



Venture Pulse

Q3 2022

Global analysis of venture funding

October 19, 2022

Welcome message

Welcome to the Q3'22 edition of Venture Pulse — KPMG Private Enterprise's quarterly report highlighting the key trends, opportunities, and challenges facing the venture capital market globally and in key jurisdictions around the world.

VC investment globally declined for the third straight quarter in Q3'22, despite five \$1 billion+ megadeals. Regionally, the Americas, Europe, and Asia all saw both VC investment and the number of VC deals fall to levels not seen since early 2020.

Given the myriad of geopolitical and macroeconomic challenges, and growing talk of a global recession, it's no surprise that VC investors took a cautious approach to their investments this quarter. Despite strong fundraising activity — on pace to exceed all but 2018's peak high — VC investors took more time to evaluate deals than seen in recent quarters, conducting additional due diligence and putting a laser focus on profitability and business model sustainability.

Interest in a number of sectors that thrived during the height of the pandemic, including food and grocery delivery, faltered as inflation remained high and interest rates climbed. VC investors flocked to the B2B space, particularly solutions focused on improving operational efficiencies and employee productivity. Energy, healthtech, and cybersecurity also showed resilience in the face of current market dynamics.

With no indication of when market conditions will improve, global VC investment is expected to remain subdued in Q4'22. While the strongest companies will continue to attract VC funding, down rounds will likely become more common and some startups will fail to raise funds. M&A activity is expected to increase as some companies consider alternatives to IPO exits and as startups unable to obtain additional financing look to sell.

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

- The declining interest in consumer-driven business models
- The growing focus on alternative energy sources and energy storage
- The increasing interest in debt and equity financing
- The lack of exit activity and the potential increase in M&A next quarter

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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#Q3VC

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**Globally, in Q3'22
VC-backed companies
raised \$87.0B across
7,817 deals**

As global VC investments falls, talk of a global recession looms large

During Q3'22, VC investment globally dropped to a low not seen since Q2'20, despite all major regions attracting at least one \$1 billion+ megadeal. During the quarter, US-based SpaceX raised \$1.9 billion, Germany-based Celonis raised \$1.4 billion, China-based Sunwoda EVB raised \$1.2 billion, Sweden-based Northvolt raised \$1.1 billion, and US-based TerraWatt Infrastructure raised \$1 billion

Americas, Europe, and Asia see VC investment drop to lows not seen since 2020

Both VC investment and the number of VC deals in all jurisdictions fell to levels not seen since 2020 during Q3'22. The Americas saw VC investment fall sharply, from \$76 billion in Q2'22 to \$45 billion in Q3'22. Europe saw a similarly sharp decline, from \$31 billion to \$18 billion quarter-over-quarter. After experiencing a steep drop in Q2'22, VC investment in Asia fell even further — from \$26 billion to \$21 billion.

Energy sector gains even more steam in Q3'22

Globally, the energy sector was one of the biggest winners in terms of VC investment globally, with numerous companies around the world attracting large funding rounds. In addition to battery-maker Northvolt and electric vehicle infrastructure company TerraWatt's \$1 billion+ megadeals, US-based power development company TerraPower raised \$750 million and China-based Gokin Solar raised \$369 million.

ESG more broadly also continued to attract VC investment in Q3'22, led by US-based carbon offset company Xpansiv's \$500 million raise.

Food delivery and other consumer-focused companies losing traction

With inflation high, interest rates rising, and talk of a global recession strengthening, consumer-focused companies — particularly in sectors that grew significantly during the COVID-19 pandemic, such as rapid food and grocery delivery — have come under increasing scrutiny. VC investors globally are questioning the degree to which consumer-buying behaviours that shifted during the pandemic will survive given current macroeconomic challenges and assessing whether business models will be truly sustainable long-term. Over the next few quarters, there could be a shakeout in the rapid delivery space as the more resilient companies set themselves apart and others disappear.

Startups considering alternative financing to avoid down rounds

Over the last two quarters, many companies around the world have seen their valuations tumble. In Q2'22, declining valuations were more noticeable among publicly traded companies. During Q3'22, however, the VC market globally saw a number of down rounds, including buy-now-pay-later company Klarna's \$800 million raise at a \$6.7 billion valuation — down from \$45.6 billion in 2021¹.

While startups that have strong or profitable business models will likely continue to raise traditional VC funding rounds, others are showing increasing interest in alternative financing solutions as a means to avoid or delay their next funding round. The challenge with debt financing is that it is much more expensive, particularly for startups with little to no hard assets.

Corporate VC investment pulls back, but interest remains high

Global CVC investment pulled back somewhat in Q3'22, as CVC investors showed much of the same caution as their institutional counterparts. While corporate investors often pull back quickly when market conditions worsen, current drivers of investment have helped keep funding solid, if lower than the peaks seen in 2020 and 2021. In many regions, companies in key sectors — such as energy, automotive, and financial services — are standing at a crossroads, pressured by the need to innovate. This is helping to keep corporate VC activity moving, if more conservatively and at a slower pace than in recent quarters.

A number of corporates are likely also looking at the challenges faced by startups and at the declining valuations environment to determine whether they might be able to make strategic acquisitions at more realistic prices over the next few quarters.

¹ <https://www.cnbc.com/2022/07/11/klarna-valuation-plunges-85percent-as-buy-now-pay-later-hype-fades.html>

As global VC investments falls, talk of a global recession looms large, cont'd.

Increasing focus on business productivity

Between challenging market conditions and the desire of companies to get the most out of their people regardless of their work location, there has been an upswell in investor interest in business productivity solutions, particularly in Europe and the US. During Q3'22, Germany-based process efficiency tools provider Celonis raised \$1.4 billion, while US-based contracts automation company Juro System raised \$500 million.

B2B-focused companies more broadly also attracted attention in Q3'22 as VC investors steered clear of the B2C space. During the quarter, France-based customer insights platform ContentSquare raised \$600 million, Germany-based indirect-distribution focused insurtech Wefox raised \$400 million, and US-based blockchain infrastructure company Blockdaemon raised \$253 million.

Healthcare and biotech continuing to attract VC investors

Healthcare and biotech have always been hot areas of VC investment, even before the pandemic pushed VC investment in the sector to new heights. While activity in the space has slowed somewhat, aging populations, talent shortages, and health systems needing modernization are expected to keep investors interested for the foreseeable future. AI-enabled biotech continued to be particularly attractive to investors in Q3'22, in addition to areas like at home testing and care, while interest in mental health solutions grew. During the quarter, US-based virtual care and at-home therapeutics company Bioformis raised \$320 million, UK-based at-home care company Cera Healthcare Technology Systems raised \$312 million, and China-based biotech firm Sironax raised \$200 million.

Early-stage companies facing funding challenges

Over the last few years, many VC investors, PE firms, and private offices globally have focused their investments on mid and late-stage deals, rather than on early-stage ones. With market conditions deteriorating, this focus is expected to escalate as investors increase their focus on companies with proven business models and companies able to show revenue. New startups in many regions will likely find it increasingly difficult to attract investments beyond angel and seed stage. This could have long-term ramifications as a lower volume of early-stage companies now will affect the health of the VC market globally long-term.

Companies at other deal stages that are not generating revenue or showing profit are also likely to struggle as they move to raise their next funding round. This could drive some cleanup in maturing industries with numerous players as the best find ways to survive and thrive and others fall by the wayside.

Trends to watch for in Q4'22

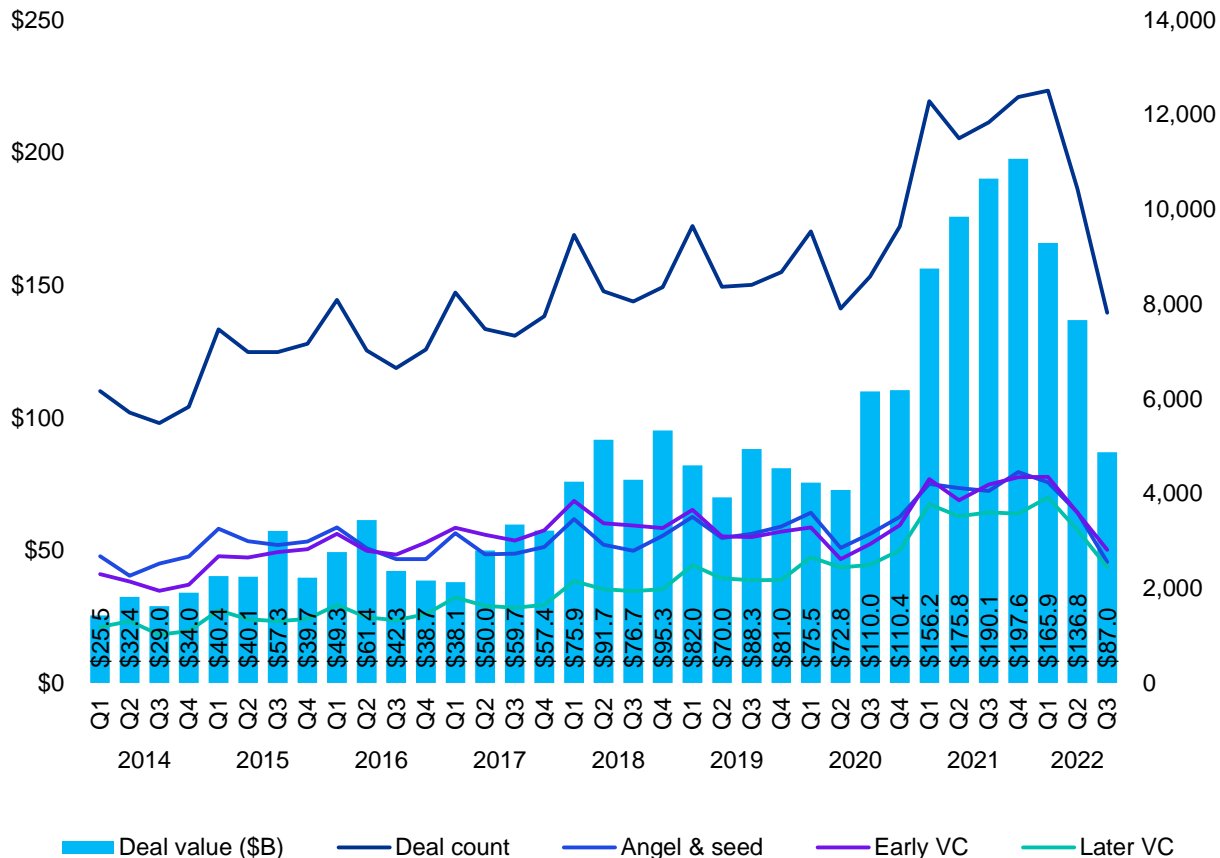
With challenges expected to continue into Q4'22, VC investors globally are expected to remain very conservative with their investments, focusing primarily on proven companies with resilient business models and those able to show profitability. Deals will likely take more time to complete as investors conduct robust due diligence, particularly on forecasts. Startups will likely also place more emphasis on rightsizing their business so they can conserve cash and better position themselves for a new funding round.

While the IPO door is expected to remain firmly shut, there could be an upswing in M&A activity as companies consider alternative exit plans, some sectors begin to see consolidation, and companies unable to raise new funding rounds look for potential buyers.

Venture investment declines further

Global venture financing

2014–Q3'22



Source: Venture Pulse, Q3'22. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, October 19, 2022.

As 2022 heads into its final quarter, it is clear that venture dealmaking worldwide has cooled significantly. Even though Q3 tallies are likely to be revised upward once final data is collected, as it stands, both total VC invested and volume of completed transactions are slumping quarter over quarter. This rapidly evolving market scenario possesses multiple implications for players across the global venture ecosystem, such as:

- Amid significant public markets' volatility and geopolitical and economic turmoil, conservative valuations and spend are top of mind for investors and executives alike
- However, record dry powder remains a significant factor at play, underpinning sizable investments that are still closing, albeit at a slower pace than in the past
- The extent of many risks remains unknown, as economic variables continue to counterplay each other. As a result, due diligence is as complex and dynamic as ever, but caution is in the offing.

“ During Q3'22, VC investment globally dropped to a low not seen since Q2'20, despite all major regions attracting at least one \$1 billion+ megadeal. Companies that have high valuations will have to work hard to keep them. On the positive side, there's still a lot of dry powder in the market. The strong companies and the resilient ones will continue to attract funding and they will prosper. ”

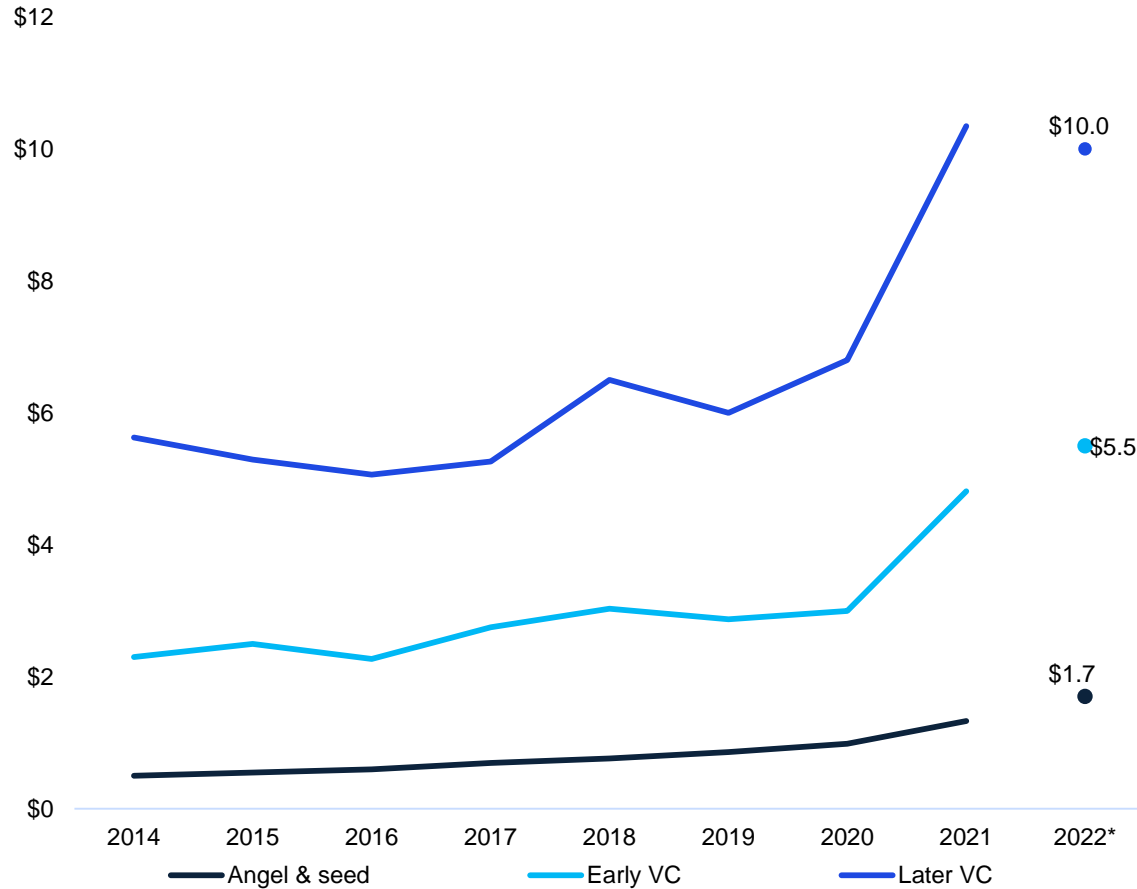


Jonathan Lavender
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The late-stage sees the slightest signs of softening

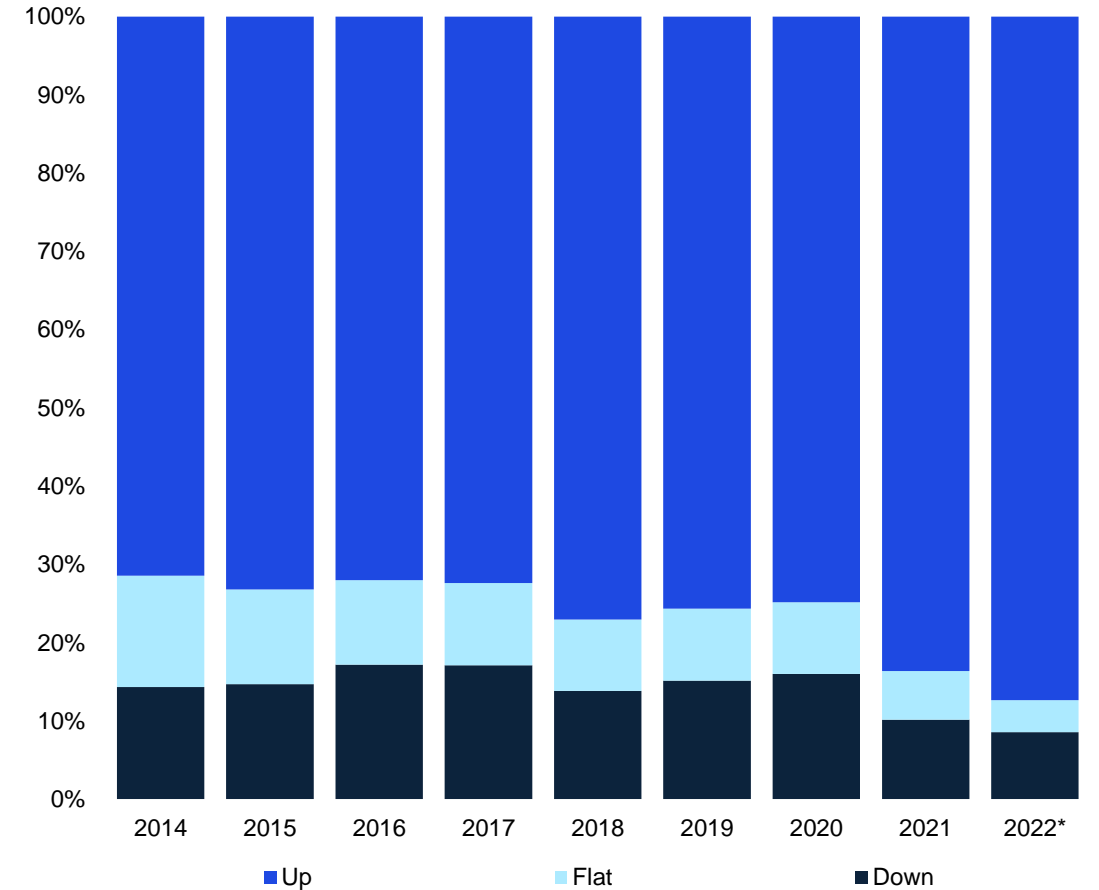
Global median deal size (\$M) by stage

2014–2022*



Global up, flat or down rounds

2014–2022*

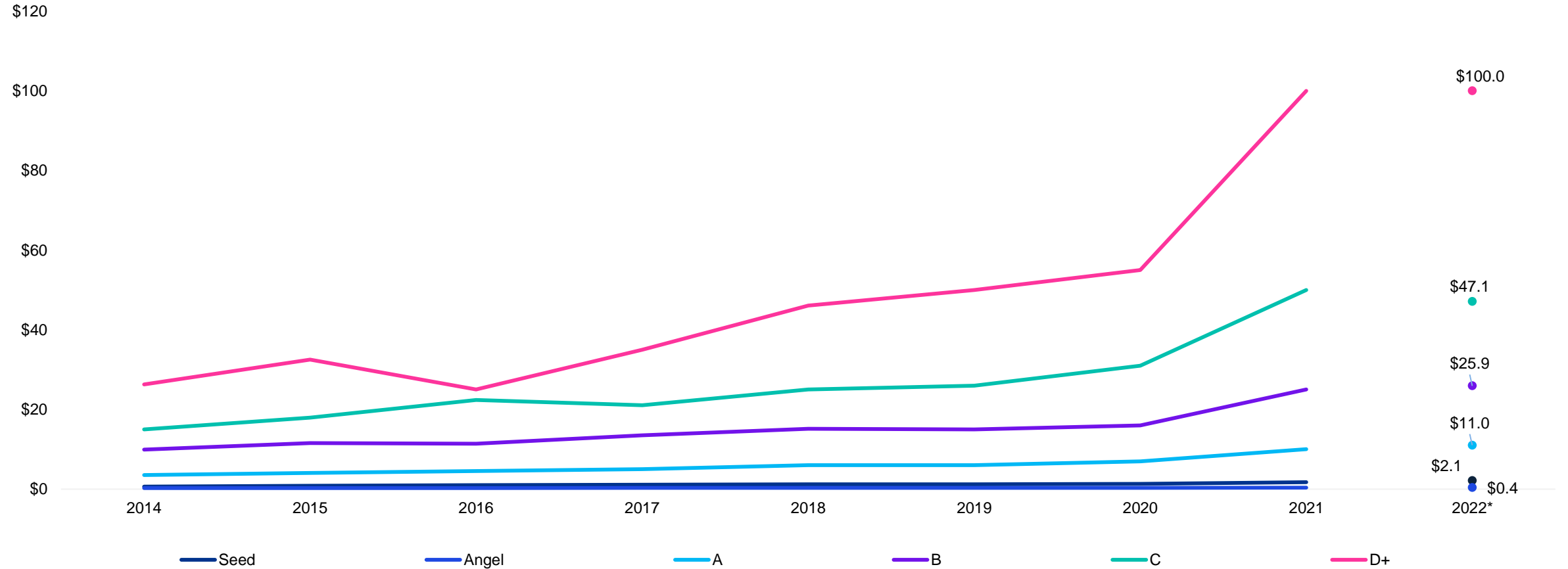


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

High dry powder continues to provide pricing support

Global median deal size (\$M) by series

2014–2022*

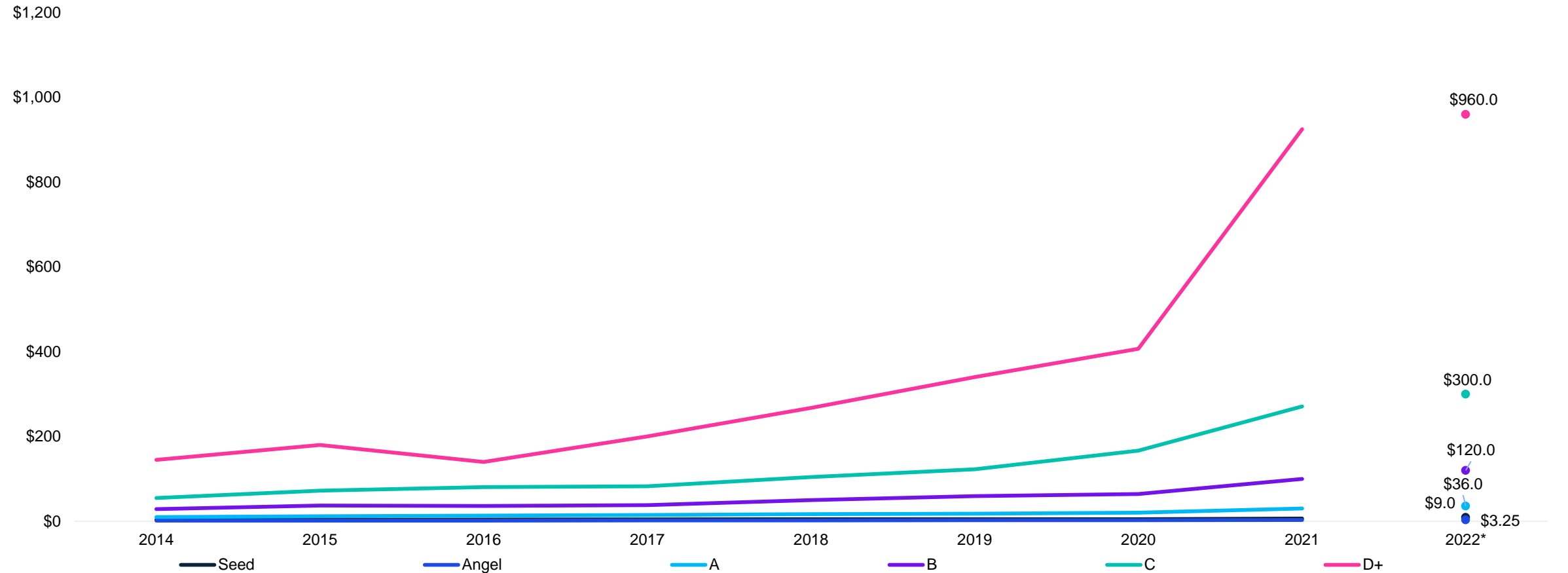


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Valuations hold steady even amid diminishing volume

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

2014–2022*

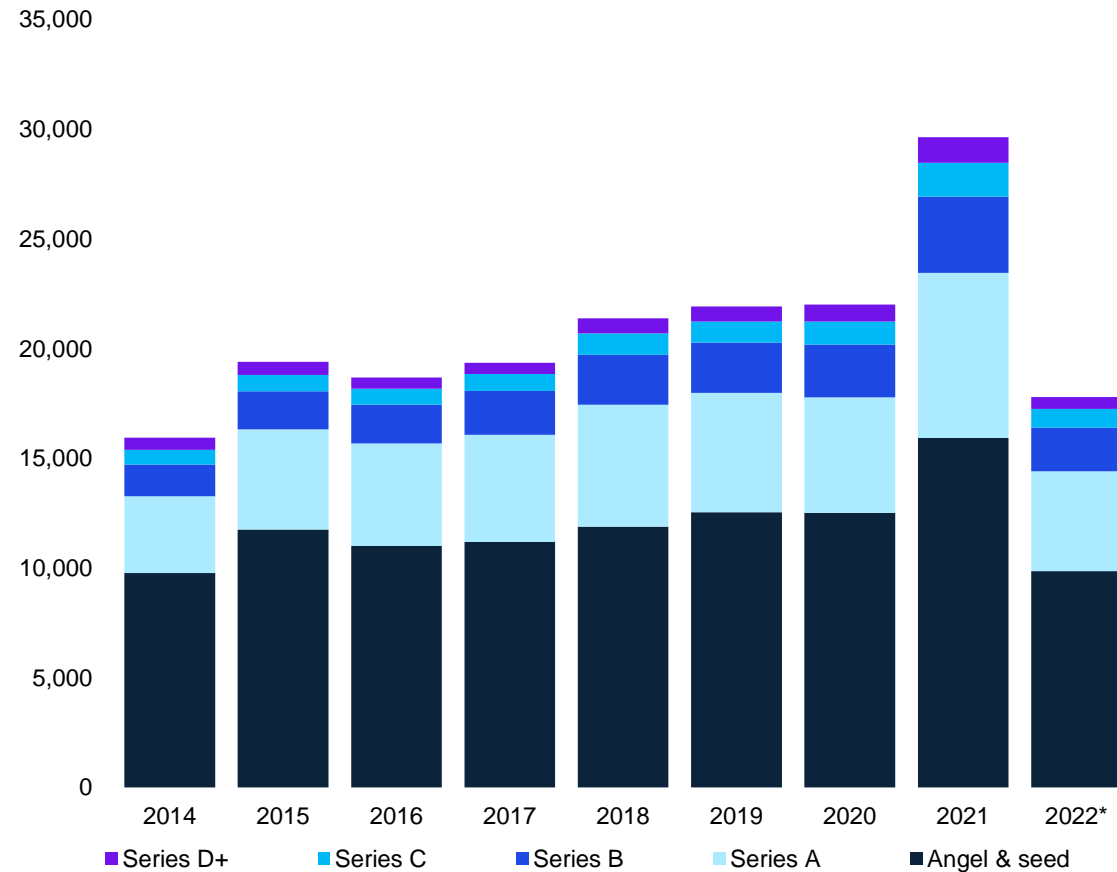


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Most stages, especially the latter, see contraction year over year

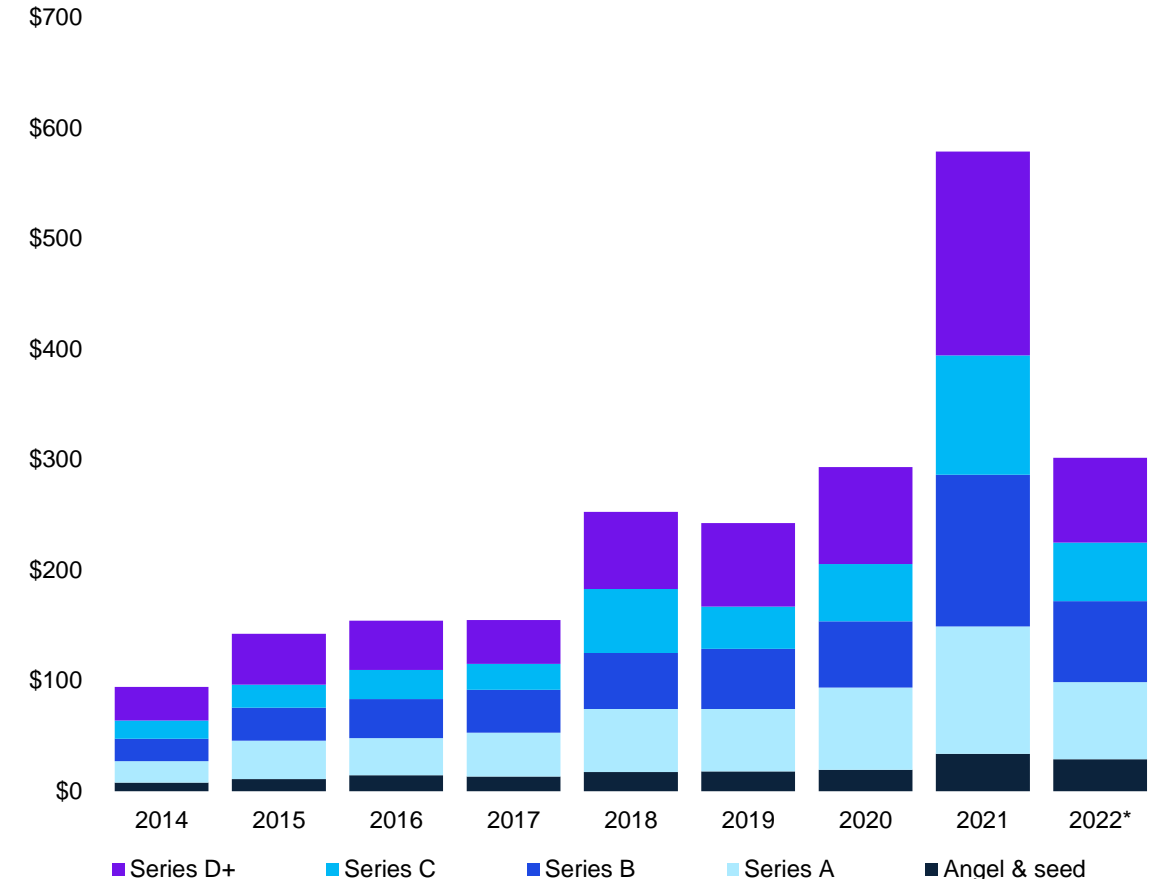
Global deal share by series

2014–2022*, number of closed deals



Global deal share by series

2014–2022*, VC invested (\$B)

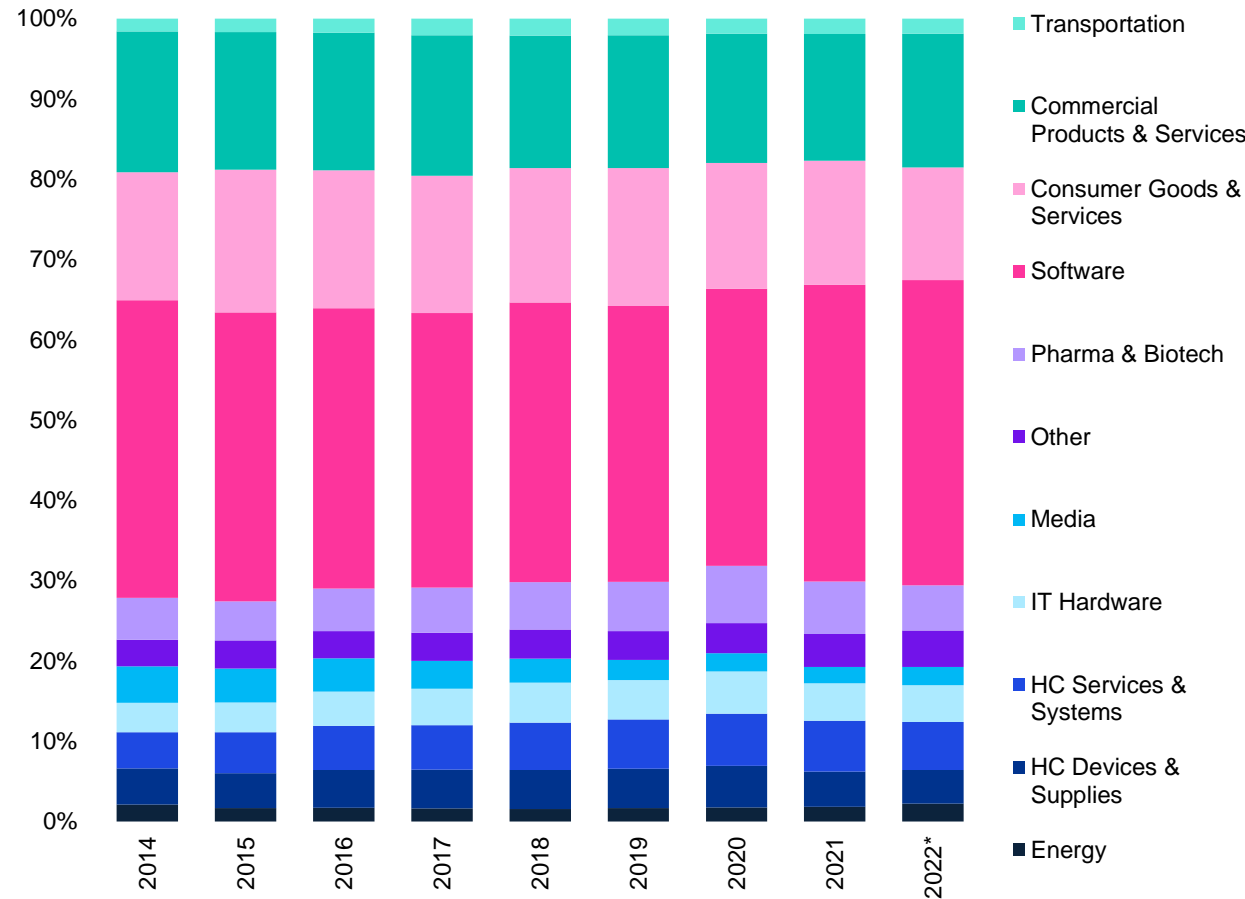


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Capital-light enterprises in software keep securing deals

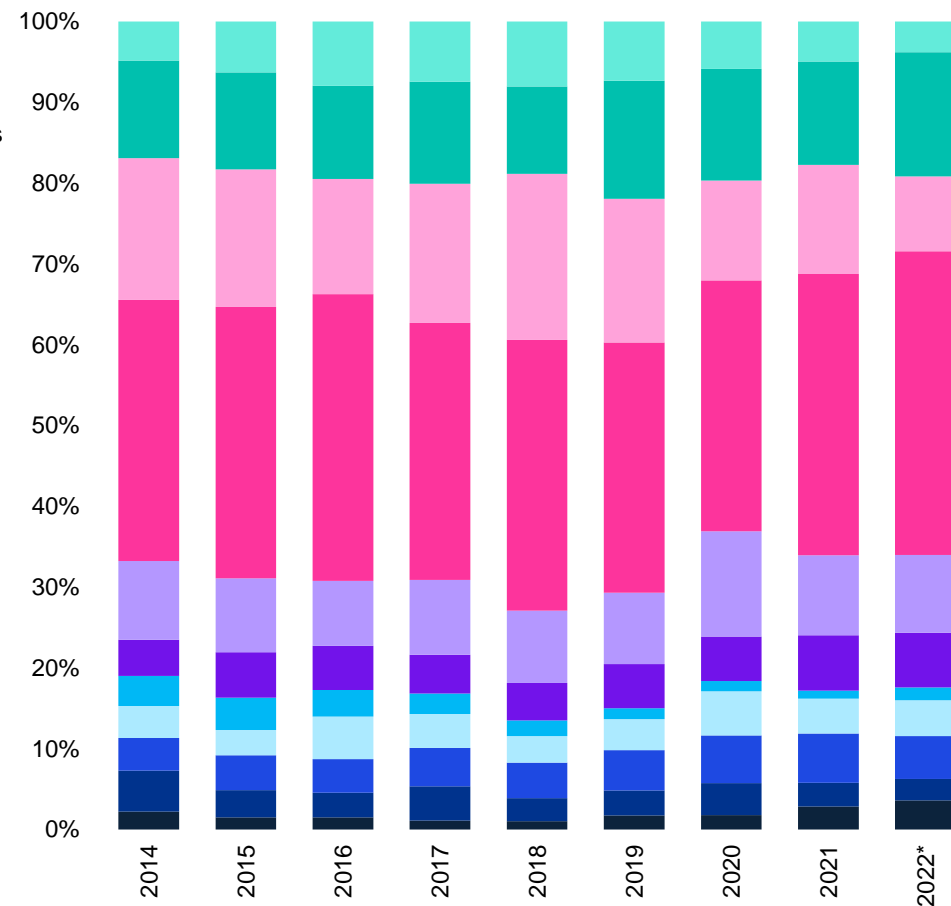
Global financing trends to VC-backed companies by sector

2014–2022*, number of closed deals



Global financing trends to VC-backed companies by sector

2014–2022*, VC invested (\$B)

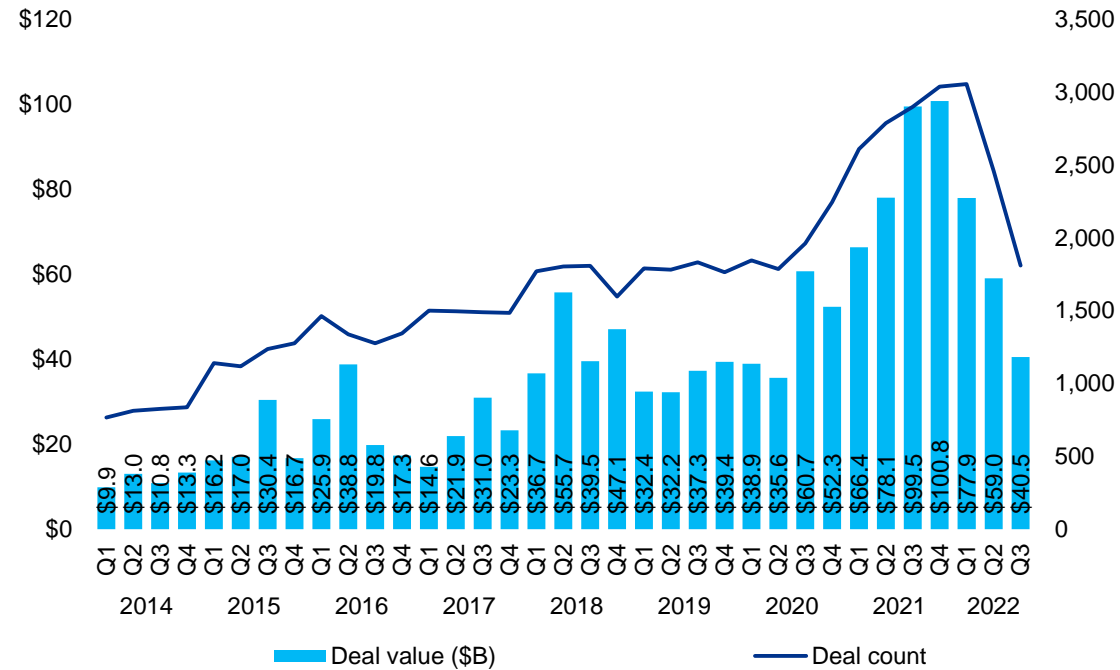


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

First-time financings keep rolling forward undaunted

Corporate VC participation in global venture deals

2014–Q3'22



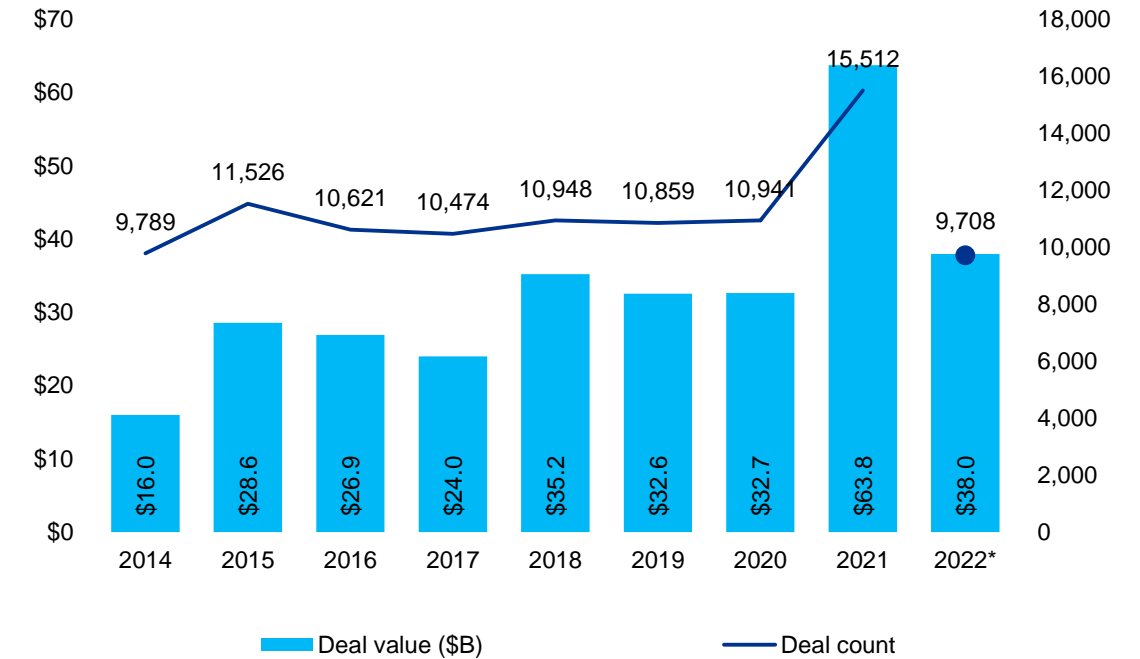
Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

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

Corporate players continue to pull back in sync with the broader market worldwide. This is primarily in response to sheer volatility in private and public financial markets rather than any significant, systemic shift in strategies.

Global first-time venture financings of companies

2014–2022*



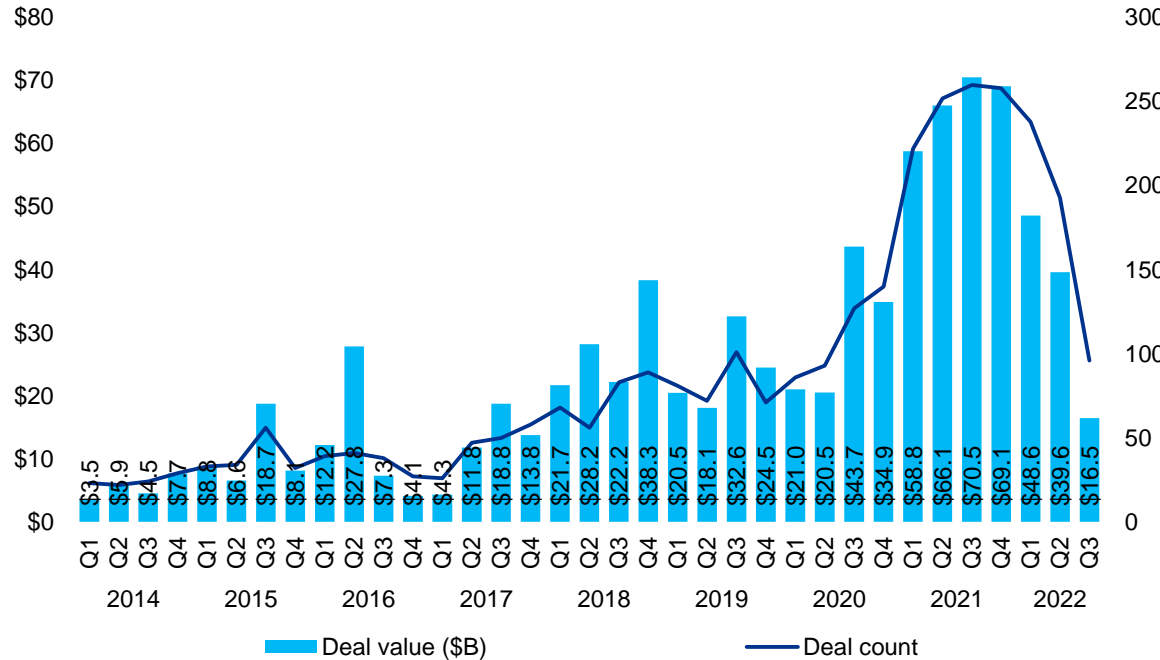
Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Even amid significant volatility, first-time financings are flowing at a decent clip. Some sectors are benefiting from significant government support in the interests of domestic security, e.g., semiconductor manufacturing.

Exits remain down for the year

Global unicorn rounds

2014–Q3'22



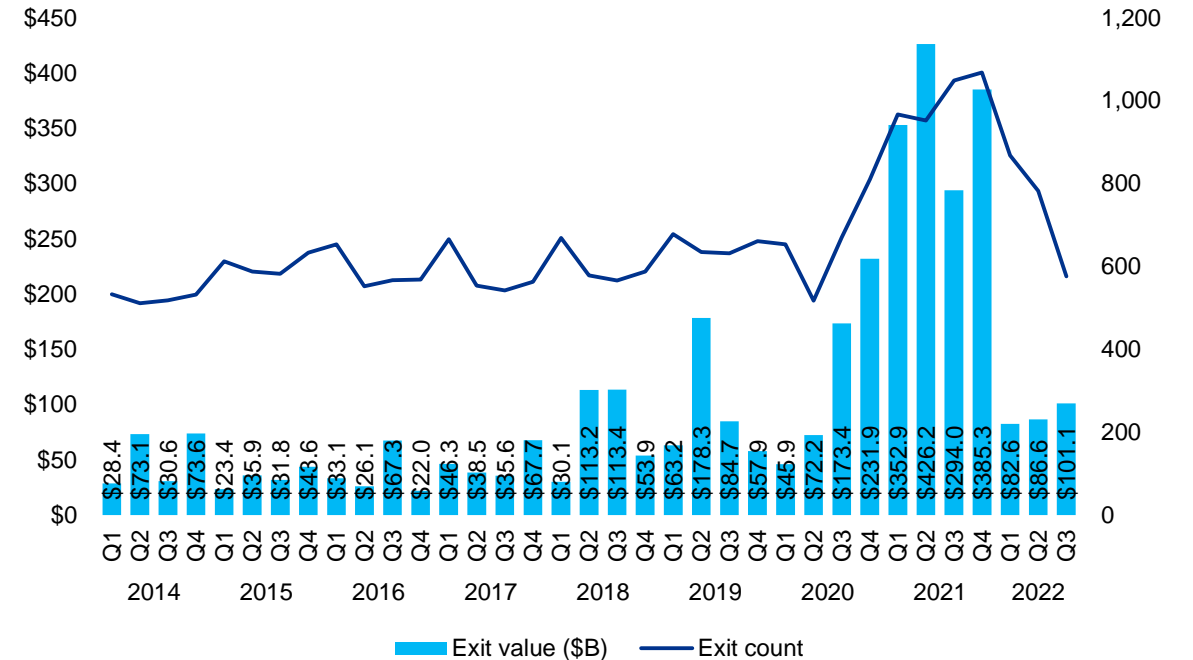
Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

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

Unicorn rounds fell to their lowest level in terms of volume and aggregate financing value in quite some time, on par roughly with early 2020 and 2019 levels. This decline is a telltale sign of marked caution.

Global venture-backed exit activity

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

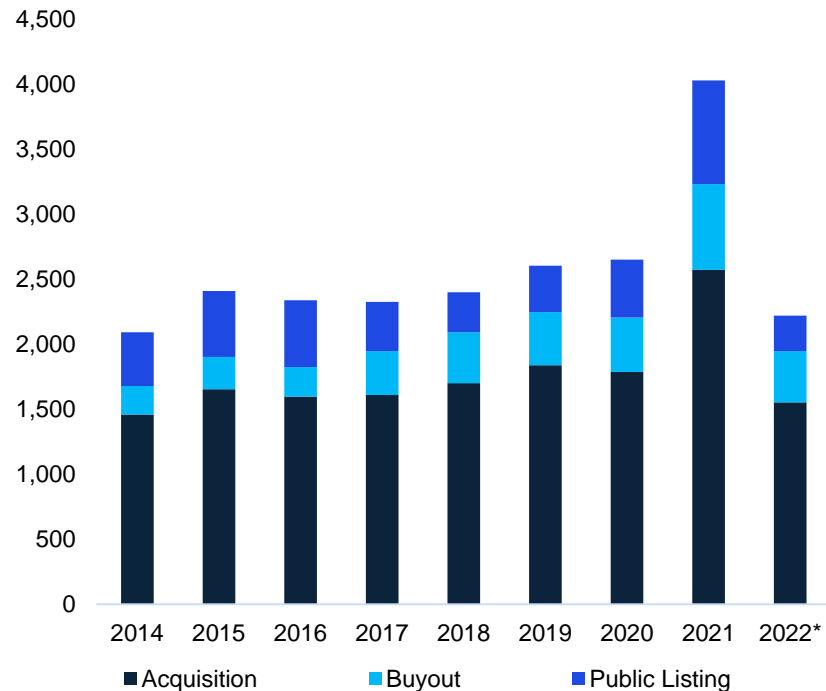
Note: Exit value for initial public offerings is based on post-IPO valuation, not the size of the offering itself.

Even though exit volume for the first half of the year remained relatively strong compared to prior quarterly tallies, Q3 has observed a significant slump, even if aggregate exit value remained healthy if not record-breaking.

M&A provides bulk of volume; exit value primarily driven by listings

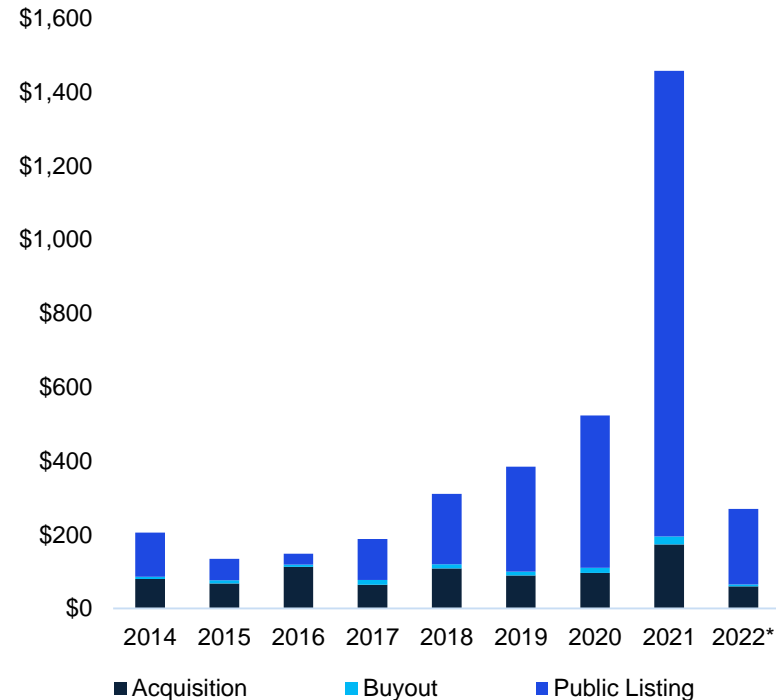
Global venture-backed exit activity (#) by type

2014–2022*



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

2014–2022*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Even though public markets continue to whipsaw amid the steady rollout of potentially significant news both economic and geopolitical, public listings have generated the most exit value for venture-backed companies thus far this year. That said, M&A has returned to its usual predominant status as the exit route of choice for the bulk of venture-backed companies. As valuations continue to normalize, more venture-backed companies could enter markets for prospective buyers.

“ For remainder of 22, we’ll continue to see layoffs. We’ll continue to see down rounds. I also expect we’ll start seeing increased M&A activity — both in terms of companies that might have otherwise gone public and also public companies that are less expensive than they were a year ago. Employee and employer behavior around hybrid working will continue to influence where funding may go, in addition to consumer behavior with respect to e-commerce versus going back to the store. ”



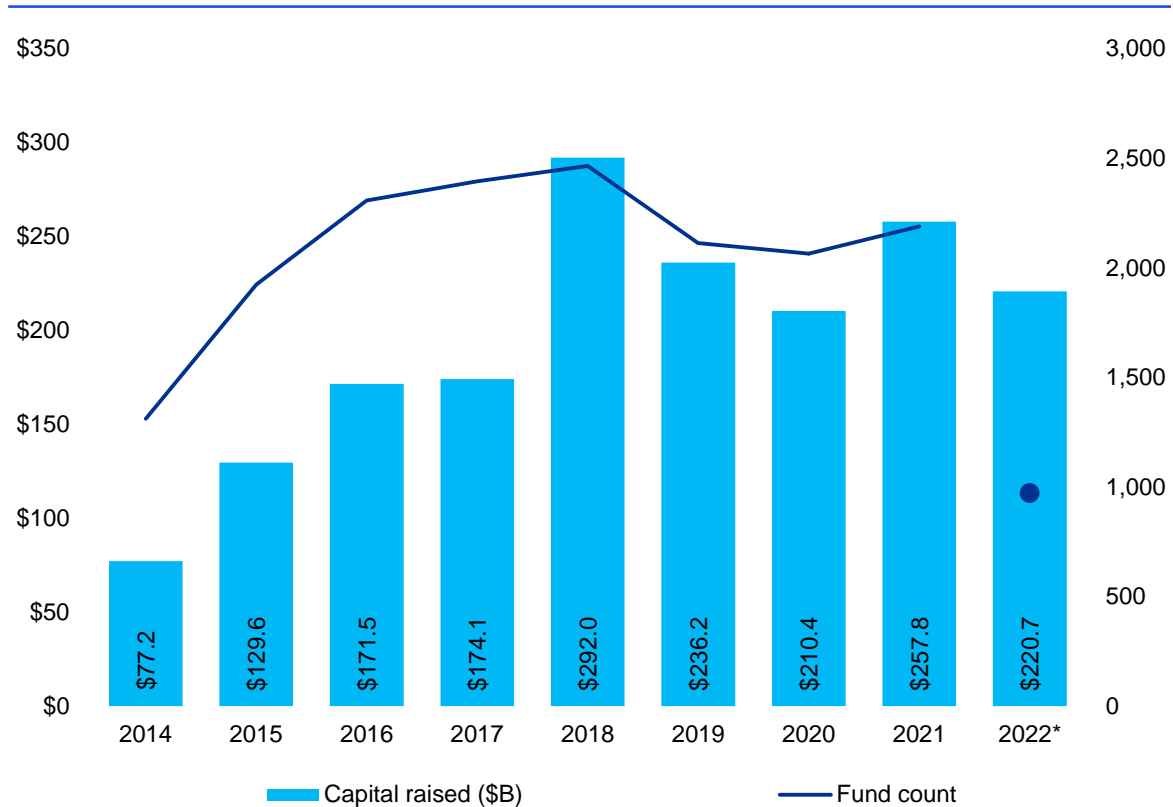
Conor Moore

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

Allocators remain sanguine regarding VC

Global venture fundraising

2014–2022*



Allocators worldwide continue to flock to alternative investments — venture is no exception. Despite growing discussion around performance margin compression and concerns around the repercussions of elevated valuations in the past few years, limited partners continue to pledge significant sums to venture fund managers.

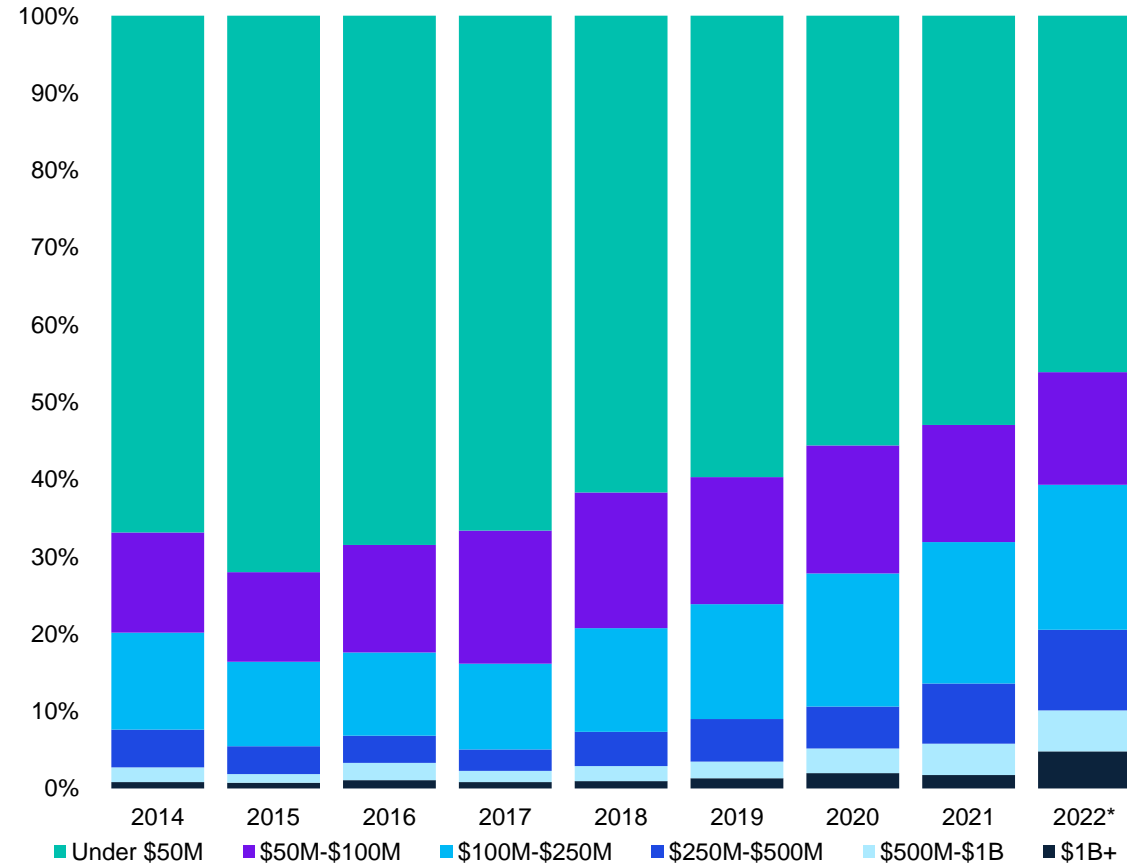
Allocators continue to pile into the **venture asset class**, waving away current concerns, with **well over \$200 billion already raised.**

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Fundraising still is tilted toward larger firms

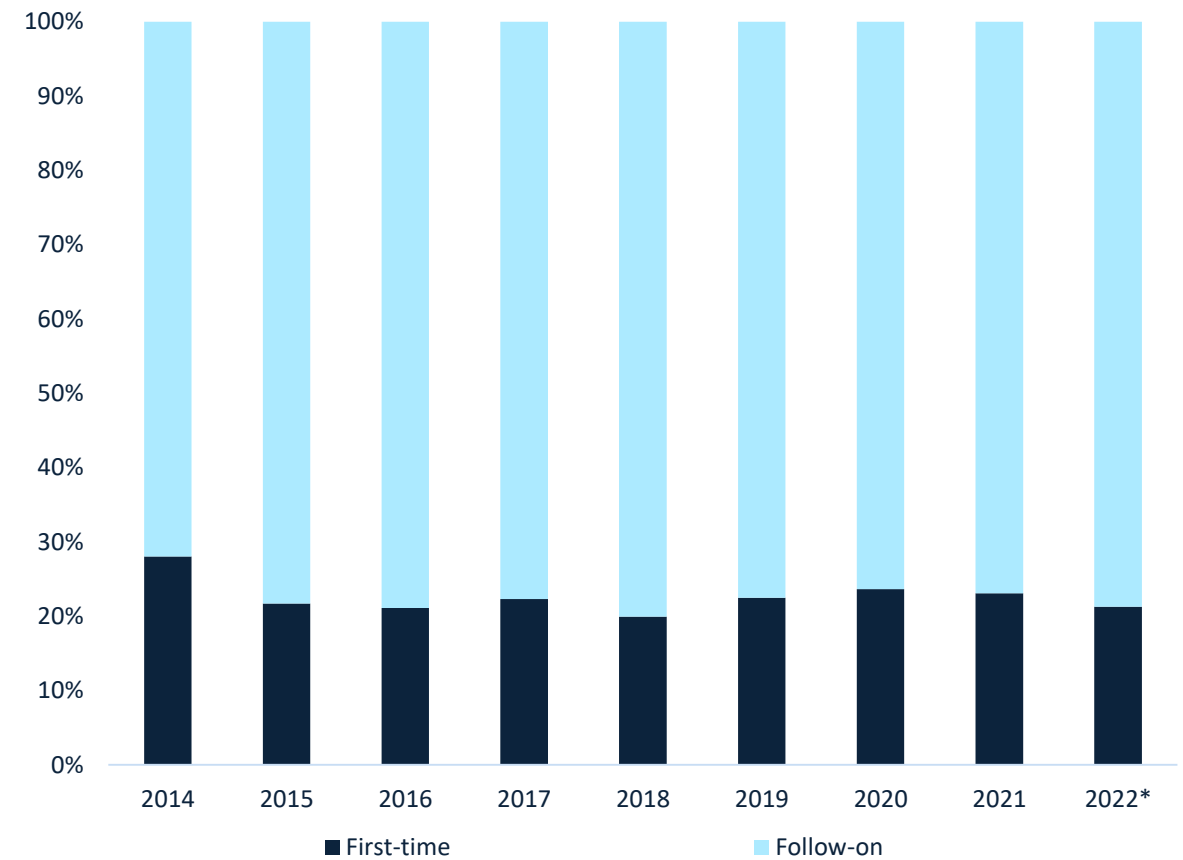
Global venture fundraising (#) by size

2014–2022*



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

2014–2022*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Trending sectors such as cleantech are on display in top deals in Q3

Top 10 global financings in Q3'22



1. **SpaceX** — \$1.9B, Hawthorne, US — Aerospace — *Late-stage VC recapitalization*
2. **Celonis** — \$1.4B, Munich, Germany — B2B software — *Series D*
3. **Sunwoda EVB** — \$1.2B, Shenzhen, China — Cleantech — *Late-stage VC*
4. **Northvolt** — \$1.1B, Stockholm, Sweden — Cleantech — *Late-stage VC*
5. **TeraWatt Infrastructure** — \$1B, San Francisco, US — Climate tech — *Series A*
6. **Klarna** — \$800M, Stockholm, Sweden — Fintech — *Late-stage VC*
7. **TerraPower** — \$750M, Bellevue, US — Cleantech — *Late-stage VC*
8. **Hubei High-Tech Advanced Material** — \$744.6M, Huangshi, China — Electrical equipment — *Series D*
9. **Vital Thin Film Materials** — \$643.75M, Guangzhou, China — Materials — *Series B*
10. **SumUp** — \$602.9M, London, UK — Fintech — *Late-stage VC*

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

**In Q3'22, US VC-backed
companies raised
\$43.0B across
3,076 deals**

Cloud of uncertainty drives VC investment in the US down for the third straight quarter

In Q3'22, VC investment in the US fell to \$43 billion—the lowest amount since Q2'20—amidst ongoing concerns related to high inflation, rising interest rates, and a US recession—in addition to uncertainty related to the midterm elections scheduled for Q4'22. Despite the challenges permeating the US market, a number of companies raised large funding rounds during the quarter, including space exploration company SpaceX (\$1.9 billion), electric vehicle infrastructure company TerraWatt Infrastructure (\$1 billion), and nuclear innovation company TerraPower (\$750 million).

Leverage shifting from startups to investors

Over the last few months, there has been a dramatic shift in the relationship between startups and investors given the challenging market conditions and the significant downward pressure on valuations. While there continues to be a robust amount of dry powder in the market, VC investors in the US have become a lot more cautious and selective in their deal-making activity, scrutinizing deal terms more rigorously than in recent years and asking for preferential treatment (e.g., liquidation preferences, preferred shares, allocation of board seats) from startups in exchange for funds.

AI and machine learning sectors reaching an inflection point

In recent years, a broad swath of companies focused on artificial intelligence and machine learning received a significant amount of attention from investors in the US. The space has now come to an inflection point, maturing enough that startups are now figuring out niche ways to use AI and machine learning to drive innovation in different industries, such as healthcare and financial services. Even in the current market, startups able to create real, sustainable value using AI and machine learning will likely be attractive to VC investors.

US exits practically dead in Q3'22 as companies try to wait out uncertainty

Exit activity in the US was incredibly soft in Q3'22, with just \$14 billion in exit value — a level not seen since Q4'16 — as IPO activity continued to be non-existent in the wake of the volatility in the public markets and ongoing concerns related to valuations. M&A activity was also quite slow during Q3'22. While the depressed valuations environment has led to increasing interest from PE firms and corporates looking to make deals, startups that may have been ready for an exit earlier in the year are likely trying to wait out the uncertainty with the hope that valuations will bounce back.

As companies begin to run out of cash and potentially fail to attract new funding from investors, the US could see an uptick in M& activity. Any deals will likely take longer to complete than in recent quarters, however, as buyers conduct significantly more due diligence on company financials and projections.

Growing number of SPACs calling it quits

Interest in SPACs has faded over the last twelve months, resulting in questions about whether the robust number of US-based SPACs initialized during 2020 and early 2021 would be able to find targets before their two-year deadlines. While a number of these SPACs are working to extend their identified deadlines, an increasing number are making the decision to refund their investors. During Q3'22, US-based VC firm Social Capital announced it would be winding up two of its SPACs — together worth \$1.6 billion — because of the inability to find appropriate targets.²

Venture debt deals on the rise

During Q3'22, there was growing interest in venture debt in the US as a means to obtain capital without raising new funding rounds. The increase in interest came both from startups looking to avoid down rounds and from investors uninterested in providing new tranches of money to their portfolio companies but also wanting to avoid dilution of their cap tables. Some VC investors have also begun asking companies to obtain venture debt hand-in-hand with new funding rounds in order to provide some buffer from market uncertainties. During Q3'22, venture debt firms in the US were primarily interested in providing debt to companies already backed by top tier investors, recognizing them as relatively safer bets than others.

² <https://www.nytimes.com/2022/09/20/business/chamath-palihapitiya-a-spac-king-will-wind-down-two-funds.html>

Cloud of uncertainty drives VC investment in the US down for the third straight quarter, cont'd.

Trends to watch for in Q4'22

With the turbulent market conditions expected to continue in Q4'22 and into 2023, VC investors in the US will likely remain very cautious when making deals despite the availability of dry powder. Corporate valuations will likely remain depressed, while the number of companies holding down rounds will likely increase.

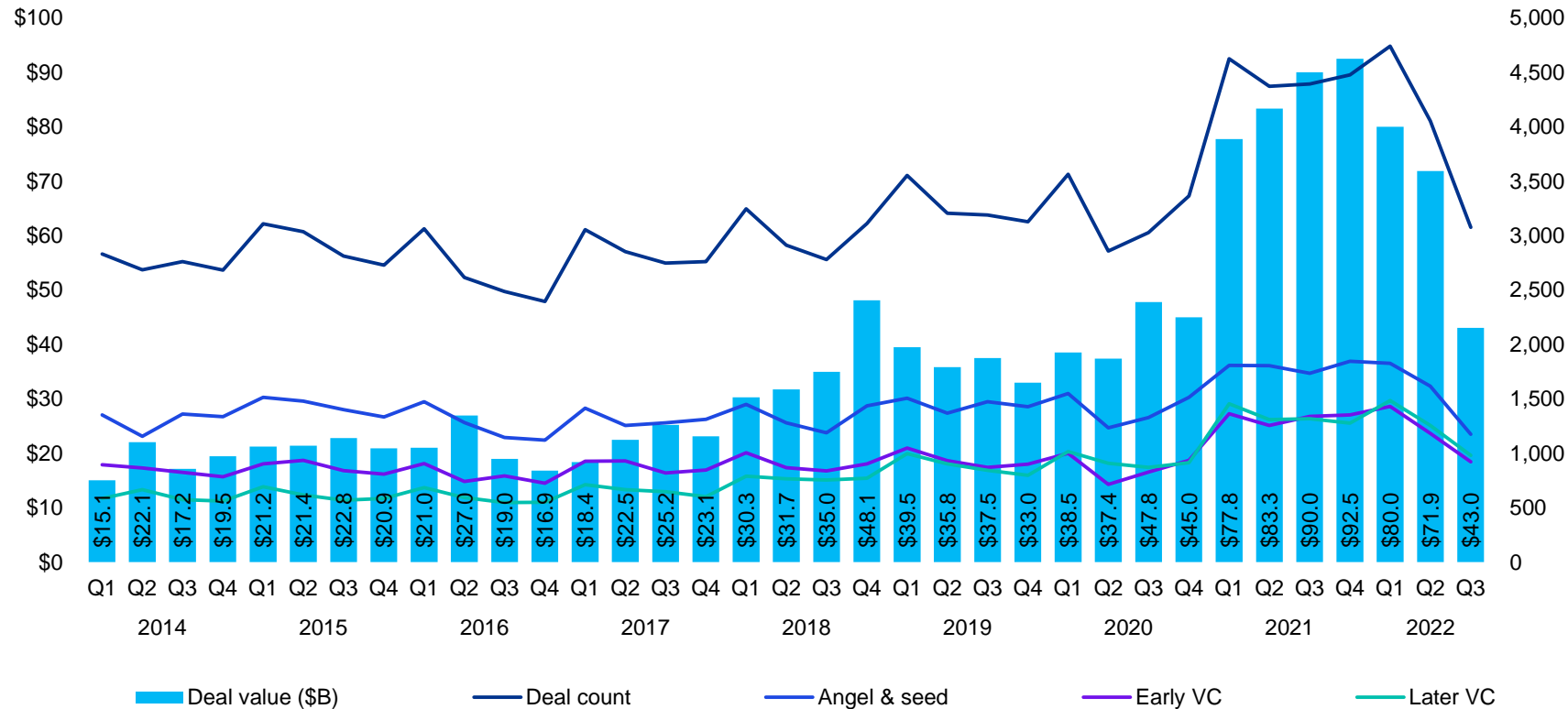
From a sector perspective, VC investment is expected to remain relatively resilient in areas like energy, business productivity, cybersecurity, and healthcare, while interest in food and grocery delivery, consumer retail, and eCommerce is expected to fall.

M&A activity in the US is well positioned to increase over the next quarter or two as companies fail to attract new funding and PE investors and corporates look for good deals. Should the IPO window remain firmly closed, some companies that may have been preparing to hold an IPO earlier in 2022 could decide to sell instead.

Q3 sees continued downturn

Venture financing in the US

2014–Q3'22



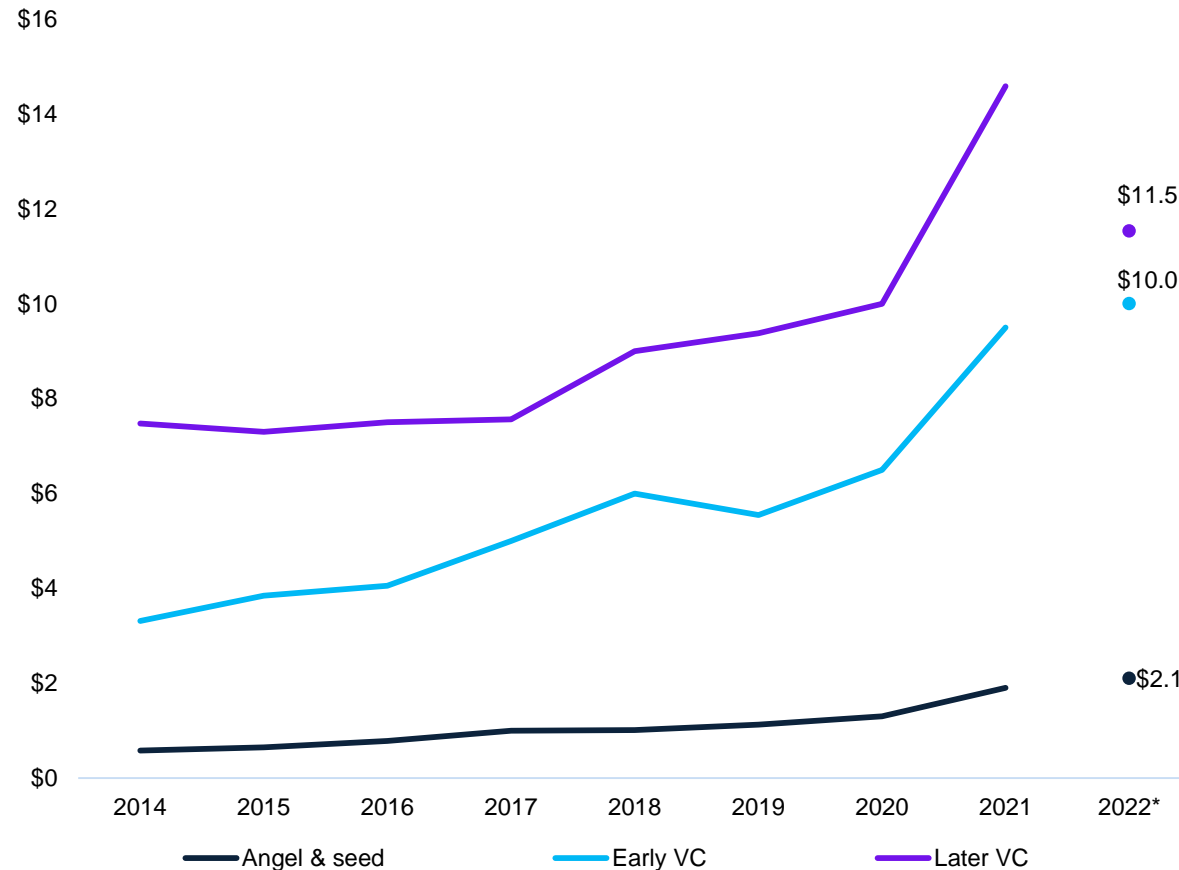
Once again it is important to stress that Q3 figures could tick upward somewhat in coming months as currently undisclosed deals come to light. That said, it is clear that there has been a softening in the pace of dealmaking in the US, with VC invested especially contracting after six straight quarters of massive capital outflows. Valuations and deal sizes are not yet normalizing much to historical averages, suggesting that investors and founders alike are still waiting to get a clearer picture of the currently murky macro environment.

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

The late-stage hints at a budding normalization

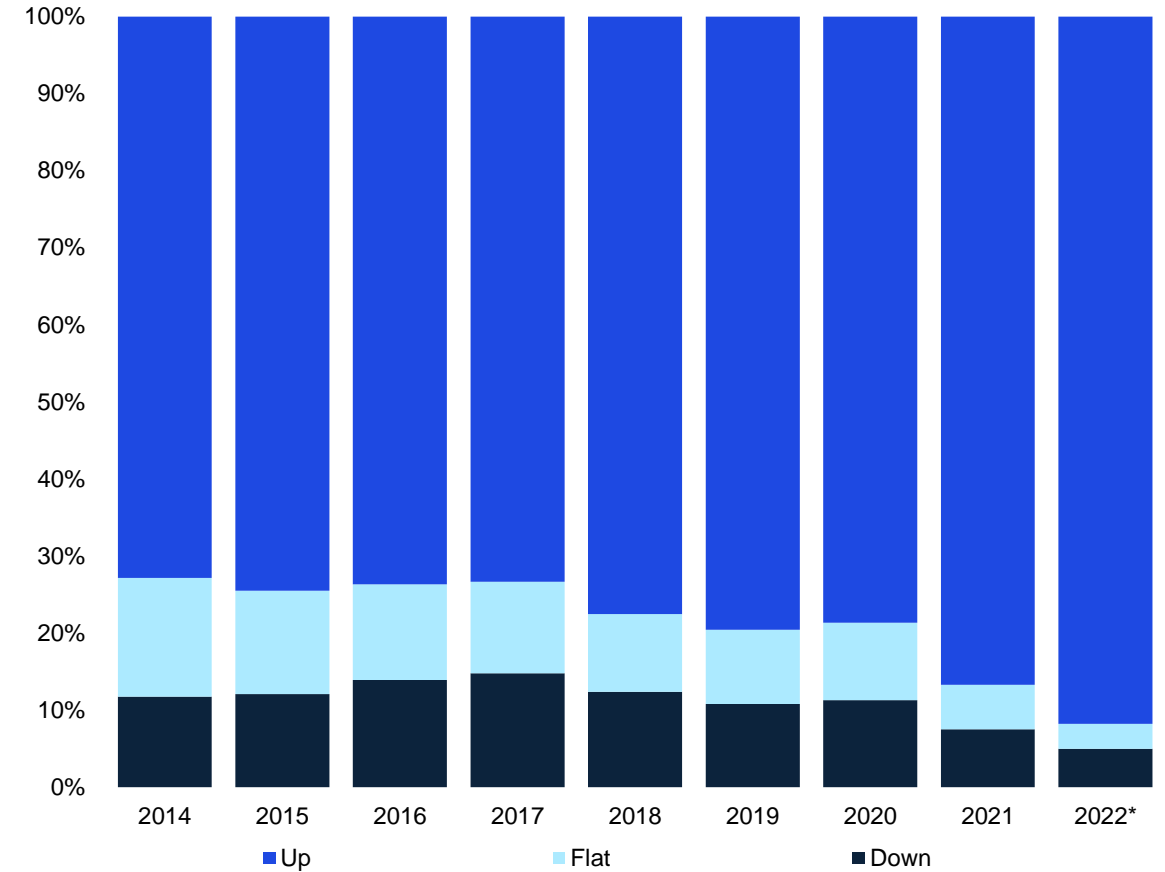
Median deal size (\$M) by stage in the US

2014–2022*



Up, flat or down rounds in the US

2014–2022*

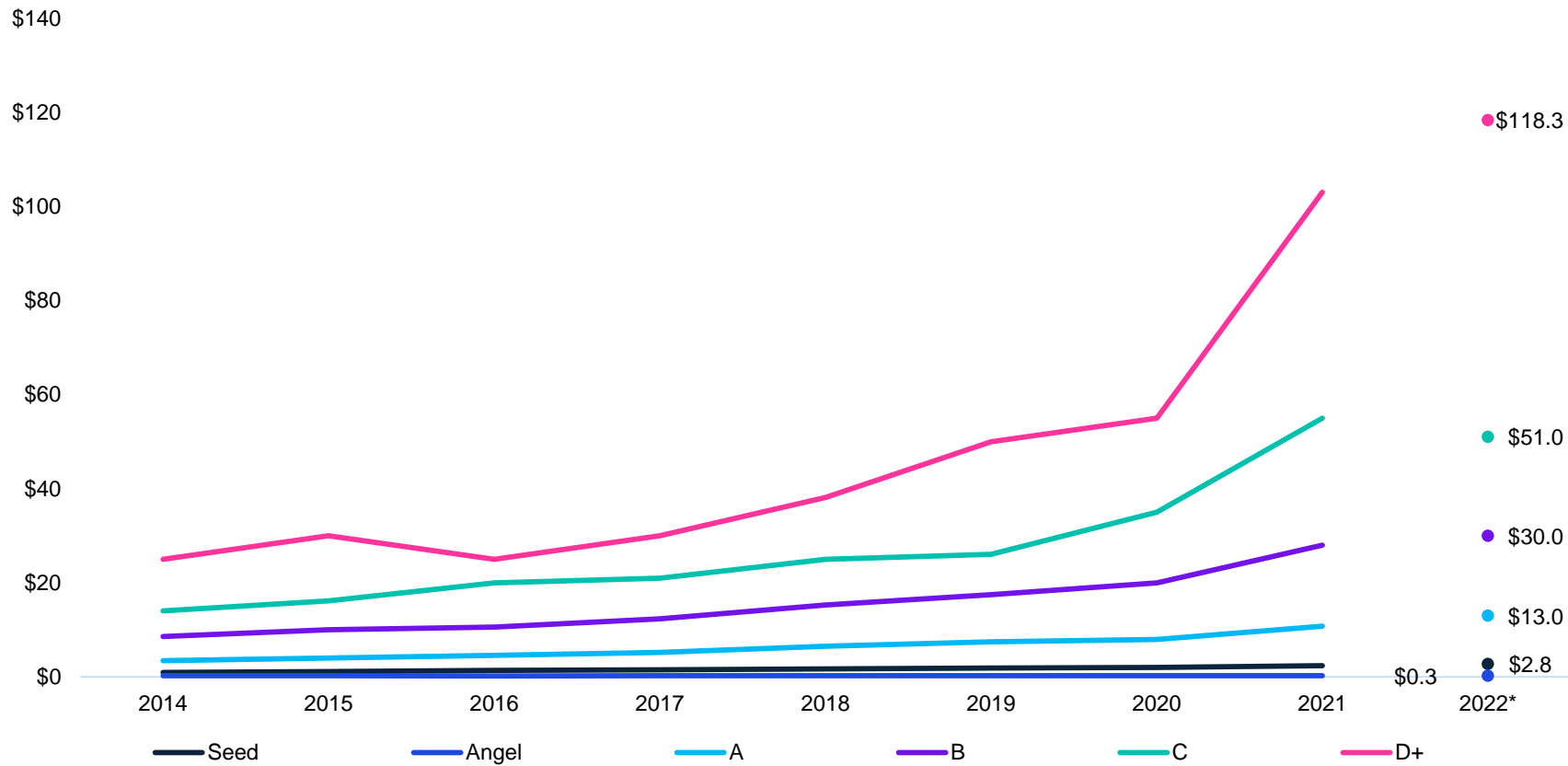


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Dry powder underpins most financing metrics still

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

2014–2022*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Note: Figures rounded in some cases for legibility.

“The desire to be called a unicorn is very appealing for startups, but it many cases it comes with a cost. While we’re not hearing about many instances of pressure just yet, the volume will increase if the market continues its current rocky road. We’ll start to see investors looking at startups and saying, ‘You want to be a unicorn? To get that valuation, we want more influence and more favorable liquidation preferences.’ I expect we will be seeing it more and more — not just for companies to get to unicorn status, but simply to get more money to survive.”



Jules Walker
Senior Director
Business Development
KPMG in the US

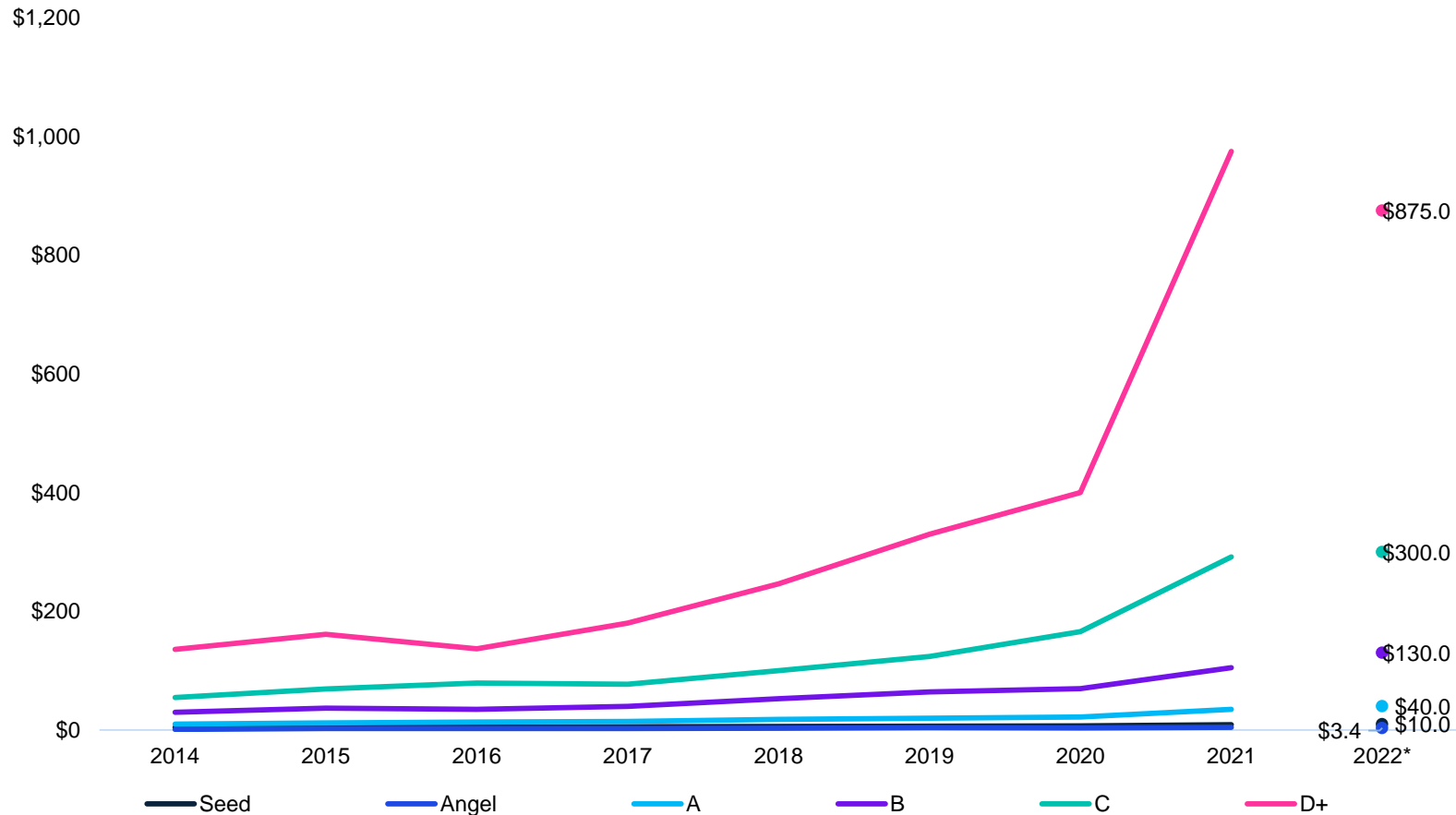
#Q3VC

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Valuation levels still hold across most series of financings

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

2014–2022*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Note: Figures rounded in some cases for legibility.

“ Market volatility resulting from the energy crisis, war in Ukraine, supply chain challenges and increased cost of living has led to downward pressure on valuations across the board, yet many sellers continue to hold out for high valuations. The resulting mismatch between the buyer and seller expectations have caused a tremendous slowdown in overall deal value and volume. ”

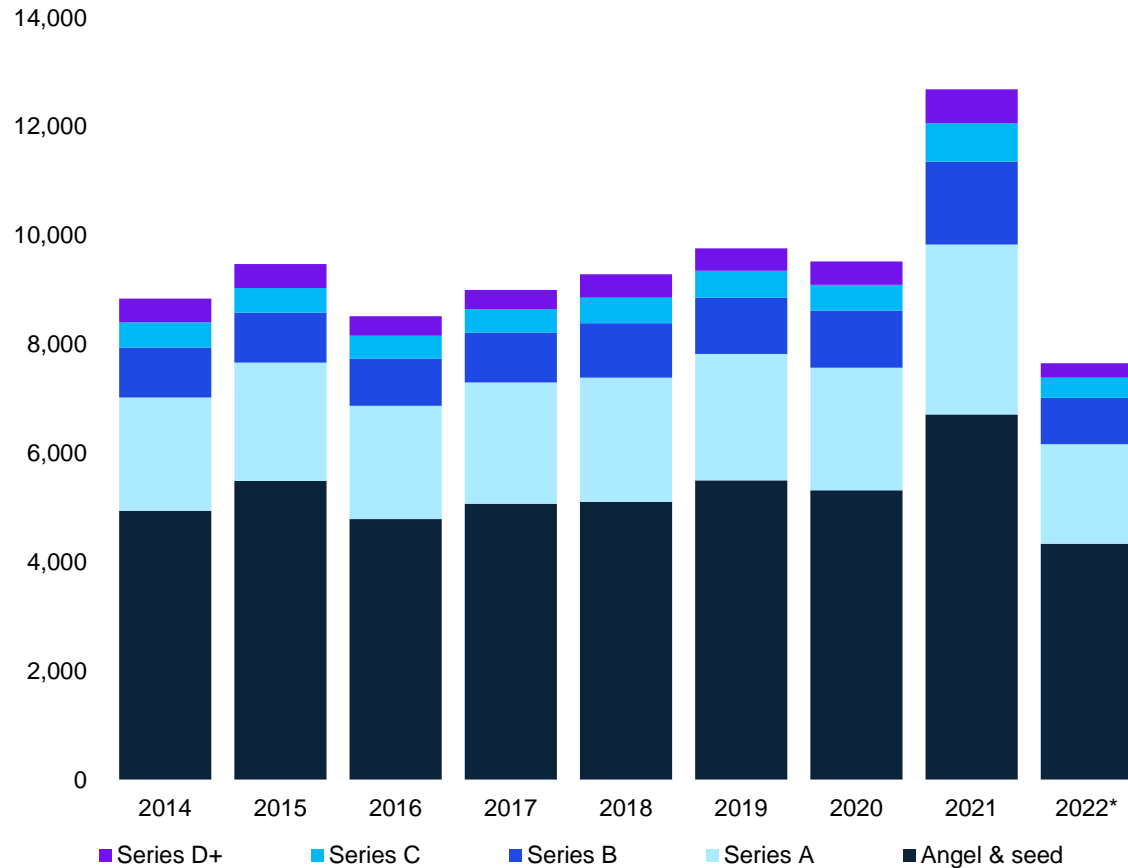


Sam Lush
Director
KPMG in the US

Earlier-stage tallies of VC invested remain healthy

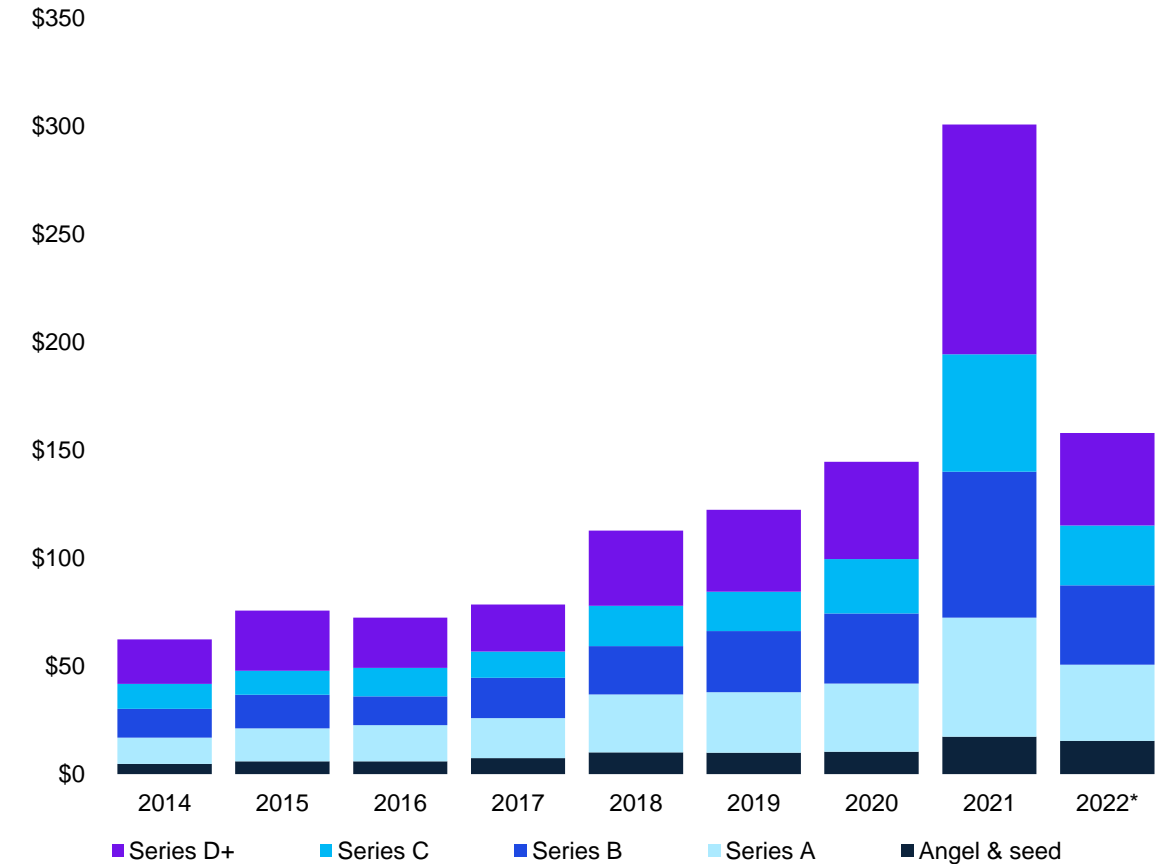
Deal share by series in the US

2014–2022*, number of closed deals



Deal share by series in the US

2014–2022*, VC invested (\$B)

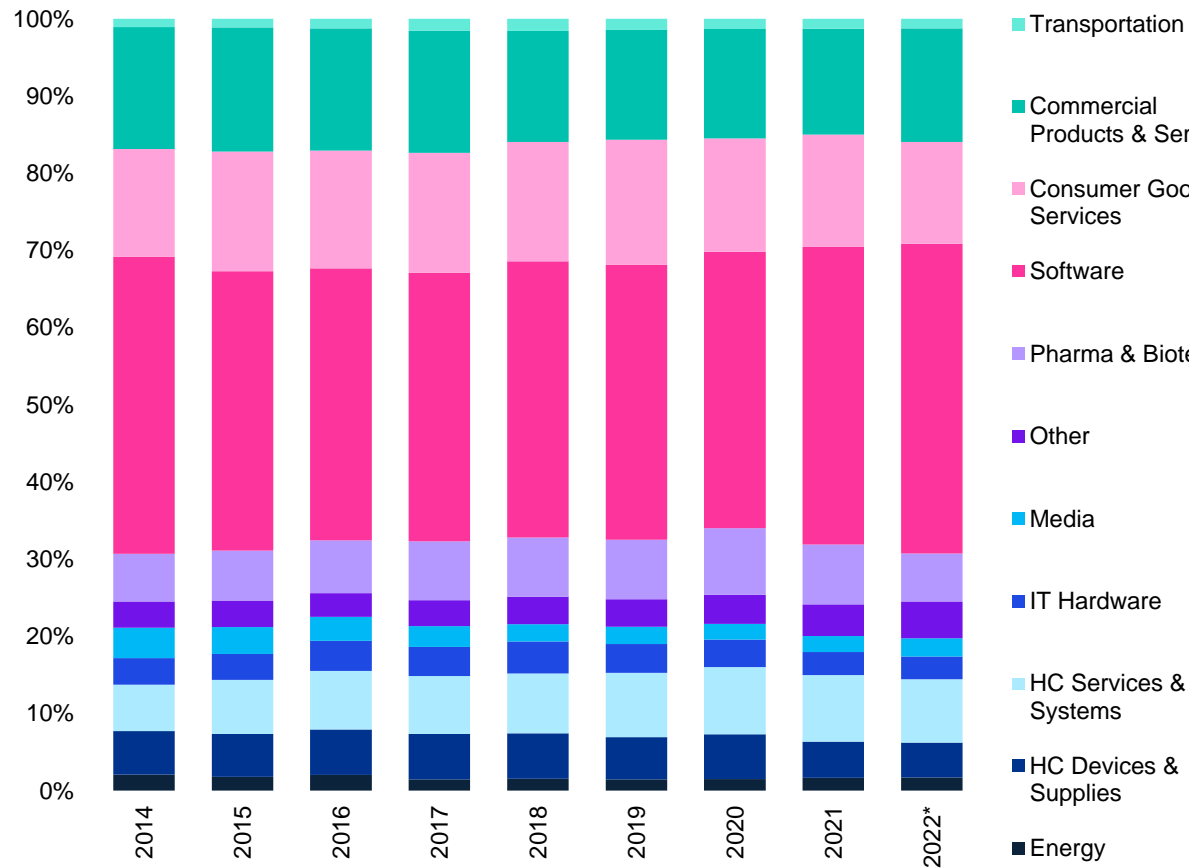


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Sector trends largely hold steady; energy sees growth

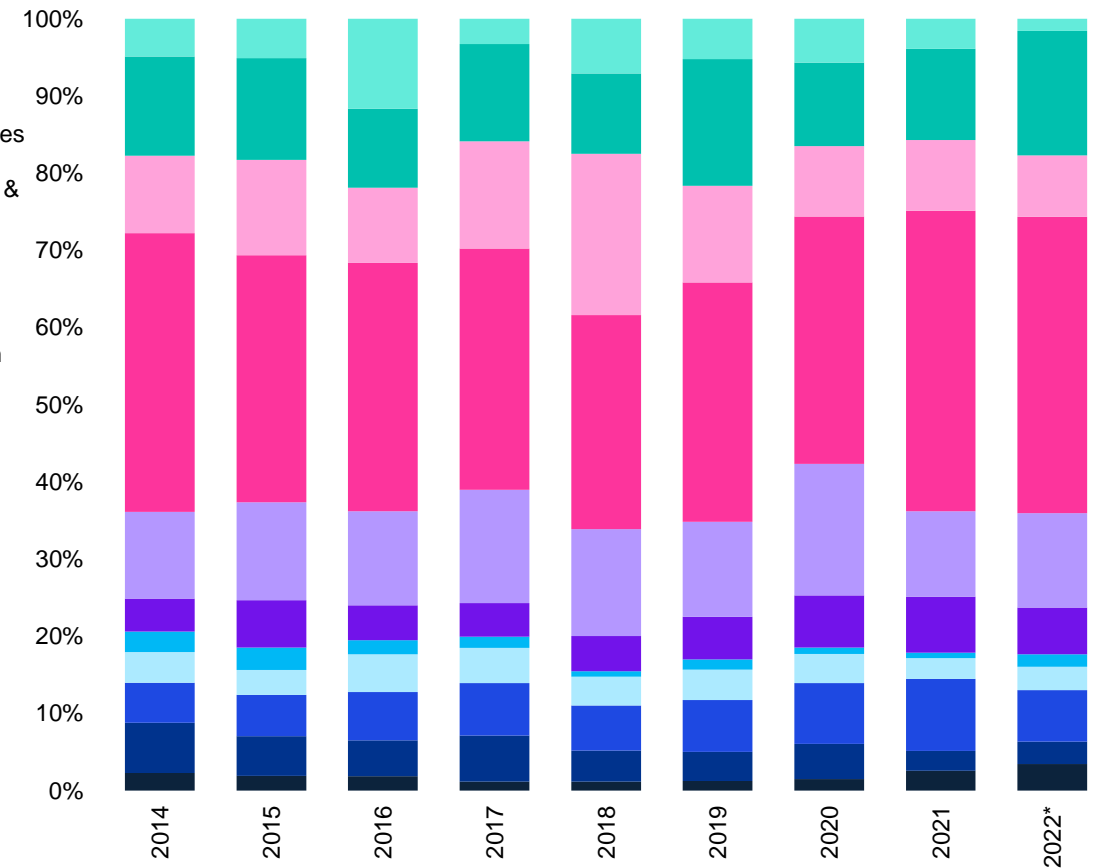
Venture financing by sector in the US

2014–2022*, number of closed deals



Venture financing by sector in the US

2014–2022*, VC invested (\$B)

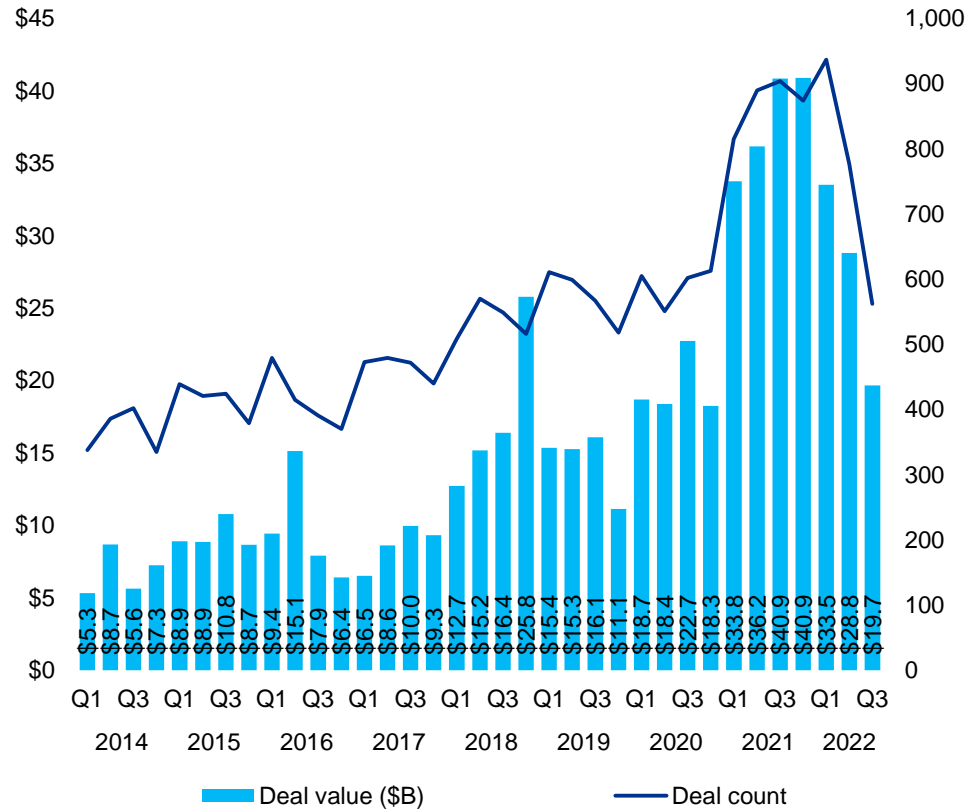


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

First-time financings still hold strong

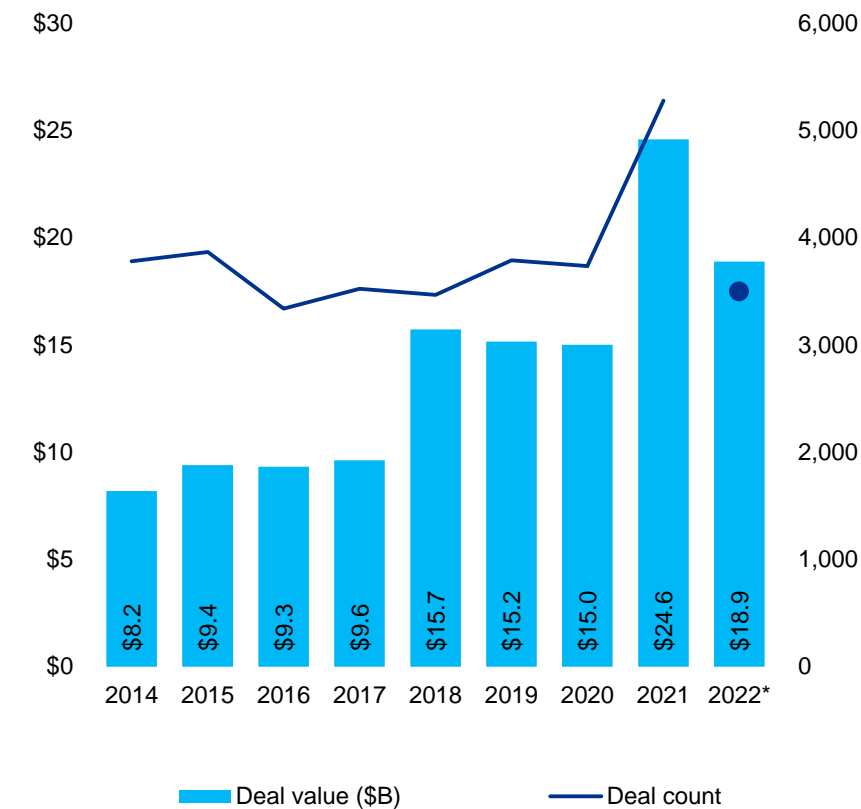
Corporate participation in venture deals in the US

2014–Q3'22



First-time venture financings of companies in the US

2014–2022*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“Over the course of 2022 we’ve seen strong fundraising by the venture funds themselves as investors continue to view the venture capital ecosystem as a relatively attractive asset class. However, while VC’s have raised larger funds, there are fewer of them — as many of the existing funds are increasingly combined into a single entity.”

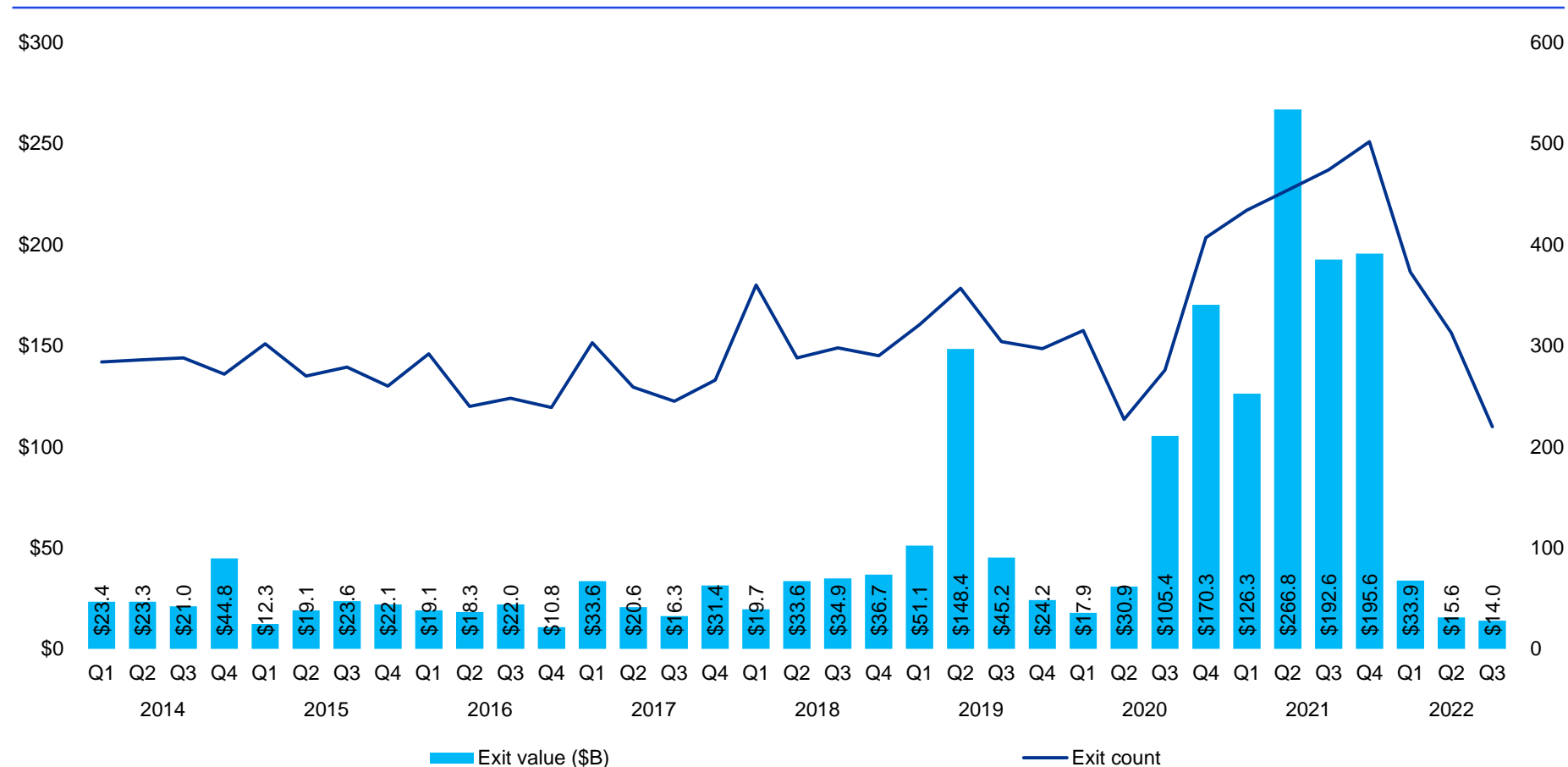


Peter Kehrl
Partner
KPMG in the US

Exits continue to skid further downward

Venture-backed exit activity in the US

2014–Q3'22



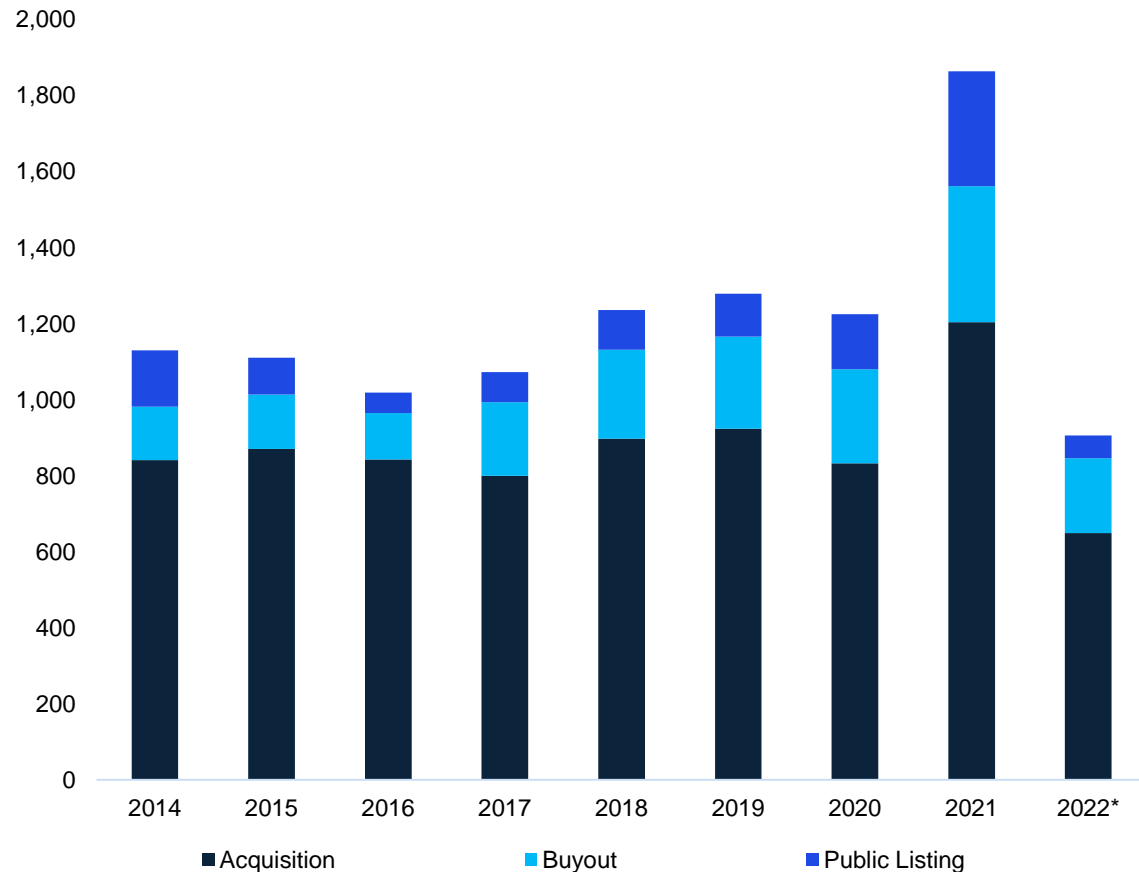
After the lofty heights of exits in 2020 and 2021, a potentially likely regression has now developed further into a skid, with exit volume falling precipitously alongside quarterly aggregate exit values. It is difficult to attribute such a decline to anything other than companies' and investors' response to market volatility and general caution amid a turbulent economic landscape. Players are essentially waiting to assess conditions further and also get clearer data on what the future holds for economic growth and geopolitical headwinds.

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

M&A remains most prolific route in ongoing slump

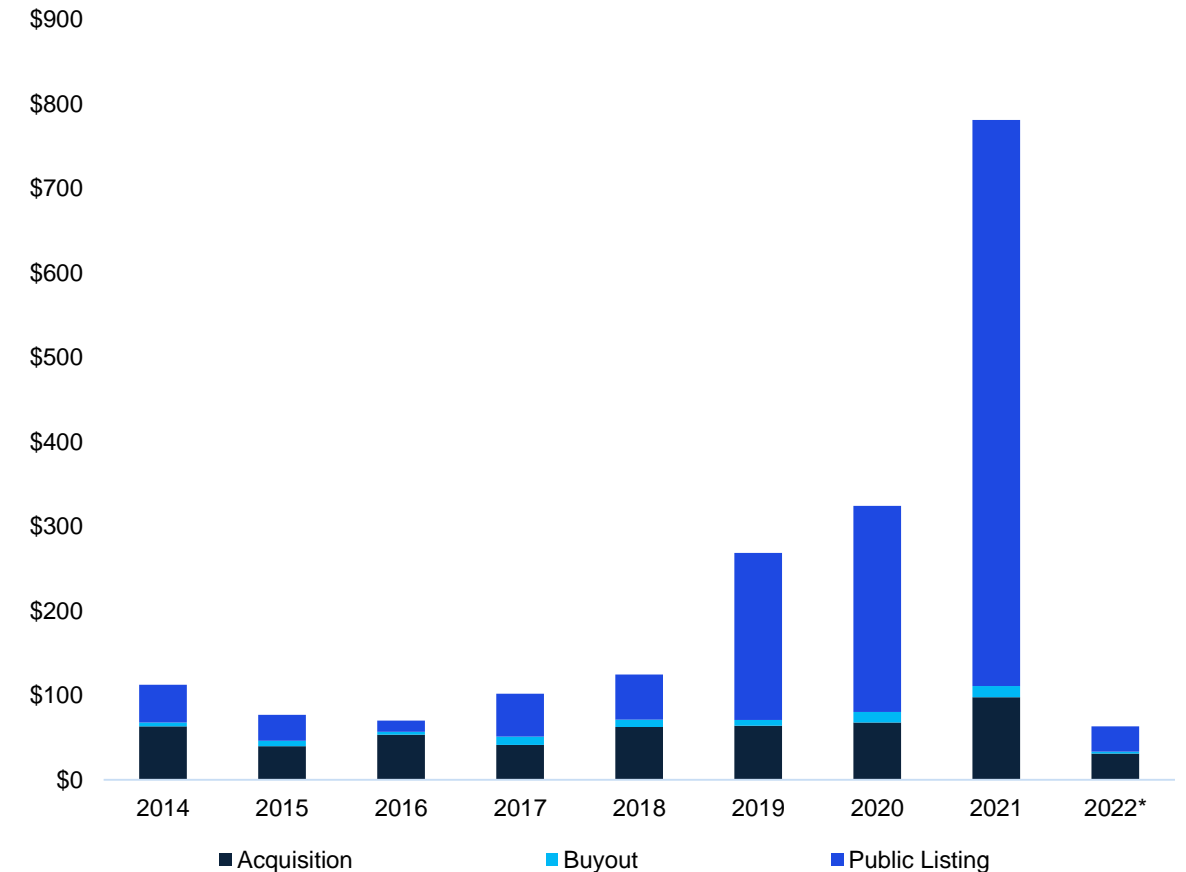
Venture-backed exit activity (#) by type in the US

2014–2022*



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

2014–2022*

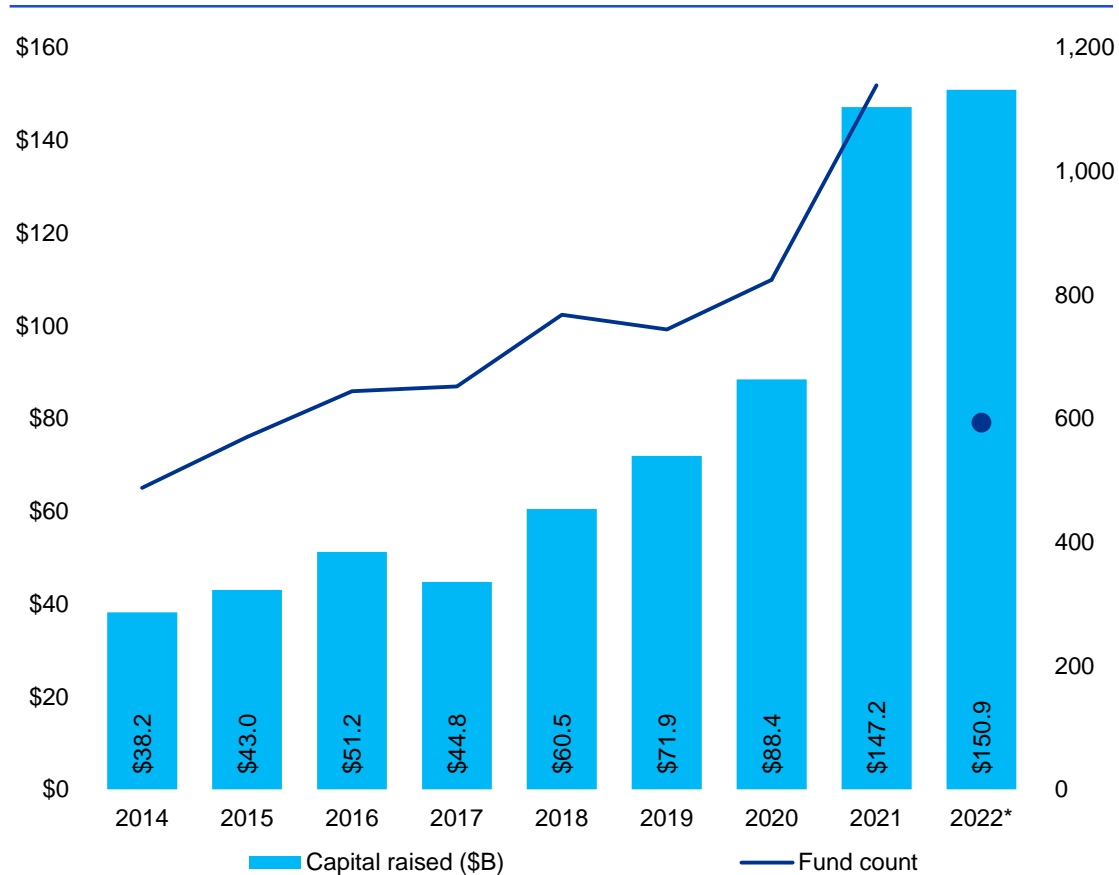


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

2022 hits new all-time high for capital commitments

US venture fundraising

2014–2022*



Regardless of budding concerns around the asset class's performance durability, capital allocators continue to pledge commitments to VC fund managers at such a clip that 2022 has already set a single-year record for funds raised. Given the slowdown in the number of funds closed, it is clear that larger, more experienced managers are attracting the bulk of dollars committed.

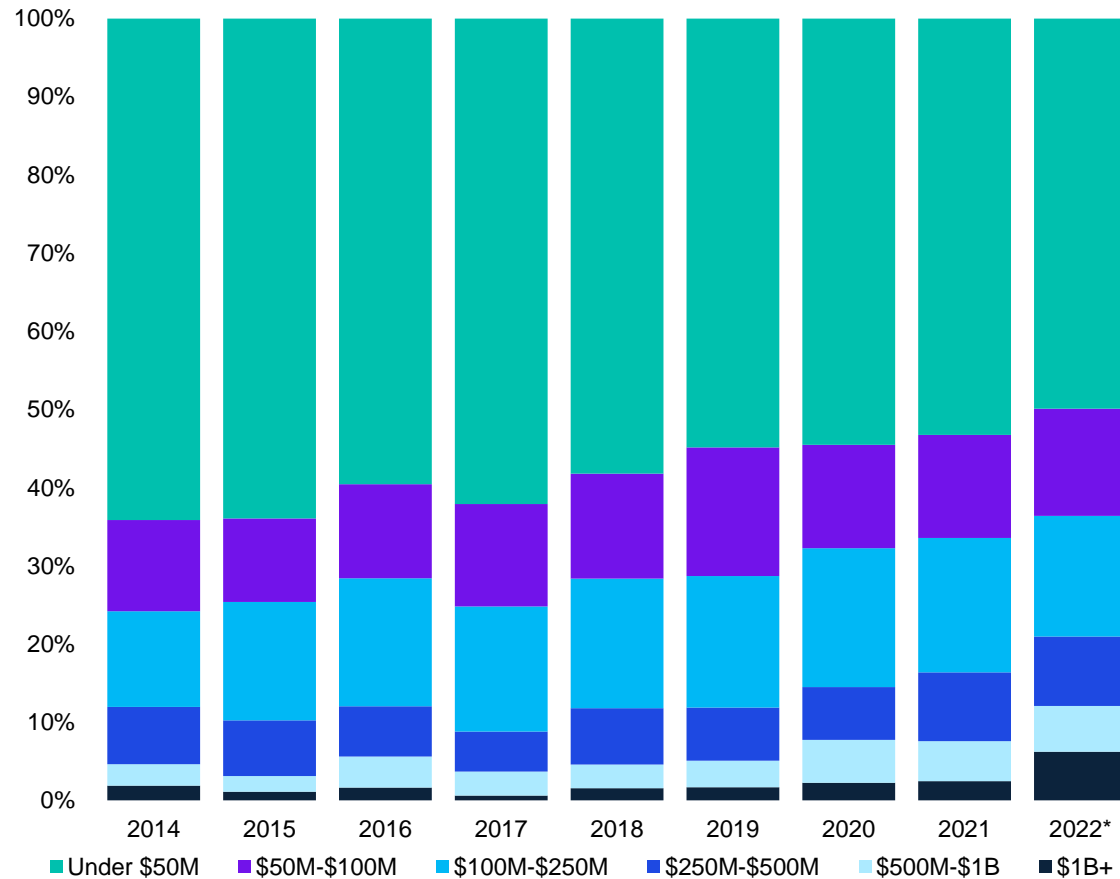
... even as fundraising volume has slowed somewhat, **2022 has already set a new high for capital committed, surpassing \$150 billion.**

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Mega-funds continue to find no trouble closing

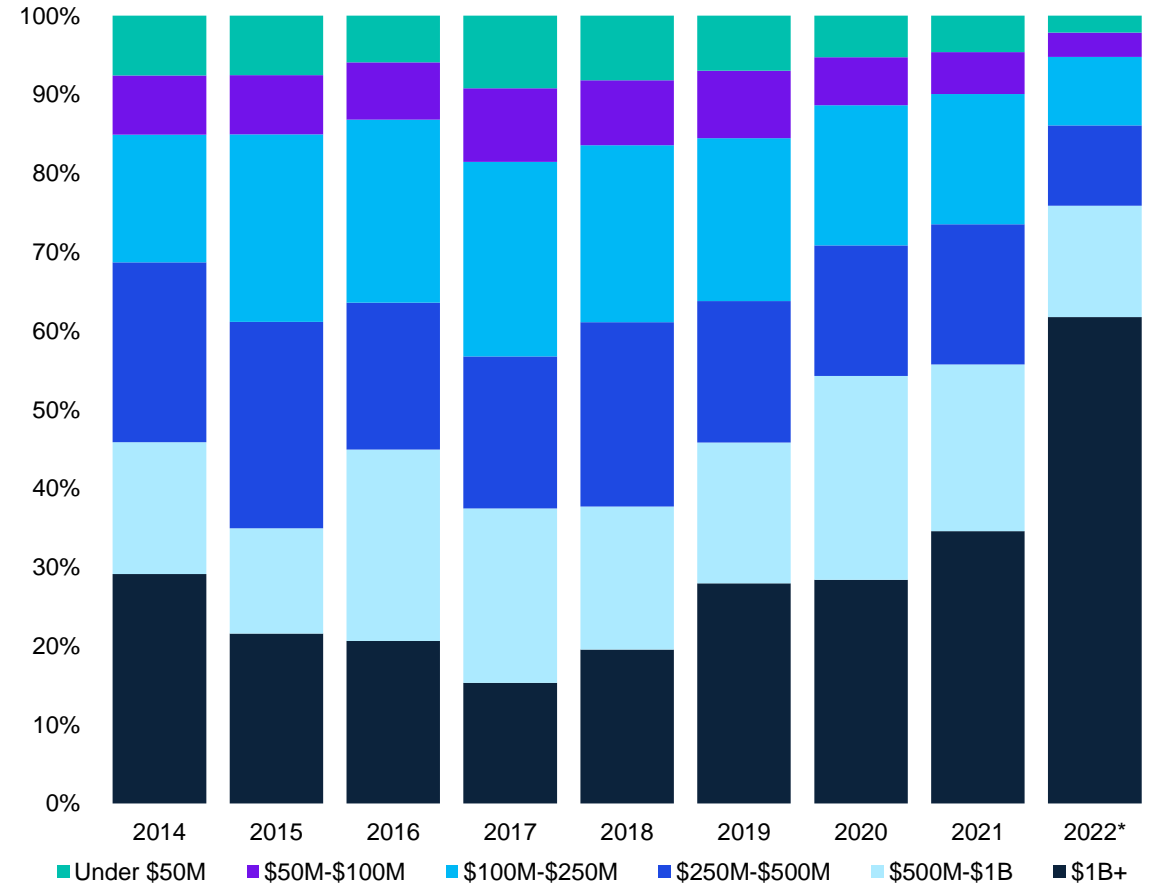
Venture fundraising (#) by size in the US

2014–2022*



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

2014–2022*

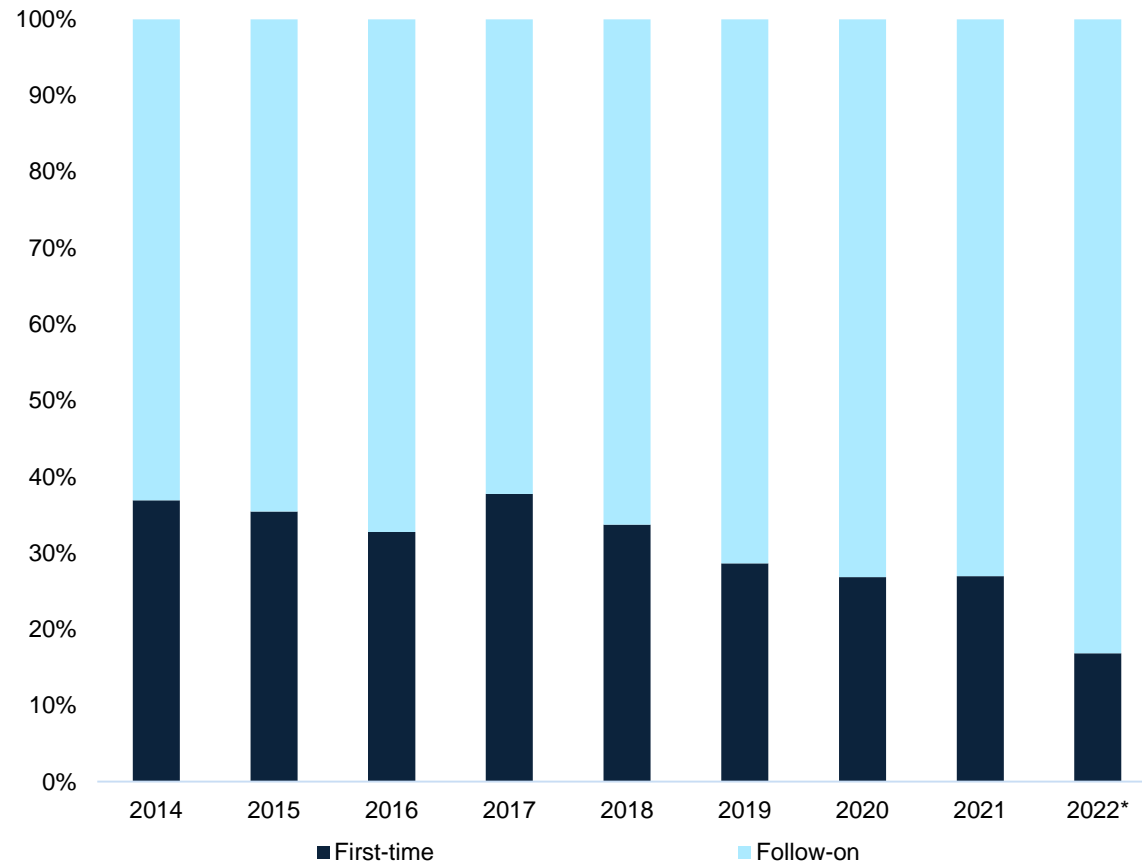


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Expertise is increasingly prized in the current market

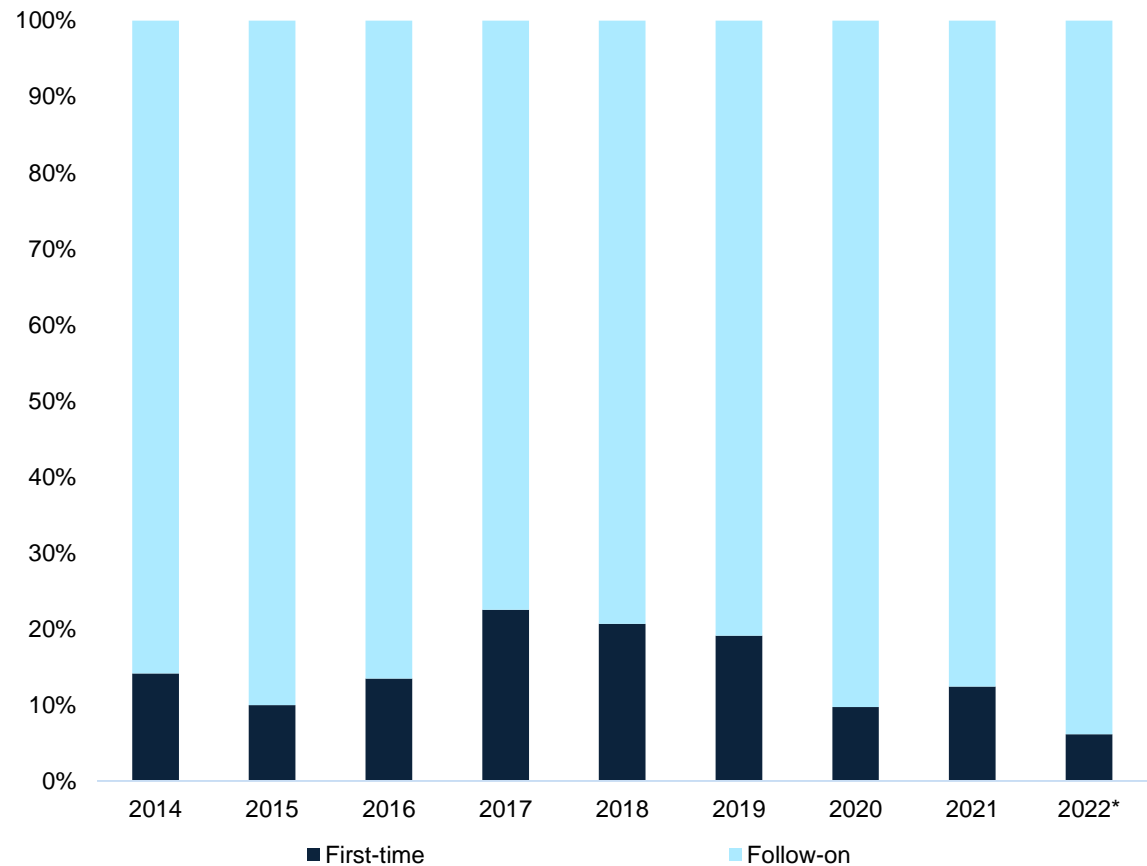
First-time vs. follow-on funds (#) in the US

2014–2022*



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

2014–2022*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

**In Q3'22, VC-backed
companies in the
Americas raised
\$45.6B across
3,368 deals**

VC investors across the Americas become more cautious

VC investment declined across the Americas in Q3'22, particularly in Canada and Latin America. In the US, VC investment faltered compared to the robust highs experienced in 2021 and the first two quarters of 2022 but remained on par with 2020 levels. Numerous factors contributed to the pull back in investment, including high rates of inflation, rapidly rising interest rates, geopolitical uncertainty, and deepening concerns about a global recession.

VC investors intensify focus on revenue and profitability

VC investors across the Americas showed increasing caution with respect to their investment decisions in Q3'22, focusing significantly on profitability and prioritizing companies able to show clear revenue. Given the volatility and uncertainty in the market, VC investors also took more time to conduct due diligence and to assess and better understand business model sustainability and valuation pressures. This level of caution is expected to remain a staple of investor decision-making over the next few quarters.

Fundraising reaches new annual high with one quarter left in 2022

At the end of Q3'22, total fundraising in the Americas had already surpassed 2021's record high of \$151 billion, with \$156 billion in fundraising. The vast majority of this fundraising occurred in the US, although both Canada and Brazil also saw robust fundraising compared to historical norms. While fundraising was still strong, the pace of fundraising activity slowed during Q3'22 — with many fund managers requiring more time to capitalize new funds than was needed in recent quarters.

US attracts largest megadeals in Americas during Q3'22

VC investment in Canada and Latin America was quite subdued in Q3'22, with no VC raises greater than \$100 million. The US, however, continued to attract large megadeals in a diversity of spaces, including space exploration (SpaceX - \$1.9 billion), energy and ESG (TeraWatt Infrastructure - \$1 billion, TerraPower - \$750 million, Xpansiv - \$400 million), and health and biotech (Biofourmis - \$320 million). Business productivity and other B2B-focused companies also saw a healthy number of \$100 million+ megadeals.

VC investors in Canada also showed interest in the energy and ESG and health and biotech sectors, although deal sizes were much smaller than those seen in the US. In the biotech space, radiotherapeutics company AtomVie and drug discovery company Sanotize raised \$40 million and \$24 million respectively — while the ESG space saw green construction technology company Nexii raised \$50 million.

Startups and scaleups lay off employees, prioritize profitability

In Q3'22, startups across the Americas continued to conduct layoffs in order to reduce their cash requirements and improve their profitability in the eyes of investors. During Q3'22, US-based Groupon laid off 15% of its workforce,³ Brazil-based 2TM group — which operates the country's largest crypto exchange — laid off 15% of its workforce,⁴ and Canada-based Shopify announced plans to layoff 10% of its workforce.⁵

Late-stage companies in particular have recognized that the funding game has changed dramatically and that if they want to keep attracting investment and eventually take their business models public they need to prioritize profitability.

³ <https://chicago.suntimes.com/business/2022/8/8/23297636/groupon-plans-500-layoffs-as-its-losses-widen>

⁴ <https://brazilian.report/tech/2022/09/05/crypto-winter-mass-layoffs>

⁵ <https://www.cbsnews.com/news/shopify-layoffs-10-percent-workforce-ecommerce-retail/>

VC investors across the Americas become more cautious, cont'd.

Canada continues to attract diverse investments

While both total VC investment and the number of VC deals declined in Canada, a wide diversity of companies attracted investments during Q3'22, including greentech company Nexii (\$50 million), biotech firm AtomVie (\$40 million), and real estate services company Properly (\$27 million). The VC ecosystem in Canada also showed a strong geographic spread in Q3'22, with companies in Vancouver, Toronto, Calgary, Montreal, Ottawa, and others raising successful funding rounds.

The VC ecosystem in Alberta continued to evolve and grow in Q3'22 despite global market challenges — with both Edmonton and Calgary gaining ground as emerging tech hubs.

Trends to watch for in Q4'22

Heading into Q4'22, VC investment across the Americas is expected to remain subdued. VC investors will likely continue to focus on profitability and on companies with resilient business models given current market conditions.

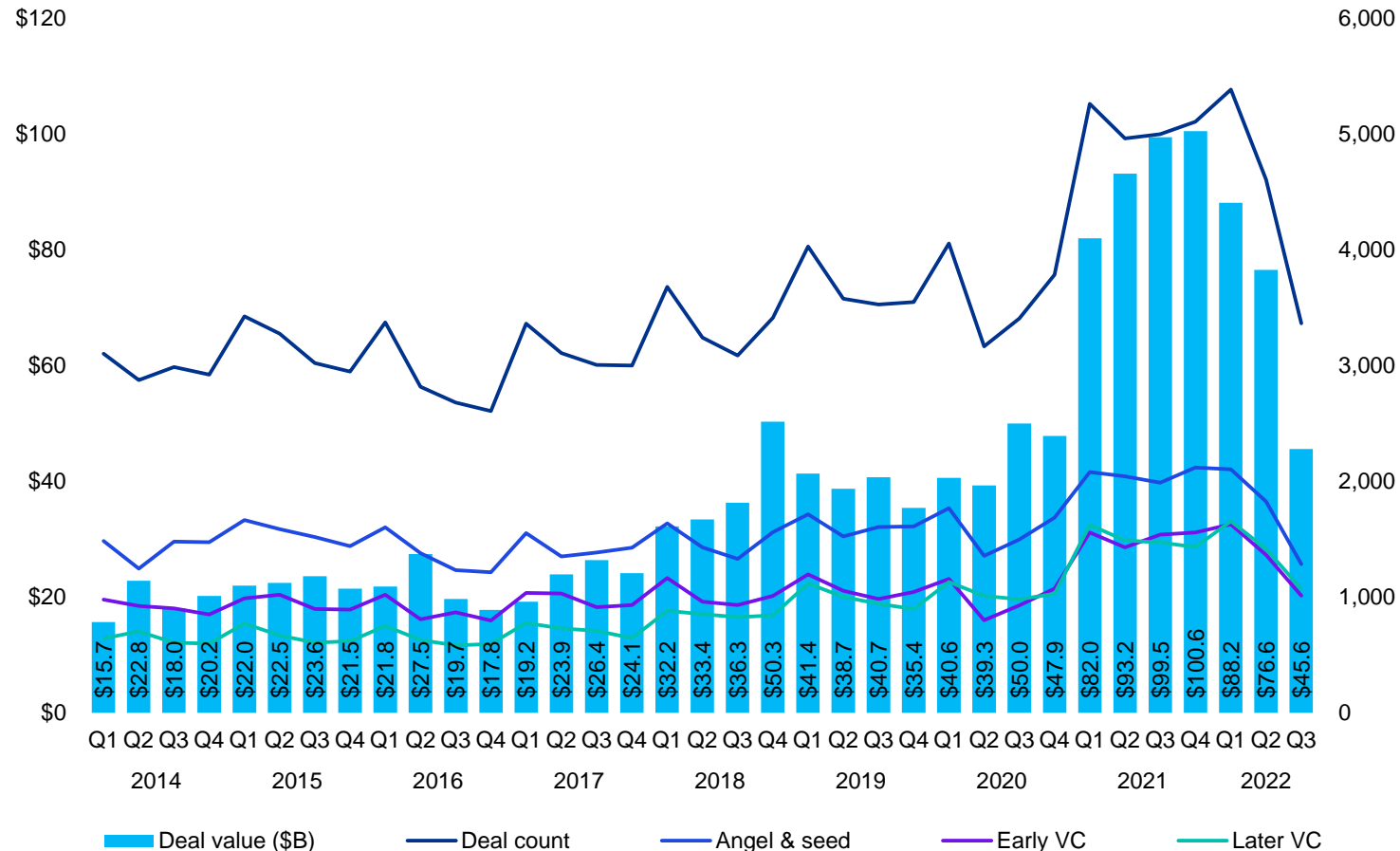
Companies focused on the B2B space, particularly those able to help companies become more efficient, are expected to remain attractive to VC investors across the Americas. Investor interest in energy and ESG solutions is also expected to continue, with a growing breadth of companies attracting investments — including those focused on alternative energy production, energy storage, energy efficiency, and electric vehicles.

As larger startups in the Americas continue to layoff employees, there will likely be an influx of skilled tech talent into the available workforce. This could help alleviate some of the talent crunch for startups that have been unable to find the tech talent they need to grow or drive innovation.

After initial strength, investment finally declines

Venture financing in the Americas

2014–Q3'22



All in all, dealmaking in the Americas has slowed back to historical averages after the record-breaking run across all of last year and the first half of 2022. However, even with figures being revised up somewhat in coming months as more undisclosed data is surfaced, the decline in both VC invested and tally of completed deals is clear. Investors are growing more cautious.

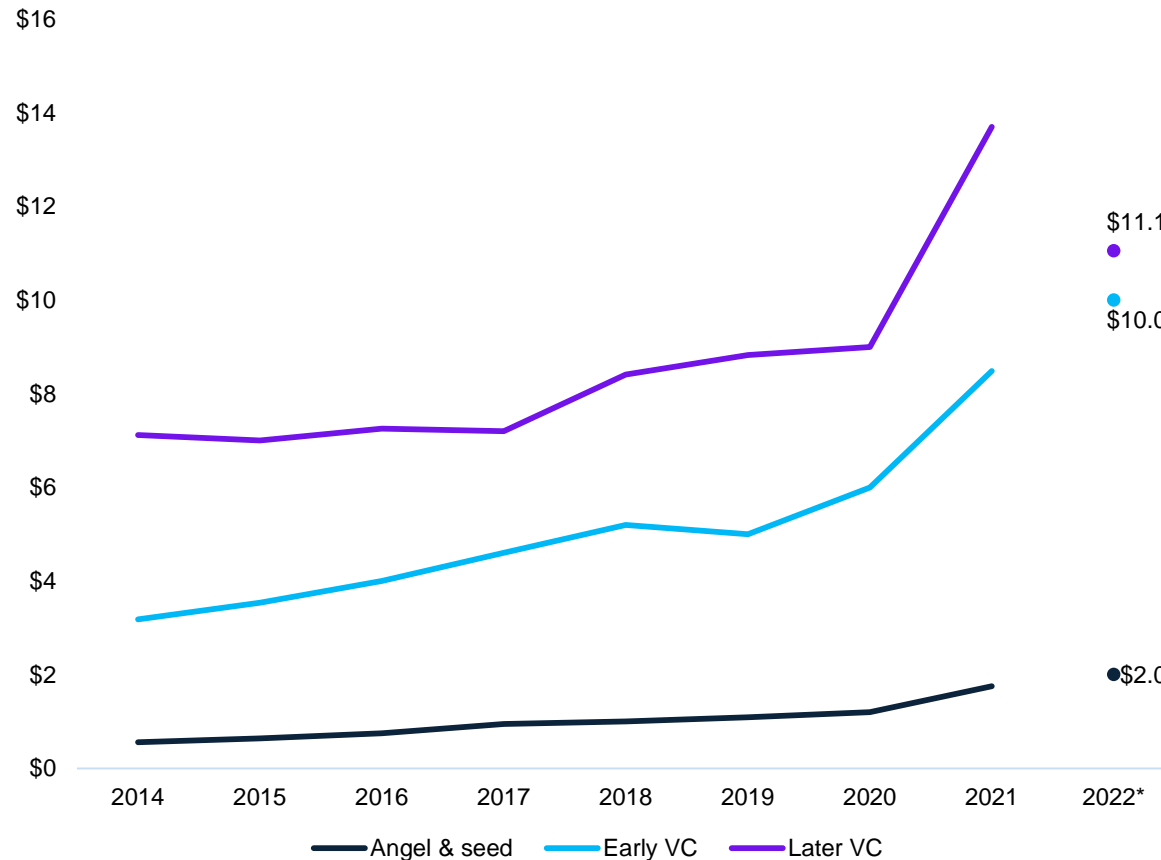
... although figures are still healthy compared to even 2020 levels, 2022 continues to see softening in the pace of dealmaking overall, although only back to relatively healthy historical averages.

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

As the late-stage softens, up rounds still dominate

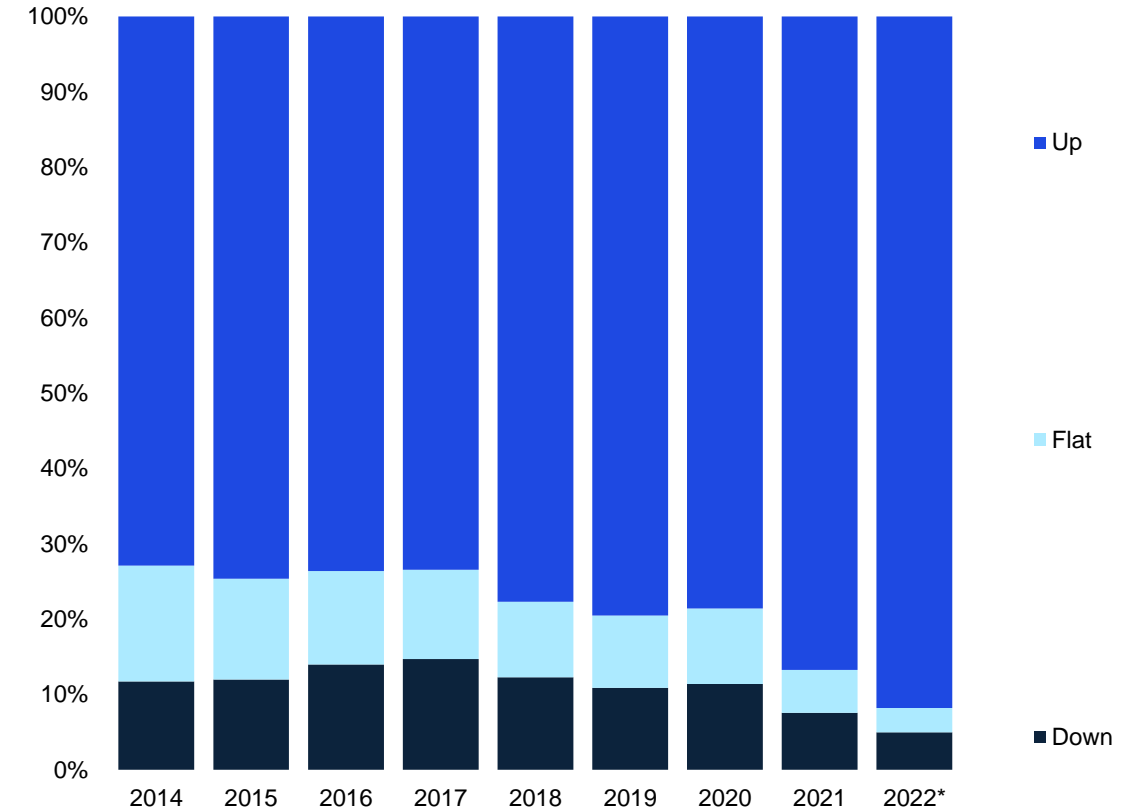
Median deal size (\$M) by stage in the Americas

2014–2022*



Up, flat or down rounds in the Americas

2014–2022*

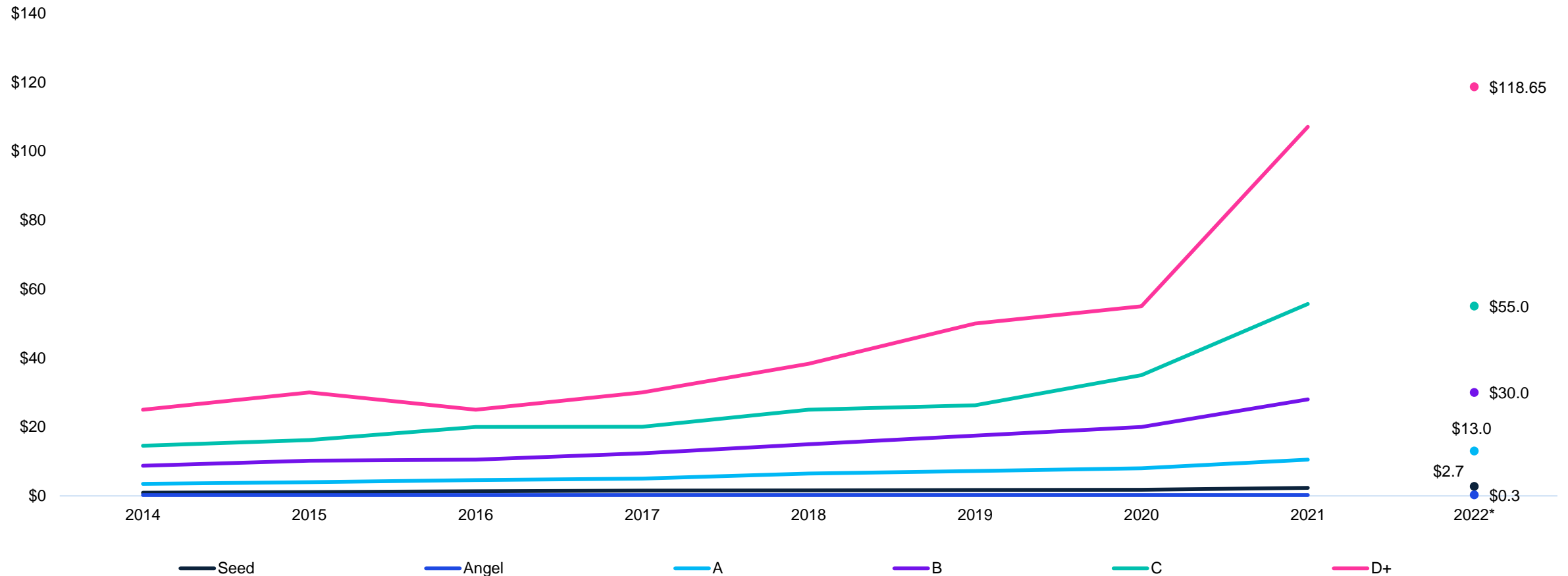


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Financing sizes remain bolstered by dry powder levels

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

2014–2022*

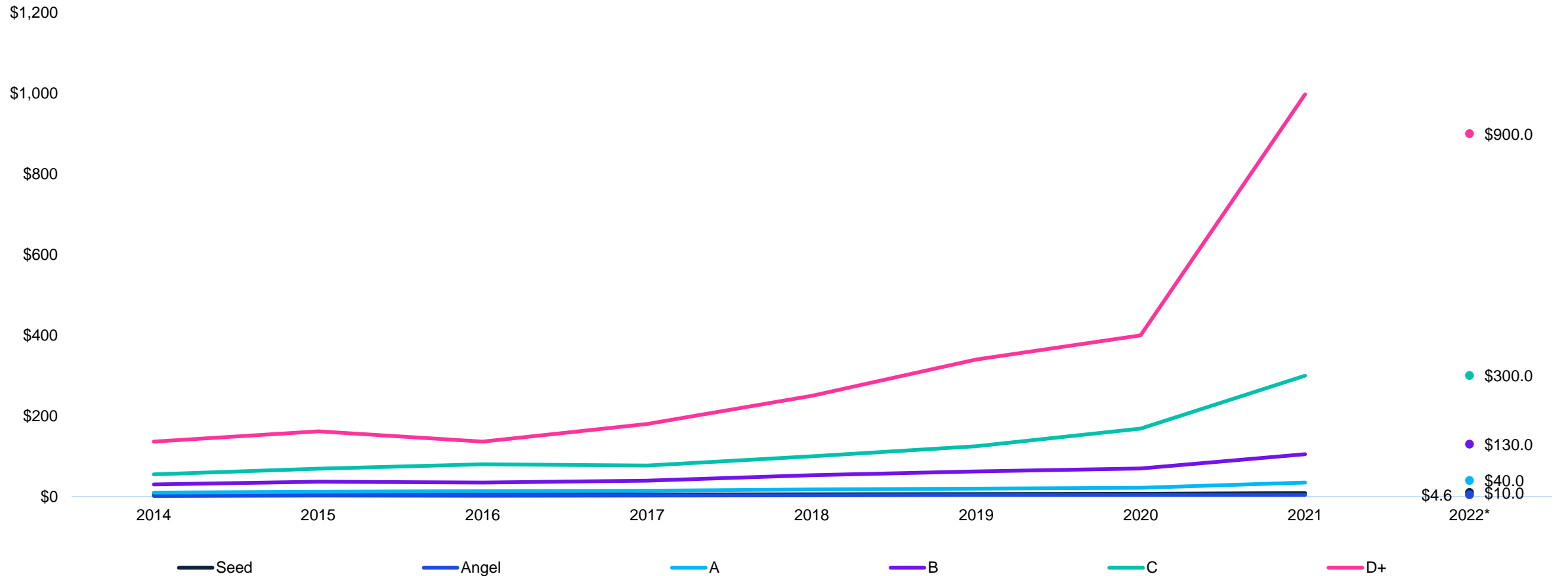


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Valuations have yet to slide meaningfully

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

2014–2022*

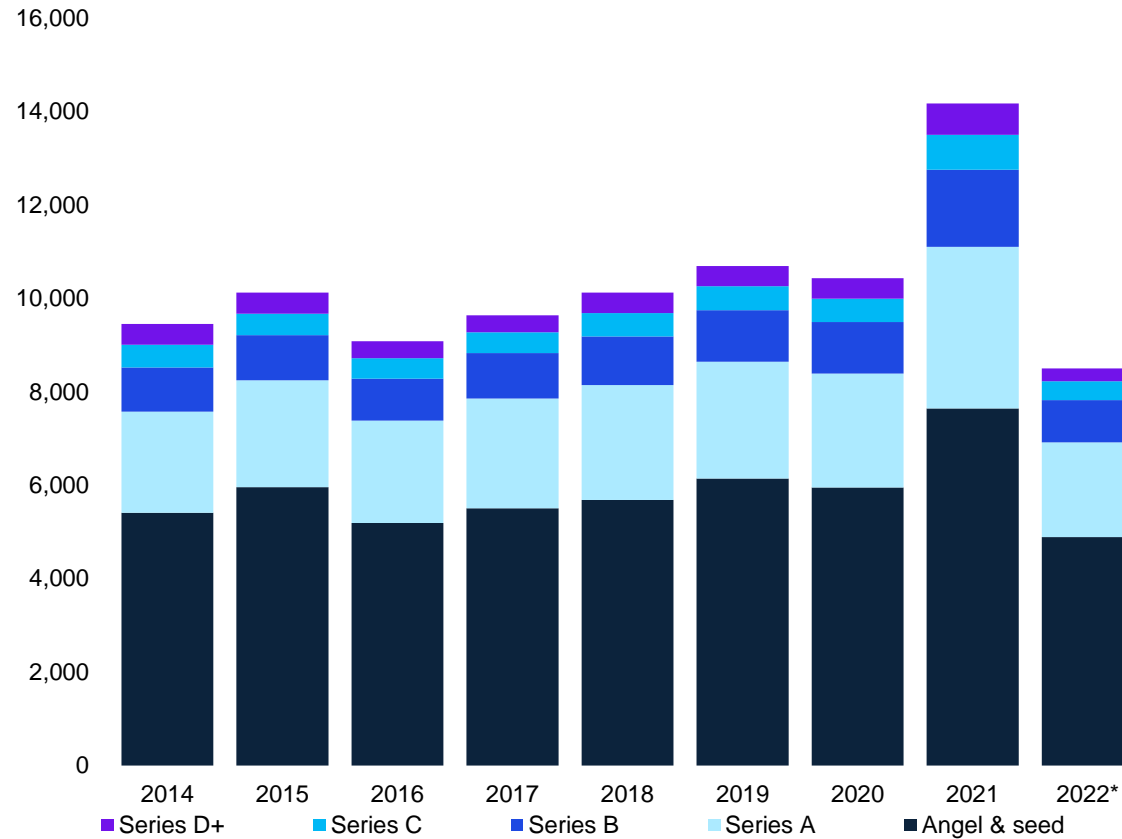


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Angel and seed invested levels remain healthy

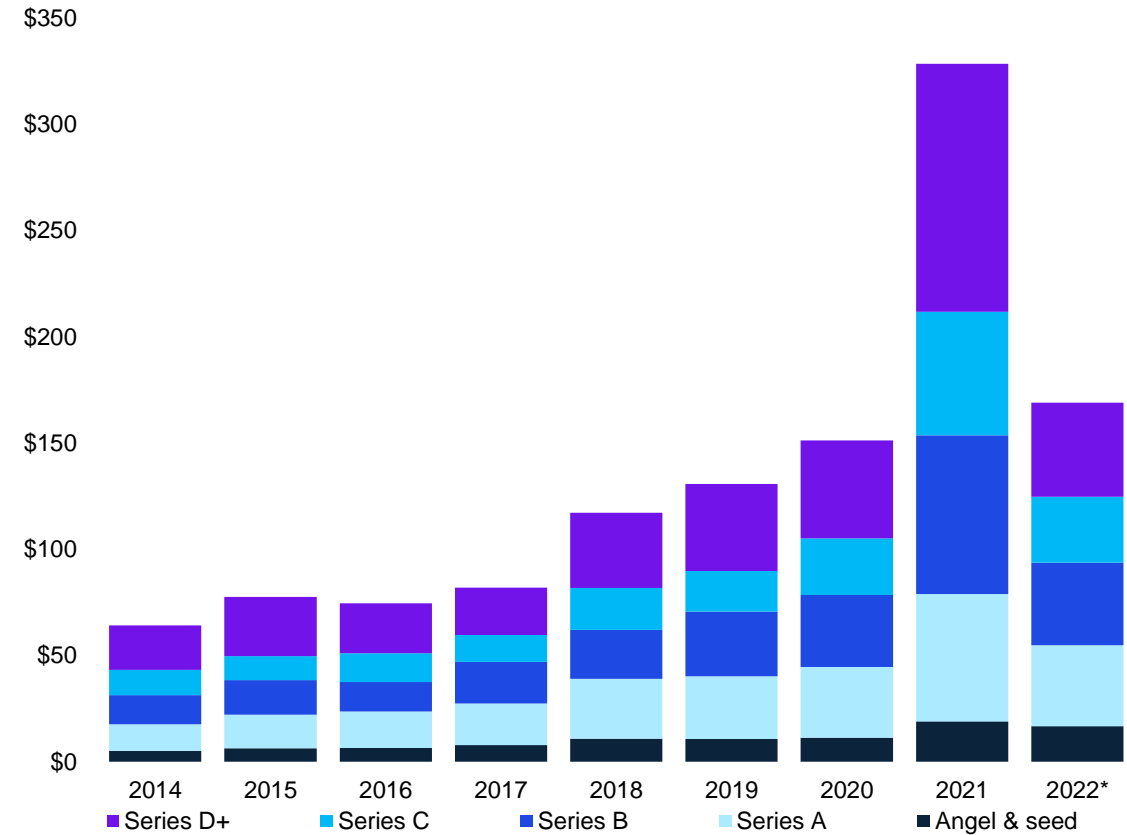
Deal share by series in the Americas

2014–2022*, number of closed deals



Deal share by series in the Americas

2014–2022*, VC invested (\$B)

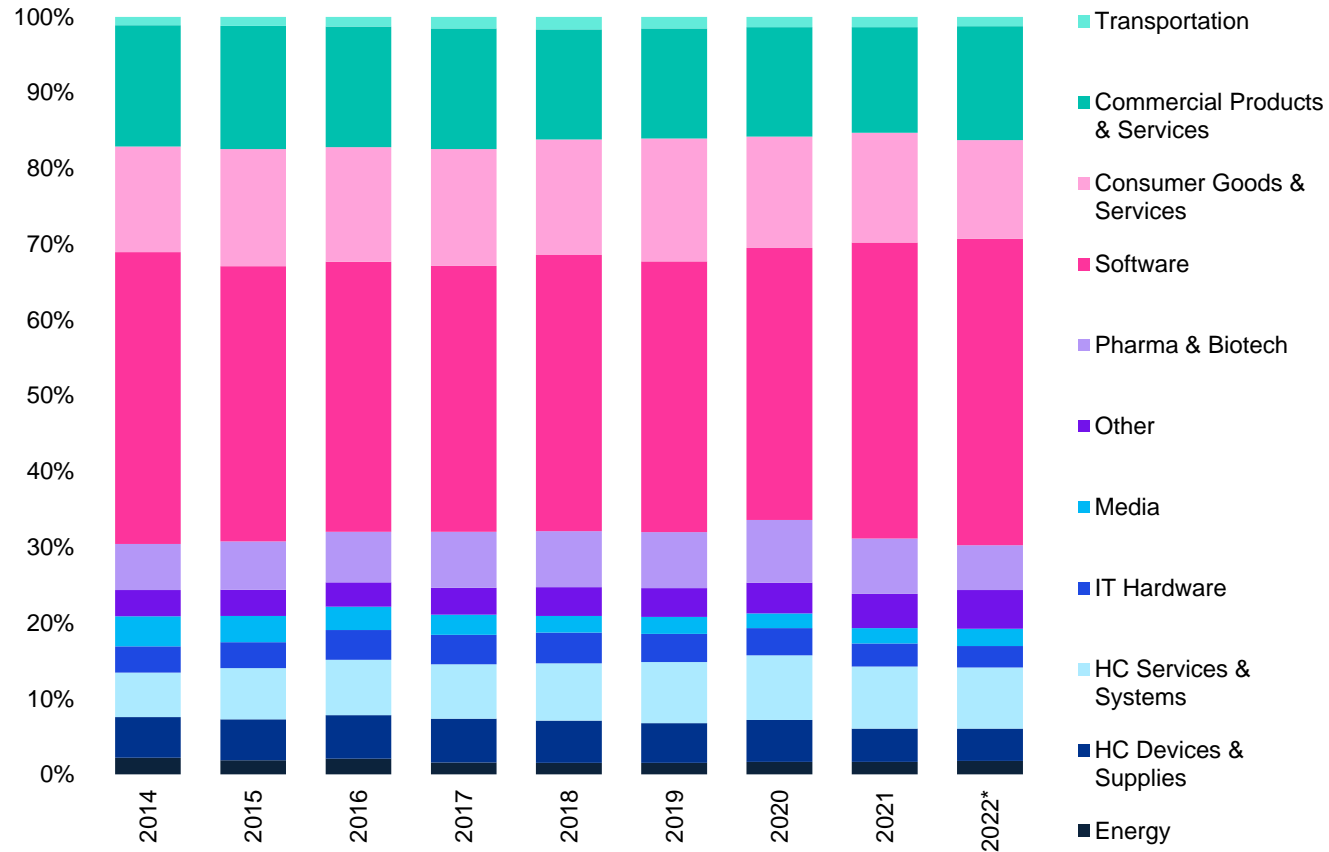


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

In volatile climate, capital-light or trendy sectors remain popular

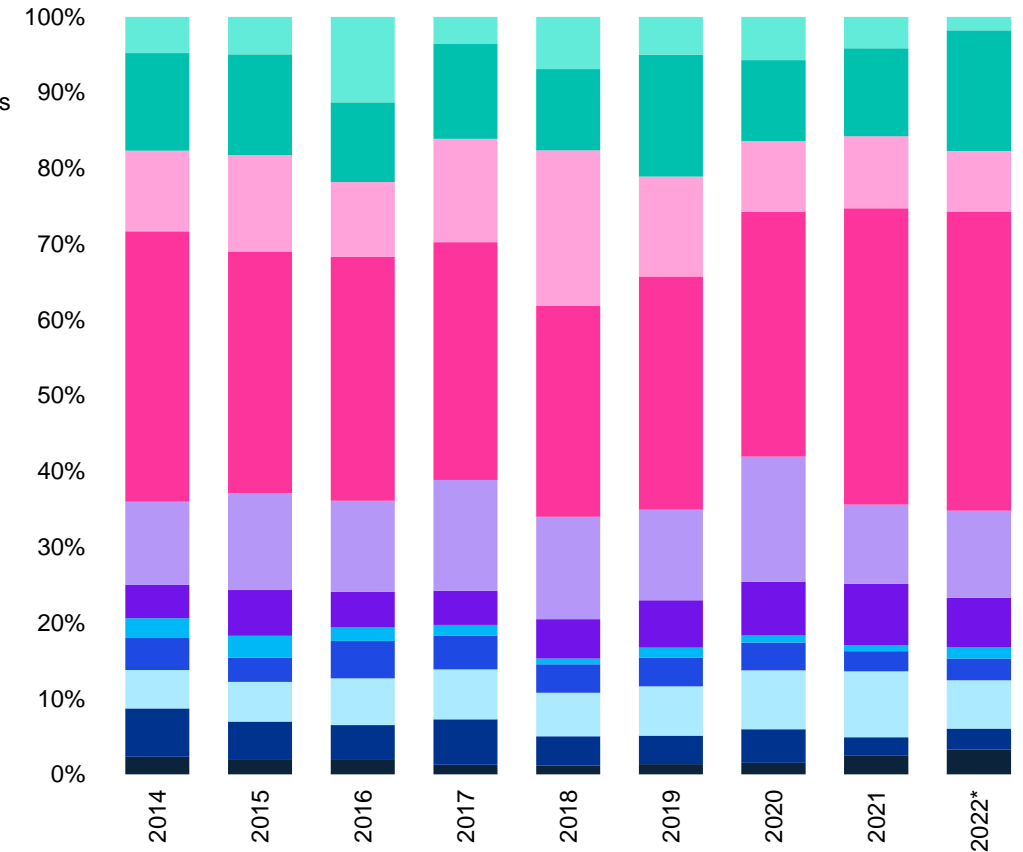
Venture financing of VC-backed companies by sector in the Americas

2014–2022*, # of closed deals



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

2014–2022*, VC invested (\$B)

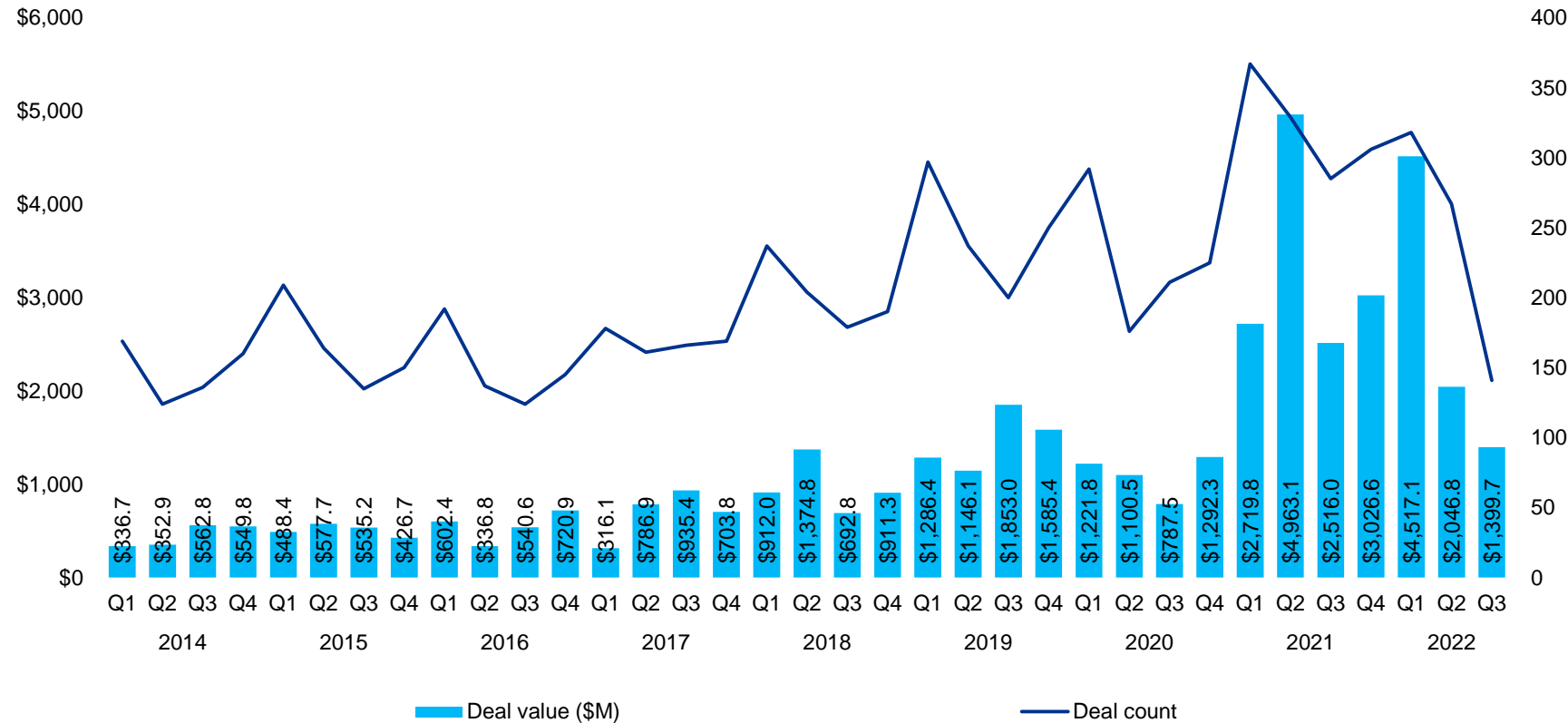


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Canadian financing volume continues to diminish

Venture financing in Canada

2014–Q3'22



“ VC investment in Canada was softer this quarter as deals took longer to complete, but the variety of deals was very positive — reflecting industries from climatetech and broadcasting to edtech and real state. The ecosystem here is also very strong. In addition to the usual suspects of Toronto, Vancouver, and Montreal, Alberta has seen incredible growth this year. Moncton, St. Johns, and Halifax are also seeing more tech activity. This will bode well for VC investment here long-term. ”



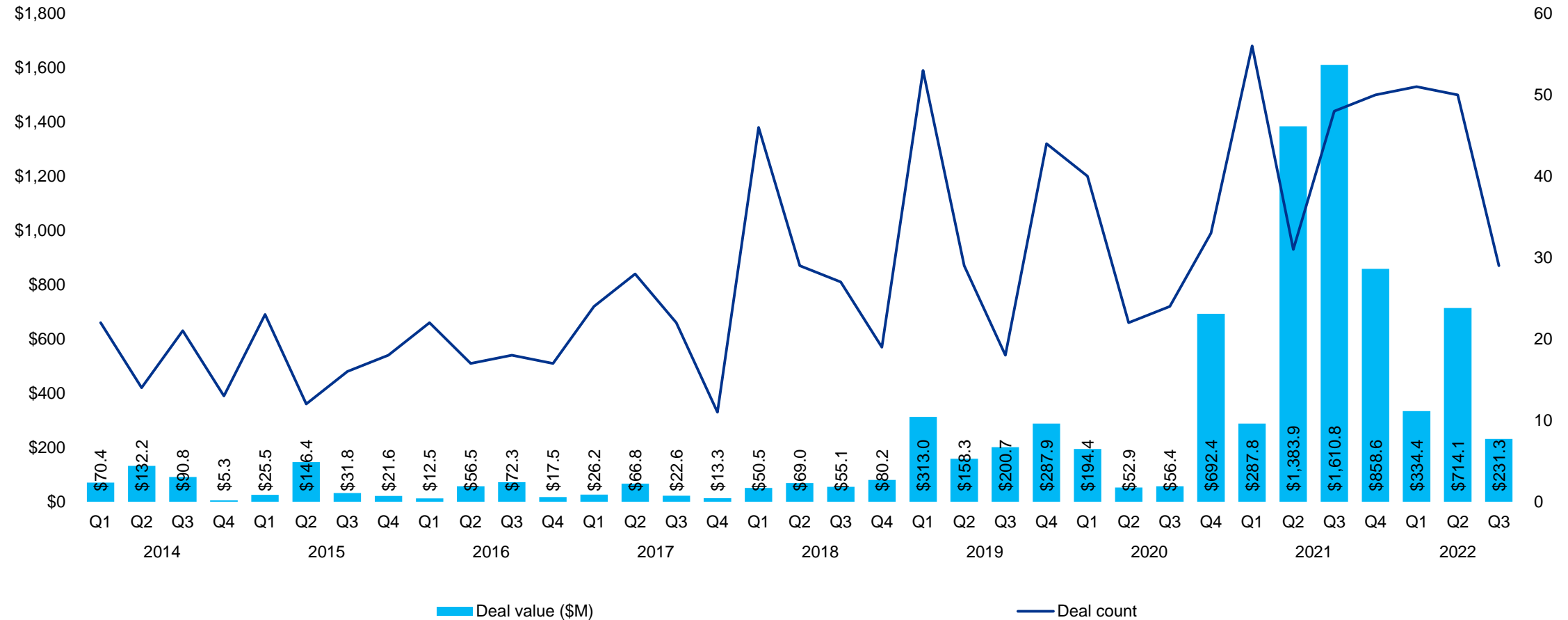
Sunil Mistry
 Partner, KPMG Private Enterprise,
 Technology, Media &
 Telecommunications (TMT)
 KPMG in Canada

#Q3VC

Mexico sees a quarterly dip after relative health

Venture financing in Mexico

2014–Q3'22

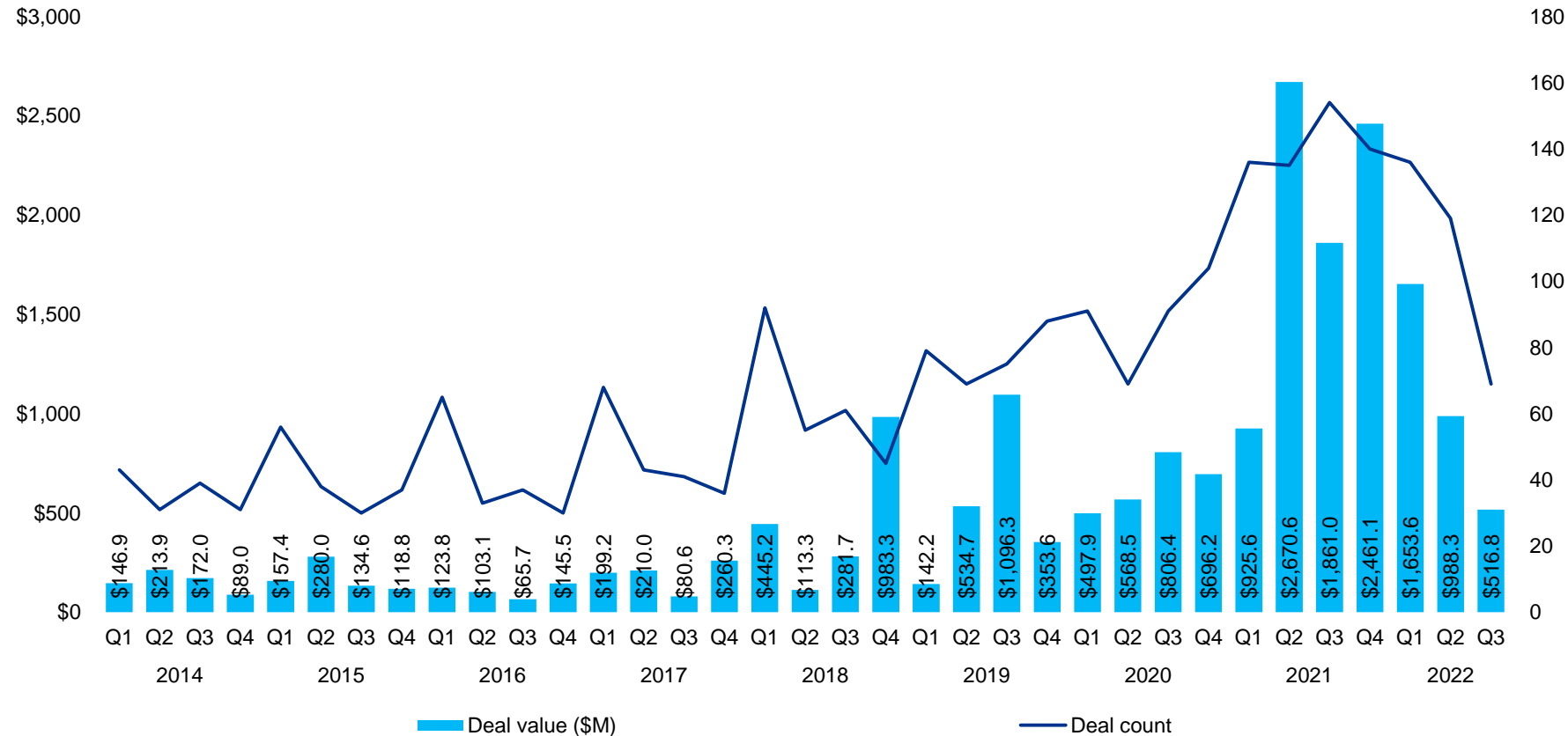


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Brazilian venture market sees a diminution similar to elsewhere

Venture financing in Brazil

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“As expected and similar to other geographies, VC activity in Q3 in Brazil has softened compared to previous quarters and 2021. Deal activity was concentrated in the financials and insurance, data analytics for B2B marketing and sales, and green economy sectors. Liquidity and cautiousness are expected to remain in the agenda of VC fund managers in the near future.”

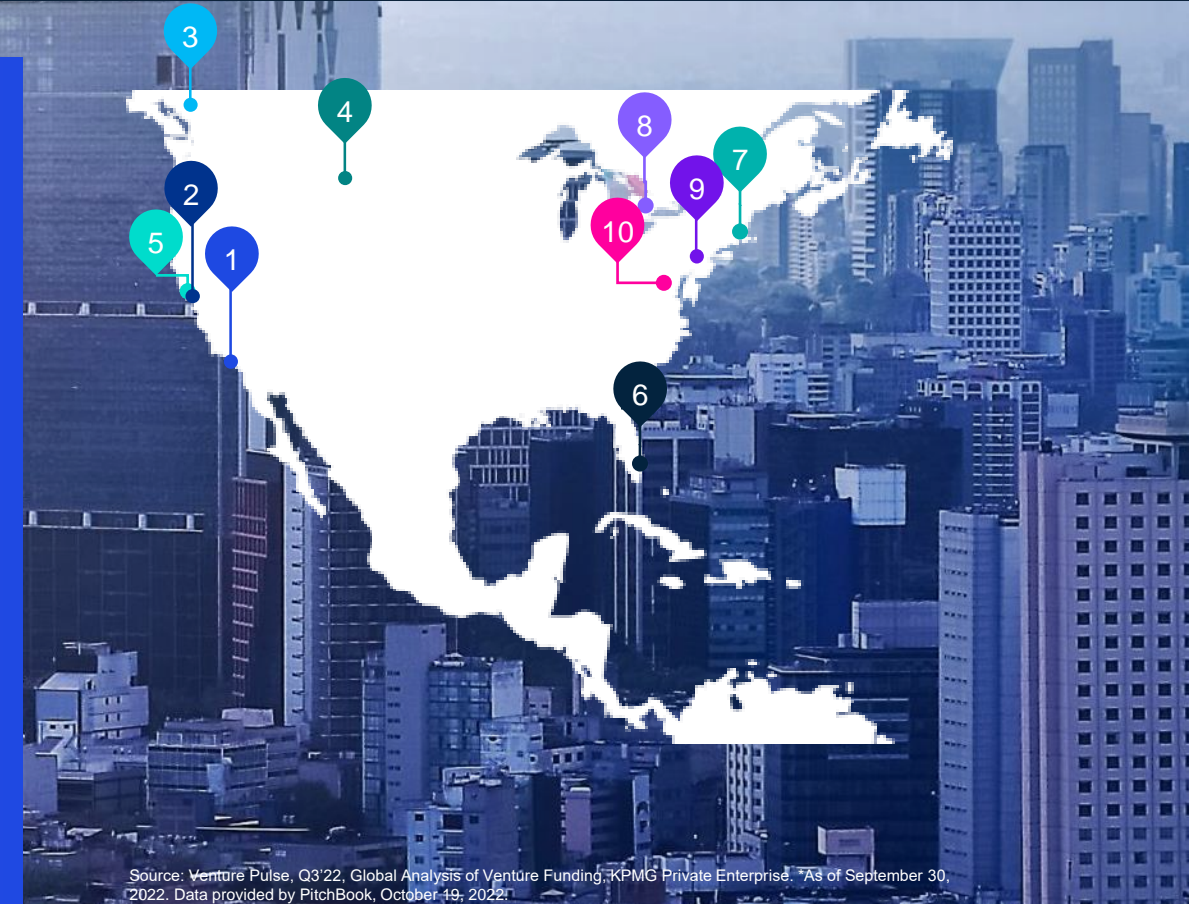


Rodrigo Guedes
Managing Director
KPMG in Brazil

Fintech and cleantech remains popular in Q3

Top 10 financings in Q3'22 in Americas

1. **SpaceX** — \$1.9B, Hawthorne, US — Aerospace — *Late-stage VC recapitalization*
2. **TeraWatt Infrastructure** — \$1B, San Francisco, US — Climate tech — *Series A*
3. **TerraPower** — \$750M, Bellevue, US — Cleantech — *Late-stage VC*
4. **Juro System** — \$500M, Sheridan, US — Fintech — *Early-stage VC*
5. **Xpansiv** — \$400M, San Francisco, US — Cleantech — *Late-stage VC*
6. **Flow (Miami)** — \$350M, Miami, US — Real estate — *Early-stage VC*
7. **Biofourmis** — \$320M, Boston, US — Healthtech — *Series D*
8. **Ratio Payments** — \$317.4M, Toronto, Canada — Payments — *Early-stage VC*
9. **Power** — \$316.1M, New York, US — Fintech — *Seed*
10. **Pie Insurance** — \$315M, Washington D.C., US — Fintech — *Series D*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise, *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

**In Q3'22, European
VC-backed companies
raised \$18.7B across
1,920 deals**

VC investment in Europe drops to seven-quarter low

Europe saw VC investment fall to its lowest level in seven quarters during Q3'22, amidst continued geopolitical uncertainty, inflationary pressures, and rapidly rising interest rates. Rapidly rising energy costs, concerns about a potential recession, and the ongoing war between Russia and the Ukraine also had a major impact on investor sentiment and VC funding in the region.

B2B and energy attract big funding rounds in Europe

B2B-focused companies attracted major interest from VC investors in Europe during Q3'22, led by a \$1.4 billion raise by Germany-based business productivity firm Celonis. Given the very real energy crisis in Europe exacerbated by the Ukraine conflict, interest in alternative energy and energy storage was also very high. The sector attracted a number of large deals, including a \$1.1 billion raise by Sweden-based Northvolt — the second largest raise of the quarter in the region.

VC investment in cybersecurity sector remains hot

While a number of sectors saw declining investment in Europe during Q3'22, VC investors continued to show strong interest in cybersecurity. Companies focused on managed services were particularly attractive to VC investors, in addition to those focused on helping companies consolidate their ability to identify, address, and manage cyber threats and concerns.

Israel continued to be a strong hub for cybersecurity investment in Europe, with network management companies Talon and Cymulate raising \$100 million and \$70 million respectively during Q3'22.

Corporate VC investment in Europe falls

Corporate VC investment in Europe dropped substantially in Q3'22 amid concerns around inflation and a possible recession. With inflation expected to remain high over the next few quarters, this concern is only expected to intensify as corporates feel the pressure of rising labor costs and capital expenditures. Strategic investments will likely be the primary driver of corporate investment heading into Q4'22. Some well-capitalized corporates may also look for opportunities to make strategic acquisitions at bargain prices.

UK sees steep drop in VC investment and deals volume

After six robust quarters, both VC investment and the number of VC deals in the UK dropped considerably in Q3'22. The consumer and retail space saw the sharpest decline as VC investors turned their attention away from the companies in the sector regardless of deal stage in favor of those focused on business productivity, digital enablement, and B2B fintech solutions. Interest in healthtech also remained strong during Q3'22, with the continued growth and expansion of healthtech clusters across the country. The diversity of healthtech offerings — from therapeutics and medtech to the future of healthtech delivery — likely had a role in the sector's resilience.

Given the declining value of the British pound, the UK is starting to see growing interest from overseas investors looking for attractive deals. This could spur additional investment and M&A activity heading into Q4'22 and Q1'23.

Germany's VC market shows some resilience in Q3'22 despite concerns

VC investment in Germany remained solid relative to historical norms in Q3'22, led by a \$1.4 billion raise by business productivity company Celonis and a \$400 million raise by insurtech Wefox. B2B focused companies attracted the most attention during the quarter, while companies in the B2C space — including grocery delivery and consumer focused fintech — saw a strong pullback from investors. Corporate VC investment in Germany remained relatively strong in Q3'22, particularly in mature sectors like automotive and financial services where the pressure to innovate their business models continued to be high.

Many startups and scaleups in Germany that were considering IPOs early in the year have now pushed plans back significantly. This will likely lead some to seek bridge financing, whether through a traditional VC raise or by using debt financing in the case of those unable to attract interest or who want to avoid or delay a potential down round.

VC investment in Europe drops to seven-quarter low, cont'd.

Nordic region bucks downward investment trend, driven by Northvolt and Klarna raises

Within Europe, only the Nordic region showed an increase in funding quarter-over-quarter, propelled primarily by two large deals: a \$1.1 billion raise by battery maker Northvolt and an \$800 million raise by buy-now-pay-later company Klarna. While VC investment in the Nordic countries remained robust, the number of deals dropped considerably in Q3'22. This highlights the growing polarization of funding in the region, with the strongest companies able to attract investment while others fall by the wayside.

Despite the degrading market conditions globally, the Nordics region continued to see strong fundraising activity in Q3'22. During the quarter, EQT Growth closed a \$2.4 billion fund to support European growth startups,⁶ while Northzone announced a \$1 billion fund focused on both Europe and the US markets.⁷

PE firms make foray into debt financing as companies look to debt options

Over the last quarter, debt financing gained new attention in Europe as large PE firms made forays into offering lending products to startups. With interest rates rising, such activity will likely step up considerably as finance providers consider getting back into the debt market due to the improving possibility of returns. During Q3'22, Ireland-based Wayflyer announced that it had secured a \$253 million debt financing facility from Credit Suisse in order to expand and scale their lending offerings to startups.⁸

Trends to watch for in Q4'22

With geopolitical and macroeconomic uncertainty expected to continue, VC investors in Europe will likely become even more aggressive in their investment decision making heading into Q4'22. Early-stage companies could feel the biggest impact, which could hinder the health of the deals pipeline long-term.

Energy and ESG are expected to remain hot areas of investment in Europe heading into Q4'22, particularly as they relate to alternative energy and battery storage. B2B is also expected to remain very attractive to investors, particularly as companies across the board focus on improving efficiencies and enhancing their profitability.

⁶ <https://www.businessinsider.com/eqt-growth-closes-24-billion-fund-european-growth-startups-2022-9>

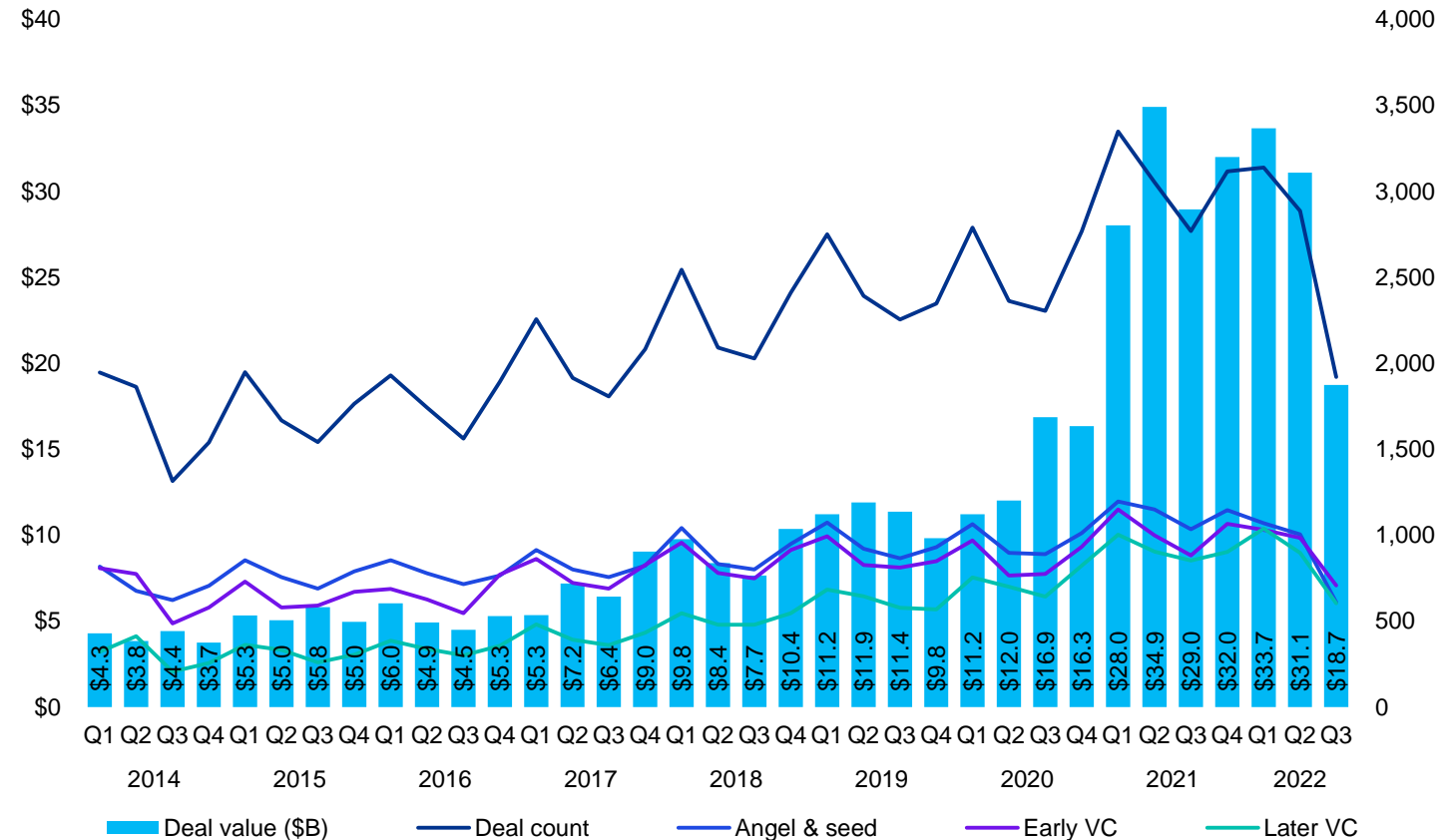
⁷ <https://www.businessinsider.com/early-spotify-backer-northzone-raises-fresh-1-billion-fund-2022>

⁸ <https://www.wayflyer.com/blog/credit-suisse>

After prolonged stretch of strength, VC activity finally slides

Venture financing in Europe

2014–Q3'22



A sustained six-quarter stretch of elevated venture activity was bound to regress at some point, and in Q3 2022, tallies did precisely that. However, there is likely to be some revision upward in coming quarters, so the sharpness of the drop may be prematurely deceptive. Caution is certainly on the rise however, given the sheer extent of variables that European dealmakers are currently facing.

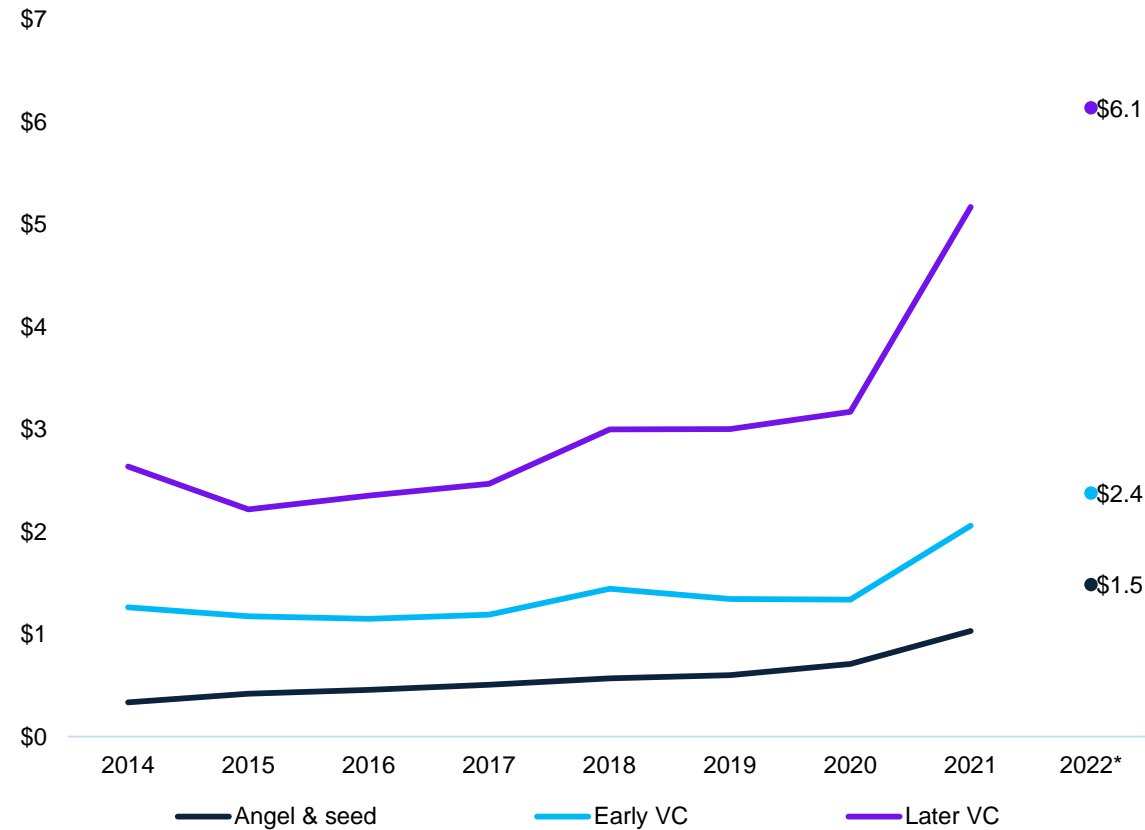
... the impact of volatility both economic and political is finally being felt, yet **European startup ecosystems still saw a healthy quarter of activity relative to longer-term averages...**

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Metrics remain elevated

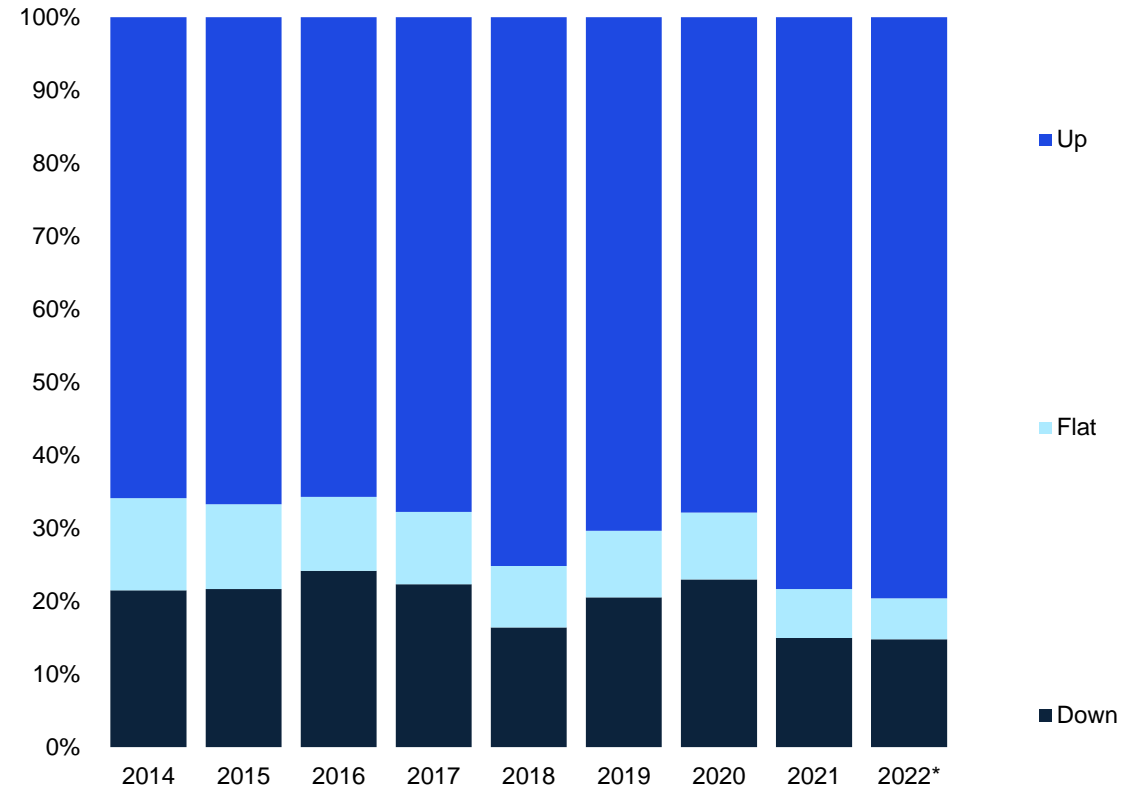
Median deal size (\$M) by stage in Europe

2014–2022*



Up, flat or down rounds in Europe

2014–2022*

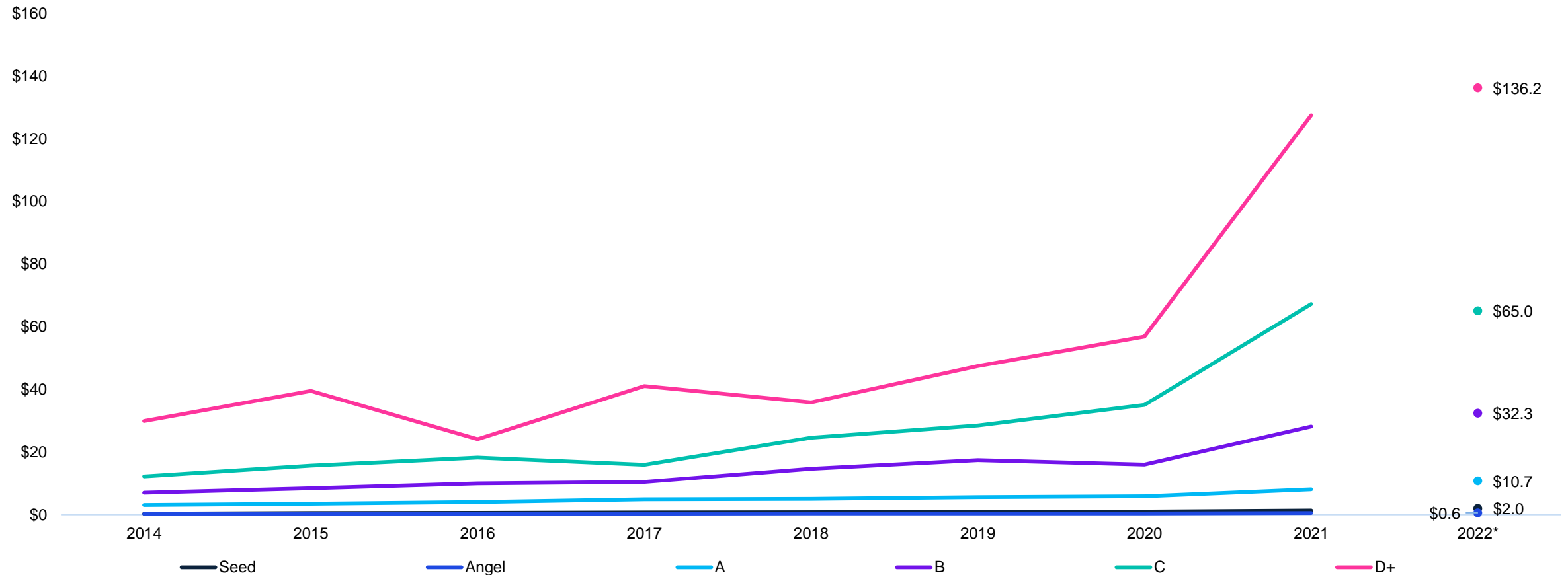


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

By and large, deal sizes hold steady

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

2014–2022*

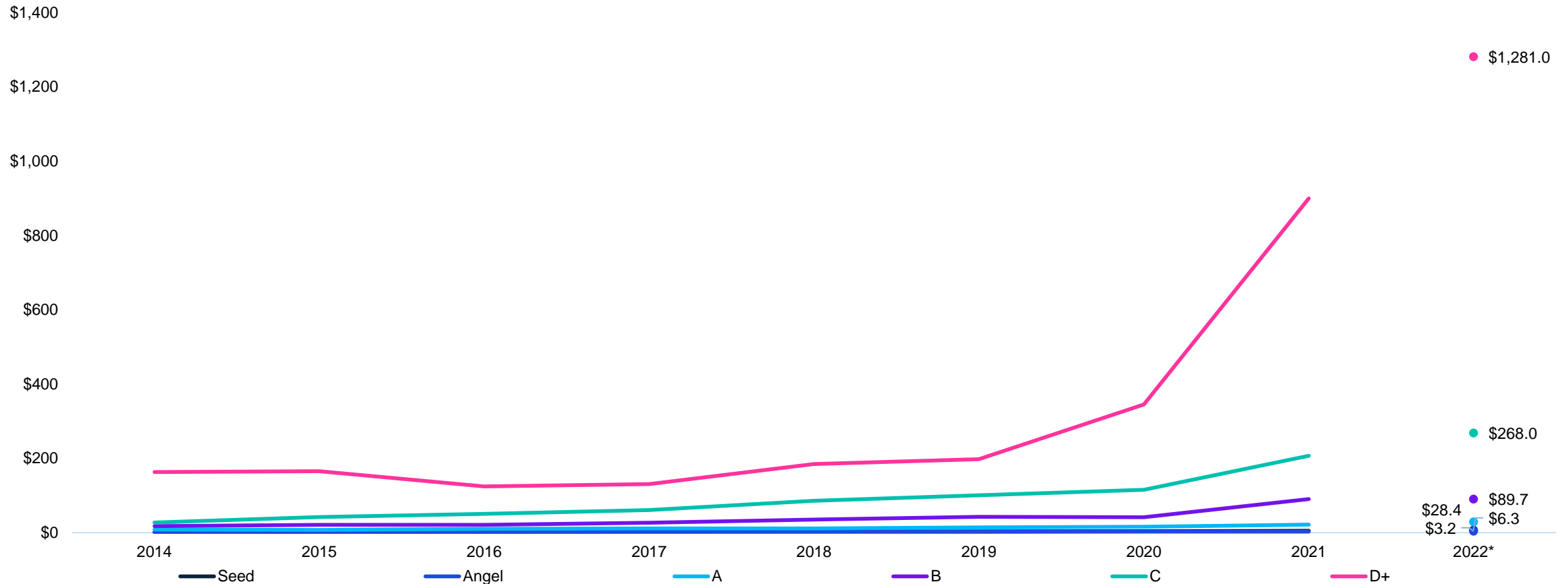


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Valuations remain unaffected by market turmoil as of yet

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

2016-2022*

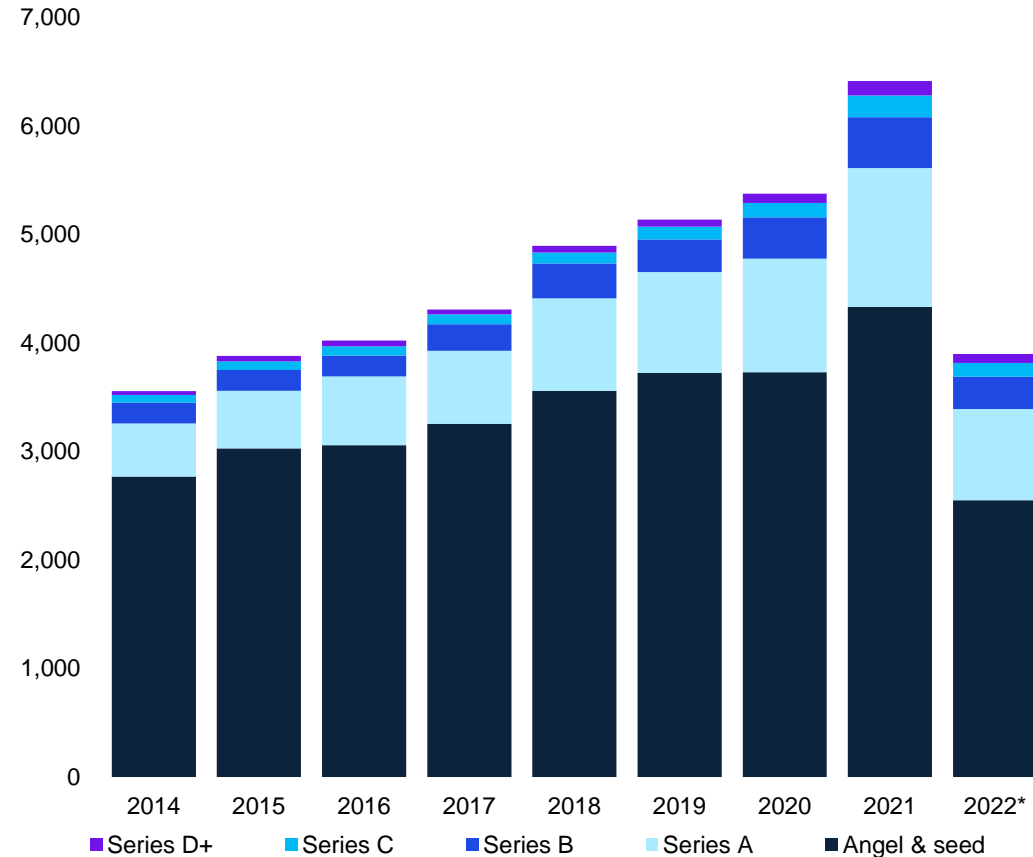


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022. The figures for Series D or later valuations in 2014, 2015 and 2017 are based on non-normative population sizes.

VC invested at the early-stage continues to impress

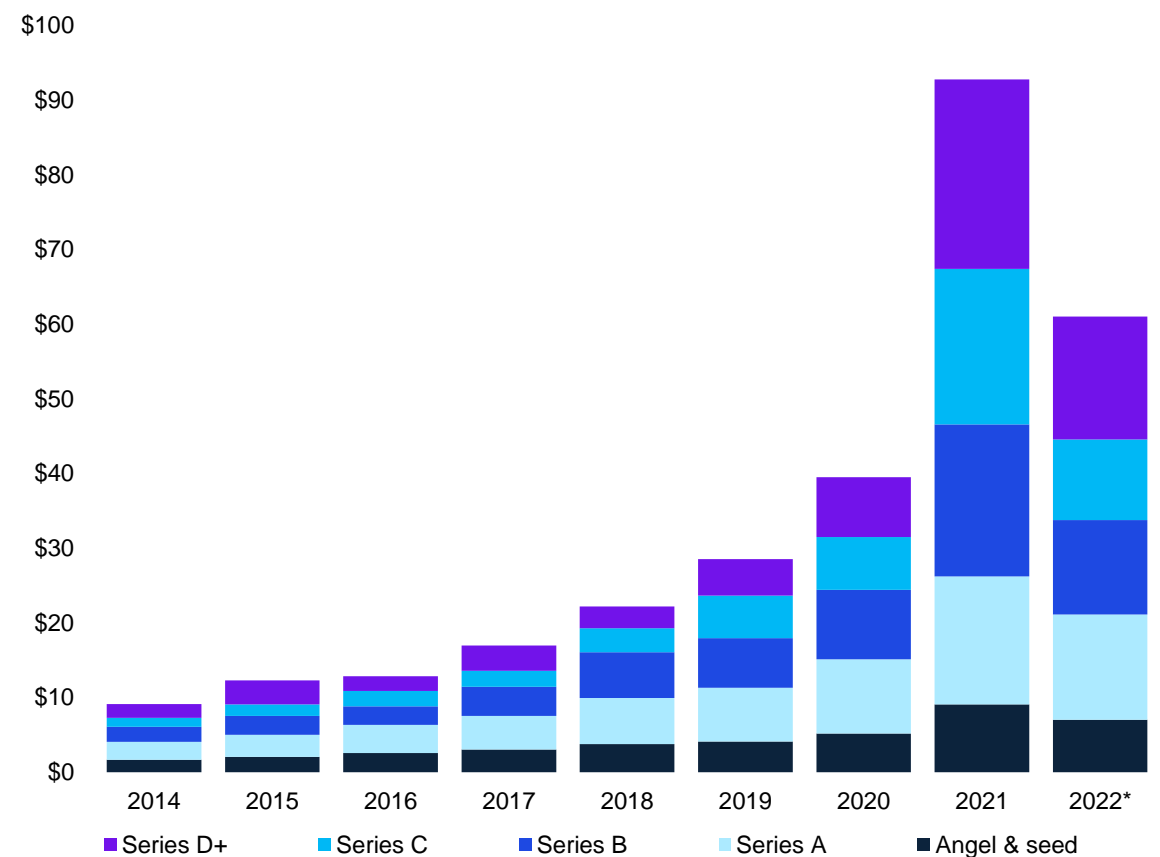
Deal share by series in Europe

2014–2022*, number of closed deals



Deal share by series in Europe

2014–2022*, VC invested (\$B)

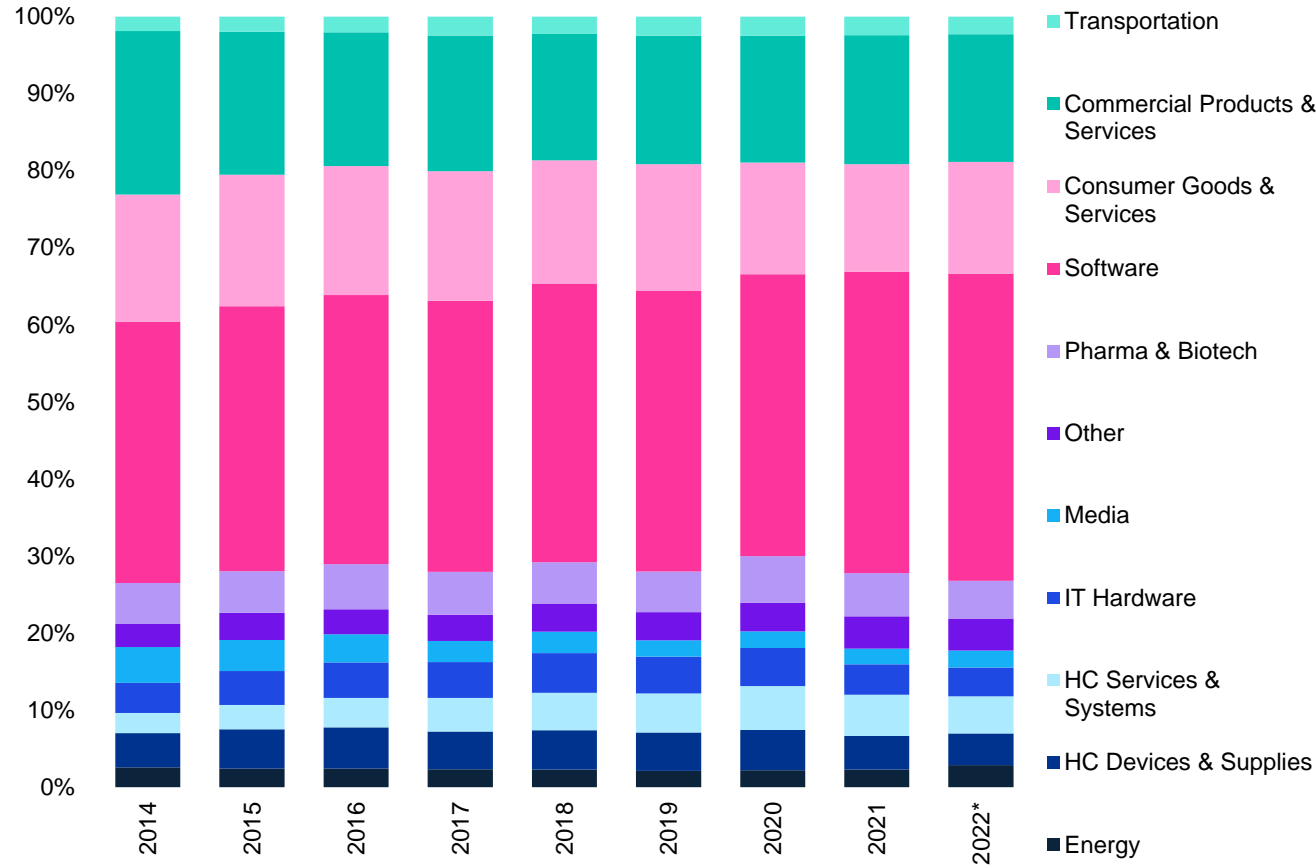


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Investors retreat into software plays

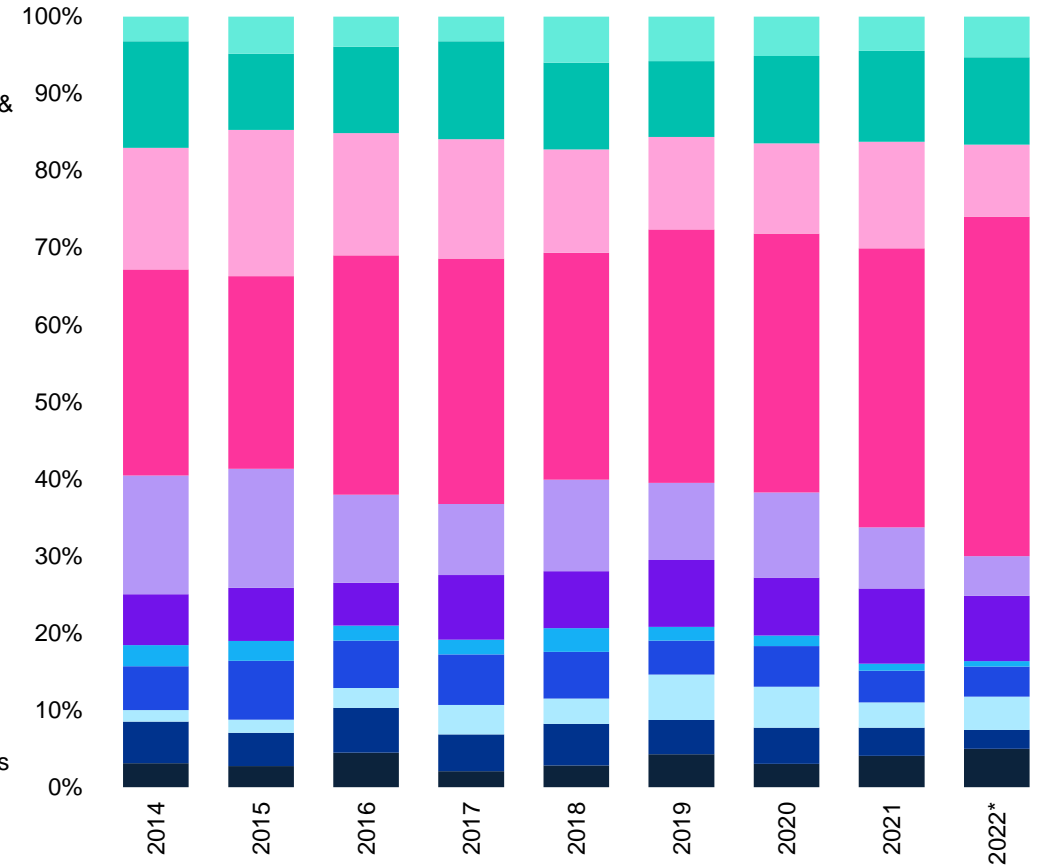
European venture financings by sector

2014–2022*, number of closed deals



European venture financings by sector

2014–2022*, VC invested (\$B)

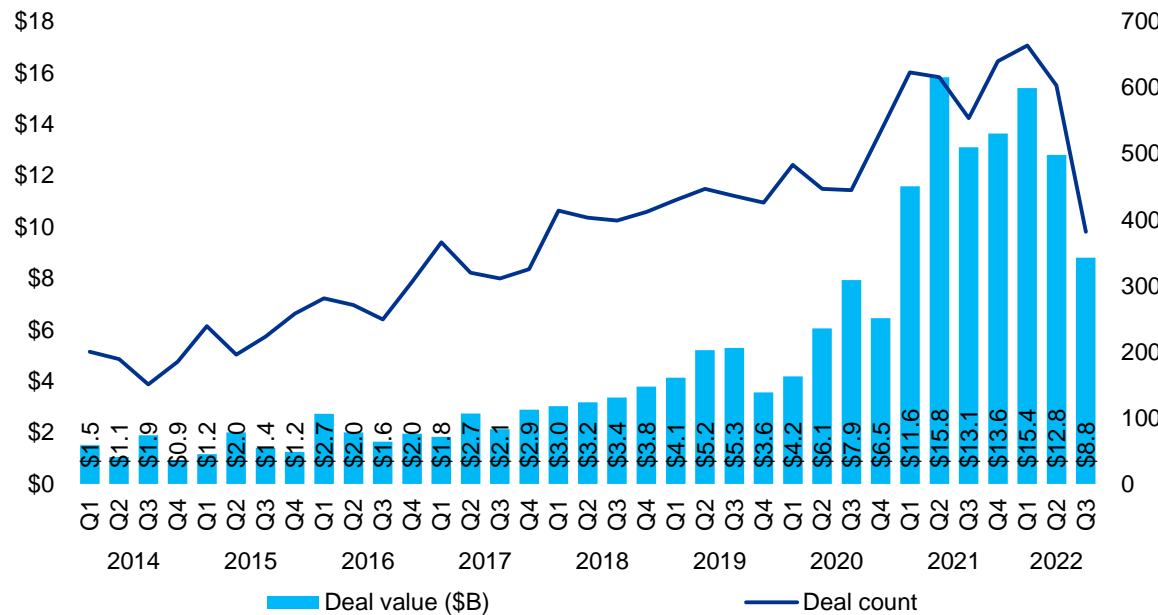


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

As corporates pull back, first-time financings still roll in

Corporate VC participation in venture deals in Europe

2014–Q3'22

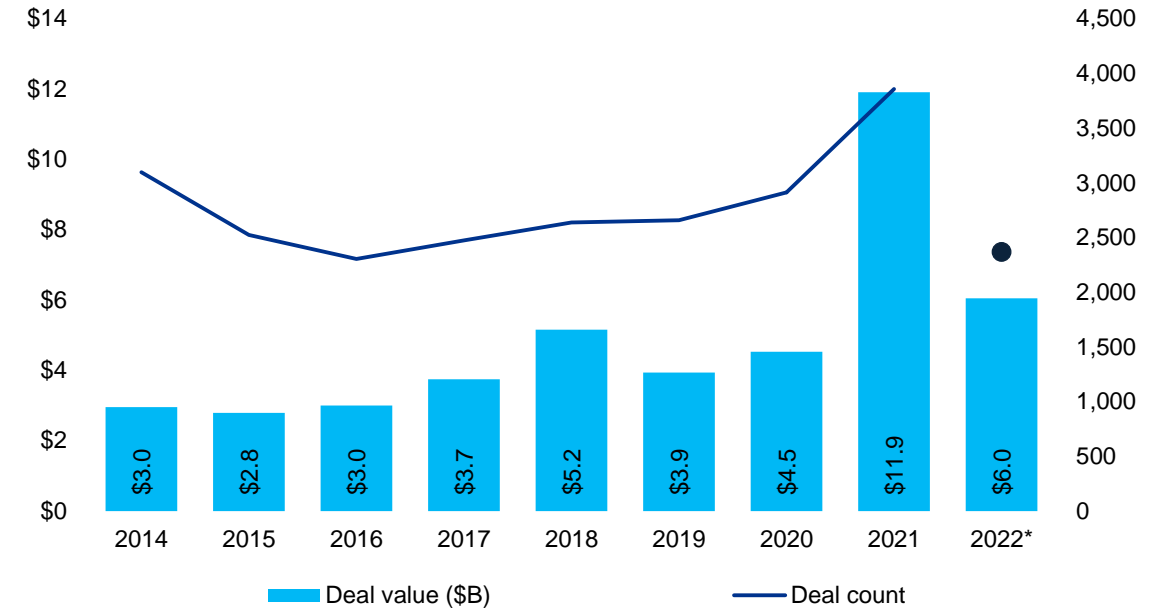


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Corporate players have pulled back in tandem with most of the venture investor universe, joining in fewer rounds for a smaller aggregate than in prior quarters of the past couple years. Again, tallies are still historically robust, but a pullback is still evident as corporations look to assess the extant panoply of risks more closely.

First-time venture financings of companies in Europe

2014–2022*



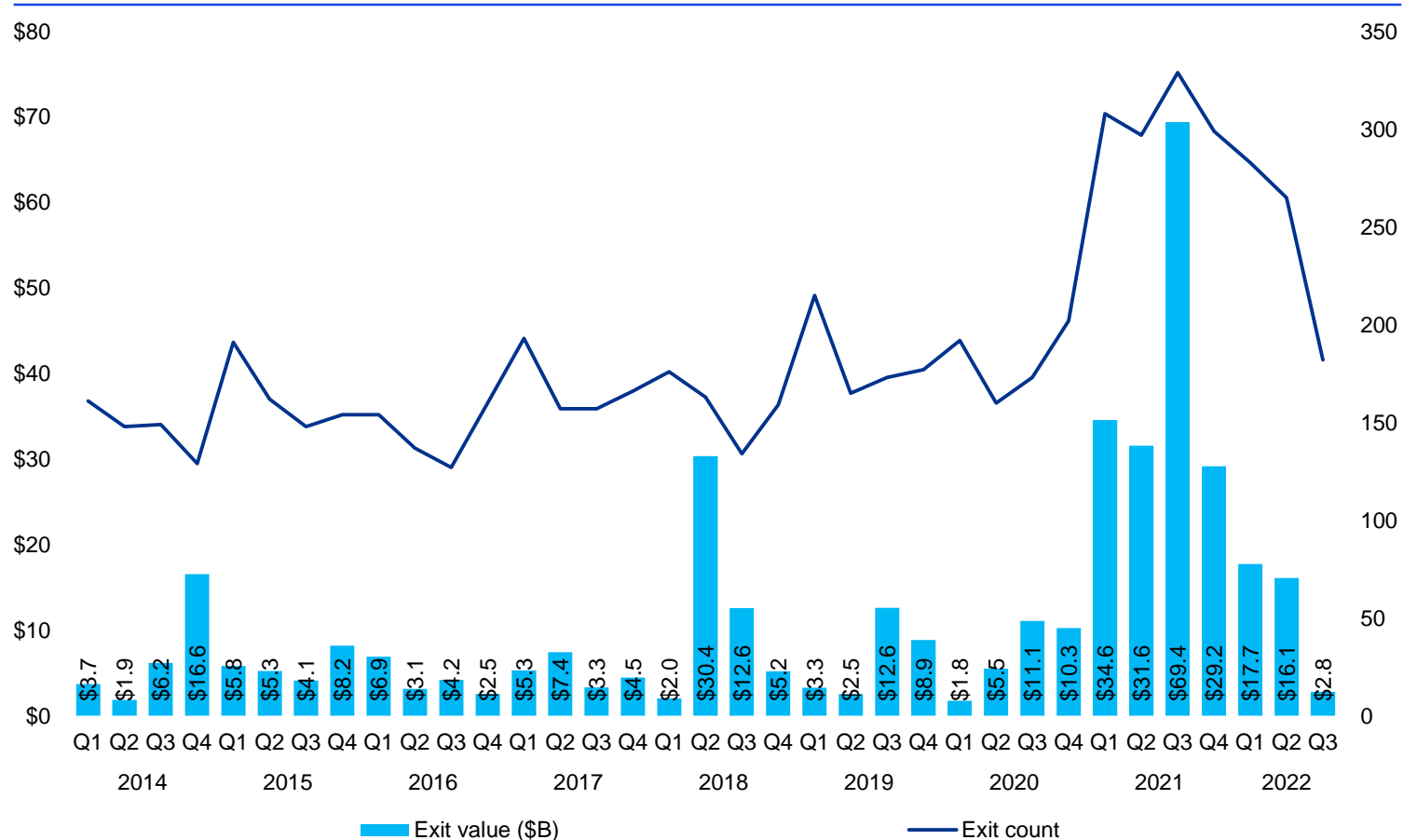
Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Despite the sheer array of risks in the current environment that European startups must factor in, first-time financings remain more than healthy, all things considered. This is more attributable to investors' desire for exposure and select sectors enjoying significant government support plus dry powder levels than a lack of caution.

Exits continue to drop

Venture-backed exit activity in Europe

2014–Q3'22



Q3 2022 recorded some of the lowest figures for venture-backed companies' exits in quite some time, in a clear sign of the effects of marked volatility across economic, geopolitical and market spheres. As volatility persists, buyers and hopeful sellers alike are likely to remain cautious and assess their options.

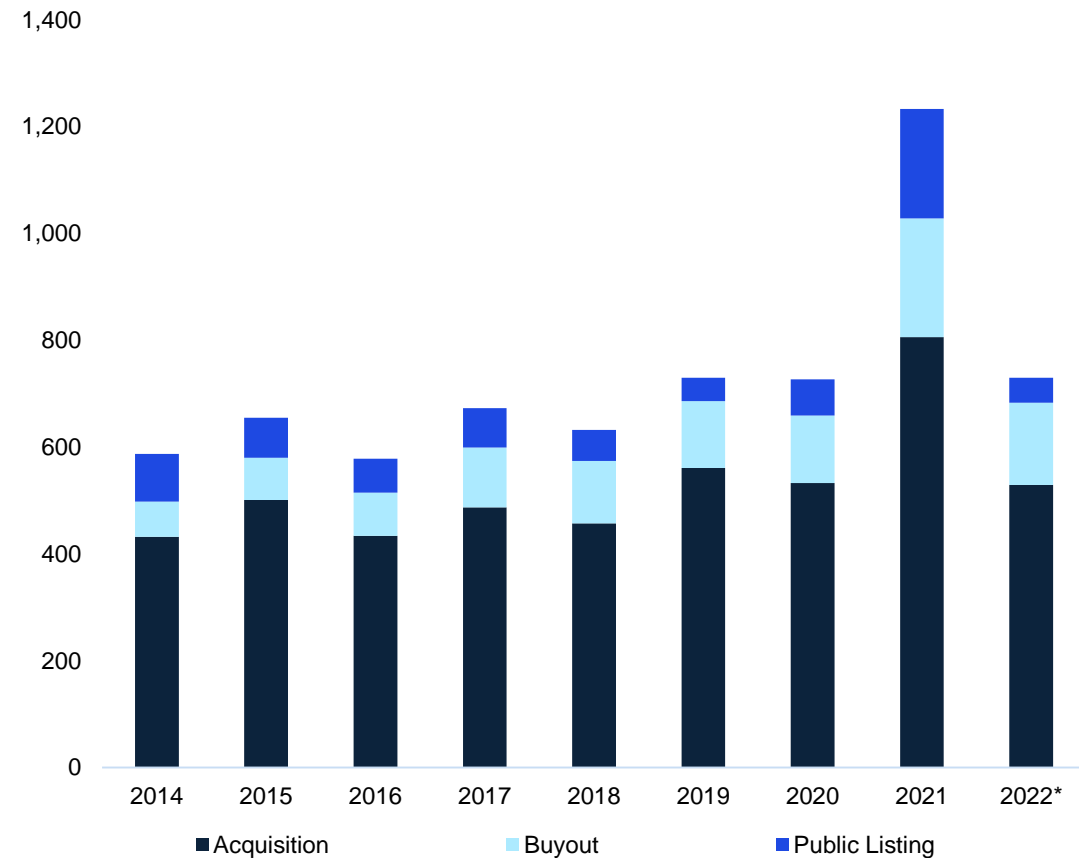
... previously robust liquidity has recycled capital into the system, but a clear pause has now occurred due to sheer caution.

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

M&A remains chief route as market volatility takes a toll

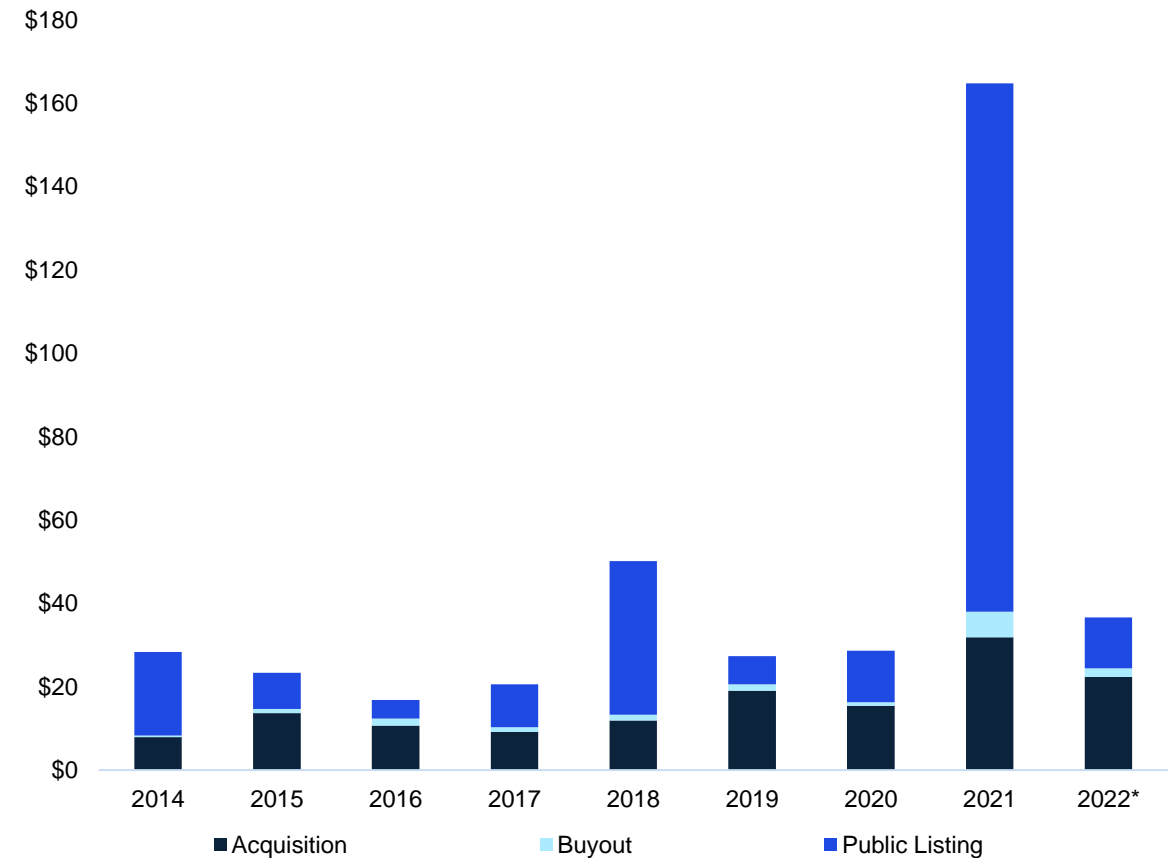
Venture-backed exit activity (#) by type in Europe

2014–2022*



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

2014–2022*

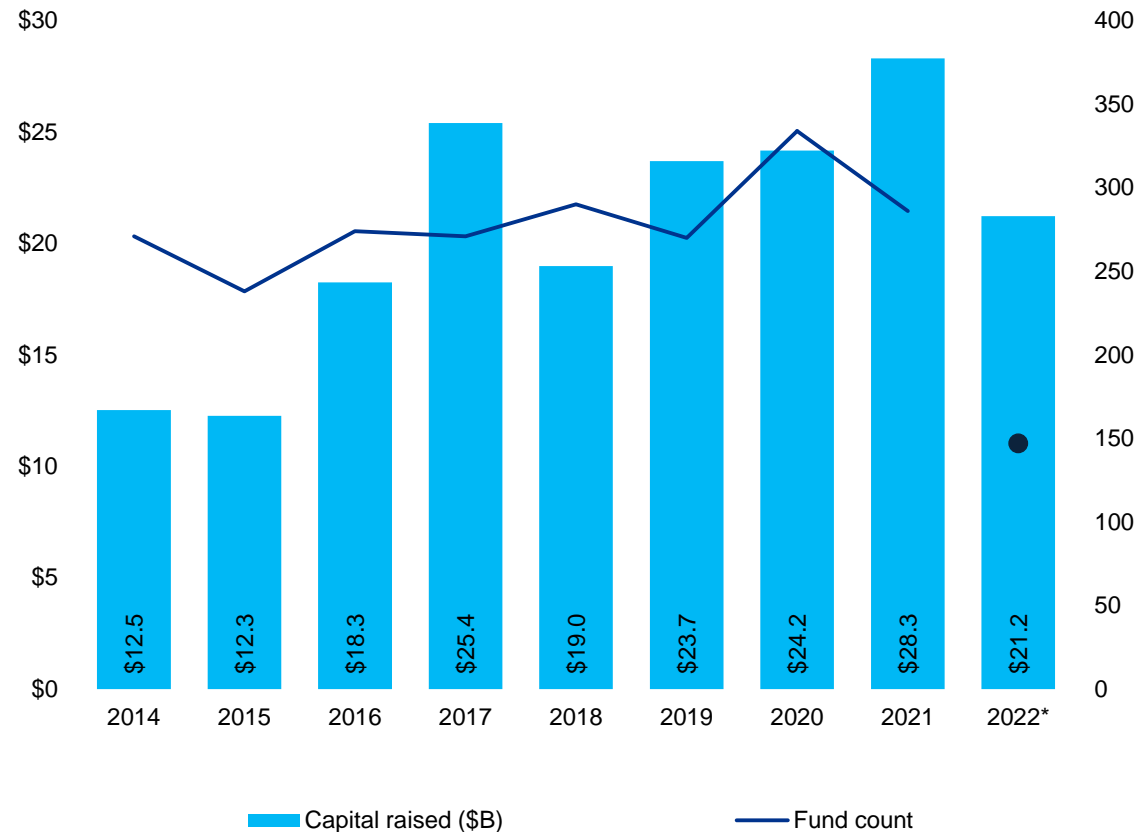


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Healthy fundraising shows longer-term plays

European venture fundraising

2014–2022*



With a quarter left to go, 2022 could ostensibly nearly match the tally of VC committed last year, even though the volume of completed fundraises is unlikely to approach that level. Allocators are still clearly betting on the longer term.

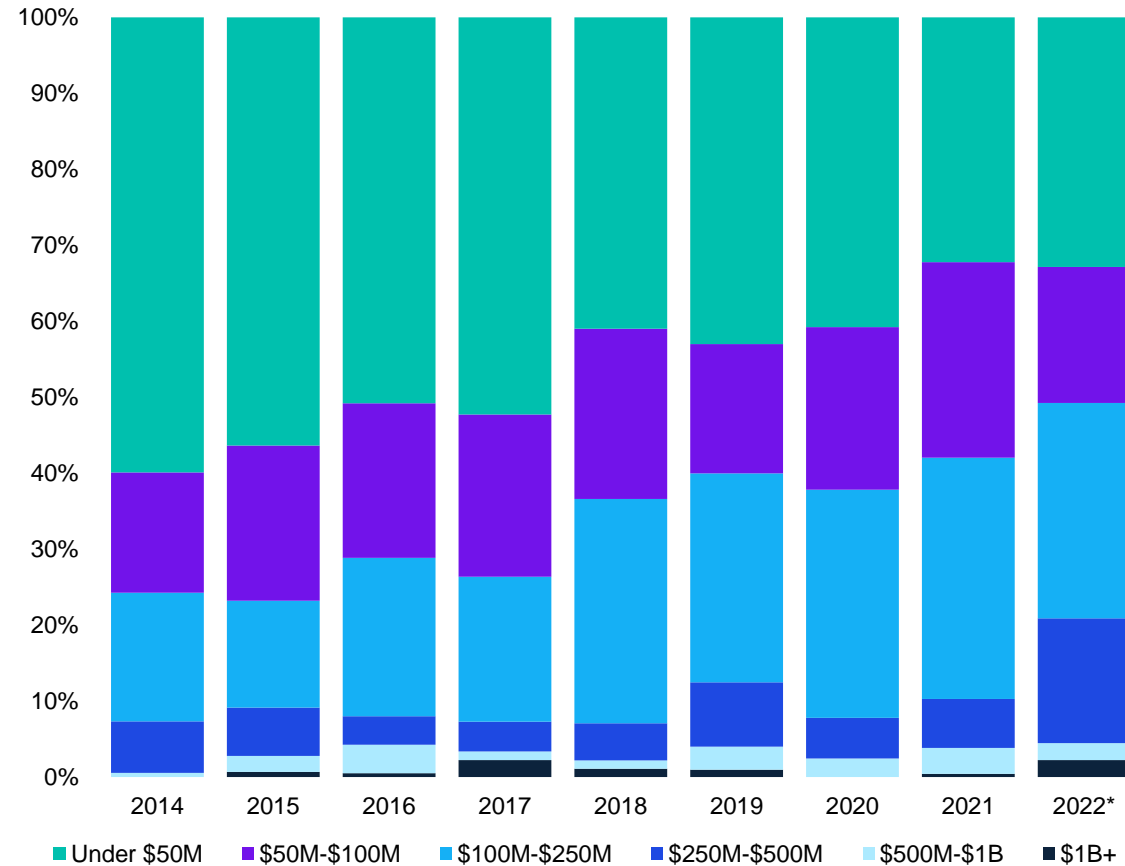
... at **well over \$20 billion in capital commitments**, 2022 could conceivably match the tally observed last year, in a record-breaking stretch.

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Midsized funds continue to remain the favorite

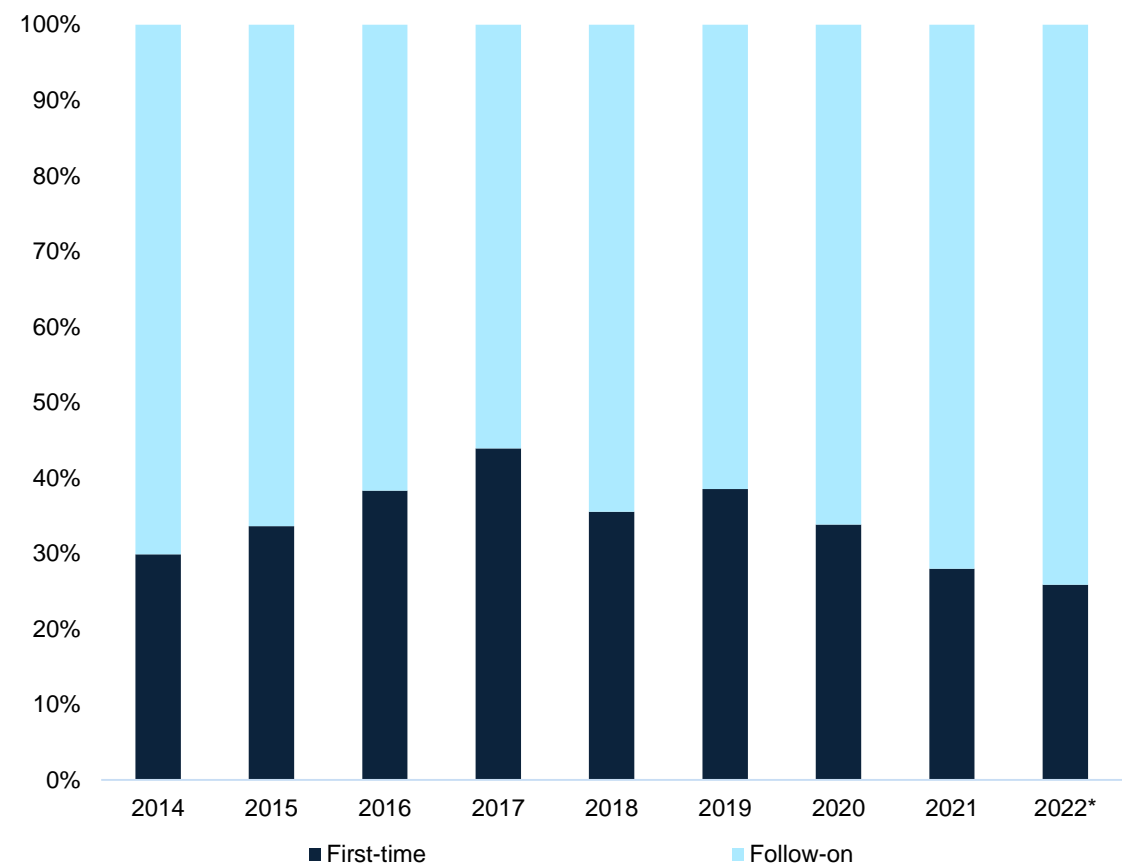
Venture fundraising (#) by size in Europe

2014–2022*



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

2014–2022*

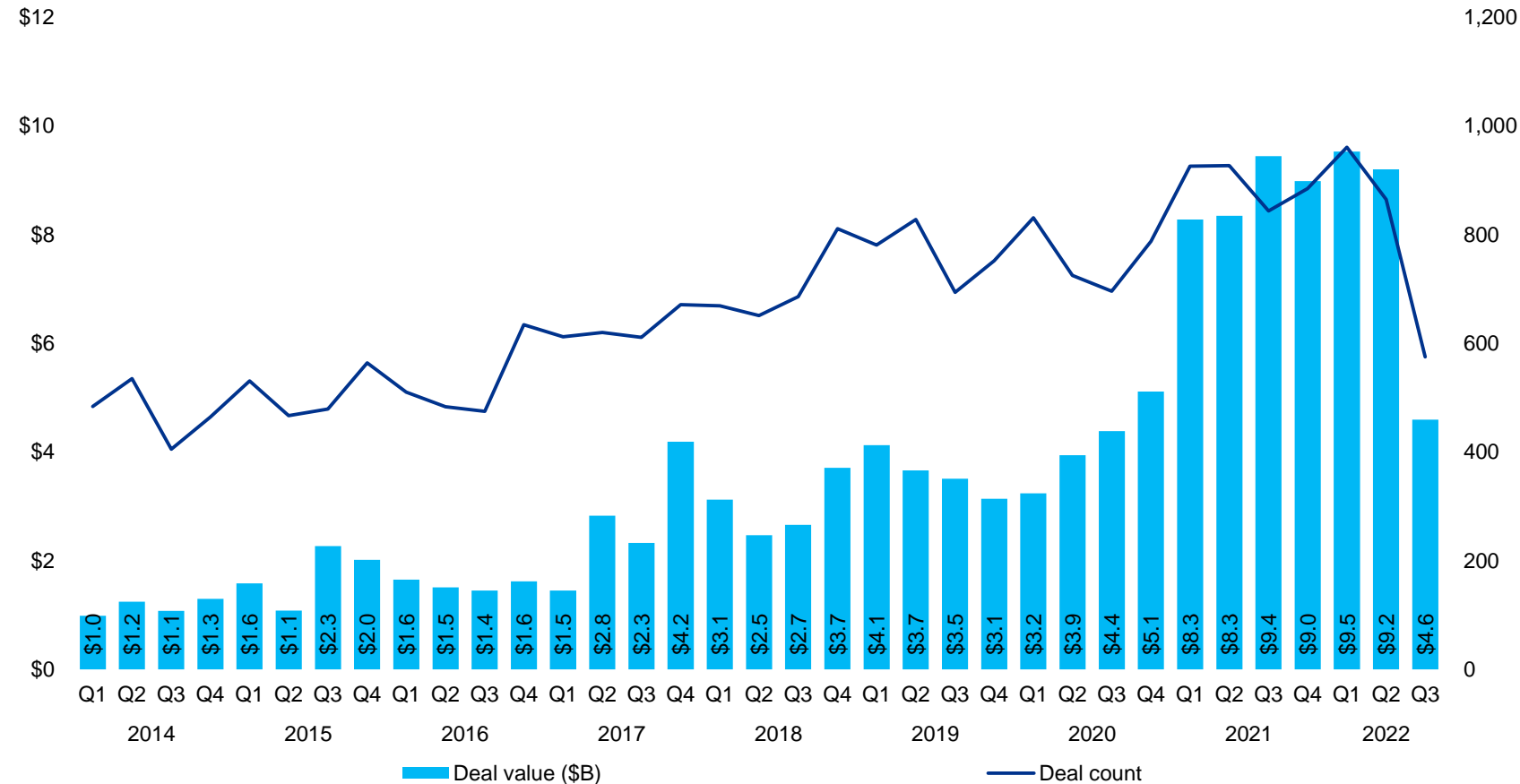


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

After a record stretch, financing slumps in the UK

Venture financing in the United Kingdom

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“Many assets in the UK are looking more attractive to international investors right now given the volatility of the value of the pound this quarter. Despite the challenging market conditions, we’re starting to see interest from US PE firms and corporates, in particular because of that value. We are beginning to see increased M&A activity, and investment interest too, as we move into Q3'22.”

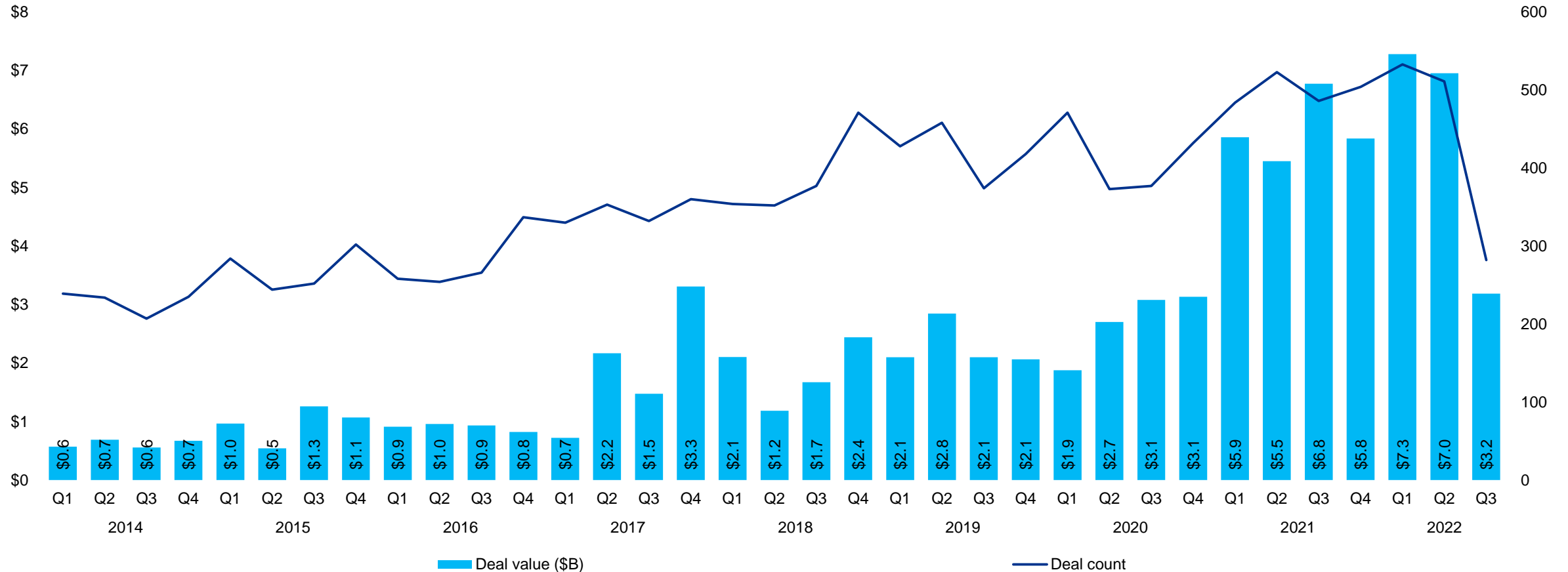


Warren Middleton
Lead Partner for Emerging Giants,
Center of Excellence in the UK
KPMG in the UK

London sees a pronounced decline quarter over quarter

Venture financing in London

2014–Q3'22

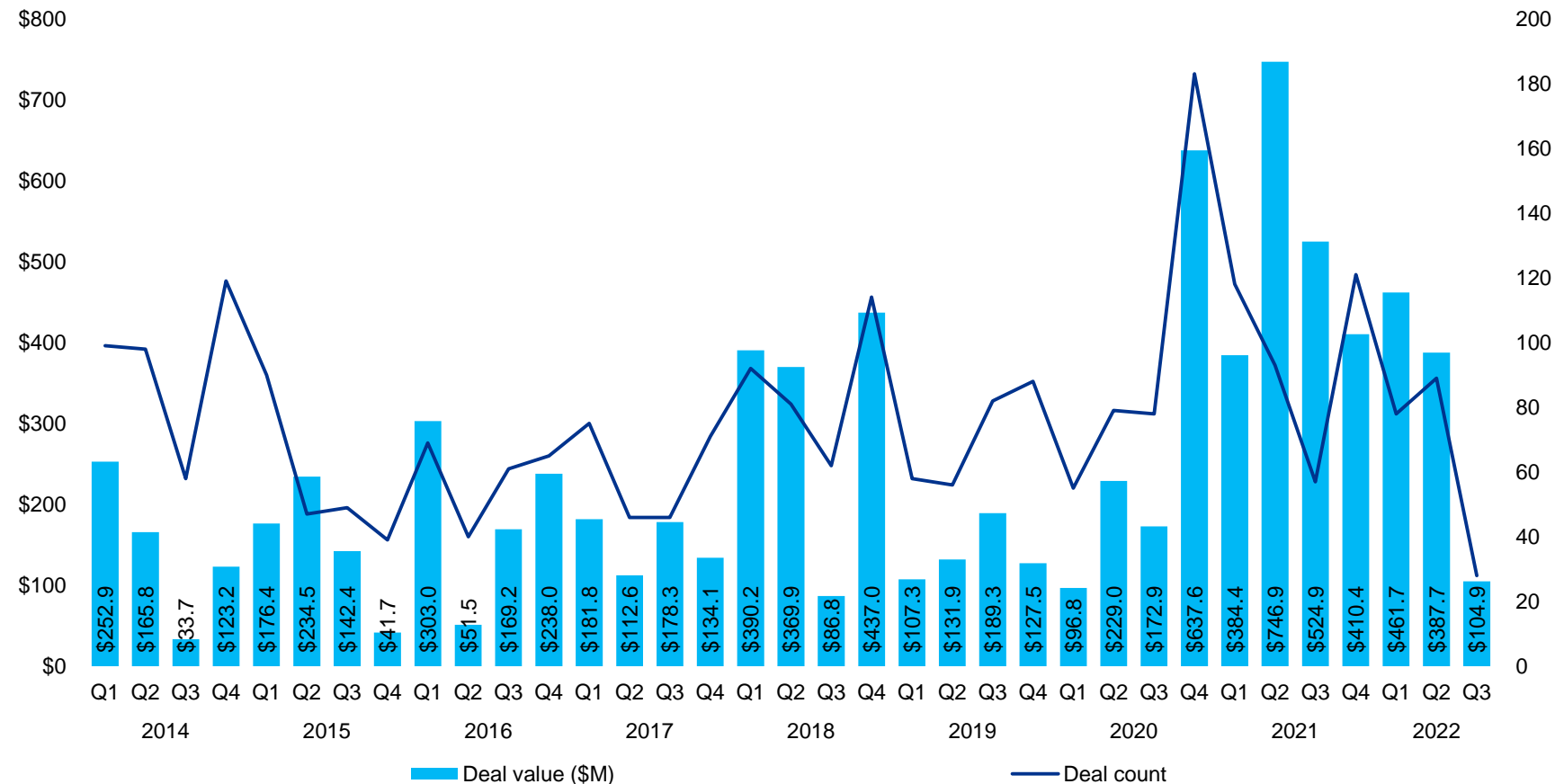


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

After a healthy string of quarters, VC activity slides

Venture financing in Ireland

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“ While a number of sectors saw declining investment in Europe during Q3'22, VC investors continued to show strong interest in cybersecurity. Additionally, as we develop quantum computing and it becomes more accessible, the whole area of cybersecurity will ramp up as well. We'll see a lot more investment — not just in Europe, but everywhere as companies look to take cybersecurity to the next level.”



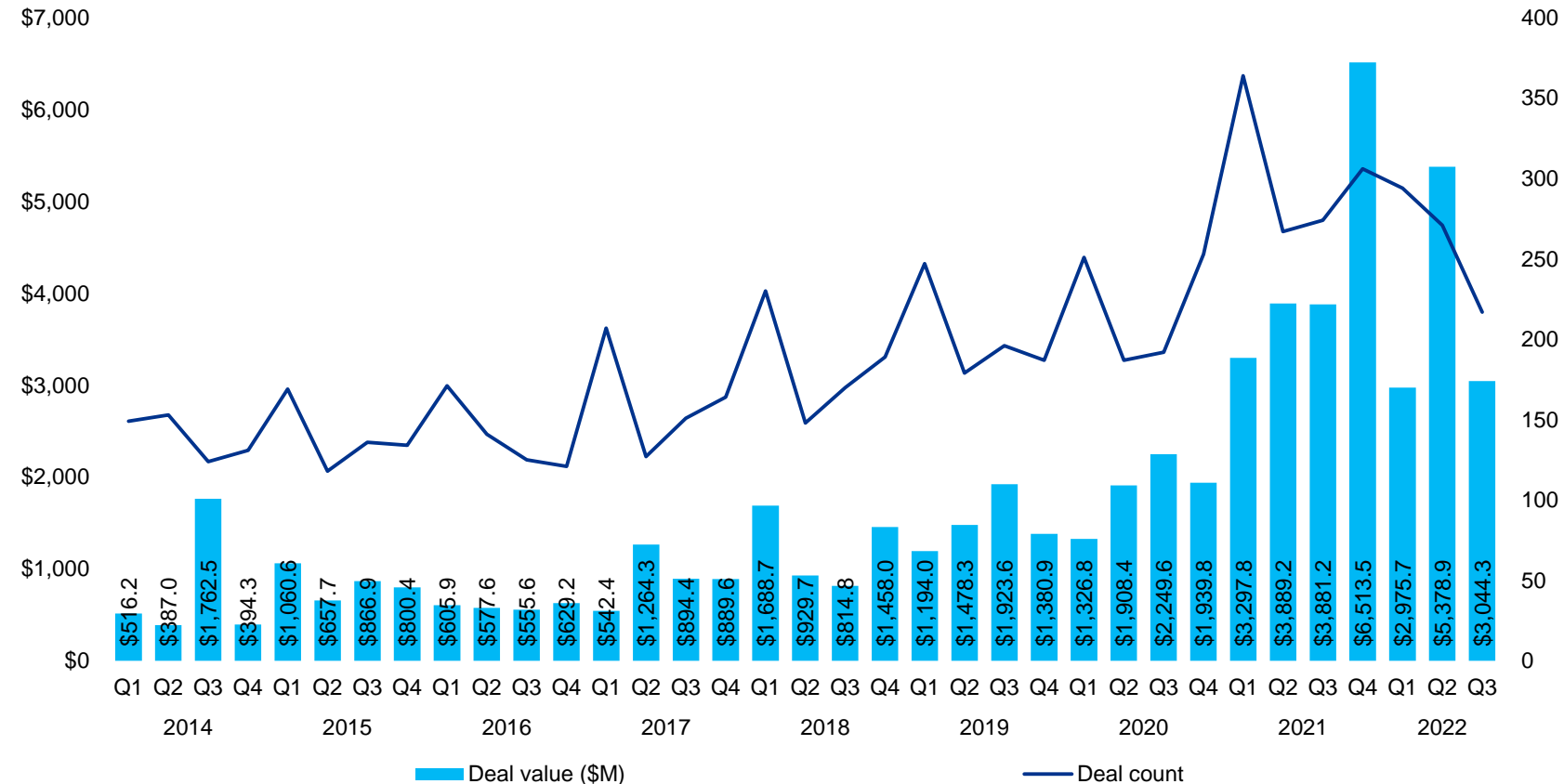
Anna Scally

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

Venture activity holds steady

Venture financing in Germany

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“ VC investors are taking a much sharper and harder look at companies in their portfolios, focusing primarily on those they believe will survive the dramatic turmoil we’re currently seeing in the market. We could see some fire sales or forced M&A activity over the next few quarters as investors become less willing or less able to grant bridge financing to companies. I expect there are corporates out there simply waiting for this to happen so they can buy ventures at feasible valuations.”



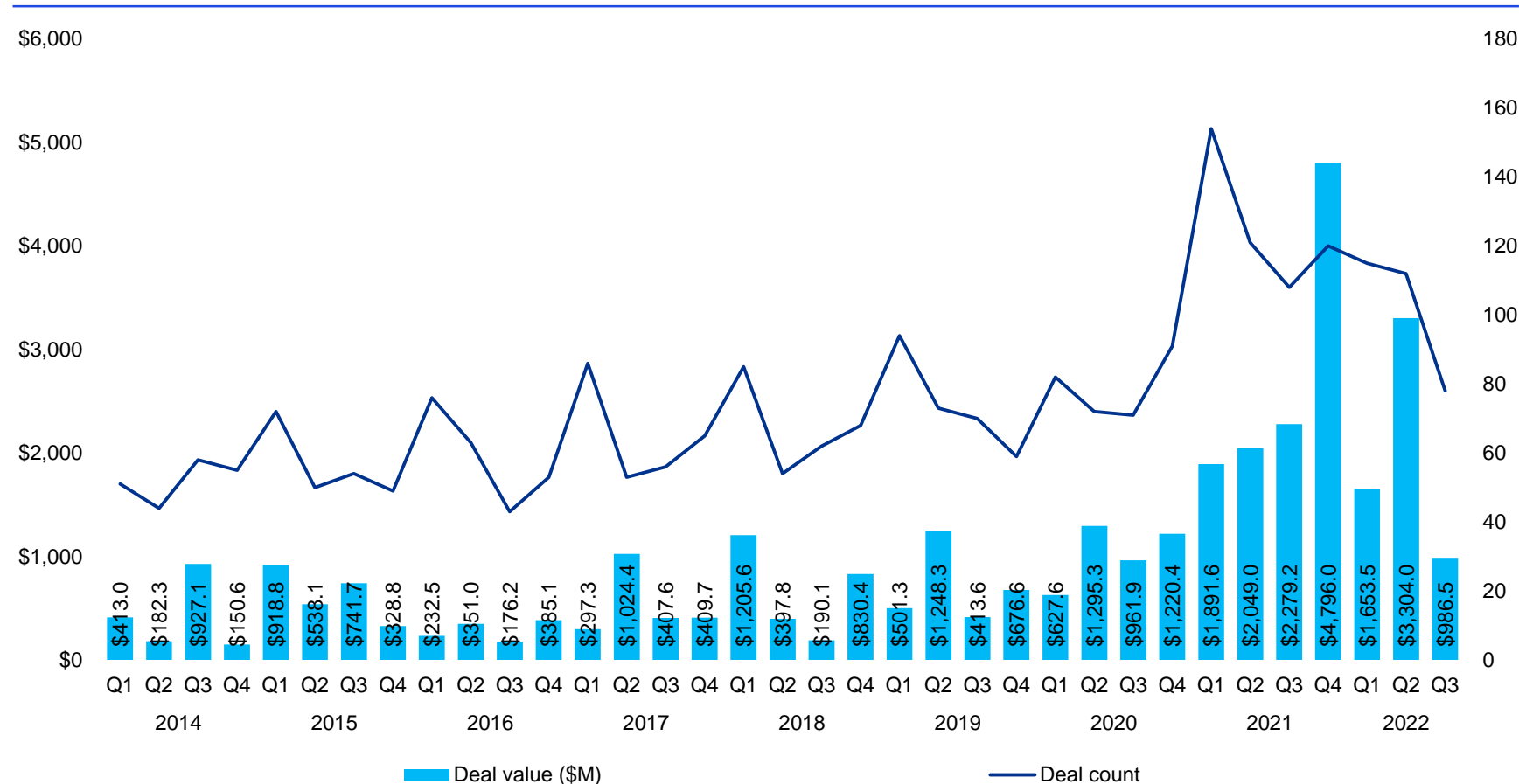
Dr. Ashkan Kalantary

Deal Advisory,
M&A GrowthTech & Ventures #Q3VC
KPMG in Germany

Berlin continues to see quarterly variability

Venture financing in Berlin

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“Some startups in the on-demand grocery sector are pulling out of cities and towns in Germany, calling into question whether the pandemic created a warped vision of how people would buy their groceries in the decades to come. Given the challenges posed by current macroeconomic conditions, the next few months will likely show whether quick grocery and commerce business models can be viable and sustainable.”

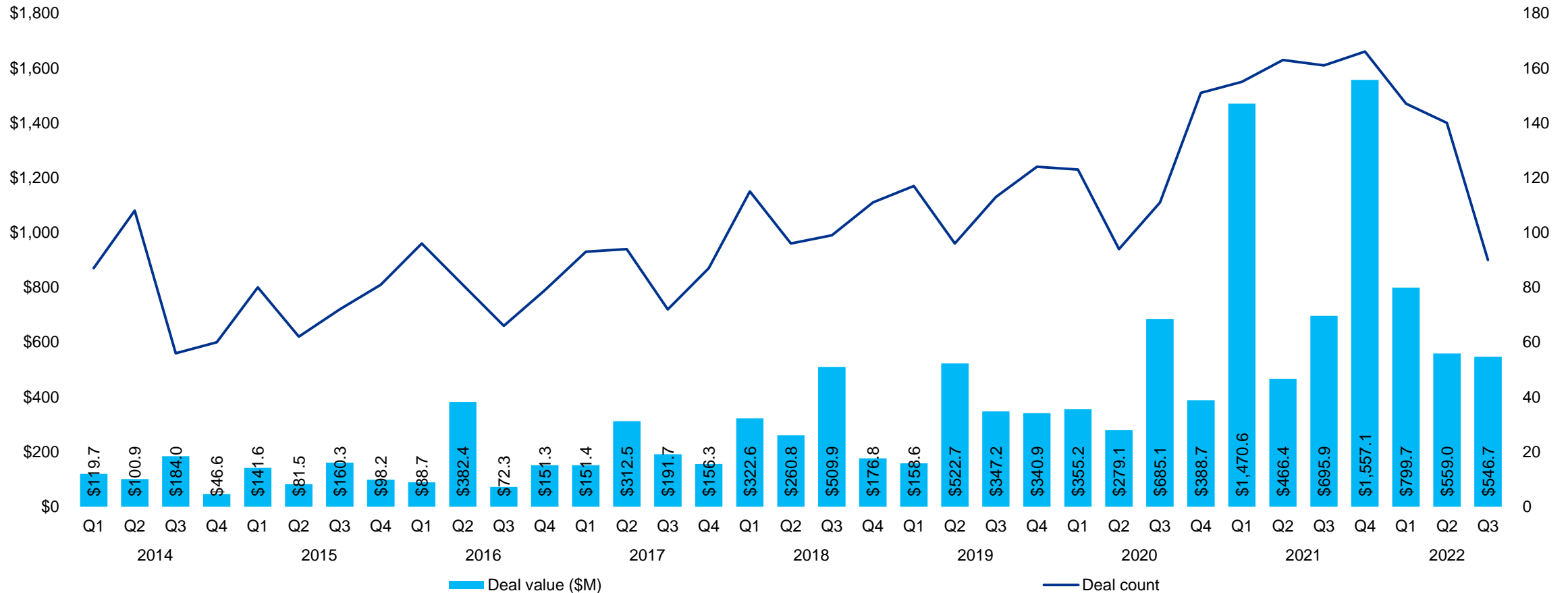


Tim Dümichen
Partner
KPMG in Germany

Spain's Q3 results compare favorably to historical tallies

Venture financing in Spain

2014–Q3'22

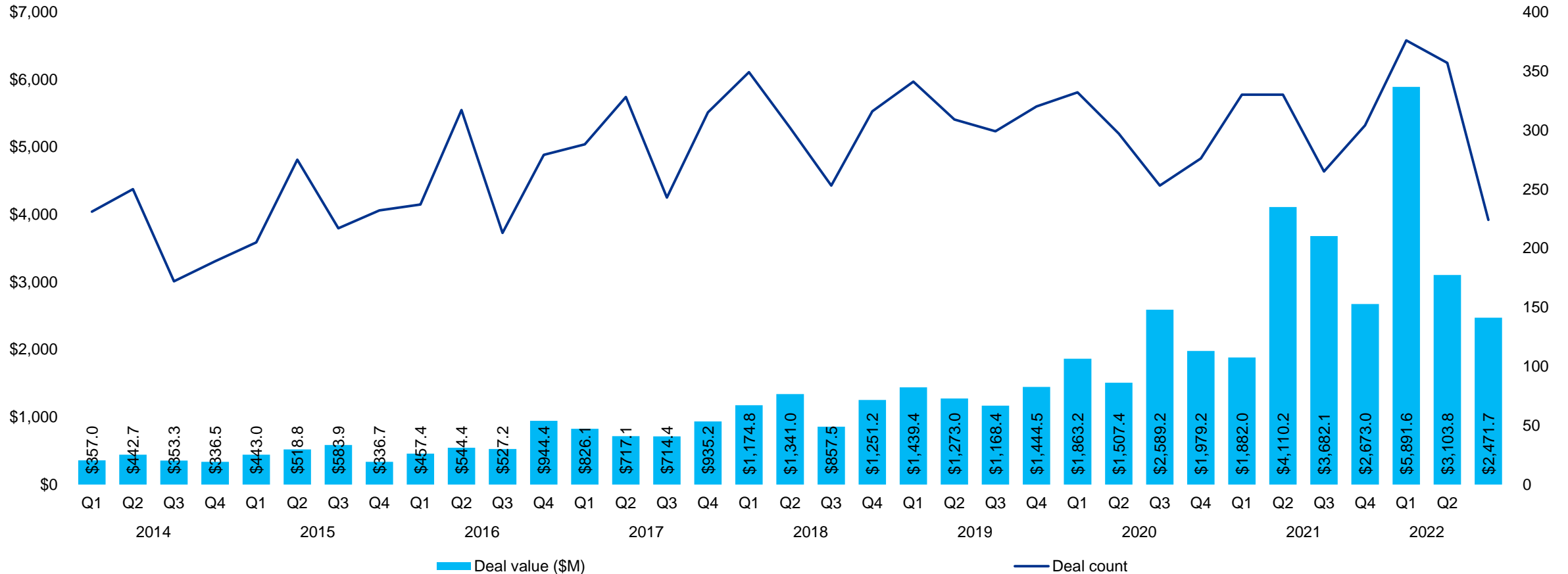


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Amid choppy conditions, financing activity still continues

Venture financing in France

2014–Q3'22

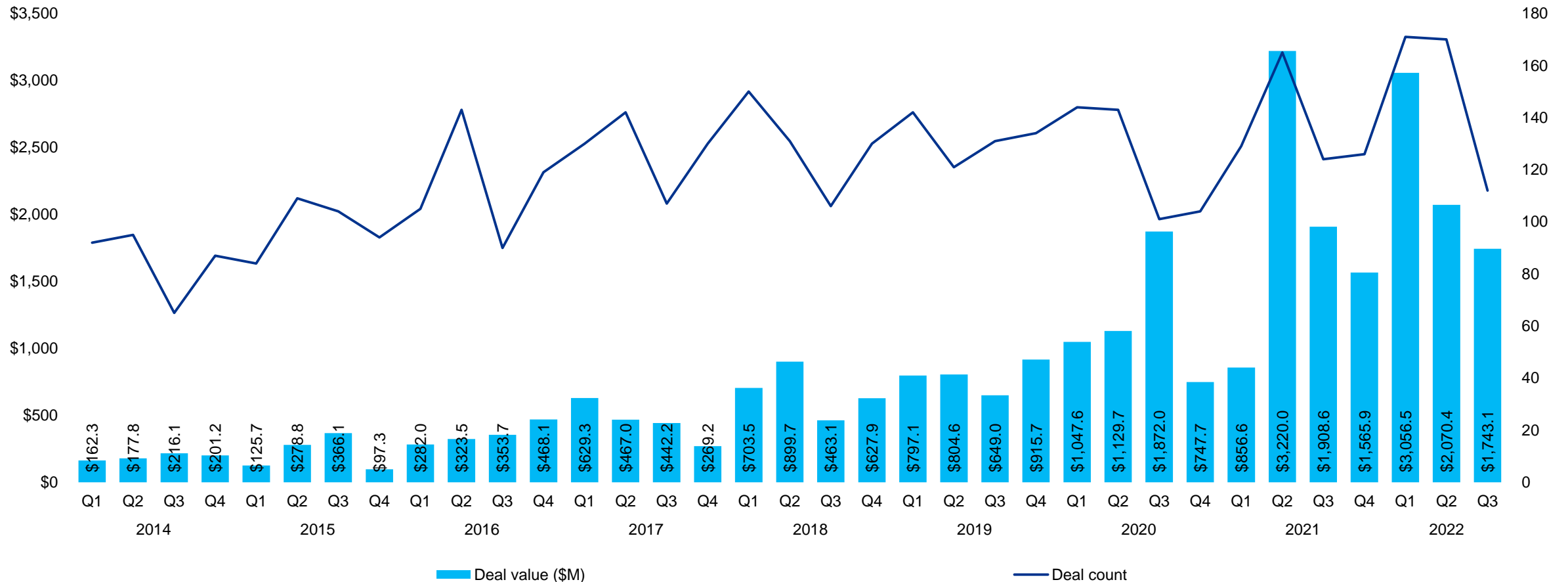


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Paris remains the premier startup ecosystem in France

Venture financing in Paris

2014–Q3'22

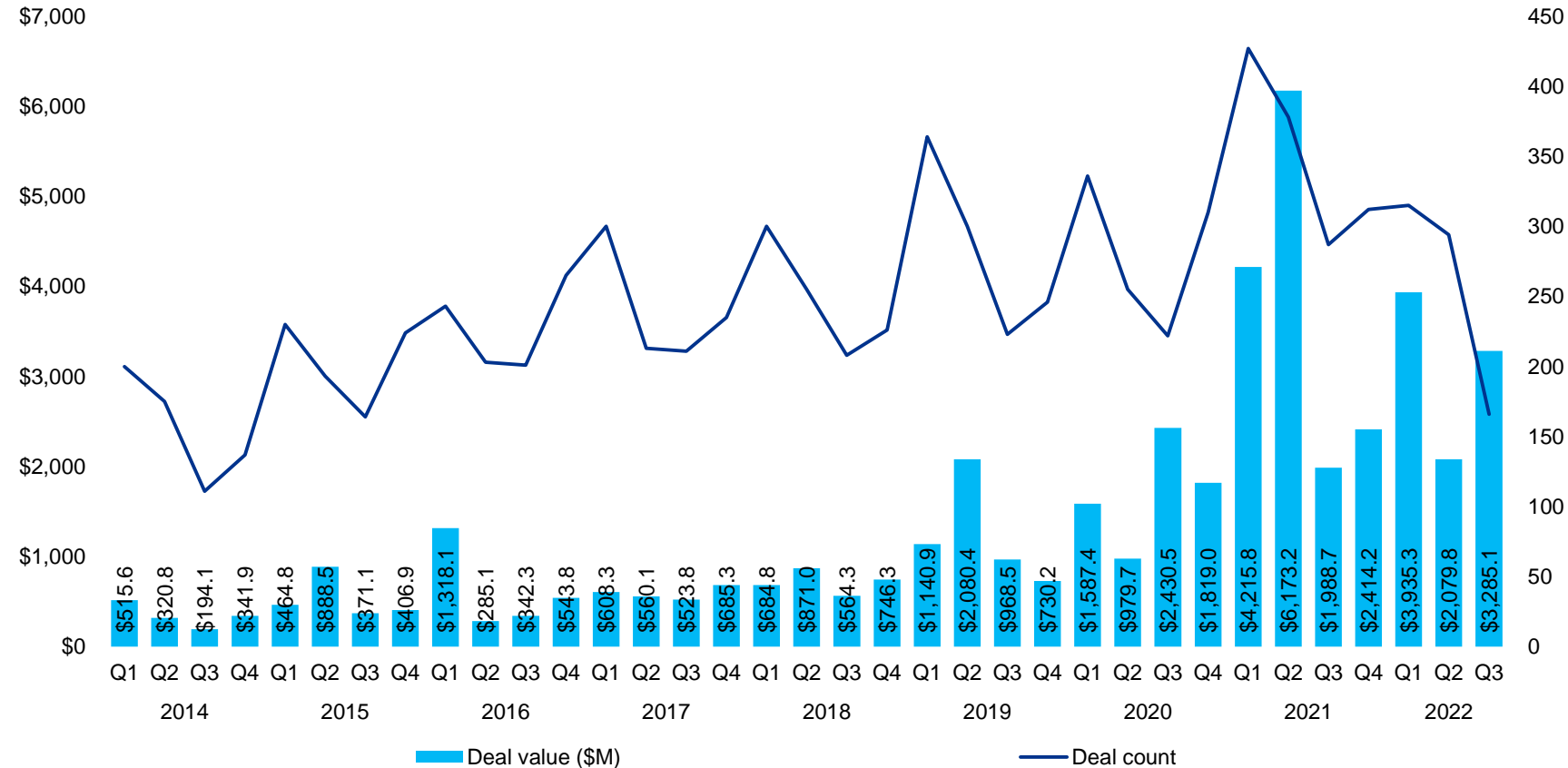


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Nordics continue to be bolstered by mega-deals

Venture financing in the Nordics

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

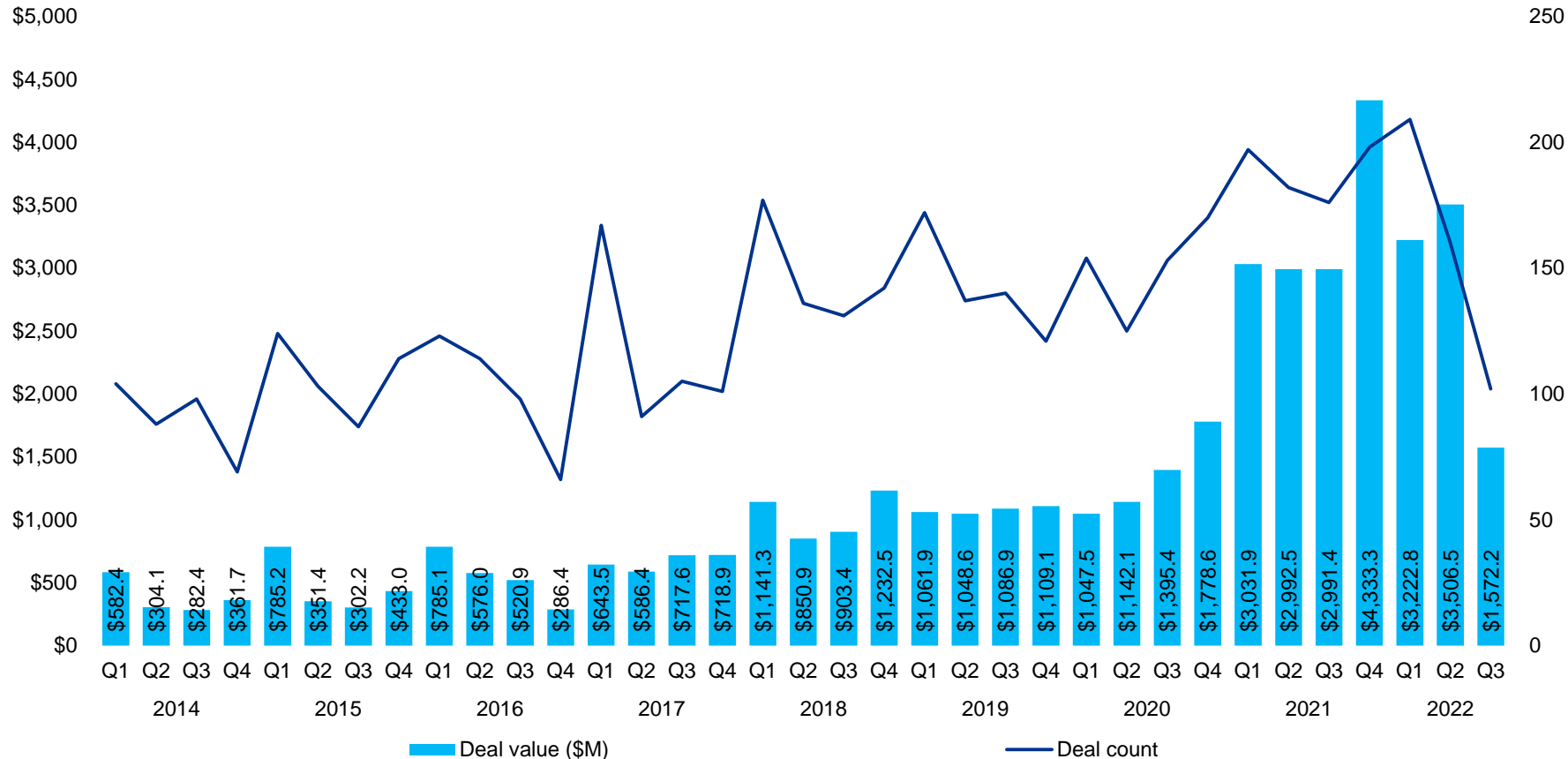
“ In the Nordics, we’ve seen a lot of new early-stage funds raised over the last five years. There are quite a lot of fund managers who have already raised second funds with current drypowder. The challenge in future will be how many will be able to raise a third fund? The third fund can be kind of a make-or-break point for fund managers as they need to be able to show more returns from exits of their previous funds. This is going to be one area to watch moving forward as it will be critical for the longer term maturation of the early-stage VC market here. ”



After unprecedented stretch of activity, Israel finally sees decline

Venture financing in Israel

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 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

#Q3VC

70

Cleantech & fintech surge

Top 10 financings in Q3'22 in Europe

1. **Celonis** — \$1.4B, Munich, Germany — B2B software — *Series D*
2. **Northvolt** — \$1.1B, Stockholm, Sweden — Cleantech — *Late-stage VC*
3. **Klarna** — \$800M, Stockholm, Sweden — Fintech — *Late-stage VC*
4. **SumUp** — \$602.9M, London, UK — Fintech — *Late-stage VC*
5. **ContentSquare** — \$600M, Paris, France — AI & ML — *Series F*
6. **Wefox** — \$400M, Berlin, Germany — Fintech — *Series D*
7. **Satispay** — \$317.9M, Luxembourg — Fintech — *Series D*
8. **Cera** — \$312.35M, London, UK — Healthtech — *Late-stage VC*
9. **Casavo** — \$299.3M, Milan, Italy — Real estate services — *Series D*
10. **Drivenets** — \$262M, Ra'anana, Israel — B2B software — *Series C*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

**In Q3'22, VC-backed
companies in the Asia
region raised \$21.7B
across 2,352 deals**

VC investment in Asia falls to lowest level in over two years in Q3'22

VC investment in Asia dropped for the third straight quarter in Q3'22. After falling to a low not seen since Q1'17 in Q2'22, VC investment in China rose slightly in Q3'22. Other jurisdictions in the region saw VC investment tumble, including India, Australia, Japan, and Singapore.

VC investors prioritize companies generating cash flows and high priority industries

During Q3'22, VC investors in Asia prioritized making investments in companies able to generate revenue or show positive cash flows, while pulling back from higher risk companies and those with unproven business models. Companies in high priority sectors, such as energy and hard-tech (e.g., semiconductors) in China and edtech in India, also attracted significant attention. In Q3'22, China-based electric vehicle battery maker Sunwoda EVB raised \$1.1 billion, lithium battery company Hubei Rongtong High Advanced Material raised \$744 million, intelligent electric vehicle platform company Avatar Technology raised \$377 million, and solar power research and manufacturing company Gokin Solar raised \$369 million, while India-based higher-education focused upGrad raised \$210 million.

Fundraising activity on track to reach eight-year low

Fundraising activity across most of Asia was incredibly sluggish this year, with all indications that annual fundraising in the region will hit an eight-year low at the end of 2022. Only India bucked this trend, with fundraising already more than double the previous record annual high at the end of Q3'22.

Despite slow fundraising activity in China and Hong Kong (SAR), China, there were positive developments in Q3'22; during the quarter, Quming Venture Partners announced the closing of two funds totaling \$3.2 billion: the \$2.5 billion USD Fund VIII — which was oversubscribed — and the 4.7 billion RMB Fund VII fund.⁹ These funds are expected to support early and growth stage companies in the healthcare and T&C spaces.

Asia sees higher IPO activity compared to other regions in Q3'22'

Compared to other regions, Asia experienced the highest IPO activity during Q3'22, with a number of new listings both on the mainland China exchanges and on the Hong Kong (SAR), China Stock Exchange. The HKSE saw its largest IPO of the year to date when China Tourism Group Duty Free raised \$2.1 billion in September. Hong Kong (SAR), China's IPO pipeline remained strong, although some companies might need to reassess their financials in light of shifting global market conditions. During Q3'22, there were also indications that the HKSE will shortly be issuing draft rules that would make it easier for hard-tech companies to list by reducing revenue and profit requirements.¹⁰

New agreement could end concerns regarding the delisting of China-based companies in the US

After significant concerns about potential delisting of China-based companies listed on US exchanges due to challenges with the review of audit work papers, the Chinese regulatory authorities made an agreement with the US's Public Company Accounting Oversight Board (PCAOB) during Q3'22 to allow for inspections under agreed-to procedures.¹¹ These inspections commenced late in Q3'22. Assuming that the arrangement goes as expected, it is likely that the risk of delisting will go down significantly. This could renew interest in US listings by China-based companies, although new listings may take time to materialize given the uncertain global macroeconomic environment.

⁹ <https://www.prnewswire.com/news-releases/quming-venture-partners-announces-closing-of-funds-totaling-us3-2-billion-301583471.html>

¹⁰ <https://www.usnews.com/news/technology/articles/2022-09-14/hong-kong-exchange-considers-lowering-threshold-for-hard-tech-listings>

¹¹ <https://www.scmp.com/business/article/3193829/what-are-us-audit-regulators-inspectors-doing-hong-kong>

VC investment in Asia falls to lowest level in over two years in Q3'22, cont'd.

VC investors in China remain focused on high priority sectors

VC investment in China during Q3'22 focused primarily on sectors identified as strategic growth priorities by China's central government, including ESG, electric vehicles, and hard-tech. The niche focus of these priority sectors compared to the previously hot consumer space has likely contributed to the slowdown in deals volume and funding in China over the last eighteen months.

On the ESG front, VC investors focused primarily on technology companies that enabled alternative energy and low carbon solutions, including companies focused on battery technologies, solar panel development, and electric vehicle manufacturing.

VC investment in India softens as economic challenges grow

VC investment in India was relatively quiet in Q3'22. The largest deals of the quarter included a \$210 million raise by edtech upGrad, a \$165 million raise by online eyeglass prescription company Lenskart, and a \$130 million raise by neo-bank platform Niyo. Fintech was one of the most attractive sectors of investment in India this quarter; in addition to Niyo's raise, online automobile insurance company InsuranceDekho raised \$100 million, and digital lending company EarlySalary raised \$97 million.

Healthtech gains significant attention from VC investors in Japan

VC investment in Japan dipped slightly in Q3'22, in line with trends seen globally. Despite the decline, key sectors continued to attract interest from investors in the country, including fintech, business productivity, healthtech, and ESG. Healthtech was viewed as particularly attractive during the quarter, with medical ICT firm Allm raising \$183 million and digital therapeutics company CureApp raising \$51 million.

Pharmaceutical companies in Japan are becoming more active investors, which could help propel investment in the health and biotech space over the next few quarters despite global macroeconomic challenges.

Trends to watch for in Q4'22

VC investment in Asia is expected to remain soft in Q4'22 overall given global macroeconomic uncertainties and policy uncertainties in China. During Q4'22, China's governing party will host its next major congress — an event held every five years. The congress is expected to guide China's direction for the future. Any tangible policy outcomes from the congress could affect the health and focus of VC investment in the coming quarters depending on how initiatives are identified and rolled out.

Hong Kong (SAR), China could see increasing interest and investment from VC investors now that pandemic related quarantine requirements have been lifted, making business travel much easier. The outcome of the audit work paper inspections occurring in Hong Kong (SAR), China as a result of the agreement between China's regulators and the PCAOB will also be important to watch in Q4'22. Should these inspections go well, there could be renewed interest in US-based IPOs from China-based companies, although such activity would take time to materialize.

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

Top 10 financings in Q3'22 in Asia-Pacific



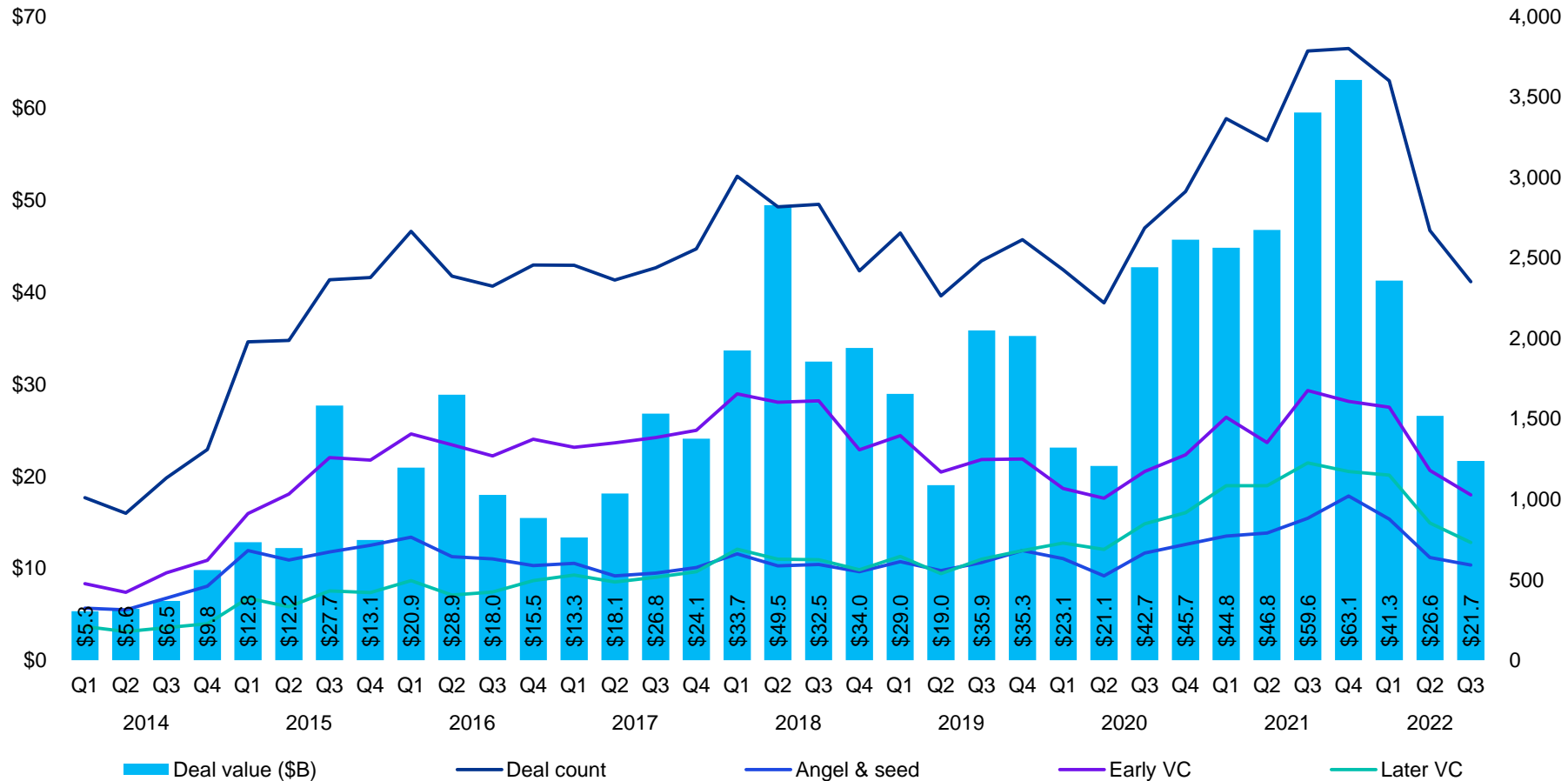
1. **Sunwoda EVB** — \$1.2B, Shenzhen, China — Cleantech — *Late-stage VC*
2. **Hubei High-Tech Advanced Material** — \$744.6M, Huangshi, China — Electrical equipment — *Series D*
3. **Vital Thin Film Materials** — \$643.75M, Guangzhou, China — Materials — *Series B*
4. **Avatar Technology** — \$377.8M, Chongqing, China — Manufacturing — *Series A*
5. **Gokin Solar** — \$369.8M, Zhuhai, China — Cleantech — *Series B*
6. **Zhongxin Breeding** — \$332.95M, Guangzhou, China — Agtech — *Early-stage VC*
7. **Lihao Semiconductor** — \$315.2M, Xining, China — Energy equipment — *Series B*
8. **Xendit** — \$300M, Jakarta, Indonesia — Fintech — *Series D*
8. **Traveloka** — \$300M, Tangerang, Indonesia — Consumer — *Late-stage VC*
10. **Fujian Deer Technology** — \$299.2M, Longyan, China — Advanced manufacturing — *Late-stage VC*

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022.
Data provided by PitchBook, October 19, 2022.

2022 continues to see cooling in venture activity

Venture financing in Asia

2014–Q3'22



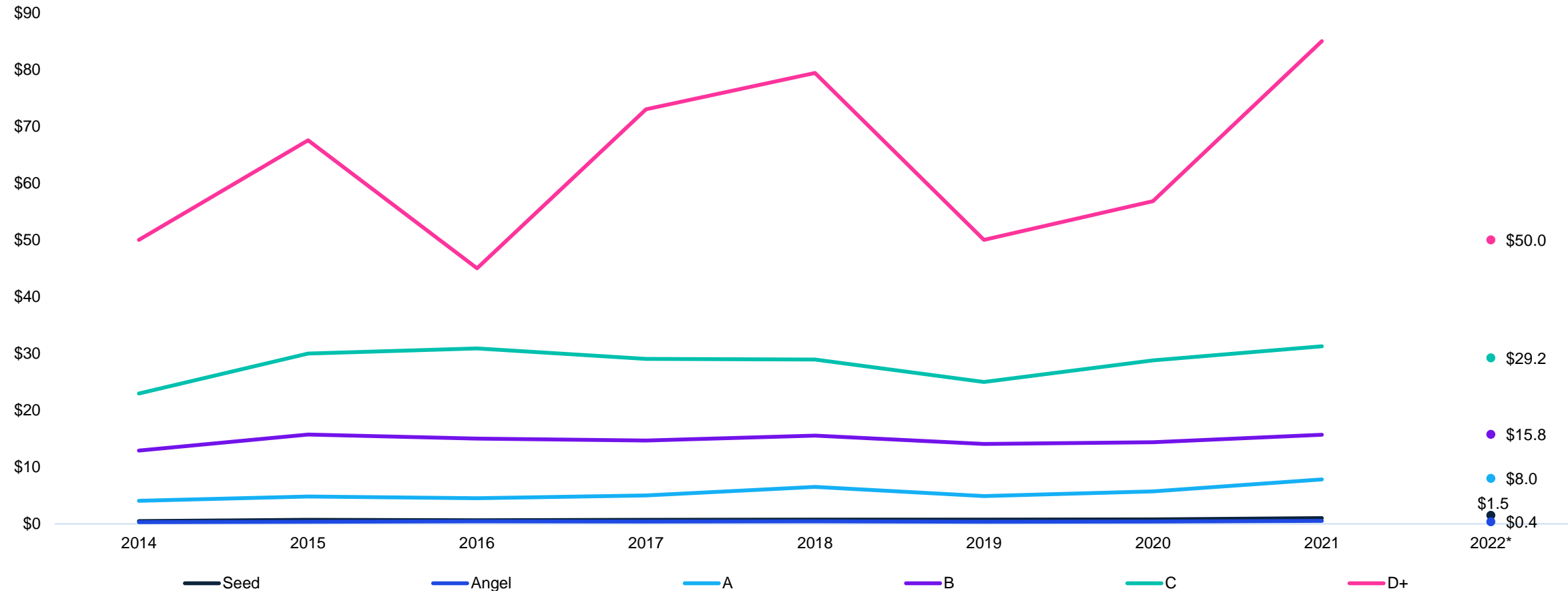
After lofty peaks in 2021, this year has seen a continuation in the gradual slump observed across most regions in venture financing activity, albeit with a slightly earlier start in Asia-Pacific markets. It remains to be seen how long investor caution persists given the uptick in significant challenges and complexities to investing in the area.

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Deal sizes paint a mixed picture of caution and stability

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

2014–2022*



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Valuations hold steady, unaffected by the slowdown

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

2017–2022*

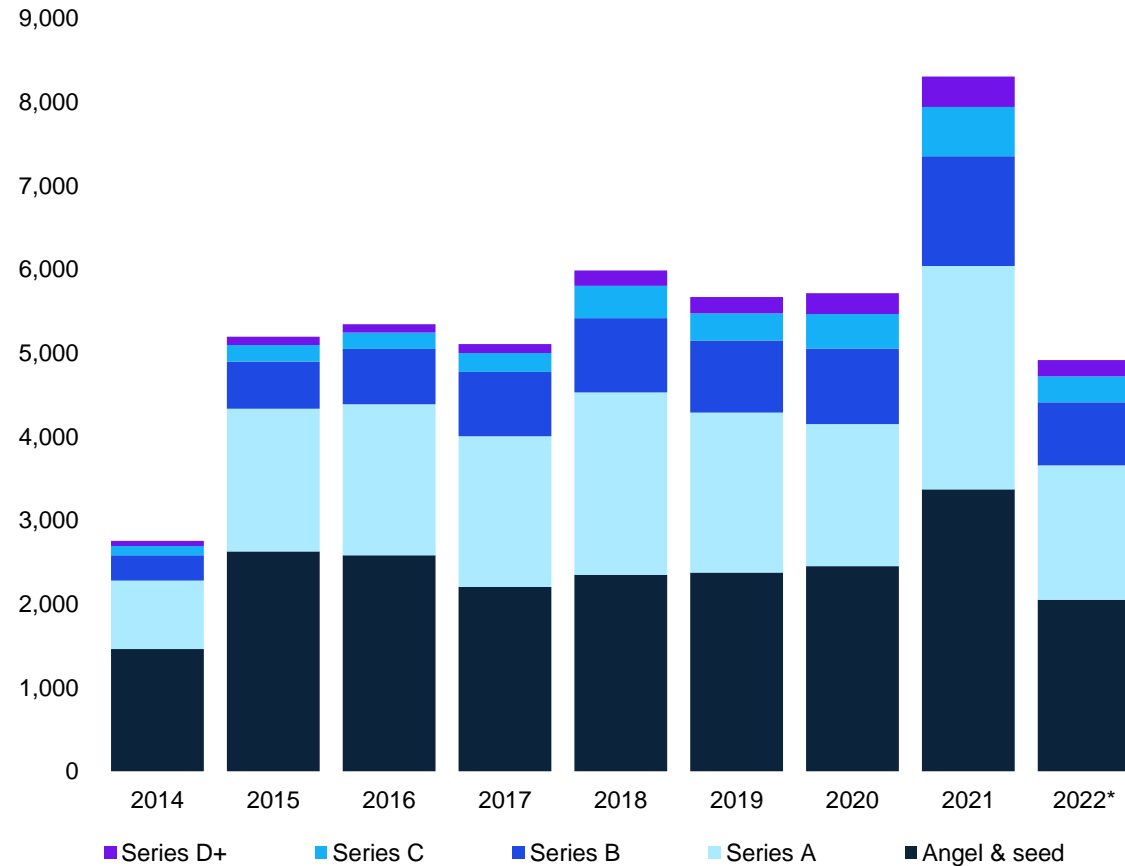


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022. Figures for Series C in 2014, as well as Seed, Angel, Series C and Series D+ in 2022 are based on non-normative population sizes.

VC invested stays concentrated in later stages

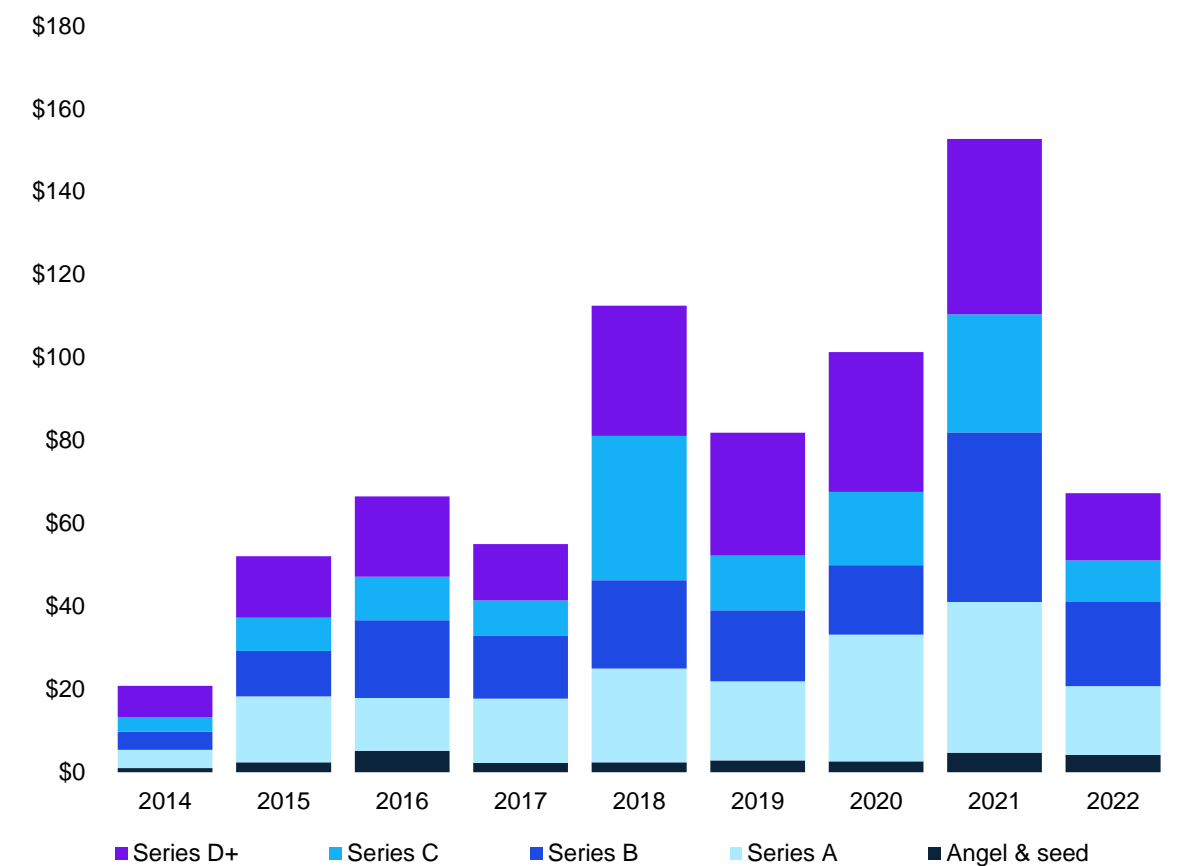
Deal share by series in Asia

2014–2022*, number of closed deals



Deal share by series in Asia

2014–2022*, VC invested (\$B)

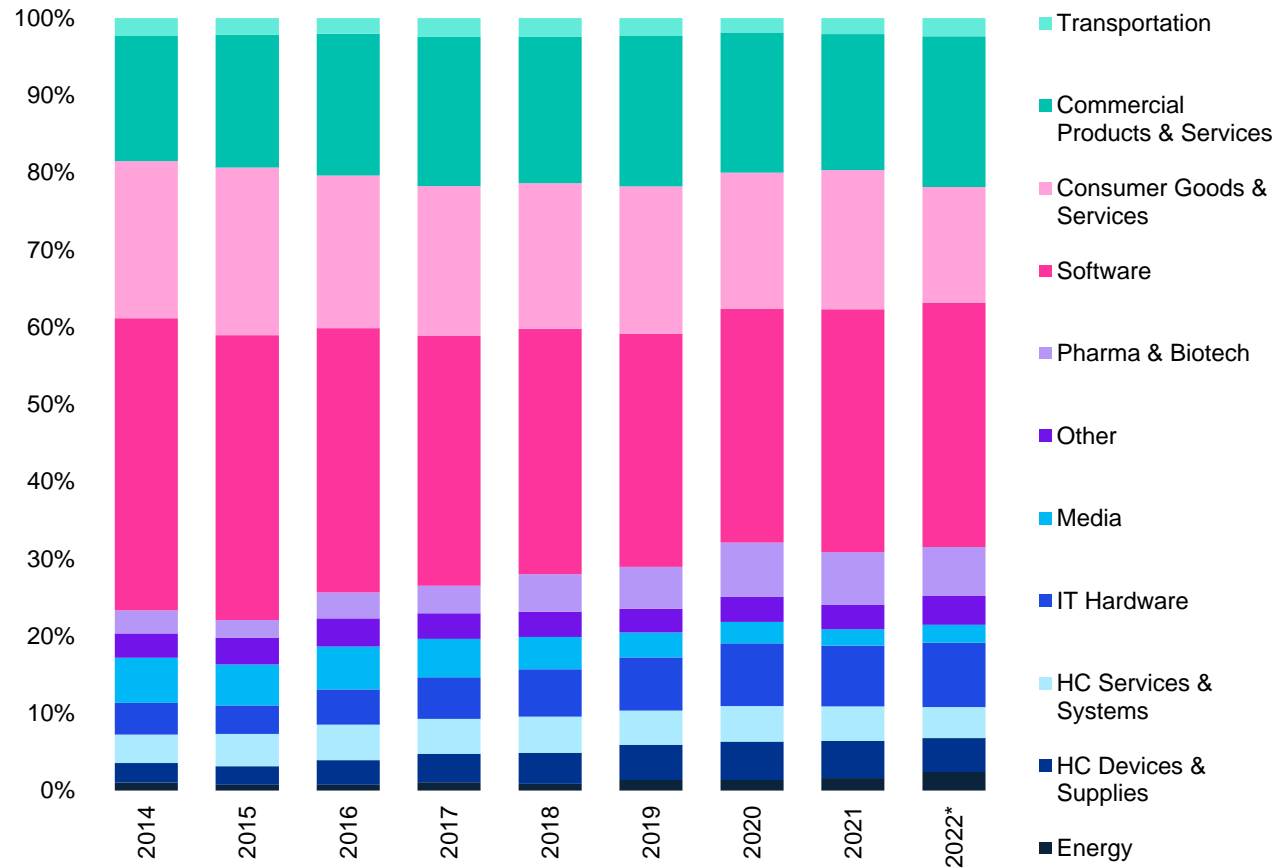


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

VC invested flows more and more to formerly less-active sectors

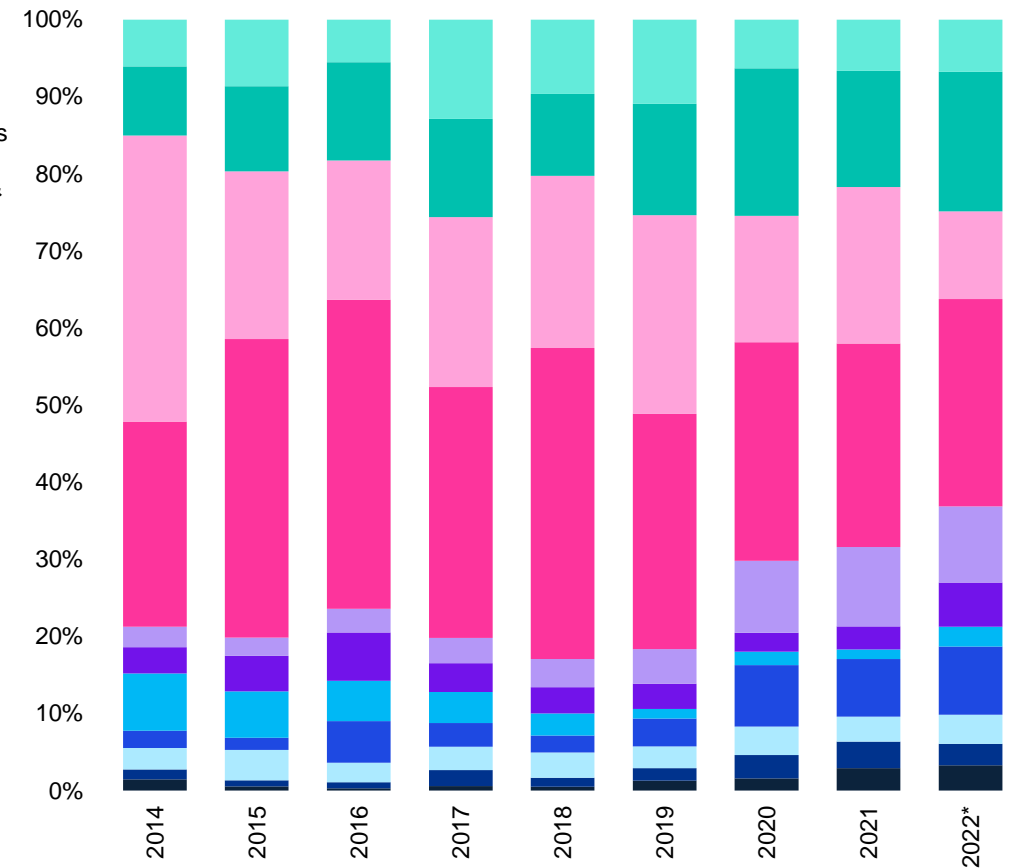
Asia venture financings by sector

2014–2022*, number of closed deals



Asia venture financings by sector

2014–2022*, VC invested (\$B)

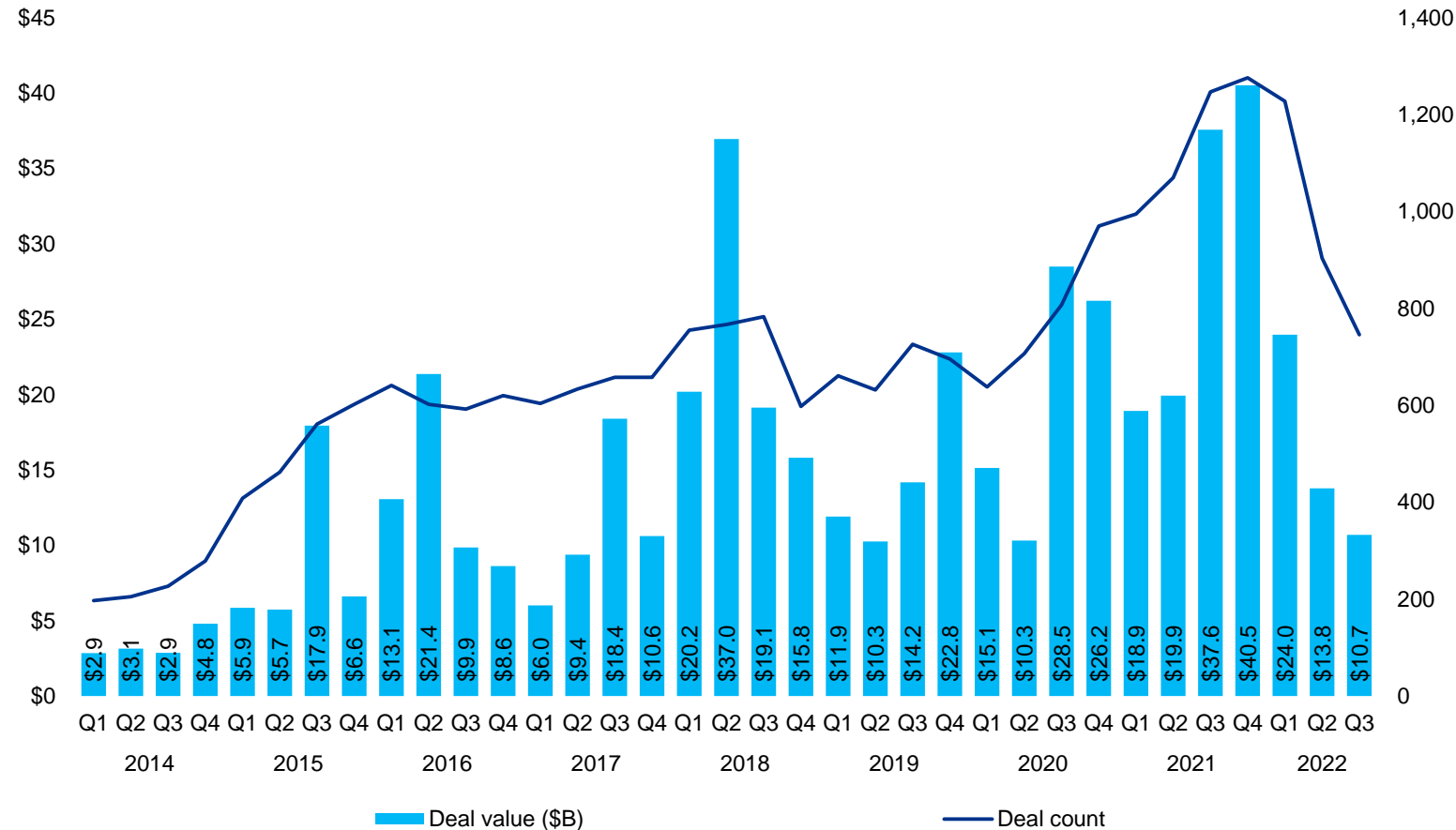


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Corporates pull back in line with broader market

Corporate participation in venture deals in Asia

2014–Q3'22



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. Given broader market conditions, their pull back this year is in alignment with traditional VCs. It remains to be seen how long they remain cautious.

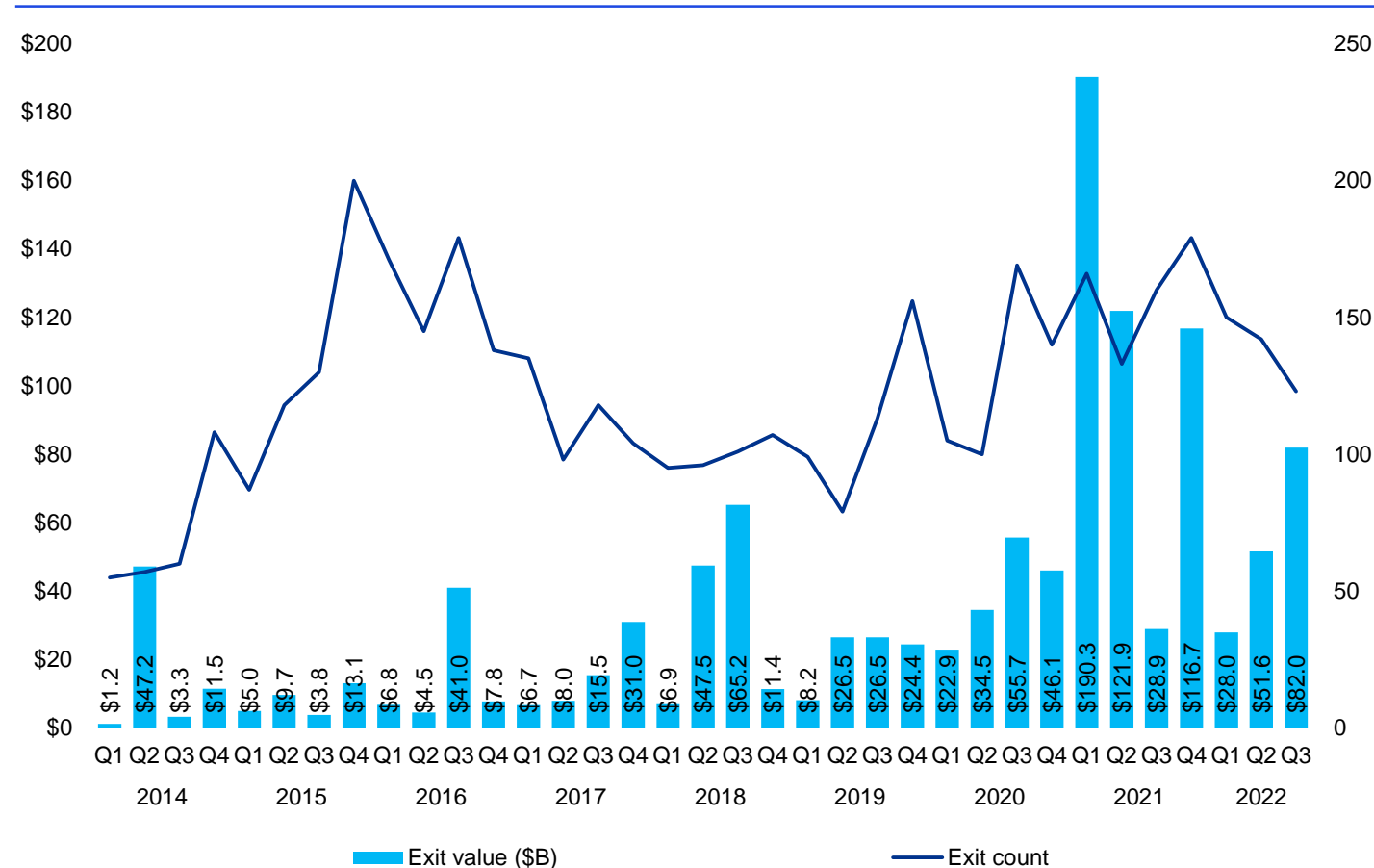
... the year thus far may see a return to corporate participation levels similar to the mid-2010s.

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Exit activity rebounds in Q3 in terms of value

Venture-backed exit activity in Asia

2014–Q3'22



After some record quarters in 2021, 2022 has observed healthy exit trends, as opposed to other regions. Exit value in particular rebounded in the third quarter of 2022, in a promising sign skewed by some outlier deals.

“ In this quarter, we continue to see the knock-on effect of capital market volatility and challenging IPO market on VC activities. However, a combination of record dry powder and lower valuation mean that investments are still being made especially in companies that can demonstrate business model and operational resiliency.”



Irene Chu

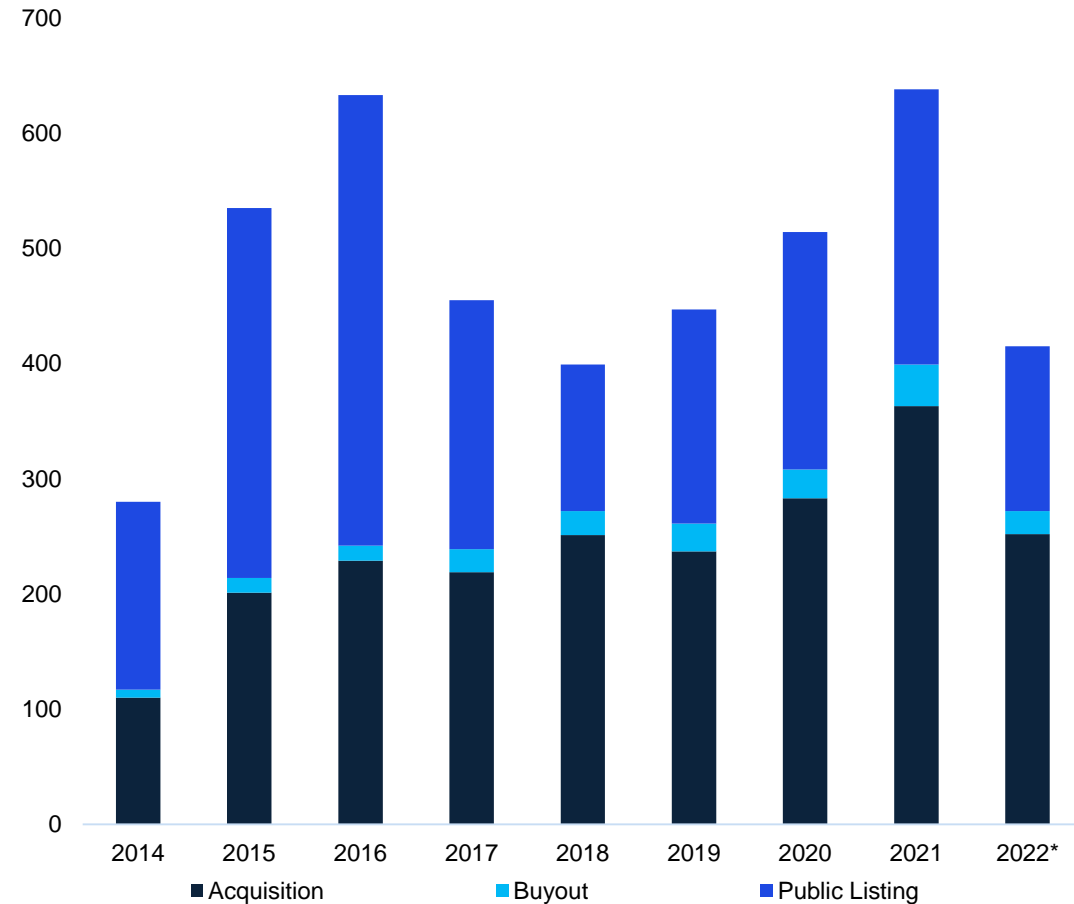
Partner & Head of New Economy and Life Sciences, Hong Kong (SAR) Region, KPMG China

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Domestic public listings continue to propel exit value

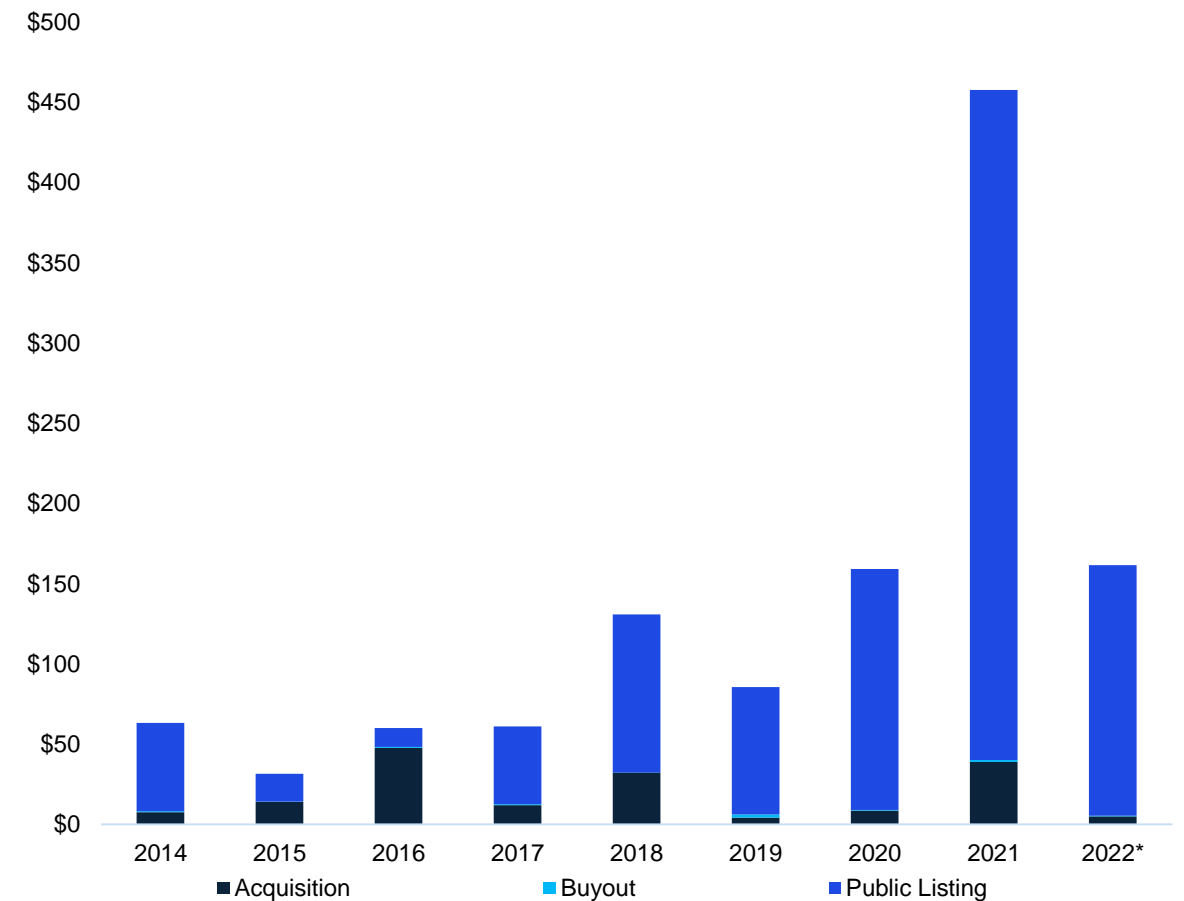
Venture-backed exit activity (#) by type in Asia

2014–2022*



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

2014–2022*

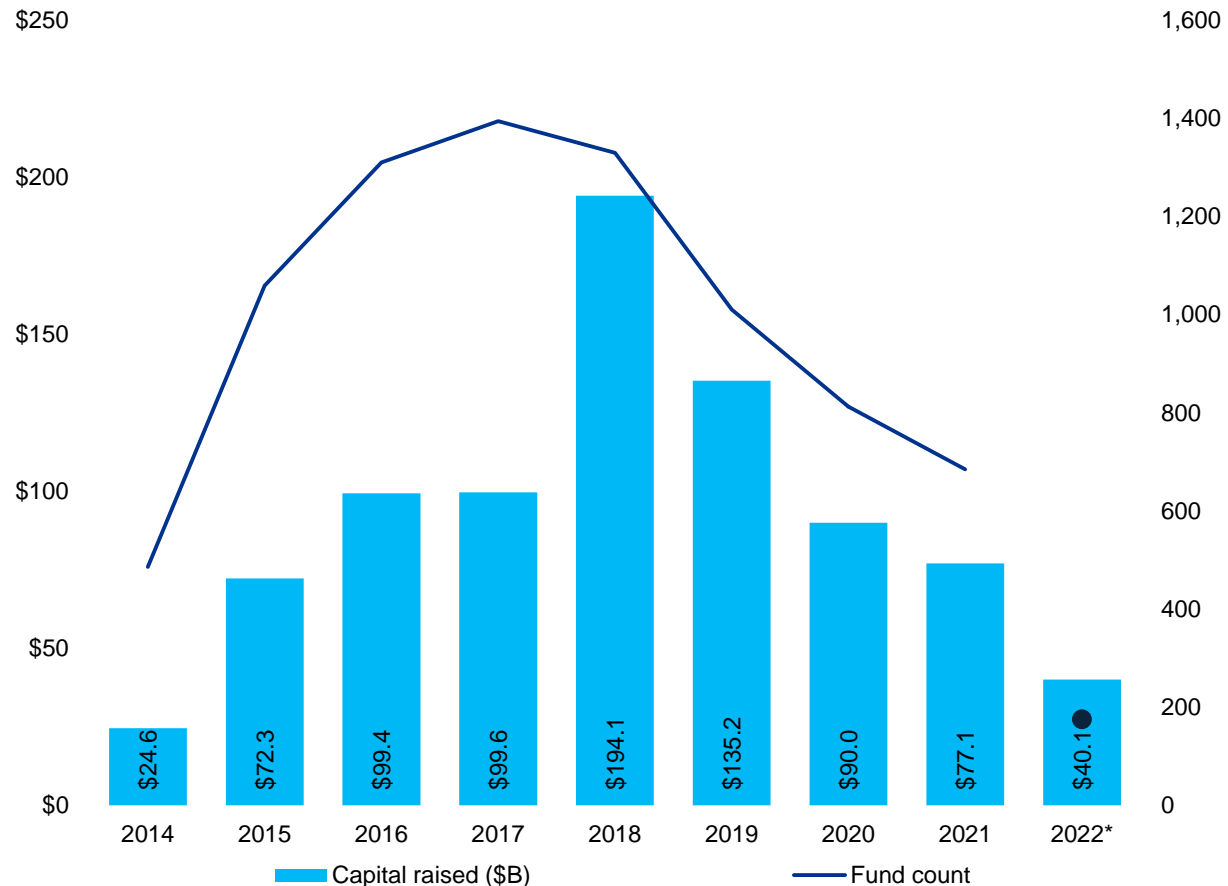


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

Fundraising continues prolonged decline, potentially plateaus

Venture fundraising in Asia

2014–2022*



With only a quarter left, it remains to be seen just how much capital is committed to venture funds in the region, but it appears that there is a slump that is likely to be continued by this year's tallies, with regard to fundraising cycles across the Asia-Pacific. This is potentially driven by a cyclical slowdown in market conditions and assessment by domestic firms as to how much volatility may occur in the region.

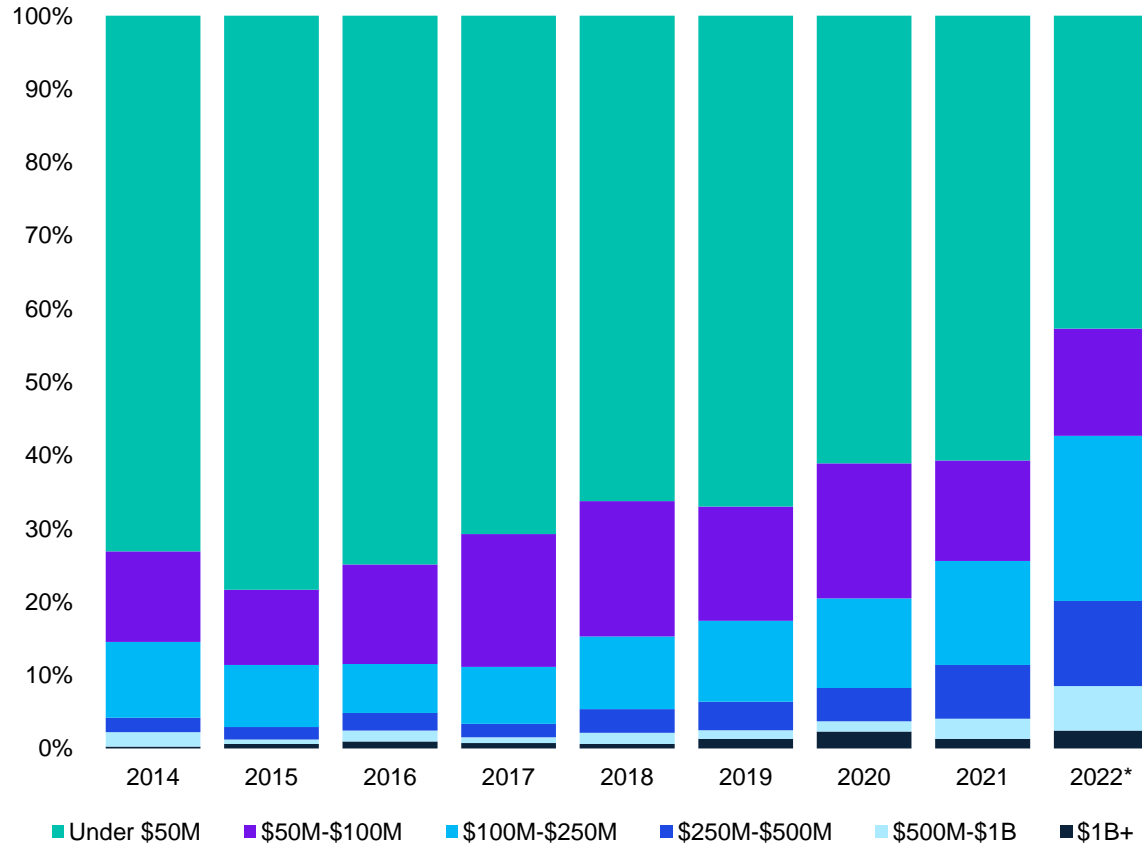
The **fundraising cycle subsided** further in what could still be a cyclical pause, **but if 2022 sees lower tallies than 2015, it may be more a matter of a plateau or systemic shifts...**

Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

First-time funds continue to defy slowdown

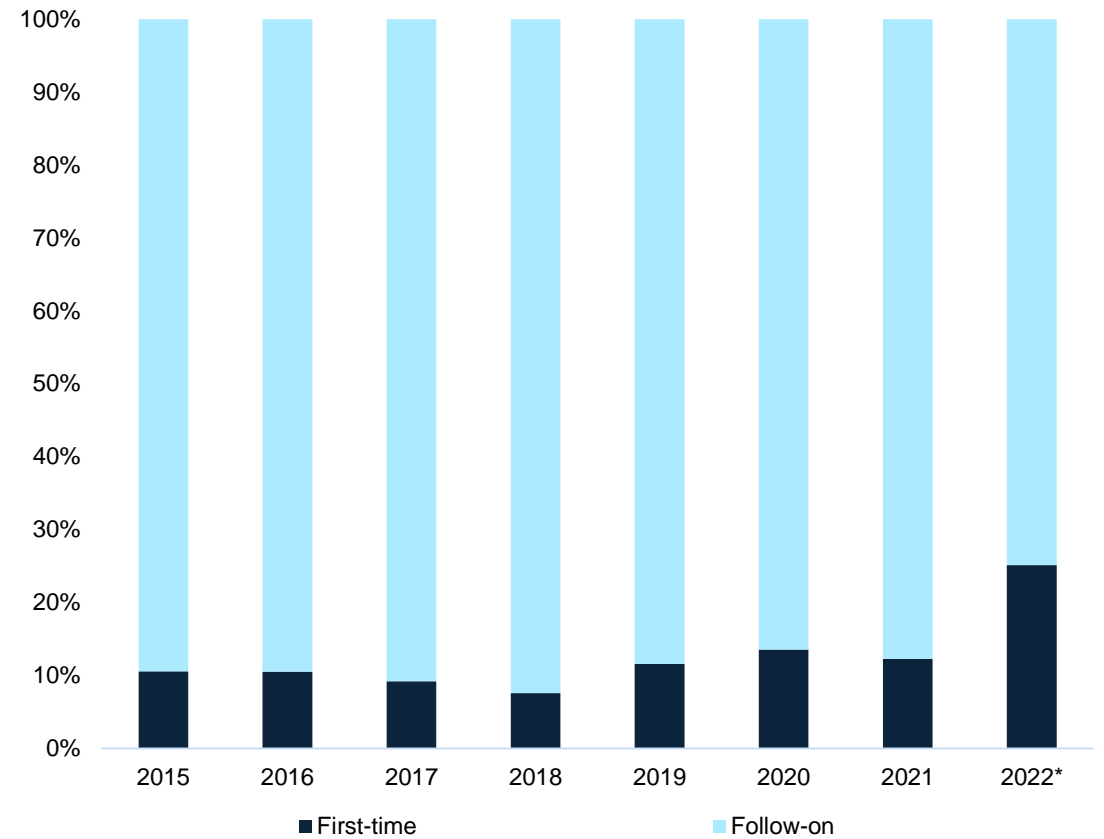
Venture fundraising (#) by size in Asia

2014–2022*



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

2015–2022*

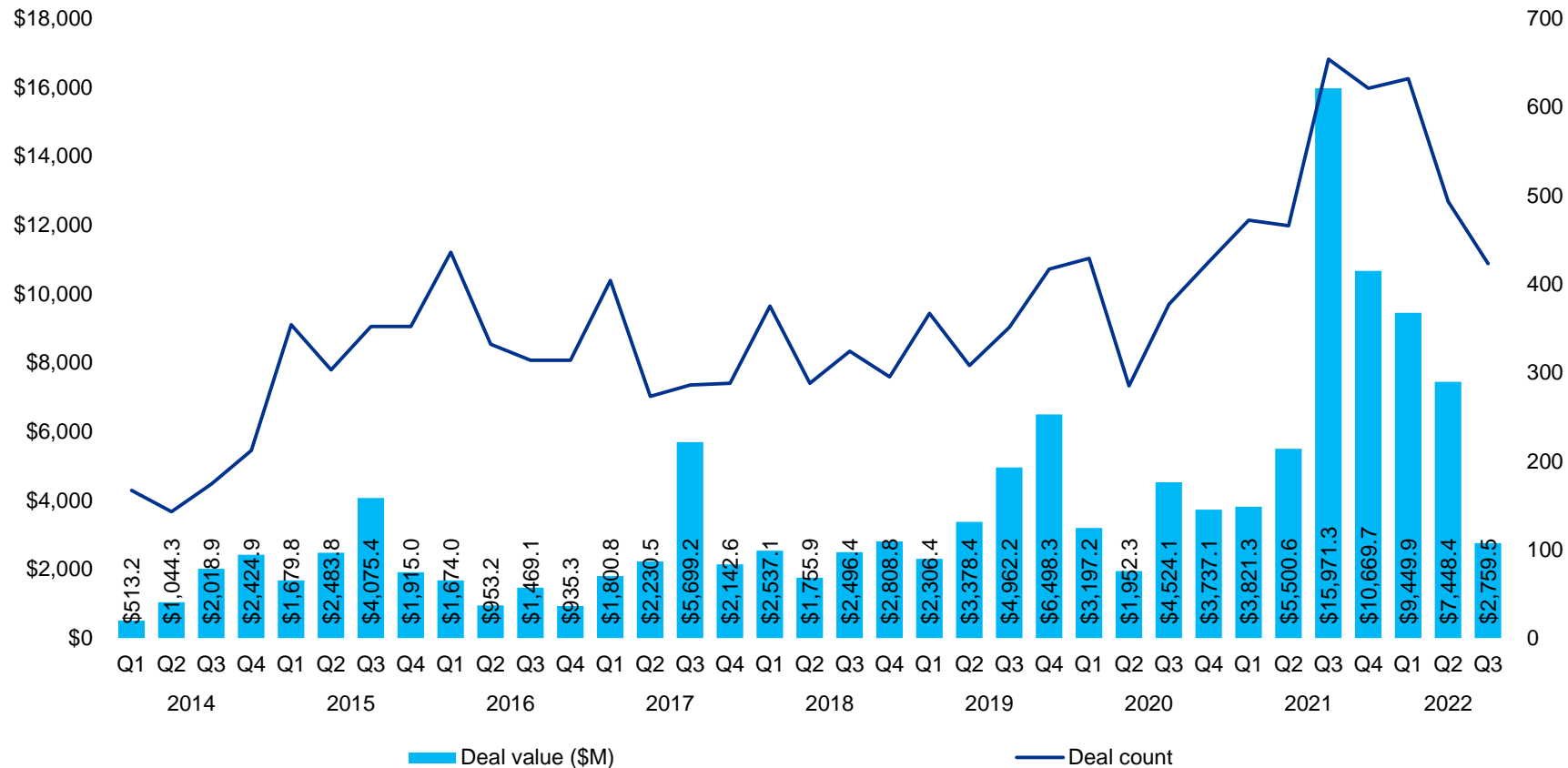


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

VC activity remains resilient

Venture financing in India

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“ VC investment in India softened this quarter across most industry verticals. Fintech investment however, continued to buck this trend, garnering significant investor attention, as evidenced by a number of big deals, including mega-rounds to Niyo and InsuranceDekho. This quarter’s Global Fintech Fest 2022 also placed a spotlight on the Fintech ecosystem in India, believed to be one of the fastest growing fintech markets in the world. ”

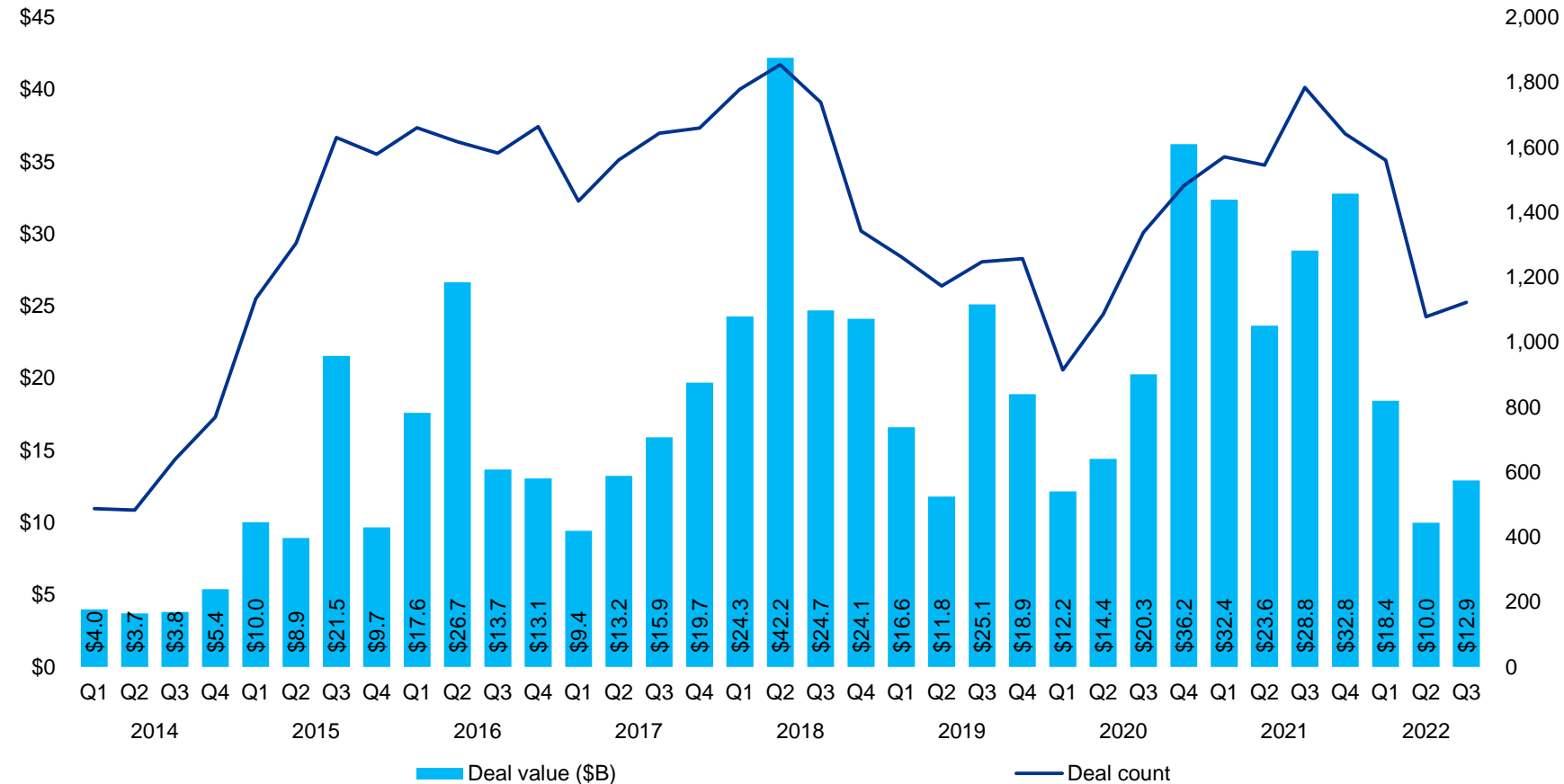


Nitish Poddar
Partner and National Leader,
Private Equity
KPMG in India

A Q3 uptick belies worldwide conditions

Venture financing in China

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“ In China, we’re seeing VC investment focusing primarily on two different dimensions. Firstly, we are seeing a significant amount of funding going to companies targeting government policy areas, including energy and enabling a low carbon economy. Secondly, we’re seeing investment in companies where technologies and business models can’t be easily replicated, including various forms of hardtech.”

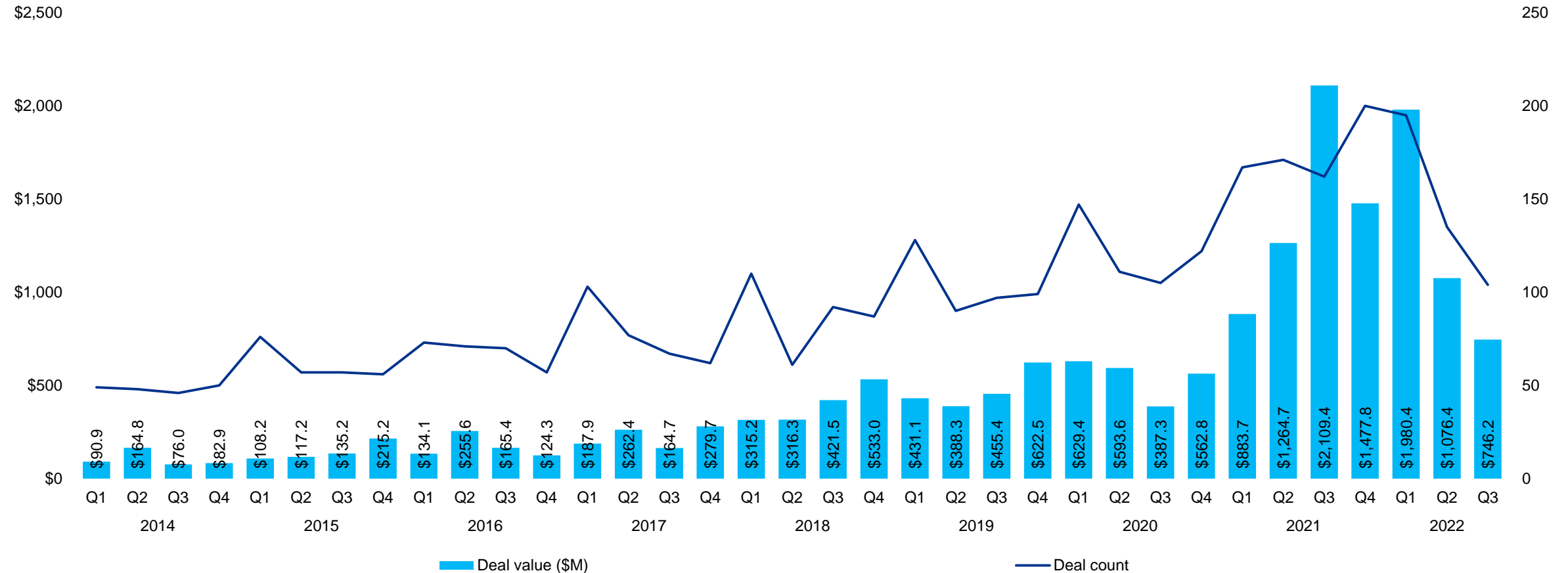


Zoe Shi
Partner
KPMG China

Dealmaking subsides further

Venture financing in Australia

2014–Q3'22

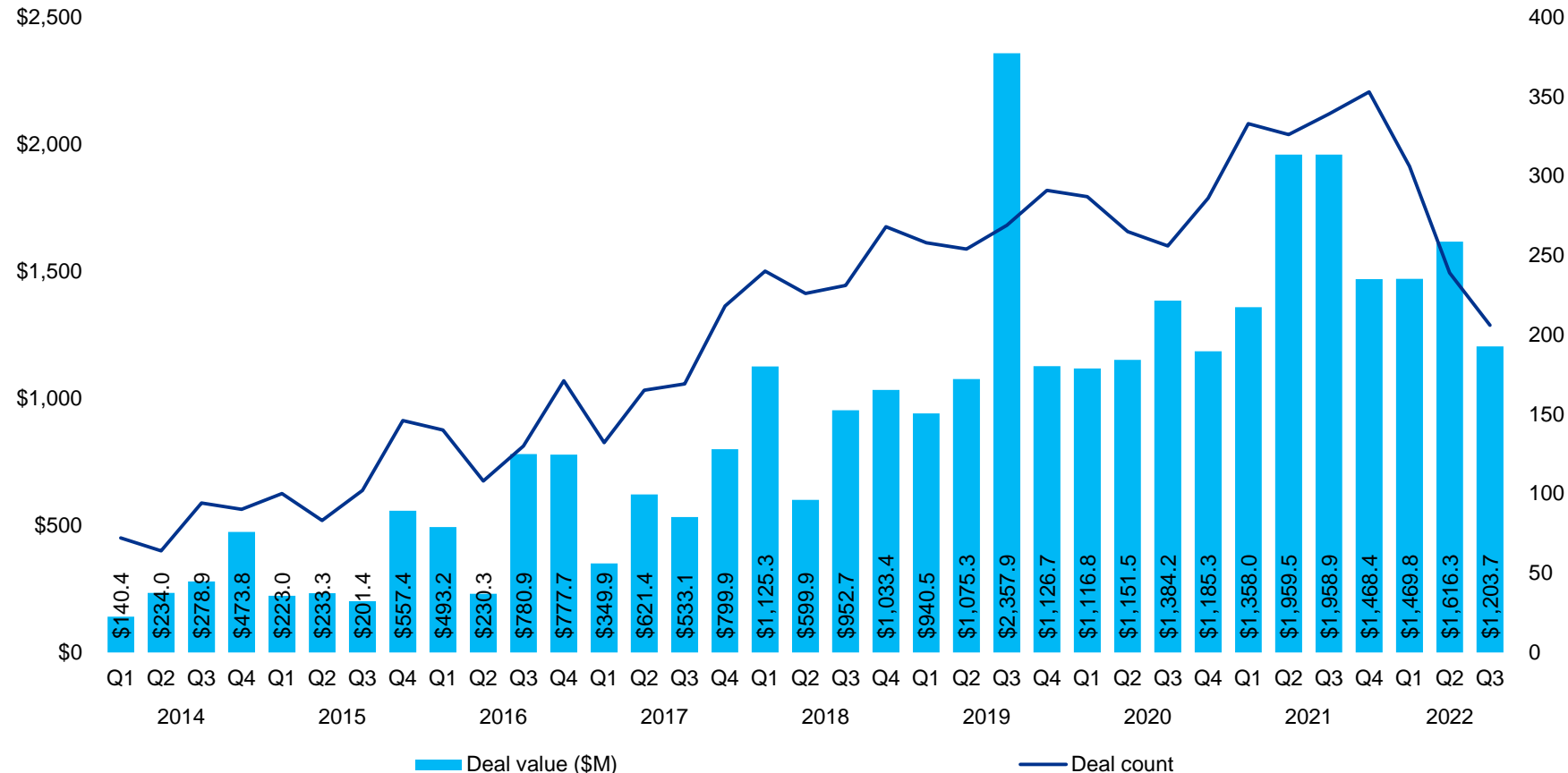


Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

VC invested tallies remain stalwart despite downturn in volume

Venture financing in Japan

2014–Q3'22



Source: Venture Pulse, Q3'22, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2022. Data provided by PitchBook, October 19, 2022.

“ While overall investment in Venture Capital dropped marginally this quarter, we continued to see strong activity in key sectors such as healthtech and ESG, reflecting broader global trends. Healthtech startups Allm, a medical ICT company and digital health startup CureApp, digital health specialists, both had large new rounds this quarter. Beyond this, we continue to see increased investment in nascent areas of healthcare such as remote medicine. ”



Hiroshi Abe
Executive Board Member,
Partner
KPMG in Japan

KPMG Private Enterprise's Emerging Giants Network

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



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Click [here](#) to register to watch the 2022 finals.

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-money valuation of the company at the time of the transaction.

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



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