



Private Enterprise

# Venture Pulse

# Q2 2022

Global analysis of venture funding

July 20, 2022



# Welcome message

Welcome to the Q2'22 edition of KPMG Private Enterprise's *Venture Pulse* — a quarterly report spotlighting the major trends, challenges, and opportunities facing the venture capital market globally and in key jurisdictions around the world.

Global VC investment and the number of VC deals declined in Q2'22 amid ongoing geopolitical uncertainties, supply chain issues, and increasing inflation and interest rates. VC investment in the US showed the most resilience, led by a \$2 billion raise by Epic Games, a \$1.7 billion raise by SpaceX and a \$1.5 billion raise by GoPuff. In Europe, VC investment dropped across most individual jurisdictions. Fintech, cybersecurity, and supply chain management continued to attract significant investment from investors, in addition to alternative energy and energy storage.

While total investment might have declined, Europe continued to see a wide range of countries attracting large deals, including Germany (Trade Republic — \$1.15 billion), Switzerland (Climeworks — \$650 million), the United Kingdom (SumUp — \$626.7 million), Croatia (Rimac Automobili — \$528.7 million) and Italy (Scalapay — \$524 million; Habacus — \$330 million). VC investment in Asia dropped for a second straight quarter, driven by continued softness of investment in China and relatively smaller deal sizes. India-based Dailyhunt raised the largest round of the quarter in Asia (\$805 million), followed by China-based CanSemi (\$671.8 million), Hong Kong (SAR), China's Bavari Natural Environment (\$630 million) and Indonesia-based Xendit (\$300 million).

IPO activity stalled across the board during Q2'22, driven by declining valuations and the poor performance of tech companies

on the public markets. With valuations dropping, cash preservation is rapidly becoming a priority for companies. While there continues to be dry powder in the market, VC investors are becoming more conservative, focusing more on profitability when making investment decisions.

With no end in sight to the global uncertainty, the IPO window is expected to remain firmly shuttered and VC investment is expected to remain soft in Q3'22. The VC market is likely to see down rounds as companies feel pressure despite the challenging market conditions. M&A activity could see a bump as investors look for deals and companies in different industries consolidate in order to improve their market positions.

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

- Declining investor interest in consumer-focused businesses, particularly in the Americas
- Increasing focus of investors on profitability and cash conservation
- Growing geographic diversification of deals in Europe and Asia
- Declining levels of CVC investment in many jurisdictions
- Increasing interest in alternative energy and battery storage

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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Private Enterprise

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#Q2VC

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## Global

- VC investment slows to \$120.2 billion across 8,420 deals
- Up rounds continue at record proportion
- Record dry powder supporting resilient valuations
- Total exit value drops to lowest levels in 2 years
- United States home to 6 of top 10 deals globally



## US

- VC deal value drops to \$62.3 billion across 3,374 deals
- Up rounds continue as well as strong valuations
- Angel & Seed investments increase as percentage of deals
- First-time venture financings on pace for another record year
- VC fundraising continues at record pace

## Americas

- VC-backed companies raise \$66.2 billion across 3,778 deals
- Median deal size falls for late-stage VC
- Valuations still hold at record highs
- After historic year, Canadian dealmaking drops in Q2
- Brazil experiences sudden drop in mega deals
- Top 10 deals all in the United States



## Europe

- Investment strong in Europe — over \$27.3 billion invested on 2,220 deals
- Late-stage holds strong as investors remain sanguine
- Late-stage volume remains healthy
- First-time financings slow down; corporates remain active
- UK and German VC invested tallies remain healthy
- Top 10 deals spread among 6 countries

## Asia

- VC investment drops to \$24.5 billion across 2,206 deals
- Corporates remain active
- Sluggish fundraising in first half of year
- Venture financing in India surpasses \$6.5 billion for the 4<sup>th</sup> consecutive quarter
- Top 10 deals spread between China (5), India (4), Indonesia (1), Singapore (1)

**Globally, in Q2'22  
VC-backed companies  
raised \$120.2B across  
8,420 deals**

# VC investment declines globally as market uncertainties deepen

**VC investment globally dropped to a 6 quarter low in Q2'22 amid the ongoing crisis in Ukraine, high levels of inflation, and rising interest rates. With no end in sight to the uncertainty, VC investment could remain somewhat soft heading into Q3'22.**

## Largest mega deals limited to the US

Both the number of deals and the total amount of VC investment dropped in the Americas, Europe, and Asia during Q2'22. VC investment in the US showed the most resilience, helped by three \$1 billion+ deals: a \$2 billion raise by Epic Games, a \$1.7 billion raise by SpaceX and \$1.5 billion raise by GoPuff. The largest raises outside of the US included a \$1.15 billion deal by Germany's Trade Republic, an \$805 million raise by India-based Dailyhunt, a \$714 million raise by Kitopi in the United Arab Emirates, and a \$650 million raise by Switzerland-based Climeworks.

## Despite dry powder, global VC investors becoming more cautious

While there continues to be a reasonable amount of dry powder in the VC market globally, particularly in the US, the Americas more broadly, and Europe, VC investors are expected to become more cautious with their investments, focusing on companies within their portfolios, companies with strong paths to profitability, and companies in sectors being put in the spotlight by the current crisis in Ukraine.

## VC investors pressure portfolio companies to focus on preserving cash to ride out the storm

A number of high-flying private companies saw their valuations drop in Q2'22 compared to 6 months ago — a decline echoing the experience of many publicly traded tech companies around the world. This is driving several global VC firms to direct their portfolio companies to tighten their wallets, be more selective with their hiring plans, and rationalize their workforce in order to ride out the current uncertainties. Many VC investors and startups view cash preservation as essential in order to avoid down rounds and defer new funding rounds until the market turbulence improves.

## Supply chain and automation continue to attract attention

While investor interest in consumer-orientated businesses waned during Q2'22, interest remained relatively high in a number of other sectors. Supply chain and logistics continued to attract a significant amount of attention as companies looked for ways to address ongoing supply chain challenge. Piggy-backing off the focus on supply chain management, VC investors also showed continued interest in automated vehicles — from long-haul transportation to the development of automated vehicles for use in warehouses, on farms, and at other industrial or manufacturing sites or facilities. Drone technologies have also remained firmly on the radar of VC investors.

## Soaring energy prices driving attention to alternative energy

Skyrocketing energy prices in many regions of the world and growing concerns over energy dependencies helped drive investor interest in alternative energy options, energy storage, and mobility even higher in Q2'22. While electric vehicles and batteries continued to be a major focus for investment during the quarter, areas like hydrogen-based technologies also gained additional attention. Over the next few quarters, interest in other energy sources and solutions is also expected to pick up — such as the development of small-scale nuclear plants in Europe.

## IPO exits stall worldwide amid poorly performing public markets

After a strong run of IPO exits over the last 2 years, the IPO window has slammed shut, particularly in the US but also in Europe and Asia. With valuations of many public technology companies down considerably, many companies that may have considered an IPO exit have now delayed their plans for the foreseeable future.

While SPAC activity globally has been quiet in 2022, there continues to be many SPACs looking for targets, particularly in the US. Many of these SPACs will see their 2-year window of opportunity closing within the next 12 months. This could drive some renewed activity over the next few quarters, particularly if market conditions improve.

# VC investment declines globally as market uncertainties deepen, cont'd.

## Unicorn status in jeopardy for some startups

In Q2'22, there were 97 new unicorns birthed globally, with fintech companies representing more than a third. The Americas accounted for over half of the world's new unicorns, with the US hosting all but three in Latin America (Unico and Stark Bank in Brazil and Kushki in Ecuador). Europe saw 18 new unicorns come from 8 different countries (UK, Germany, Finland, Sweden, Norway, Netherlands, Switzerland, Israel), reflecting the incredible geographic diversity of the European VC market. Asia also saw quite a geographic spread of new unicorns, with 17 coming from seven jurisdictions in Q2'22.

While unicorn births remained steady during the quarter, there are concerns that down rounds could cause unicorns with \$1 billion valuations to lose their status. Unicorns valued at exactly \$1 billion could consider giving significant concessions to investors in order to retain their unicorn status.

## Trends to watch for in Q3'22

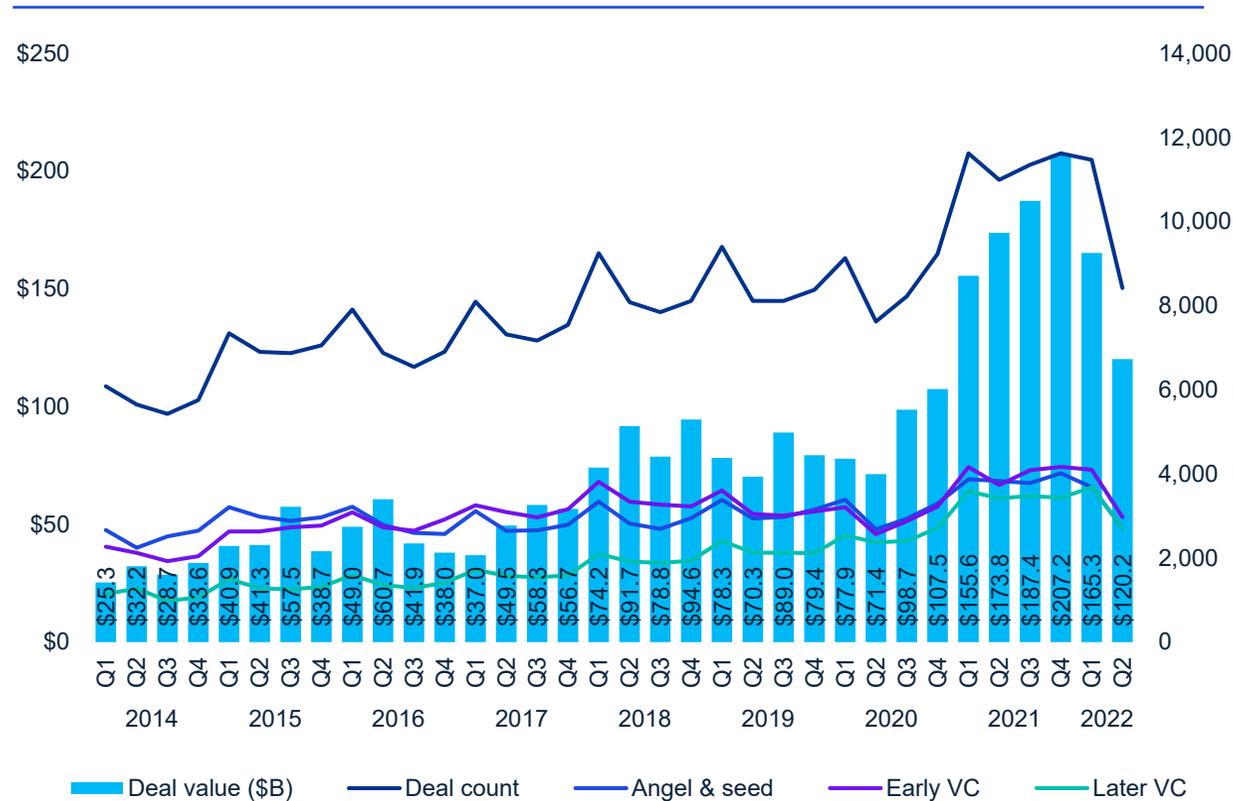
Given the number of geopolitical and macroeconomic uncertainties affecting the VC market globally, there will likely continue to be downward pressure on valuations, which could lead to decreasing levels of investment. VC deals in many regions will likely take longer to complete as investors enhance their due diligence of deals.

Fintech will likely remain a strong area of investment in many jurisdictions around the world, in addition to supply chain and logistics, cybersecurity, and alternative energy. Given rising inflation and interest rates, consumer-focused companies will likely lose some luster with VC investors in favor of B2B solutions and investments.

# Venture investment slows but does not collapse

## Global venture financing

2014–Q2'22



Source: Venture Pulse, Q2'22. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, July 20, 2022.

Midway through the year, it is clear that although venture investment has slowed, it has not yet collapsed, despite significant turbulence across both markets and economies. A recession seems increasingly likely across much of the world, which alone would help explain caution on the part of investors. However, there are still multiple factors that could continue to keep spurring dealmaking, including:

- Significant levels of dry powder mean that there is plenty of capital to dispense, although fund managers are likely to remain cautious and assess the ripple effects of economic slowing
- As high-profile markdowns are occurring, even the median level of valuations could by and large also soften somewhat, leading investors to conclude pricing has corrected
- The full extent of a recession's impact is yet to be determined but given sheer volatility across public markets, it is likely that investment will remain muted in the back half of the year

“ A robust global economy combined with changing consumer behavior sparked two years of explosive growth in venture capital investment around the world. However, recent geopolitical and economic concerns appear to have finally turned the tide, as investors have started to pull back and take caution, increasingly focusing their investments on companies with a clear path to profitability. ”

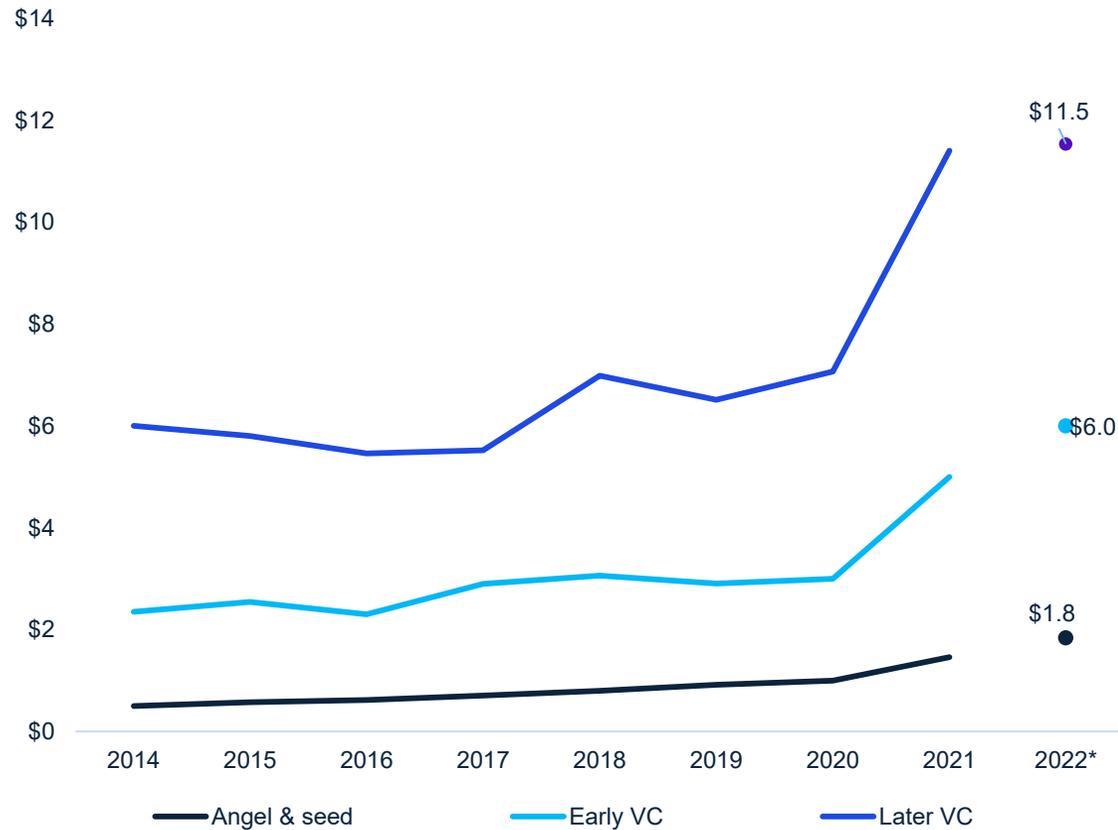


**Jonathan Lavender**  
Global Head  
KPMG Private Enterprise  
KPMG International

# Up rounds are still occurring at a record proportion

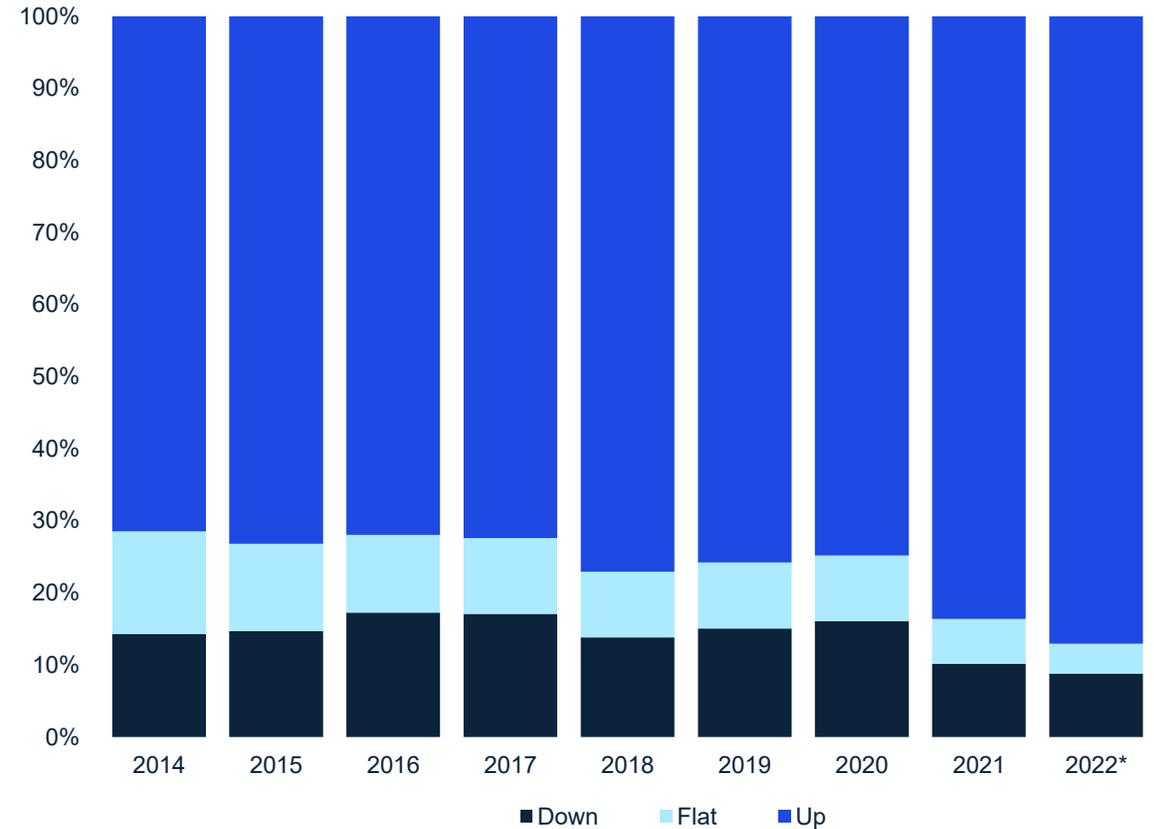
## Global median deal size (\$M) by stage

2014–2022\*



## Global up, flat or down rounds

2014–2022\*

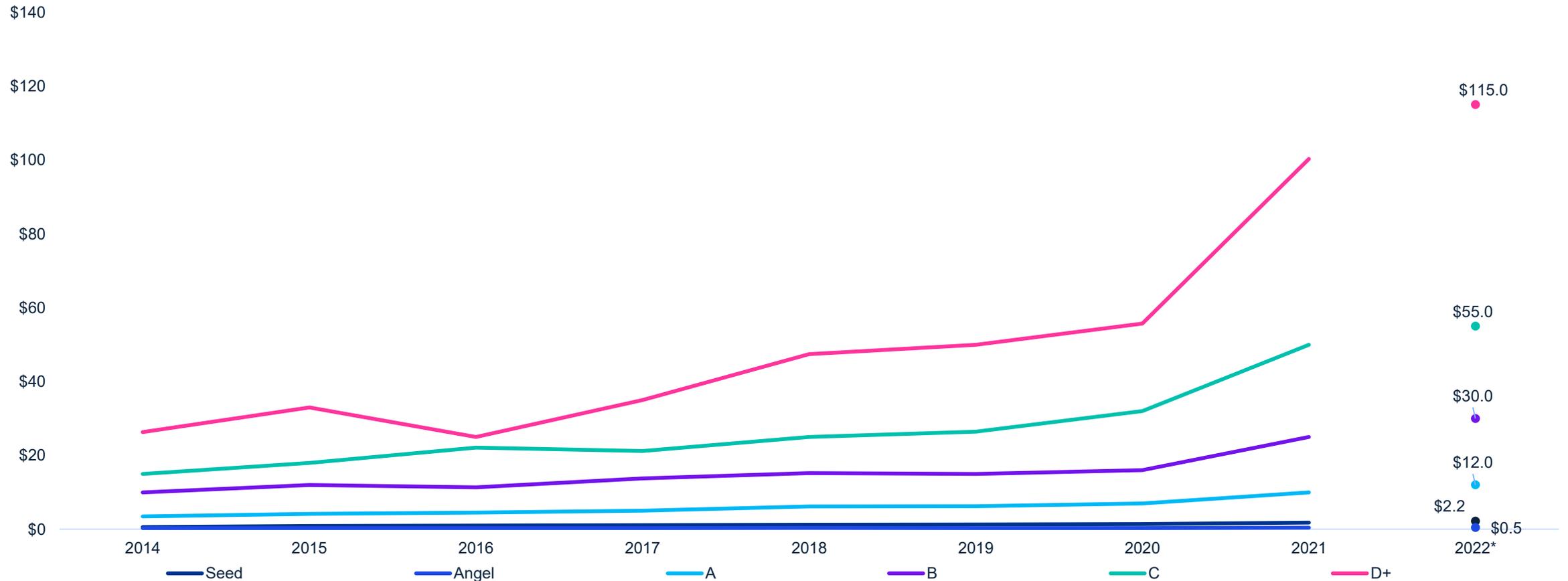


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Dry powder levels keep supporting high medians

## Global median deal size (\$M) by series

2014–2022\*

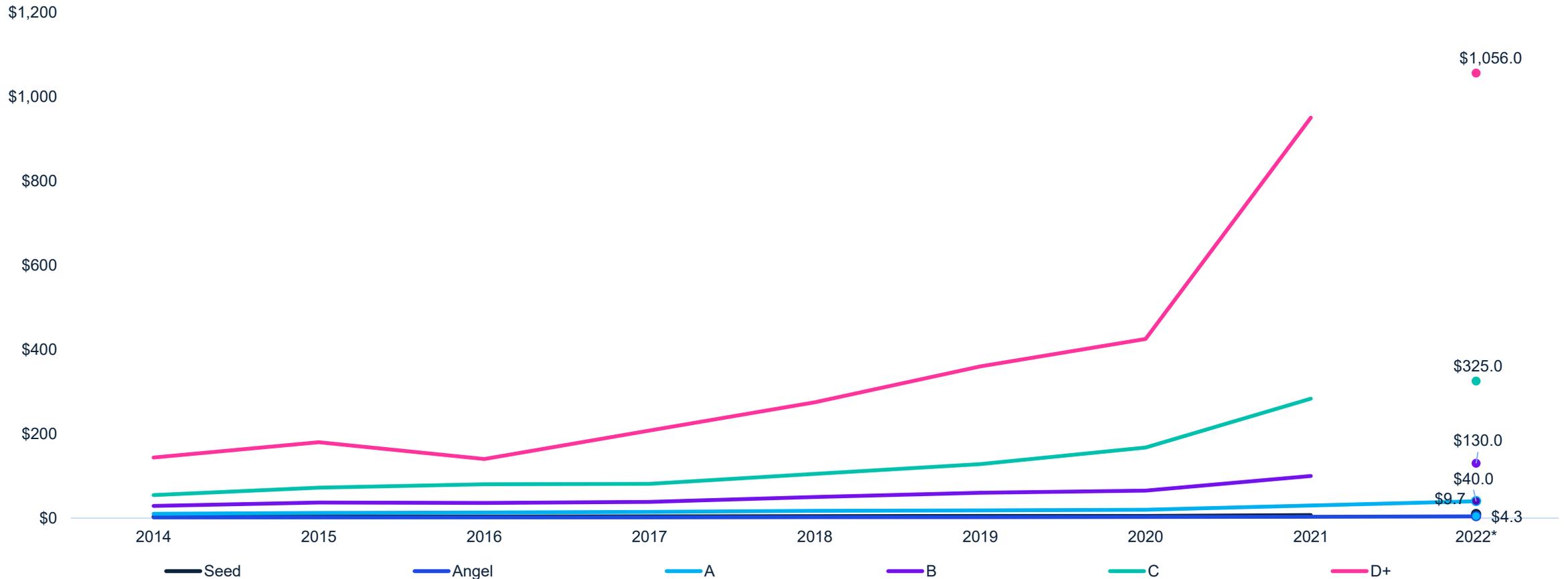


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Valuations have yet to show any signs of significant decline

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

2014–2022\*

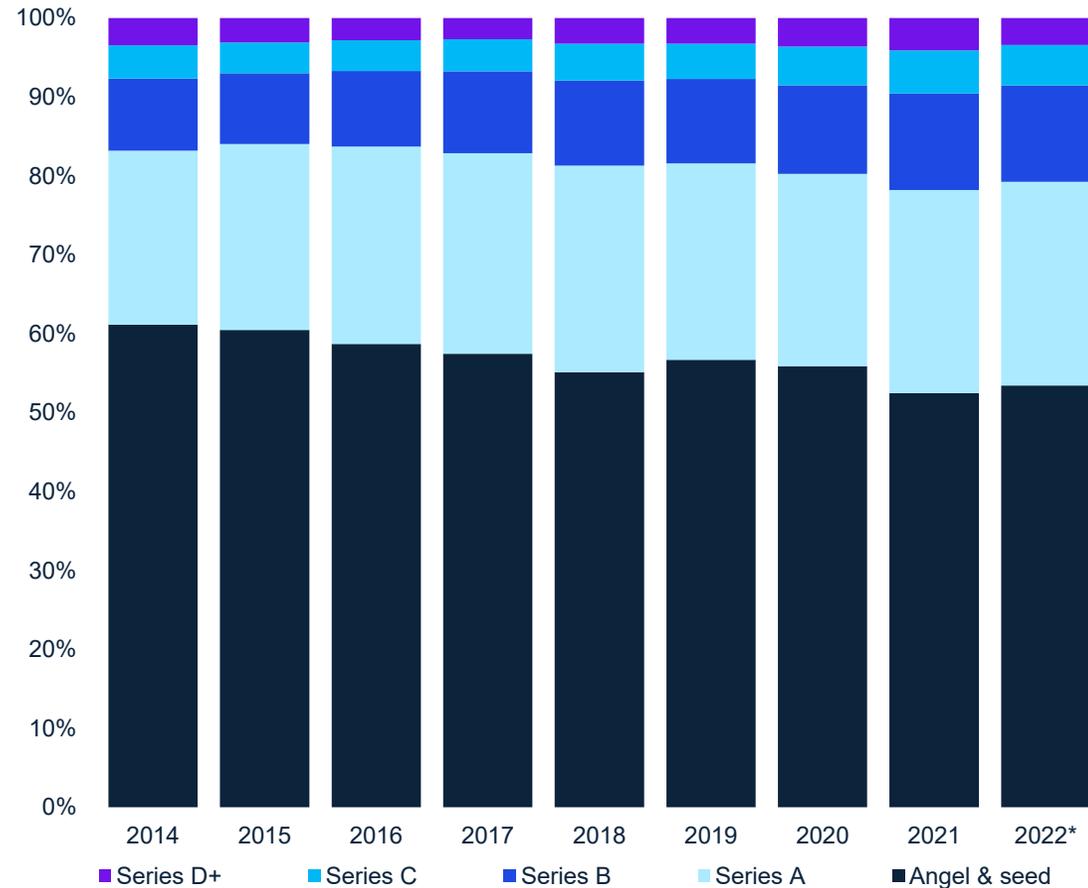


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Even earlier stages remain robust

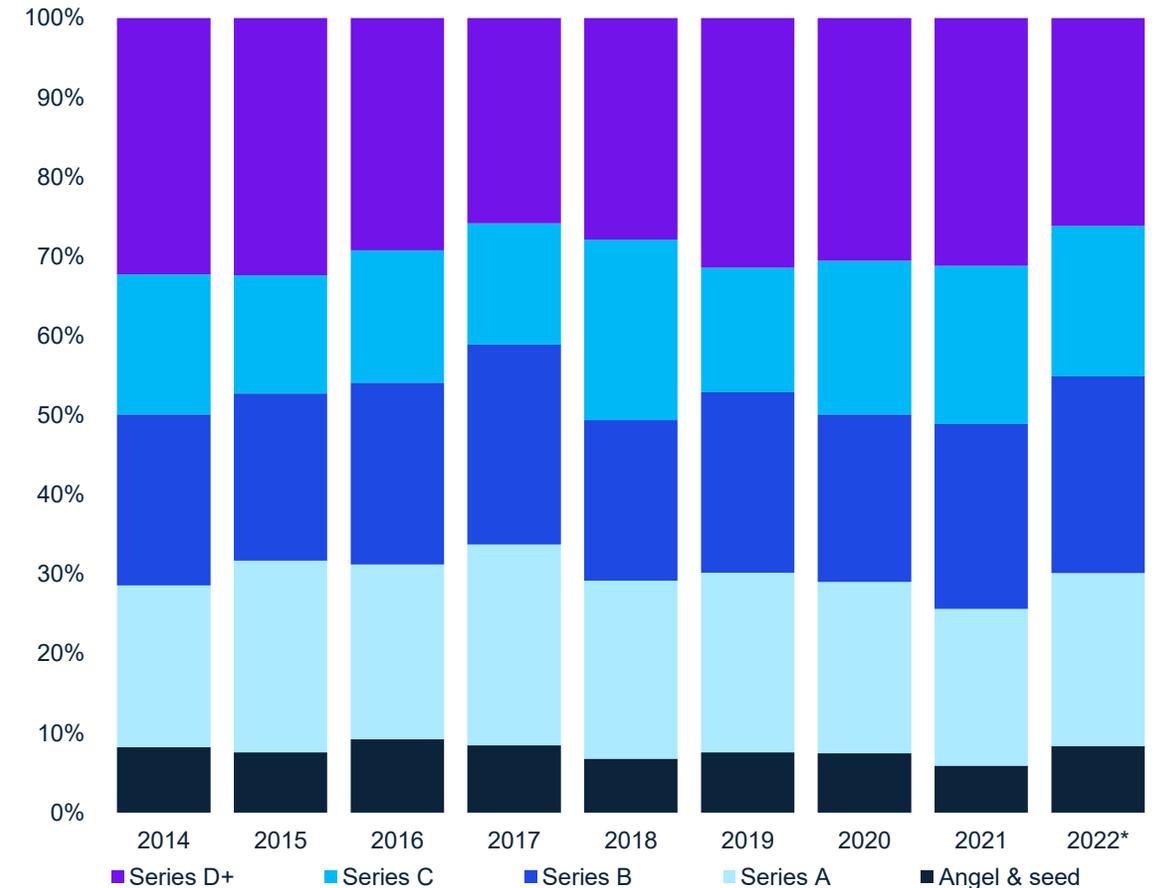
## Global deal share by series

2014–2022\*, number of closed deals



## Global deal share by series

2014–2022\*, VC invested (\$B)

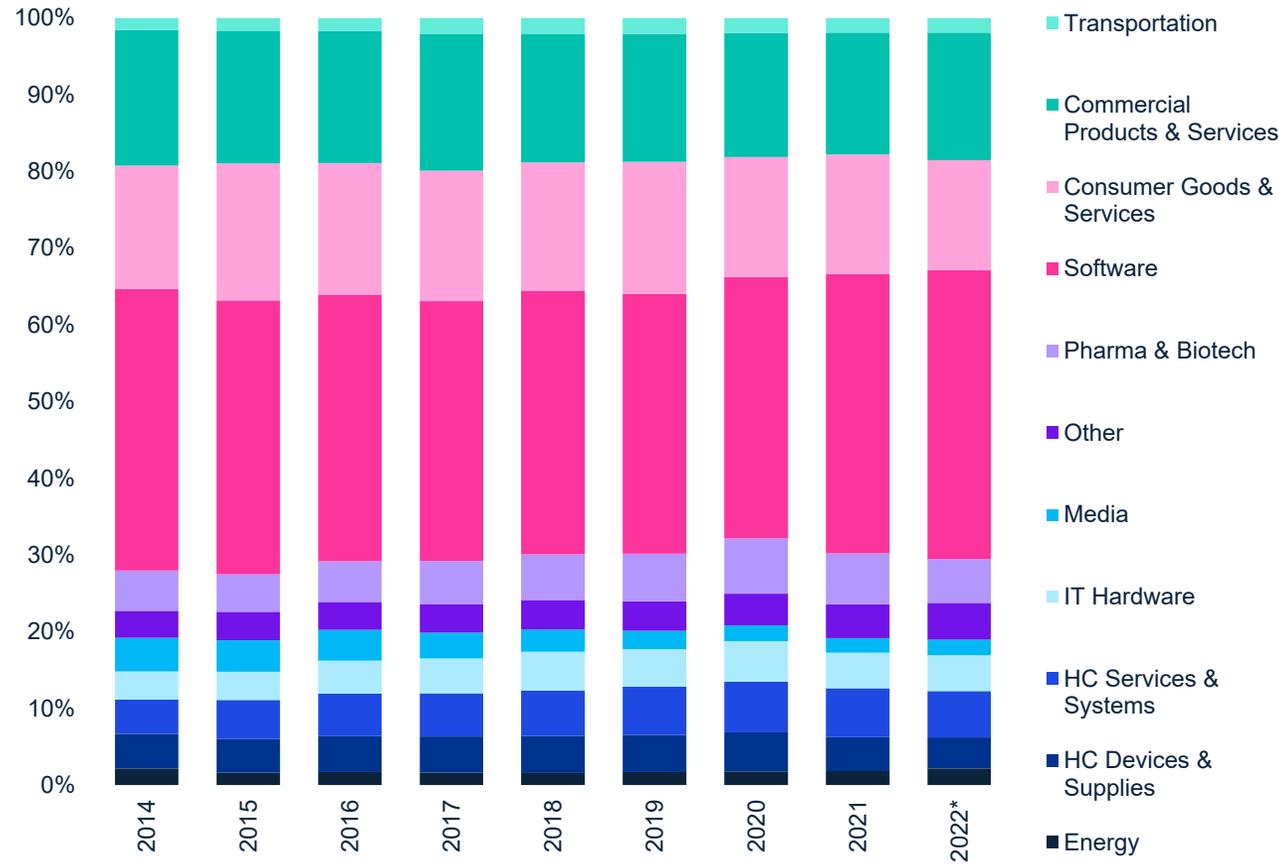


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Software remains relatively resilient

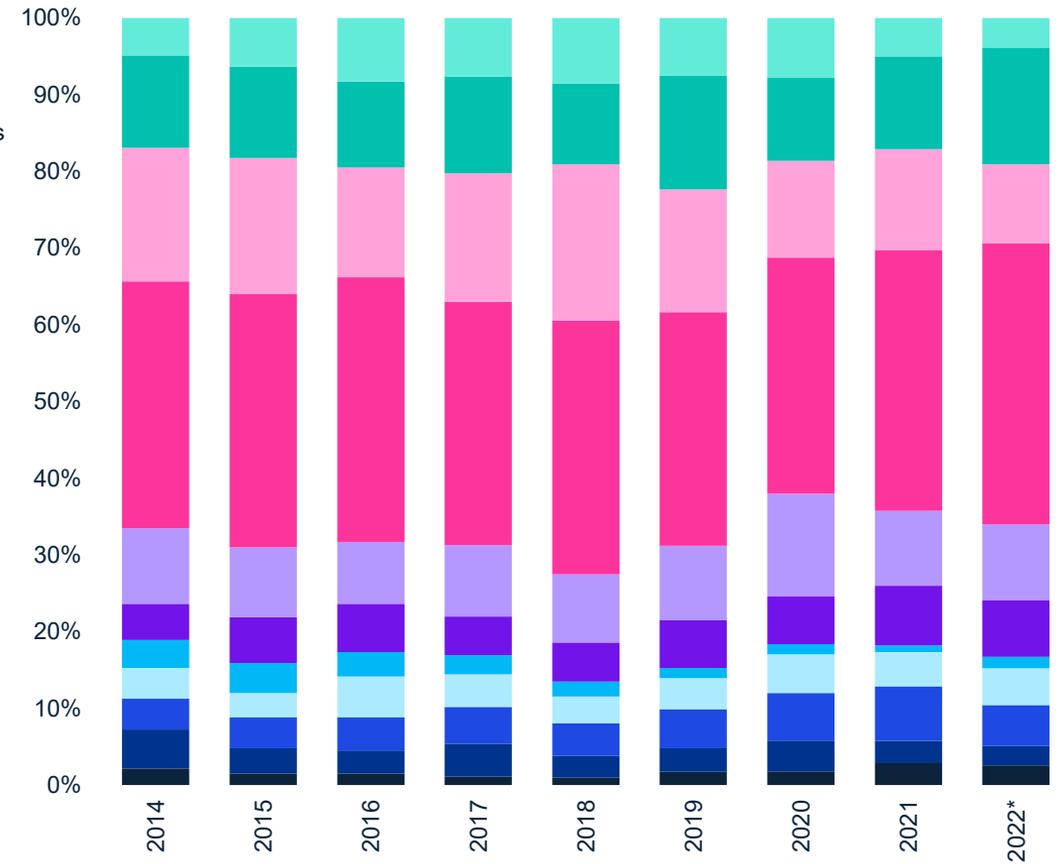
## Global financing trends to VC-backed companies by sector

2014–2022\*, number of closed deals



## Global financing trends to VC-backed companies by sector

2014–2022\*, VC invested (\$B)

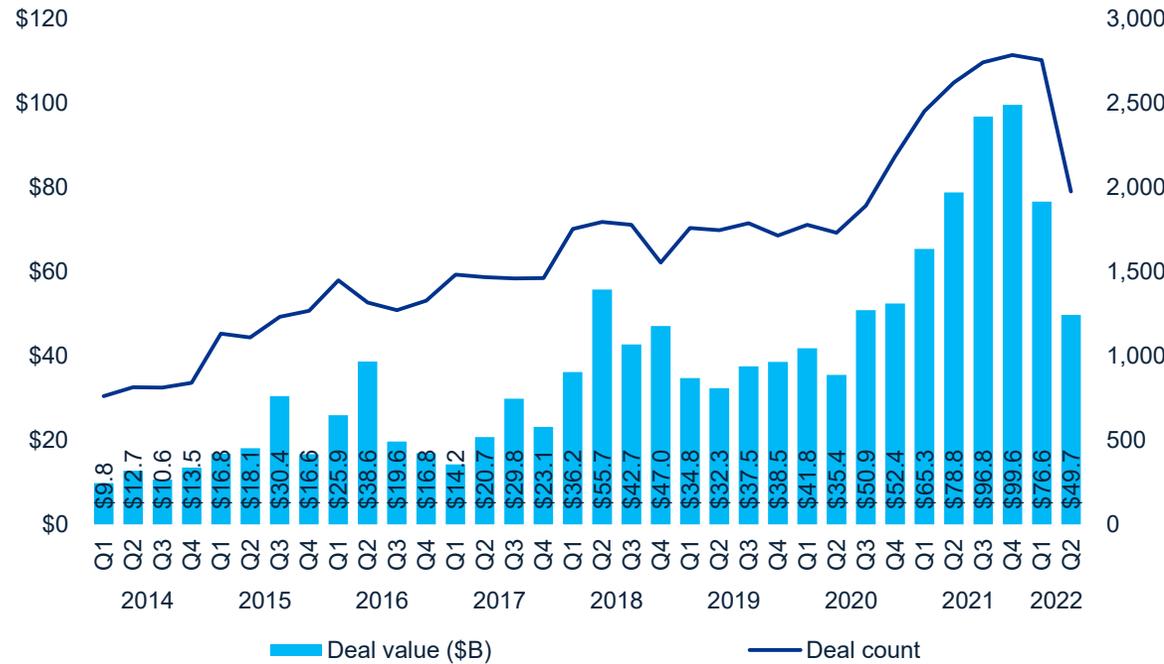


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Plenty of significantly sized first-time financings are still occurring

## Corporate VC participation in global venture deals

2014–Q2'22



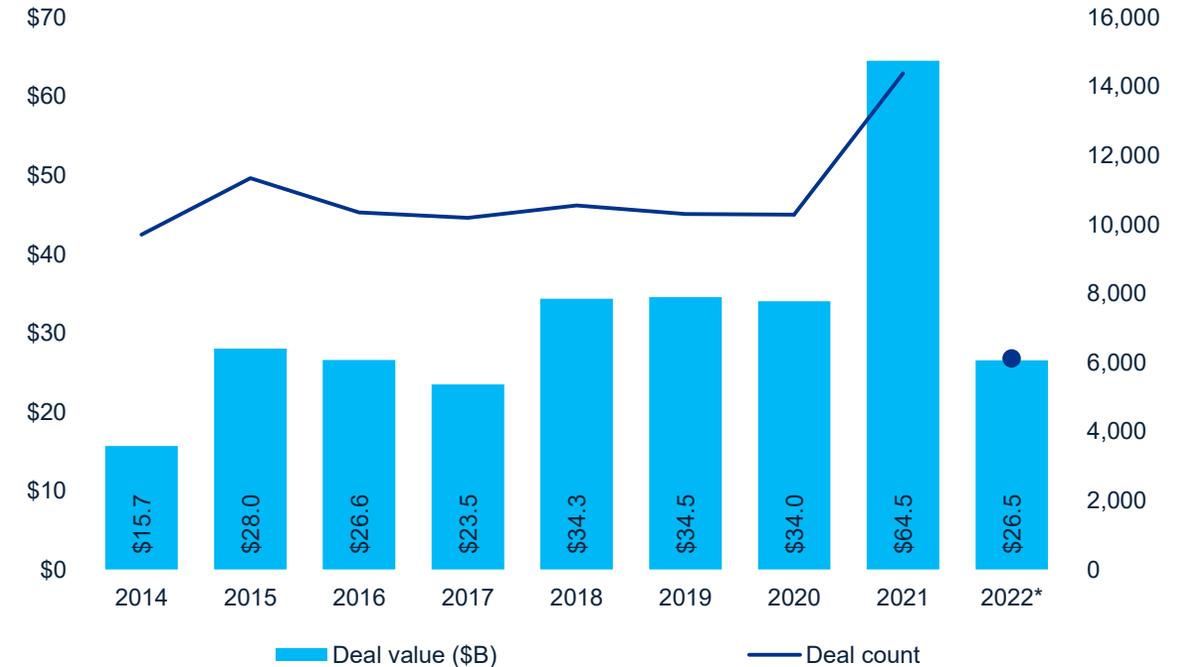
Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

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

Much like traditional venture firms, corporates and their venture arms are taking a bit of a breather. Although full figures for Q2 2022 are likely to end up higher than the steep decline above indicates, as businesses look to assess potential knock-on effects from any imminent recession, it is possible they'll pull back spend in key areas including joining in venture financing activity.

## Global first-time venture financings of companies

2014–2022\*



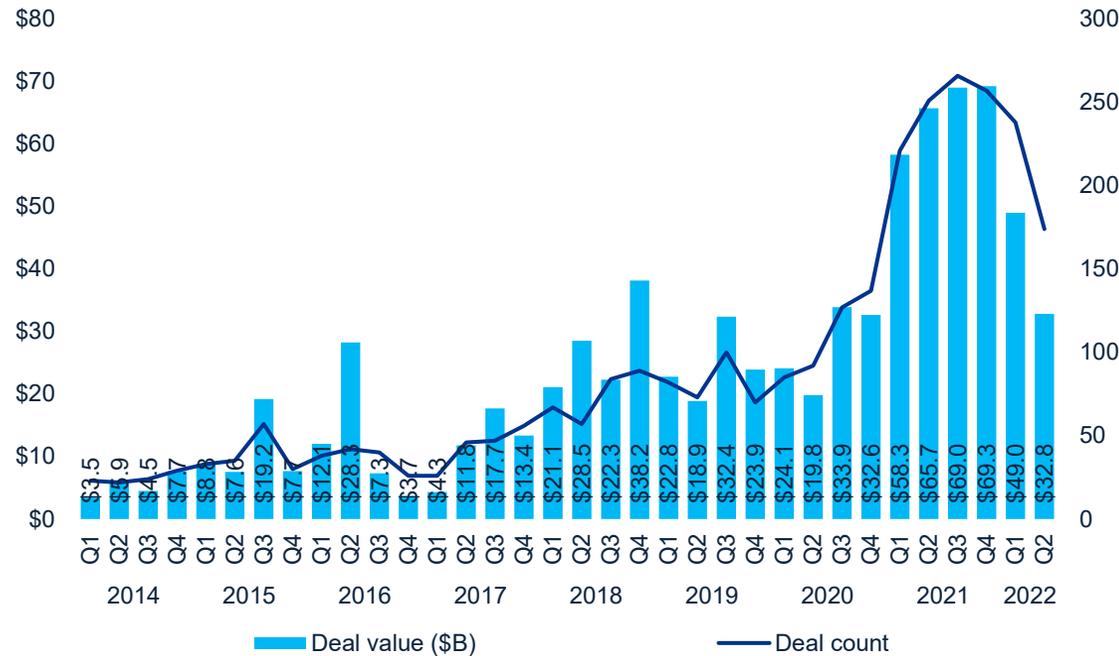
Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

Even amid significant volatility, first-time financings are flowing at a decent clip. Moreover, at \$26.5 billion in total deal value, 2022 is likely to be one of the strongest years on record in terms of capital invested even in such fledgling rounds.

# Exits slow amid market volatility

## Global unicorn rounds

2014–Q2'22



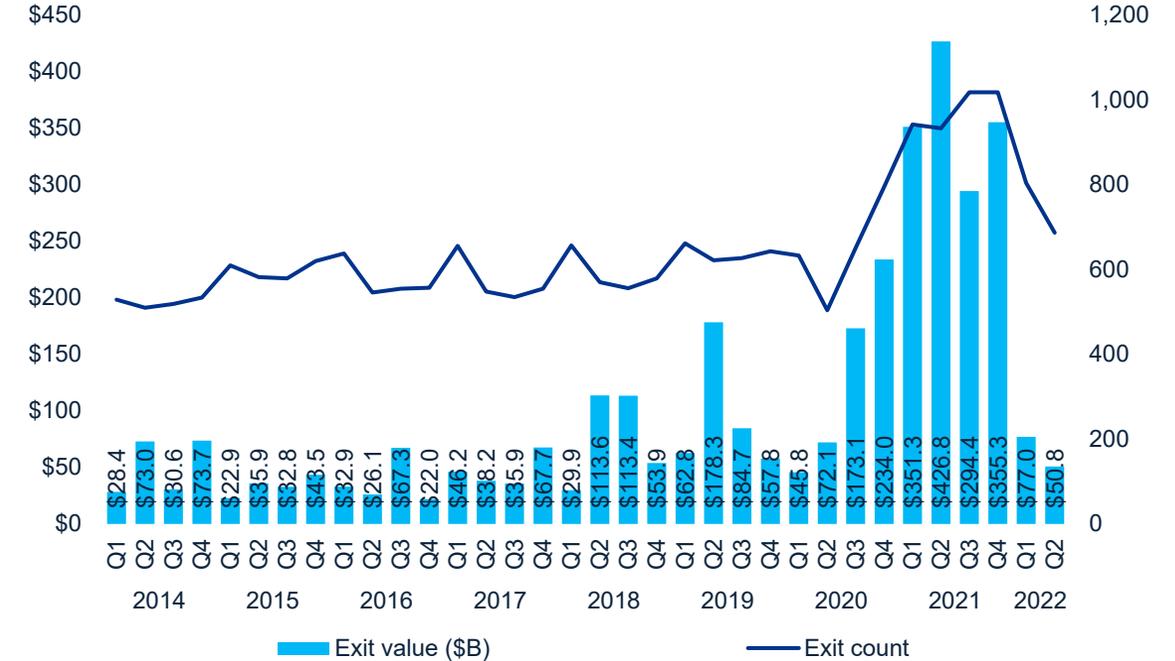
Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

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

Even as high-profile unicorn valuation markdowns occur, there still also are a stream of financings and unicorn creations occurring, even if the first half of 2022 has experienced some slowing relative to the record rates in 2021, which was an outlier year in many ways.

## Global venture-backed exit activity

2014–Q2'22



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

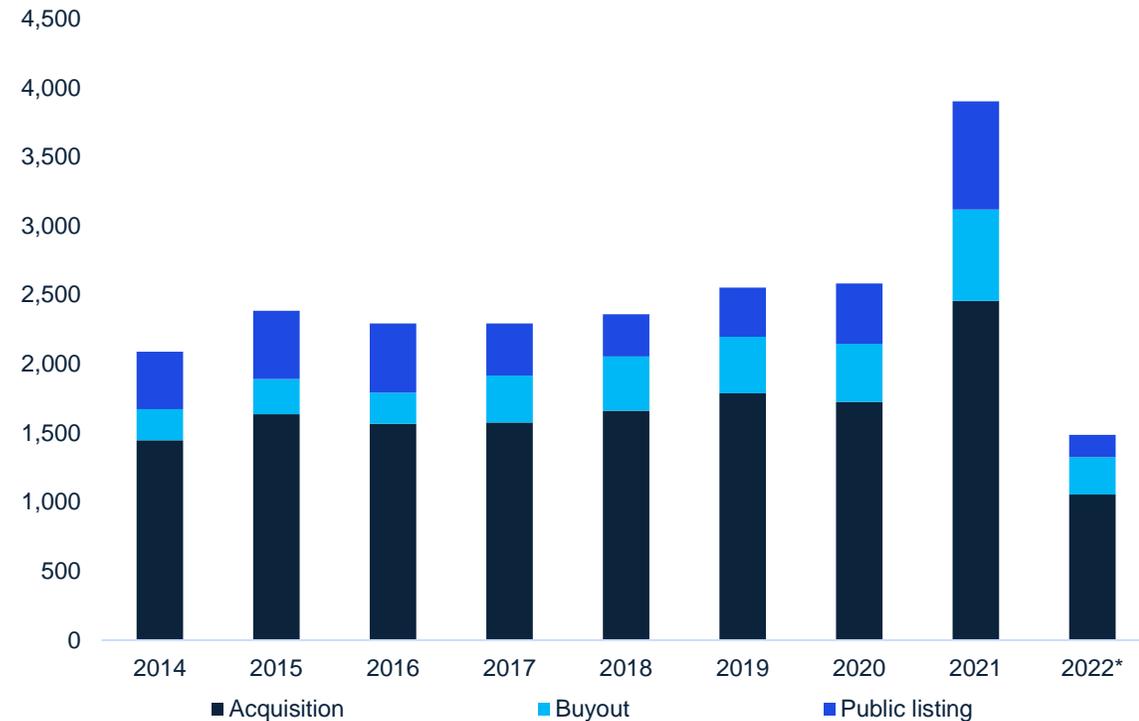
Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

After a record-breaking year, reversion was likely regardless of gloomy economic forecasts and surges in market volatility. That said, it is possible that as valuations normalize, acquirers eventually get eager to strike what could be seen as bargains.

# 2022's first half still sees plenty of M&A

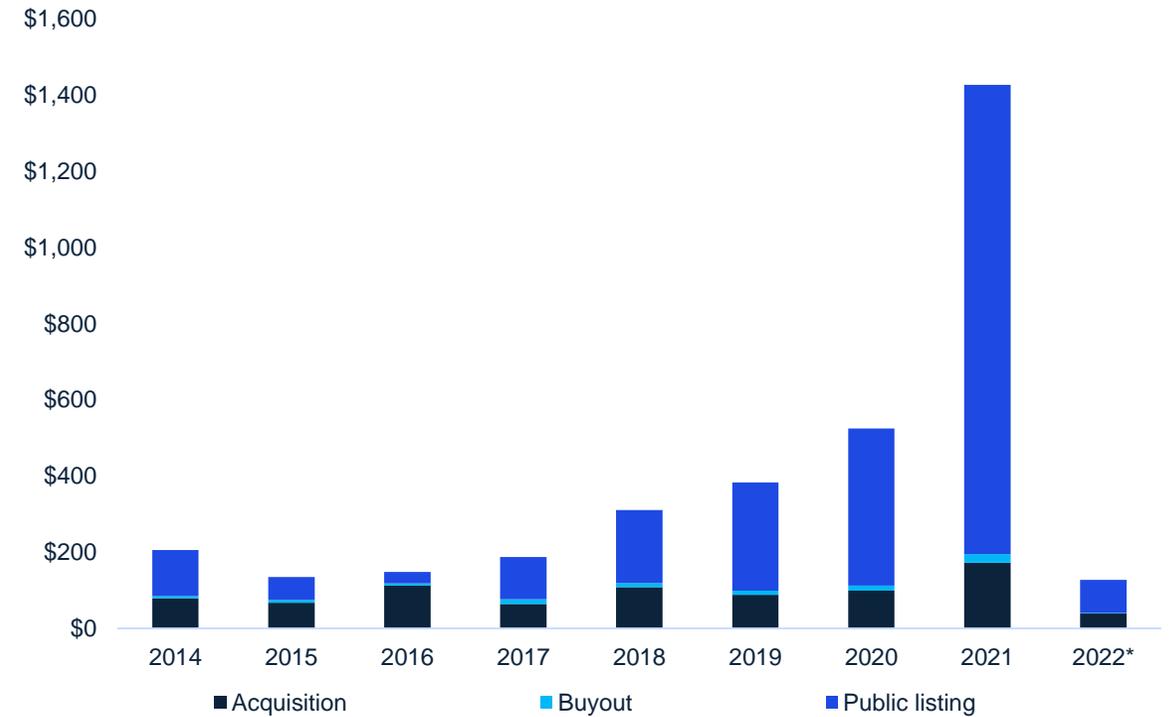
## Global venture-backed exit activity (#) by type

2014–2022\*



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

2014–2022\*



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

As markets continue to experience significant upticks in volatility, it remains to be seen if public listings will regain some vigor as late-stage unicorns ultimately opt to go public regardless. As many raised large sums last year in order to do so, they very well could have the financial wherewithal to still debut. That said, M&A seems set to be the primary driver of exits volume for the remainder of the year.

# Commitments keep flowing into VC

## Global venture fundraising

2014–2022\*



Allocators worldwide continue to flock to alternative investments — venture is no exception. Even after a record 2021, there still is significant appetite for exposure to the asset class, with massive inflows of capital commitments even across fewer funds than normal. Large, experienced VCs still have no trouble raising, it's clear.

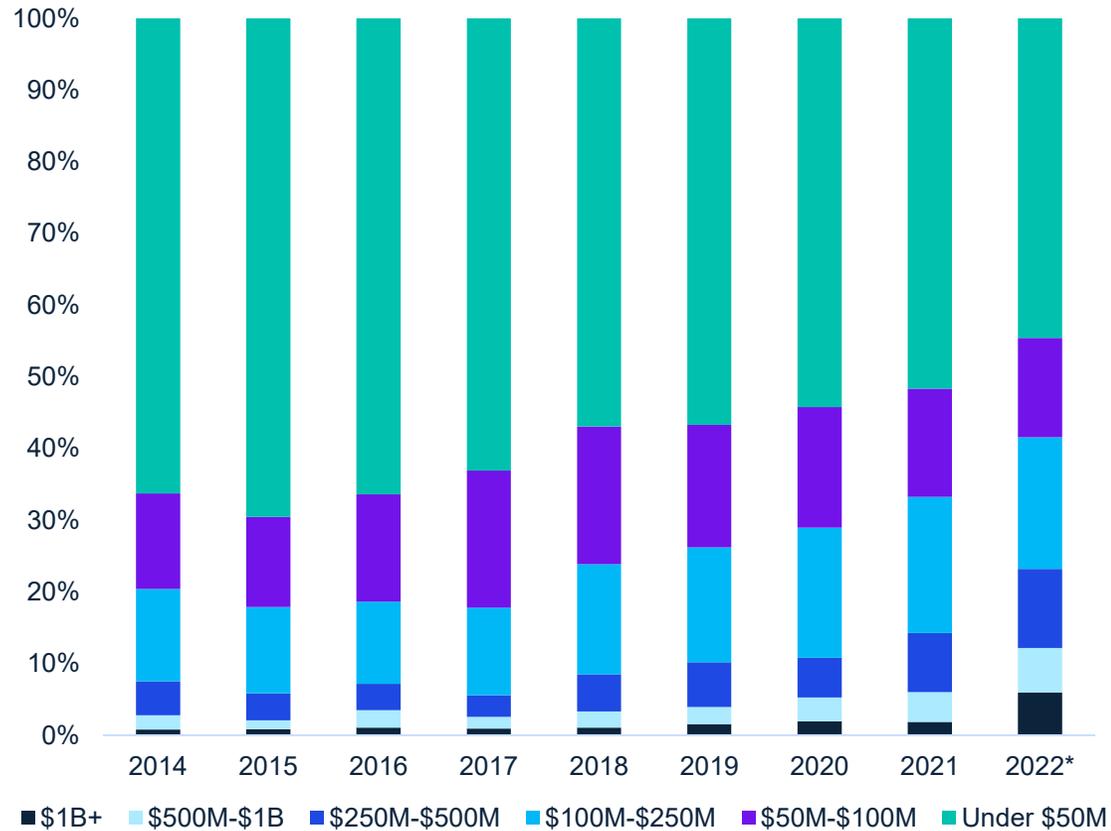
Allocators continue to pile into the **venture asset class**, waving away current concerns, with **nearly \$160 billion already raised**.

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Large funds have no trouble closing

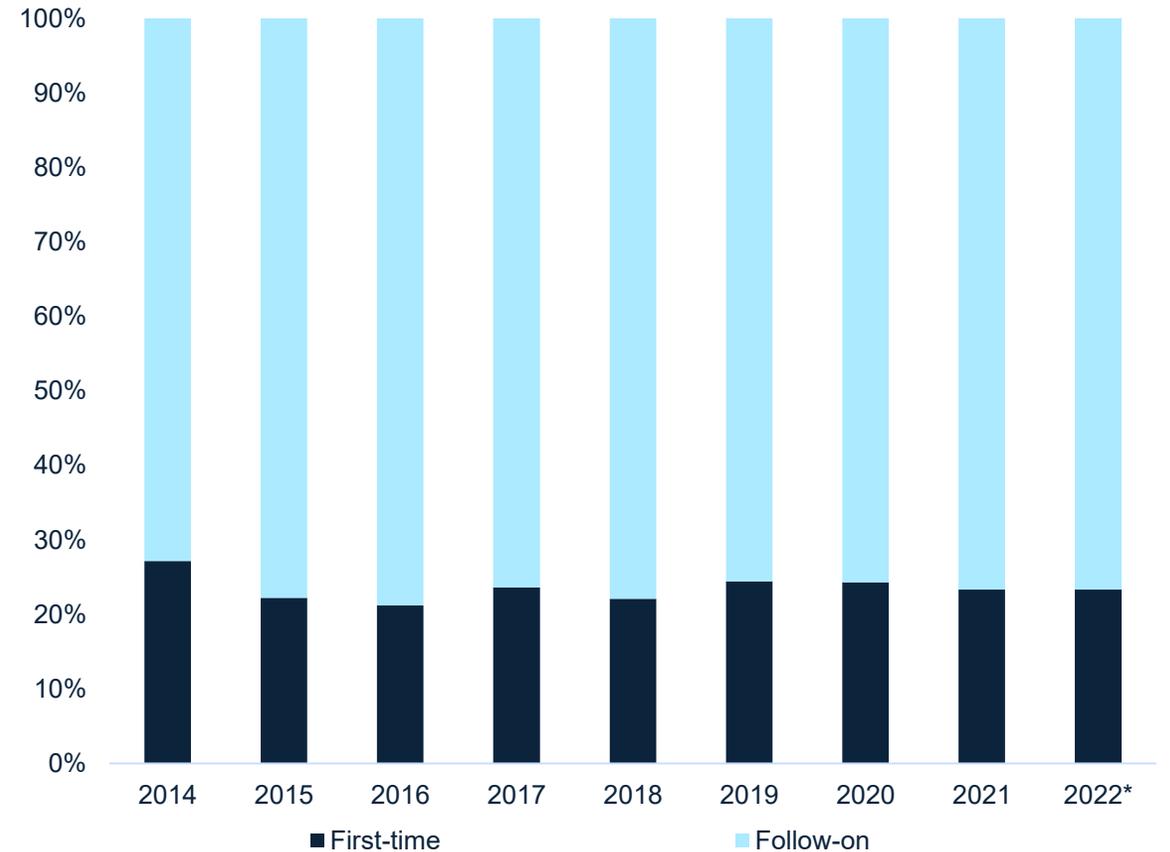
## Global venture fundraising (#) by size

2014–2022\*



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

2014–2022\*



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Top deals occur across a slew of nations & sectors

## Top 10 global financings in Q2'22



1. **Epic Games** — \$2B, Cary, US — Entertainment software — *Late-stage VC*
2. **SpaceX** — \$1.7B, Hawthorne, US — Aerospace — *Late-stage VC*
3. **Gopuff** — \$1.5B, Philadelphia, US — Internet retail — *Late-stage VC*
4. **Trade Republic** — \$1.15B, Berlin, Germany — Fintech — *Series C*
5. **Faire** — \$816M, San Francisco, US — E-commerce — *Series G*
6. **Dailyhunt** — \$805M, Bengaluru, India — Consumer — *Series J*
7. **Ramp** — \$748.3M, New York, US — Fintech — *Series C*
8. **Kitopi** — \$715M, Dubai, United Arab Emirates — Foodtech — *Series C*
9. **The Boring Company** — \$675M, Burlingame, US — Infrastructure — *Series C*
10. **CanSemi** — \$671.8M, Guangzhou, China — Manufacturing — *Early-stage VC*

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

**In Q2'22, US VC-backed  
companies raised  
\$62.3B across  
3,374 deals**

# VC investment in the US shows resilience despite market uncertainty

**Despite a decline in VC funding during Q2'22, the VC market in the US showed resilience during the quarter, with investment higher than in any quarter prior to Q1'21. The quarter included two \$1 billion+ funding rounds, including a \$2 billion raise by Epic Games, a \$1.7 billion raise by SpaceX and a \$1.5 billion raise by GoPuff.**

## Fundraising activity on record pace at mid-year

Fundraising activity in the US remained robust in Q2'22, with the amount of funds raised already closing in on the 2021 annual record-high of \$140 billion at mid-year. Current market conditions have prompted some LPs to reallocate funds to make certain their asset class allocations are aligned; such changes, however, have not yet had an effect on the flow of capital to the VC market. Top tier VC firms in particular have not experienced any difficulty raising new funds.

## Startups focusing on reducing cash burn

With the inflation rate soaring, interest rates on the rise, and growing indications that the US is entering a recession, startups at all levels of maturity in the US are evaluating their operations and moving to rein in their cash burn. During Q2'22, companies started reconsidering their growth strategies, adjusting their headcount and, in the case of many consumer-focused businesses, looking at ways to improve and enhance their unit economics. Many VC investors have also directed their portfolio companies to focus on cash preservation in order to delay their need for new funding or to support their operations while waiting for the IPO market to reopen.

## Cybersecurity and supply chain companies continue to attract attention

Given the ongoing uncertainty related to the crisis in Ukraine and growing concerns related to potential cyberattacks, VC investment in cybersecurity in the US held strong in Q2'22 and is well-positioned to remain hot heading into Q3'22. Companies focused on helping companies manage supply chain issues also continued to attract VC investment.

VC investor interest in consumer-orientated businesses fell in the US during Q2'22, in part due to the declining valuations of public companies in the space, in addition to rising inflation and interest rates. A small number of companies managed to buck this trend, including wholesale marketplace company Faire, which raised \$816 million during the quarter.

## IPO market remains shuttered in Q2'22

The IPO exit door in the US remained firmly shuttered in Q2'22, a sharp contrast to the record-shattering IPO results seen throughout 2021. With market uncertainty high and no end in sight to the Russia-Ukraine conflict, IPO exits are expected to remain stalled into Q3'22. M&A activity, however, is well positioned to grow as acquirers look to take advantage of the decline in valuations to make more affordable deals. PE activity could also increase as companies flounder or fail to raise new funding rounds.

## Potential for down rounds increases

While there was not a significant number of down rounds in the US during Q2'22, the downward pressure on valuations combined with the ongoing uncertainty in the market could see companies looking at accepting down rounds heading into Q3'22 or considering more costly alternative financing vehicles in order to bridge funding gaps until market conditions hopefully improve. The possibility for down rounds and demands for downside protections (e.g. ratchets) will likely be of most concern to US startups that were planning on holding an IPO exit in 2022, but had to delay due to the market volatility — and to companies expected to be hit hard by a recessionary environment.

# VC investment in the US shows resilience despite market uncertainty, cont'd.

## Narrow focus for ESG investments as investor priorities shift

Alternative energy, electric vehicles, and better storage continued to attract VC investment in the US during Q2'22. While these areas are likely to remain attractive to VC investors in Q3'22, other environmental, social and governance (ESG) areas could see a decline in investment as both companies and investors juggle rapidly rising input costs, supply chain challenges, and other immediate concerns. Despite any short-term decline in investment, ESG solutions as a whole are expected to remain a key priority over the longer term.

## Trends to watch for in Q3'22

Heading into Q3'22, VC investment in the US could dip — a trend not unexpected given most summer quarters in the US see a decline in activity as a significant number of VC market participants take vacations. The current geopolitical uncertainty and macroeconomic environment could also negatively impact the level of VC investment.

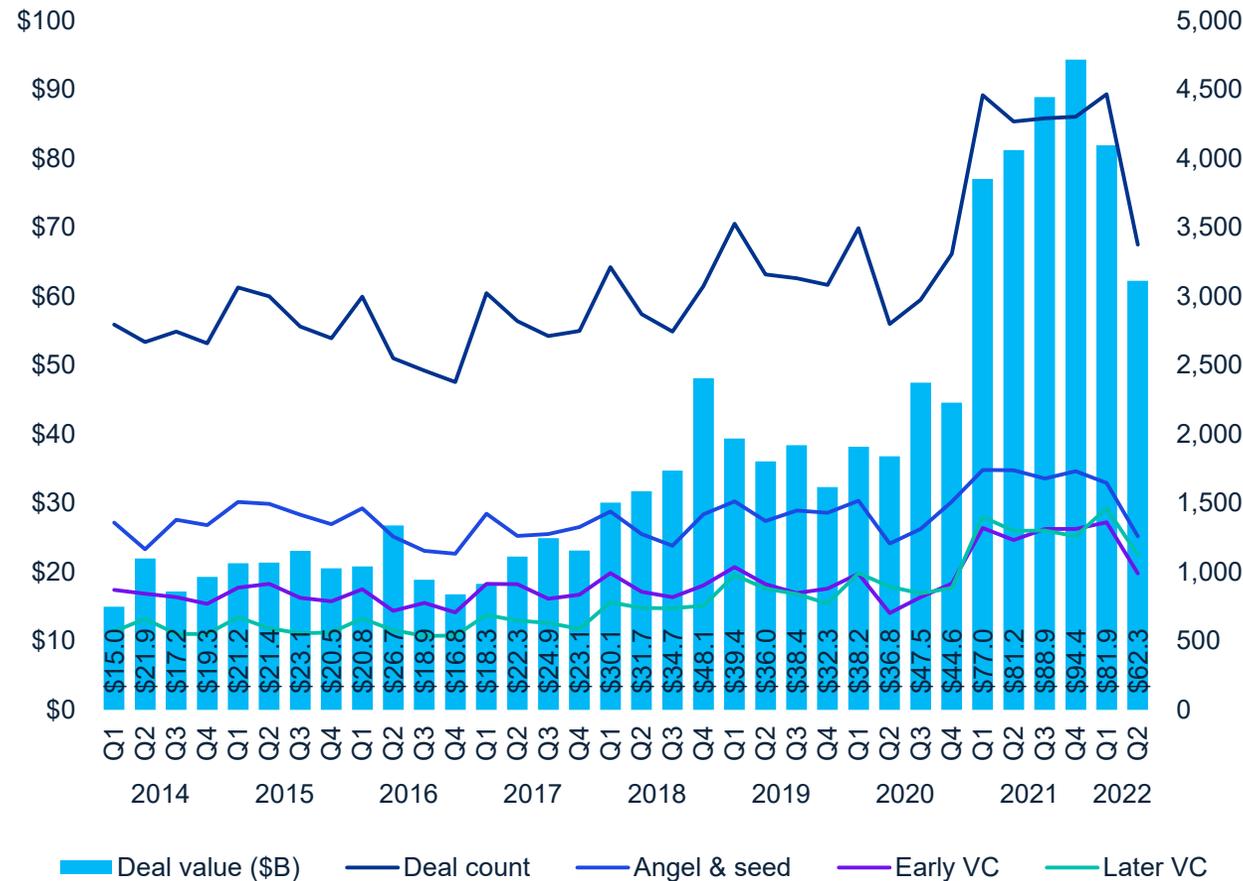
Valuations are expected to remain soft in Q3'22. Companies in industries like alternative energy, cybersecurity, and supply chain management will likely remain attractive to investors, while discretionary consumer-focused companies will likely lose their luster.

The IPO market will likely remain closed in Q3'22, although M&A activity could increase as investors look to take advantage of the drop in valuations to make acquisitions and some industries see companies consolidating to improve their market position.

# Dealmaking keeps ticking along at a healthy pace

## Venture financing in the US

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

It is likely that Q2 figures tick upward in coming months as more data comes to light, but in any case, a slowdown in the pace of financing is only to be expected given economic and market trends. There is talk of term sheets being pulled and valuations being marked down, with some occurring at a relatively high profile. That said, there still is plenty of capital sloshing around that is waiting to be dispensed, so what the rest of the year holds is not quite clear when it comes to how much funding rates may actually decline.

“Companies in the US are really starting to tighten their belts. Almost everyone is going to need to hunker down and ride this out for however long it will last... and that’s still the \$64,000 question: how long is this going to last? It’s not clear yet. Although there will certainly be some outliers... cybersecurity will likely buck any downward trends, along with anything that’s embedded in solving supply chain issues.”



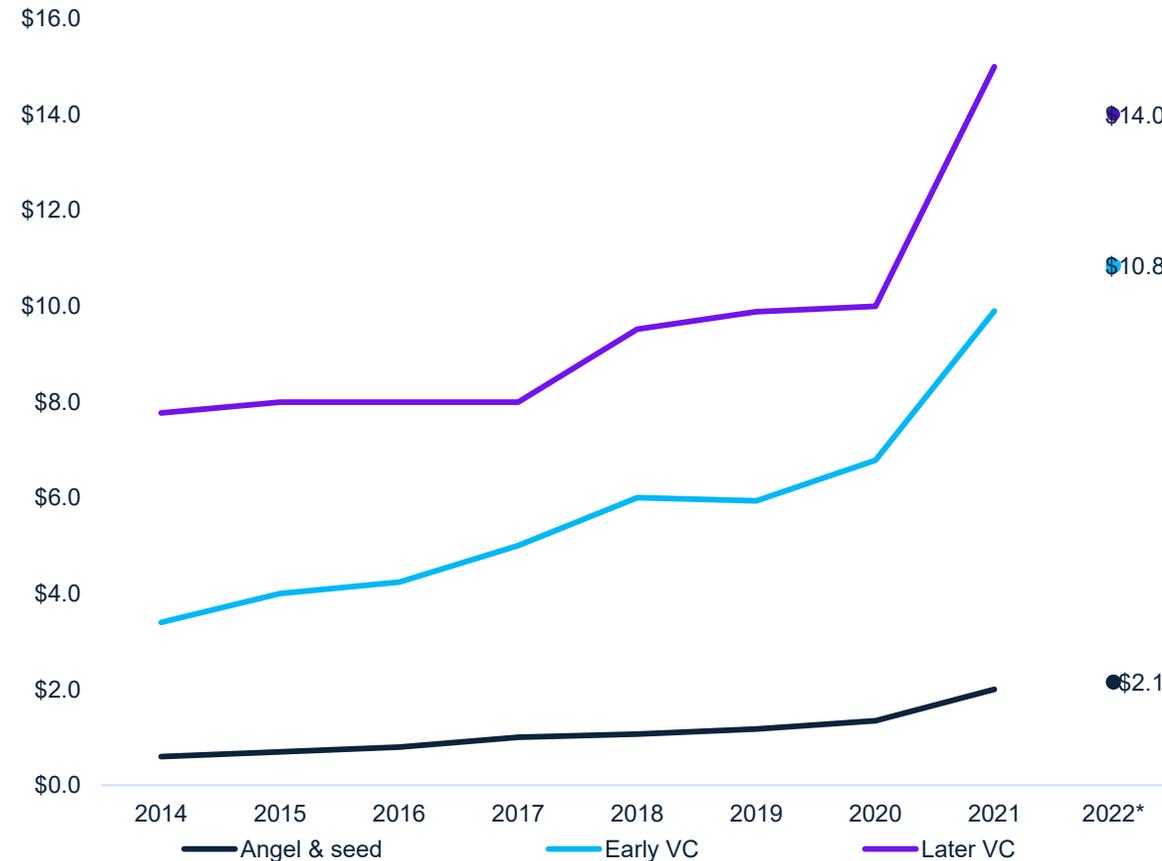
**Conor Moore**

Head of KPMG Private Enterprise in the Americas, Global Leader, Emerging Giants, KPMG Private Enterprise, KPMG International & Partner, **KPMG in the US**

# Investors are still waxing positive

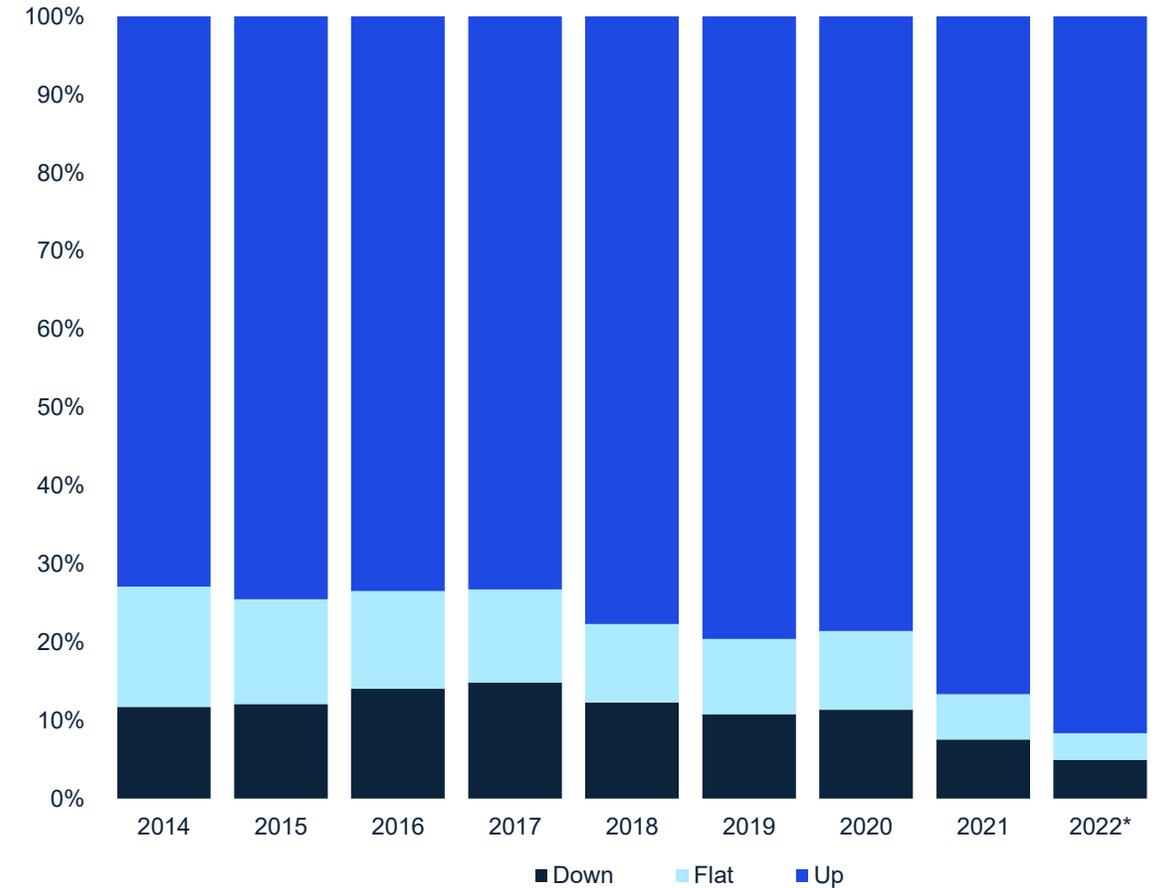
## Median deal size (\$M) by stage in the US

2014–2022\*



## Up, flat or down rounds in the US

2014–2022\*

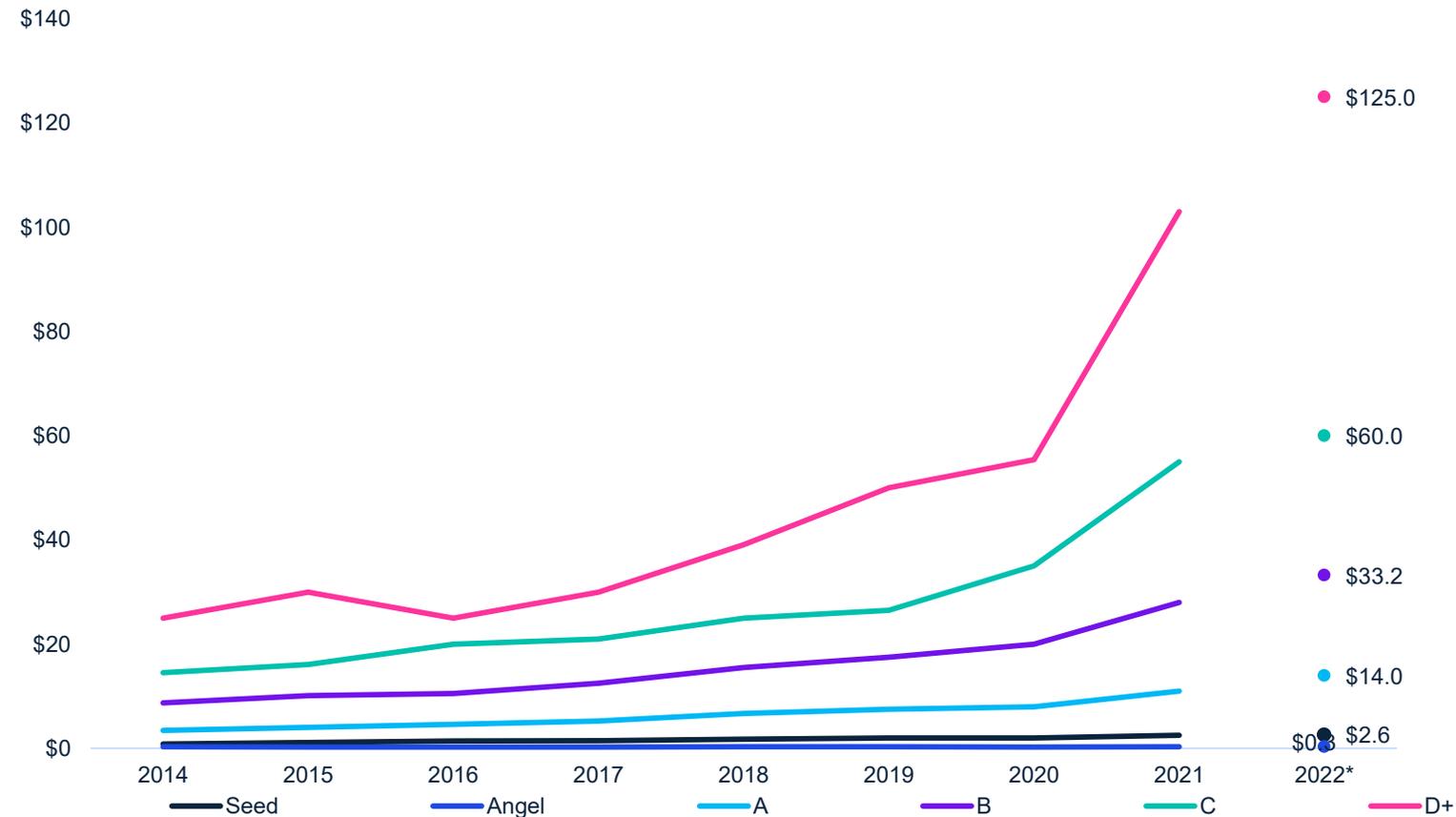


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Financing metrics remain strong

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

2014–2022\*



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

Note: Figures rounded in some cases for legibility.

“ After months of relative immunity to market turmoil, Series A and Seed stage deals are starting to feel pricing pressure. VC firms are beginning to demand that companies show more robust revenue before seeking a Series A round. So, companies that got a good seed round with the expectation that they would be going to market for a Series A round within a prescribed timeframe are now having to hold on for longer than expected. This is likely forcing them to rethink their spending very quickly. ”

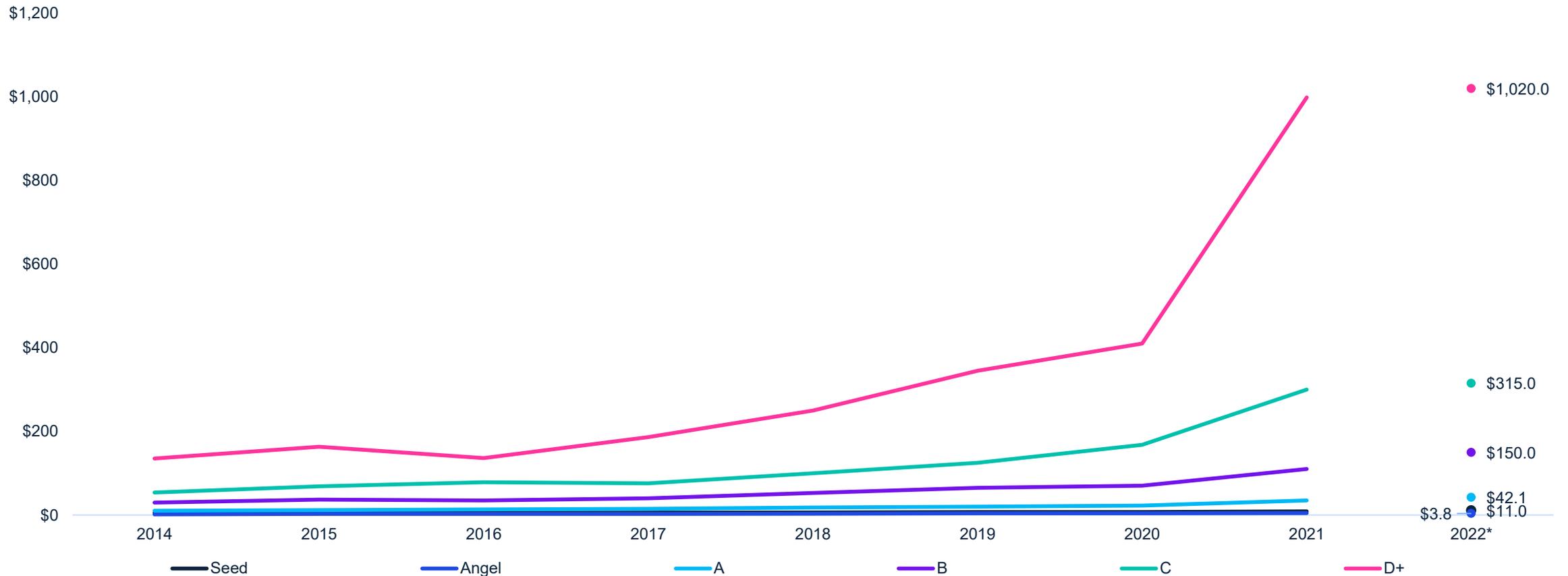


**Jules Walker**  
Senior Director  
Business Development  
KPMG in the US

# Valuations have yet to see any significant slowing

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

2014–2022\*



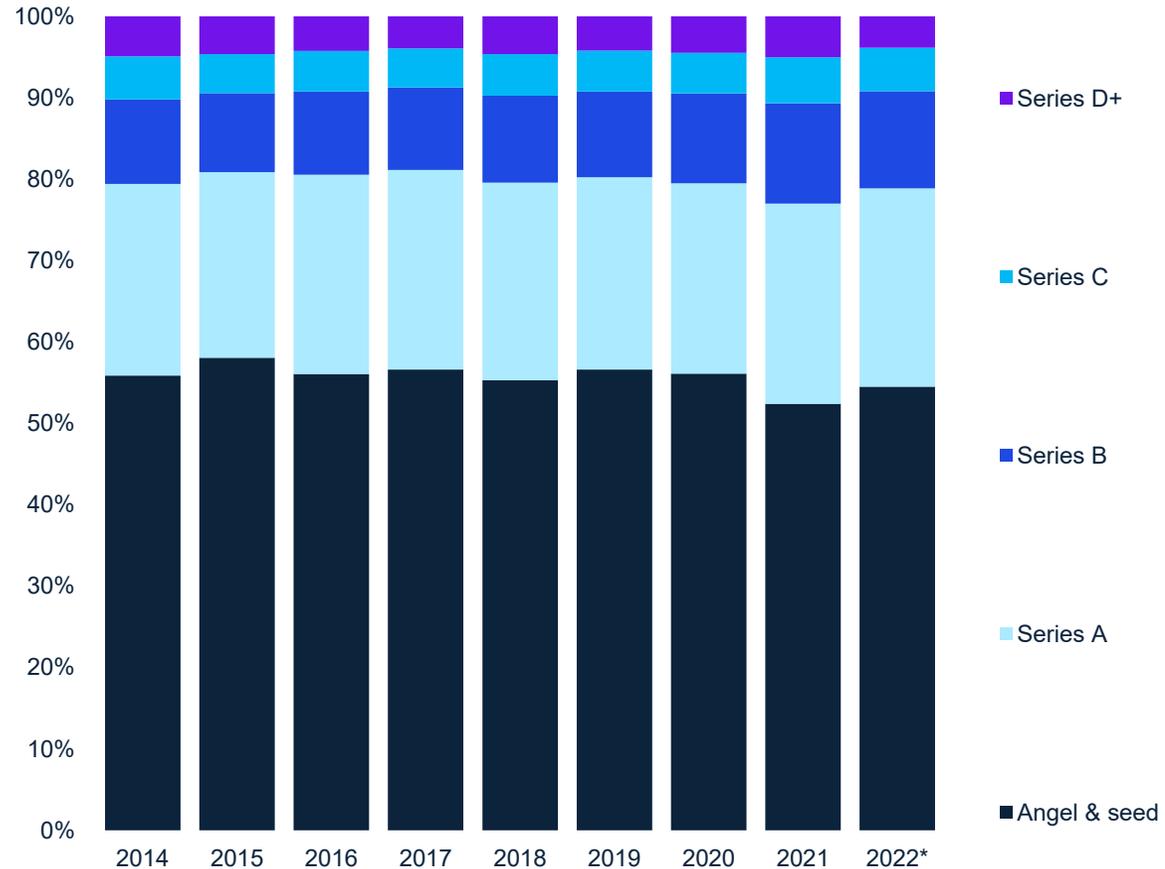
Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

Note: Figures rounded in some cases for legibility.

# Proportionally, angel and seed rebound somewhat

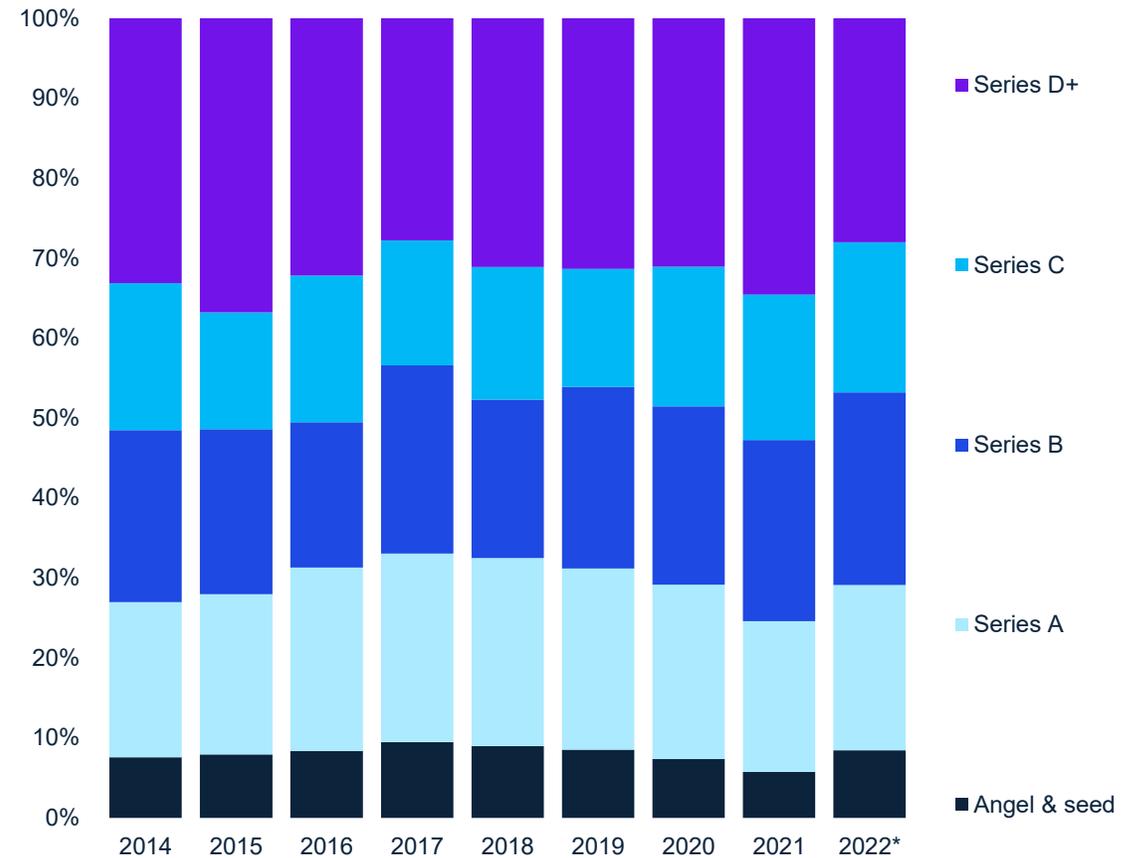
## Deal share by series in the US

2014–2022\*, number of closed deals



## Deal share by series in the US

2014–2022\*, VC invested (\$B)

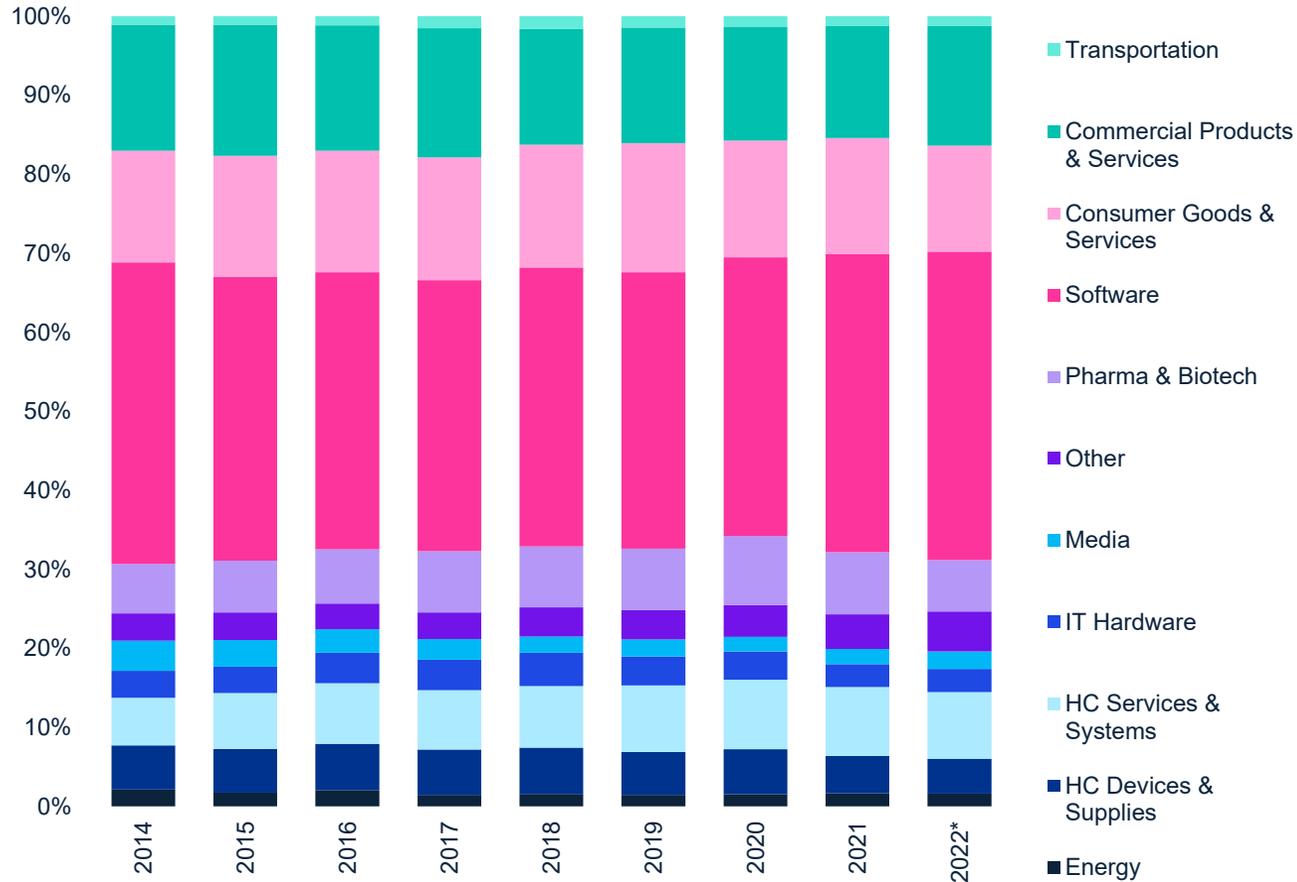


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# In terms of VC invested, healthcare slows slightly

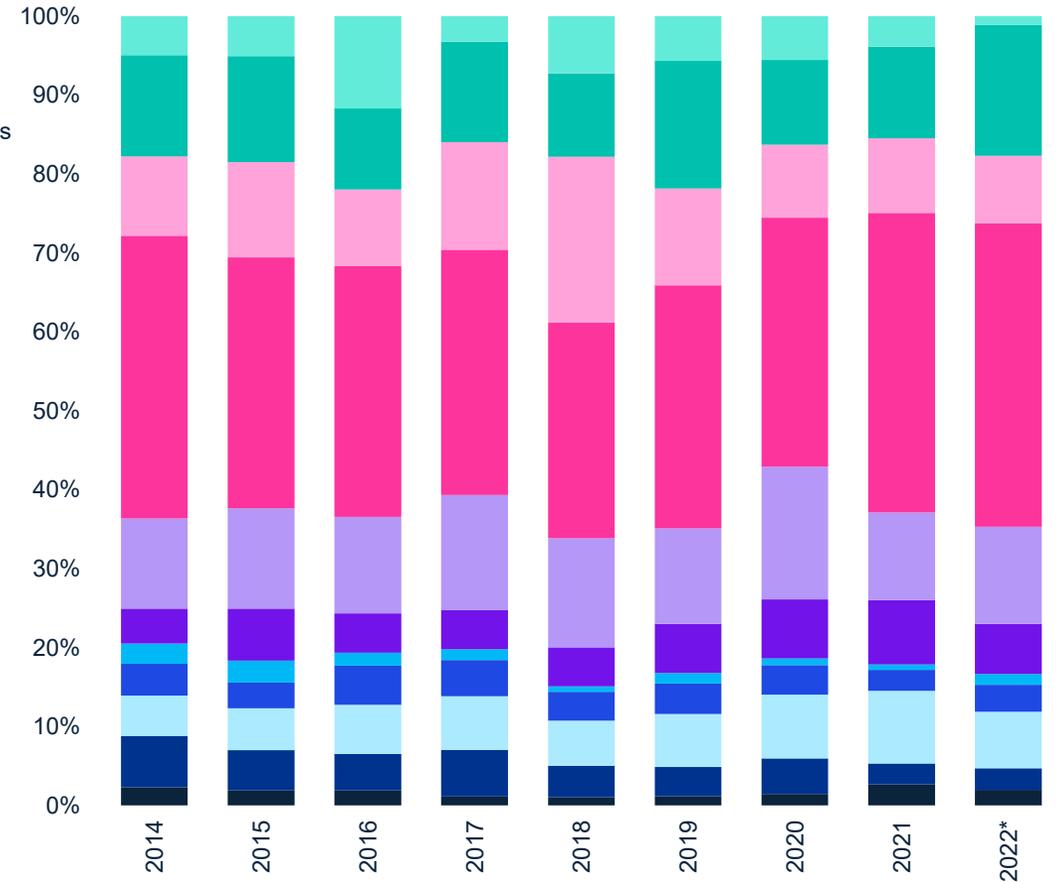
## Venture financing by sector in the US

2014–2022\*, number of closed deals



## Venture financing by sector in the US

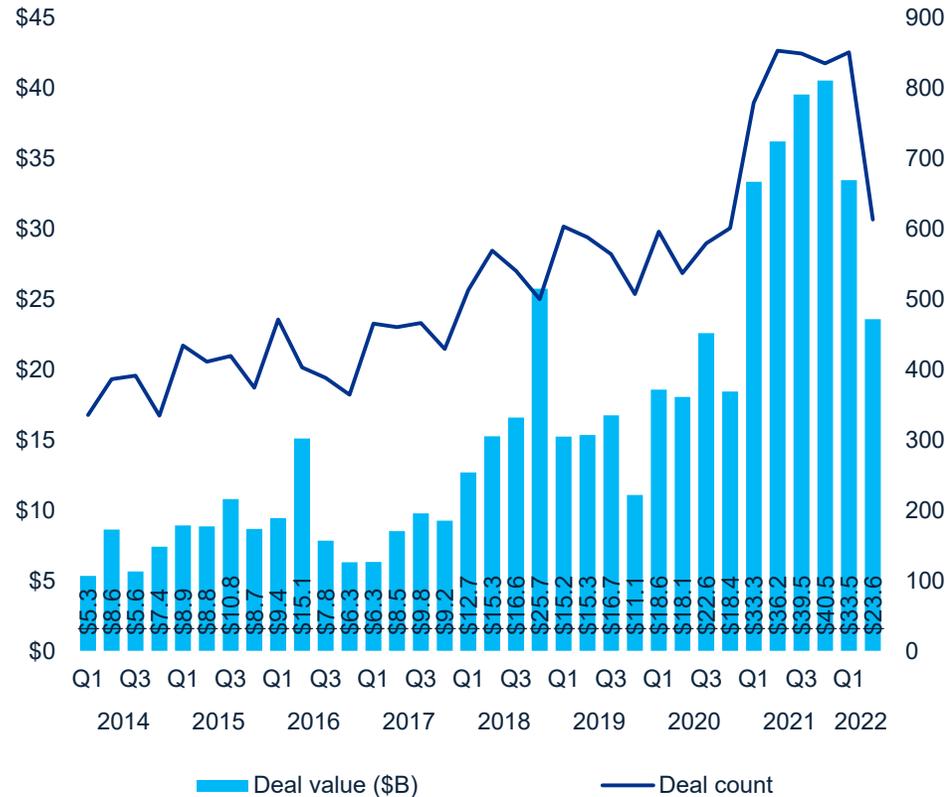
2014–2022\*, VC invested (\$B)



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# First-time financings still see significant deal value

**Corporate participation in venture deals in the US**  
2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

**First-time venture financings of companies in the US**  
2014–2022\*



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“ I would argue that the VC market went through a blip up and is currently going through a blip down. Over the past two years, the private markets have seen an incredible amount of funding. Cash was effectively free — at least on the corporate side — and so there was a lot of money coming in and chasing yield. Now, as that liquidity gets pulled out of the system, things are going back to a more normal state of affairs. ”

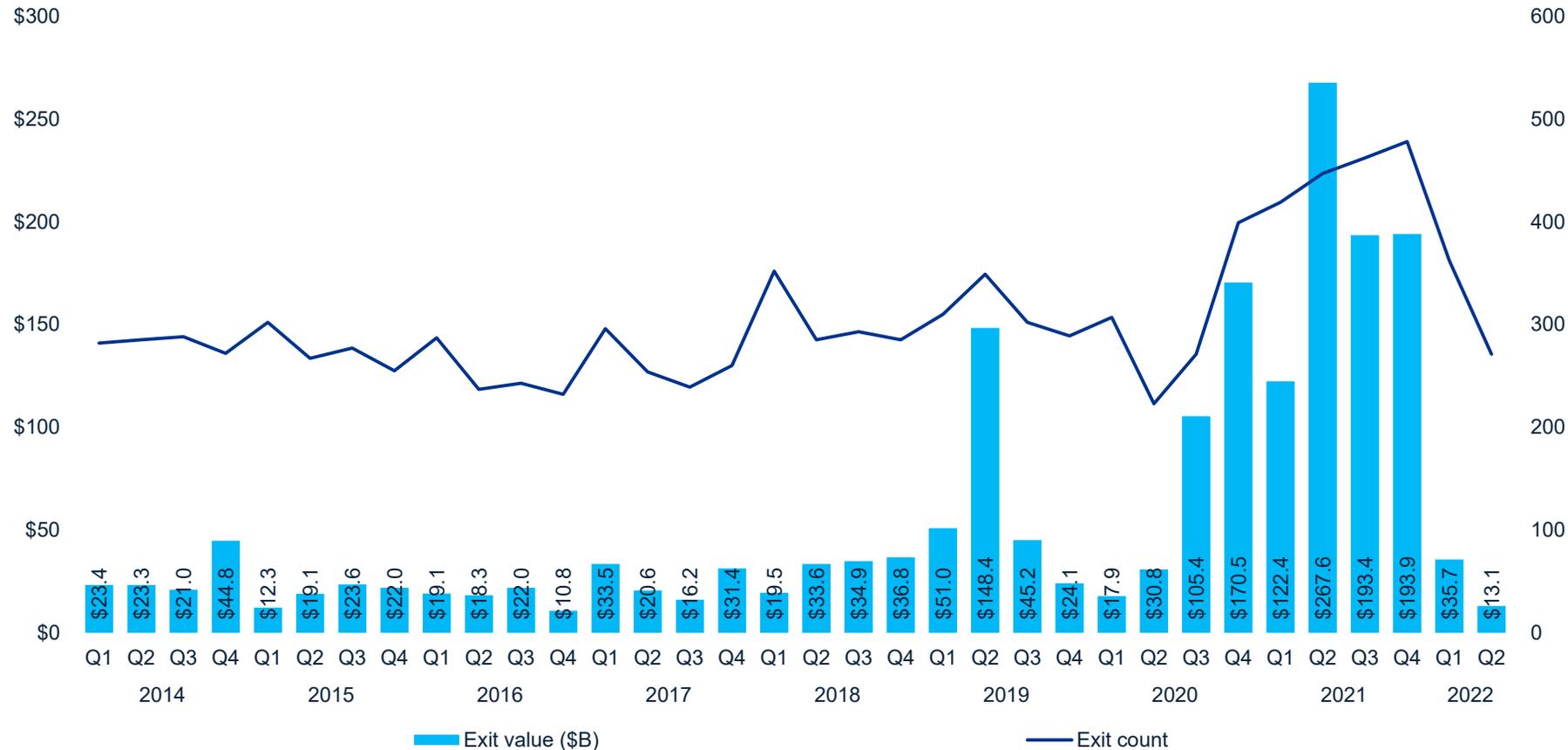


**Peter Kehrl**  
Partner  
KPMG in the US

# Market volatility takes a toll

## Venture-backed exit activity in the US

2014–Q2'22



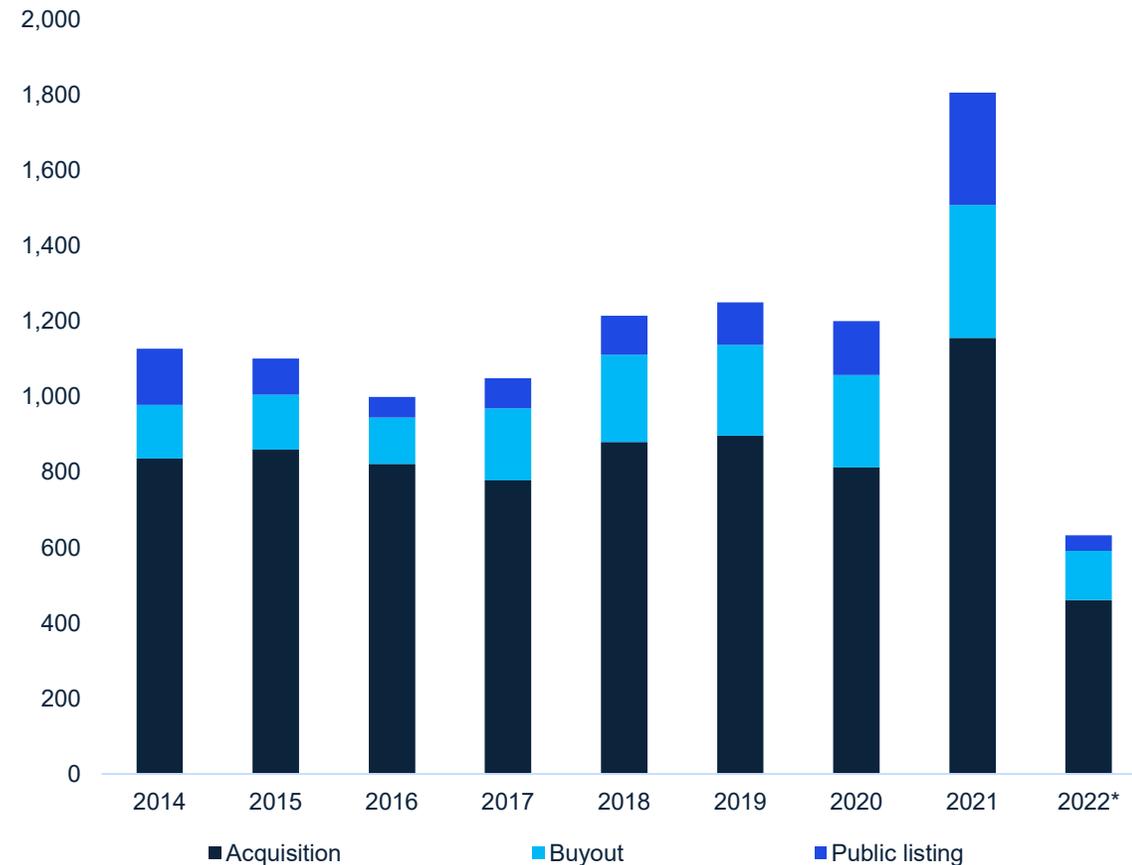
Nobody cares to catch a falling knife, and listing publicly in a volatile market usually makes companies shy away. Thus, in the US, exit volume has declined considerably, as even M&A levels are not as robust as they were last year. That said, acquirers could grow more bold should valuations normalize somewhat. In addition, unicorns may finally opt to go public regardless of market volatility, given their overarching timelines and relative levels of preparation.

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# M&A is likely to remain most resilient in 2022

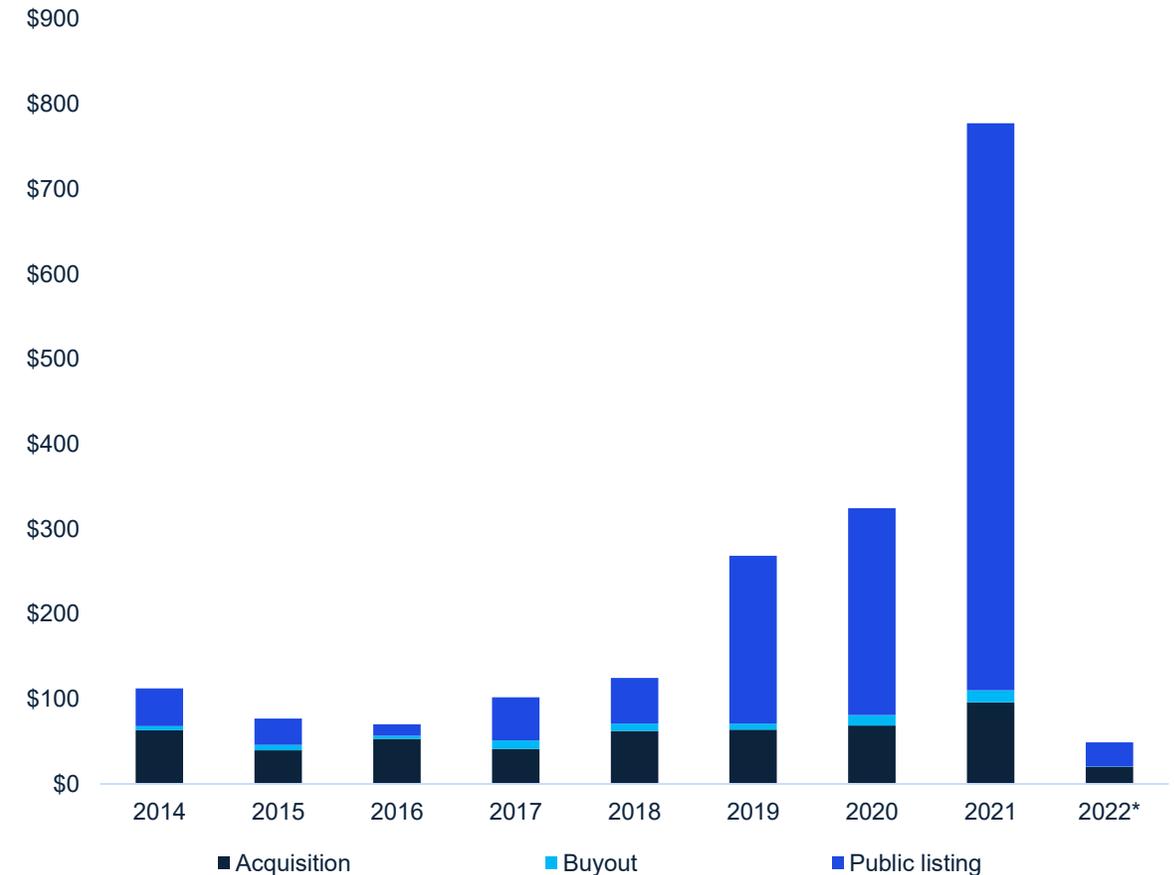
## Venture-backed exit activity (#) by type in the US

2014–2022\*



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

2014–2022\*

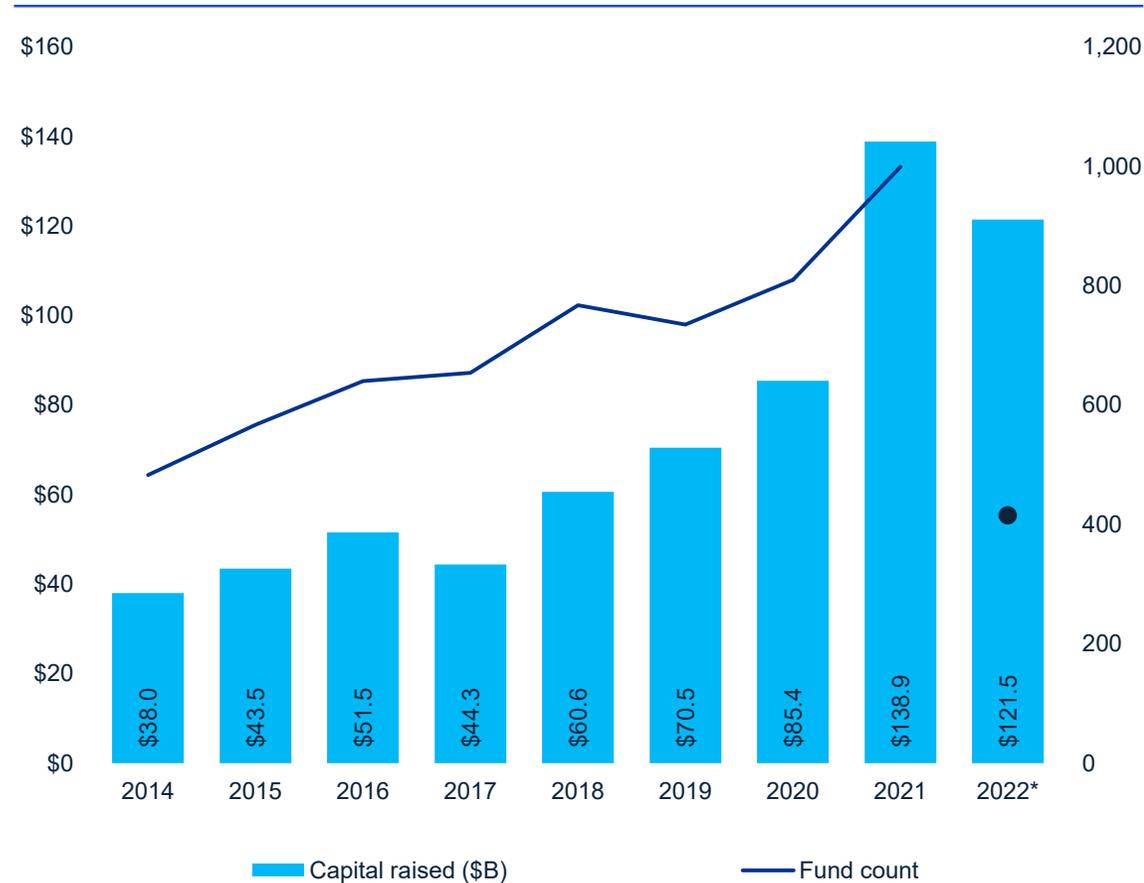


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# 2022 already closing in on a new record for VC fundraised

## US venture fundraising

2014–2022\*



At this stage of the venture ecosystem's maturation, the market size is such that there are sufficient investment opportunities for LPs to make plenty of commitments. And despite any ongoing market turbulence, the pace of commitments keeps flowing at a record rate, to such an extent that this year may very well see a new annual high in capital committed.

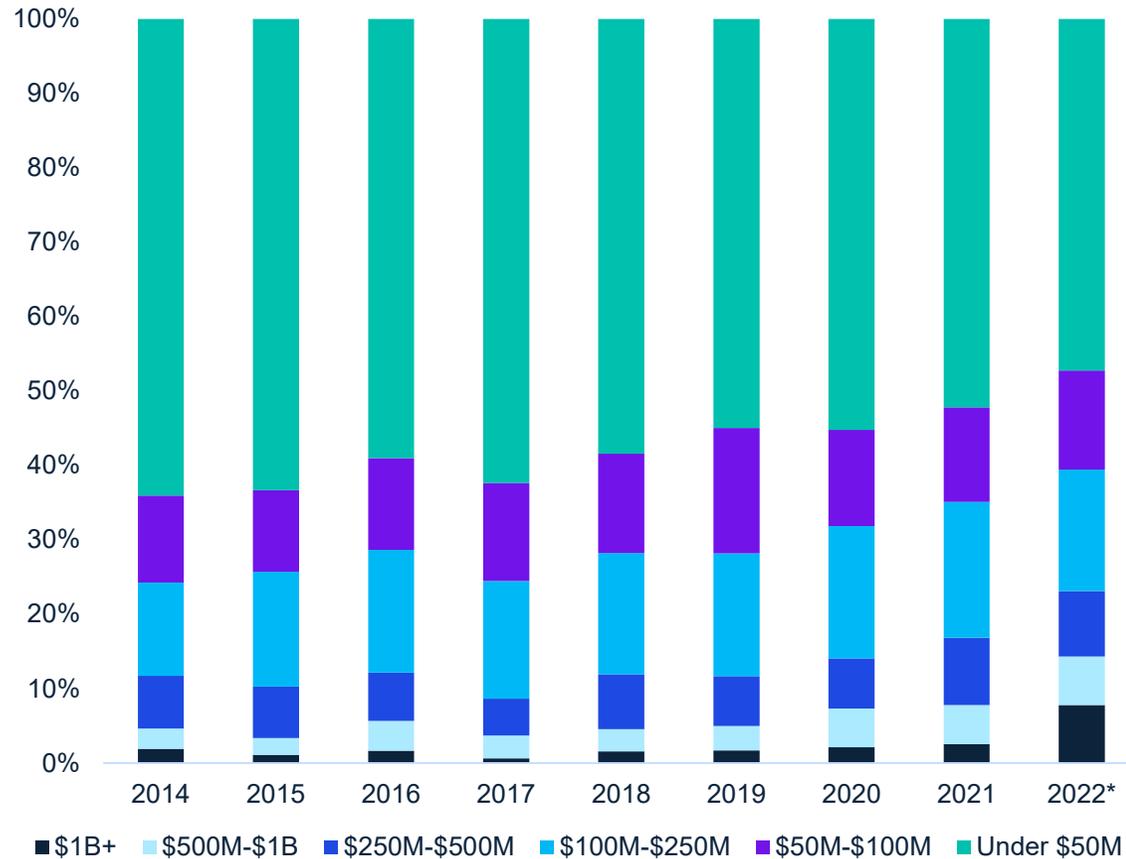
... no slowdown has occurred in the slightest in fundraising's pace; instead **2022 has already surpassed \$120 billion in capital commitments.**

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Mega funds continue to be able to close handily

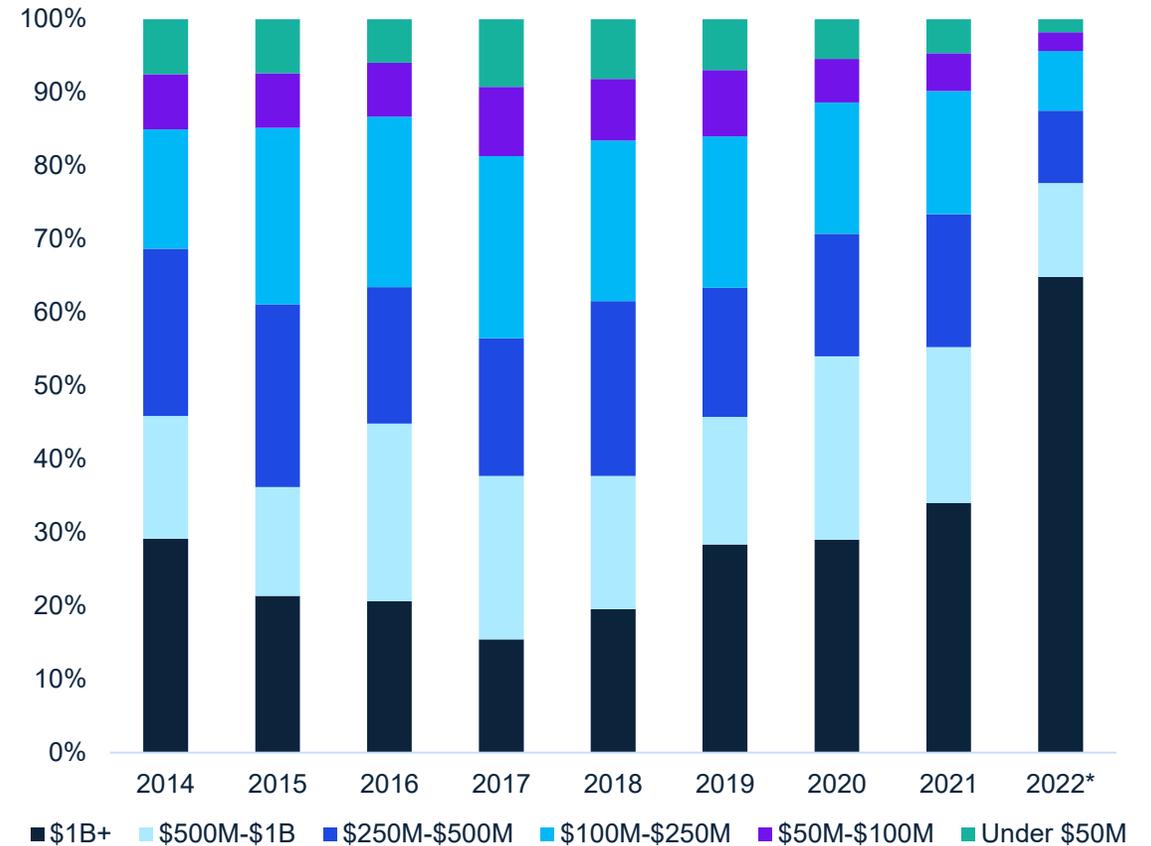
## Venture fundraising (#) by size in the US

2014–2022\*



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

2014–2022\*

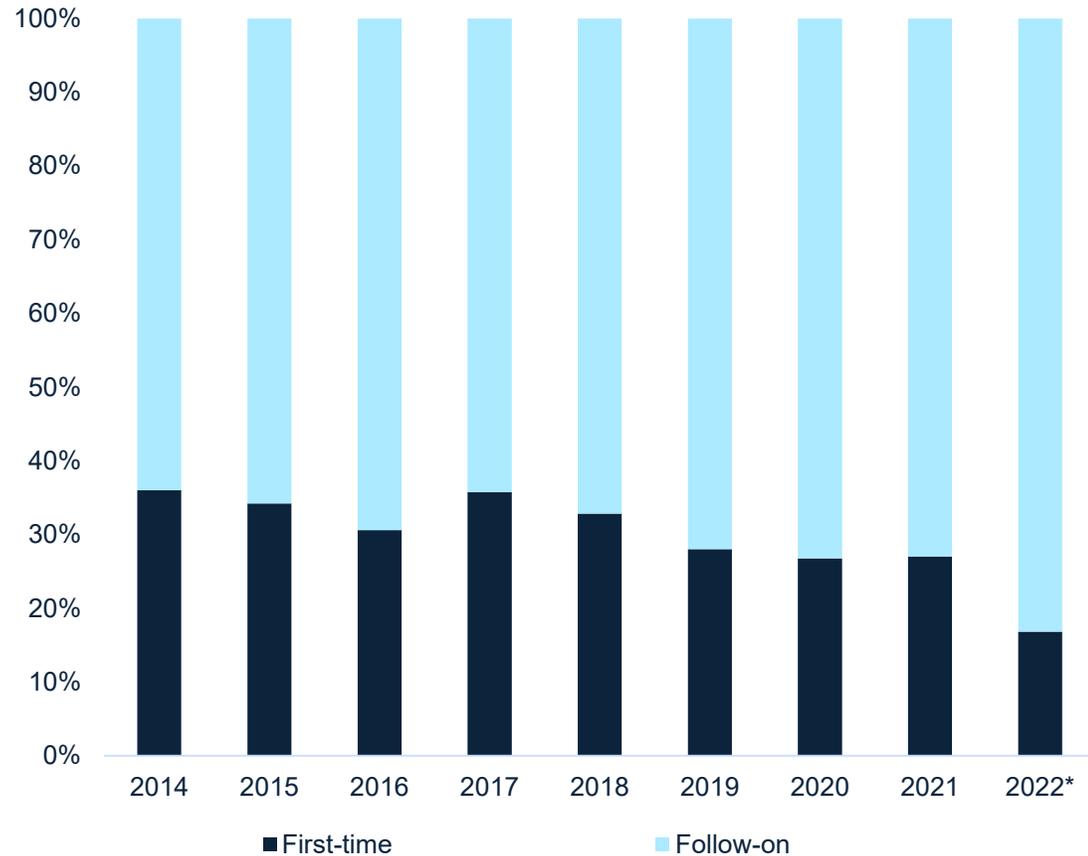


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Experienced VCs keep raising while they can

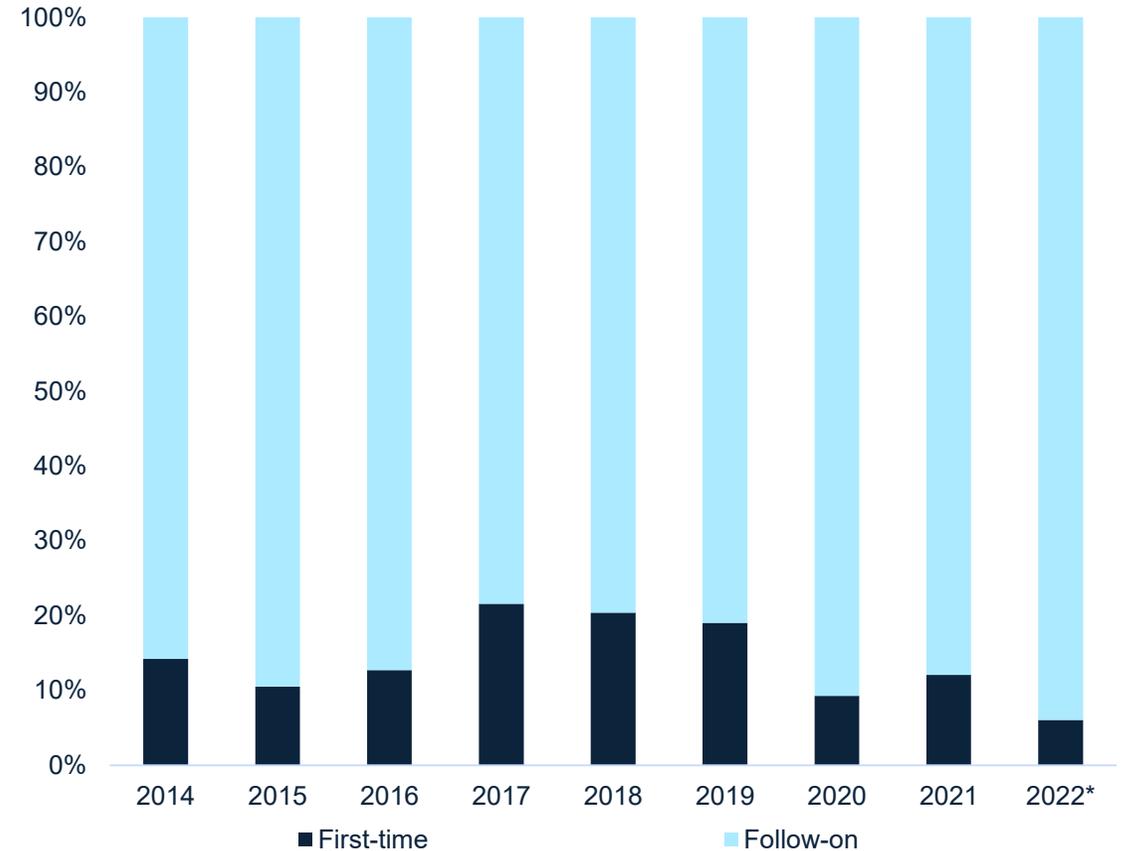
## First-time vs. follow-on funds (#) in the US

2014–2022\*



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

2014–2022\*



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

**In Q2'22, VC-backed  
companies in the  
Americas raised  
\$66.2B across  
3,778 deals**

# VC investment drops across the Americas

**VC investment declined in the Americas in Q2'22, particularly in jurisdictions outside of the US, including Canada and Brazil.**

## VC investors focusing on due diligence and profitability

Late in Q1'22, the recessionary climate in the US began to affect the VC market, with late-stage unicorns the first to feel downward pressure on their valuations. During Q2'22, the impact broadened, with companies raising seed and Series A rounds also seeing their valuations drop considerably. This is driving VC investors both in the US and elsewhere in the Americas to evaluate potential deals more rigorously, rather than investing because of a fear of missing out — a predominant trend during much of 2020 and 2021. Heading into Q3'22, funding rounds will likely take more time to complete. Companies at early deal stages will likely require stronger business cases and revenue models to attract investors, while VC investors will likely conduct more robust due diligence on potential deals.

## CVC investment declines across Americas

During Q2'22, CVC investment in the Americas dropped from the high levels seen over the past 5 quarters. The decline likely reflects a combination of factors, such as corporates focusing on their core operations in light of current uncertainties, pulling back on funding to their VC arms, and reducing investments in startups that are not seen as strategic priorities. In Q3'22, corporates will likely focus predominantly on making strategic VC investments aimed at complementing their core businesses.

## Crypto tide starting to turn

In the Americas, the crypto and blockchain space initially showed some immunity to the valuation and funding corrections taking place during Q2'22; however, this has started to change — with crypto firms now trying to cope with a major sell-off of crypto assets. During Q2'22, US-based BlockFi saw its valuation drop to \$1 billion; it is now in the process of raising a down round in order to obtain needed capital. The sudden tightening of the crypto space will likely drive consolidation among crypto firms heading into Q3'22 as the best firms rise to the top and others get left behind.

## Declining valuations could see VC investors looking for good deals

Given the downturn in the public markets and the pressure on valuations, IPO activity in the Americas remained at a standstill in Q2'22. With IPO activity not expected to rebound until market conditions improve, the VC market is quickly tilting from a seller's market to one more favorable to investors. Some VC — and PE — investors will likely look to take advantage of current market conditions to make investments or acquire companies at better valuations and with better deal terms than 6-12 months ago.

## Number of VC deals plummets in Canada

Both the number of VC deals and total VC investment in Canada dropped in Q2'22 as the pace of deals activity continued to slow. Fintech, health and biotech remained the most prominent areas of VC investment in Canada, with digital bank Neo raising \$145 million during the quarter — earning the fintech unicorn status. VC investors in Canada have started to become more discerning with their investments, advising their existing portfolio companies to shift away from broad-brush growth strategies to more laser-focused strategies aimed at helping them break even or achieve profitability.

# VC investment drops across the Americas, cont'd.

## Brazil's economy performs better than expected; VC investment still down

The economy in Brazil performed better than expected during Q2'22, particularly in terms of GDP growth. VC investment, however, dropped markedly during the quarter, likely a result of geopolitical uncertainty and other global macroeconomic factors. Despite the complex market conditions, Brazil attracted several large VC rounds, including \$100 million raises by cybersecurity and biometrics company Unico and B2B communications and social commerce firm Take Blip.

With a federal election slated for the autumn, VC investment could remain soft in Brazil well into the second half of the year. Despite VC funds in the country having a significant amount of dry powder, investors are expected to act more like PE firms heading into Q3'22, with stricter criteria for valuations, cash generation, team size, and operating expenses as a whole.

## Trends to watch for in Q3'22

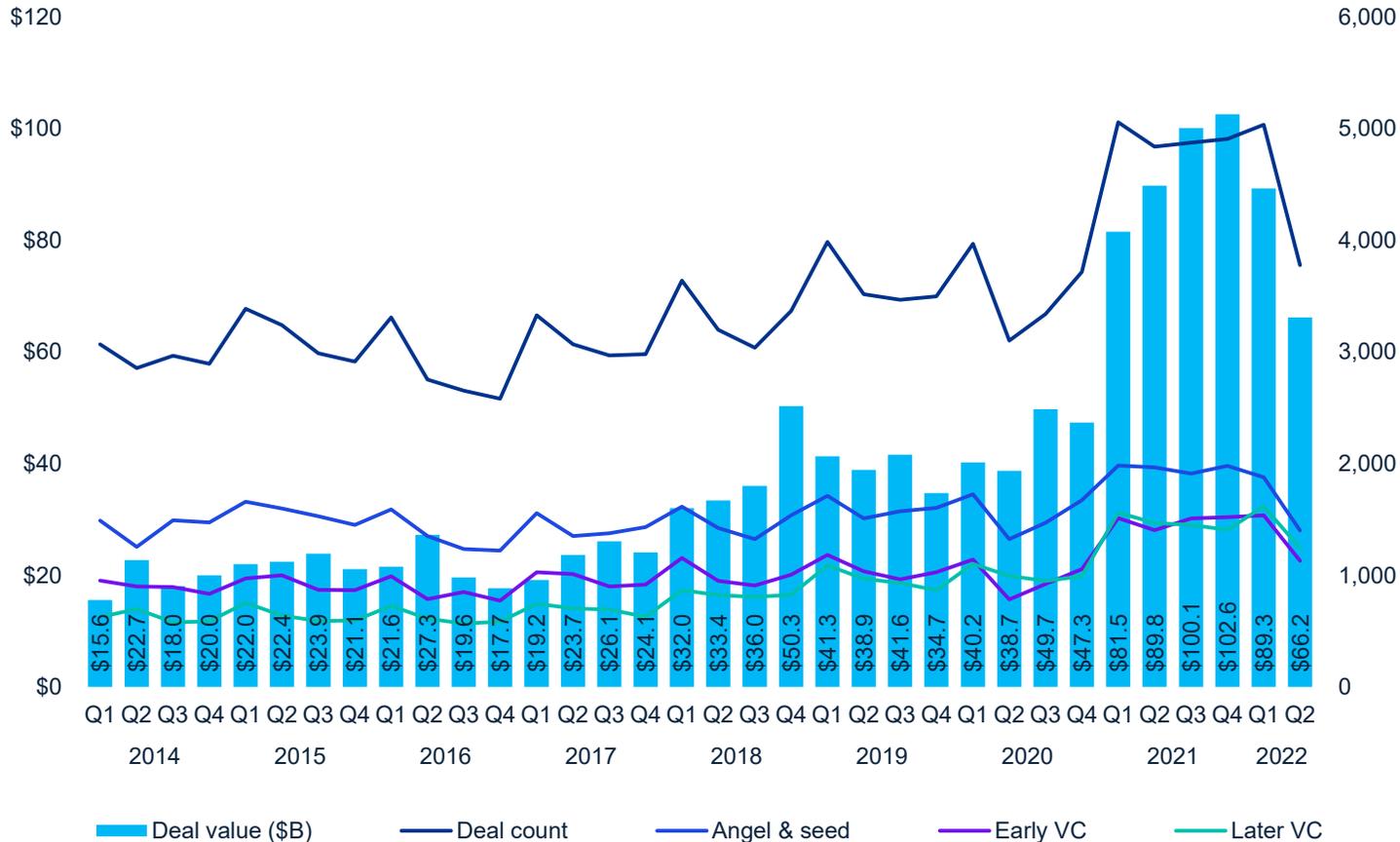
With no end to current uncertainties in sight, VC investment across the Americas could be relatively soft heading into Q3'22. Sectors like crypto and blockchain, e-commerce, and other consumer-focused industries could face consolidation as best-in-breed companies set themselves apart from the competition and companies that didn't plan for a pullback run out of cash.

Down rounds could also become more prevalent, although many startups will likely exhaust other options first — conducting layoffs, delaying or terminating projects, freezing R&D spend and slashing other expenses in order to conserve cash and delay new fundraising as much as possible.

# Venture investment stays robust

## Venture financing in the Americas

2014–Q2'22



All in all, dealmaking in the Americas has slowed back to historical averages after the record-breaking run across all of last year and Q1 2022. It is likely financing volumes will edge back up as additional data is gathered, but more importantly, with VC investment still being robust across most nations, it is clear that fund managers are still looking to stay active, if not quite at a breakneck clip.

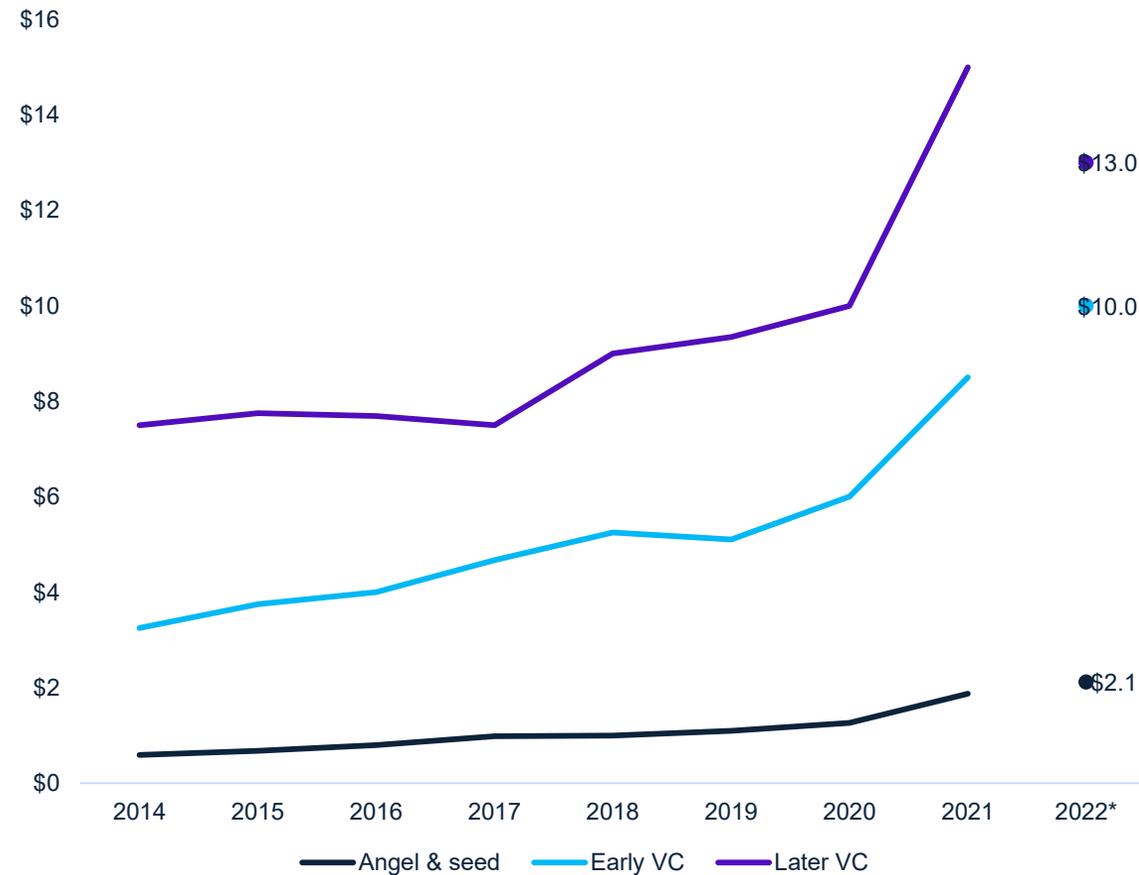
... after a strong start to the year 2022 saw some softening in the second quarter, **although only back to relatively healthy historical averages.**

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# The late stage sees a slight dip thus far

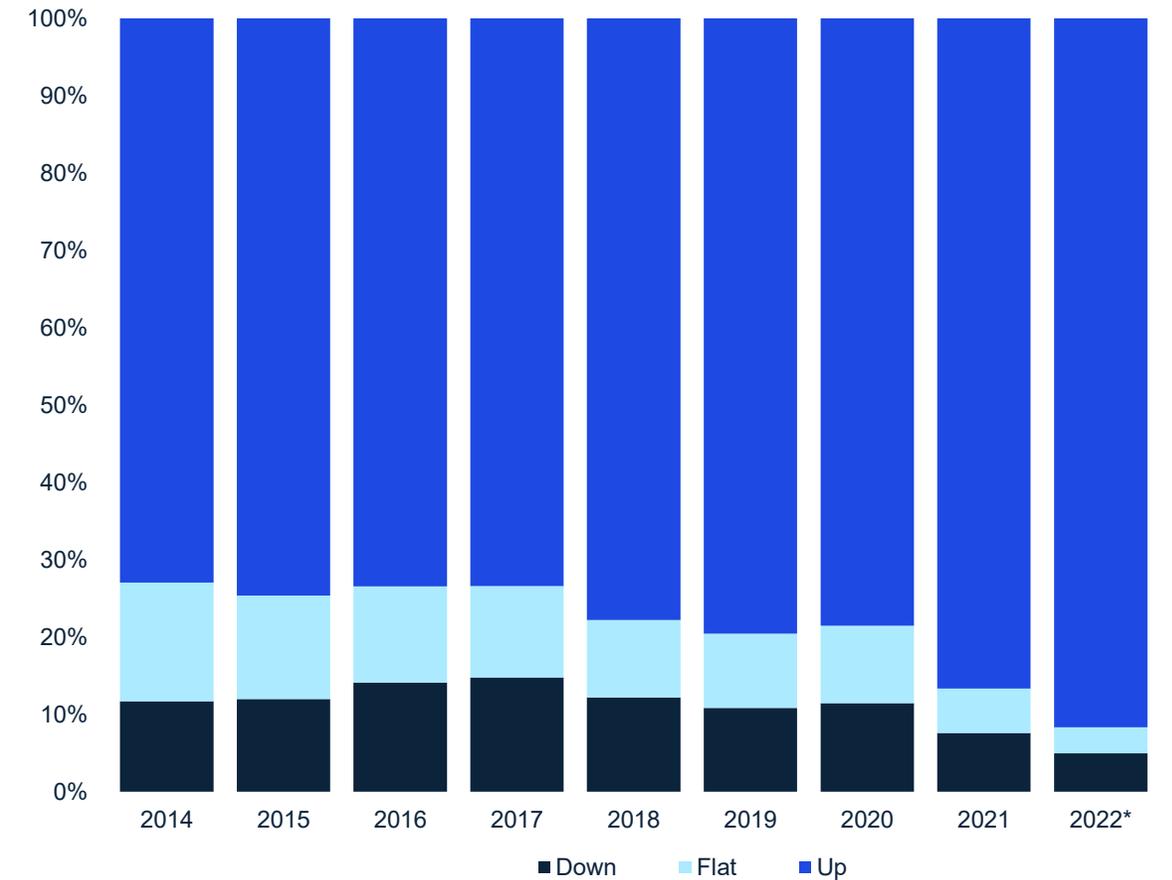
## Median deal size (\$M) by stage in the Americas

2014–2022\*



## Up, flat or down rounds in the Americas

2014–2022\*

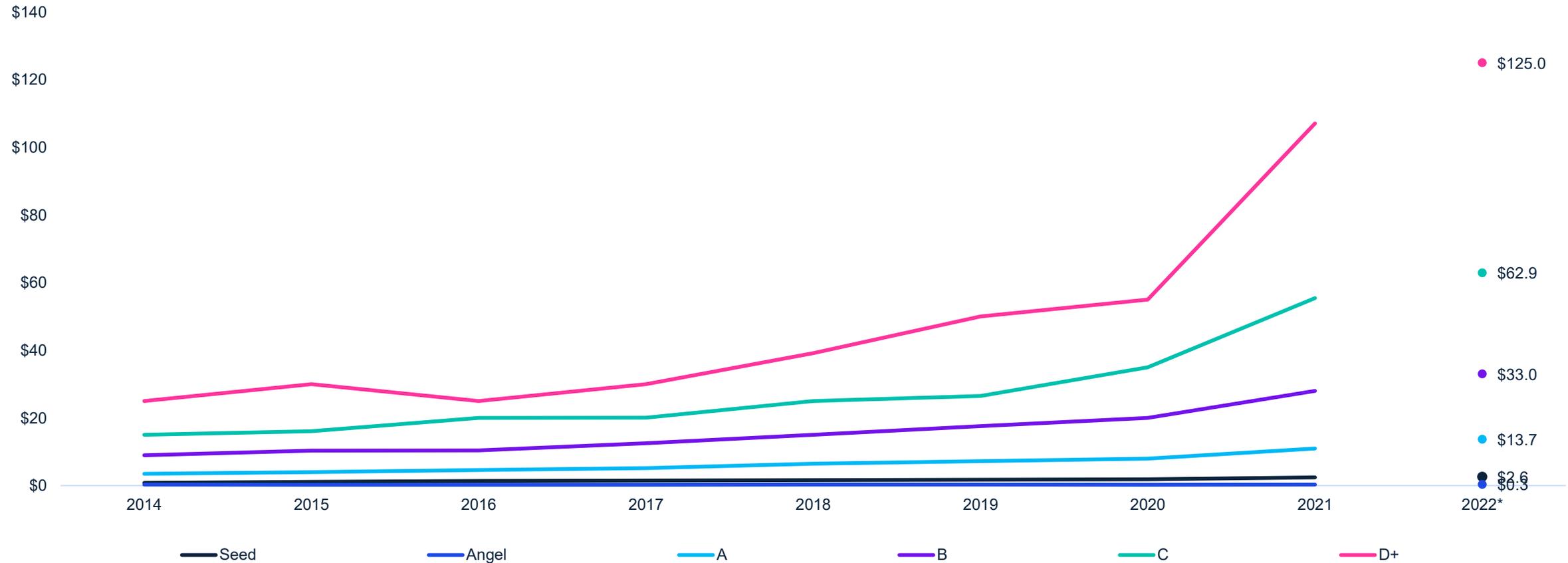


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# 2022 is still experiencing robust financing metrics

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

2014–2022\*

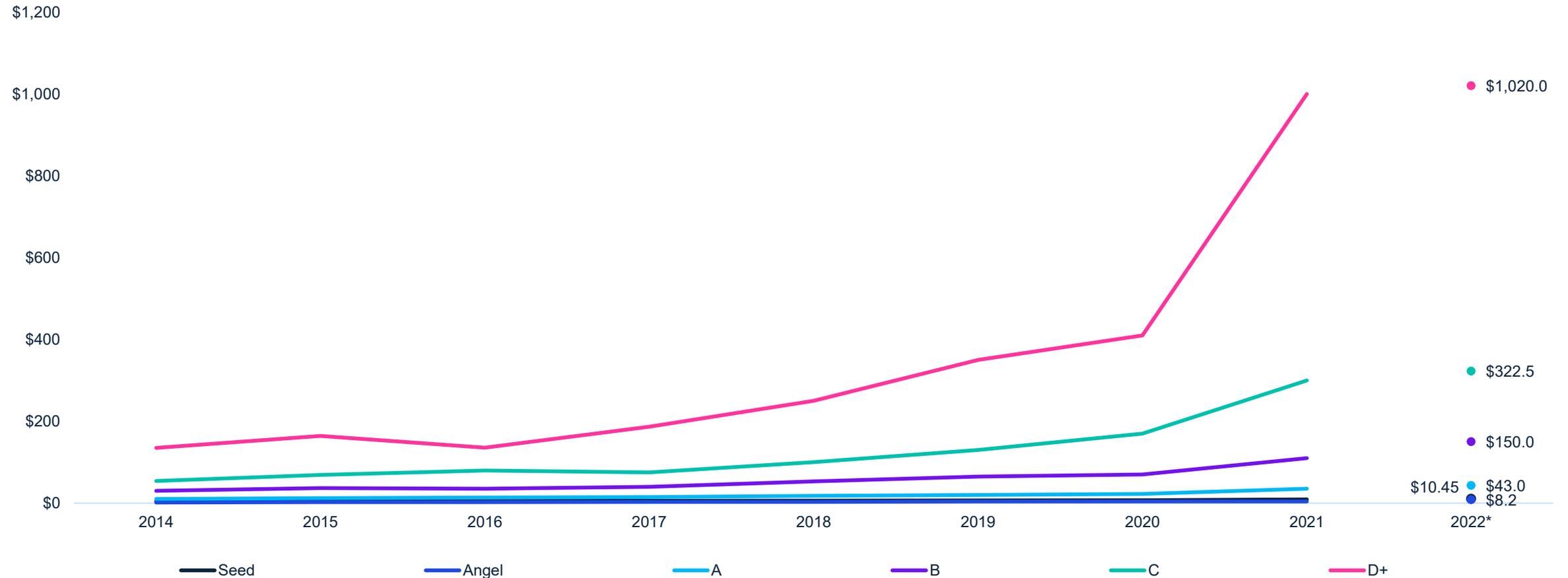


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Valuations still hold at record highs

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

2014–2022\*

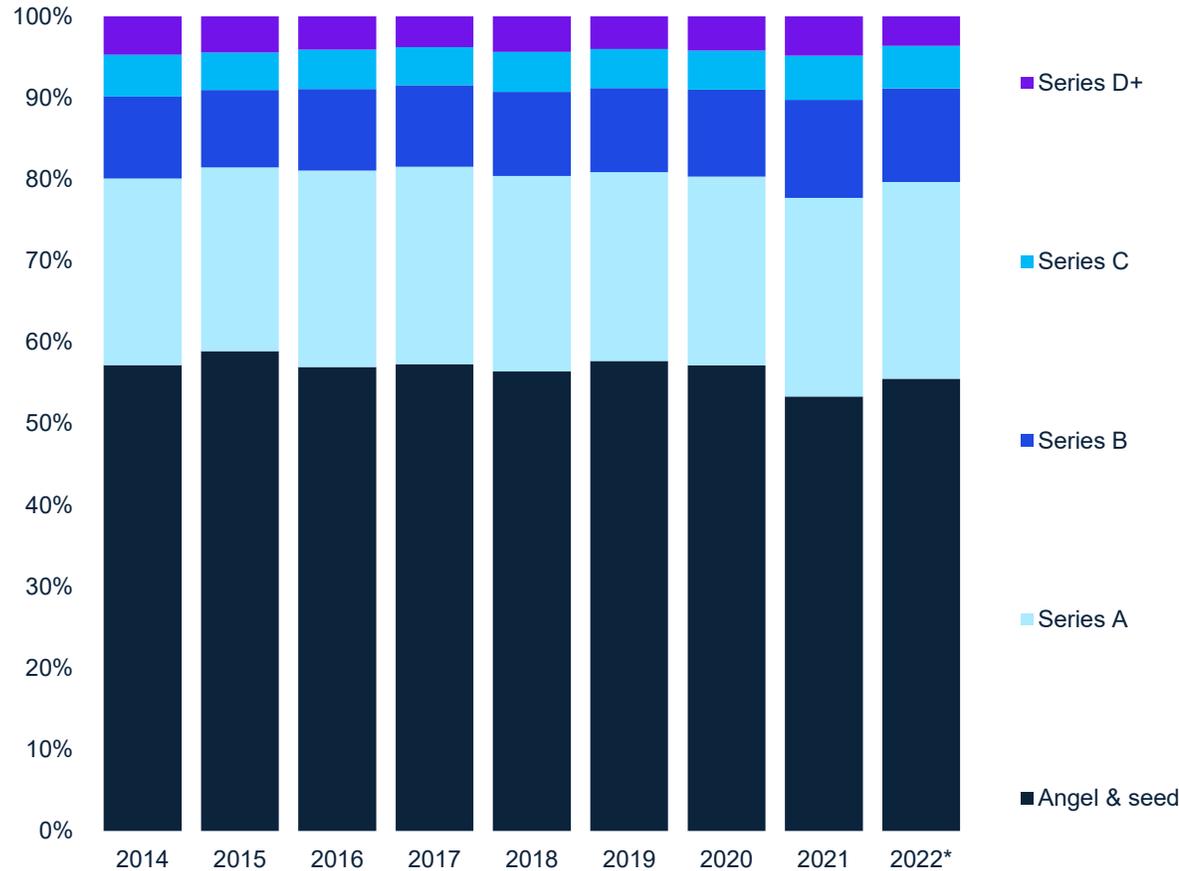


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Angel and seed volume rebound slightly in market share

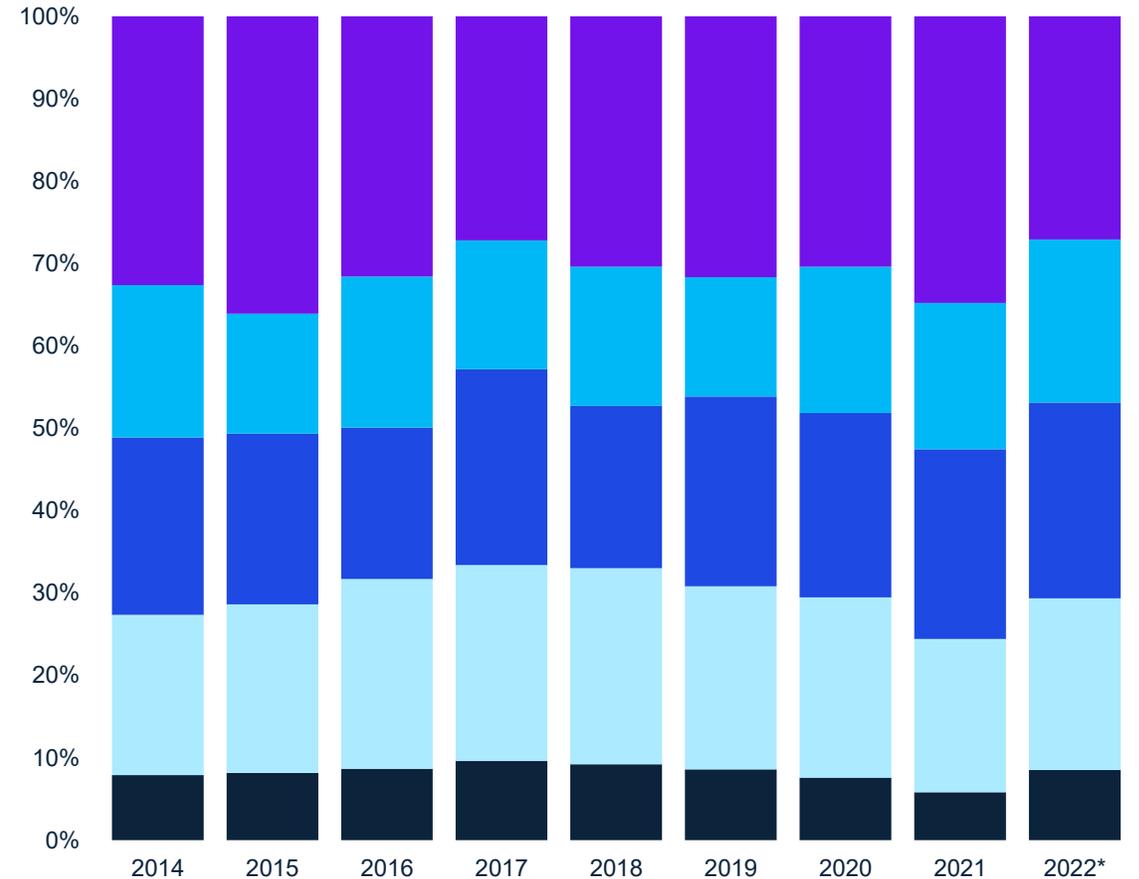
## Deal share by series in the Americas

2014–2022\*, number of closed deals



## Deal share by series in the Americas

2014–2022\*, VC invested (\$B)

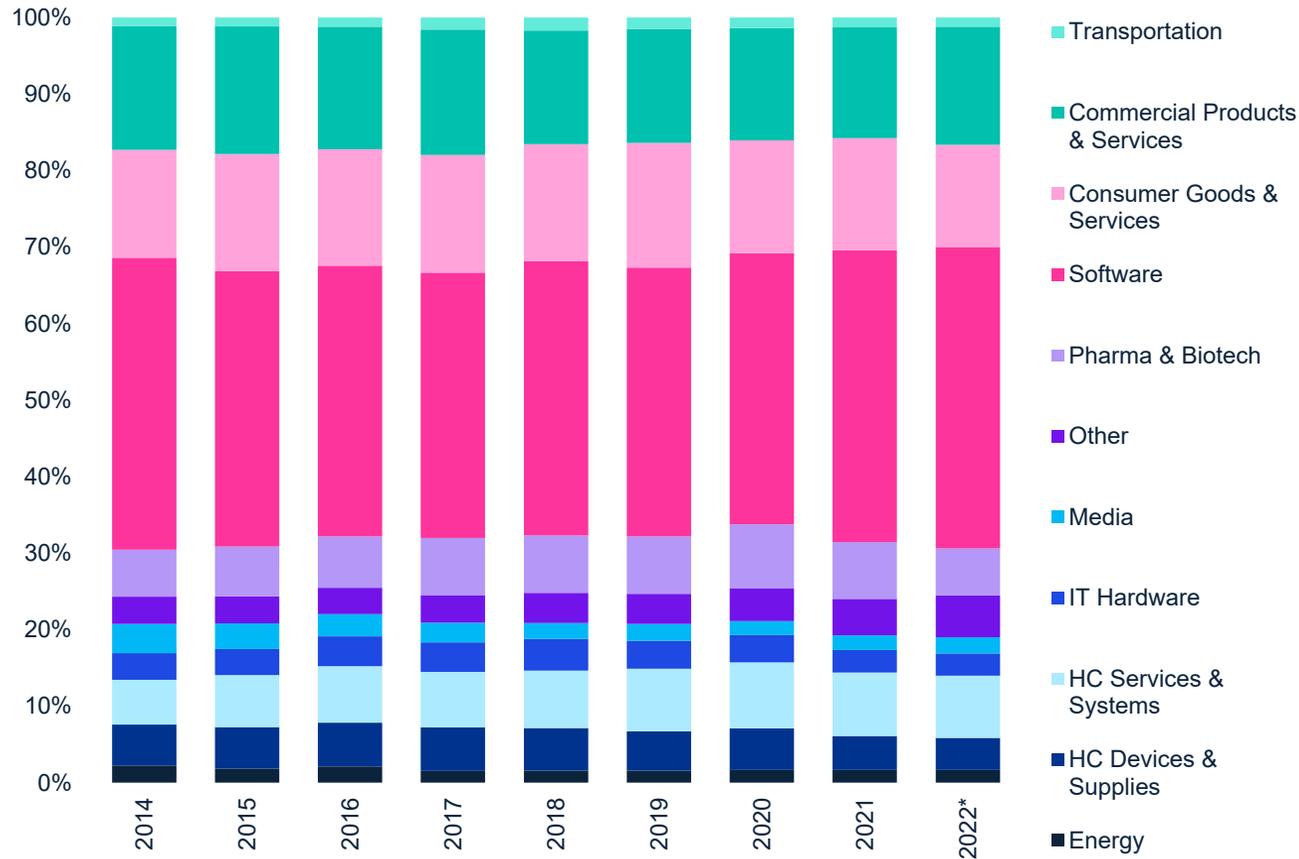


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Software remains predominant

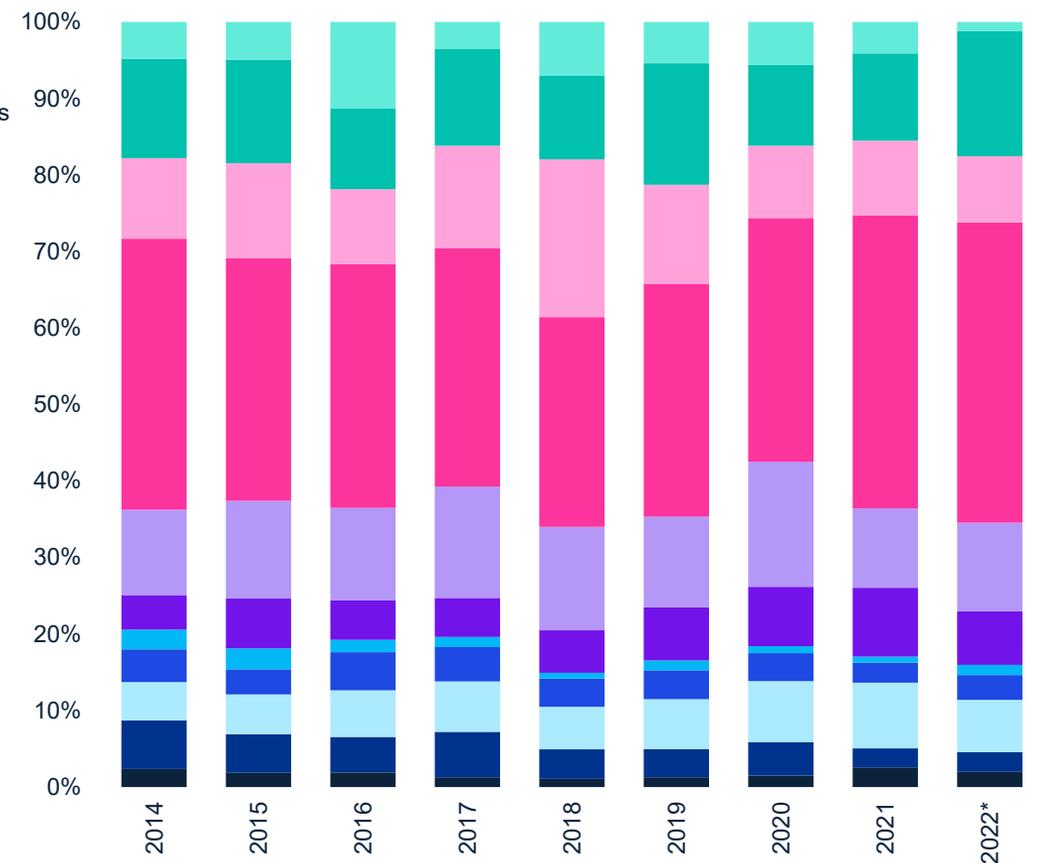
## Venture financing of VC-backed companies by sector in the Americas

2014–2022\*, # of closed deals



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

2014–2022\*, VC invested (\$B)



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# After a historic year, 2022 is still seeing relatively strong dealmaking

## Venture financing in Canada

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“ With a recession likely coming, it will be interesting to see what’s going to happen here. There will be some companies that look at a recession as an opportunity — as a chance to set themselves apart. How many companies will actually go in the opposite direction of the crowd — while others are laying off workers and reducing growth? How many will be focused on seizing the moment to get the right people at a more reasonable salary and to try and get market share? The next quarter or two could be very interesting. ”



**Sunil Mistry**

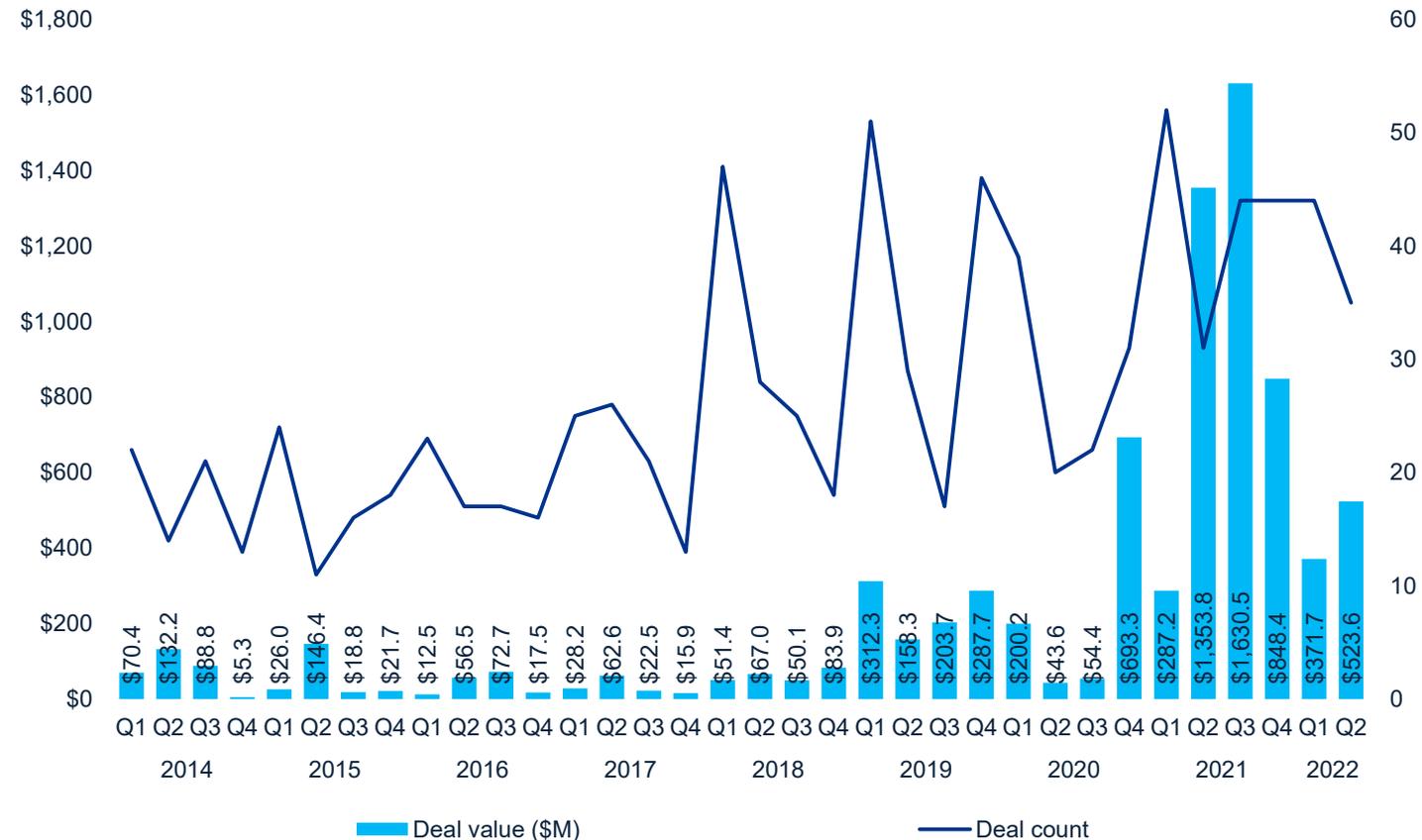
Partner, KPMG Private Enterprise,  
Technology, Media &  
Telecommunications (TMT)  
**KPMG in Canada**

#Q2VC

# A relatively healthy quarter is eclipsed by predecessors

## Venture financing in Mexico

2014–Q2'22



By and large, 2022 is still seeing historically healthy rates of venture financing across key sectors within Mexico. It remains to be seen if there is a plummet thanks to overall market volatility, but thus far, the data is looking auspicious.

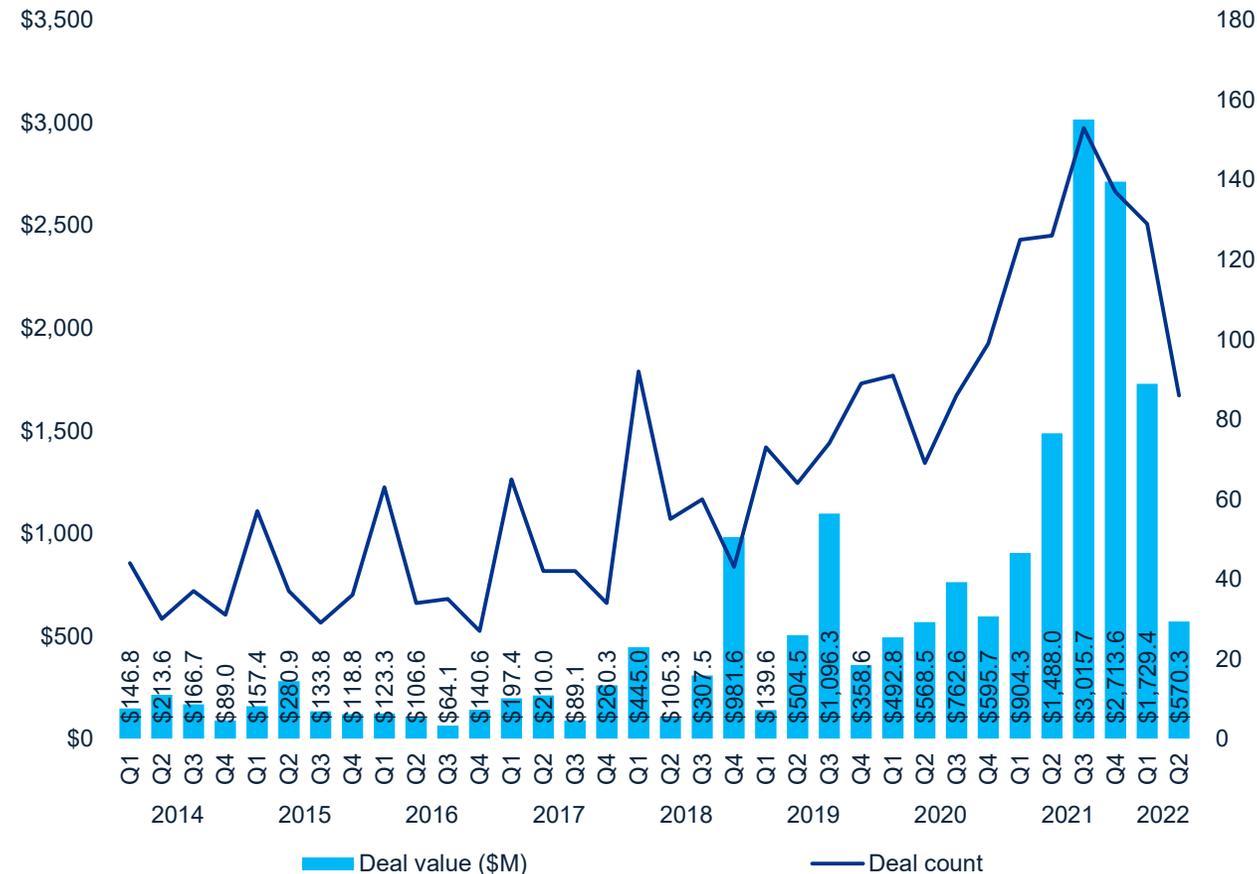
Even after a record 2021, thus far, the **Mexican ecosystem** is continuing to rake in plenty of VC relative to historical averages, with Q2 tallying well over \$500 million invested...

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Financing levels return to historical averages

## Venture financing in Brazil

2014–Q2'22



Thanks to a bevy of outlier financings, Brazil finished last year strong with a total of 22 companies raising at least \$100 million or more throughout its duration. Moreover, they spanned a plethora of sectors, signaling growing innovation in multiple segments of the Brazilian socioeconomic ecosystem. Thus far this year, a handful of such deals occurred but at nowhere near the same rate, potentially suggesting investors took a pause or pulled back slightly given rising caution amid darkening global economic conditions. That said, Q2 still turned in a relatively resilient tally of funding.

“ Last year, there was a big hike in VC investments in Brazil. It really picked up, seemingly on a monthly basis. This year, liquidity has been much lower. While funds still have dry powder, they are becoming much more concerned about a company’s ability to break even, generate cash, and grow with lower capital expenditure needs. In Q3’22, capital efficiency and the use of cash by startups is expected to be at the top of the radar for every single VC fund. ”

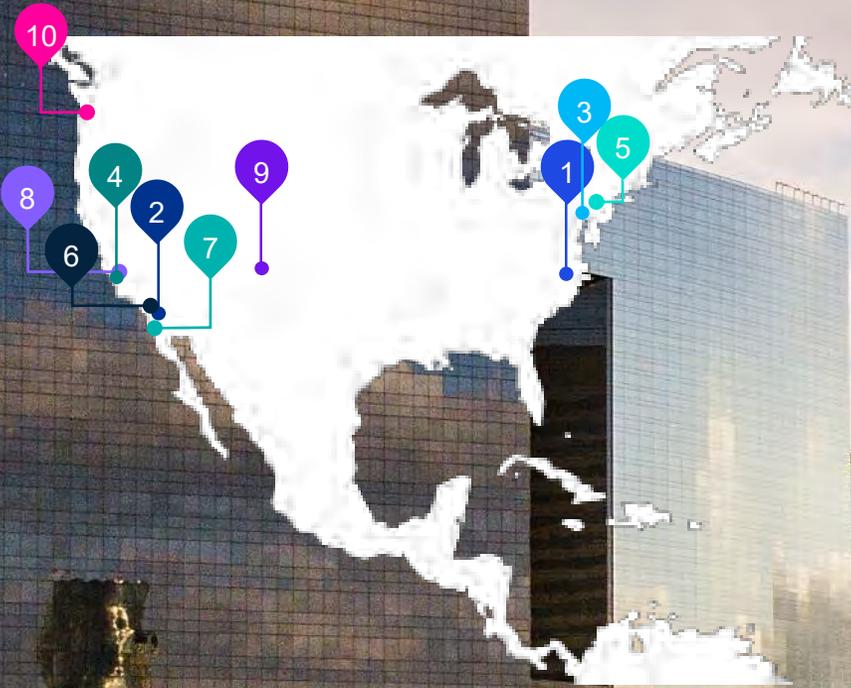


**Rodrigo Guedes**  
Managing Director  
KPMG in Brazil

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# A healthy diversity of sectors are represented

## Top 10 financings in Q2'22 in Americas



1. **Epic Games** — \$2B, Cary, US — Entertainment software — *Late-stage VC*
2. **SpaceX** — \$1.7B, Hawthorne, US — Aerospace — *Late-stage VC*
3. **Gopuff** — \$1.5B, Philadelphia, US — Internet retail — *Late-stage VC*
4. **Faire** — \$816M, San Francisco, US — E-commerce — *Series G*
5. **Ramp** — \$748.3M, New York, US — Fintech — *Series C*
6. **The Boring Company** — \$675M, Burlingame, US — Infrastructure — *Series C*
7. **Resilience** — \$625M, San Diego, US — Pharmaceuticals — *Series D*
8. **Anthropic** — \$580M, San Francisco, US — Information services — *Series B*
9. **Crusoe Energy Systems** — \$505M, Denver, US — Cleantech — *Series C*
10. **Group14 Technologies** — \$400M, Woodinville, US — Cleantech — *Series C*

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

**In Q2'22, European  
VC-backed companies  
raised \$27.3B across  
2,220 deals**



# Drop in VC investment in Europe amid rising uncertainty

**Q2'22 saw a decline in both VC investment and the number of VC deals in Europe, driven by increasing geopolitical uncertainties related to the crisis in Ukraine, growing awareness of dependencies on certain raw materials and value chains, and deepening concerns about inflation. During Q2'22, the European Central Bank also announced that it would be raising interest rates for the first time in 11 years on July 1, 2022, followed by an additional hike in September.**

## Reliance on fossil fuels sparks interest in ESG and alternative energy

While ESG and sustainability solutions have gained traction with VC investors in Europe in recent years, Q2'22 saw interest strengthen considerably as discussions relating to the region's reliance on fossil fuels grew in the wake of the crisis in Ukraine. In particular, there has been increasing interest in renewable energy-based business models, decentralized energy-based business models, and ESG more broadly — including areas like mobility and cleantech. One of the largest deals in Europe during Q1'22 was a \$650 million raise by Switzerland-based Climeworks, a company focused on direct air carbon capture technology.

## Declining interest in consumer business models as inflation remains high

Given rising inflation, increasing interest rates, and other macroeconomic factors, VC investor interest in consumer-driven companies is expected to decline in Europe, particularly in areas like last mile delivery, marketplaces, and e-commerce. While leading startups in different sectors will likely continue to gain attention from investors, others may find themselves facing challenges. This could drive consolidation among startups, in addition to interest from private equity (PE) investors looking at distressed companies.

## Cash preservation becoming a major focus for startups

During Q2'22, startups across Europe increasingly focused on cash preservation. Several tech companies, including Germany-based delivery firm Gorillas, announced major layoffs or delays in their growth plans in order to reduce their burn rate and potentially delay additional fundraising activity until macroeconomic conditions improve.

## CVC investment dips, although interest remains solid

CVC investment in Europe dropped in Q2'22, although interest among CVCs has remained relatively strong — particularly among strategic corporate investors looking to take equity stakes in strategic businesses. Given market uncertainties, there could be an increasing number of CVCs looking to make PE-style investments in Europe. This, combined with the dry powder in the market, could drive an uptick in buyout activity and consolidations.

## VC investment in the UK remains robust

VC investment in the UK continued at a torrid pace for the sixth straight quarter in Q2'22. Fintech remained a hot area of investment this quarter, led by a \$626 million raise by SumUp and a \$312 million raise by GoCardless. Health and biotech also continued to attract attention, in part because of their resilience to inflation compared to other sectors. Edtech also attracted some attention in Q2'22, led by a \$220 million raise by online apprenticeship platform Multiverse, which earned the company unicorn status.

With traditional VC firms in the UK beginning to take a more cautious investment approach, activity from non-traditional investors could increase in niche areas of investment. Heading into Q3'22, the UK could see some high-net-worth individual investors stepping in to help fund Series A and Series B deals that might have been funded by institutional money in previous quarters.

# Drop in VC investment in Europe amid rising uncertainty , cont'd.

## Number of VC deals in Germany drops in Q2'22; VC investment remains solid

VC investment in Germany remained relatively solid in Q2'22, although the number of VC deals dropped considerably. Germany-based VC continued to raise a significant amount of money, including Trade Republic (\$1.15 billion), Personio (\$470 million), Onefootball (\$316 million), Taxfix (\$220 million), and 1Komma5 (\$219 million) during the quarter.

In the wake of recent uncertainties, companies in Germany have started to reconsider their value and supply chains, looking at where their raw materials and pre-components are produced. This focus is expected to increase over the next quarter as investors and other stakeholders put more pressure on companies to improve the sustainability of their supply chains and reduce reliance on countries with different core values. This could drive an uptick in interest in startups focused on improving niche areas of value chains.

In the wake of recent uncertainties, companies in Germany have started to reconsider their value and supply chains, looking at where their raw materials and pre-components are produced. This focus is expected to increase over the next quarter as investors and other stakeholders put more pressure on companies to improve the sustainability of their supply chains and reduce reliance on countries with different core values. This could drive an uptick in interest in startups focused on improving niche areas of value chains.

## VC investment in the Nordics remains solid though the deal count slows

The Nordics is starting to see the effects of a global decline in VC investment and number of deals. Preservation of adequate runway, capital efficiency, healthy unit economics, path to profitability along with dropping valuation offers seems to be in top of mind for many companies. Some companies aiming to raise funding from international investors in order to scale up are now

turning to bridge financial instruments like convertibles from existing investors or government-backed financing and in order to survive, achieve better terms and valuation multiples once the market and/or companies performance improves.

In sectors B2B software showed resilience compared to consumer retail businesses in Q2'22 with Finland based Aiven leading the way raising \$210 million during the quarter.

The Deep Tech sector has also remained as a hot area of interest among VC investors.

## Trends to watch for in Q3'22

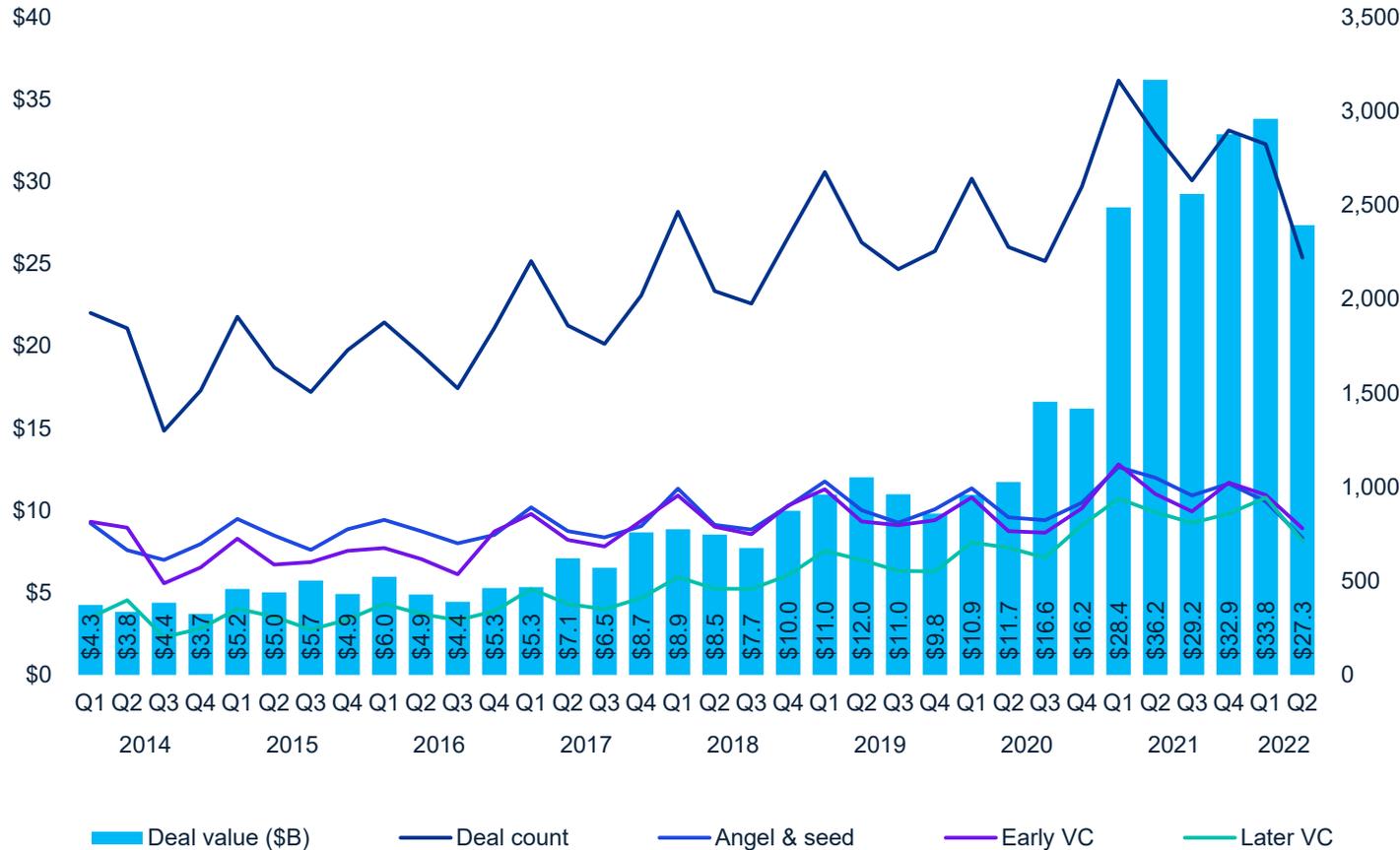
VC investors in Europe are expected to remain cautious heading in Q3'22, increasing their scrutiny of companies looking to attract funding. Given the strong amount of funding available in the market, high quality technology companies are expected to continue to attract funding. Companies that may have attracted funding from optimistic investors in the past, however, will likely face more challenges and require stronger business cases and paths to profitability to attract funding over the next few quarters. Pressure on valuations could also increase the potential for down rounds and spark interest in the use of downside protections by VC investors.

The IPO market is expected to remain cool in Europe, particularly for consumer businesses and industrial companies whose supply costs are skyrocketing. Valuations will likely also see downward pressure heading into Q3'22.

# The influx of VC invested continues apace

## Venture financing in Europe

2014–Q2'22



Once again, despite significant turmoil spanning economies and markets, Europe saw a significant tally of VC invested in Q2 2022, carrying financing levels to mid-year with more-than-robust figures. This is likely due to significant levels of global dry powder, government support via policies and accelerators for key sectors, and the impact of outliers.

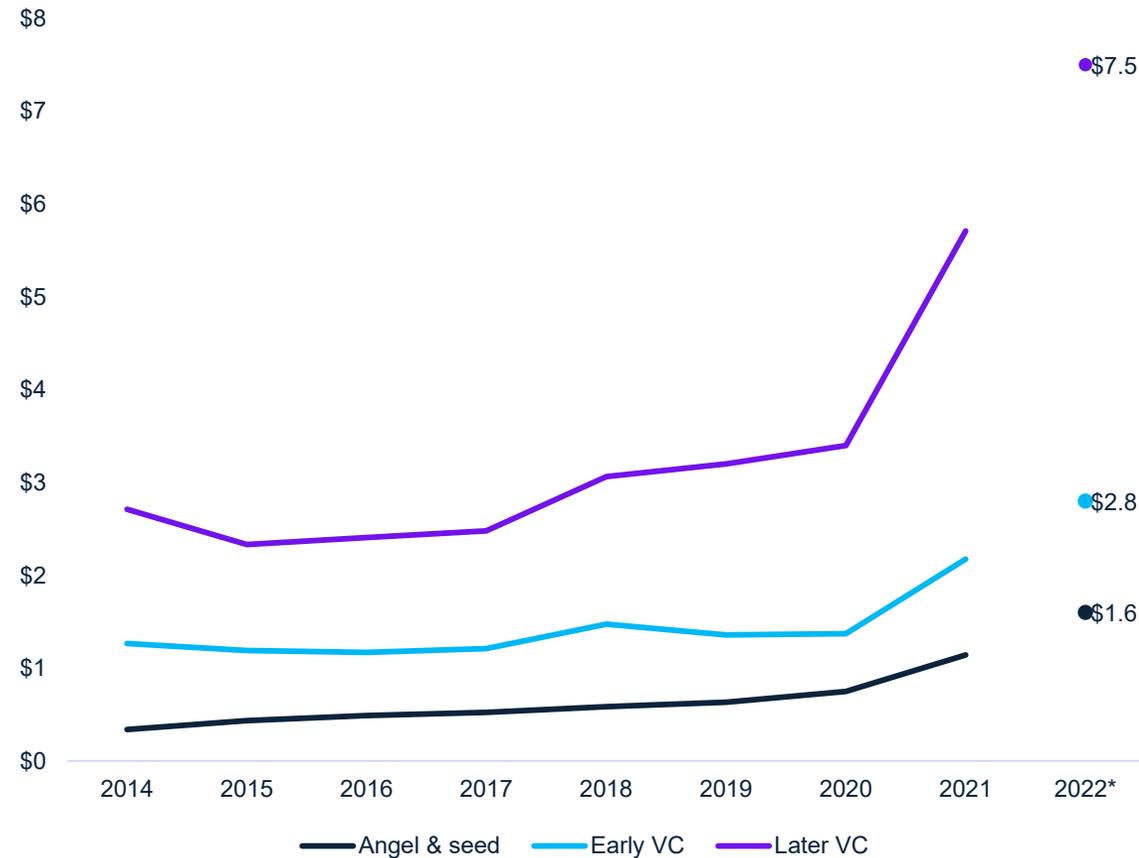
... despite significant volatility,  
**European startup ecosystems continue to raise hefty sums of capital...**

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# The late stage holds strong as investors remain sanguine

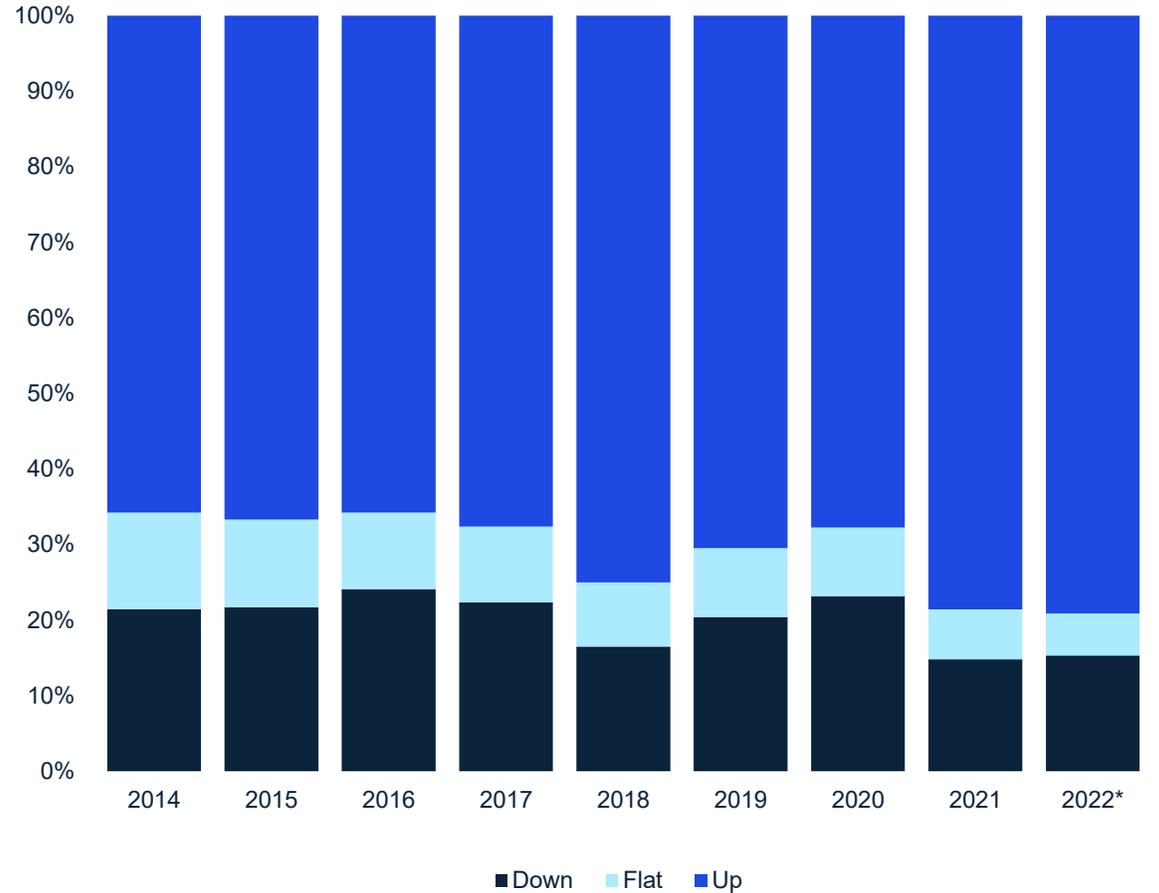
## Median deal size (\$M) by stage in Europe

2014–2022\*



## Up, flat or down rounds in Europe

2014–2022\*

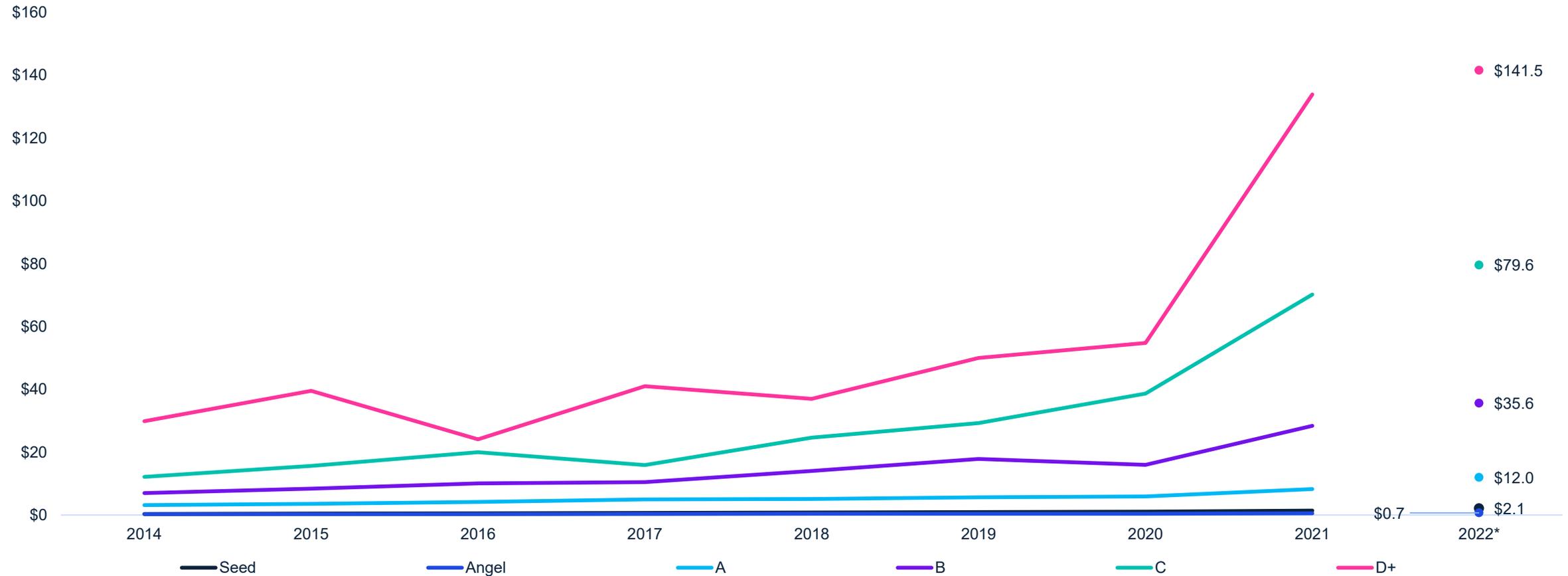


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Deal sizes have yet to shrink

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

2014–2022\*

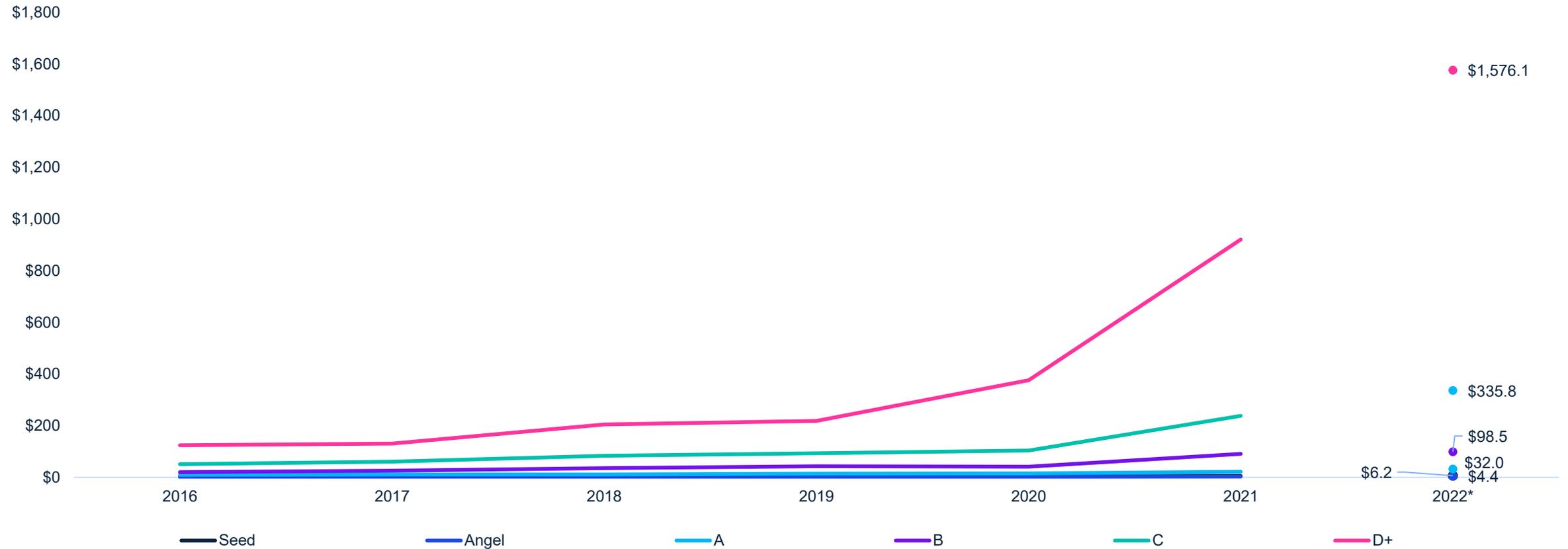


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Valuations remain unaffected as of yet

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

2016-2022\*

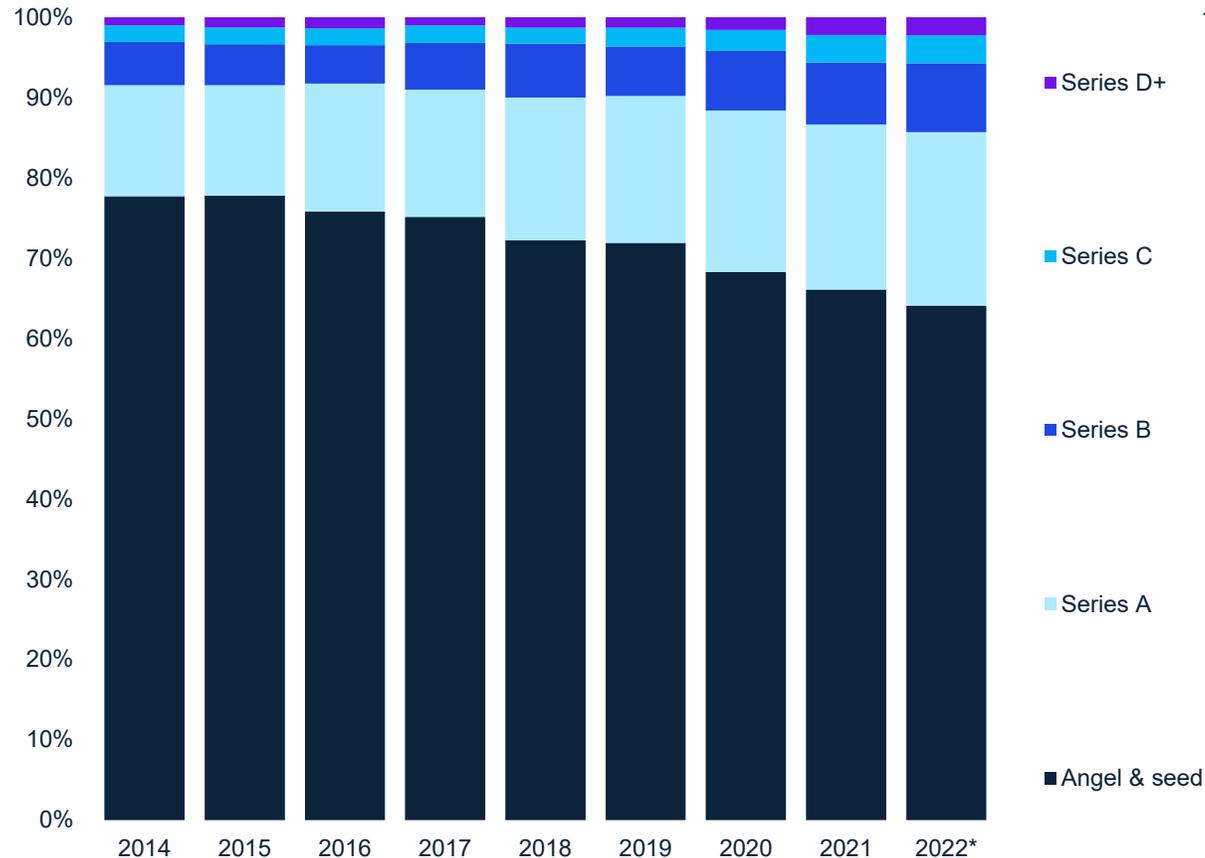


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022. The figure for Series D or later valuations in 2017 is based on non-normative population sizes.

# Mostly late-stage volume stays healthy

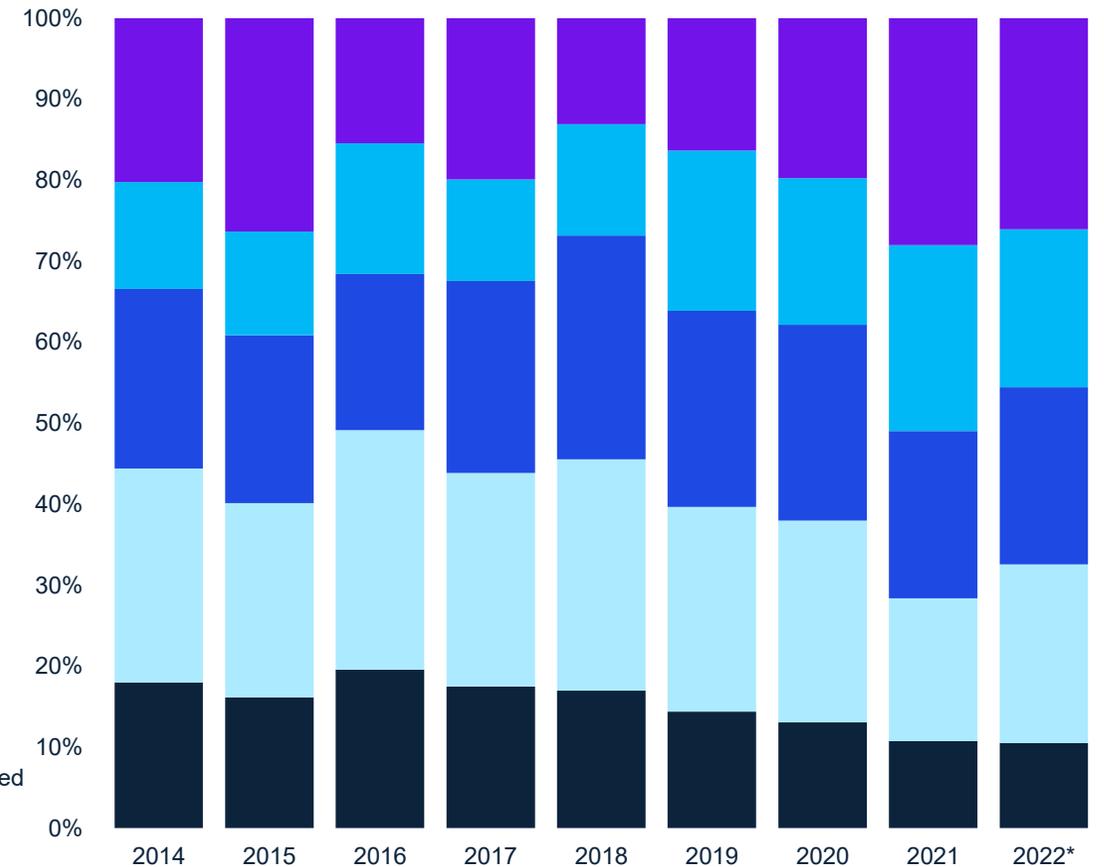
## Deal share by series in Europe

2014–2022\*, number of closed deals



## Deal share by series in Europe

2014–2022\*, VC invested (\$B)

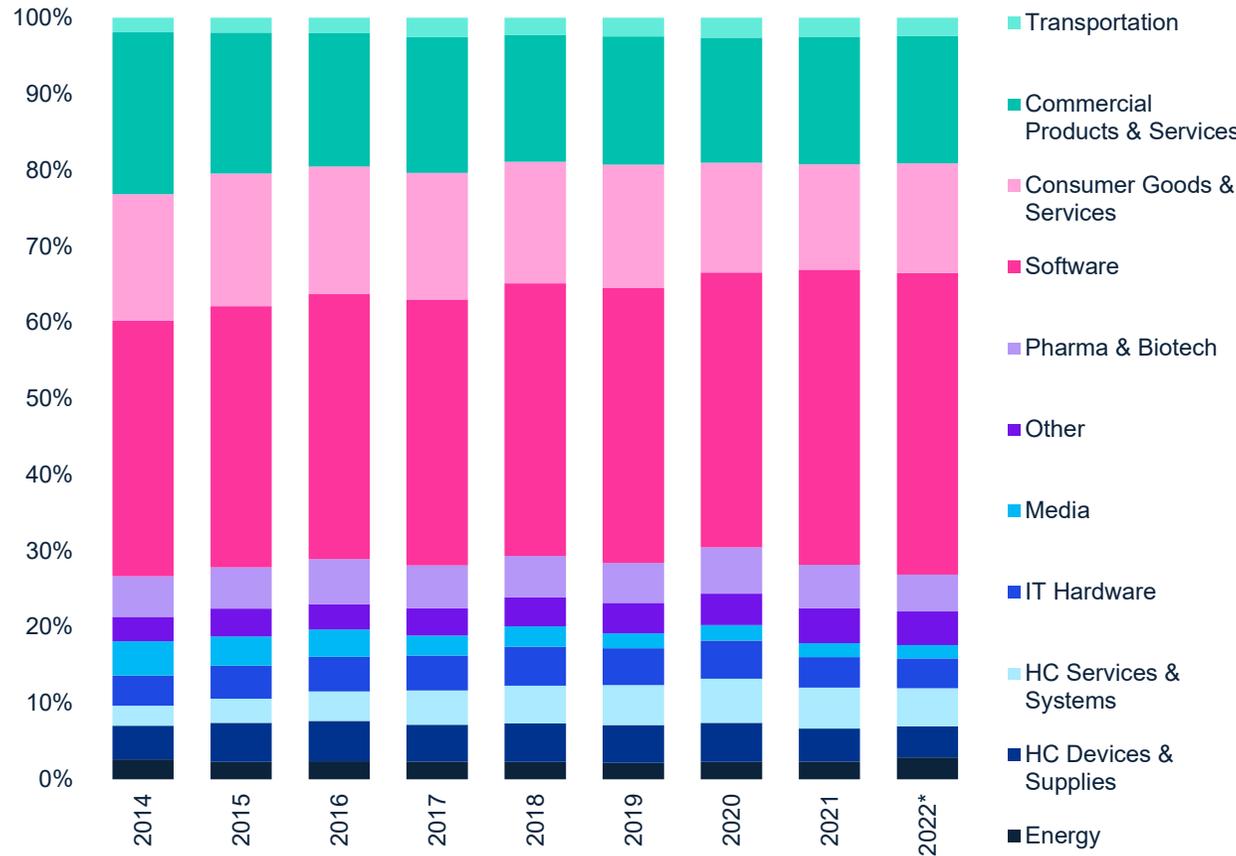


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Software attracts growing proportion of deal value

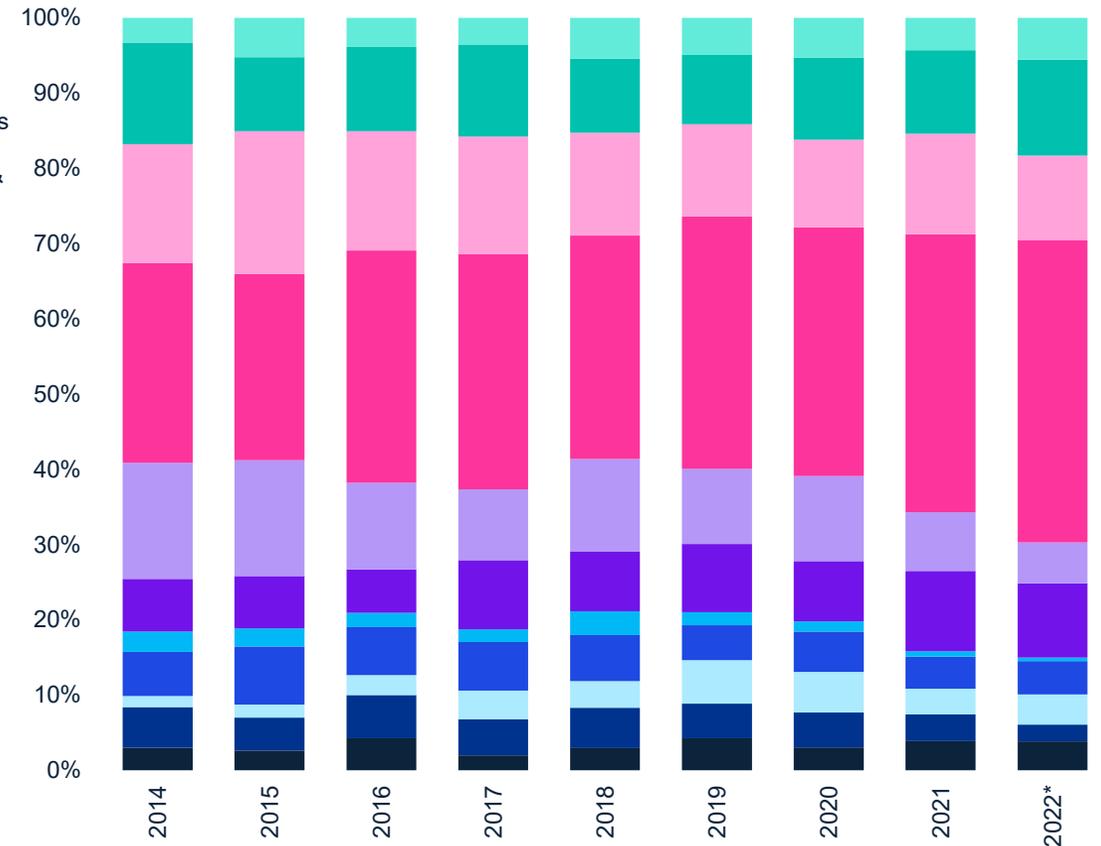
## European venture financings by sector

2014–2022\*, number of closed deals



## European venture financings by sector

2014–2022\*, VC invested (\$B)

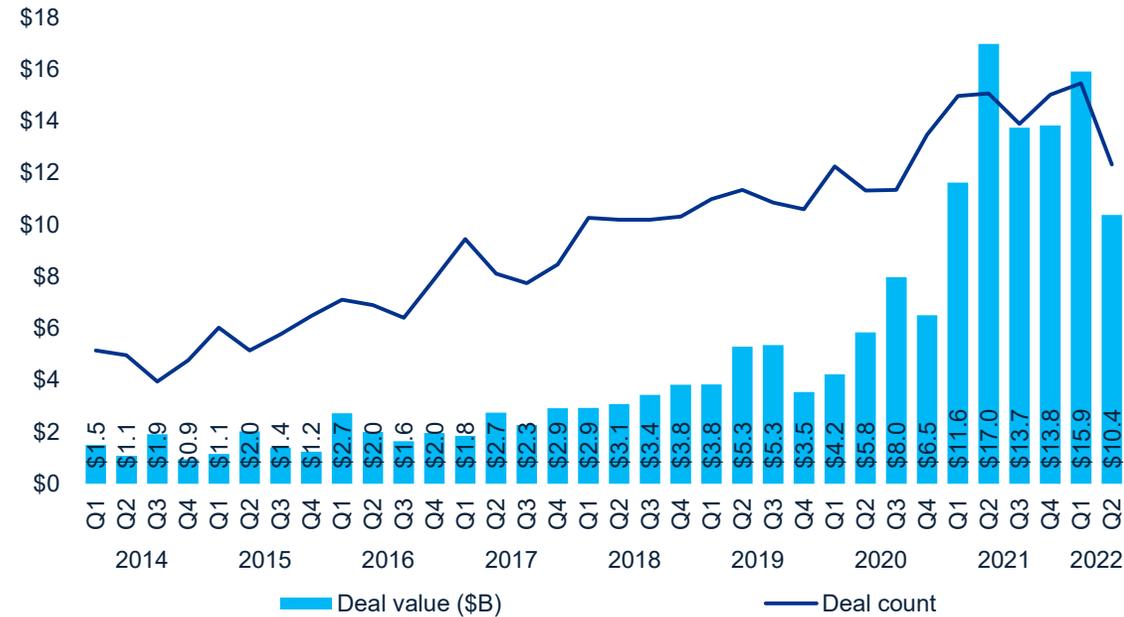


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# First-time financings slow down; corporates remain active

## Corporate VC participation in venture deals in Europe

2014–Q2'22

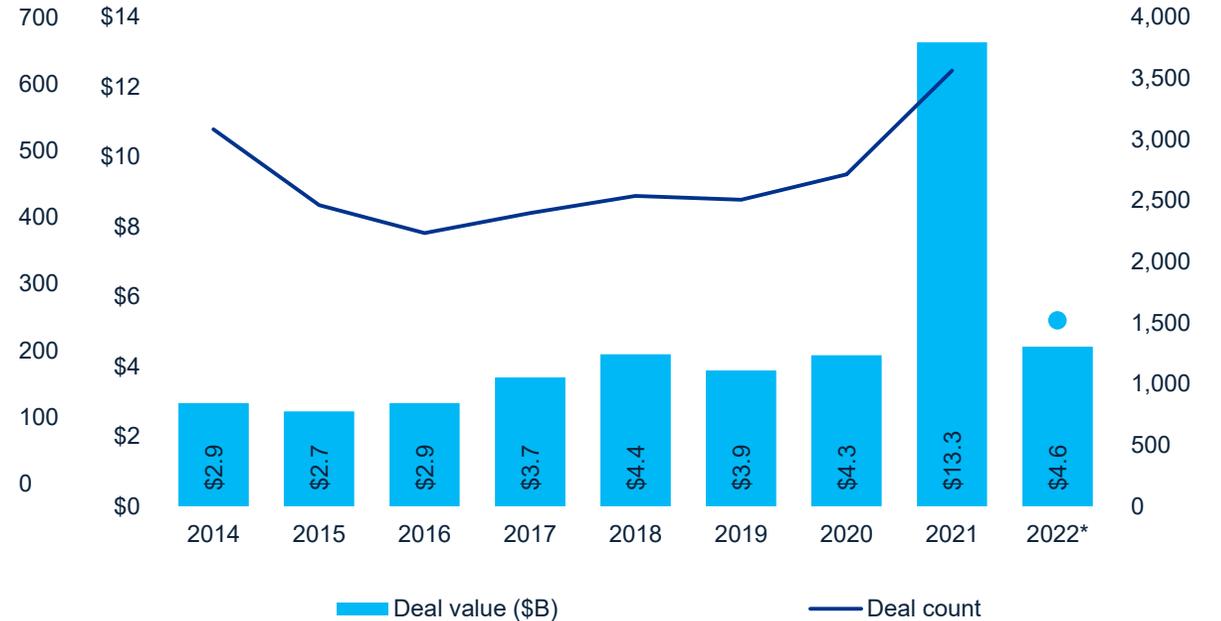


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

Corporates have likely pulled back participation in some venture rounds at least somewhat given growing economic pressures or concern for how their overall business lines may be impacted should a recession come to fruition. That said, they remained relatively active compared to historical tallies.

## First-time venture financings of companies in Europe

2014–2022\*



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

After a historic year, reversion to the mean is to be anticipated, and 2022 thus far has seen a healthy rate of first-time financings, yet not nearly at the same level as that seen in 2021. However, compared to historical averages, 2022 is experiencing a very robust influx of capital even for fledgling financings.

# Exit volume slides but could be leading to a plateau

## Venture-backed exit activity in Europe

2014–Q2'22



Sliding exit tallies after the record quarter in late 2021 could be more attributed to overall rises in market volatility than anything else, as well as caution on the part of prospective acquirers, than a decline in liquidity-ready venture-backed companies. However, with exit values rising somewhat quarter over quarter, it is possible that exit rates may plateau.

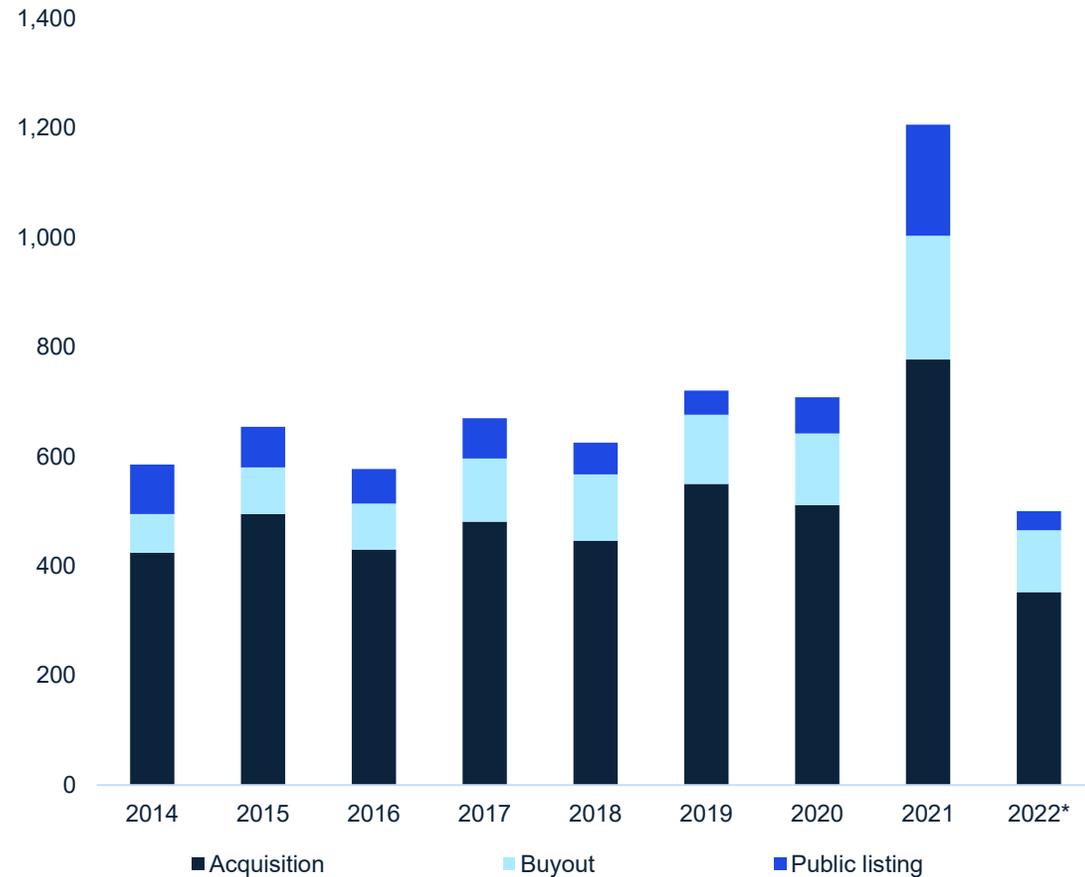
... **robust liquidity trends** from last year could **continue to bolster recycled capital** into the ecosystem going forward, but exit volume could be entering a plateau.

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Public listing volume continues to be sluggish

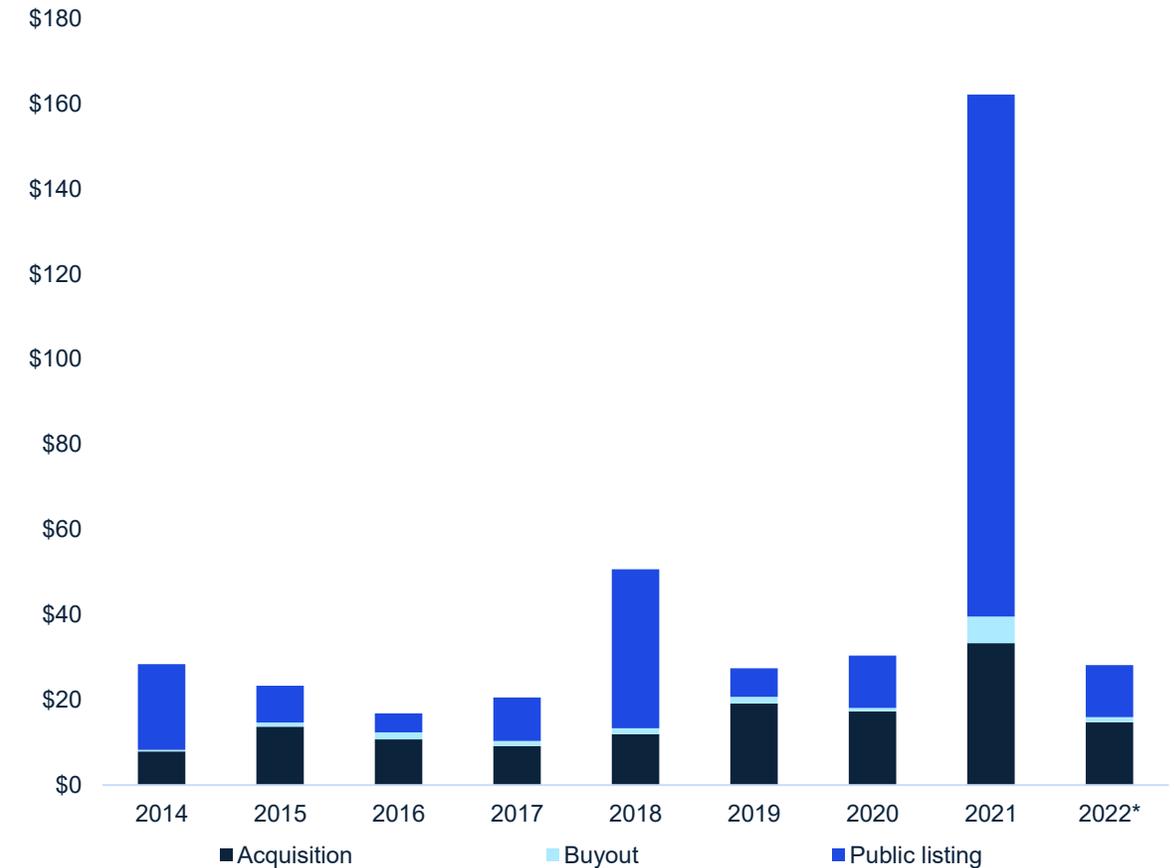
## Venture-backed exit activity (#) by type in Europe

2014–2022\*



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

2014–2022\*

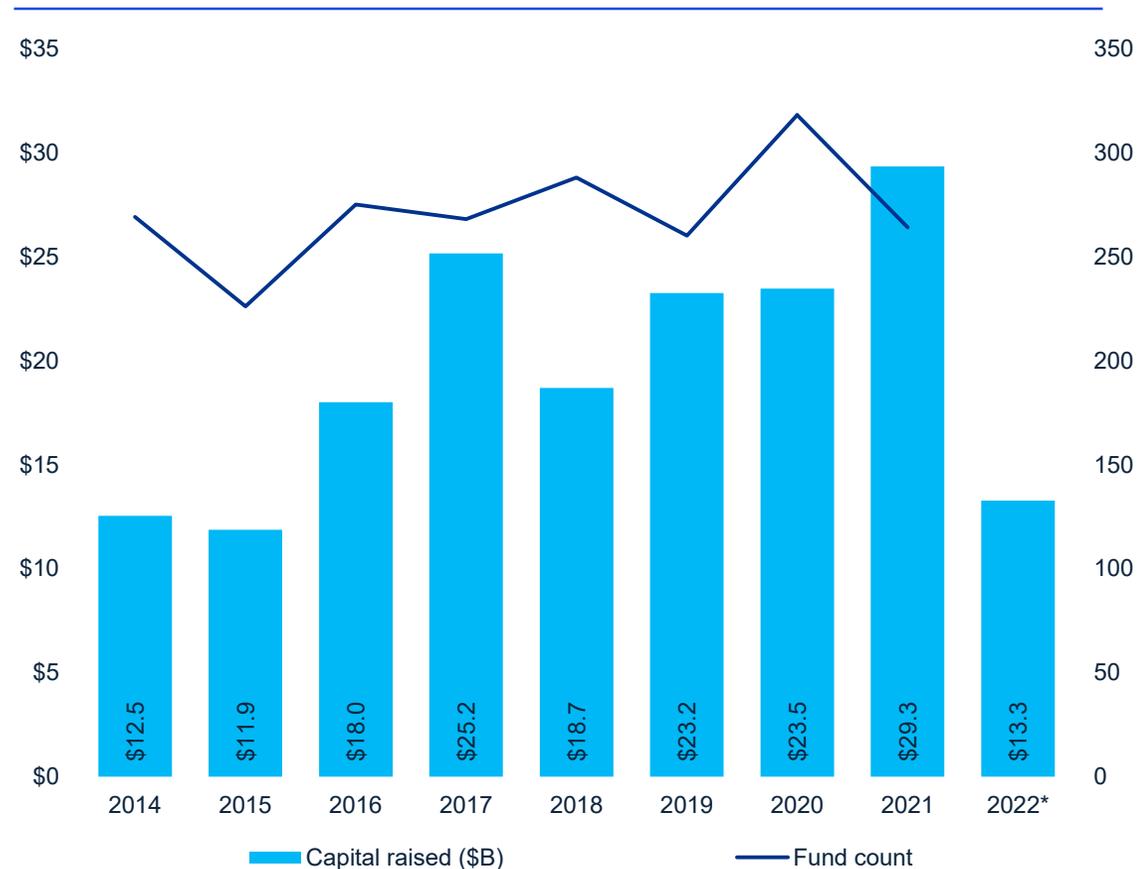


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Fundraising remains strong

## European venture fundraising

2014–2022\*



Thus far this year, fundraising efforts remain very strong even relative to the historic highs seen in 2021. Even though the count of closed pools of capital is off pace, plenty of firms have been able to close on large sums.

... at **well over \$13 billion in capital commitments**, 2022 is off to more-than-robust tallies halfway through the year.

“ The market is cooling. There’s no IPOs happening in the UK, or really across Europe. There’s no ECM activity either, whether equity or debt. The consumer tech sector has seen the biggest slowdown, along with the industrial sector where costs and overhead increases are now coming through. That said, there are still businesses where growth is outstripping inflation, there’s still a lot of VC money around, and there is still quite a bit of M&A activity. ”



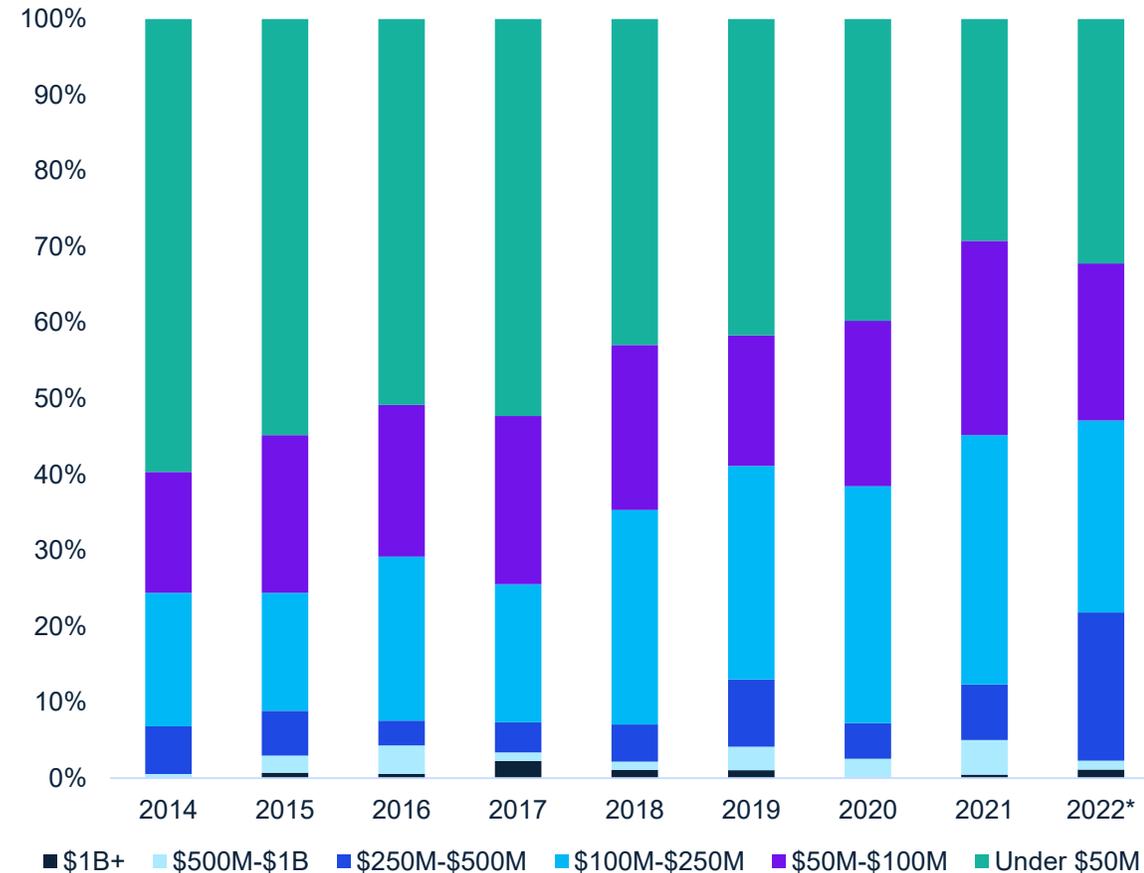
**Jonathan Boyers**  
Partner, Corporate Finance  
KPMG in the UK

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Midsize funds see surge in proportion of closings

## Venture fundraising (#) by size in Europe

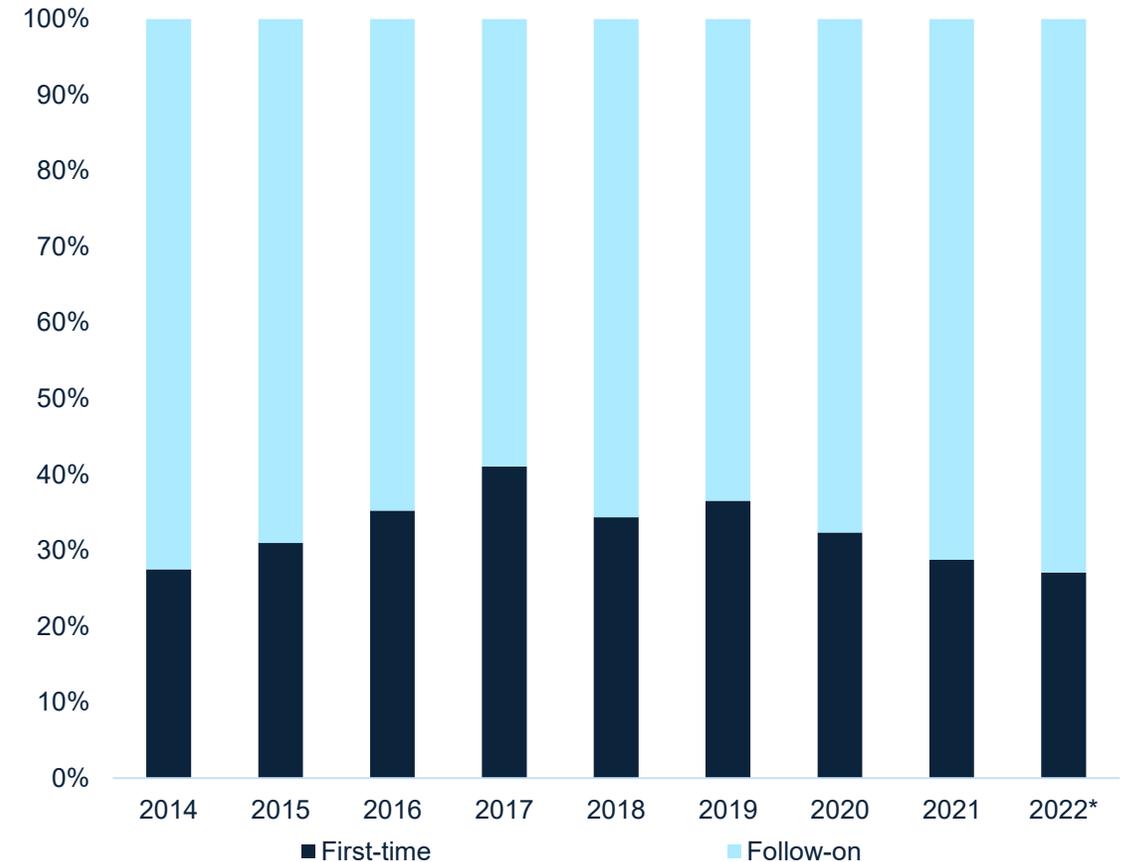
2014–2022\*



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

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

2014–2022\*



# UK VC invested tallies remain healthy

## Venture financing in the United Kingdom

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“ Investment activity remains remarkably strong so far this year in the UK, with recent high-profile deals in the fintech, healthtech and edtech sectors in particular. Bigger deals are also starting to surface (OR happen OR take place) in some nascent areas such as climate-tech and cleantech, as ESG-related businesses continued to capture investor attention following last year’s COP26 Summit in the UK. ”



**Warren Middleton**

Lead Partner for Emerging Giants,  
Center of Excellence in the UK  
**KPMG in the UK**

# London remains the primary startup ecosystem in the nation

## Venture financing in London

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Ireland sees a dip in completed financings

## Venture financing in Ireland

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“ While Irish VC activity has slowed down, it has still shown remarkable resilience despite significant turbulence. Ireland remains a significant area of investment in the MedTech, Pharmaceutical, FinTech and GreenTech spaces, all of which we expect to continue to grow even as consumer spending dips. Given that a global recession seems increasingly likely, it is understandable that there is a high degree of caution. ”



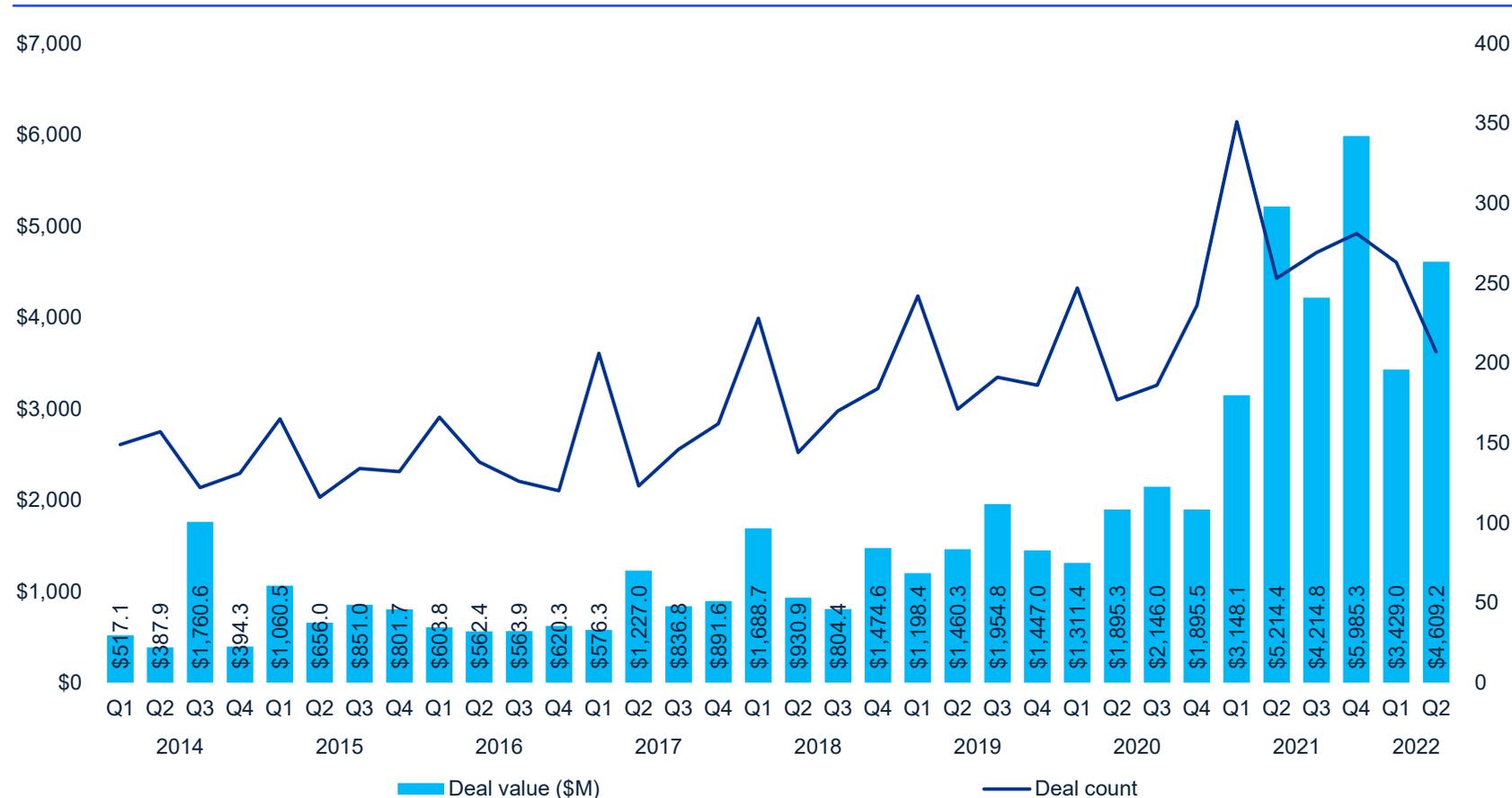
**Anna Scally**

Partner, Head of Technology & Media & Fintech Lead  
KPMG in Ireland

# 2022 sees another quarter of strong VC invested

## Venture financing in Germany

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“ One of the biggest discussions happening in Germany is about the countries it depends on for raw materials and value chains and whether it should move away from countries that hold a detrimental view on certain central values that as a Western ecosystem really hold up. While discussions are at the early stages, it is probably going to drive a lot of economic decisions over time. And while the German OEMs have been reluctant to enter the discussion, there's been a lot more pressure in recent days for them to act. ”



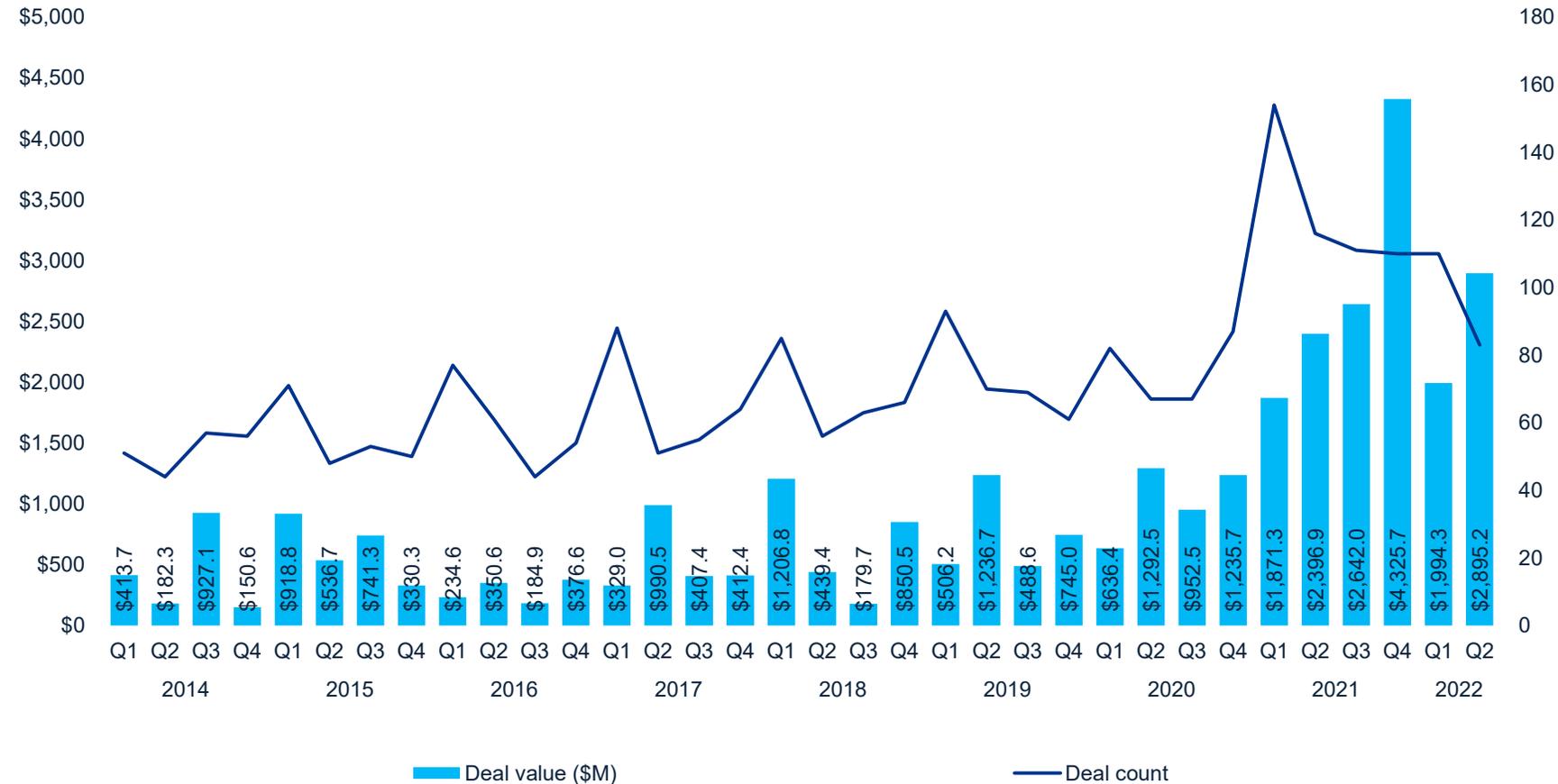
**Dr. Ashkan Kalantary**

Deal Advisory, M&A  
GrowthTech & Ventures  
KPMG in Germany

# Berlin sees a bounceback in deal value

## Venture financing in Berlin

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“ A lot of VC investors and startups are anticipating that the IPO market is now gone at least for the next 18-24 months. Companies, particularly later stage companies that were expecting an IPO, have had to rapidly rethink their plans. This is forcing companies into a situation where cash is king — where they need to find the money to bridge the time until they can either raise an additional private financing round or an IPO. ”



**Tim Dümichen**  
Partner  
KPMG in Germany

# Spain returns to roughly historical averages

## Venture financing in Spain

2014–Q2'22

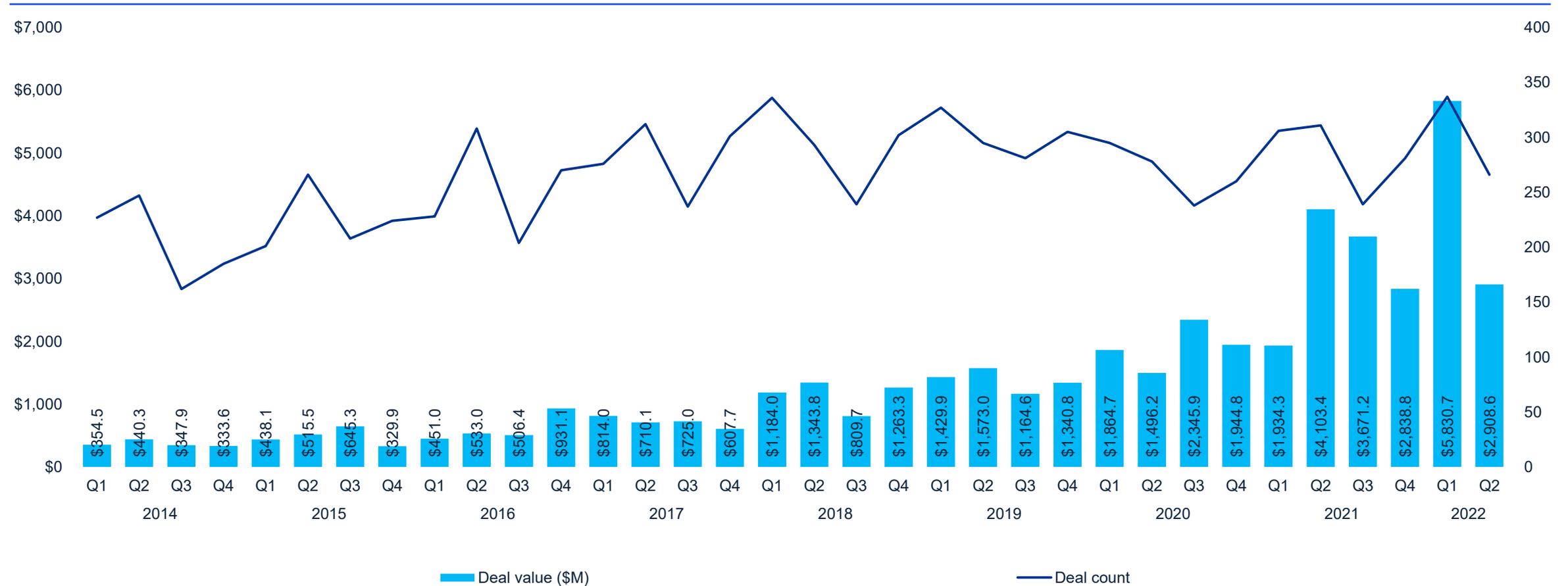


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# After an outlier quarter, France financing levels normalize

## Venture financing in France

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Paris remains the premier startup ecosystem in France

## Venture financing in Paris

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Financing activity trucks along in the Nordics

## Venture financing in the Nordics

2014–Q2'22



“ In Q2’22, it became clear that there was going to be somewhat of a slowdown in VC funding and stalling of IPO’s here in the Nordic region following the global trend. The sentiment is now leaning more towards capital efficiency, healthy unit economics and path to profitability compared to growth at all cost.”



**Jussi Paski**  
Head of Startup Services  
KPMG in Finland

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Israel maintains a strong string of capital flows

## Venture financing in Israel

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

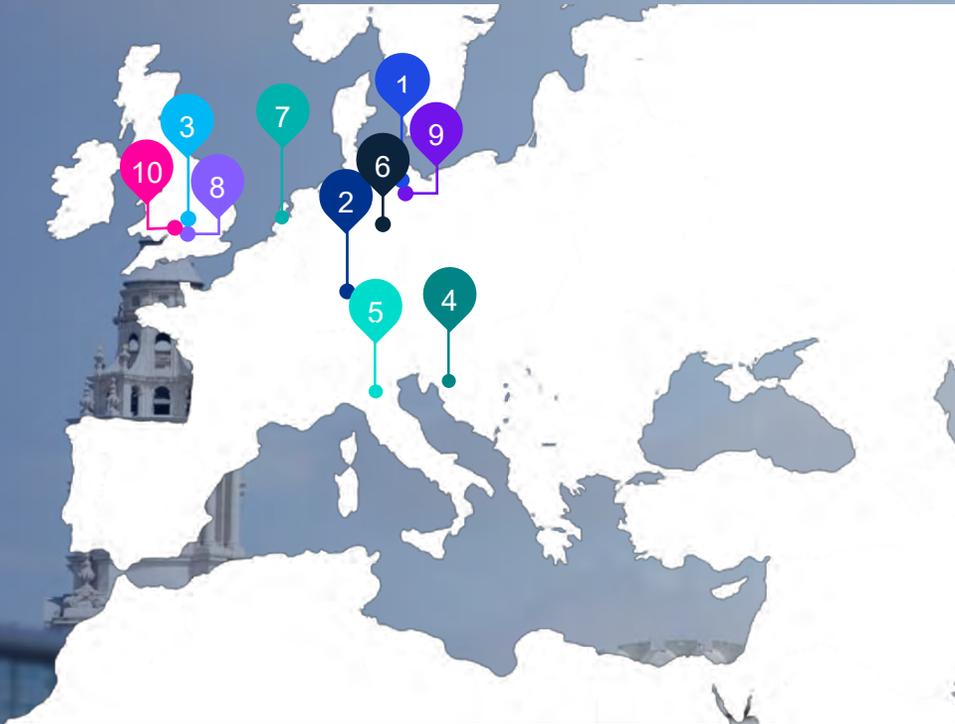
“ The Israeli market has not been fully immune to the recent decline in company values worldwide, yet it still showcases a resilient market in terms of investments. Though during the second quarter of 2022 funding rounds of Israel's private growth companies are based on lower multiples and consequently lower valuations than before, and investment values in early stage funding rounds (pre-seed, seed and even Round A) have decreased, the number of investments has remained stable, with more than a dozen companies raising large-scale funding rounds of \$100M and more, such as Semperis (\$200M), Pixellot (\$161M) and Coralogix (\$142M). ”



**Dina Pasca-Raz**  
Head of Technology,  
Head of International Tax  
KPMG in Israel

# Cleantech and fintech surge

## Top 10 financings in Q2'22 in Europe



1. **Trade Republic** — \$1.15B, Berlin, Germany — Fintech — *Series C*
2. **Climeworks** — \$650M, Zurich, Switzerland — Cleantech — *Late-stage VC*
3. **SumUp** — \$626.6M, London, UK — Fintech — *Late-stage VC*
4. **Rimac Automobili** — \$528.7M, Sveta Nedelja, Croatia — Mobility — *Series D*
5. **Scalapay** — \$524M, Milan, Italy — Fintech — *Series B*
6. **Personio** — \$470M, Munich, Germany — SaaS — *Series E*
7. **Perpetual Next** — \$340.1M, Amsterdam, Netherlands — Cleantech — *Series A*
8. **Newcleo** — \$318.75M, London, UK — Cleantech — *Early-stage VC*
9. **Onefootball** — \$316.2M, Berlin, Germany — Entertainment software — *Series D*
10. **GoCardless** — \$312M, London, UK — Fintech — *Series G*

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022.  
Data provided by PitchBook, July 20, 2022.

**In Q2'22, VC-backed  
companies in the Asia  
region raised \$24.5B  
across 2,206 deals**

# VC investment in Asia weakens significantly as mega deals dry up

**VC investment in Asia dropped to an 8 quarter low in Q2'22, driven by a steep decline in deal volume. Geopolitical uncertainty, a quiet IPO market across the region, and a lack of \$1 billion+ mega deals likely contributed to the decline.**

## Energy sector remains hot area for VC investment in Asia

Energy continued to be one of the hottest sectors of investment across Asia, with companies raising large funding rounds even at early deal stages. During Q2'22, China-based Gokin Solar raised a \$251 million Series A round. The large early stage funding rounds seen in recent quarters likely reflect the fact that energy startups — including those focused on electric vehicles, alternative energy, and energy storage — are capital intensive compared to startups in other sectors.

ESG remained a high priority in Hong Kong (SAR) during Q2'22, with the Hong Kong Monetary Authority continuing to work on ways to drive green finance initiatives forward through its work with Hong Kong (SAR) and international banks.

## IPO exits come to near standstill in Asia

IPO exits were quiet in Q2'22. The rocky performance of the global public markets, ongoing geopolitical considerations and new waves of COVID-19 restrictions in China likely hindered IPO exits in the region. US-based IPO exits of China-based companies dried up completely during Q2'22, in part due to ongoing concerns related to the Holding Foreign Companies Accountable Act in the US and the potential for delistings. While the Chinese government is working with its US counterparts to come to a resolution, the current uncertainty has many companies reconsidering their IPO options.

## Macroeconomic challenges affect VC investment in China in Q2'22

VC investment in China remained low in Q2'22 as the country faced new COVID-19 surges. Several large cities in China experienced extended lockdowns, causing challenges for companies across sectors, but particularly for those focused on traditional retail, hospitality, and transportation. Investor interest in consumer technology-focused companies continued to drop as the Chinese government continued to introduce rules aimed at limiting the growth of companies in the sector to reduce potential monopolies.

## Anticipation of funding issues driving startups in India to focus on cash preservation

VC investment in India dipped in Q2'22, driven in part by global geopolitical uncertainties and rising inflation. VC-backed companies in India shifted their focus to cash preservation in anticipation of funding becoming less easy to obtain over the next few quarters and VC investors requiring companies to strengthen their paths to profitability and lower their cash burn.

Fintech remained the hottest area of investment in India during the quarter, in addition to e-commerce, social commerce, and gaming. Agritech also attracted a growing number of deals in Q2'22; while the majority of these deals occurred at very early deal stages, the space is expected to see deal sizes grow as the sector evolves.

## VC investment in Japan remains solid as market continues to mature

Japan attracted a solid amount of VC funding in Q2'22 as the country's VC market continued to evolve and mature. Companies from across a variety of sectors attracted funding during the quarter, including wireless power transmitter company Space Power Technologies (\$200 million), diagnostics company AIM (\$70 million), pick-assist robotics company Rapyuta Robotics (\$50 million), and B2B fintech services provider Upsider (\$42 million). At a sector level, fintech continued to attract significant interest from VC investors, including areas like payments, asset management, blockchain and Web 3.0.

During Q2'22, the government of Japan also released the draft of its economic growth strategy, which included a number of measures to spur innovation, support startups, and foster VC investments.

# VC investment in Asia weakens significantly as mega deals dry up, cont'd.

## Domestic VC funds taking stronger role in supporting China-based startups

China saw VC funding continue to tilt away from US dollar-based VC funds to yuan renminbi funds during Q2'22 as domestic VC funds took a large role in supporting fast growing startups in the country. As US investors have become more cautious about making VC investments in China, the shift towards domestic funds has been quite noticeable—particularly for unicorn and near-unicorn companies.

The time to complete deals also lengthened in Q2'22 as some startups in China struggled to attract necessary funding. This was particularly true for companies in sectors seeing downward pressure on valuations as it is difficult for startups in China to raise funds at lower valuations because of sentiment from earlier-stage investors.

## Trends to watch for in Q2'22

Across Asia, M&A activity could get a boost heading into Q3'22 as investors and corporates look to take advantage of the lower valuation environment and tightening funding environment to find inorganic growth opportunities and opportunities to gain market share.

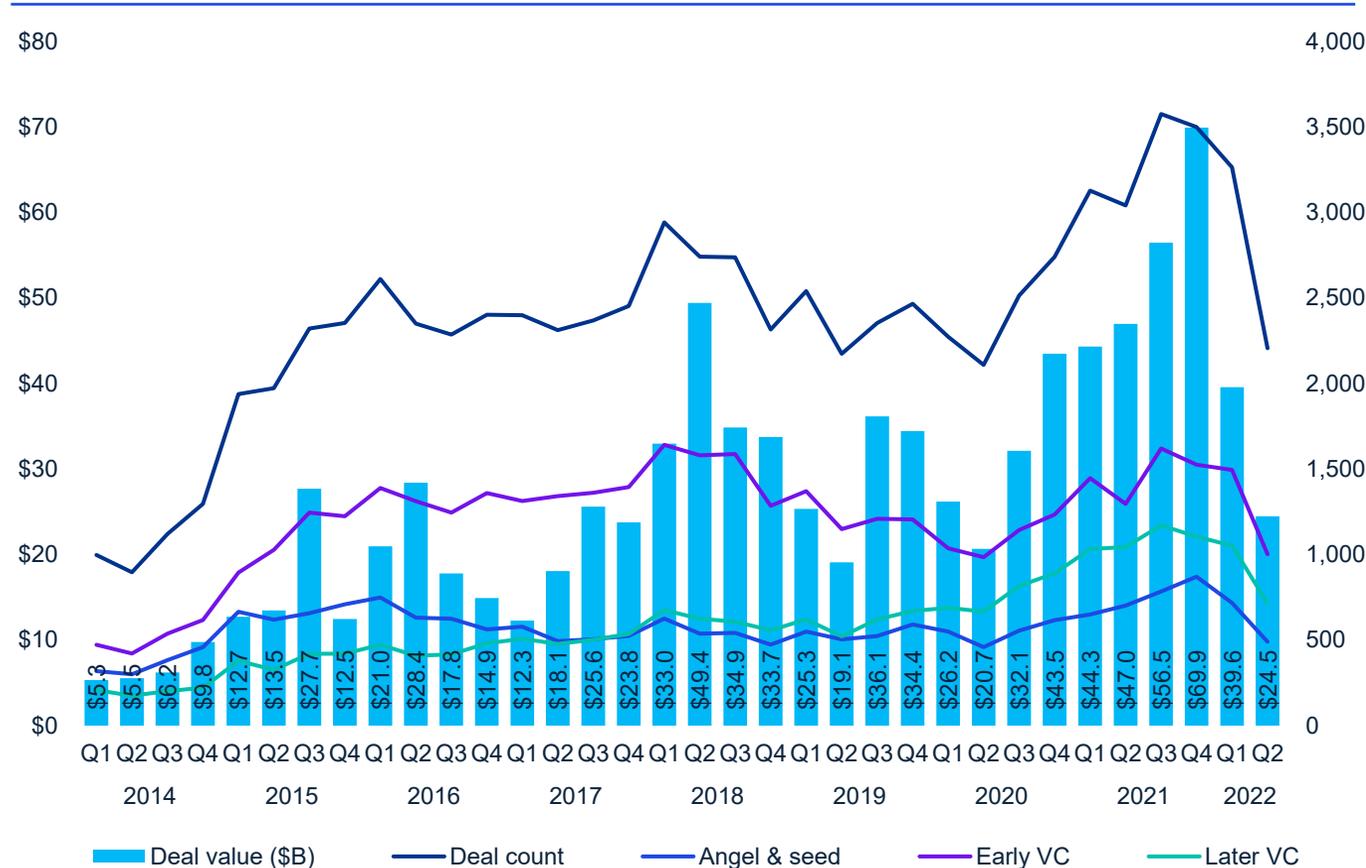
VC investment in China is expected to remain relatively soft in Q3'22, given the ongoing COVID-19 situation and the uncertain geopolitical and macroeconomic environments. Fundraising activity is also expected to remain quite low. In China, the energy and semiconductors sectors are expected to remain attractive for investors. In Hong Kong (SAR), VC investments are expected to continue in a broad range of areas, including healthtech, insurtech, and greentech.

While VC investment in India may be muted over the next quarter or two due to the global reduction in money supply and other factors, the country is expected to remain quite attractive to VC investors over the medium to longer term due to its relatively positive macroeconomic environment and market demographics.

# Q2 sees continued slide, yet volume could tick upward in the future

## Venture financing in Asia

2014–Q2'22



Financing volume took a hit in the second quarter of the year, contributing also to a decline in total VC invested. If additional data comes into visibility in ensuing months, this trend may not be quite as sudden as it currently appears; it's also worth noting that both VC invested and deal counts have only returned to relatively typical ranges for a given quarter.

“ Overall venture capital investment in China has slowed considerably in the first half of the year. COVID-19- related shutdowns, in combination with slowing participation by international investors and caution related to last year’s regulatory changes, have taken their toll on the VC ecosystem. However, there continues to be strong investment in areas such as robotics, semiconductors and ESG — all key areas at the heart of the Central Government’s most recent 5-year plan. ”



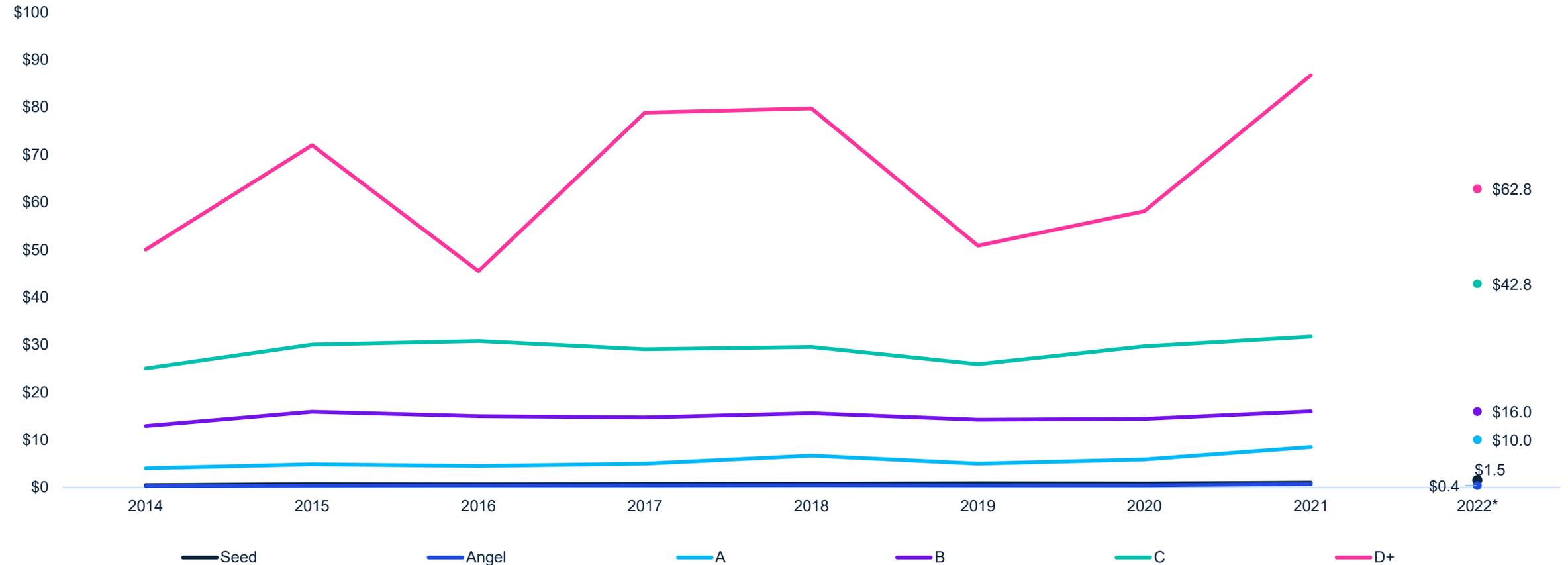
**Egidio Zarrella**  
Partner, Clients and Innovation  
KPMG China

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# The latest stage sees a potential normalization

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

2014–2022\*

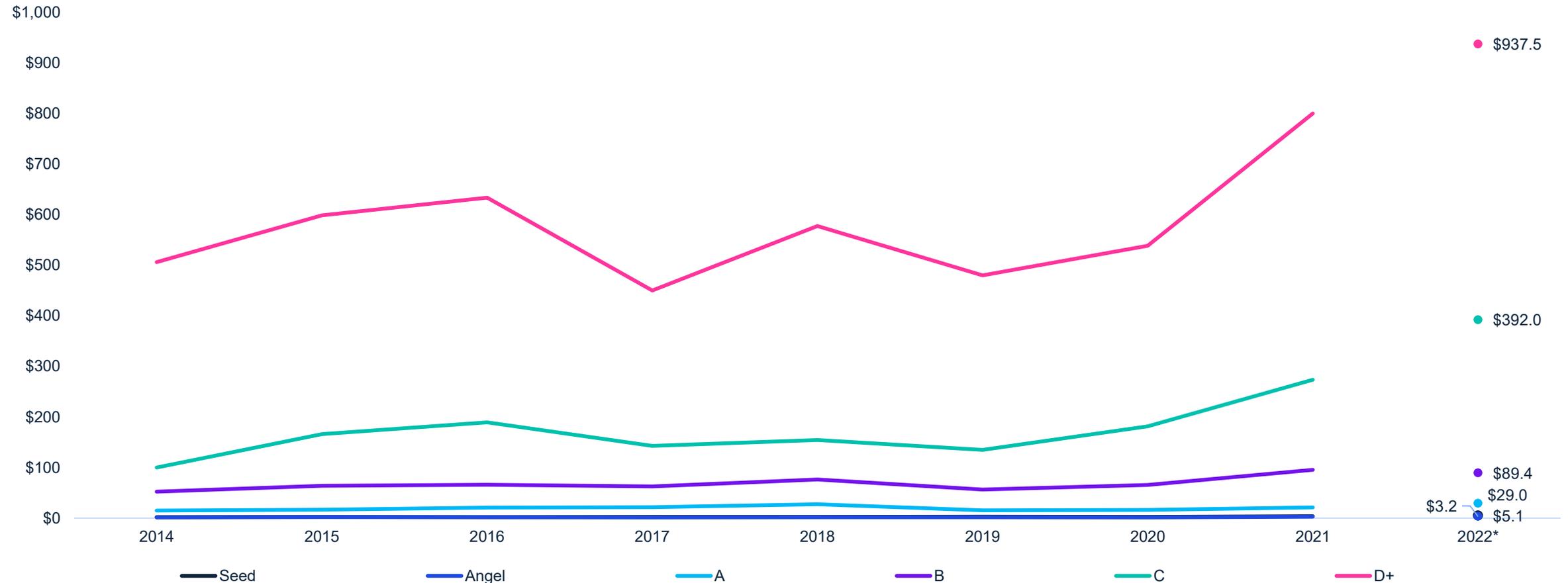


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Valuations have yet to experience a decline

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

2017–2022\*

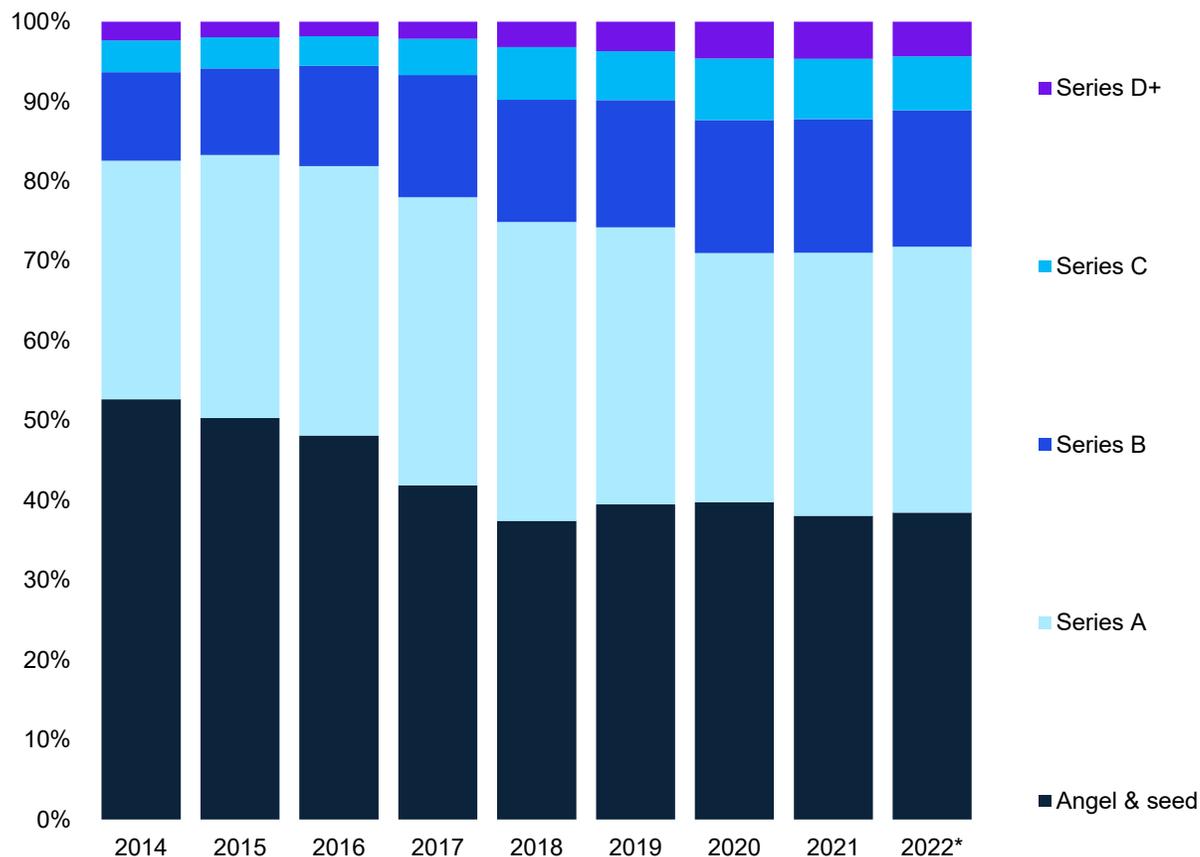


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022. Figures for Series C in 2014, as well as Seed, Angel, Series C and Series D+ in 2022 are based on non-normative population sizes.

# Angel, seed and Series A claim larger share of VC invested

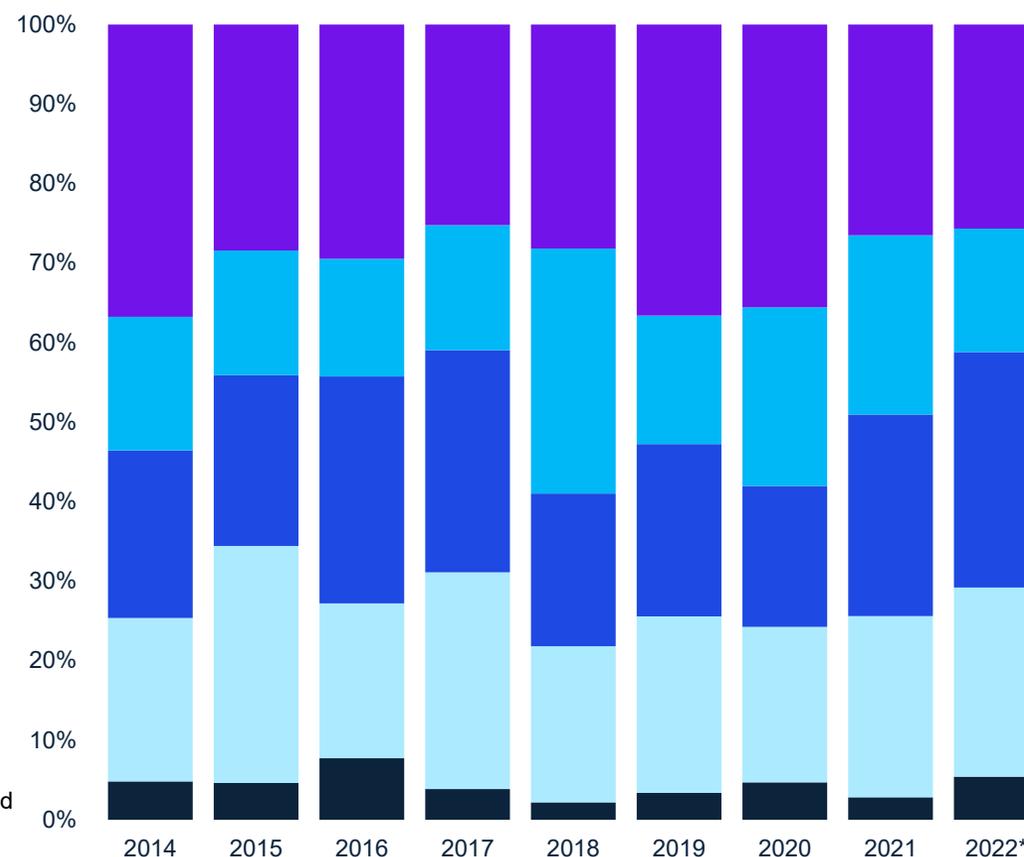
## Deal share by series in Asia

2014–2022\*, number of closed deals



## Deal share by series in Asia

2014–2022\*, VC invested (\$B)

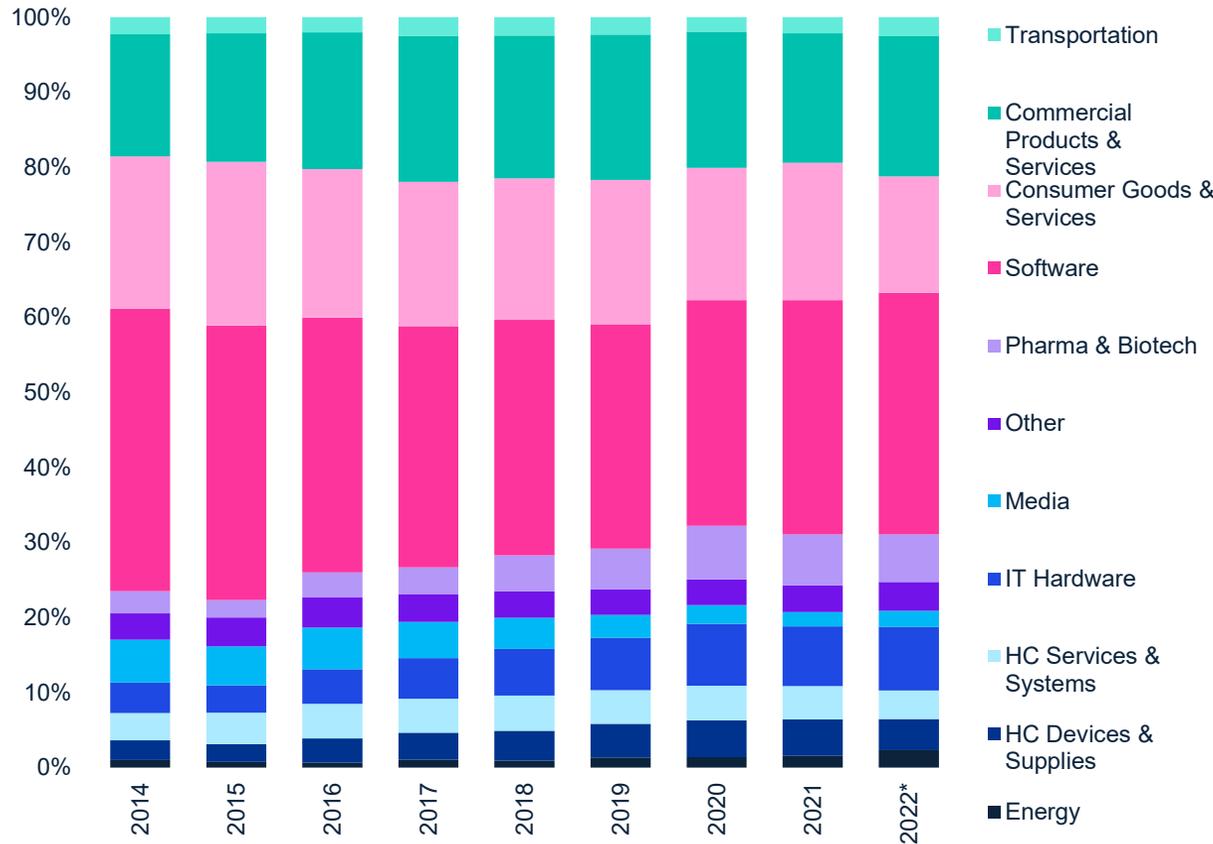


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Sector trends hold relatively steady in terms of deal count

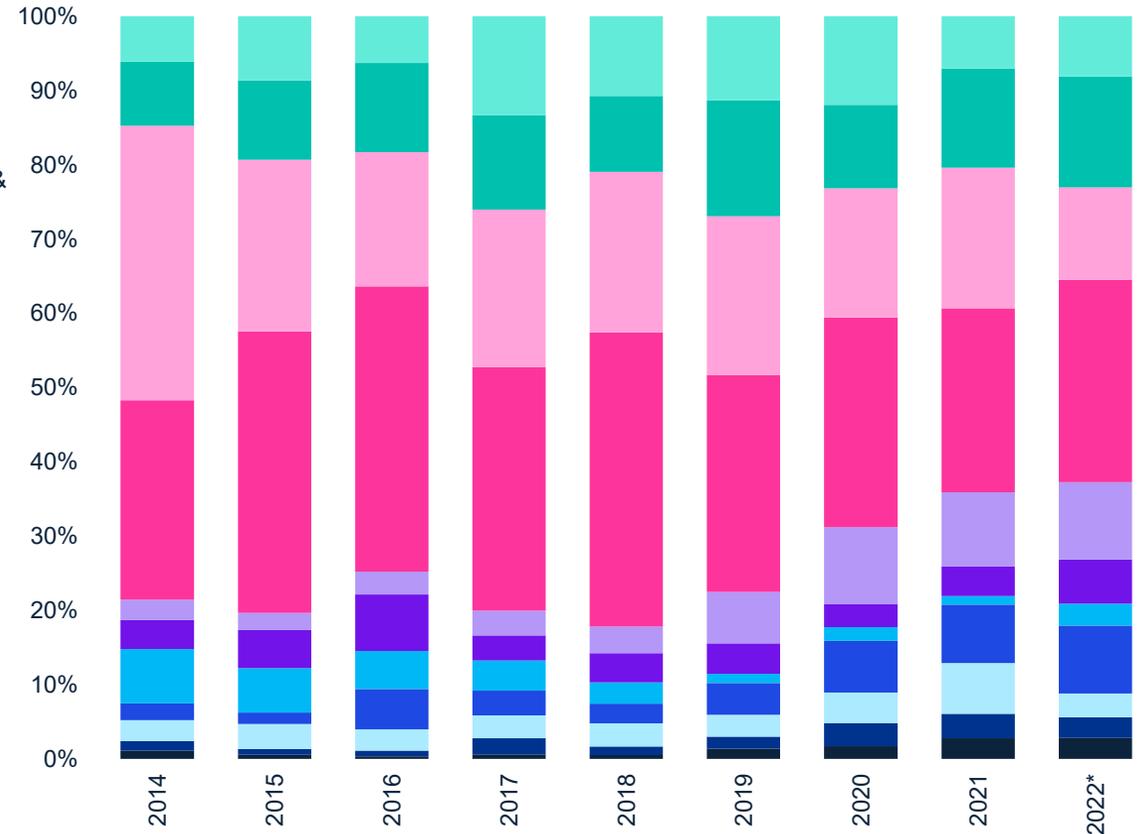
## Asia venture financings by sector

2014–2022\*, number of closed deals



## Asia venture financings by sector

2014–2022\*, VC invested (\$B)



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Corporates remain quite active

## Corporate participation in venture deals in Asia

2014–Q2'22



Corporates played a key role in supporting the rise of venture investment, given the political and economic structures of major nations such as India and China throughout the entire 2010s. As of late, however, they have pulled back in terms of aggregate deal value, which is likely more due to financing sizes declining on average at least somewhat.

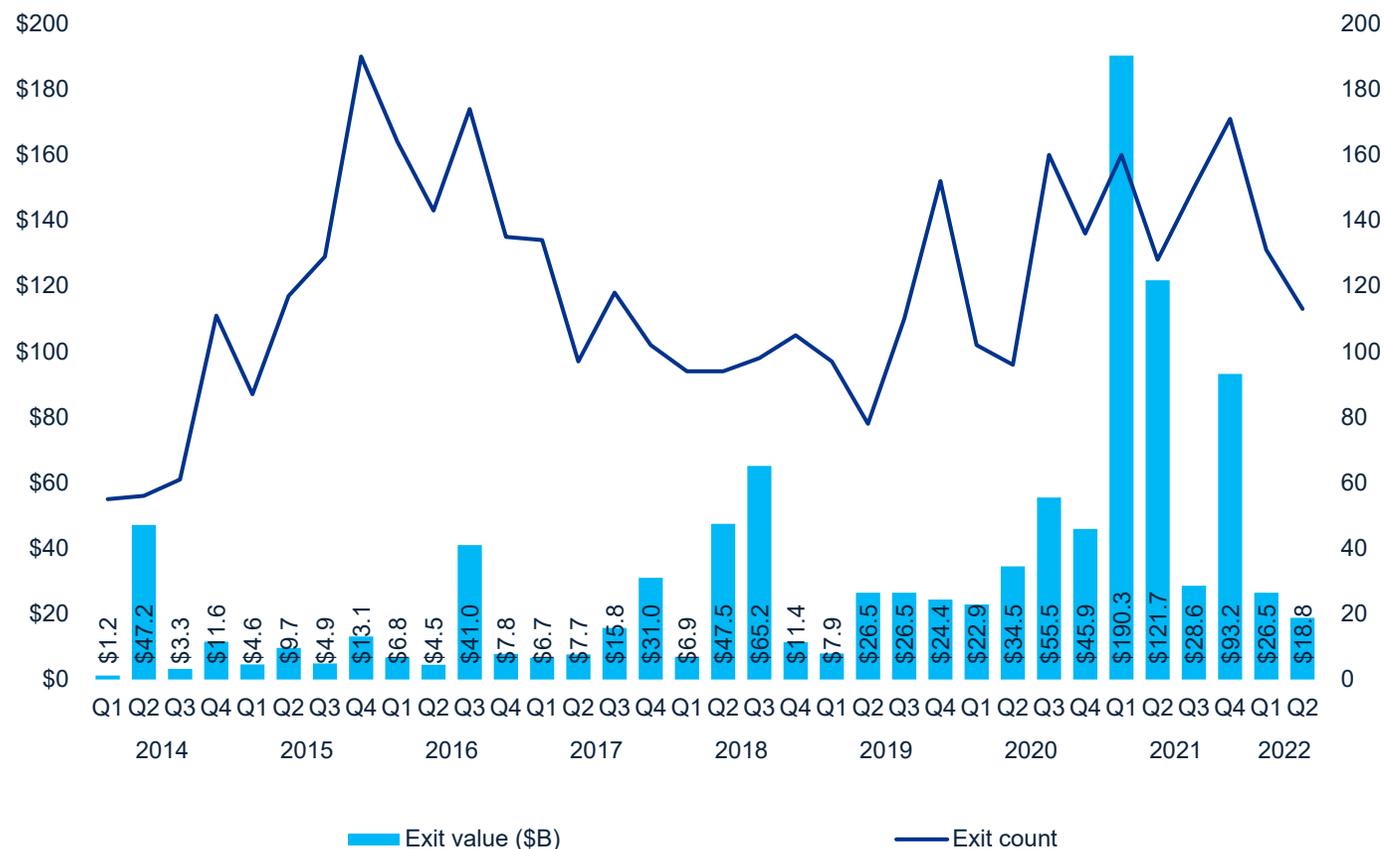
... the year thus far has seen a return to tallies seen in the late 2010s, which were relatively healthy.

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Reasonably healthy exit volume carries into mid-year

## Venture-backed exit activity in Asia

2014–Q2'22



After some record quarters in 2021, 2022 has observed healthy exit trends, with well over or close to \$20 billion in exit value notched in Q1 and Q2 apiece. Volume has slid, but is roughly approximate to historical averages.

“ While the VC market is being challenged in Hong Kong, our long-term prospects remain positive as the government continues to support the economy amid the impact of COVID-19. Also, our financial system has strong fundamentals alongside the commitment made by the Securities and Futures Commission and other government departments to develop Hong Kong (SAR) as a sustainable finance hub.”



**Irene Chu**

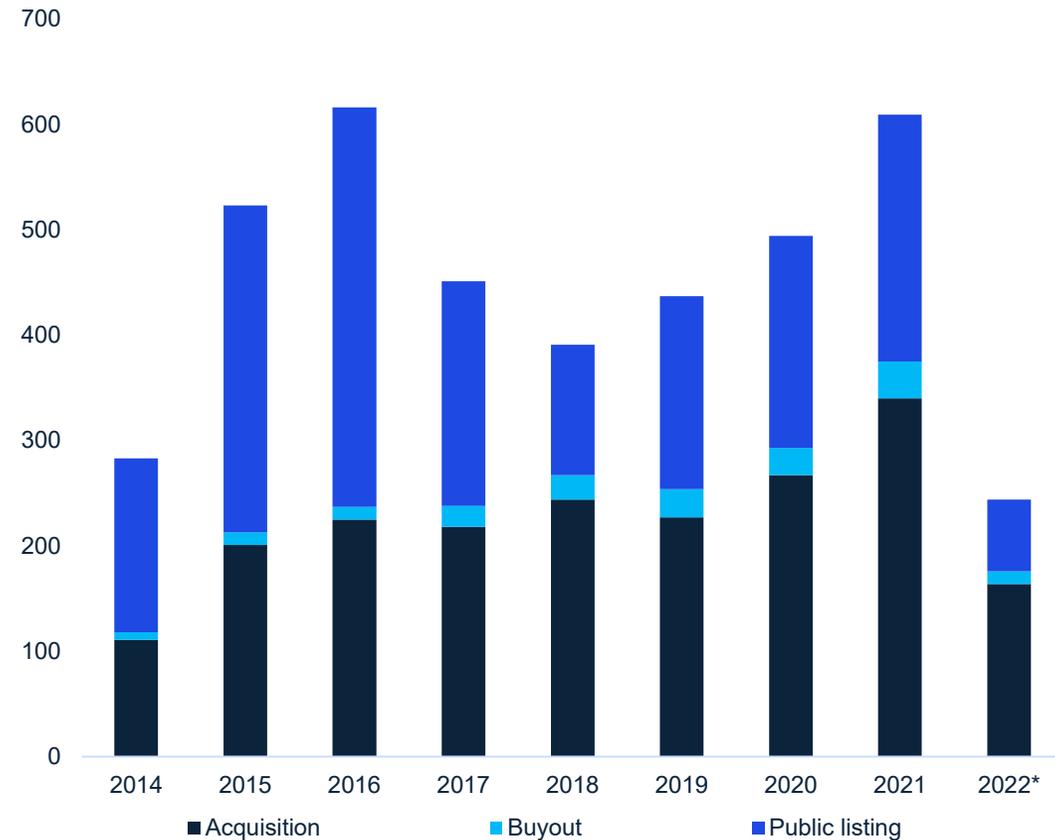
Partner & Head of New Economy and Life Sciences, Hong Kong (SAR) Region  
KPMG China

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Public listing volume slides but still generates exit value

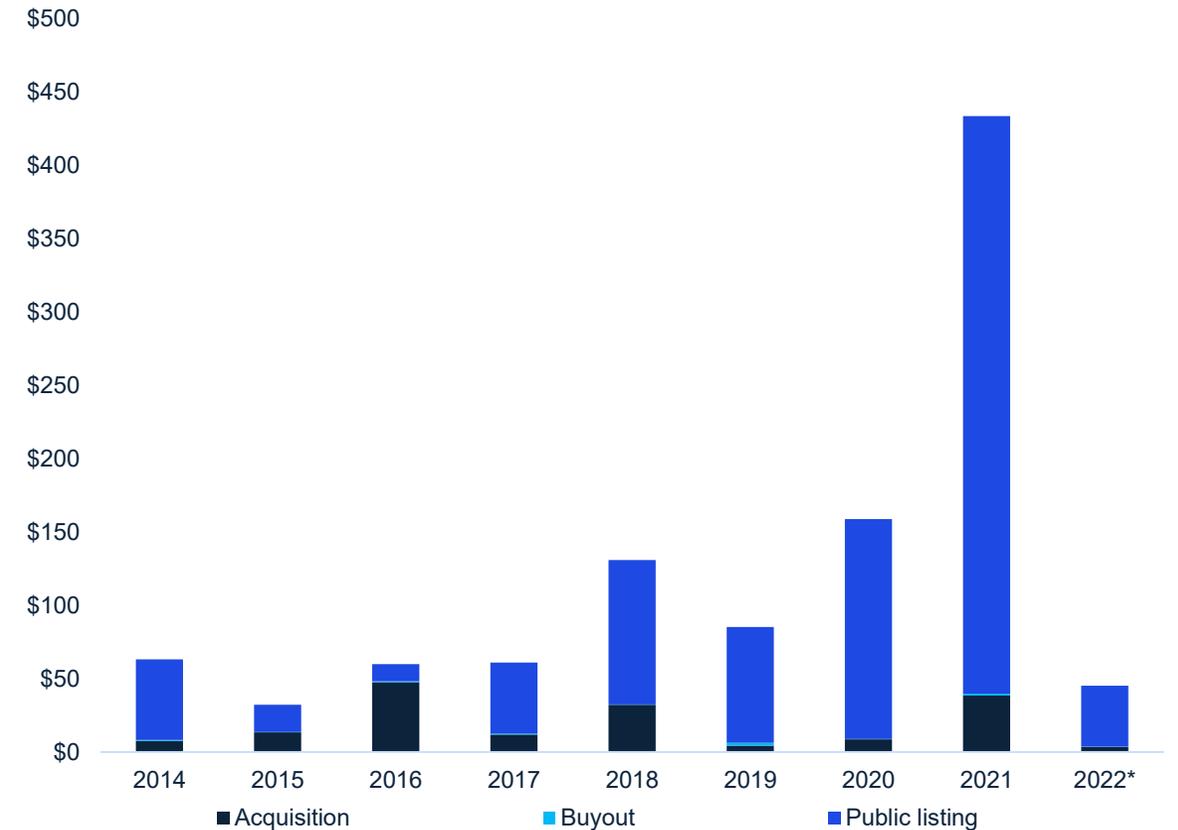
## Venture-backed exit activity (#) by type in Asia

2014–2022\*



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

2014–2022\*

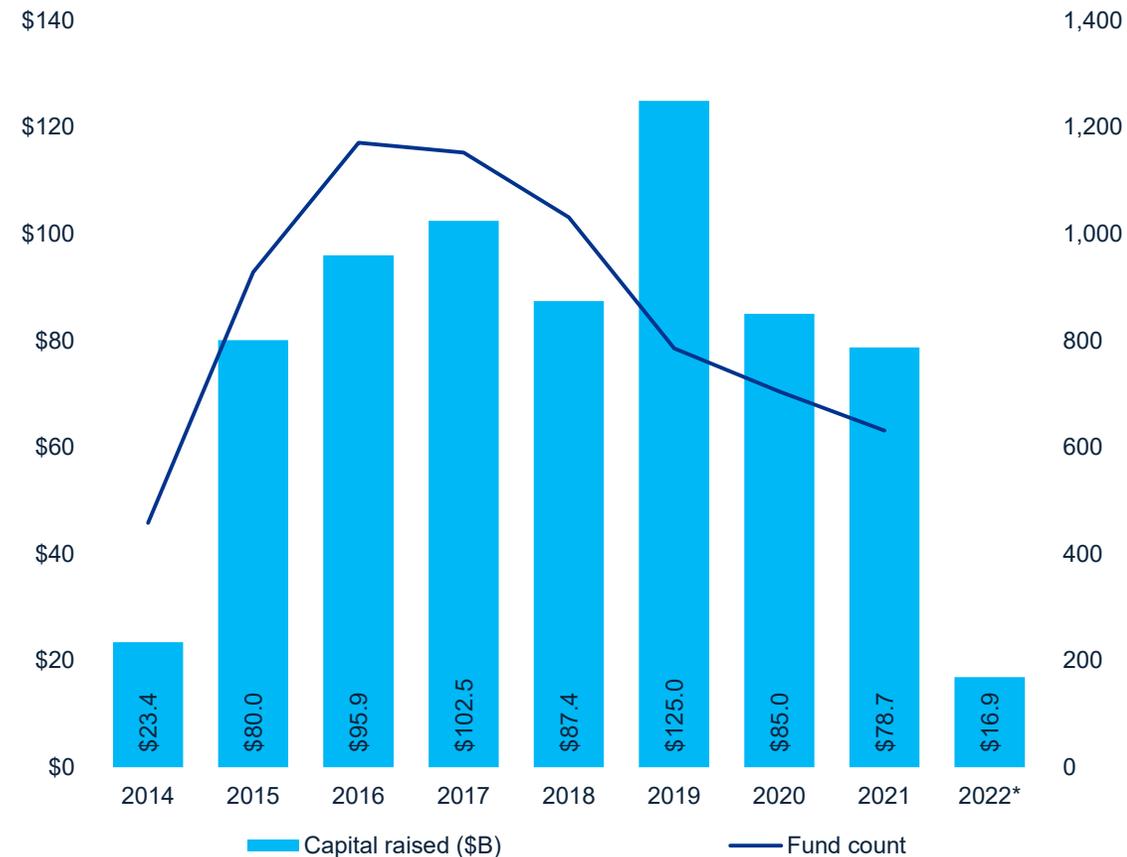


Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Fundraising is sluggish to kick off the year

## Venture fundraising in Asia

2014–2022\*



Cyclicality could still be at play in the slow start to venture fundraising in 2022, but it is also possible corporations and government-affiliated funds and programs are obviating the need for significant domestic, local venture funds. In addition, geopolitical tensions could be forestalling capital commitments from LPs abroad.

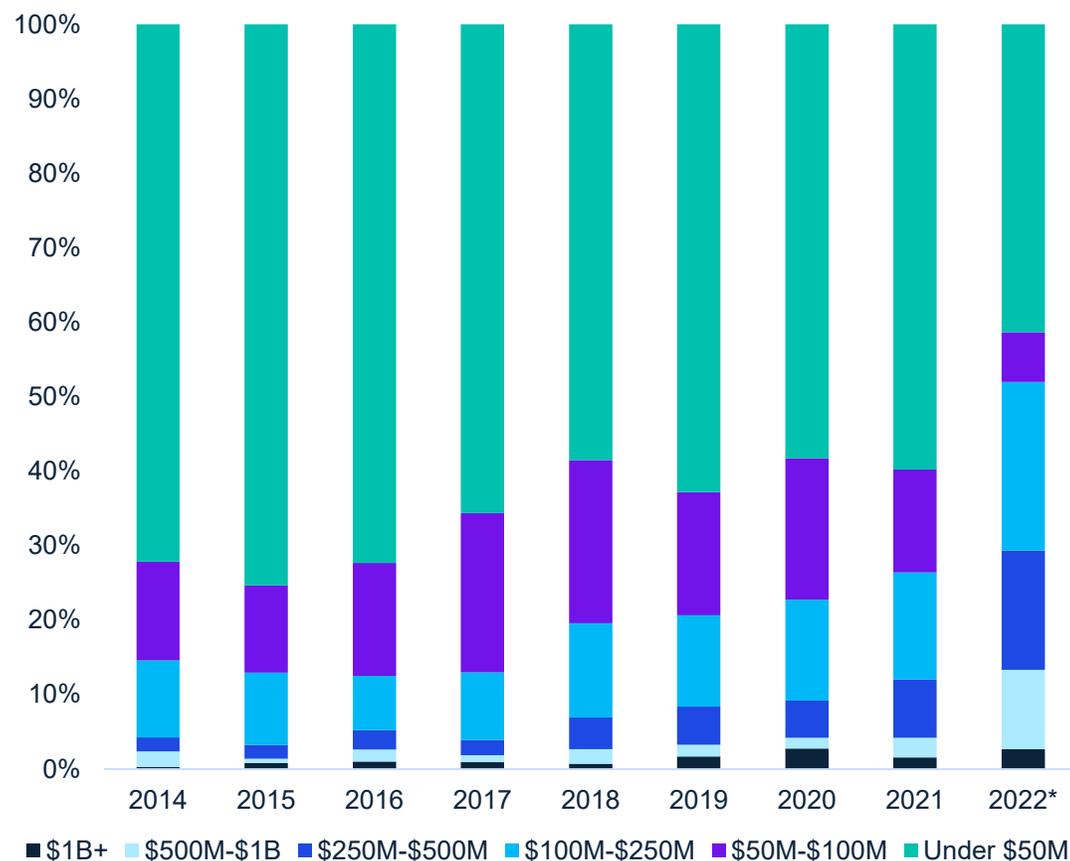
The **fundraising cycle subsided** further in what could still be a cyclical pause, **based on the healthy tallies last year, but it remains to be seen how long this is sustained...**

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# First-time funds resurge amid slowdown in closing vehicles

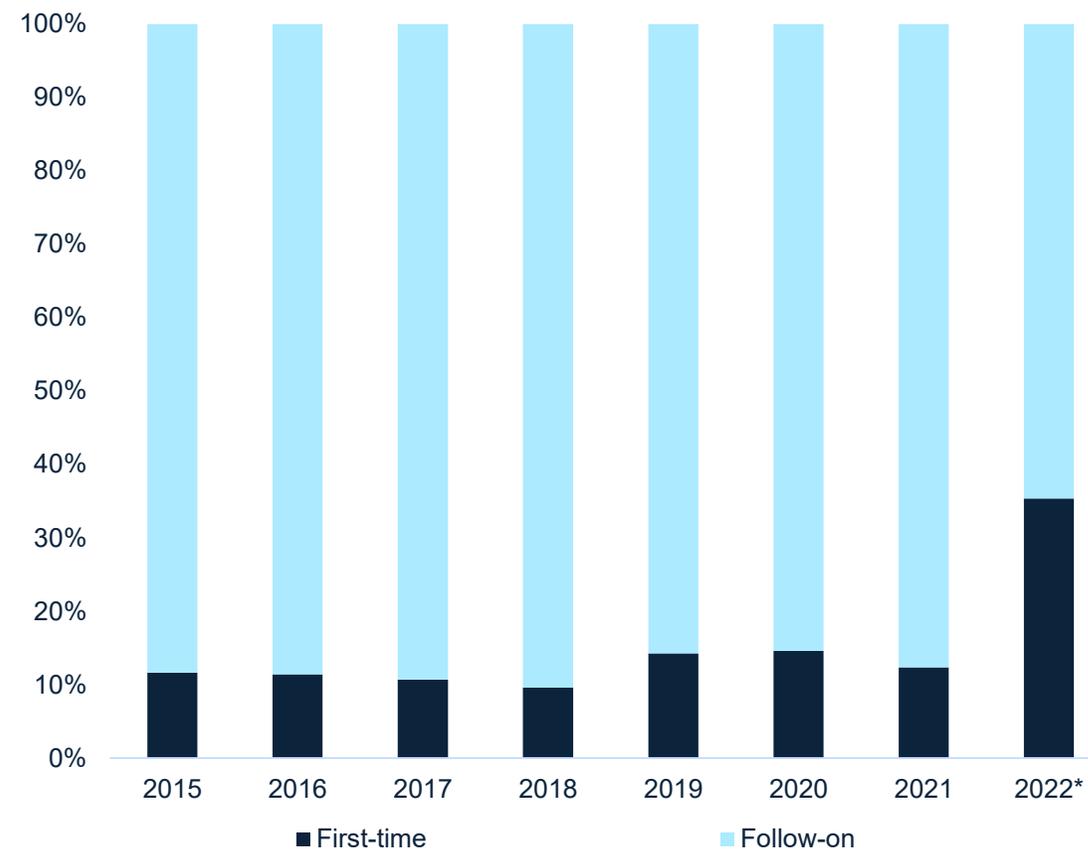
## Venture fundraising (#) by size in Asia

2014–2022\*



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

2015–2022\*



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# Financing activity holds up reasonably well in India

## Venture financing in India

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“ In India, the funding hasn't dried up yet, but many startups are taking proactive steps to reduce their cash burn given the increase in federal interest rates, the crisis in Ukraine, and other evolving issues. Because they anticipate challenges raising funding and expect investors will increasingly ask for paths to profitability and better cash conservation, they're doing what they can to improve their operating position now so they can potentially avoid drastic changes later. ”



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

# China sees likely temporary blip in deal count

## Venture financing in China

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“ While VC funding has slowed in China, there continues to be investor interest in areas like semiconductors, artificial intelligence, and electric vehicles as these are areas the government has continued to promote. In particular, ESG will likely remain a hot area of investment for some time. In recent quarters, there has been a number of big VC firms setting up funds focused on ESG-related investments here. ”



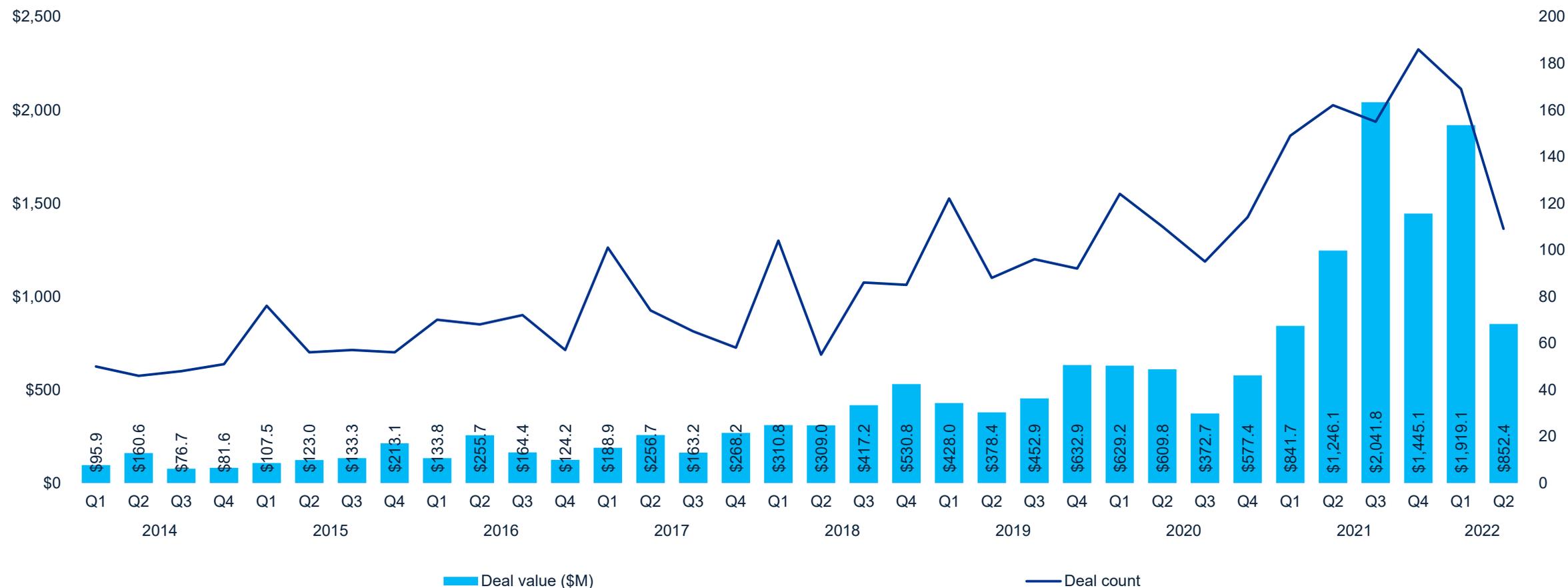
**Allen Lu**

Partner and Head of Technology, Media & Telecommunications (TMT), Audit  
KPMG China

# After second-highest quarter ever, a slowdown

## Venture financing in Australia

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# VC invested tallies remain stalwart

## Venture financing in Japan

2014–Q2'22



Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

“During Q2'22, the effect of the downward pressure on valuations in the public markets started to trickle down into VC funding activity in Japan. Companies in certain sectors — like healthtech — that were very successful raising rounds up to Series B struggled to raise Series C and later funding rounds during the quarter. Companies with global aspirations or that were focused on global issues, like decarbonization, were better able to raise late-stage funding.”



**Hiroshi Abe**  
Executive Board Member,  
Partner  
KPMG in Japan

# A slew of sectors see the impact of reshoring and domestic investment

## Top 10 financings in Q2'22 in Asia-Pacific



1. **Dailyhunt** — \$805M, Bengaluru, India — Consumer — *Series J*
2. **CanSemi** — \$671.8M, Guangzhou, China — Manufacturing — *Early-stage VC*
3. **Xendit** — \$300M, Jakarta, Indonesia — Fintech — *Series D*
3. **Xpressbees** — \$300M, Pune, India — E-commerce — *Late-stage VC*
3. **ShareChat** — \$300M, Bengaluru, India — Social — *Series H*
3. **Megarobo** — \$300M, Beijing, China — Robotics — *Series C*
7. **Stashfin** — \$270M, Delhi, India — Fintech — *Series C*
8. **Gokin Solar** — \$251.3M, Zhuhai, China — Cleantech — *Series A*
9. **Expace Technology** — \$248.2M, Wuhan, China — Spacotech — *Series B1*
10. **Envision Digital** — \$210M, Singapore — AI & ML — *Series A*

Source: Venture Pulse, Q2'22, Global Analysis of Venture Funding, KPMG Private Enterprise. \*As of June 30, 2022. Data provided by PitchBook, July 20, 2022.

# KPMG Private Enterprise's Emerging Giants Network

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



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## About KPMG Private Enterprise

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

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Wherever you are in your business lifecycle — from early-stage growth to getting ready to accelerate your expansion — our aim is to help you achieve your ambition and take your business to the next level.

Click [here](#) to register your interest for our 2023 competition.

# About the report

## Acknowledgements

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# About the report

## Methodology

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

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

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

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

### Fundraising

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

### Deals

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

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

### Exits

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

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



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