

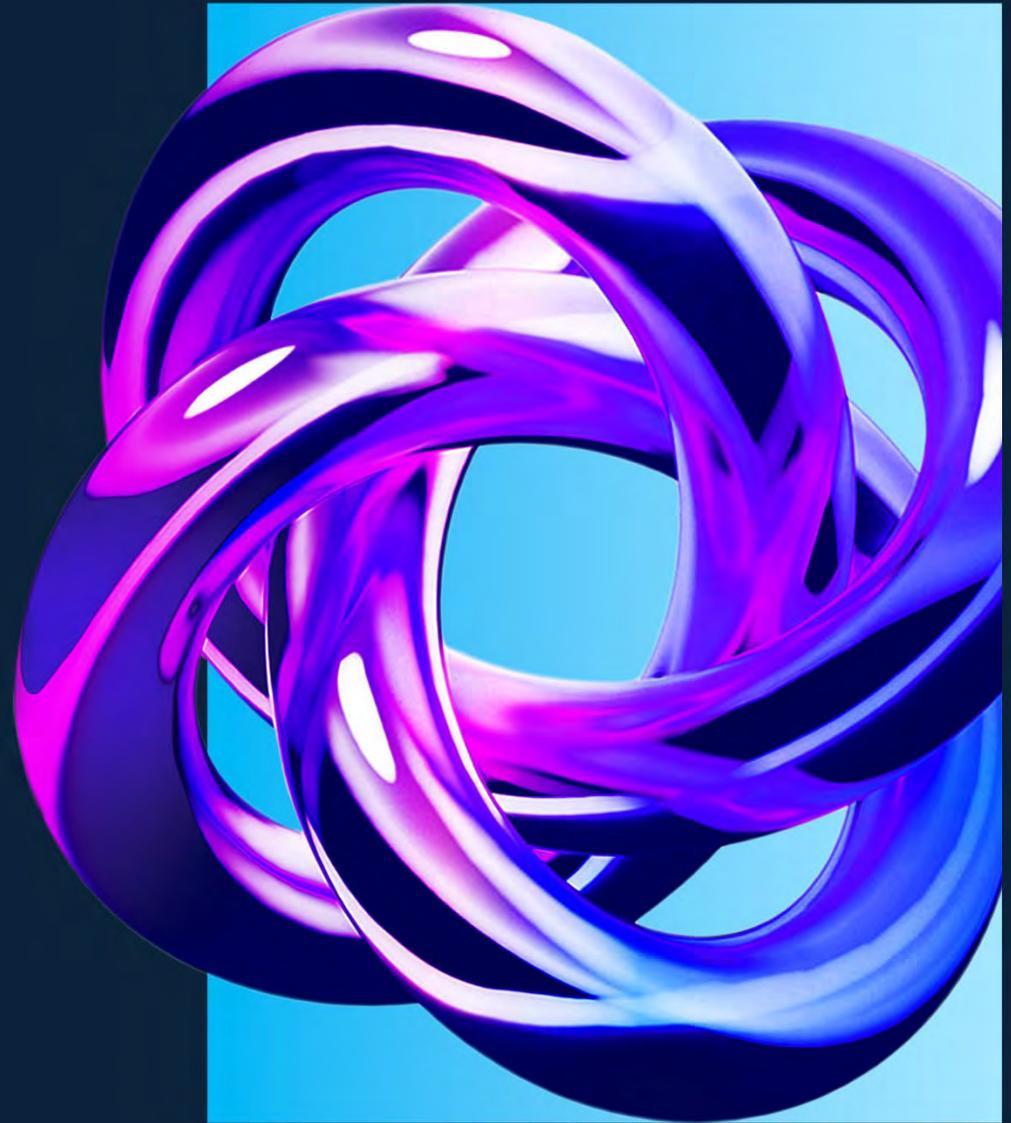


Venture Pulse

Q3 2024

Global analysis of venture funding

October 16, 2024



Welcome message

Welcome to the Q3'24 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.

VC investment globally was relatively soft in Q3'24, driven by continued uncertainties in the market, including ongoing geopolitical conflicts, the approaching US presidential election, and the protracted lack of exit activity across regions. There were positive signs, however, that the market could be heading for a turnaround — if not in Q4'24, then heading into 2025. Following on interest rate cuts by both the Bank of Canada and the European Central Bank in Q2'24, both the Bank of England and the US Federal Reserve began to cut interest rates in Q3'24. These cuts — and anticipation of future cuts in the months to come — provided some optimism for the VC market, although there was no significant impact on Q3'24 investment levels.

VC investment in the Americas fell back to earth in Q3'24, following an exceptionally strong Q2'24. Overall investment in the Americas dropped from \$58.6 billion in Q2'24 to only \$41.4 billion in Q3'24. The region attracted the only \$1 billion+ funding rounds this quarter, led by a \$1.5 billion raise by AI-powered defense-tech Anduril Industries and a \$1 billion raise by AI-focused Safe Superintelligence. VC investment in both Asia and Europe also declined between Q2'24 and Q3'24. The largest VC deal in Asia was a \$788 million raise by Philippines-based fintech Mynt (Globe Fintech Innovations Inc), while Germany-based defense-tech Helsing saw the largest raise in Europe (\$484 million).

The largest deals in every region represented the two hottest sectors of the quarter — AI and defense-tech — and the dynamic intersection

between the two. The application of AI to other industry solutions was a major theme this quarter. In addition to AI-enabled defense-tech, AI-driven health and biotech solutions also saw strong interest from VC investors globally.

IPO and other exit activity remained very dry in Q3'24 across all three key regions, although there is optimism in the Americas and Europe that the IPO door could reopen in the coming quarters. M&A activity could also start to rebound, particularly if interest rates continue to fall.

There is currently no end in sight for the ongoing geopolitical conflicts, but the more positive economic factors — combined with the completion of a number of critical elections — could see some stability injected into the VC market globally. While investment levels are not expected to pick up significantly in Q4'24, there is growing hope that a resurgence is on the horizon heading into 2025.

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

- A growing focus on industry applications of AI
- The resilience of health and biotech investment
- The increasing interest in defenstetech
- The attention being garnered by cybersecurity
- A continued focus on B2B focused companies, with one key exception

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,
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KPMG in the US



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Network, KPMG Private Enterprise,
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- Top 10 deals globally split among 6 countries

Americas

- VC-backed companies reach \$41.4 billion across 3124 deals
- Pockets of late-stage deals skewing valuations
- Dealmakers flock to mid-stage rounds
- Canadian deal value surges powered by megadeals
- Solid deal value in Brazil and Mexico
- AI and Biotech investment dominate top 10 deals



US

- VC deal value falls to \$37.5 billion across 2794 deals
- Late-stage deal sizes rise YoY
- First-time financings remain robust YoY
- Fundraising by VCs on-pace to match 2023 totals
- LPs continue to focus on follow-on funds



Europe

- Investment cools slightly in Europe reaching only \$12.5 billion invested
- Median pre-money valuations jump for D+ rounds
- Investment in enterprise software continues to lead the way
- First-time financings remain subdued
- Fundraising rallies to near 2023 levels



Asia

- VC investment falls to \$15.6 billion across 2249 deals
- Median deal sizes enter a potential plateau YoY
- VC investment concentrates in mid-capital stack rounds
- Investment in China drops further, India remains robust
- Japanese investment remains remarkably resilient
- Top ten deals spread among 5 countries

Globally, in Q3'24 VC-backed companies raised \$70.1B across 7,227 deals

Global VC investment remains subdued, even as optimism grows

Both VC investment and the number of VC deals remained subdued in Q3'24, as many VC investors globally remained in a holding pattern given the current uncertainties still permeating the market, including the continued lack of exit activity across all regions of the world.

Americas attracts largest share of VC funding in Q3'24

Global VC investment during Q3'24 remained relatively subdued, in keeping with recent trends. The Americas accounted for the largest proportion of VC funding globally, driven by a \$1.5 billion raise by US-based Anduril Industries, a \$1 billion raise by US-based Safe Superintelligence Inc, and a \$900 million raise by Canada-based Clio. Asia attracted the second largest share of VC funding among the key regions, driven by a \$788 million raise by Mynt, followed by a \$688 million raise by Baichuan AI and a \$415 million raise by ICLLeague — both in China — in addition to a \$362 million raise by Singapore-based Silicon Box, and a \$360 million raise by India-based Zepto.

Europe also saw a relatively quiet quarter of VC investment in Q3'24, although a number of AI-focused firms raised solid \$100 million+ funding rounds. The largest deals this quarter included Germany-based Helsing (\$484 million) and France-based gaming company Voodoo (\$386 million). Space-tech also received investor attention as highlighted by top deals by Isar Aerospace (\$279 million) in Germany and D-Orbit (\$166 million) in Italy.

2024 sees strong crop of new early-stage unicorns

At the end of Q3'24, the number of early-stage unicorn companies — companies with valuations over \$1 billion — has already exceeded the number seen during all of 2023. This large uptick despite the current uncertain macroeconomic and geopolitical environment has been propelled almost entirely by activity in the AI space, with a number of early-stage AI companies obtaining unicorn valuations on their first major raises. While the number of new unicorns remained well below levels seen during the outlier years of 2021 and 2022, it highlights the focus on the AI sector and how VC investors are pouring money into the space even as they take a far more cautious approach to their other investments.

AI continues to draw largest ticket sizes

Globally, AI continued to attract the largest share of VC investment, accounting for the largest deals in the Americas, Asia, and Europe during Q3'24. While core AI companies continued to garner strong levels of investment — including Safe Superintelligence (\$1 billion) in the US, ad Baichuan AI (\$688 million), Moonshot AI (\$300 million) in China and Sakana AI (\$200 million) in Japan — industry applications of AI also saw robust interest from VC investors. During the quarter, AI-powered defense-tech companies raised large rounds, including US-based Anduril Industries (\$1.5 billion) and Germany-based Helsing (\$484 million). China also saw AutoAI, a startup focused on enabling automotive companies to embed AI into their vehicles, raise \$107 million in Q3'24.

VC investors globally also showed interest in startups with offerings tangential to the AI space, including companies looking to reduce the energy requirements associated with many AI solutions.

Defense-tech reel in big deals in Q3'24

Defense-tech attracted a number of large raises in Q3'24, including US-based Anduril Industries — a developer of autonomous weapons systems — and Germany-based Helsing — a firm that uses AI to improve weapons capabilities and decision making. Ongoing geopolitical tensions and conflicts have likely driven interest in the defense-tech space. While VC investors have historically shied away from making investments in the sector, growing interest from governments in software and other non-hardware solutions related to defense has led some VC investors to view the space as a good investment opportunity.

Global VC investment remains subdued, even as optimism grows, cont'd.

Corporate investment slows, except in the US

Globally, corporate VC investment has dropped off considerably this year in Europe and Asia. The Americas, largely driven by the US, was the one exception, with VC investment tracking slightly ahead of 2023 results at the end of Q3'23. This likely reflects a number of unique differences between regions, including the incredibly strong interest in AI in the US and a higher degree of caution on the part of corporates in Asia and Europe.

Trends to watch for in Q4'24

While VC investment and exit activity will likely remain relatively soft in Q4'24, particularly until after the US presidential election in November, there is a growing sense optimism that exits activity could start to rebound in 2025. M&A activity could be first out the gate as VC investors look at deals in light of interest rate cuts in a number of jurisdictions.

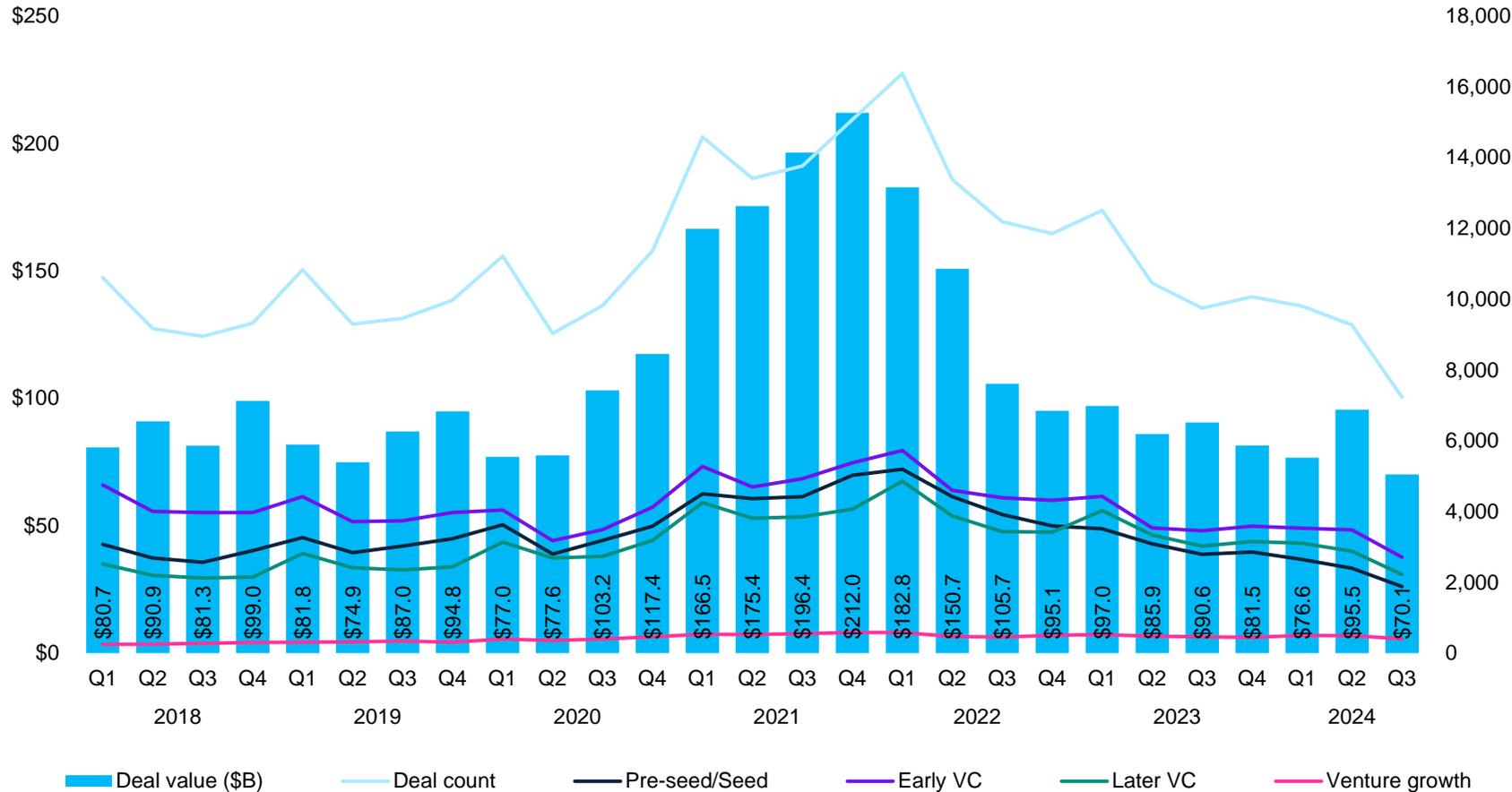
AI is expected to remain a very hot area of investment, although there could be a shakeout as investors increasingly focus on companies able to show how they are using AI to generate real value. Regulation of AI activities will also be a major area to watch over the next several quarters, as governments and regulators increasingly prioritize the need to develop guardrails for AI activities, whether they are focused on safety, privacy, or appropriate use.

While alternative energy solutions have garnered strong interest from VC investors over the last two years — although total investment has fallen off over the last couple of quarters — interest could spike further over the next year given how global energy demand is skyrocketing and predicted to outpace supply.

The new normal seems established

Global venture financing

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ I have some cautious optimism that 2025 could be a better year for the global IPO markets. After a very dry couple of years, IPO activity could finally see a resurgence. While we probably won't see a lot of core AI companies going out yet — in part because many are still working to figure out the optimal business models, and are quite well funded — we could see companies in a wide range of other sectors looking to exit — including health and biotech, fintech, and energy and cleantech.”

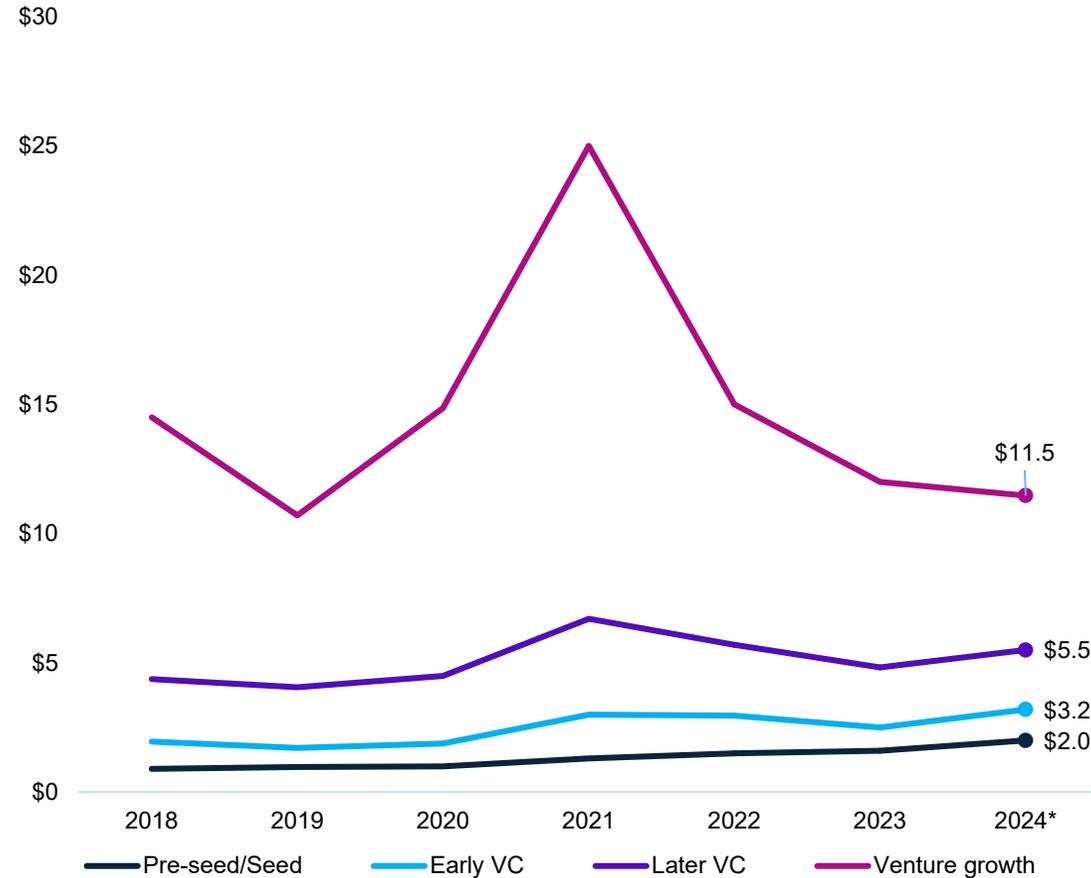


Conor Moore
Global Head, KPMG Private Enterprise,
KPMG International & Partner
KPMG in the US

Down rounds maintain pre-boom proportions while medians hold steady

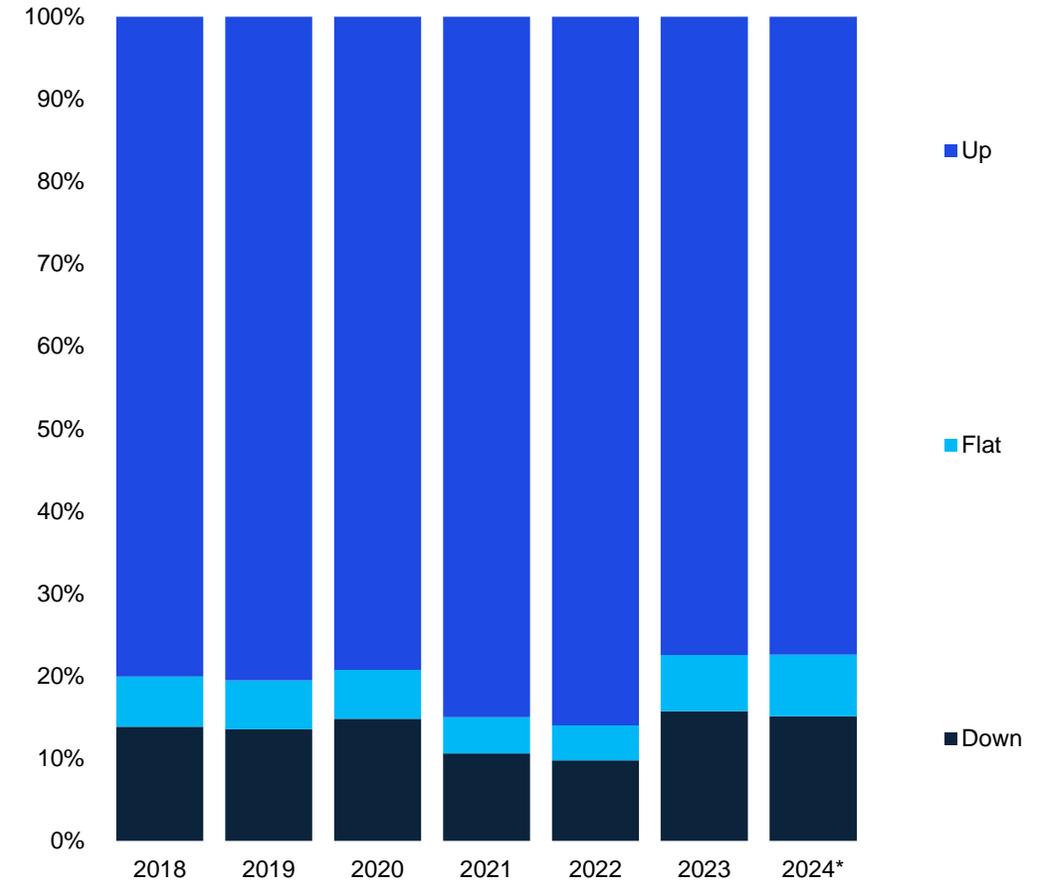
Global median deal size (\$M) by stage

2018–2024*



Global up, flat or down rounds

2018–2024*

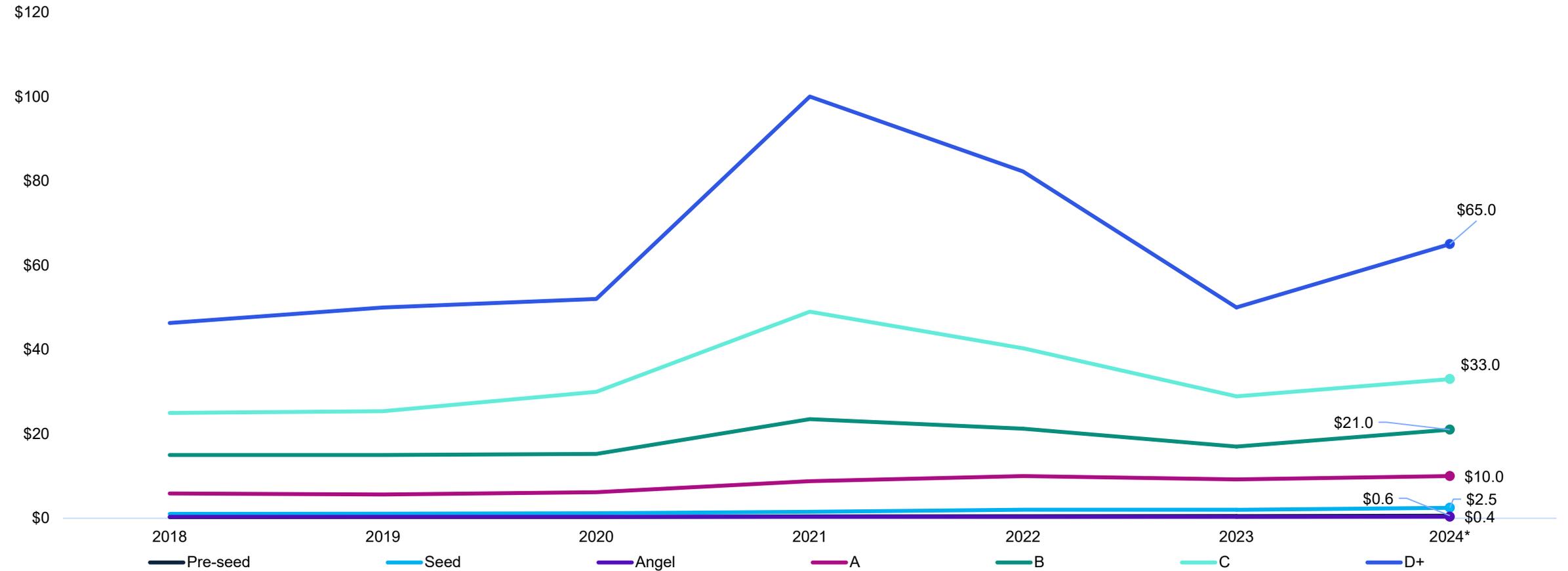


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Financing sizes edge up as investors acclimitize

Global median deal size (\$M) by series

2018–2024*

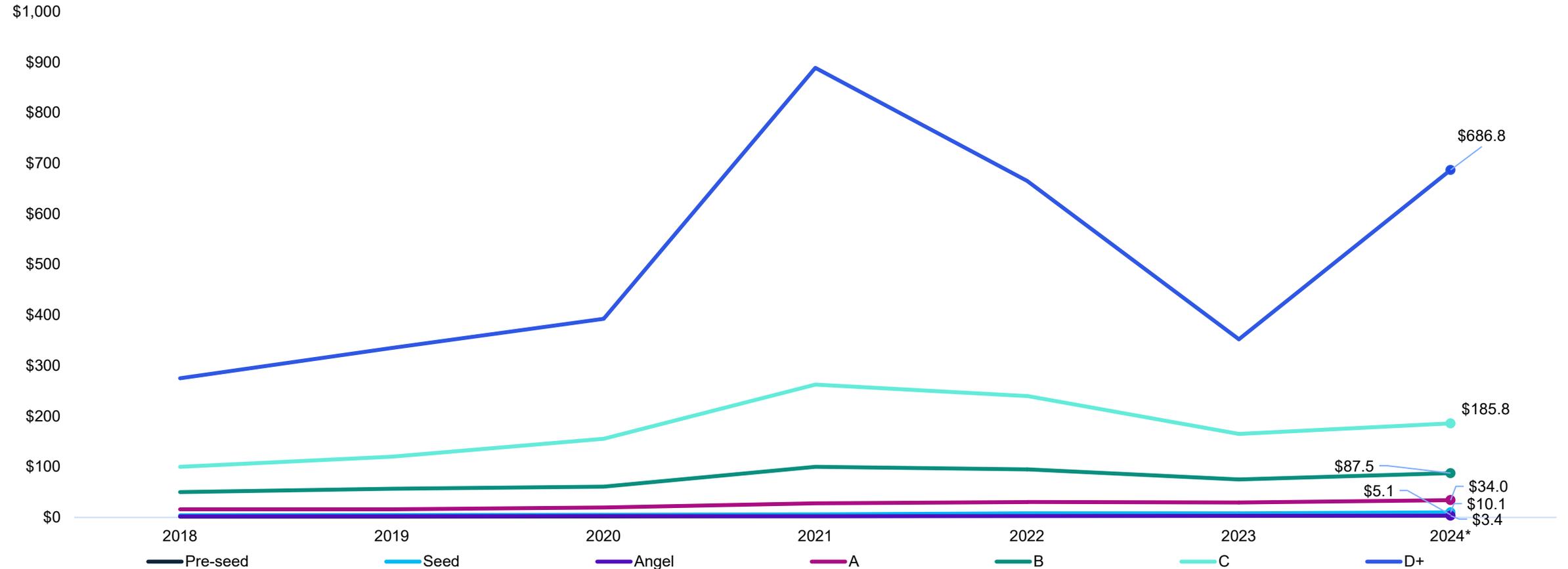


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Valuations rebound at the latest stage, hold steady elsewhere

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

2018–2024*

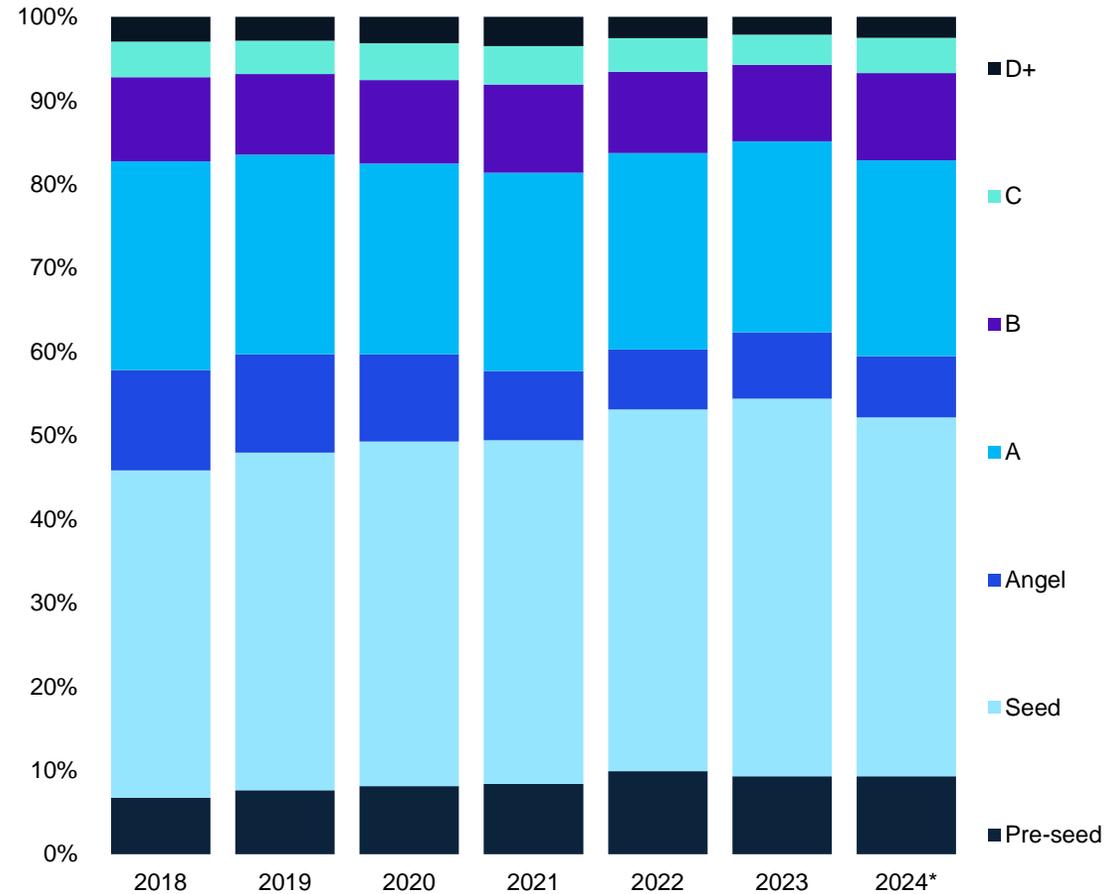


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Larger proportions of capital concentrate in midstage rounds

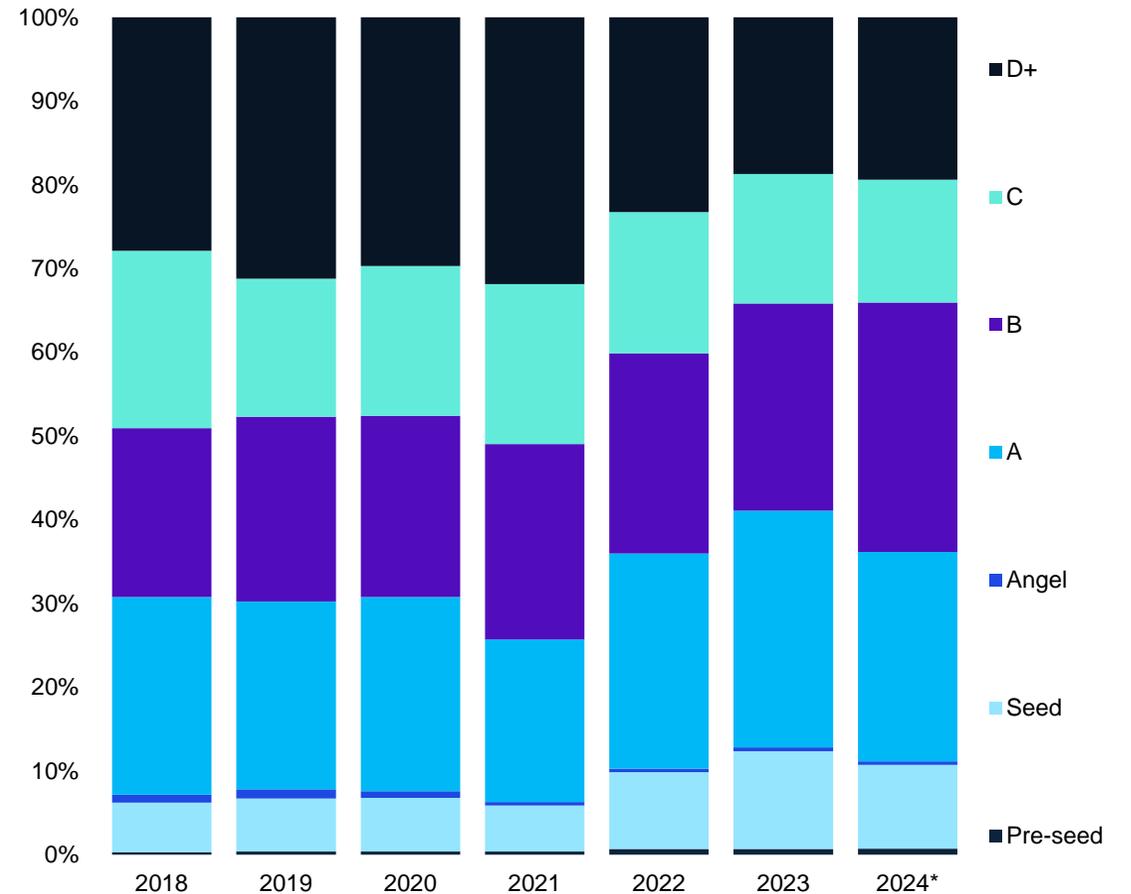
Global deal share by series

2018–2024*, number of closed deals



Global deal share by series

2018–2024*, VC invested (\$B)

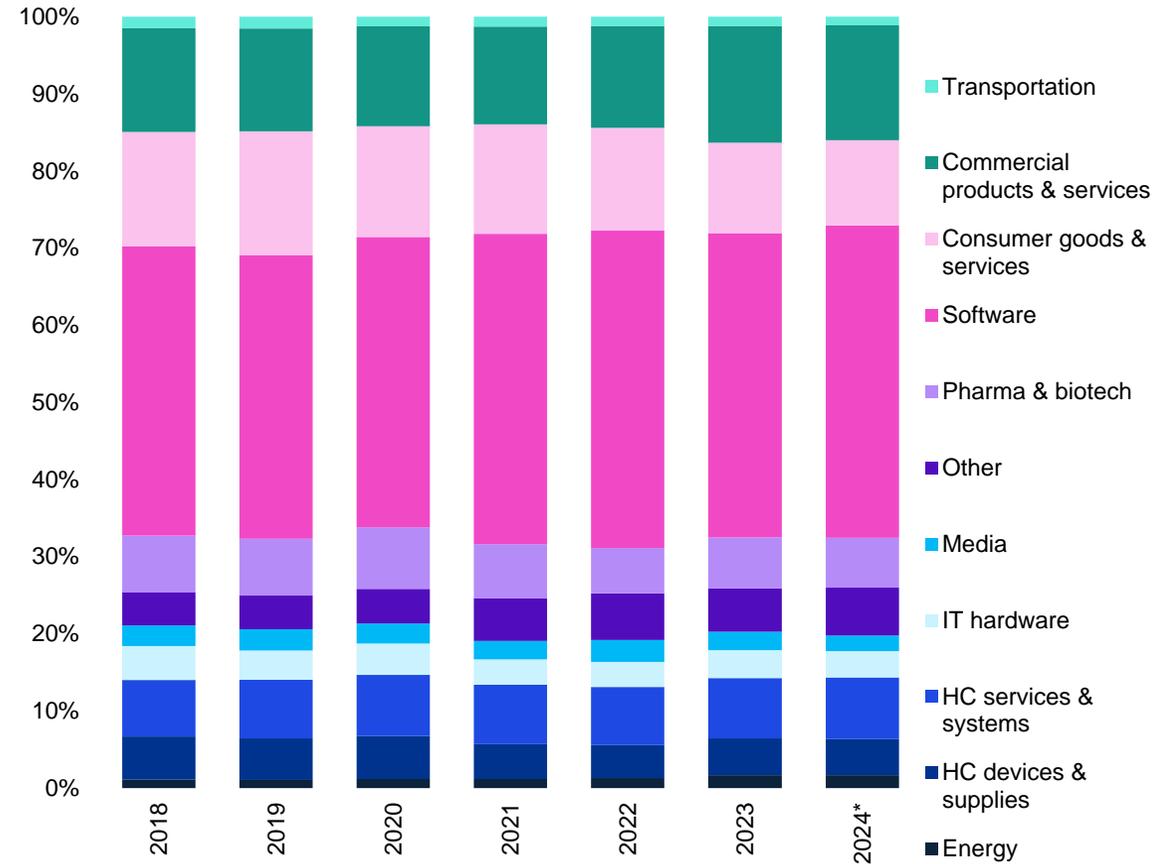


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Enterprise & healthcare continue to draw capital

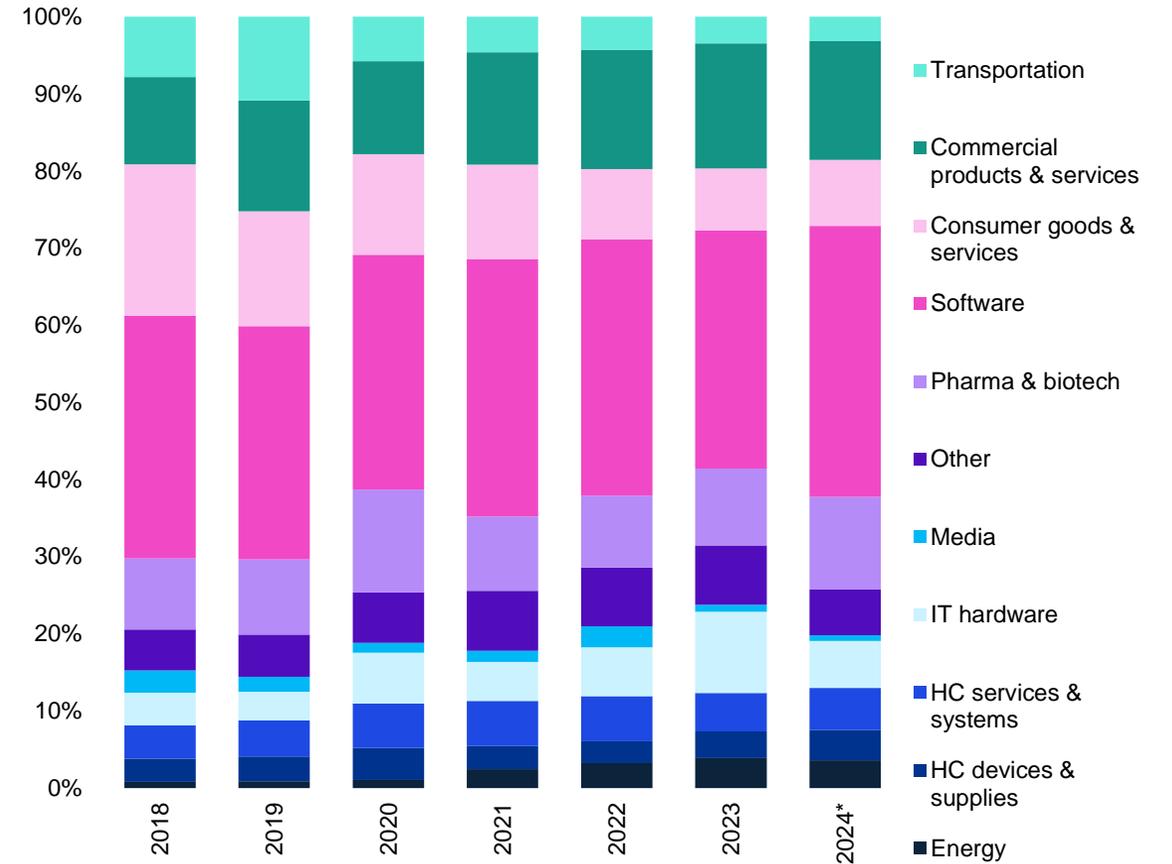
Global financing trends to VC-backed companies by sector

2018–2024*, number of closed deals



Global financing trends to VC-backed companies by sector

2018–2024*, VC invested (\$B)

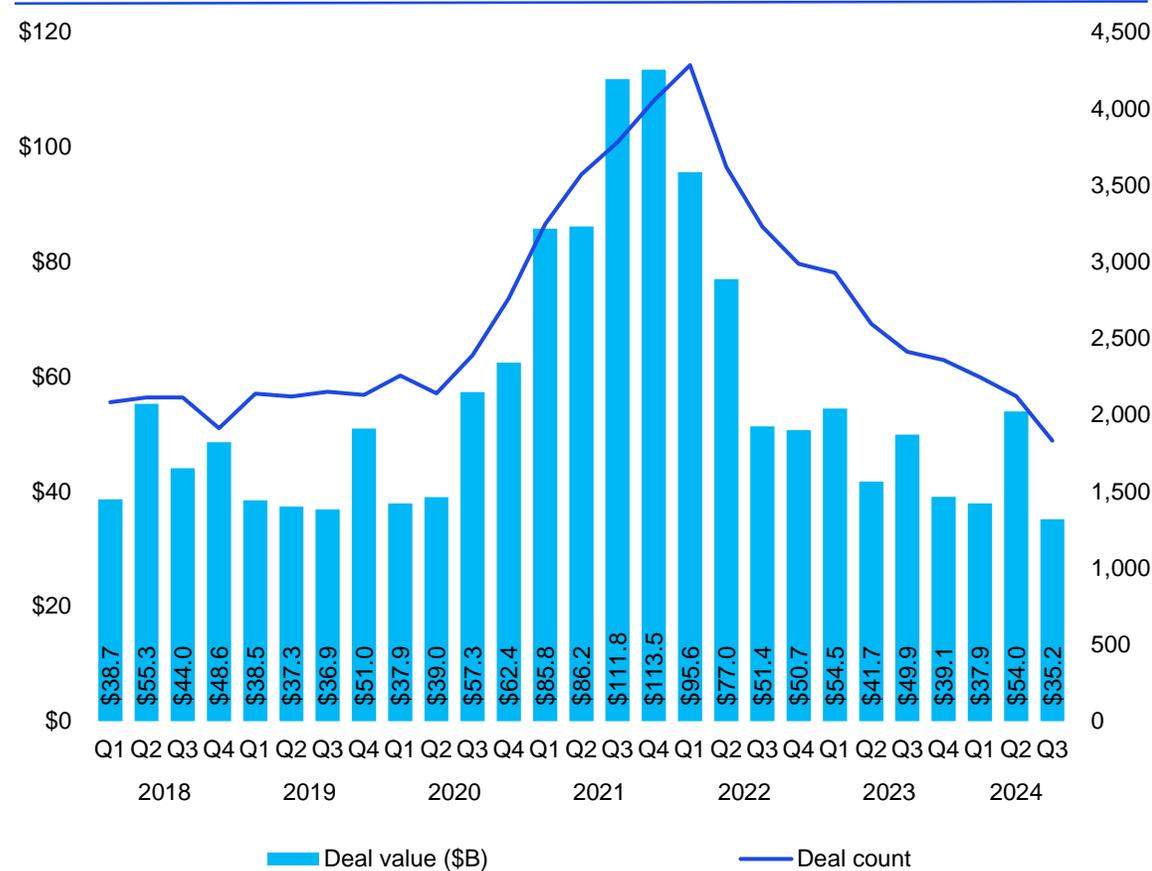


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

First-time financings look set to nearly match 2023 in VC invested

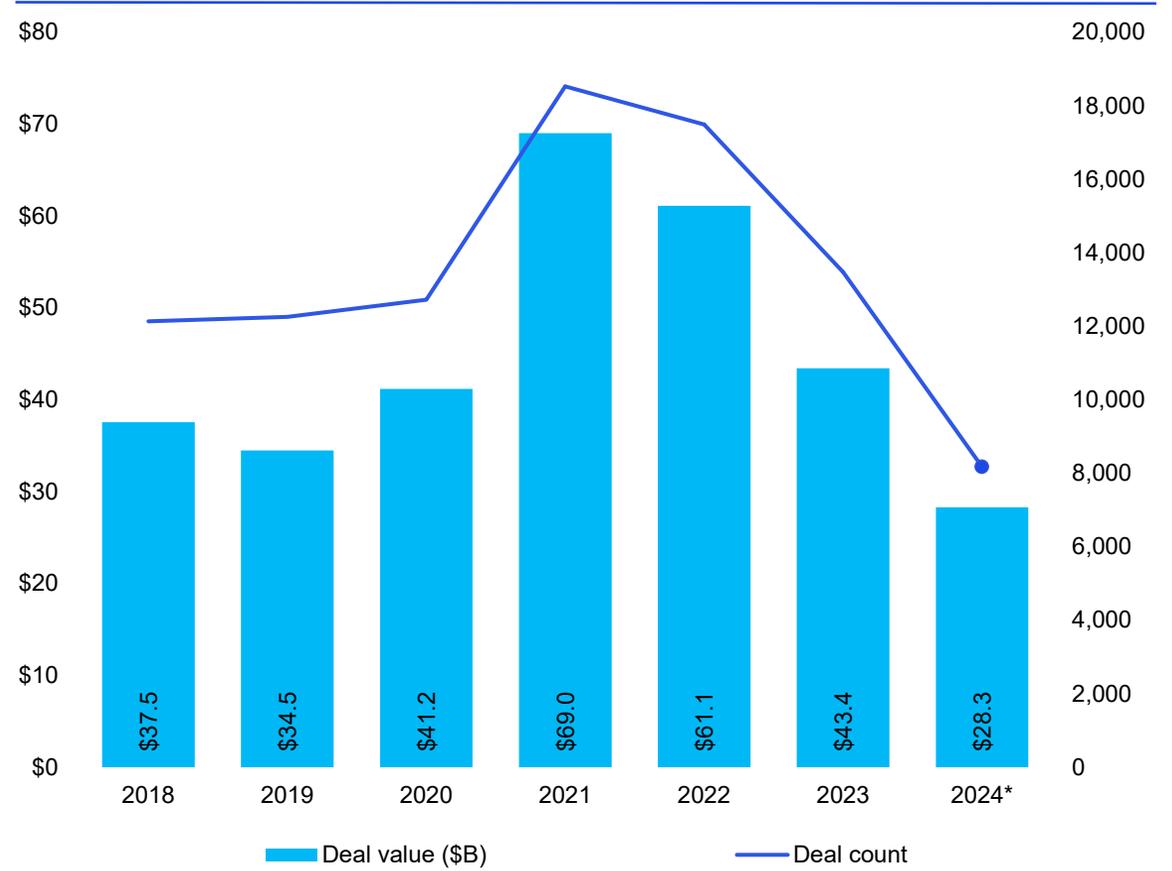
Corporate VC participation in global venture deals

2018–Q3'24



Global first-time venture financings of companies

2018–2024*



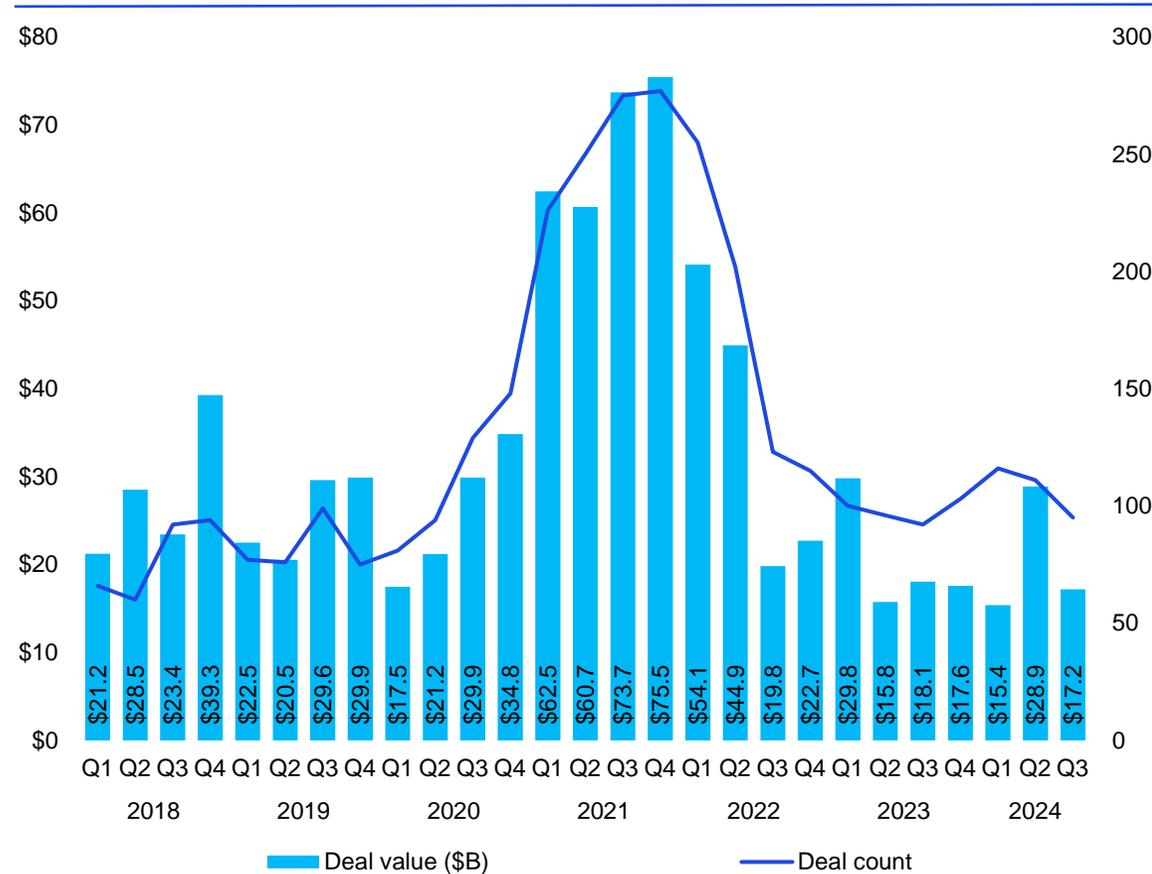
Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

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 continue to chug along at a subdued level

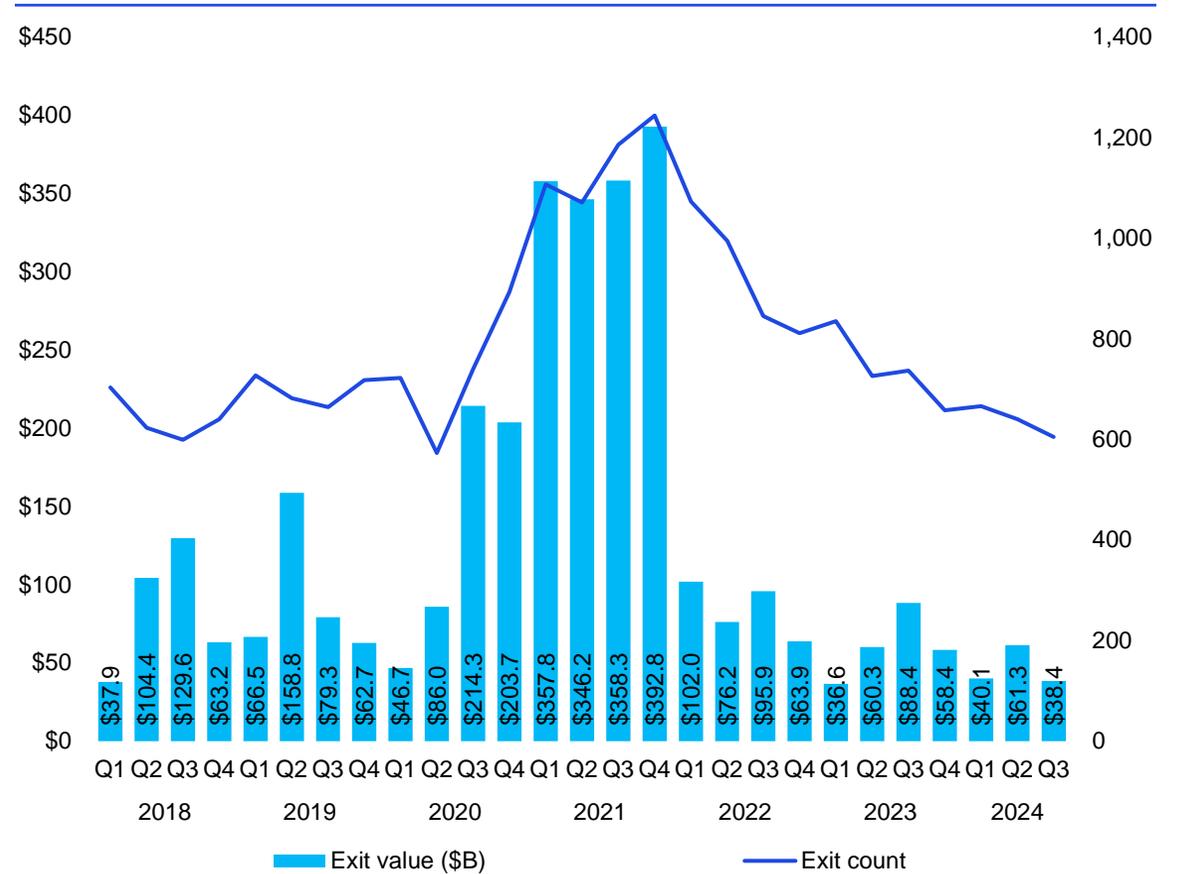
Global unicorn rounds

2018–Q3'24



Global venture-backed exit activity

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

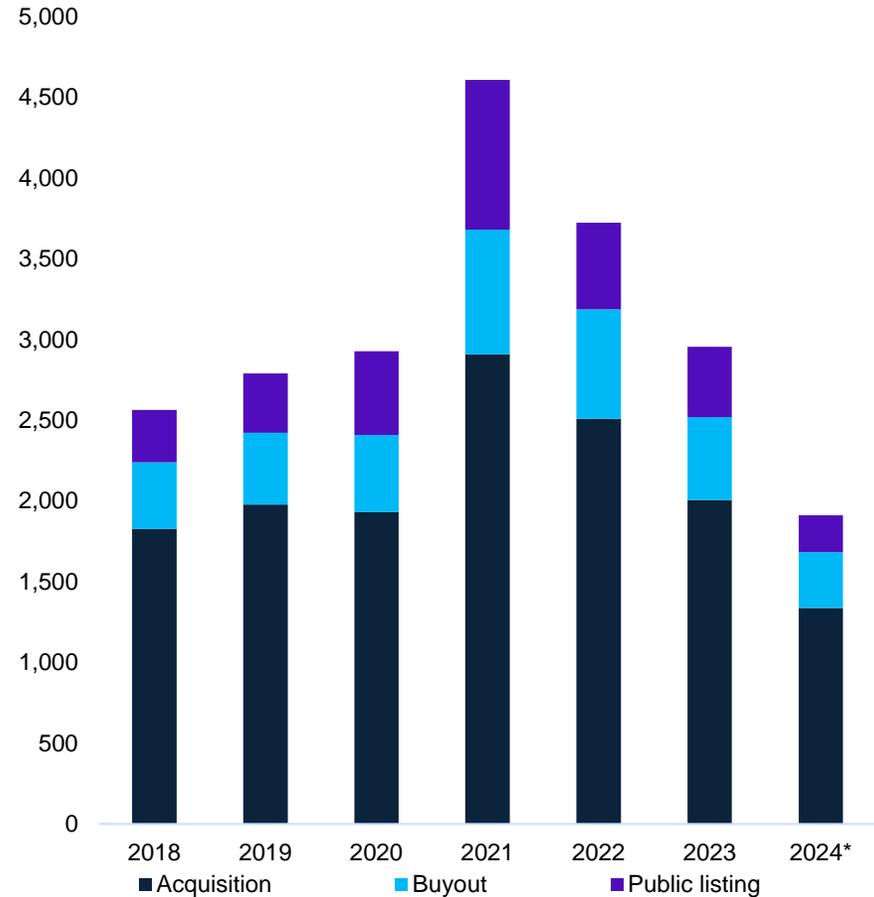
Note: PitchBook defines a unicorn venture financing as a VC round that generates a post-money valuation of \$1 billion or more. These are not necessarily first-time unicorn financing rounds, but also include further rounds raised by existing unicorns that maintain at least that valuation of \$1 billion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

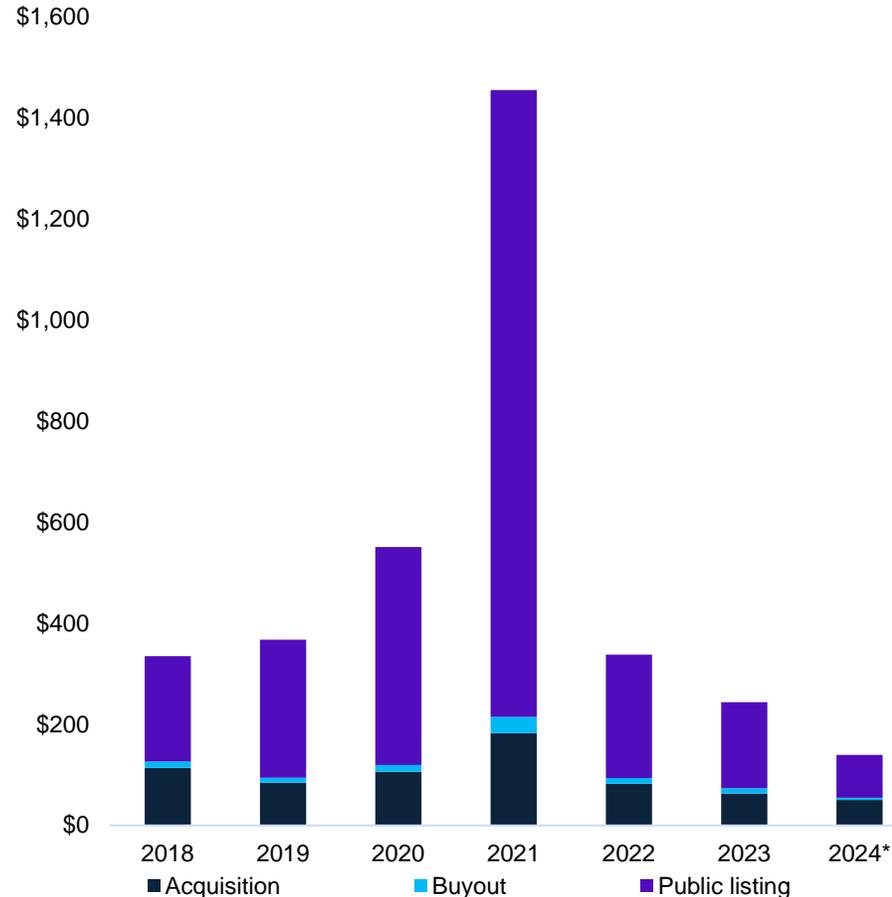
Global venture-backed exit activity (#) by type

2018–2024*



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

2018–2024*



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ We’re seeing investors taking a much deeper dive into what a company’s path to profitability looks like. They’re not accepting speculation as much as they have in the past; they want to really understand a startup’s projected market, customer base, and growth and profitability expectations. Delving into these factors as part of their due diligence processes is taking longer, which has slowed down deal speeds to some degree. ”

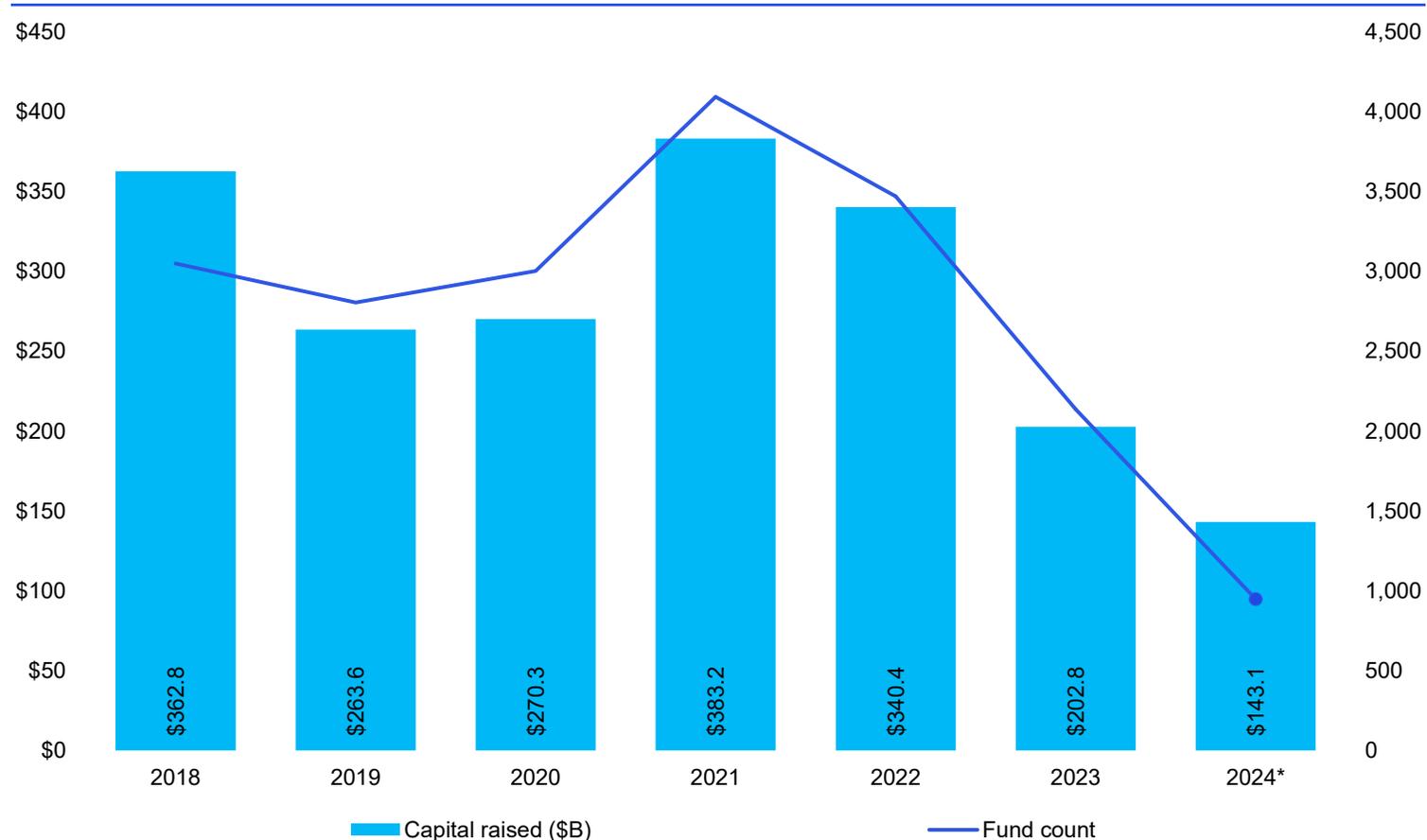


Francois Chadwick
Partner
KPMG in the US

LPs finally back some larger funds, pushing up capital committed

Global venture fundraising

2018–2024*



After a prolonged period of shyness, it has been difficult to assess if LPs simply were being more thorough and/or cautious before reupping commitments due to their perceptions of risk, or if the drought of liquidity was also at play, or both. It is likely a combination of all those factors produced the slowdown in 2023. Now, however, fundraising seems to have recovered in terms of capital committed aggregates, even while the count of funds closed looks set to hit a multi-year low. Caution is still paramount, consequently, but for top-tier managers, LPs are willing to reup after acclimatizing to the new, risk-heightened environment.

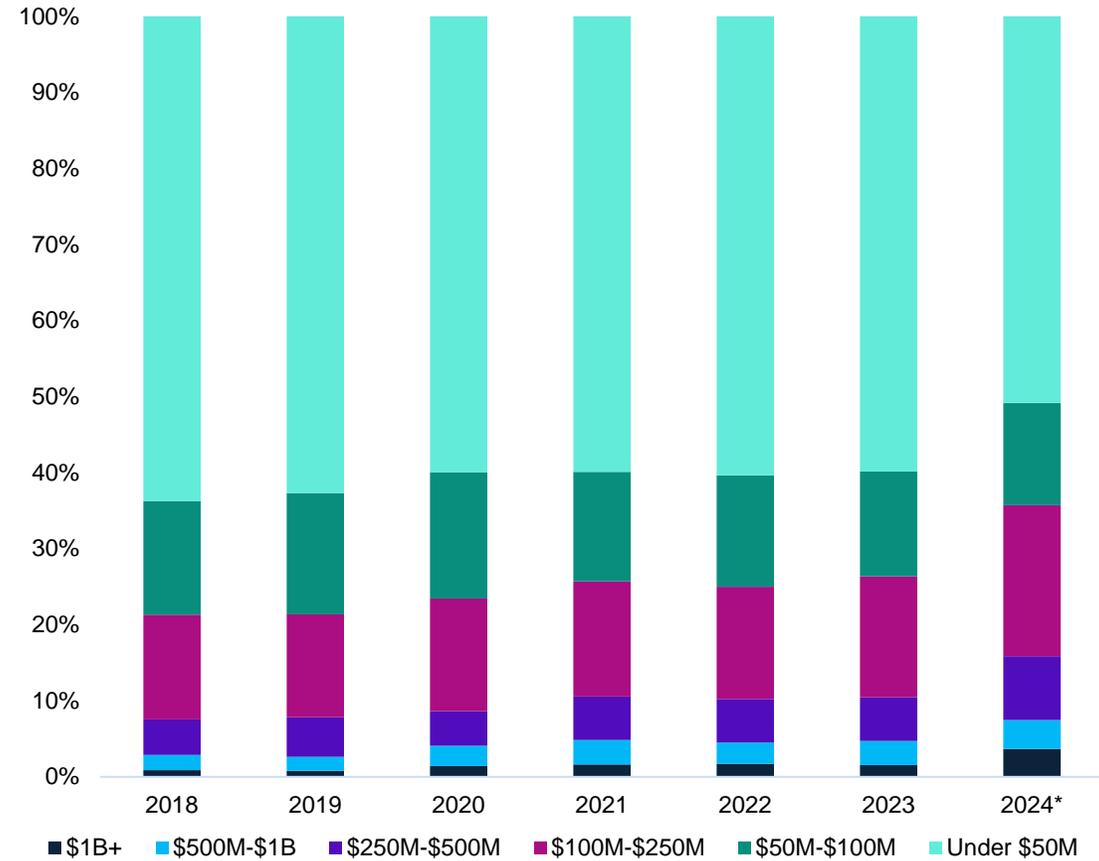
LPs seem to have cautiously reentered fundraising trails, **with fundraising now finally resurging after prolonged processes culminated in Q3 seeing fund closings on billions in commitments.**

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Follow-on, larger funds keep closing at a higher clip

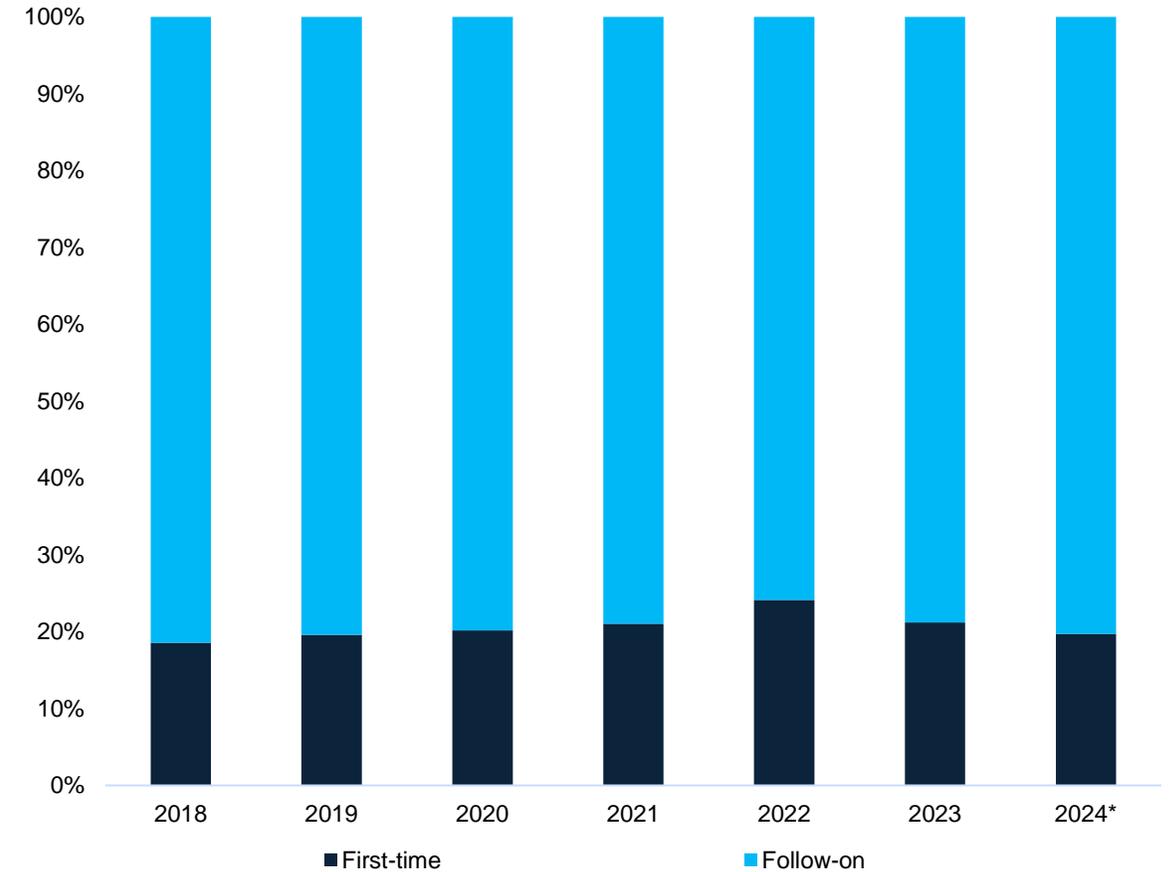
Global venture fundraising (#) by size

2018–2024*



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

2018–2024*



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

AI & AI-driven platforms continue to rake in massive sums

Top 10 global financings in Q3'24



1. **Anduril** — \$1.5B, Costa Mesa, US — Defense — *Series F*
2. **Safe Superintelligence** — \$1B, Palo Alto, US — AI & ML — *Early-stage VC*
3. **Clio** — \$900M, Burnaby, Canada — Legal tech — *Series F*
4. **Mynt** — \$788.4M, Taguig, Philippines — Fintech — *Late-stage VC*
5. **Baichuan AI** — \$688.5M, Beijing, China — AI & ML — *Early-stage VC*
6. **Groq** — \$640M, Mountain View, US — AI & ML — *Series D*
7. **Cohere** — \$500M, Toronto, Canada — AI & ML — *Series D*
8. **Helsing** — \$483.7M, Munich, Germany — AI & ML — *Series C*
9. **ICLeague** — \$415M, Haining, China — Semiconductors — *Series B*
10. **Voodoo** — \$385.9M, Paris, France — Gaming — *Late-stage VC*

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise.
 *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

**In Q3'24, US VC-backed
companies raised
\$37.5B across
2,794 deals**

VC investment in the US dips slightly; AI continues to attract big tickets

VC investment in the US fell in Q3'24, driven in part by an expected seasonal slowdown in VC deals activity. Given the approaching presidential election, some US VC investors have also pulled back from making major investment decisions until the outcome of the election is known and the potential policy directions of the next president are better understood.

Investor interest in AI remains red hot

Despite continued uncertainty in the market, AI continued to see incredibly strong VC investment in the US during Q3'24, led by a \$1.5 billion raise by AI-powered defense solutions company Anduril Industries and a \$1 billion raise by core AI-focused startup Safe Superintelligence. A wide range of other AI-focused startups also raised \$100 million+ funding rounds during the quarter, including Gen AI-focused chip developer Groq (\$640 million), immersive technologies company Infinite Reality (\$350 million), data infrastructure company Cribl (\$319 million), AI-focused surgical solutions company Caresyntax (\$310 million), and airline retail platform Flyr (\$295 million).

Due diligence continues to be a priority for VC investors in the US

Given the uncertain economic environment and the sustained lack of exit activity, VC investors continued to prioritize deal due diligence during Q3'24, taking a deeper look into areas like pathways to profitability, EBITA targets, growth expectations, and other indicators, prior to making major investment decisions. A number of VC investors also showed an increasing inclination to hold back from making funding decisions in order to see what other VC investors a startup could bring to the table. This has contributed to more collaborative investments as some investors have shied away from taking the lead.

IPO activity remains dry with a few exceptions — like biotech

IPO activity in the US remained quiet in Q3'24, with the exception of biotech — which saw some robust IPO activity late in the quarter, including companies like immunology focused Zenas Biopharma, oncology-focused Bicara Therapeutics, and precision peptide therapy company MBX

Biosciences. Outside of the biotech space, IPO activity was very slow — a trend expected to continue through the upcoming presidential election in mid Q4'24. A backlog of companies ready to exit could see IPO activity begin to pick up following the election and into Q1'25, with additional companies preparing for exits later in 2025.

CVC investment in US on pace to exceed 2023 total despite decline in deal volume

Corporate VC investment in the US remained relatively robust in Q3'24, particularly compared to the levels of CVC investment seen in other regions. Many corporates in the US continued to see CVC investing as a strategic move — a way to offset the need to make major internal R&D investments by investing in promising startups that they could potentially acquire in the future.

Seed and angel stage investments decline as VC investors back away from riskier bets

At the end of Q3'24, seed and angel stage funding levels in the US were both well behind the pace needed to match even 2023's soft results. Given the slow exit environment, many VC investors in the US have become cautious with their early-stage investments, prioritizing investments in lower risk startups with proven value propositions and well-defined paths to profitability, and in companies within their own portfolios well-positioned to exit once the IPO door swings open.

VC investment in the US dips slightly; AI continues to attract big tickets, cont'd.

Interest rate cuts could spur M&A activity

During Q3'24, the US Federal Reserve cut its key interest rate by half a point. While this cut has not yet had a chance to have a major impact on VC investment levels or on IPO exit activity as of yet — in part due to the number of investors holding back in advance of the election — it could add fuel to the growing sense of optimism leading into 2025. Over the next quarter, however, the interest rate cut could catalyze M&A activity as buyers reconsider acquisitions that did not make economic sense six months ago in light of the lower cost of capital. Additional rate cuts could spur M&A activity even further.

Trends to watch for in Q4'24

With the upcoming election, VC investment is not expected to change dramatically in Q4'24, although optimism is growing for a potential rebound early in 2025 as uncertainties dissipate and macroeconomic conditions improve.

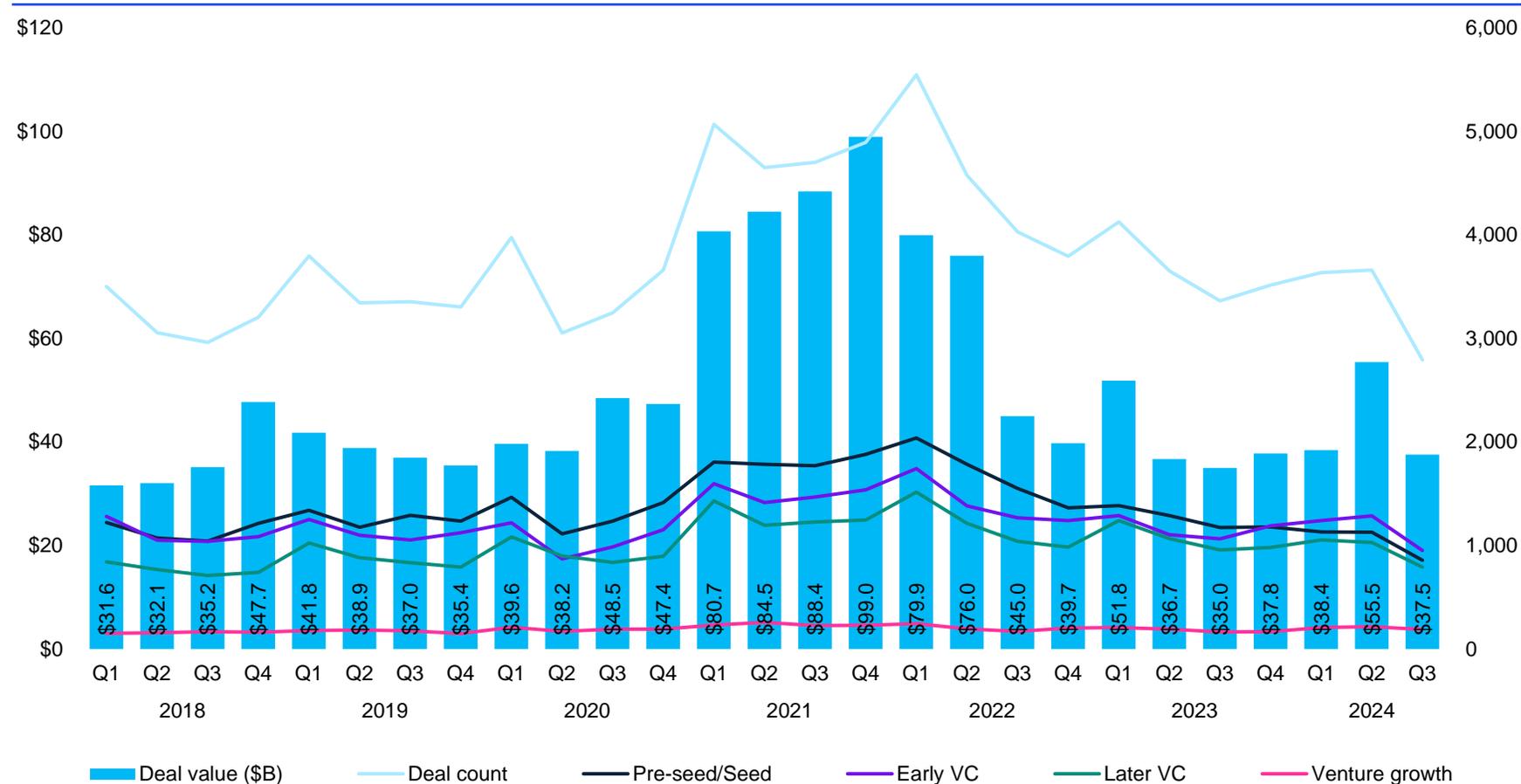
Given the quiet IPO activity over the past two years, many eyes will be on the IPO market in Q4'24 and into 2025 with the hope of a significant reopening of activity. While it might take time for IPOs to materialize, there could be an increase in the number of companies announcing their intent to go public over the next few quarters.

At a sector level, both AI and defense-tech are expected to remain very hot areas for VC investment in Q4'24. Health and biotech will likely also remain very attractive to investors.

After a rebound quarter for VC invested, dealmaking levels steady

Venture financing in the US

2018–Q3'24



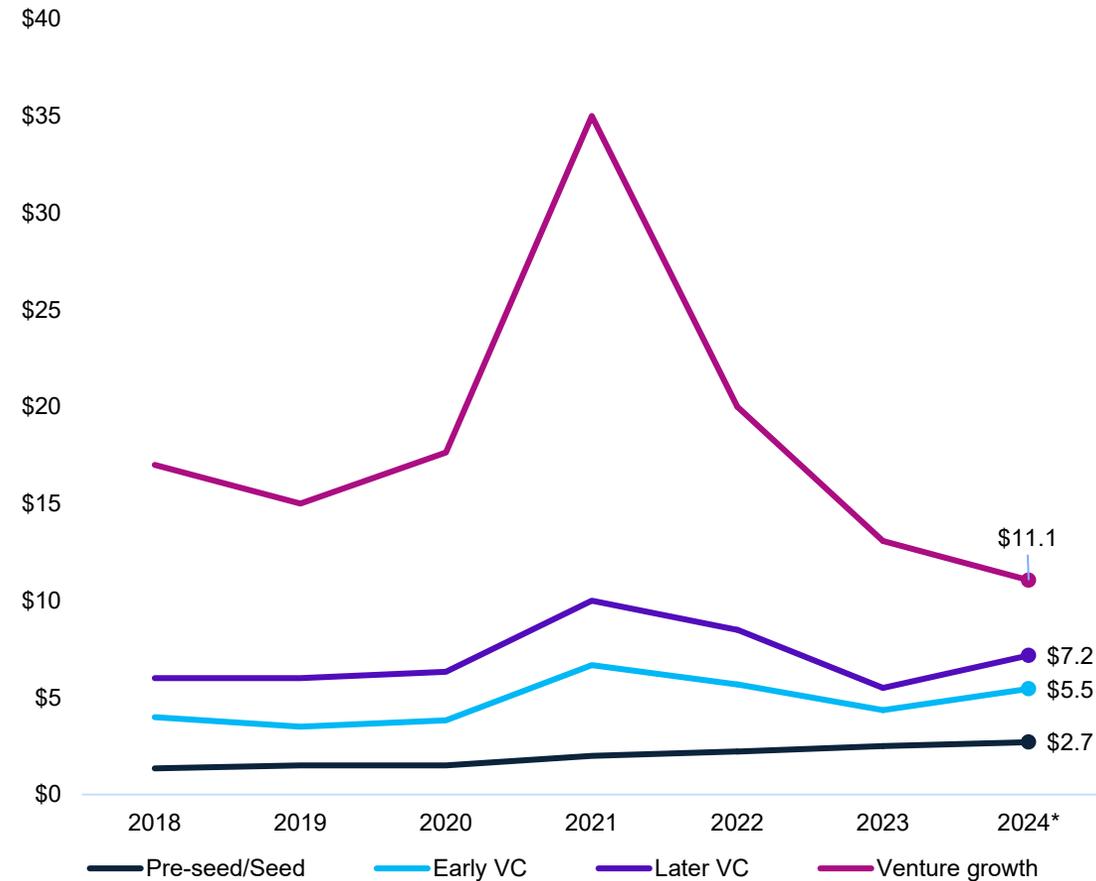
Even after a bump in VC invested in Q2, it is likeliest the various US venture ecosystems have entered a plateau of dealmaking that is remarkably similar in both deal count and aggregate value to what preceded the six-quarter run spanning 2021 and 2022. The bullishness of that period has been corrected in part due to its outsized expectations, but also in part due to a significant tilt in macro factors and sentiment. Especially in the Americas, political volatility and rising costs of capital have combined with concern around the actual health of labor markets and economies to produce heightened senses of risk on the part of founders and investors. As a result, dealmaking is simply slower in most cases, which is a drag on the tally of completed financings. Outlier deals can still occur, e.g., OpenAI's recent surge to \$157 billion in valuation upon closing a multibillion-dollar round, but they are the exception.

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Down & flat rounds' proportions still suggest caution

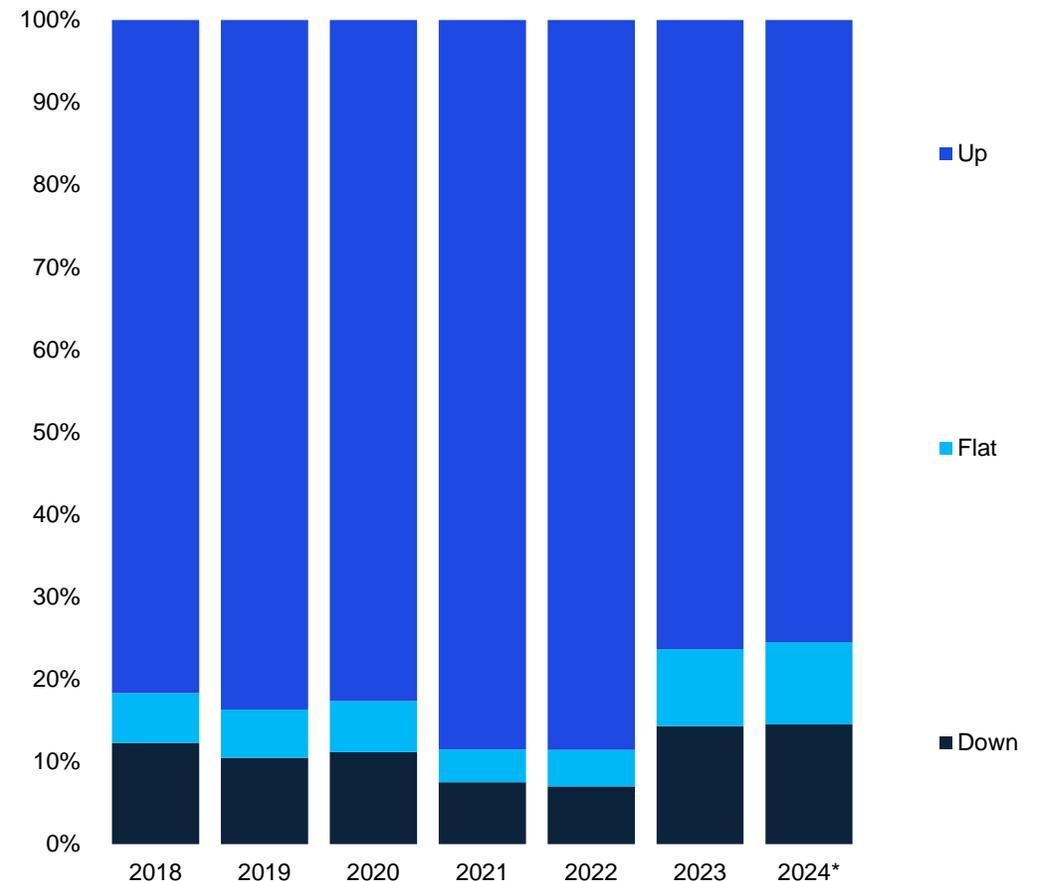
Median deal size (\$M) by stage in the US

2018–2024*



Up, flat or down rounds in the US

2018–2024*

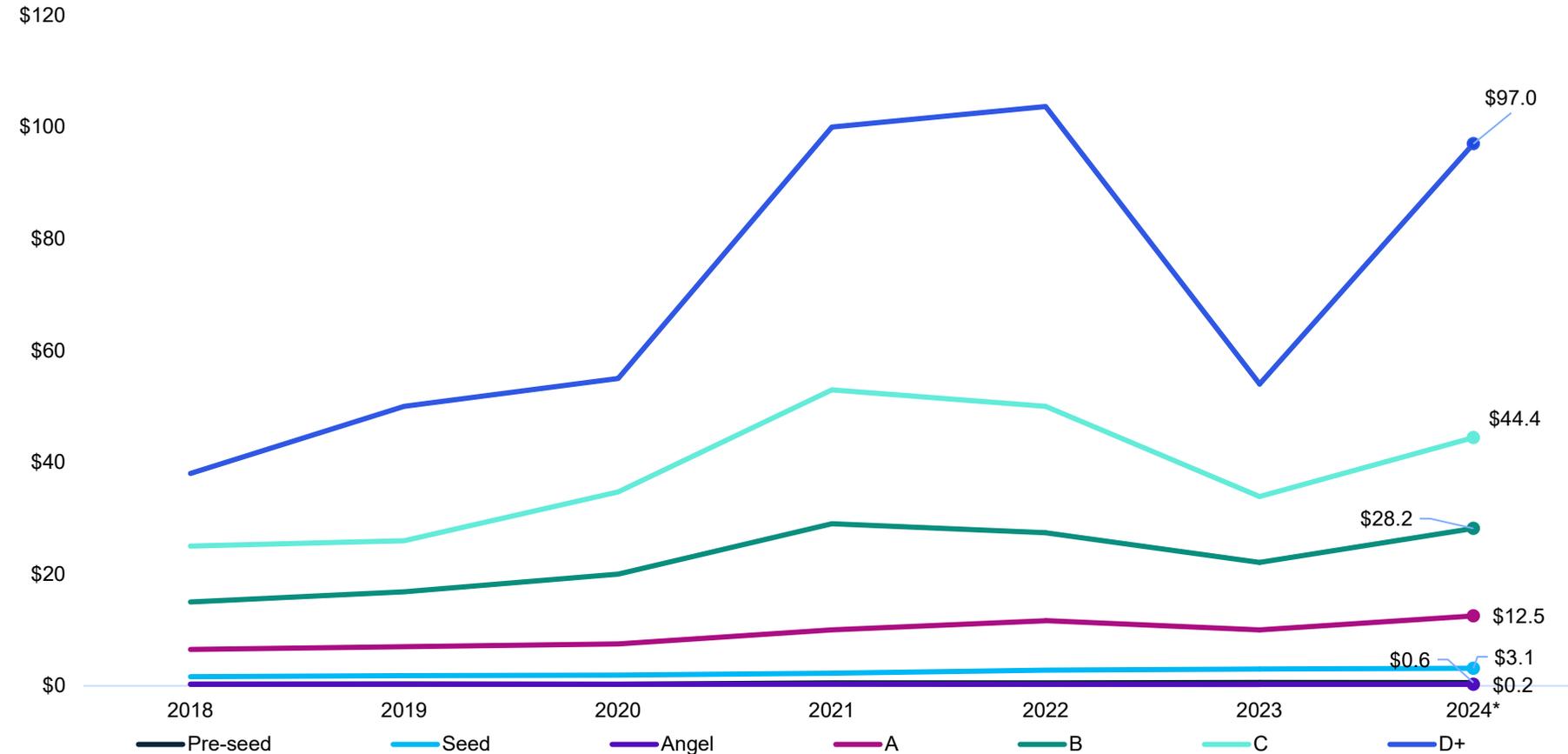


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Deal sizes bump upward

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

2018–2024*



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.
Note: Figures rounded in some cases for legibility.

“ AI has continued to attract significant investment this quarter, but we’re definitely starting to see a shakeout in the space. Companies looking for investment now are going to have to show clear ROI for their solutions to potential customers and investors. This could cause a bit of a slowdown in the number of investments in the category as clear winners begin to emerge and pretenders get left behind.”

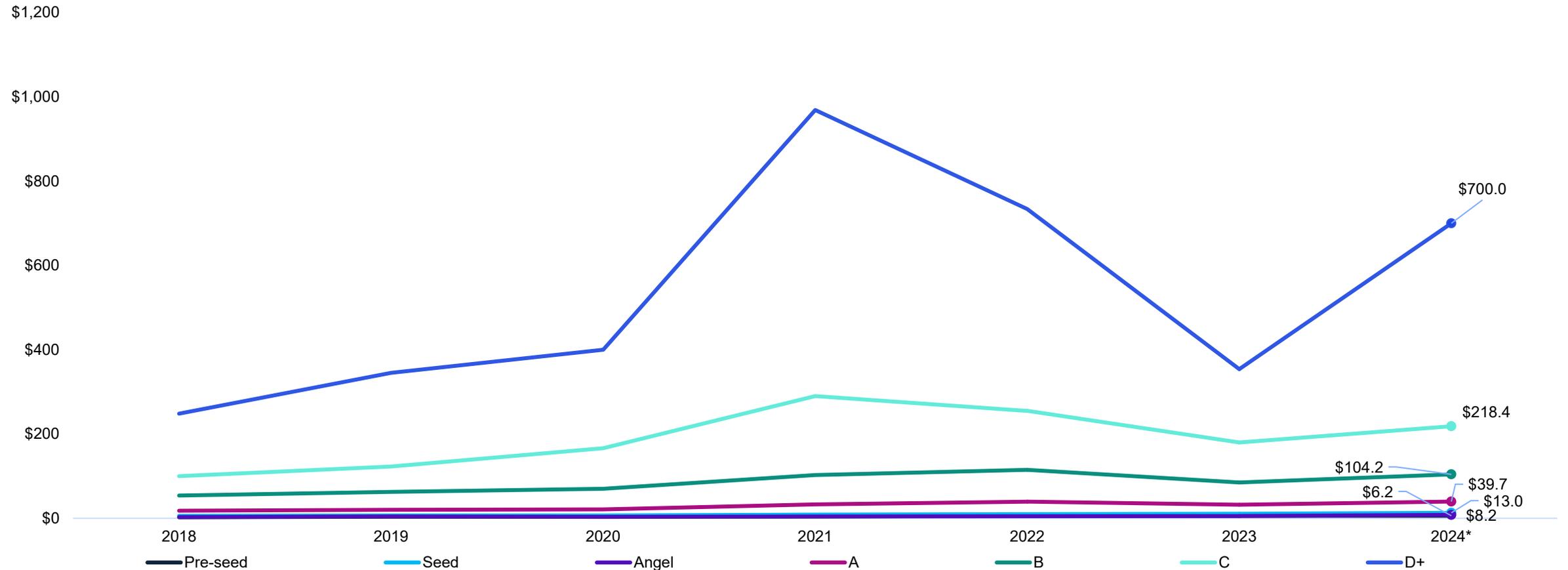


Jules Walker
Managing Director
Business Development
KPMG in the US

Clusters of outlier deals prop up the latest stage

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

2018–2024*



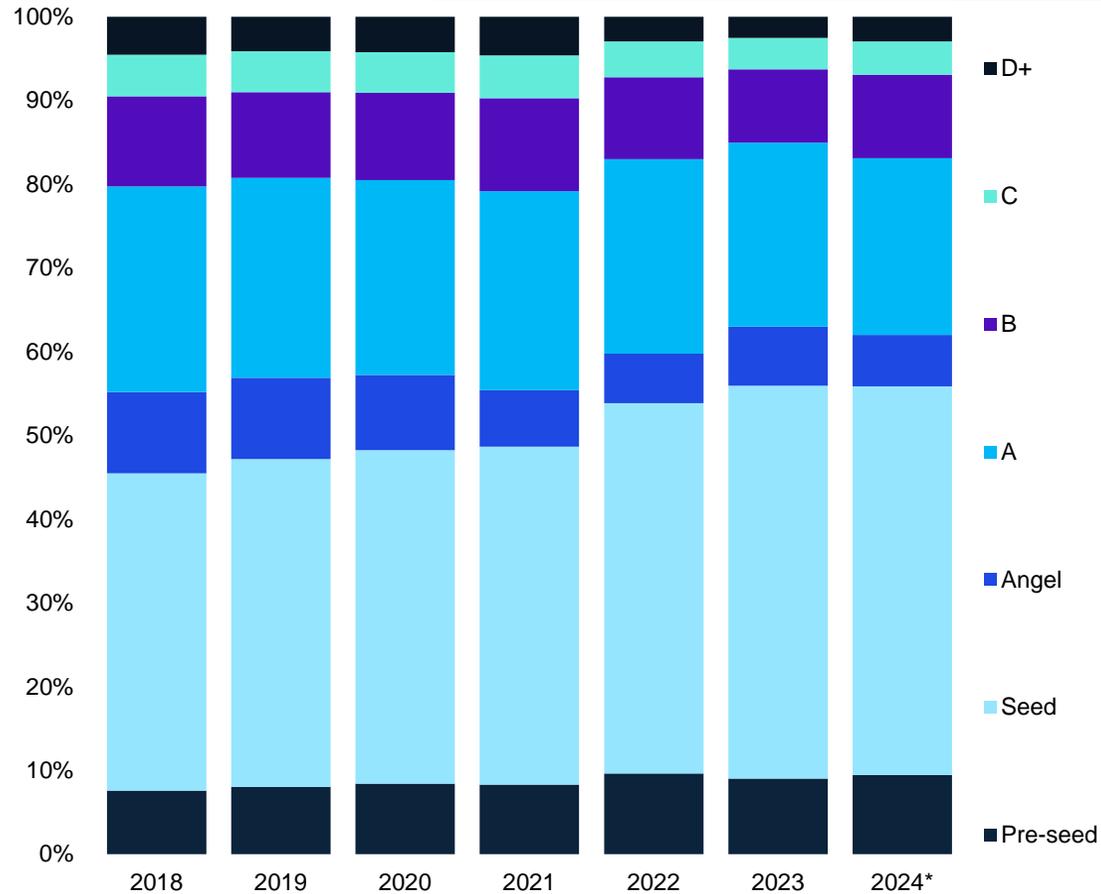
Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Note: Figures rounded in some cases for legibility. 2024* pre-seed and angel metrics are based on population sizes of n < 30.

VC invested in mid-capital stack continues to swell

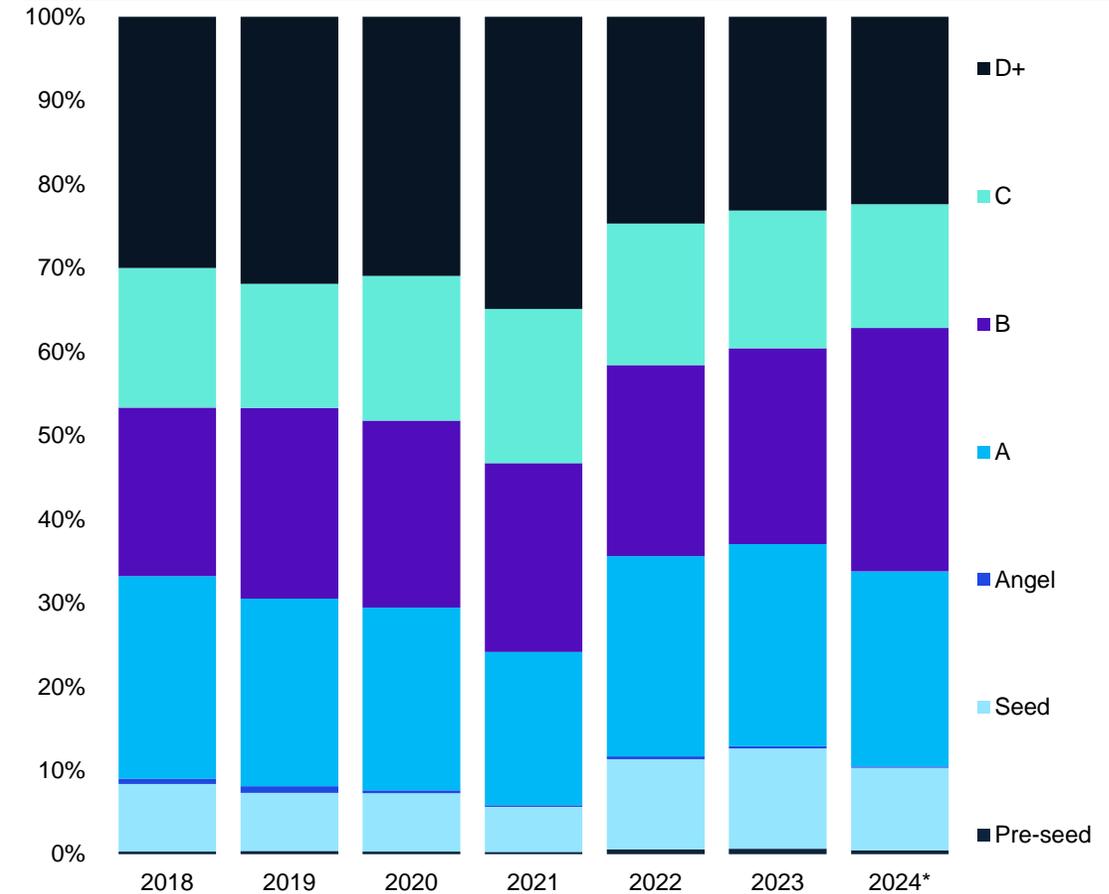
Deal share by series in the US

2018–2024*, number of closed deals



Deal share by series in the US

2018–2024*, VC invested (\$B)

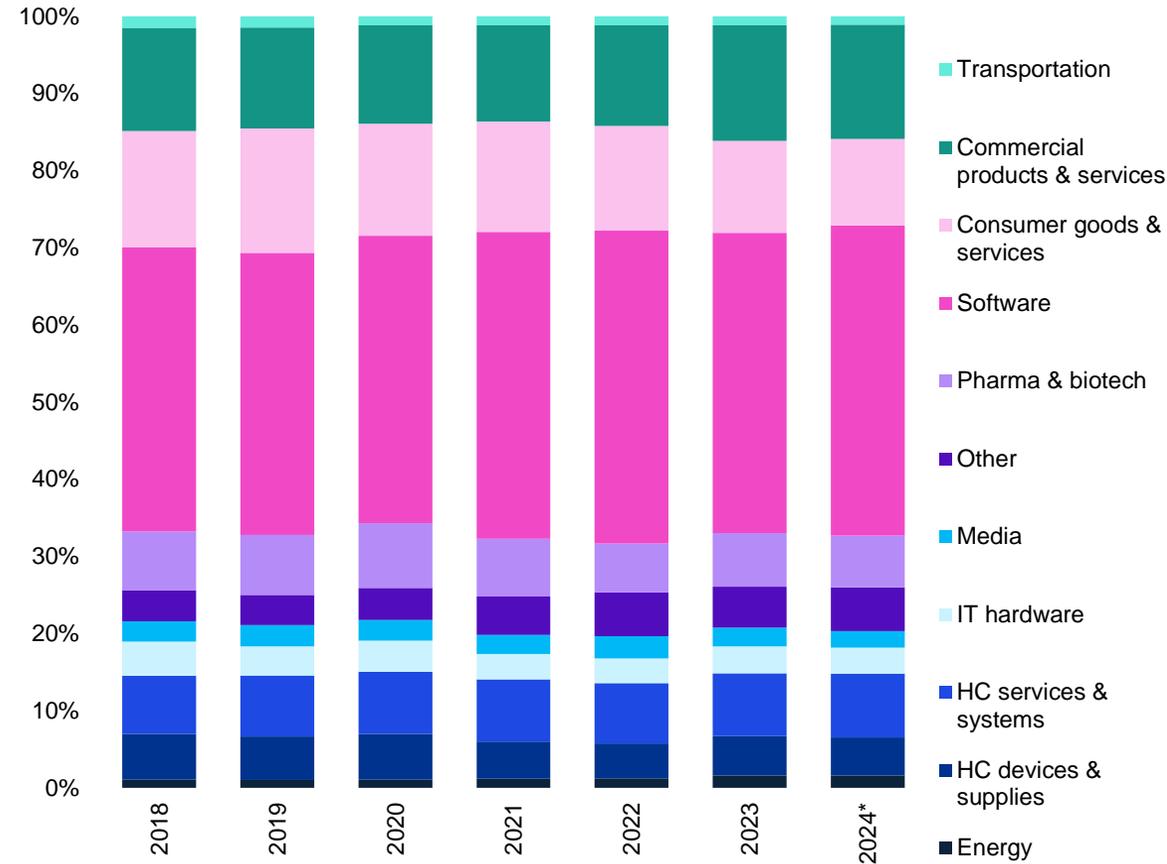


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Capital concentrates in enterprise & healthcare

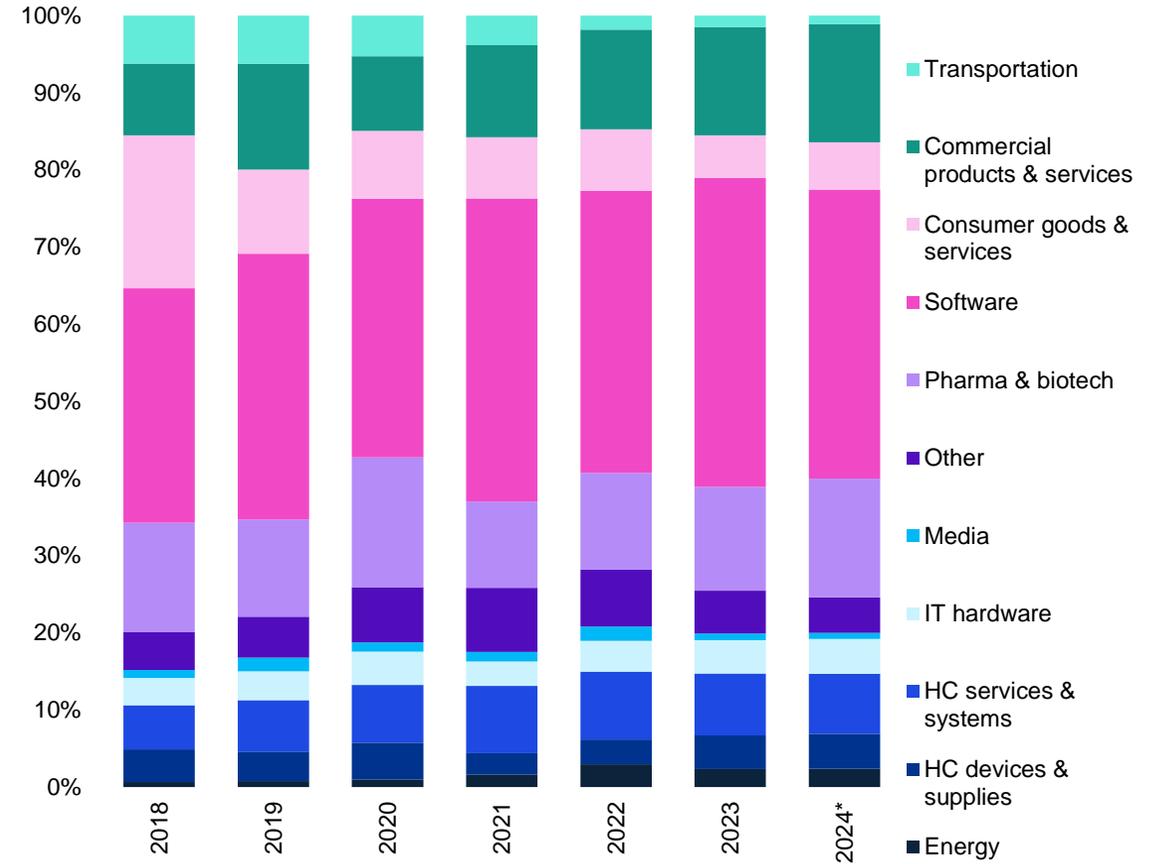
Venture financing by sector in the US

2018–2024*, number of closed deals



Venture financing by sector in the US

2018–2024*, VC invested (\$B)

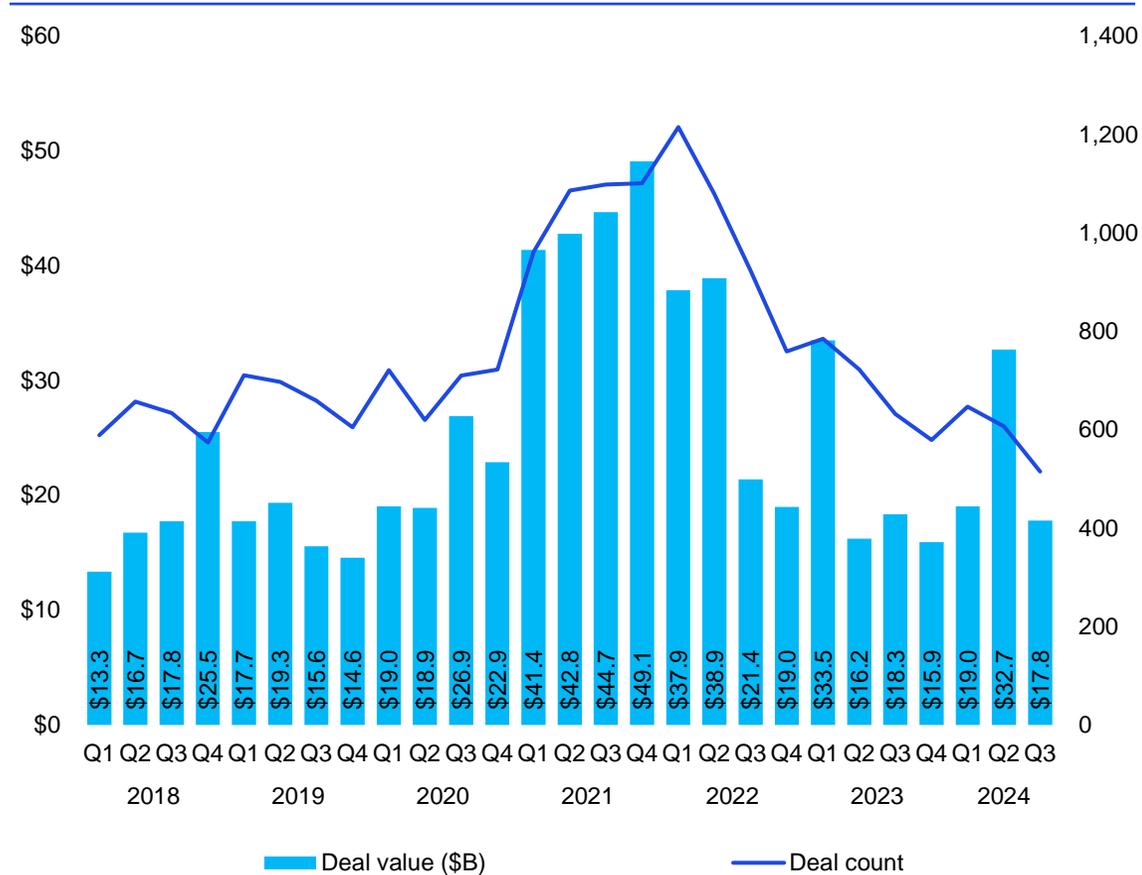


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

2024 may yet see first-time VC invested outpace 2023

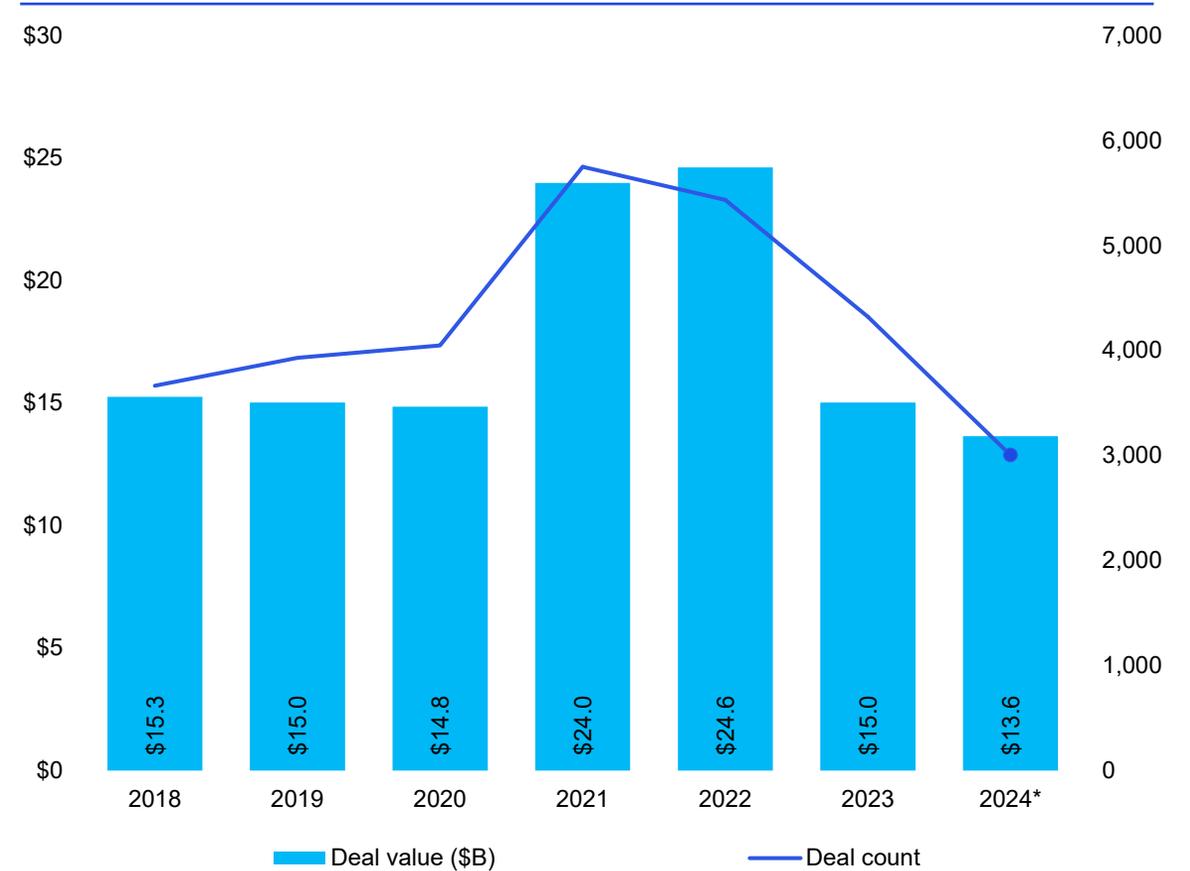
Corporate participation in venture deals in the US

2018–Q3'24



First-time venture financings of companies in the US

2018–2024*

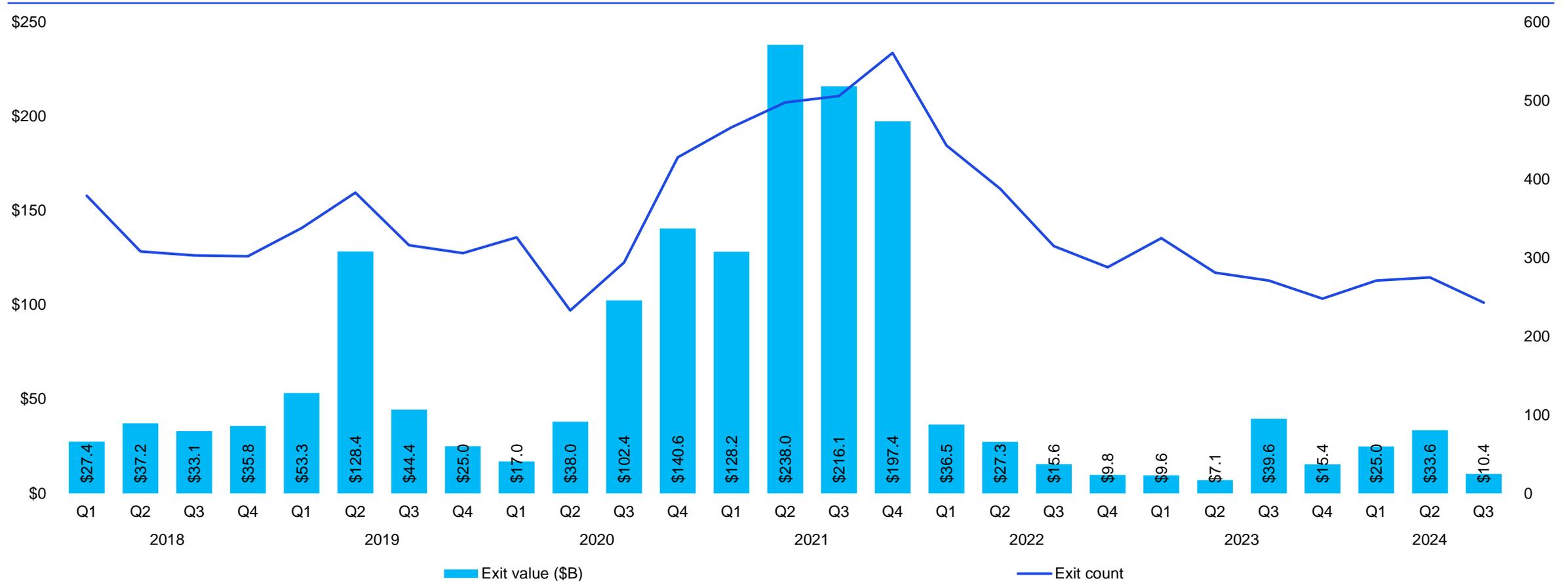


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Exit values slump again, as count remains steady

Venture-backed exit activity in the US

2018–Q3'24

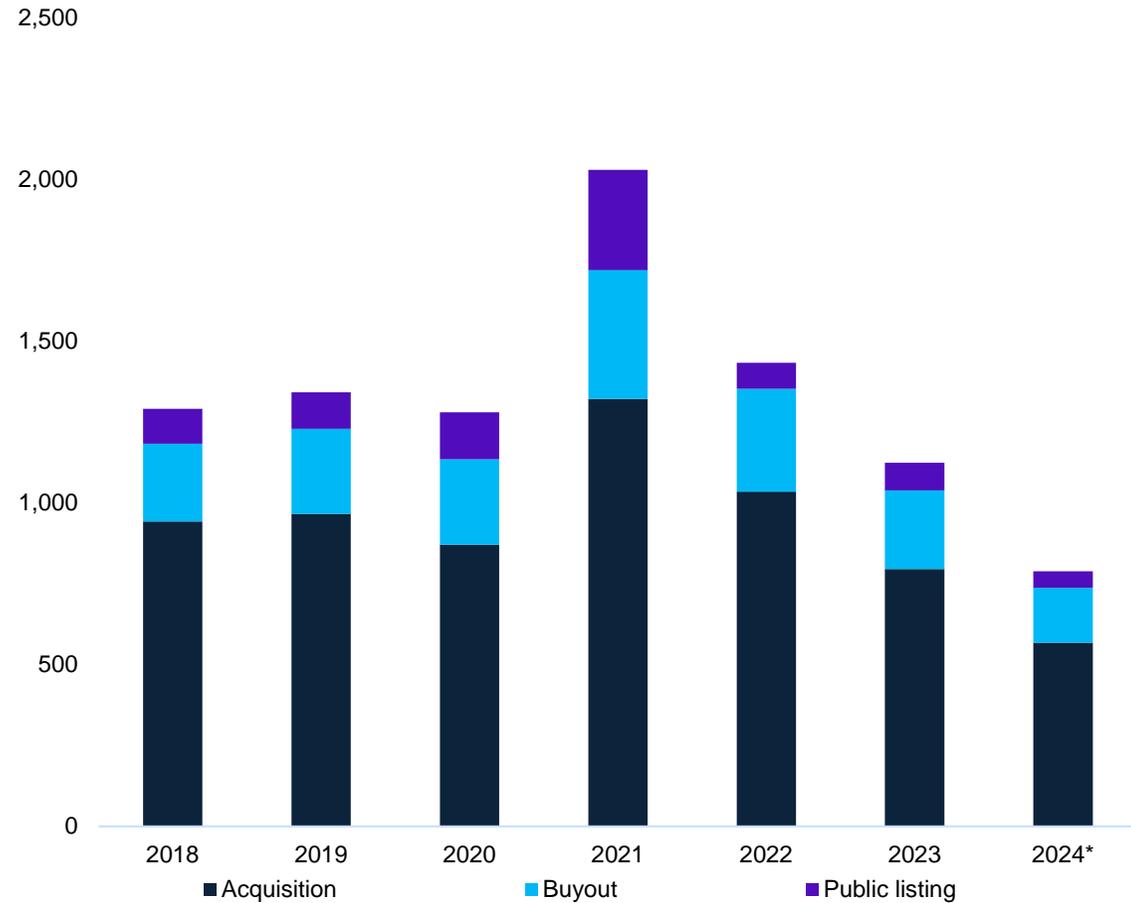


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

A handful of IPOs occur but M&A remains stunted

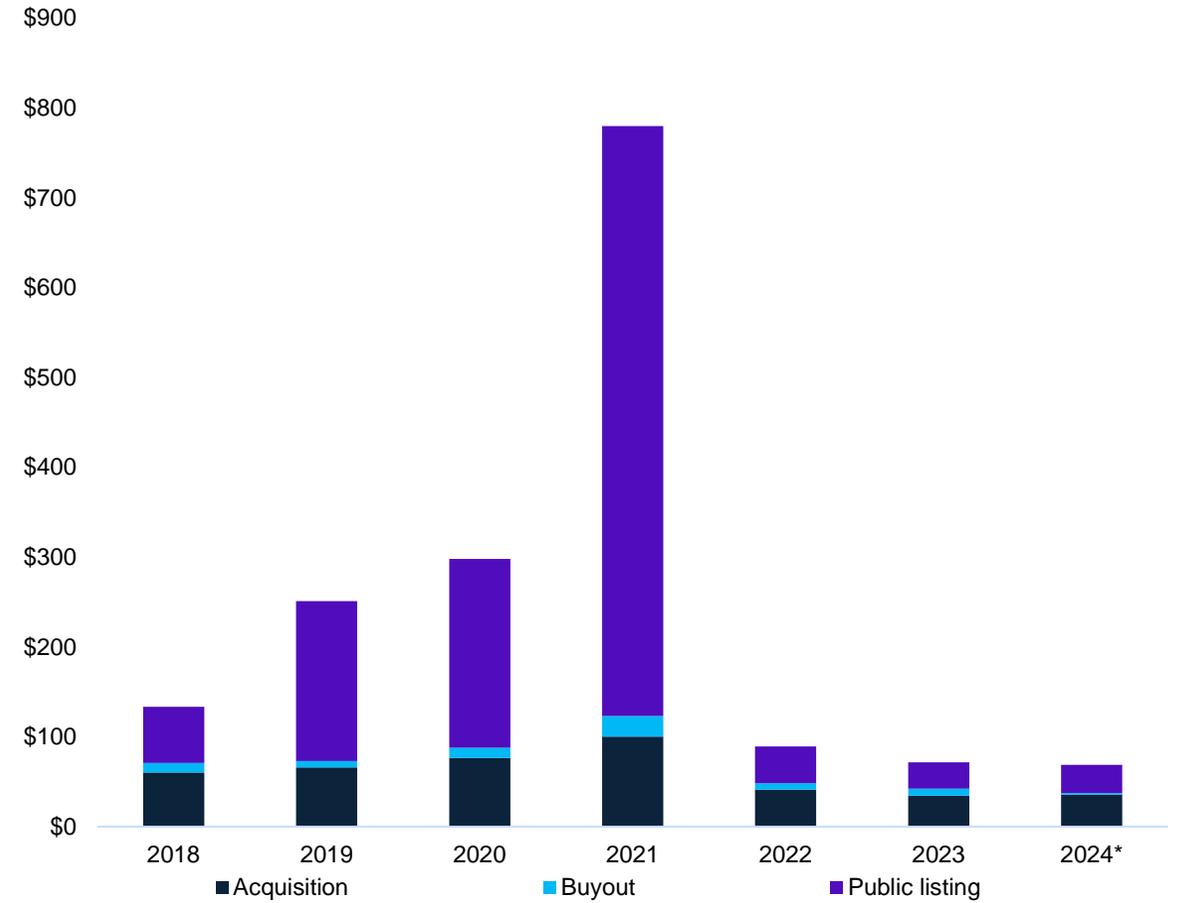
Venture-backed exit activity (#) by type in the US

2018–2024*



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

2018–2024*

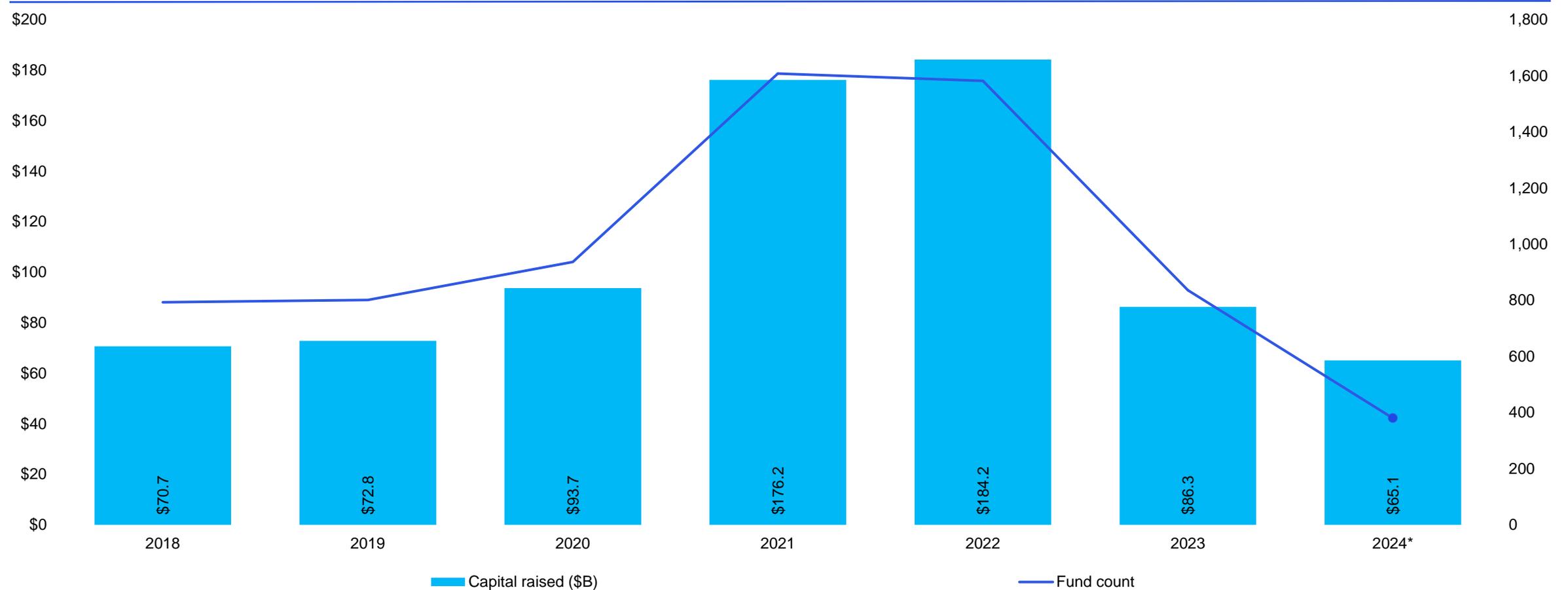


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Fundraising sees boost in total capital raised

US venture fundraising

2018–2024*

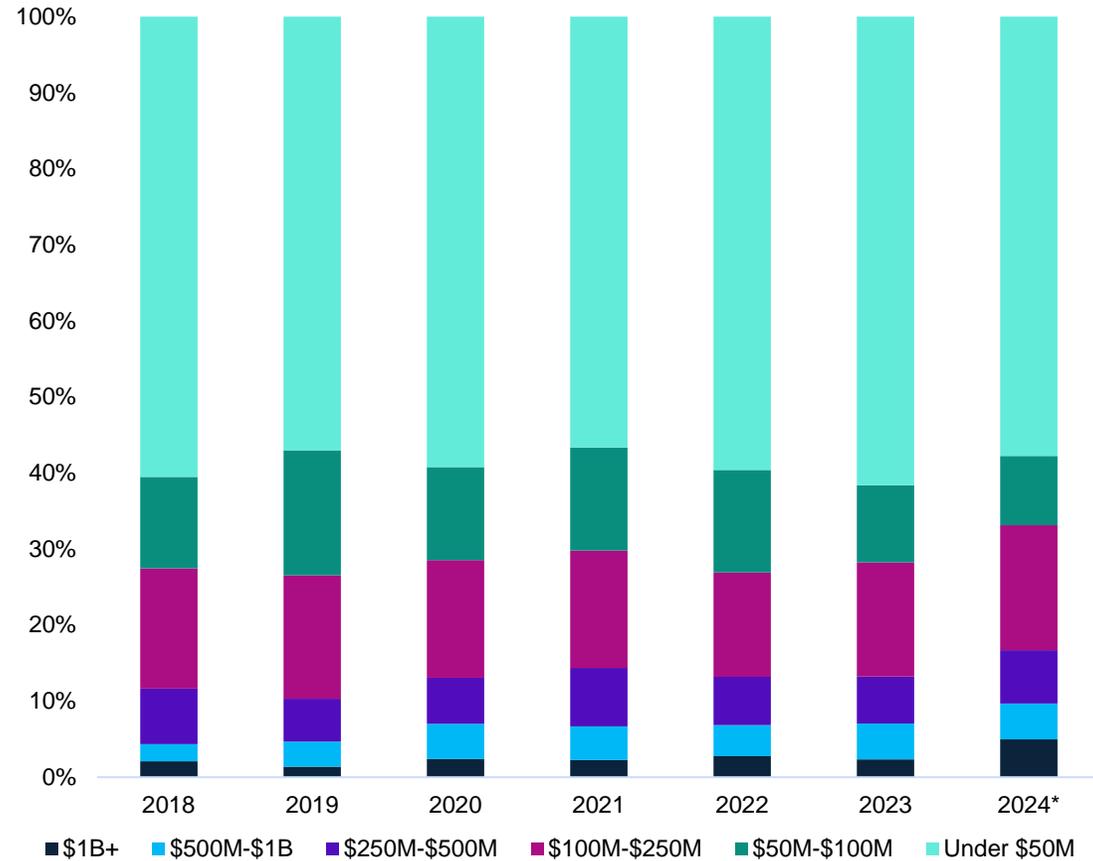


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

The middle of the market benefits, but \$1B+ funds surge

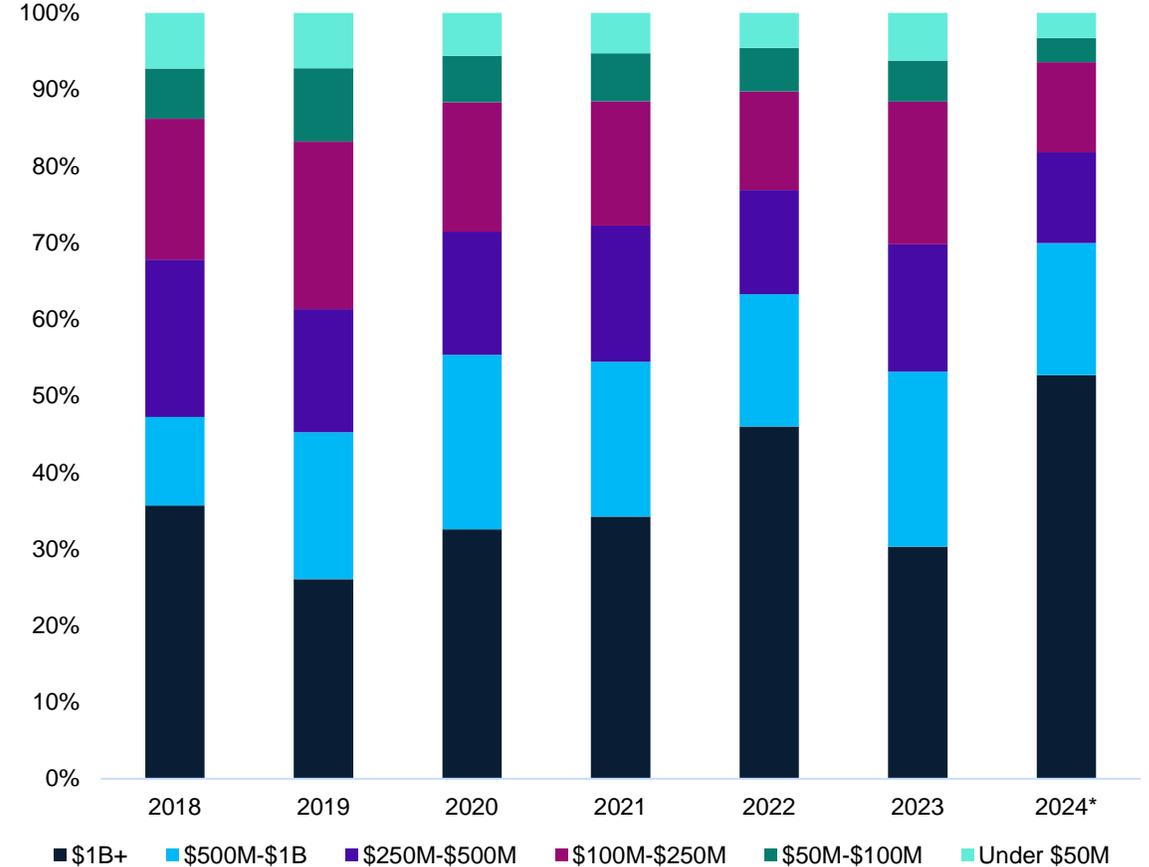
Venture fundraising (#) by size in the US

2018–2024*



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

2018–2024*

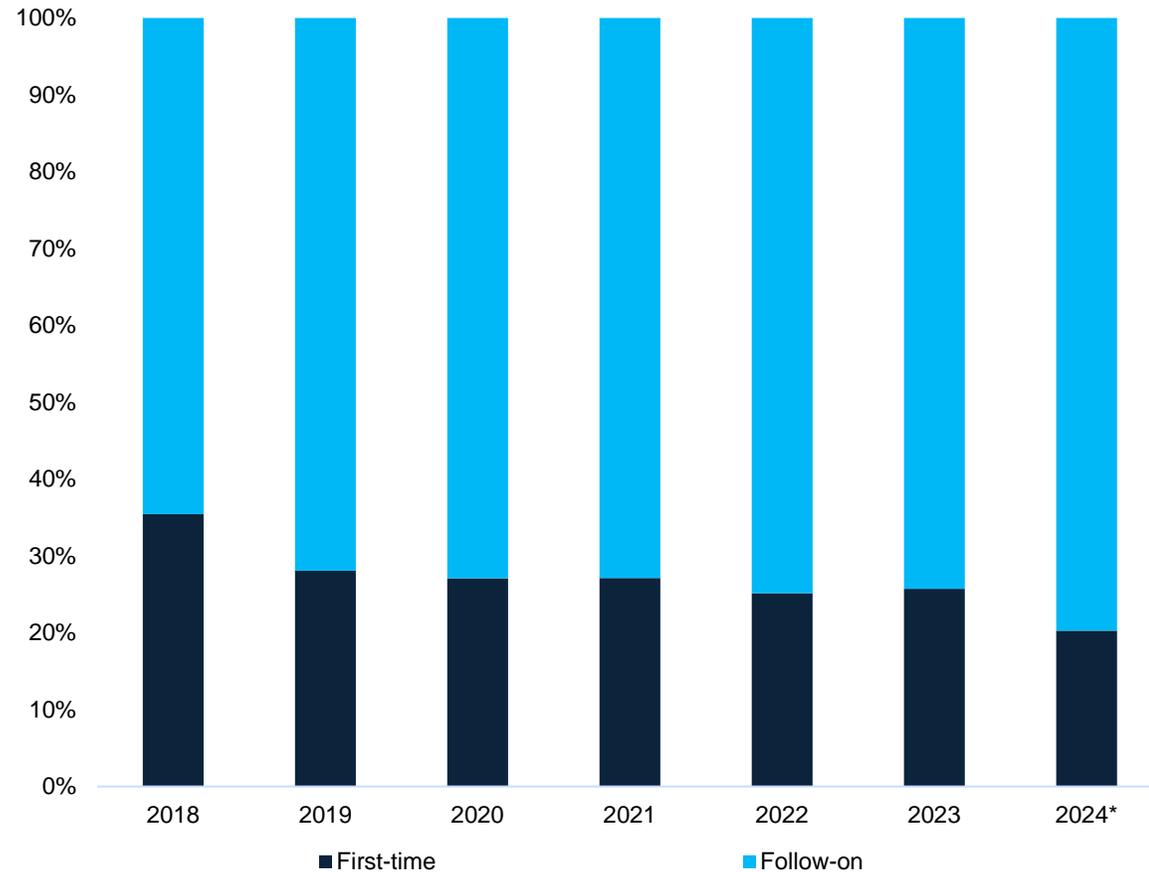


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

LPs tilt toward favoring follow-on funds thus far in 2024

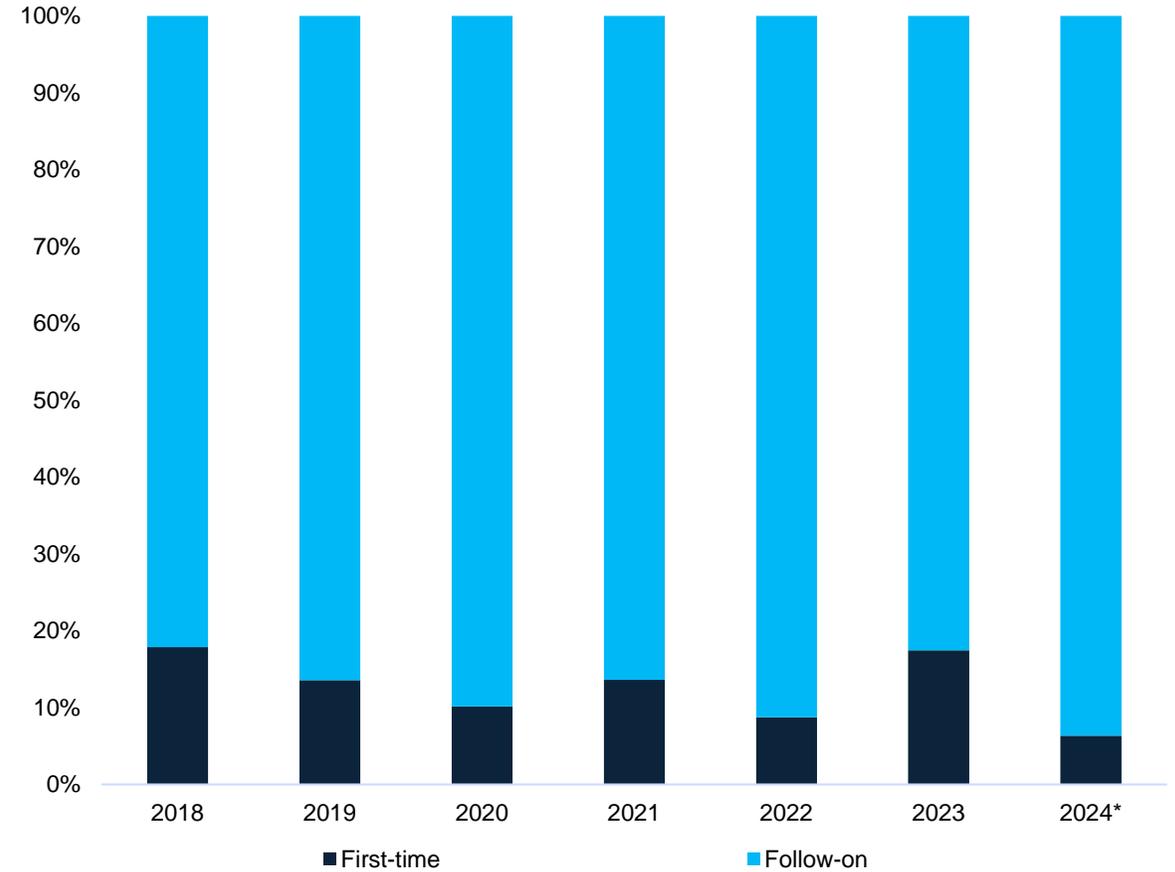
First-time vs. follow-on funds (#) in the US

2018–2024*



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

2018–2024*



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

**In Q3'24, VC-backed
companies in the
Americas raised
\$41.4B across
3,124 deals**

VC investment in Americas slows in Q3'24 despite strong quarter in Canada

VC investment in the Americas slowed between Q2'24 and Q3'24, driven by somewhat softer investment in the US, including a decline in the number of \$1 billion+ megadeals from six to two. While the US continued to account for the vast majority of VC funding in the region, Canada saw a very robust quarter of VC investment — particularly compared to all but the outlier quarters of investment it experienced between Q1'21 and Q1'22. VC investment in Latin America was soft, however, with investment in Brazil sliding quite significantly quarter-over-quarter.

Interest rates drop across much of Americas; Brazil key exception

During Q3'24, the US Federal Reserve cut its interest rate for the first time since 2020, while the Bank of Canada cut its interest rate twice following an initial cut late in Q2'24. Even as other jurisdictions made cuts, however, Brazil's Central Bank raised its interest rate for the first time in two years in order to rein in inflation.¹

Strong quarter of VC investment in Canada

VC investment in Canada was incredibly strong in Q3'24, with investment rising above all but the quarterly totals seen in 2021 and early 2022. The impressive quarter was driven by three \$100 million+ megadeals, including a \$900 million raise by legaltech Clio, a \$500 million raise by Gen AI-focused Cohere, and a \$281 million raise by biotech Borealis Biosciences. AI and health and biotech continued to see a lot of interest from VC investors in Canada given their strong innovation ecosystems. Other sectors also attracted sizeable deals this quarter; last mile delivery logistics platform UniUni raised \$70 million, while advanced energy solutions company UgoWork raised \$51 million and carbon capture technology company Svante raised \$50 million.

Brazil sees challenging quarter amidst major tax reform

VC investment in Brazil was very soft in Q3'24, driven in part by uncertainties related to the significant tax reforms being undertaken in the country — the first major reforms in decades. Stubbornly high inflation, the country's central bank's decision to raise interest rates, and the upcoming election in the US likely also contributed to the low volume of VC deals activity during the quarter.

1. <https://www.bnnbloomberg.ca/investing/2024/09/18/brazil-central-bank-hikes-interest-rate-to-1075-as-economy-runs-hot/>

2. The SEC's new cybersecurity disclosure rules decoded: what they mean for investors | Reuters

Brazil-based startups have struggled a lot in recent quarters, with many startups closing or conducting large layoffs in the face of pressure to achieve sustainable cash flows. While this has been incredibly difficult for the VC market, the companies that have survived have proven their strength and resilience. This could help them attract fresh rounds of investment and later stage investments heading into 2025. However, in spite of the headwinds, Brazil continued to see some traction in the fintech space, as highlighted by QI Tech's massive \$250 million round this quarter. There is some optimism in Brazil that once the current uncertainties dissipate late in Q4'24 or in Q1'25, that the volume of funding will pick back up.

Cybersecurity regaining attention in Americas

VC investor interest in cybersecurity solutions strengthened in the Americas during Q3'24, with raises by a wide range of companies, including private content network and risk management firm Kiteworks (\$456 million) and email security firm Abnormal Security (\$250 million). The growing focus of investors on cybersecurity likely reflects both heightening concerns about cyberattacks, including more realistic phishing scams and Gen AI powered attacks, in addition to the increasing complexity of regulatory compliance obligations. The SEC's cybersecurity incident reporting requirements, for example, now require public companies to report on cyber incidents.² This has likely sparked interest in cybersecurity solutions, particularly from corporates looking to upscale their cyber protection infrastructure.

VC investment in Americas slows in Q3'24 despite strong quarter in Canada, cont'd.

Health and biotech sector continues to attract VC deals

Health and biotech continued to see strong investment in the Americas, particularly in the US and Canada. During Q3'24, US-based surgical care optimization platform Caresyntax raised \$310 million, while Canada-based developer of xRNA medicines for kidney diseases Borealis Biosciences raised \$150 million. The introduction of AI to biotech solutions has amplified VC investor interest in the space, given its potential ability to speed up development and analytics processes. Health and biotech is also gaining attention from investors in Brazil, although investment levels have been quite small to date compared to other jurisdictions in the region.

Fundraising remains weak given slowdown in capital being deployed

After dropping significantly from \$193 billion across 1,701 funds in 2022 to \$90.9 billion across 903 funds in 2023, fundraising activity by VC firms has remained subdued in 2024. While fundraising value was tracking to come in only slightly below 2023's total at the end of Q3'24, the number of funds raised was less than half the 855 funds seen in 2023.

Given the wealth of funds raised in 2022, and the slowdown in capital being deployed over the last year, it is likely that the slowdown in fundraising activity is primarily cyclical, although the lack of exit activity has likely also caused some VC firms to hold back on raising fresh funds until they are able to show high quality exits. As exit activity picks up, VC firms will likely increase their focus on raising fresh funds.

Legaltech seeing interest rise in Americas, led by \$900 million deal in Canada

VC investment in legaltech saw significant interest in the Americas during Q3'24, led by a \$900 million raise by Canada-based cloud law firm management software firm Clio. US-based AI-powered virtual legal assistant developer Harvey also raised \$100 million during the quarter. Other AI focused companies increasingly targeting the legal sector also raised funds in Q3'24, including Gen AI-focused document analytics company Hebbia (\$130 million).

AI-focused technologies aimed at simplifying, automating, and speeding up processes in labour intensive professional services industries, including law and accounting, will likely continue to attract attention from VC investors — particularly corporates — over the next few quarters.

Trends to watch for in Q4'24

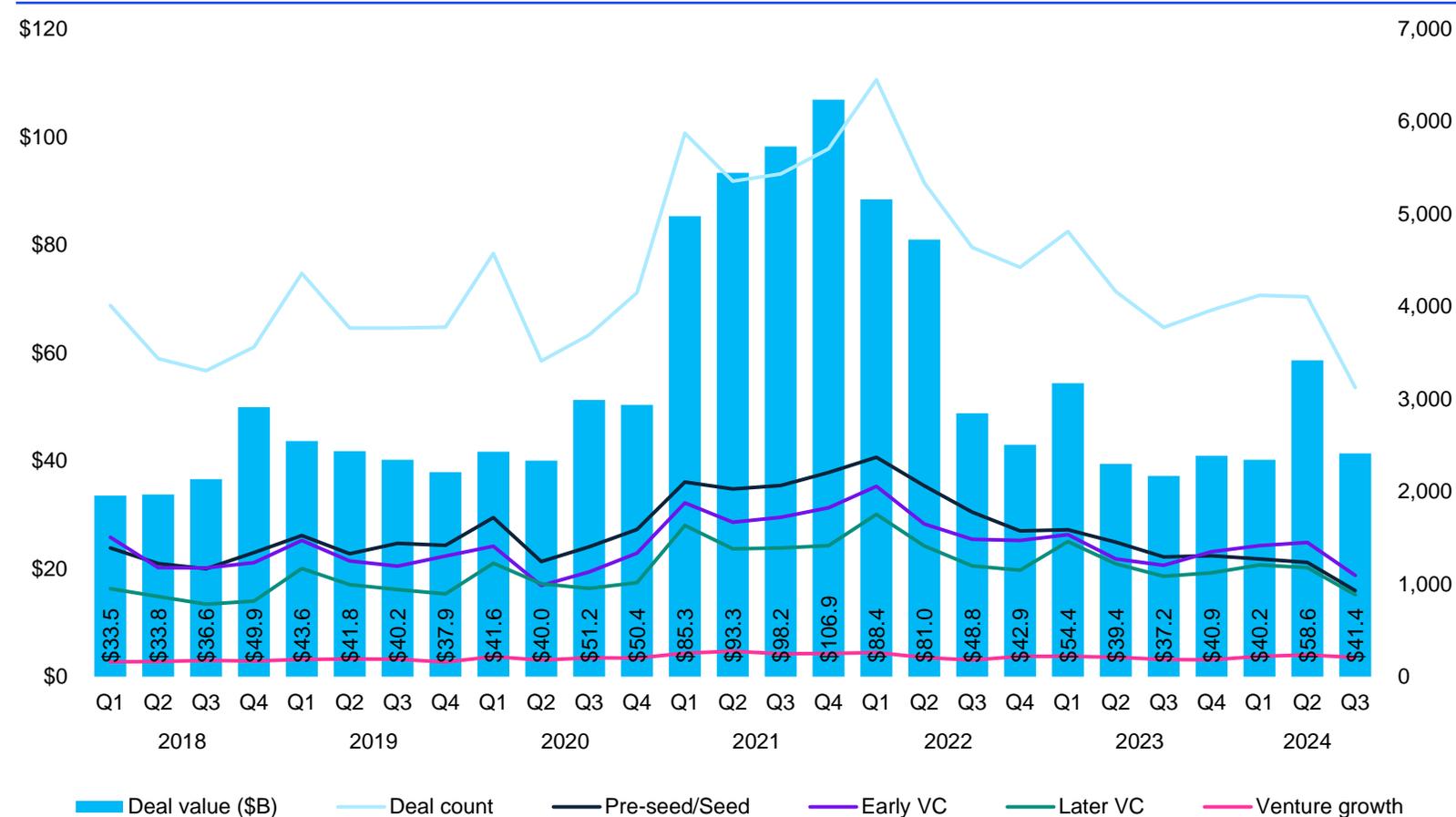
VC investment in the Americas is expected to remain relatively steady quarter-over-quarter, particularly in the US and Canada. AI will likely continue to see large investments, in addition to areas like health and biotech and cleantech. While cybersecurity investment has taken a backseat to AI in recent quarters, it could also see investment increase over the next few quarters as companies look to stay ahead of potential cyber threats.

In Brazil, there is significant optimism that VC investment will rebound over the next couple of quarters as the government's tax reforms are completed and macroeconomic factors stabilize.

Dealmaking has established a healthy if not historic level

Venture financing in the Americas

2018–Q3'24



Mega-deals will still skew individual quarters, e.g., it is likely a handful of large financings closing by year end that are boosting Q4 tallies to higher-than-average aggregates, but overall, dealmaking in the US has returned to pre-2021 levels.

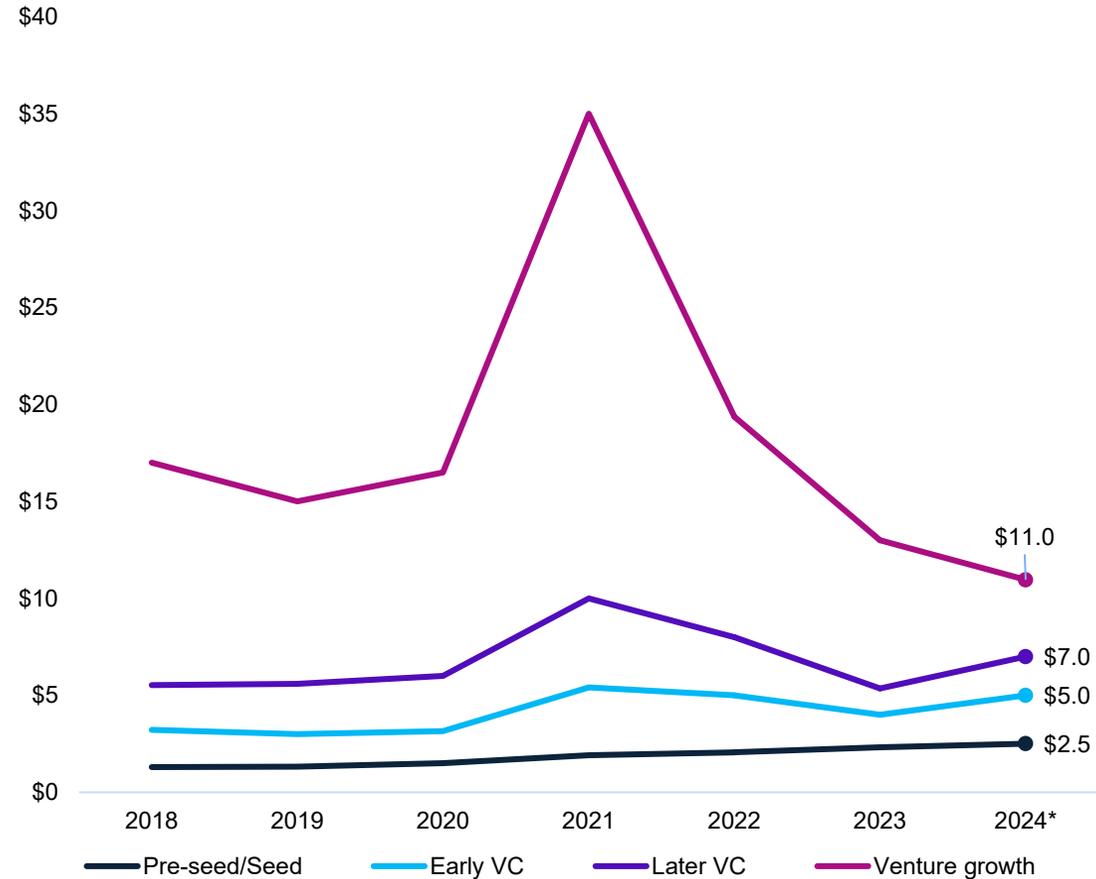
... dealmaking has evened out; with even the panoply of risks that rose during 2023 and 2024 YTD, **figures have steadied and some outlier deals can still occur, though all investing continues at a more sedate pace.**

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Dealmakers remain cautious

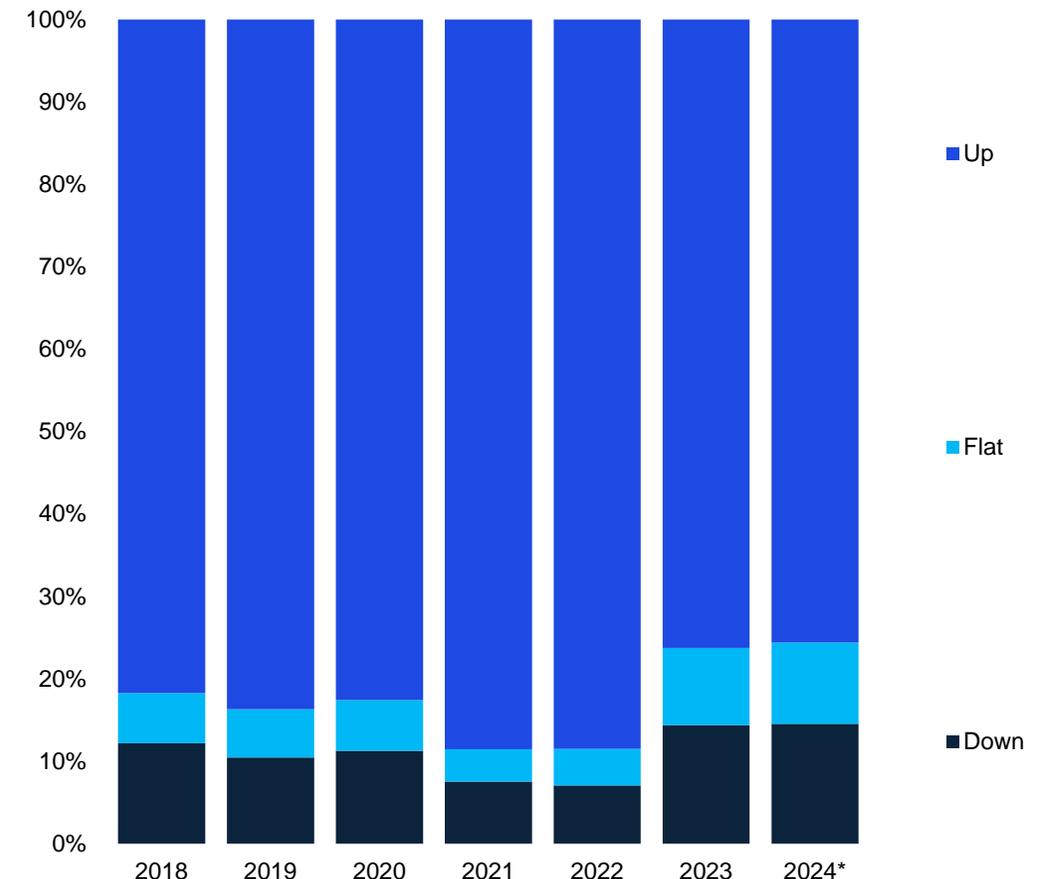
Median deal size (\$M) by stage in the Americas

2018–2024*



Up, flat or down rounds in the Americas

2018–2024*

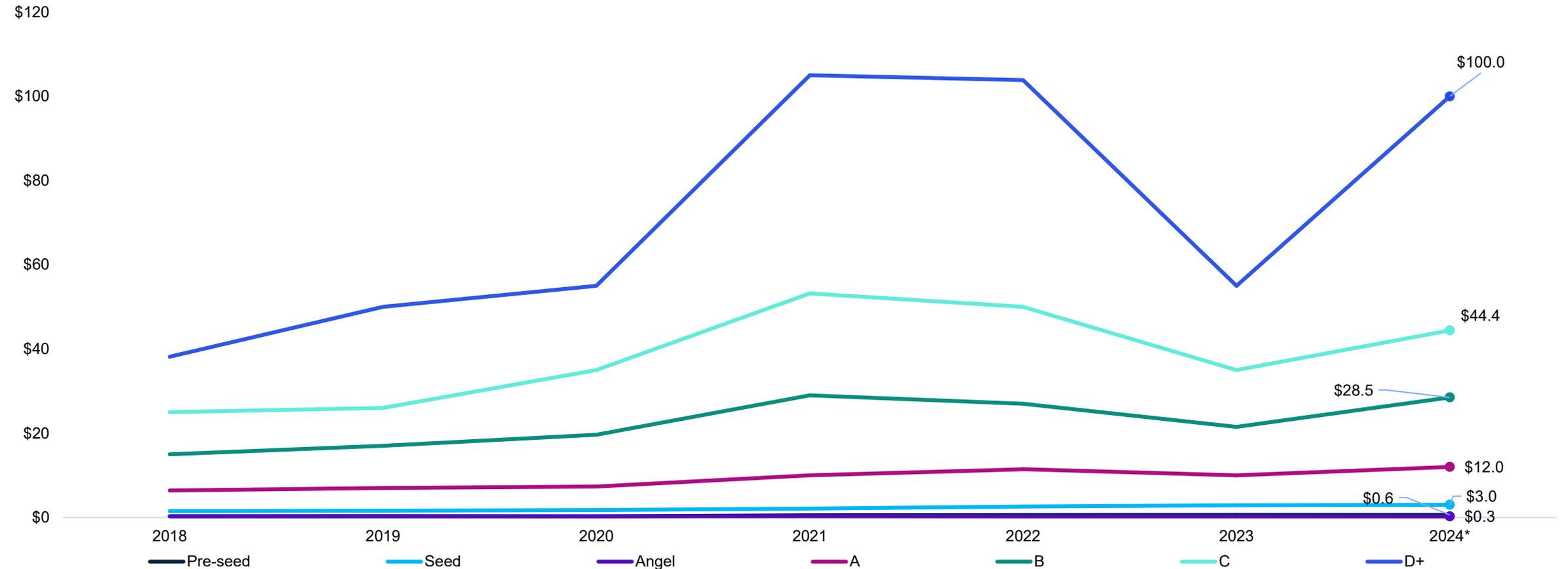


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

For clusters of outlier deals, financings still can surge

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

2018–2024*

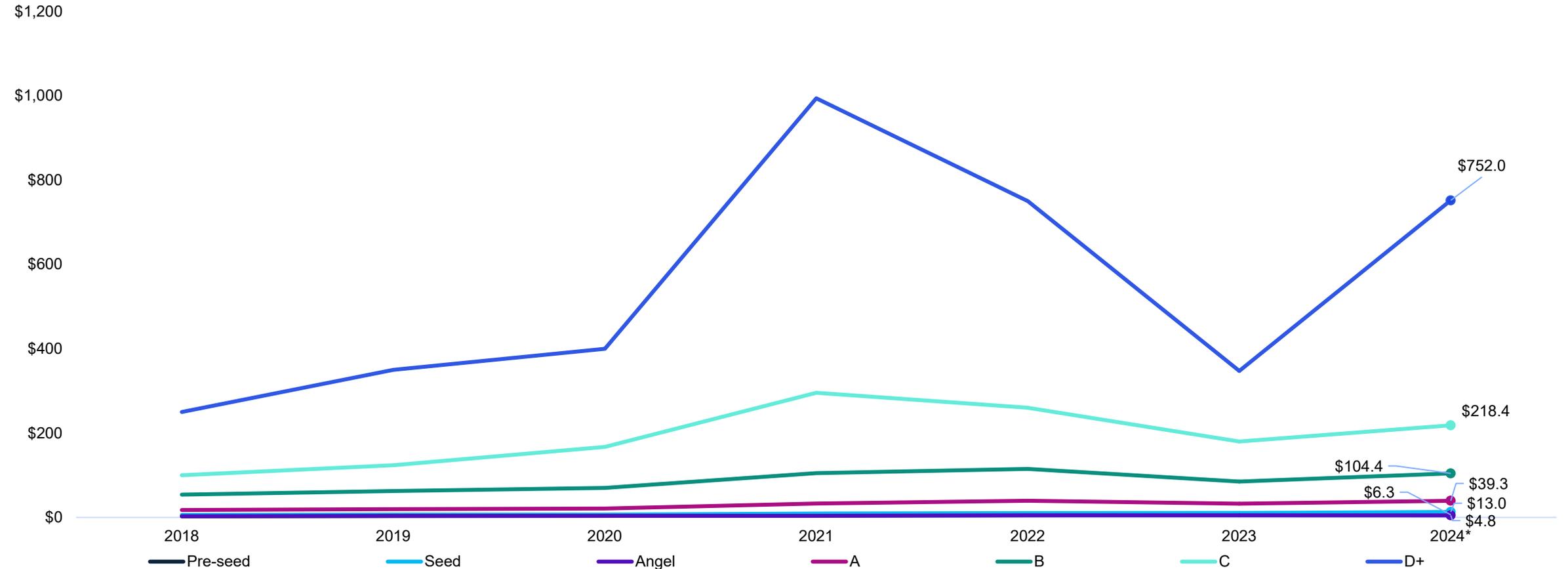


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Pockets of later-stage companies keep skewing valuations

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

2018–2024*

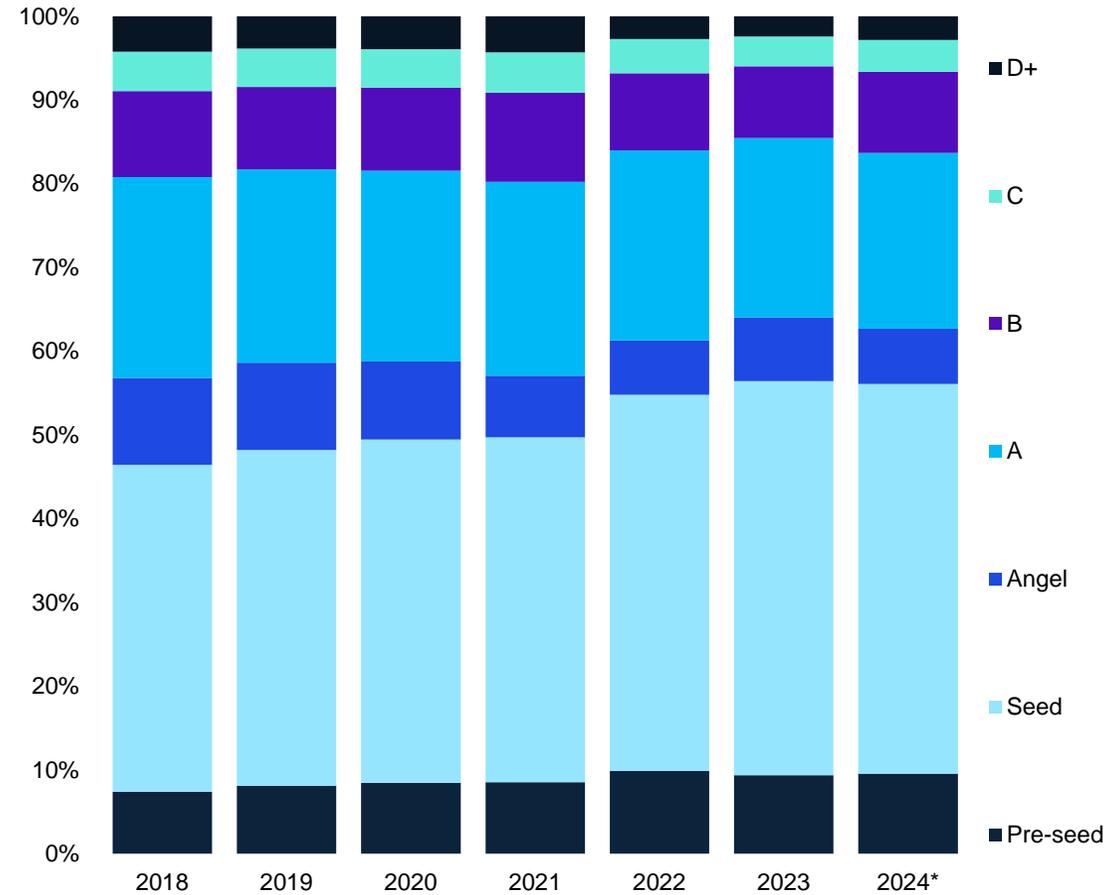


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.
 Note: The 2024* figures for angel are based on population sizes of n < 30.

Dealmakers flock to midstage rounds

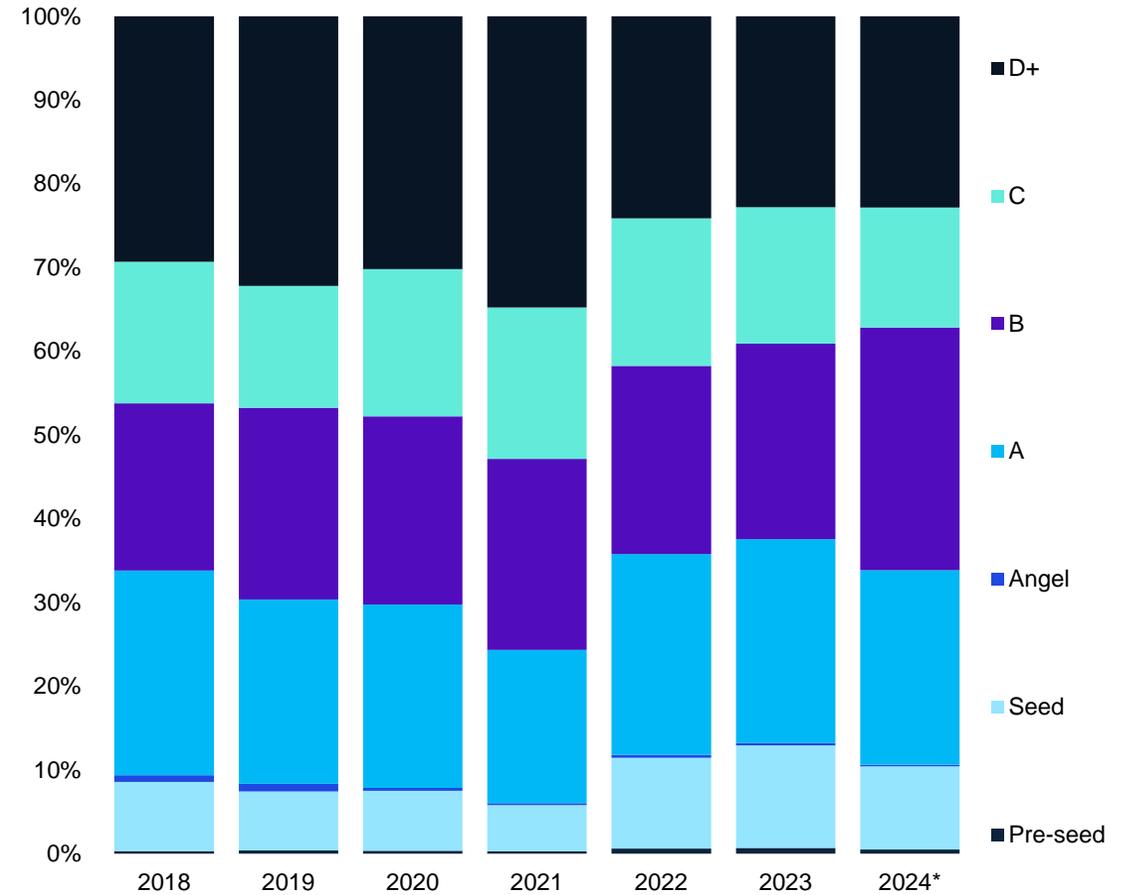
Deal share by series in the Americas

2018–2024*, number of closed deals



Deal share by series in the Americas

2018–2024*, VC invested (\$B)

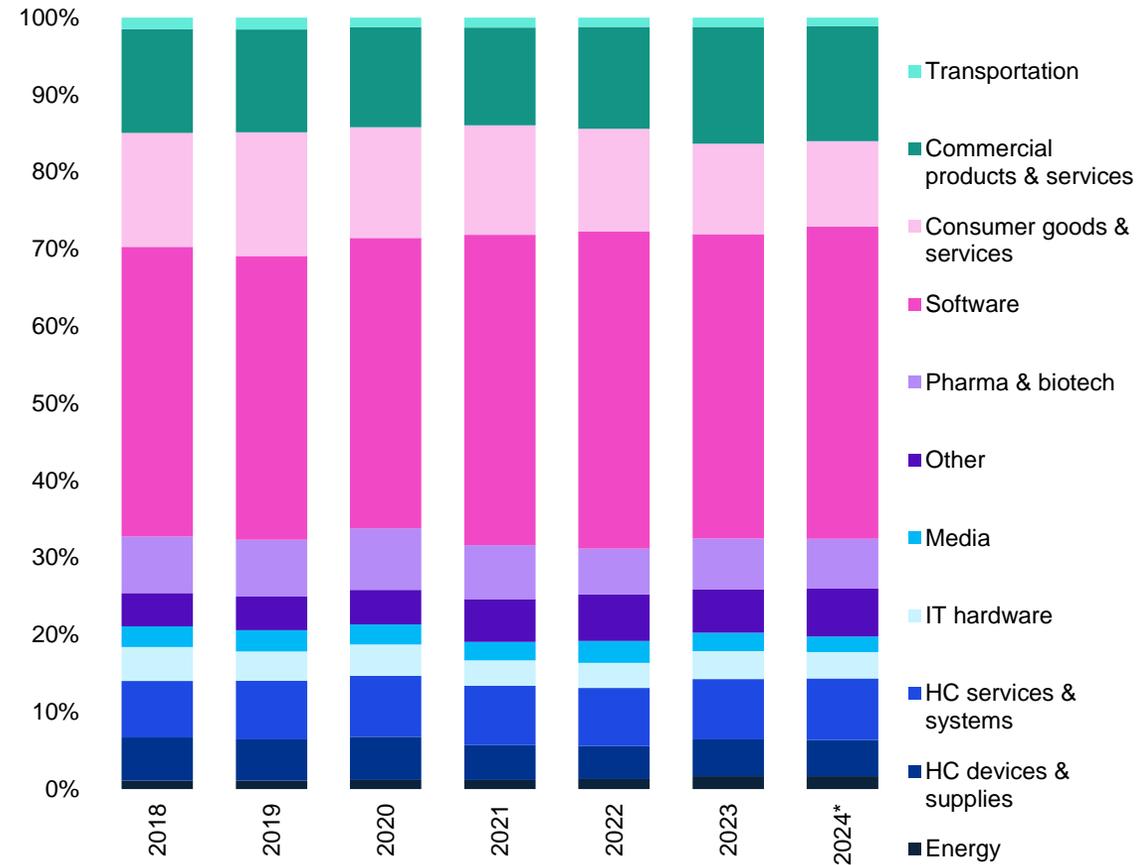


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

The nexus of AI & enterprise booms — healthcare remains strong

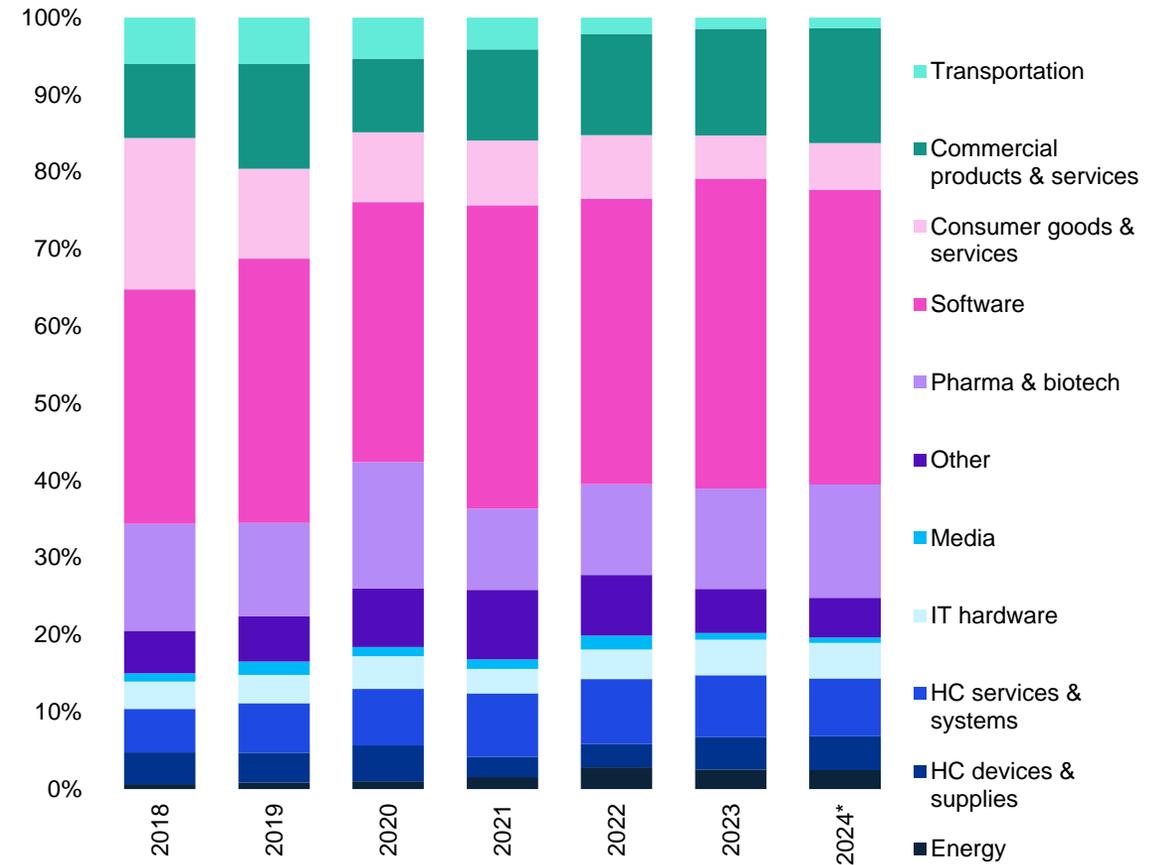
Venture financing by sector in the Americas

2018–2024*, # of closed deals



Venture financing by sector in the Americas

2018–2024*, VC invested (\$B)

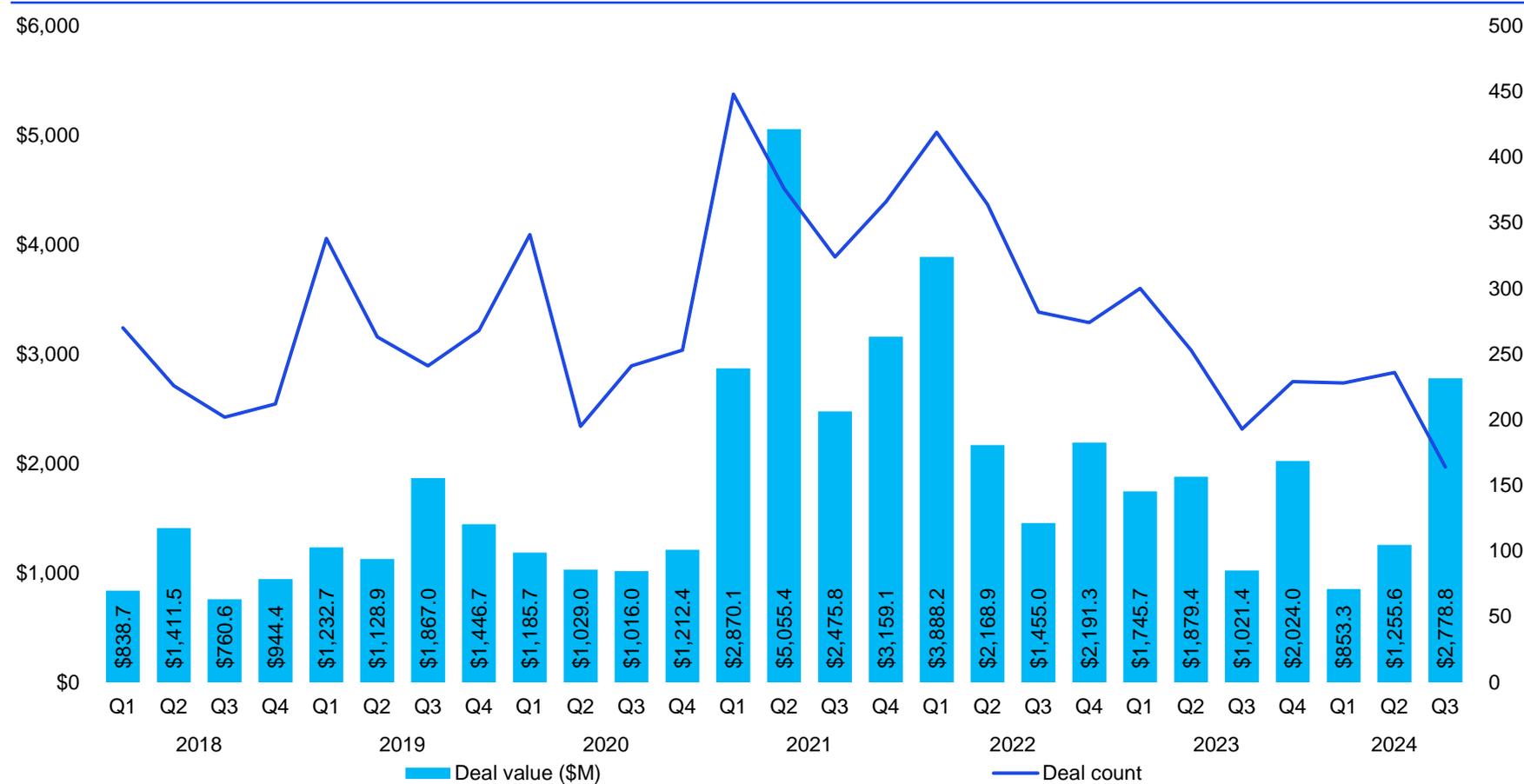


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Mega-deals push Canada to a surge in VC invested

Venture financing in Canada

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ AI is something that Canada is known for and is really wanting to grow. I believe the government did a lot to prove its commitment this quarter, both with its \$2.4 billion funding announcement and with its support of small companies and working to get AI into various other industries. ”

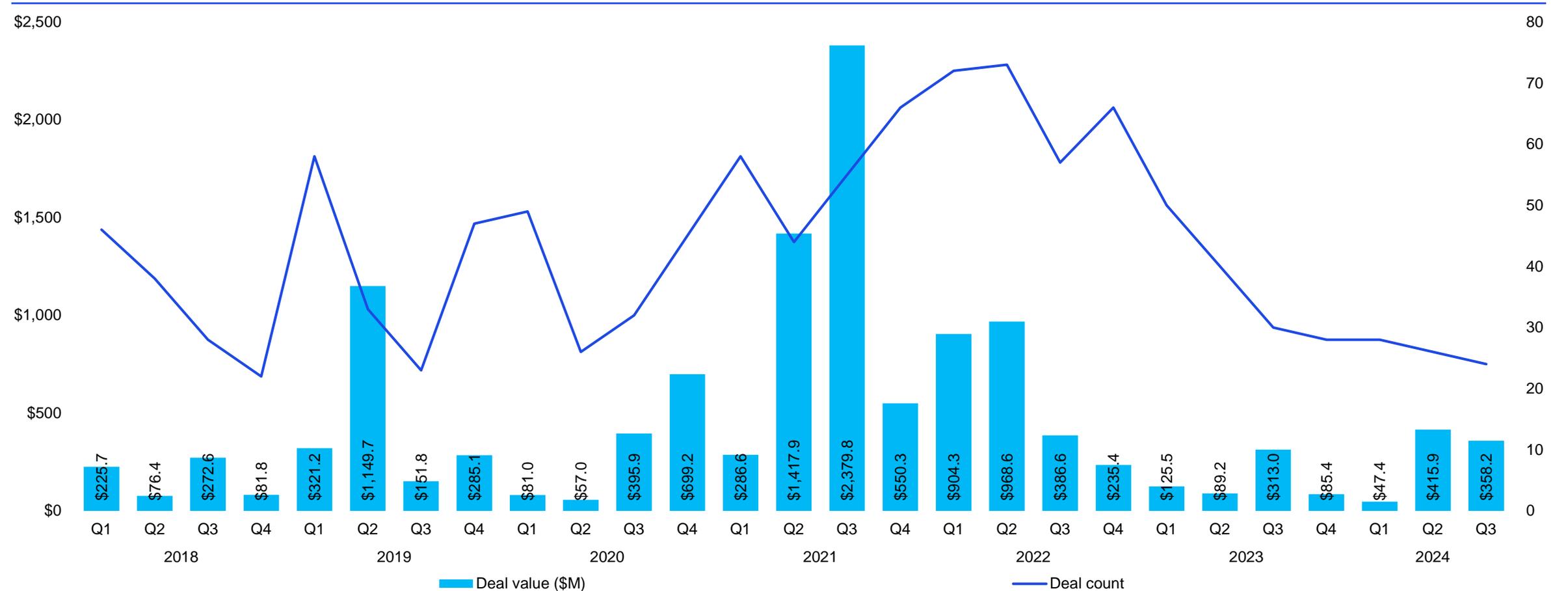


Ryan Forster
Partner
KPMG in Canada

Mexico sees a healthy back-to-back quarter in VC invested

Venture financing in Mexico

2018–Q3'24

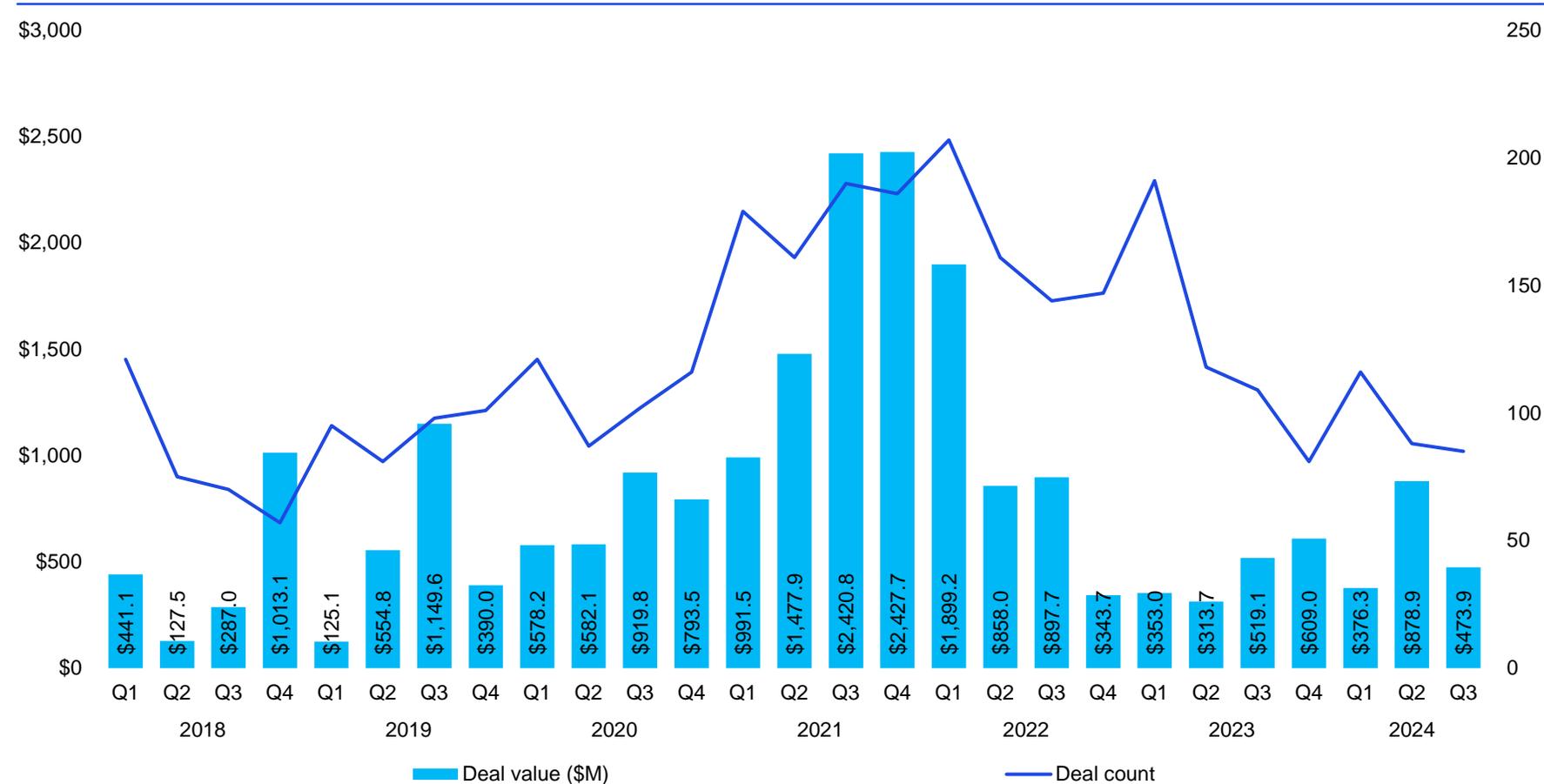


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Brazil sees VC activity hold steady after a bump in VC invested

Venture financing in Brazil

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ We’re seeing a lot of family offices investing in bringing startups into the ecosystem in order to accelerate their transformation. They aren’t generally creating funds themselves, but they are doing alliances with private equity and VC funds to create portfolios that could allow them to transform their businesses. ”

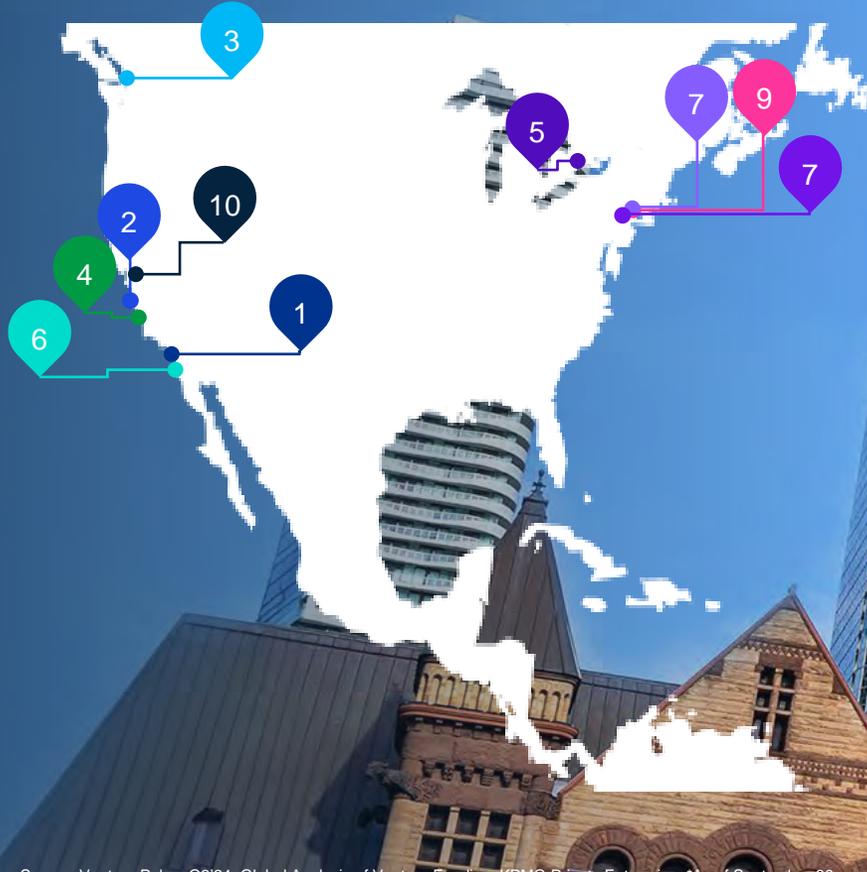


Carolina de Oliveira

Partner, KPMG Private Enterprise
Leader in Brazil and South America
KPMG in Brazil

AI remains paramount

Top 10 financings in Q3'24 in Americas



1. **Anduril** — \$1.5B, Costa Mesa, US — Defense — *Series F*
2. **Safe Superintelligence** — \$1B, Palo Alto, US — AI & ML — *Early-stage VC*
3. **Clio** — \$900M, Burnaby, Canada — Legal tech — *Series F*
4. **Groq** — \$640M, Mountain View, US — AI & ML — *Series D*
5. **Cohere** — \$500M, Toronto, Canada — AI & ML — *Series D*
6. **Candid Therapeutics** — \$370M, San Diego, US — Drug discovery — *Series B*
7. **Metsera** — \$350M, New York, US — Biotech — *Series A*
7. **Infinite Reality** — \$350M, Norwalk, US — Media — *Late-stage VC*
9. **Grafana Labs** — \$327.9M, New York, US — Business software — *Series D*
10. **ArsenalBio** — \$325M, San Francisco, US — Drug discovery — *Series C*

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

**In Q3'24, European
VC-backed companies
raised \$12.5B across
1,670 deals**

Europe sees tepid quarter of VC investment in Q3'24

VC investment in Europe was quiet in Q3'24, in part due to a annual slowdown in dealmaking in August as a result of summer holidays. Overall, during the quarter there were ten \$150 million+ megadeals in the region, including a \$484 million raise by defense-tech Helsing (Germany), a \$386 million raise by gaming company Voodoo (France), a \$279 million raise by Isar Aerospace (Germany) and a \$220 million raise by UK-based fintech Form3. Space-tech also received investor attention as highlighted by top deals by Isar Aerospace (\$279 million) in Germany and D-Orbit (\$166 million) in Italy.

AI investments increasingly targeting vertical integration

During Q3'24, interest in AI solutions in Europe took a noticeable shift away from away from capital intensive AI platforms and towards solutions focused on vertical integration and the adoption and application of specific AI offerings. In particular, AI-focused defense-tech companies attracted a significant amount of attention from VC investors — as evidenced by the Helsing raise.

Cleantech investment declines as VC investors focus on profitability and value

While cleantech continued to attract VC investment in Europe, investment levels have waned considerably over the last few quarters. Given the uncertain market conditions, it has been more challenging for cleantech startups requiring longer lead times to develop solutions and products to attract funding — particularly later stage funding — as investors have increasingly focused on profitability and the ability of startups to prove their value quickly.

Health and biotech sector attractive to VC investors across Europe

During Q3'24, health and biotech companies across Europe saw renewed interest from VC investors, possibly driven by the increasing application of AI to biotech; the space accounted for a solid number of \$100 million+ megadeals during the quarter, including fertility tracker developer Flo Health (\$200 million) and oncology treatment company Myricx Bio (\$114 million) in the UK, cancer treatment company Catalym in Germany (\$150 million), radioisotope producer PanTera in Belgium (\$148 million) heart pump developer Magenta Medical in Israel (\$105 million), and Alzheimer's Disease treatment firm Asceneuron in Switzerland (\$100 million).

VC investors in UK acting more cautiously with their investments

VC investment in the UK experienced a lull in Q3'24 as VC investors remained risk averse, focusing their investments on later stage companies with proven business models, assets, and growth potential. Health and biotech saw increasing traction during the quarter, evidenced by Flo Health raising \$200 million, Exohood Labs raising \$188 million, and Myricx Bio raising \$114 million. The fintech sector also saw solid investment and activity during Q3'24, including a \$220 million raise by payments platform Form3. During Q3'24, a number of UK-based fintechs announced that they had achieved profitability, including payments network company Zilch.³ Revolut also obtained a UK banking license during the quarter.⁴

While IPO activity remained soft in Q3'24, there was some hope that IPO activity could rebound over the next quarter or two now that the UK general election is over and a sense of stability is returning to the market — particularly compared to other jurisdictions in Europe.

³. <https://www.zilch.com/news/zilch-surges-to-profitability-surpasses-130m-in-revenue-and-welcomes-mark-wilson-to-the-board>

⁴. Revolut gets UK banking licence, ending three-year wait | Reuters

Europe sees tepid quarter of VC investment in Q3'24, cont'd.

Strong VC investment in Germany including Europe's largest deal

VC investment in Germany was stronger in Q3'24, including Europe's largest VC deal of the quarter — a \$484 million raise by Helsing, followed by a \$278 million raise by Isar Aerospace. Overall VC investment rose from \$2 billion in Q2'24 to almost \$2.5 billion in Q3'24. While AI continued to see strong investments during the quarter, some core AI focused startups have experienced difficulties — choosing to pivot to other AI value propositions in order to move forward. Despite challenging macroeconomic market conditions, health and biotech continued to see interest from VC investors; during the quarter, oncology focused Catalym raised \$150 million.

The continued lack of exits has stifled the German VC market somewhat as VC investors have had to make hard decisions as to which companies to finance given the lack of liquidity. Although one emerging trend in Germany has been the increasing focus on sustainable investments, with a number of VC funds getting into the space. This could be an interesting area to watch heading into Q4'24 and Q1'25.

Quiet quarter of VC investment in the Nordics region

VC investment in the Nordics region was very quiet in Q3'24, falling from \$1.2 billion in Q2'24 to only about \$860 million this quarter. Despite the slowdown in investment activity, fundraising by VC firms in the region continued at a solid pace — already above 2023's totals at the end of Q3'24; the higher level of fundraising was driven primarily by the capitalization of a small number of larger funds, in addition to healthy activity among early-stage funds in the region highlighting positive outlook for a longer horizon.

While deal value was soft in Q3'23, a number of sectors continued to garner interest in the Nordics region, including cleantech and AI. Defense-tech and dual-use technologies also increasingly attracted attention. With Finland and Sweden now in NATO, defense-tech and dual-use technologies seem to gain further traction as companies develop potential alliances.

Trends to watch for in Q4'24

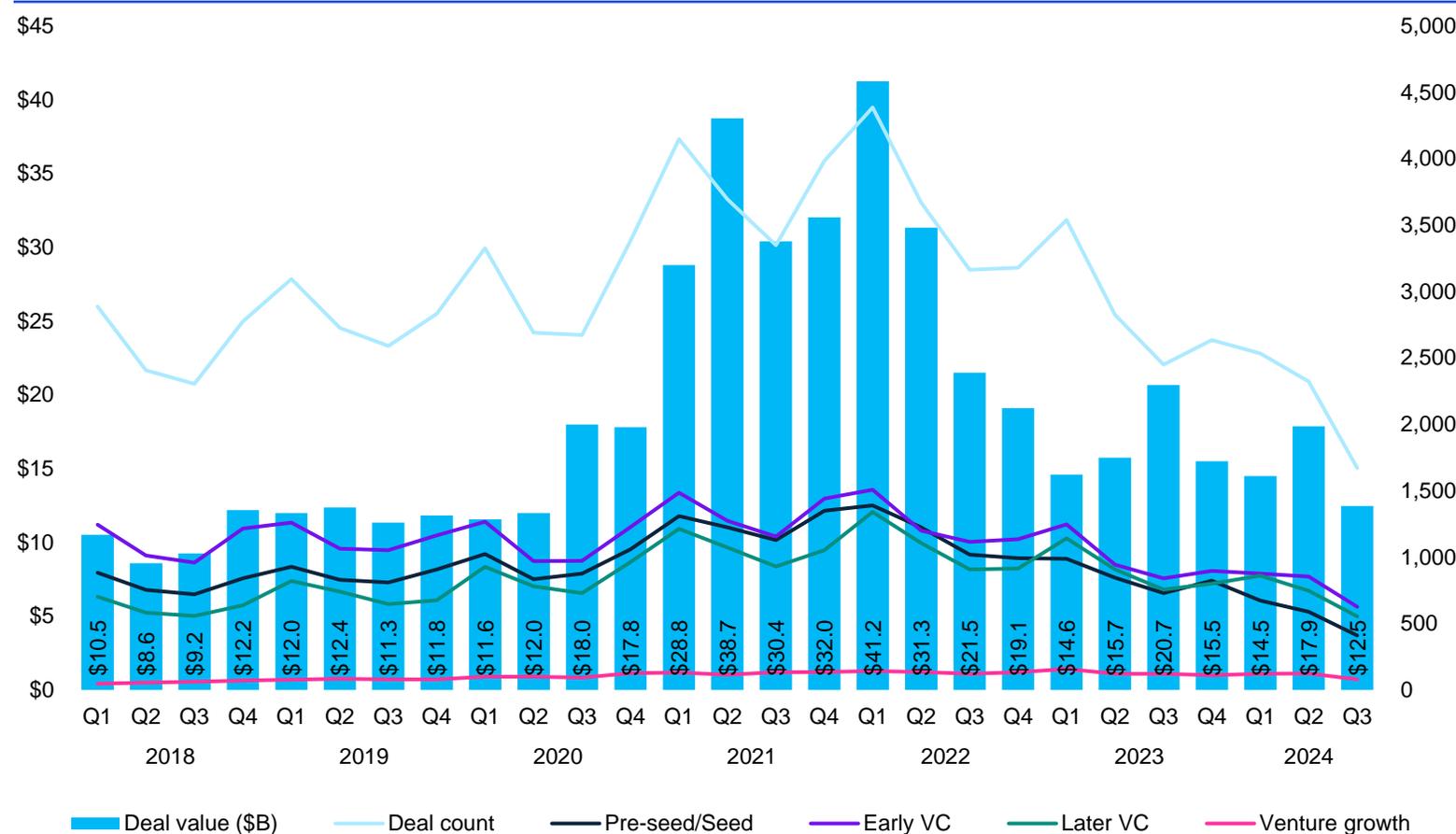
VC investment in Europe is expected to remain subdued in Q4'24, although there is some hopefulness that should the exit environment improve, VC investment will bounce back. AI and defense-tech are likely to remain very hot sectors of VC investment, while health and biotech will likely continue to attract a diverse range of investments across the region.

A very hot area of VC investment at present, AI could be a key area to watch over the next few quarters as it could face some regulatory headwinds as regulators increasingly scrutinize how AI solutions are being developed and used, particularly from a data privacy and security perspective.

Europe sees a steady level of VC activity continue

Venture financing in Europe

2018–Q3'24



The European startup ecosystem continues to chug along, aided by a doubling down at the multinational level with funds like the NATO Innovation Fund kicking off investments. That is just one example of how the continent is adapting to more expensive capital, concerns around geopolitical stability and the health of economic growth, and the steady, incremental advances in foundational and frontier tech.

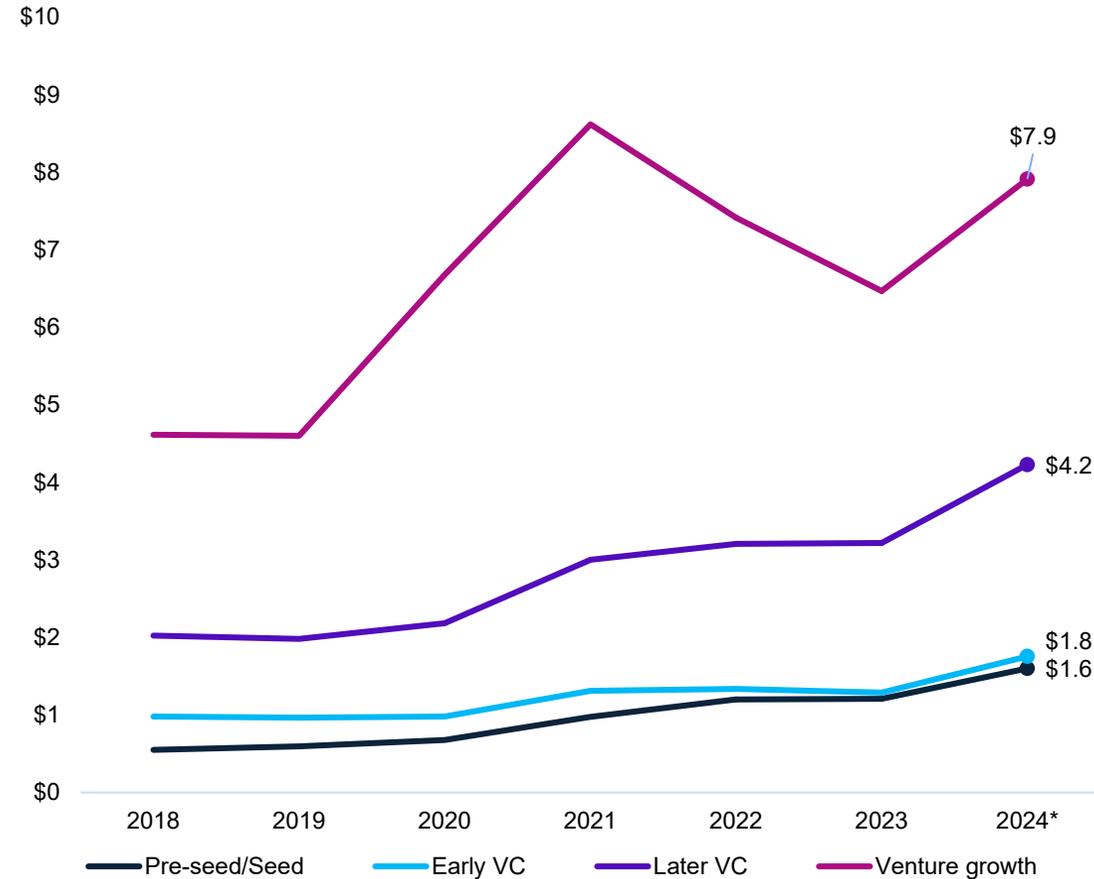
... as volatility continues, **European startup and VC players are adapting more and more, with some shifts in sector-level financing trends as a result alongside occasional mega-deals...**

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Deal metrics stay high — but so do down rounds

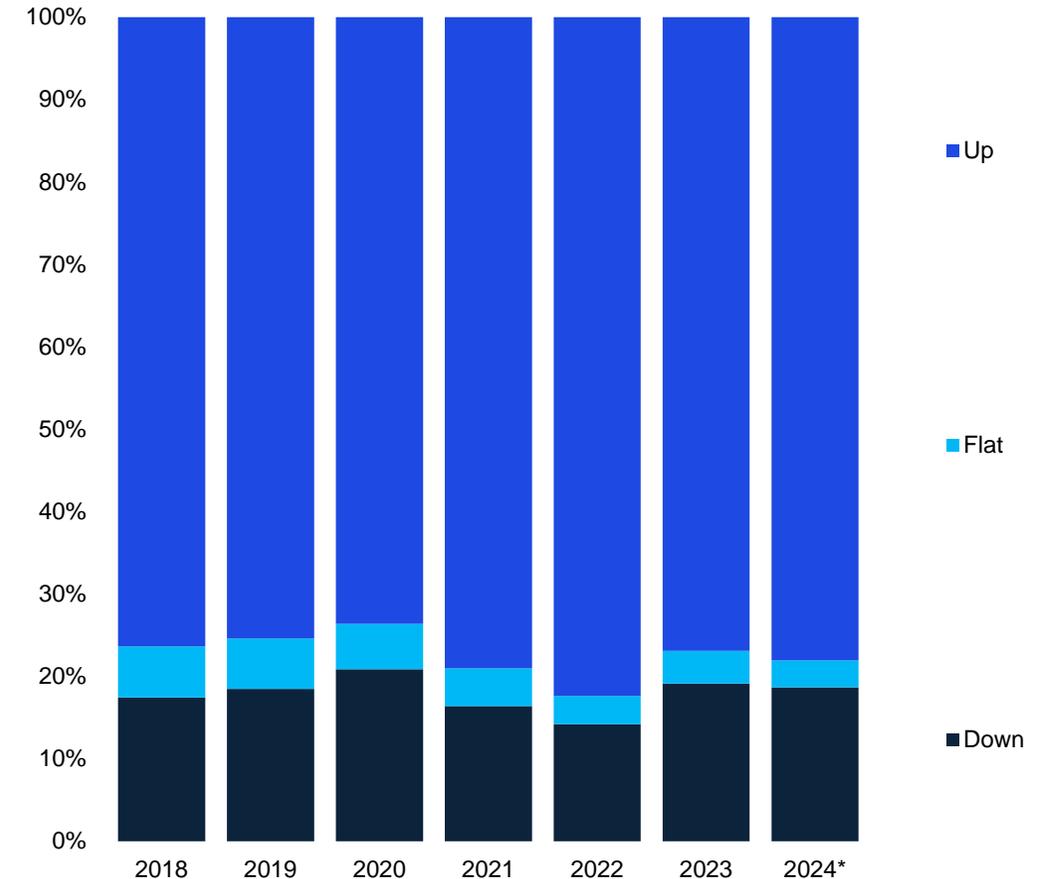
Median deal size (\$M) by stage in Europe

2018–2024*



Up, flat or down rounds in Europe

2018–2024*

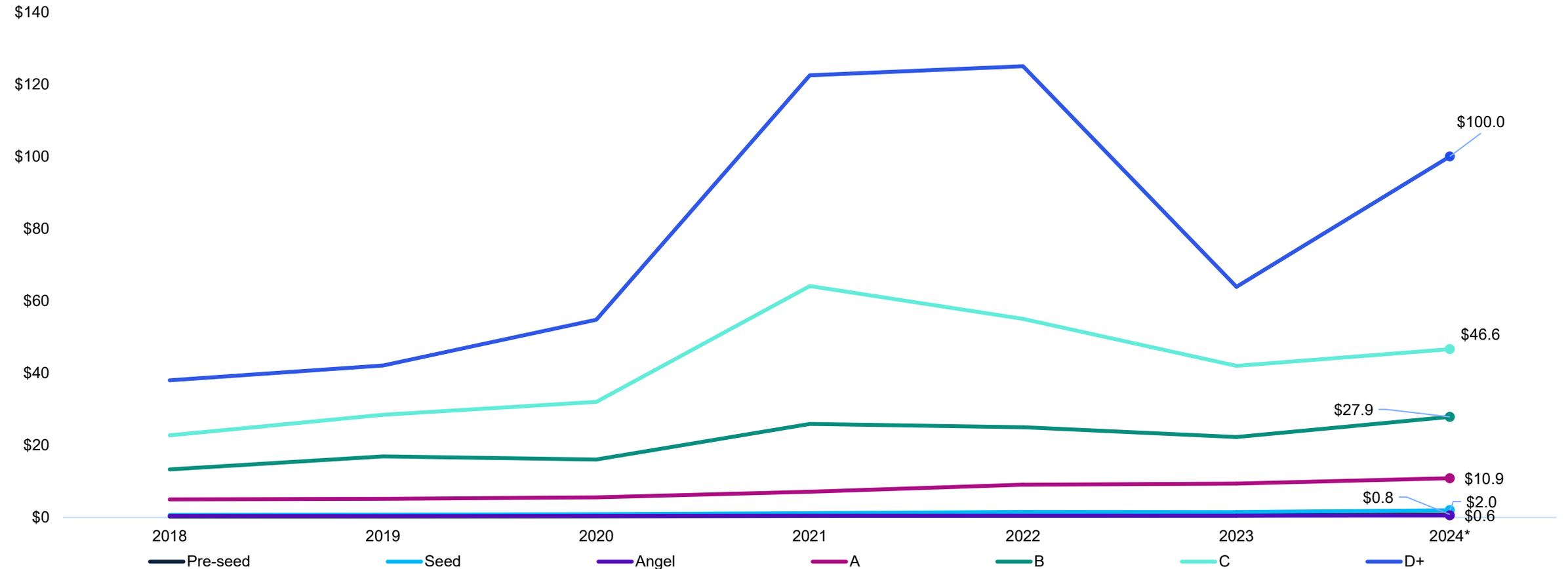


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Early to midstage financing sizes stay healthy

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

2018–2024*

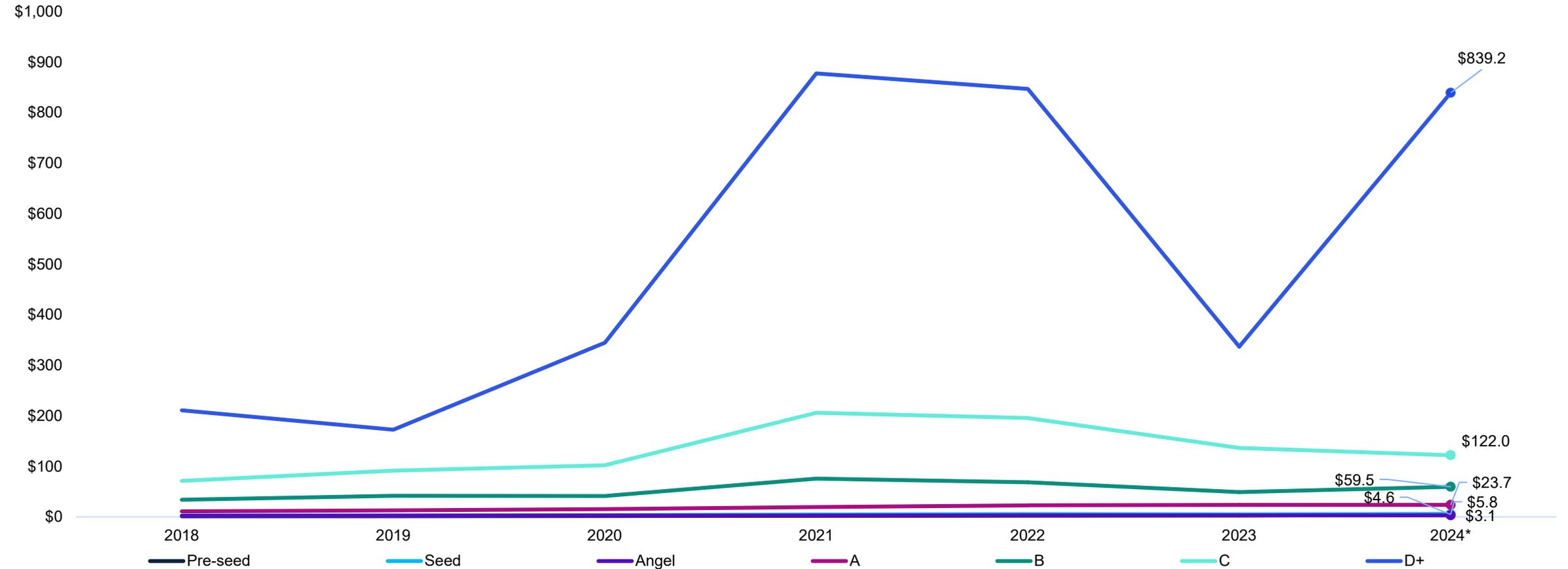


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.
 Note: The 2024* Series D+ figures are based on population sizes of n < 30.

Valuations skew at the upper end, hold steady elsewhere

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

2018–2024*

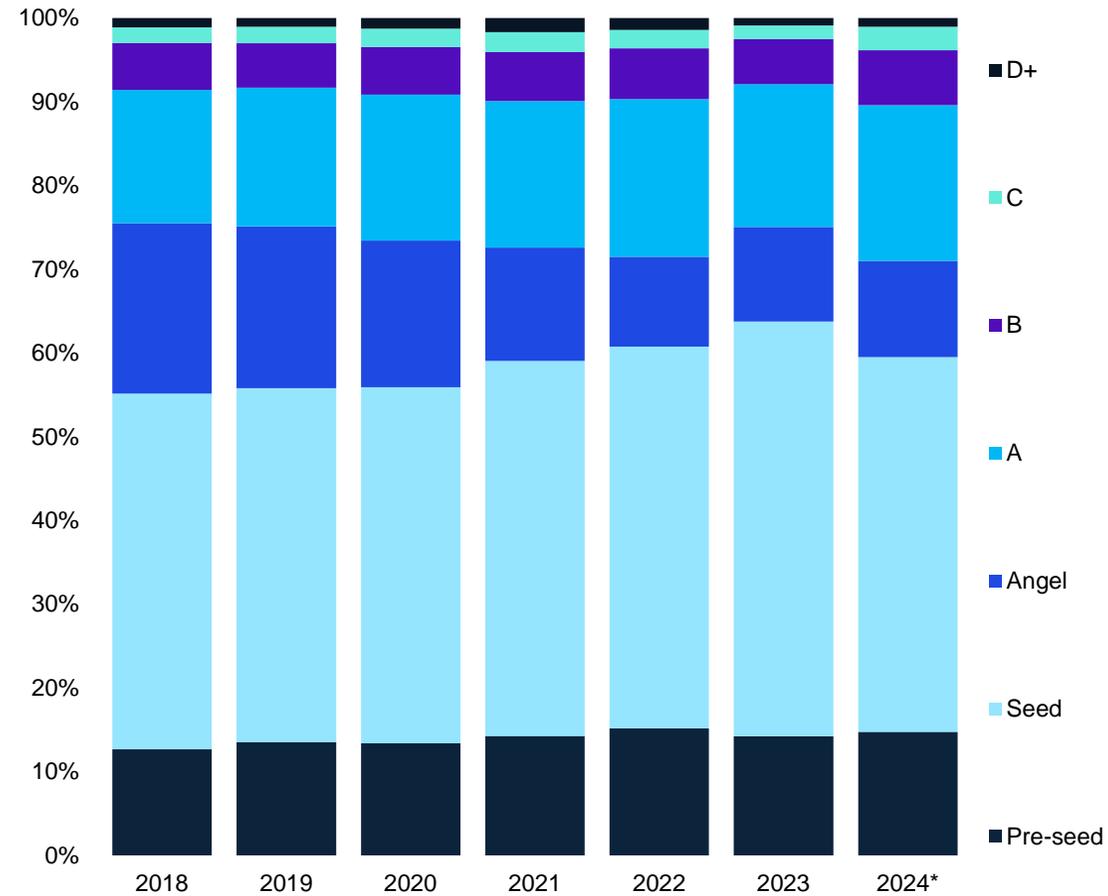


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.
 Note: The 2024* figures for pre-seed, B, C, and D+ are based on population sizes of n < 30.

VC invested concentrates in outsized Series A-C rounds

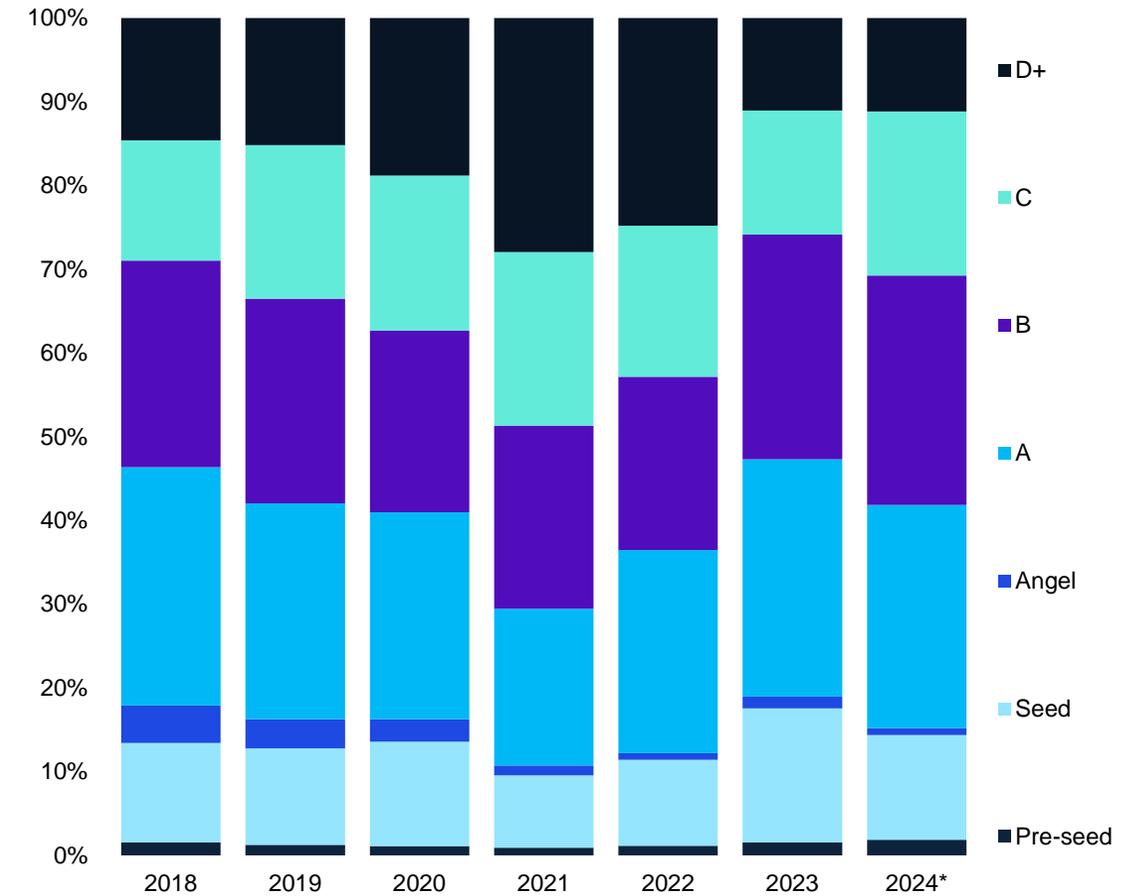
Deal share by series in Europe

2018–2024*, number of closed deals



Deal share by series in Europe

2018–2024*, VC invested (\$B)

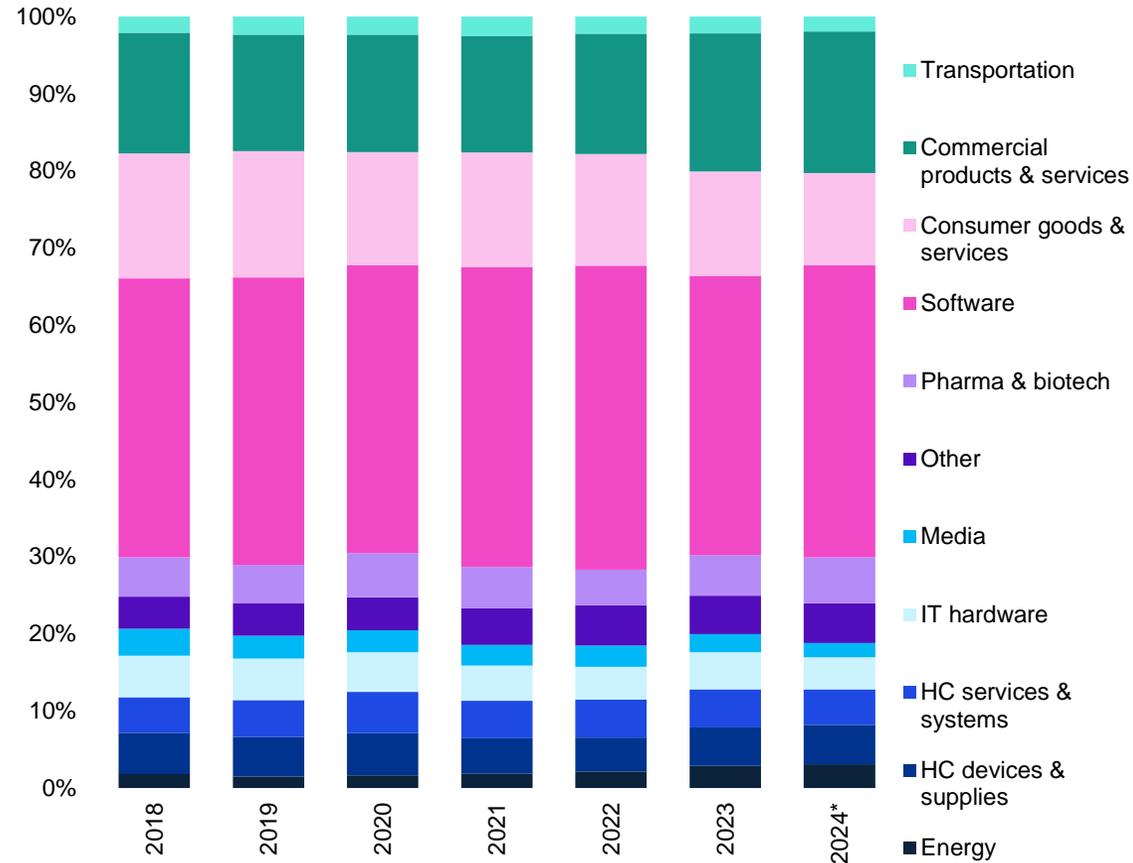


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Enterprise continues to draw VC across multiple sectors

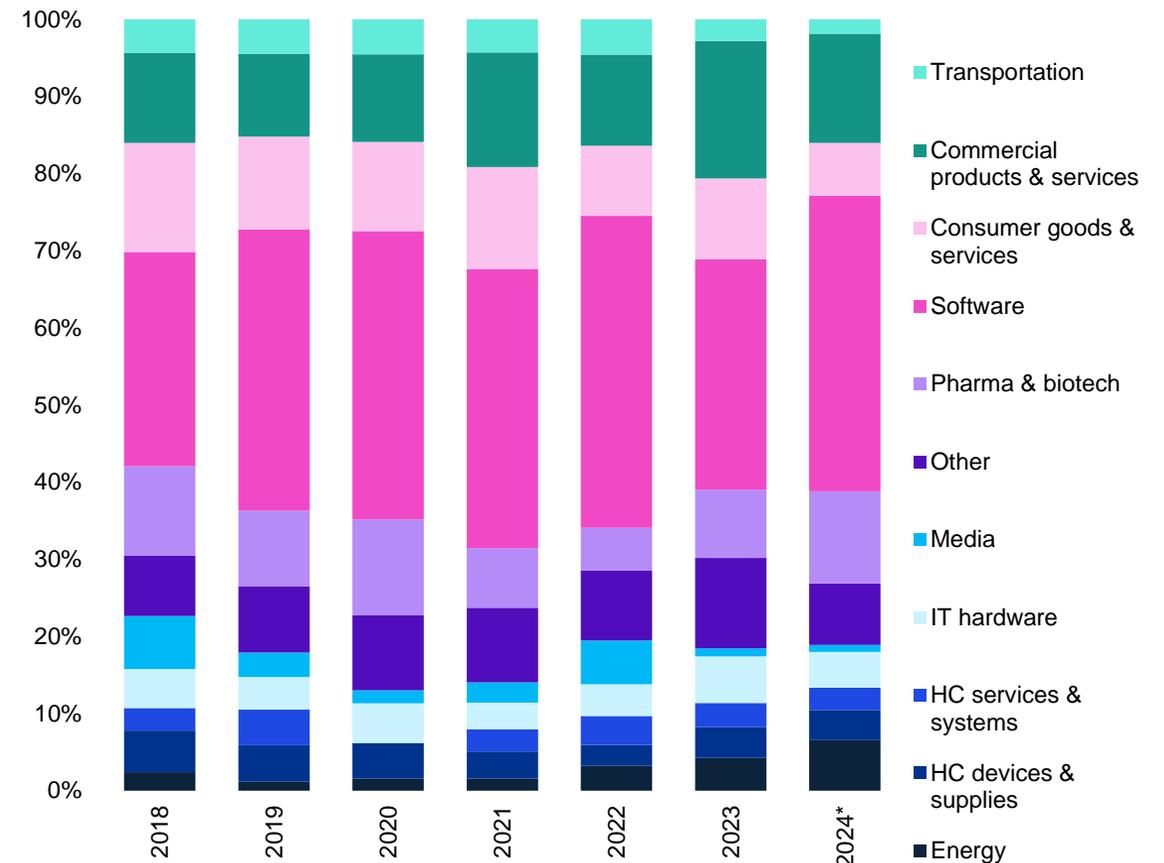
Venture financings by sector in Europe

2018–2024*, number of closed deals



Venture financings by sector in Europe

2018–2024*, VC invested (\$B)

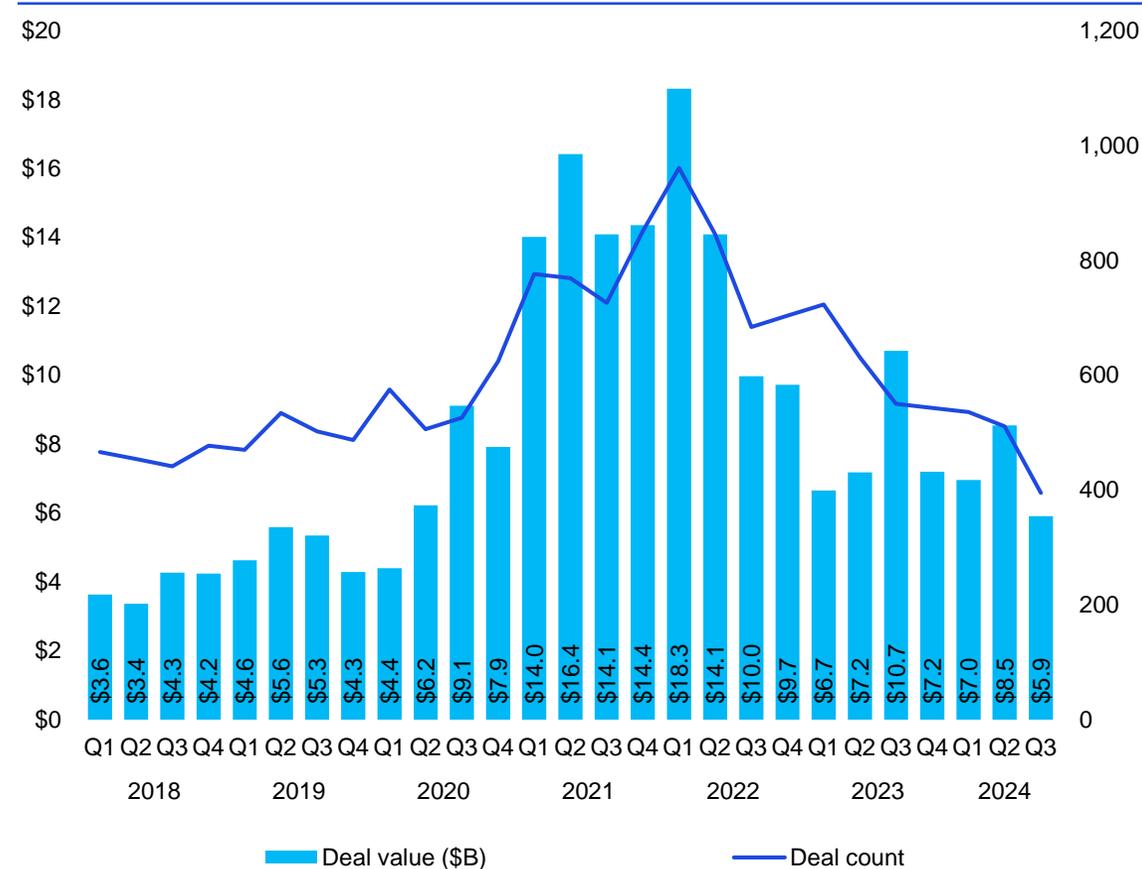


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

First-time financings remain subdued in volume

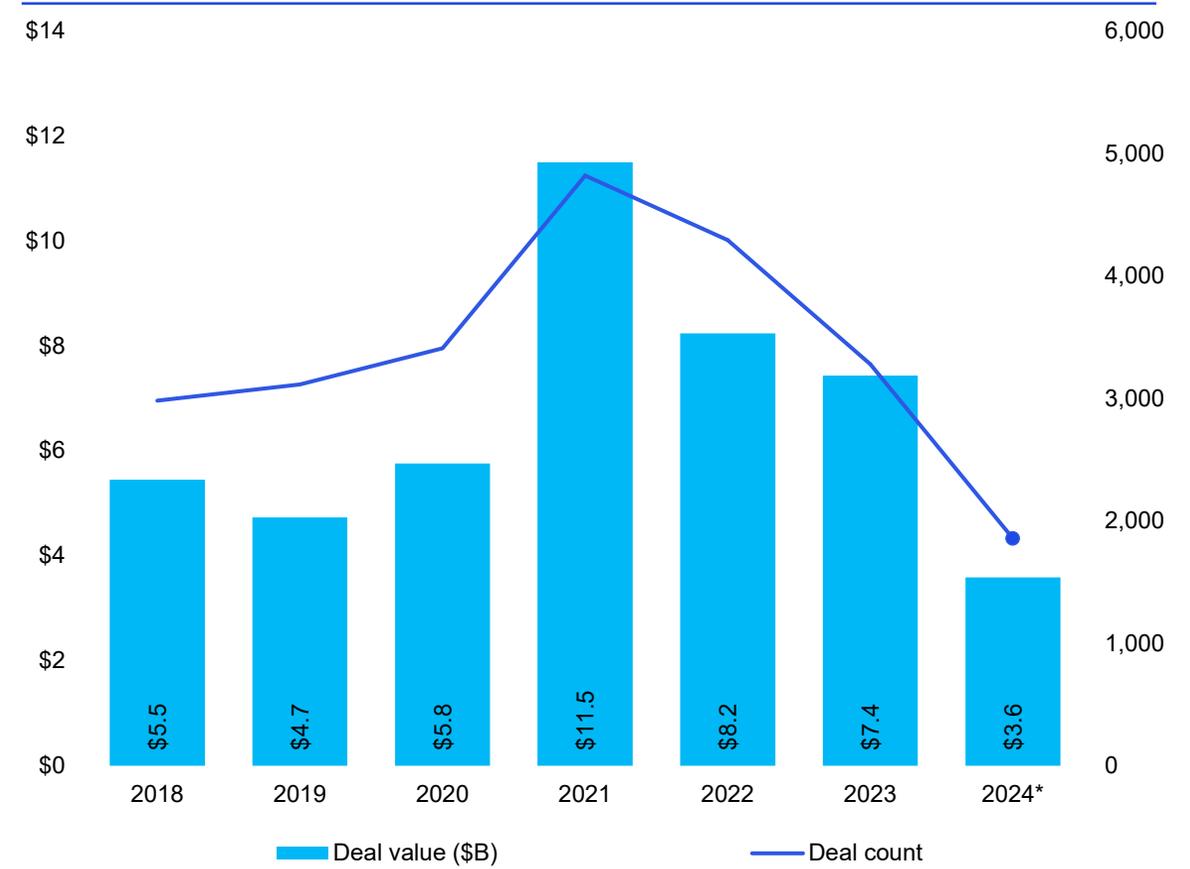
Corporate VC participation in venture deals in Europe

2018–Q3'24



First-time venture financings of companies in Europe

2018–2024*

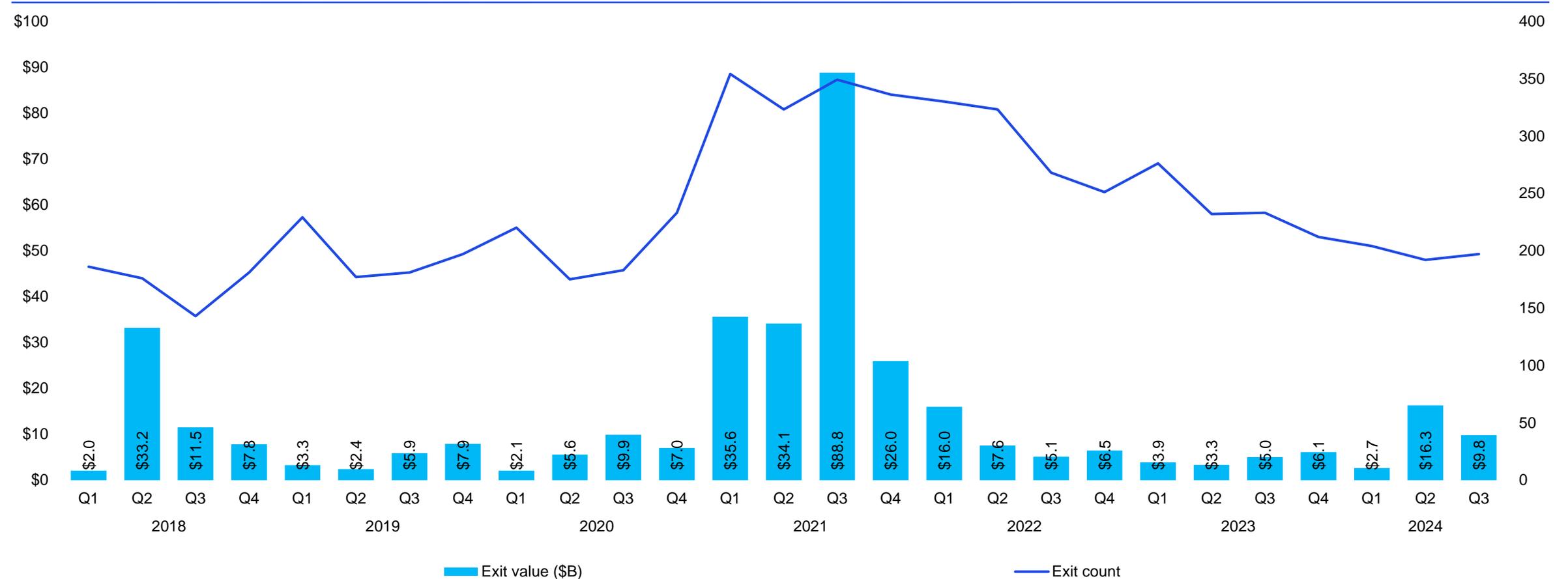


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Exits look marginally healthier in Q2, Q3

Venture-backed exit activity in Europe

2018–Q3'24

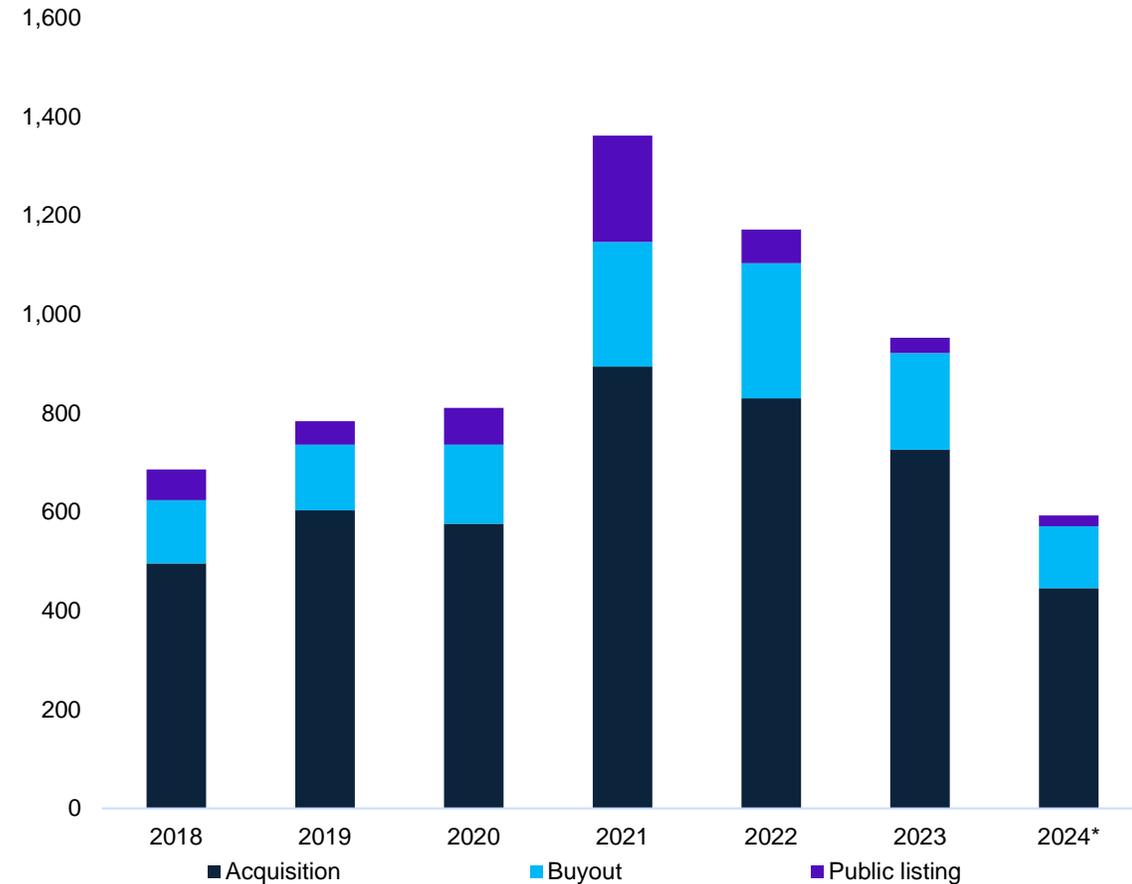


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

M&A continues to be the primary exit route, while IPO value bumps up

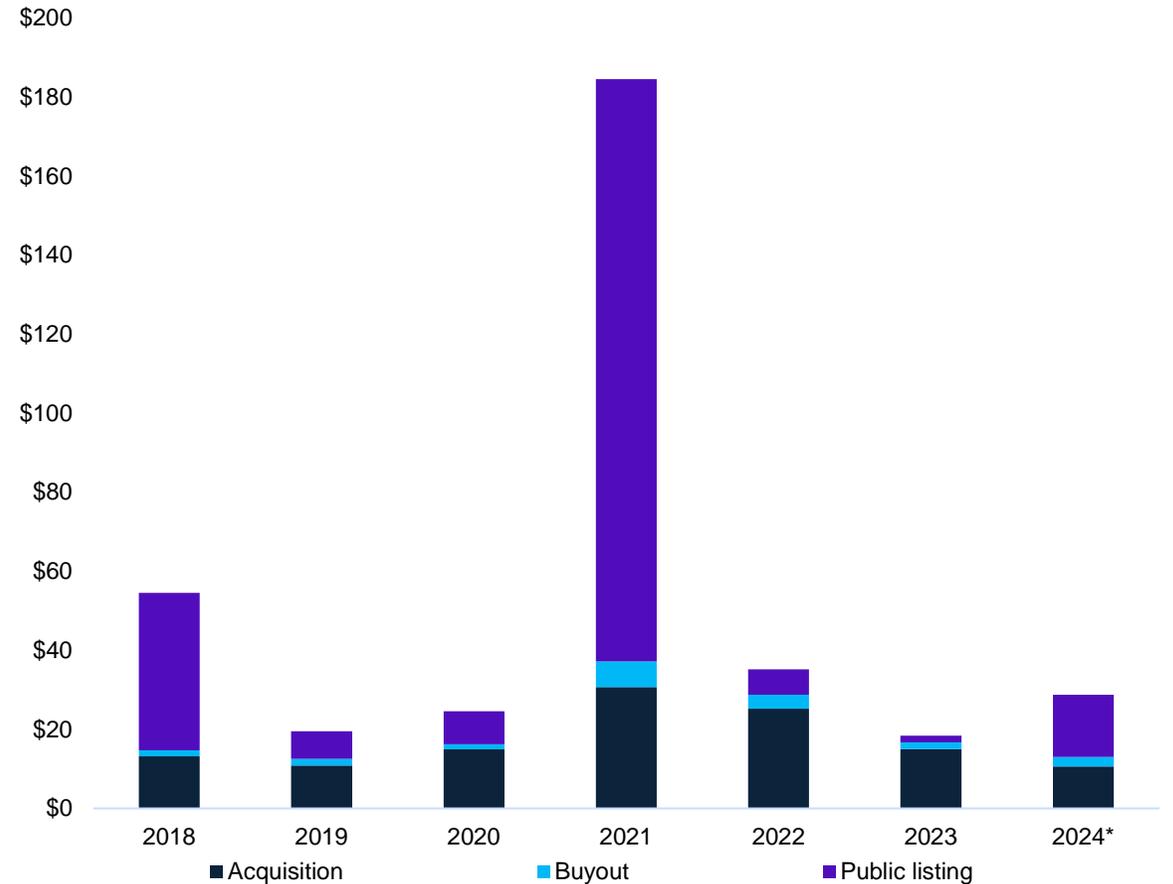
Venture-backed exit activity (#) by type in Europe

2018–2024*



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

2018–2024*

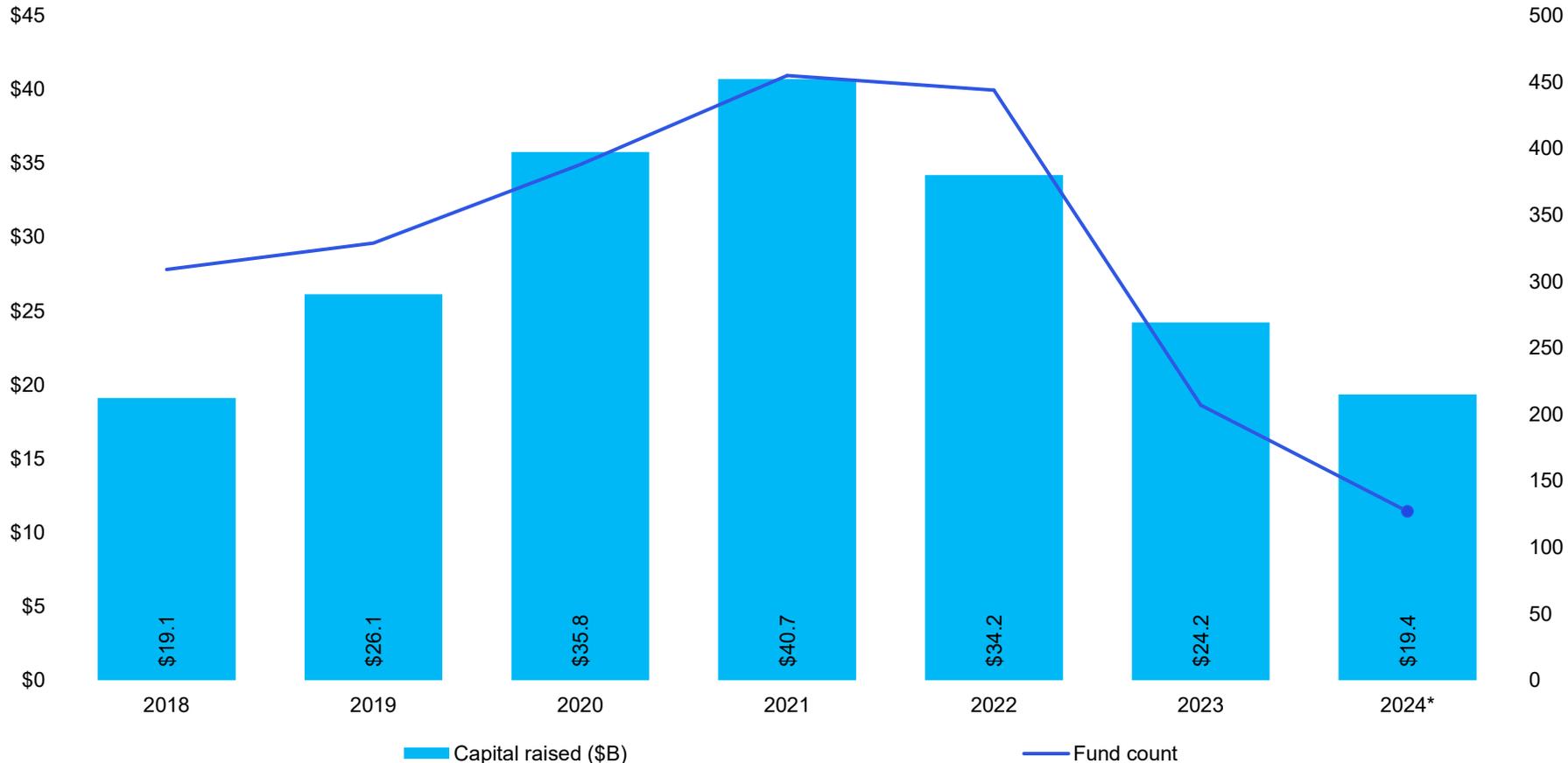


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Fundraising rallies to near 2023 levels

European venture fundraising

2018–2024*



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“It’s not surprising that CVC investment has declined in recent quarters. Here in the UK, and in Europe, it can be very difficult for a corporate to pursue VC in the face of significant levels of uncertainty, like the political and economic uncertainty we’ve experienced in recent quarters. Corporates have a choice as to whether or not to pursue VC — so when uncertainty spikes, they’ll often pull back out of caution.”

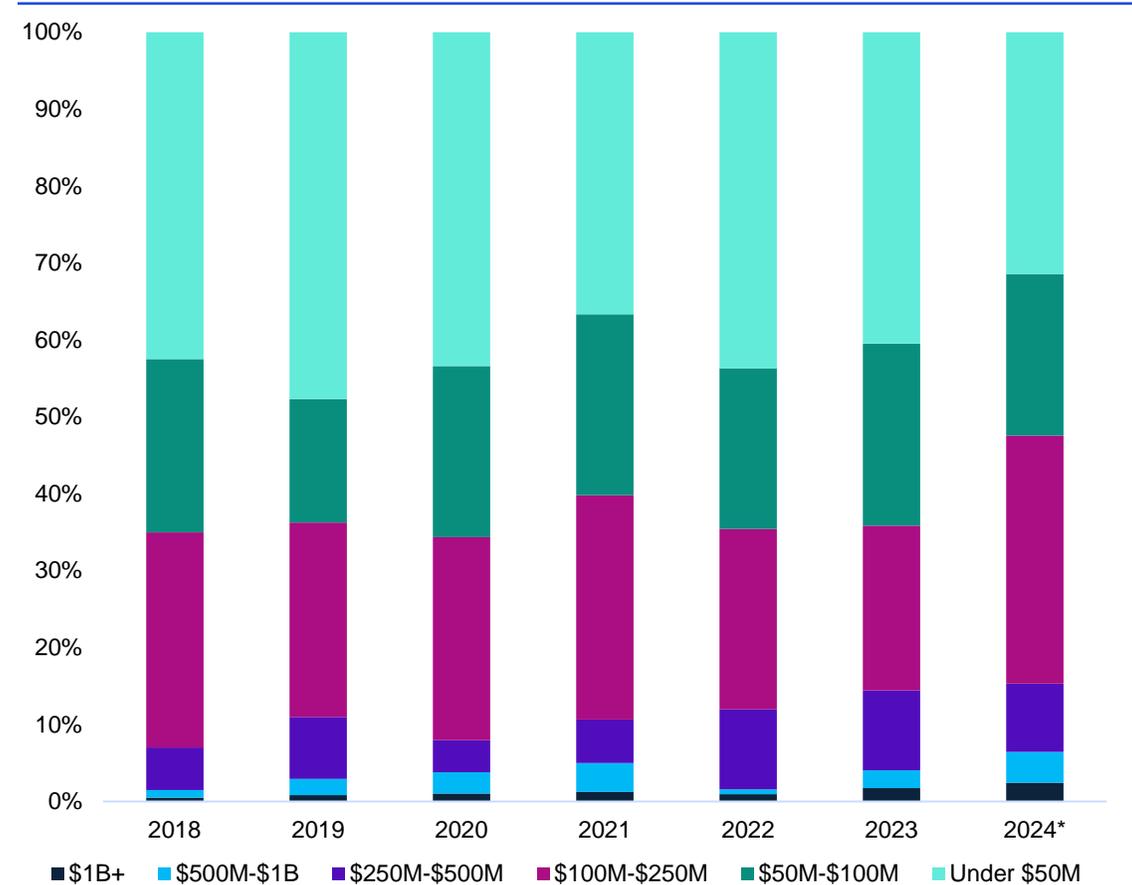


Robert Baxter
Head of Corporate Finance
KPMG in the UK

Fundraising continues concentration in mid-market, while first-time funds tick up

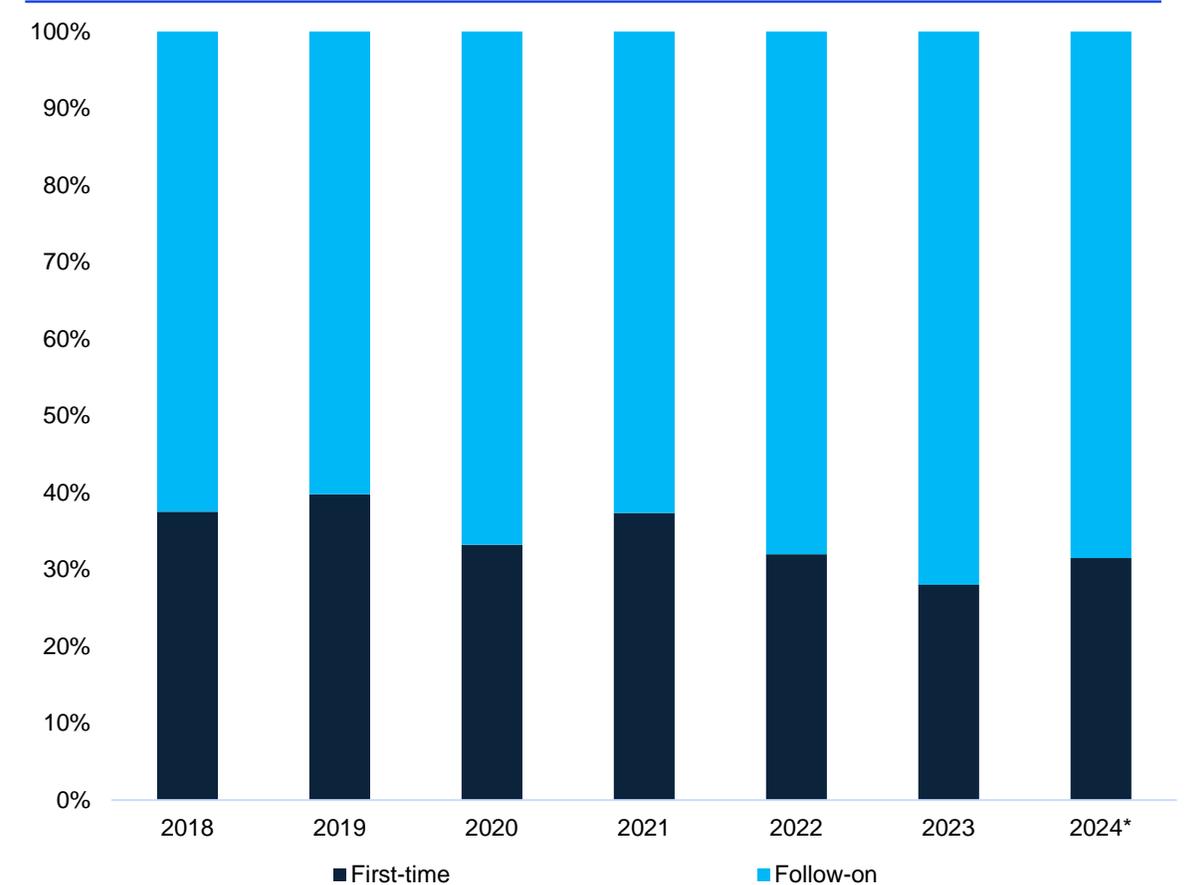
Venture fundraising (#) by size in Europe

2018–2024*



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

2018–2024*

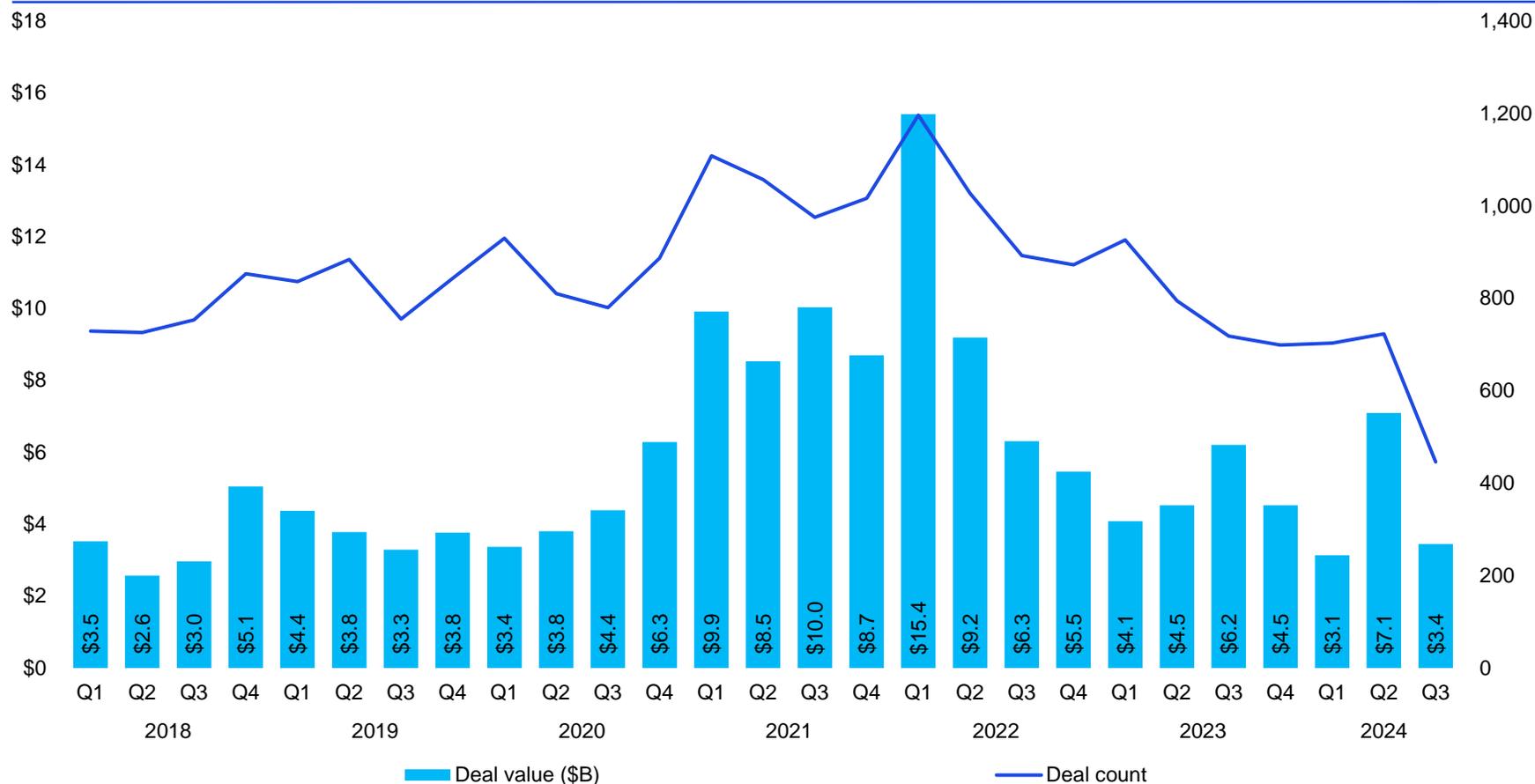


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

After a spate of mega-deals, UK sees a quieter Q3

Venture financing in the United Kingdom

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ A lot of earlier stage companies, particularly B2B SaaS businesses, in the UK are finding their sales cycles stretching longer, which is affecting the predictability of their revenue streams — and also investor confidence. This confidence hit is trickling upwards, causing some LPs to hold back deploying capital into early-stage funds. This means it’s taking longer for funds aimed at Seed through Series A and B to fundraise. ”



Nicole Lowe

UK Head of Emerging Giants
KPMG in the UK

London ecosystem quiets down temporarily

Venture financing in London

2018–Q3'24

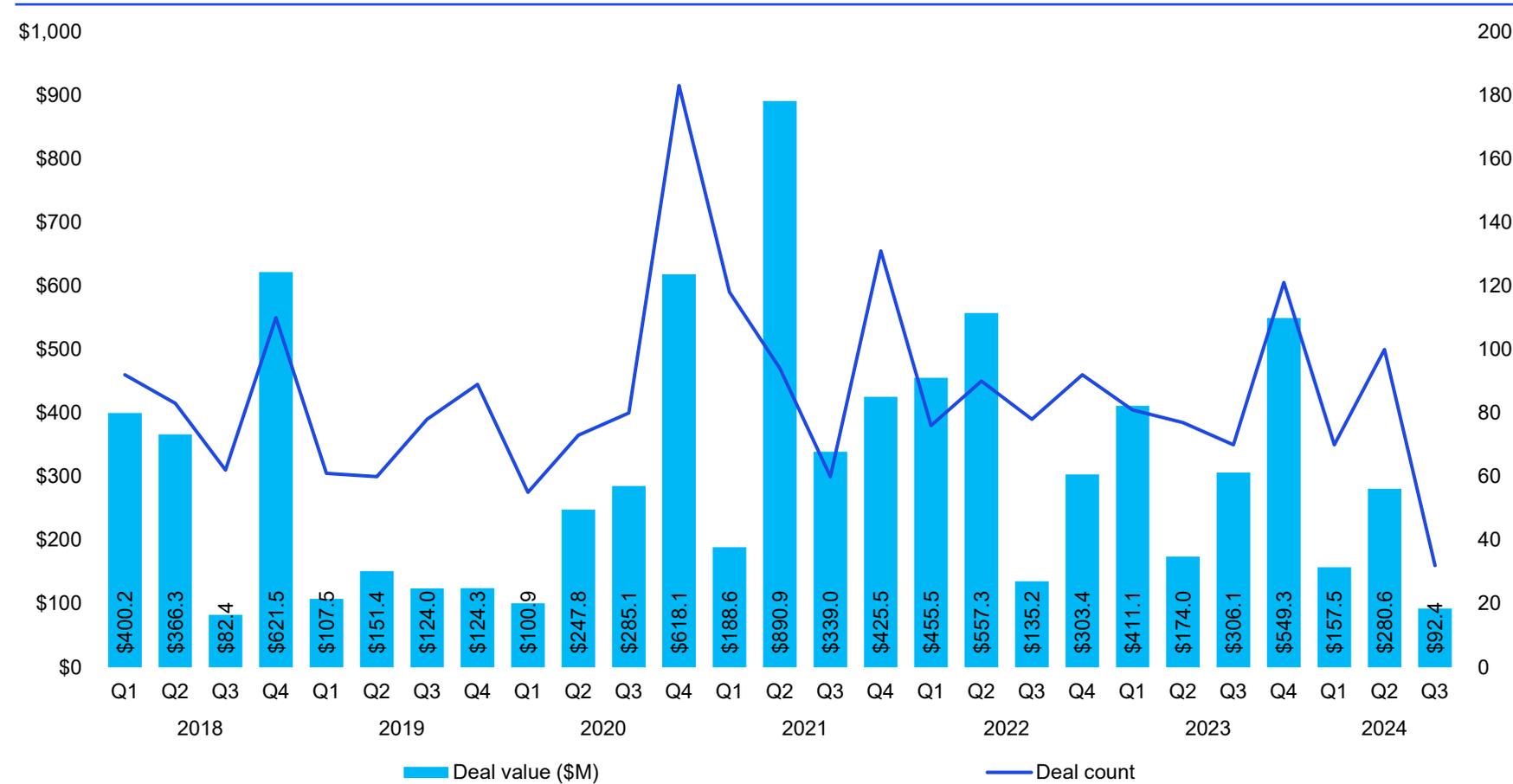


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Ireland sees slower Q3 after a very robust first half of 2024

Venture financing in Ireland

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ Following a strong Q2'24, Venture Capital investment in Ireland saw a significant slowdown in Q3'24, as both traditional and Corporate VCs pulled back. However, the recent announcement by the Government of Ireland of a new Seed and Venture Capital Scheme, set to operate from 2025 to 2029 will inject a \$275 million into the ecosystem and offers a promising boost. Administered by Enterprise Ireland, this scheme will provide essential funding for early-stage Irish companies. As VCs continue to seek opportunities to support scaling businesses, this initiative will be key in fostering growth and innovation. ”



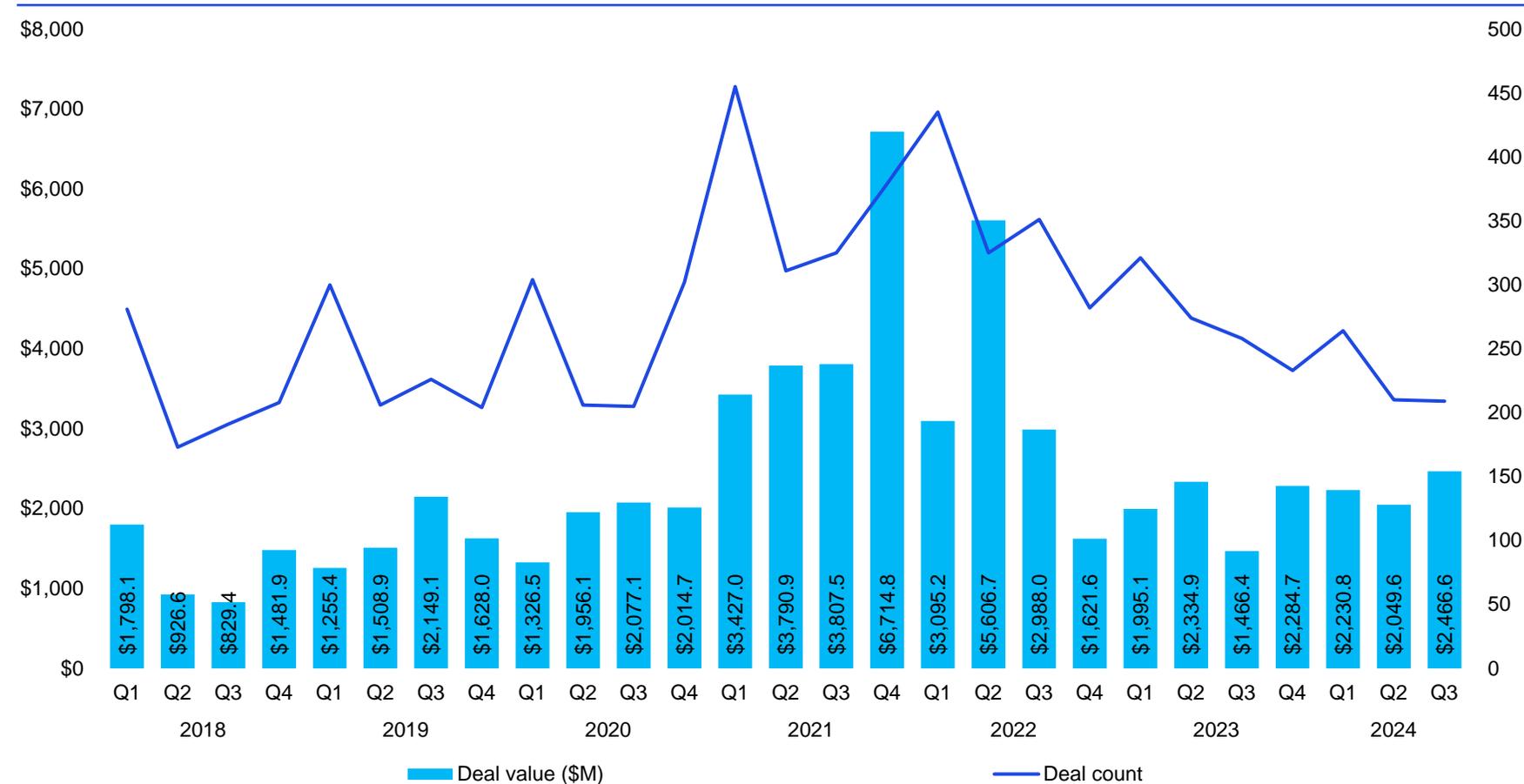
Anna Scally

EMA region Head of Technology & Media,
and Partner
KPMG in Ireland

VC levels notch another quarter of health

Venture financing in Germany

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ VC investment in Europe experienced a quieter Q3'24, largely due to the annual slowdown in dealmaking during August as a result of the summer holiday season. However, Germany defied broader European trends, achieving an 8-quarter high in Venture Capital investment despite ongoing economic challenges. Notably, significant deep-tech investments led the charge, with megadeals including a \$484 million raise by defense-tech firm Helsing and a \$279 million raise by space-tech company Isar Aerospace, both based in Germany. ”

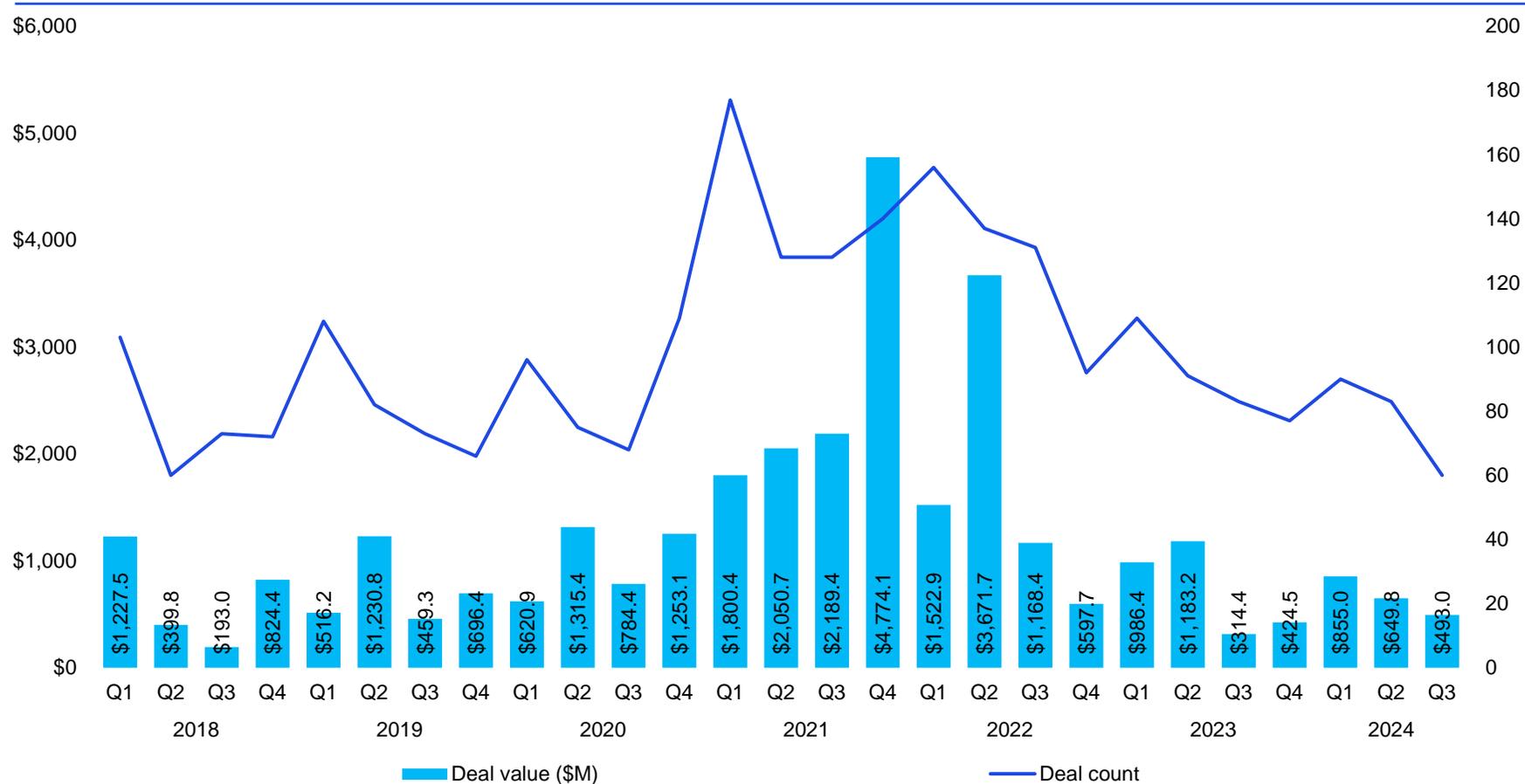


Tim Dümichen
Partner
KPMG in Germany

The Berlin venture ecosystem logs a subdued Q3

Venture financing in Berlin

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ In Germany, there continues to be a shift away from consumer-focused solutions, including areas like last-mile delivery. Over the last quarter, VC investors prioritized business-driven solutions and companies with much stronger value propositions. While AI has been a major priority for investors, we’ve started to see startups pivoting away from the LLM space to focus on areas where they can provide more proven value, including the integration of AI into industry solutions. ”

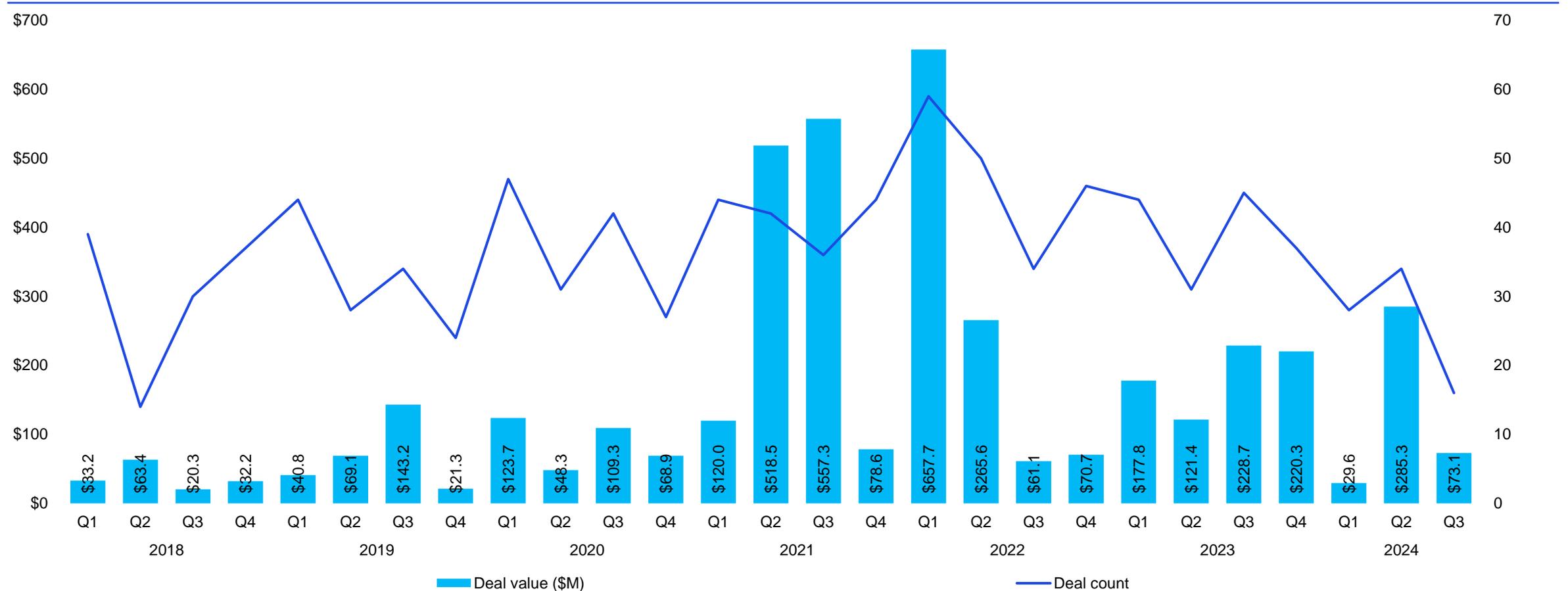


Steve Wilde
Senior Manager, Audit Attestation
KPMG in Germany

After a surge in Q2, Austria figures slide

Venture financing in Austria

2018–Q3'24

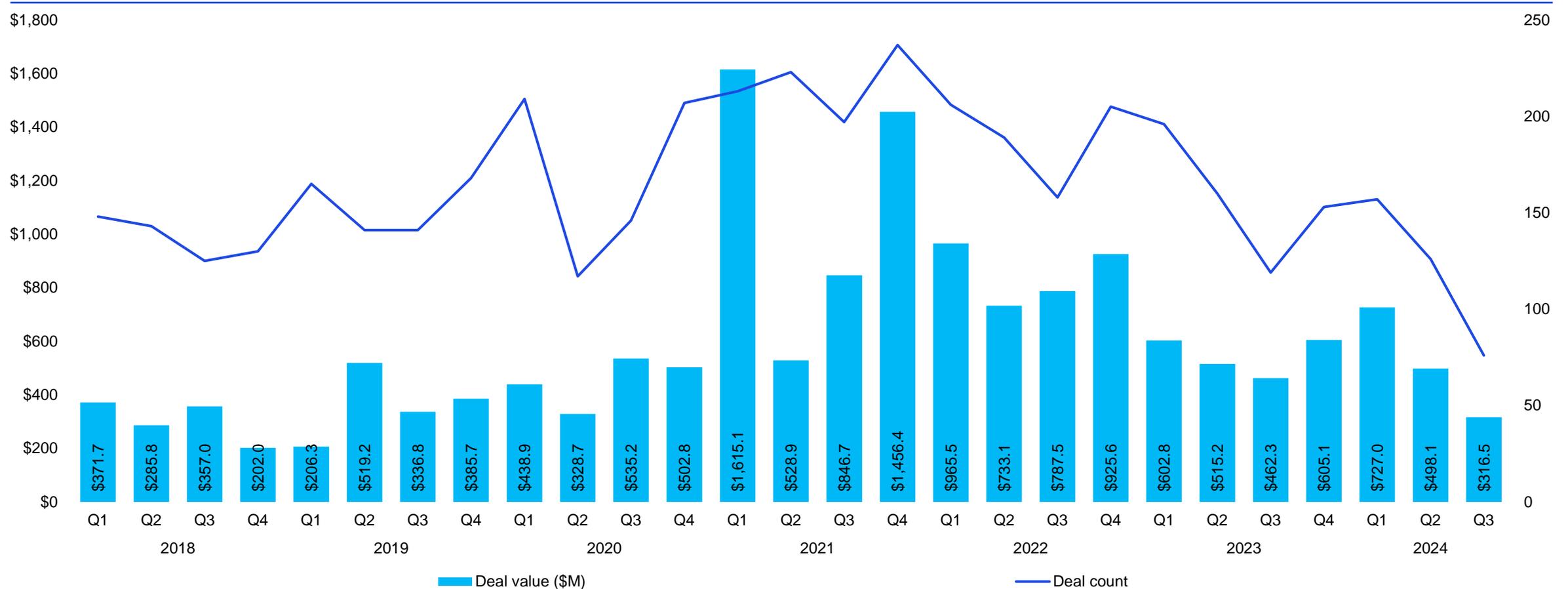


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Volume remains slow yet not far off historical averages

Venture financing in Spain

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

France still sees a healthy plateau of activity

Venture financing in France

2018–Q3'24

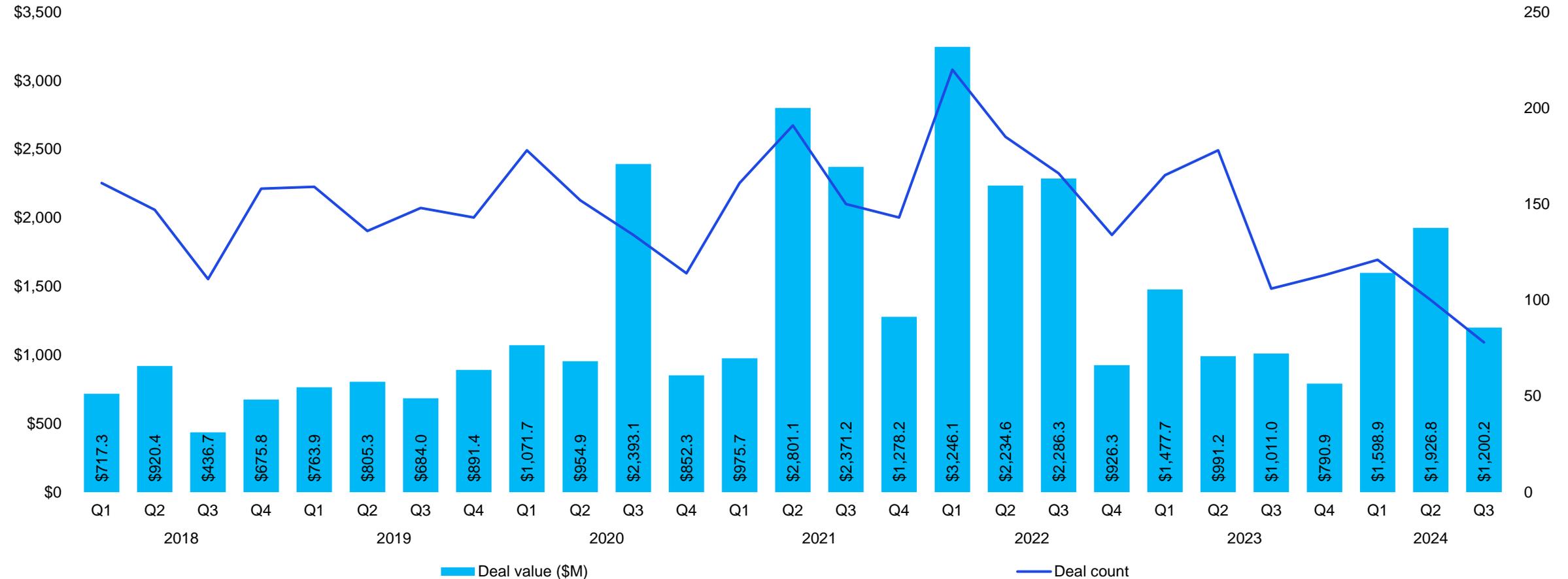


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

After a surge in H1 2024, Q3 still sees robust tallies

Venture financing in Paris

2018–Q3'24

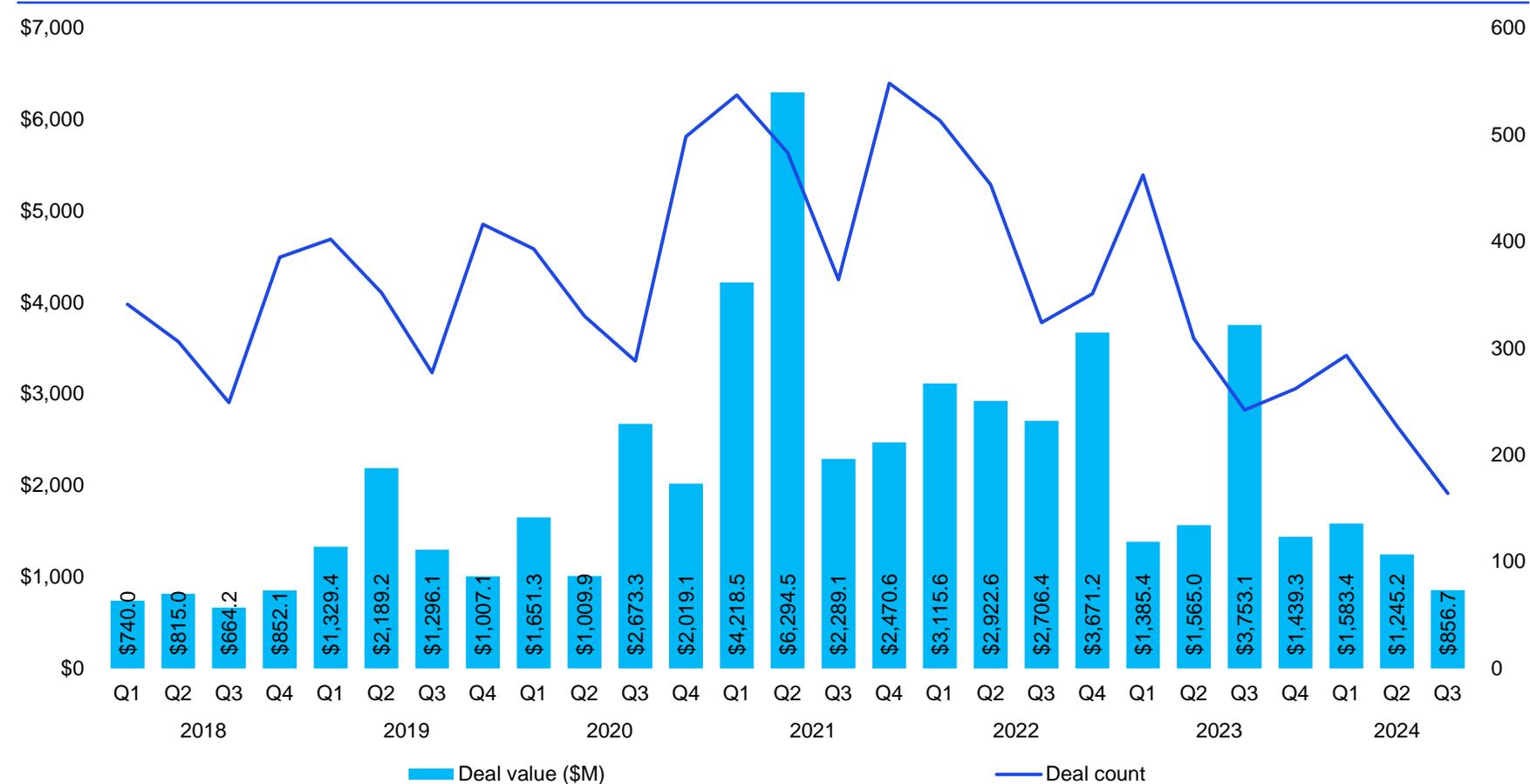


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

VC activity slides a little in Q2, Q3

Venture financing in the Nordics

2018–Q3'24



“ Early-stage fundraising seems to develop quite well in the Nordics, with a number of fund managers attracting new funding for their subsequent funds to investment in emerging startups. Also, with couple of new deep tech listings out in the public markets there could be more to look out for in the IPO market in 2025. If we start to see more liquidity there, it will likely start boosting the later-stage VC environment over time as well. ”



Jussi Paski
Head of Startup & Venture Services
KPMG in Finland

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024. In the previous edition of Venture Pulse for Q1 2024, a mega-deal by H2 Green Steel was combined into one overall financing of \$5.2 billion. Since, due to input by the company, that single round has been split into its separate components of a grant of nearly \$270 million, project financing of \$4.5 billion, and early-stage VC of \$329.1 million.

Israel sees activity moderate much like elsewhere

Venture financing in Israel

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

VC flows into a broader array of sectors in Europe than elsewhere

Top 10 financings in Q3'24 in Europe



1. **Helsing** — \$483.7M, Munich, Germany — AI & ML — *Series C*
2. **Voodoo** — \$385.9M, Paris, France — Gaming — *Late-stage VC*
3. **Isar Aerospace** — \$278.5M, Ottobrunn, Germany — Defense — *Series C*
4. **Form3** — \$220M, London, UK — Fintech — *Series C*
5. **EGYM** — \$200M, Munich, Germany — Healthtech — *Series G*
5. **Flo Health** — \$200M, London, UK — Digital health — *Series C*
7. **Alan** — \$192.1M, Paris, France — Insurtech — *Series F*
8. **Exohood Labs** — \$188.1M, London, UK — AI & ML — *Series A*
9. **D-Orbit** — \$166.5M, Como, Italy — Spacotech — *Series C*
10. **Newcleo** — \$151M, Paris, France — Cleantech — *Series A*

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

**In Q3'24, VC-backed
companies in the Asia
region raised \$15.6B
across 2,249 deals**

VC investment in Asia falls amid ongoing slowdown in China

VC investment in Asia fell for the fifth consecutive quarter, driven by a slowdown in deals activity and the absence of \$1 billion+ megadeals within the region. Philippine-based fintech Mynt's \$788 million raise accounted for the largest deal in Asia during Q3'24, followed by a \$688 million raise by China-based Baichuan AI, and large raises by two semiconductor manufacturers – China-based ICLeague (\$415 million) and Singapore-based Silicon Box (\$363 million). The top 5 deals were rounded out by a \$360 million raise by India-based quick e-commerce company Zepto.

VC investment in China remains soft in Q3'24

VC investment in China was relatively quiet in Q3'24, although a number of sectors continued to attract large deals. AI remained a key area of investment, with core AI developers continuing to attract the largest funding rounds, including LLM-focused Baichuan AI (\$688 million) and Moonshot AI (\$300 million). The advanced semiconductor space also saw a number of \$100 million+ funding rounds, including a \$415 million raise by ICLeague and a \$138 million raise by Semidrive Technology.

VC investors in China also continued to show interest in the health and biotech space; during Q2'24, tumor immunity and microenvironment therapy firm LaNova Medicines raised \$44 million, vaccine technology developer Maxvax Heath raised \$41 million, microbe-based product developer Moon Biotech raised \$41 million, and clinical stage therapeutics company AusperBio raised \$37 million.

India bucks global trend with significant raises by consumer-focused businesses

VC investment in India was very solid in Q3'24, driven in part by large VC raises by consumer-focused startups, including quick delivery company Zepto (\$360 million), hotel-booking company OYO Rooms (\$349 million), and edtech company PhysicsWallah (\$210 million). Other big deals included beauty-focused online marketplace Purpille (\$120 million), and eyewear retailer Lenskart (\$100 million). The large raises by B2C businesses in India was an incredibly unique trend, the opposite of trends seen in most other jurisdictions in Asia and in other regions of the world — where B2B companies attracted the greatest levels of VC investment. Outside of the consumer retail space, two and three wheel electric vehicle and components manufacturer Omega Seiki Mobility also raised \$150 million during Q3'24.

⁵ <https://finance.yahoo.com/news/nvidia-corporation-nvda-sakana-ai-072820030.html>

Despite economic challenges, Japan continues to attract VC investment

VC investment in Japan was quite strong in Q3'24, despite challenging market conditions, including turbulence in Japan's stock markets and the possibility of additional interest rate increases. While VC investors continued to hold back from making late-stage investments, seed and early-stage funding continued at a good pace during the quarter, likely helped by large scale support from the government.

Generative AI firm Sakana AI attracted Japan's largest deal of Q3'24 — a \$200 million Series A raise,⁵ followed by cloud HR management firm SmarHR — which raised \$135 million, and flying cargo drone and car developer SkyDrive, which raised \$95 million. Biotech also attracted a number of raises this quarter, including a \$37 million raise by drug discovery company Renalys and a \$30 million raise by ThinkCyte.

Fintech business still strong in India but VC investors growing more cautious

While fintech businesses continued to attract a lot of attention in India, VC investors in the space have become more cautious in recent quarters as traditional banks have increasingly introduced their own fintech products aimed at the large unbanked and underbanked segments of the population. Banks have been particularly successful with the development of lending products given their existing scale and the capital they have available. This has, however, led to a number of smaller fintech lending platforms in India fizzling out.

VC investment in Asia falls amid ongoing slowdown in China, cont'd.

Japan's VC funding ecosystem continues to evolve

Japan's funding ecosystem has continued to mature in recent quarters, with a growing number of Japan-based VCs making investments in startups, including university-based VC funds. A number of these university-aligned funds have also forged alliances with foreign investors in order to create and invest in Japan-focused funds. For example, the University of Tokyo, UTokyo IPC, and Singapore-based Vertex Ventures recently agreed to collaborate on startup development, including investing in Vertex Ventures Japan's Japan Fund I.⁶ Traditional VC funds are also beginning to attract foreign investors in Japan, primarily as LPs given the communications challenges. Increasing foreign investment could, over time, lead to larger ticket investments in Japanese startups.

Trends to watch for in Q4'24

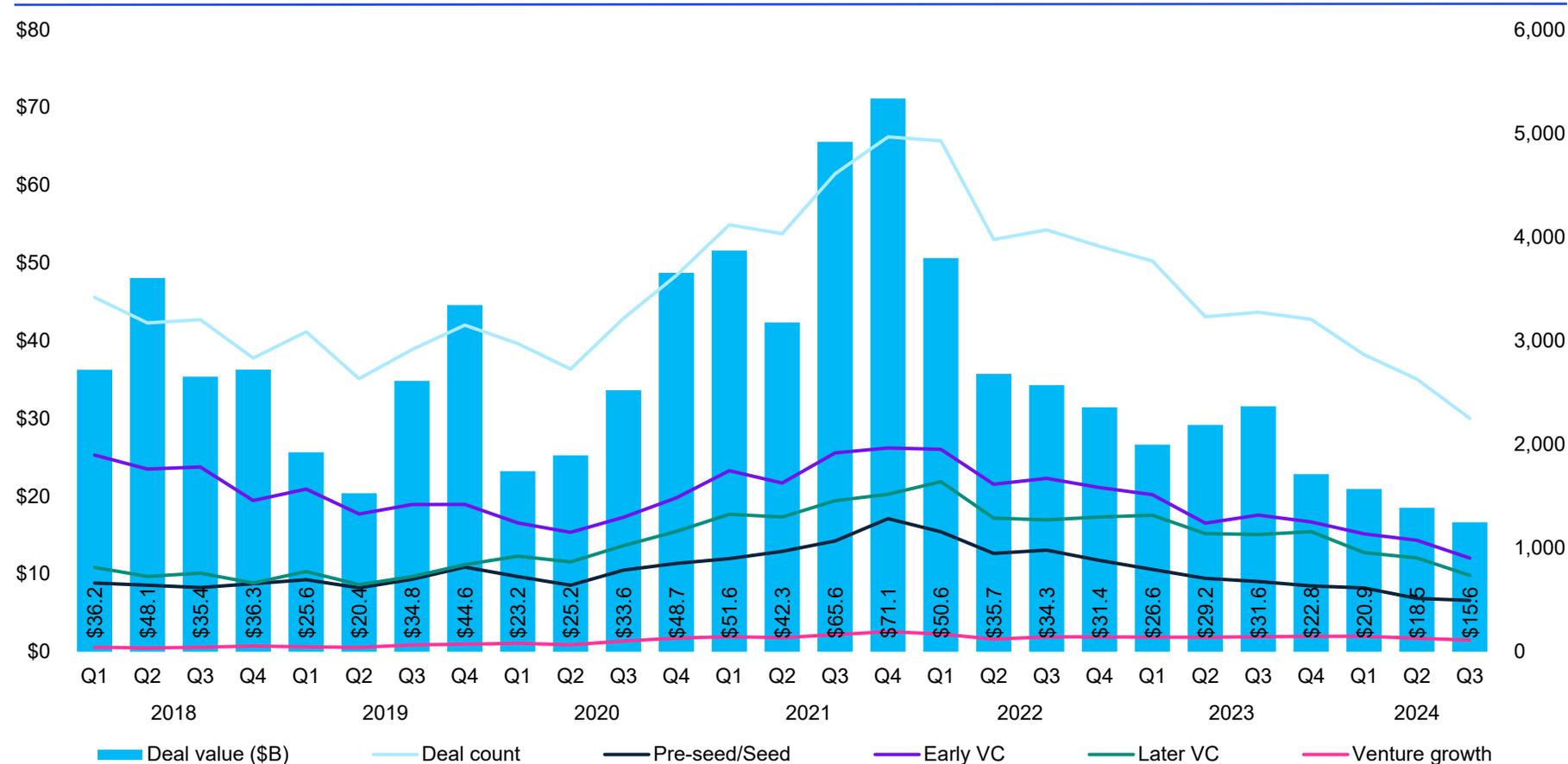
Heading into Q4'24, VC investment in China is expected to remain relatively subdued, with the exception of government priority sectors like AI and semiconductors. In India, however, there is very strong optimism that the VC market is recovering and that the next few quarters could see the level of VC investment really start to climb. Despite some economic challenges, VC investment in Japan is expected to remain steady in Q4'24, with AI, deeptech, and biotech continuing to attract significant attention from VC investors.

⁶ <https://vertexholdings.com/news/vertex-ventures-japan-launches-inaugural-jpy-10b-fund/>

Gradual declines in dealmaking continue

Venture financing in Asia

2018–Q3'24



Asian startup ecosystems continue to see a steady decline, if a gentle one, in venture financing levels. The causes are the same as elsewhere: hefty doses of geopolitical volatility, concerns around rates of economic growth, and costs of foreign capital. However, there are some favorable factors still in play, which can lead to some outsized deals.

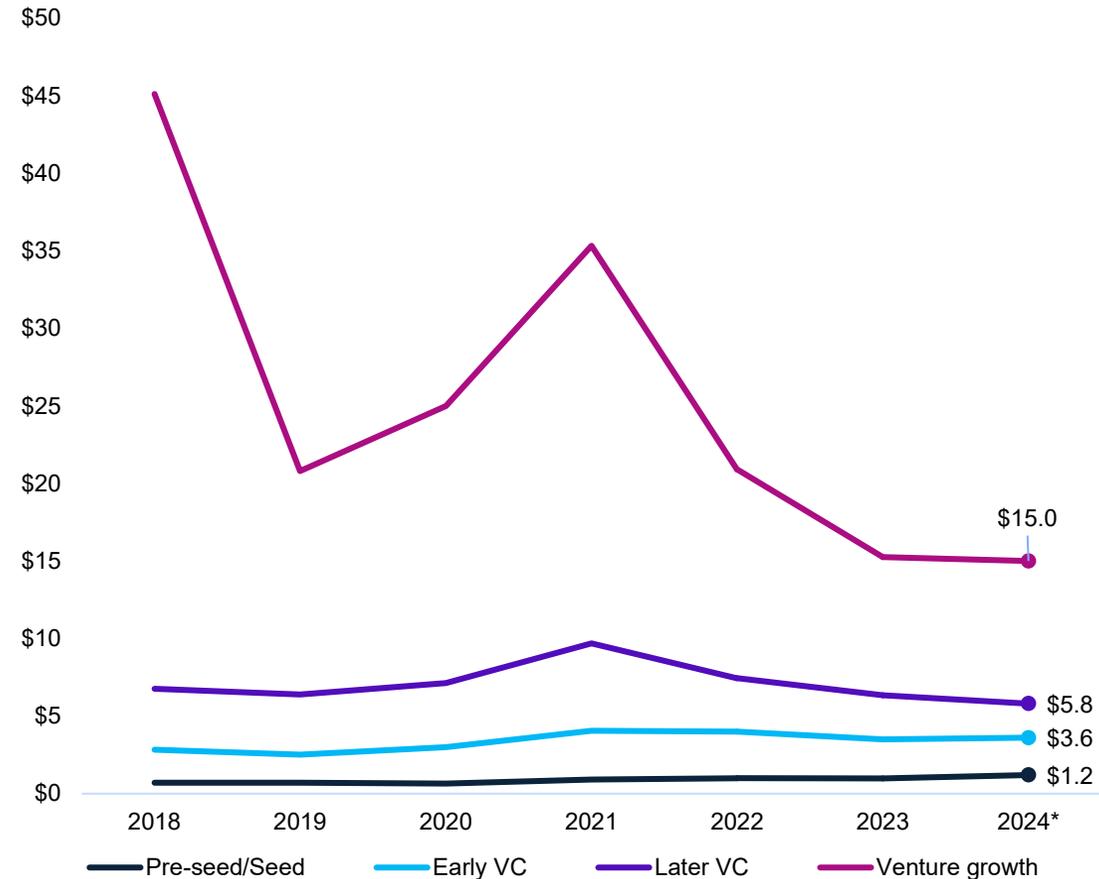
... as concerns around growth and volatility persist, **some companies can still attract outsized sums of VC...**

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Metrics' slide is arrested, enters a potential plateau

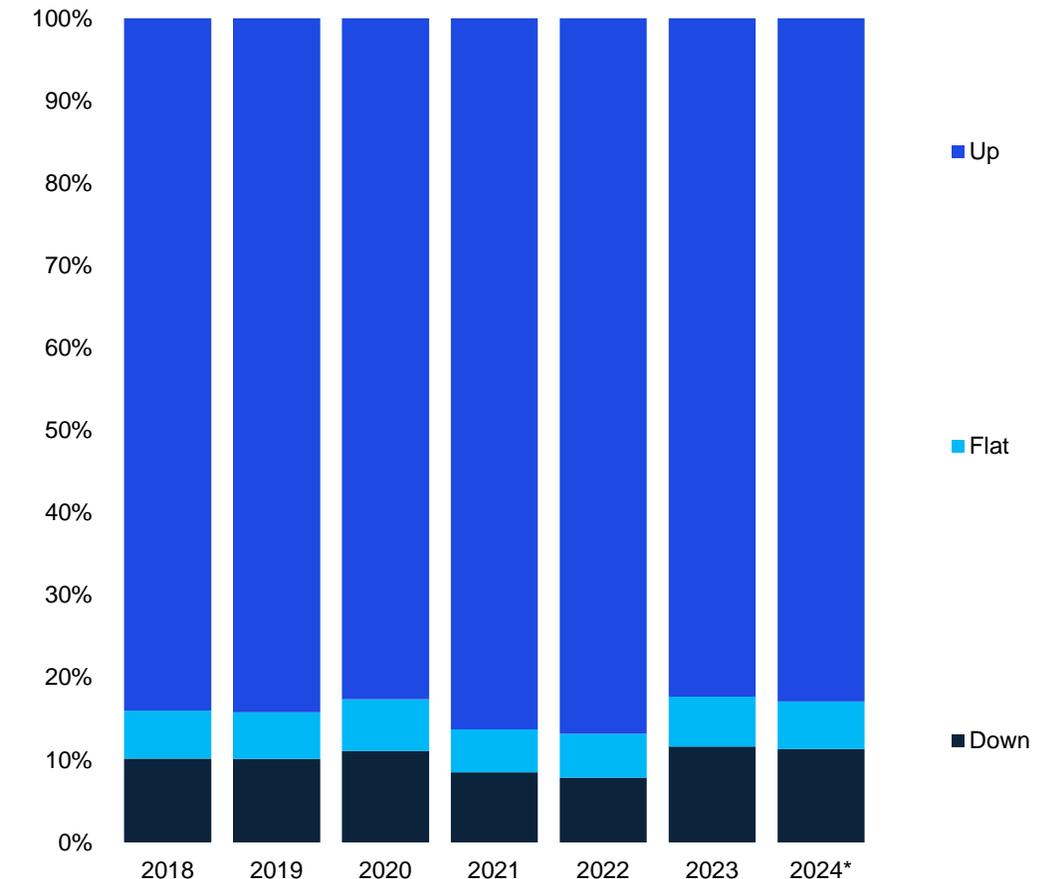
Median deal size (\$M) by stage in Asia

2018–2024*



Up, flat or down rounds in Asia

2018–2024*

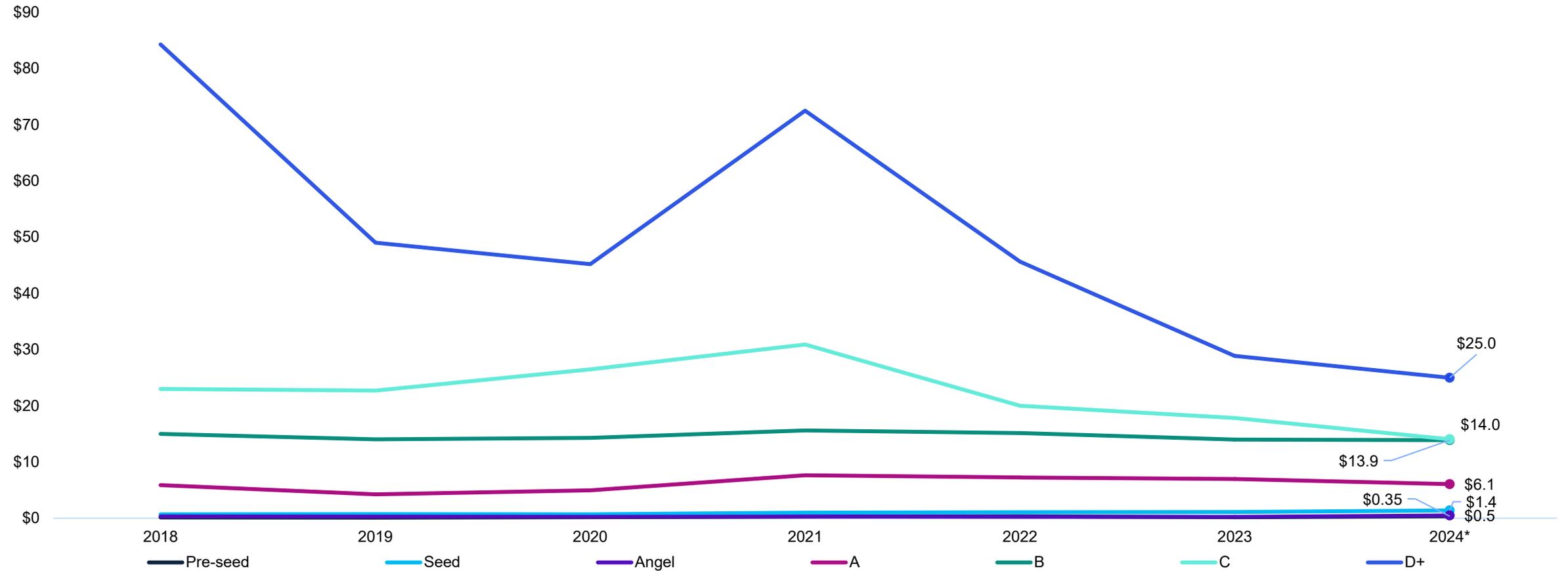


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.
 Note: The 2024* figures for down and flat rounds were below n = 30.

Some earlier-stage series hold steady, others still decline YoY

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

2018–2024*

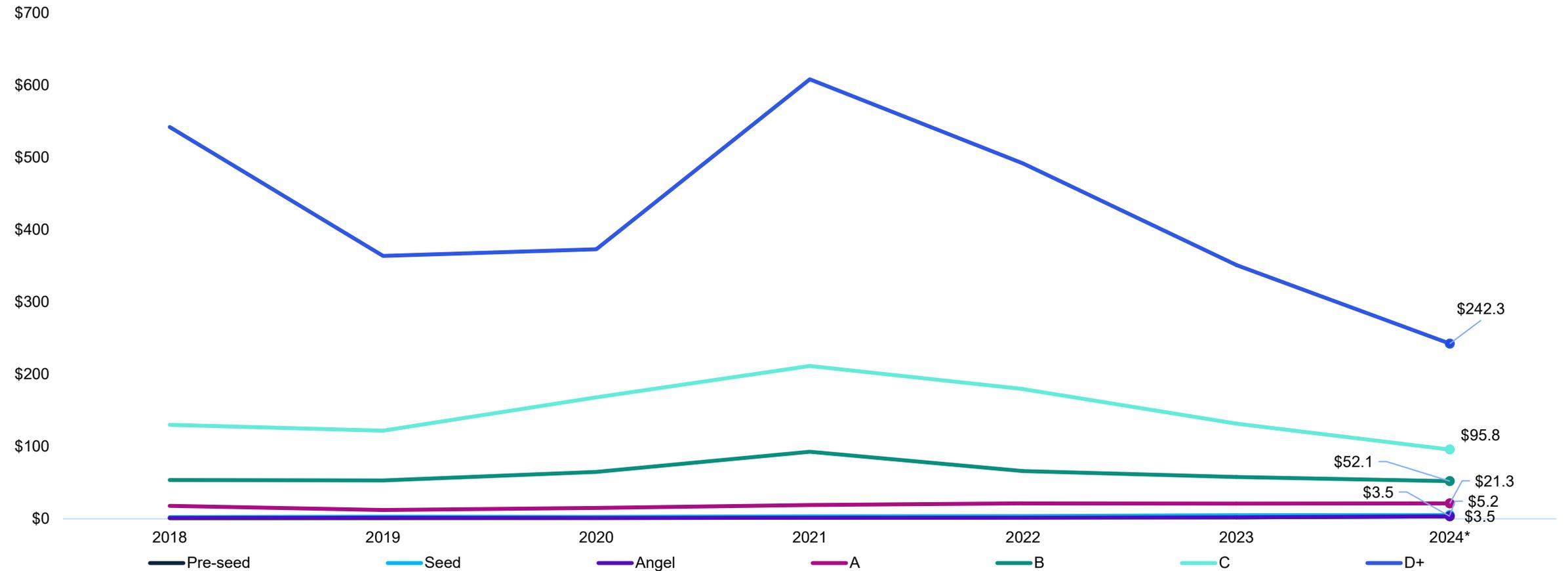


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Valuations are down, or at least flat

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

2018–2024*

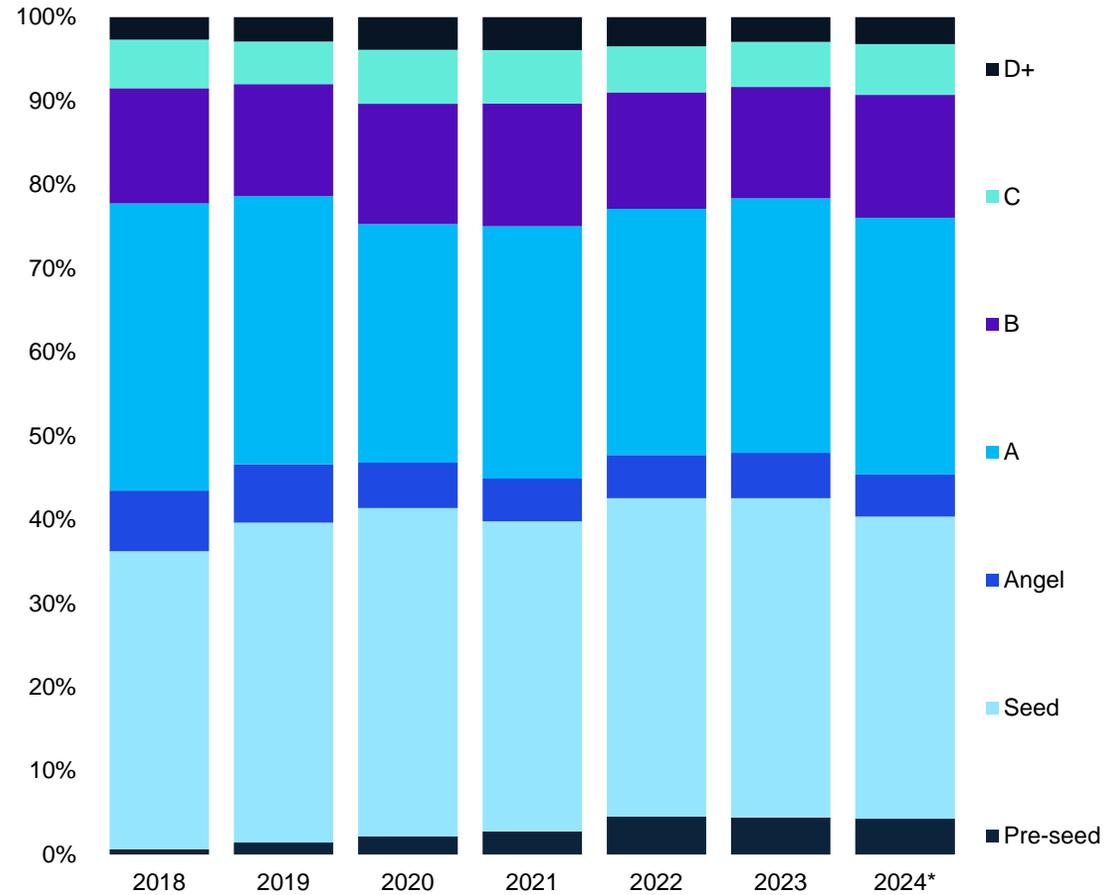


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.
 Note: The 2024* figures for pre-seed are based on population sizes < 30.

VC invested concentrates in mid-capital stack rounds

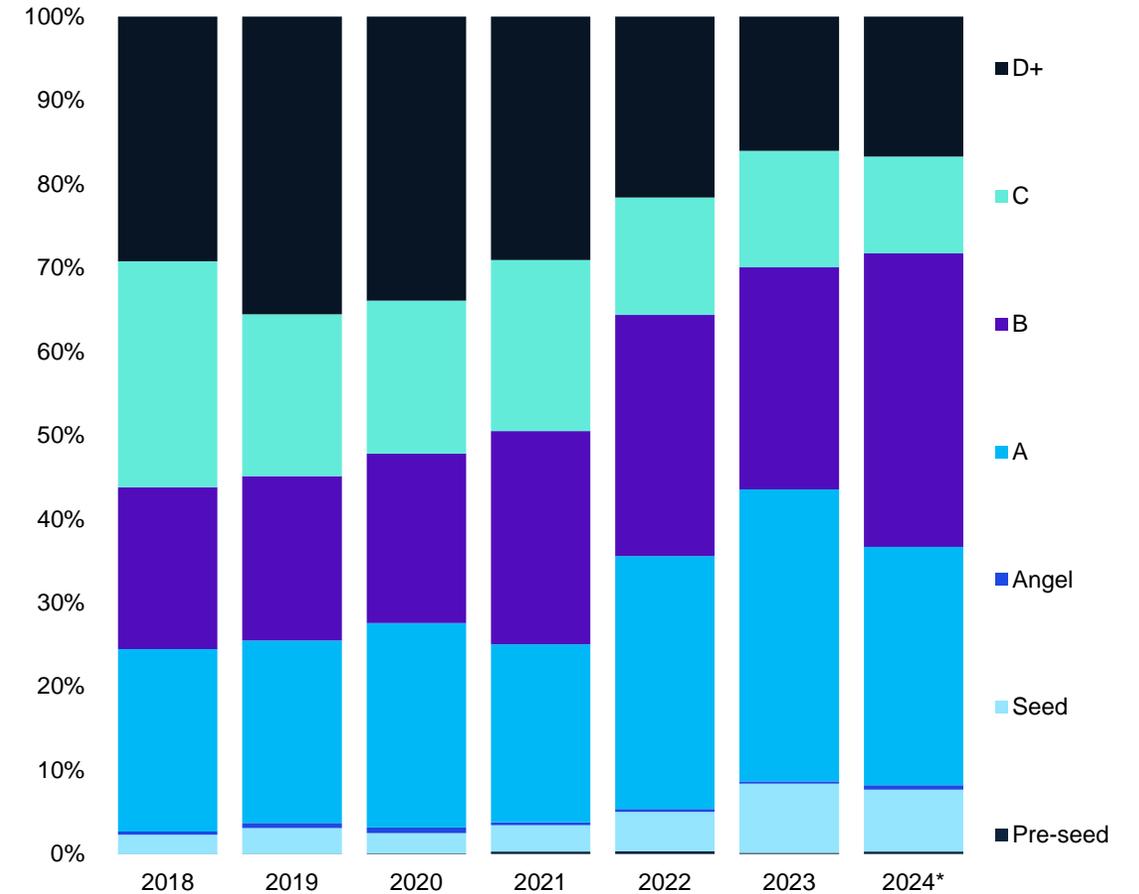
Deal share by series in Asia

2018–2024*, number of closed deals



Deal share by series in Asia

2018–2024*, VC invested (\$B)

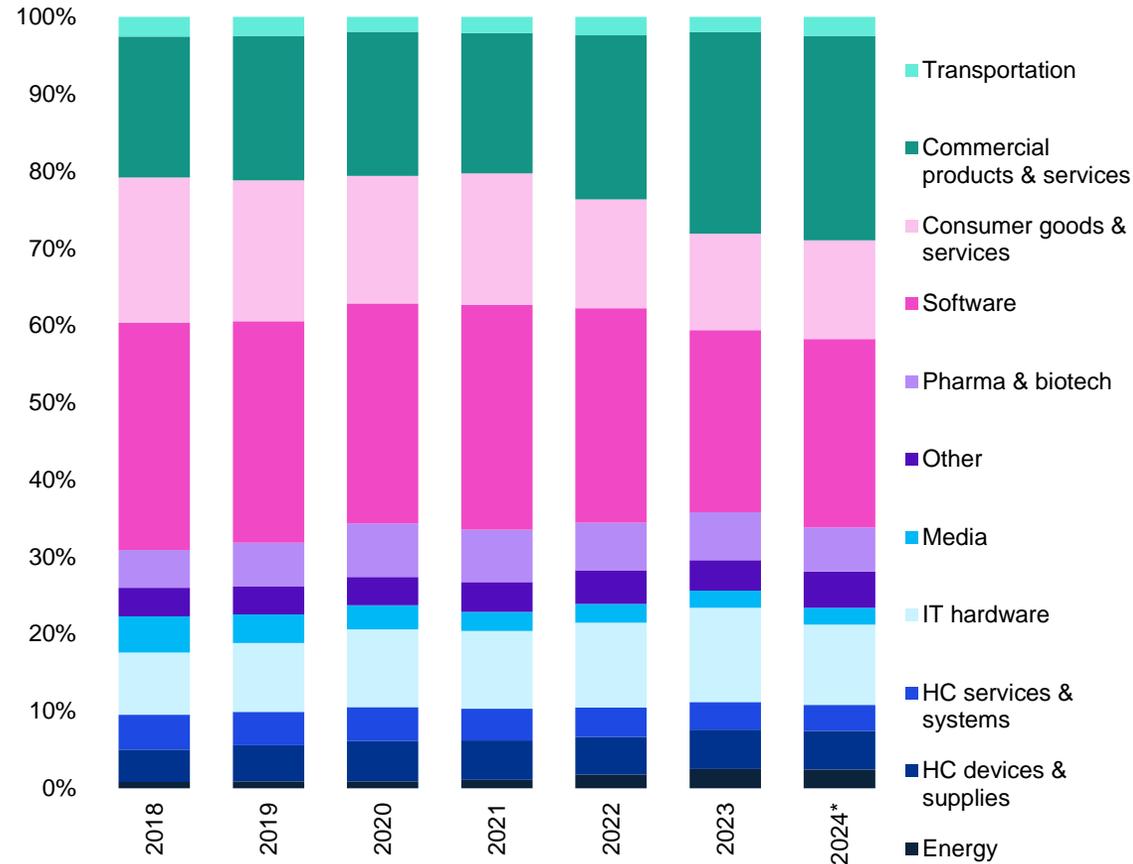


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Key sectors for domestic consumption and security remain draws

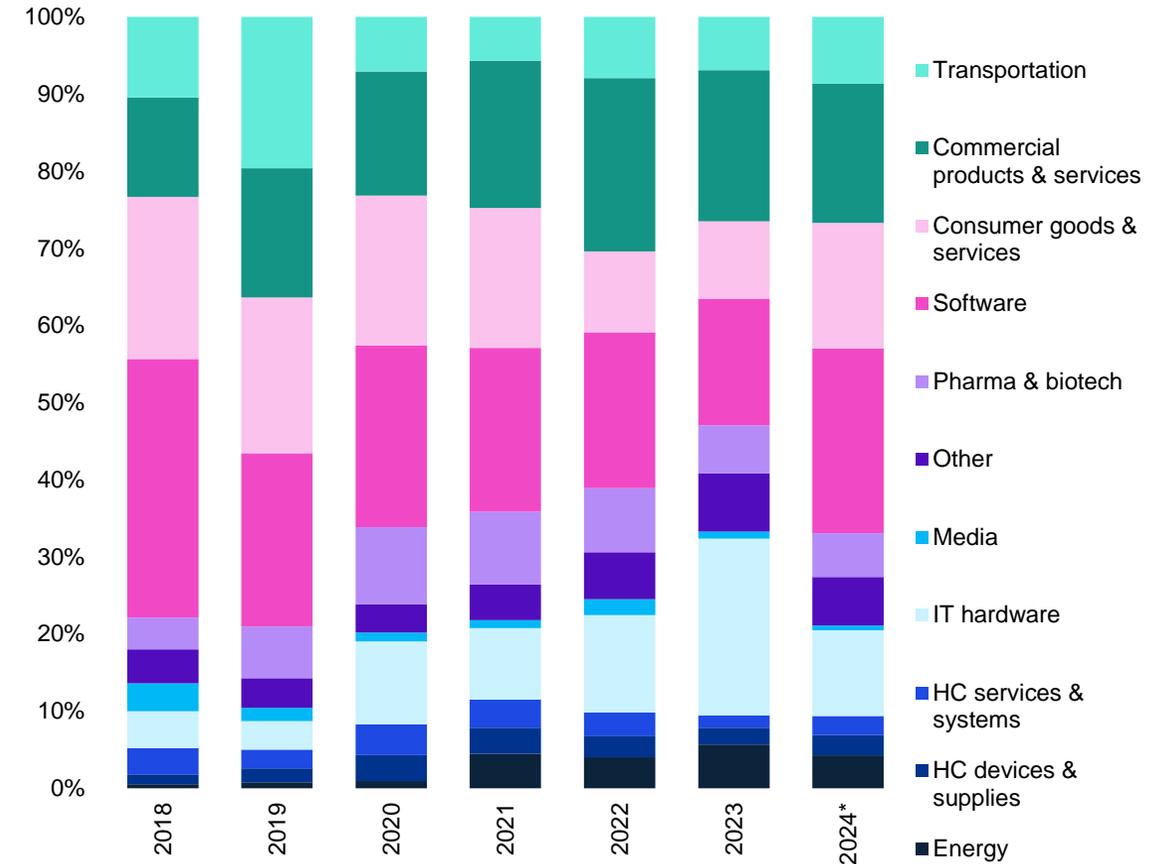
Venture financings by sector in Asia

2018–2024*, number of closed deals



Venture financings by sector in Asia

2018–2024*, VC invested (\$B)

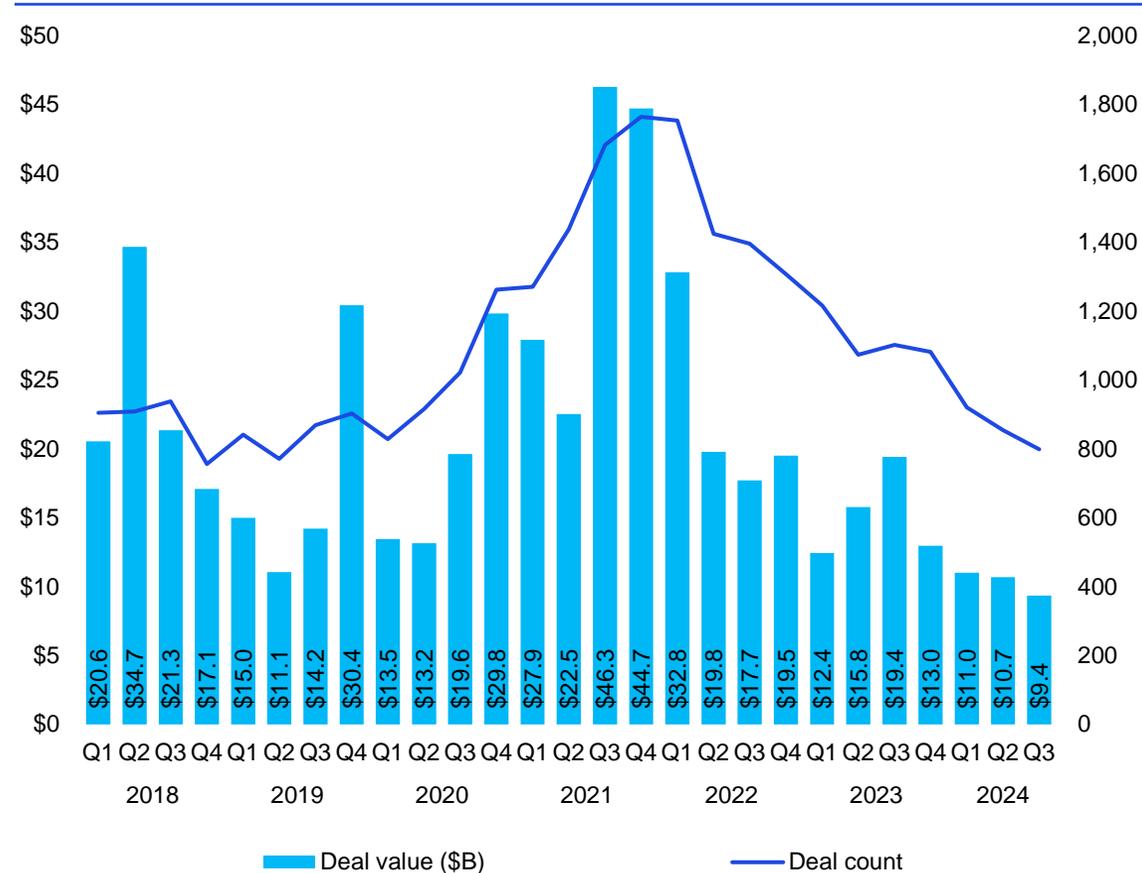


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Corporates stay back, while first-time financings flow slower

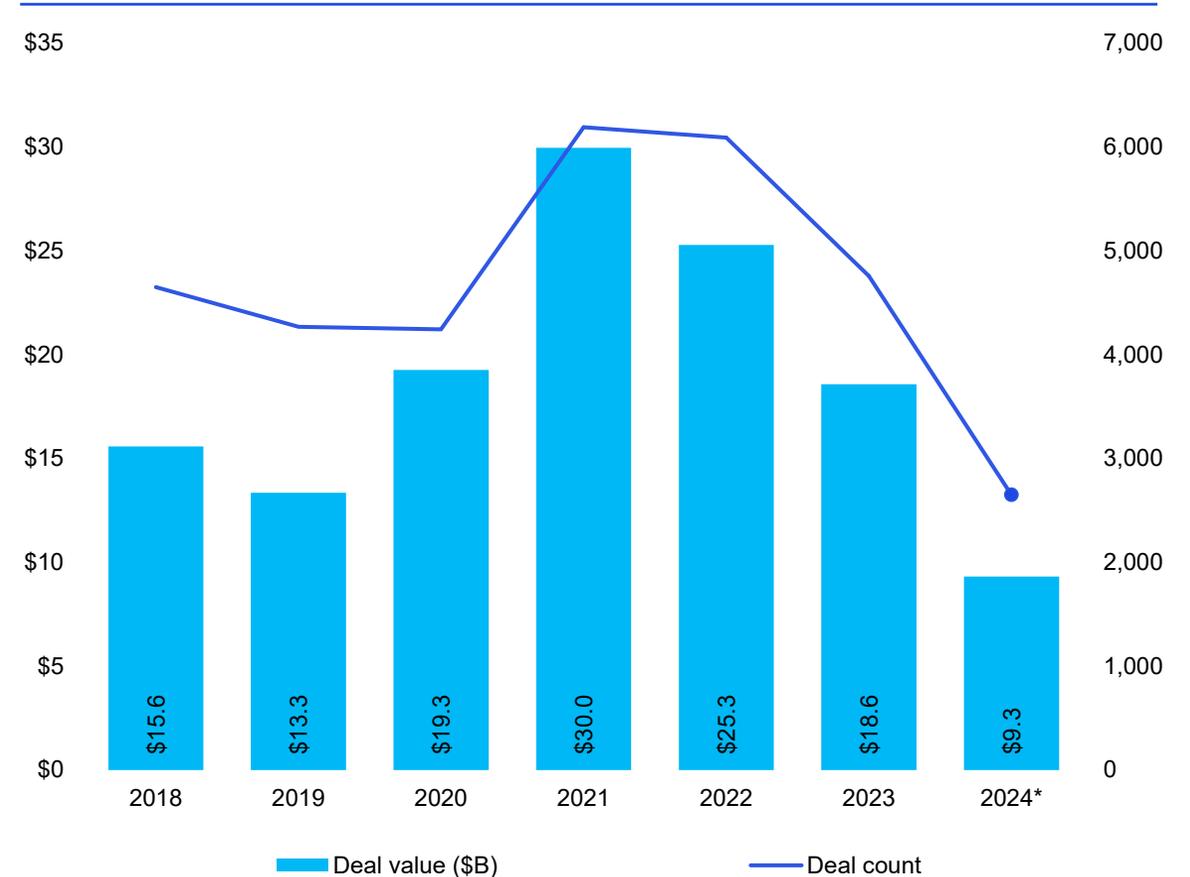
Corporate participation in venture deals in Asia

2018–Q3'24



First-time venture financings of companies in Asia

2018–2024*



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Exit value is muted but counts nudge up

Venture-backed exit activity in Asia

2018–Q3'24

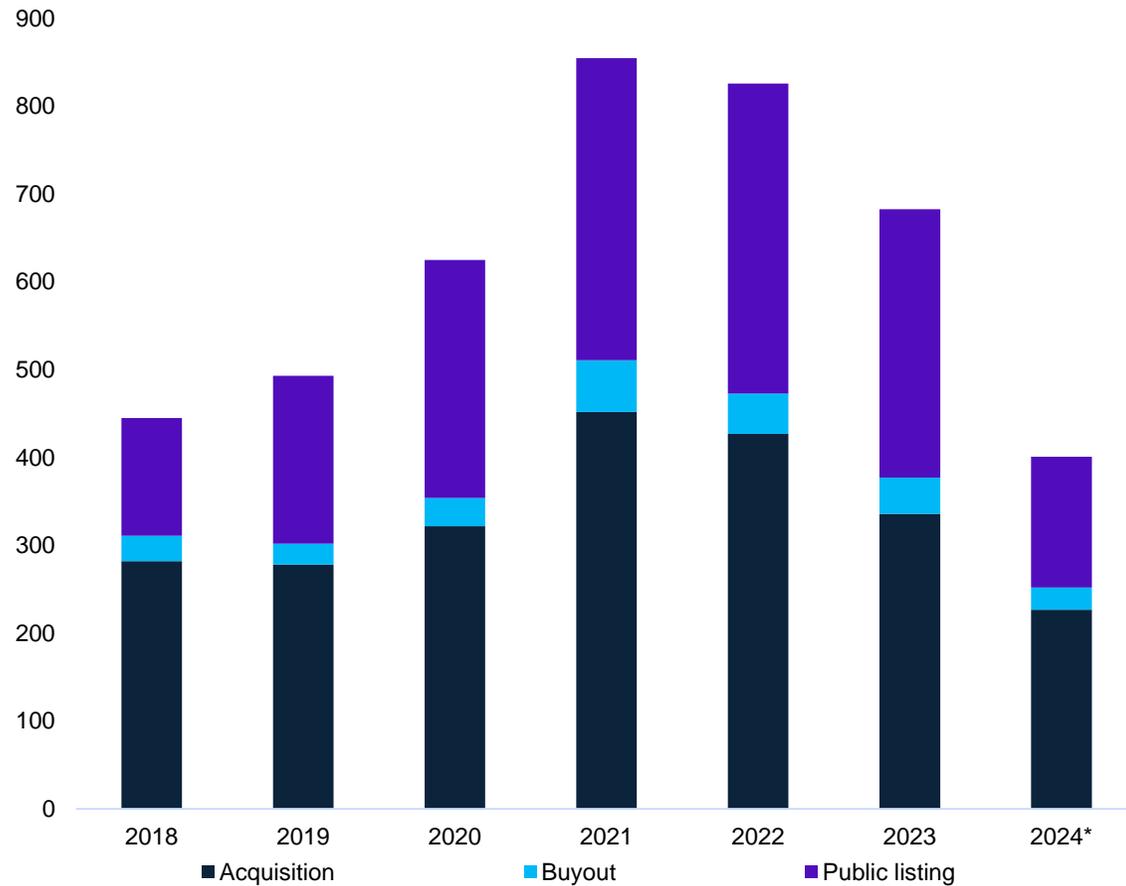


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

IPOs propel the bulk of exit value

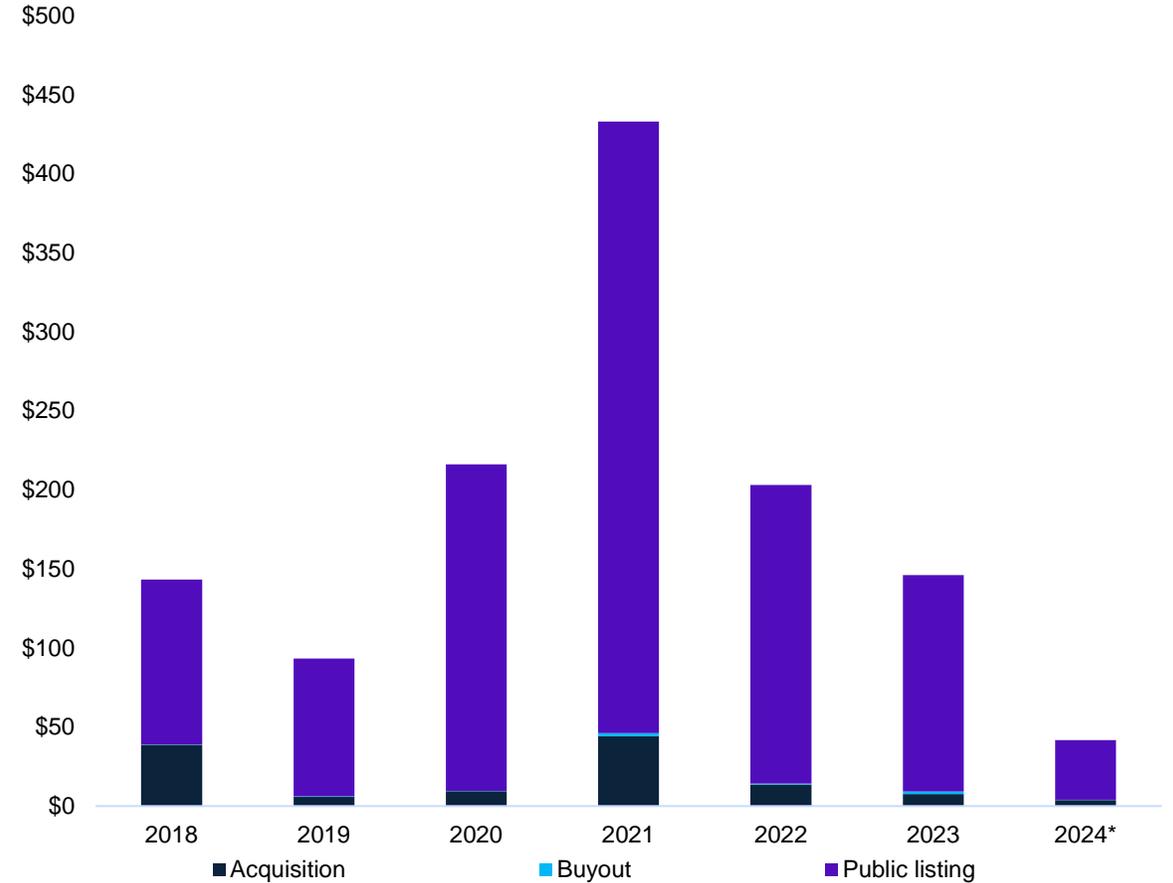
Venture-backed exit activity (#) by type in Asia

2018–2024*



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

2018–2024*

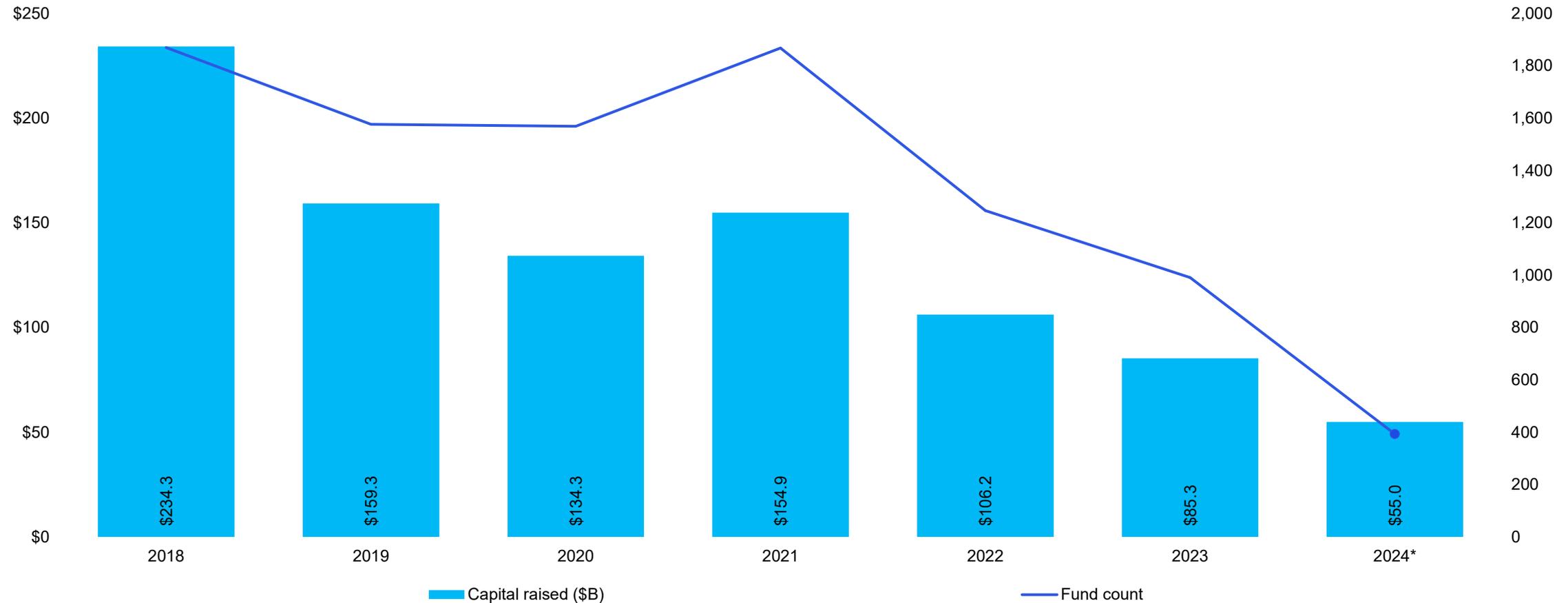


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Amid sluggish liquidity, fundraising is still subdued

Venture fundraising in Asia

2018–2024*

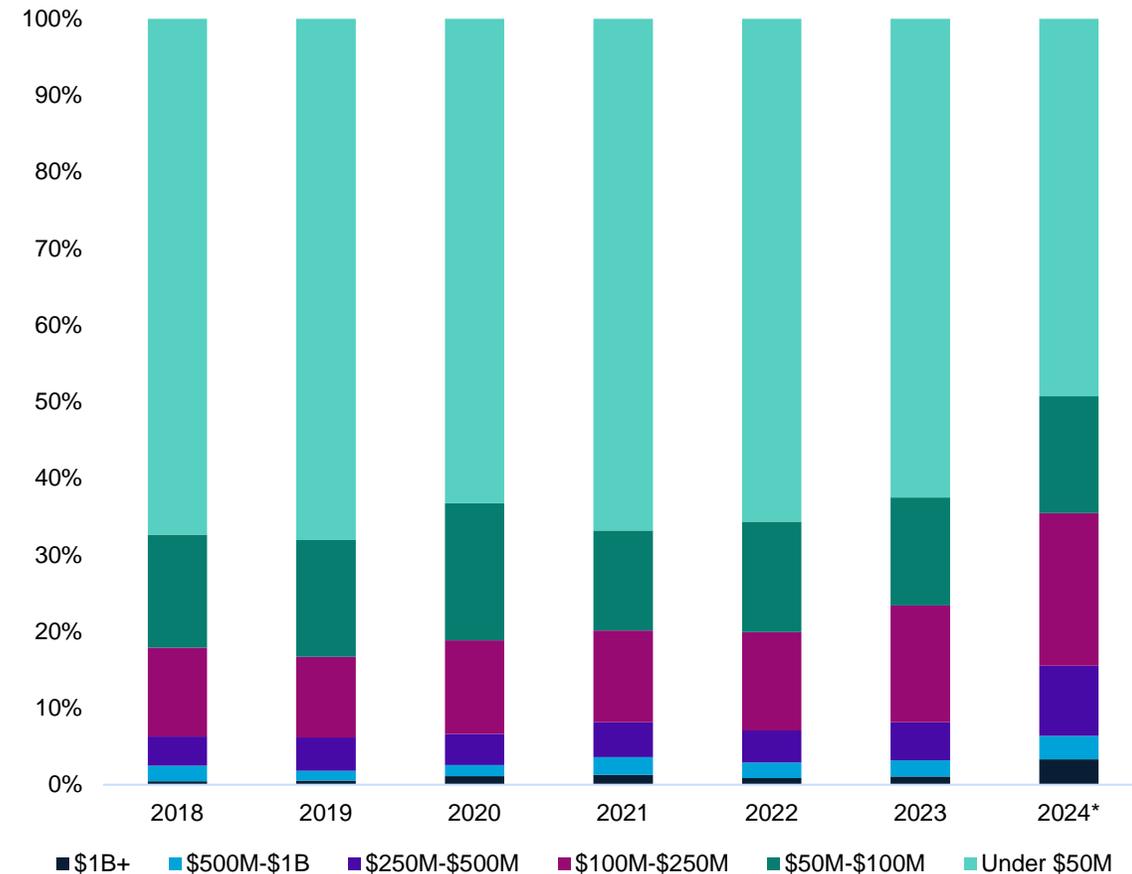


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

In a sluggish market, mid-sized funds surge

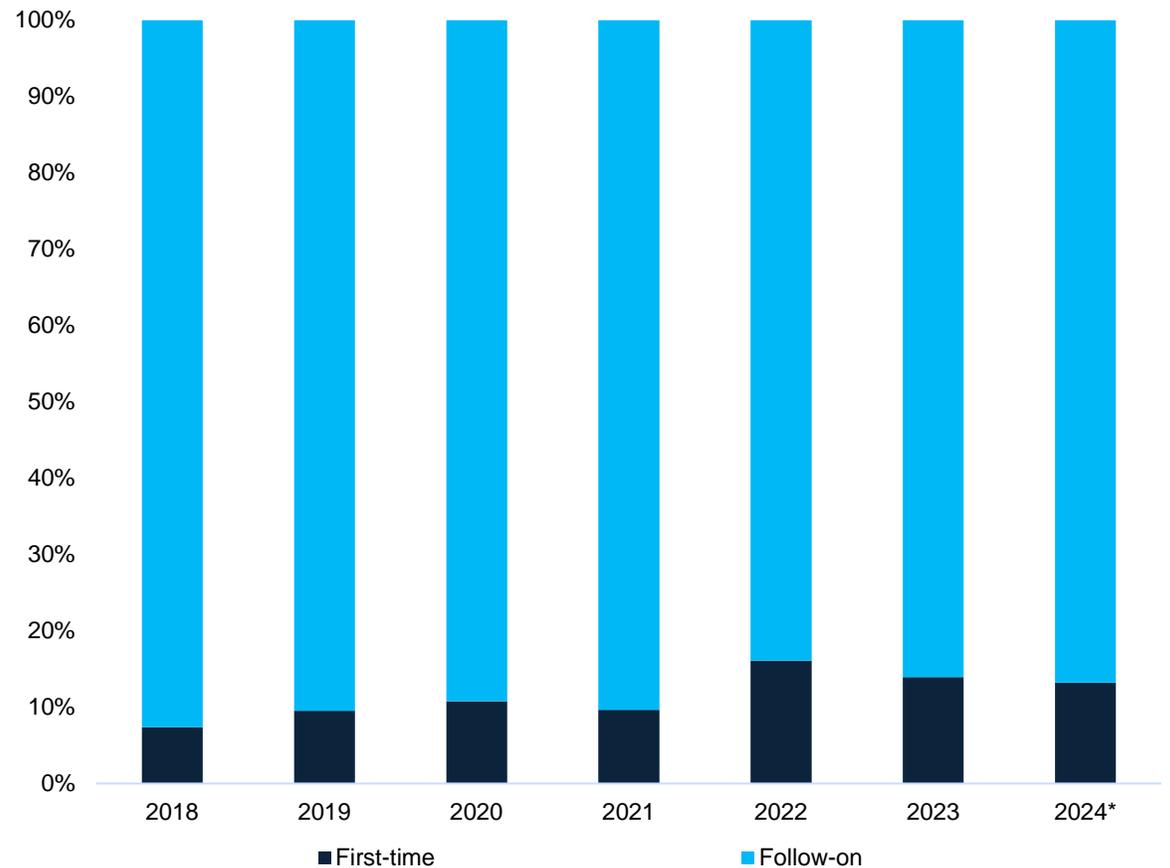
Venture fundraising (#) by size in Asia

2018–2024*



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

2018–2024*

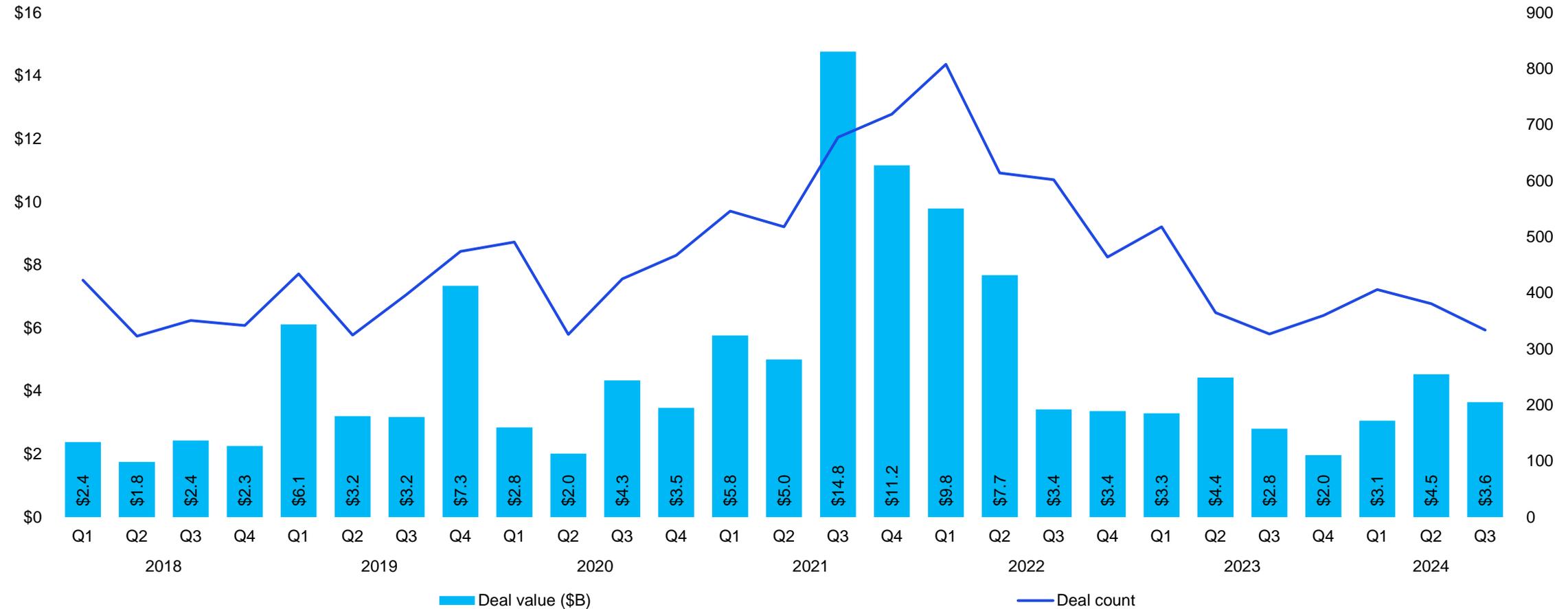


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

India sees Q2 record levels similar to much of the previous two years

Venture financing in India

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

VC activity continues to subside

Venture financing in China

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

“ IPO activity has been silent in China this quarter — and will likely continue to be so through the remainder of 2024. Given economic conditions, the regulator is being very cautious about increasing the speed of getting new companies listed. What 2025 might look like in terms of IPOs is still very unclear. There have been some important policies being newly announced at the end of September, which stimulated the stock market to rise. We will continue to see how these policies will impact overall economy and stock market in 4Q 2024. ”

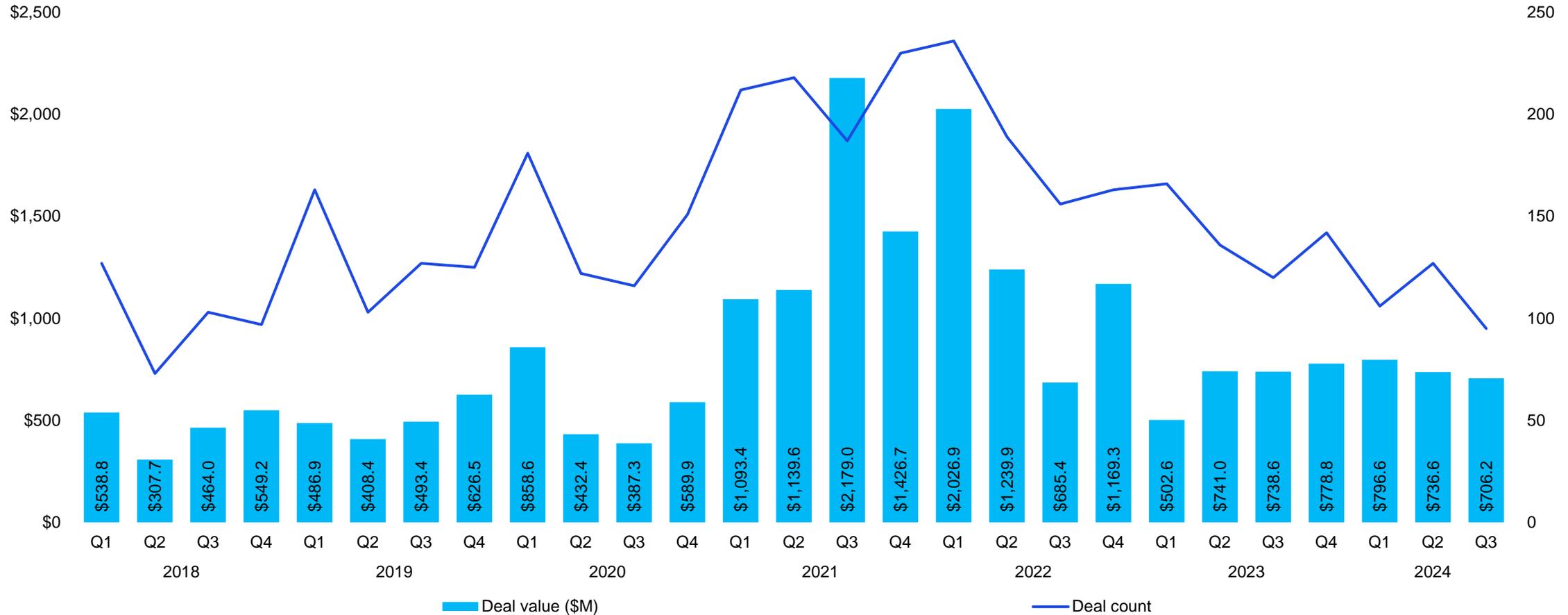


Zoe Shi
Partner
KPMG China

Dealmaking holds at a healthy level

Venture financing in Australia

2018–Q3'24

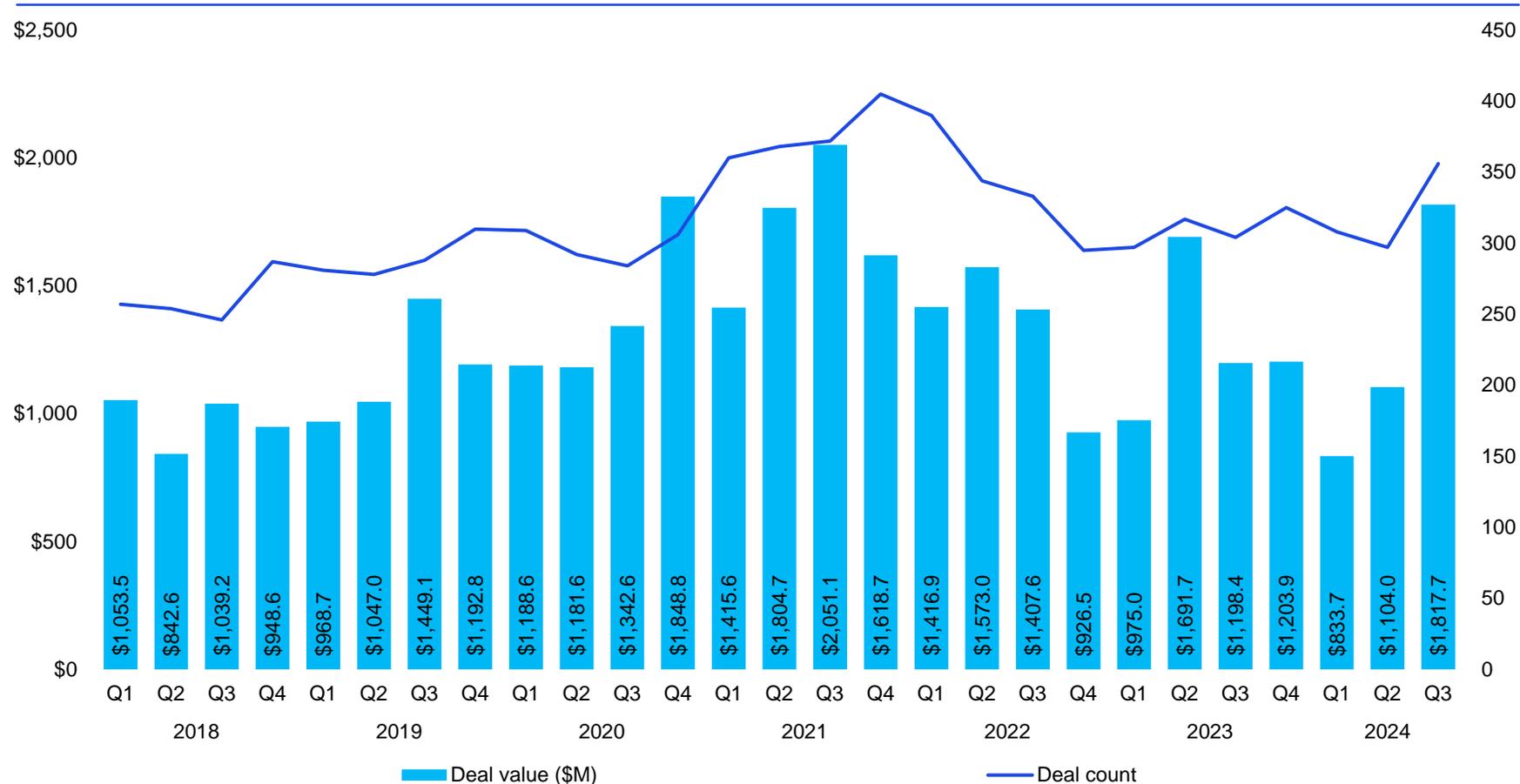


Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

Japan sees a jump in VC invested thanks to outlier deals

Venture financing in Japan

2018–Q3'24



Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

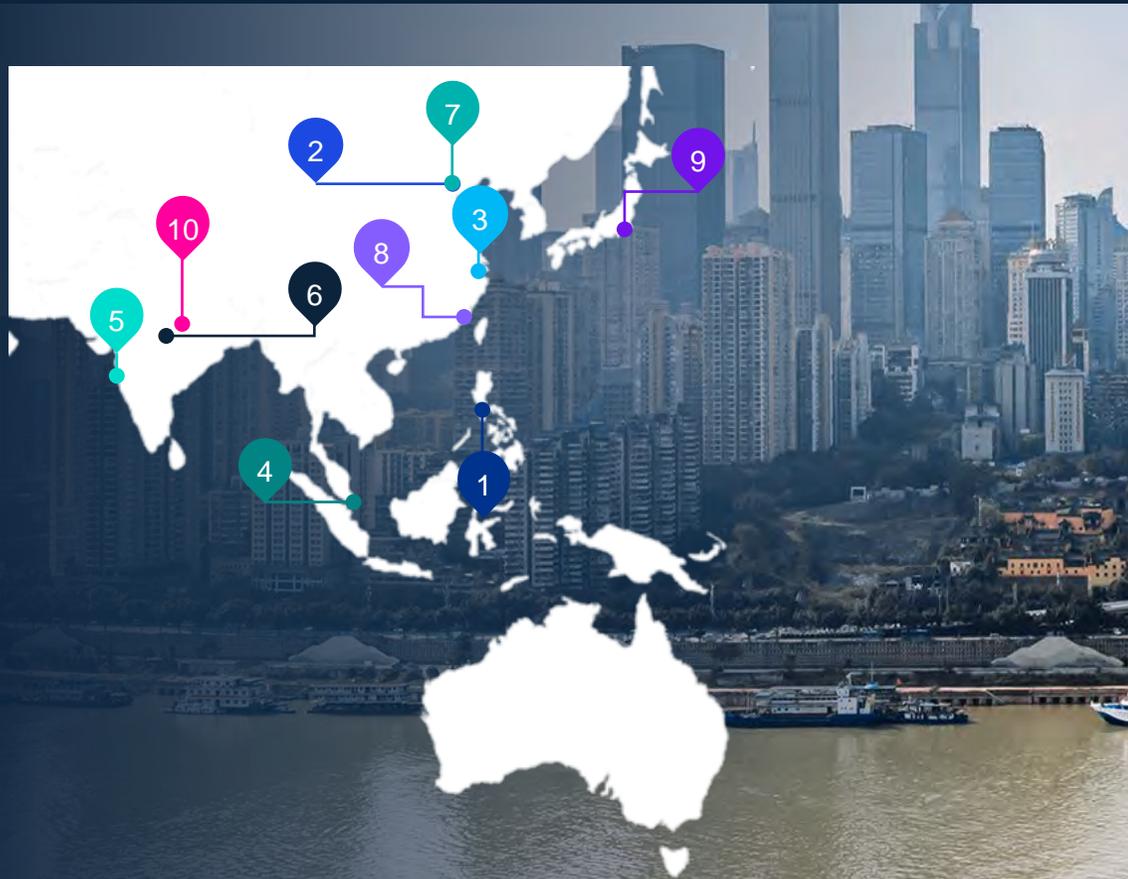
“ While the majority of VC investments being made in Japan are coming from Japanese VCs, these VCs are beginning to attract foreign money and interest. Over time, we expect foreign investment in these VC funds will help increase funding availability here — and also support larger ticket investments similar to what is seen globally. This will likely contribute significantly to the ongoing development of the Japan innovation ecosystem, particularly in areas like deeptech. ”



Hiroshi Abe
Executive Board Member,
Partner
KPMG in Japan

An array of sectors, especially AI & chips, draw capital

Top 10 financings in Q3'24 in Asia-Pacific



1. **Mynt** — \$788.4M, Taguig, Philippines — Fintech — *Late-stage VC*
2. **Baichuan AI** — \$688.5M, Beijing, China — AI & ML — *Early-stage VC*
3. **ICLeague** — \$415M, Haining, China — Semiconductors — *Series B*
4. **Silicon Box** — \$362.6M, Singapore — Semiconductors — *Series B*
5. **Zepto** — \$360M, Mumbai, India — E-commerce — *Series G*
6. **OYO Rooms** — \$349M, Gurugram, India — Hotels — *Series G*
7. **Moonshot AI** — \$300M, Beijing, China — AI & ML — *Early-stage VC*
8. **Silan Microchip** — \$224.5M, Xiamen, China — Semiconductors — *Late-stage VC*
9. **Sakana AI** — \$214M, Tokyo, Japan — AI & ML — *Series A*
10. **PhysicsWallah** — \$210M, Noida, India — Edtech — *Series B*

Source: Venture Pulse, Q3'24, Global Analysis of Venture Funding, KPMG Private Enterprise. *As of September 30, 2024. Data provided by PitchBook, October 16, 2024.

KPMG Private Enterprise's Emerging Giants Network

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



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About KPMG Private Enterprise

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

About the report

Acknowledgements

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About the report

Methodology

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

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

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



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