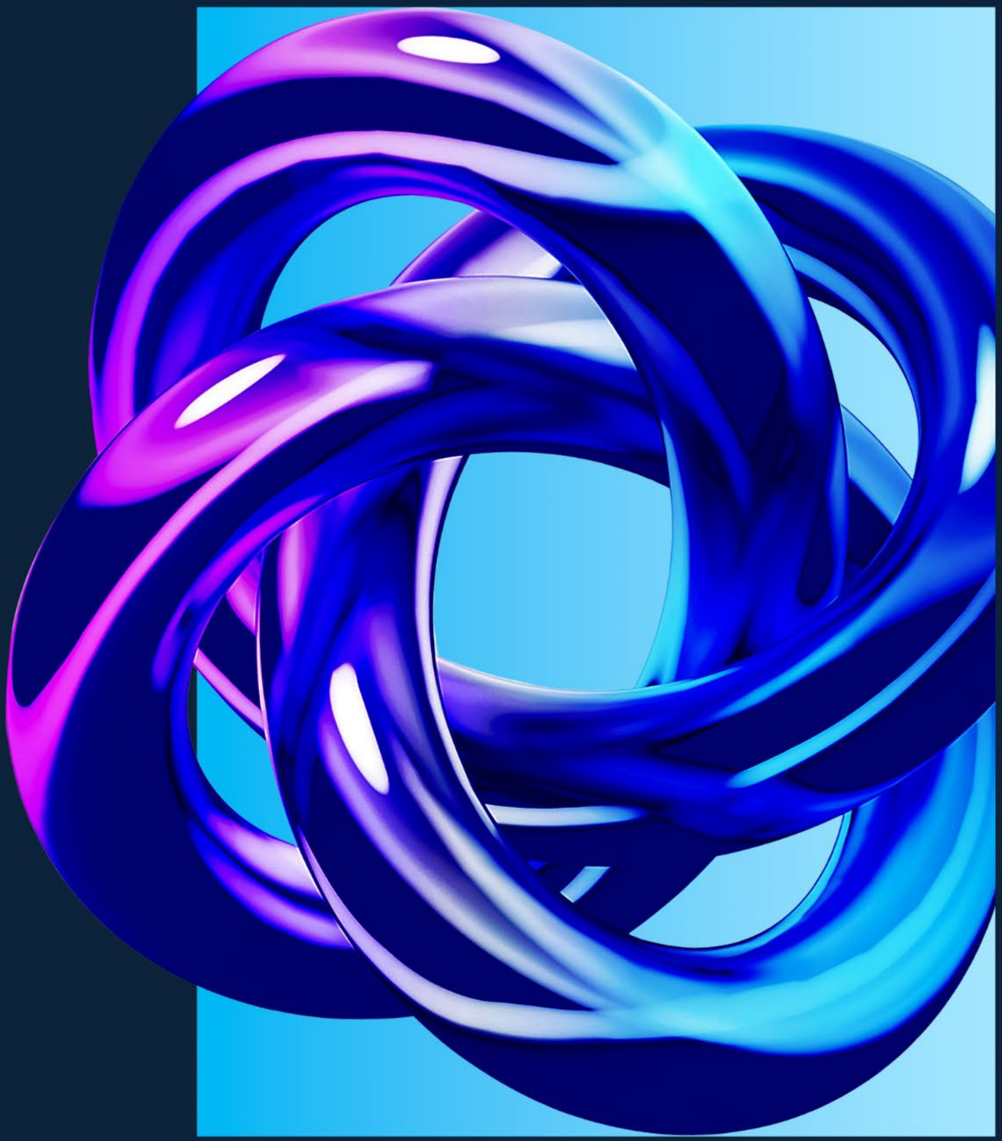
KPMG
Private Enterprise

# Venture Pulse Q1 2024



## Global analysis of venture funding

April 17, 2024

# Welcome message

Welcome to the Q1'24 edition of KPMG Private Enterprise's Venture Pulse — a quarterly report highlighting the major trends, challenges, and opportunities facing the venture capital market globally and in key jurisdictions around the world.

Global VC investment dropped in Q1'24, despite four $1 billion+ megadeals: a $5.2 billion raise by H2 Green Steel*, a $4 billion raise by Anthropic, a $1.1 billion raise by IM Motors and a $1 billion raise by YueZhiAnMian. The total number of VC deals globally also declined quarter-over-quarter, particularly Series D+ rounds. Ongoing market challenges — including the lack of exits, high interest rates, and continued geopolitical uncertainties — kept VC investors cautious during Q1'24. In addition to scrutinizing potential deals more heavily, VC investors also showed less willingness to provide bridge funding to their existing portfolio companies, driving startups to increase their focus on cost cutting and achieving profitability.

VC investment dropped in the Americas and Asia during Q1'24, while it increased slightly in Europe buoyed by the large H2 Green Steel raise in Sweden. Artificial intelligence (AI) continued to garner significant interest from VC investors, with AI-focused companies in all key regions attracting $100 million+ deals. The cleantech and health and biotech sectors also saw robust interest from investors this quarter.

The global IPO market continued to be quiet during Q1'24, with the exception of Reddit; the US-based social media company raised $748 million in its NYSE-based IPO. While Reddit's IPO is not expected to push the IPO door wide open, its promising results could see other companies consider testing the IPO waters.

Heading into Q2'24, VC investment globally is not expected to rise significantly given the uncertainty in the market and the several critical elections slated for later this year, although interest in VC dealmaking appears to be picking up slightly, particularly in parts of Europe and Asia. AI and cleantech are expected to remain hot areas of VC investment, although interest in AI could start to level off as investors increasingly focus on value driven solutions and solutions aimed at niche verticals. Cybersecurity could also see increasing investment as corporates look to manage their AI-driven cyber risks.

In this quarter's edition of Venture Pulse, we examine these and a number of other trends affecting the VC market globally and around the world, including:

- Noticeable drop in Series D+ deals
- Protracted lack of IPO and M&A exit opportunities
- Increasing interest in defense technologies
- Growing number of secondary transactions
- Continuing investment in AI and cleantech

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.

Unless otherwise noted, all currencies reflected throughout this document are in US dollars.
* the deal was a mix of debt, equity and grants, which ultimately due to the company's stage, business model, industry and backing was determined by PitchBook to be best categorized as venture

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**Conor Moore**
Global Head, KPMG Private Enterprise, KPMG International & Partner
**KPMG in the US**

**Francois Chadwick**
Partner
**KPMG in the US**

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

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- VC investment reached $75.9 billion across 7,520 deals (Stable)
- Down rounds tick up — increasing as a percentage of all deals
- Dry powder underpins strengthening valuations
- B2B and Healthcare remain resilient
- Chinese companies raise 5 of the top 10 deals globally

## US


- VC deal value remains steady reaching $36.6 billion across 2,882 deals
- Late stage sees a rebound in valuations
- Perceived recession-resilient areas continue to draw investment
- Prolonged slump in exit activity continues
- Fundraising by VC firms on hold

## Americas


- VC-backed companies reach $38.2 billion across 3,205 deals
- Down and flat rounds remain prevalent
- Valuations rebound at growth stage
- Canada see significant decline in deal value as mega deals disappear
- AI, cleantech and biotech investment robust
- 7 of top 10 deals in the Americas come from California

## Europe


- Investment reaches $17.9 billion invested on 1,798 deals
- Median deal size rises at all levels
- Fundraising remains sluggish — reaching only $5 billion in Q1'24
- UK sees slow start to the year
- Down-rounds decrease
- Top 10 deals spread among 7 countries

## Asia


- VC investment reaches only $18.9 billion across 2,305 deals
- Exits activity, including IPOs, has slow start to the year
- VC investment in India has strong start to 2024
- Early-stage activity remains resilient
- Chinese companies raise 8 of largest 10 deals in Asia

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# Globally, in Q1'24 VC-backed companies raised $75.9B across 7,520 deals

# Global VC investment drops with AI and cleantech attract big funding rounds

**Global VC investment dropped to $75.9 billion across 7,520 deals in Q1'24, driven by ongoing concerns about geopolitical tensions, the lack of exits in the market, and a noticeable pullback in investment at the later deal stages.**

## VC investment in the Americas well ahead of Asia and Europe

The Americas attracted the largest share of VC investment globally in Q1'24 ($38.2 billion across 3,205 deals), driven primarily by investment and deals activity in the US ($36.6 billion across 2,882 deals)), including a $4 billion raise by Anthropic, a $704 million raise by battery materials company Ascend Elements, a $675 million raise by Figure AI, a $425 million raise by asthma-focused biotech Areteia Therapeutics, and a $400 million raise by Mirador Therapeutics.

Asia attracted the second highest level of VC investment this quarter ($18.9 billion across 2,305 deals), led by three big raises in China — a $1.1 billion raise by EV company IM Motors, a $1 billion raise by AI-focused YueZhiAnMian, and a $940 million raise by Yuanxin Satellite. Europe saw VC investment increase slightly, reaching $17.9 billion across 1,798 deals; the largest deals in the region included the $5.2 billion raise by Sweden-based green infrastructure company H2 Green Steel and a $431 million raise by UK-based neobank Monzo, followed by a $415 million raise by Mistral AI in France, a $389 million raise by Netherlands-based grocery e-commerce company Picnic, and a $334 million raise by France-based EV firm Electra.

## AI remains big driver of VC investment globally

The frenzy of interest in AI-driven solutions continued in Q1'24, with some of the largest deals of the quarter occurring in the space, led by the $4 billion raise by Anthropic in the US. Other big deals included YueZhiAnMian (China), Figure AI (US), Lambda (US), MiniMax AI (China), and Mistral AI (France).

Generative AI remained a particularly hot area of interest for VC investors, both in terms of large language model driven solutions and solutions aimed at building generative AI capabilities into business verticals in order to drive real results and efficiencies. Corporates continued to be particularly active in the AI space; Microsoft made a number of AI moves during the quarter, forging a new partnership with France-based Mistral AI and hiring one of the cofounders of AI firm Inflection.

Ten of the world's new unicorn companies in Q1'24 were AI-focused startups. The US saw more than half of these new unicorn births (Celestial AI, Together AI, Perplexity, Io.net, Figna AI, ElevenLabs); China (YueZhiAnMian, Miotech), France (Mistral), and India (Krutrim) also saw new AI-focused unicorns.

## Fundraising remains soft amid continued availability of dry powder

Given the extraordinarily high fundraising activity in 2021 and 2022, the current slowdown in fundraising activity globally likely reflects the continued cautious funding environment. In Q1'24,even though there still remains an abundance of dry powder, VC investors globally conducted a lot more due diligence related to potential deals and took longer to write checks than has been the norm in recent years.

First time funds had the most difficulty raising capital in Q1'24. Even fund managers with clear track records experienced difficulties raising second and third funds because they haven't been able to show success given the current market and lack of exits. During the quarter, some VC firms introduced continuation funds to extend the runway of their existing investments given their original funds were reaching their end of life. Q1'24 also saw a number of secondary transactions and private IPOs — a recently coined term referring essentially to private placements — which involved late-stage investors buying out large percentages of companies from early investors and employees in order to give them some liquidity.

## Global corporate VC-participated investment dips to near five-year low

Corporate VC-participating investment dropped from $40.8 billion in Q4'23 to $37.3 billion in Q1'24 — the lowest level of CVC investment since Q3'19. The Americas was the only jurisdiction to see an increase, with CVC rising from $18.7 billion to $20.1 billion quarter-over-quarter in the region. In Europe, CVC held relatively steady at $6.6 billion, while in Asia, CVC fell from $13.7 billion to $10.4 billion. The overall decline in CVC investment reflects a number of factors, including the challenging economic environment which has driven many corporates to focus on shoring up their core businesses and improving their operational efficiencies. In some jurisdictions, including Latin America, corporates have also increased their focus on driving innovation internally.

# Global VC investment drops with AI and cleantech attract big funding rounds, cont'd.

## Crypto and blockchain see renewed interest from VC investors

After dropping dramatically in late 2022 and 2023, investor interest in crypto and blockchain solutions globally began to pick up again in Q1'24. As a part of this resumption of activity, VC firms have focused significantly more due diligence on crypto and blockchain transactions and staffed up to ensure they fully understand potential opportunities. Interest from VC investors has also broadened beyond the cryptocurrencies and trading space, with growing interest in using blockchain based technologies as the backbone for other activities. The rebounding interest in crypto and blockchain was evidenced in the birth of five new unicorns this quarter, including Polyhedra Network (Singapore), Monad (US), io.net (US), EigenLayer (US), and Hashkey Group (HK).

## Interest in defense and security technologies continues to gain steam

Given rising global geopolitical tensions, interest in defense-focused technologies has continued to grow, particularly in areas like drone technologies, satellite technologies, and tech-based software solutions. Governments and intergovernmental alliances will likely drive some of this investment. For example, in 2023, the North Atlantic Treaty Organization (NATO) introduced the NATO Innovation Fund – a $1 billion fund focused on providing patient capital to deeptech startups focused on addressing defense and security challenges.

## Trends to watch for in Q2'24

Heading into Q2'24, the IPO market globally will be one of the major areas to watch. Should there be a few successful IPO exits to start the quarter — and signs that other companies are readying for an exit, VC firms could begin to see pressure from LPs to open their funding taps. Small scale M&A activity could also pick up in many regions of the world as companies that have not been able to raise additional funding become targets for distressed M&A, the acquisition of intellectual property, or acquihires.

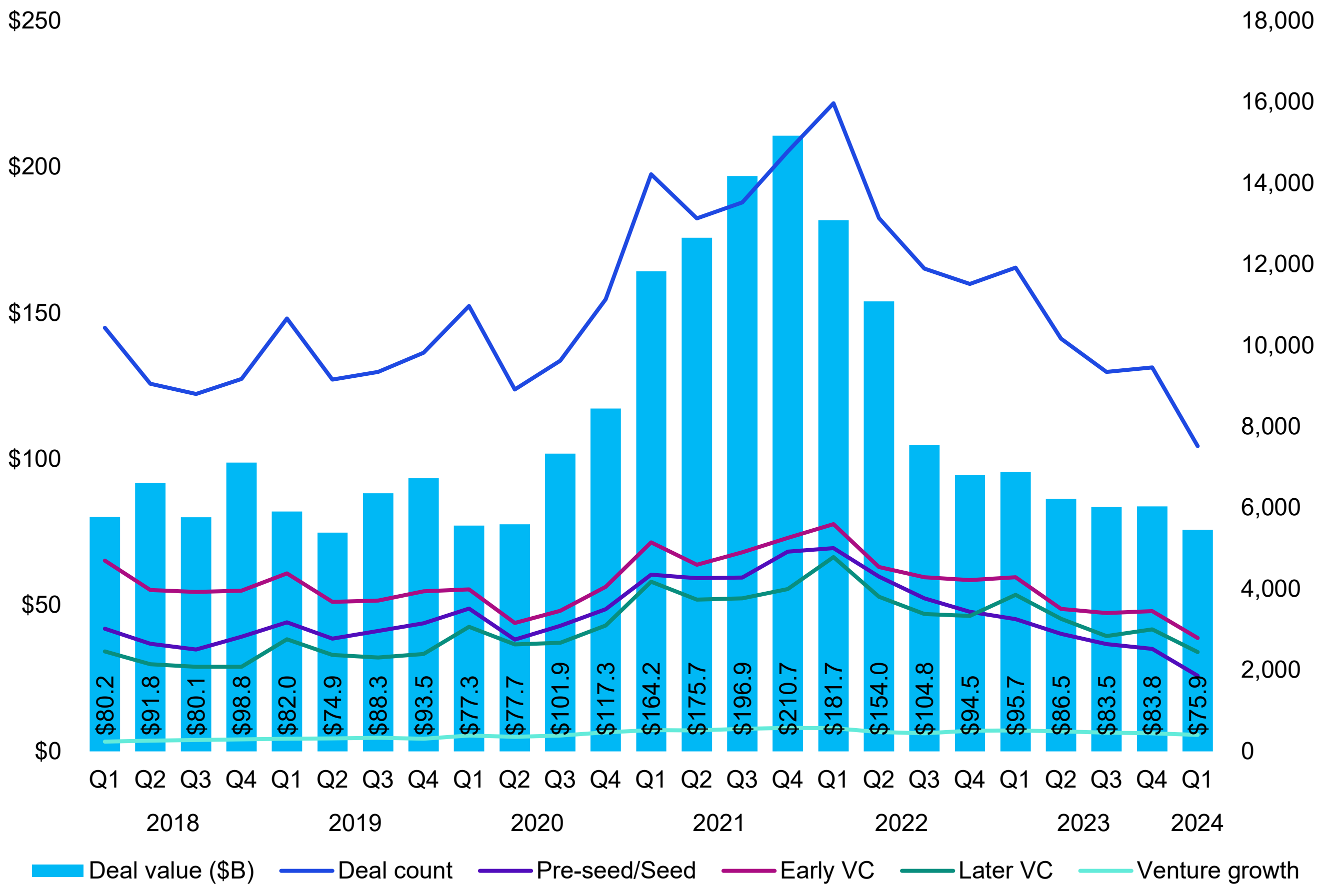
AI is expected to remain very attractive to VC investors globally in Q2'24, although investments will likely begin to take on a more narrow field of focus. Industry focused AI solutions will likely become a key area of for VC investment, such as solutions aimed at improving the efficiency of financial services, law, and real estate firms. Cleantech is also expected to remain a strong area of investment for the foreseeable future, given both the increasing regulatory requirements, particularly in Europe, and the growing number of jurisdictions prioritizing ESG related actions.

Ongoing antitrust regulatory proceedings in both the US and Europe will be something to watch for over the next few quarters, with regulators both in the EU and the US.

# Venture financing evens out at pre-2021 levels

## Global venture financing

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

A new plateau in global venture dealmaking has been established after the peaks of 2021. Although the tally of closed financings that are known in Q1 is down considerably from Q4 2023, it is likely that they will end up close to most of 2023 levels. Such a plateau is historically healthy, generally aligning with the heights of pre-2021 tallies. However, key risks and questions remain for dealmakers:

- As near-record dry powder levels persist, investors have the balance of negotiation in their favor. How will this impact runways for more capital-intensive, competitive sectors?
- Later-stage companies or unicorns that raised hefty sums that are now struggling still will have to reprice or materially change their approaches.
- Exits remain protracted at best, so liquidity concerns are likely to persist unless the IPO window opens materially more in the remainder of the year, or M&A picks up.

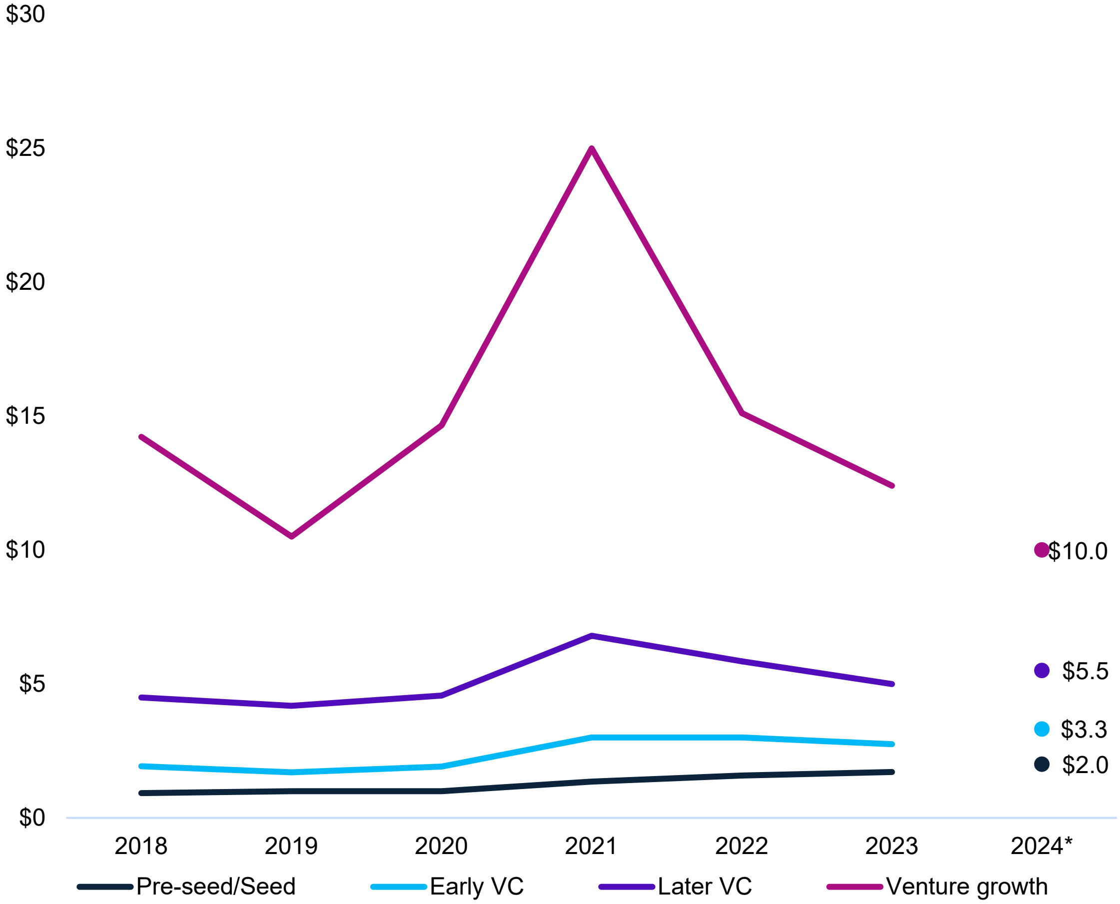
“There are a lot of eyes on the IPO market right now. Hopefully we see a couple of successful IPOs in Q2’24 and then others follow on — creating the value and the wealth that can then be put back into the market. If we do see a couple of successful IPO exits or companies indicating that they’re going to go, we’ll start to see VCs loosening their purse strings, in part because their LPs will start putting pressure on them to invest.”

**Conor Moore**
Global Head, KPMG Private Enterprise,
KPMG International & Partner
**KPMG in the US**

# As financing metrics return to more normal levels, down rounds tick up

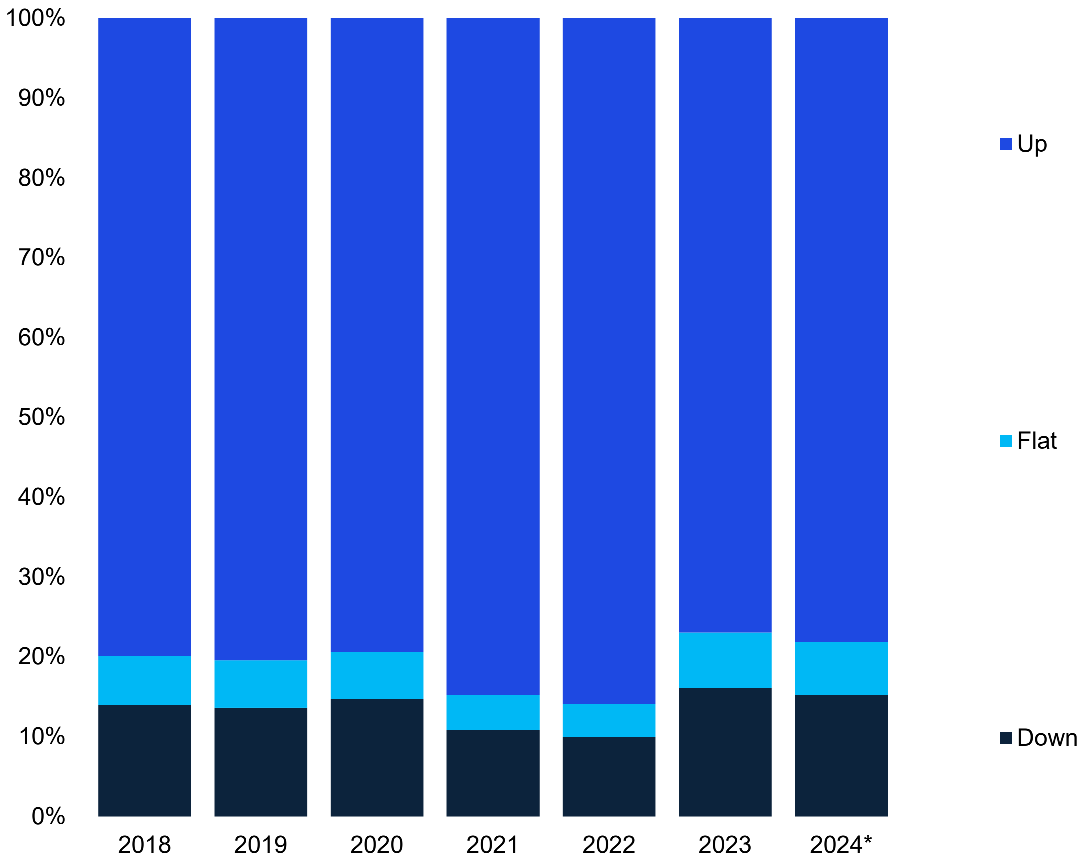
## Global median deal size ($M) by stage

2018–2024*




## Global up, flat or down rounds

2018–2024*




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Financing sizes remain healthy, by and large

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

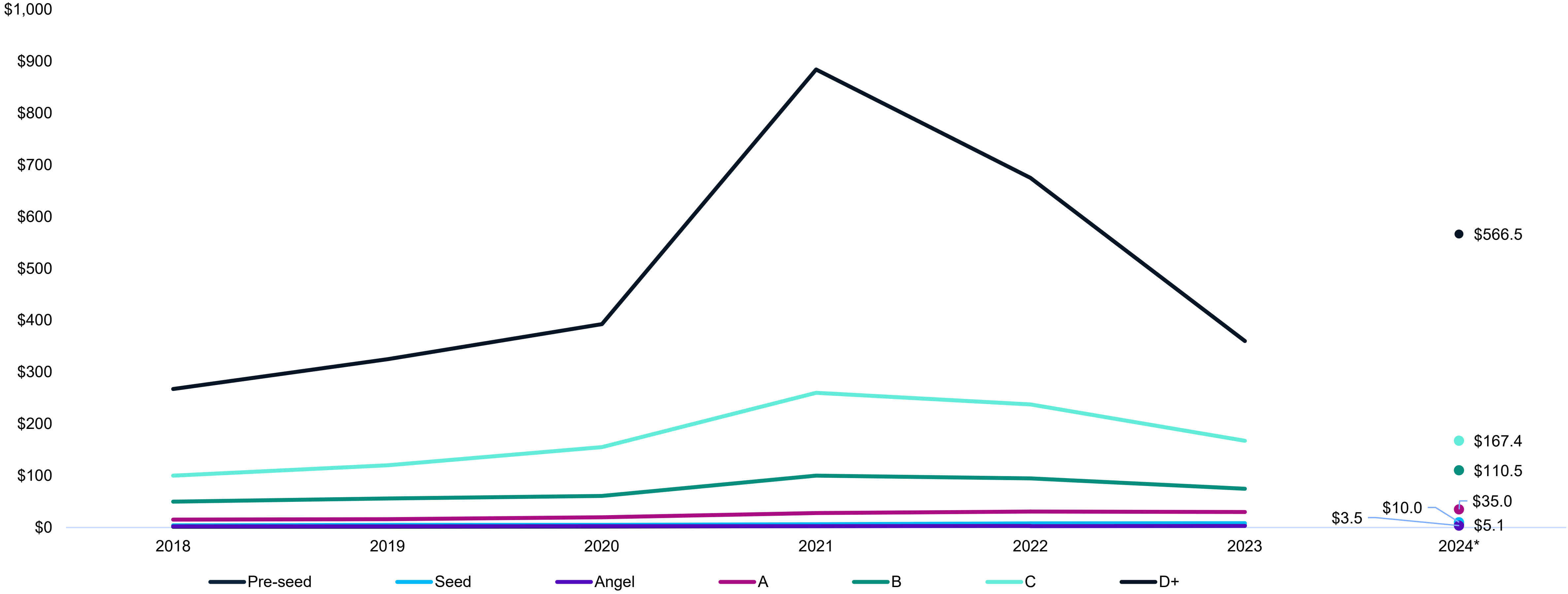
2018–2024*


Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Dry powder continues to underpin record valuations at earlier stages

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

2018–2024*

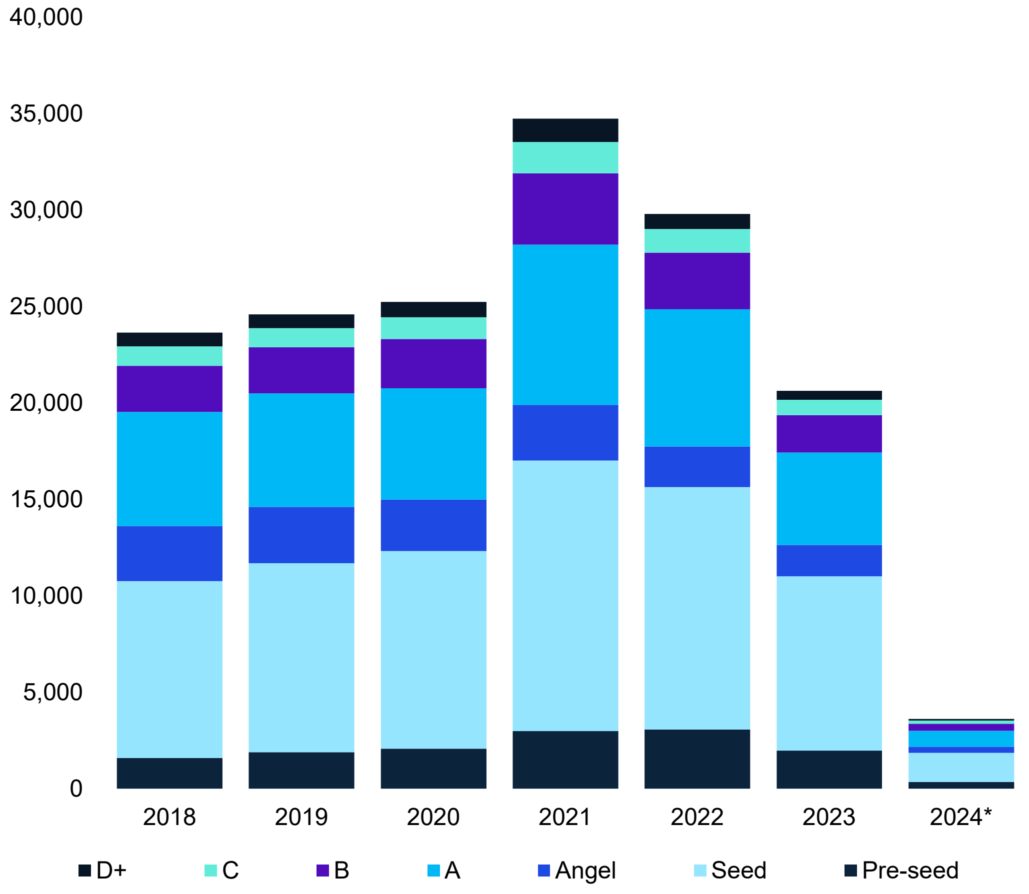



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Pre-2021 levels are emerging in proportions by series

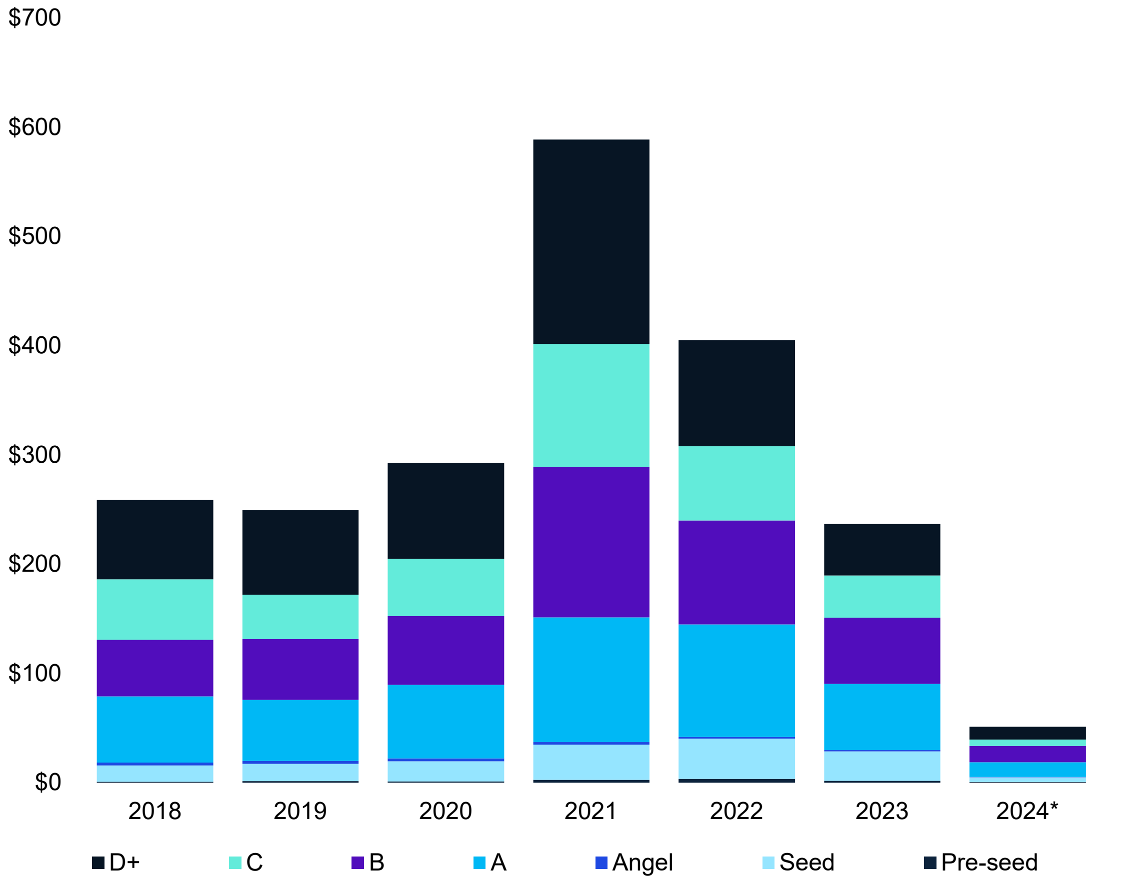
## Global deal share by series

2018–2024*, number of closed deals




## Global deal share by series

2018–2024*, VC invested ($B)




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

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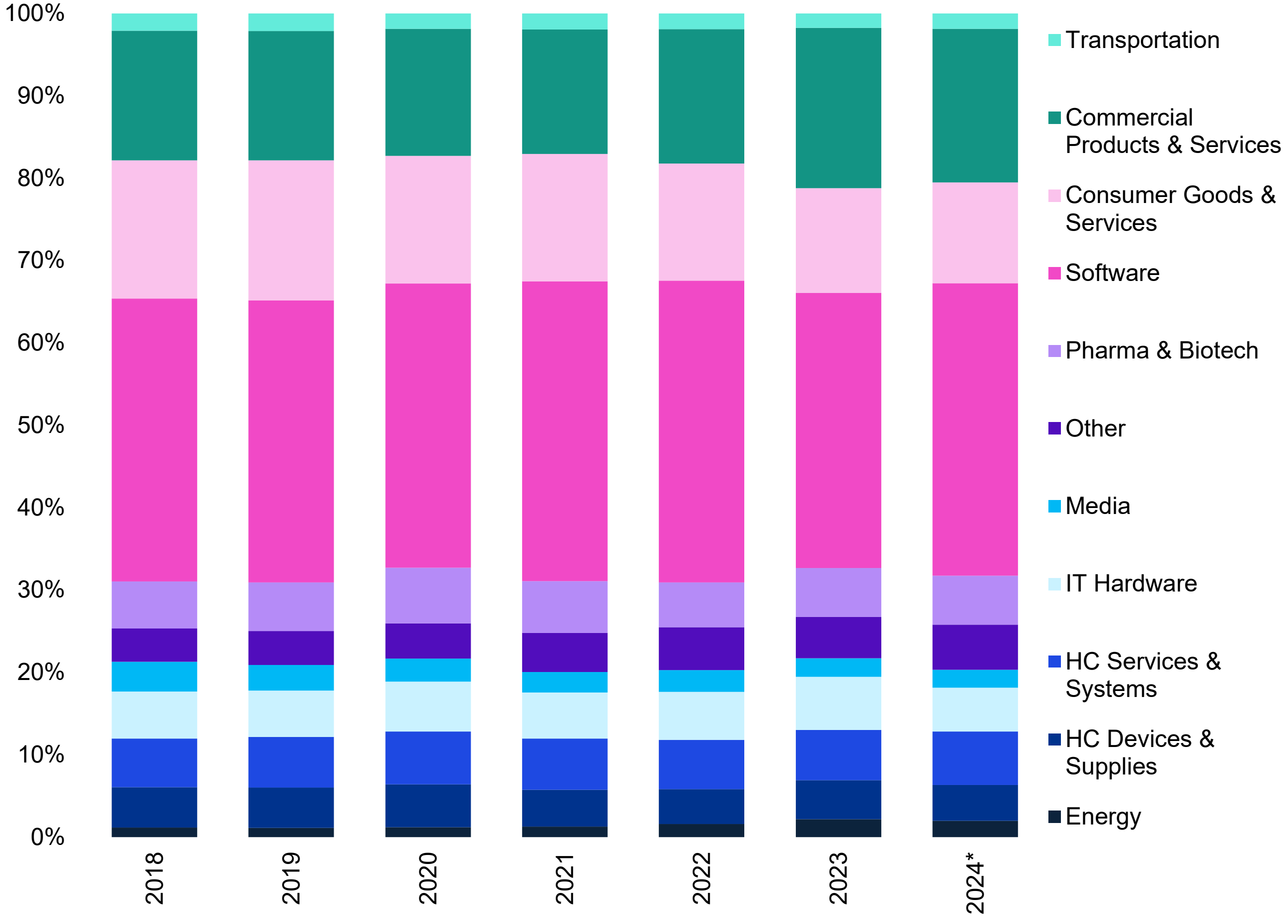
# Enterprise & healthcare remain most resilient

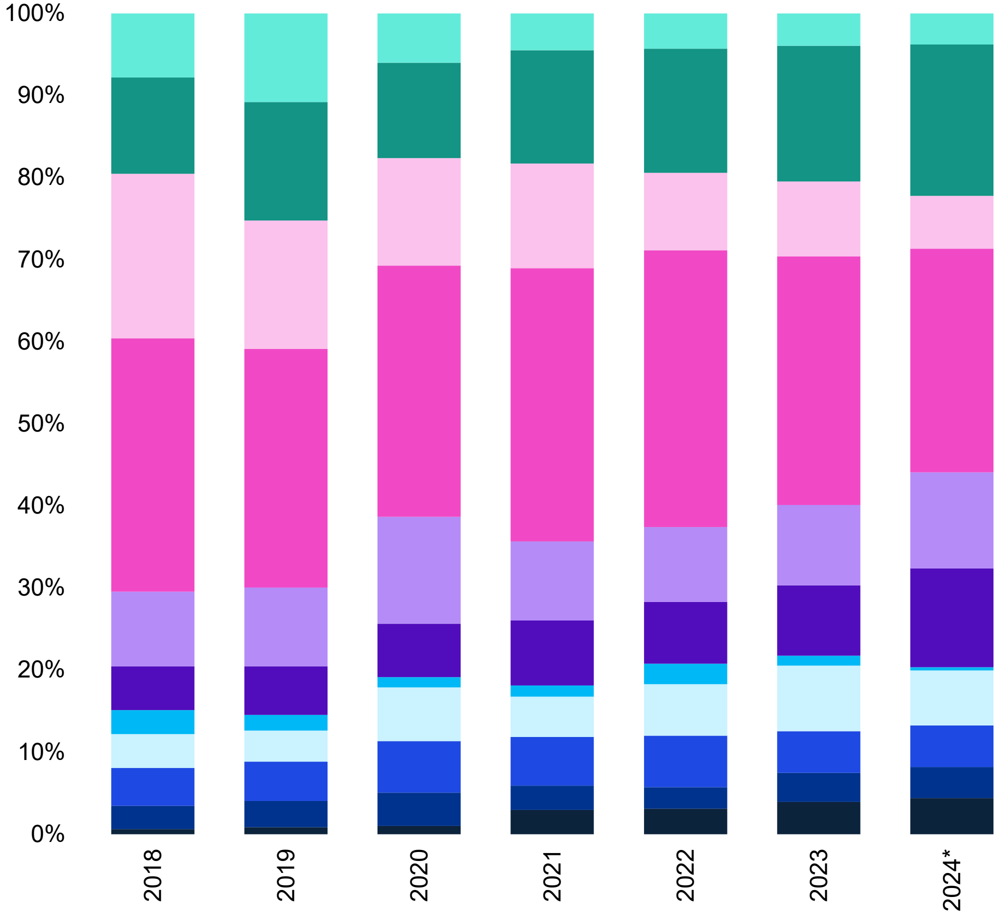
## Global financing trends to VC-backed companies by sector

2018–2024*, number of closed deals




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

2018–2024*, VC invested ($B)

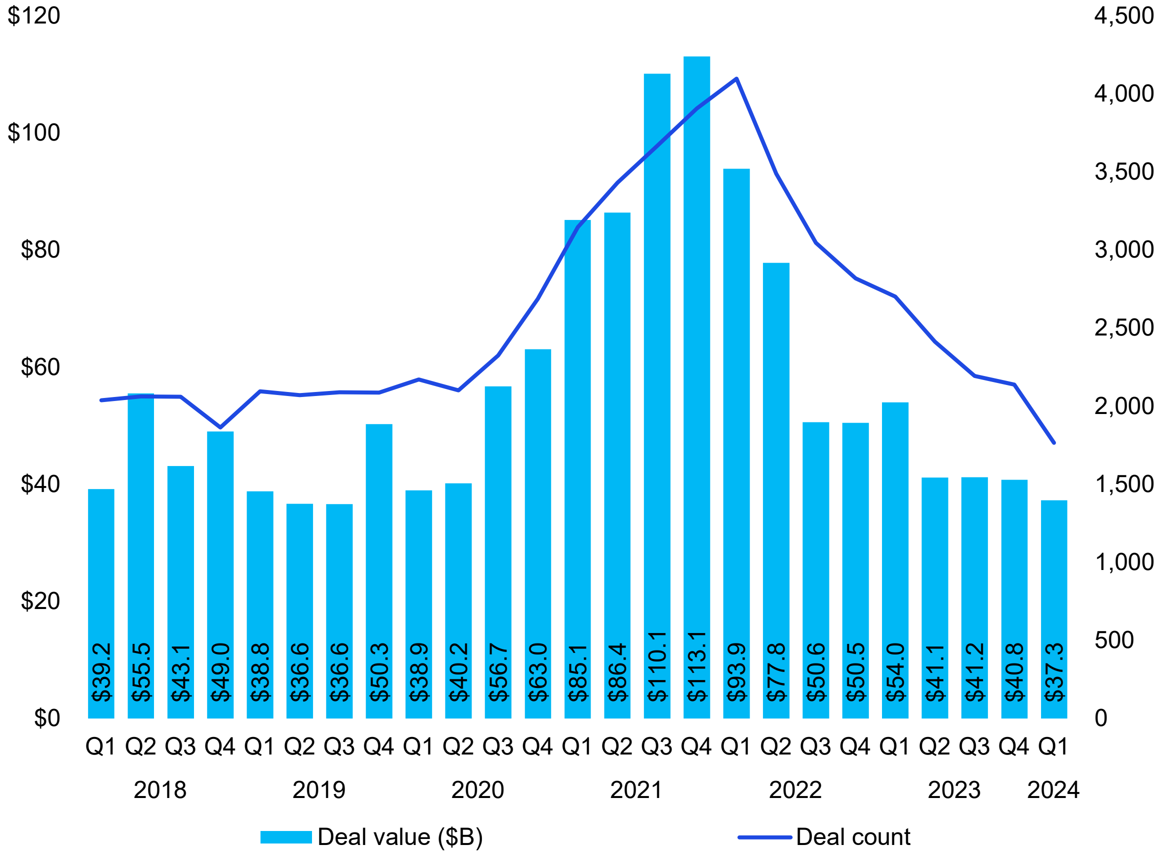



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Corporates continue to engage at modest levels

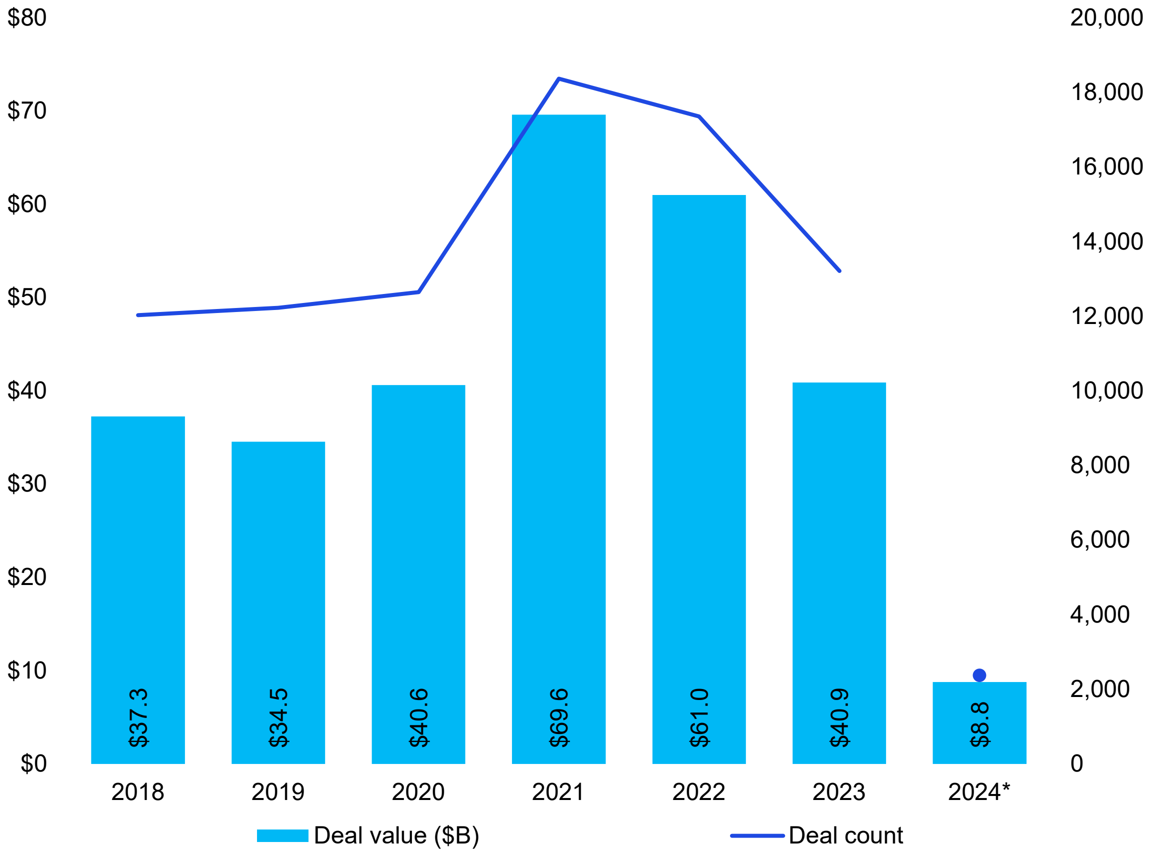
## Corporate VC participation in global venture deals

2018–Q1'24




## Global first-time venture financings of companies

2018–2024*



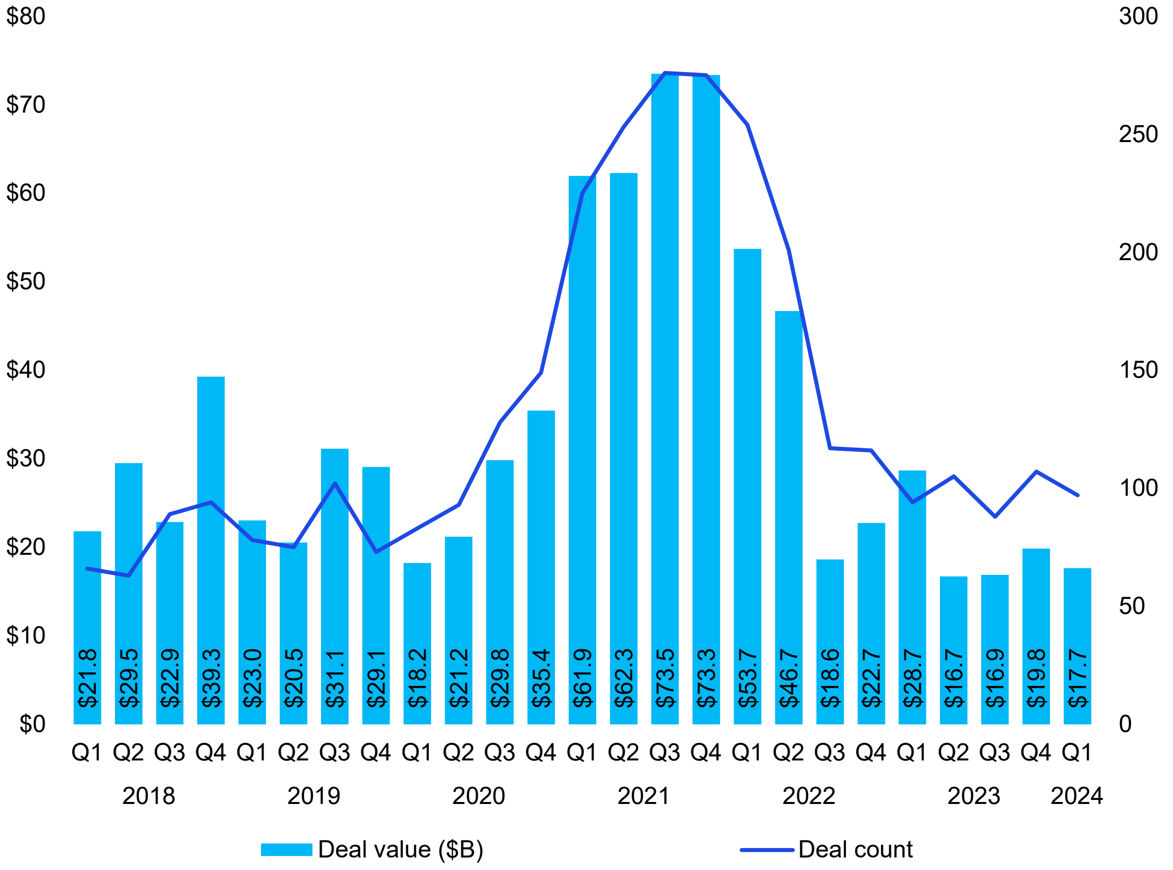

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

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.

# Exits remain somewhat more sluggish relative to pre-2021 levels

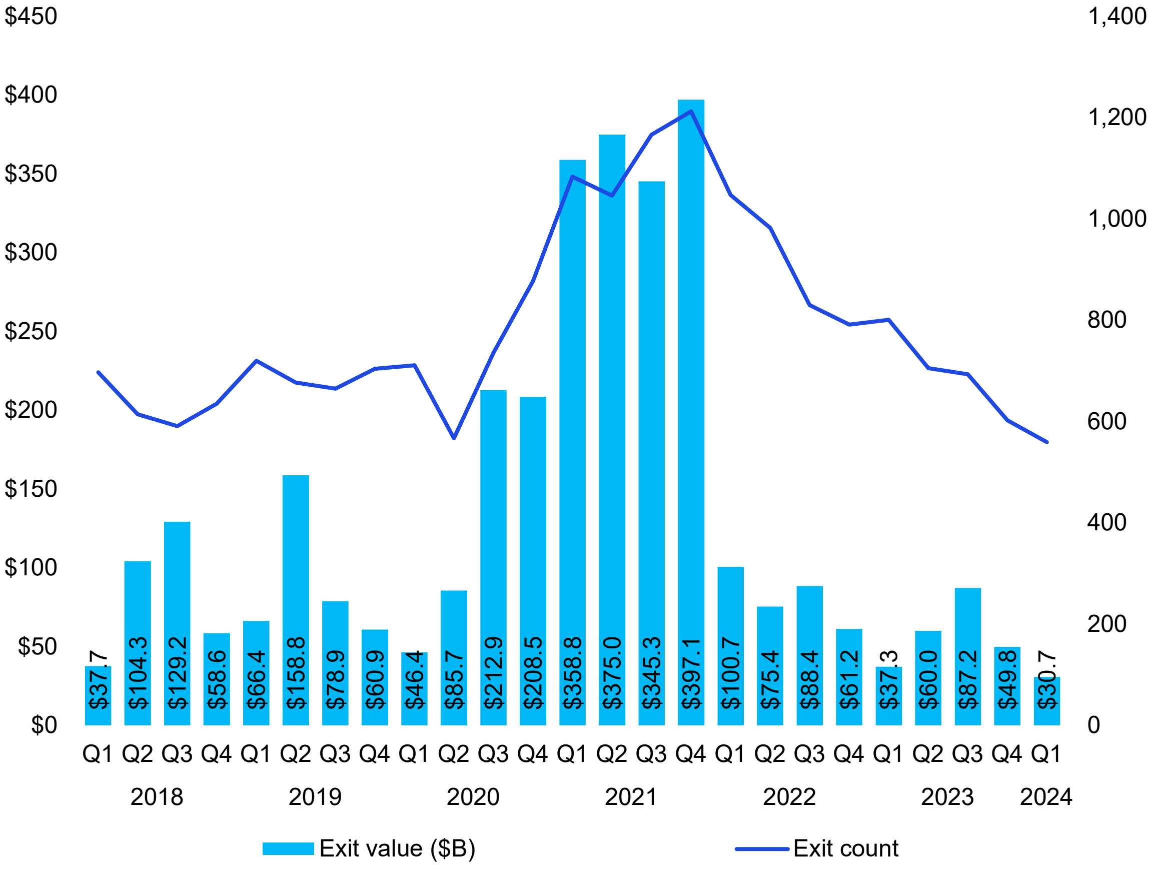
## Global unicorn rounds

2018–Q1'24




## Global venture-backed exit activity

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

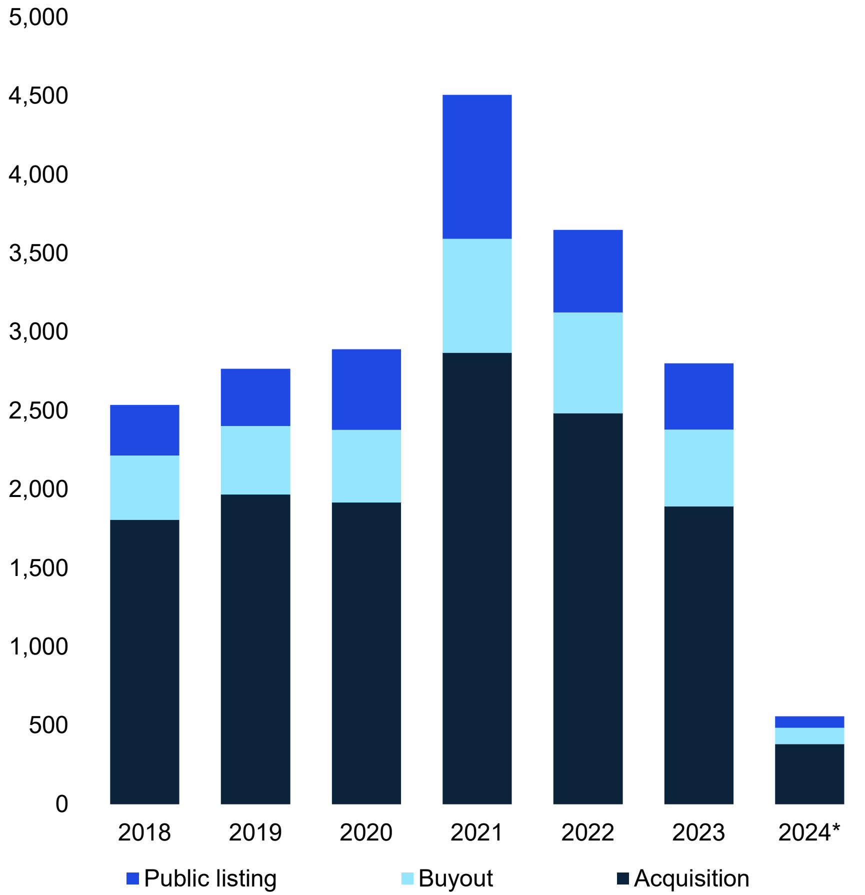
Note: PitchBook defines a unicorn venture financing as a VC round that generates a post-money valuation of $1 billion or more. These are not necessarily first-time unicorn financing rounds, but also include further rounds raised by existing unicorns that maintain at least that valuation of $1 billion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

Note: Exit value for initial public offerings is based on pre-IPO valuation, not the size of the offering itself. For the Q1 2024 edition of Venture Pulse, under standard PitchBook venture methodology, Reddit's IPO would not be included given its backing status but it was included in the underlying exits data in this instance to better reflect its extensive previous VC-backed history.

# M&A remains most common route as hope for IPO window grows

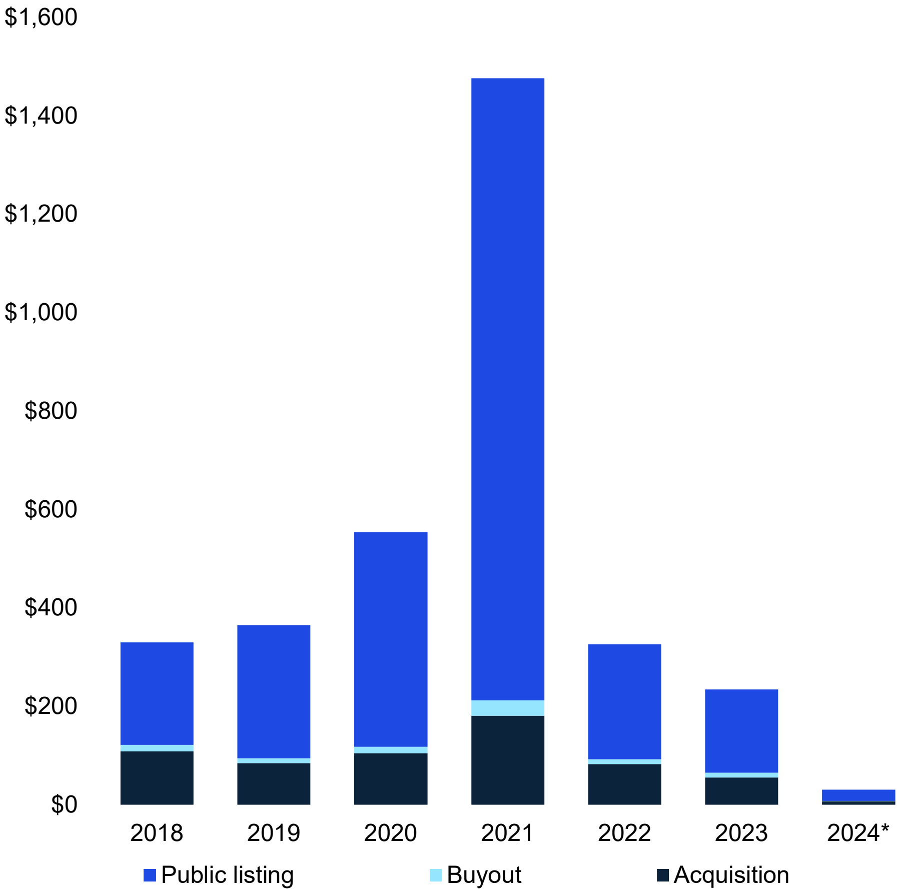
## Global venture-backed exit activity (#) by type

2018–2024*




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

2018–2024*




"Companies that have got true generative AI solutions — so the large language models and the like — those are the startups that are going to be funded the most because there's a lot of FOMO there. But the next wave of AI investment is likely to be more targeted, more vertical or industry specific, such as solutions targeted towards documentation, task-heavy industries like fintech, real estate, and proptech where the value of AI is potentially very significant."

**Francois Chadwick**
Partner
**KPMG in the US**

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

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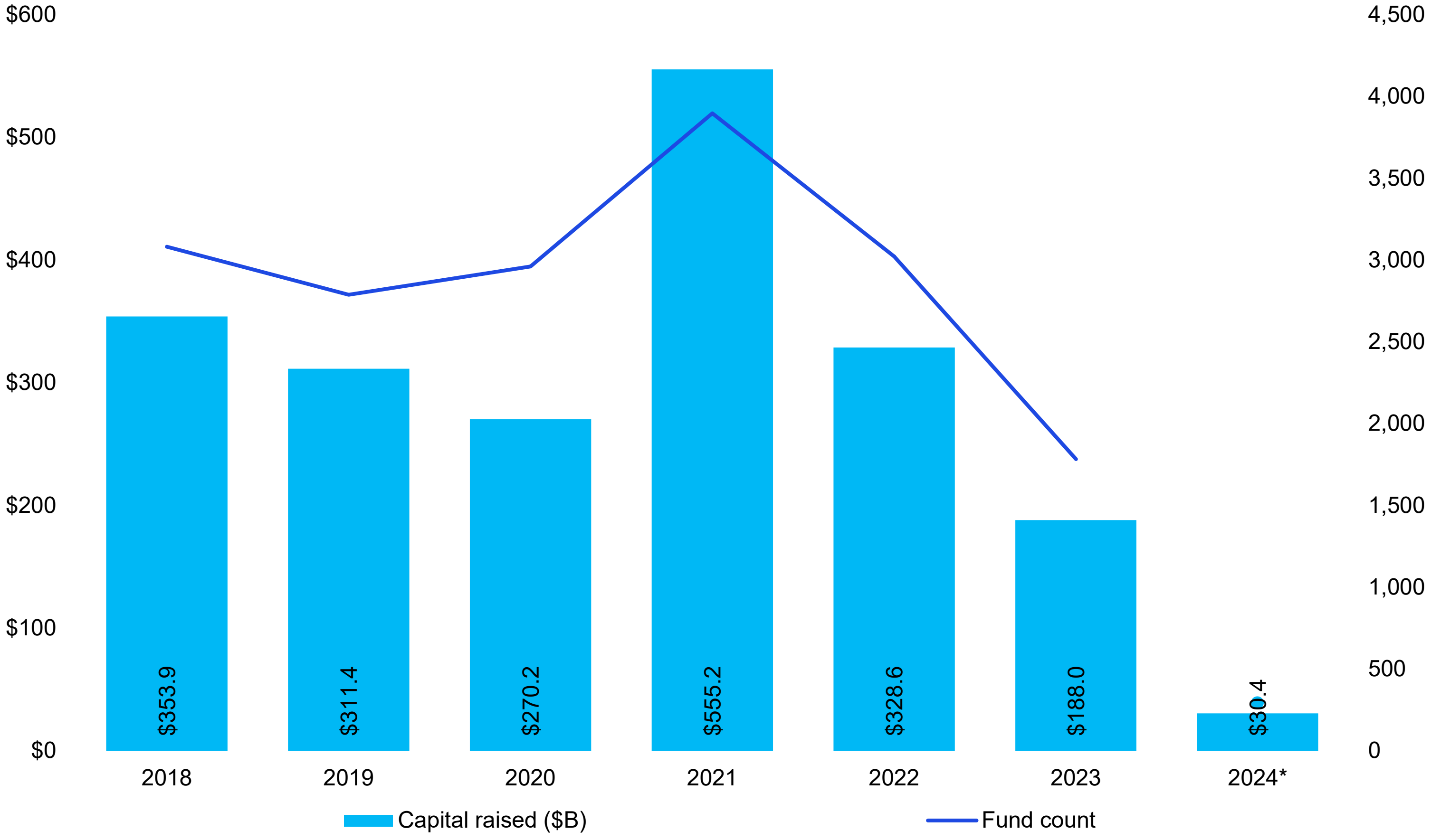
# LPs continue to hold back as uncertainty remains paramount

## Global venture fundraising

2018–2024*




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

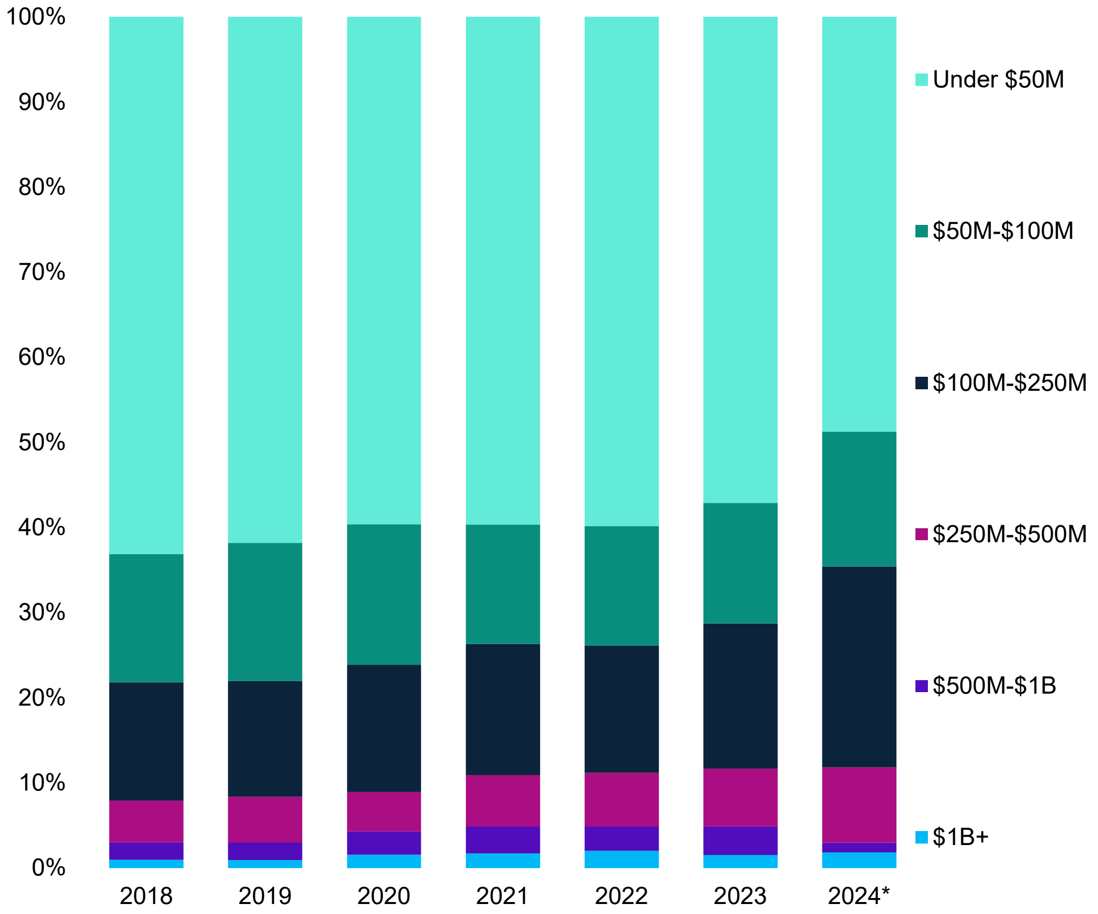
Volatility in equities and other asset classes eventually does translate to markdowns in privately held asset classes, if the effects can be somewhat more muted. That said, equities' rally to close out 2023 – and the new highs set multiple times in Q1 2024 – leave asset allocators with significant question marks. Many firms can still close on some funds, but for nearly all, the process is simply longer. Essentially, the risk perceptions and portfolio balancing by asset allocators have not yet been settled to satisfaction. Once again, it is important to note that given the timeline of fundraising cycles, even as PitchBook data indicates a gap in capital supply to level of demand by companies, many LPs may still be waiting to see how their 2021-2023 commitments pan out.

The first quarter of the year is showcasing ongoing weakness in LPs' willingness to commit capital to VC, **as just barely $30 billion+ has been pledged across a modest tally of funds worldwide.**

# Midsized funds retain a commanding proportion of closings

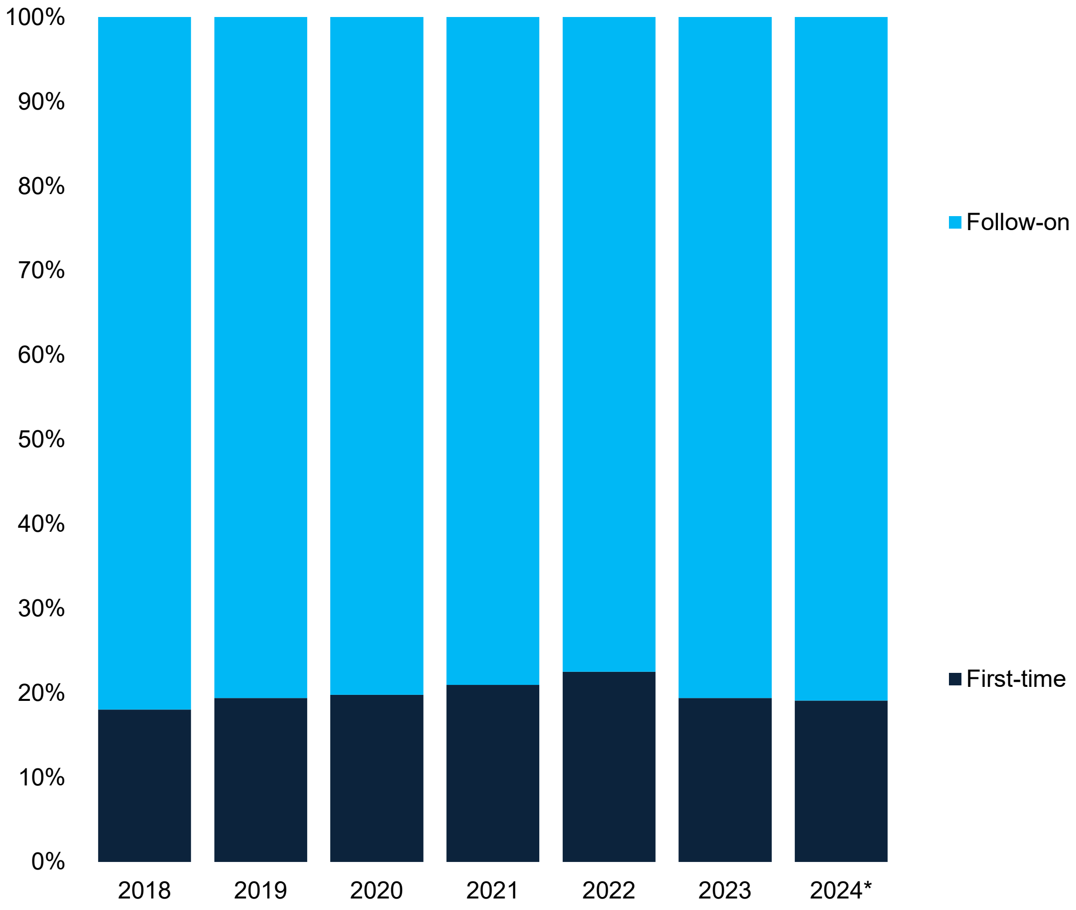
## Global venture fundraising (#) by size

2018–2024*




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

2018–2024*




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

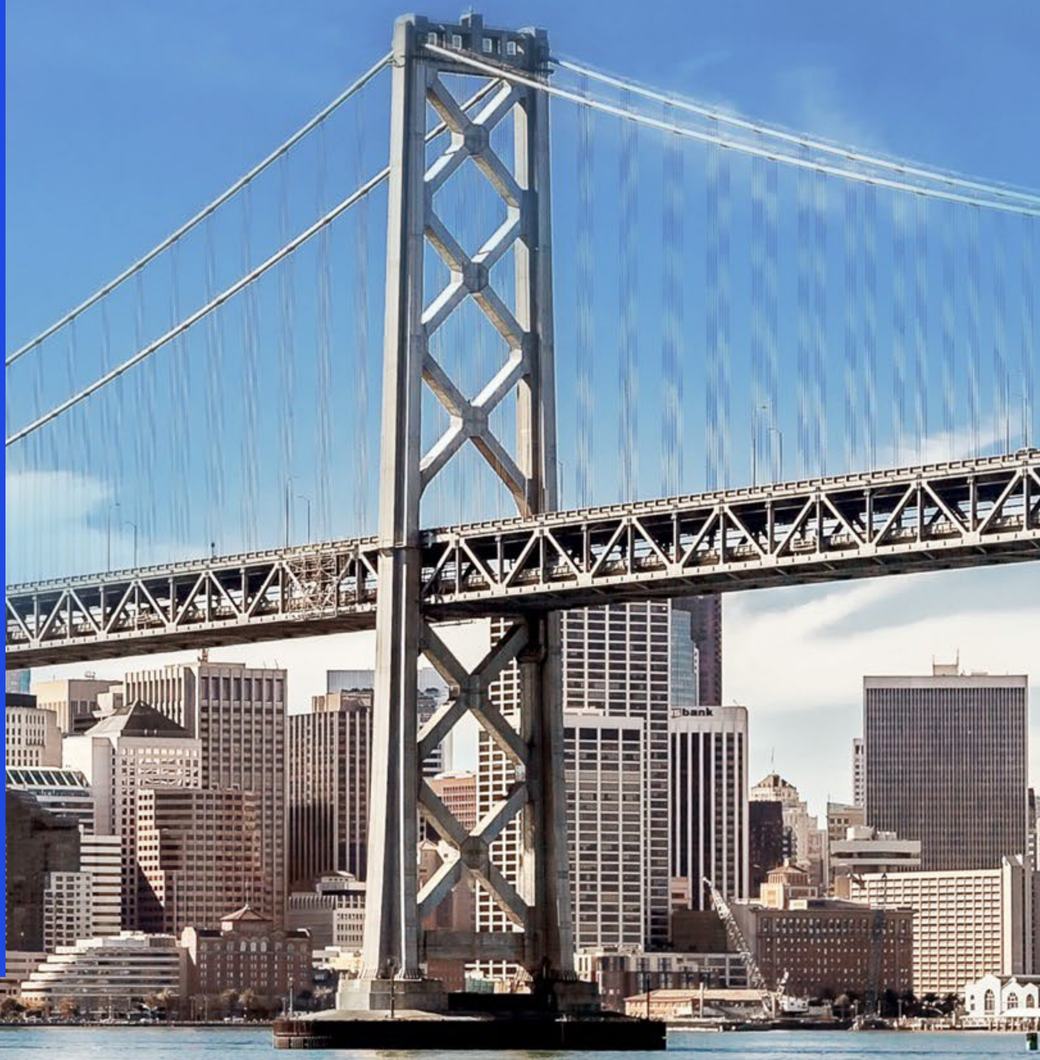
# AI & cleantech remain dominant

## Top 10 global financings in Q1'24


1. **H2 Green Steel*** — $5.2B, Stockholm, Sweden — Cleantech — *Early-stage VC*
2. **Anthropic** — $4B, San Francisco, US — AI & ML — *Series D*
3. **IM Motors** — $1.1B, Shanghai, China — Cleantech — *Series B*
4. **YueZhiAnMian** — $1B, Beijing, China — AI & ML — *Series B*
5. **Yuanxin Satellite** — $940.9M, Shanghai, China — Spacetech — *Series A*
6. **Ascend Elements** — $704M, Westborough, US — Cleantech — *Series D*
7. **Huakong Power** — $696.2M, Beijing, China — Cleantech — *Early-stage VC*
8. **Figure AI** — $675M, Sunnyvale, US — Robotics — *Series B*
9. **MiniMax AI** — $600M, Shanghai, China — AI & ML — *Series B*
10. **Monzo** — $431.1M, London, UK — Fintech — *Series I*

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024. *H2 Green Steel's financing was a combination of debt, grants and equity in a growth-stage transaction type that is increasingly seen in capital-intensive, cleantech sectors.

# In Q1'24, US VC-backed companies raised $36.6B across 2,882 deals



# Despite large AI deal, VC investment in US falls amid exit drought

**VC investment in the US fell from $40.1 billion in Q4’23 to $36.6 billion in Q1’24, while deals volume dropped from 3,457 to 2,882 over the same period. VC investors continued to pull back from the largest deals given the protracted lack of exit opportunities; during Q1'23, there were only 38 Series D+ rounds in the US compared to 239 in all of 2024. As VC investors continued to show caution when making large deals given the protracted lack of exit opportunities. AI and cleantech accounted for the biggest deals of the quarter, with AI firm Anthropic raising $4 billion, a $704 million raise by battery company Ascend Elements, and a $675 million raise by Figure AI.**

## Slowing deals activity trickling down to earlier deal stages as IPO door remains closed

The IPO window in the US remained mostly closed in Q1’24, leading to a continued slowdown in deals activity. While later stage deals remained the most affected, in Q1’24, the slowdown started to become more noticeable at Series B and earlier deal stages.

Exit activity in the US remained very dry during Q1’24. Social media company Reddit was the most notable exception; the company raised $748 million in its debut on the NYSE in March, with shares up 48% at the end of the first day of trading — although the share price has moderated in the days since. While Reddit held a successful IPO, it is not yet being viewed as a clear indicator of the overall IPO window reopening but could be an encouragement for other companies of a similar maturity looking to test the IPO waters. Biotech companies also saw some success in the IPO markets during Q1’24 — although at much smaller deal sizes.

## AI investment remains red hot

Interest in AI remained very strong among VC investors in the US in Q1’24, led by the $4 billion raise by Anthropic. VC investors showed a willingness to write cheques even for small percentages of companies in order to get into the game. This investment frenzy is likely to slow in the near term as the largest players continue to gain traction and others lose steam. Interest in AI will likely begin to shift towards companies with unique value propositions, including industry specific solutions and tools and to companies able to prove the value of their tools in terms of enhancing productivity or reducing headcount.

## Investors pulling back on bridge financing driving more cost cutting

In 2023, startups looking for bridge financing were a relatively common occurrence given the number of companies looking to delay new funding rounds given the downward pressure on valuations and those pressing pause on their IPO plans amid the dry exit environment. In Q1’24, existing investors pulled back from making such investments, putting more pressure on companies within their portfolios to cut costs in order to extend the runway of any previously received funding.

## Percentage of down rounds continues to tick up

During Q1’24, the number of announced down rounds continued to tick up in the US, extending a trend that has been building gradually over the last eighteen months. This trend has been somewhat slow to materialize given that companies are not quick to publicize cuts to their valuations, particularly when provided by existing investors.

Companies with modest valuation gains as part of recent funding rounds have viewed these raises much more positively than they may have in previous years where valuations often doubled or tripled with each new funding round. With little indication that the VC market will get back to the blockbuster valuations seen during 2021 and early 2022, these results may be becoming something of a new normal.

# Despite large AI deal, VC investment in US falls amid exit drought cont'd.

### M&A activity remains soft as regulatory issues come to the forefront

M&A activity remained stalled during Q1'24, driven by a number of factors, including higher interest rates making it more expensive for companies to conduct acquisitions. The regulatory climate also kept M&A activity subdued during the quarter, *with a number of deals blocked by regulators in Q4'23 and Q1'24*. This could have an impact in terms of mega mergers, given the lack of certainty over which deals might be approved.

### US continues to focus on developing onshore semiconductor manufacturing capacity

In Q1'24, the US showed its continued commitment to creating a robust environment for onshore innovation — in particular, incenting US-based semiconductor manufacturing as part of the 2022 CHIPS Act. During the quarter, the government announced $8.5 billion in funding to Intel to support the development of chip manufacturing facilities and research centers in four US states. These and similar investments are expected to help drive long-term innovation capacity in the US.

### Trends to watch for in Q2'24

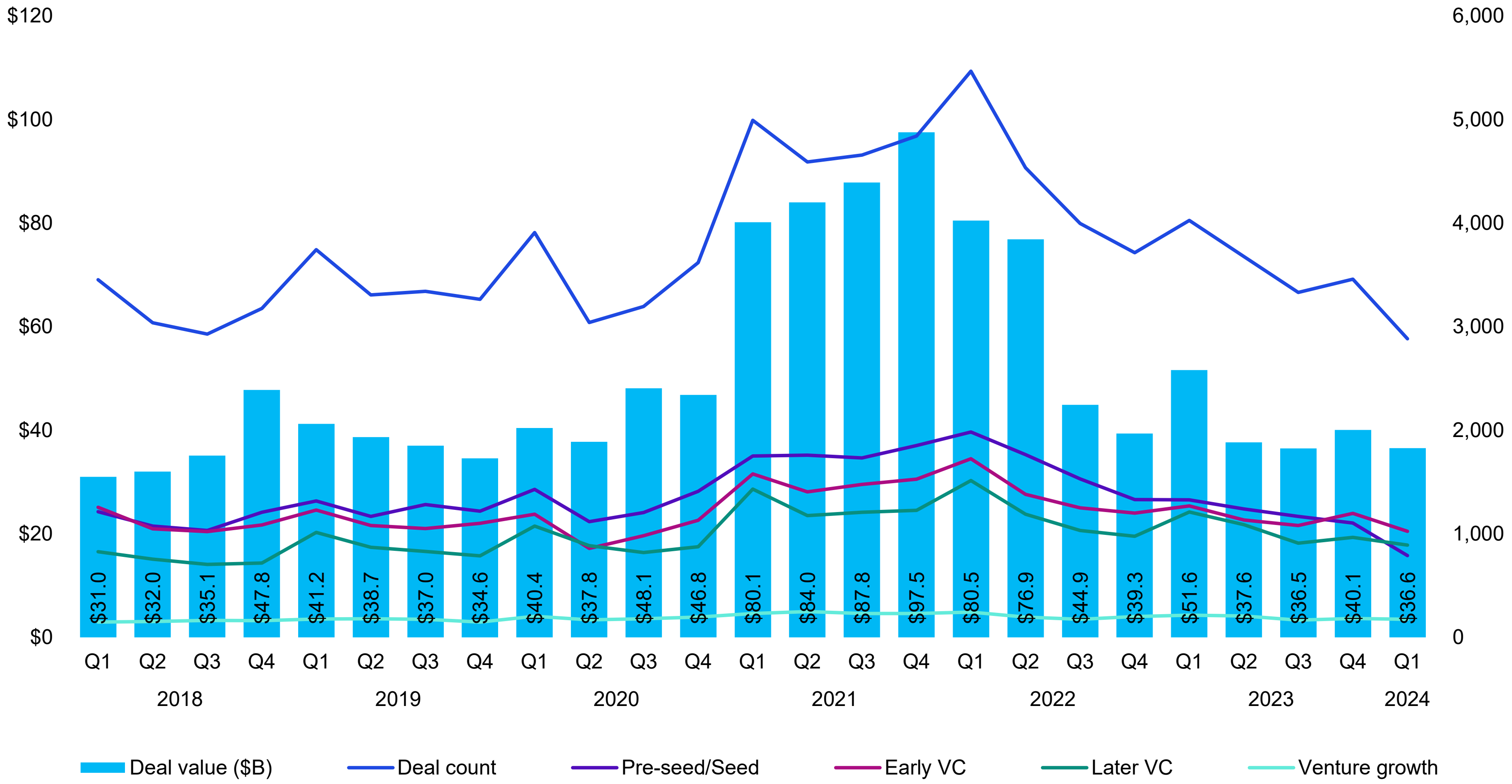
Heading into Q2'24, VC investors are expected to concentrate their bets on quality assets, focusing more on what ROI new dollars can generate rather than on providing life support capital to businesses that have been unable to perform. This will likely lead to a growing number of companies going out of business as a result of running out of cash due to the inability to raise funding. M&A activity is also expected to pick up in Q2'24 as startups without a clear path to IPO or the ability to raise funds look to sell.

While AI has taken a lot of attention from VC investors in recent quarters, interest in quantum computing solutions is expected to see renewed interest over time. Software is also expected to remain attractive to investors, particularly companies with business models predicated on recurring revenue streams.

# A new plateau has been established… or has it?

## Venture financing in the US

2018–Q1'24



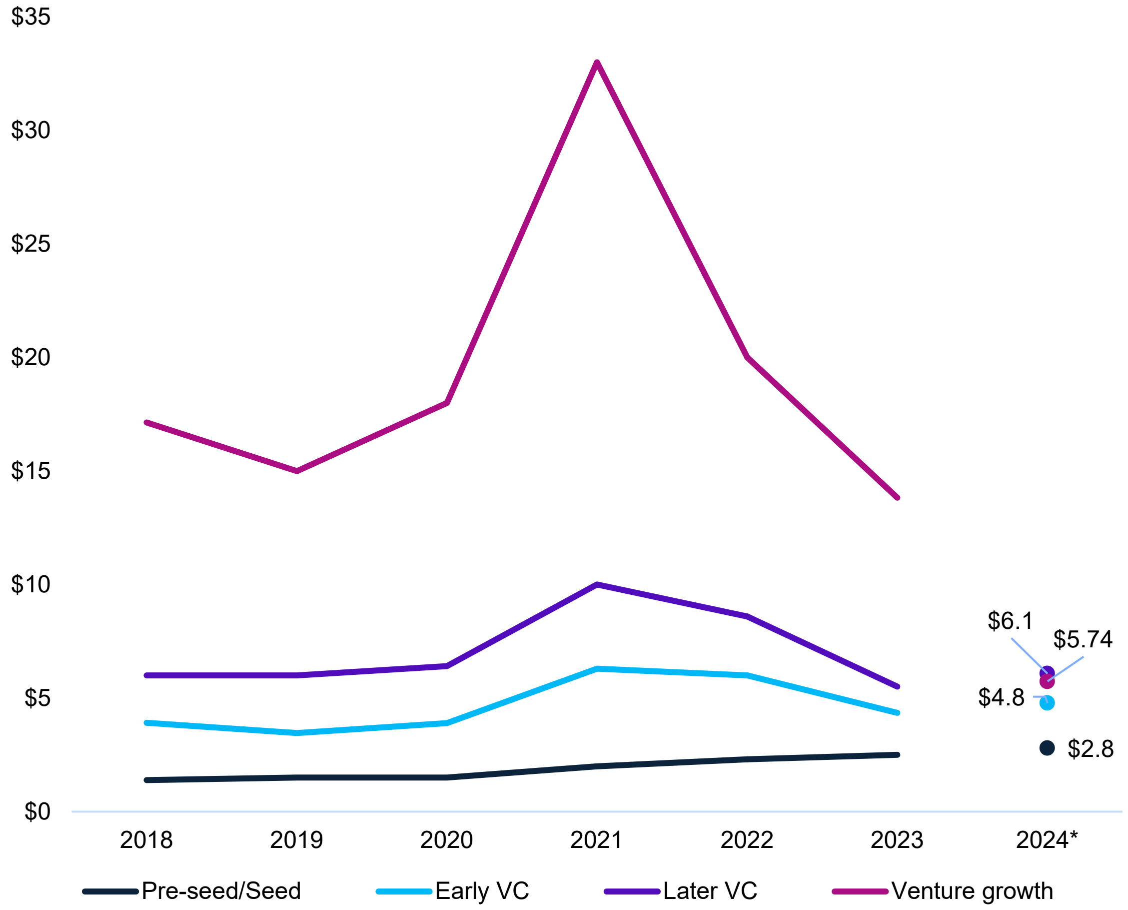

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

Looking at investment in the US over the past five years, it appears that Q1'22 through Q2'22 was a significant outlier period, as the level of investment in the seven quarters following has been quite consistent with the traditional levels of financing seen previously. However, key risks still remain, as highlighted previously in the global section. What differentiates the US is the degree to which domestic economic resilience is also being juxtaposed against headwinds such as potentially increasingly stringent regulations, and tailwinds such as lucrative contracts and mandates to curb emissions and reshore key manufacturing hubs. That won't necessarily translate directly into support for venture-backed companies, but it opens up avenues to additional lines of business or even exit prospects. Within the US, all of those factors are either in play or look set to come into play, with some changes in specifics depending on the results of an election year. However, the larger overriding trends should remain intact, leaving venture dealmakers with plenty of risks yet balanced with opportunities.

# Down rounds remain elevated proportionally while the early stage holds strong

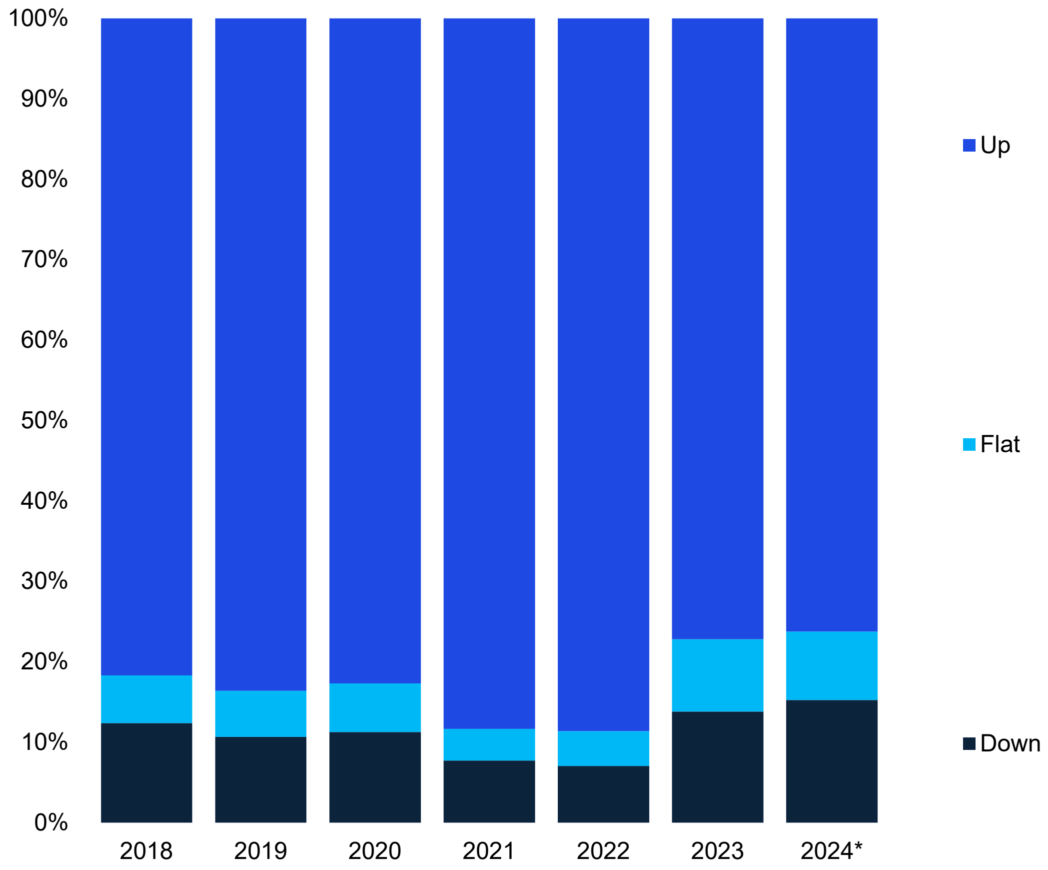
## Median deal size ($M) by stage in the US

2018–2024*




## Up, flat or down rounds in the US

2018–2024*

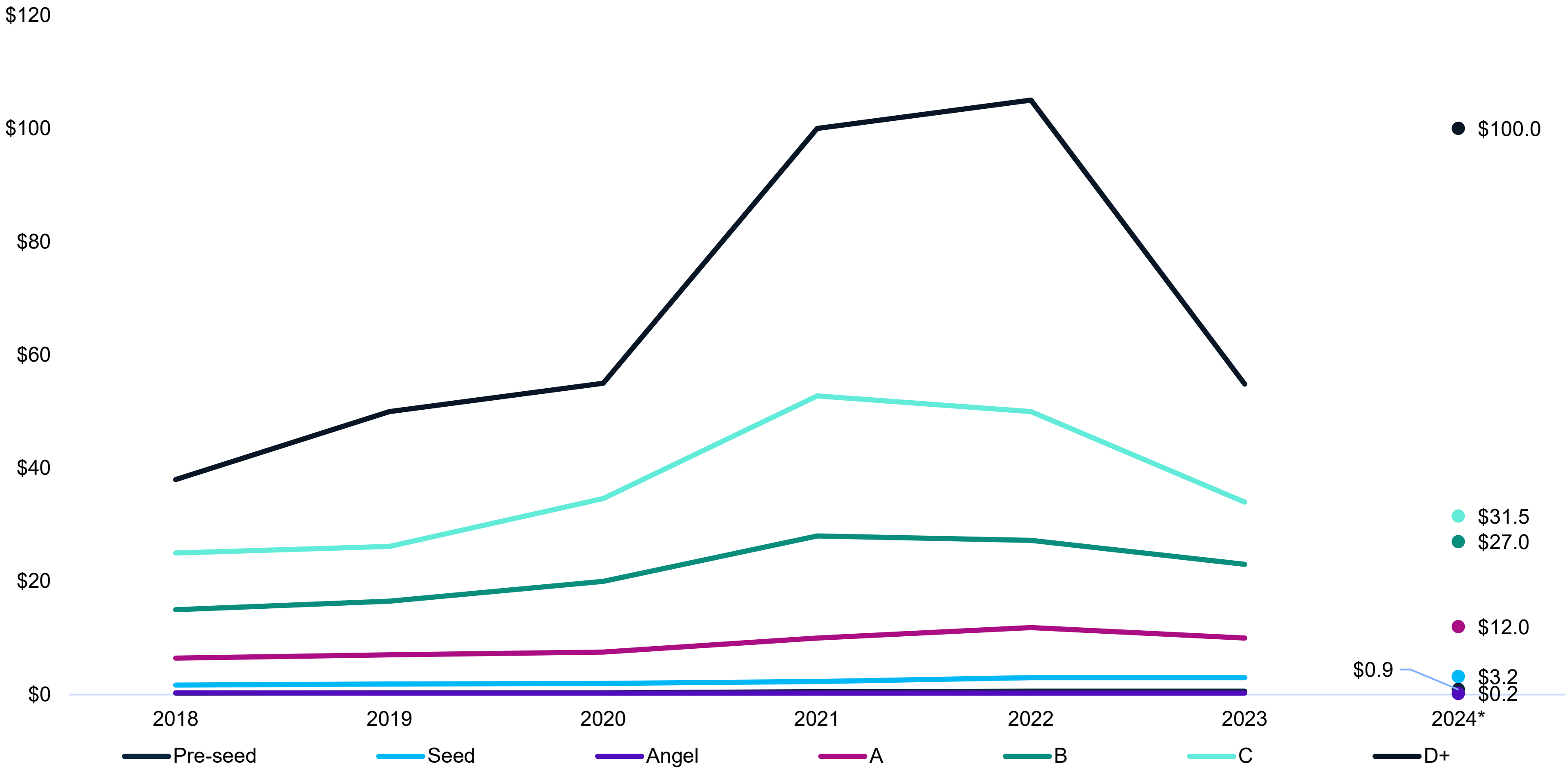



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# After a downturn, figures remain resilient at minimum

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

2018–2024*




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.
Note: Figures rounded in some cases for legibility.

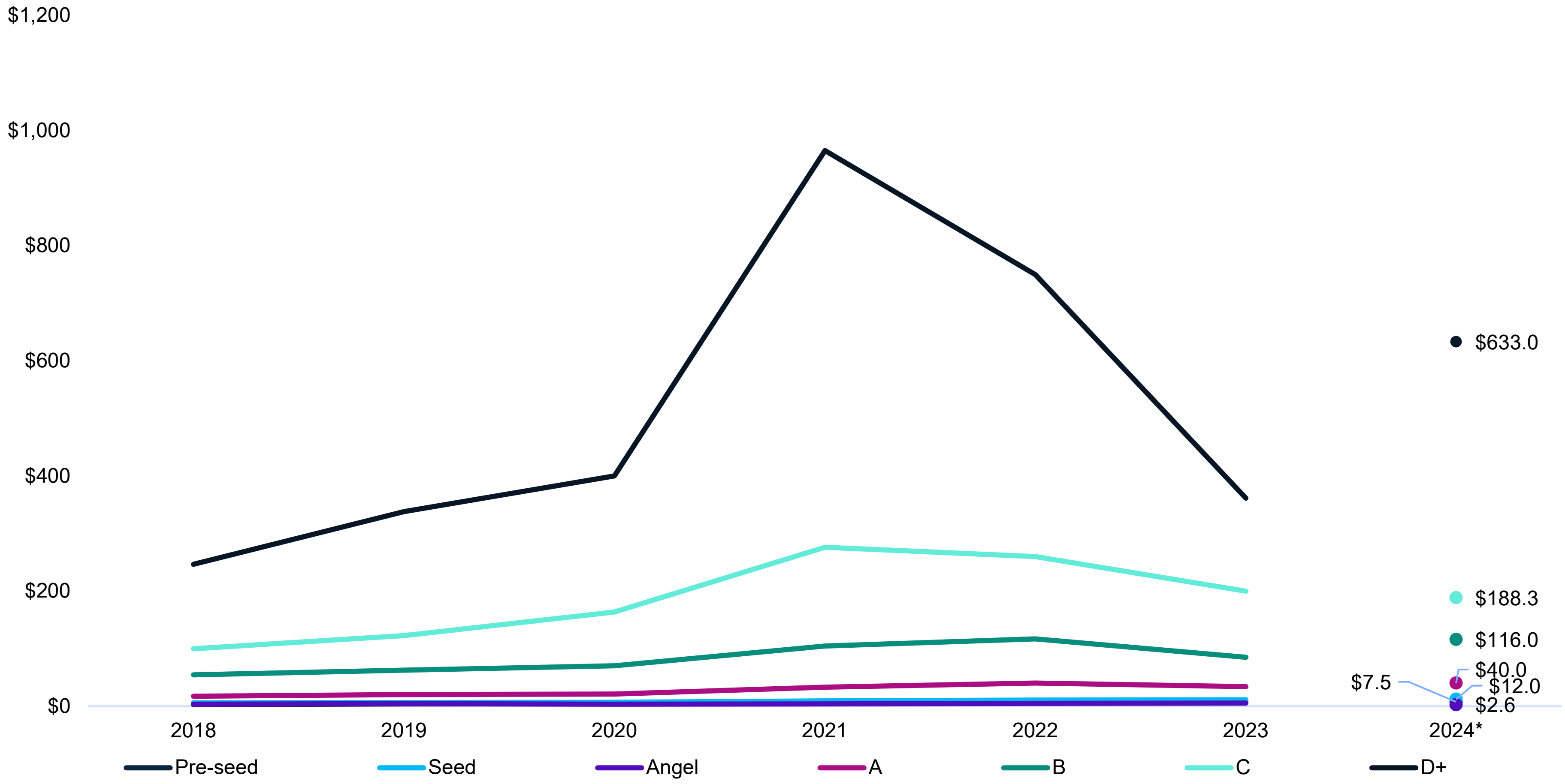
"General partners at first time funds are having a hard time raising money in the current climate. You need to have a glowing record — a clear successful track record — to raise funds right now. And even then, young firms are having a difficult time raising second and third funds because they just haven't had the runway of success that investors need to trust them with their diminishing allocations in the VC space."

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

# Even the late stage sees a rebound in valuations

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

2018–2024*




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.
Note: Figures rounded in some cases for legibility. 2024* pre-seed and angel metrics are based on population sizes of n < 30.

"Investors aren't looking to take risks at the moment. And a lot of that probably comes back to valuations because they've shifted a lot. Fundamentally there's been a reset and that has ground a lot of deals activity to a halt because investors are realizing they can't get the returns they were getting before. But there are still opportunities out there. The businesses that are getting funded are high quality businesses."

**Sam Lush**
Director, Private Equity Group
**KPMG in the US**

KPMG Private Enterprise

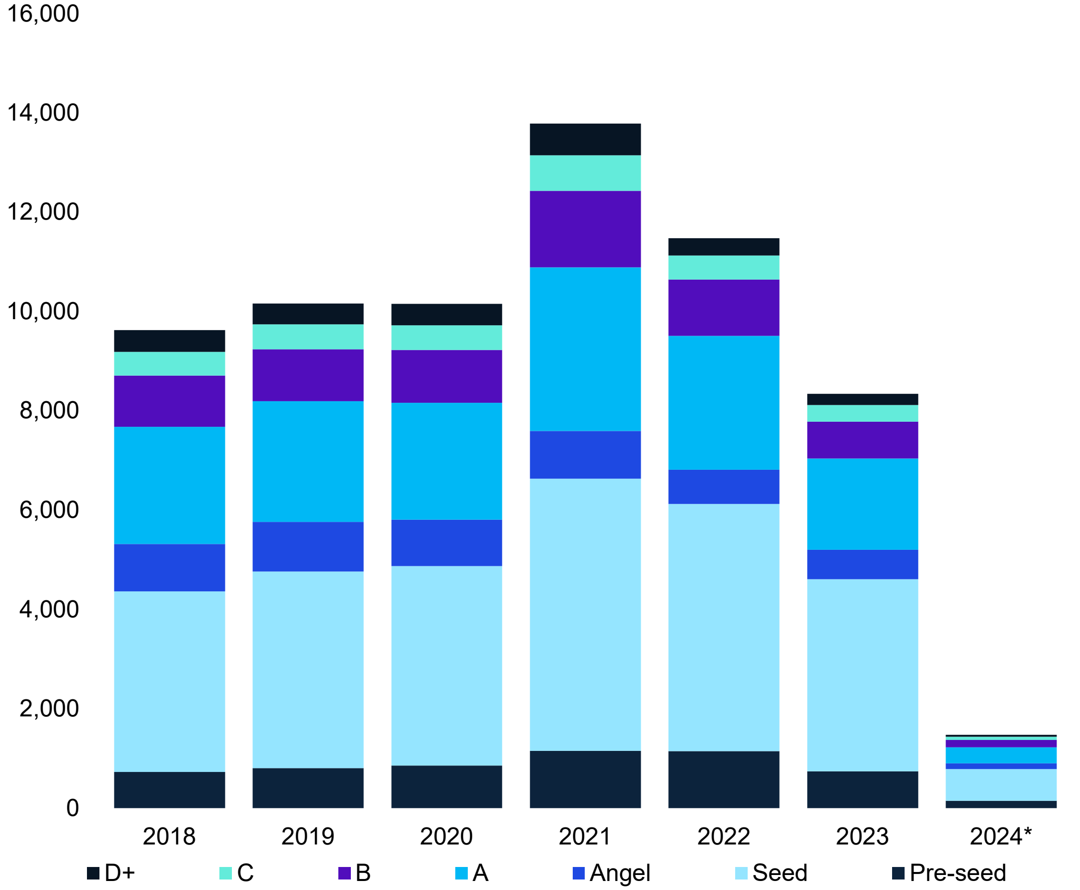


#Q1VC

# Proportions across both deal count & value normalize

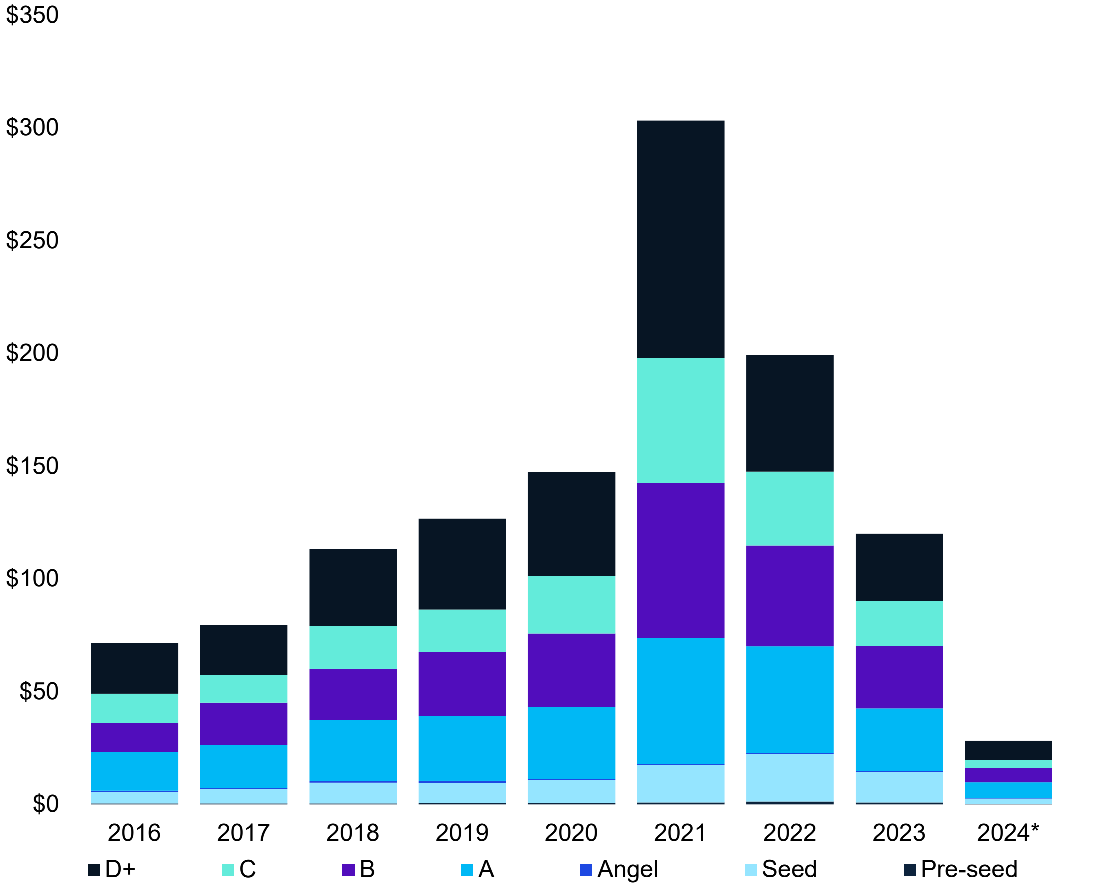
## Deal share by series in the US

2018–2024*, number of closed deals




## Deal share by series in the US

2018–2024*, VC invested ($B)

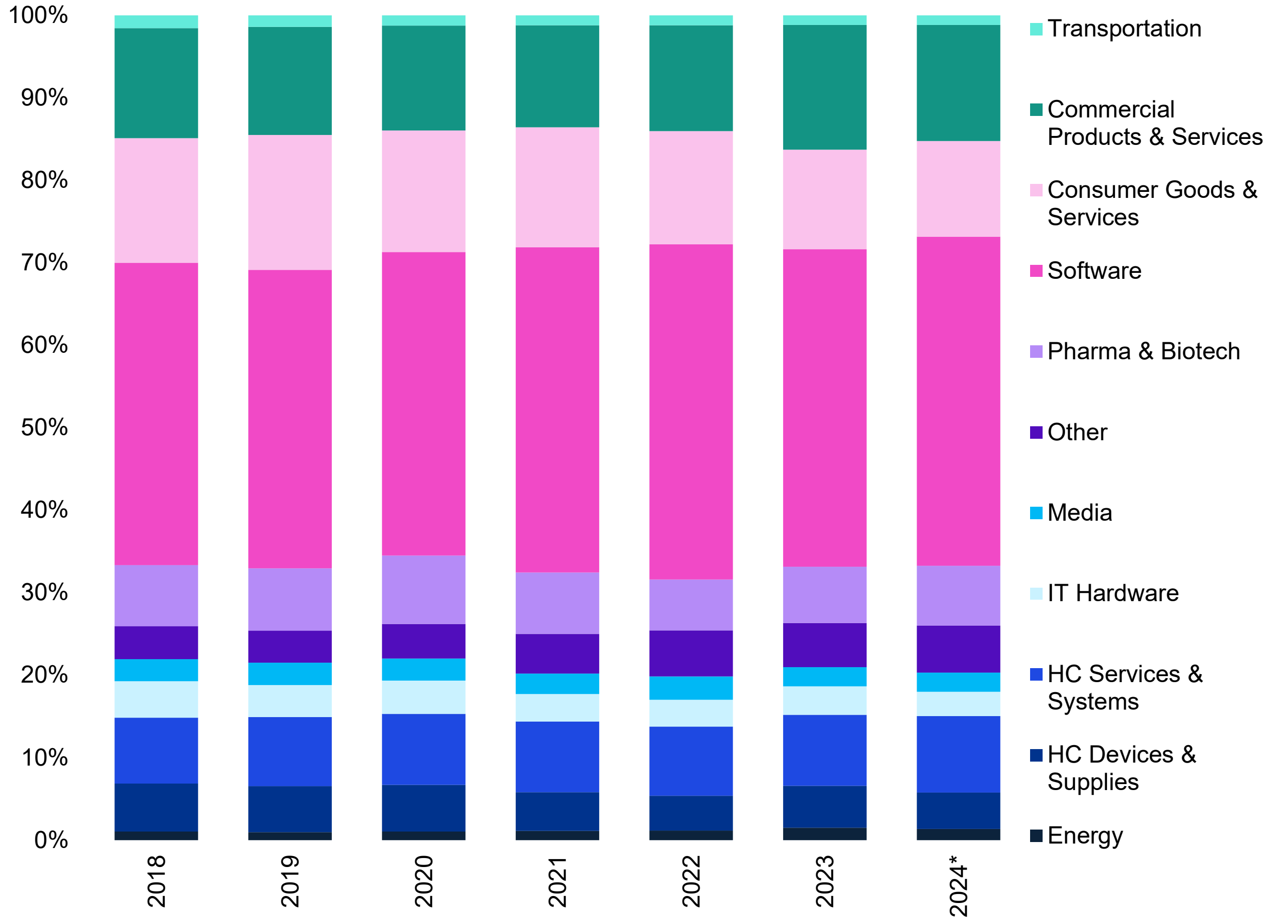



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Perceived recession-resilient areas continue to draw investment

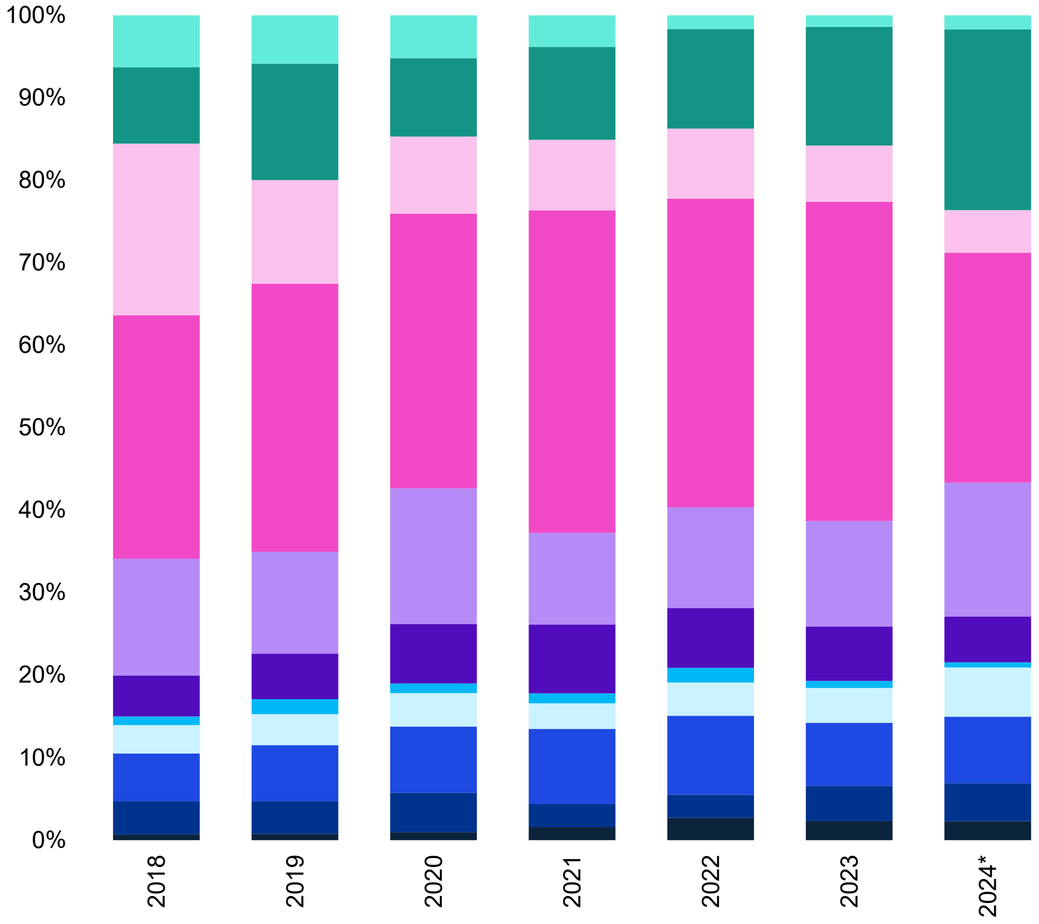
## Venture financing by sector in the US

2018–2024*, number of closed deals




## Venture financing by sector in the US

2018–2024*, VC invested ($B)

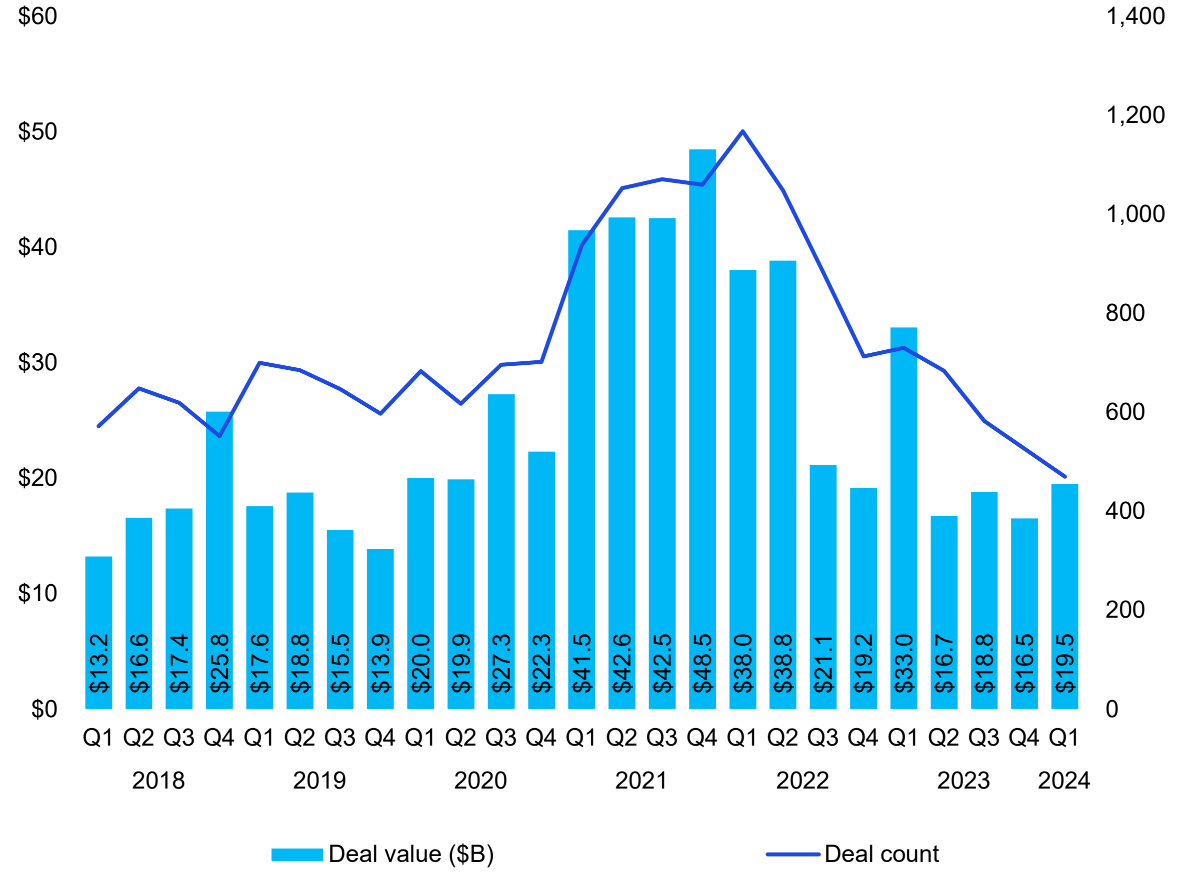



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

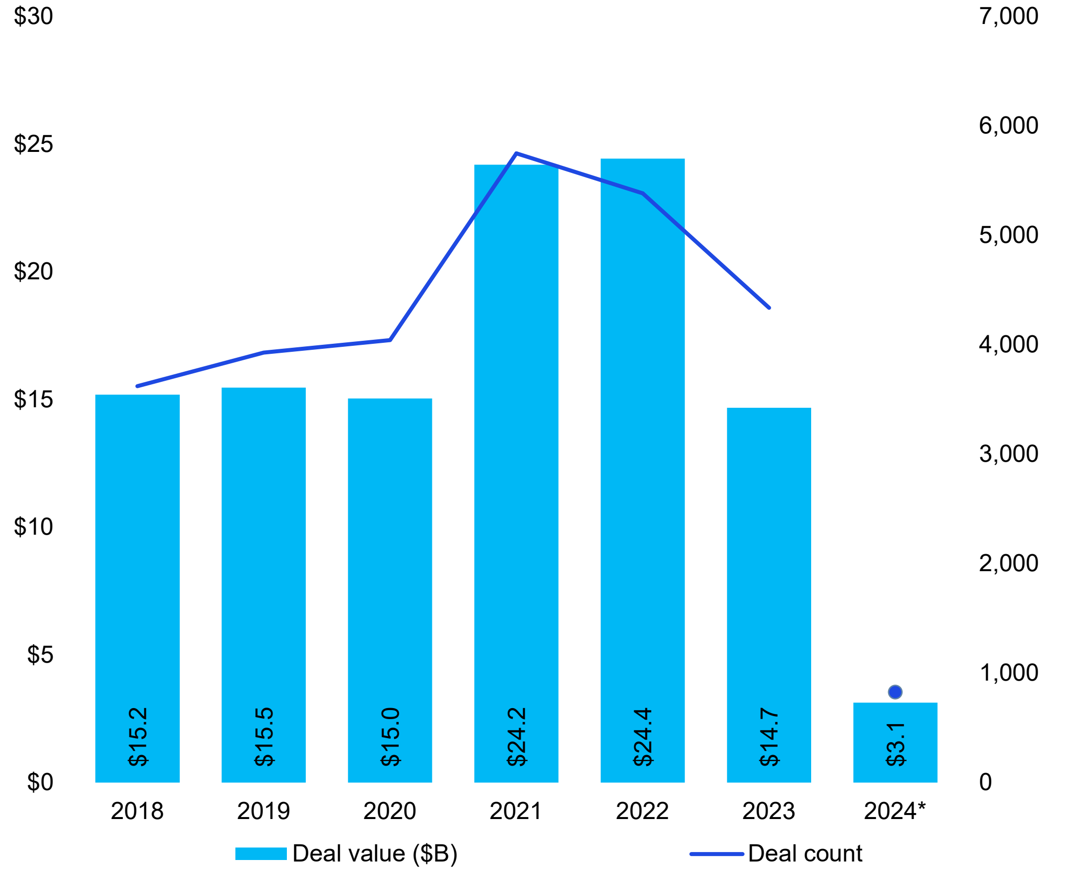
KPMG Private Enterprise

# Corporates remain active in line with broader trends

## Corporate participation in venture deals in the US
2018–Q1'24




## First-time venture financings of companies in the US
2018–2024*

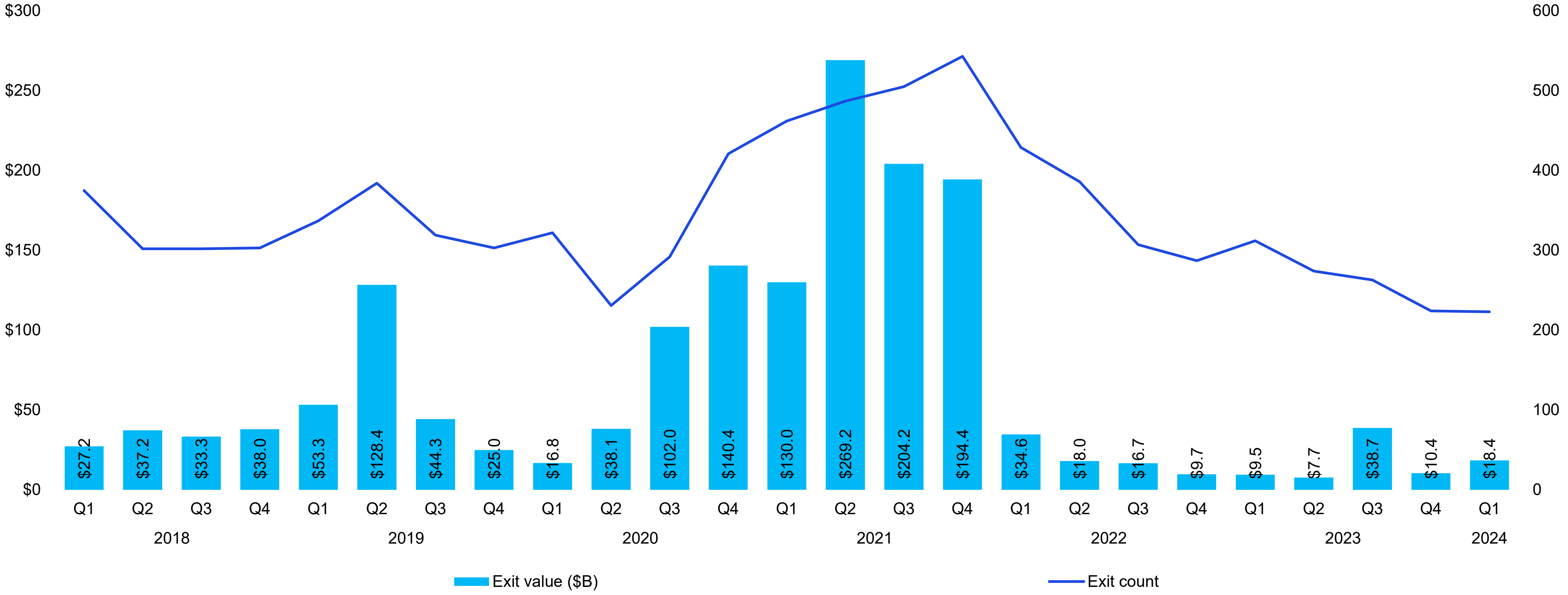



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# The prolonged exit slump remains a key concern

## Venture-backed exit activity in the US

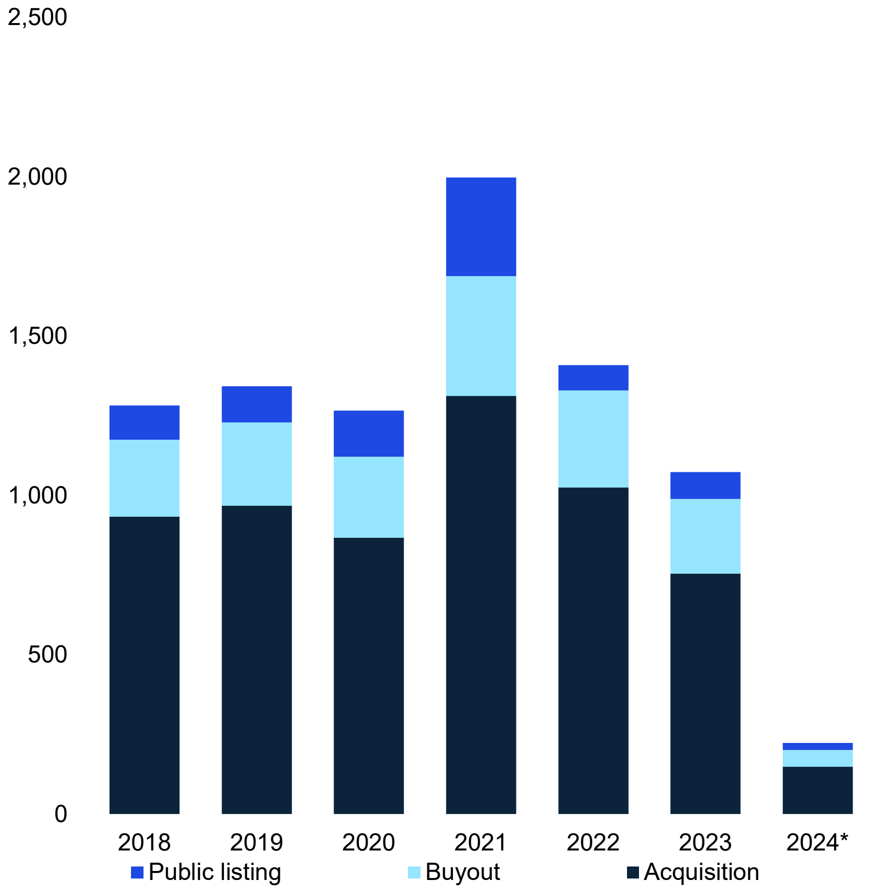
2018–Q1'24



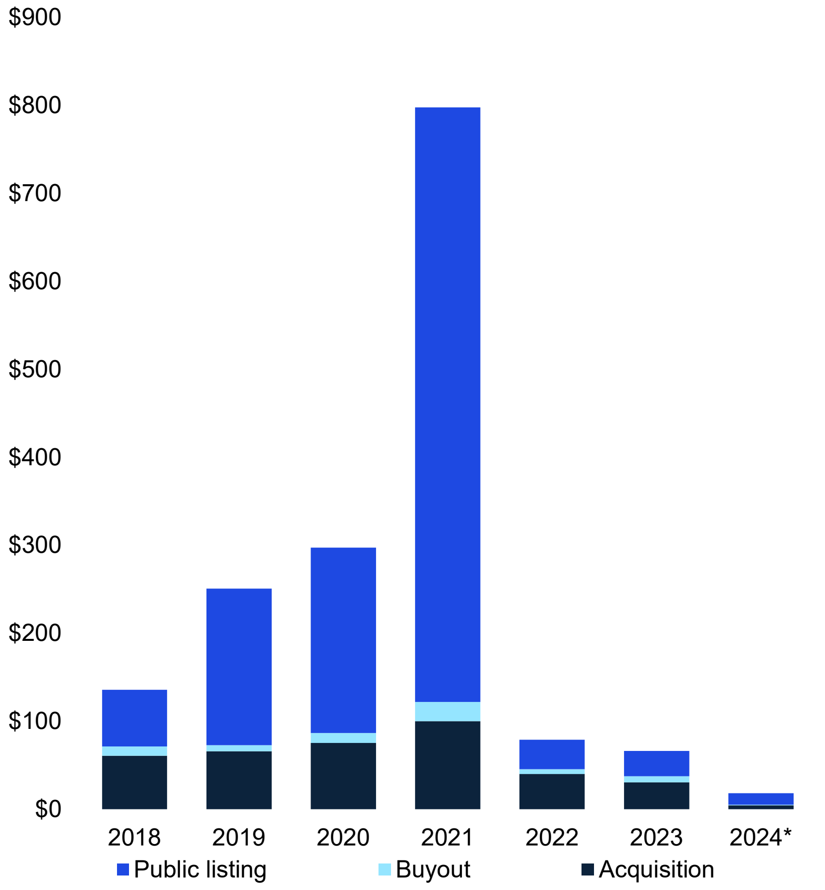

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Investors continue to hope for an IPO window to open further

## Venture-backed exit activity (#) by type in the US
2018–2024*




## Venture-backed exit activity ($B) by type in the US
2018–2024*




"We're seeing a number of interesting biotechs get out into the market and they've been pricing above range and even above a revised range in some cases. So, I think healthcare, life sciences, and pharma were a bit of a bright spot in the IPO arena this quarter. More broadly, however, it's still very much, 'Let's wait and see.' With an election later in the year, there's probably a narrow window for getting out in the public markets this year. If companies don't get out by mid-Q3'24, the election will probably put on a bit of a pause on things."

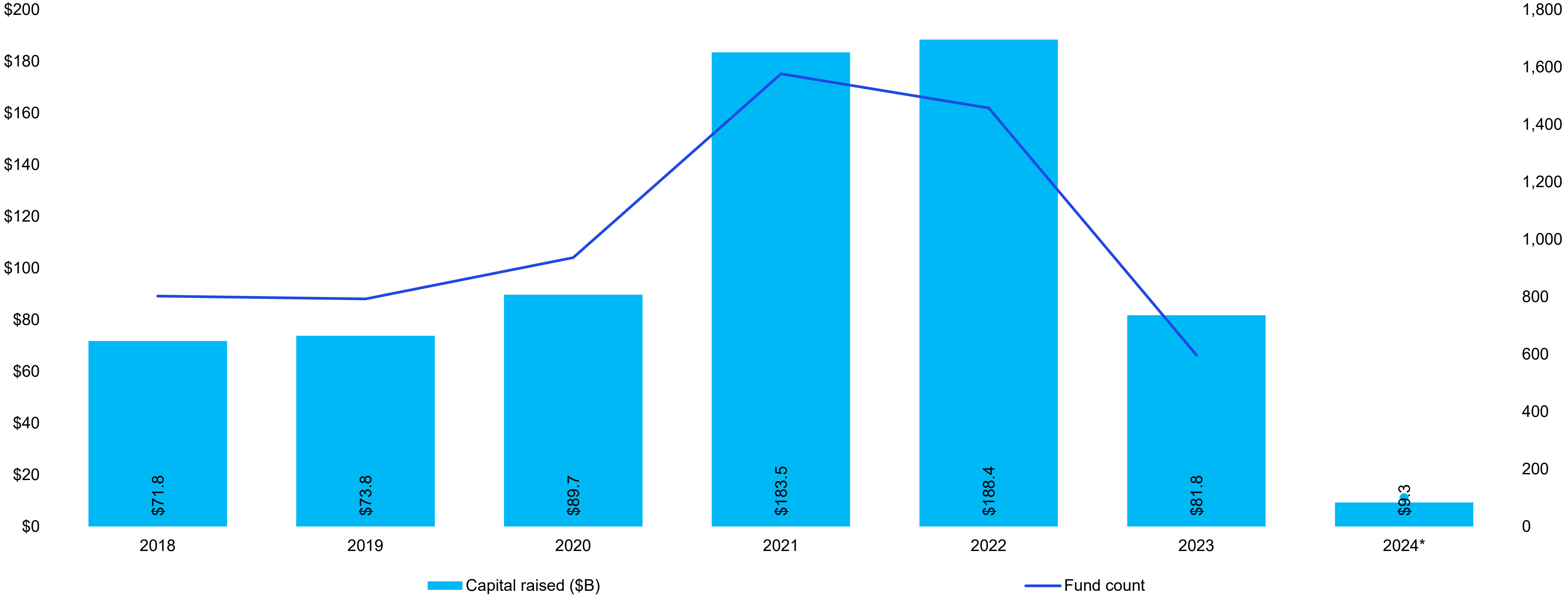
**Scott Burger**
Partner
**KPMG in the US**

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Fundraising remains a trickle as LPs assess market conditions

## US venture fundraising

2018–2024*

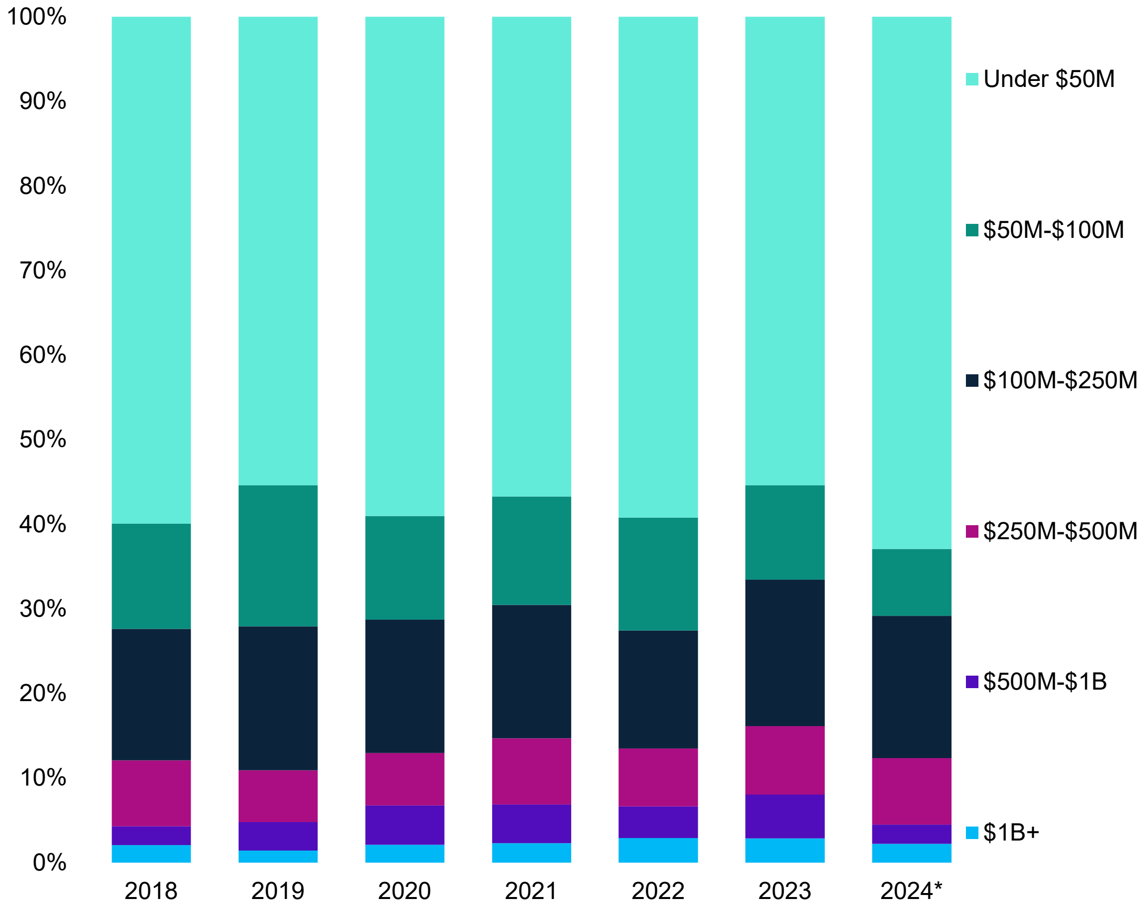



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# The middle of the market is benefiting from LP caution

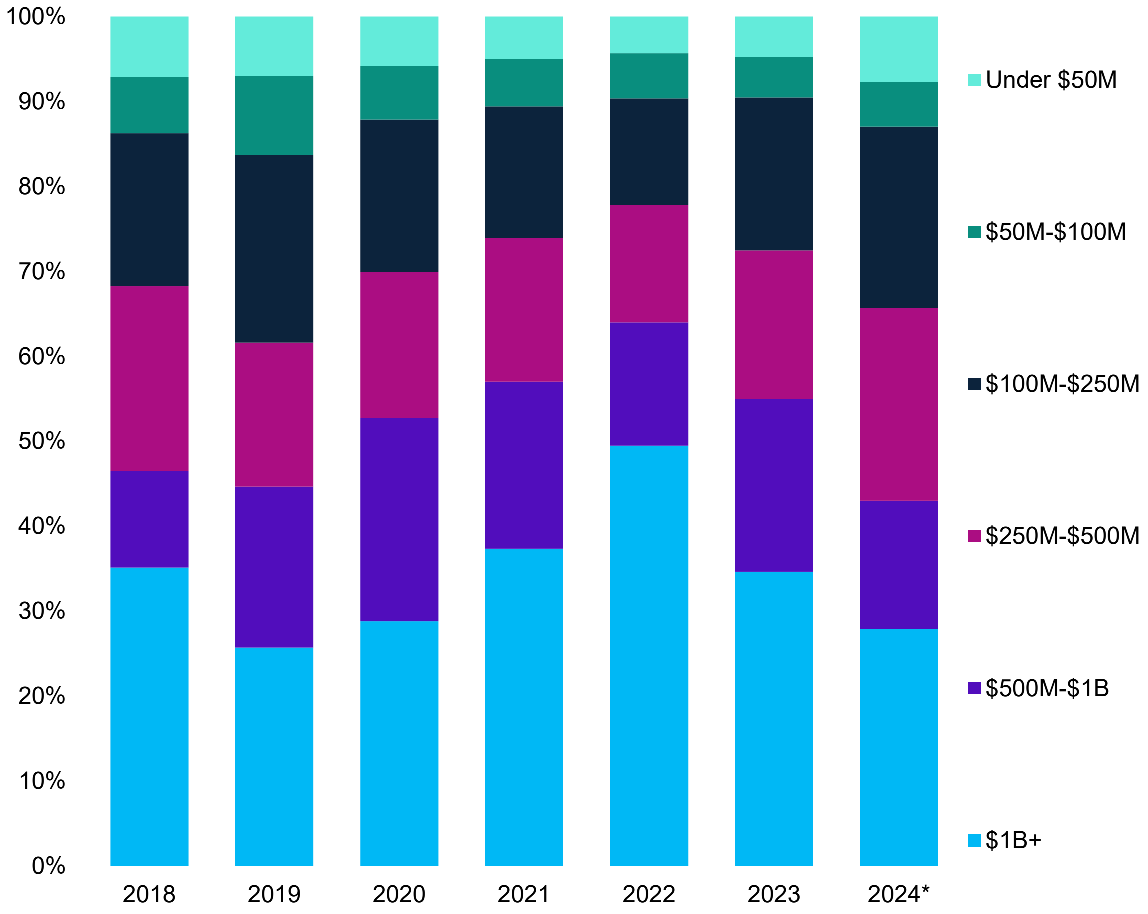
## Venture fundraising (#) by size in the US

2018–2024*




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

2018–2024*

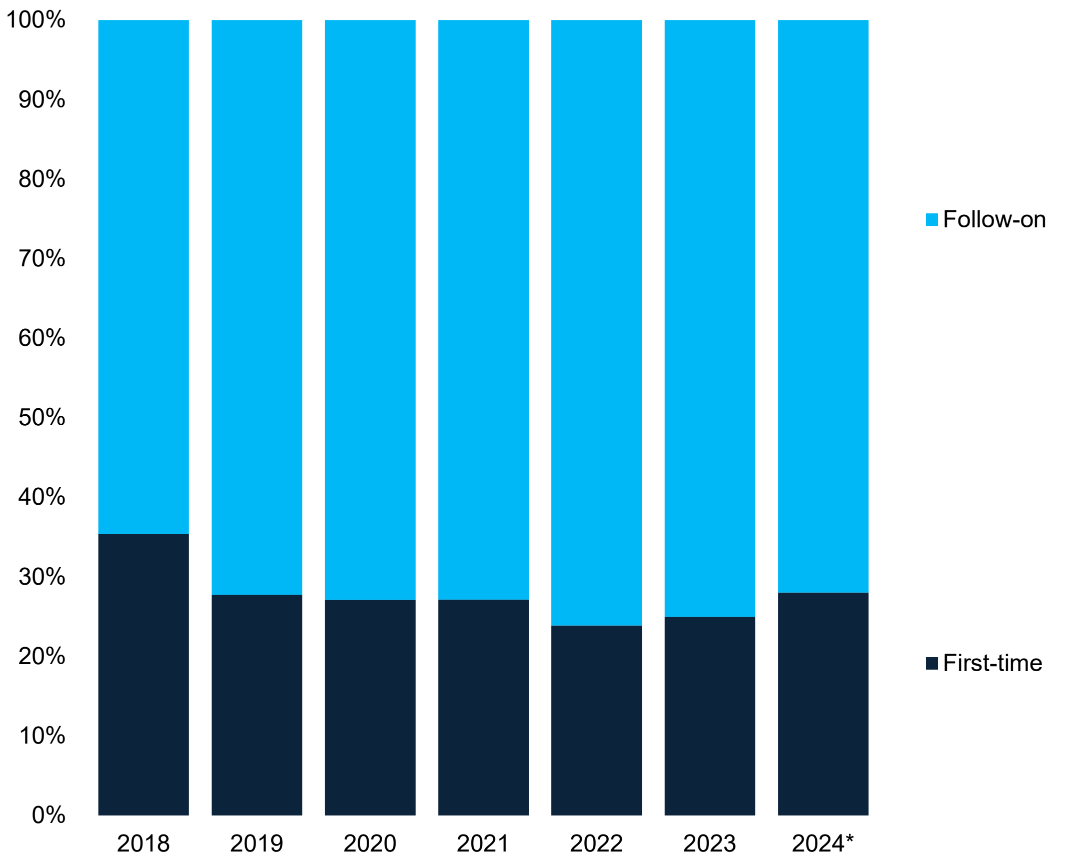



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# First-time fundraising ticks up to start the year

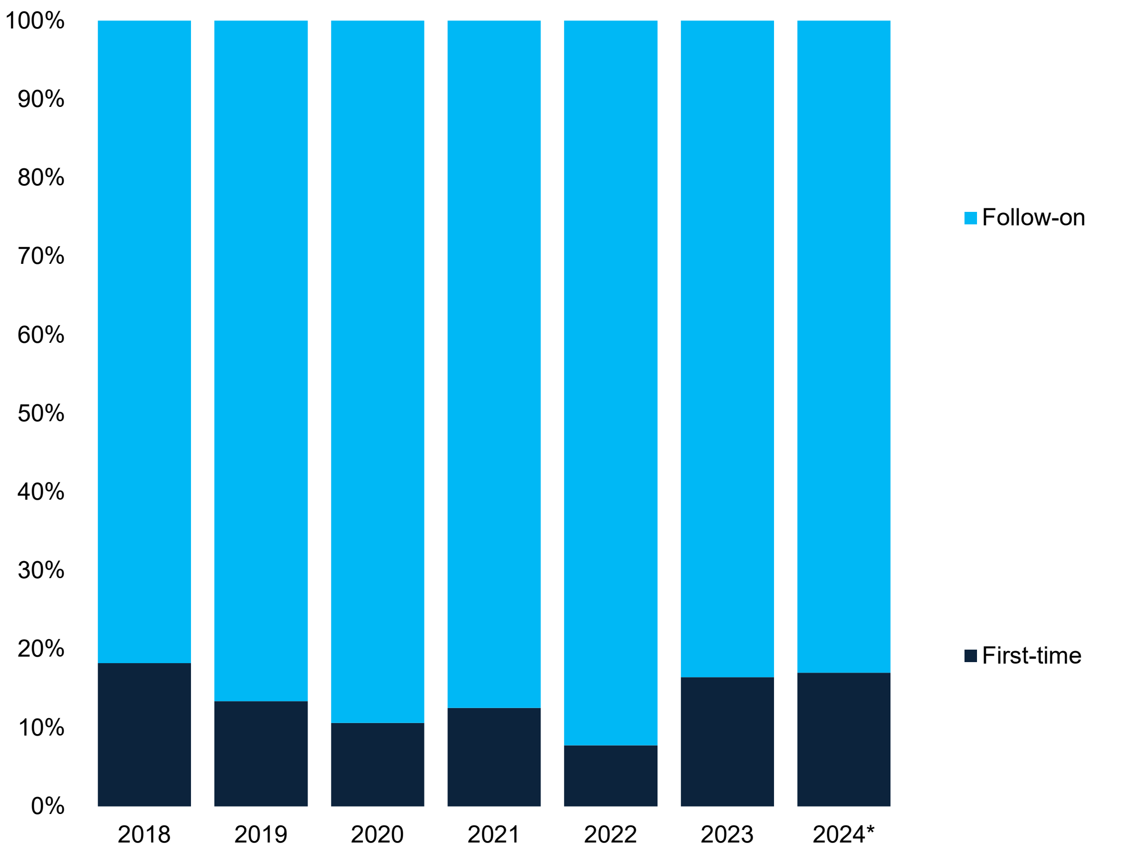
## First-time vs. follow-on funds (#) in the US

2018–2024*




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

2018–2024*




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# In Q1'24, VC-backed companies in the Americas raised $38.2B across 3,205 deals

# VC investment and deals volume both decline in Americas

**VC investment in the Americas dropped from $43 billion across 3,878 deals in Q4’23 to $38 billion across 3,205 deals in Q1’24. No key jurisdiction was immune, with the US, Canada, Brazil and Mexico all attracting lower investment in Q1’24 compared to Q4’23.**

### Health and biotech continue to attract attention from VC investors in Americas

The health and biotech sector continued to see active and healthy VC investment activity in the Americas during Q1’24. In the US, the deal sizes related to biotech acquisitions by pharmaceutical companies have remained reasonable, making them an attractive area for investment even within the current market. This, combined with the very interesting and novel science happening in the space, has led to continued VC investment across a diversity of healthcare verticals.

### Exit environment remains quiet across the Americas; secondary transactions rise

The exit environment remained mostly dry across the Americas in Q1’24. In the US, social media giant Reddit proved the largest exception, holding a successful IPO on the NYSE. Biotech also provided a bright spot for IPO exits, although at much smaller deal values; a number of biotechs had their offerings priced above range or, in some cases, above a revised range. With both IPO and M&A exit routes in an extended period of softness, the secondaries market has picked up considerably in the US, with some startups using secondary transactions in order to provide liquidity to their early investors and employees.

In Latin America, Brazil’s stock market continued to perform exceptionally well in Q1’24, although this performance has not incentivized a fresh round of tech exits as of yet. This likely reflects investor caution and concerns around the profitability patterns of late-stage startups in the country.

### Tale of two startups in the Americas as investors focus on best bets

VC investors continued to take a cautious approach to investing in the Americas in Q1’24, focusing much of their investments on companies that have shown good results and the ability to right size their businesses. At the same time, there’s a growing number of startups that have failed to get meaningful momentum; this is making it increasingly difficult for them to raise funds or to convince their investors to deploy additional capital.

The bar has definitely been raised in terms of what VC investors are looking for. Heading into Q2’24, good companies will continue to get funding, while other startups are going to start falling by the wayside.

### Corporate investment rises in the Americas

CVC investment in the Americas increased from $18.7 billion across 609 deals in Q4’23 to over $20 billion across 549 deals in Q1'24. This rise was driven primarily by the US, where CVC investment rose from $16.5 billion to $19.5 billion quarter-over-quarter. The strong increase in CVC in the US likely reflects the ongoing interest of corporates in the AI space. In particular, large tech giants continued to pour money into the AI space — although not all of this funding was in the form of VC investment. During Q1’24, Microsoft announced that it was hiring the cofounder of AI-powered chatbot company Inflection and other team members; Microsoft also announced a major partnership with France-based Mistral AI during the quarter. This occurred at the same time that Microsoft faced scrutiny from EU antitrust regulators related to its investment in OpenAI.

In Brazil and Mexico, some corporates have increasingly prioritized internal innovation, focusing on creating and co-creating opportunities using their own R&D teams rather than by making external investments.

# VC investment and deals volume both decline in Americas, cont'd.

### VC investors in Brazil focusing funds on companies with strong paths to profitability

VC in Brazil dropped from $532 million to $341 million between Q4'23 and Q1'24, although deal volume remained almost even. CVC investment also dropped dramatically during the same period, from $268 million down to just $62 million quarter-over-quarter. The declines likely reflect a mix of factors, including VC investors shying away from making large deals given the uncertain geopolitical environment and corporates turning their attention to internal innovation during Q1'24.

Management firms and VC funds specializing in Brazil continued to have a significant amount of dry powder at their fingertips in Q1'24, but showed no hurry to allocate it given perceived mismatches between valuations and deal terms. During the quarter, VC investors concentrated the investments they did make on profitable companies and those with strong paths to profitability. This led to larger Seed stage deals as investors prioritized quality over quantity. Meanwhile, later stage startups hesitated to raise new funding rounds in order to avoid down rounds, focusing their efforts on non-dilutive ways to raise capital, including obtaining bridge and debt financing.

### VC investment in Canada significantly drops quarter-over-quarter

Canada's VC market saw a very slow start to 2024, with VC investment dropping from $1.8 billion to in Q4'23 to just $766.5 million in Q1'24 — the lowest level seen since Q3'18. Deal volume in Canada also plunged, falling from 214 to 148 quarter-over-quarter. Despite the number of CVC deals only dropping from 42 to 35 between Q4'23 and Q1'24, total CVC investment in Canada during the same period dropped significantly — from $1.3 billion to $260 million. This highlights how corporates really pulled back from making large deals during the quarter.

### Fintech remains biggest focus for VC investment in Brazil — other areas are emerging

In Brazil, VC investors continued to focus their efforts primarily in the fintech space during Q1'24, with funding primarily going towards small and mid-sized deals, such as the $41.5 million Series B round by corporate card platform and expense services firm Conta Simples. Retail tech, smartech, healthtech, and edtech were among the other top sectors of investment in Brazil in Q1'24 — although investment in these areas is still relatively nascent compared to investment in fintech. Interest in agtech is also starting to grow in Brazil, with innovation activities to date primarily occurring internally among industry players or on fintechs looking to provide value chain services to industry participants, including farmers.

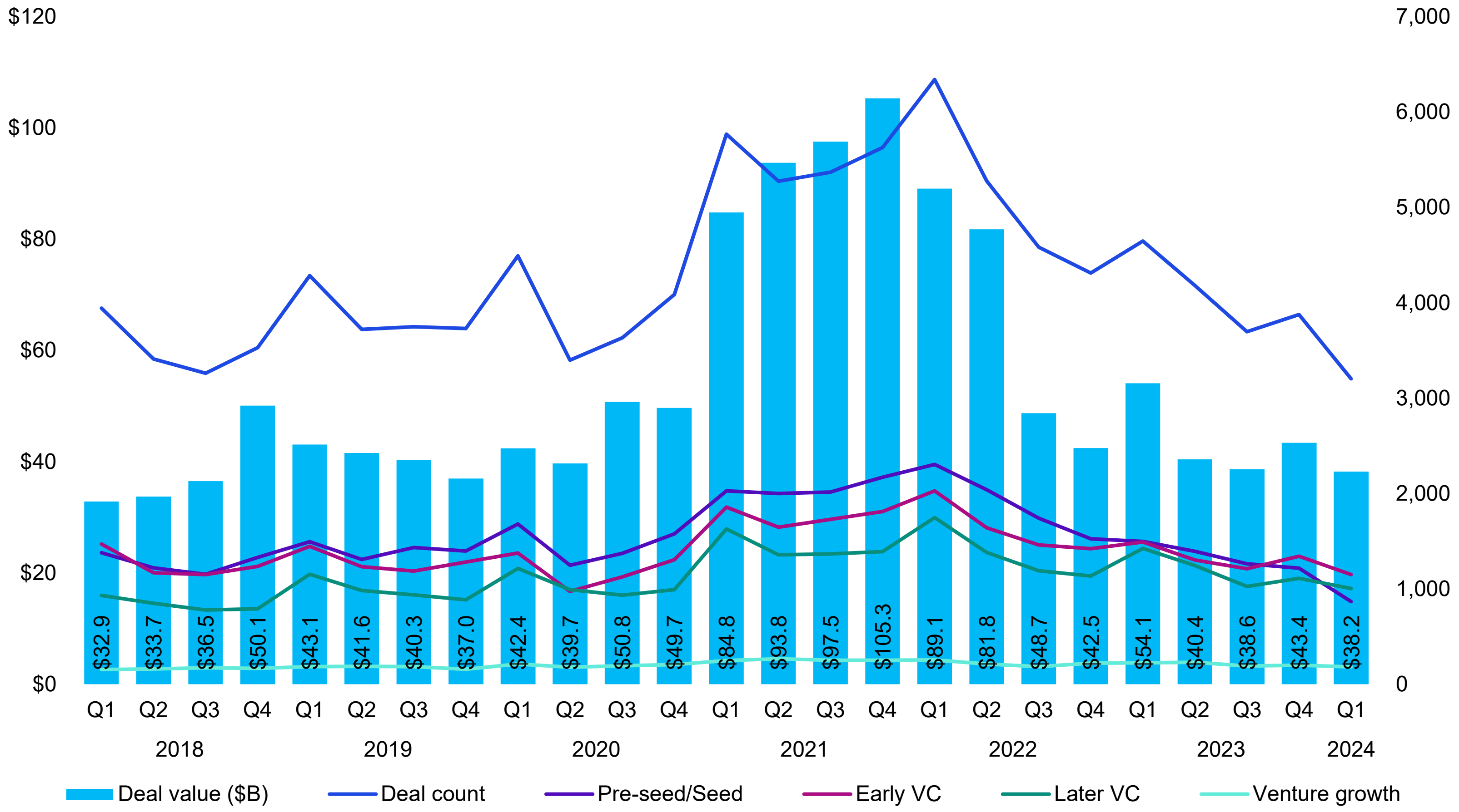
### Trends to watch for in Q2'24

Heading into Q2'24, secondary deal volume and activity is expected to remain robust in the Americas as startups continue to look for ways to provide liquidity to early investors given other exit avenues are quite backed up. All eyes will also be on the US to see whether other companies decide to test the IPO waters in the wake of Reddit's offering. Should IPOs begin to rebound, there could be increasing pressure from LPs for VC firms to deploy capital.

# Dealmaking has evened out for now

## Venture financing in the Americas

2018–Q1'24




Thus far in 2024, the first quarter's tallies show that no further corrections in dealmaking have occurred. Rather, some modest resilience in major venture hubs across the entirety of North and Latin America have led to relative health in the volume and value of financings' flow, compared to historical tallies.

… **dealmaking shows all signs of having evened out;** 2022 took the brunt of the plunge in financing activity, **and now figures have steadied although an air of caution is shown in some metrics still.**

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

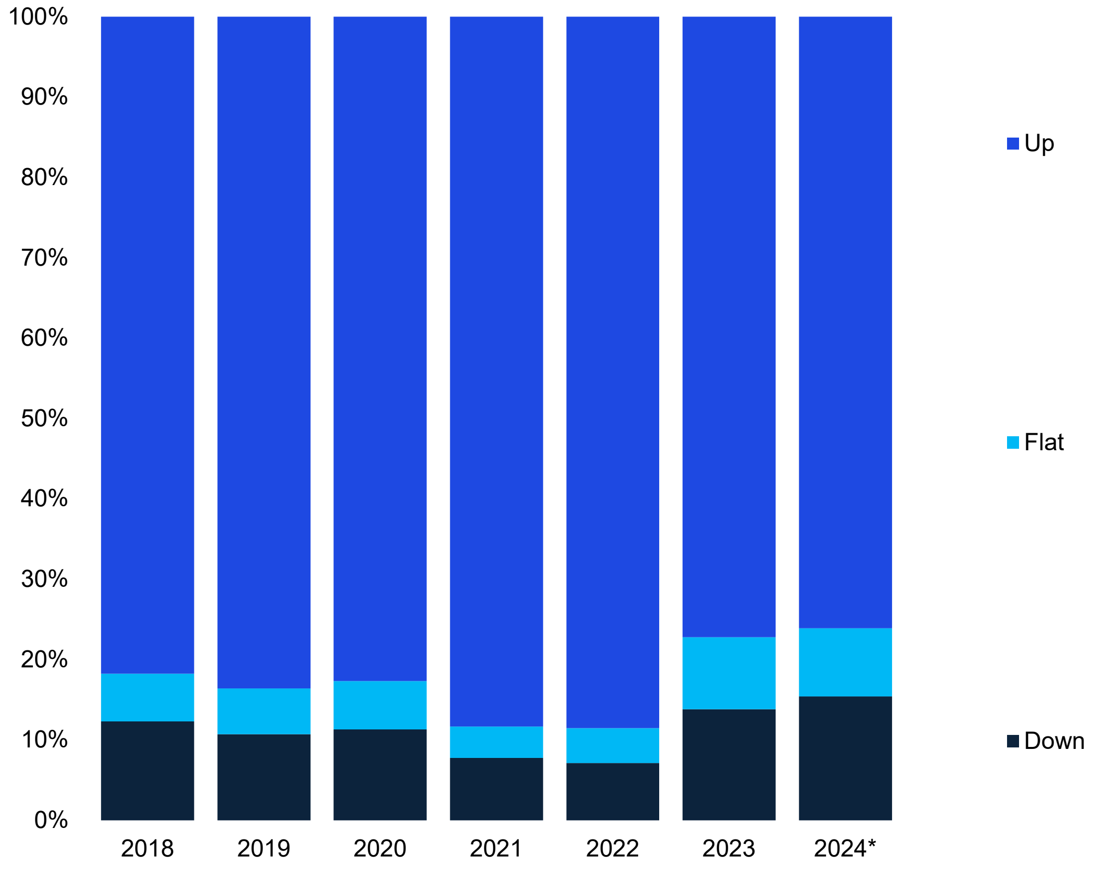
# Down & flat rounds still remain at high proportions

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

2018–2024*


## Up, flat or down rounds in the Americas

2018–2024*

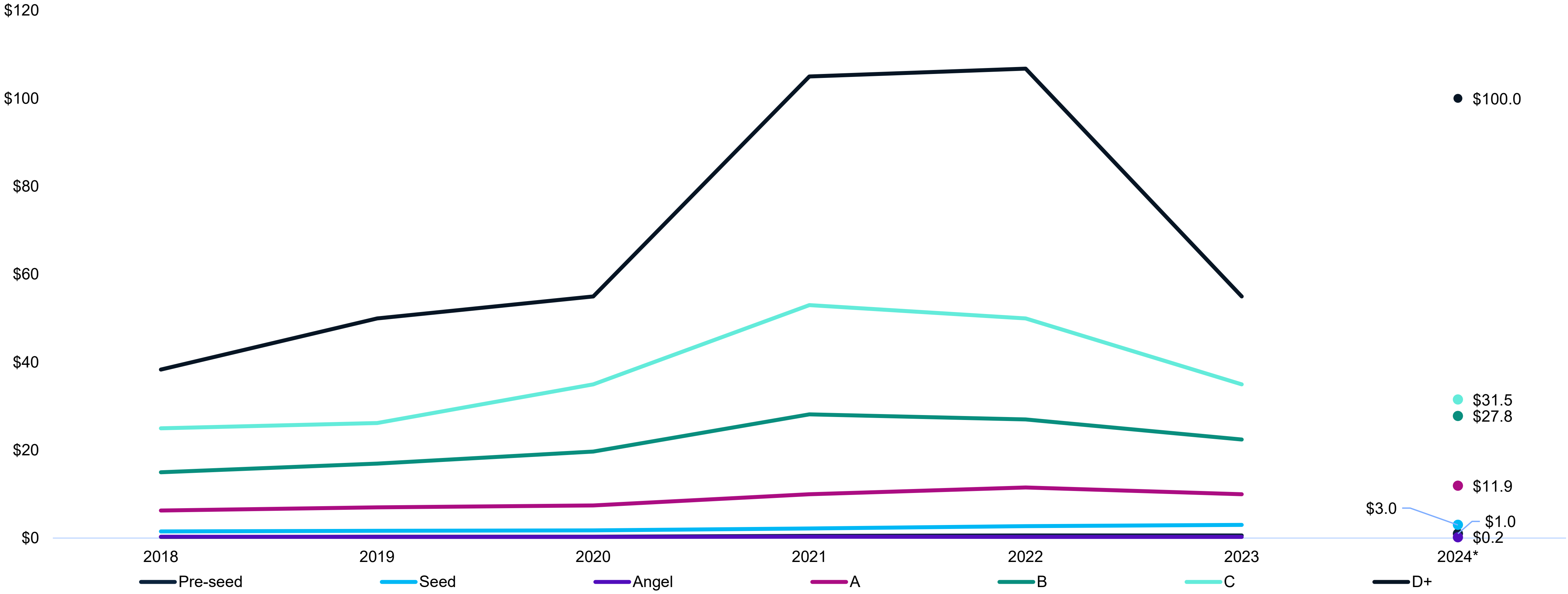



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Financing metrics also show signs of resilience at minimum

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

2018–2024*

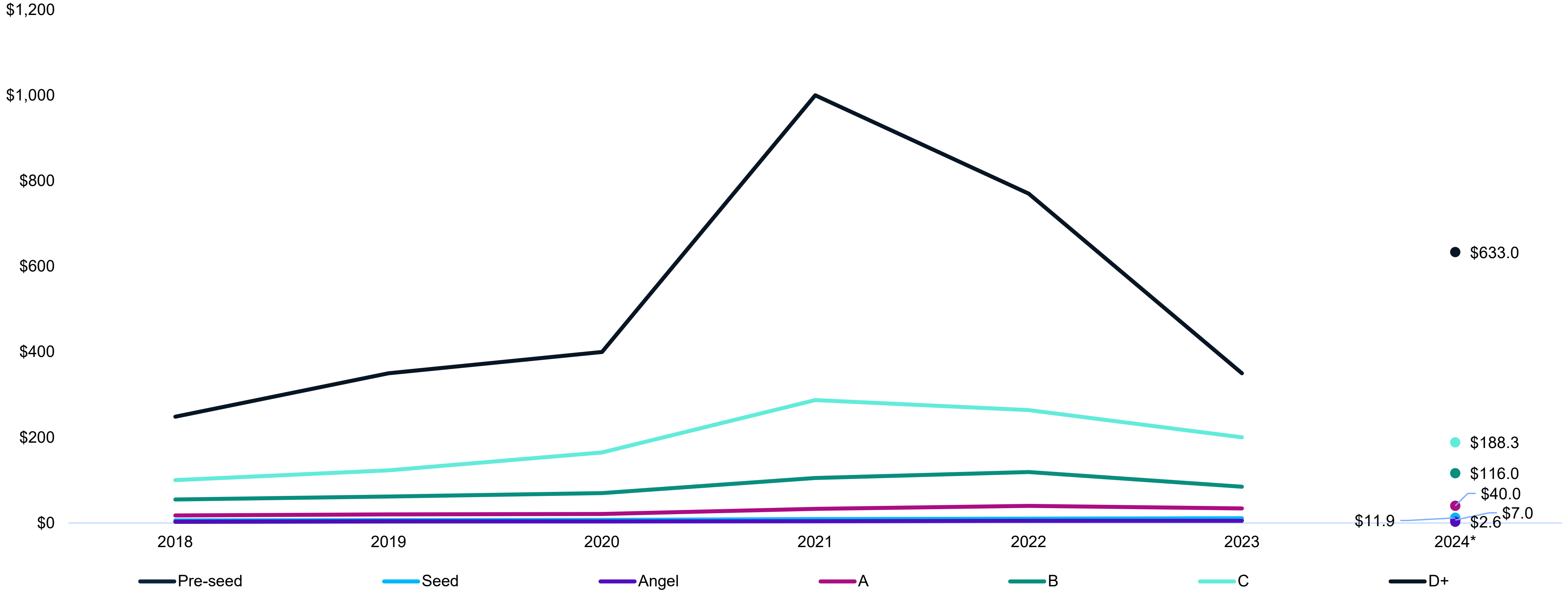



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Valuations rebound at the growth stage in a bit of a surprise

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

2018–2024*

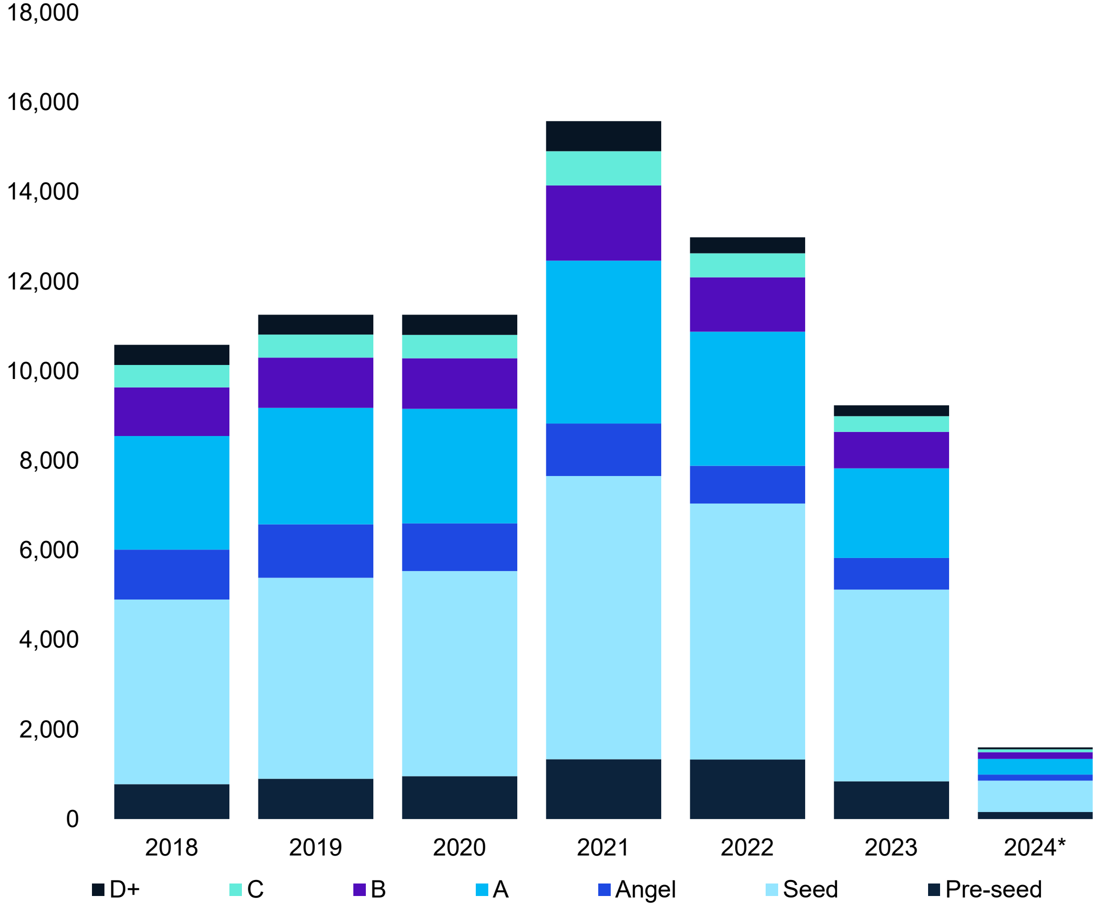



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.
Note: The 2024* figures for angel and pre-seed are based on population sizes of n < 30.

# Seed-stage volume in particular exhibits resilience

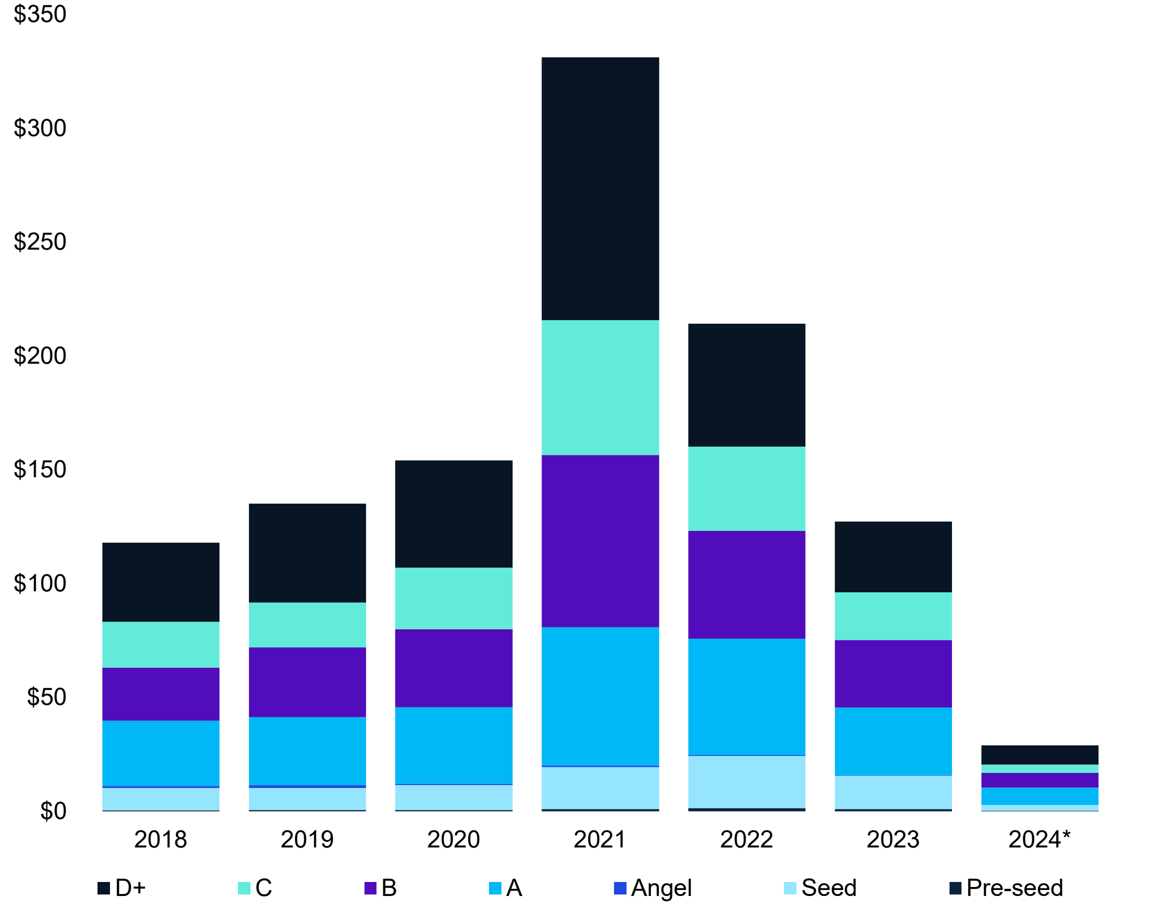
## Deal share by series in the Americas

2018–2024*, number of closed deals




## Deal share by series in the Americas

2018–2024*, VC invested ($B)



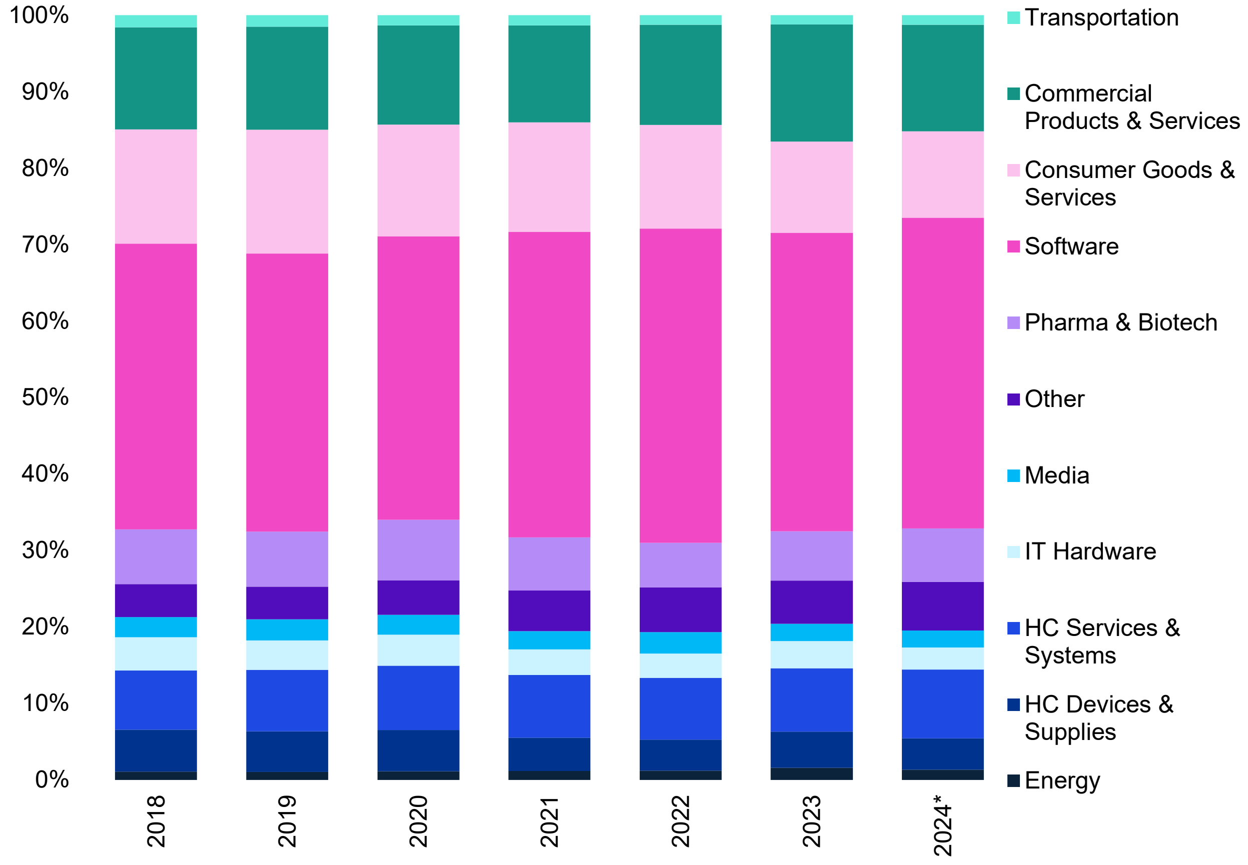

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

KPMG Private Enterprise

# Biotech rakes in a large portion of VC invested

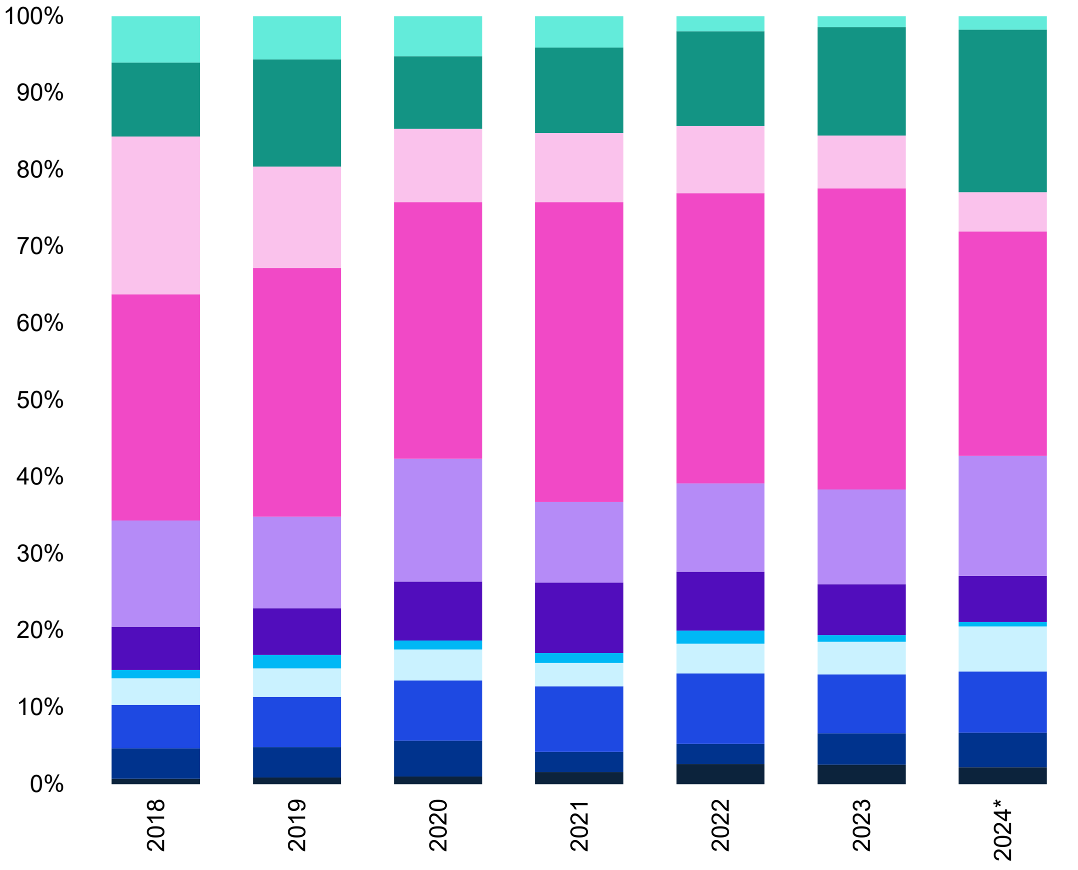
## Venture financing by sector in the Americas

2018–2024*, # of closed deals




## Venture financing by sector in the Americas

2018–2024*, VC invested ($B)



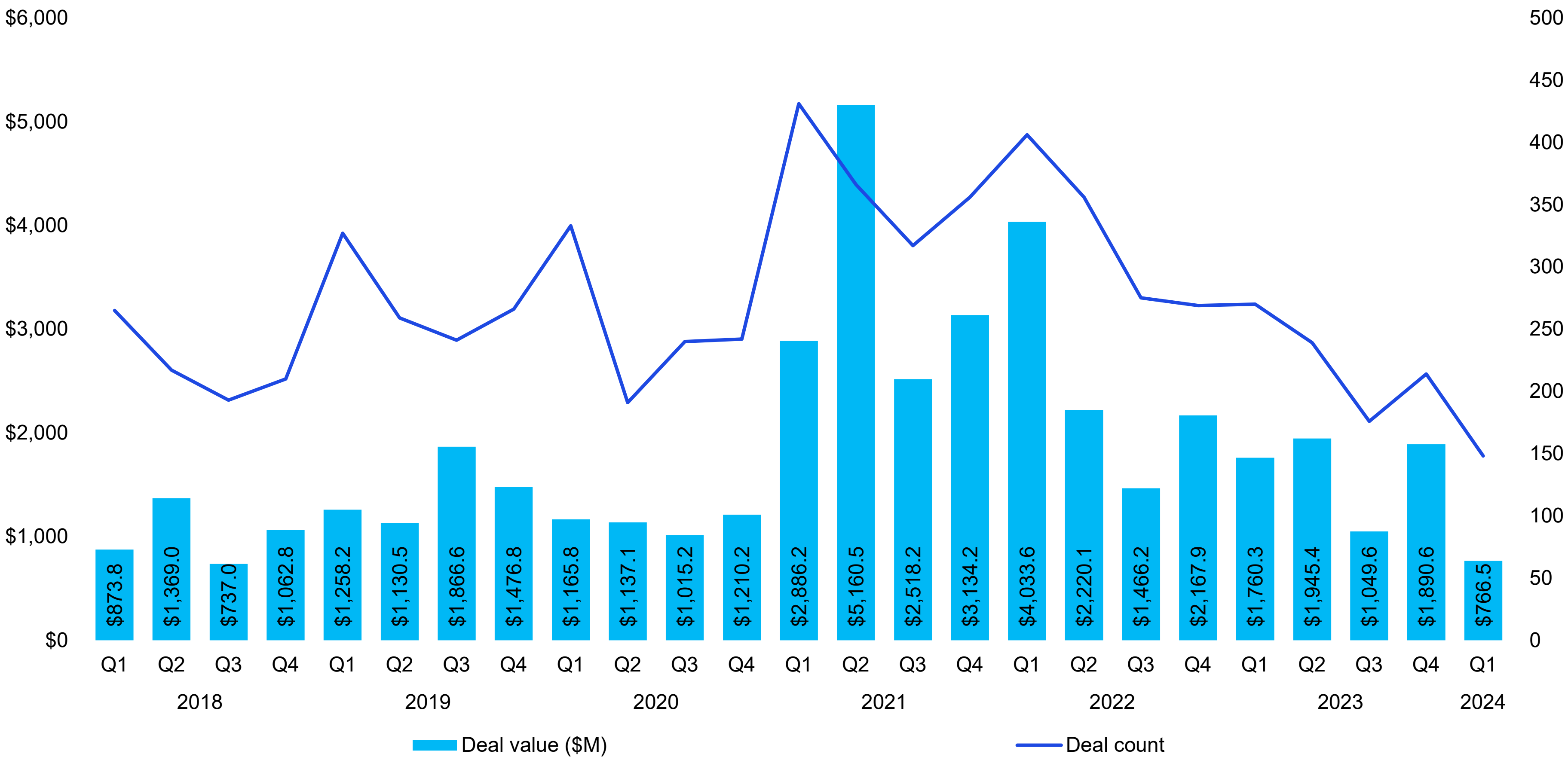

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

KPMG Private Enterprise

# After a strong Q4, Q1 2024 returns to more common levels

## Venture financing in Canada

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

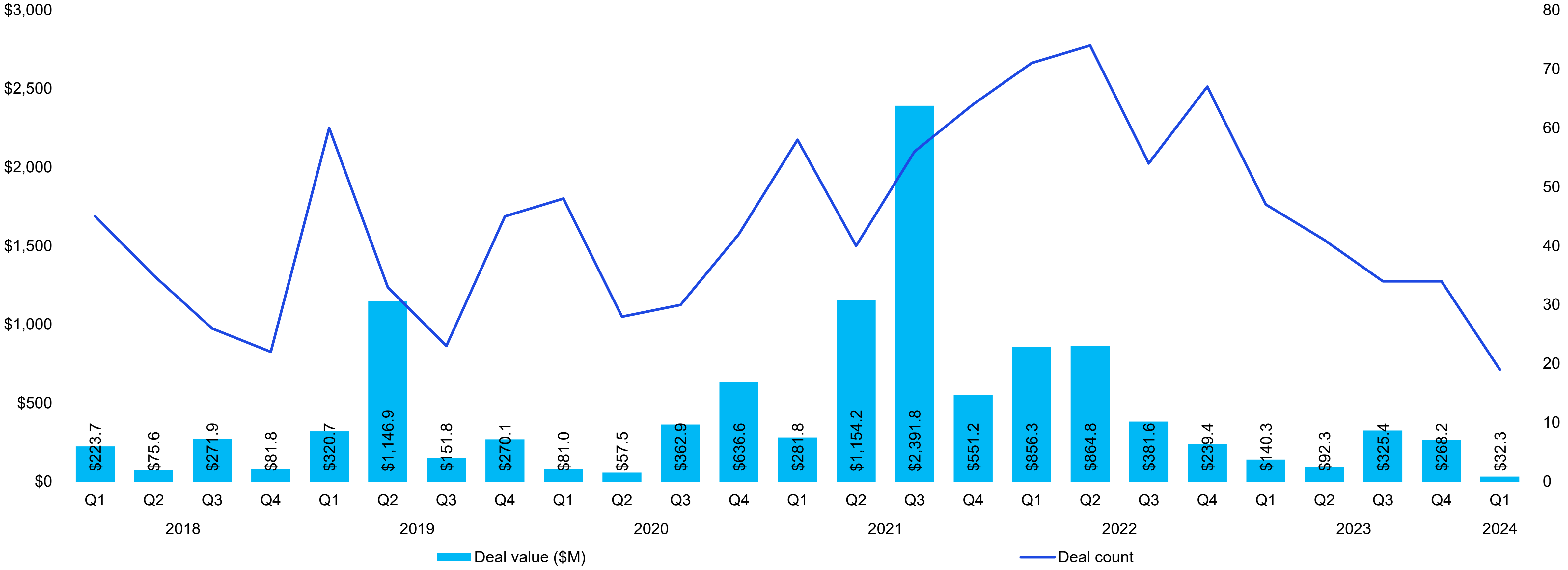
"VC market activity in Canada was incredibly sluggish this quarter, with both VC investment and the number of deals falling quite significantly. Corporates continued to show interest in making investments, but the deals that occurred were at much smaller deal sizes. VC investors were simply not interested in making big bets this quarter."

**Ryan Forster**
Partner
**KPMG in Canada**

KPMG Private Enterprise

# A quiet Q1 to start 2024 aligns with similar variability in the past

## Venture financing in Mexico
2018–Q1'24

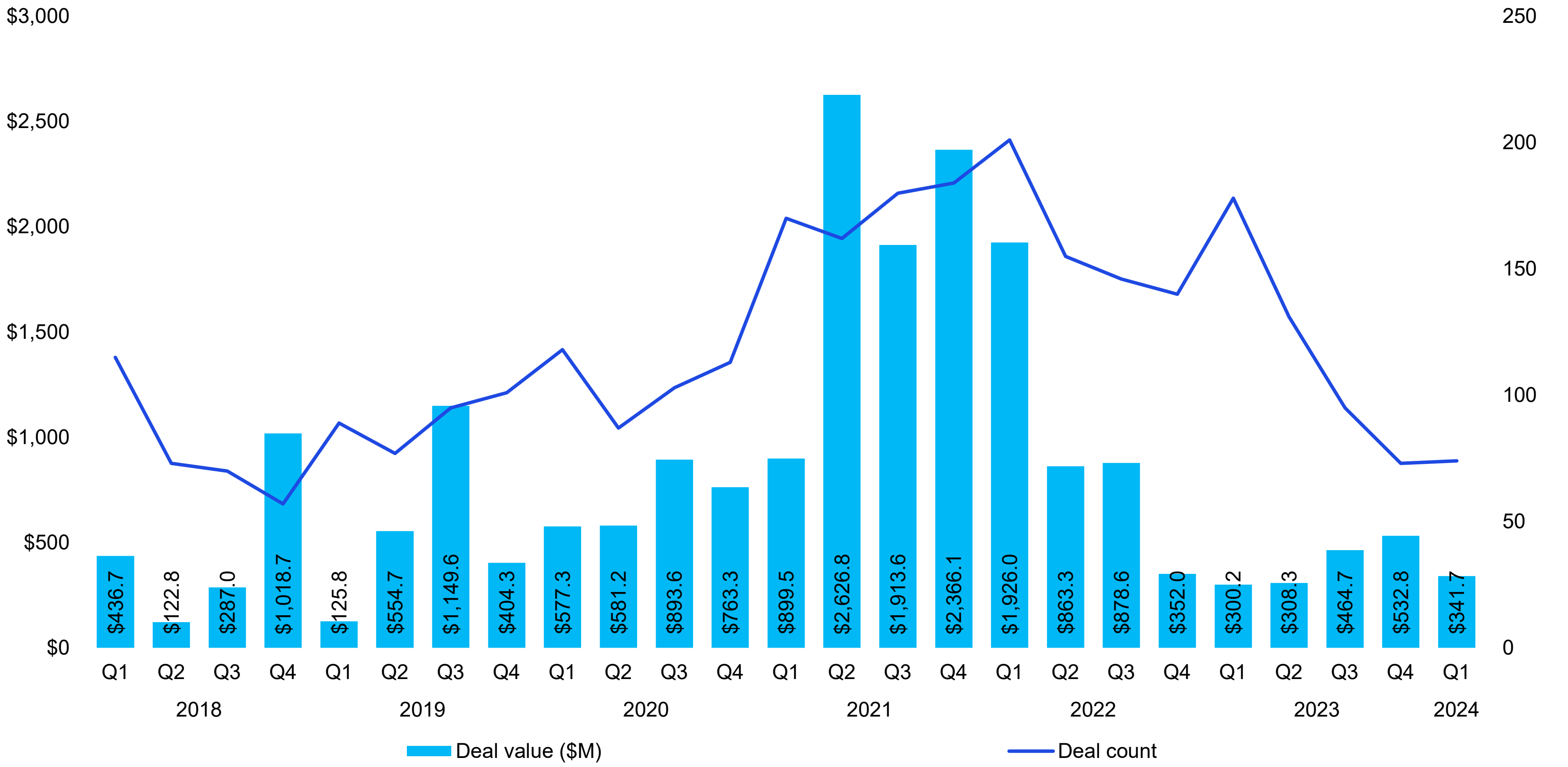



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Brazil sees VC activity hold relatively steady

## Venture financing in Brazil

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

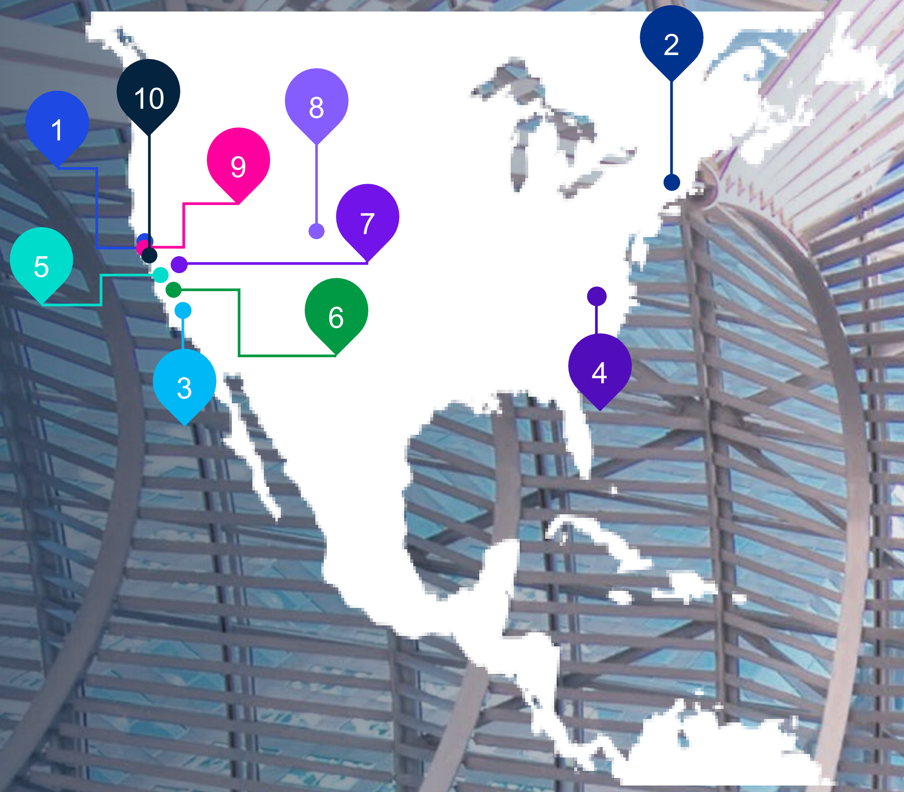
"As traditional VC investors become more selective and founders avoid down rounds, some startups in Brazil are turning to alternative financing options like venture debt and crowdfunding to raise capital. Meanwhile, corporates are prioritizing the development of their own innovation capabilities, and some are either maintaining or reducing their investments in startups."

**Daniel Malandrin**
Partner, Venture Capital & Corporate Ventures
**KPMG in Brazil**

KPMG Private Enterprise

# AI remains a key draw amid biotech & cleantech

## Top 10 financings in Q1'24 in Americas




1. **Anthropic** — $4B, San Francisco, US — AI & ML — *Series D*
2. **Ascend Elements** — $704M, Westborough, US — Cleantech — *Series D*
3. **Figure AI** — $675M, Sunnyvale, US — Cleantech — *Series B*
4. **Areteia Therapeutics** — $425M, Chapel Hill, US — Life sciences — *Series A1*
5. **Mirador Therapeutics** — $400M, San Diego, US — Biotech — *Series A*
6. **Lambda** — $320M, San Jose, US — AI & ML — *Series C*
7. **inDrive** — $300M, Mountain View, US — Automotive — *Late-stage VC*
8. **Quantinuum** — $300M, Broomfield, US — Quantum — *Early-stage VC*
9. **Flexport** — $260M, San Francisco, US — Supply chain tech — *Late-stage VC*
10. **Alumis** — $259M, San Francisco, US — Drug discovery — *Series C*

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024.
Data provided by PitchBook, April 17, 2024.

# In Q1'24, European VC-backed companies raised $17.9B across 1,798 deals

# VC investment in Europe rises on back of mega-deal

**VC investment in Europe rose from $15.1 billion in Q4'23 to $17.9 billion in Q1'24, buoyed by a large $5.2 billion raise by H2 Green Steel in Sweden. With few exceptions, VC investors in Europe continued to show caution given the challenging geopolitical and macroeconomic environment, including the high interest rate environment; while interest rates have smoothed, there is little sign that they will decline to a significant degree in the near future.**

### Deal sizes remain healthy even as number of VC deals plummets

The number of VC deals dropped considerably in Europe, falling from 2,419 deals in Q4'23 to 1,798 deals in Q1'24. This decline was particularly noticeable at later deal stages, with the number of Series D+ deals in the region dropping to just eleven. While deal volume was very subdued, deal sizes remained quite healthy as VC investors focused their funds on the most promising startups. The geographic diversity of VC investments also held strong during the quarter, with eight jurisdictions in the region attracting at least one $100 million+ funding round in Q1'24, including Sweden, the Netherlands, France, Germany, the UK, Spain, Israel, and Italy.

### Cleantech biggest winner in Europe

While AI attracted the largest share of investment globally, cleantech investment accounted for many of Europe's largest deals in Q1'23, including raises by Sweden-based H2 Green Steel ($5.2 billion) and Alternative Energy Equipment ($159 million), Germany-based Sunfire ($233 million), France-based Electra ($334 million), and Germany-based Ineratec ($129 million). ESG more broadly also has continued to attract attention from VC investors, driven in part by regulatory pressures. During Q1'24, a majority of EU member states agreed to the Corporate Sustainability Due Diligence Directive (CSDDD). Once fully passed, the directive will require large companies operating in the EU to audit their supply chains for ESG related concerns, including adherence to human rights and environmental protection requirements.

### Digital Markets Act comes into force, aimed at improving competition

The EU's Digital Markets Act came into force in the EU on March 7, 2024. The new legislation is focused on improving competition in the digital space by providing obligations and prohibitions that digital platform gatekeepers must abide by. This could help create a more competitive environment for digital services by improving access to solutions and apps outside of the gatekeepers' domains — which could drive more VC investment into a space long dominated by large tech companies. Since being introduced, EU regulators have already committed to conducting investigations of possible breaches by several of the world's largest tech companies. These investigations could be pivotal in Q2'24 as enforcement could contribute to driving the Act's desired outcomes.

### UK sees VC investment fall to lowest level in over five years

VC investment in the UK got off to an incredibly slow start in Q1'24, with just $3 billion raised across 519 deals — the lowest amount seen in twenty-two quarters. The largest raises came from neobank Monzo ($431 million) and drug discovery company Apollo Therapeutics ($260 million). VC investors in the UK showed a lot of skepticism this quarter, increasingly focusing their capital on the best startups, particularly those with excellent unit economics, a strong top line gross margin, a robust profitability methodology, and a clear path for growth. B2B businesses faced particular challenges as companies across sectors felt pressure to tighten their pocketbooks and improve their internal efficiencies. This slowdown could affect the interest of VC investors heading into Q2'24, although B2B startups with embedded technology solutions will likely prove more resilient than those with additive technology offerings.

On the fundraising side, Q1'24 saw some larger VC funds in the UK showing interest in acquiring the portfolios of smaller funds; during the quarter, for example, Molten Ventures completed its acquisition of Forward Partners for $52 million. Another trend seen recently in the UK has been the focus on investment corridors; this has been particularly true in the fintech sector, where a number of UK fintechs are working to connect to the fintech ecosystems emerging in the Middle East.

### Slight dip in VC investment in Germany amid ongoing macroeconomic uncertainty

VC investment in Germany dipped slightly, from $1.9 billion in Q4'23 to $1.8 billion in Q1'24, as macroeconomic uncertainties continued to challenge both startups and corporates. While inflation dropped and interest rates stabilized, high energy costs, concerns about global competitiveness, strengthening geopolitical uncertainties, and the lack of exit opportunities led many VC investors in Germany to keep holding back.

# VC investment in Europe rises on back of mega-deal, cont'd.

With many of Germany's largest companies, particularly OEMs, struggling in the current business environment, corporate investment was soft during Q1'24. A number of B2B startups also faced growing challenges as their business targets worked to reduce spend. The next couple of quarters could see startups in Germany unable to make their business economics work consolidating or going out of business entirely, particularly in areas like last mile delivery and mobility.

## Positive signs for the VC market in Austria

The VC market in Austria continued to evolve in Q1'24, with a growing number of VC deals and increasing deal sizes compared to Q4'23. The increase in deal size was particularly noticeable for Series A companies; for example, during the quarter, Silotech raised a $20 million Series A round — which was seen as quite a significant deal in Austria. Startups in cleantech and AI attracted the most attention during the quarter in Austria, although VC investors also showed interest in startups able to show profitability. While VC investors in Austria remain very cautious, there is hope that VC market conditions, including the level of VC investment, will continue to improve and grow over the next several quarters.

## Despite $5.2 billion H2 Green Steel deal, tough market for late-stage startups in Nordic region

VC investment in the Nordic region surged in Q1'24, driven primarily by the $5.2 billion raise by clean infrastructure company H2 Green Steel in Sweden. The cleantech sector attracted the largest during Q1'24. In addition to the H2 Green Steel raise, Alternative Energy Equipment raised $129 million. While early-stage startups continue to attract a healthy level of investment in the region, companies looking to raise Series A-C funding rounds found it more challenging, particularly those in capital intensive sectors may struggle to find a lead investor for their rounds in the competition of scarce international funding.

With Sweden set to join NATO, companies across the Nordics region will be eligible for funding through the NATO Innovation Fund — a $1 billion fund introduced in 2023 aimed at providing patient capital to startups focused on deeptech aimed at defense and security challenges.

## Ireland sees VC investment and deal volume dry up considerably in Q1'24

VC investment in Ireland experienced an incredibly slow start to the year, attracting just $35.1 million across 26 deals during Q1'24 compared to $207 million across 133 deals in Q4'23 as international investors held back from making major deals given the uncertain macroeconomic environment. Interest in Ireland's technology companies remained positive, however; during the quarter.

## Trends to watch for in Q2'24

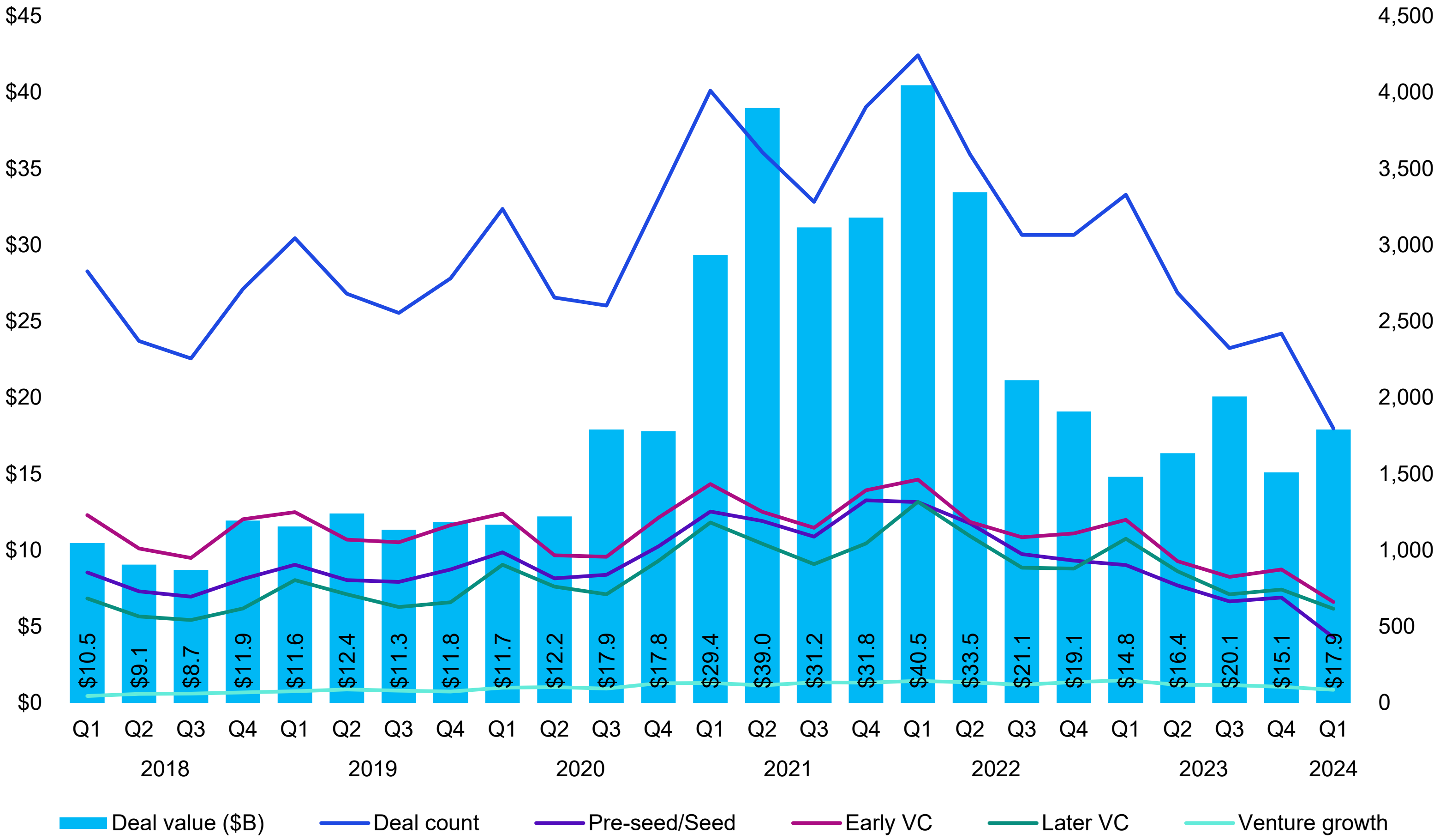
Heading into Q2'24, VC investors in Europe are expected to remain very cautious as they continue to assess how ongoing macroeconomic challenges and geopolitical issues could unfold, including uncertainties related to upcoming elections in the US and Europe. VC investment in cleantech and ESG reporting is expected to remain strong given the increasing regulatory requirements in the space. Defense technologies are also expected to continue to grow on the radar of VC investors in Europe. Interest in crypto has also started to rebound, which could result in an uptick in investment over the next quarter.

VC investors in Europe will likely be watching the US IPO market very closely in Q2'24 to see whether it opens up; if it does, it could have a follow-on effect on IPO and VC investment activity in Europe.

# Europe sees moderate jump in VC invested to kick off 2024

## Venture financing in Europe

2018–Q1'24



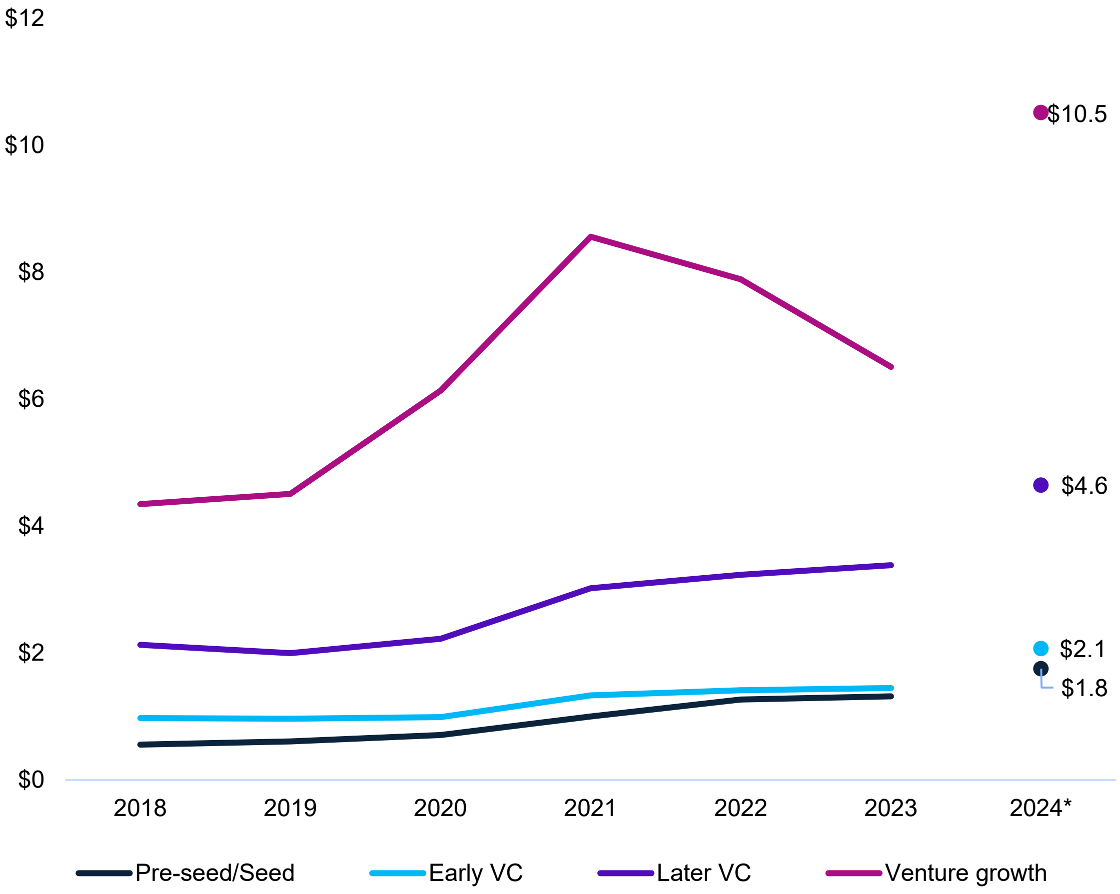

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

The tally of closed deals is likely to tick upward as stealth transactions are finally disclosed in coming weeks, but already, VC invested surged ahead of Q4's measure and compares favorably to historical averages. Much like in the US, the entire Eurozone and other European nations beyond the euro area are pushing major initiatives around key arenas such as cybersecurity, cleantech and others, which is paying off in earlier-stage VC activity resilience.

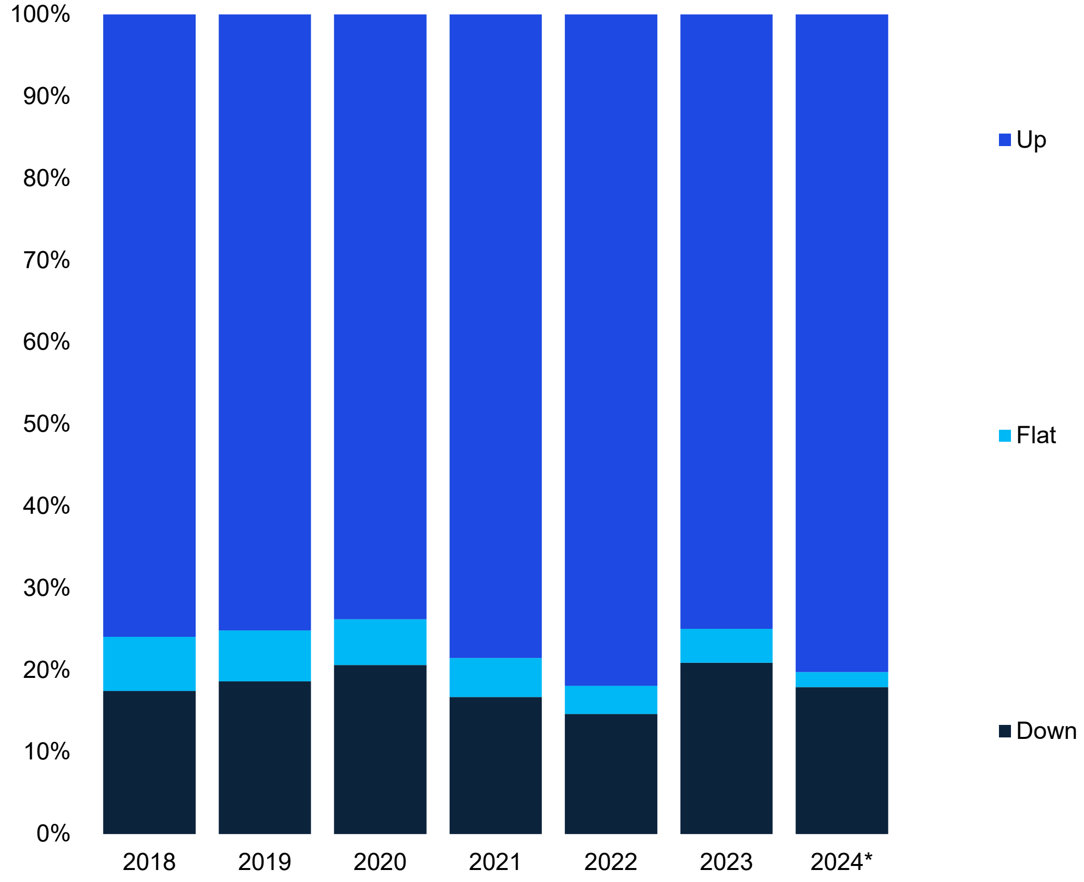
… after sustained volatility, it appears that **European startup ecosystems are beginning to see priced-in dealmaking levels that are encouraging investors**…

# Metrics tick back upward

## Median deal size ($M) by stage in Europe
2018–2024*




## Up, flat or down rounds in Europe
2018–2024*

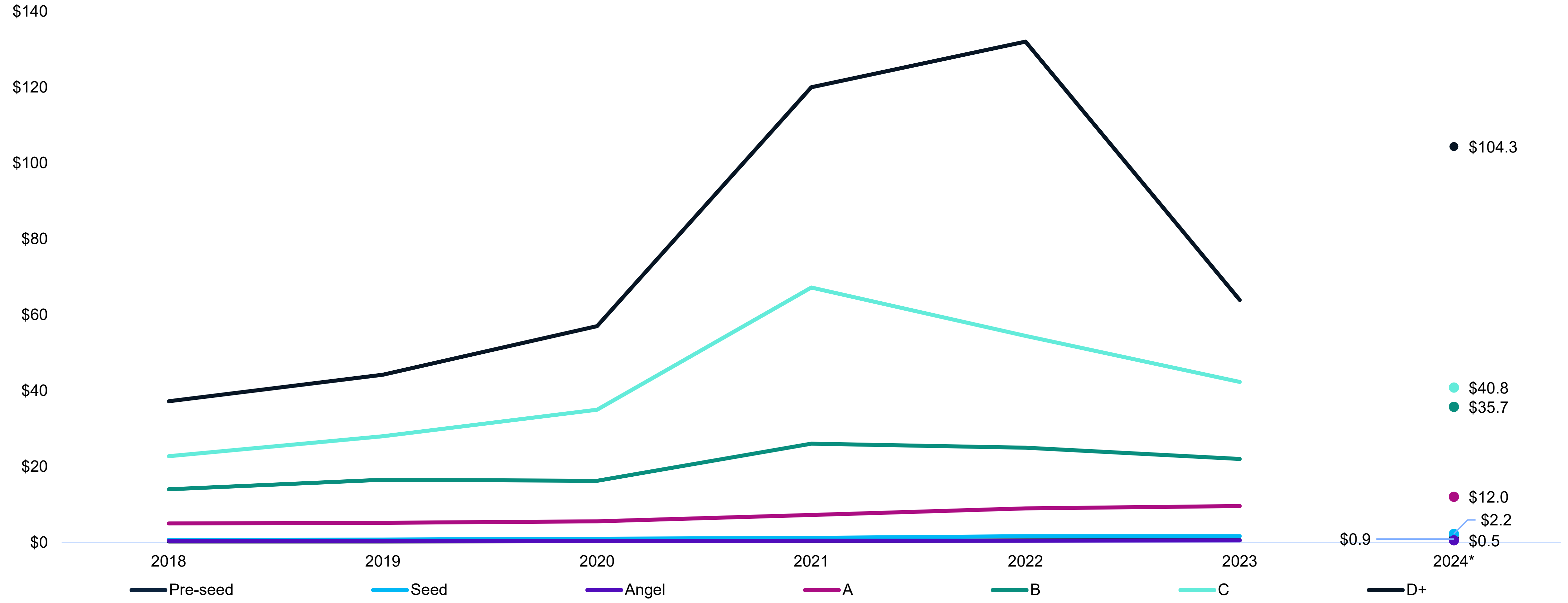



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# The early stages remain remarkably resilient

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

2018–2024*

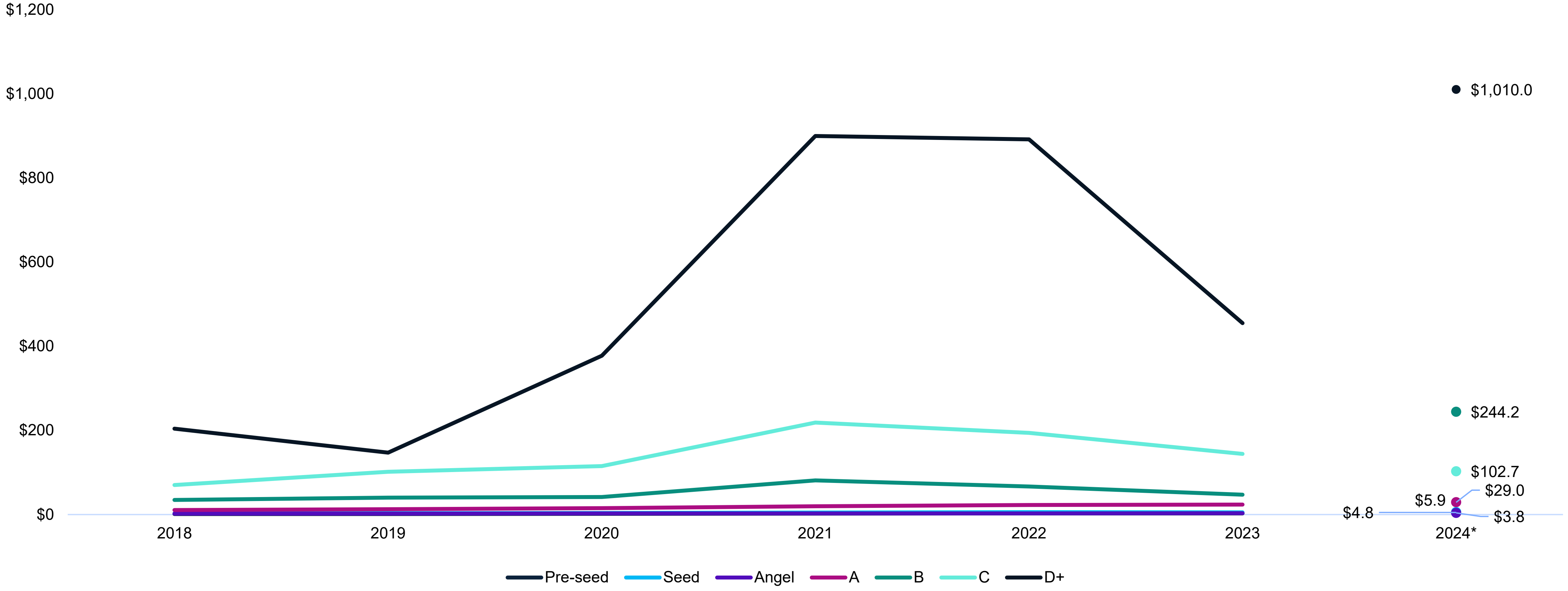



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.. 2024* Series C and D figures are based on population sizes of n < 30.

# Valuations are skewed by sample sizes, yet are surprisingly robust

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

2018–2024*

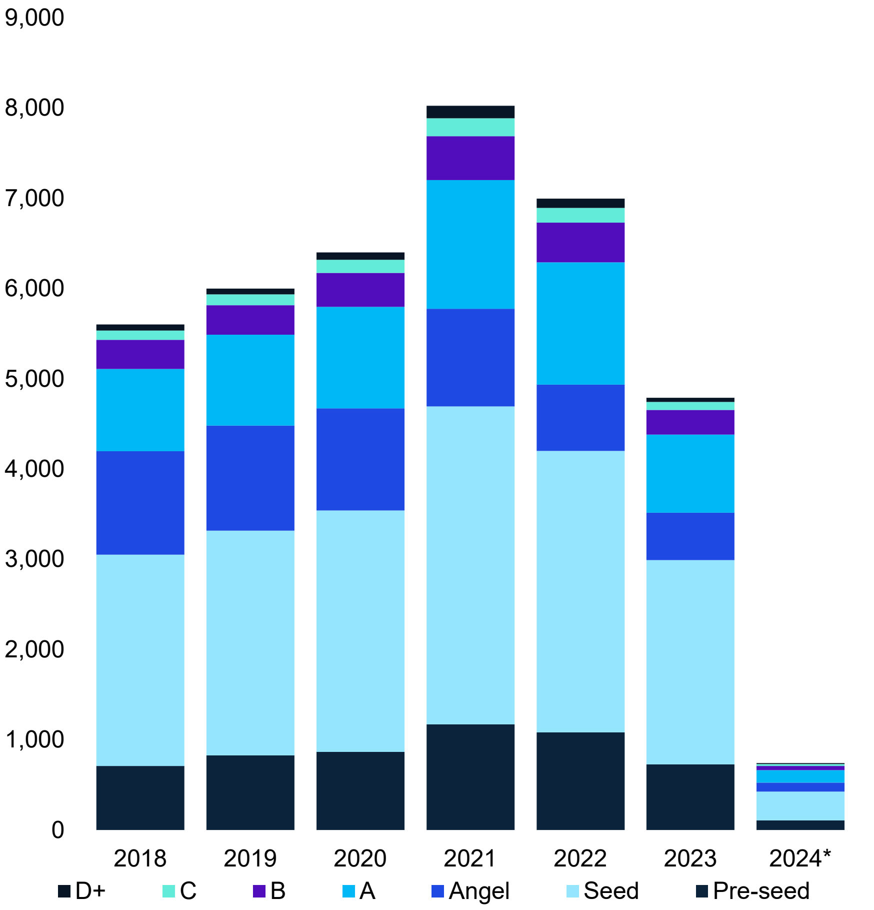



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.
Note: The 2024* figures for pre-seed, A, B, C, and D+ are based on population sizes of n < 30.

# Earlier-stage deals remain proportionally more resilient

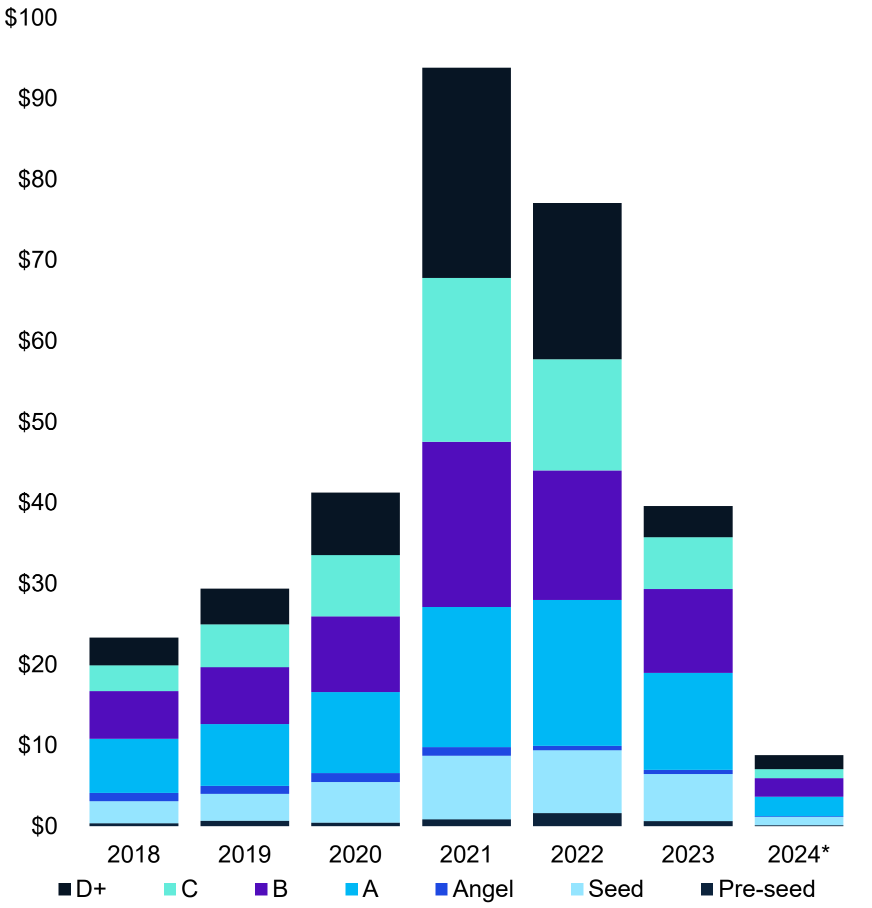
## Deal share by series in Europe

2018–2024*, number of closed deals




## Deal share by series in Europe

2018–2024*, VC invested ($B)




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

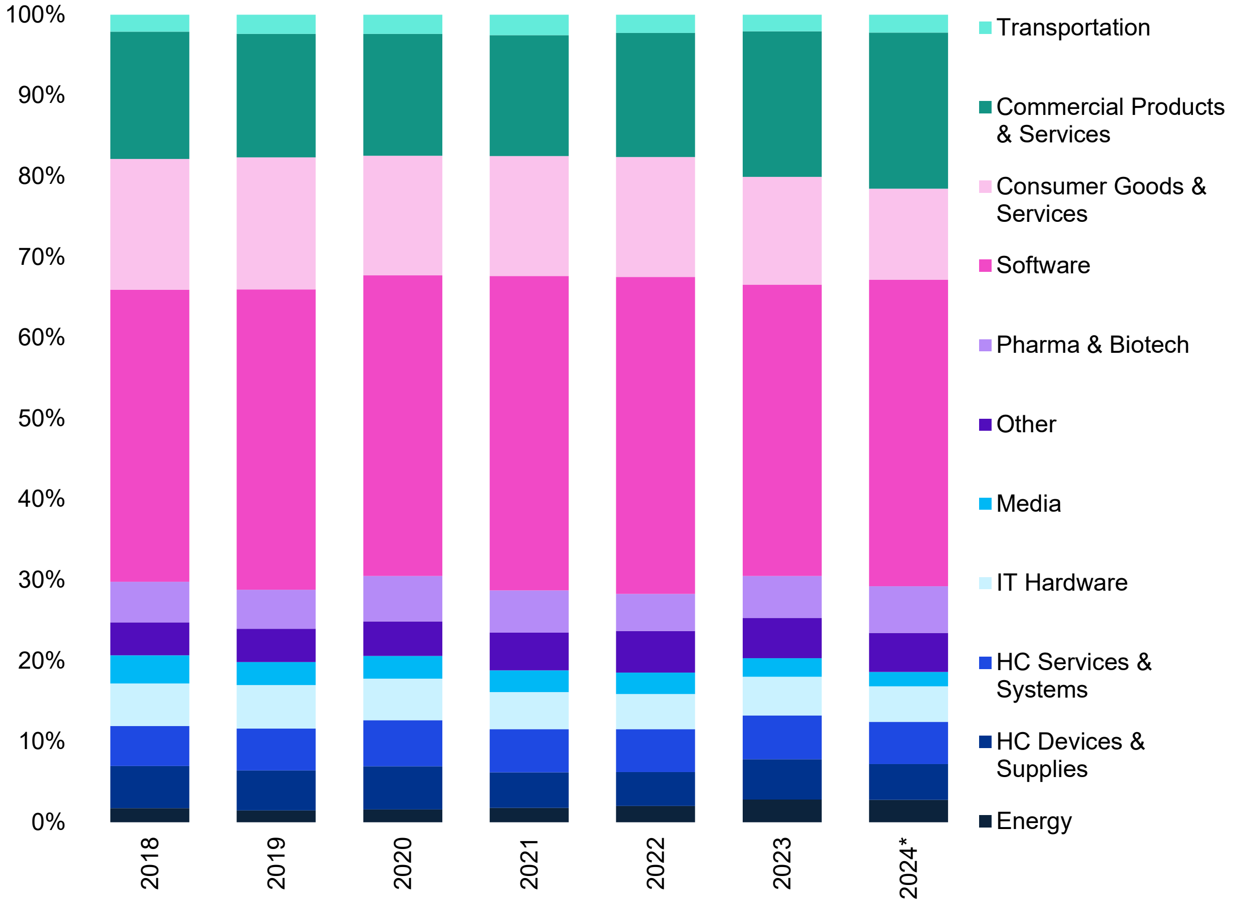
> "The resilience in early-stage investments up to Series-B underscores a shift towards sustainable growth and prudent unit economics over growth at all costs strategies. The downtrend in Series C and D deal sizes likely reflects investor caution due to a lack of clarity on exit strategies in the current economic landscape. Investors are hesitant to commit larger funds as they may need to maintain their stakes for extended periods or further rounds. This trend, which we anticipate will persist, suggests a strategic pivot within venture capital towards value and longevity over rapid scaling. We expect this focus on less cash burn at growth to continue."

**Patrick Molyneux**
Associate Partner,
Head of Products and Partnerships
**KPMG Acceleris**
**KPMG in the UK**

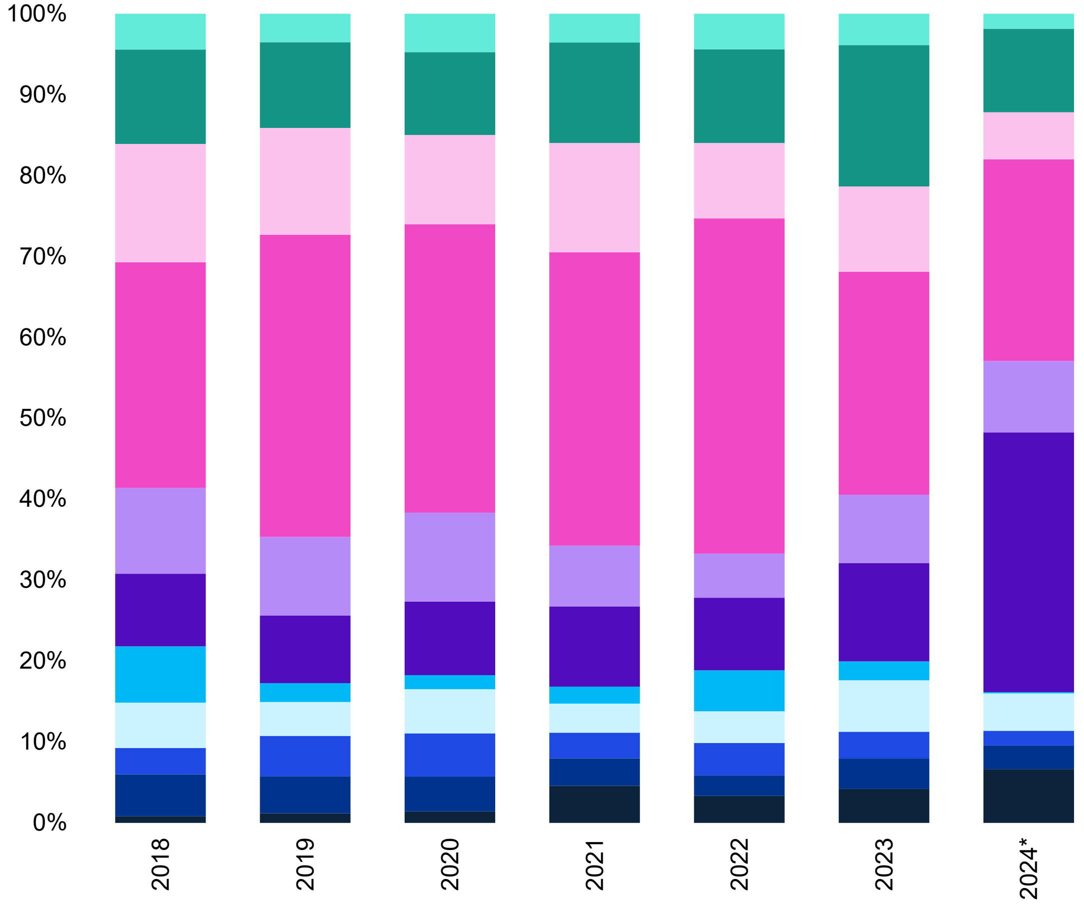
KPMG Private Enterprise

# Industry-agnostic offerings continue to blur lines

## Venture financings by sector in Europe
2018–2024*, number of closed deals




## Venture financings by sector in Europe
2018–2024*, VC invested ($B)

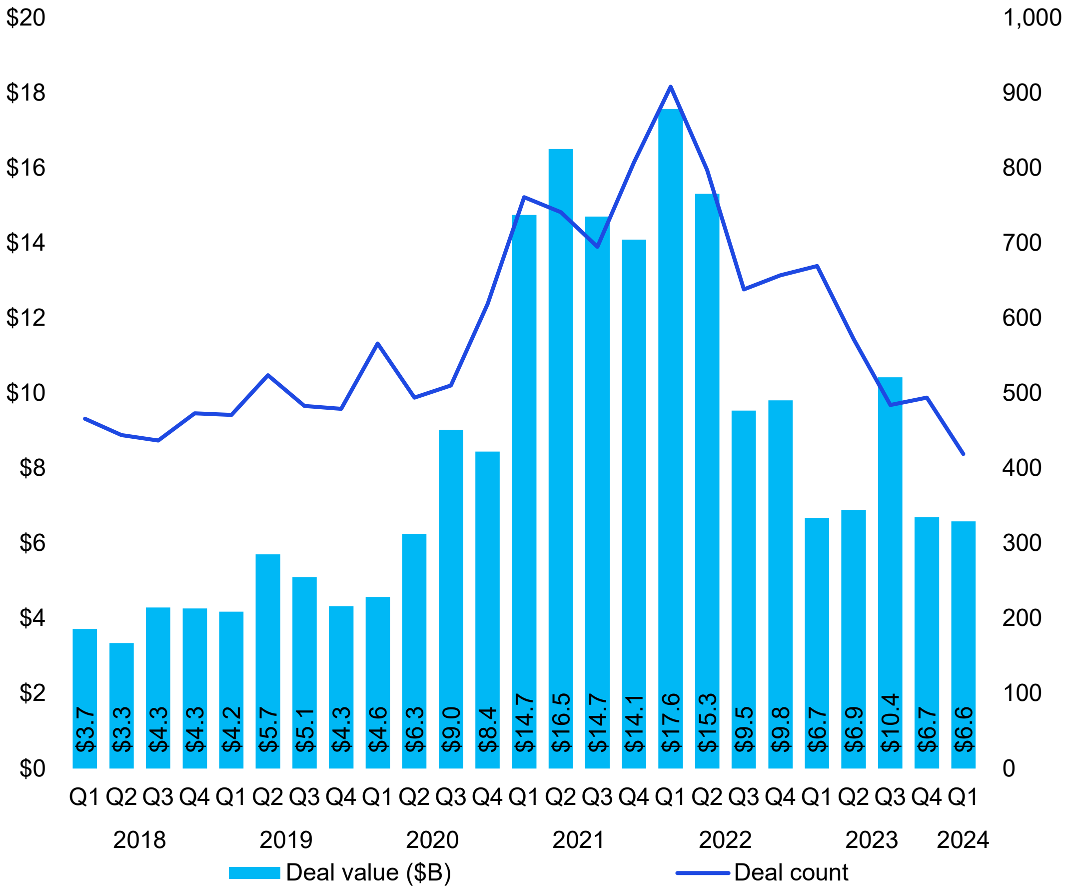



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# As corporates stay active, first-time financings post respectable tallies

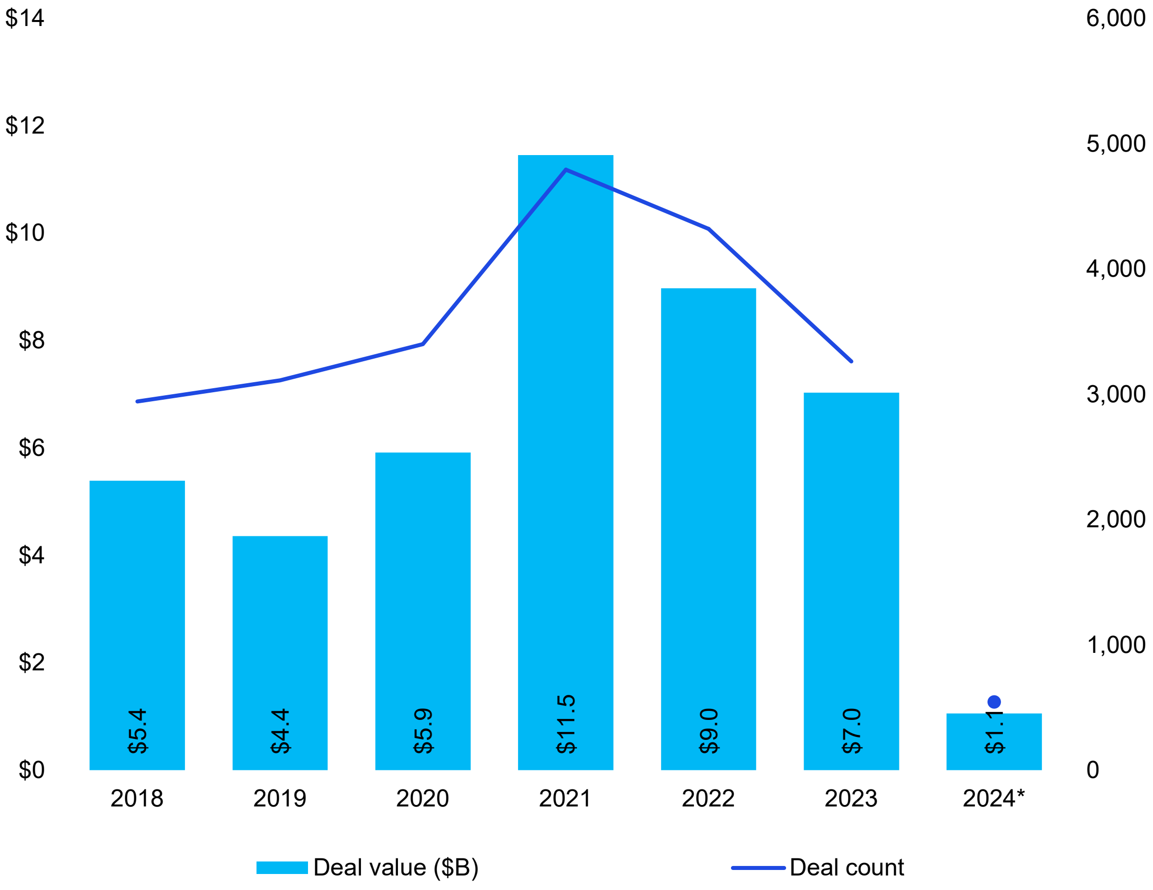
## Corporate VC participation in venture deals in Europe

2018–Q4'23




## First-time venture financings of companies in Europe

2018–2024*




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

KPMG Private Enterprise



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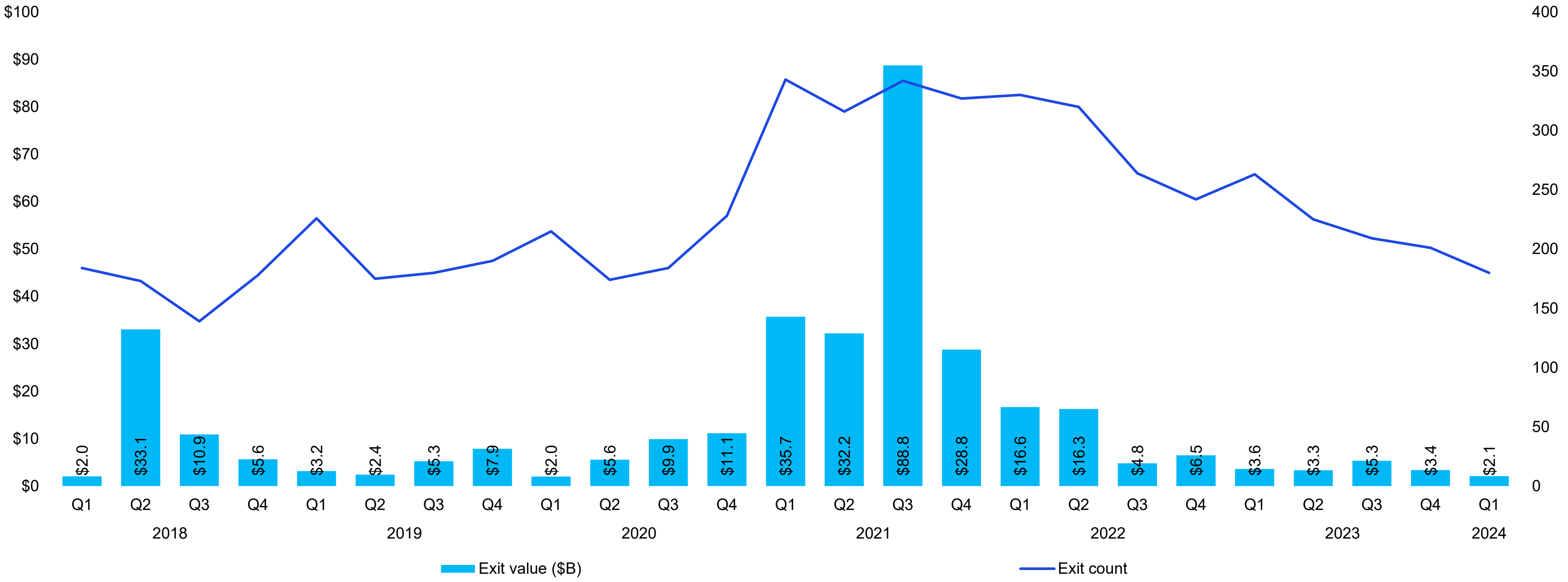
# Exits remain the major question mark for venture backers

## Venture-backed exit activity in Europe

2018–Q1'24

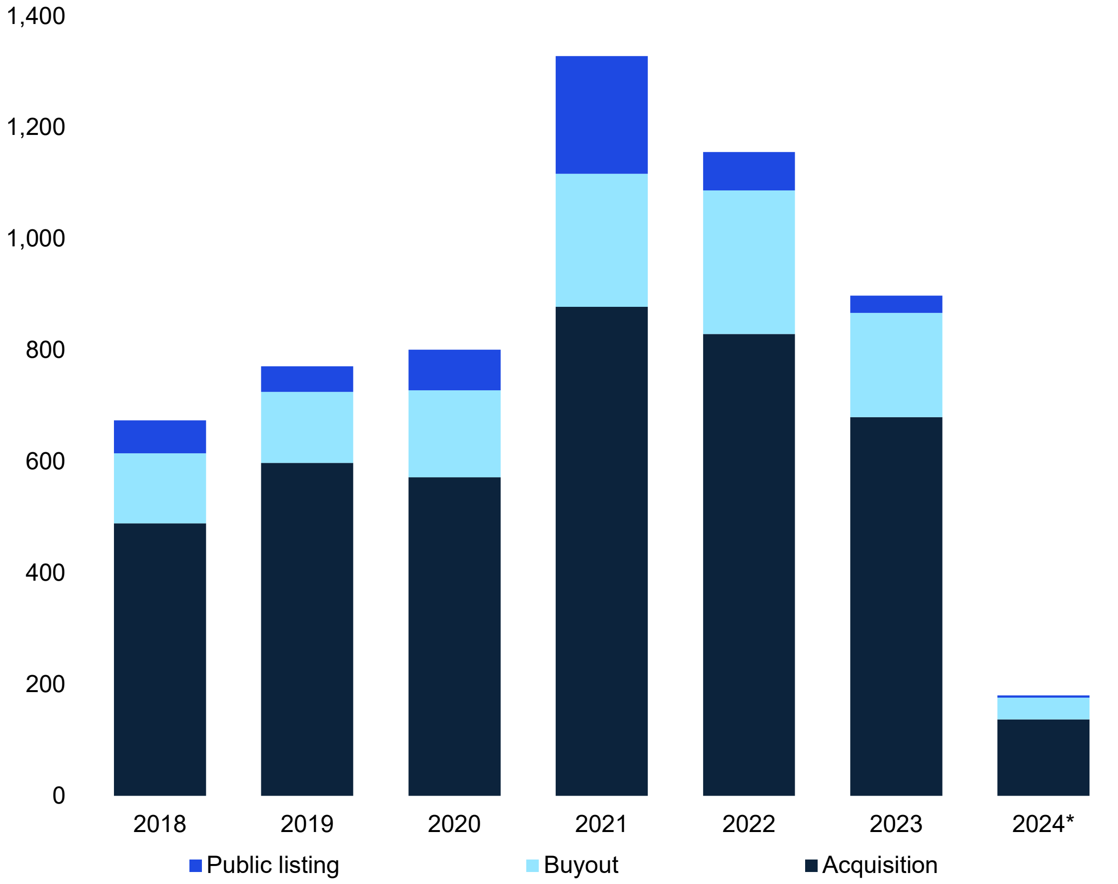



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# The IPO window remains shut in Europe

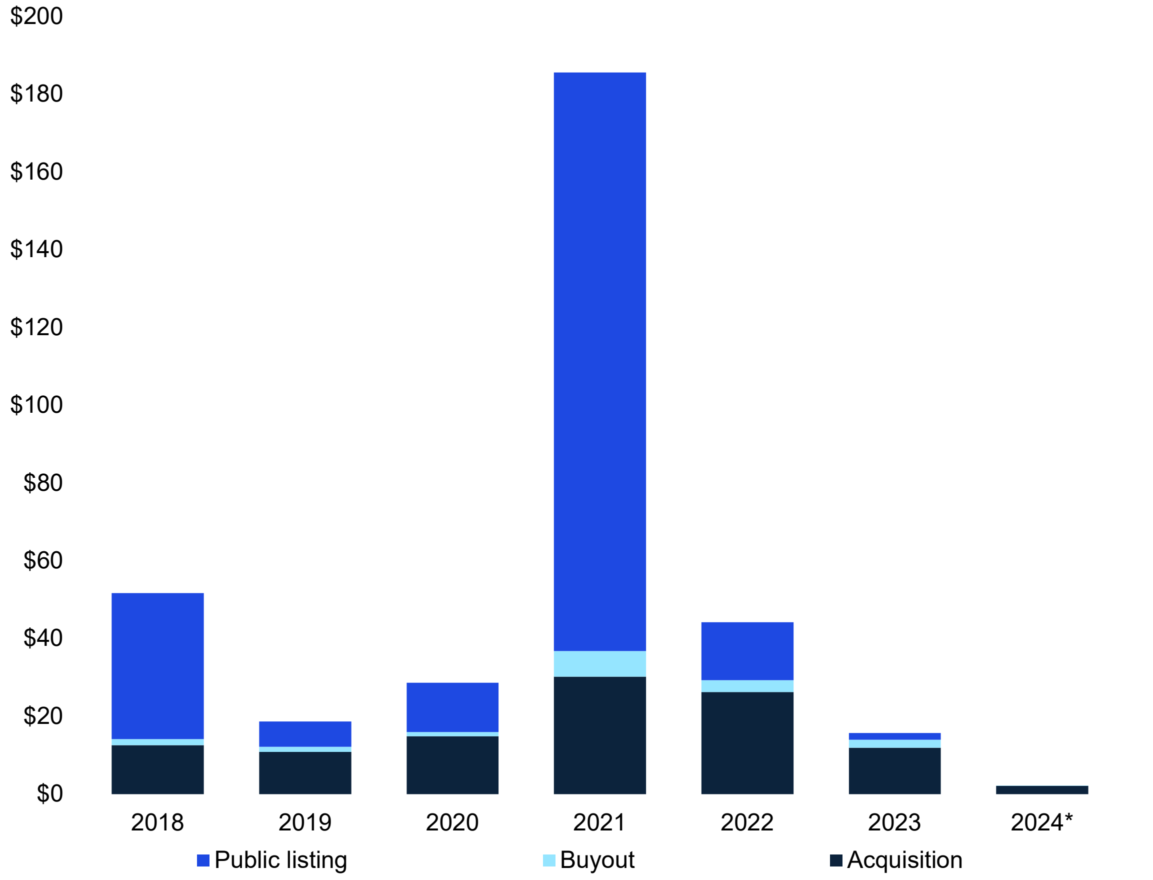
## Venture-backed exit activity (#) by type in Europe

2018–2024*




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

2018–2024*

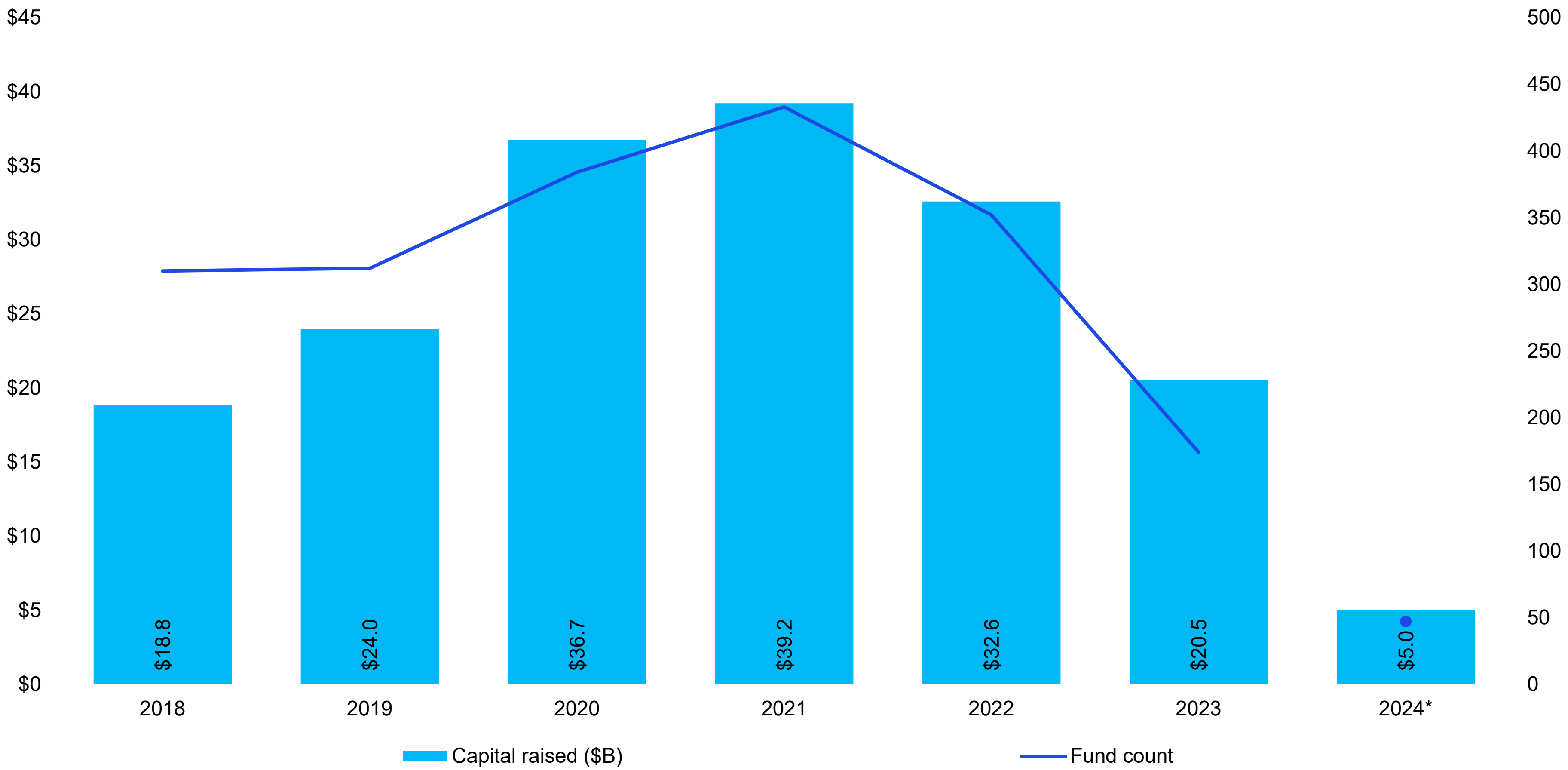



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Fundraising remains on a sluggish pace

## European venture fundraising

2018–2024*




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

"M&A and IPO exits don't necessarily need ultra low interest rates and a bull market to succeed, but they do need economic and political stability, and probably geopolitical stability to succeed. And last year wasn't great because it had a combination of both economic and geopolitical instability. And this year, maybe the economic side is looking a bit better, but the political environment could be quite turbulent. That uncertainty is really putting a dampener on exits."

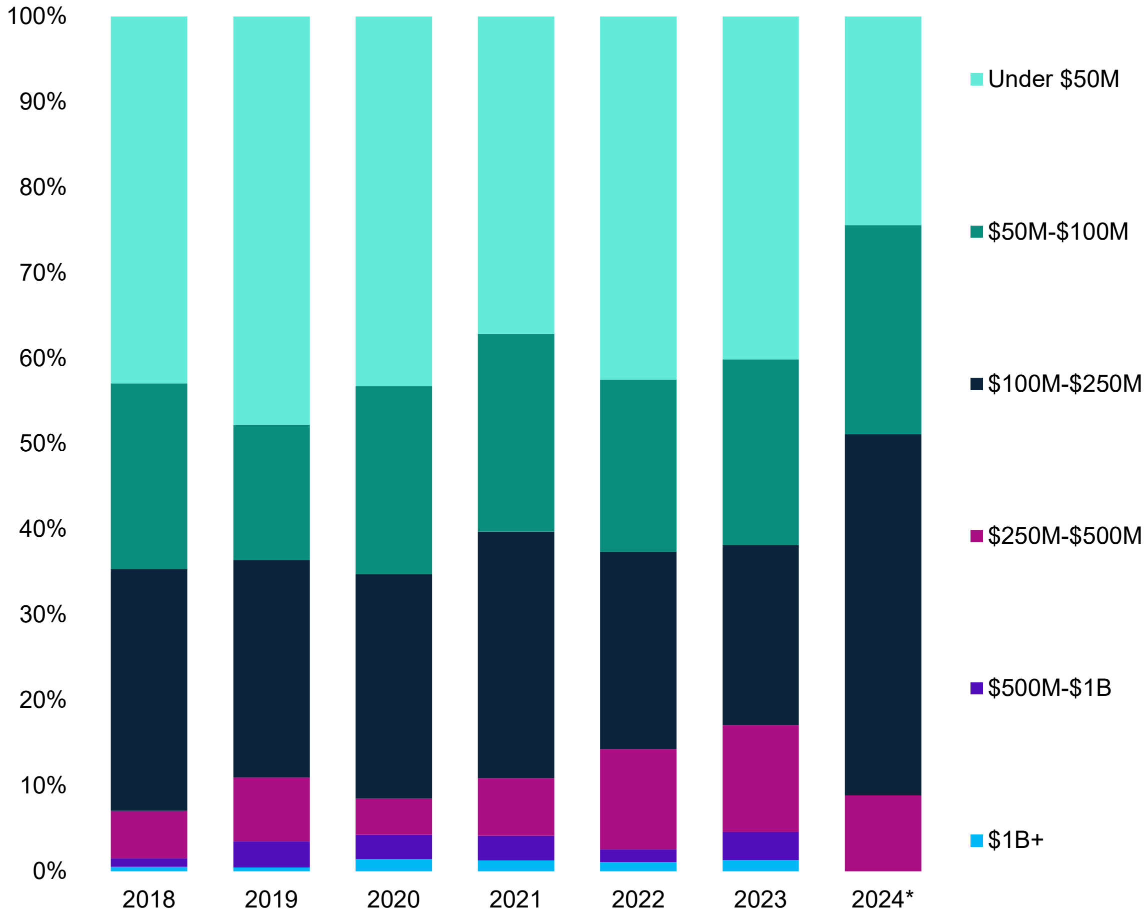
**Robert Baxter**
Head of Corporate Finance
**KPMG in the UK**

KPMG Private Enterprise

# Smaller to midsized funds find it easier to close, relatively speaking

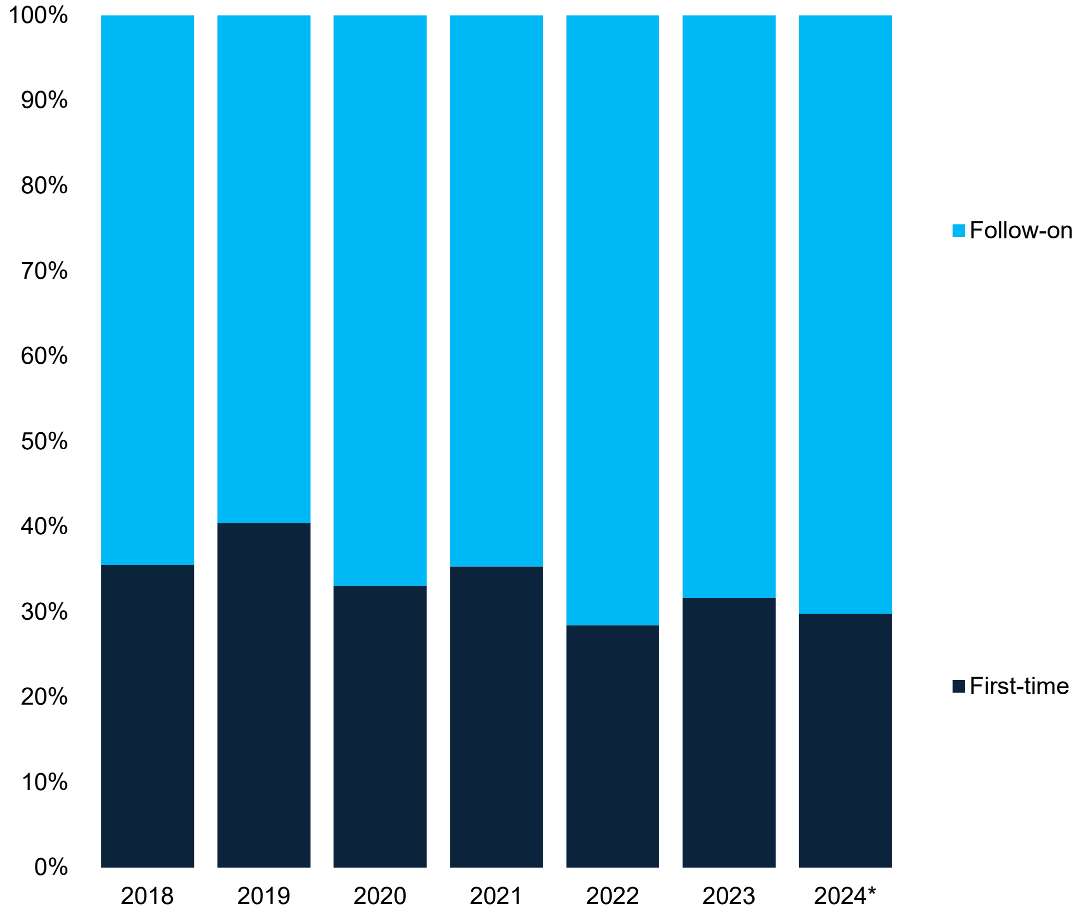
## Venture fundraising (#) by size in Europe

2018–2024*




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

2018–2024*

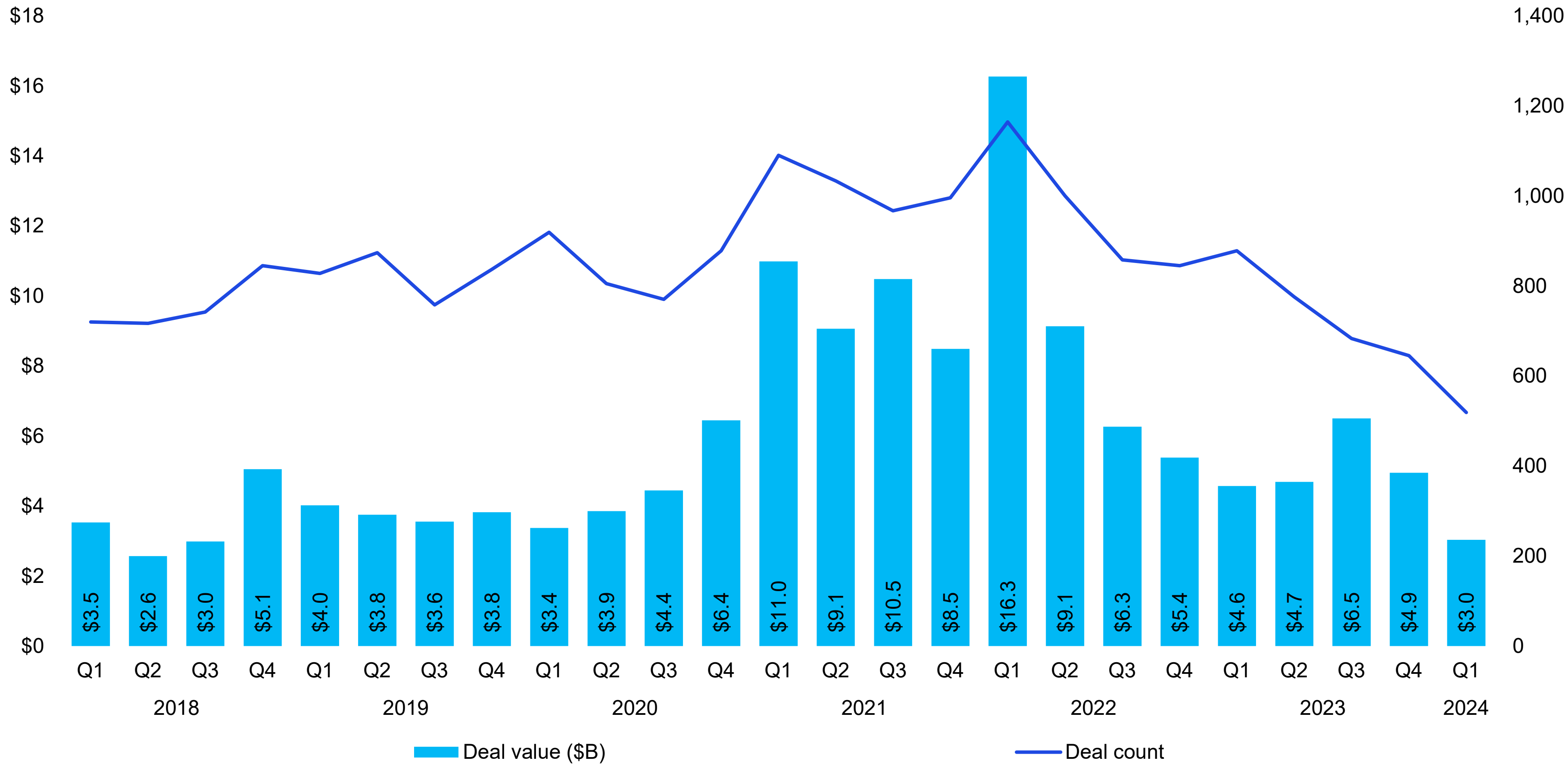



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# The UK sees a subdued start to the year

## Venture financing in the United Kingdom

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

"Looking back, it's easy to see that 2021-2022 was an outlier period — a time where startups were looking to grow at all costs, especially in the DTC space. Then, the macroeconomic environment changed dramatically. The cost of borrowing is up. Political uncertainty is up. There are key elections on the horizon. We need to recognize that we've resettled, found a new norm. Now, it's about moving forward from here. And right now, investors here in the UK are focusing on companies prioritizing routes to profitability and that are creating sustainable growth to succeed in the environment that we're in."

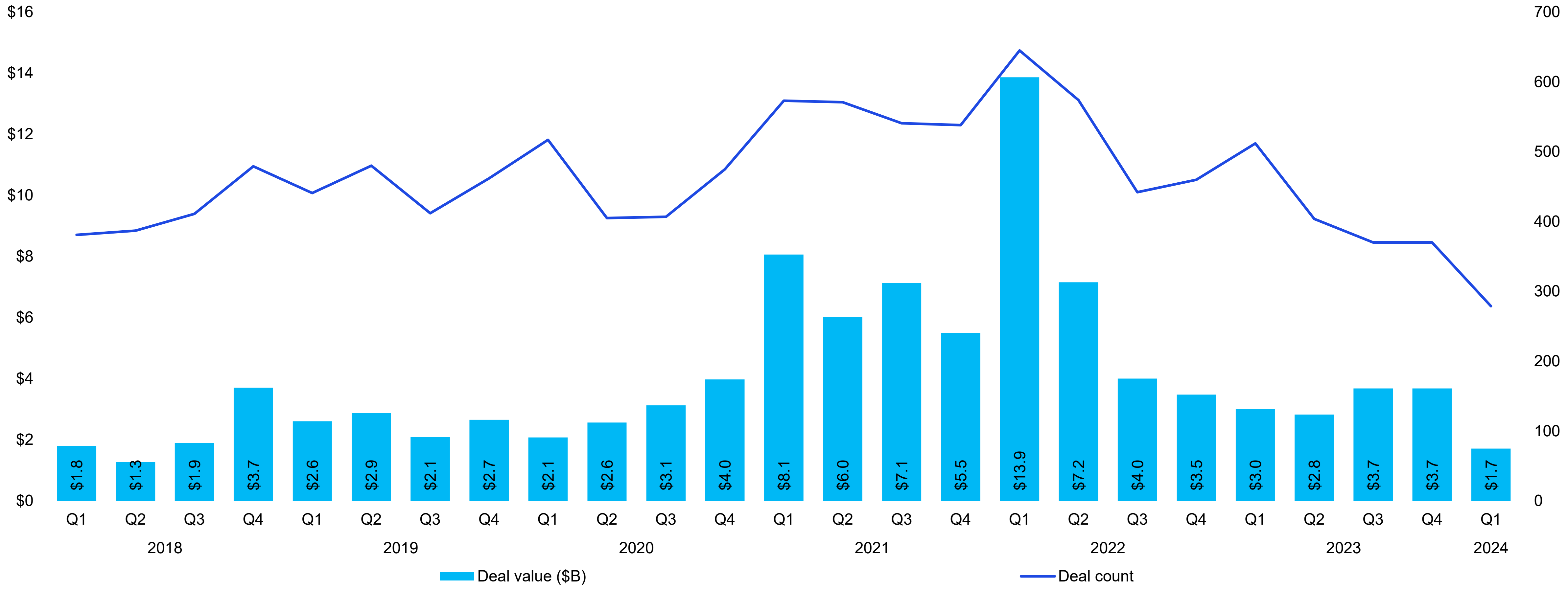
**Nicole Lowe**
UK Head of Emerging Giants
**KPMG in the UK**

#Q1VC

# London sees tallies back to pre-2021 level in VC invested

## Venture financing in London

2018–Q1'24

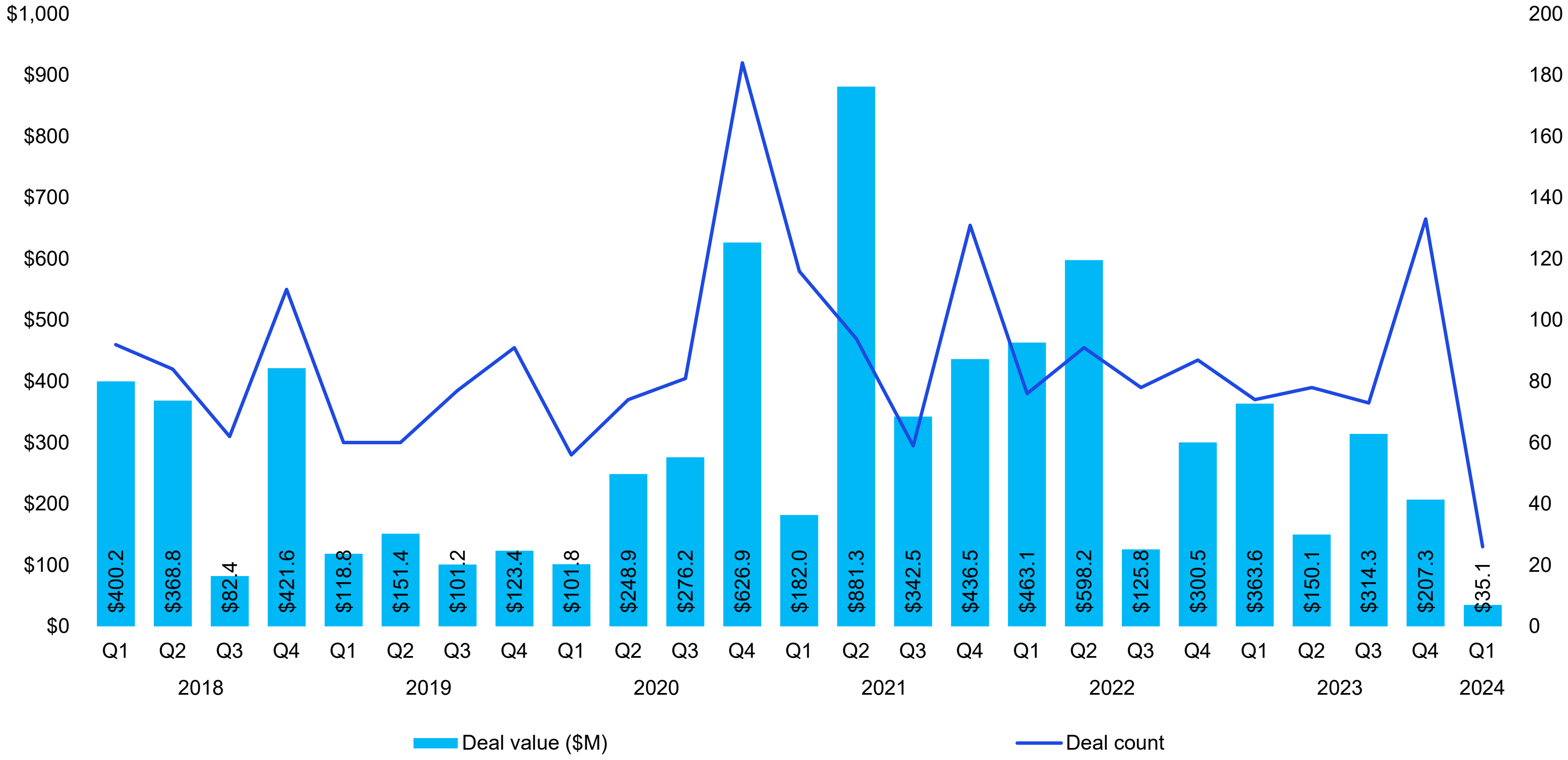



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# After a spate of dealmaking in Q4, a pause

## Venture financing in Ireland

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

"During this quarter, the European Parliament agreed the text of the world's first binding law on artificial intelligence (AI), the Artificial Intelligence Act. The aim of this act is to ensure safety and compliance with fundamental rights, while encouraging innovation within the EU. Once it becomes law, which could be as soon as end Q2'24, its impact will start to be felt within 6 months, with full implementation taking effect within 24 months. Companies will now have to factor the provisions of this Act into how they develop AI products and services to be rolled out in the European market."

**Anna Scally**
Partner, Head of Technology & Media
**KPMG in Ireland**

KPMG Private Enterprise



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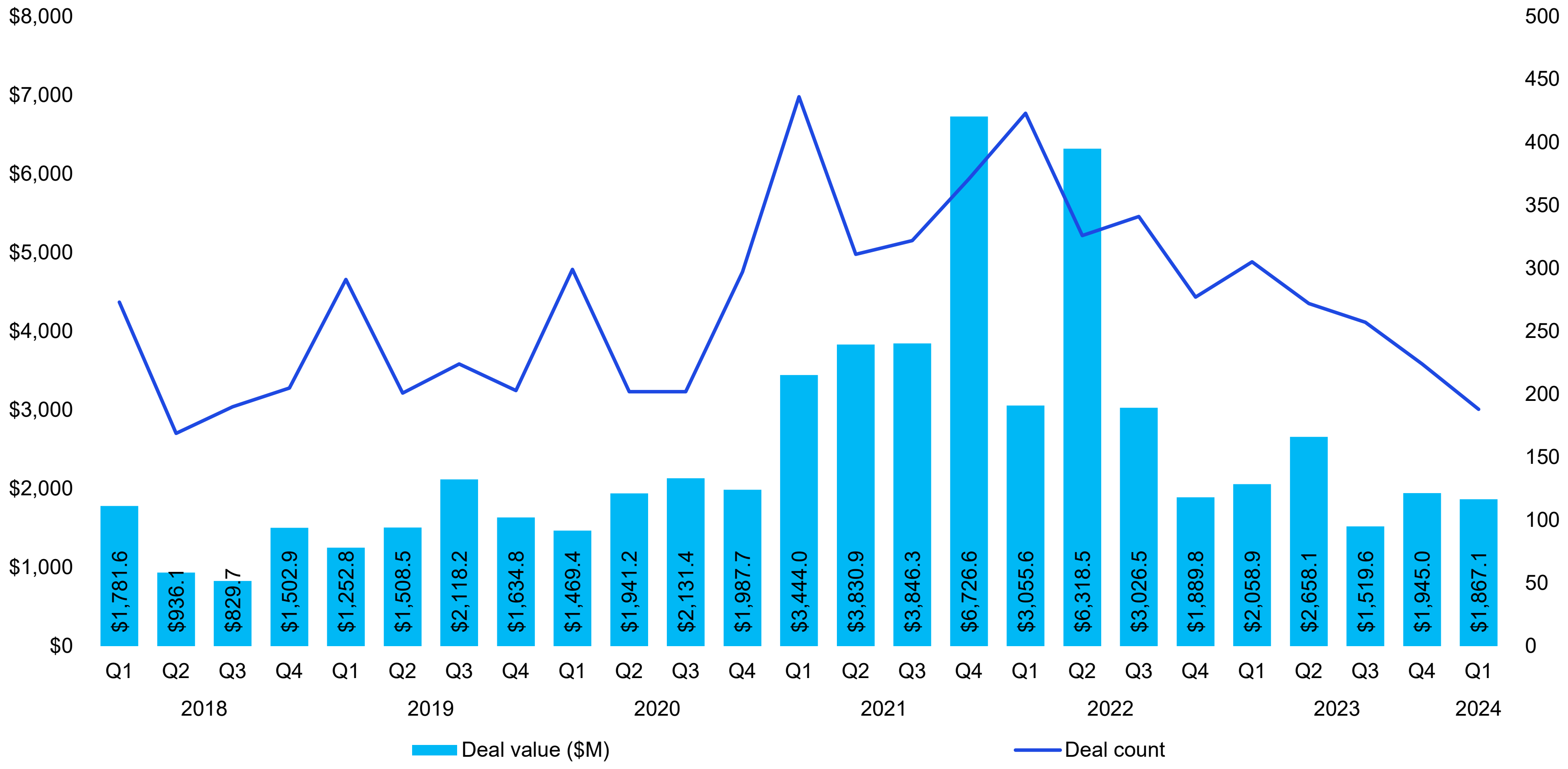
# VC invested smooths out into a plateau

## Venture financing in Germany

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

“We're seeing a lot of startups that are, to be quite honest, the walking dead here in Germany. Companies that bet on business models that are basically gone — and, while they've tried to convert from a growth to profitability focus, some just haven't succeeded. We could see some of these companies going out of business over the next couple of quarters as they realize there is no additional financing available and no white knight coming in to rescue them.”

**Tim Dümichen**
Partner
**KPMG in Germany**

KPMG
Private Enterprise

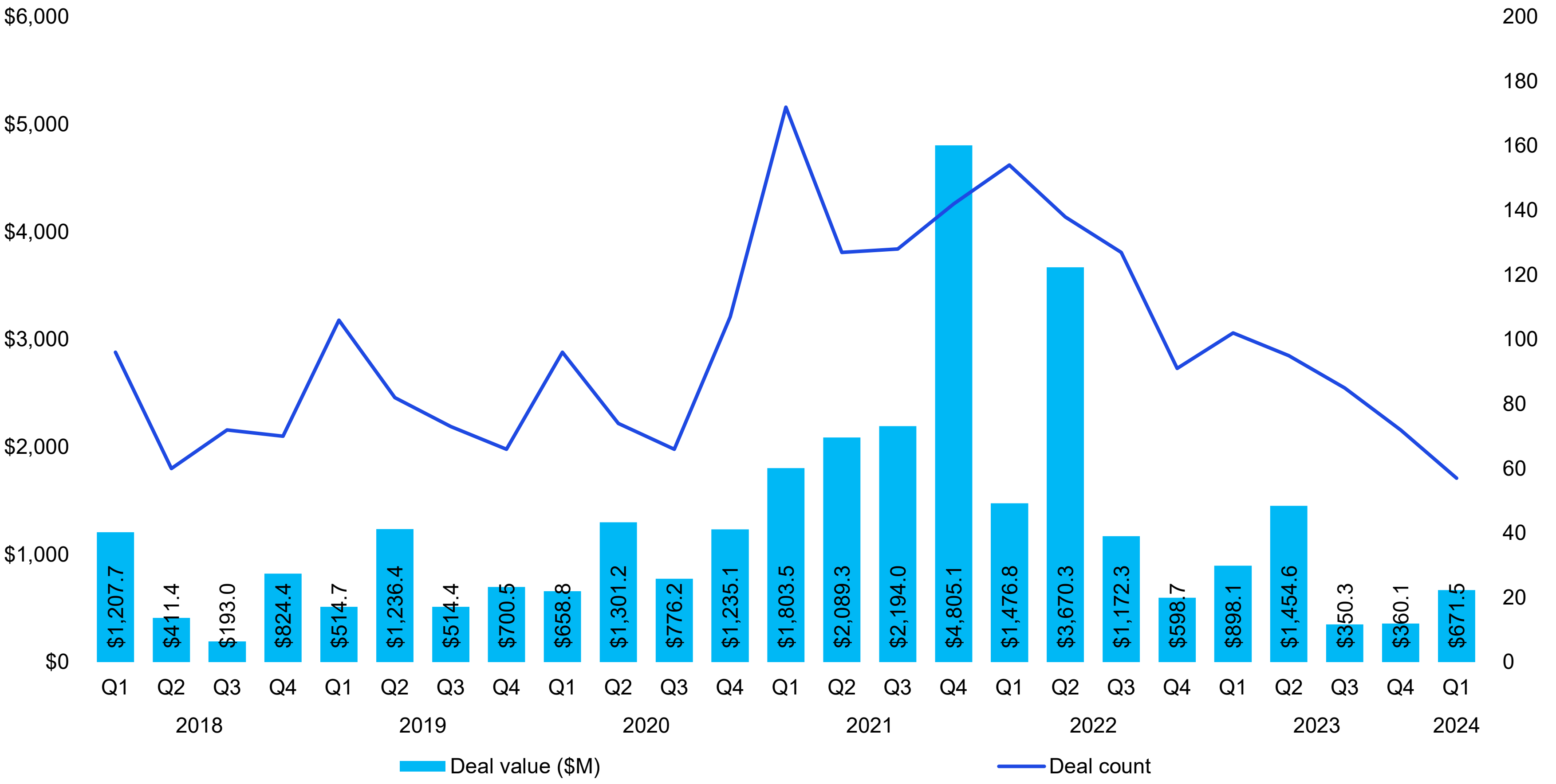


#Q1VC

# The Berlin venture ecosystem sees a slight bump

## Venture financing in Berlin

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

"One thing we're still seeing in Germany is that corporates are seeking both innovation and evolution for their products and services whilst taking a cautious approach to spending. Budgets may be undergoing adjustments and decision-making processes are proceeding at a measured pace due to the prevailing macroeconomic uncertainties, corporates are holding back significant investments. Notably, there is a growing curiosity about AI, especially generative AI, among corporates. However, they are exercising prudence in their investment decisions. Instead of rushing into commitments, they are engaging in discussions to comprehend the potential impact on their internal IT infrastructure and operational workflows. This approach reflects a strategic mindset aimed at ensuring reasonable investments in relevant transition projects."

**Florian Merkel**
Director of Tax,
Head of Venture Services
**KPMG in Germany**

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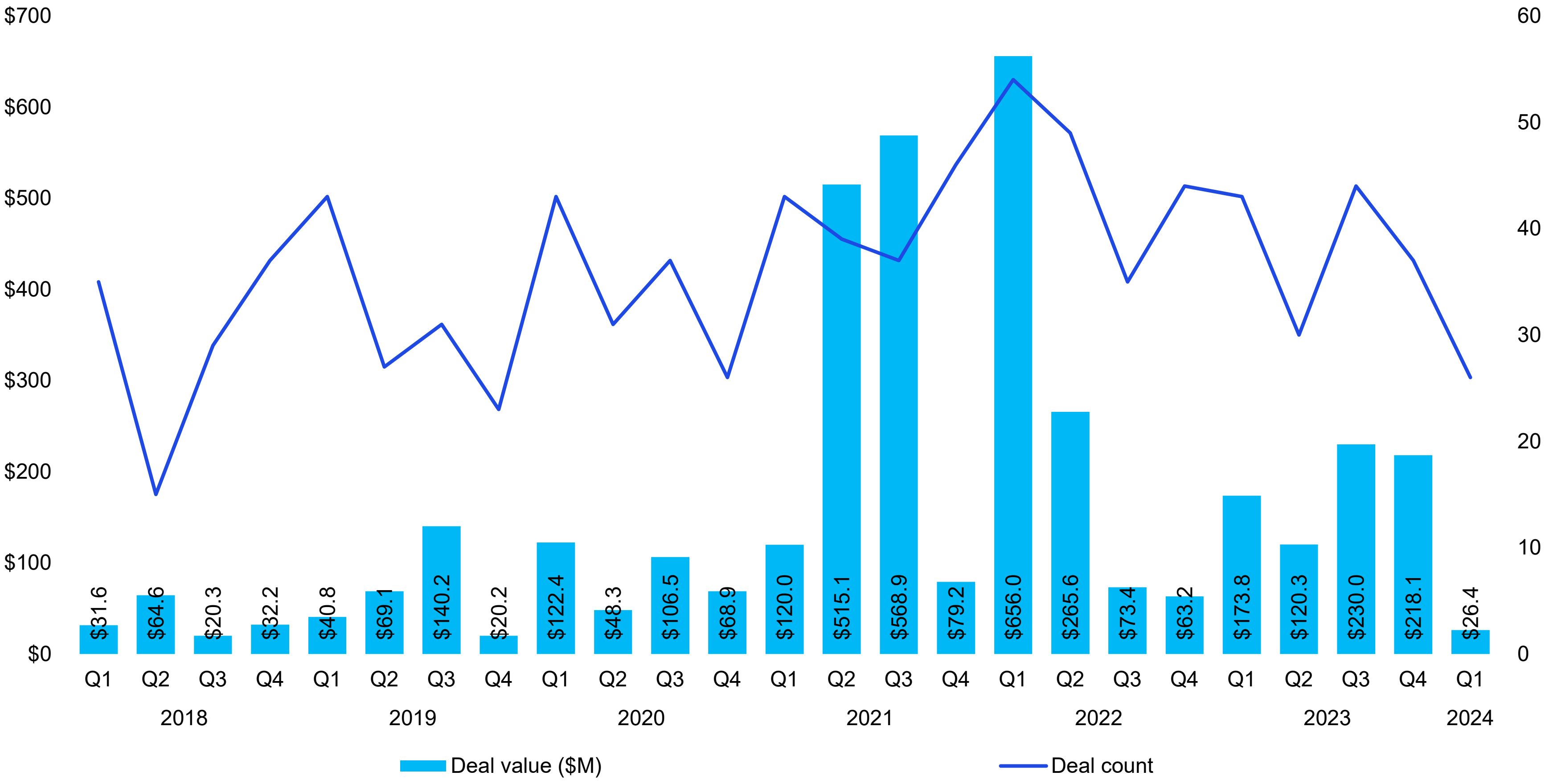
KPMG Private Enterprise

# After a very robust back half of 2024, dealmakers take a breather

## Venture financing in Austria

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

“The Austrian VC ecosystem is doing quite well despite the macroeconomic environment. It's evolved a lot in recent quarters. We are seeing more early-stage funds. We are seeing Vienna grow as an innovation hub. We're seeing more investors coming here and setting up offices because of the work going on at our universities. A lot of the investment so far has been early-stage and Seed funding, but it bodes well for the future.”

**Leonardo Peikoff**
Head of Startups Manager
**KPMG in Austria**

KPMG Private Enterprise



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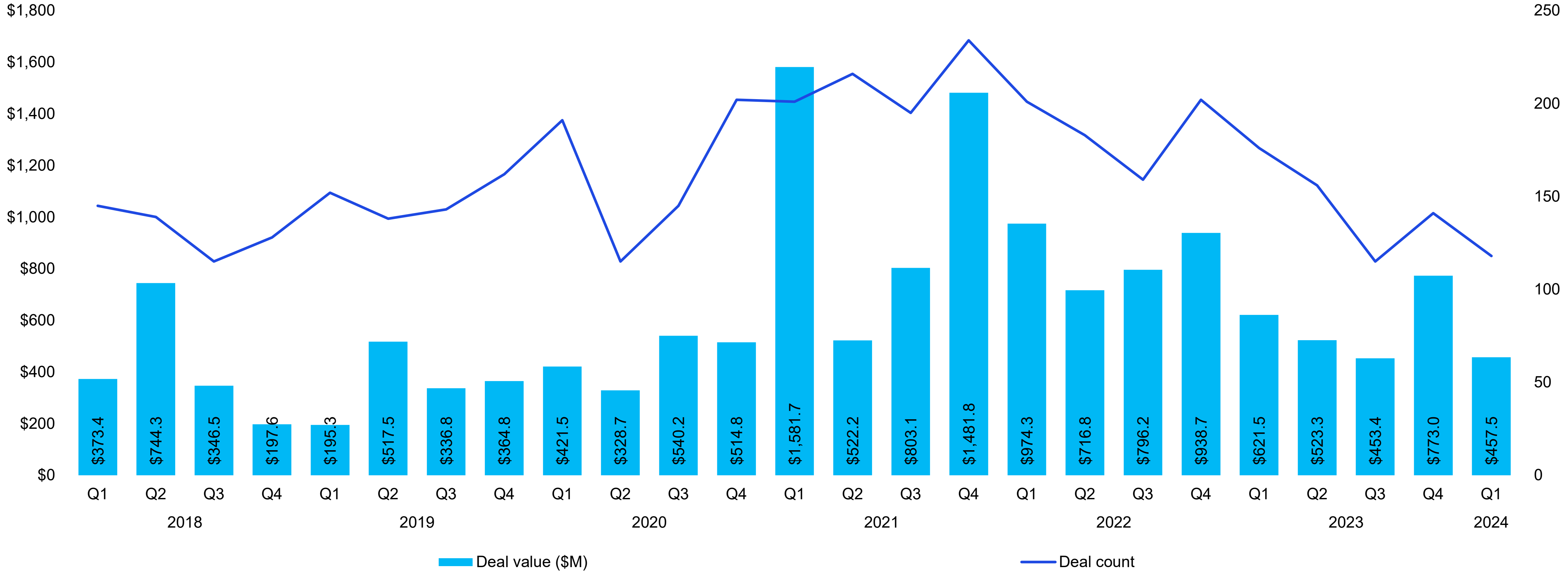
# The Spanish venture ecosystem continues to chug along

**Venture financing in Spain**
2018–Q1'24



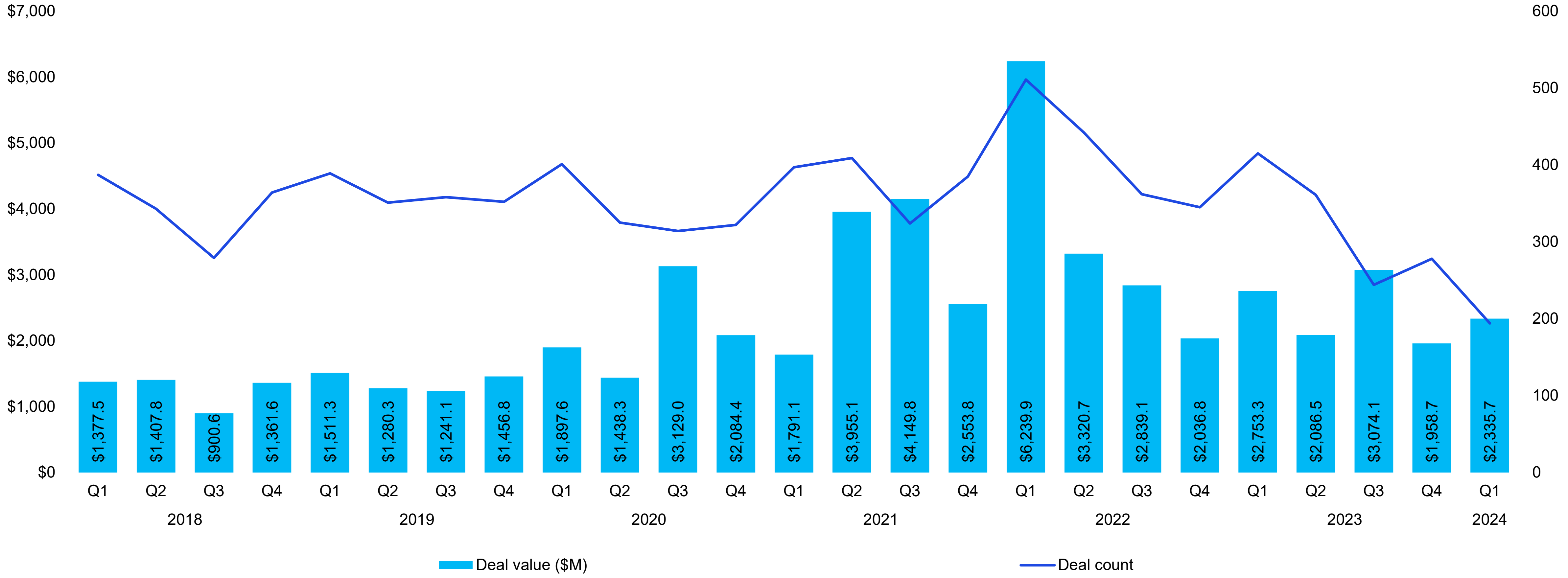

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

KPMG Private Enterprise

# Much like elsewhere, France sees a healthy plateau of activity

## Venture financing in France

2018–Q1'24

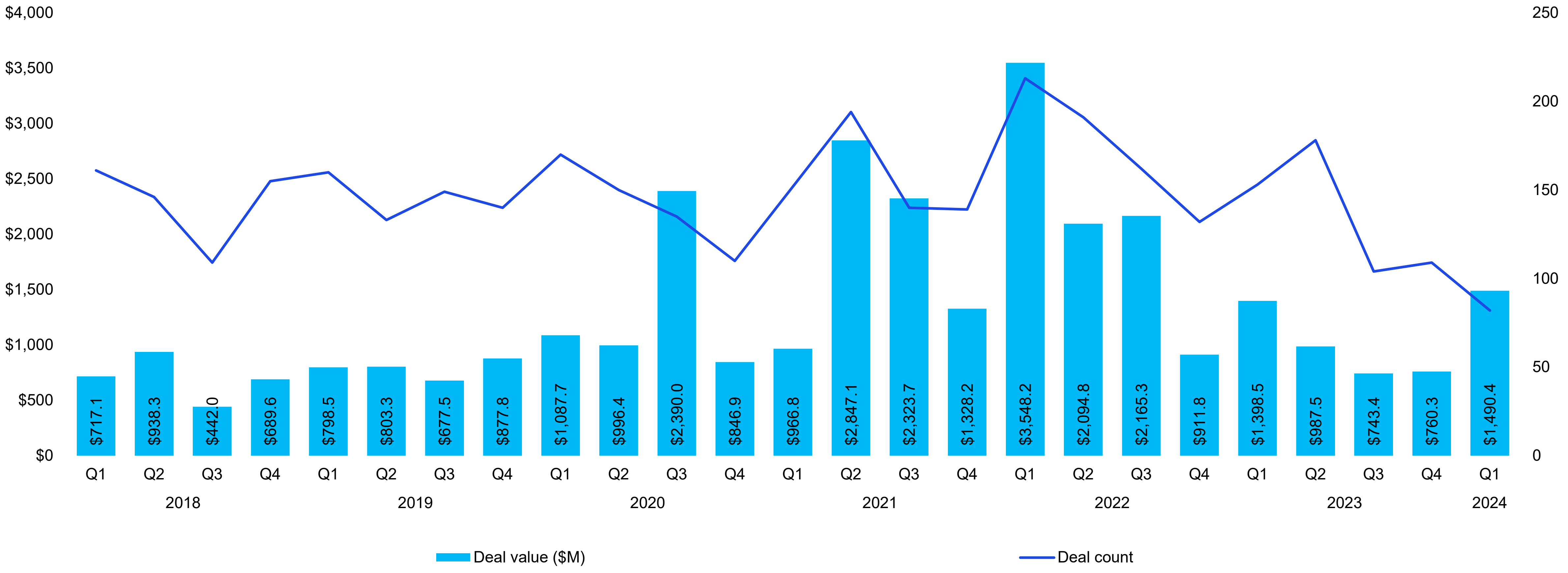



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Mega-deals skew the start of 2024 for Paris in a positive fashion

## Venture financing in Paris

2018–Q1'24

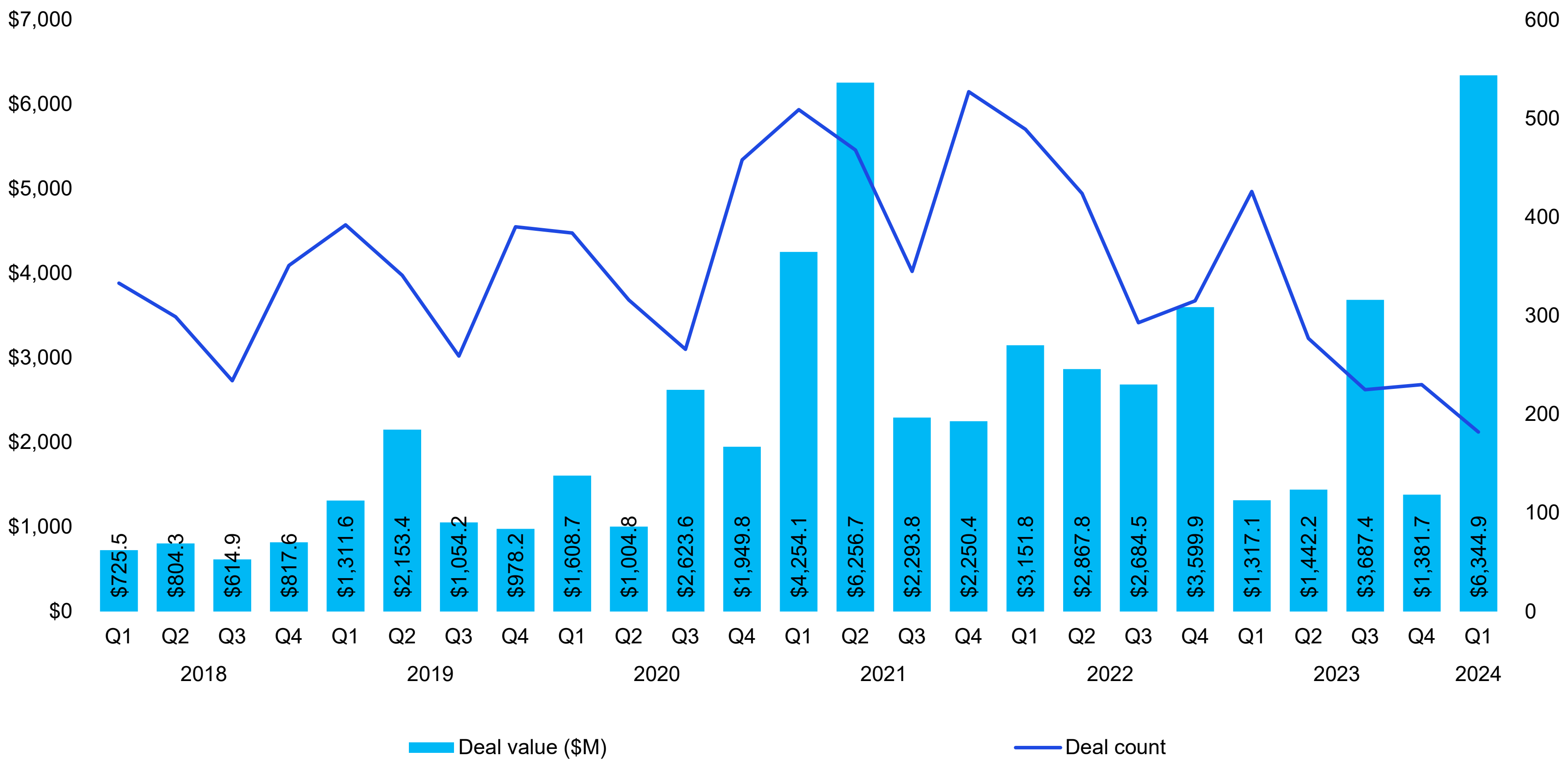



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Mega-deals spike VC invested in Q1

## Venture financing in the Nordics

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

"Bolstered by the $5,2 billion ($0,3b equity, $0,3b grants, $4,6b debt) raise by H2 Green Steel the funding raised in the Nordics had its all-time high quarter. Looking past the H2 Green Steel deal the market was at pre-covid levels highlighting outlier years of 2021-22 and the oversupply of capital. The valuations in the US public markets have started to bounce back a bit and in general there's also more IPO activity in Europe compared to the Nordics. If we start to see successful exits there, it will likely start boosting the later-stage VC environment here as well. Until then, later-stage investment levels may remain somewhat subdued."

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

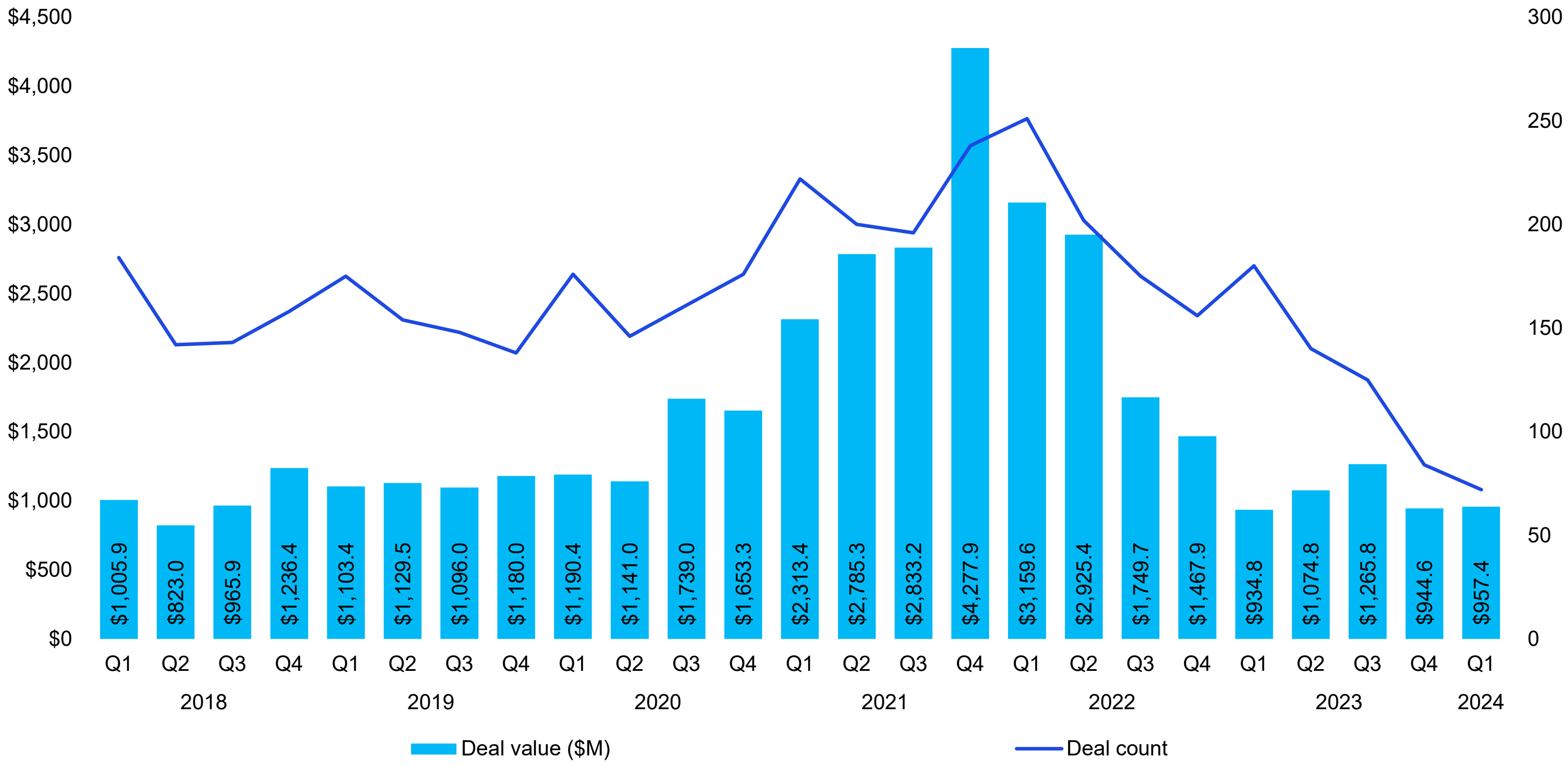
#Q1VC

KPMG Private Enterprise

# Israel sees activity moderate much like elsewhere

## Venture financing in Israel

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

"Following three consecutive quarters of decreases in the scope and amount of capital raised by Israeli tech companies, Q1/2024 is taking a positive turn. In Q1 Israeli tech companies raised $1.6 billion, a 10% increase from the previous quarter, and the quarterly number of deals downtrend changed for the first time since 2022. Early-stage rounds increased by 48% compared to the previous quarter, and six Israeli companies completed rounds of more than $100 million. Foreign and Israeli investors alike increased their transactions, confirming that the trend of stabilization in the industry continues into 2024."

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

KPMG Private Enterprise

# A more diverse set of sectors garners the top rounds of Q1

## Top 10 financings in Q1'24 in Europe


1. **H2 Green Steel** — $5.2B, Stockholm, Sweden — Cleantech — *Early-stage VC*
2. **Monzo** — $431.1M, London, UK — Fintech — *Series I*
3. **Mistral AI** — $415M, Paris, France — AI & ML — *Series A*
4. **Picnic** — $389.1M, Amsterdam, Netherlands — Foodtech — *Late-stage VC*
5. **Electra** — $333.9M, Paris, France — Cleantech — *Series B*
6. **Everphone** — $296.6M, Berlin, Germany — Mobile — *Series D*
7. **Apollo Therapeutics** — $260M, Cambridge, UK — Drug discovery — *Series C*
8. **Sunfire** — $233.7M, Dresden, Germany — Cleantech — *Series E*
9. **TravelPerk** — $220.85M, Barcelona, Spain — Business software — *Series D1*
10. **Aqua Security** — $195M, Ramat Gan, Israel — Cybersecurity — *Series E*

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024.
Data provided by PitchBook, April 17, 2024.

# In Q1'24, VC-backed companies in the Asia region raised $18.9B across 2,305 deals

# VC investment in Asia Pacific region sees weak start to 2024 despite three $1 billion+ deals

**Both VC investment and the total number of deals in Asia dropped quarter-over-quarter, falling from $22.9 billion across 2,920 deals in Q4’23 to $18.9 billion across 2,305 deals in Q1’24. This decline came despite three large deals in China, including a $1.1 billion raise by EV company IM Motors, a $1 billion raise by AI-powered smart chatbot company YueZhiAnMian, and a $940 million raise by internet and communications satellite company Yuanxin Satellite.**

### Artificial intelligence high on radar of investors in Asia

AI attracted significant attention in Asia during Q1’24; in addition to Moonshot AI’s raise, South Korea-based AI-driven virtual telecom services provider Stage X raised $300 million, and China-based AI-enabled ESG-focused fintech company MioTech raised $150 million. China, in particular, continued to show interest in advancing AI and machine learning innovation, in tandem with innovations in chips and chips manufacturing.

### Cleantech continues to attract big tickets in Asia

Cleantech and alternative energy continued to attract strong funding in Asia during Q1’24, particularly in China, where three cleantechs were among the largest deals in the region during the quarter: IM Motors ($1.1 billion), Huakong Power ($696 million), and Guangxi CNGR New Energy ($307 million). China also accounted for four of the world’s new cleantech and alternative energy focused unicorns in Q1’24, including Sungrow NewEnergy, Guangxi CNGR New Energy, Zhizi Auto, and Qiyuan Green Power.

Health and biotech also saw solid investment during the quarter, with raises by India-based PharmEasy ($421 million) and China-based Jixing Pharmaceuticals ($162 million).

### VC investment in China slow to materialize in Q1’24

Despite several large cleantech raises, VC investment in China fell from $15 billion in Q4’23 to only $11.5 billion in Q1'24 — the lowest total seen since Q1’20. This number is striking, despite a tendency for Q1 to be slow in China due to the timing of Chinese New Year and companies waiting to evaluate their year end financials before making major decisions. AI and new energy continued to be the most attractive sectors for investment in China, including subsectors like new materials manufacturing to support new energy activities.

Fundraising activity in China was relatively strong in Q1’24, if well off pace of previously seen highs; this was particularly true for domestic RMB funds, as dollar-based fundraising activity remained very weak during the quarter. Foreign direct investment dropped considerably over the last year, with some multinational companies selling their China-based assets and others bringing in joint venture partners. Meanwhile, China-based companies, particularly in the solar energy sector, have increasingly set up manufacturing facilities in other countries in order to better fulfill the market needs in other regions, including Europe. There also has been growing interest in bilateral strategic investments between China and the Middle East — particularly Saudi Arabia.

### Hong Kong VC market sees challenging start to 2024

The VC market in Hong Kong felt some turbulence in Q1’24, driven in part by the decision of Hong Kong High Court to liquidate real estate property development company China Evergrande. The order means that a number of funds and banks that had investments in the property developer will need to write down their losses. This is causing some trepidation in the market as it could lead to less liquidity for investment.

Despite the challenging start to the year, however, the Hong Kong government continues to support R&D to drive the commercialization of research outcomes, nurture local start-ups and talent, and boost the collaboration with sister cities in the Greater Bay Area (i.e. Guangdong–Hong Kong–Macao) with a view to cultivating a more thriving innovation and technology ecosystem. In March, 25 strategic companies from mainland China and the U.S. in four strategic industries, life and health technology, AI and data science, fintech, advanced manufacturing and new energy, have committed to setting up research and development centers or regional offices in Hong Kong via the Office of Attracting Strategic Enterprises (OASES). These companies have committed to investing more than $5 billion and creating over 13,000 jobs in the coming years. These companies will give a boost to the startup ecosystem.

# VC investment in Asia Pacific region sees weak start to 2024 despite three $1 billion+ deals, cont'd.

## India sees VC investment double quarter-over-quarter

After attracting just $1.6 billion in Q4'23 — a low not seen since Q4'16 — VC investment in India rebounded in Q1'24 with $3.2 billion in total VC investment. The total number of VC deals also rose quarter-over-quarter — from 313 in Q4'23 to 354 in Q1'24. The largest deal of Q1'24 in India was a $421 million raise by online pharmacy and digital health company PharmEasy. Fintech continued to attract good attention in India, although at smaller deal values. During the quarter, microlending platform KreditBee raised $209 million, non-banking financial services company SK Finance raised $160 million, and credit decisioning analytics company Perfios raised $80 million.

## Japan VC market healthy as ecosystem evolves

VC market activity in Japan was quite positive in Q1'24, with comparable results to Q1'23. A number of companies raised funding rounds, including consumer products company MOON-X ($23 million), biotech PRISM Biolab ($10 million). Oishii Farm Corporation — a US-based agtech founded by a Japanese entrepreneur — also raised $173 million during the quarter, in a deal that was led by Japanese telecom NTT. Semiconductor manufacturing also gained attention in Q1'24, as Taiwan-based TSMC opened its first factory in Japan; the Japanese government also committed up to $4.8 billion for TSMC to build a second plant to support the burgeoning AI industry in the country.

The number of VC and CVC funds continued to increase in Q1'24, reflecting the growing interest in, and maturity of, Japan's VC ecosystem. Government support has also remained strong, with the government looking to increase startup funding significantly by 2027. Major sectors for investment in Q1'24 primarily focused on the government priority areas of healthcare, energy, and quantum computing, with increasing interest in decarbonization and automation technologies in particular.

## Slowdown in SPAC deals affecting exits in Hong Kong

In Hong Kong, a number of SPACs are close to the end of their two year window for announcing a merger, while some are closing in on their three year window to complete an announced merger. This is creating a sense of urgency among SPACs. During Q1'24, however, Hong Kong saw SPAC deal processes taking longer than planned — not because of the inability to raise money, but rather because of the time required for Chinese companies to obtain the green light from the CSRC to merge with a SPAC in order to go public in Hong Kong. These delays are causing some consternation, in addition to a delay in exit activity.

## Trends to watch for in Q2'24

Looking forward to Q2'24, VC investment in Asia is expected to remain relatively steady. While the consumer market is expected to continue to recover, any changes will likely occur at quite a slow pace. AI will likely continue to attract large deals, in addition to ESG related technologies — from battery technologies to EV value chain businesses and semiconductors.

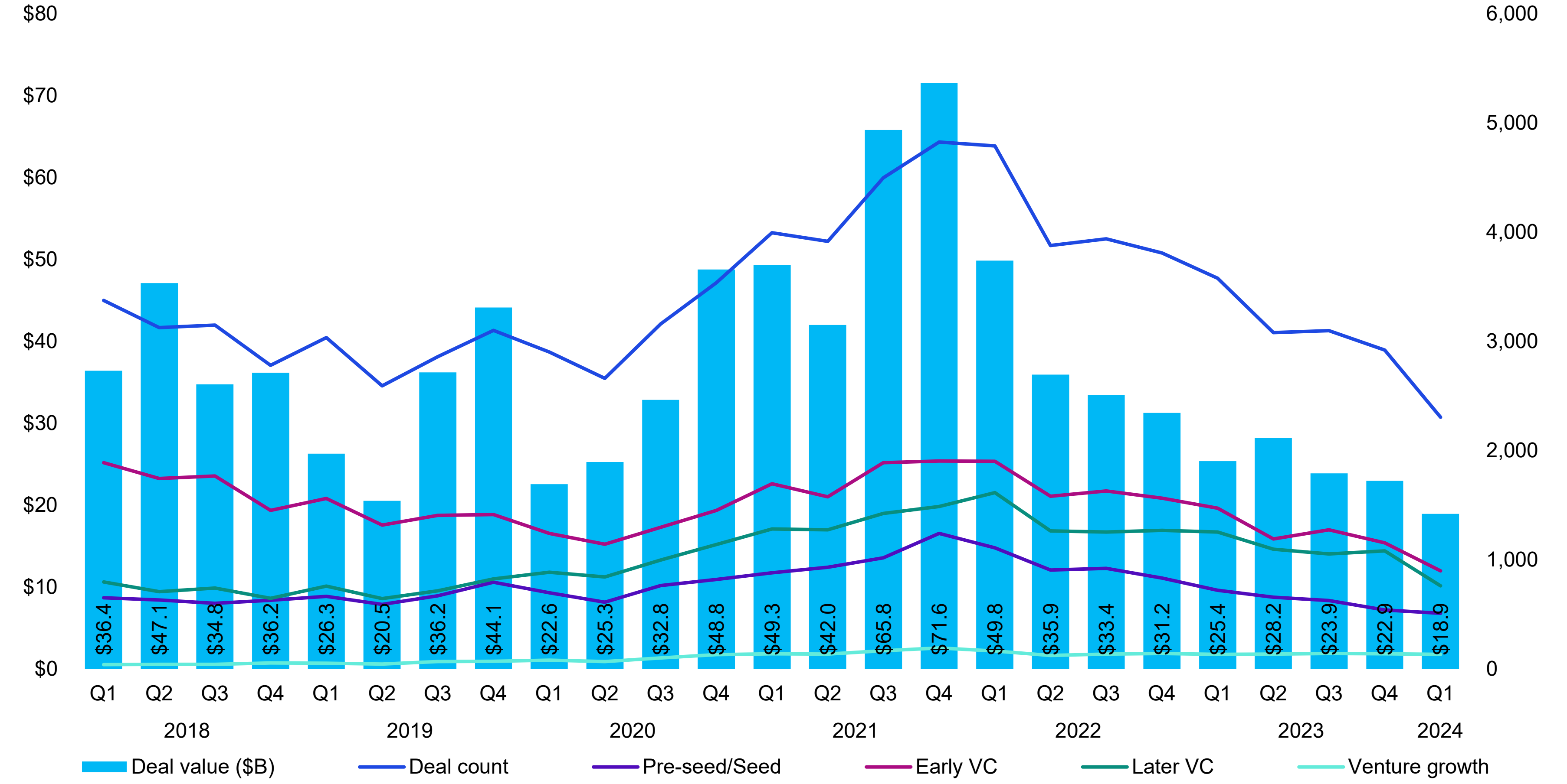
In China, there is some concern about the impact of declining consumer confidence and the related drop in consumption. There is some expectation that the government will introduce policies to help boost confidence and the economy; should these policies materialize in Q2'24, there could be a subsequent boost to VC investor confidence in the latter half of 2024.

In Japan, VC investment and market building activity is expected to remain positive in Q2'24 as the government works to attract overseas startups to come to Japan. M&A activity is also expected to rise in Japan as startups look at M&A as a more realistic exit strategy than an IPO.

# A gentle slide in dealmaking continues, with hope for a plateau

## Venture financing in Asia

2018–Q1'24



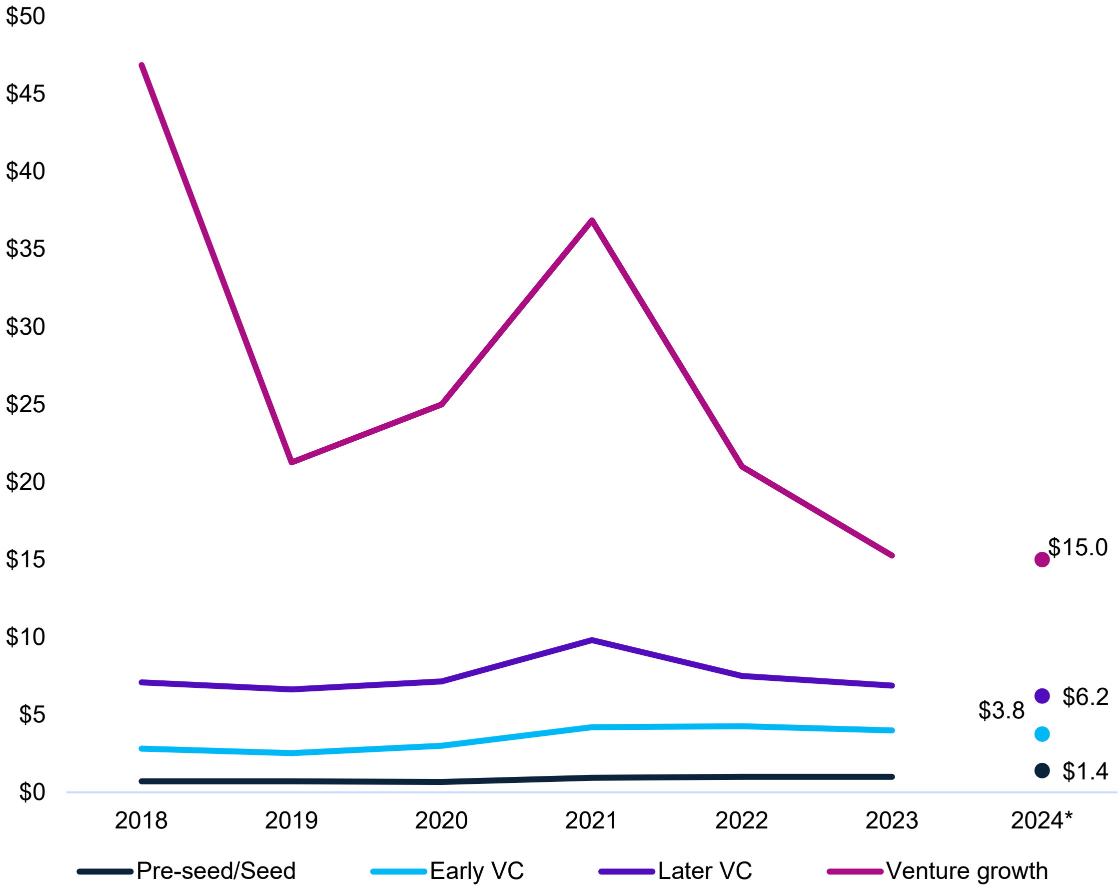

Even with changes over time as undisclosed transactions get unearthed, it is clear that venture dealmaking in the Asia-Pacific region is on a downward trend, albeit at a gentle degree. Much as KPMG partners noted in personal perspectives in prior editions of Venture Pulse, investors are being cautious due to the degree of tumult in the region, especially around commercial viability for larger players given some high-profile challenges.

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Metrics begin to even out

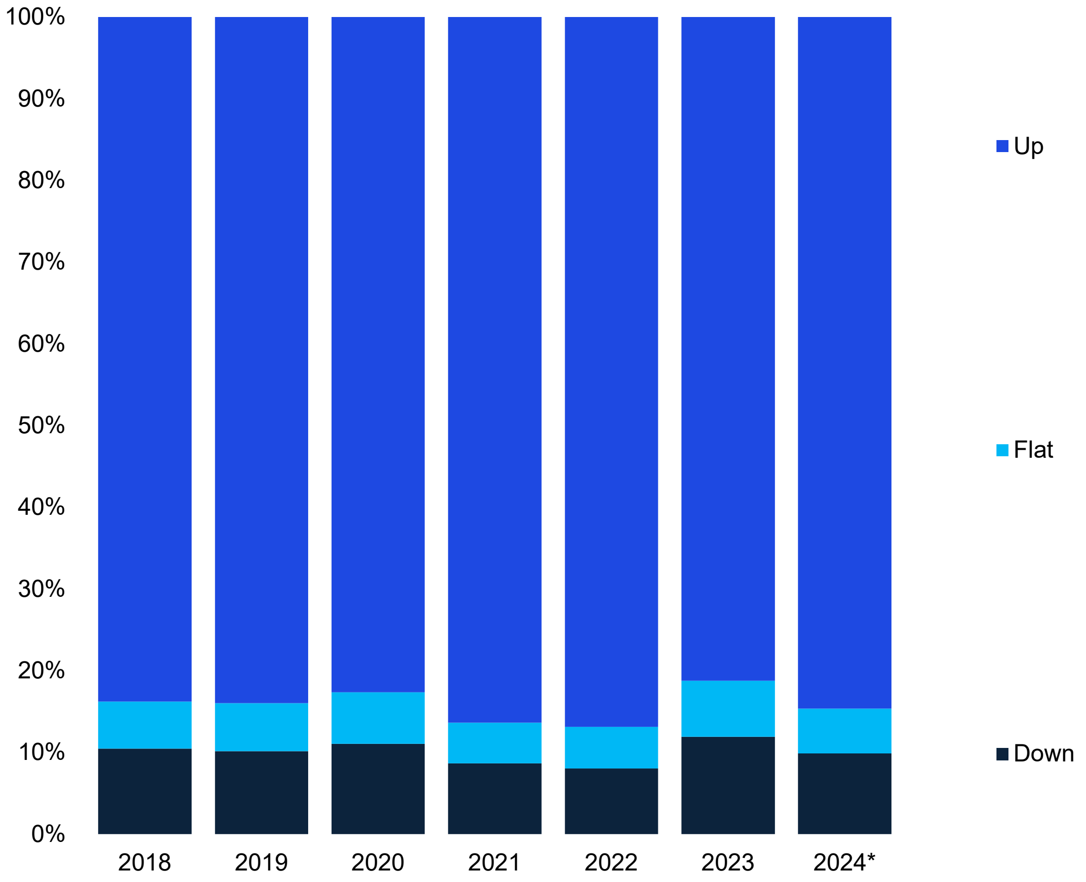
## Median deal size ($M) by stage in Asia

2018–2024*




## Up, flat or down rounds in Asia

2018–2024*

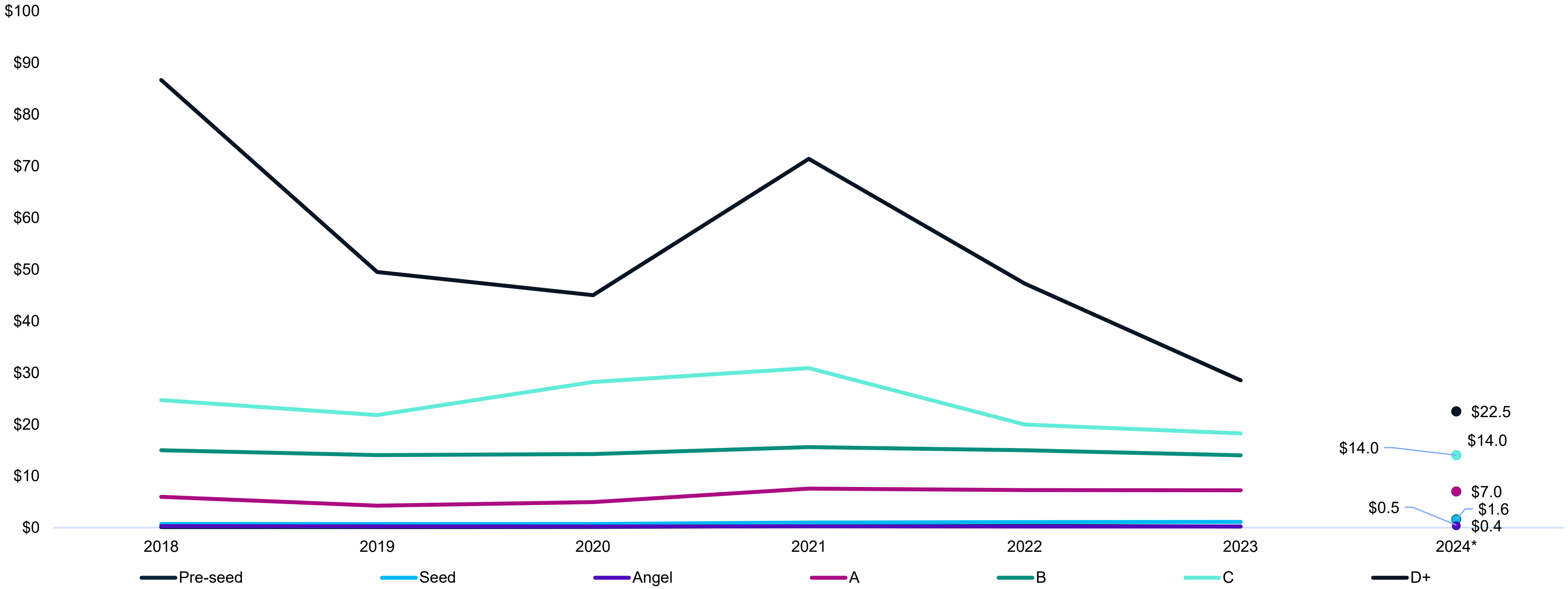



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.. Note: The 2024* figures for down and flat rounds were below n = 30.

# The latest stages are seeing unprecedented slides

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

2018–2024*

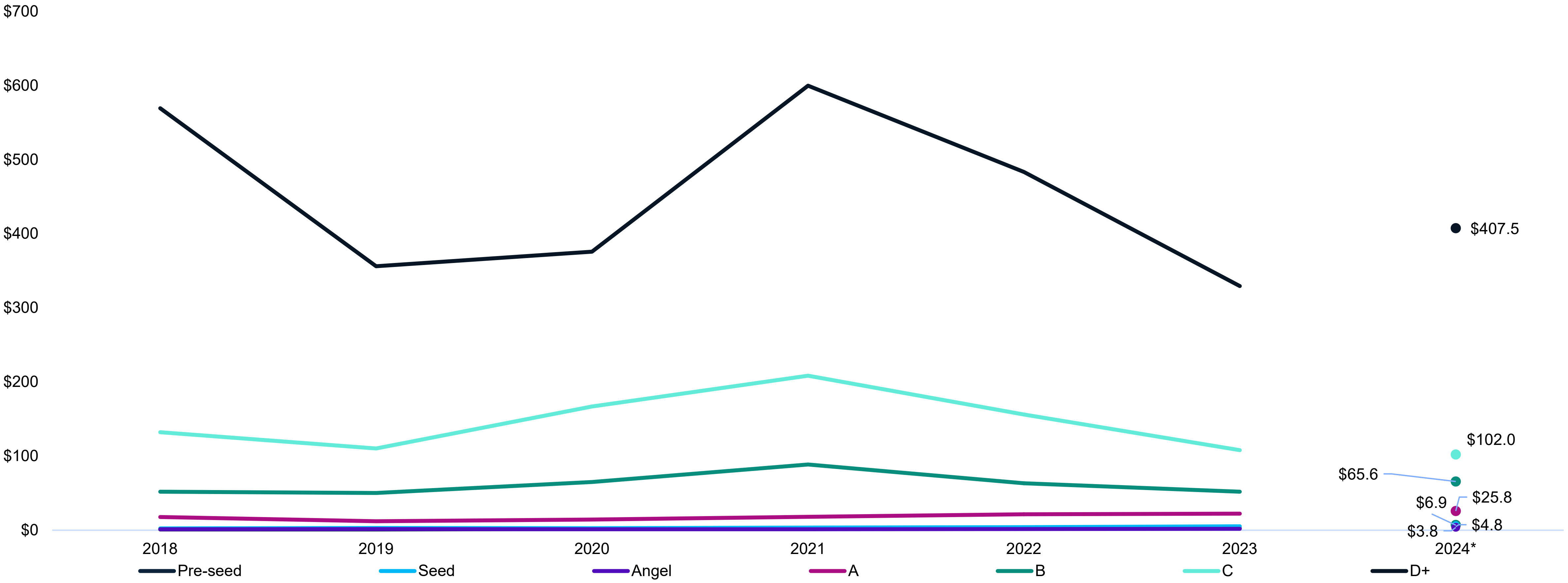



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.
The pre-seed figures for 2016 and 2017 are based on non-normative sample sizes.

# Valuations remain skewed by small sample sizes

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

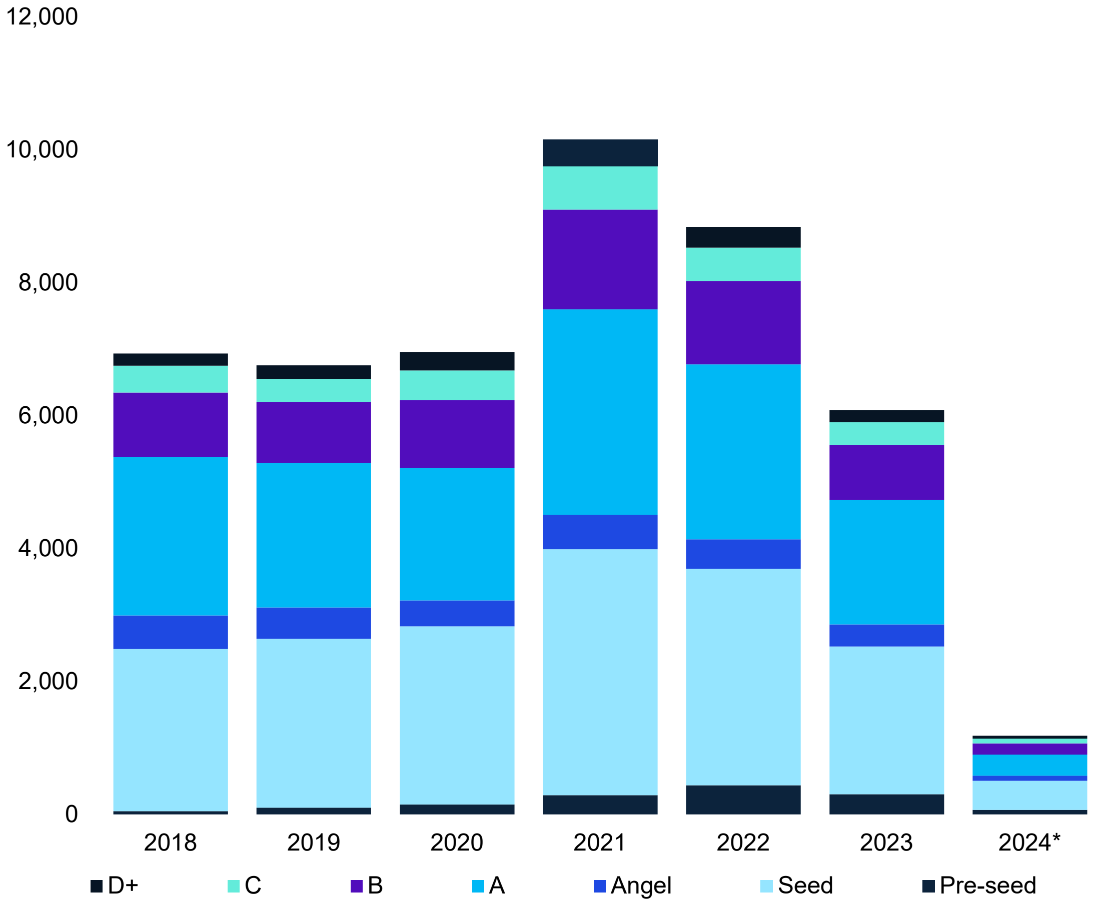
2018–2024*



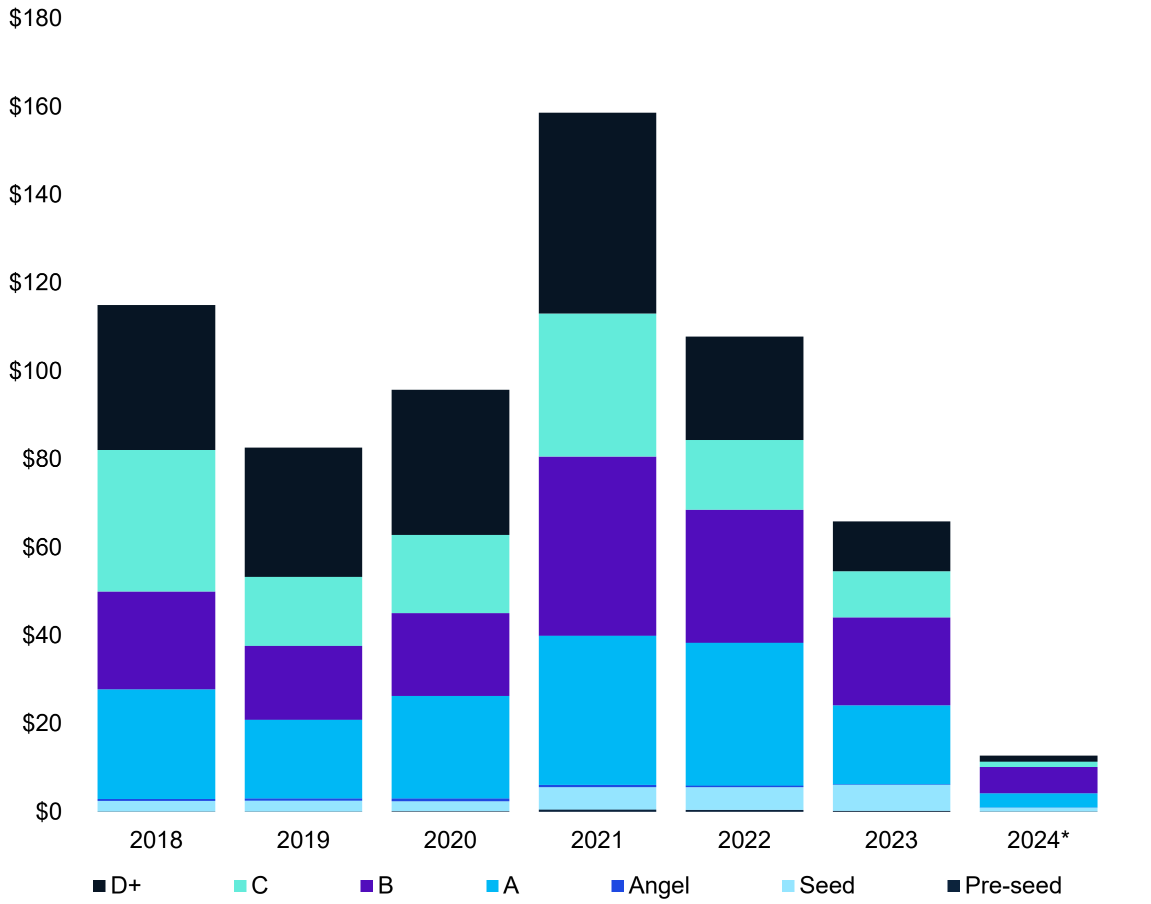

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.
Note: The 2024* figures for pre-seed, angel, B, C, and D+ are based on population sizes < 30.

# Earlier-stage activity starts off the year strong

## Deal share by series in Asia
2018–2024*, number of closed deals




## Deal share by series in Asia
2018–2024*, VC invested ($B)




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

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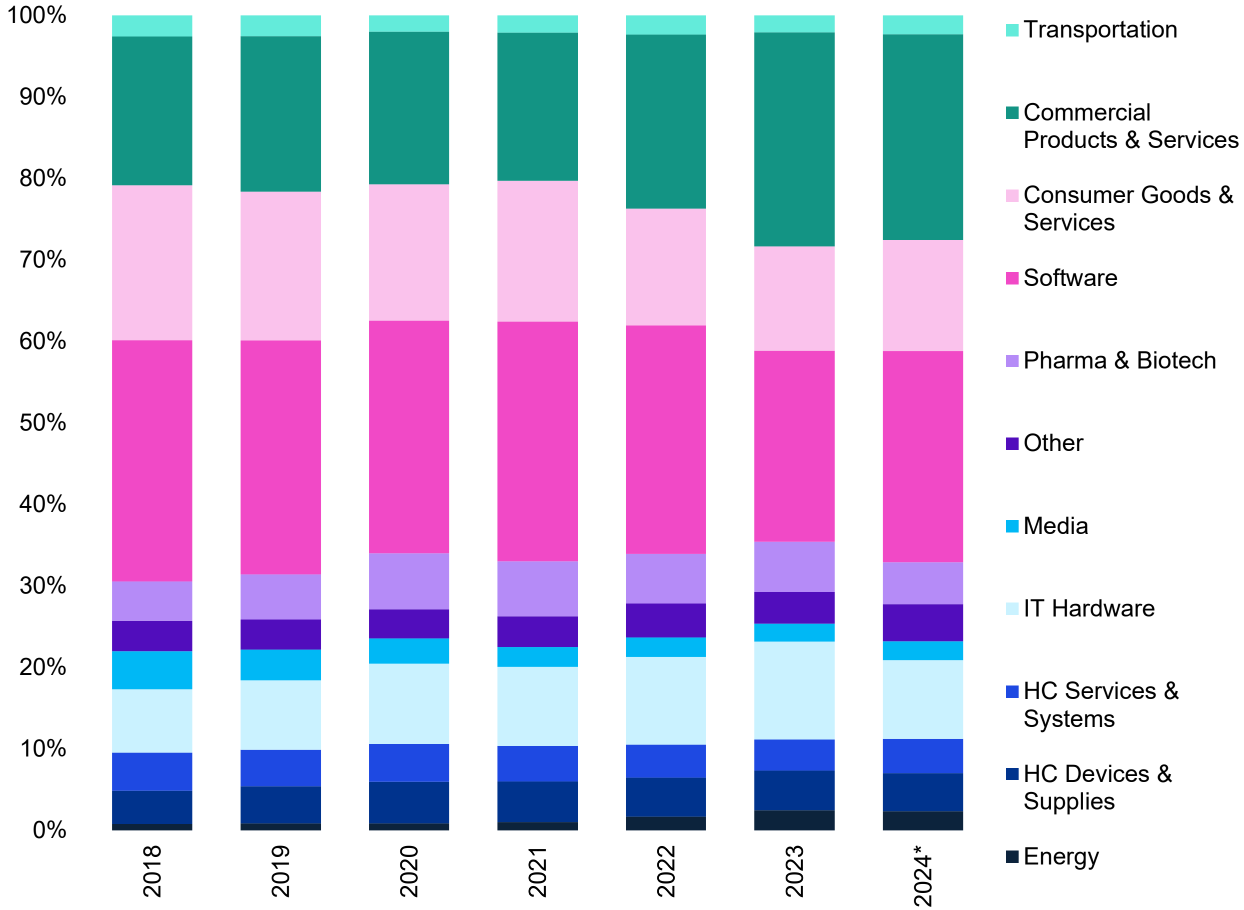
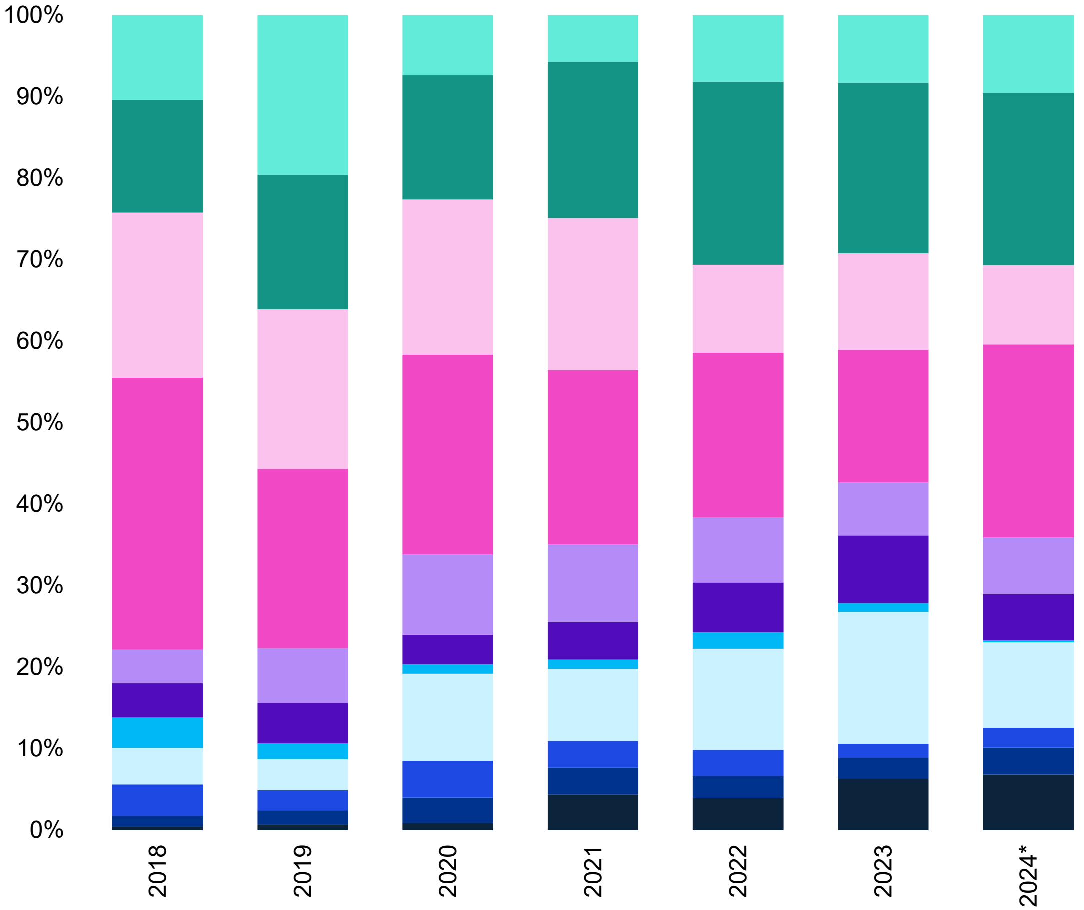
# Key sectors for domestic consumption & security remain draws

## Venture financings by sector in Asia
2018–2024*, number of closed deals




## Venture financings by sector in Asia
2018–2024*, VC invested ($B)

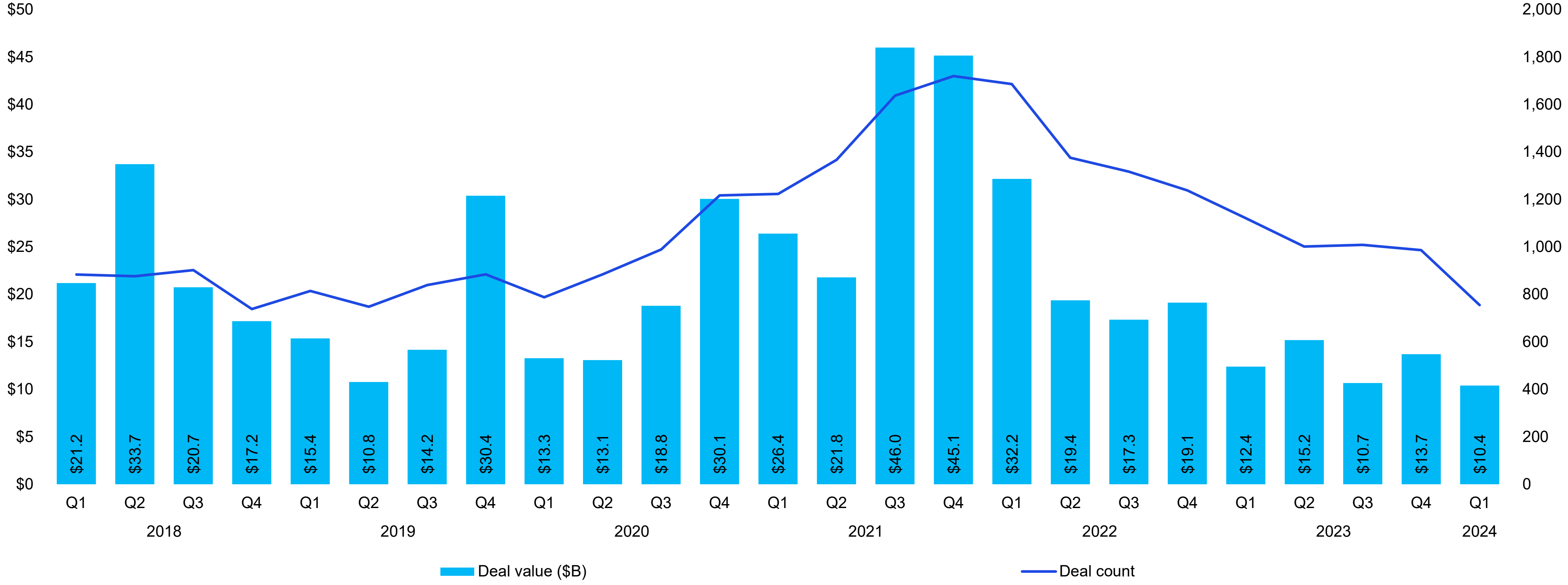



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Corporates pull back in line with the general market

## Corporate participation in venture deals in Asia

2018–Q1'24

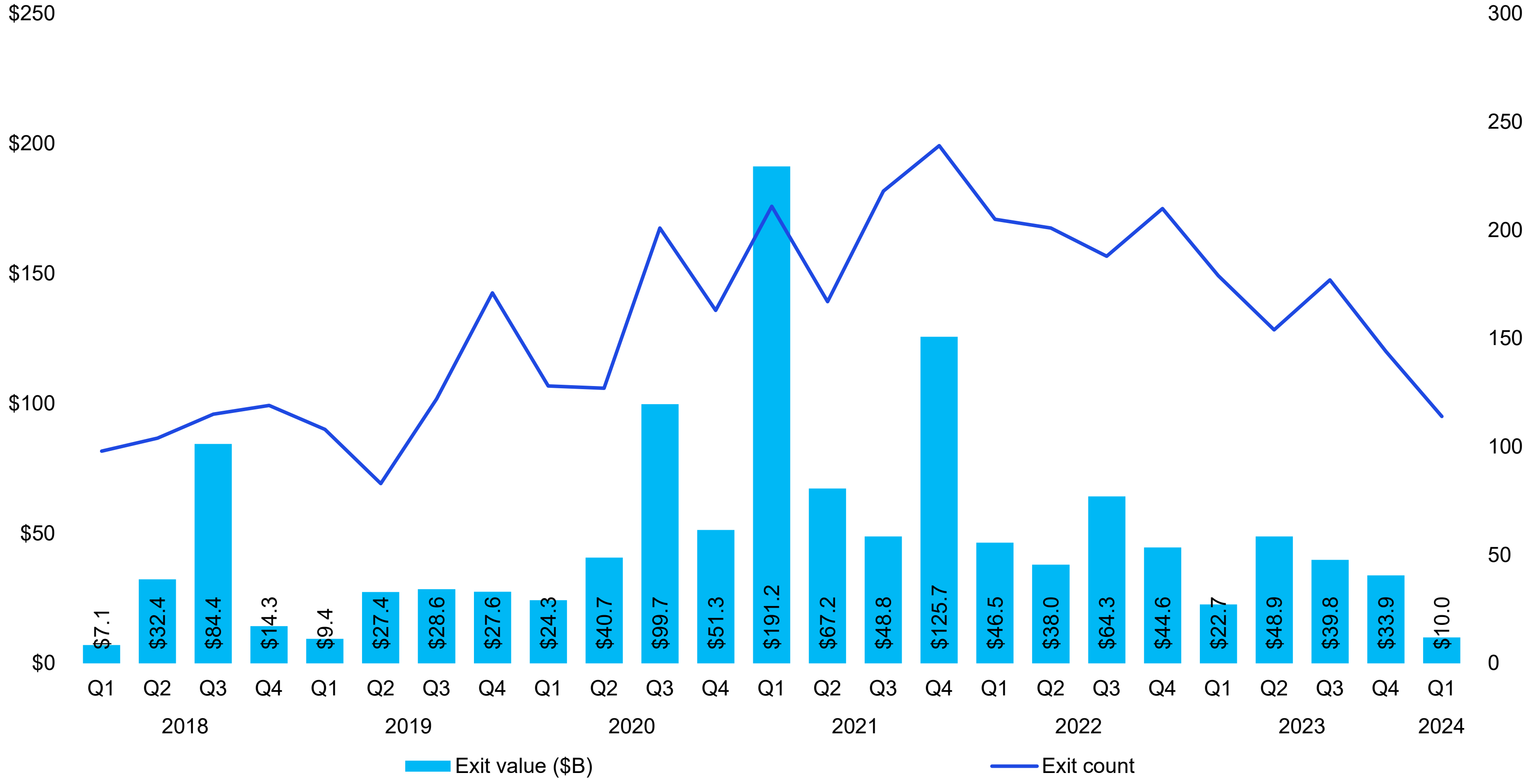



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Exit activity is slow at the start of the year

## Venture-backed exit activity in Asia

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

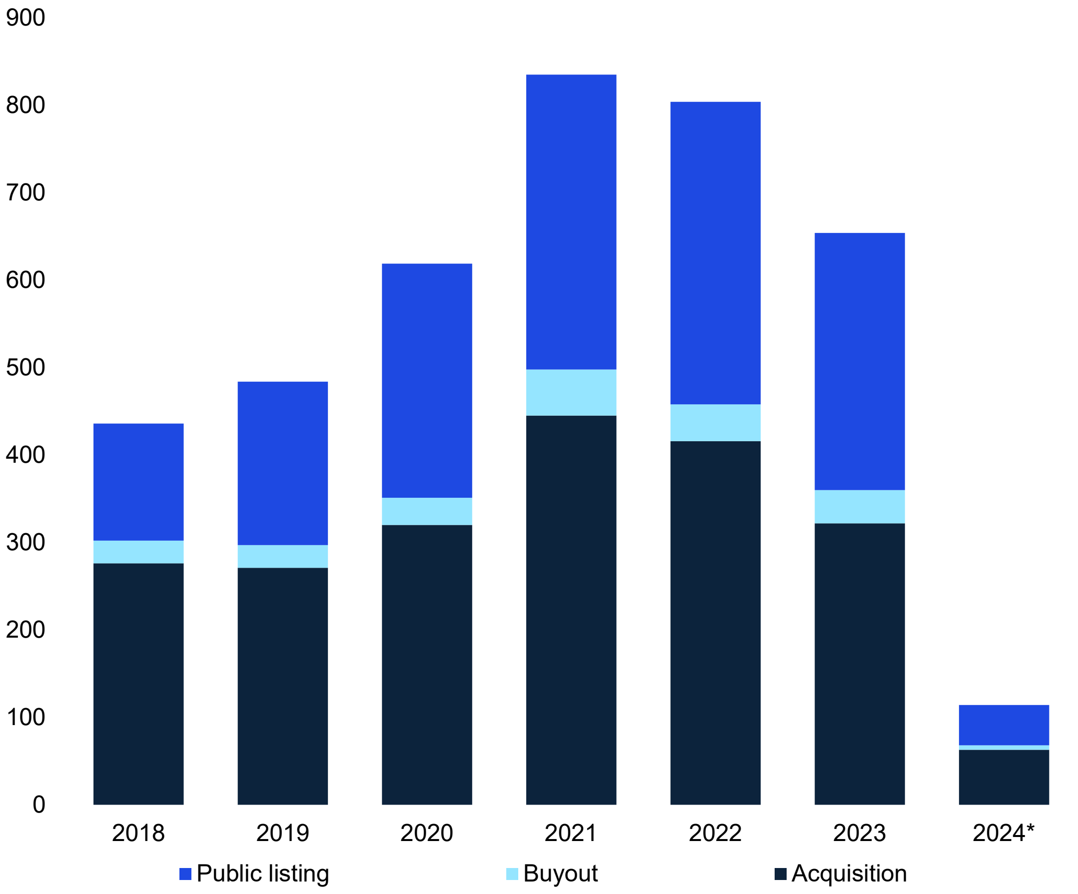
"While the broader economy needs to pick up before IPO activity really comes back, there are some positive signs for the future. Advanced technology companies, AI companies, deeptech companies — all of those fall under the strategic industries supported by the Hong Kong with strong funding and policies. This can help bridge the financial gap for startups as they navigate the challenging funding market."

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

# A slow start to the year, even for IPOs

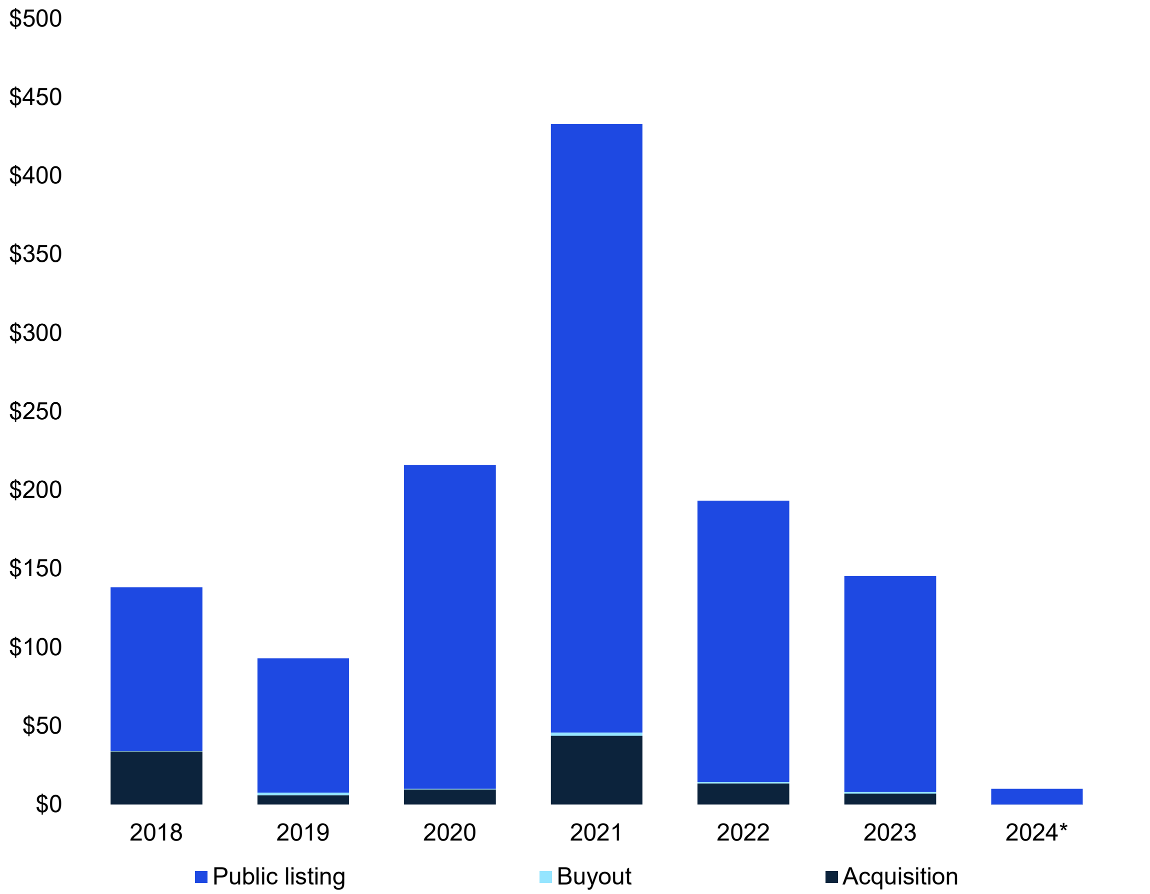
## Venture-backed exit activity (#) by type in Asia

2018–2024*




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

2018–2024*

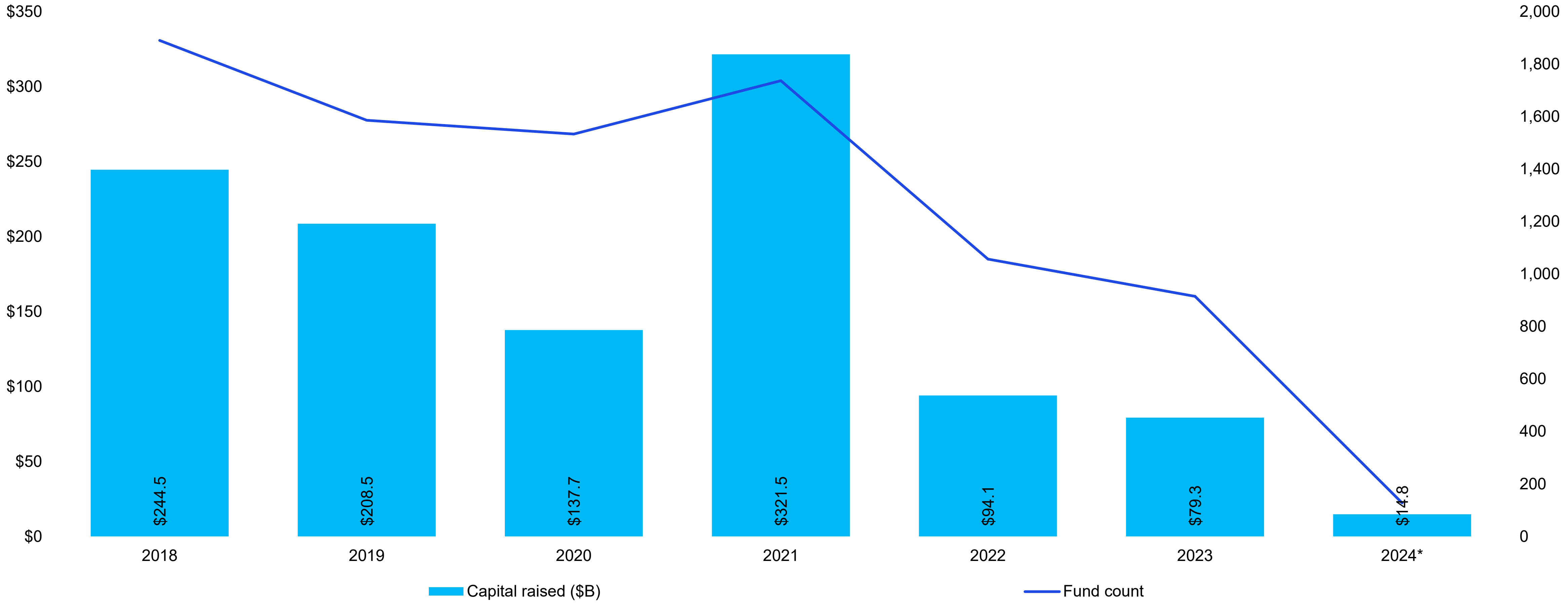



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# Past highs only further underline the current slowdown

## Venture fundraising in Asia

2018–2024*

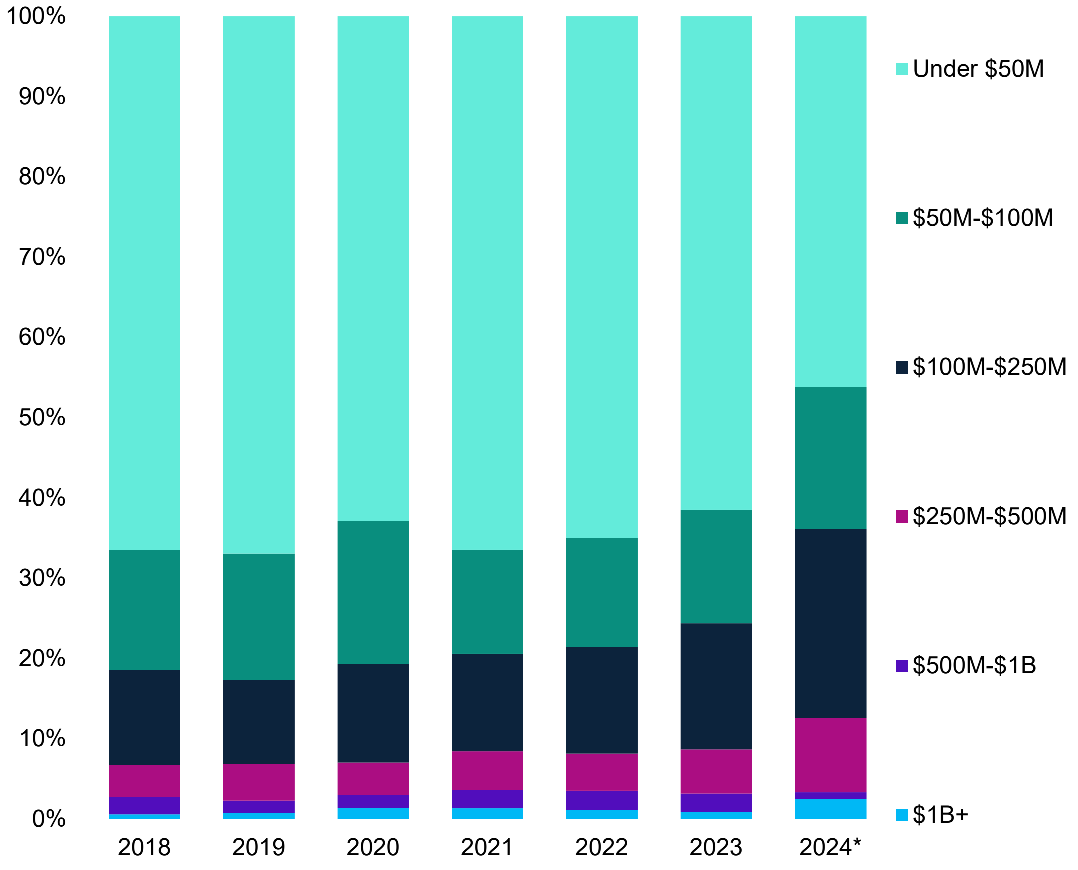



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# In a sluggish market, midsized funds surge

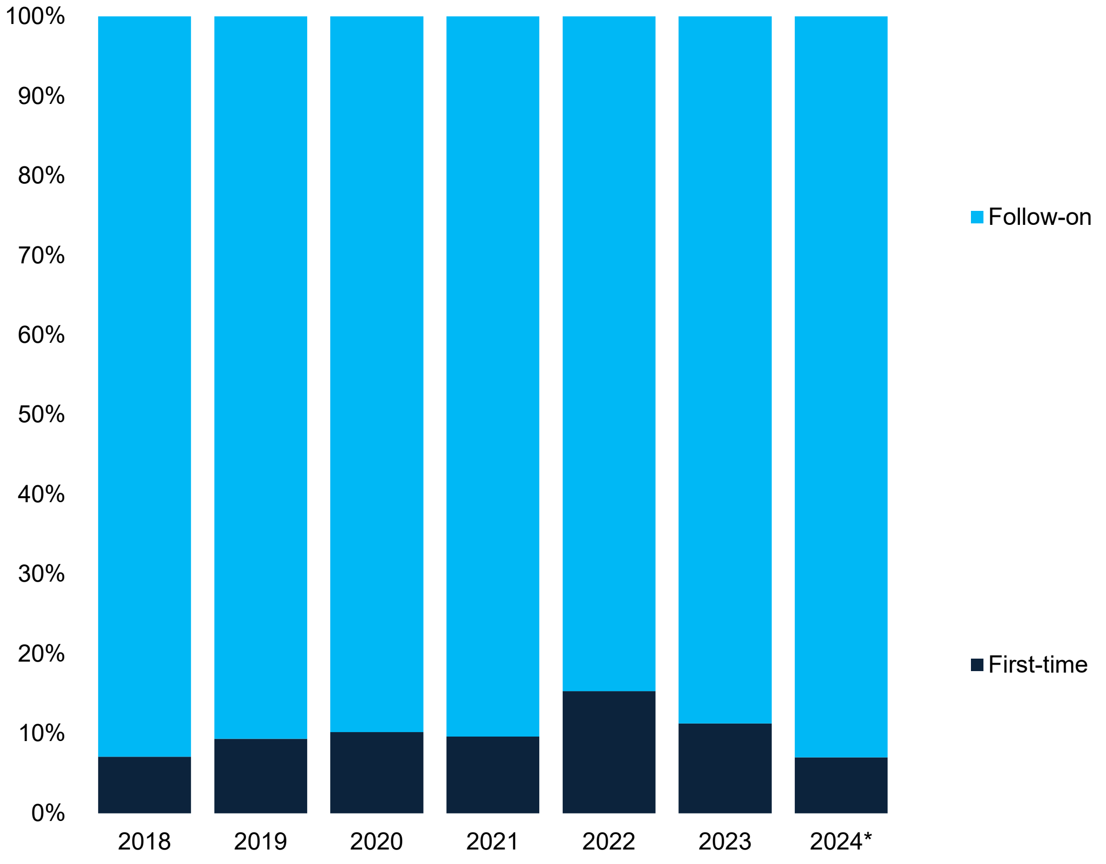
## Venture fundraising (#) by size in Asia

2018–2024*




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

2018–2024*

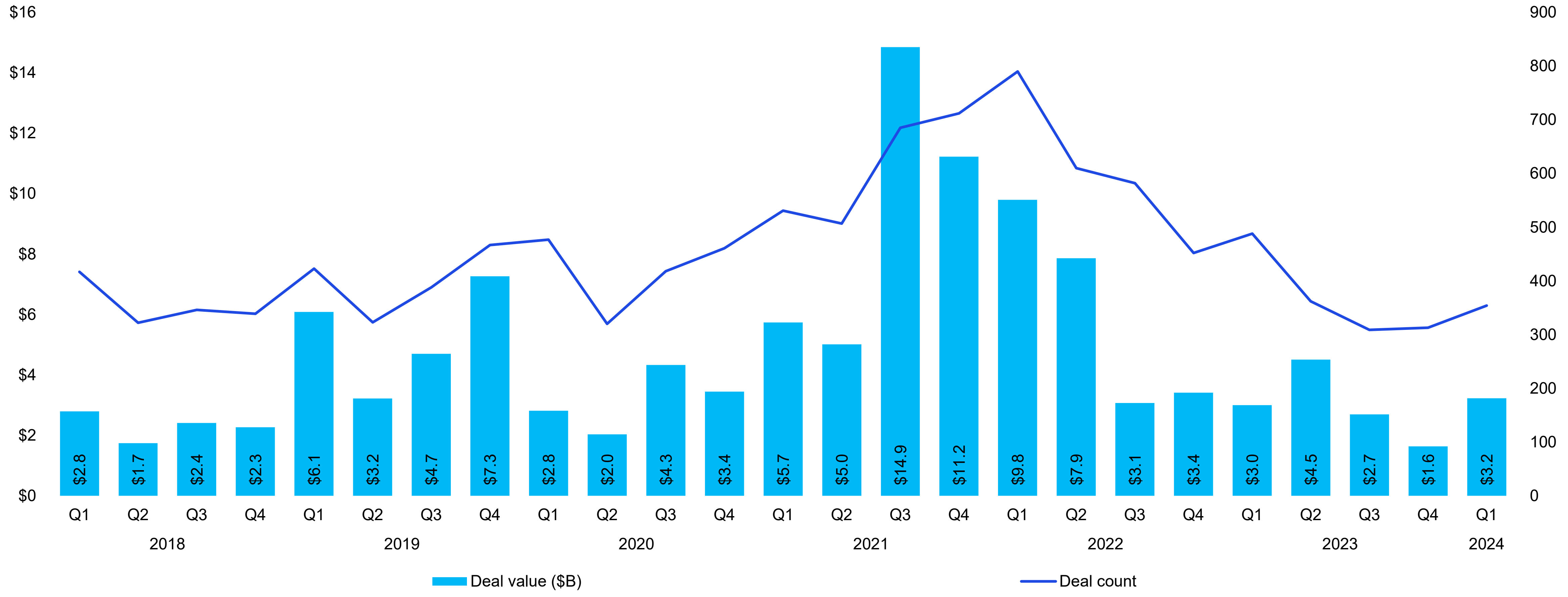



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# India experiences a slight bump to start 2024

## Venture financing in India

2018–Q1'24

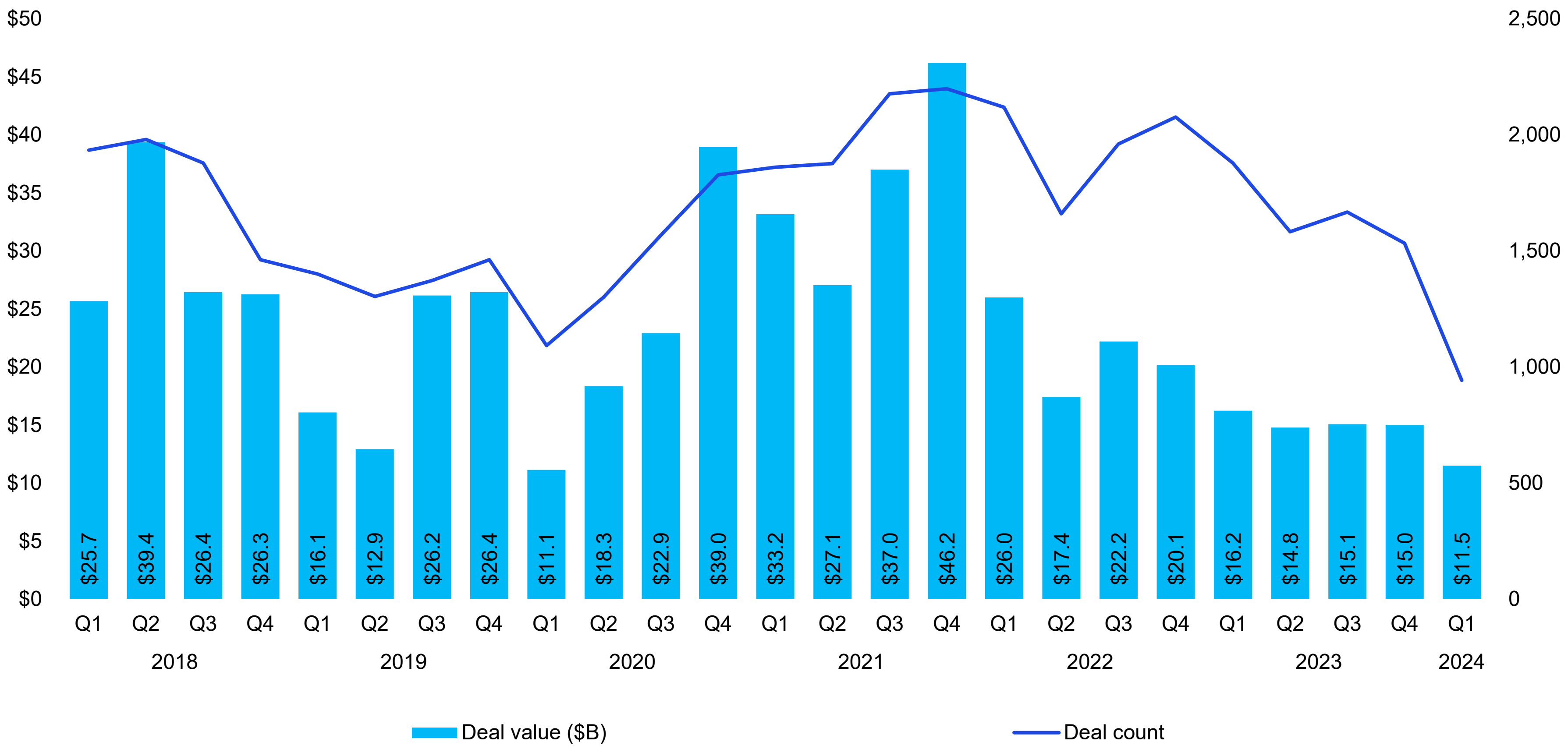



Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

# VC activity subsides into relatively healthy new norm

## Venture financing in China

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

"Here in China, we've already seen the EV area developed a lot, particularly in the passenger vehicle market. What we're seeing now is more of a focus on EV trucks because China is a very big industrial market and there are a lot of trucks used for industrial transportation. And there's still a lot of work needed to really grow that sector, both from an energy side of development and from a new material perspective to support industrial vehicles."

**Zoe Shi**
Partner
**KPMG China**

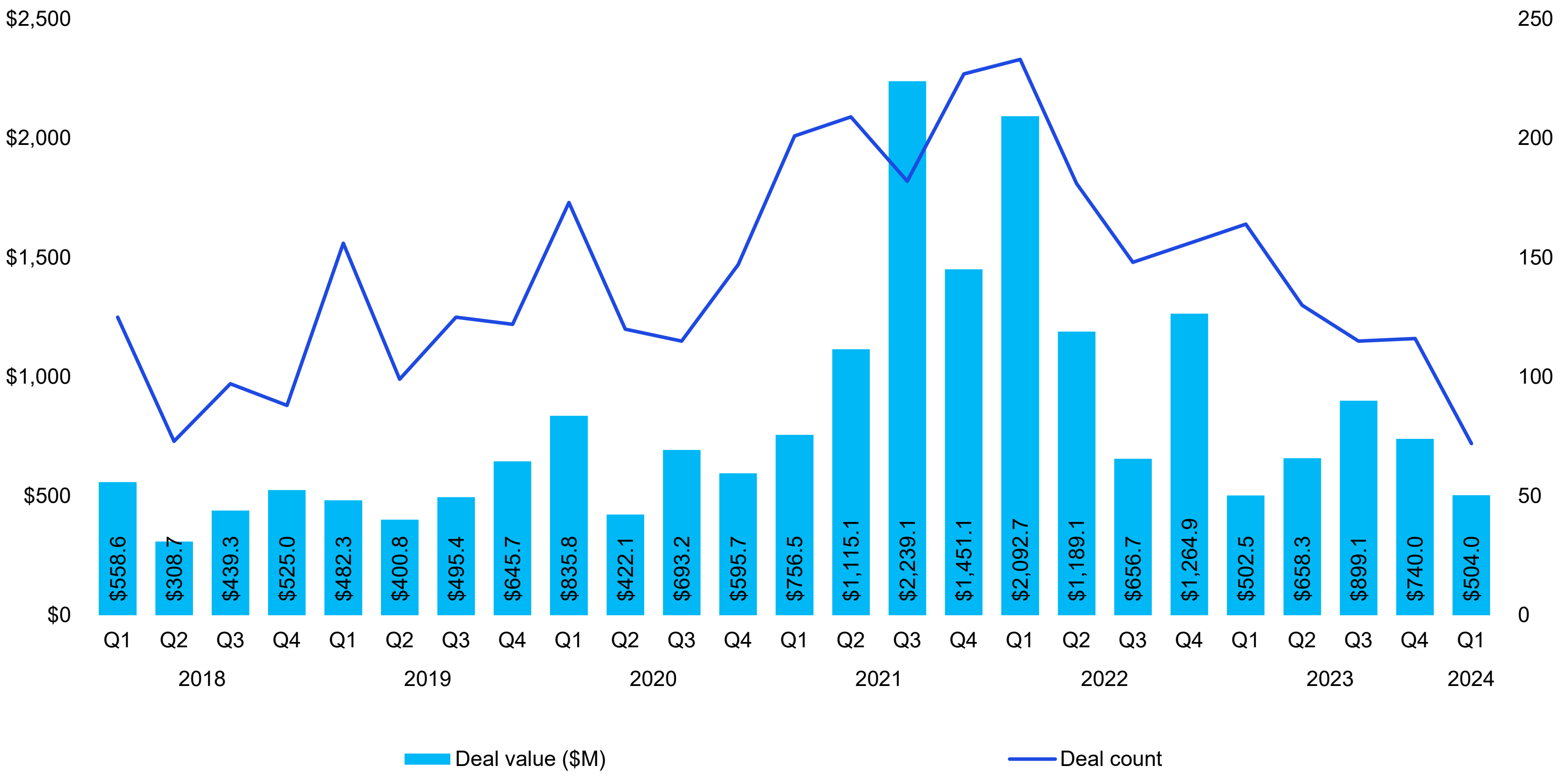
KPMG Private Enterprise



#Q1VC

# Dealmaking remains subdued yet not too sluggish

## Venture financing in Australia
2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

"Venture Capital activity in Australia has stabilized year-on-year, with similar investment levels in this past quarter to the same period in 2023. These numbers are significantly down on 2021 and 2022, and we can expect the current challenging funding environment to continue towards the latter stages of the year. There are some green shoots however, such as Canva's secondary market sale that will return US$1.6 billion to shareholders, which could have a positive impact in 2024."

**Amanda Price**
Partner & Head of KPMG High Growth Ventures
**KPMG in Australia**

KPMG Private Enterprise

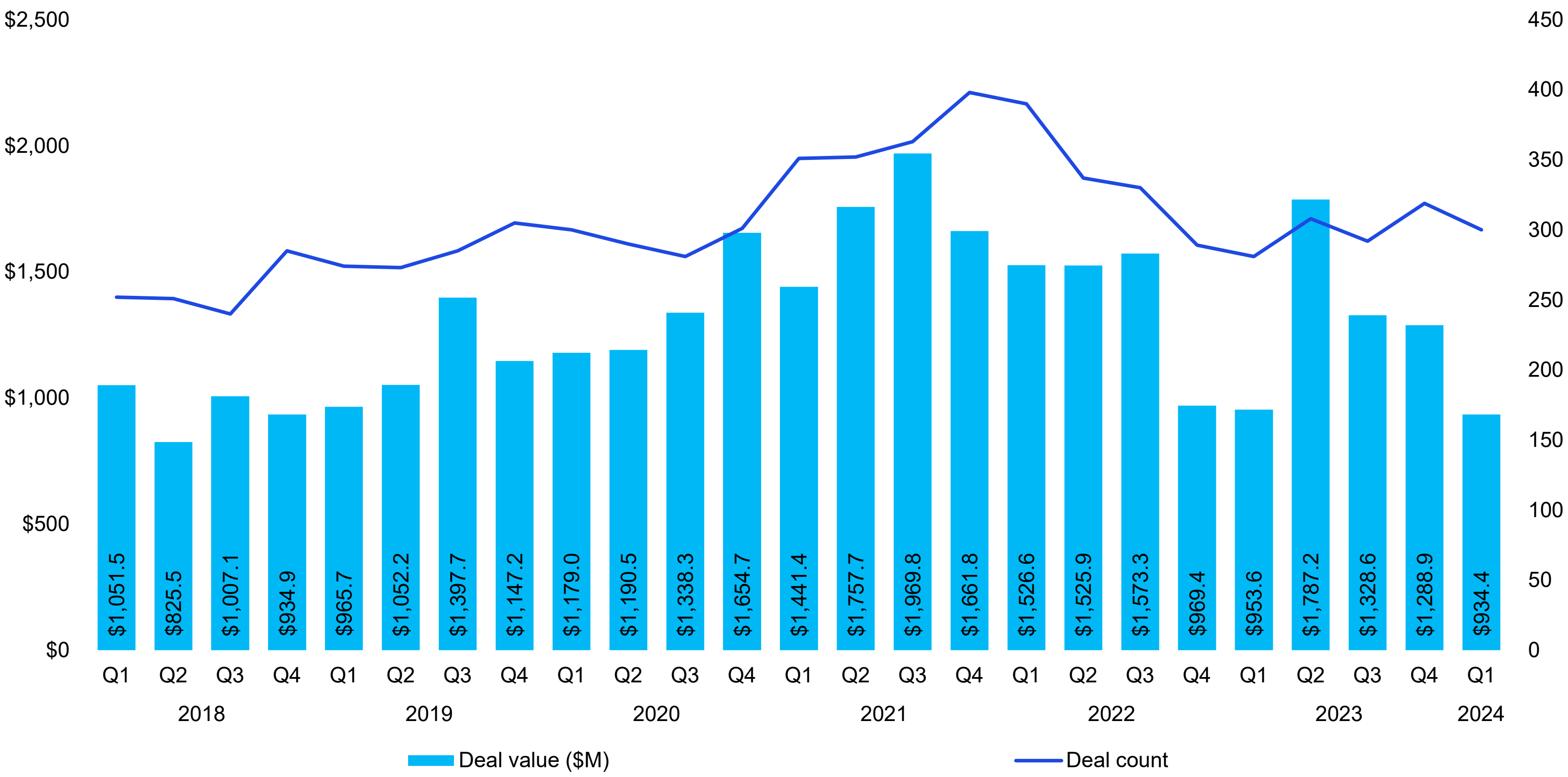


#Q1VC

# Japan continues to see relatively healthier VC activity

## Venture financing in Japan

2018–Q1'24




Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024. Data provided by PitchBook, April 17, 2024.

> "We are seeing more Japanese startups attracting investment from foreign VC firms, particularly those based in Taiwan — and from foreign corporates, such as Samsung. We're also seeing more LP investment from foreign investors, which is a very positive trend as it highlights the increasing awareness and understanding of startups in Japan."

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

KPMG Private Enterprise



#Q1VC

# Cleantech & other core areas continue to garner plenty of VC

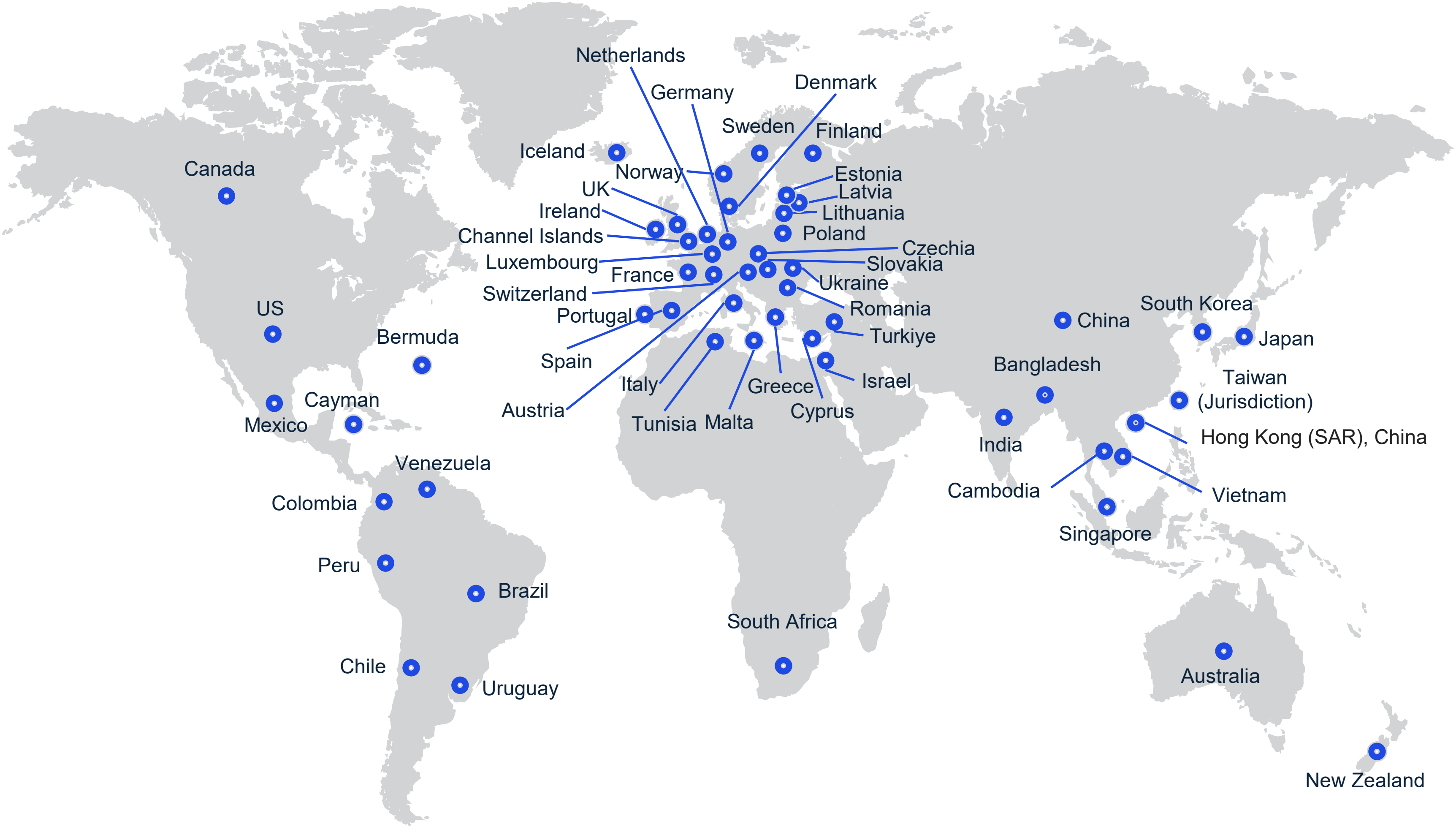
## Top 10 financings in Q1'24 in Asia-Pacific


1. **IM Motors** — $1.1B, Shanghai, China — Cleantech — *Series B*
2. **YueZhiAnMian** — $1B, Beijing, China — AI & ML — *Series B*
3. **Yuanxin Satellite** — $940.9M, Shanghai, China — Spacetech — *Series A*
4. **Huakong Power** — $696.2M, Beijing, China — Cleantech — *Early-stage VC*
5. **MiniMax AI** — $600M, Shanghai, China — AI & ML — *Series B*
6. **PharmEasy** — $421M, Mumbai, India — Healthtech — *Late-stage VC*
7. **Guangxi CNGR New Energy** — $307.4M, Qinzhou, China — Cleantech — *Early-stage VC*
8. **Stage X** — $300.5M, Seoul, South Korea — AI & ML — *Seed*
9. **Yi'an Enterprise** — $280.87M, Shanghai, China — Fintech — *Series B*
10. **Zhongshiyun** — $280.75M, Hefei, China — Business software — *Series A*

Source: Venture Pulse, Q1'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of March 31, 2024.
Data provided by PitchBook, April 17, 2024.

# KPMG Private Enterprise's Emerging Giants Network

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

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

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#Q1VC

# About us

## About KPMG Private Enterprise

**You know KPMG. You might not know KPMG Private Enterprise.** KPMG Private Enterprise advisers in KPMG firms around the world are dedicated to working with you and your business, no matter where you are in your growth journey — whether you're looking to reach new heights, embrace technology, plan for an exit, or manage the transition of wealth or your business to the next generation. You gain access to KPMG's global resources through a single point of contact — a trusted adviser to your company. It is a local touch with a global reach.

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

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# About the report

## Acknowledgements


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

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- **Dina Pasca-Raz,** Head of Technology, Head of International Tax, KPMG in Israel
- **Diogo Garcia Correia,** Venture Capital & Emerging Giants Business Development, KPMG in Brazil
- **Florian Merkel,** Director of Ta, Head of Venture Services, KPMG in Germany
- **Francois Chadwick,** Partner, KPMG in the US
- **Hiroshi Abe,** Executive Board Member, Partner, KPMG in Japan
- **Irene Chu,** Partner & Head of New Economy and Life Sciences, Hong Kong (SAR) Region, KPMG China
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- **Lauren Taylor,** Fintech Manager, KPMG in the UK
- **Leonardo Peikoff,** Head of Startups Manager, KPMG in Austria
- **Lindsay Hull,** Senior Director, Emerging Giants Global Network, KPMG Private Enterprise, KPMG International
- **Nicole Lowe,** Head of Emerging Giants, KPMG in the UK
- **Nitish Poddar,** Partner and National Leader, Private Equity, KPMG in India
- **Patrick Molyneux,** Associate Partner, Head of Products and Partnerships, KPMG Acceleris, KPMG in the UK
- **Robert Baxter,** Head of Corporate Finance, KPMG in the UK
- **Ryan Forster,** Partner, KPMG in Canada
- **Samuel Lush,** Director, Private Equity Group, KPMG in the US
- **Scott Burger,** Partner, KPMG in the US
- **Tim Dümichen,** Partner, KPMG in Germany
- **Warren Middleton,** Lead Partner for Emerging Giants, Center of Excellence in the UK, KPMG in the UK
- **Zoe Shi,** Partner, KPMG China


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# About the report

## Methodology

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

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

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

- **Pre-seed/seed:** The pre-seed stage encompasses a collection of emergent startups receiving the first check from at least one institutional investor to fuel their development growth. For global startups, we reclassify angel deals depending on institutional investors' prior deal participation. Deals that have been tagged as "angel" due to the company's investor base consisting solely of individual investors will now be recategorized into the early-stage or late-stage VC deal category based on stage methodologies in place. For startups headquartered in the US and Europe, we define pre-seed as a round of financing for a company founded less than two years ago that has not yet received institutional investor support. This update was made in the Q4 2023 edition of Venture Pulse and all subsequent editions.
- **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, 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.

To connect with a KPMG Private Enterprise adviser in your region, email **enterprise@kpmg.com**.

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