

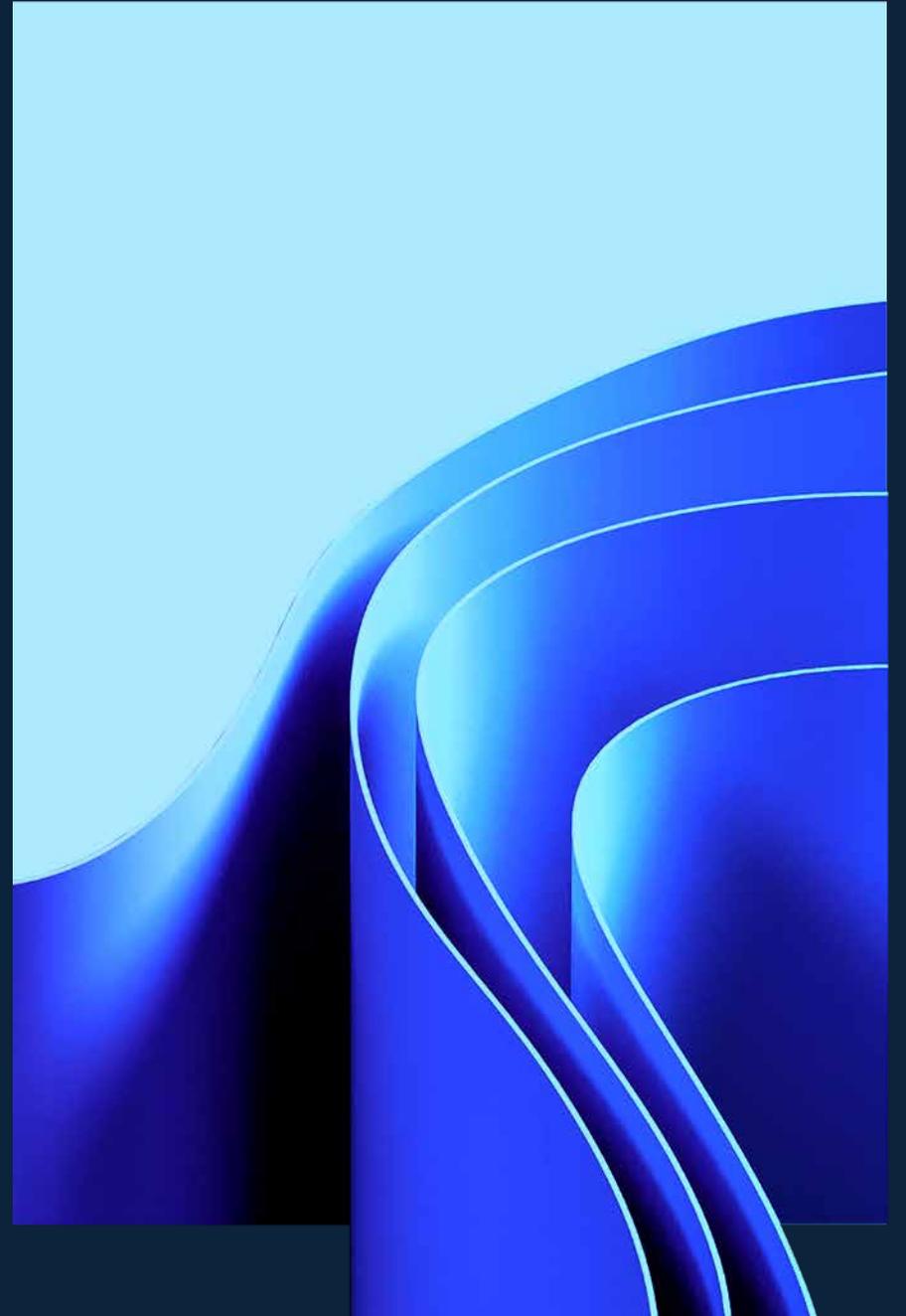


Venture Pulse

Q1 2023

Global analysis of venture funding

April 19, 2023



Welcome message

Welcome to the Q1'23 edition of KPMG Private Enterprise's Venture Pulse — a quarterly report highlighting the major trends, opportunities, and challenges facing the venture capital market globally and in key jurisdictions around the world.

What a difference a year makes. After reaching a peak of over \$200 billion in Q1'22, global VC investment fell in each subsequent quarter. In Q1'23, total VC investment globally was well under \$60 billion. With the level of uncertainty in the global market intensifying — from increasing interest rates to domestic and geopolitical challenges, significant economic concerns, war in Ukraine, and concerns about the stability of the global banking system — no region was particularly immune to the shifting market forces.

Both startups and corporates continued to batten down the hatches in Q1'23, prioritizing cost-cutting and operational efficiencies and laying off staff in order to reduce their spend. VC investors also tightened their purse strings, enhancing their scrutiny of potential deals quite significantly. The alternative energy and EV sectors were the brightest lights of the quarter, with companies from these interconnected sectors attracting the largest share of big funding rounds, including Generate (\$880.6 million), Zeekr (\$750 million), Xpansiv (\$525 million), SolarSpace (\$442 million), and EcoCeres (\$400 million).

Funding for pre-seed and Series A deals showed the most resilience this quarter as VC investors focused on making smaller bets on startups with less questionable valuations.

In addition to alternative energy, defense-focused companies continued to attract attention. B2B productivity also remained front of mind for investors given the growing pressure on companies to become more efficient and the continuing challenges of hybrid work. Artificial Intelligence generated the most buzz this quarter, if not investment, as the ripples from OpenAI's launch of ChatGPT made their way through all markets. Generative AI will likely be a space to watch for the rest of 2023.

With no end in sight to the uncertainty in the market, Q2'23 is expected to be another tough quarter for VC investment globally — although there is some hope for a more positive second half of the year, particularly in Asia.

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

- The strong interest in alternative energy and EV solutions
- The continued focus on cost-cutting and finding efficiencies
- The relative resilience of early-stage deals
- The growing focus on generative AI

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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#Q1VC

Contents

Global

- VC investment slows to \$57.3 billion across 6030 deals
- Median deal size for series D+ plummets to \$47.6 million
- Funding to healthcare and energy startups remain more resilient
- Corporate VC participation falls for 5th consecutive quarter
- Global venture fundraising stalls following strong 2022
- Top 10 deals dominated by Fintech (3) and cleantech (3) startups



US

- VC deal value plummets further to \$31.7 billion across 2217 deals
- Median deal size for early series rounds remain resilient
- late-stage valuations plummet from \$800+ million to only \$250 million
- Exits slide to lowest quarterly tally in years
- LP's concentrate capital on proven VC funds

Americas

- VC-backed investment falls to \$33.1 billion across 2542 deals
- After relative resilience, dealmaking slides in Canada
- VC deal value and volume fall in Mexico, mirroring global trends
- Brazil sees slight bump in volume, while deal value drops in Q1
- Largest 10 deals in Americas all come from the United States



Asia

- Venture Capital investment falls to \$13.5 billion across 1773 deals
- Median deal sizes begin to slide — particularly for later rounds
- Earlier-stage deals stay surprisingly resilient
- First-time fundraising remains more resilient than other regions
- Chinese companies pull in 8 of the top 10 deals in Asia

Europe

- Investment drops again — to \$9.8 billion invested on 1533 deals
- VC down-rounds increase as a percentage of all deals
- Median deal size for series D+ drops to \$60.5 million
- Median pre-money valuations slide — particularly for later stage rounds
- UK sees overall slowdown despite outlier rounds
- Deal value falls in the Nordics following robust 2022

**Globally, in Q1'23
VC-backed companies
raised \$57.3B across
6,030 deals**



Challenging start to the year for VC investment globally

Global VC investment fell to \$57 billion in Q1'23 — a particularly low note when compared to the high of \$200+ billion seen in the same quarter just one year ago. A myriad of factors combined to buffet the global VC market, from the protracted war in Ukraine and other geopolitical uncertainties to concerns about the global banking system following the sudden turbulence seen in Q1'23. Stubbornly high inflation and still-increasing interest rates have also posed their own challenges.

Both VC investment and deal volume decline in major regions as large megadeals disappear

The Americas, Europe, and Asia all saw VC investment decline further in Q1'23 as VC investors continued to shy away from large, late-stage deals. During the quarter, only one jurisdiction attracted a \$1 billion+ megaround. Deal activity on the other end of the spectrum showed far more resilience, with investment and deals activity remaining quite robust for pre-Seed and Series A deals.

Generative AI comes into the spotlight

In the wake of the immense buzz created by the release of ChatGPT by OpenAI, interest in generative AI grew significantly. While this interest will likely take time to translate into additional investment, the excitement for the space was quite marked. The large global tech giants were particularly quick to announce their own generative AI offerings. During Q1'23, Google announced that it was integrating AI-powered writing features into Google Workspace¹, while Microsoft announced plans to integrate AI into its Microsoft 365 offerings².

Generative AI is still very much an emerging area, with applicability across many different sectors and customer activities. It is likely that the next few quarters will see an explosion of activity in the space as companies look to transform activities like customer loyalty, marketing automation, back-office management, and chatbot type offerings. Some aspects of generative AI could also however, come under increasing scrutiny due to the possible legal ramifications associated with the use of generative AI produced work.

¹ <https://workspace.google.com/blog/product-announcements/generative-ai>

² <https://www.cnbc.com/2023/03/16/microsoft-to-improve-office-365-with-chatgpt-like-generative-ai-tech-.html>

Alternative energy companies account for the largest VC deal in every region during Q1'23

Alternative energy, including electric vehicles, was by far the biggest ticket sector in Q1'23 — accounting for many of the largest deals of the quarter, including the largest deal in every region. In the Americas, US-based alternative energy infrastructure company Generate raised \$880.6 million; in Asia, China-based EV company Zeekr raised \$750 million; and in Europe, Germany-based alternative energy leasing company Enpal raised \$228 million.

With the war in Ukraine and energy costs being a major contributor to inflation, the focus of investors on alternative energy wasn't surprising. Whether investment will continue to increase or reach a plateau as Europe becomes more self-reliant will be worth watching, although the sector has attracted quite a diversity of investments — which could keep investment in the space robust for some time.

Cybersecurity remains top of mind for VC investors

Globally, the risks associated with cyber attacks and data breaches continued to evolve and grow in Q1'23, with no expectation that they will wane at any point in the foreseeable future. As a result, the cybersecurity space is expected to remain quite resilient despite the rocky VC market conditions being experienced by almost every jurisdiction in the world. The US continued to attract the largest VC deals in the cybersecurity space; during the quarter, US-based cloud security firms Netskope and Wiz raised \$401 million and \$300 million respectively, while all-in-one security firm Aura raised \$205 million.

Challenging start to the year for VC investment globally, cont'd.

VC investment in consumer retail and real estate hit hard; shakeouts on the horizon

VC investors continued to shy away from the consumer retail sector in Q1'23. The real estate sector also took a hit given the impact of high interest rates on the real estate market more broadly. If VC investment remains focused elsewhere, hard hit sectors could see both traditional companies and startups beginning to fail — or being pressured by their investors to sell in order to avoid failure. Given the robust funding environment of the last couple of years, this shakeout of the market could separate out the winners in the harder hit industries in different regions, with only the best companies managing to weather the storm while others fall by the wayside.

IPO window could stay closed through the end of the year; Asia may be the exception

The IPO window remained firmly shut in Q1'23, with very little indication that a reopening will be on the horizon within the next few months. Investor sentiment, particularly in the Americas and Europe suggests that the IPO window won't open until late in the year or, quite possibly, not until 2024. Given their unique position globally, China and Hong Kong could be the exceptions. While Q1'23 saw IPO activity decline in both cases, there is some positive sentiment that regulatory changes in both locations could spark some renewed interest. This is particularly true with respect to the new 18C listing rules in Hong Kong — which make it easier for companies focused on next gen technologies, advanced hardware and software, new energy solutions, and agritech to list on the HKSE³.

Trends to watch for in Q2'23

Globally, VC investment will likely remain soft heading into Q2'23 as VC investors across jurisdictions continue to show caution given the significant degree of uncertainty in the market. Investment in consumer retail and D2C companies will likely remain very dry. Alternative energy and greentech, defense, cybersecurity, and B2B services will likely be the most resilient areas of investment globally, while generative AI could see a spike in investment given the strong spotlight shone on the space in Q1'23. Longer term, drone technologies could also see strengthening interest and VC investment — not only in the defense and logistics spaces, but also in emerging areas like agtech.

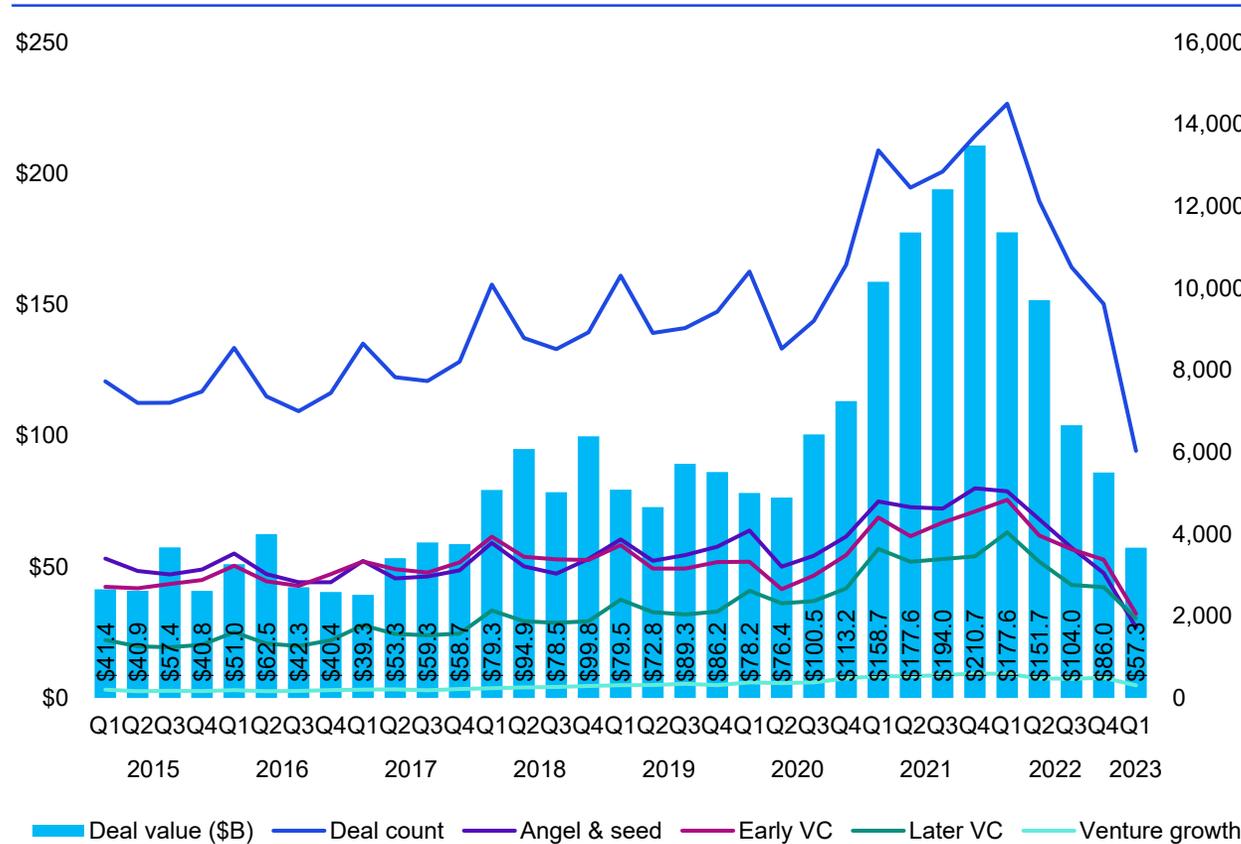
VC investors have become more comfortable investing in developing nations over the past few years — with areas like South America, Latin America, and Africa increasingly attracting funding. While these regions many not be a priority for investment in the short term, they will likely continue to grow on the radar of VC investors long term.

³ <https://www.mayerbrown.com/en/perspectives-events/publications/2023/03/hong-kongs-new-listing-regime-for-specialist-technology-companies-takes-effect-on-31-march-2023>

Venture investment continues to face significant headwinds

Global venture financing

2015–Q1'23



The first quarter of 2023 recorded an even steeper downturn in the volume of venture financing worldwide, across all stages. Although the downturn has been ongoing for some time now, markets and players are still grappling with assessing overall conditions and various factors, which has led to a lack of resolution thus far. Key challenges still include:

- Any further economic slowing to the point of recession in the US and the UK, and any other economic slowdowns in emerging economies such as China and India
- The ongoing ramifications of international tensions, especially as they pertain to trade and collaboration
- Volatility in financial markets leading to an unwelcoming climate for public listings
- Changes in regulations and other policies that could impede cross-border dealmaking or complexify M&A

“ There are so many things happening at once right now that it’s difficult to even try to predict where the world is going. It’s not only the geopolitical challenges. It’s also the way the world reacted to those, to rising gas prices, and to the impact of inflation on everything. For the VC market, the rise in interest rates is also an enormous factor. Cash is quickly becoming more expensive. Heading into the second quarter the strong interest in alternative energy, EV solutions and the growing focus on generative AI will be areas to watch. ”



Jonathan Lavender
Global Head
KPMG Private Enterprise
KPMG International

Source: Venture Pulse, Q1'23. Global Analysis of Venture Funding, KPMG Private Enterprise. Data provided by PitchBook, April 19, 2023

Financing metrics begin to show impact of caution

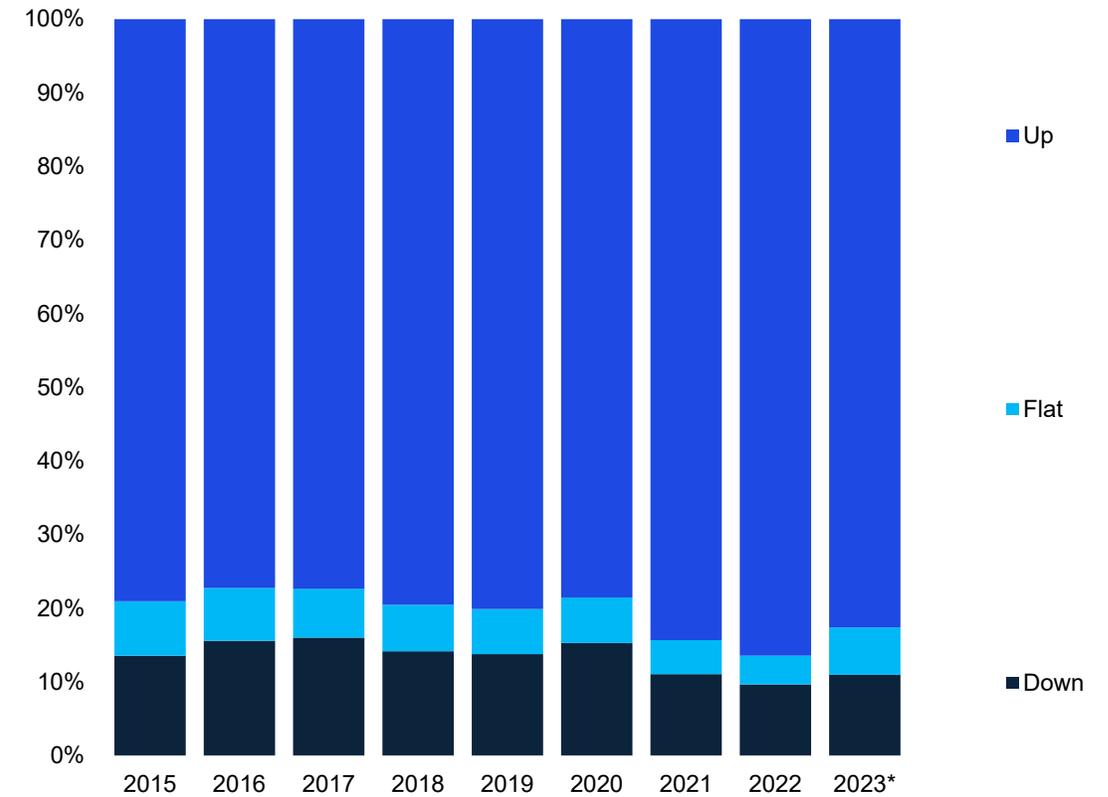
Global median deal size (\$M) by stage

2015–2023*



Global up, flat or down rounds

2015–2023*

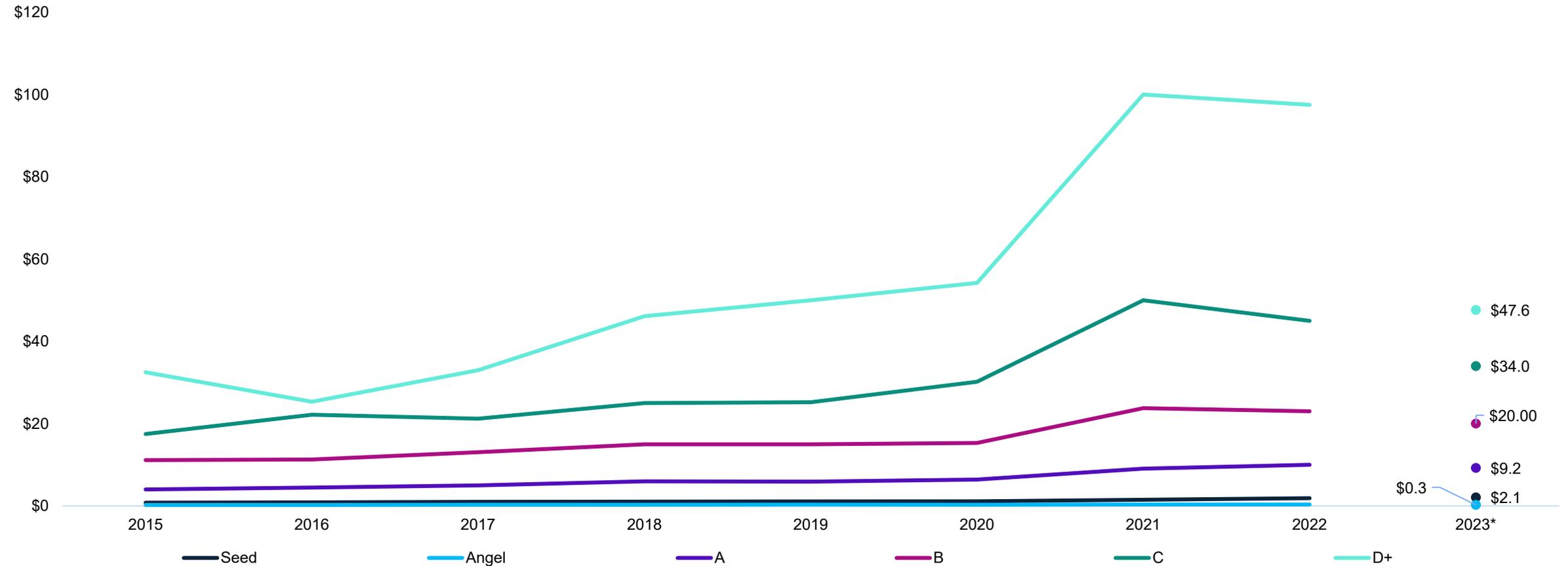


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

The latest stages continue to see the greatest impact

Global median deal size (\$M) by series

2015–2023*

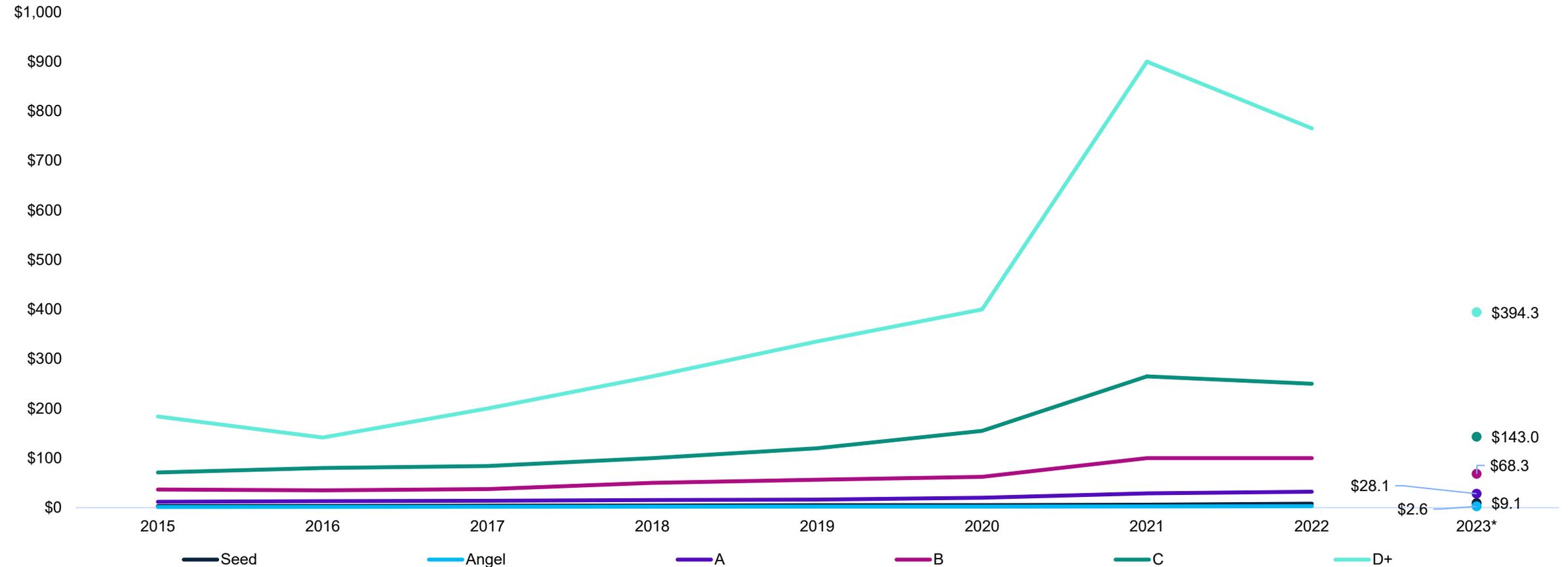


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Some earlier-stage metrics remain somewhat healthier

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

2015–2023*

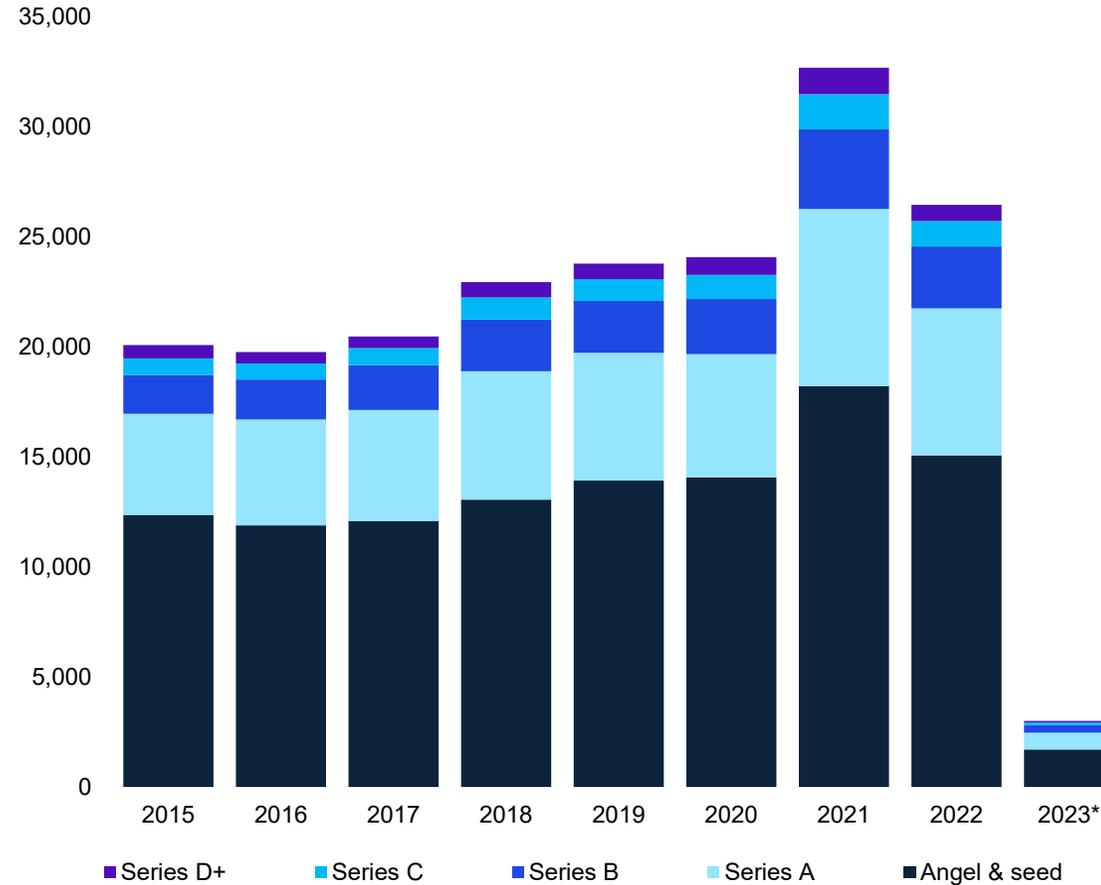


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Investors retreat from the riskier stages

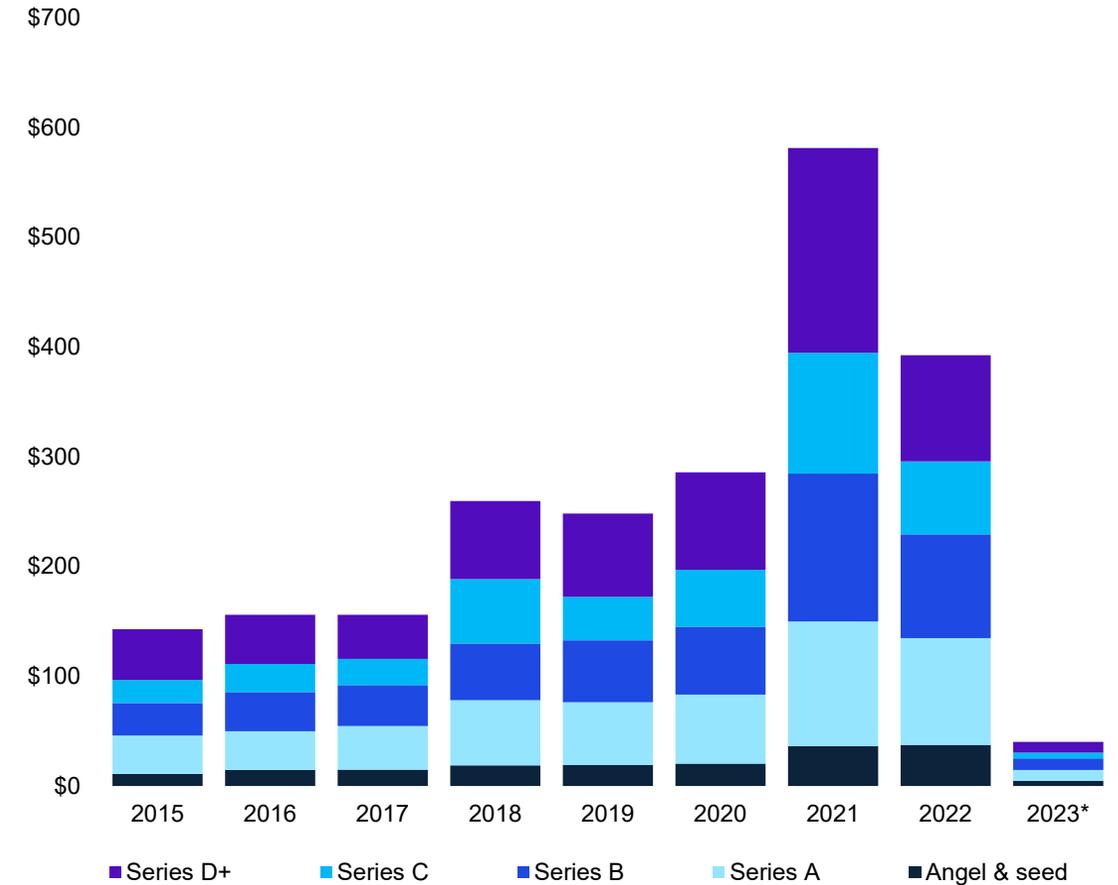
Global deal share by series

2015–2023*, number of closed deals



Global deal share by series

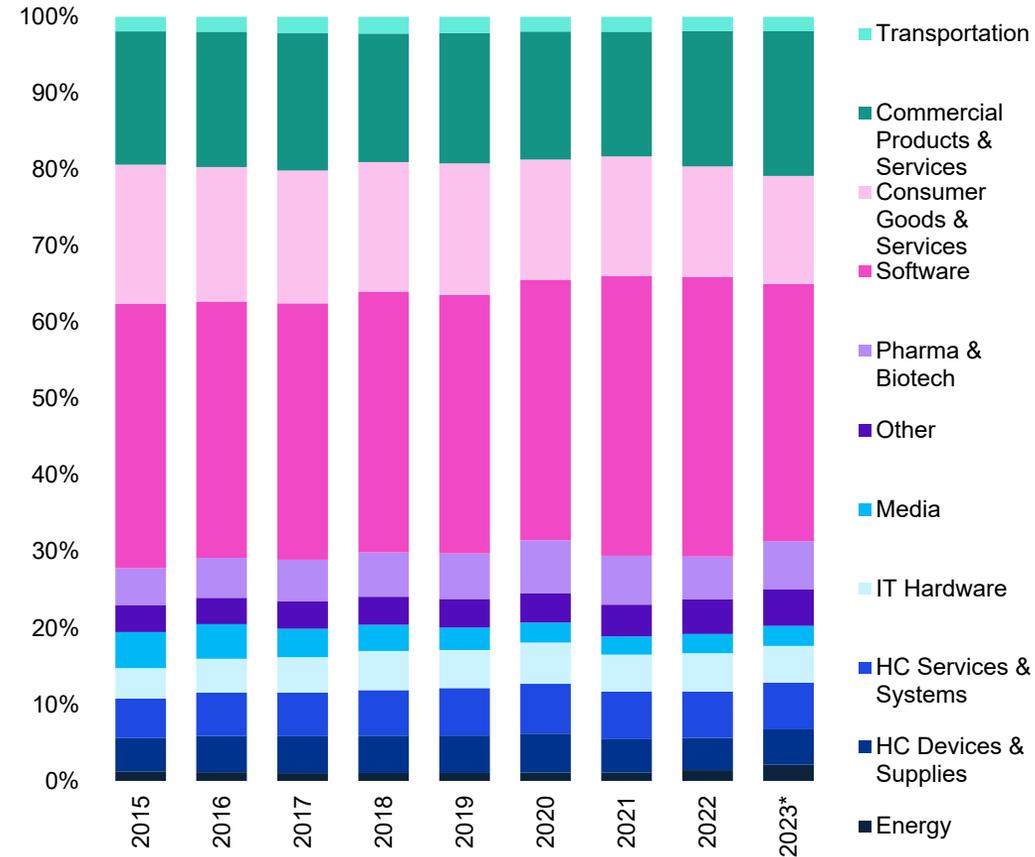
2015–2023*, VC invested (\$B)



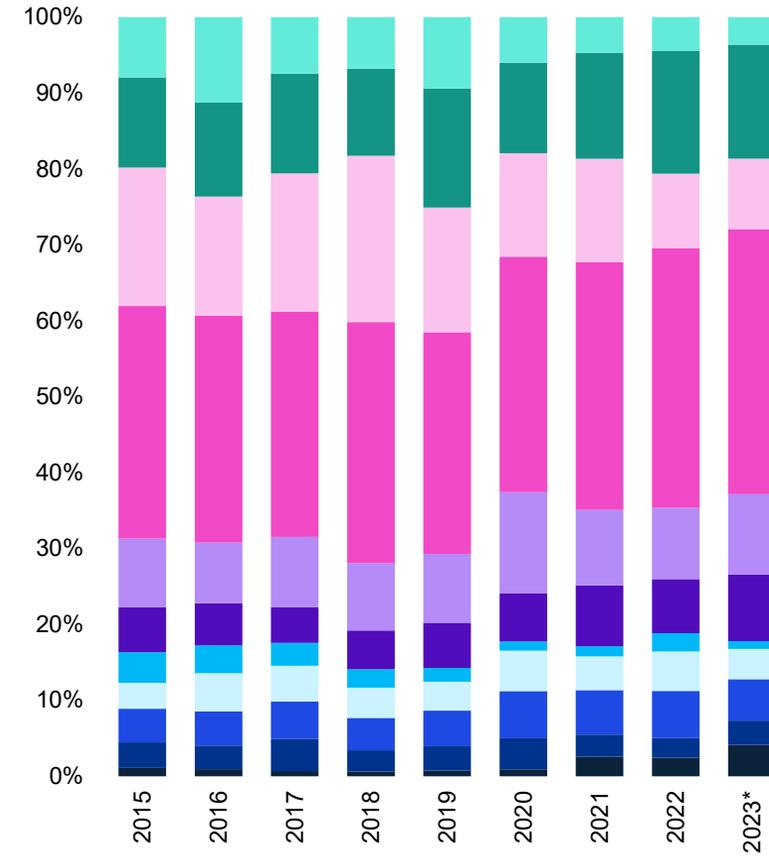
Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Healthcare & energy see gradual increases

Global financing trends to VC-backed companies by sector
2015–2023*, number of closed deals



Global financing trends to VC-backed companies by sector
2015–2023*, VC invested (\$B)



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

“Generative AI is a hugely exciting space. More and more companies are launching with various offerings so I would expect increased investment in the space and the development of a robust ecosystem for how to use generative AI for good. At the same time, we’re also going to see a lot of focus on the more concerning facets of generative AI including both legal and ethical. It’ll definitely be an interesting space to watch over the next few quarters.”

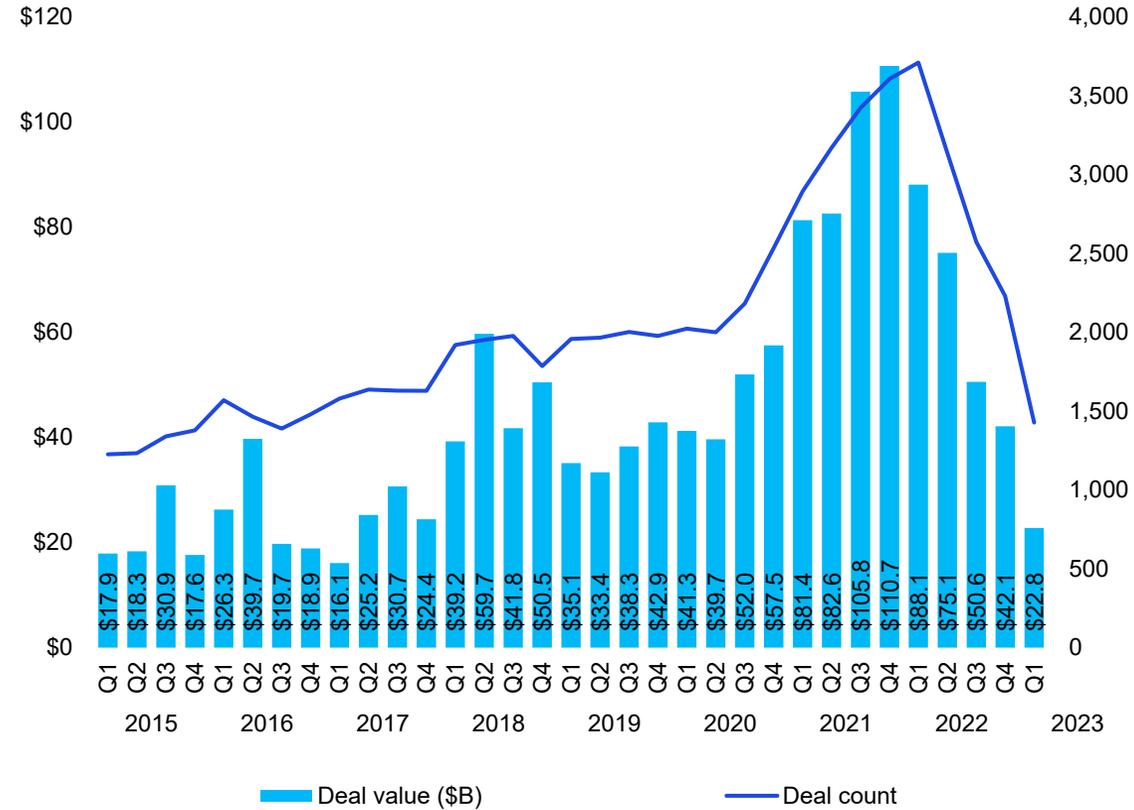


Conor Moore
Head of KPMG Private Enterprise in the Americas,
Global Leader, Emerging Giants,
KPMG Private Enterprise,
KPMG International & Partner
KPMG in the US

Corporates & first-time deal flow pull back as well

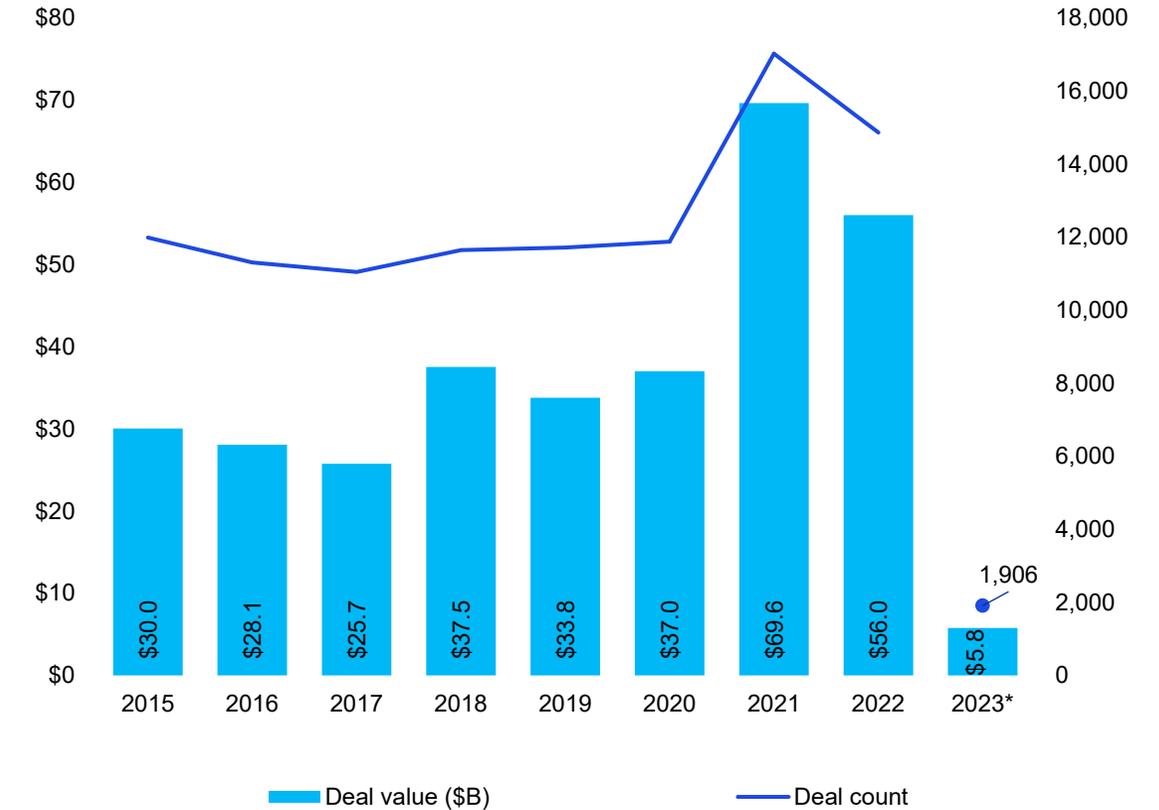
Corporate VC participation in global venture deals

2015–Q1'23



Global first-time venture financings of companies

2015–2023*



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

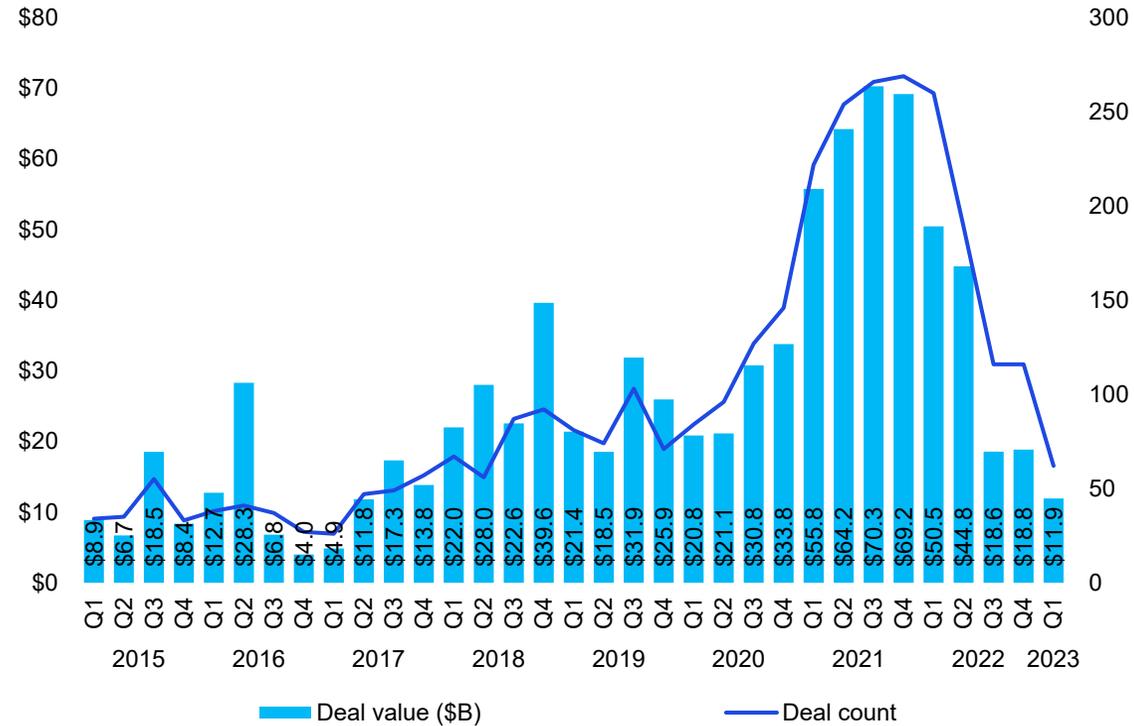
Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

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.

Unicorn rounds diminish as liquidity prospects dim

Global unicorn rounds

2015–Q1'23

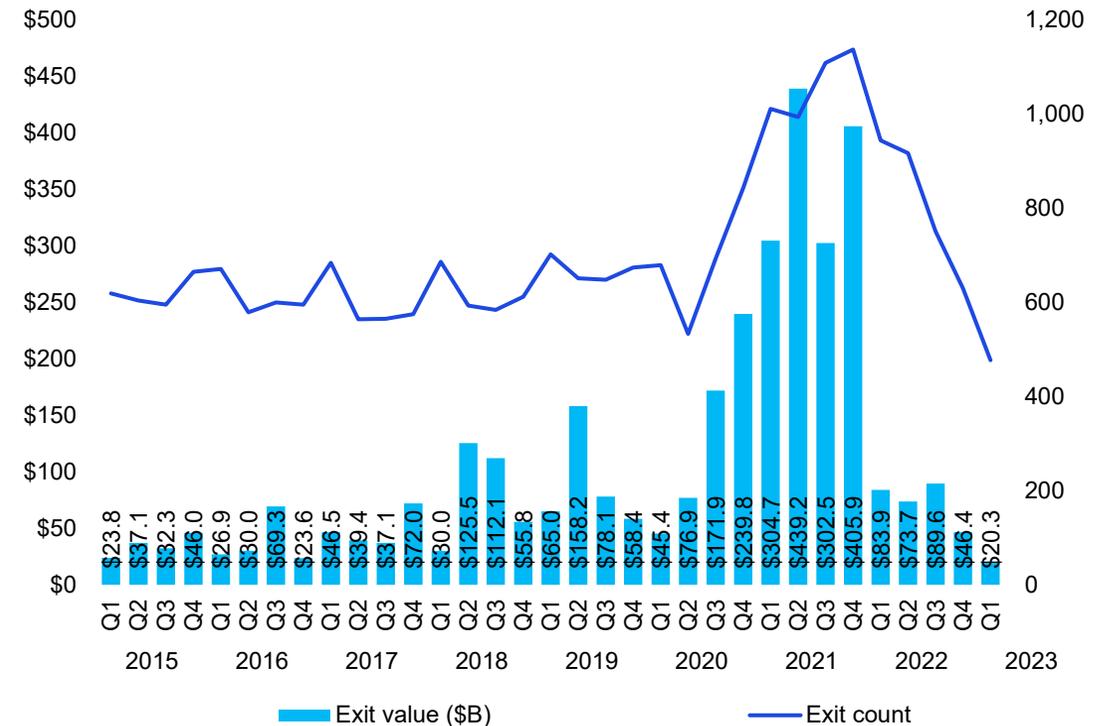


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

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.

Global venture-backed exit activity

2015–Q1'23



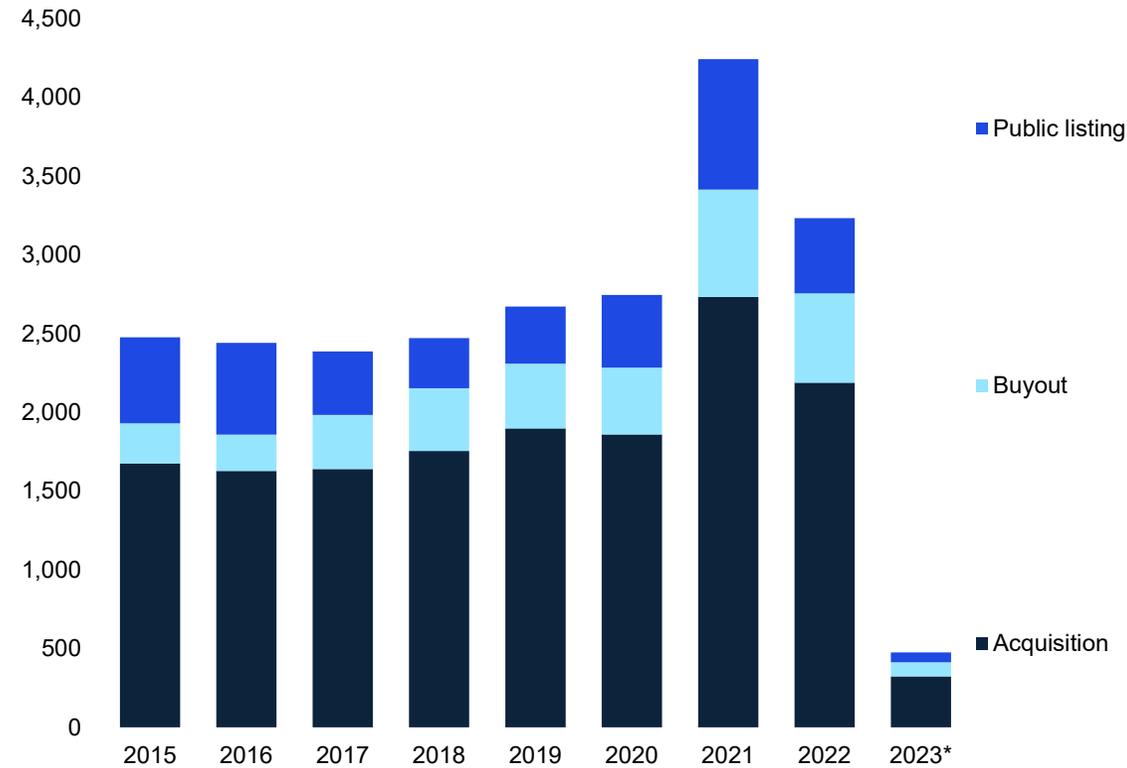
Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

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

M&A remains most prolific route in sluggish first quarter

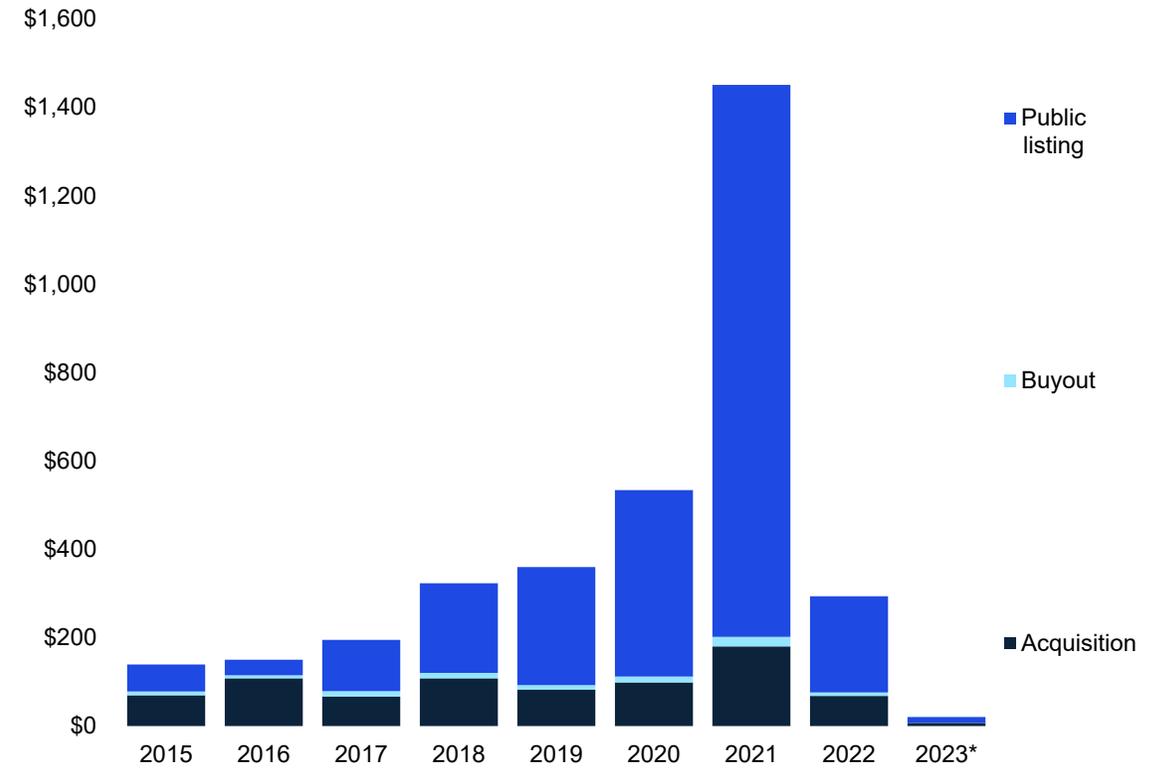
Global venture-backed exit activity (#) by type

2015–2023*



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

2015–2023*

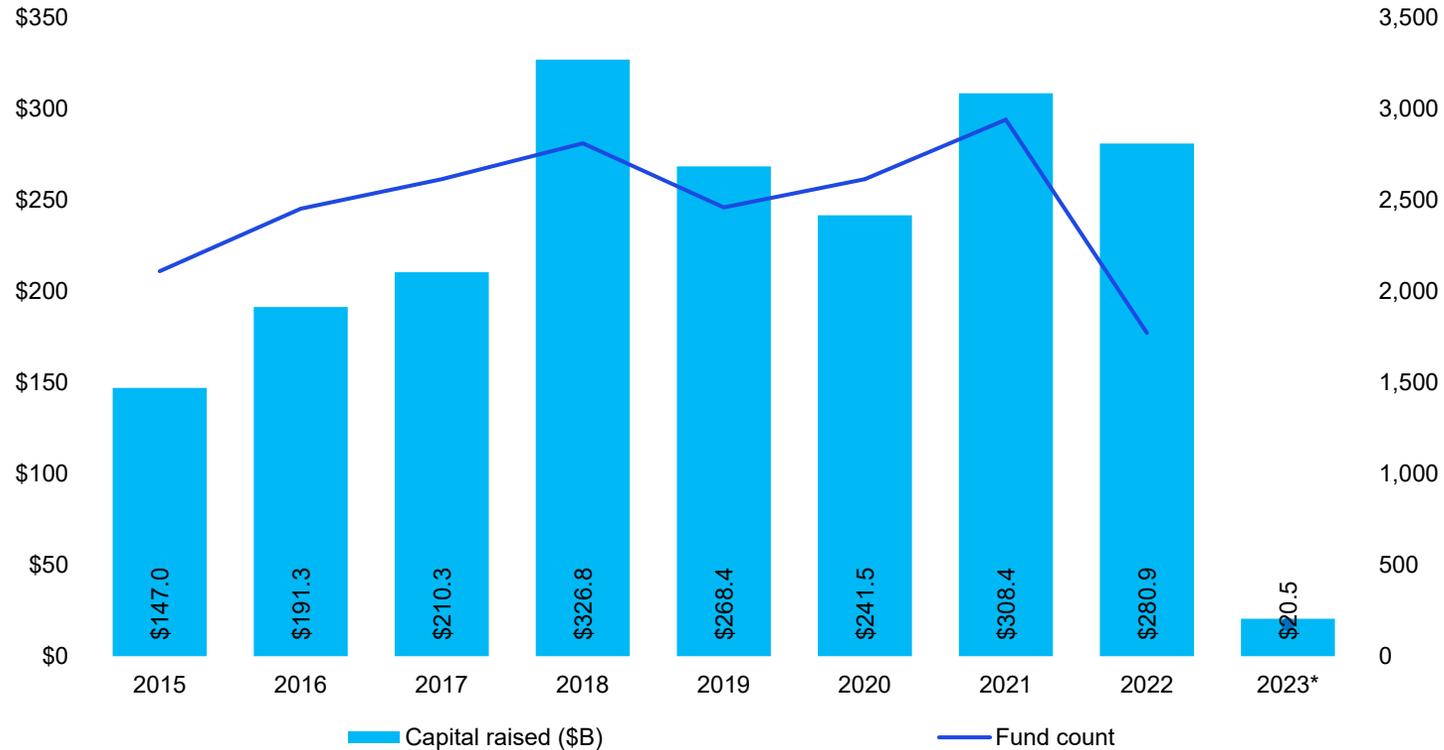


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

After an exceptional period, a slowdown

Global venture fundraising

2015–2023*



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

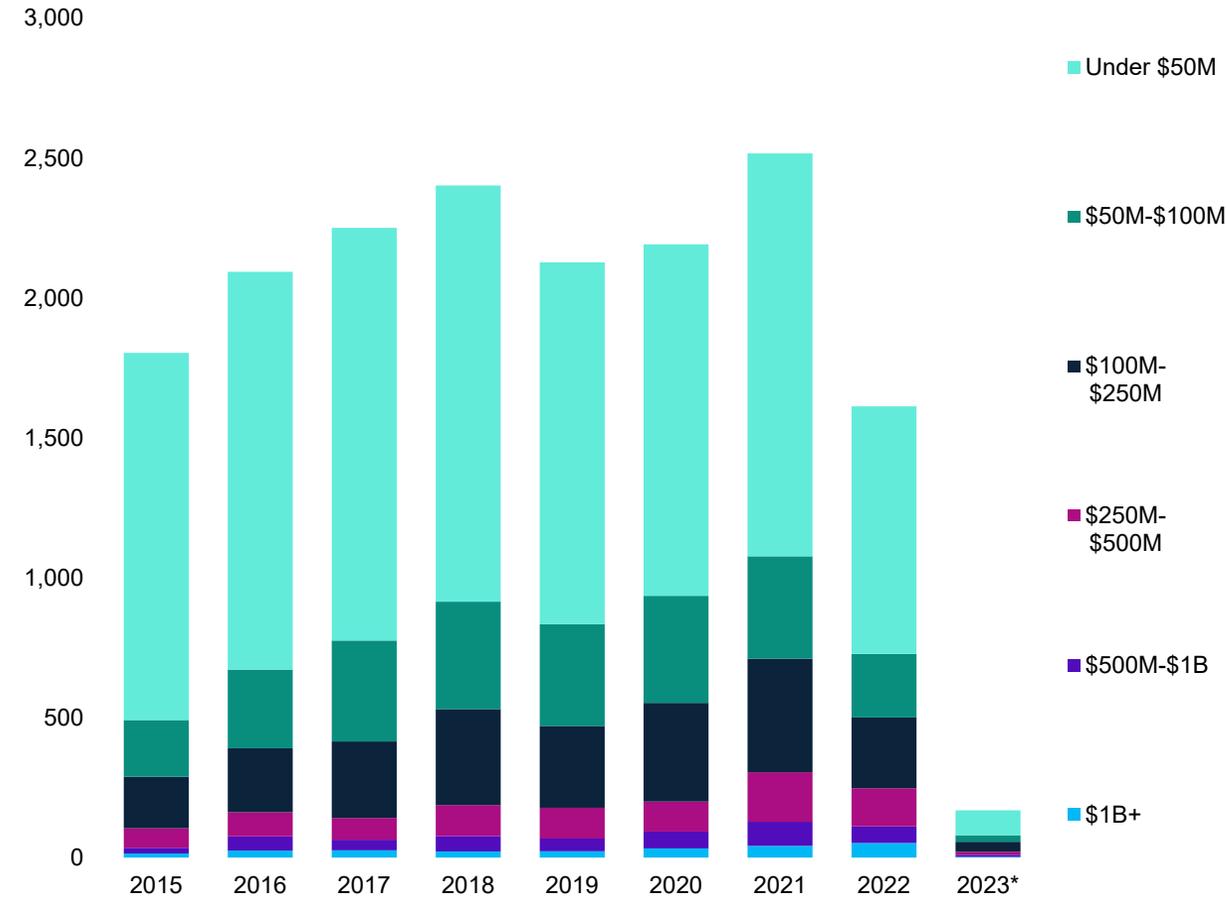
The denominator effect of the 2010s has transformed into the numerator effect of the 2020s, wherein equities' decline has led to the need to rightsize private market allocations at the portfolio level among institutional managers. That, and remaining concerns around venture's outperformance as an asset class persisting plus current volatility, have led to a slowdown in the pace of commitments worldwide.

The start of 2023 saw a significant slowdown in sums committed while the volume of completed fundraises continued its cooling, with **just over \$20 billion committed to the asset class.**

Follow-on funds remain more popular while \$1B+ vehicles disappear

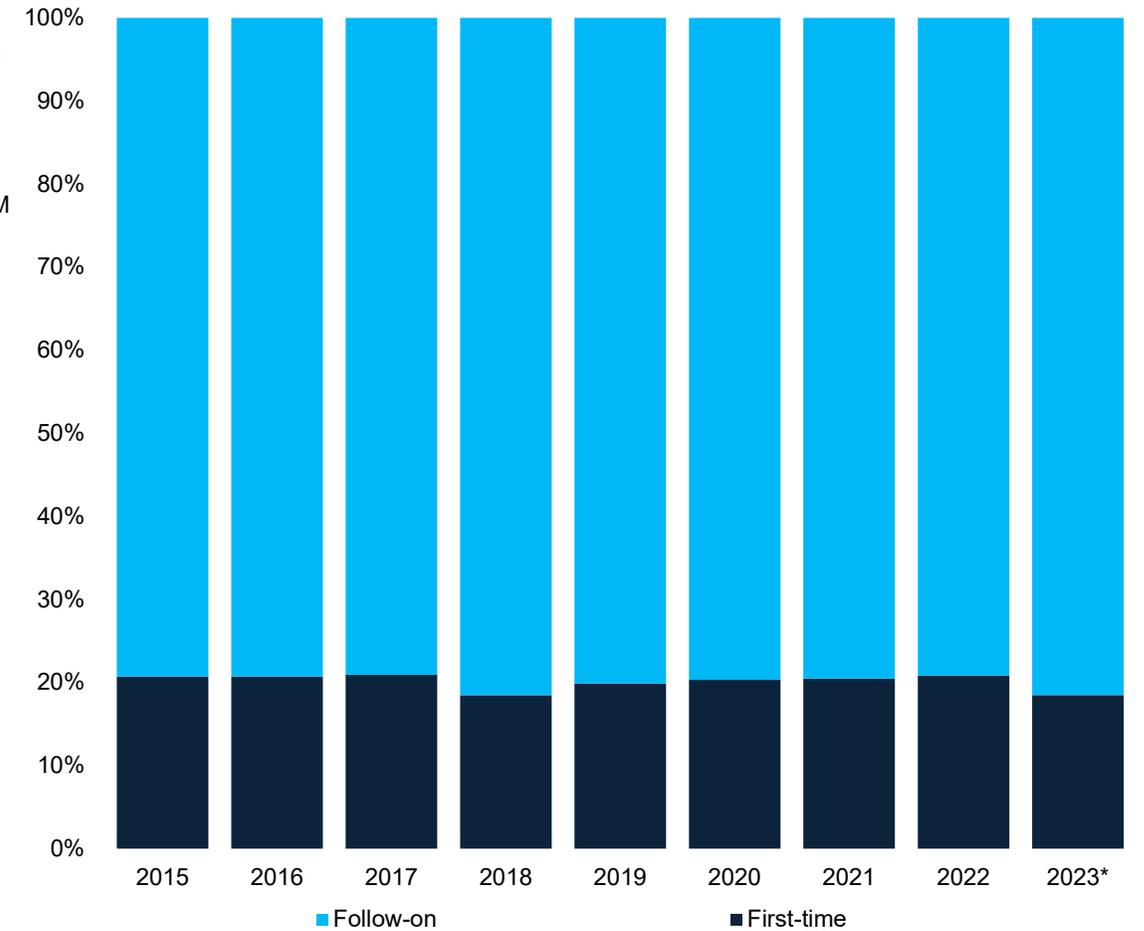
Global venture fundraising (#) by size

2015–2023*



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

2015–2023*



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Cleantech & fintech remain popular

Top 10 global financings in Q1'23



1. **Stripe** — \$6.5B, San Francisco, US — Fintech — *Series I*
2. **Generate** — \$880.6M, San Francisco, US — Cleantech — *Late-stage VC*
3. **Zeekr** — \$750M, Ningbo, China — Mobility tech — *Series A*
4. **Zwift** — \$620M, Long Beach, US — Specialty retail — *Late-stage VC*
5. **Abound** — \$602M, London, UK — Fintech — *Early-stage VC*
6. **Xpansiv** — \$525M, San Francisco, US — Fintech — *Late-stage VC*
7. **PhonePe** — \$445.6M, Bengaluru, India — Mobile/fintech — *Late-stage VC*
8. **SolarSpace** — \$442M, Xuzhou, China — Cleantech — *Series B*
9. **Netskope** — \$401M, Santa Clara, US — Cybersecurity — *Late-stage VC*
10. **EcoCeres** — \$400M, Hong Kong — Cleantech — *Series B*

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise.
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**In Q1'23, US VC-backed
companies raised
\$31.7B across
2,217 deals**

Market challenges stifle VC investment in the US in Q1'23

VC investment in the US remained very subdued for the third consecutive quarter, falling from \$40.75 billion in Q4'22 to \$31.7 billion in Q1'23. The decline was driven by a number of factors, including the protracted geopolitical uncertainty globally, the continued rise in interest rates, the ripples caused by the FTX bankruptcy and other crypto sector challenges in 2022, ongoing concerns about tech sector valuations, and the recent turbulence experienced by the global banking system.

Q1'23 VC investment in the US less than half the amount seen in Q1'22

Given the significant amount of uncertainty in the market both in the US and globally, it was no surprise that US-based VC investors continued to pull back from making large deals in Q1'23. While the decline in VC investment was relatively modest quarter-over-quarter, the level of VC investment in the US was less than 50 percent of the total amount invested during the same quarter in 2022. The decline in the total number of VC deals was even more pronounced — from a peak of 5196 deals in Q1'22 to a low of 2217 in Q1'23.

Alternative energy and greentech attracted some of the largest rounds in Q1'23, including an \$800 million raise by low carbon infrastructure company Generate Capital and a \$525 million raise by carbon and environmental commodities trading company Xpansiv.

Despite availability of dry powder, VC investors in US extremely cautious

While VC investors continued to have a large contingency of dry powder available to them as a result of the robust funding environment in the US during 2021 and 2022, Q1'23 saw investors showing significant caution with respect to their investments. Deal speeds slowed significantly as many VC investors conducted additional due diligence on potential deals in light of current market challenges and the ever-changing market conditions. In particular, VC investors enhanced their scrutiny of the valuations of startups looking to attract funding, their profitability, and the long-term sustainability of their business models. VC investors in the US also held off from supporting first time deals during the quarter, with many focusing primarily on companies within their existing portfolios.

Startups working to maximize efficiencies, negotiate bridge funding

During Q1'23, startups of all sizes continued to cut costs and conduct significant layoffs in a bid to conserve cash, maximize operational efficiencies, and extend their financial runway to delay potential fundraising activities. Startups valued at the \$1 billion unicorn threshold were particularly reticent about new funding rounds given concerns about valuation cuts and the potential negative impacts associated with losing unicorn status. This led to a spate of inside deals during the quarter, with companies giving up concessions in order to obtain additional funding to bridge the gap until market conditions hopefully improve, valuations rebound, and the IPO window reopens.

Defense technologies remain attractive to VC investors in US

Over the past several quarters, defense related technologies gained significant traction among VC investors in the US, with investments going into a wide range of related technologies, including AI powered defense platforms, autonomous military vehicles, and smart monitoring technologies. During Q1'23, the sector continued to attract large funding rounds, including a \$230 million raise by autonomous drone manufacturer Skydio.

Consumer-focused technology companies continued to bear the brunt of the pullback in VC investment during Q1'23, although a few companies bucked the trend, including gamification-focused online cycling and running platform Zwift — which raised \$620 million.

Market challenges stifle VC investment in the US in Q1'23, cont'd.

IPO door remains shuttered; take private activity strengthens

IPO activity in the US remained effectively dead during Q1'23, with little to suggest an imminent rebound. While a number of companies remained IPO ready, having already filed confidentially over the past twelve months, these companies have effectively pressed pause on their plans. Should the market and valuations stabilize, there could be some renewed IPO activity towards the end of 2023, although it could take time before a startup is confident enough to lead the way out the door.

Health modernization remains strong focus for investors

The COVID-19 pandemic shone a spotlight on the need to modernize the US healthcare sector. In the post pandemic world, both health system modernization and personalized medicine have continued to attract interest and VC investment, particularly in areas like physician interfaces, practice management, care management, and revenue and billing. During Q1'23, Monogram Health — a company focused on benefits management and care delivery for patients with kidney disease — raised \$375 million⁴, while Paradigm — a company focused on improving the integration of clinical trials into the broader health system in the US — raised \$203 million⁵.

M&A activity remains soft

M&A activity remained soft in Q1'23 as potential buyers juggled competing business priorities and concerns about target company valuations. M&A activity is still expected to rebound as valuations stabilize, companies in hard-hit sectors run out of cash, and strategic investors look to acquire companies at more economical valuations.

Trends to watch for in Q2'23

With no end in sight to the current market uncertainty, VC investment in the US is expected to remain weak heading into Q2'23. Energy, cybersecurity, and defense will likely continue to attract investment, while generative AI will likely see investor interest grow significantly. In the wake of the unexpected banking challenges experienced during Q1'23, fintech could also see renewed interest as startups look to elevate fintech-as-a-function solutions.

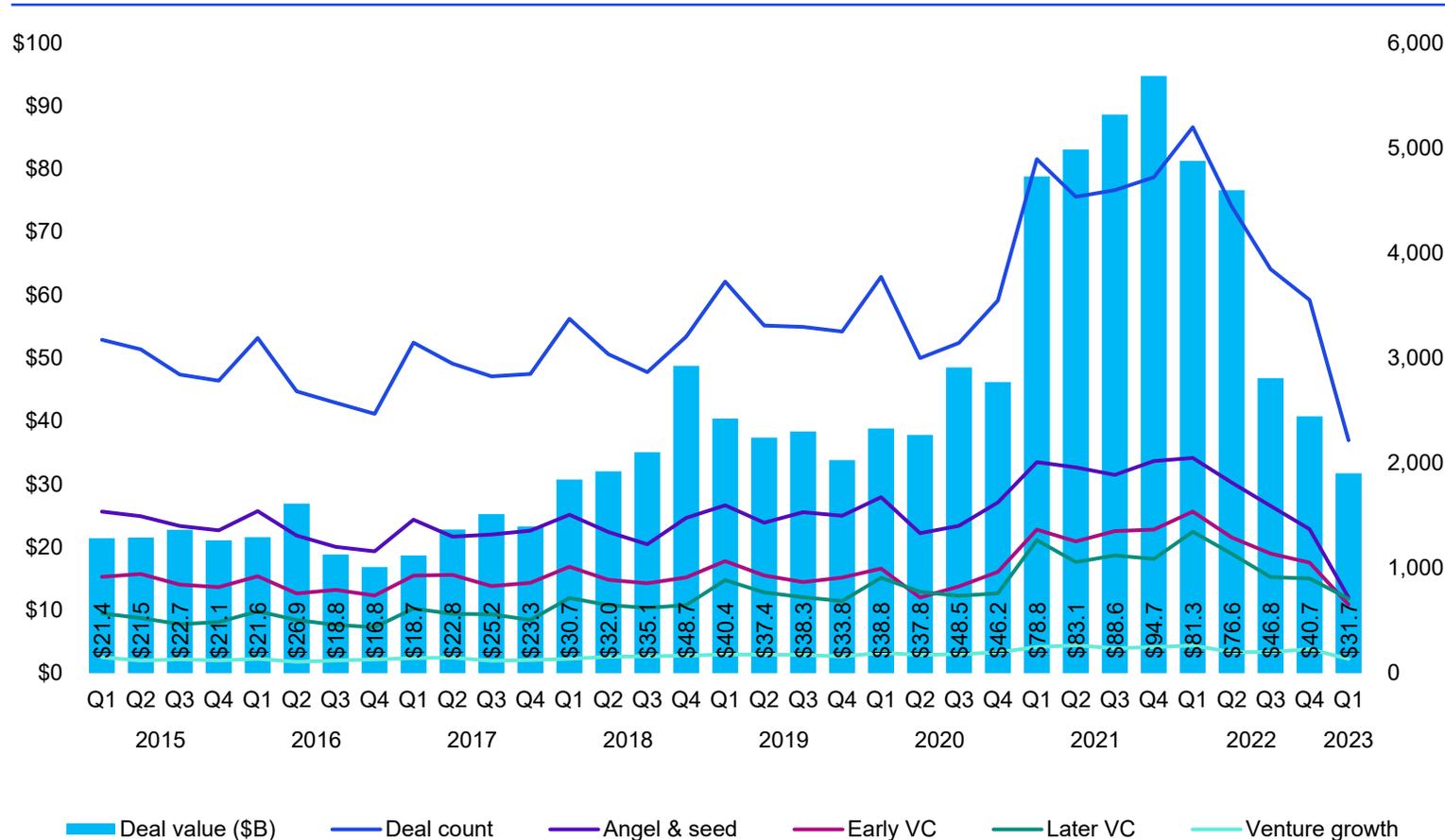
⁴ <https://www.monogramhealth.com/press/monogram-health-closes-375m-growth-capital-raise-to-support-continued-expansion-of-innovative-in-home-kidney-and-polychronic-care-model>

⁵ <https://www.beckershospitalreview.com/digital-health/clinical-trial-platform-paradigm-debuts-with-203m-in-funding-dr-stephen-klasko-on-board.html>

The first quarter of 2023 sees continuation of slide in the pace of investing

Venture financing in the US

2015–Q1'23



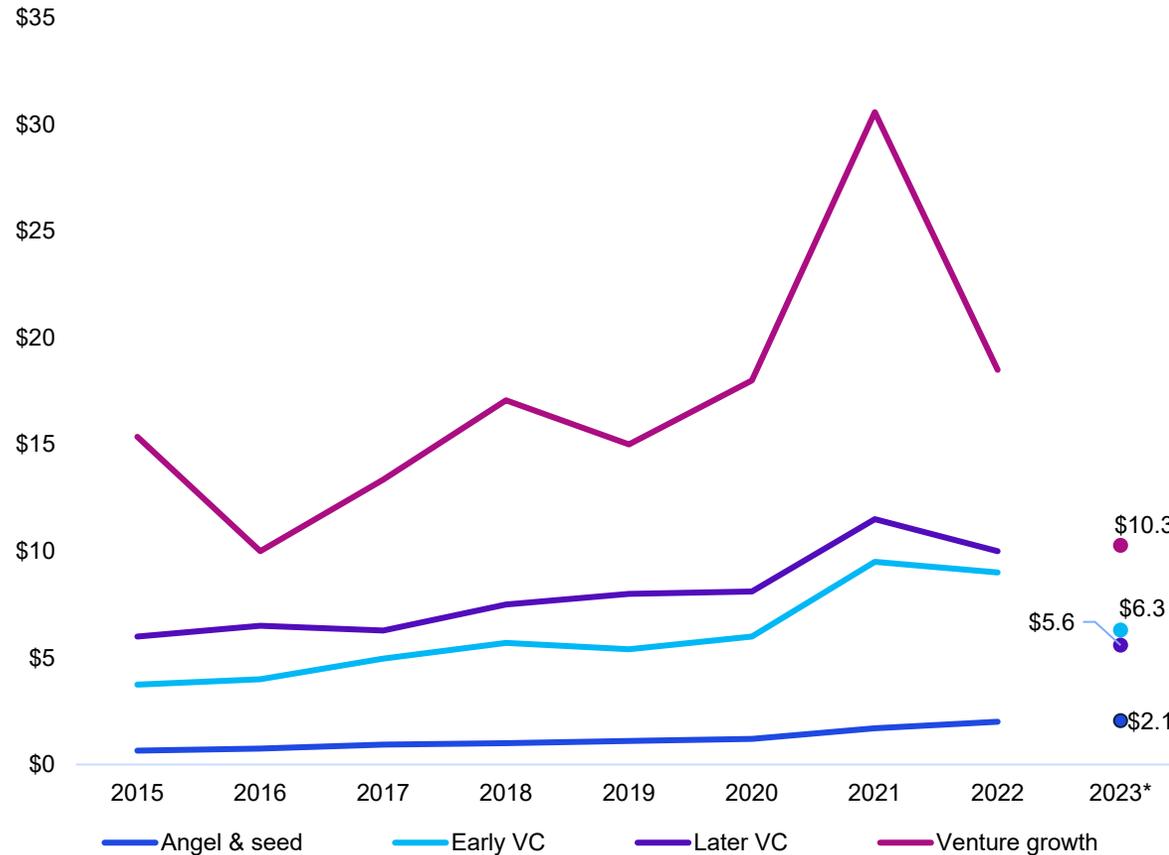
Multiple economic and financial indicators still remain mixed as to whether the US is likely to enter a recession in the next several months, or perhaps even early 2024. That overlying economic backdrop is just one more factor that is leading to significant concern on the part of venture investors right now, which is why the pace of investing has slowed considerably. In addition, even though financing metrics are reversing somewhat for the first time in years, the competitive landscape also remains both intense and murky, as incumbents are holding onto market share especially with the reserves to spend in a down market, yet regulatory action and the latest in tech policies continues to exert ripple effects across the entire tech landscape, however slowly. Given the array of risks, investors are pulling back and battening down the hatches to the extent they can with their existing portfolio companies.

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Flat rounds nearly double in proportion as metrics drop

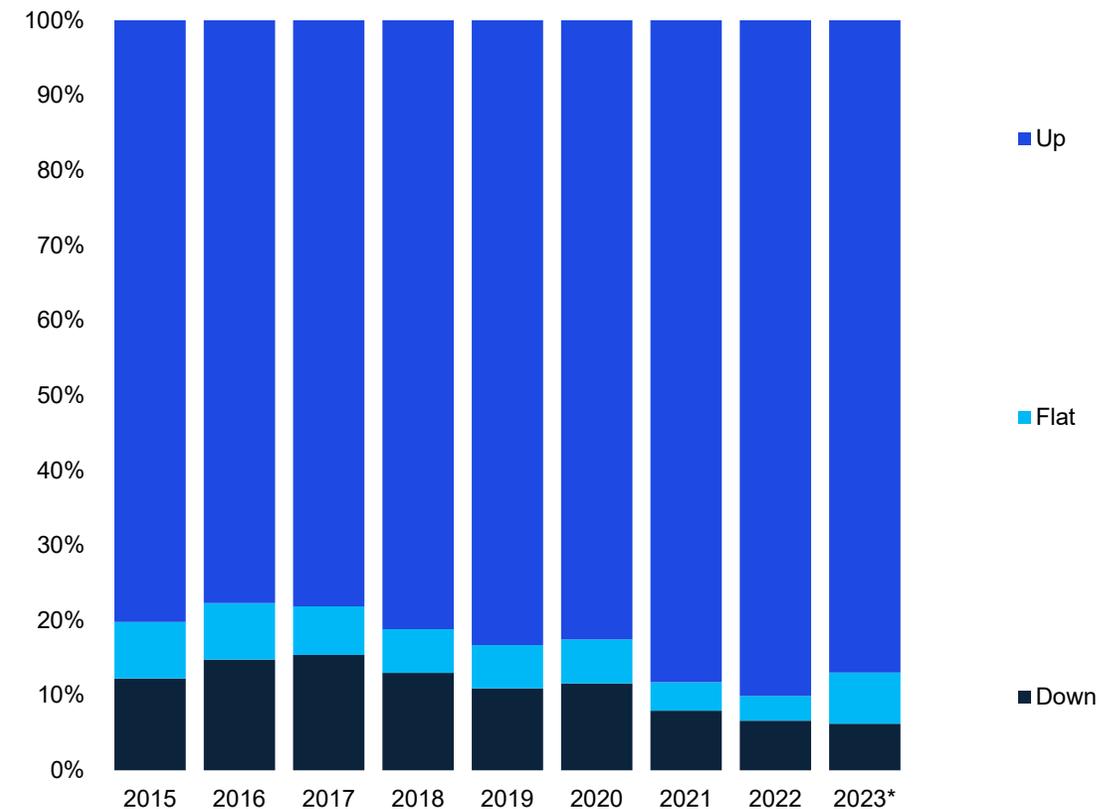
Median deal size (\$M) by stage in the US

2015–2023*



Up, flat or down rounds in the US

2015–2023*

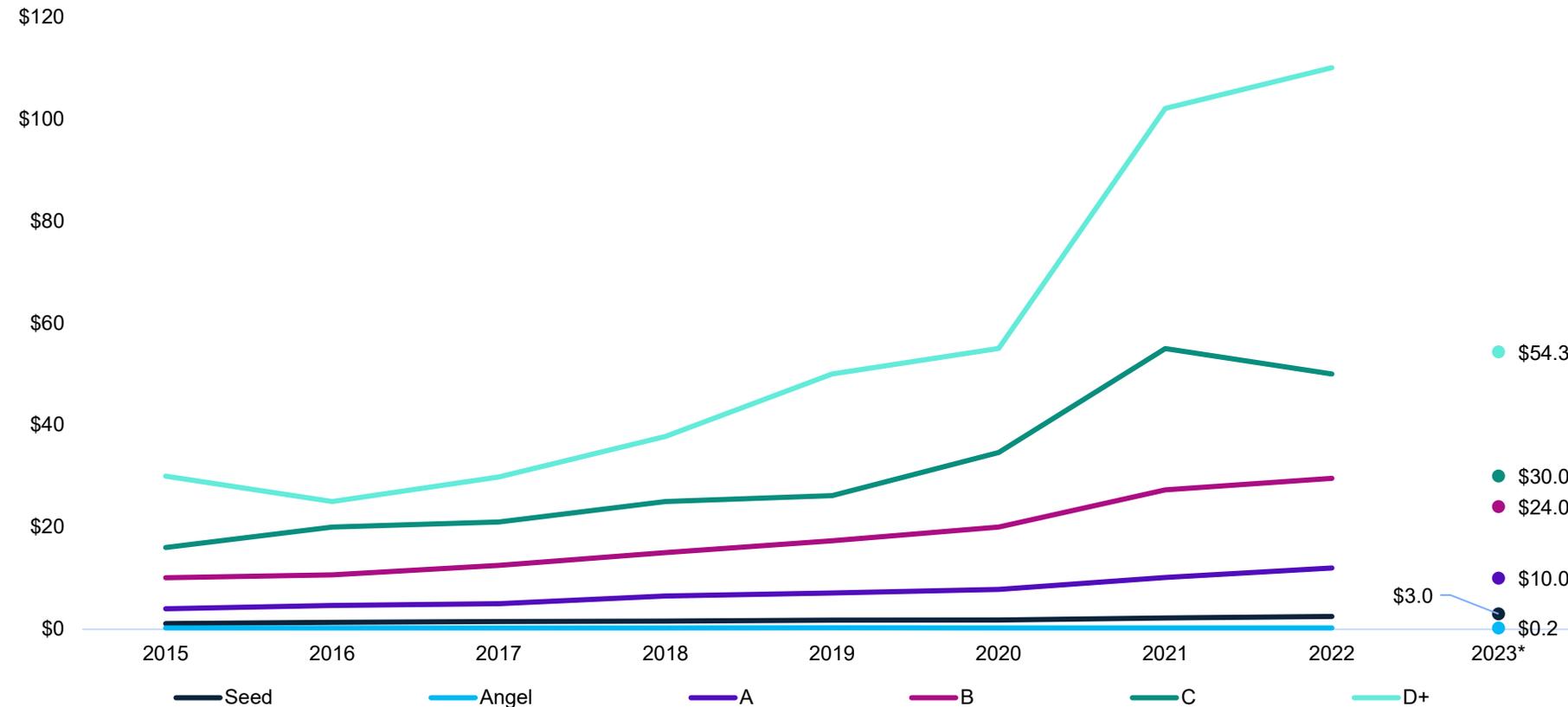


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Earlier series remain a bit more resilient

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

2015–2023*



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. The Series D+ figure is based on non-normative sample sizes for 2023 YTD.

Note: Figures rounded in some cases for legibility.

“The need for cybersecurity is never going away. Every day brings news of new attacks and that’s just the ones made public. New attack technologies are going to keep coming out and new solutions will continue to be developed to thwart them. Cybersecurity definitely has one of the highest upsides of any subsector. Another interesting one that I think will continue to grow — although it likely has some ebbs and flows ahead — is the whole area of space exploration and space related offerings. It’s a long term play, but I do think it’s a technology and investment trend that’s going to continue.”

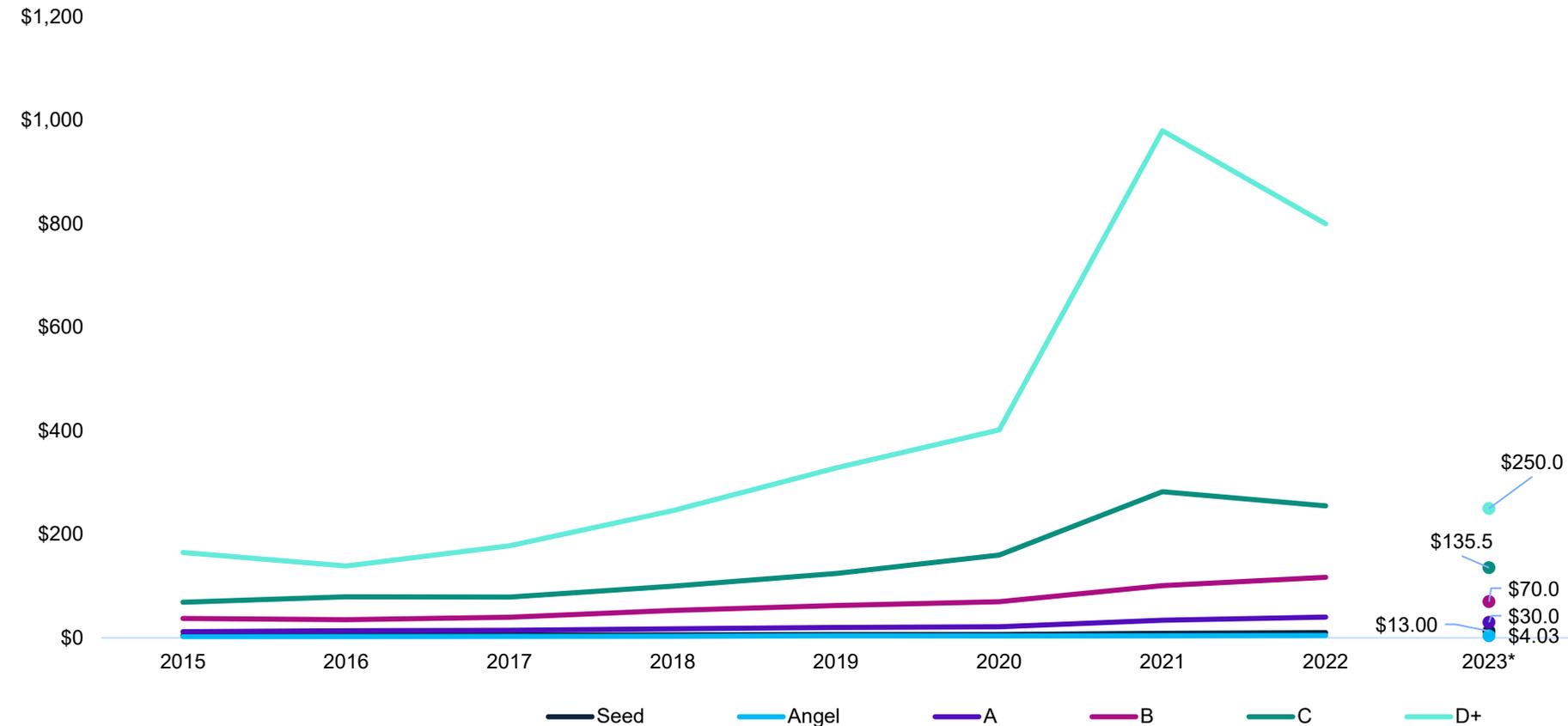


Jules Walker
Senior Director
Business Development
KPMG in the US

Valuations plummet at the latest stages

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

2015–2023*



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. The angel and Series D+ figures for 2023 YTD are based on non-normative sample sizes.

Note: Figures rounded in some cases for legibility.

“ There’s been a significant drop in VC fundraising in Q1’23 for certain. And there’s still a lot of money that needs to be put to work in existing VC funds and PE funds, so it’s not surprising that fundraising has fallen off. Fundraising targets are no longer oversubscribed — unlike in previous years. Investors see debt as a more attractive asset class given that rates rises are now baked in. So, we’re seeing a bit of a flight to assets higher up the pecking order, and an increase in the popularity of private credit over riskier equity capital which will be challenging for VCs. ”

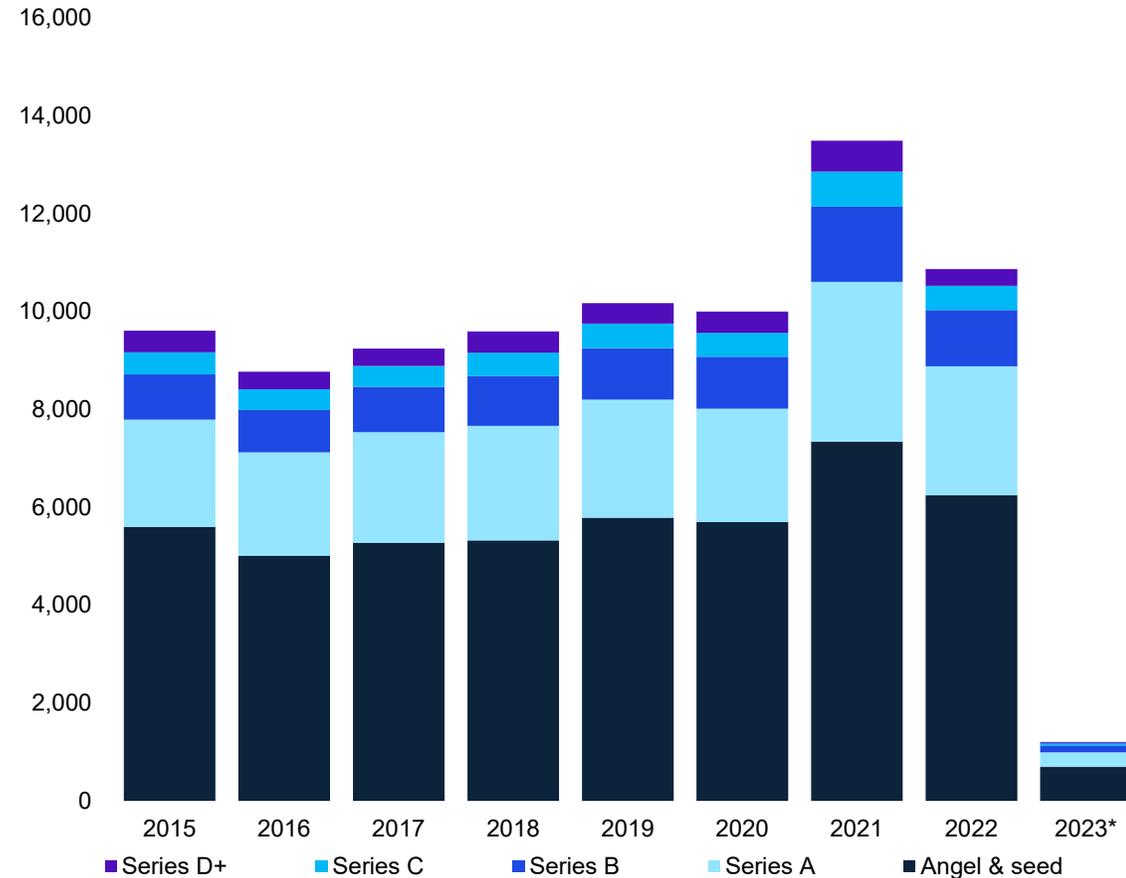


Sam Lush
Director, Private Equity
Group
KPMG in the US

Proportions revert to align more with historical norms, with angel & seed sliding

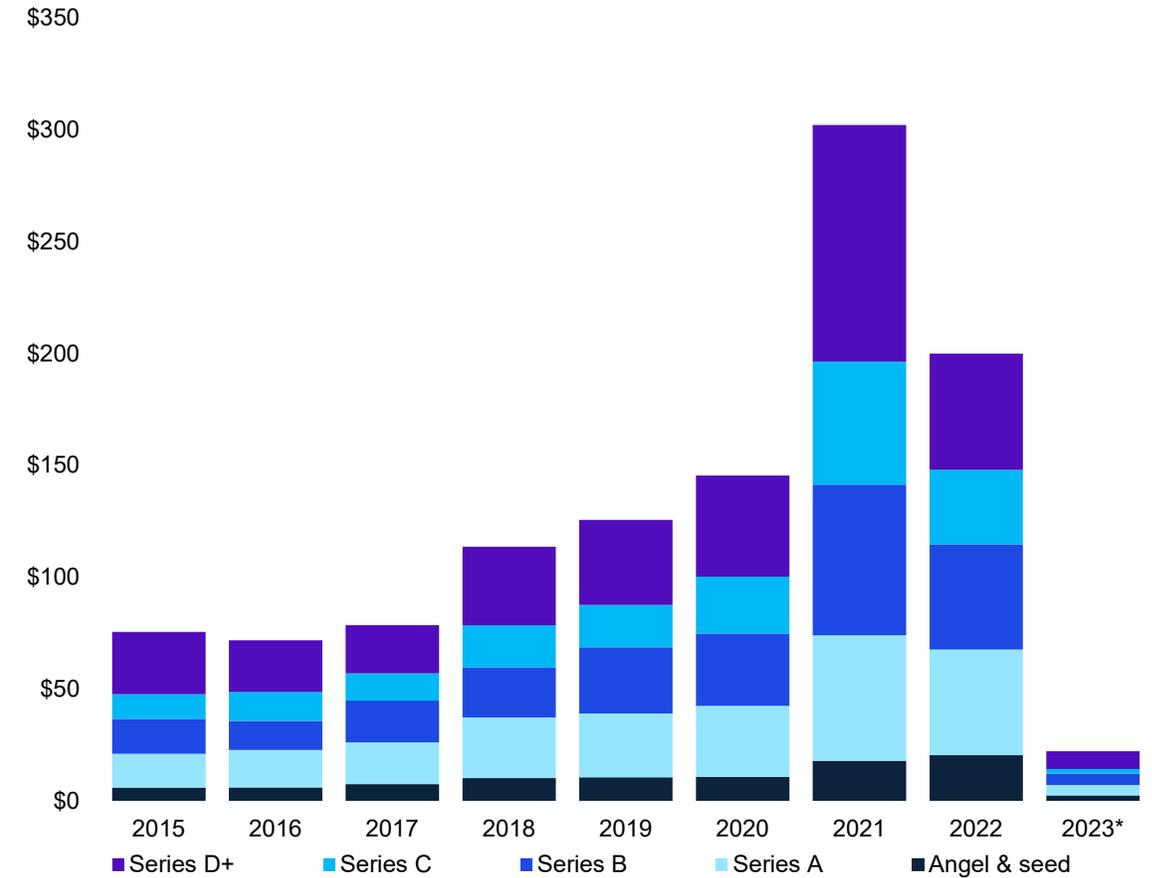
Deal share by series in the US

2015–2023*, number of closed deals



Deal share by series in the US

2015–2023*, VC invested (\$B)

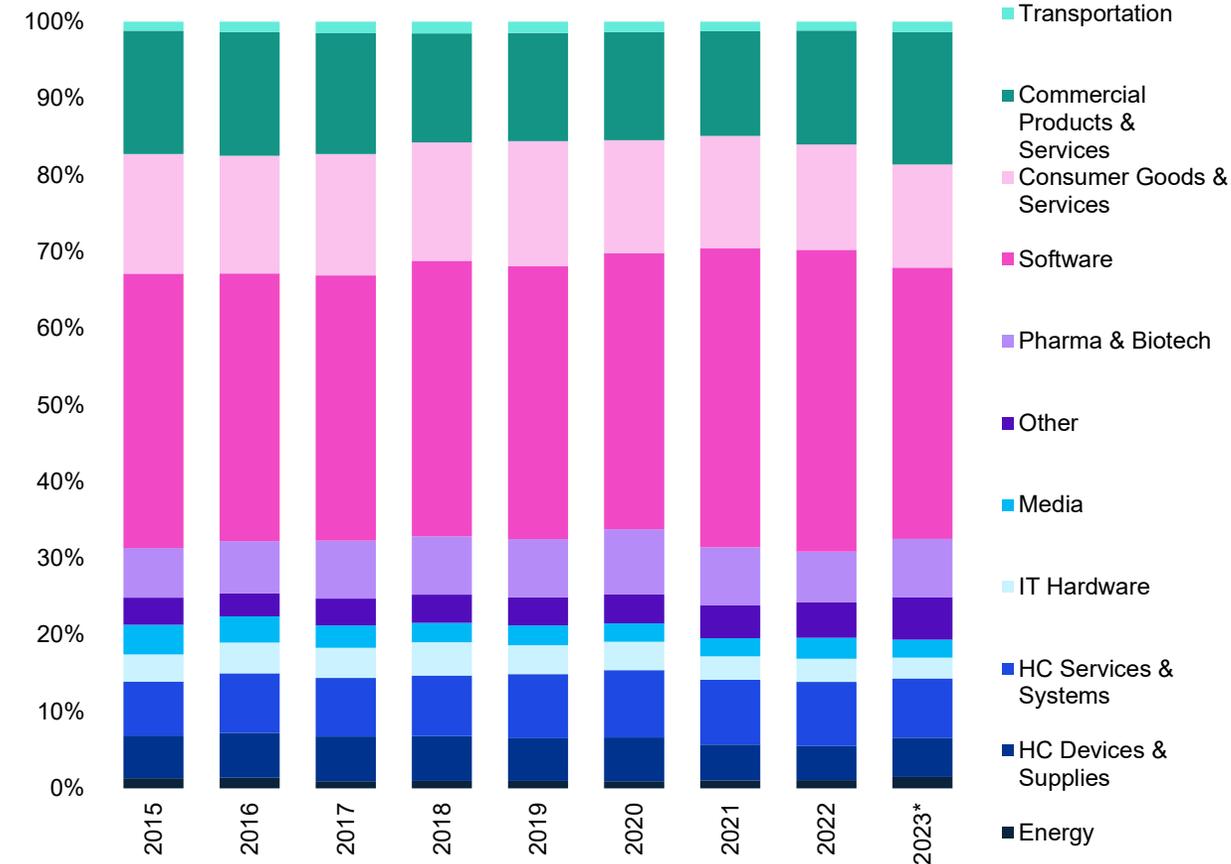


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Perceived recession-resilient areas continue to draw investment

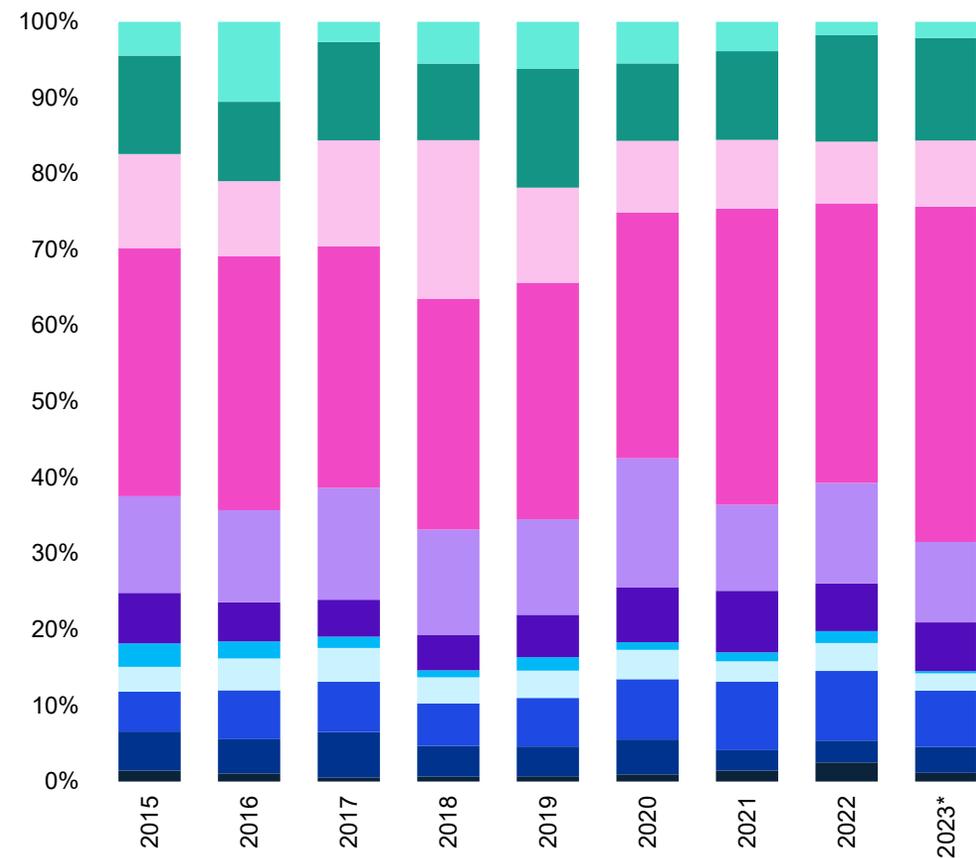
Venture financing by sector in the US

2015–2023*, number of closed deals



Venture financing by sector in the US

2015–2023*, VC invested (\$B)

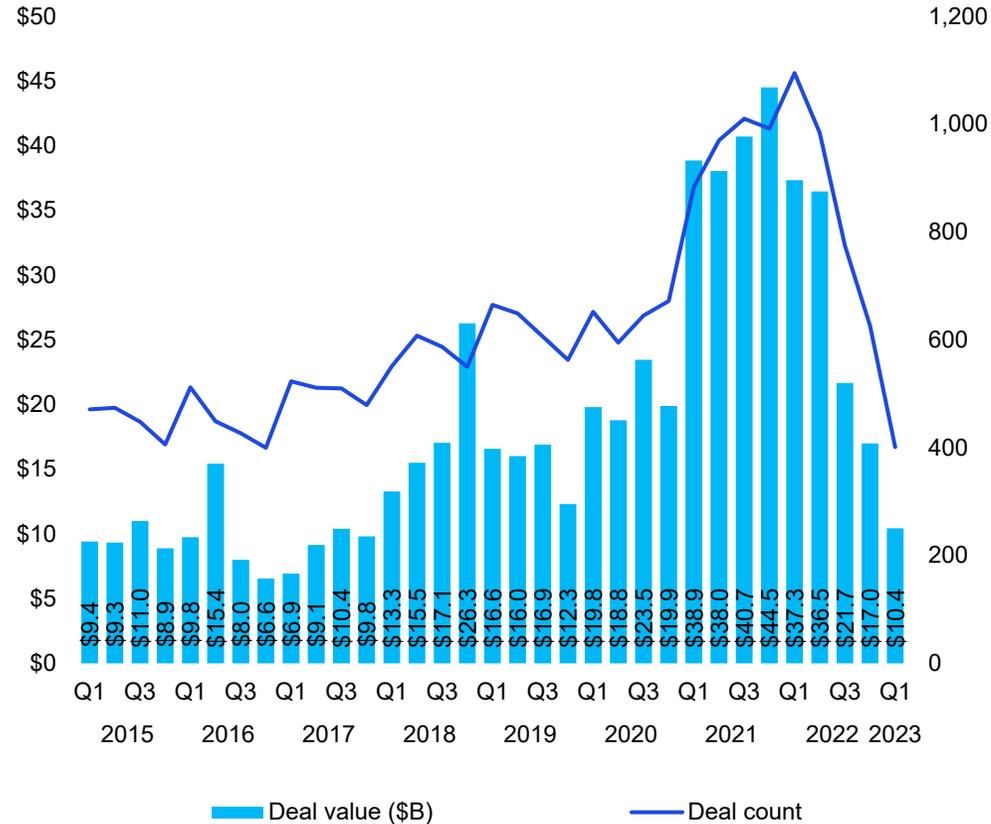


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

First-timers & corporates pull back in tandem

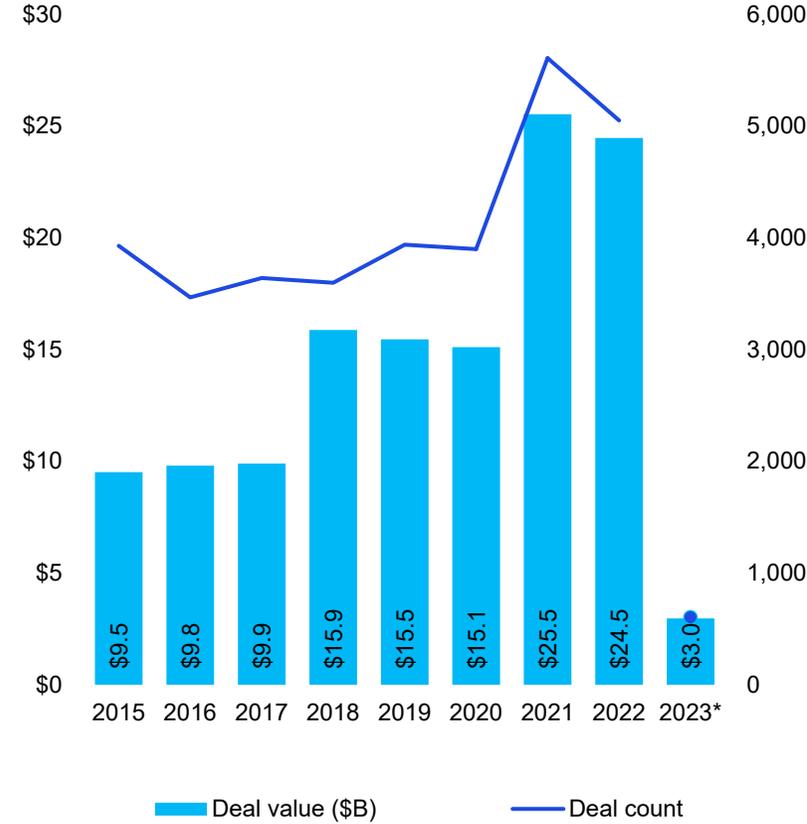
Corporate participation in venture deals in the US

2015–Q1'23



First-time venture financings of companies in the US

2015–2023*



“ One interesting question here in the US is ‘what will happen with all the newly unemployed developers, technologists, and the like?’ Will they start their own companies? Will they accept lower salaries? Will they move to some other location or embrace remote work? We don’t have the answer right now, but it could be quite exciting, particularly if it means a new cohort of startups appear in 2023. ”



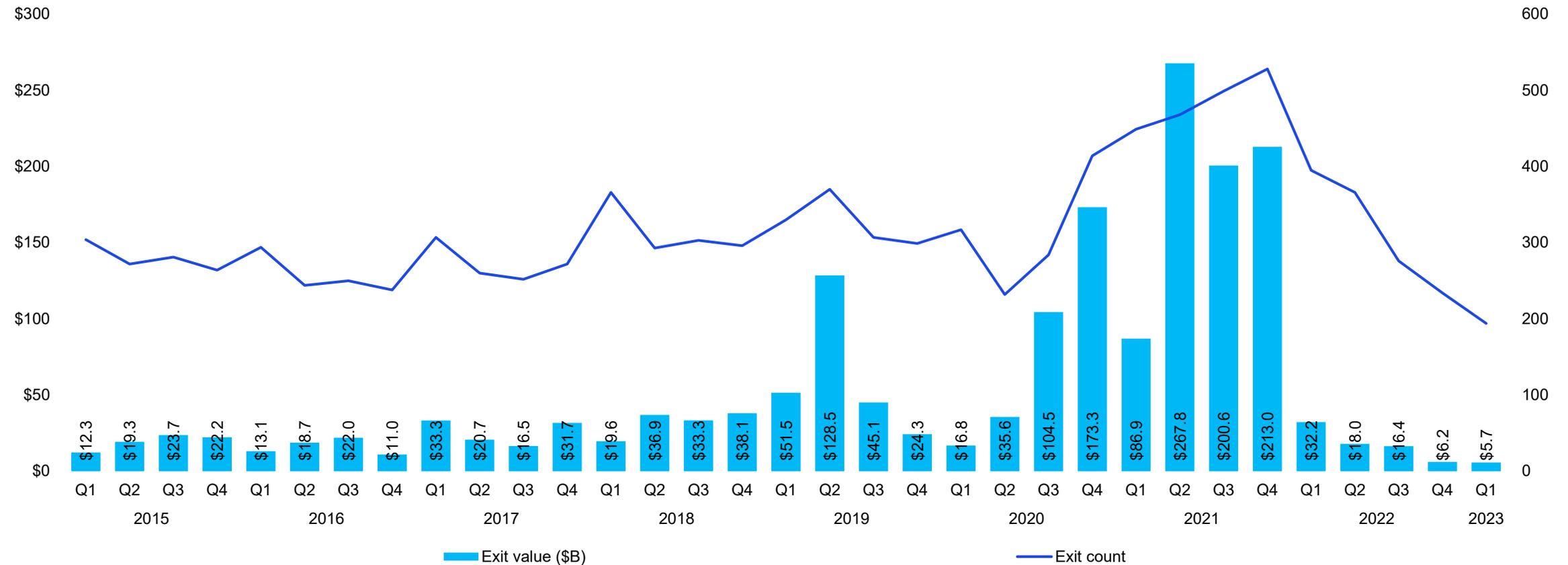
Peter Kehrli
Partner
KPMG in the US

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Exits slide to lowest quarterly tally in years

Venture-backed exit activity in the US

2015–Q1'23

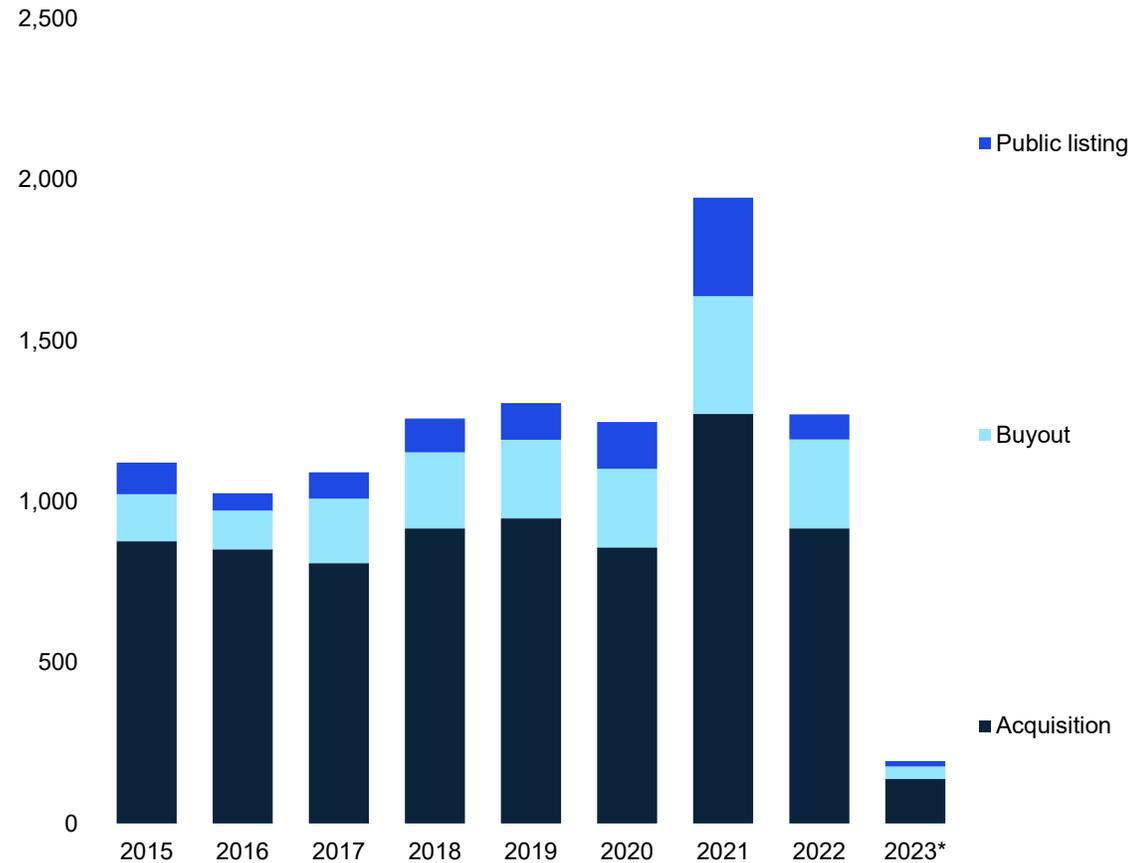


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Exit value shrunk to virtually nothing in Q1

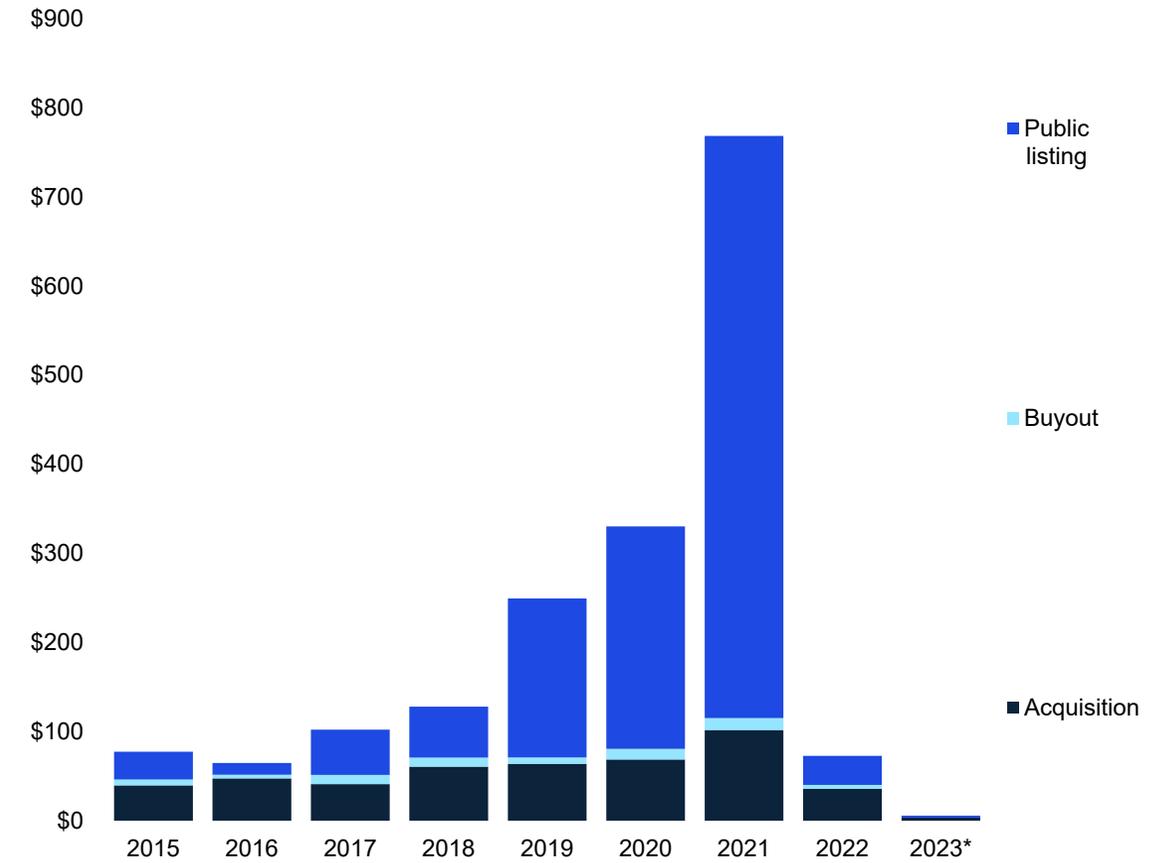
Venture-backed exit activity (#) by type in the US

2015–2023*



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

2015–2023*

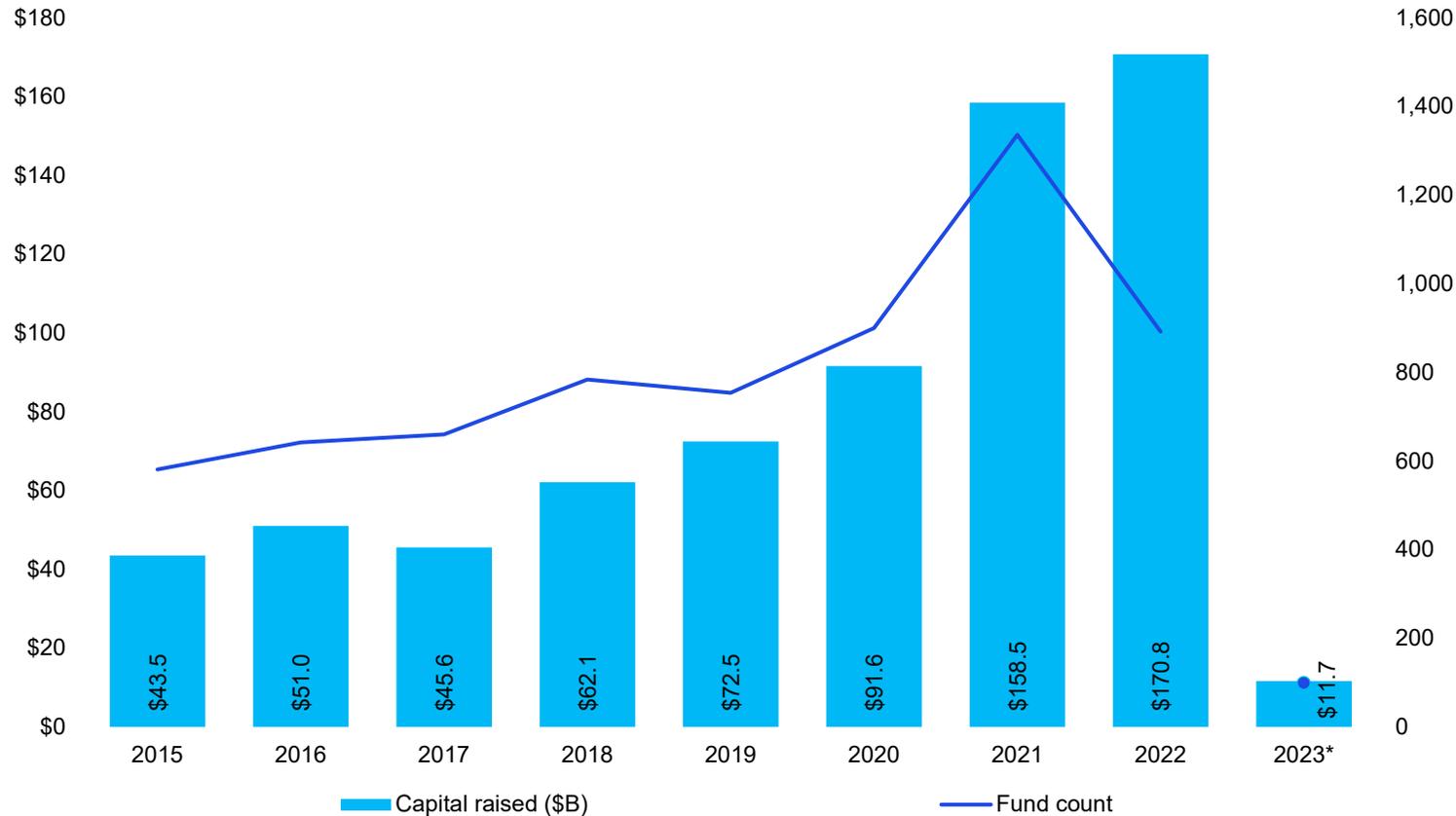


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

After recent highs, a new slowdown for fundraising

US venture fundraising

2015–2023*



After a record year, fundraising activity finally slowed down in the first quarter of 2023. It remains to be seen how the combined effects of so many negative macro factors across markets and economies will continue to impact venture fundraising, but the sheer heft of commitments in the prior two years also complicate matters.

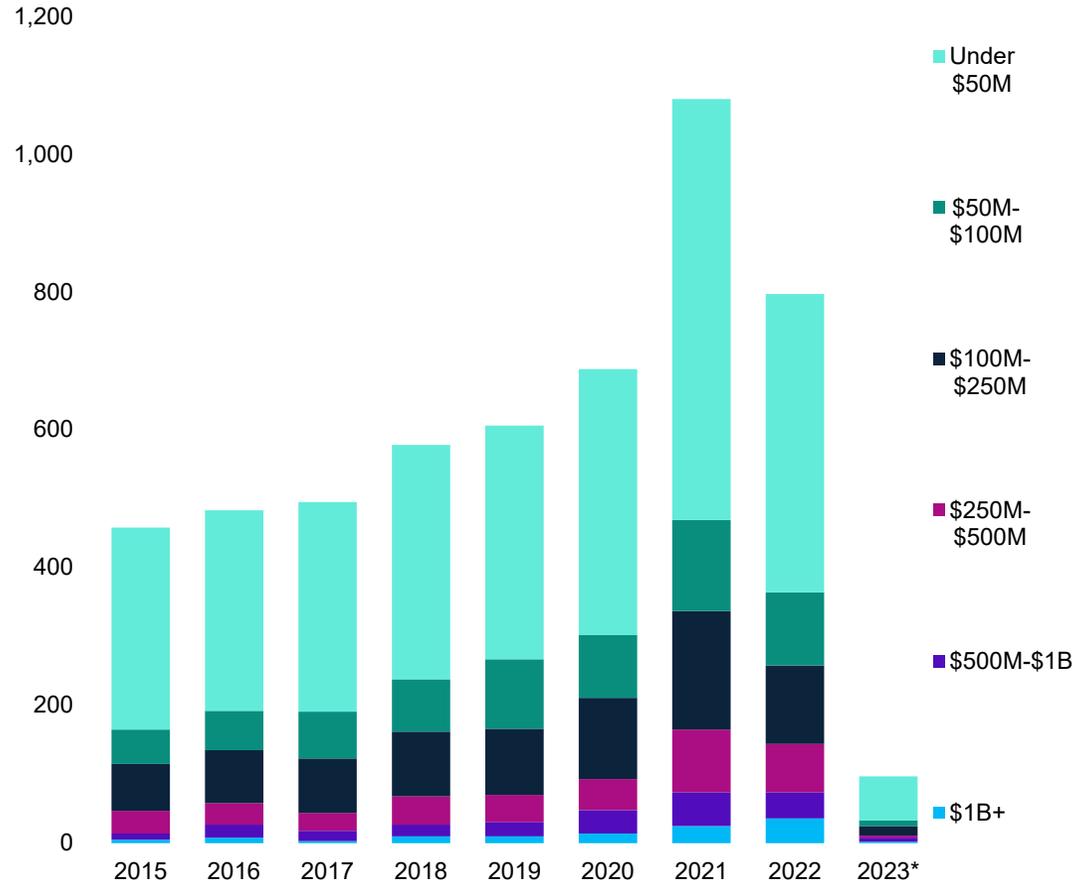
... as fundraising volume has slowed drastically, **2023 starts off with just \$11.7 billion, back to a quarterly pace reminiscent of pre-2018.**

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Allocators seek refuge in smaller funds, in quirk of timing

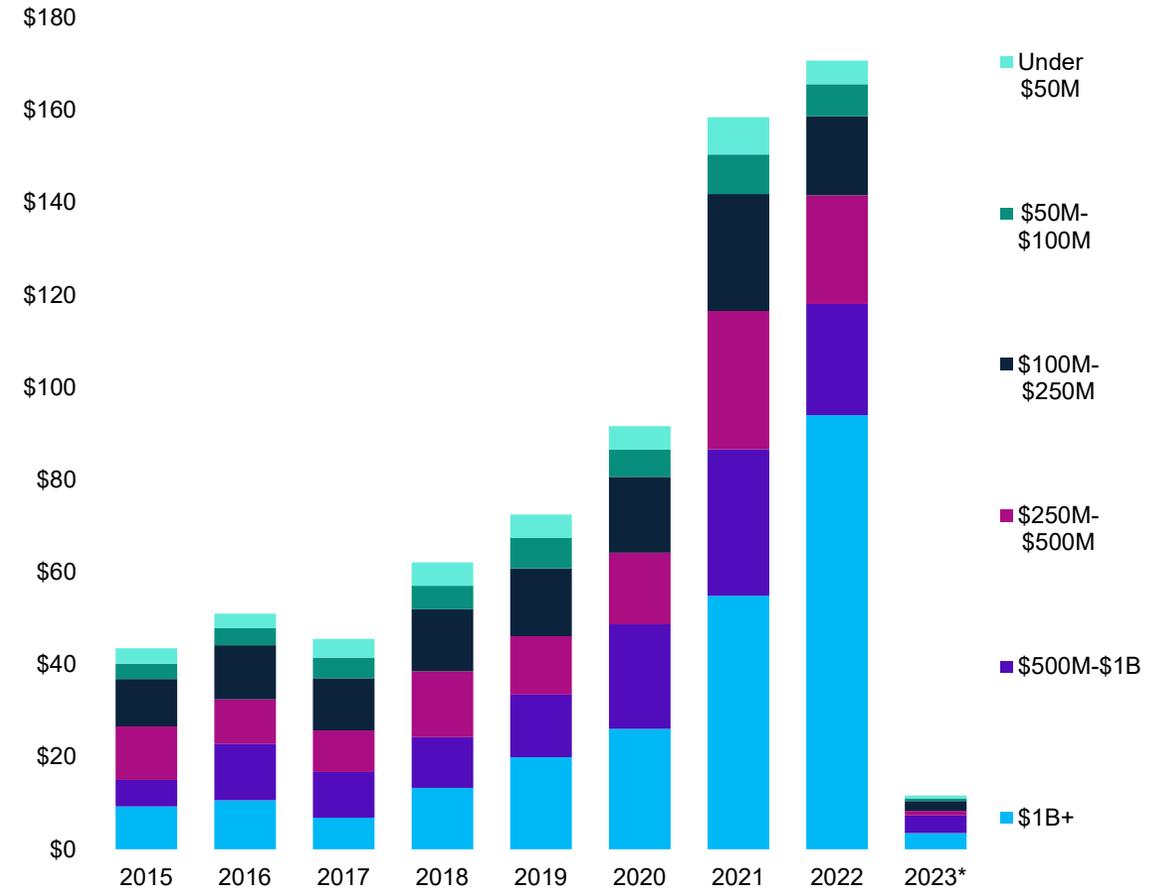
Venture fundraising (#) by size in the US

2015–2023*



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

2015–2023*

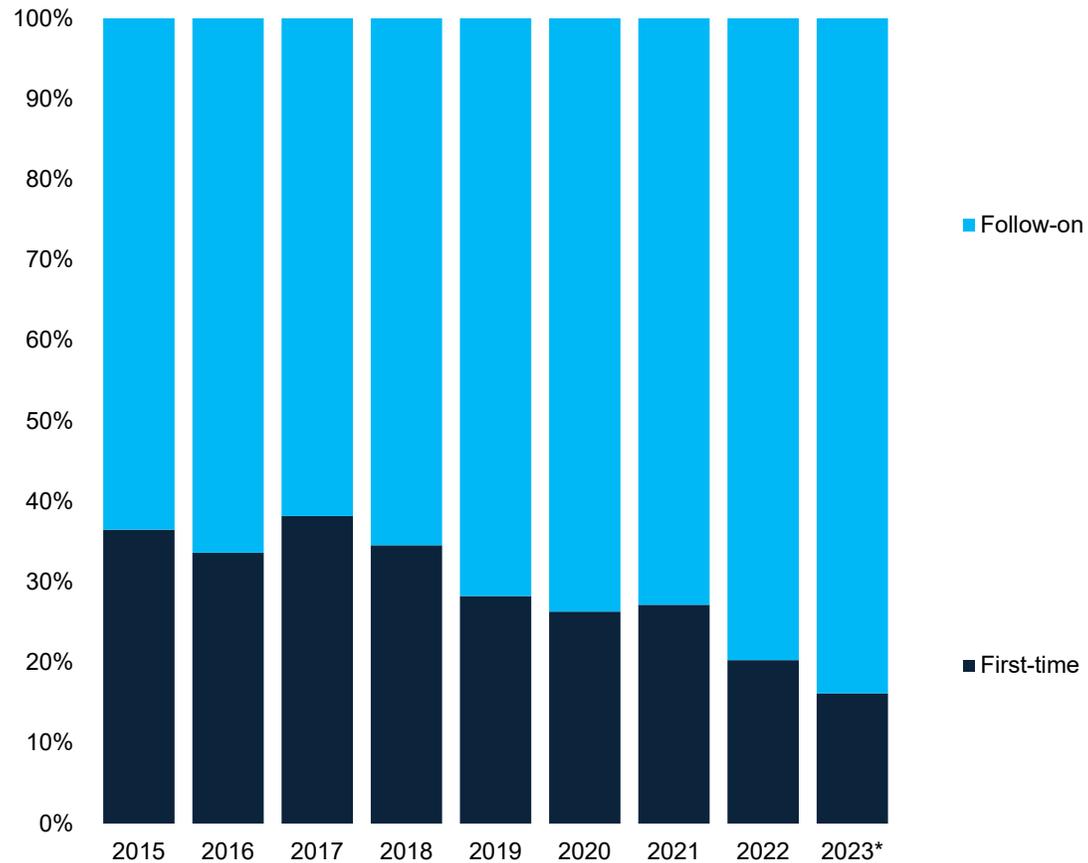


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Capital commitments concentrate in proven players

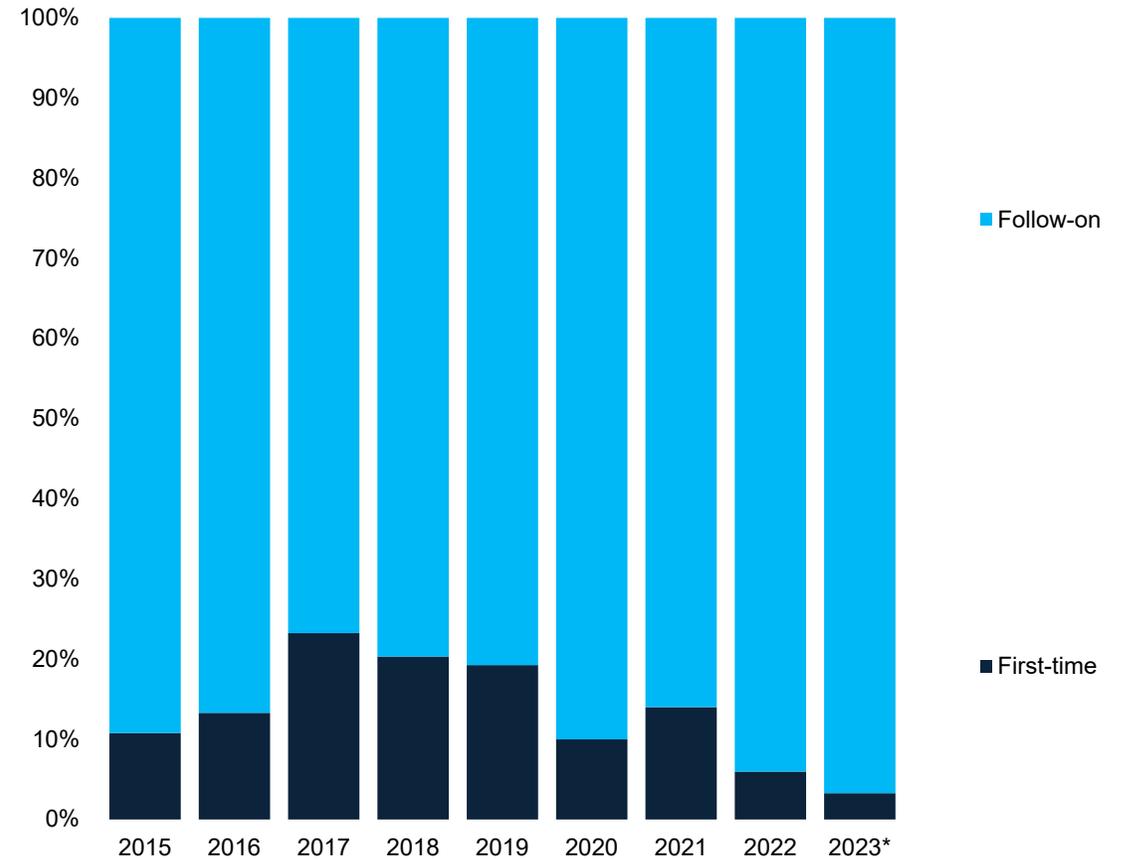
First-time vs. follow-on funds (#) in the US

2015–2023*



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

2015–2023*



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

**In Q1'23, VC-backed
companies in the
Americas raised
\$33.1B across
2,542 deals**



VC investment in the Americas drops to low not seen since Q4'17

VC investment in the Americas continued to decline in Q1'23 amid deepening concerns about rising interest rates, high levels of inflation, and ongoing geopolitical challenges. The unexpected turbulence in the global banking sector during the quarter likely also sparked concern among VC investors in the region.

US remains key driver of VC investment in Americas in Q1'23

While the US continued to account for the vast majority of VC funding in the Americas this quarter, the country was not immune to the worsening macroeconomic conditions; both VC investment and the number of VC deals in the US declined for the fifth straight quarter in Q1'23. Canada attracted the largest deals outside of the US during Q1'23, including a \$125 million raise by blockchain-based Bitcoin infrastructure company Blockstream and a \$100 million raise by small business-focused operations management company Jobber. VC investment in Latin America was relatively quiet to start the year. Brazil, in particular, saw VC investment drop for the sixth straight quarter, with mobile application delivery company Daki raising the country's largest round (\$50 million) in Q1'23.

Fundraising activity falls off a cliff in Q1'23

After a stellar fundraising environment in 2021 and 2022, fundraising activity by VC firms fell sharply in the Americas during Q1'23. Despite the drop-off in fundraising, VC firms continued to have a wealth of capital at their fingertips, although the speed at which they deployed this capital slowed considerably during the first quarter of 2023 due to the heightened level of market uncertainty and the growing pressure to strengthen their due diligence processes. In contrast to many other jurisdictions, Brazil saw its number of new funds increase in recent quarters, suggesting that the country, and the Latin American region more broadly, will remain attractive to VC investors long-term despite the current slowdown.

Canada's health and biotech sector continues to attract deals

Within Canada, a number of sectors saw significant drops in VC investment during Q1'23, including fintech and ecommerce. By comparison, health and biotech showed more resilience, with a variety of companies attracting funding — if at relatively smaller deal sizes. During the quarter, Toronto-based Smile Digital Health raised \$30 million, while Westmount-based LAmAb and Montreal-based Puzzle Medical Devices raised \$25 million each. Interest in the agtech space continued to grow in Canada during Q1'23, although it is still considered a very emerging area of investment. During the quarter, Vancouver-based Terramera — a startup focused on removing synthetic chemicals from agriculture — raised \$7.5 million.

Pre-seed and seed deals maintain traction in Brazil

VC investment in Brazil was soft in Q1'23, driven both by global macroeconomic circumstances and by uncertainties related to change in government. While large deals were virtually absent in Brazil this quarter, pre-seed and seed deal activity remained active as VC investors focused on companies with good growth and return potential and that had more realistic valuations compared to later stage startups. VC investments in Brazil during the quarter were spread out in a number of sectors, with largest rounds in grocery retail delivery, “green” mobility, healthcare, financial software and logtech companies. The Web3 gaming space also came into the spotlight in Brazil for the first time during the quarter thanks to a \$6 million raise by blockchain-enabled gaming development company Jungle.

Americas sees VC investment and the number of VC deals slide for the fourth-straight quarter

Corporates increasingly willing to work together

Corporate VC investment in the Americas fell for the fifth straight quarter in Q1'23 as corporates focused on other priorities, including improving the efficiency of their own operations. While the continued pullback in CVC funding was expected given the changing market conditions, corporate activity is expected to remain a key contributor to overall VC funding in the region given how many corporates use strategic VC investment to drive their R&D activities.

One growing trend seen in recent quarters in the Americas is the willingness of corporates to pull together to support certain startups given their similar technology needs and requirements. While competitors historically may have supported different startups, they are now more willing to buy into the same opportunities. This has led to VC funds being set up to work as the investment arm of like-minded corporates.

Governments remain supportive of VC investment and ecosystem growth

Governments across the Americas continued to support VC market activity and the evolution and maturation of tech ecosystems. BNDES, the Brazilian Development Bank participated in one of the largest funding rounds in the quarter — making it one of the country's most relevant investors during 2023. In Canada, the federal government announced \$700 million in funding during Q1'23 to support the growth of identified global innovation clusters in the country, including advanced manufacturing, protein industries (i.e., plant-based food and feed), digital technologies, AI, and ocean-focused solutions aimed at improving the health of the planet⁶.

⁶ <https://www.canada.ca/en/innovation-science-economic-development/news/2023/02/government-of-canada-announces-renewed-funding-for-the-global-innovation-clusters.html>

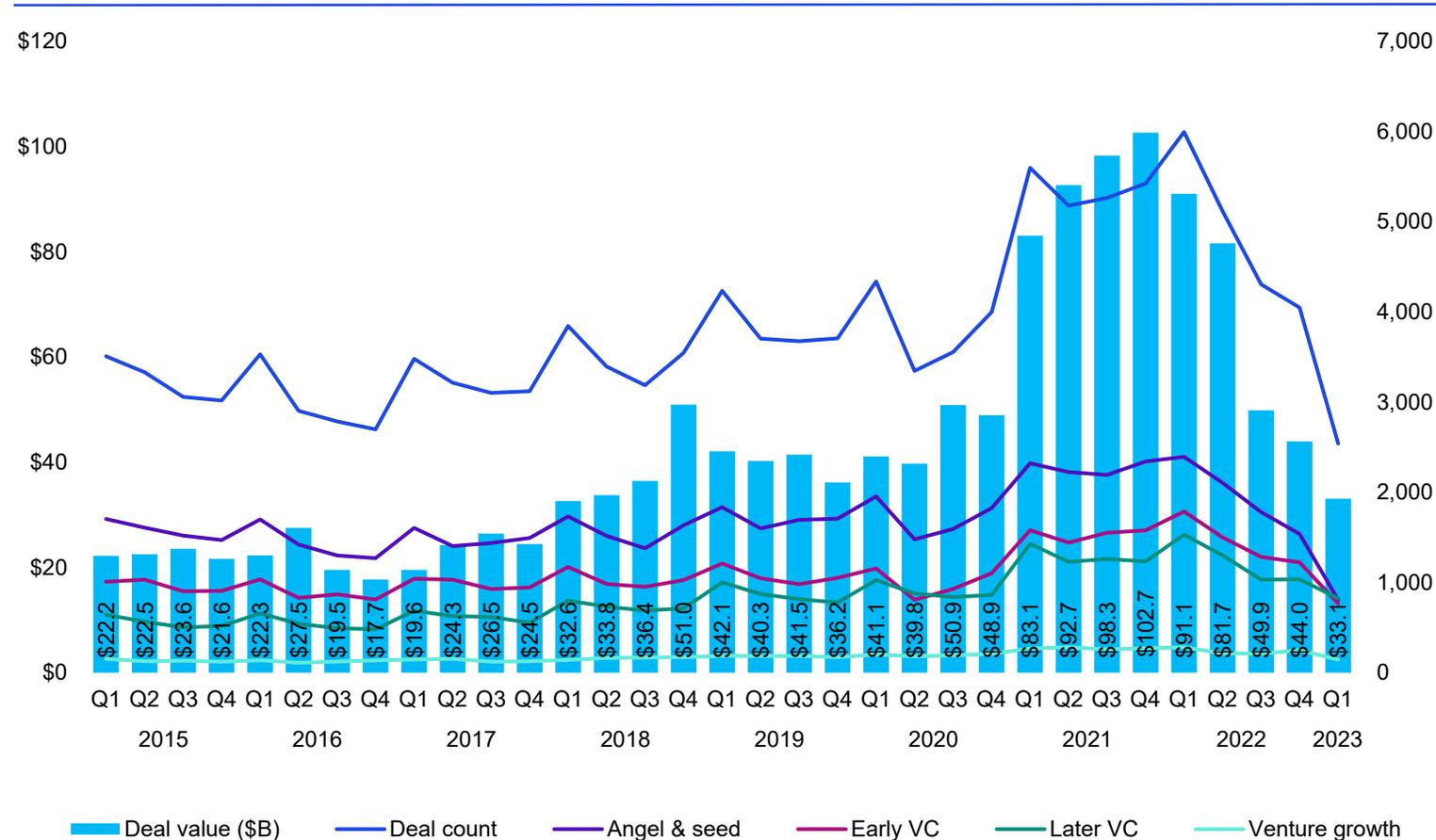
Trends to watch for in Q2'23

With the level of uncertainty expected to remain through mid-year, VC investment across the Americas will likely remain subdued heading into Q2'23. In the US, energy is expected to remain a big ticket for investors. In Canada, VC deal activity is expected to remain relatively stable quarter-over-quarter, with activity likely to center around small and mid-sized deals rather than on larger deals. In Brazil, startups will likely remain focused on the rationalization of their operations, teams and costs in Q2'23. M&A activity among Brazil-based startups could also see an increase.

All venture volume continues to decline

Venture financing in the Americas

2015–Q1'23



After softening to levels seen pre-2021 boom, now venture dealmaking appears to have plummeted to new lows. Although those figures may tick up somewhat, activity definitely has cooled to resemble pre-2018 figures, even, in some measures.

... it now remains to be seen just how much more dealmaking may cool; 2022 saw softening in the pace of dealmaking overall, and now figures are approaching pre-2018 levels.

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Metrics slide while flat rounds proliferate

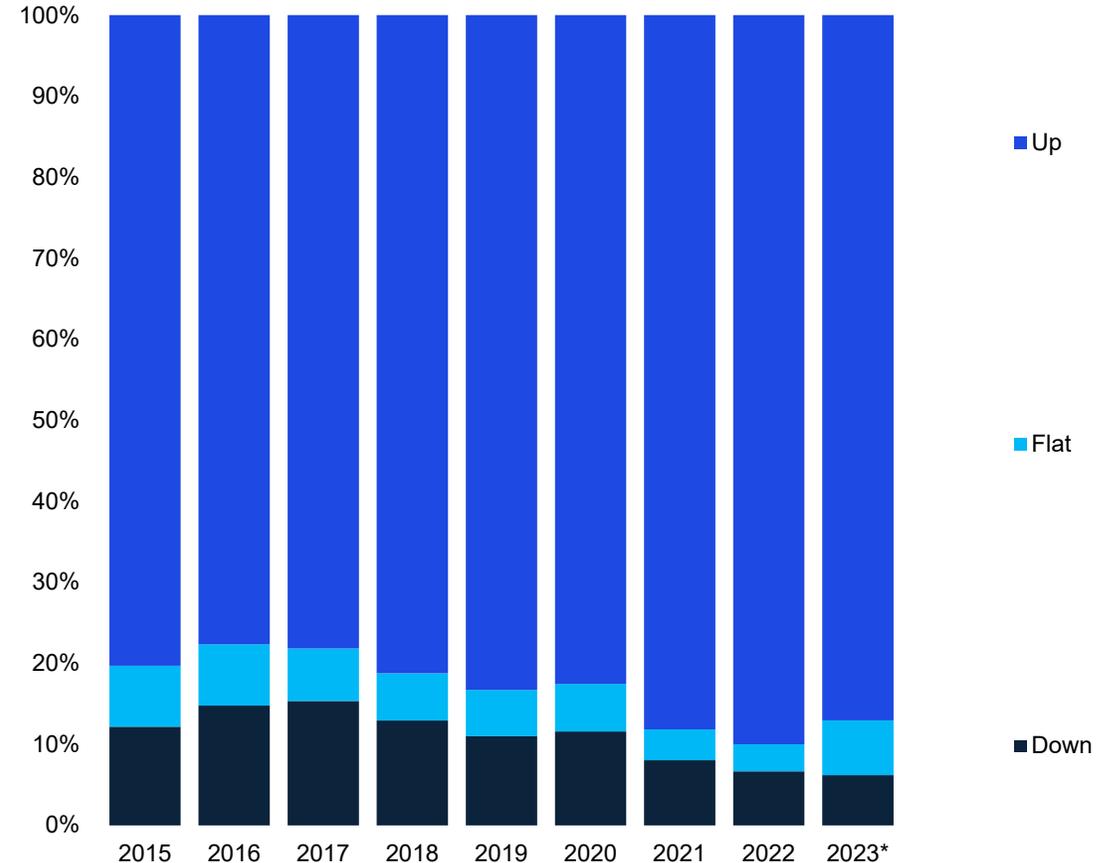
Median deal size (\$M) by stage in the Americas

2015–2023*



Up, flat or down rounds in the Americas

2015–2023*

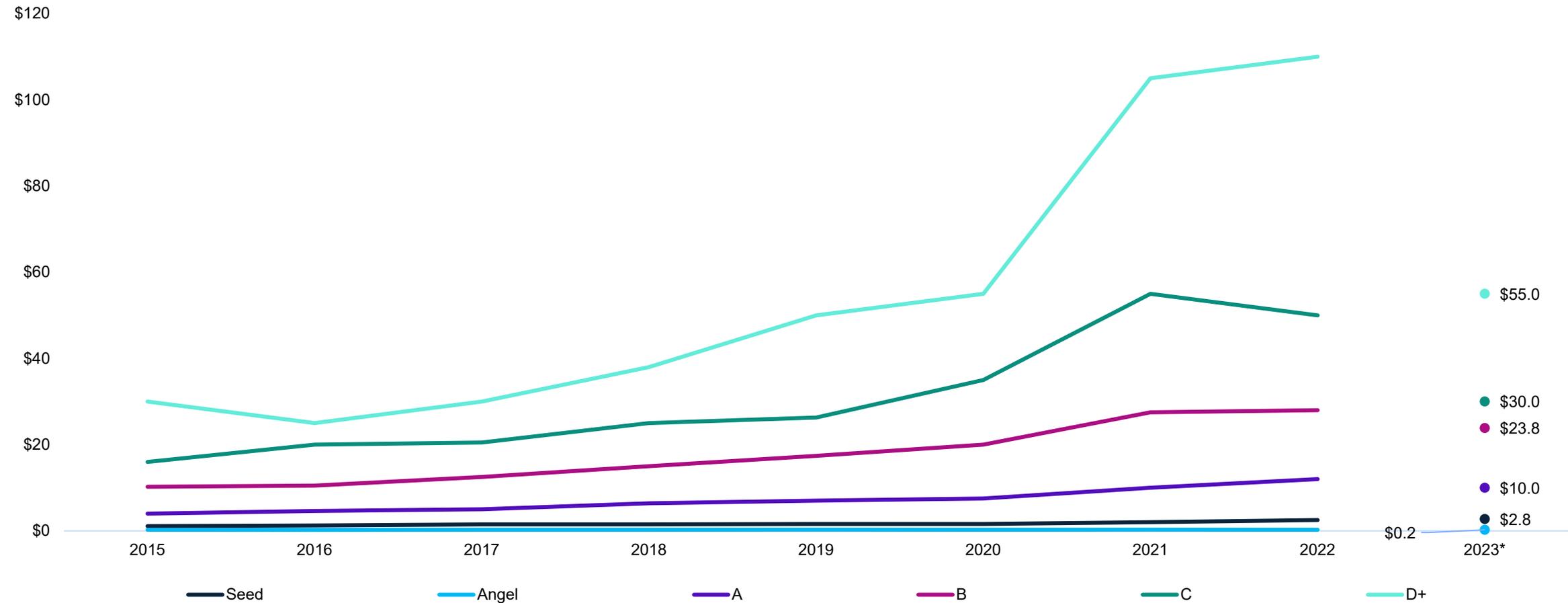


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Earlier financing sizes slide less, likely due to lower inflation rates

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

2015–2023*

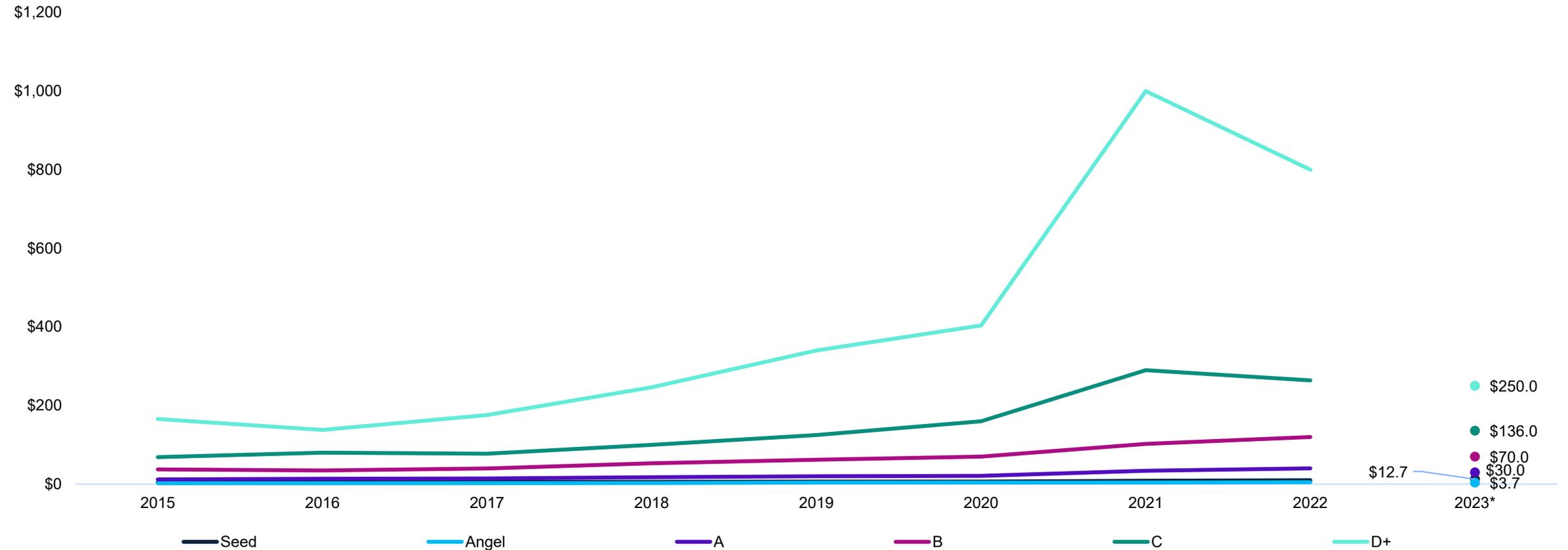


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. The Series D+ figure is based on non-normative sample sizes for 2023 YTD.

Valuations decline at the highest levels

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

2015–2023*

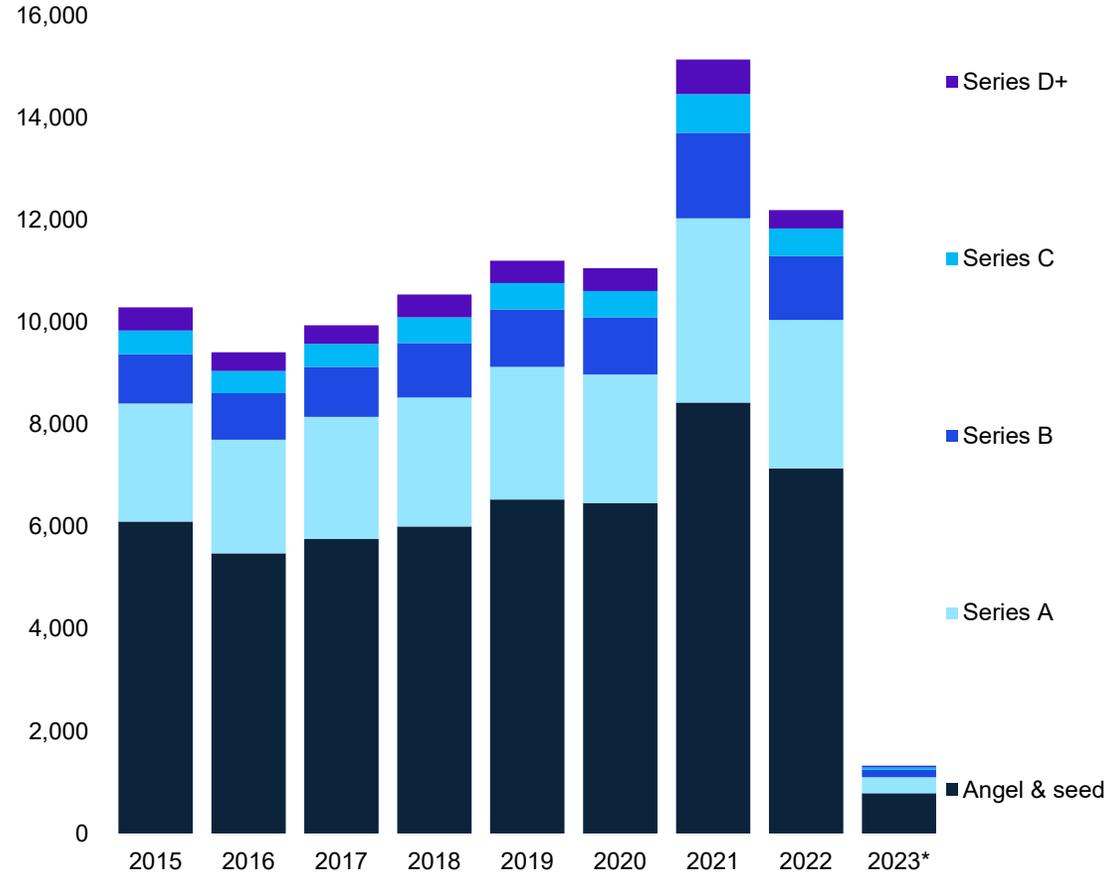


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. The angel and Series D+ figures are based on non-normative sample sizes for 2023 YTD.

Riskier stages see proportionate pullback

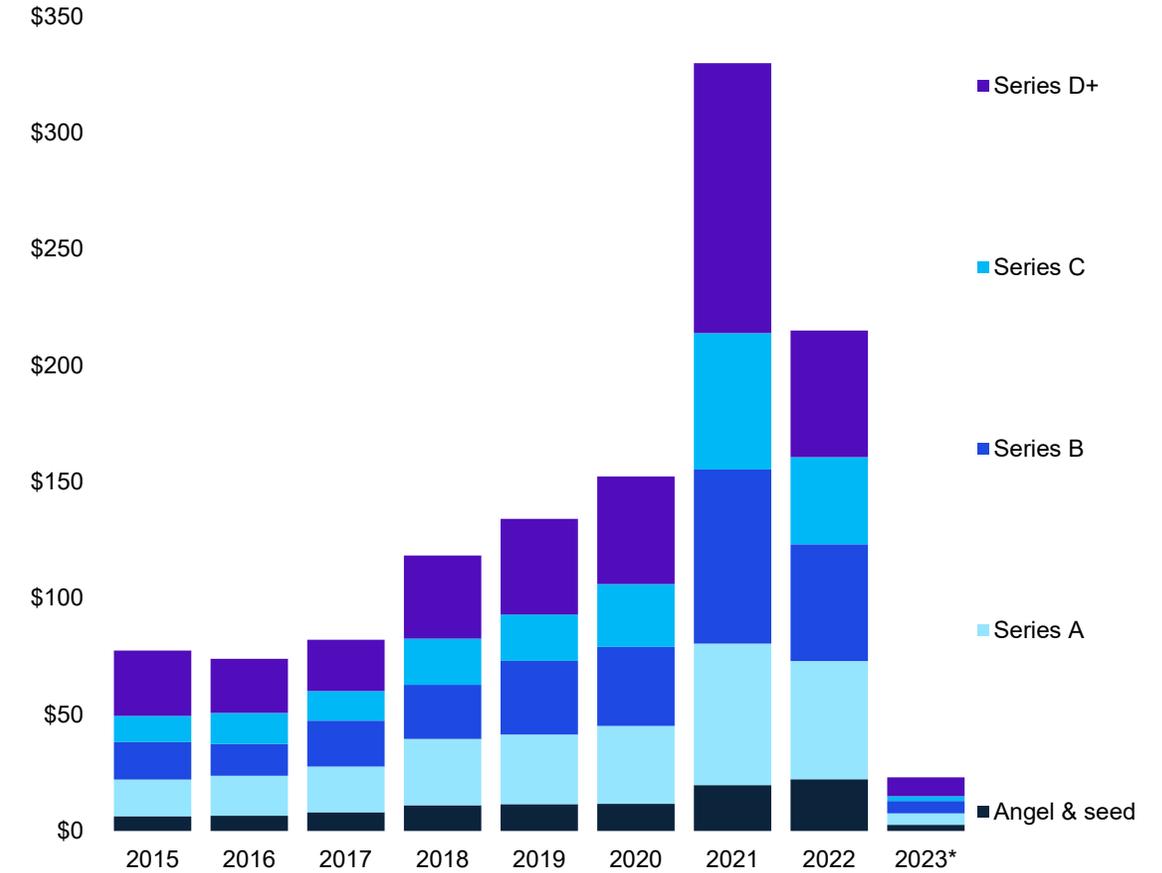
Deal share by series in the Americas

2015–2023*, number of closed deals



Deal share by series in the Americas

2015–2023*, VC invested (\$B)

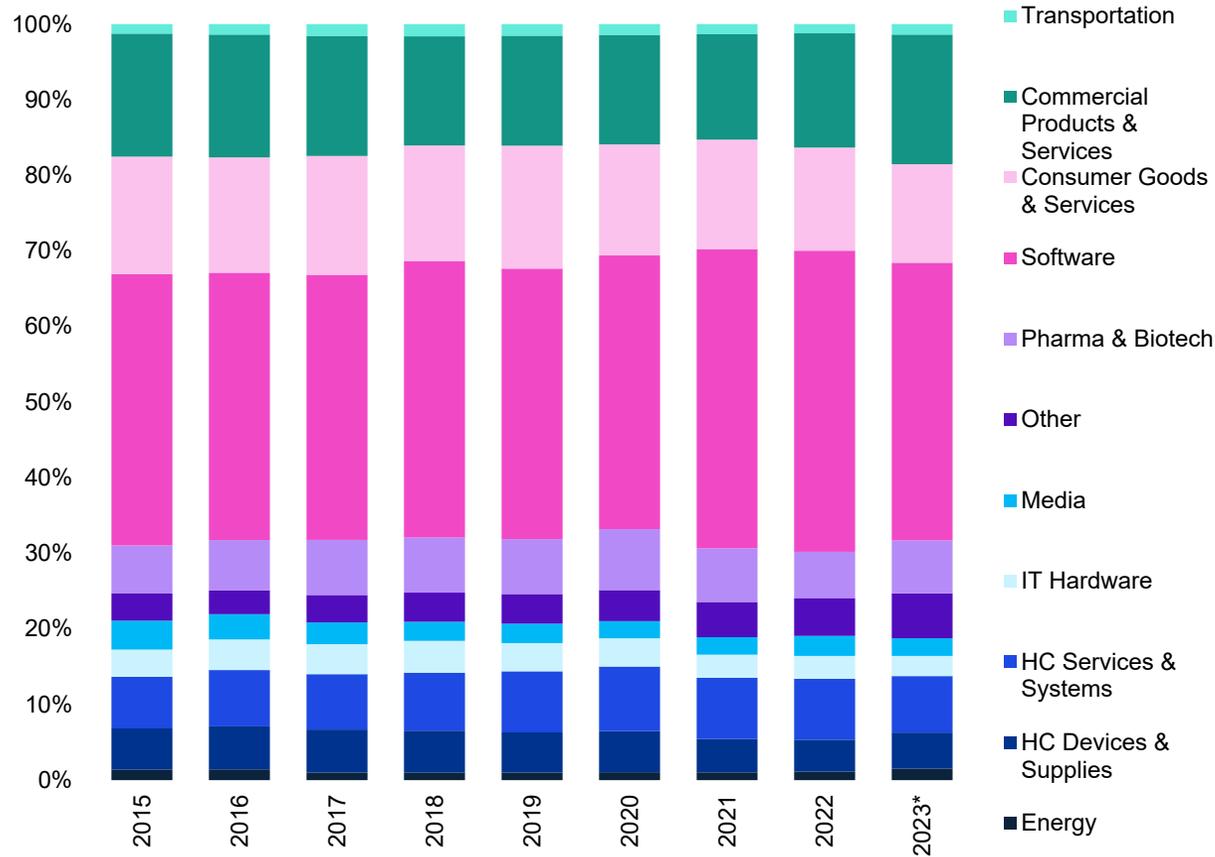


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Software remains predominant amid mild growth in energy & healthcare

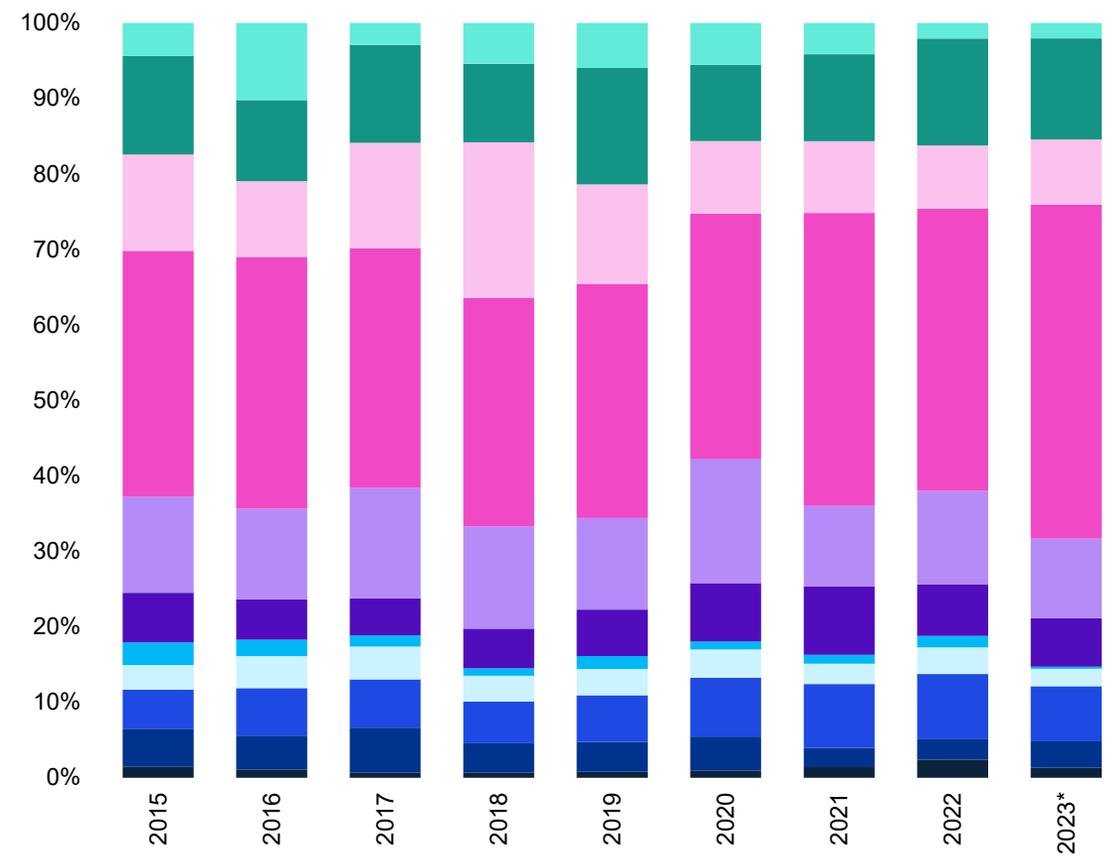
Venture financing of VC-backed companies by sector in the Americas

2015–2023*, # of closed deals



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

2015–2023*, VC invested (\$B)

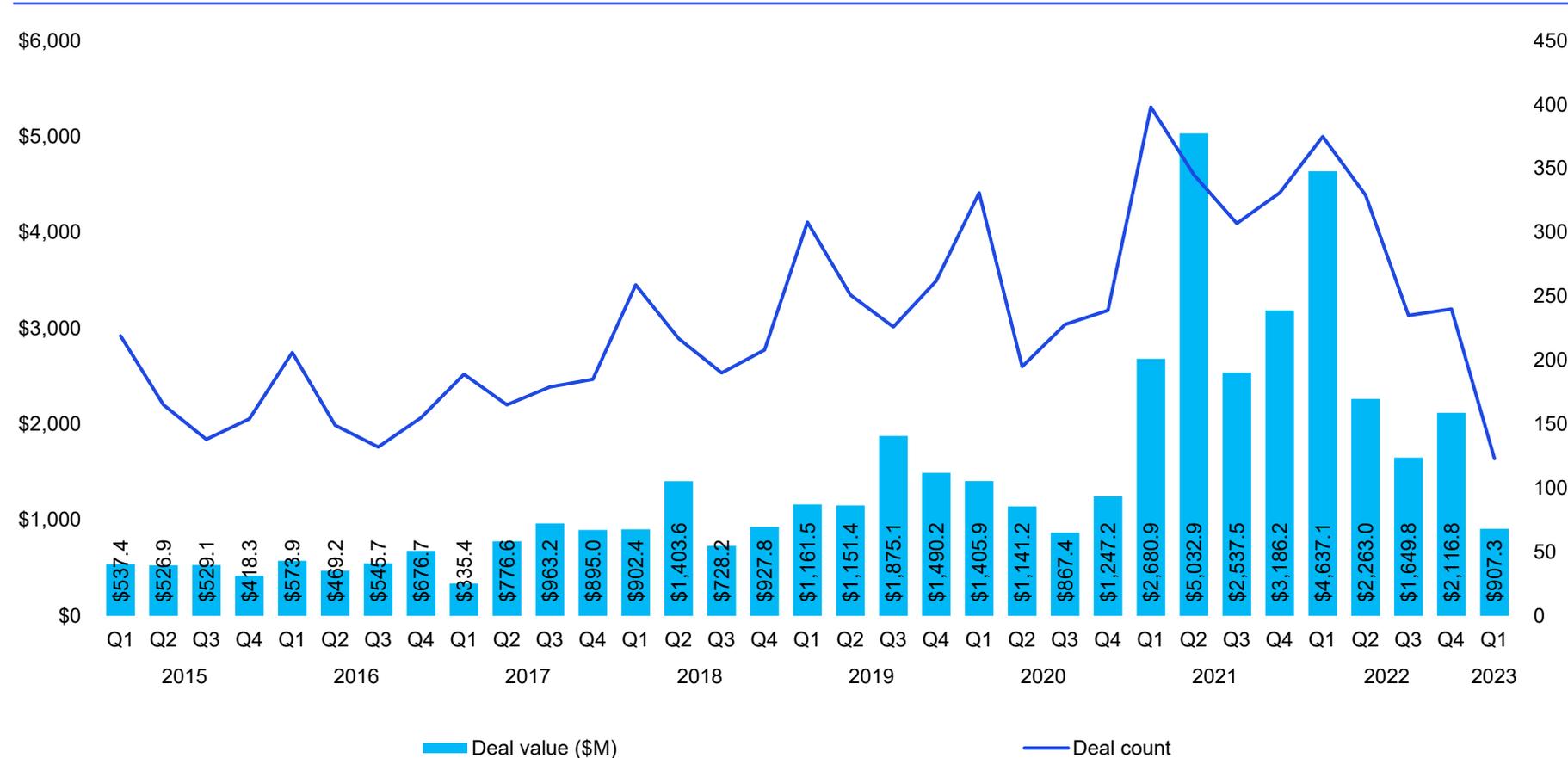


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

After relative resilience, dealmaking finally slides

Venture financing in Canada

2015–Q1'23



“While I was glad to see a couple of larger deals earlier in this quarter here in Canada, I think these bigger deals aren’t going to happen as frequently during the rest of 2023 given how much uncertainty is in the market and how much interest rates are rising. Instead, we’re going to see VC investors focusing on smaller, mid-sized deals involving companies that have more trusted valuations.”



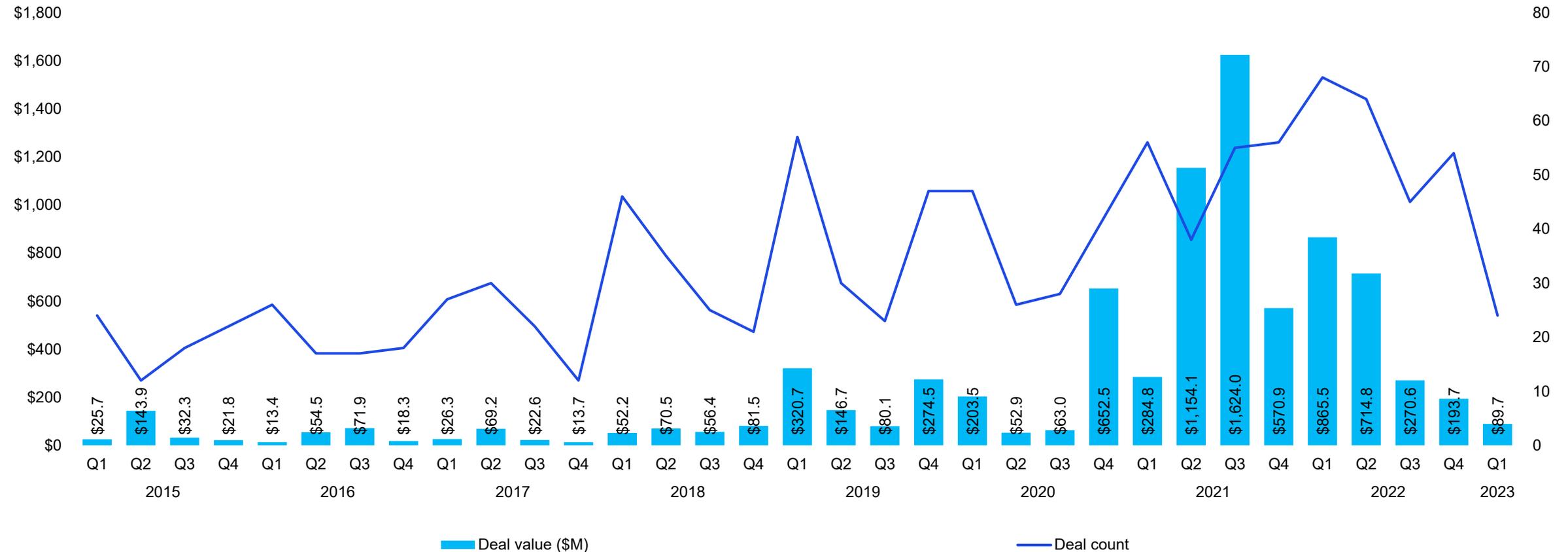
Ryan Forster
Partner,
KPMG in Canada

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Mexico sees similar downturn in venture activity

Venture financing in Mexico

2015–Q1'23

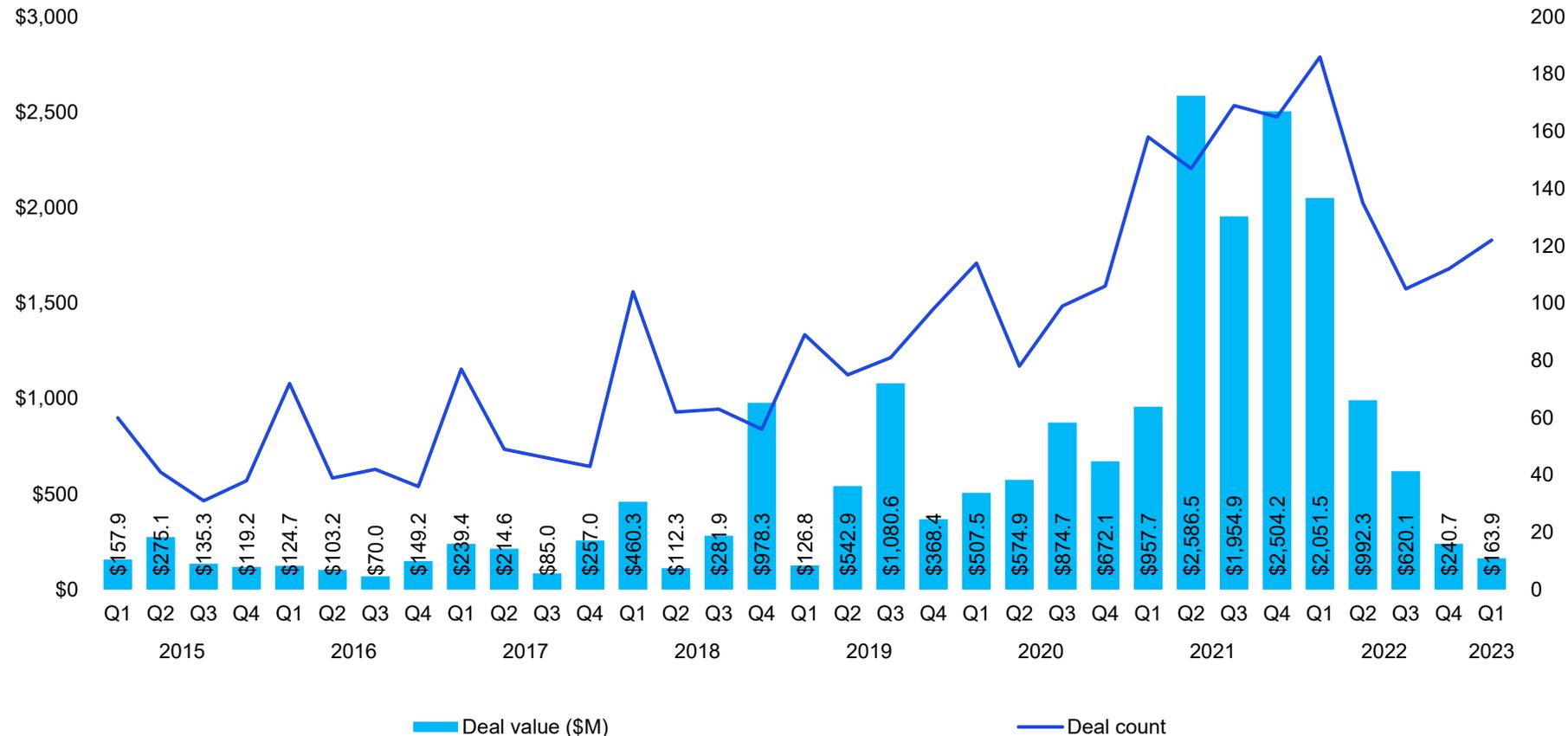


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Brazil sees slight bump in venture financing volume

Venture financing in Brazil

2015–Q1'23



“ One trend, not only here in Brazil but globally, is that investors are looking for returns right now rather than high growth. And when you look at pre-seed and seed companies — valuations generally are more realistic and the ticket sizes are usually significantly lower. When you put these two factors together, you see some good companies with nice profiles of growth versus return. We saw the great majority of the Q1 rounds taking place in these stages. ”

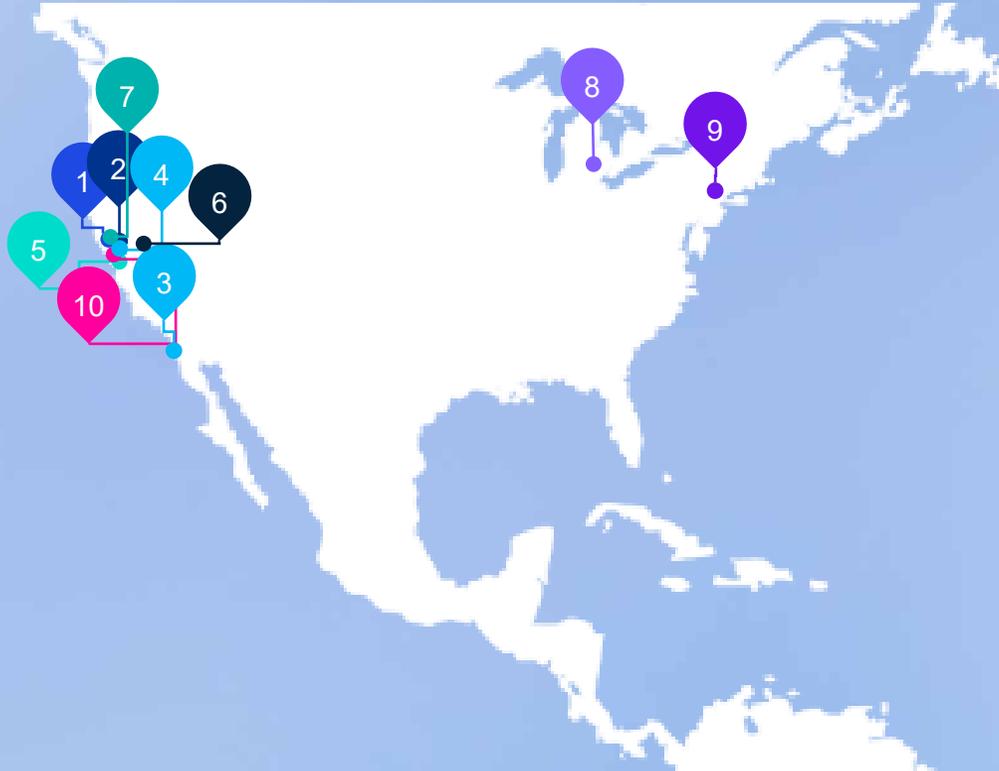


Rodrigo Guedes
Managing Director
KPMG in Brazil

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Key sectors of cleantech, security & AI hold strong

Top 10 financings in Q1'23 in Americas



1. **Stripe** — \$6.5B, San Francisco, US — Fintech — *Series I*
2. **Generate** — \$880.6M, San Francisco, US — Cleantech — *Late-stage VC*
3. **Zwift** — \$620M, Long Beach, US — Specialty retail — *Late-stage VC*
4. **Xpansiv** — \$525M, San Francisco, US — Fintech — *Late-stage VC*
5. **Netskope** — \$401M, Santa Clara, US — Cybersecurity — *Late-stage VC*
6. **Monogram Health** — \$375M, Brentwood, US — Healthtech — *Series C*
7. **Adept** — \$350M, San Francisco, US — AI & ML — *Series B*
8. **ONE** — \$300M, Novi, US — Cleantech — *Series B*
9. **Wiz** — \$300M, New York, US — Cybersecurity — *Series D*
10. **Anthropic** — \$300M, San Francisco, US — AI & ML — *Early-stage VC*

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

**In Q1'23, European
VC-backed companies
raised \$9.8B across
1,533 deals**

VC investment in Europe sinks to four-year low in Q1'23

Both the number of VC deals and the total VC investment in Europe fell for the fourth straight quarter, dropping from \$15.7 billion in Q4'22 to \$9.8 billion in Q1'23. The decline was particularly stark when set against the record number of VC deals and VC investment seen during the same quarter in 2022.

Consumer-focused businesses take big hit

Macroeconomic conditions, the ongoing war in Ukraine, high levels of inflation, and sky-high energy costs created a perfect storm of challenges for both companies and consumers in Europe. Many D2C businesses that thrived under pandemic conditions found their business models much less resilient within the current market climate. Several consumer-focused sectors saw VC investors pull back significantly during Q1'23, including ecommerce, BNPL, and last mile delivery. B2B-focused SaaS and AI companies continued to attract investor interest, in addition to companies focused on Energy, ESG, and mobility. Even in these sectors, however, deal sizes dropped compared to recent quarters.

VC investors more stringent with portfolio companies

VC investors in Europe were increasingly cautious in Q1'23, taking a heavier hand with their portfolio companies — scrutinizing their internal budgets, pressuring them to cut costs and become more efficient, and holding them accountable to agreed-upon milestones. Over the next couple of quarters, VC investors could begin to pick and choose between their portfolio companies, pulling back from making follow-on investments in companies they don't believe can survive. This could spur M&A activity as startups look to sell in order to avoid failing.

Governments enhancing supports for startups

Several government-backed initiatives were initiated in Europe during Q1'23 to support startup growth. The UK's budget included £3.5 billion to help the country become a scientific and technologic superpower, including funding to support next-gen supercomputing and AI research⁷. The UK also released a whitepaper on the regulation of AI⁸. During the quarter, the German government also launched a €1 billion fund to support growth stage deeptech and climatetech companies⁹, while the European Investment Bank Group and five EU member states announced the European Technology Champions Initiative: a \$3.75 billion fund to address funding gaps and support late-stage growth companies in the region¹⁰.

Q1'23 VC investment in UK pales compared to Q1'22

After slowing down significantly in Q4'22 as a result of both global issues and an unsettled domestic political environment, VC investment in the UK remained subdued in Q1'23, particularly compared to Q1'22. A \$601 million raise by fintech player Abound (Consumer Finance) was the UK's largest deal of Q1'23, followed by a \$160 million raise by B2B focused fintech the Bank of London, a \$149 million raise by EV automotive company One Moto, and a \$140.3 million raise by autonomous vehicle software firm Oxbotica. Carmoola rounded out the largest of deals with a \$126 million series A deal. Business services and energy transition continued to attract significant attention from VC investors in Q1'23, while interest in consumer retail and real estate remained dry. Looking forward, B2B technology enablement is likely to remain a key driver of investment, not only in areas like financial and health services but across every sector imaginable.

⁷ <https://www.gov.uk/government/news/government-commits-up-to-35-billion-to-future-of-tech-and-science>

⁸ <https://www.gov.uk/government/news/uk-unveils-world-leading-approach-to-innovation-in-first-artificial-intelligence-white-paper-to-turbocharge-growth>

⁹ <https://sifted.eu/articles/germany-1bn-deeptech-climate-fund-news/>

¹⁰ <https://www.eib.org/en/events/european-tech-champions-initiative>

VC investment in Europe sinks to four-year low in Q1'23, cont'd.

Investor sentiment in the UK appeared to turn slightly during Q1'23 with some cautious positivity that the worst of the market turbulence might be over. While VC investment is expected to remain soft into Q2'23, there is hope that some renewed activity will be seen in the second half of the year.

Alternative energy remains big ticket in Germany

VC investment in Germany remained soft relative to historical norms in Q1'23, despite attracting two of Europe's largest deals in the quarter, including a \$228 million raise by alternative energy leasing company Enpal and a \$151 million raise by PE investment platform Moonfare. Corporates in Germany remained active, although they showed far more caution than in recent quarters — focusing their energy, attention, and investments only on startups with very clear value.

Alternative energy continued to be a big draw for VC investors in Germany, driven not only by regional energy concerns but also by the German government's decision to shut down its nuclear plants and by the growing focus of domestic automotive companies on new energy vehicles.

Uncertainty in Israel causing VC investors to hold back

VC investment in Israel remained subdued in Q1'23 as both global and domestic macroeconomic, and market challenges caused a significant amount of uncertainty. Among the companies that attracted investment in Israel this quarter were hypertension-focused medtech SoniVie (\$60 million), subsurface imaging platform Exodigo (\$41 million), cloud security company. Sentra (\$30 million) and B2B productivity company Titan DXP (\$30 million). Given the uncertain policy environment in Israel, VC investment in the country will likely remain soft heading into Q2'23.

¹¹ <https://www.gaebler.com/VC-Funding-48E2BE6F-1C03-4750-8207-5B29255A795E-Vivasure-Medical-03-13-2023>

Ireland continues to attract diverse range of investments

A diverse range of startups continued to attract VC funding in Ireland during Q1'23, although at relatively small deal sizes. Arterial closure medical device company Vivasure Medical raised the largest deal in Ireland during the quarter (\$32 million)¹¹, followed by AI-powered digital pathology company Deciphex (\$16 million), social media tracking and predictions company NewsWhip (\$13 million), and cybersecurity firm Siren (\$12 million).

Nordics region has quiet start to the year

Q1'23 was a very quiet quarter of VC investment in the Nordics. Denmark-based biotech company Hemab Therapeutics' \$135 million raise was the largest round of the quarter, highlighting the growing biotech sector in the region. Other VC deals during Q1'23 were much smaller — primarily under \$20 million — as less International late-stage investments occurred and local investors completed primarily smaller early-stage deals. Given the uncertain geopolitical and macroeconomic environment, many late-stage companies in the Nordics have adjusted their plans to defer new equity funding rounds in to late 2023 or 2024.

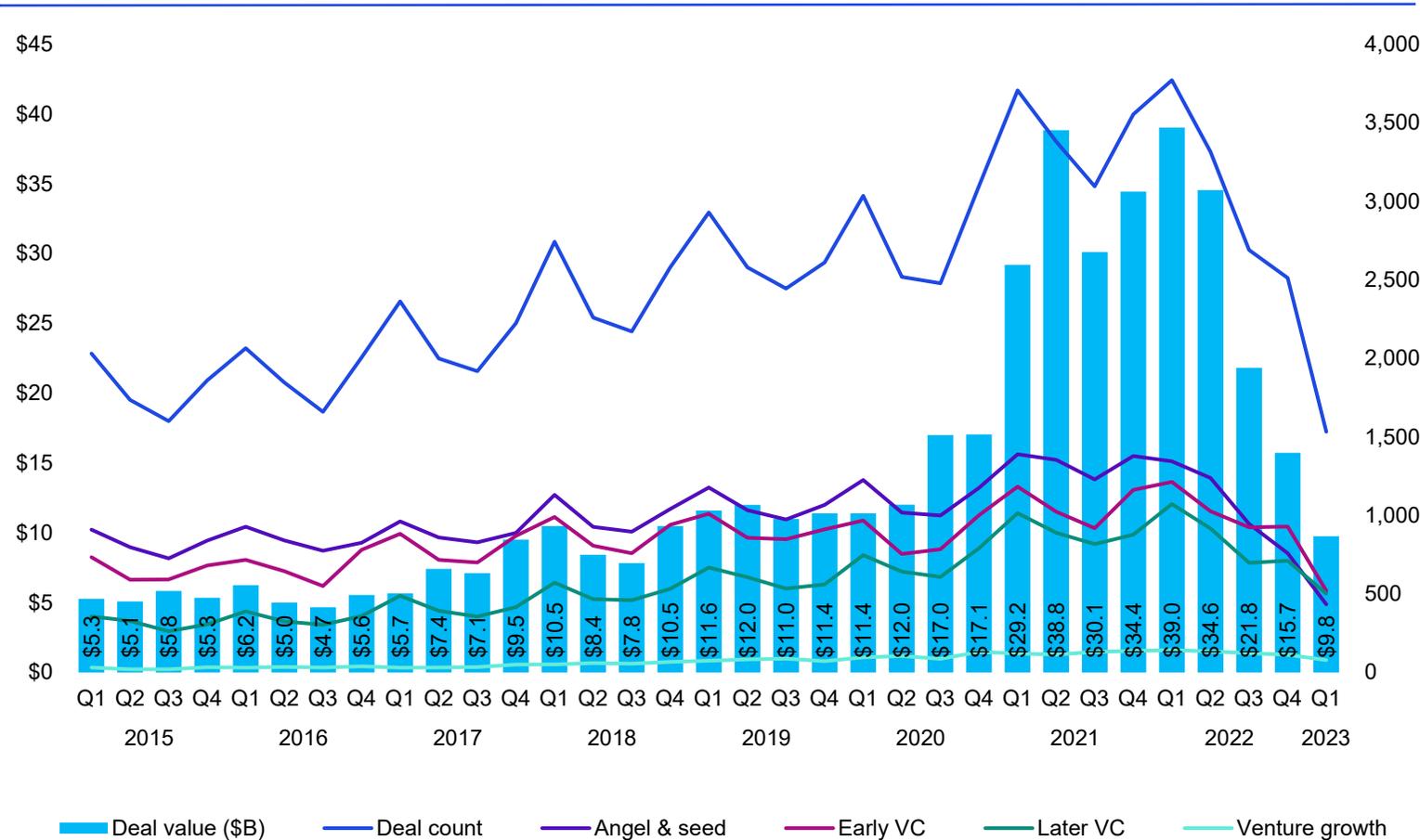
Trends to watch for in Q2'23

Q2'23 will likely be another challenging quarter for VC investment in Europe, given the unrelenting amount of uncertainty permeating the market. Traditional VC investors will likely remain cautious, scrutinizing deals carefully to assess whether business models will be resilient, while also putting more pressure on their portfolio companies to cut costs. Some well-capitalized corporates may start to see the current environment as an opportunity rather than a challenge, particularly when it comes to making acquisitions. Non-core carveouts and bolt-on deals could also increase. Should market challenges intensify over the next few quarters, governments in Europe could step up their supports for startups.

VC activity cools further

Venture financing in Europe

2015–Q1'23



After record-breaking highs, venture financing volume has slid in both count and VC invested to lows last seen in 2018. It is important to stress that fact, while also being mindful that multiple factors driving caution on the part of investors as well as concern around the health of growth prospects remain intact, so it remains to be seen whether or not further cooling can be anticipated.

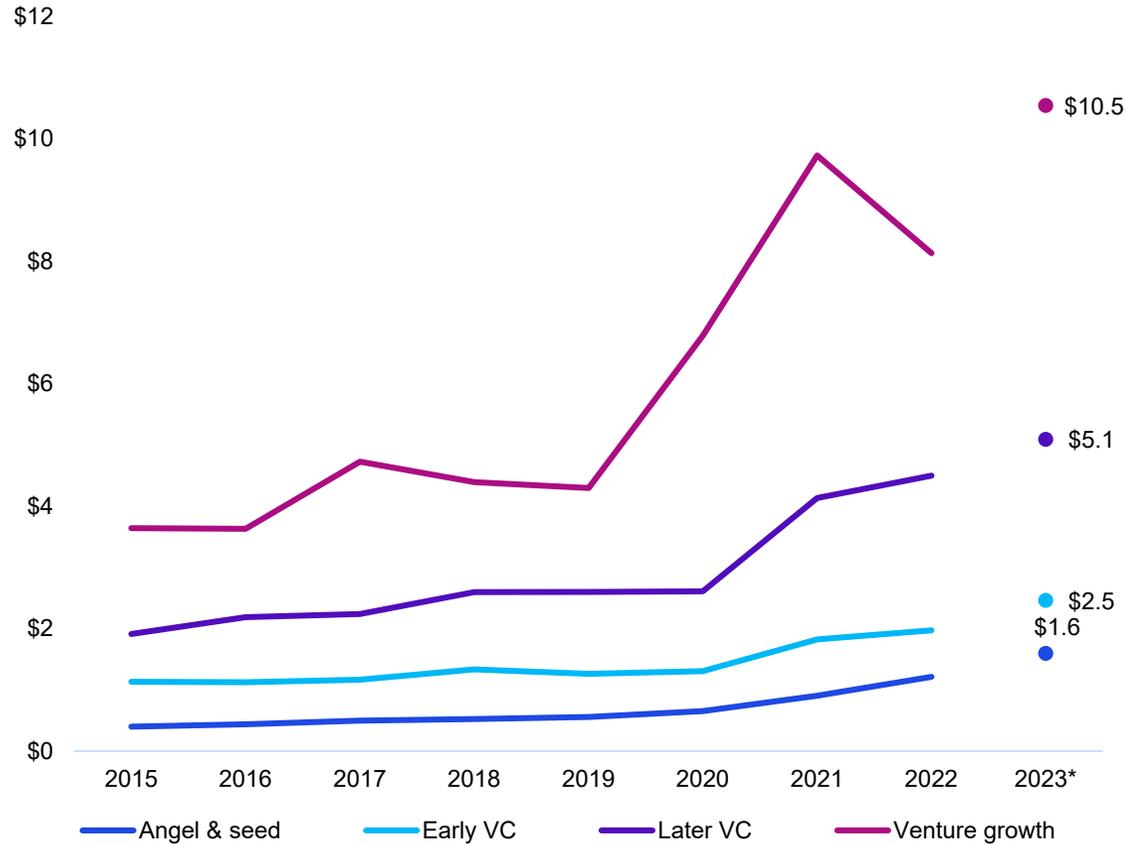
... the impact of volatility both economic and political is now apparent, yet **European startup ecosystems have not seen cataclysmic declines as of yet...**

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Down rounds jump up somewhat

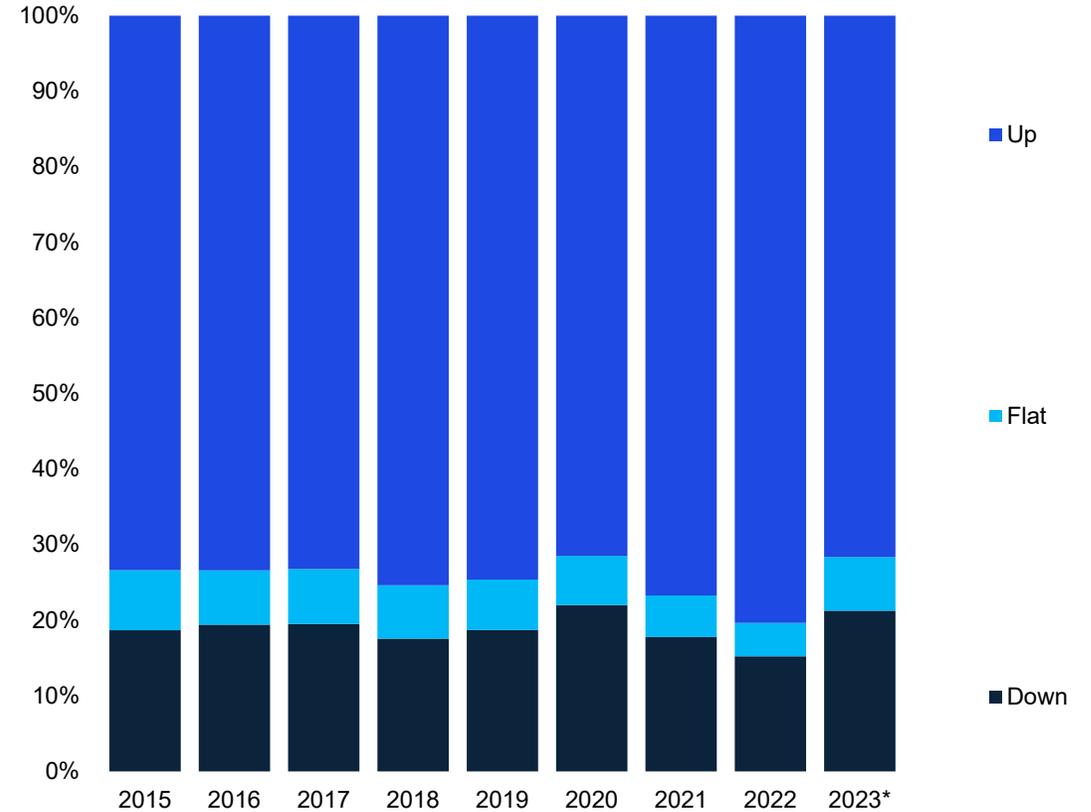
Median deal size (\$M) by stage in Europe

2015–2023*



Up, flat or down rounds in Europe

2015–2023*

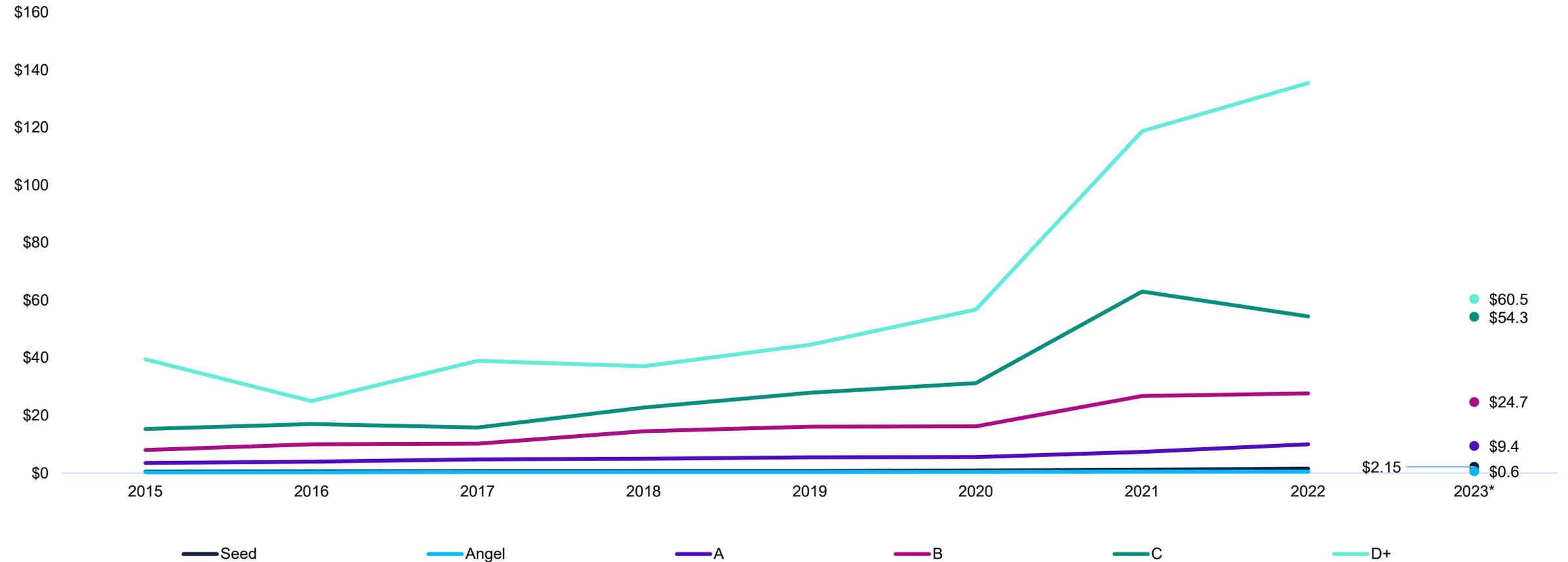


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Financing metrics begin to show unmistakable decline

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

2015–2023*

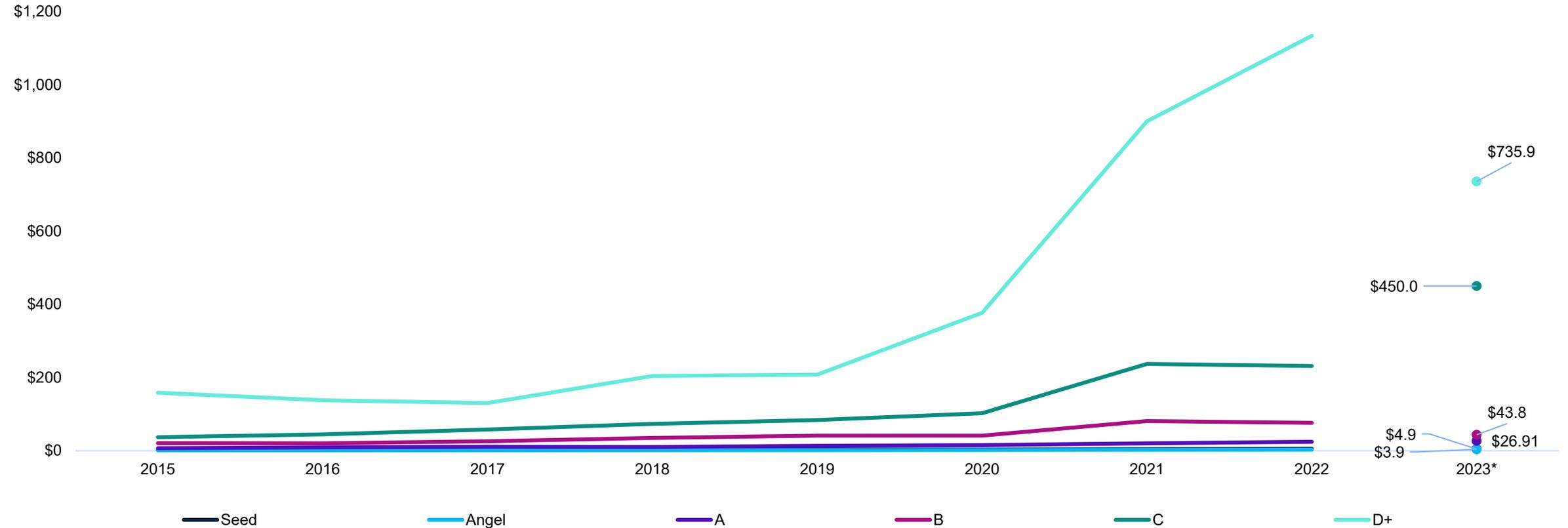


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. The Series C and D+ figures for 2023 YTD are based on non-normative sample sizes.

Valuations begin to slide at the highest level

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

2015-2023*

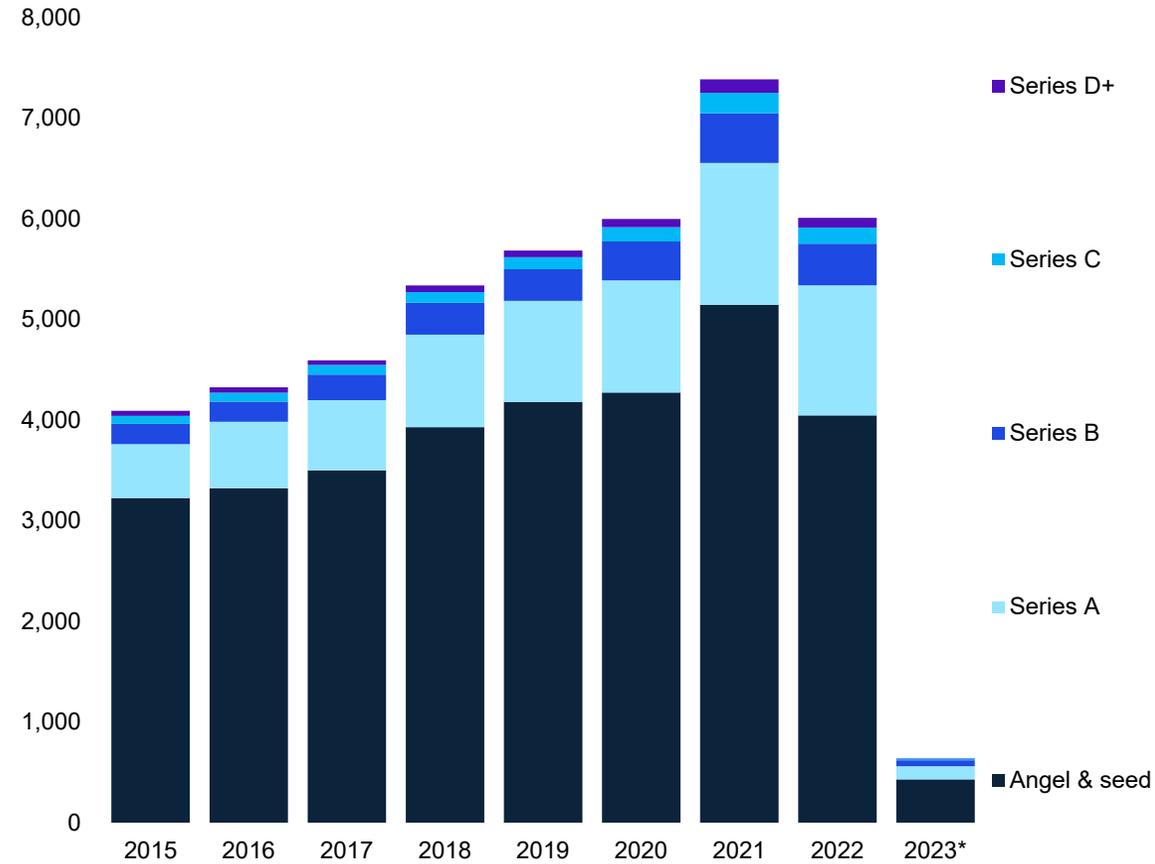


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. The figures for Series D or later valuations in 2015 and 2023 to date are based on non-normative sample sizes. Q1 2023 figures for Series B and C are also based on non-normative sample sizes.

Relative proportions revert to normalcy

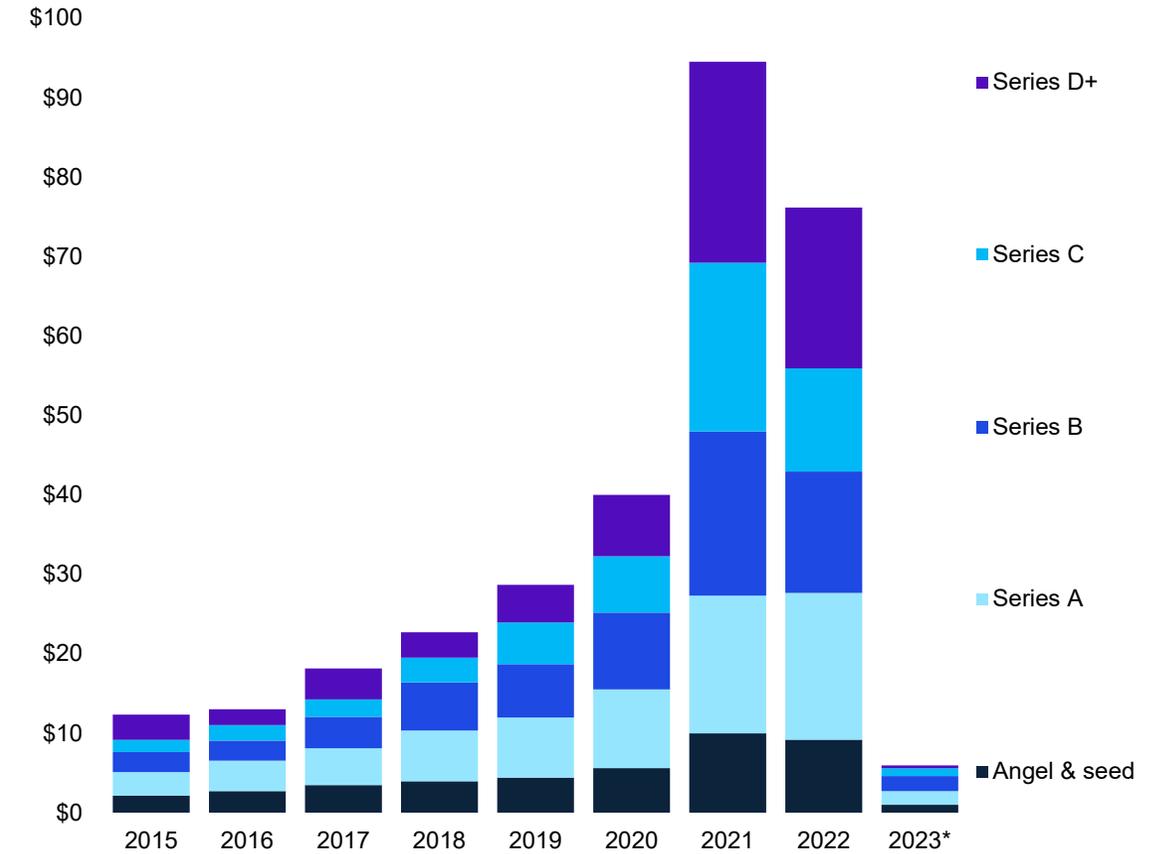
Deal share by series in Europe

2015–2023*, number of closed deals



Deal share by series in Europe

2015–2023*, VC invested (\$B)

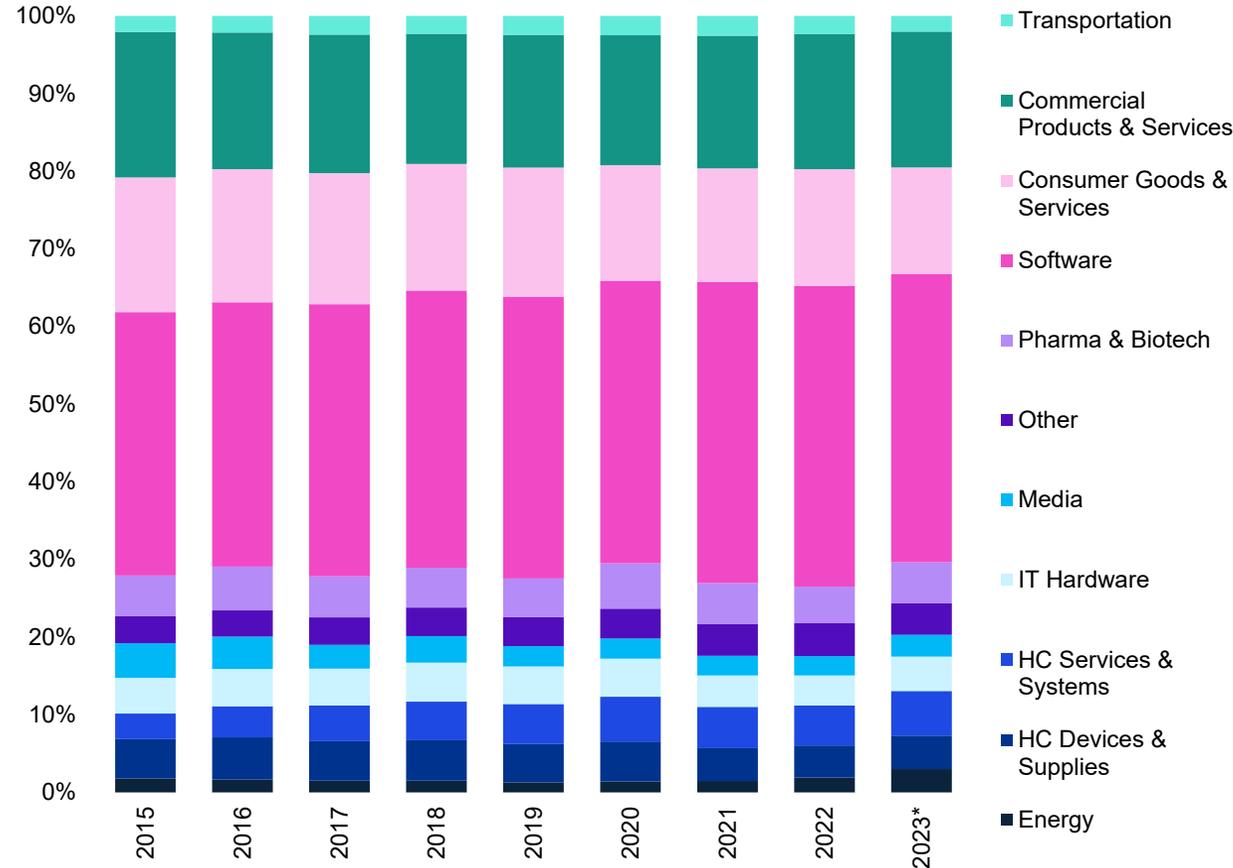


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Healthcare shows some resilience

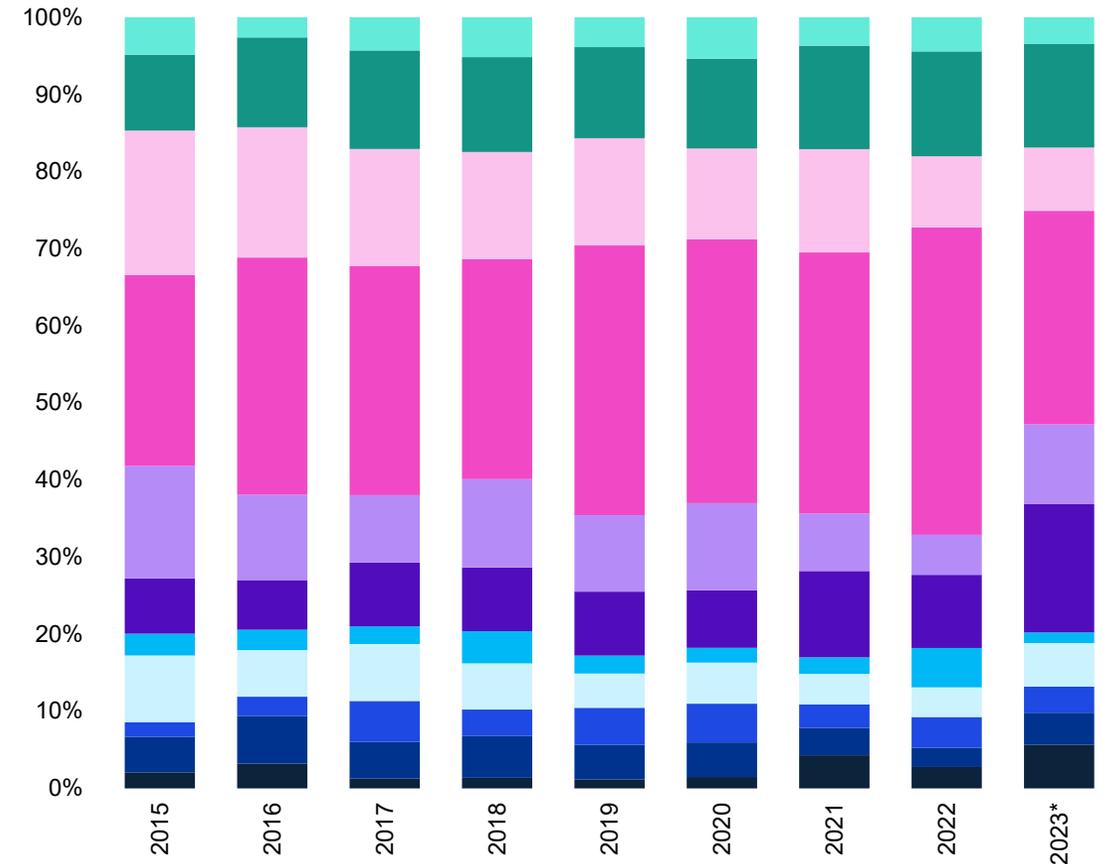
European venture financings by sector

2015–2023*, number of closed deals



European venture financings by sector

2015–2023*, VC invested (\$B)

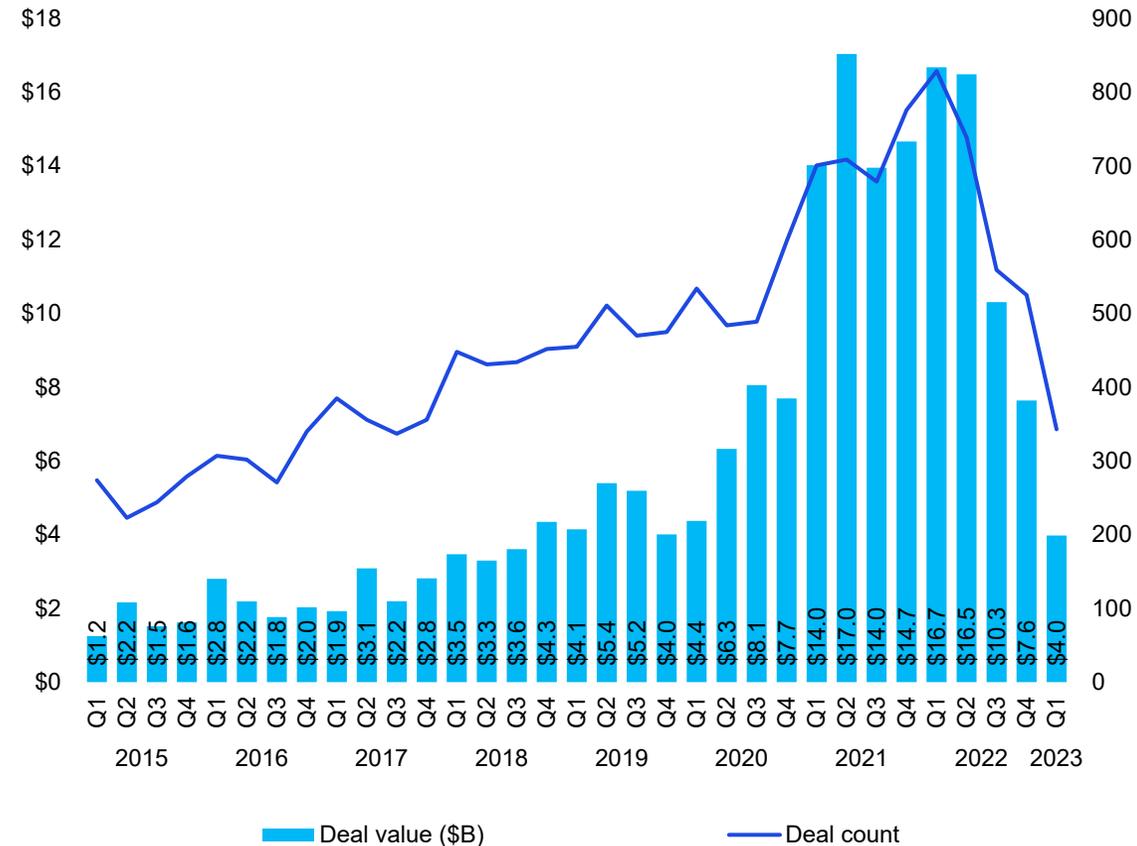


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

First-time financiers & corporates press pause

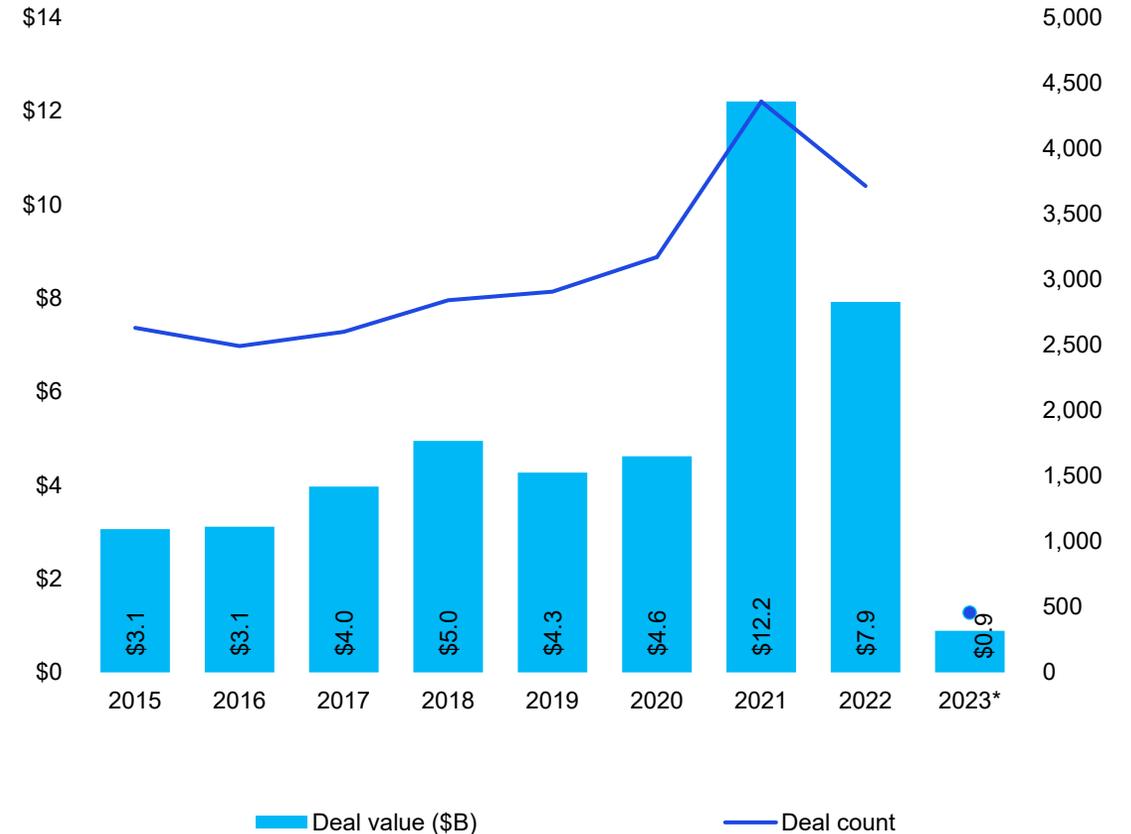
Corporate VC participation in venture deals in Europe

2015–Q1'23



First-time venture financings of companies in Europe

2015–2023*

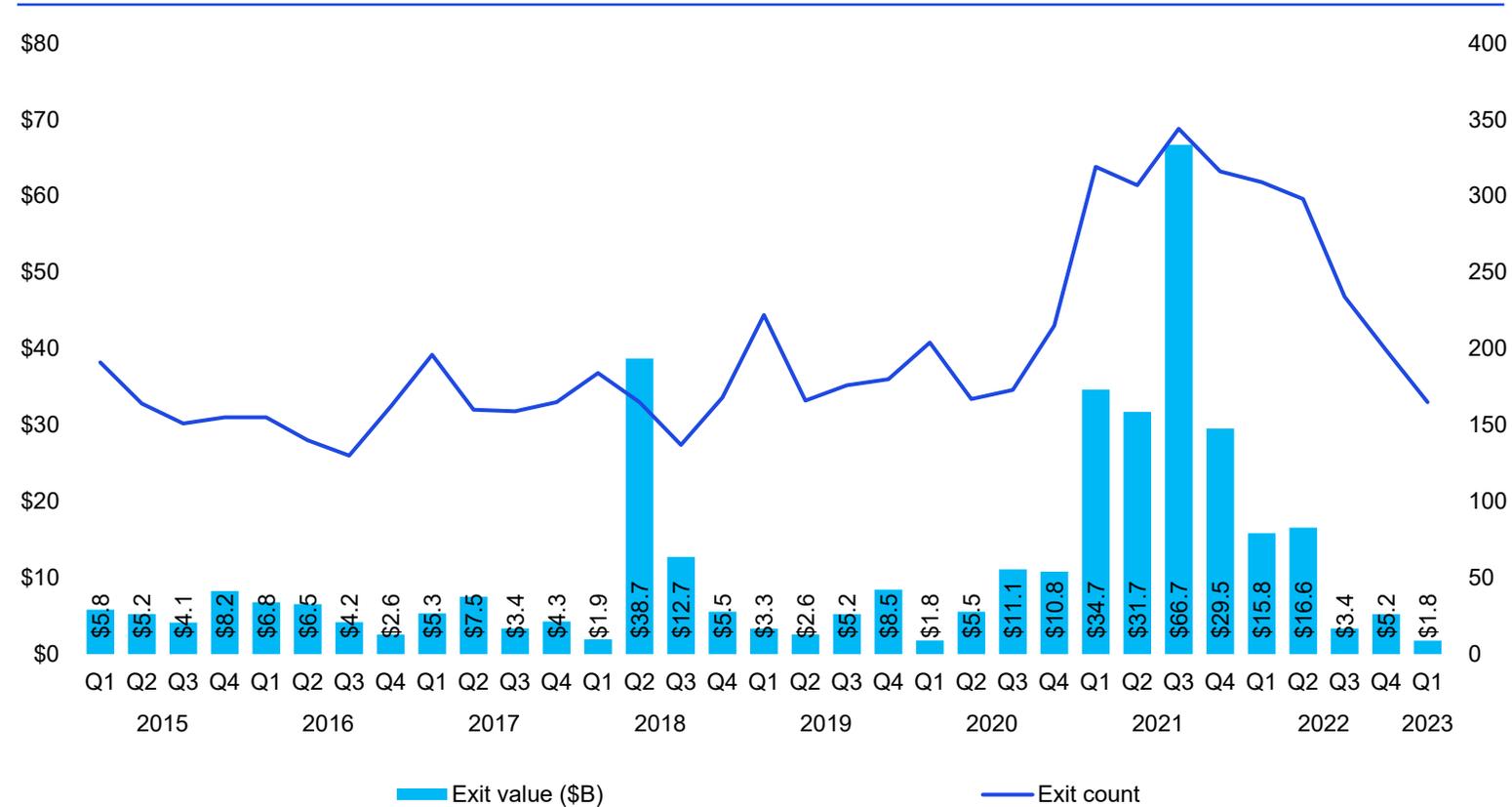


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Exit volume continues to diminish as value remains very low

Venture-backed exit activity in Europe

2015–Q1'23



Exits remained significantly sluggish in Q1, thanks to ongoing volatility and concerns around broader economic growth prospects going forward. As of yet, it remains to be seen if things will cool even further.

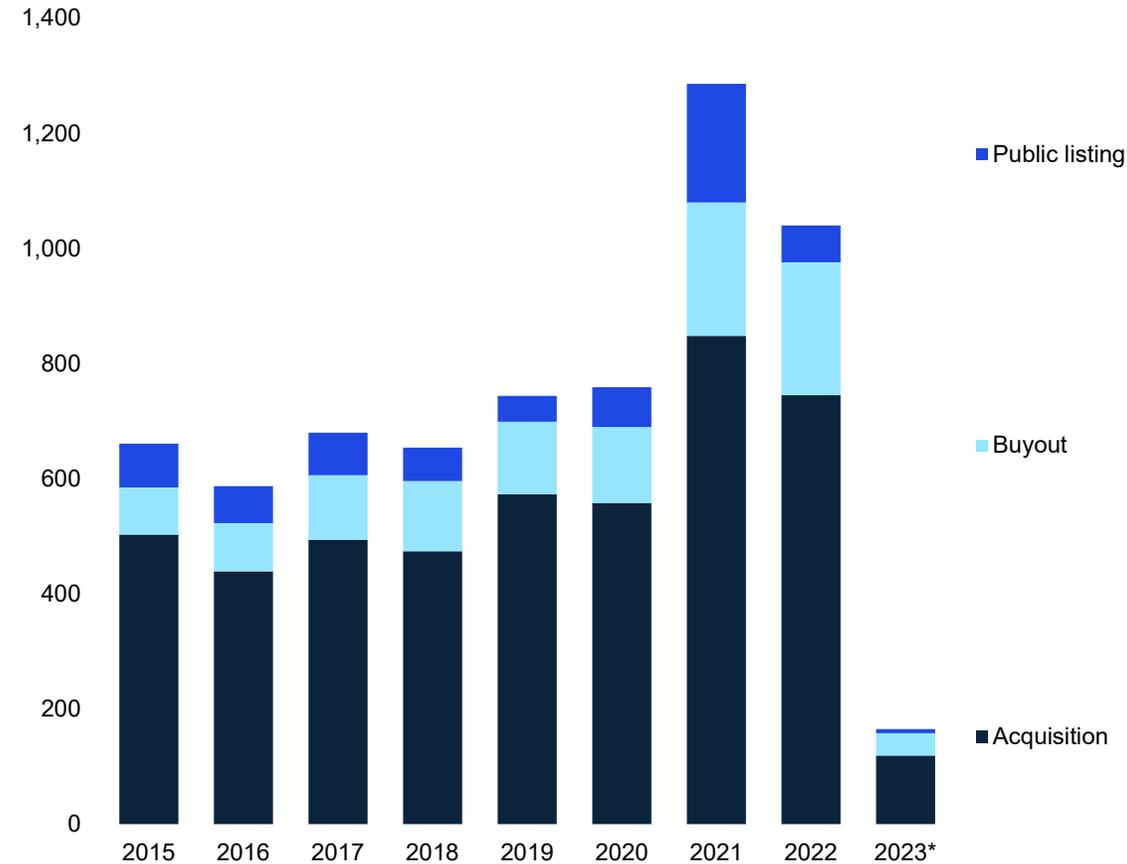
... after a strong stretch for exit value, a clear slowdown is evident, while prospects remain murky.

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

M&A remains primary avenue in a moribund market

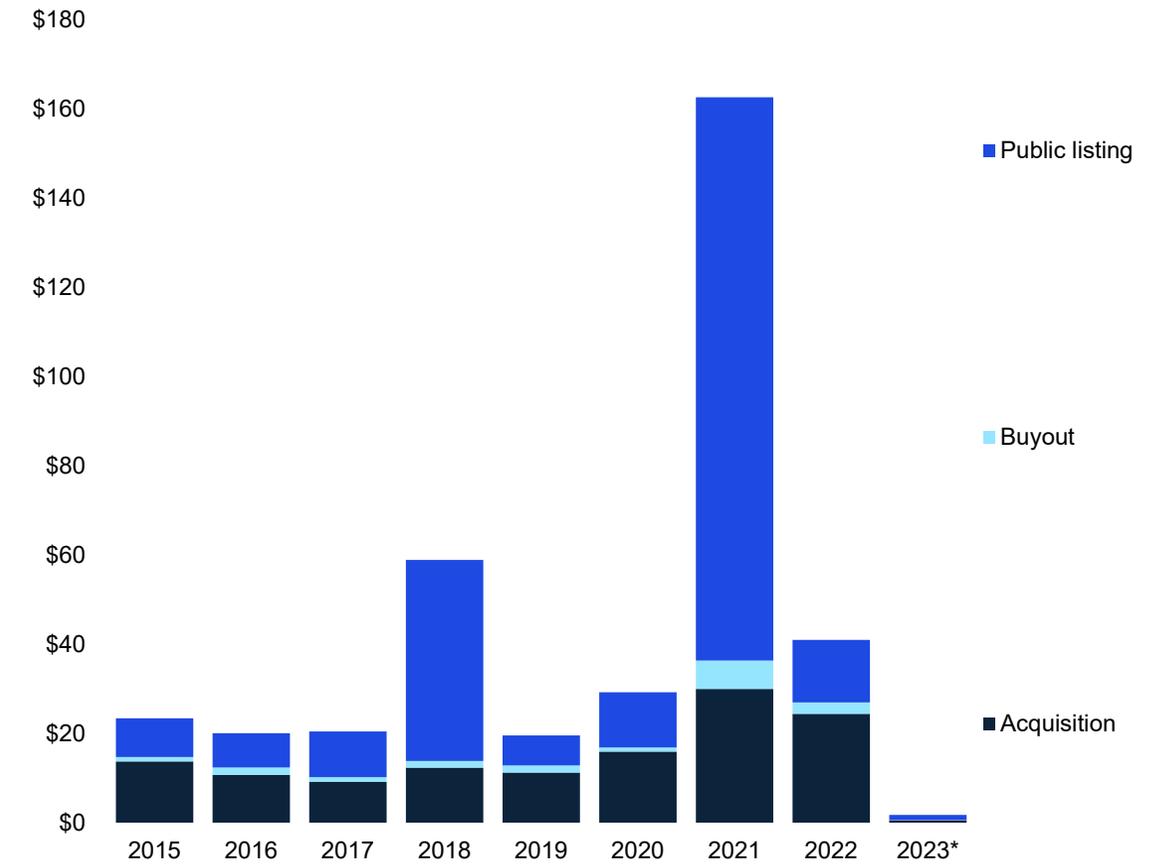
Venture-backed exit activity (#) by type in Europe

2015–2023*



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

2015–2023*

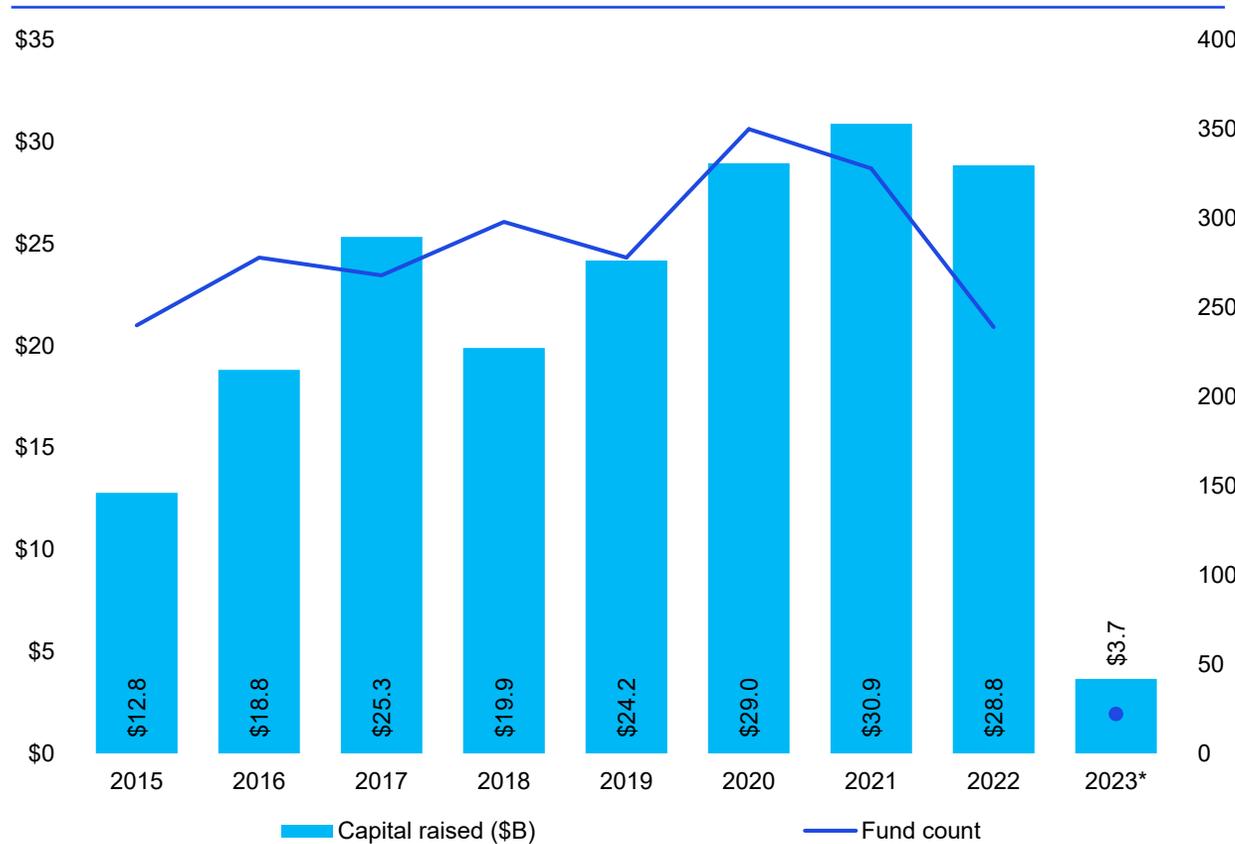


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Fundraising finally takes a blow

European venture fundraising

2015–2023*



After a record-breaking stretch for capital committed, the slowdown has finally hit the European continent, with the pace of commitments slowing dramatically and total capital pledged on pace for tallies similar in 2015.

... at **\$3.7 billion**, 2023 is off to a slow start, although in the direct wake of significant recent tallies.

“We’re seeing some boldness creeping into the corporate world. The larger corporates, having navigated the multiple challenges of COVID, perceive the current environment as relatively benign — although an inflationary environment is not plain sailing, through the pandemic many corporates strengthened their balance sheets and changed their operating models — they now feel more confident about themselves, if not the economy overall. On the other hand with institutional investors constrained by the availability of credit and more fearful of the investment environment, could it be a buyers’ market for corporates right now? Any corporate boldness will not be enough to make up for the reduced participation of private equity, but it is very interesting.”



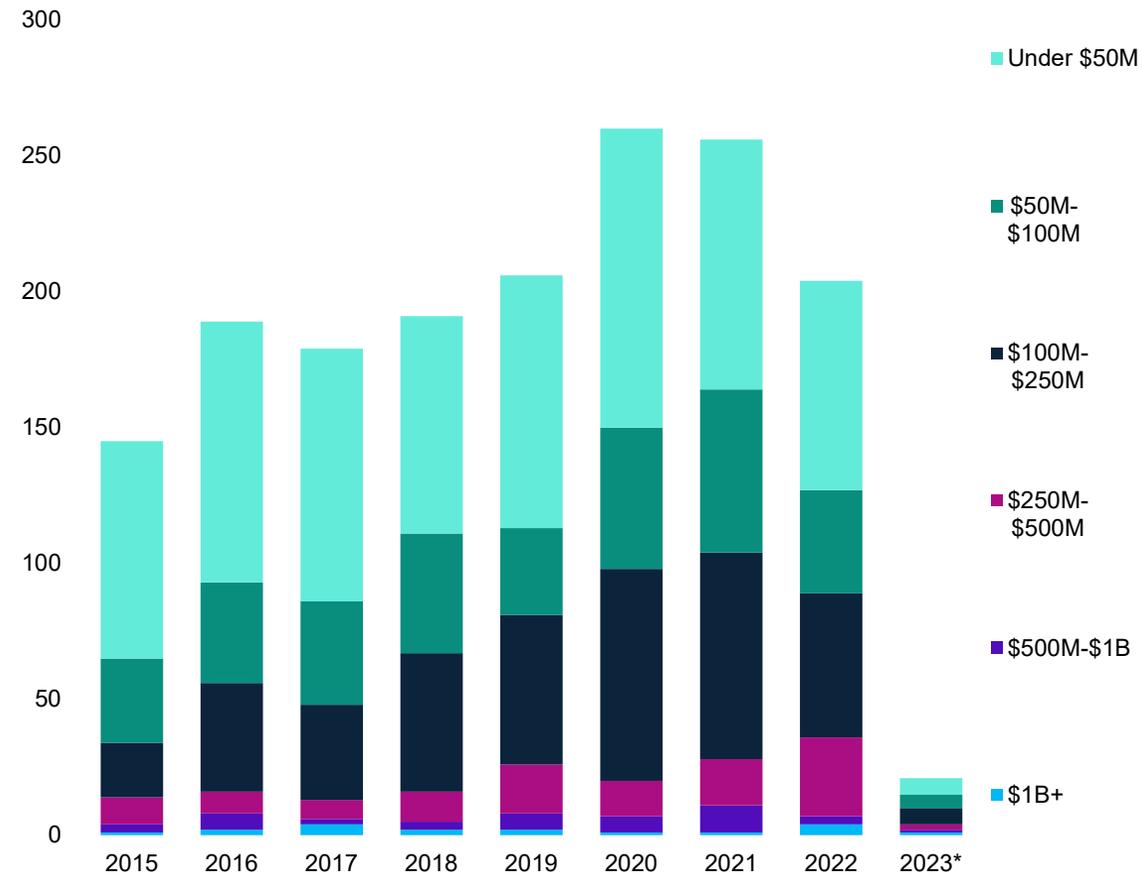
Robert Baxter
Head of Corporate Finance
KPMG in the UK

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Allocators seek refuge in follow-on, experienced managers

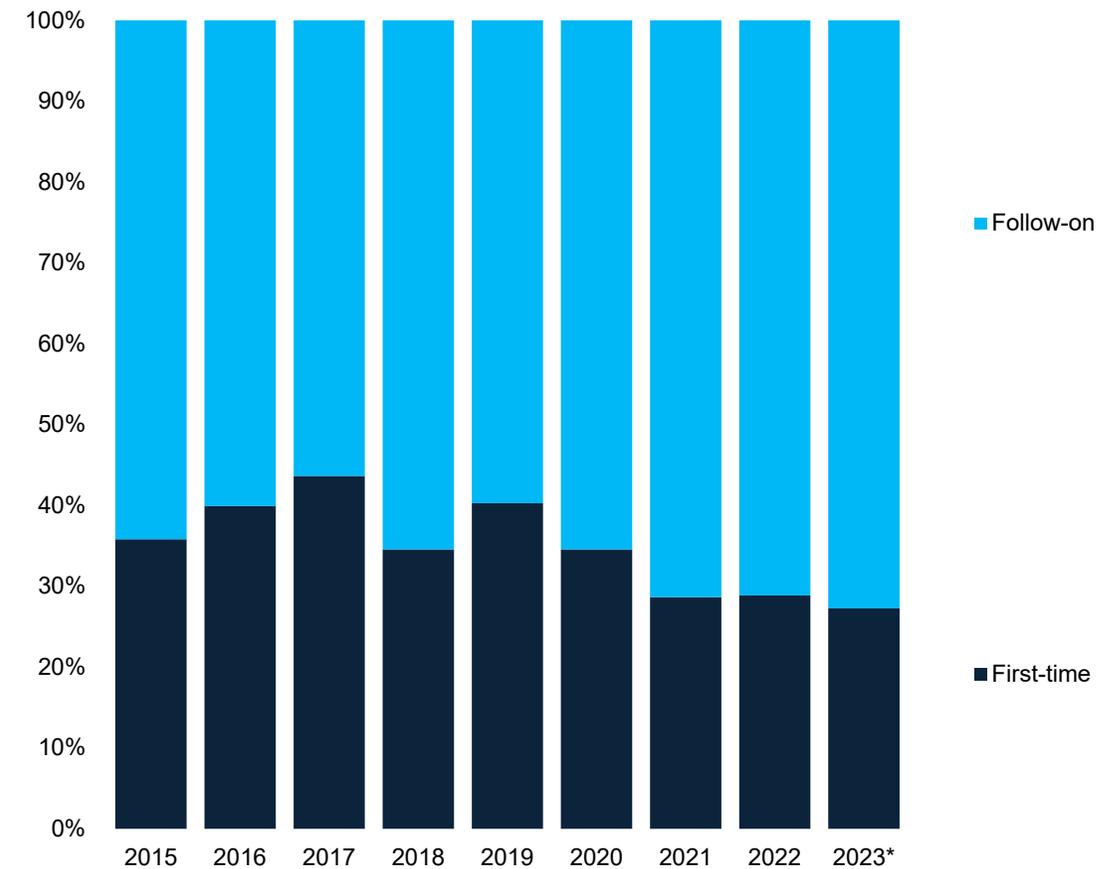
Venture fundraising (#) by size in Europe

2015–2023*



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

2015–2023*

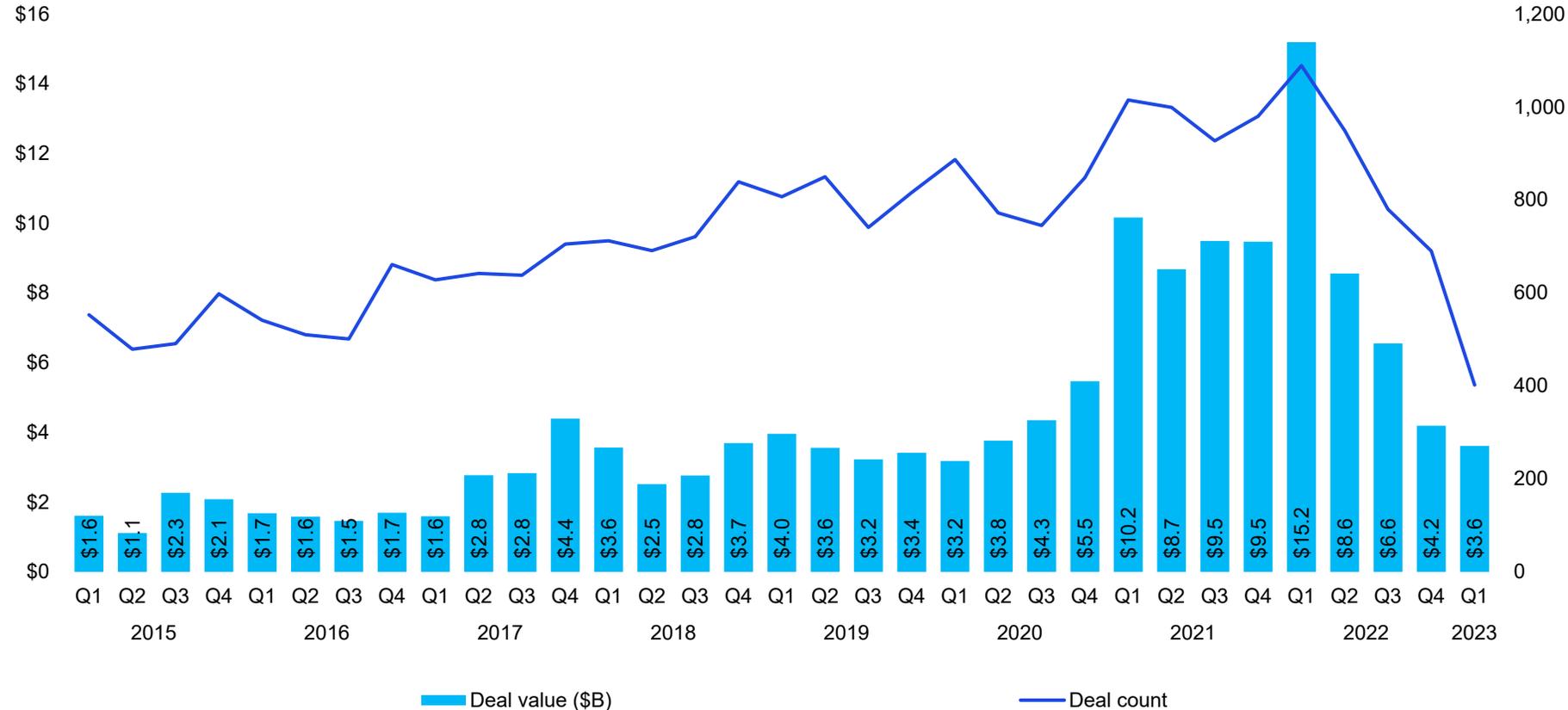


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

UK sees slowdown even amid some outlier rounds

Venture financing in the United Kingdom

2015–Q1'23



“ The end of 2021 and into early 2022 was really an outlier period. Now, we’re somewhat coming back to normal — except it’s being compounded by a number of other factors that have come up. So it looks like, more of an adjustment than perhaps we would have seen if this would have happened in isolation of the economic environment. The dynamic of the two factors together is making the disparity even bigger. ”



Warren Middleton

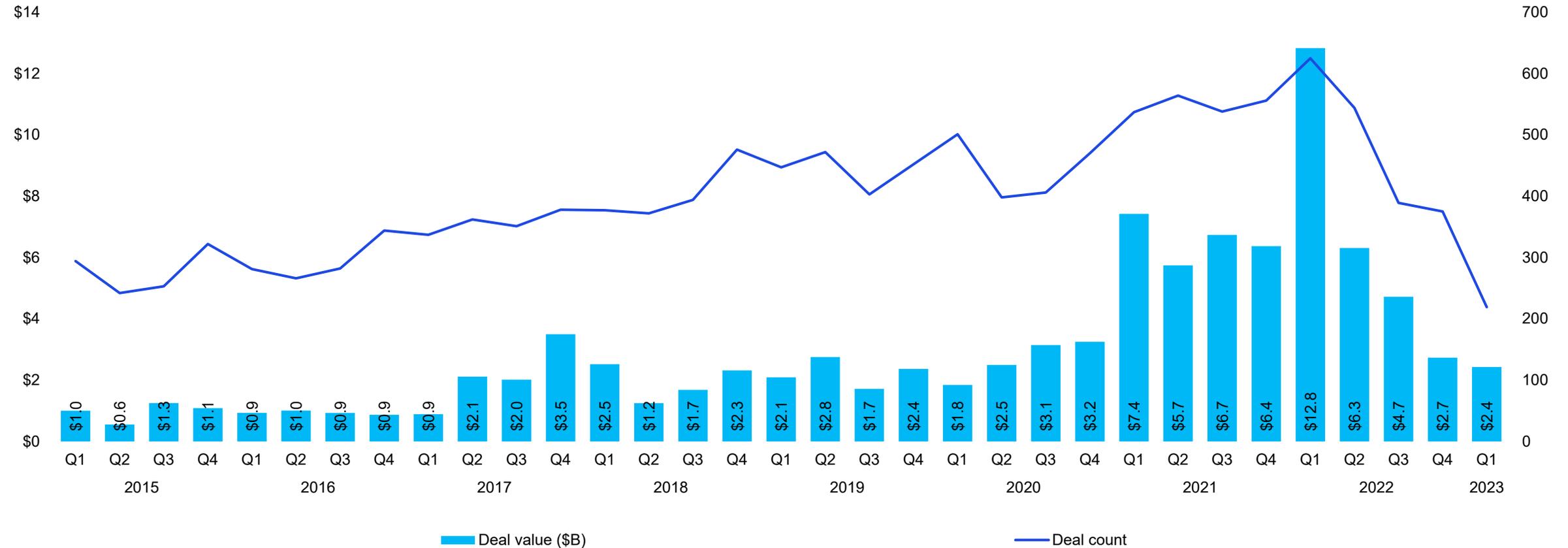
Lead Partner for Emerging Giants,
Center of Excellence in the UK
KPMG in the UK

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

London sees tallies back to pre-2021 level

Venture financing in London

2015–Q1'23

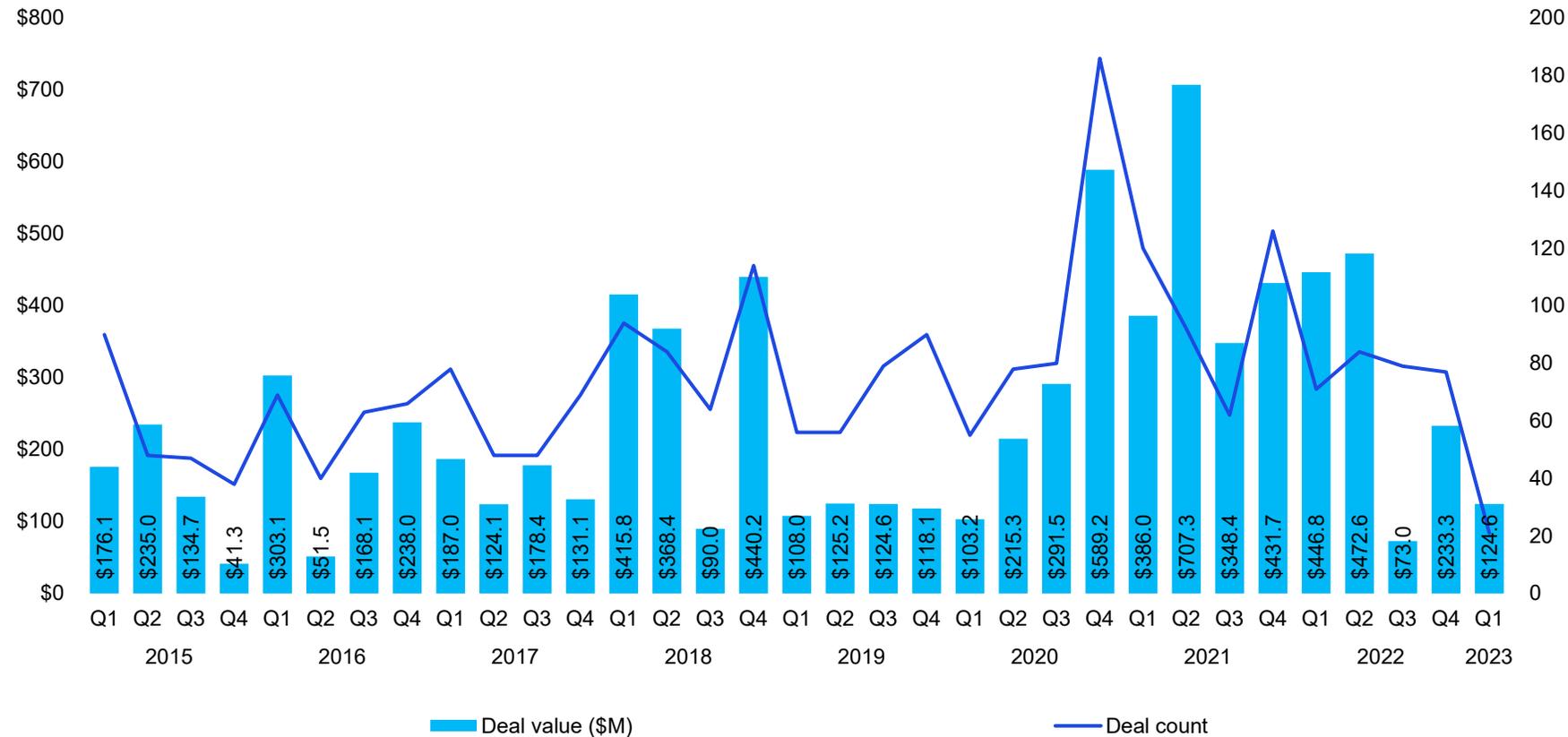


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Ireland has a slow quarter

Venture financing in Ireland

2015–Q1'23



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

“ One thing that is fairly positive at the moment is that we haven't seen a complete drop off in early-stage deals. Notwithstanding the inherent risks, and uncertainty about the future, VC's realize that still need to invest in early stage companies. Otherwise, they risk missing out on the next wave of growth companies. ”



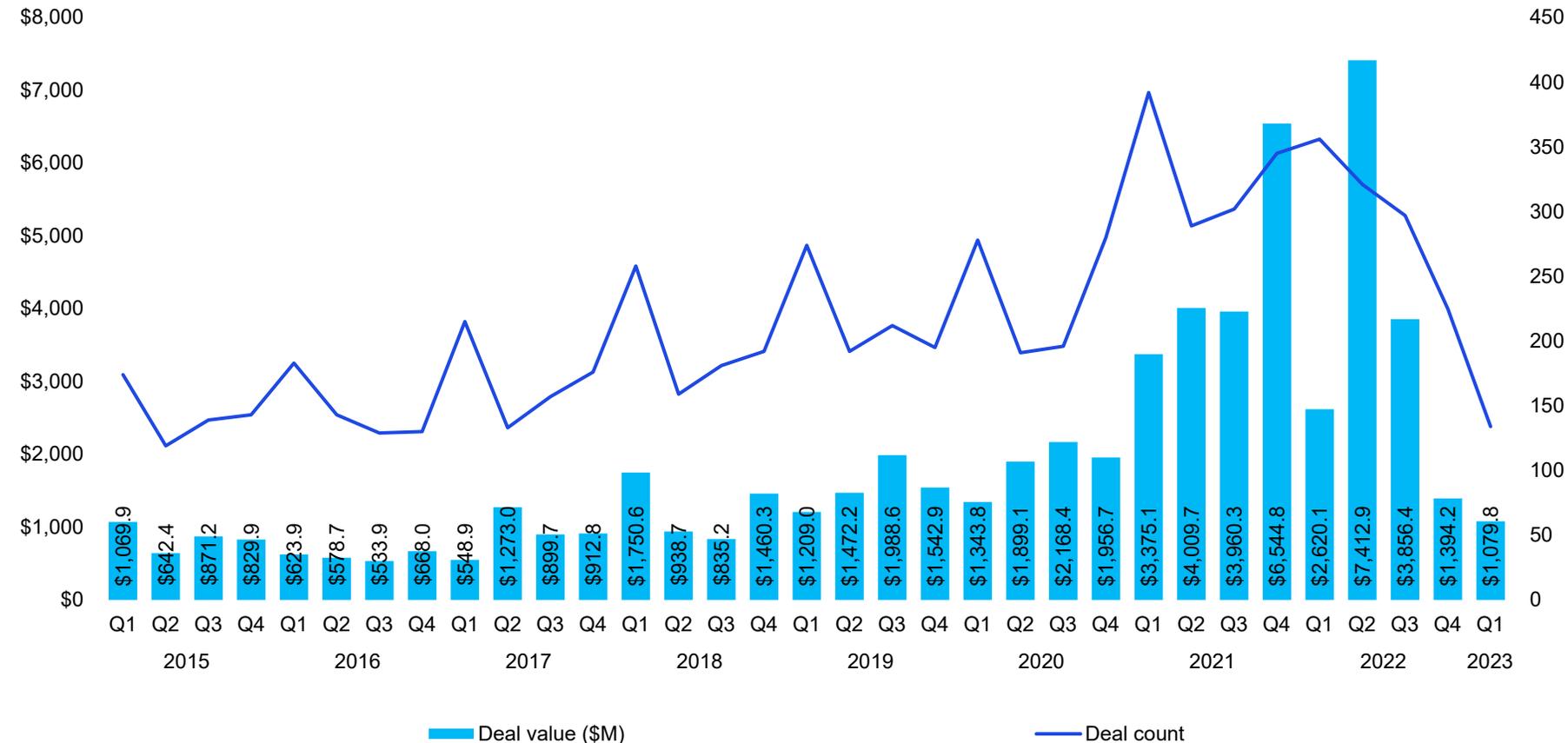
Anna Scally

Partner, Head of Technology & Media
KPMG in Ireland

VC invested evens out but volume remains down

Venture financing in Germany

2015–Q1'23



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

“ In the coming year, I believe we are going to see more value creation in Germany. Historically, a lot has been designed here and produced elsewhere, but now we have technologies like 3D printing and moulding techniques. Companies don't need hundreds of people; they just need space. In 2023 we should see more investment in this space — in smart manufacturing that capitalizes on German engineering capabilities. ”

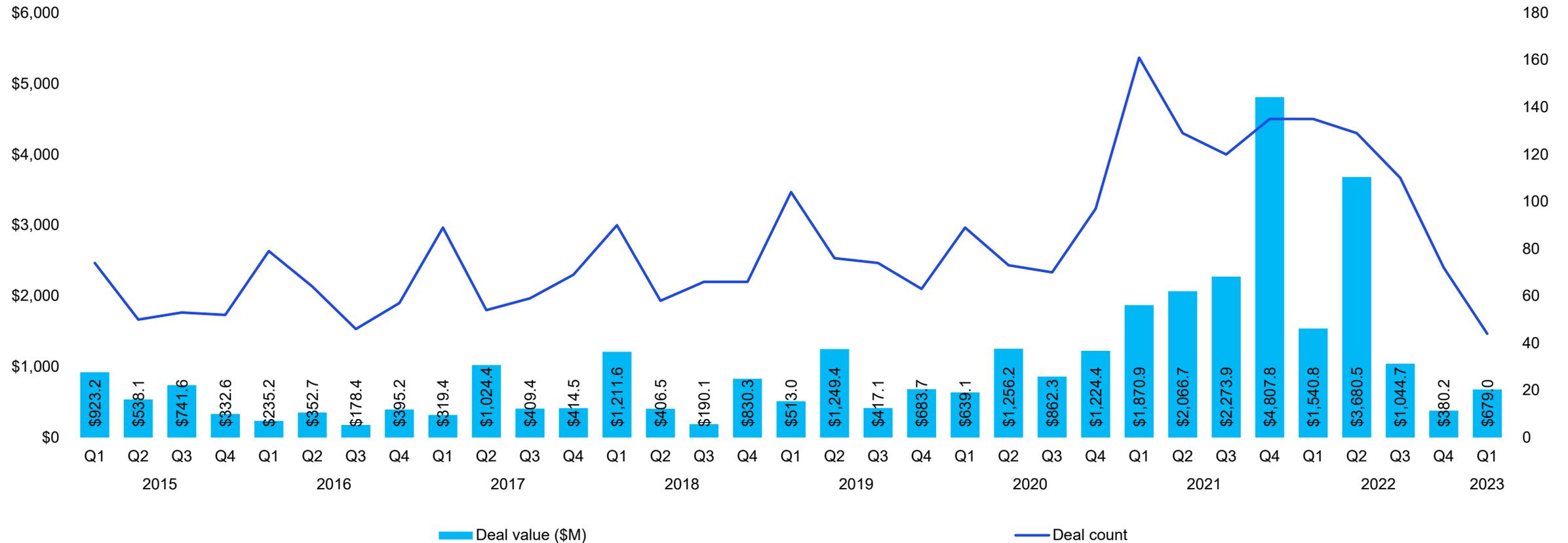


Tim Dümichen
Partner
KPMG in Germany

2023 sees slightest bump in VC invested in first quarter

Venture financing in Berlin

2015–Q1'23

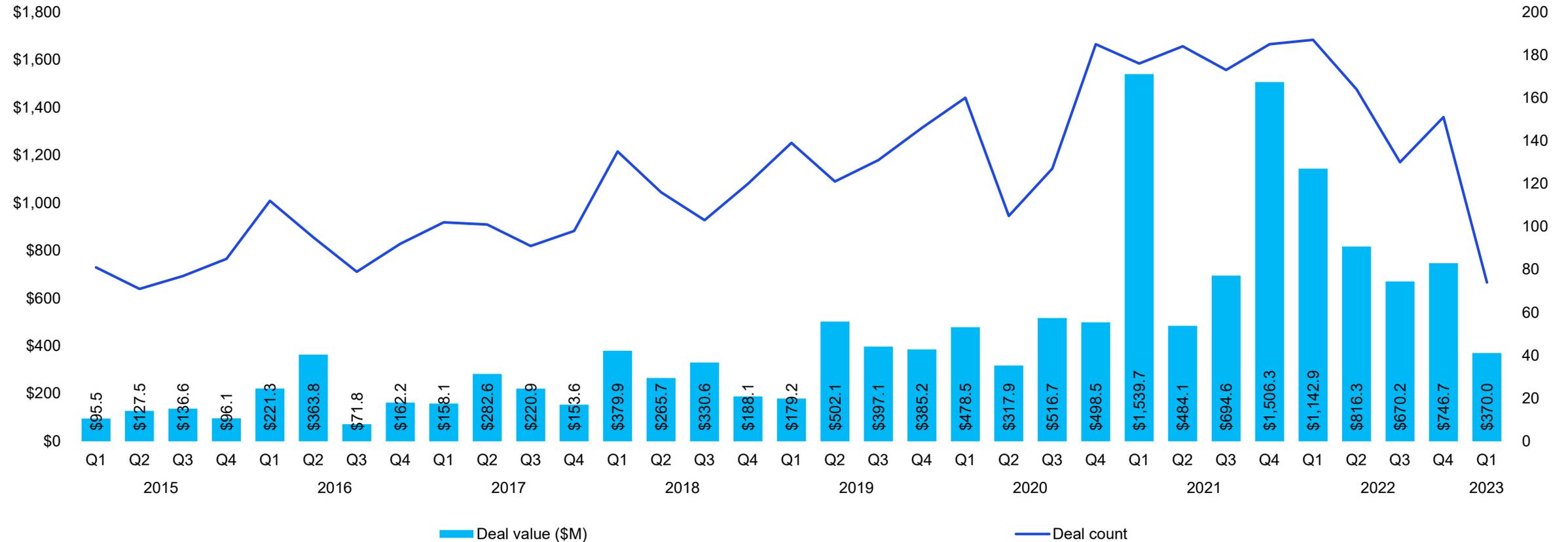


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

After bump in Q4 2022, Spain sees slowdown

Venture financing in Spain

2015–Q1'23

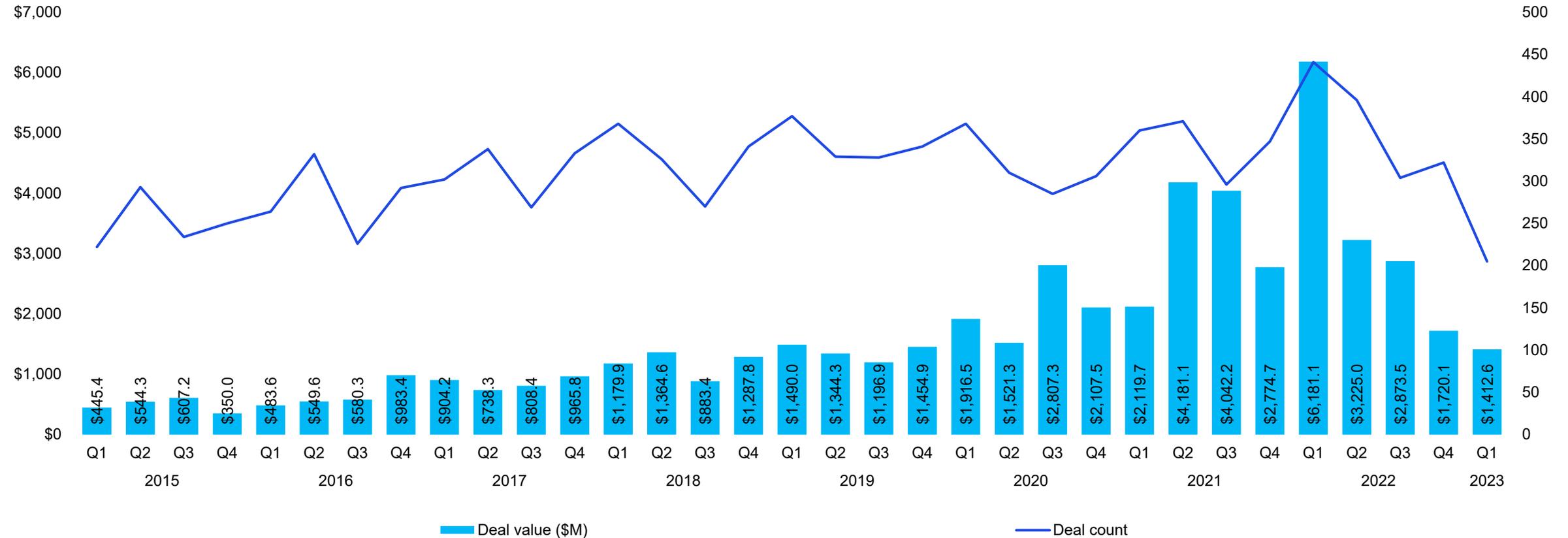


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

The general slowdown hits France, to a slightly lesser extent

Venture financing in France

2015–Q1'23

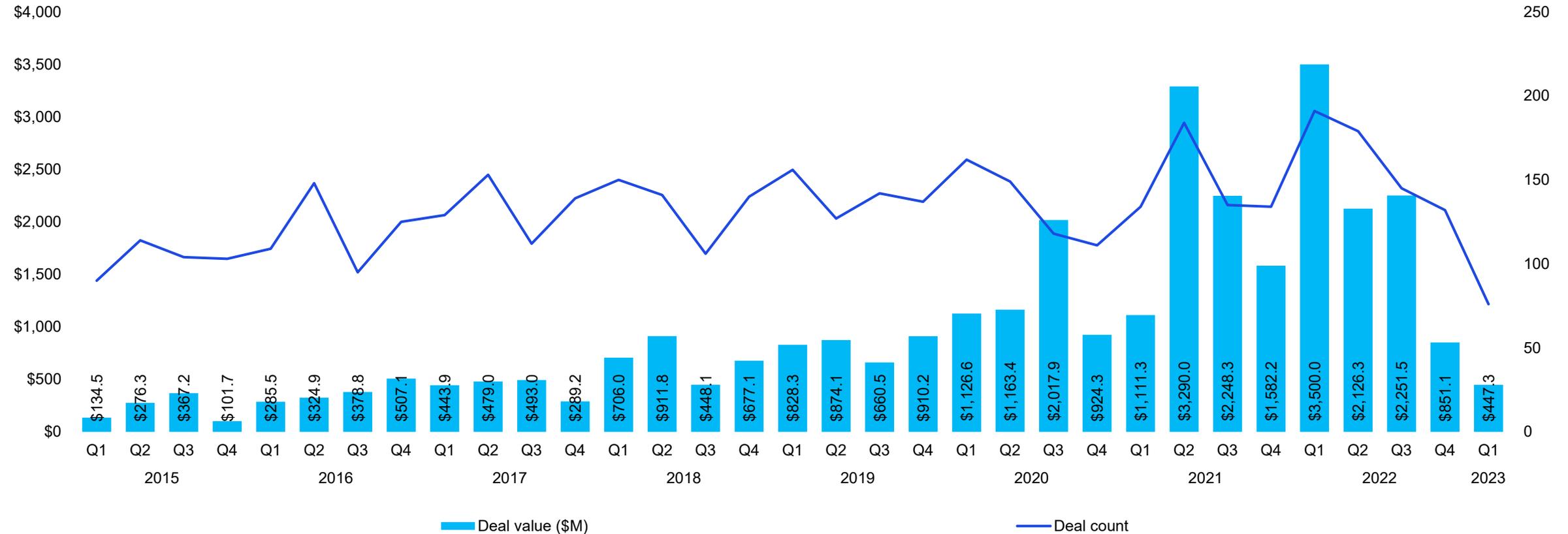


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Paris sees proportion of deal value dwindle

Venture financing in Paris

2015–Q1'23

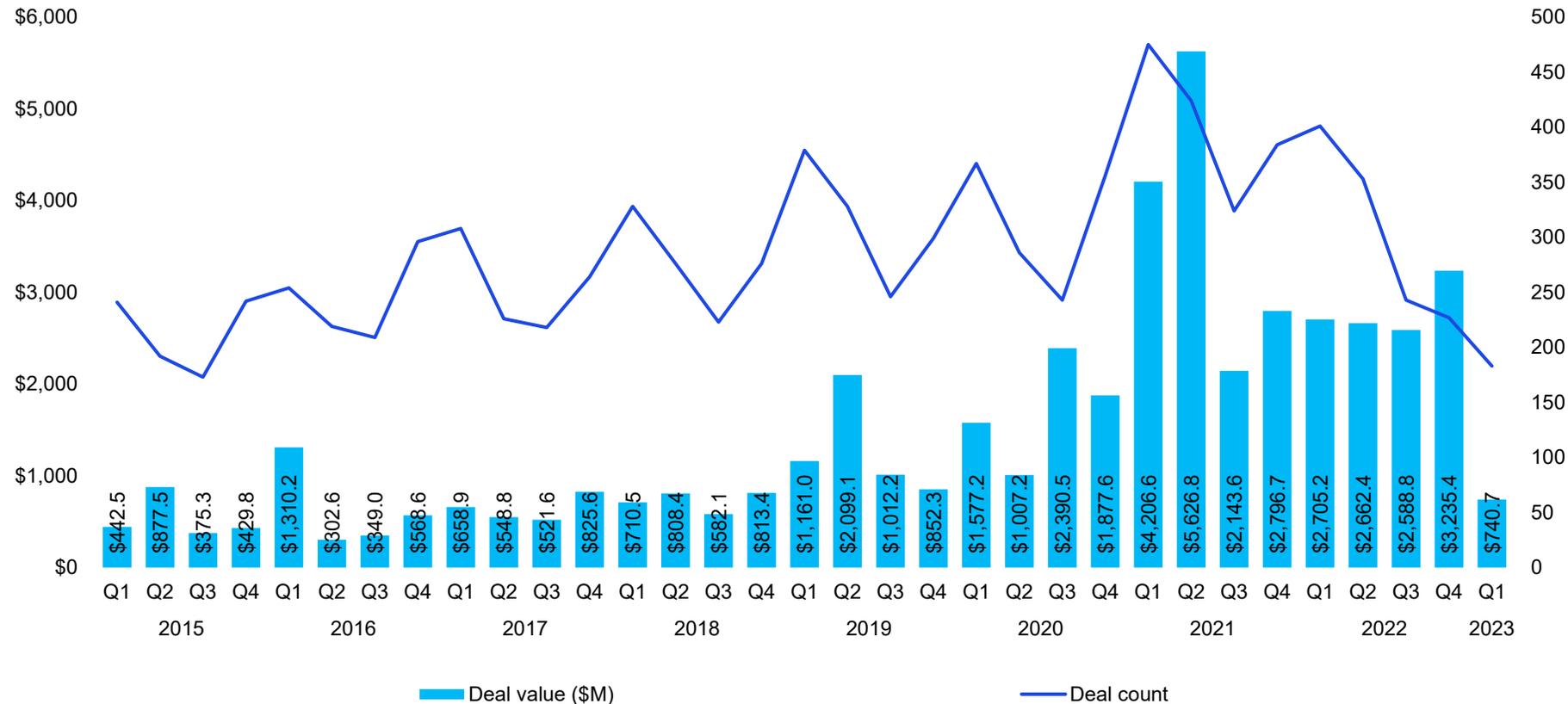


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

After some outlier quarters, 2023 starts off slow

Venture financing in the Nordics

2015–Q1'23



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

“ We’re not seeing many companies raising growth rounds at the moment in the Nordics. The environment is far too uncertain for them. In fact some are deferring any new equity rounds until late this year or into 2024. There’s more rounds being raised at the early stages here right now — although also the deployment of capital for early-stage companies slowed down somewhat in Q1’23. ”

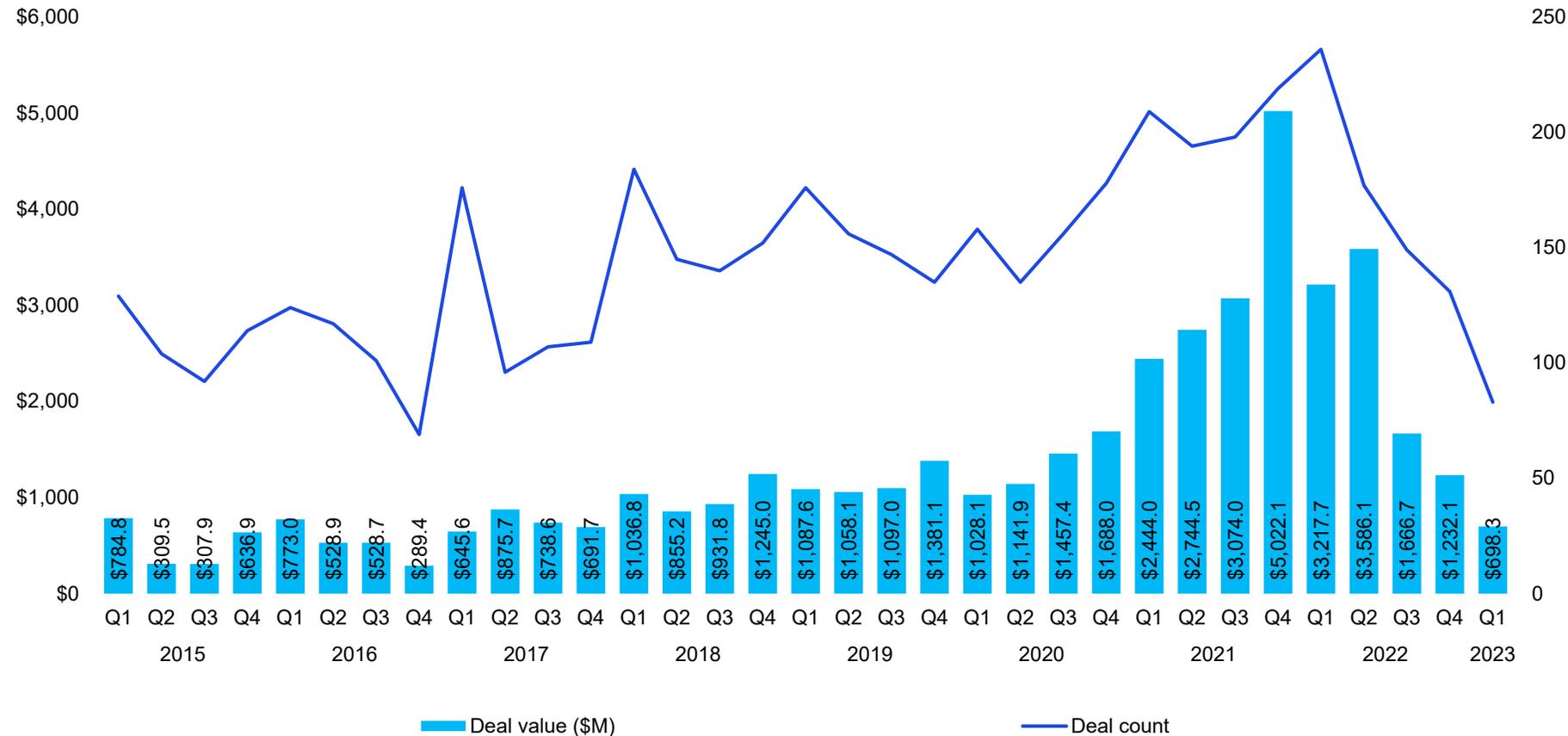


Jussi Paski
Head of Startup & Venture
Services
KPMG in Finland

After a record rise throughout 2021, the gradual slide continues

Venture financing in Israel

2015–Q1'23



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

“ Q1' 2023 saw the global stagnation in venture activity also affecting Israel. This trend is amplified due to the current political uncertainty, raising concerns as to their economic ramifications on the local market. The number of investment deals decreased substantially (approximately half of those in Q1 2022), the majority in early-stage rounds (Seed and Round A). M&A deals dominate the exits scene (several were large scale — \$100M and more), while IPOs have nearly diminished. Looking forward to the next quarter, we believe that the instability in the global banking sector, coupled with the local political unrest, will have a major impact on local tech companies, at a scope yet to be ascertained. ”



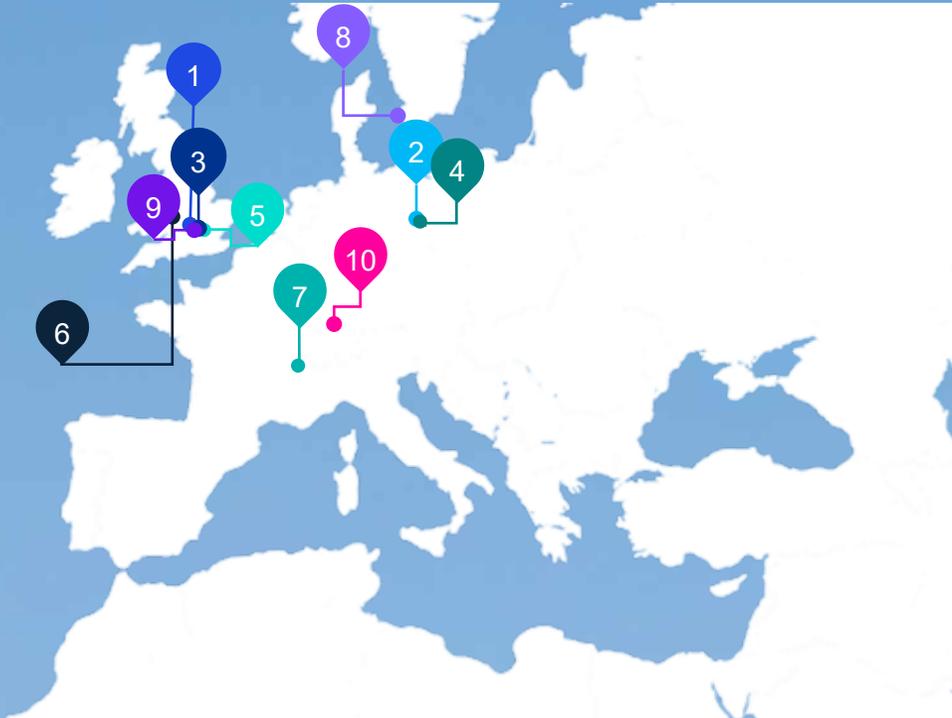
Dina Pasca-Raz
Head of Technology,
Head of International Tax
KPMG in Israel

#Q1VC

70

Cleantech, fintech & healthcare dominate

Top 10 financings in Q1'23 in Europe



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023.
Data provided by PitchBook, April 19, 2023

1. **Abound** — \$602M, London, UK — Fintech — *Early-stage VC*
2. **Enpal** — \$228.4M, Berlin, Germany — Cleantech — *Series D*
3. **The Bank of London** — \$160M, London, UK — Fintech — *Series C*
4. **Moonfare** — \$151.7M, Berlin, Germany — Fintech — *Series C*
5. **One Moto** — \$148.9M, London, UK — Cleantech — *Late-stage VC*
6. **Oxbotica** — \$140.3M, Oxford, UK — Mobility tech — *Series C*
7. **Amolyt Pharma** — \$138M, Lyon, France — Drug discovery — *Series C*
8. **Hemab Therapeutics** — \$135M, Copenhagen, Denmark — Biotechnology — *Series B*
9. **Carmoola** — \$125.95M, London, UK — Fintech — *Series A*
10. **Noema Pharma** — \$110.7M, Basel, Switzerland — Drug discovery — *Series B*

**In Q1'23, VC-backed
companies in the Asia
region raised \$13.5B
across 1,773 deals**

Challenging time for VC investment in Asia during Q1'23

VC investment in Asia fell from \$25.5 billion in Q4'22 to just \$13.5 billion in Q1'23 — the lowest quarter of VC investment seen in the region since Q2'15. The quarter was challenging from multiple angles, as several factors combined to stifle VC investment across the region. In China, a surging COVID-19 wave hindered VC activity in advance of its New Year holidays, while Hong Kong felt the impact of rising interest rates and a slowdown in IPO activity, and India saw investors becoming pickier with their investments. Only Japan saw increasing investment in Q1'23, although the total remained far below Q1'22.

Alternative energy hot across Asia, particularly in China and Hong Kong

VC investment in alternative energy and electric vehicles remained very robust across Asia in Q1'23, with China and Hong Kong accounting for the largest deals in the space, including a \$750 million raise by EV vehicle manufacturer Zeekr, a \$445 million raise by AI company PhonePe, a \$442 million raise by solar energy technology company SolarSpace, a \$400 million raise by fossil fuels decarbonization company EcoCeres, and a \$290 million raise by United Aircraft.

Interest in alternative energy also remained robust in India during Q1'23, with VC investors particularly focused on the two-wheel EV market. Given India's role as a major automotive manufacturing hub, it is expected that alternative energy will remain a key priority for VC investors for some time. India's government has also been very supportive of the EV space, introducing subsidies to support EV adoption.

VC investment in China falls sharply quarter-over-quarter

VC investment in China was particularly hard hit this quarter as the country battled a major COVID-19 wave in the wake of its autumn reopening, although VC activity picked up somewhat in the second half of the quarter once the wave diminished. VC investment during Q1'23 totalled only \$7.4 billion — less than half of the \$15 billion seen in Q4'22.

As VC investors questioned high valuations, late-stage funding in China dropped considerably in Q1'23; by comparison, pre-seed and Series A funding was much more stable. Corporate VC investment in China also declined considerably during the quarter as corporates focused their capital on supporting their own operations rather than on growth and expansion.

VC investment in India remains subdued, but long-term outlook positive

VC investment in India remained relatively soft in Q1'23 as VC investors intensified their scrutiny of potential deals. While FOMO drove a lot of VC investment in India in 2021 and early 2022, VC investors have since enhanced their focus on startup performance and profitability. Fintech continued to drive many of the largest deals in India in Q1'23, including a \$445 million raise by PhonePe, a \$218 million raise by NoBroker, a \$200 million raise by KreditBee, and a \$150 million raise by Insurance Dekho. India also saw growing interest in agtech and gaming during the quarter. After a long period of euphoria, interest in edtech in India died down considerably during Q1'23.

Despite the current slowdown in VC funding, macro factors in India remained relatively strong compared to other jurisdictions, which is driving optimism that the country will see a bounce back in VC investment in the later half of 2023.

Challenging time for VC investment in Asia during Q1'23, cont'd.

Japan sees slight uptick in VC investment in Q1'23

Japanese VC investment saw slight increase during the quarter compared to global downward trend in VC investment, although it remained soft compared to the level of investment seen during the same quarter in 2022. VC investors in Japan became more selective with respect to post Series C deals during Q1'23, although appetite for seed and Series A deals remained quite robust.

The Government of Japan made a strong commitment to fostering innovation in its Integrated Innovation Strategy 2022¹². In Q1'23, it moved forward with several of the initiatives included in this strategy, including funding for R&D at universities and centers of excellence and funding to support local governments as they establish startup hubs and clusters. In addition to Tokyo, Sapporo and Sendai have rapidly emerged as startup hubs in Japan. Osaka, Hiroshima, and Fukuoka are also aggressively using funds to attract startups to their prefectures.

AI gaining significant attention, particularly in Hong Kong

Investor interest in AI has been relatively robust in Asia historically, although it increased further in Q1'23 in the wake of the global buzz generated by ChatGPT. The applicability of AI to many diverse sectors makes it a particularly attractive area for investment. In Hong Kong, AI solutions are maturing quite rapidly, particularly in building management — such as the use of AI to manage building operations, energy use, and security, and in health and biotech — including the use of AI for drug discovery and the modeling of disease spread.

Trends to watch for in Q2'23

There is cautious optimism across much of Asia heading into Q2'23, with several jurisdictions seeing some positive signs for the future, if no actual pick-up in deals at present. While VC investment in the region is not expected to bounce back remarkably over the next quarter, should the sense of positivity continue, VC activity could begin to see some recovery heading into the second half of the year.

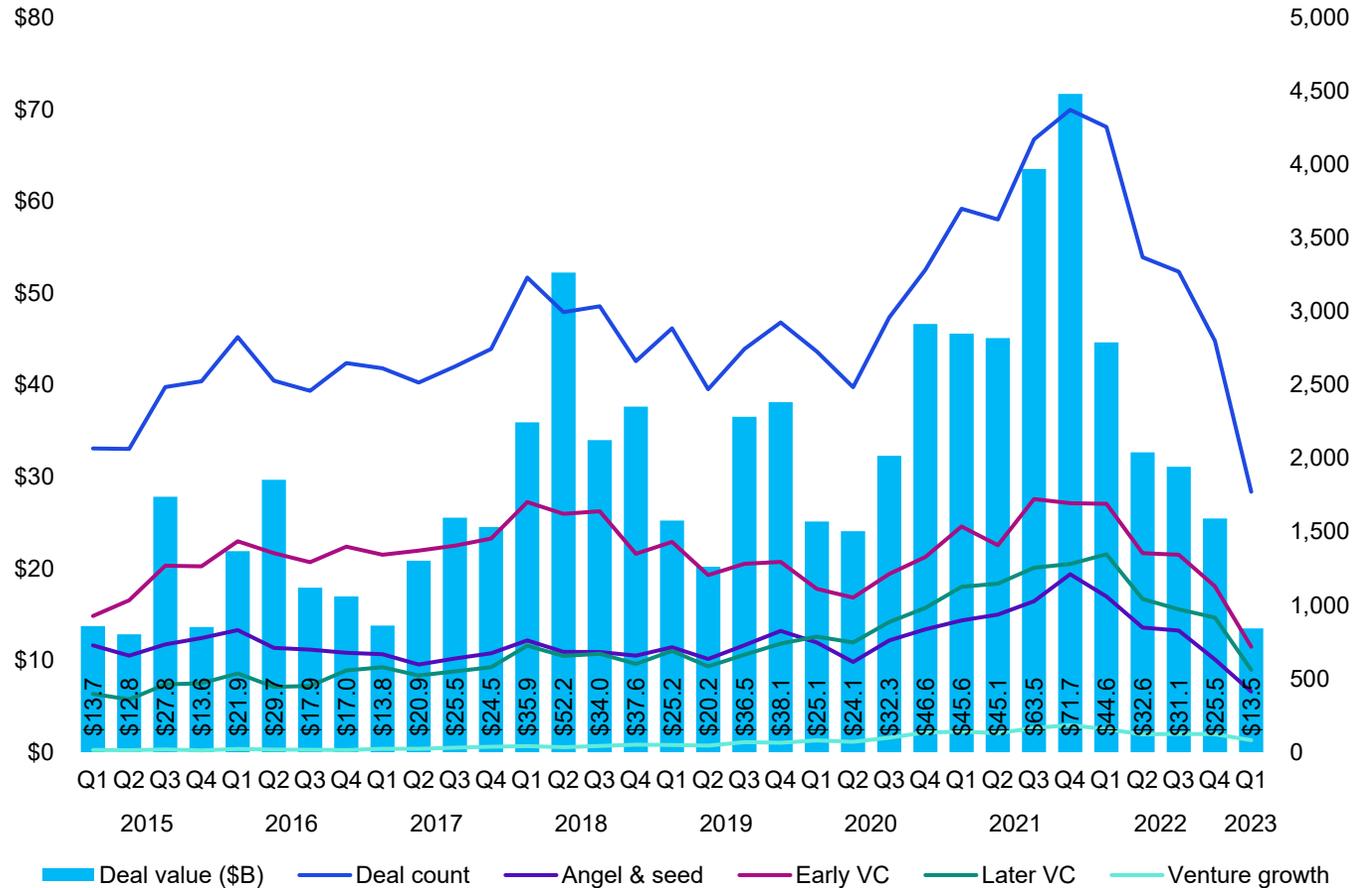
While IPO activity was slow in Asia during Q1'23, it could see some renewed interest as a result of the new Chapter 18C listing rules in Hong Kong. China is also working to strengthen the attractiveness of its mainland stock exchanges for tech-driven businesses in sectors like deeptech, EV, and biotech.

¹² https://www.japan.go.jp/kizuna/2022/06/integrated_innovation_strategy.html

2023 sees a slow start

Venture financing in Asia

2015–Q1'23



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

VC invested remained relatively healthy, especially in the broader context of historical tallies, up to the end of 2022. However, this year has begun in a markedly slow fashion, even if figures do tick up somewhat. Given that multiple macro and market factors are still in place that are producing an environment marked by caution, it remains to be seen how much further activity may diminish.

“ EV, alternative energy, Greentech — all of these areas are still doing very well right now. Investment in the space is quite big and I think it’s just going to get bigger and bigger every day. It’s such a positive area, such a good news story, that everyone is trying to get in on it. The other area that is getting a lot of attention right now is AI. Not just the consumer applications, but the real deeptech solutions. It’s a really exciting space. ”

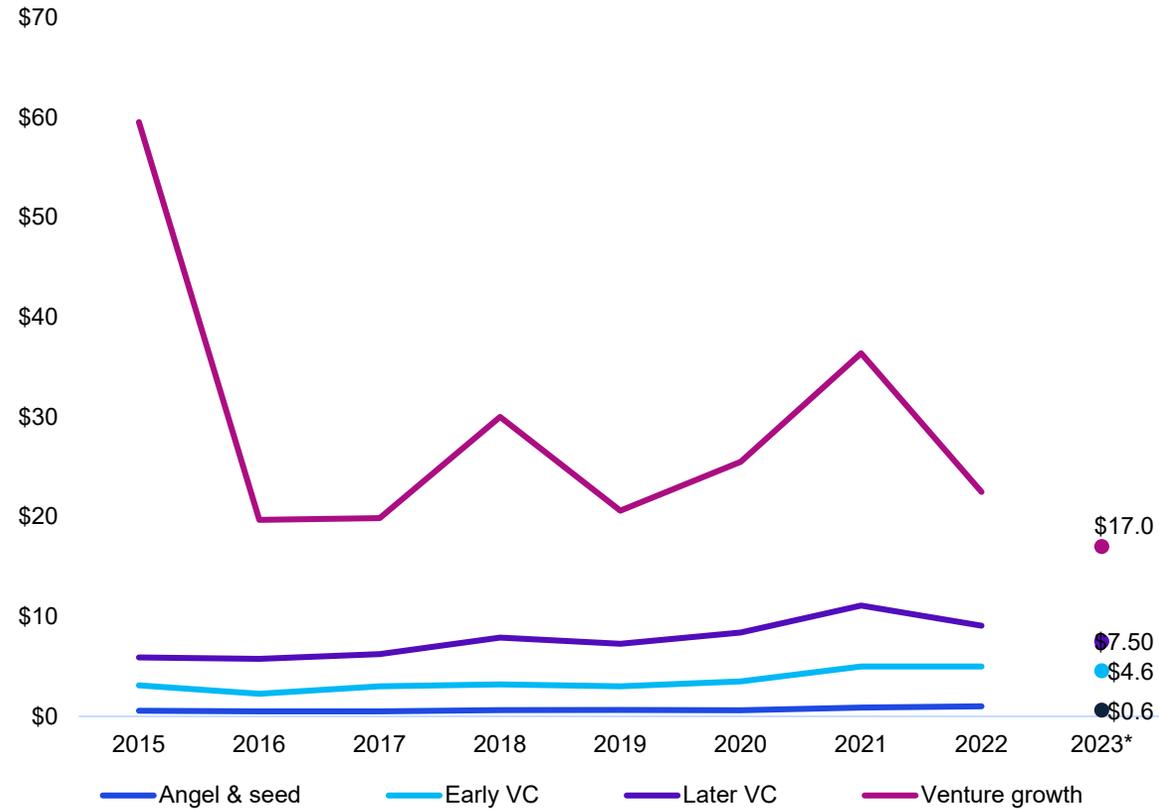


Egidio Zarrella
Partner, Clients and Innovation
KPMG China

Down rounds tick upward as metrics begin to subside

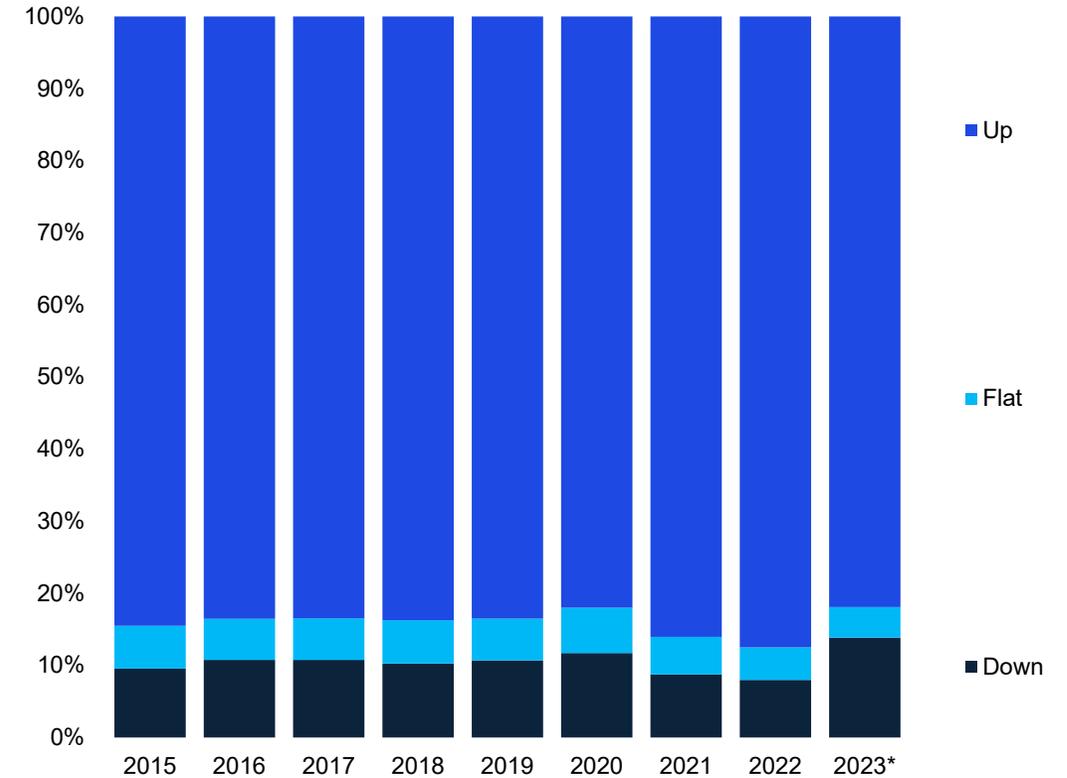
Median deal size (\$M) by stage in Asia

2015–2023*



Up, flat or down rounds in Asia

2015–2023*

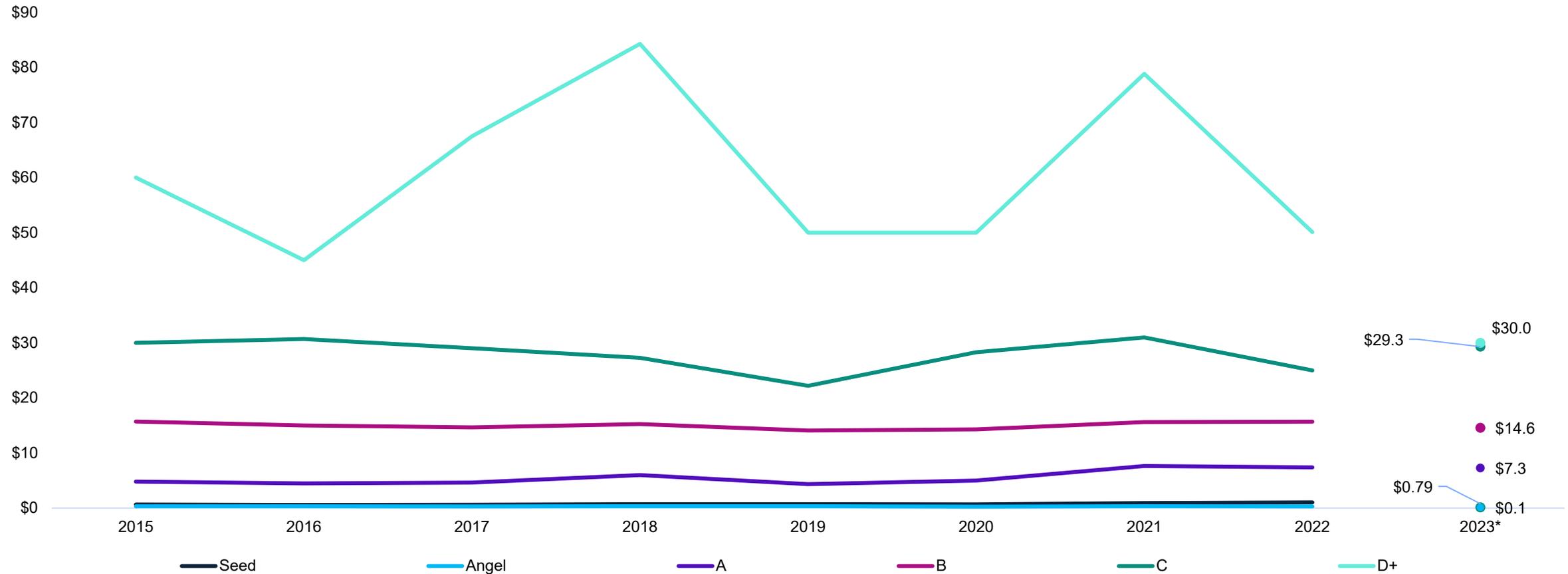


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. 2023 figures for up, down or flat rounds are based on non-normative sample sizes.

Deal sizes begin to slide

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

2015–2023*

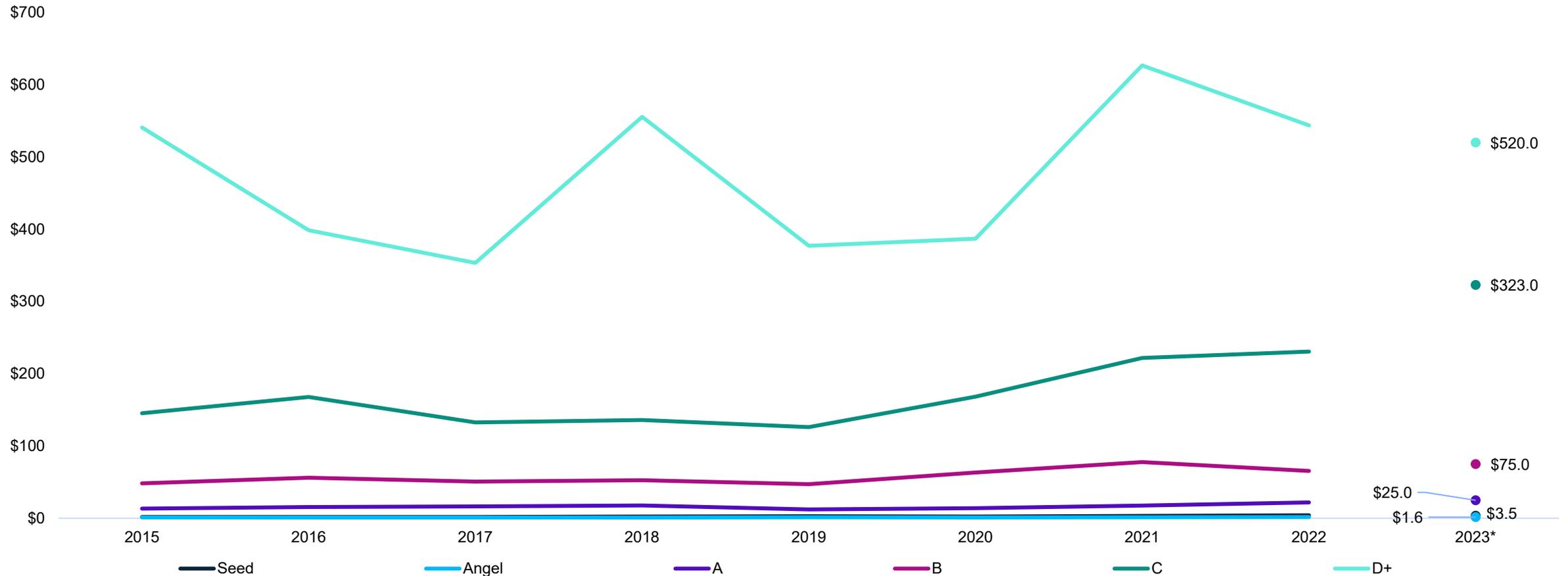


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. The Series D+ figure for 2023 YTD is based on non-normative sample sizes.

Although sample sizes introduce variability, some metrics have begun to slide

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

2015–2023*

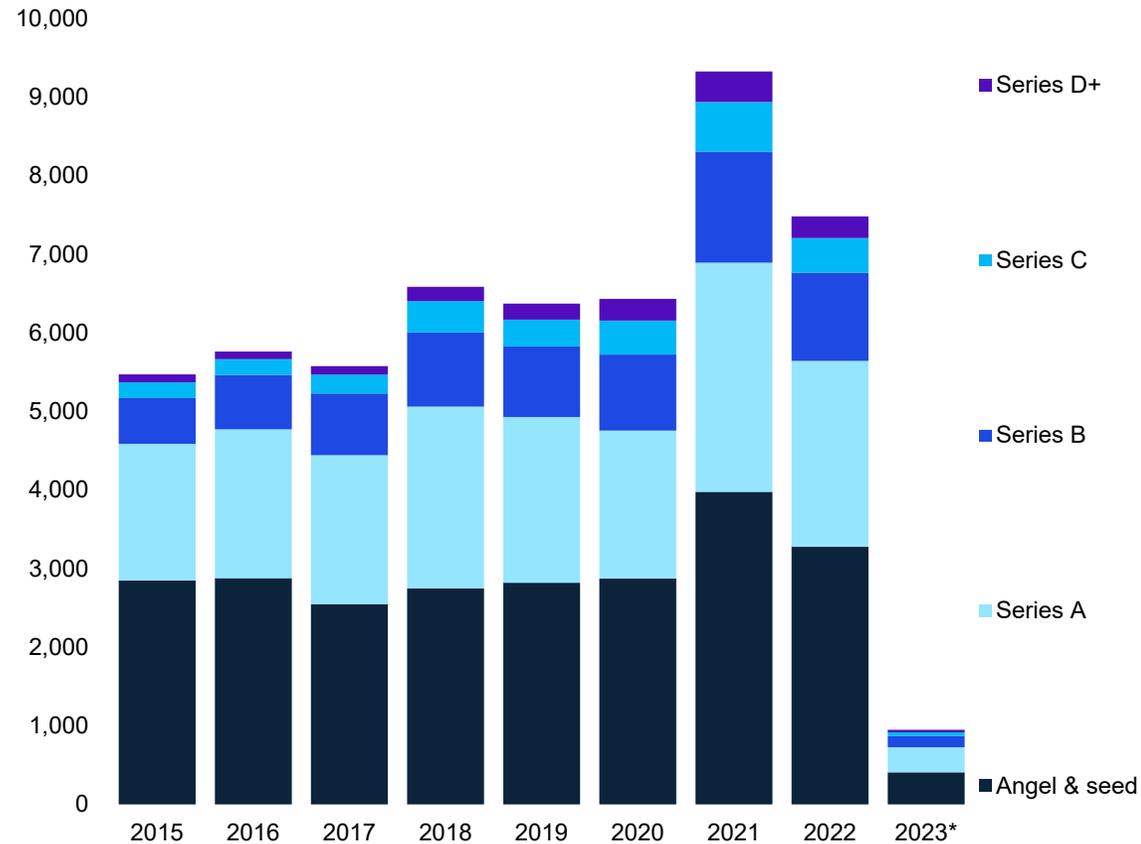


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023. The 2023 YTD figures for Angel, Series B, C and D+ are all based on non-normative sample sizes.

Earlier-stage deals stay surprisingly resilient

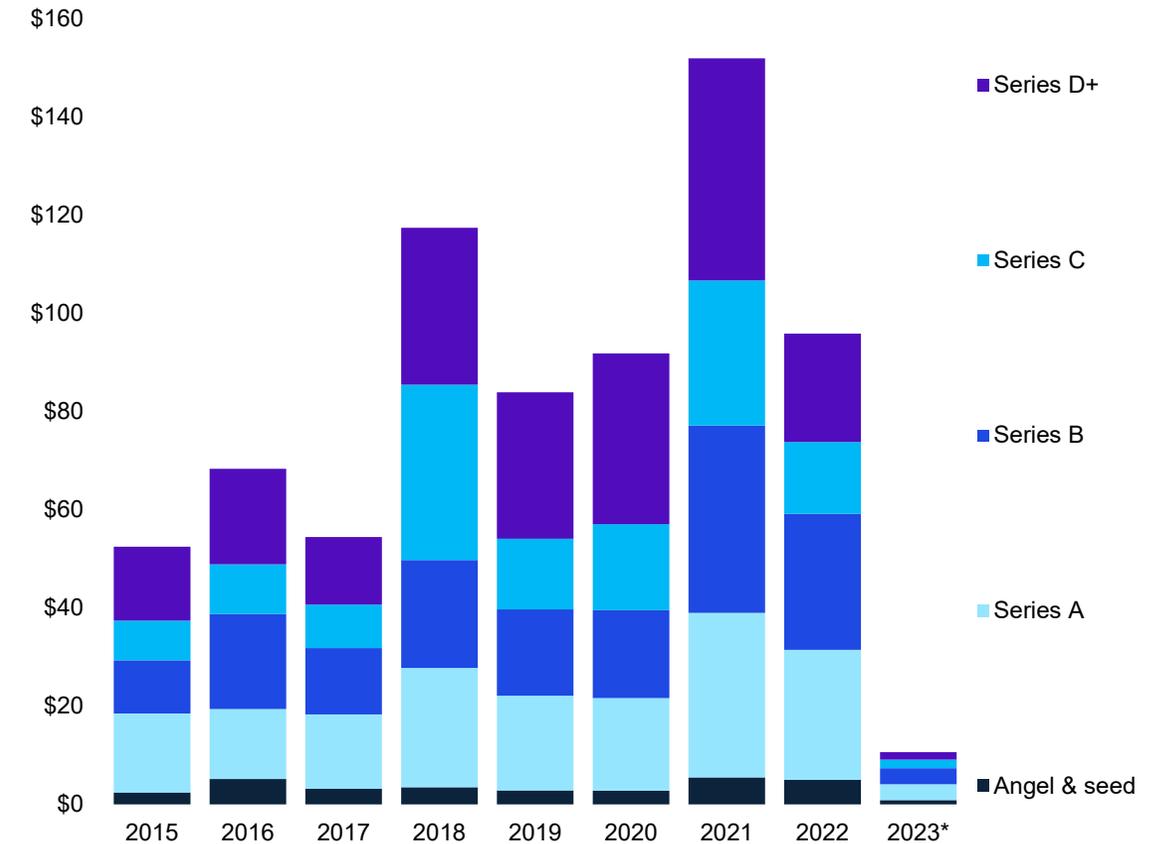
Deal share by series in Asia

2015–2023*, number of closed deals



Deal share by series in Asia

2015–2023*, VC invested (\$B)

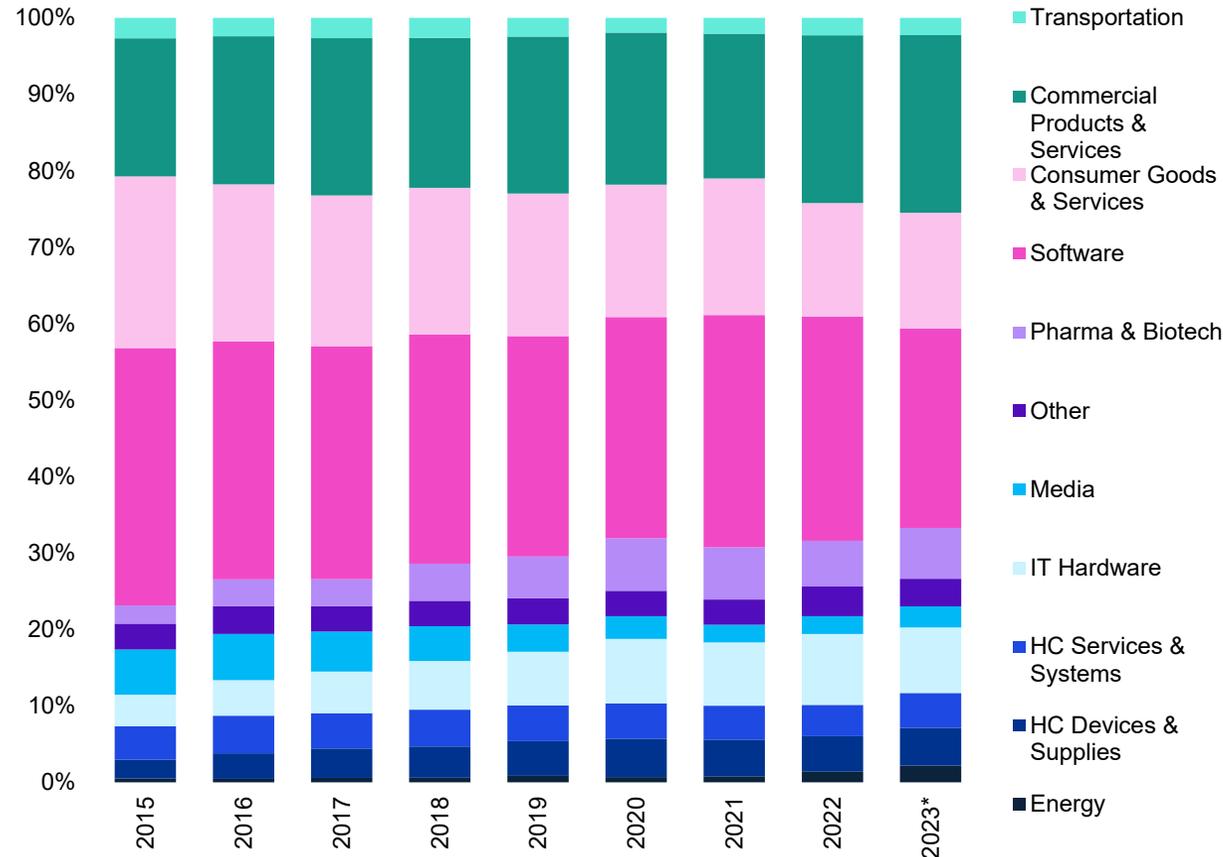


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

VC invested increasingly flows to formerly less-active sectors

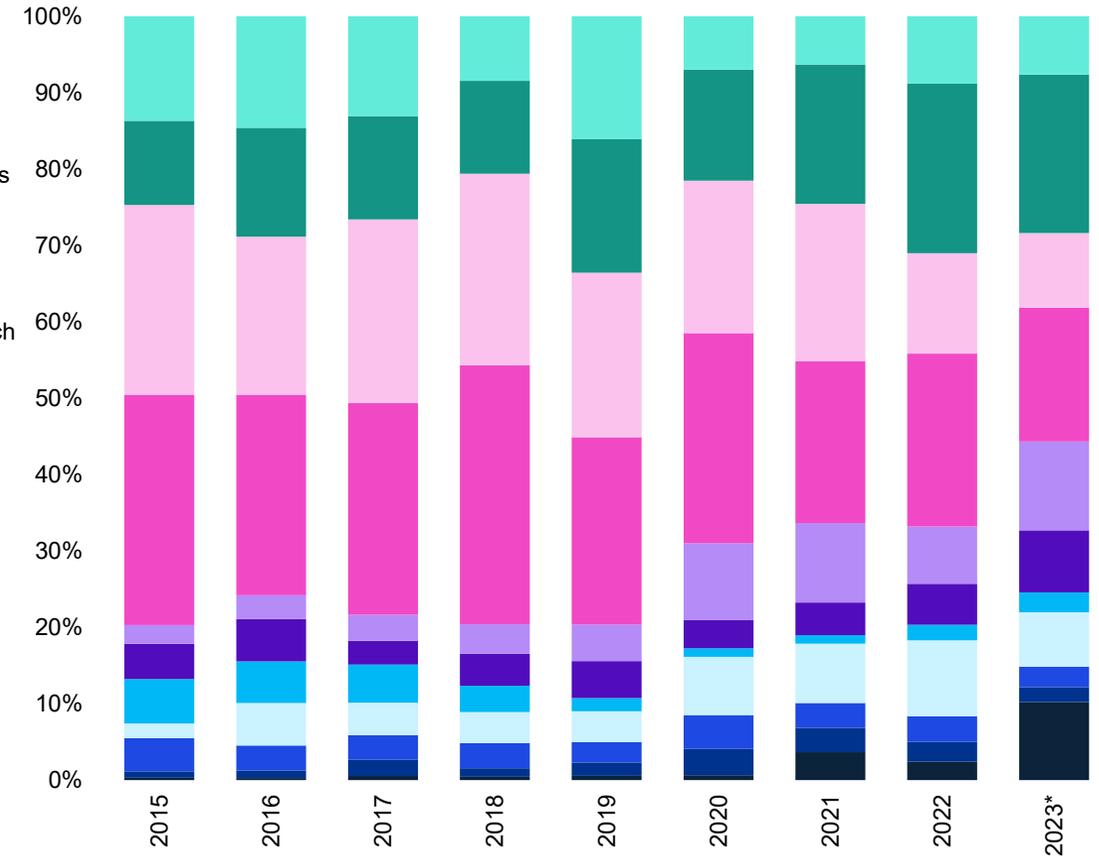
Asia venture financings by sector

2015–2023*, number of closed deals



Asia venture financings by sector

2014–2023*, VC invested (\$B)

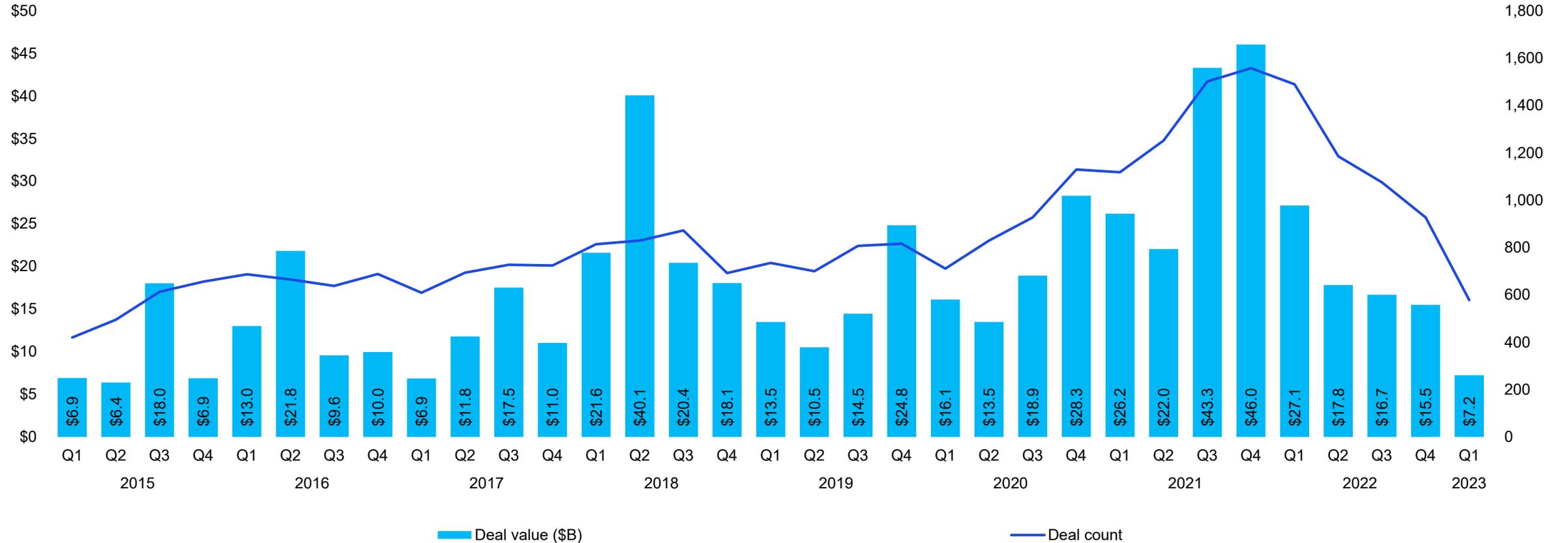


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Corporates pull back in line with the general market

Corporate participation in venture deals in Asia

2015–Q1'23

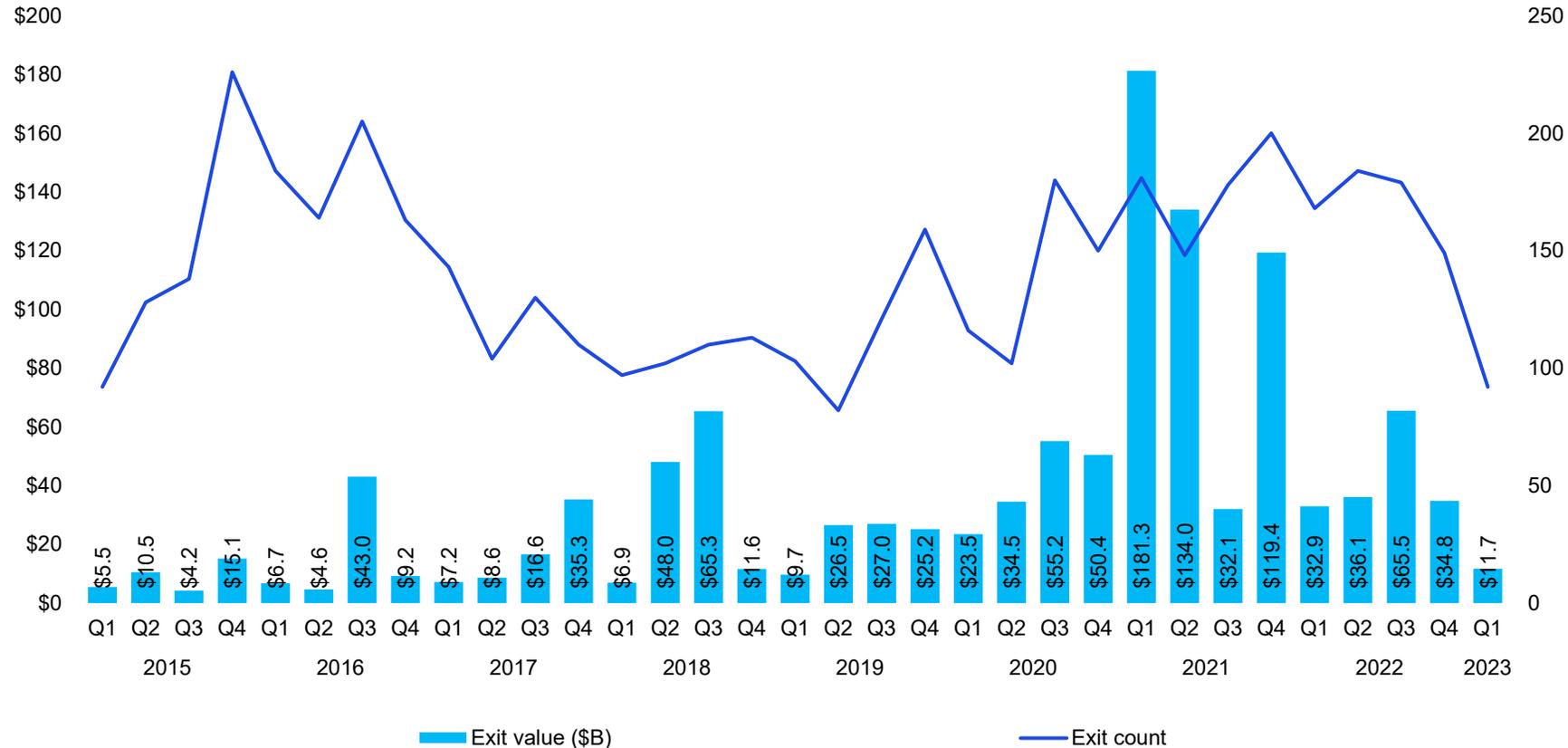


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Exit activity slows markedly

Venture-backed exit activity in Asia

2015–Q1'23



“ The IPO market in Hong Kong continues to be slow this quarter, but the new Chapter 18C listing regime that came out in Q1'23 will make it easier for specialist technology companies — startups focused on AI, robotics, alternative energy, agritech, and other similar areas — list on the Hong Kong Stock Exchange. This could help spur some new activity later in 2023. ”



Irene Chu

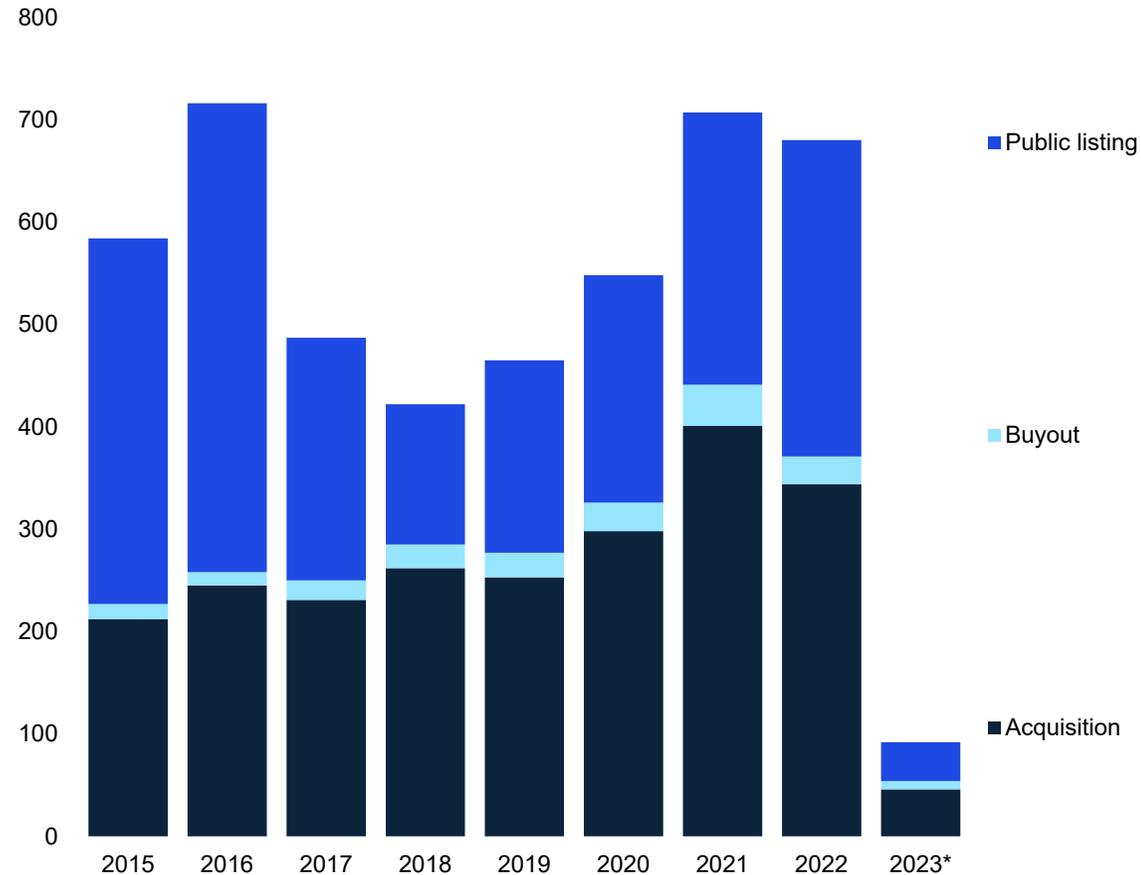
Partner & Head of New Economy and Life Sciences, Hong Kong (SAR)
KPMG China

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

IPOs remain somewhat more resilient

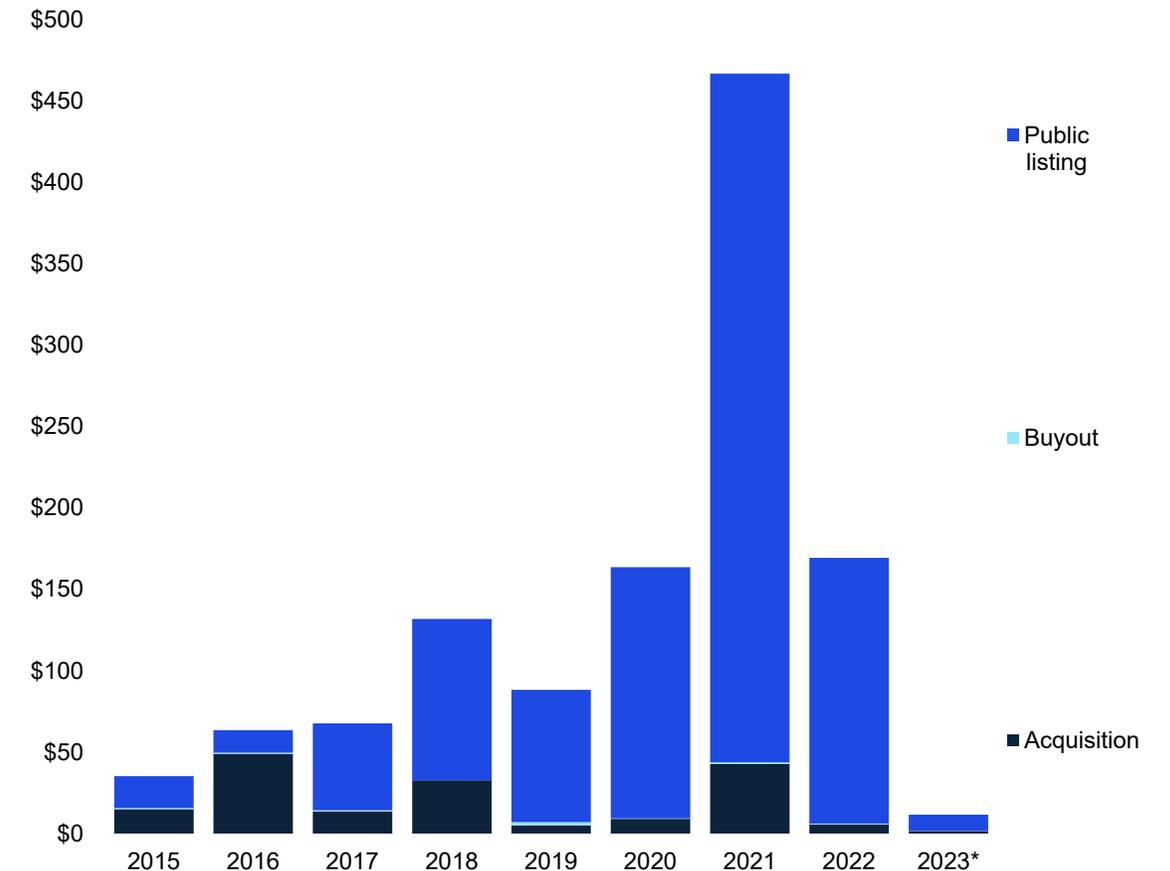
Venture-backed exit activity (#) by type in Asia

2015–2023*



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

2015–2023*

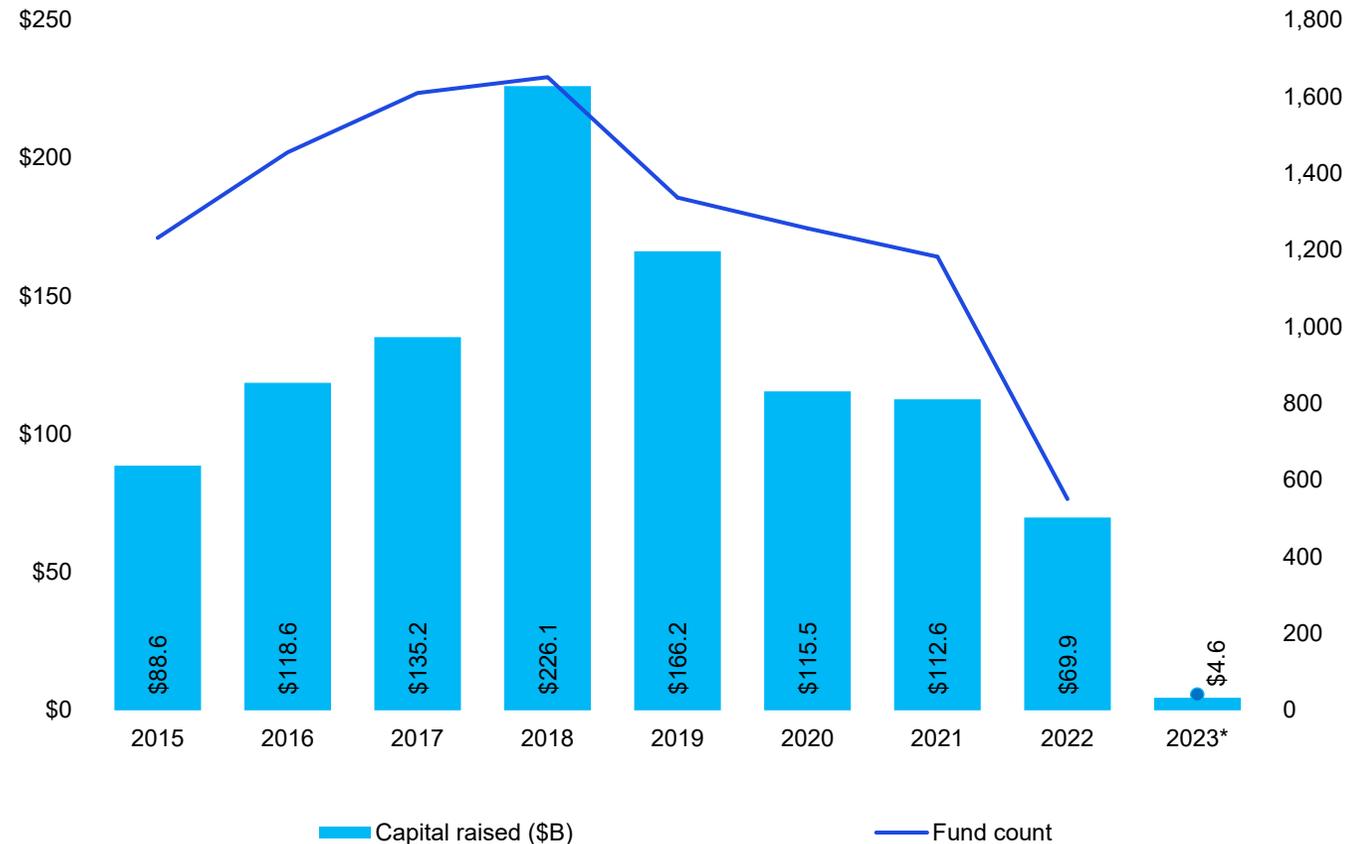


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

2023 starts off slow after years of decline

Venture fundraising in Asia

2015–2023*



After 2022, it is clear that the domestic venture fundraising cycle in the region has slid in a systemic fashion for several years now. What remains to be seen is if this is a cycle more affected by a more diverse set of capital sources than traditional venture fundraising, or geopolitical tensions around international sources of capital commitments, or some other factor, that affected the past few years in particular.

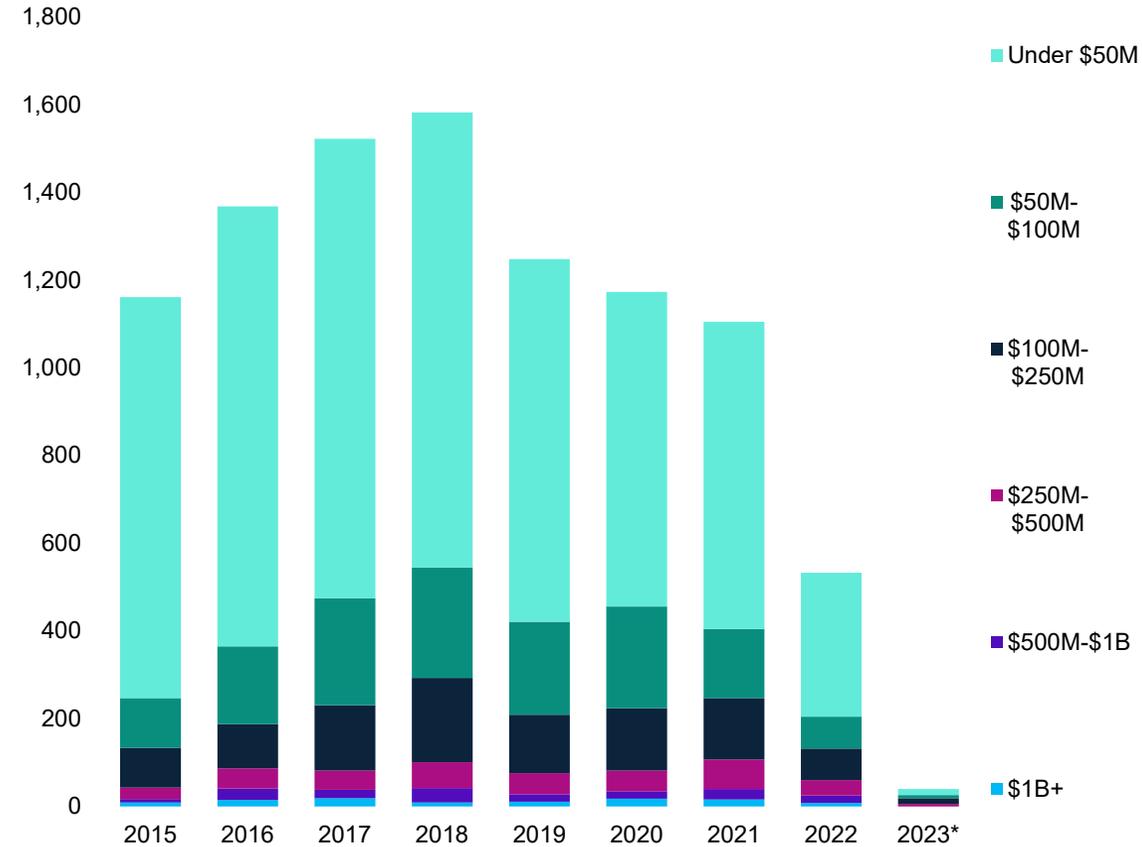
The fundraising cycle is very sluggish at the start of the year, **but now it remains to be seen how this systemic cycle affects startup financing down the line...**

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

First-time fundraising remains more resilient than in other regions

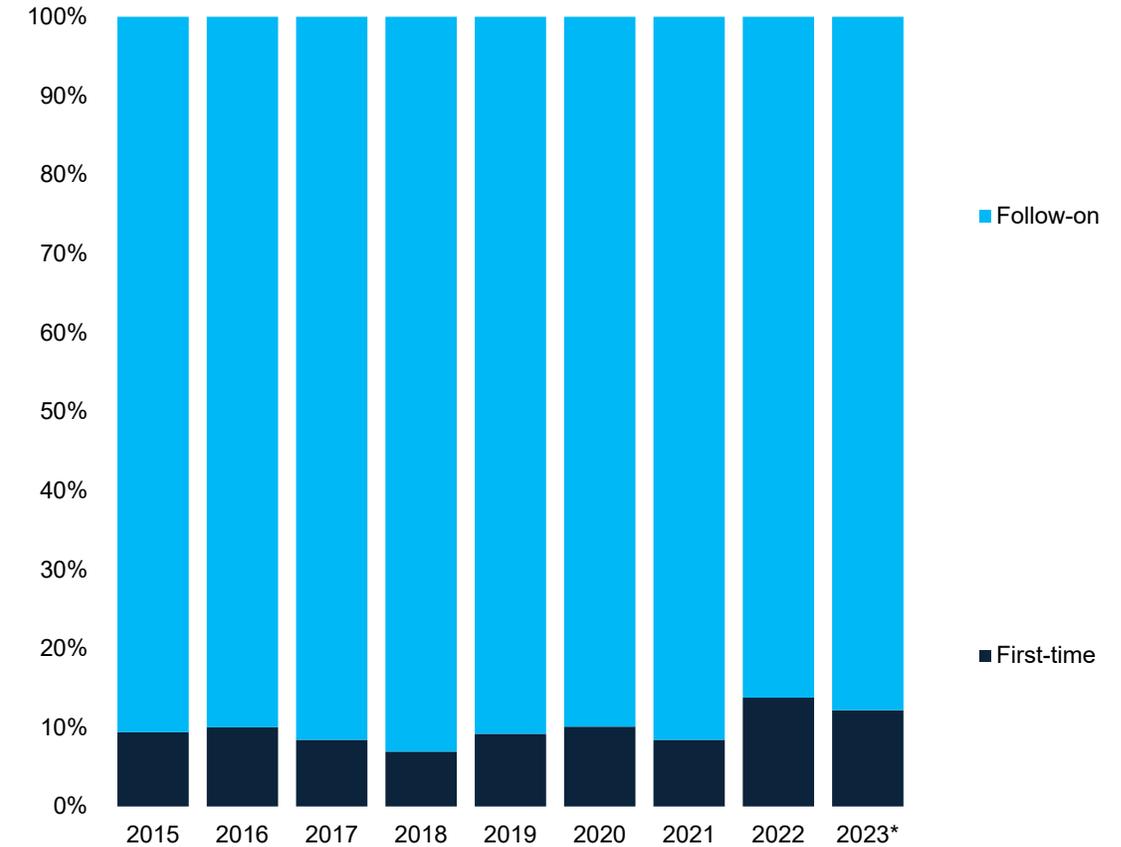
Venture fundraising (#) by size in Asia

2015–2023*



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

2015–2023*

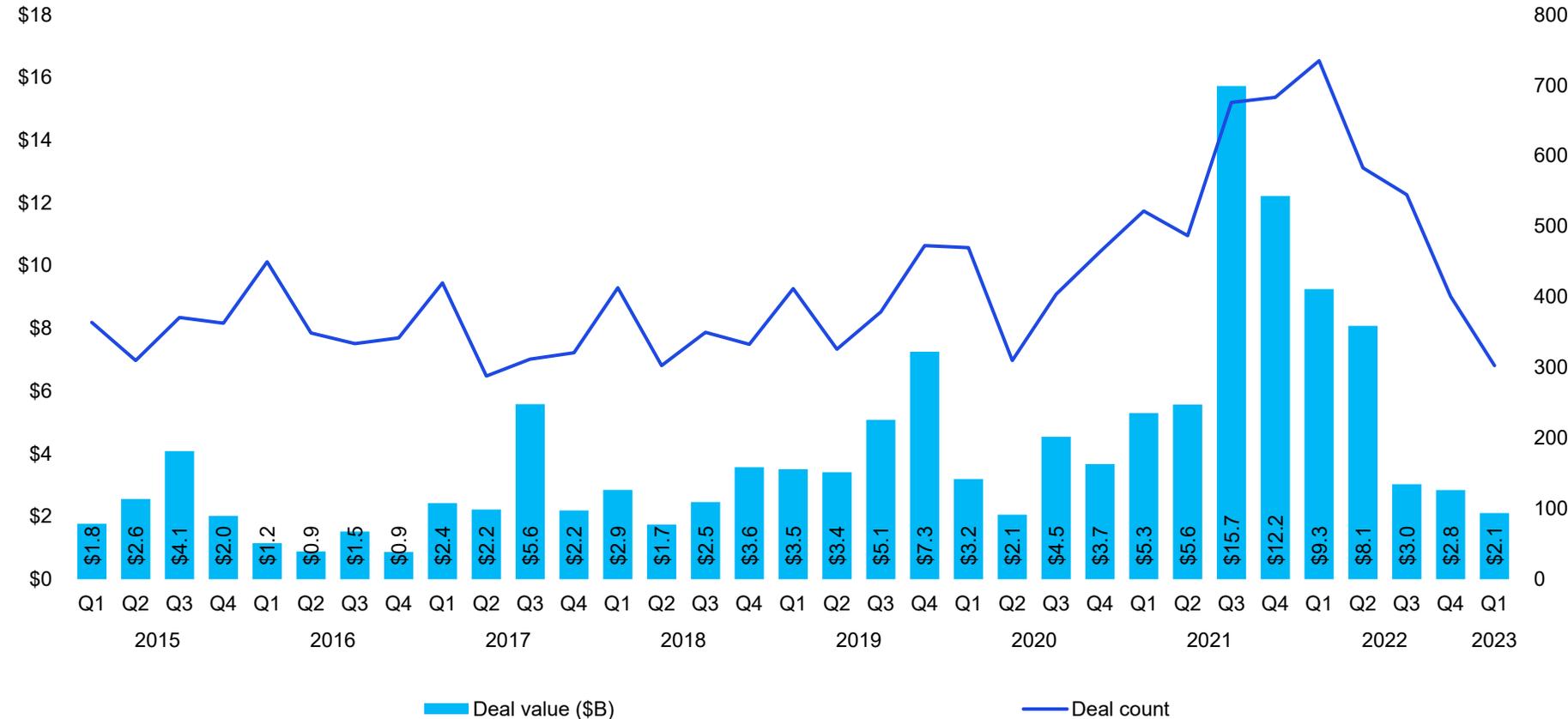


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

India sees decline, much like elsewhere

Venture financing in India

2015–Q1'23



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

“ The biggest change in India is that the euphoria for deals has died down. The FOMO has gone. The big ticket deals have also dried up, which has had an outsized impact on our total investment numbers. But despite the visible decline, it’s important to know that a lot is still happening in India. The macros here are still very good. We’re still seeing a lot of funding in pre-series A deals. And we’re still seeing a lot of new micro funds being raised in the country — funds under \$100 million with check sizes from \$1–5 million. ”



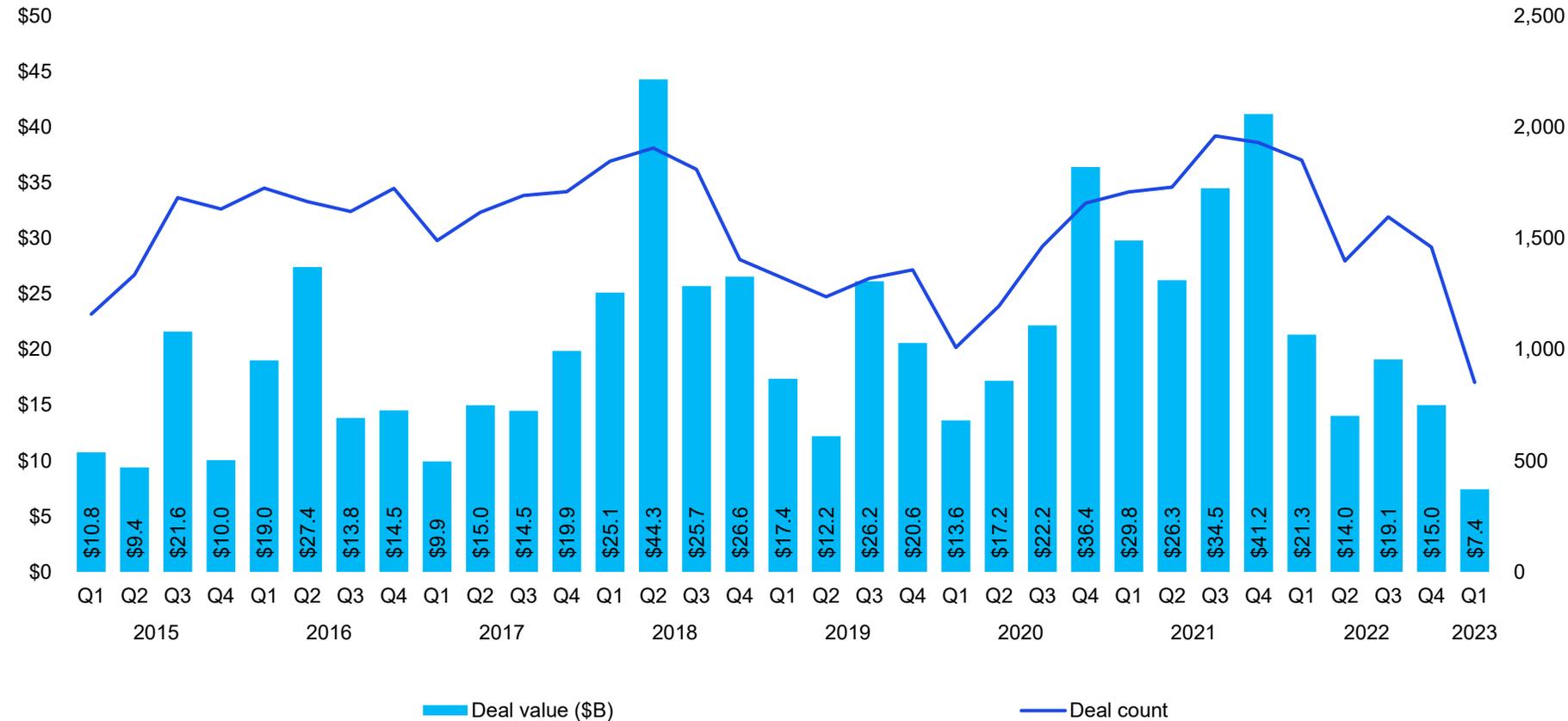
Nitish Poddar

Partner and National Leader,
Private Equity
KPMG in India

VC activity has a potentially temporal down quarter

Venture financing in China

2015–Q1'23



“ VC investment in China remained quiet in Q1'23, although it did strengthen in the latter half of the quarter. Now we're starting to see some renewed VC activity. Even if that activity hasn't fully translated into deals quite yet, it is a positive sign. Most of the VC investment here is very tech driven, including quite a lot in the alternative energy space, which isn't new. But one new sector that is seeing growing activity is biotech and life sciences. That's an area to watch as we head into Q2'23. ”



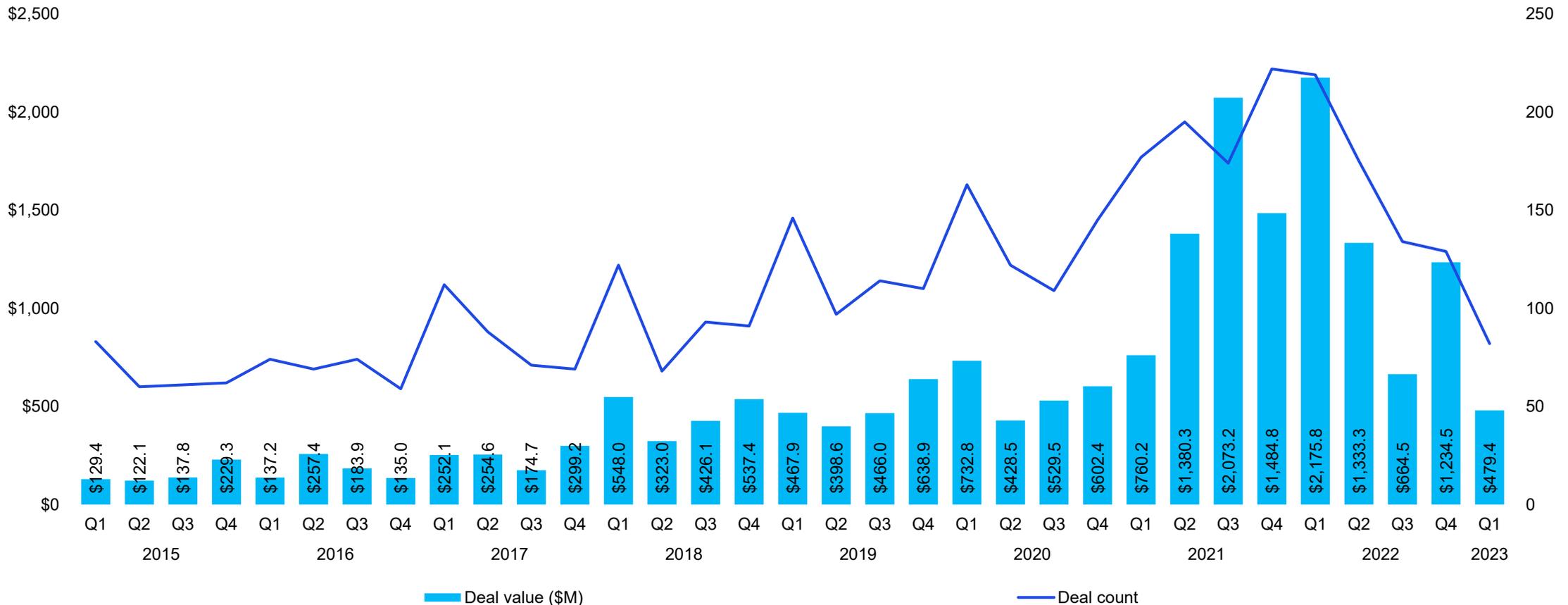
Zoe Shi
Partner
KPMG China

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

2023 starts off slowly for overall VC activity after a strong Q4

Venture financing in Australia

2015–Q1'23

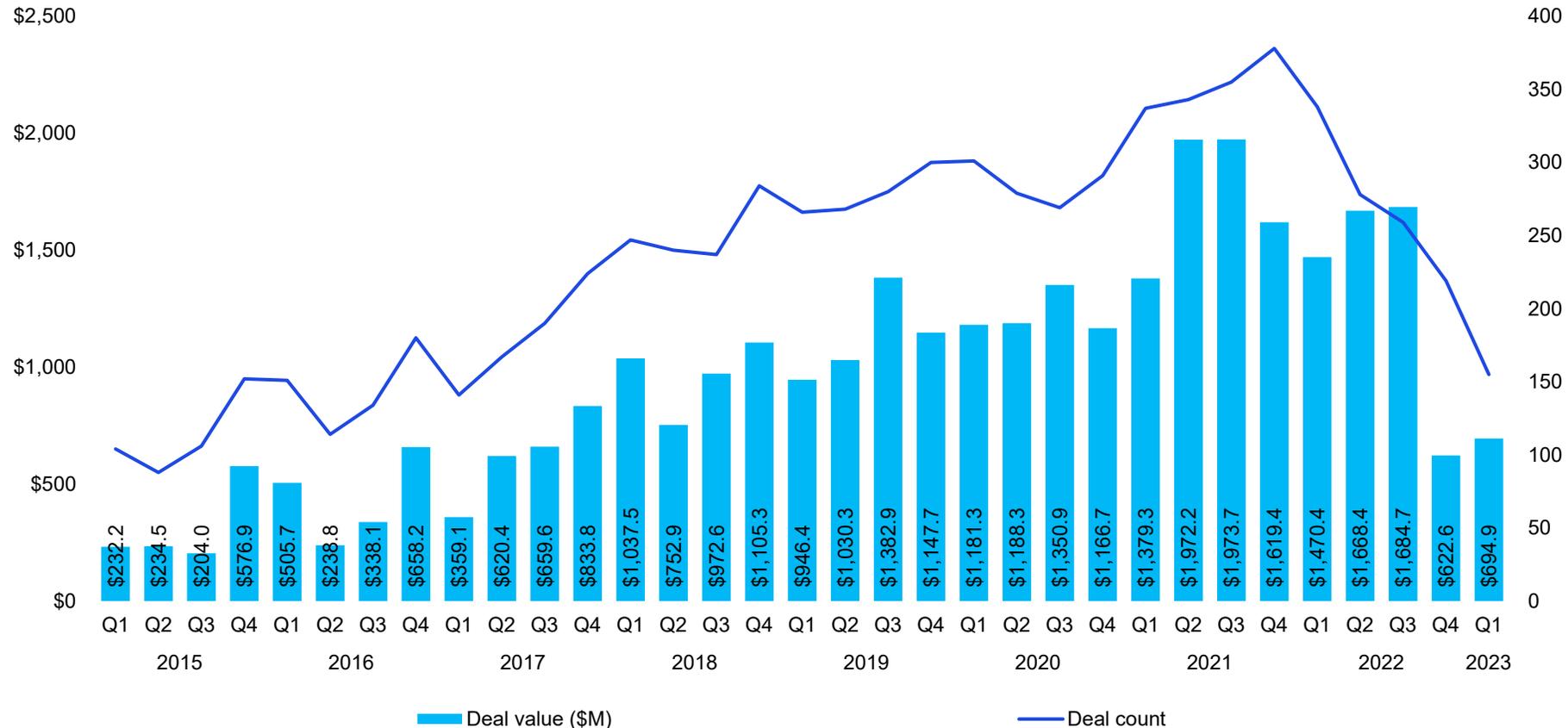


Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

Q1 2023 sees surprisingly robust tally of VC invested, all things considered

Venture financing in Japan

2015–Q1'23



Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023. Data provided by PitchBook, April 19, 2023

“ In Japan, we have seen a slowdown in fundraising by traditional VC firms, however, there continues to be appetite from corporates, both for creating CVC funds and for making direct investments in startups. In Japan, large corporates are highly engaged in providing such finance to startups as they see these investments as a way to drive their own growth and take advantage of synergies. ”

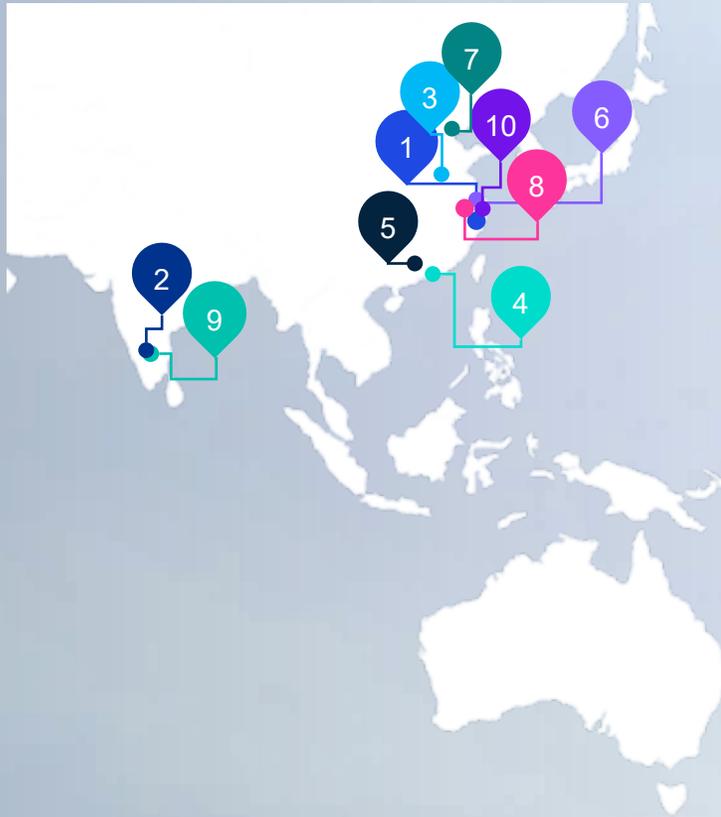


Hiroshi Abe

Executive Board Member,
Partner
KPMG in Japan

A bevy of different sectors see top deals

Top 10 financings in Q1'23 in Asia-Pacific



1. **Zeekr** — \$750M, Ningbo, China — Mobility tech — *Series A*
2. **PhonePe** — \$445.6M, Bengaluru, India — Mobile — *Late-stage VC*
3. **SolarSpace** — \$442M, Xuzhou, China — Cleantech — *Series B*
4. **EcoCeres** — \$400M, Hong Kong — Cleantech — *Series B*
5. **United Aircraft** — \$290.3M, Shenzhen, China — Aerospace — *Series D*
6. **VSPO** — \$265M, Shanghai, China — E-sports — *Series C*
7. **GuangNianZhiWai** — \$230M, Beijing, China — AI & ML — *Seed*
8. **GenScript ProBio** — \$224M, Nanjing, China — Life sciences — *Series C*
9. **NoBroker** — \$218.2M, Bengaluru, India — Proptech — *Series E*
10. **ZhengTaiXinNeng** — \$215.6M, Haining, China — Cleantech — *Series B*

Source: Venture Pulse, Q1'23, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2023.
Data provided by PitchBook, April 19, 2023

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About the report

Acknowledgements

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- **Zoe Shi**, Partner, KPMG China

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. However, as of the Q4 2022 edition, a new stage for venture that was invented by PitchBook to account for growth at late-stage VC will be included, defined as venture growth. That same edition saw some minor updates to the wording of the methodology on this page.

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 VC funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional VC firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Funds identifying as growthstage 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's investment team is based; 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.

Deals

PitchBook includes equity investments 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, VC firms, corporate venture firms, corporate investors, and institutions, among others. 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. All financings are of companies headquartered in the US, with any reference to "ecosystem" defined as the combined statistical area (CSA). PitchBook includes deals that include partial debt and equity.

- **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.
- **Growth:** Financings tagged as Series E or later or deals involving companies that are at least seven years old and have raised at least six VC rounds will be included in this category, as of the Q4 2022 edition of Venture Pulse released in January 2023.
- **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 majority liquidity event for holders of equity securities of venture-backed companies. This includes events where there is a public market for the shares (IPO) or the acquisition of majority of the equity by another entity (corporate or financial acquisition). This does not include secondary sales, further sales after the initial liquidity event, 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. IPO value is based on the premoney valuation of the company at its IPO price. One slight methodology update is the categorical change from "IPO" to "public listings" to accommodate the different ways we track VC-backed companies' transitions to the public markets. To give readers a fuller picture of the companies that go public, this updated grouping includes IPOs, direct listings, and reverse mergers via SPACs.

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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