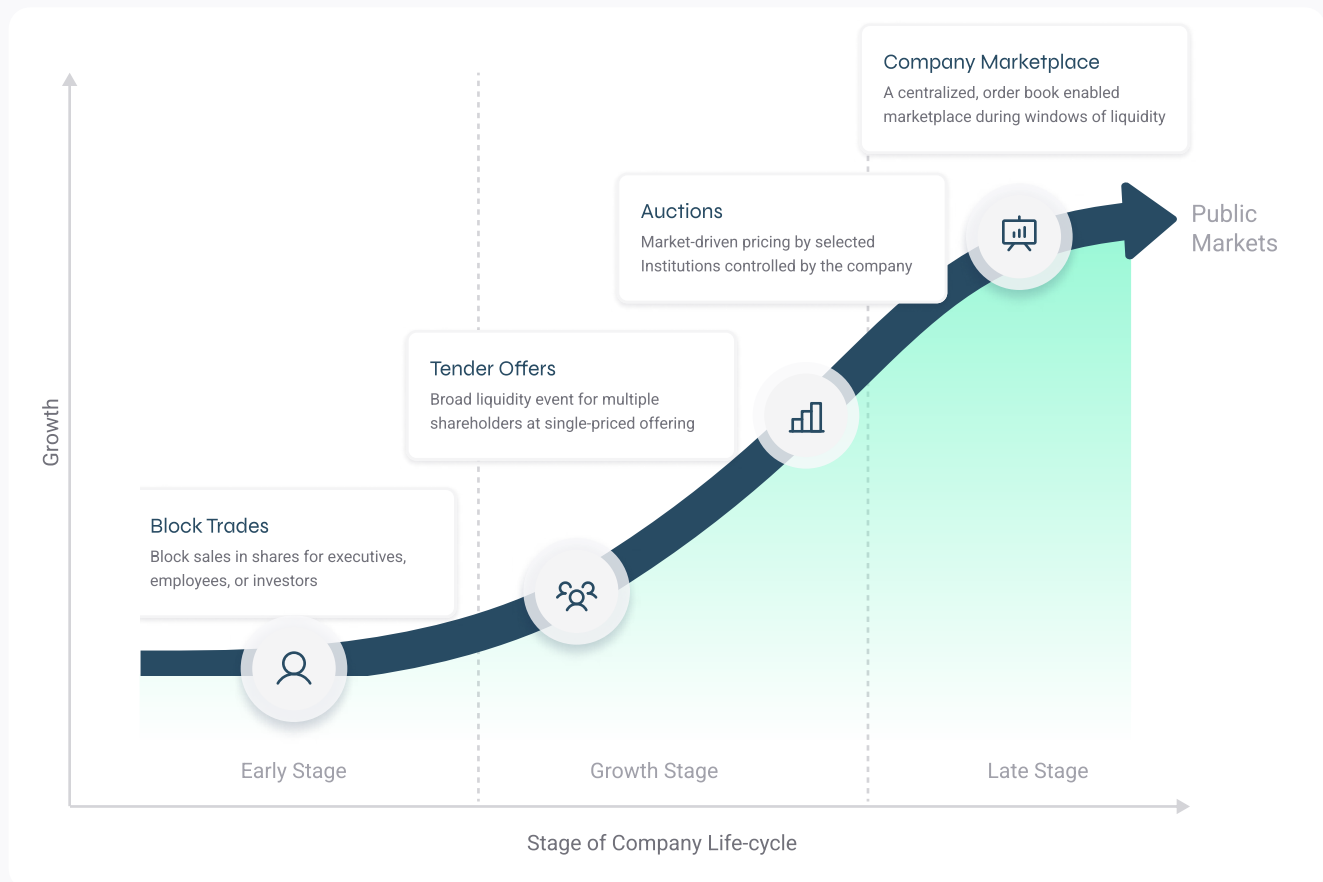
- Beyond The Tender Offer


Given the increased desire for recurring shareholder liquidity, Nasdaq Private Market has continued to enhance its Auction solutions through defined Windows of Liquidity and Pre-Listing Continuous Market solutions.

Both structures enable a centralized market for a private company's secondary trading activity, improving company oversight, removing the concern of unauthorized one-off trades and alleviating certain liquidity pressures. Since 2020, NPM has collaborated with numerous late-stage companies to optimize this structure which now provides companies with fluid secondary pricing data and an understanding of institutional demand across the market.

Whether through Windows of Liquidity or the Pre-Listing Continuous Market, NPM's trading marketplace connects eligible private company shareholders with target institutional investors that have been pre-approved and onboarded into the Nasdaq Private Market network.

Each company has the ability to customize their program, determining how often they would like to open trading windows (e.g., quarterly, semi-annually), how long the windows should remain open and which shareholders should be eligible. As companies increasingly choose to remain private for longer, NPM's trading marketplace allows them to decompress liquidity pressures and simplify their secondary trading activity through a one-time configuration of on-demand liquidity for their shareholders.





As the private market evolves, NPM continues to amplify our resources and expertise to bring you actionable insights and context to help you execute your liquidity goals in 2022.

Please contact the team at sales@npm.com with any questions about our report, to discuss market trends we've noted, or how we can partner with you on your liquidity objectives. For more information on Nasdaq Private Market, please visit our website, www.nasdaqprivatemarket.com.

Sources

1. VC-backed Unicorns. According to both Internal and PitchBook data.





Nasdaq Private Market