



Mid-Q2 Report: State of Venture

Global | Mid-Q2 2022

Global data and analysis on dealmaking, funding,
and exits by private market venture companies



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8 things you need to know halfway through Q2'22

-19%

Projected global funding decline in Q2'22.

Funding is at just \$57.7B midway through Q2'22 as investors scale back investments.

At this pace, global funding is projected to decrease by 19% QoQ (a similar drop to the one seen in Q1'22).

Similarly, deals are on track to total 6,904 by the end of Q2, which would be a 22% drop from Q1'22.

-13%

Expected drop in venture funding in the US.

US funding is set to continue its downward trajectory. Venture funding to companies based in the country is projected to hit \$61B by the end of the quarter, which would mark a 13% drop from Q1'22, and the lowest total for US-based startups since 2020.

Deal activity is also projected to fall back to 2020 levels.

-31%

Projected drop in venture funding in Asia.

Funding to Asia-based startups is on pace to fall by 31% by the end of Q2'22, following the 36% drop it saw in Q1'22.

Meanwhile, Europe is on track for a 16% drop in funding in Q2'22, despite seeing a healthy 18% increase between Q4'21 and Q1'22.

-18%

Predicted drop in mega-round funding QoQ.

At the Q2 mid-point, mega-round deals accounted for \$30.5B in funding.

At this pace, global funding raised from \$100M+ deals in Q2'22 would see an 18% drop QoQ.

Mega-rounds to Asia-based companies are set to be hit the hardest, with a projected 25% QoQ in associated funding.

8 things you need to know halfway through Q2'22

-50%

Projected drop in retail tech funding in Q2'22.

Global funding is on pace to continue to decline in Q2'22 for the fintech, retail tech, and digital health spaces.

The decline in dollars invested is projected to be 28% for fintech, 50% for retail tech, and 25% for digital health.

-34%

Anticipated drop in IPOs in Q2'22.

As public market volatility compels more startups to put a pause on their exit plans, total IPO numbers are continuing to fall.

The total number of companies going public in Q2'22 is projected to reach 92, marking a 9-quarter low, and a 34% drop QoQ. US-based startups are expected to account for 20 of those IPOs, down 13% QoQ.

-22%

Projected drop in global M&A deals. A 6-quarter low.

While M&A activity remained strong through Q1'22, transactions so far in Q2'22 signal that a slowdown has begun. Global M&A activity is on track to drop 22% to 2,322 deals in Q2'22.

A similar trend is expected in the US, where M&A deals are projected to fall by 25% QoQ to 910 in Q2'22.

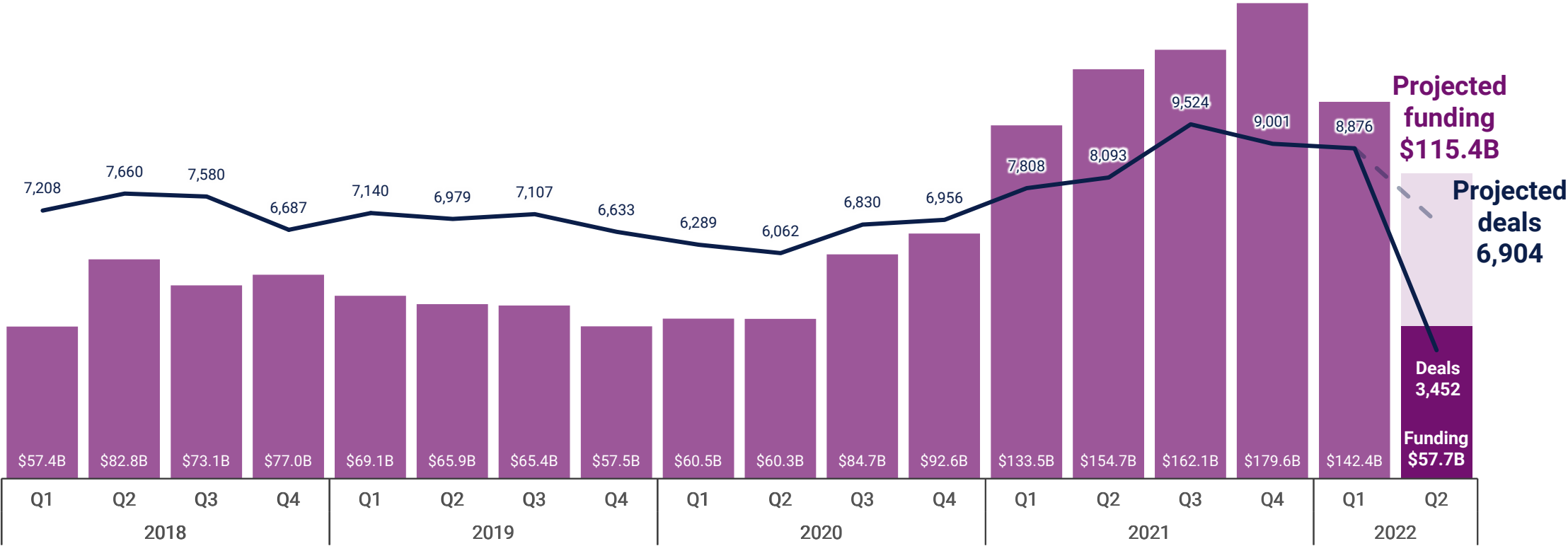
62

Number of expected new unicorns in Q2'22. Down 46% QoQ.

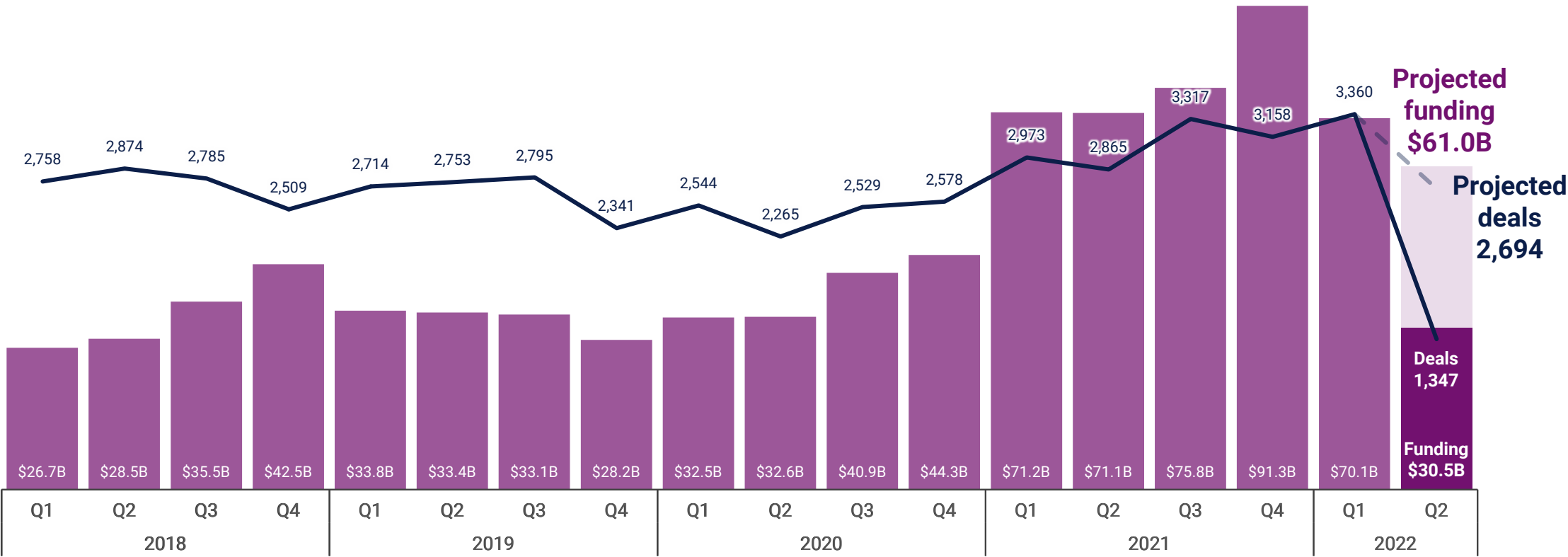
The quarterly count for new unicorns is expected to fall below 100 for the first time since 2020, with Q2'22 on pace to see 62 unicorns being minted.

US and Asia unicorn births are likely to be hit hardest, with an expected quarterly decrease in unicorn births of 43% and 67%, respectively.

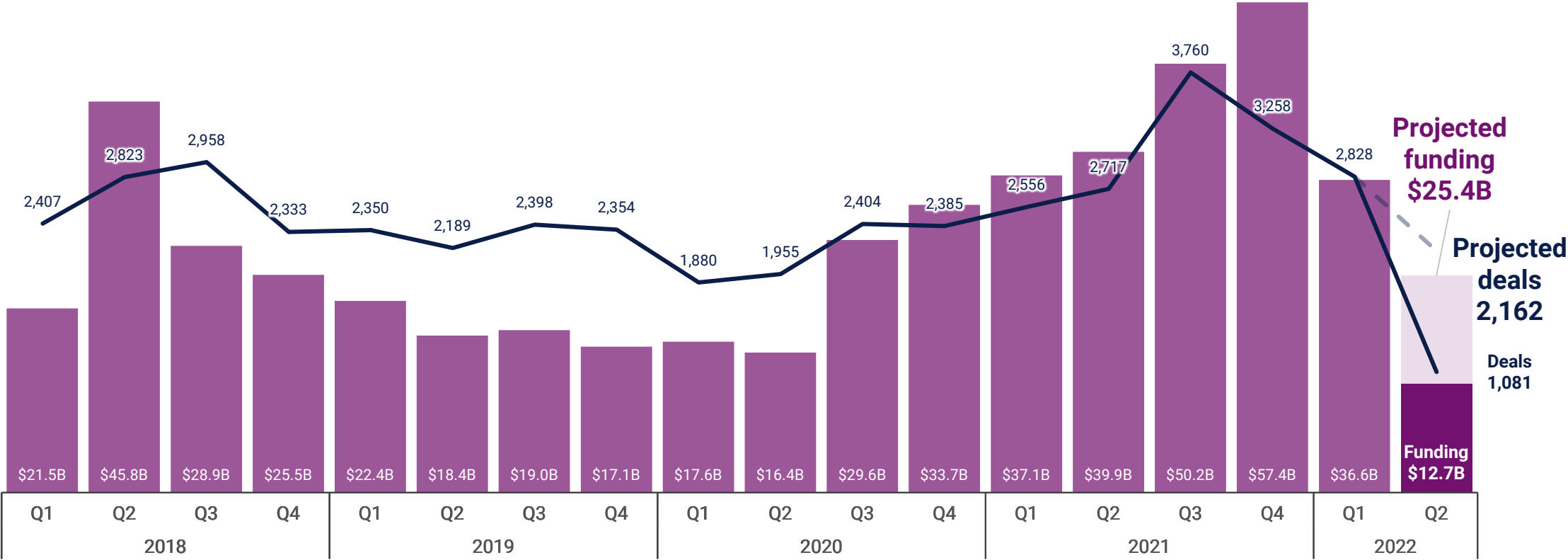
Q2'22 venture funding is on pace for a 19% drop QoQ



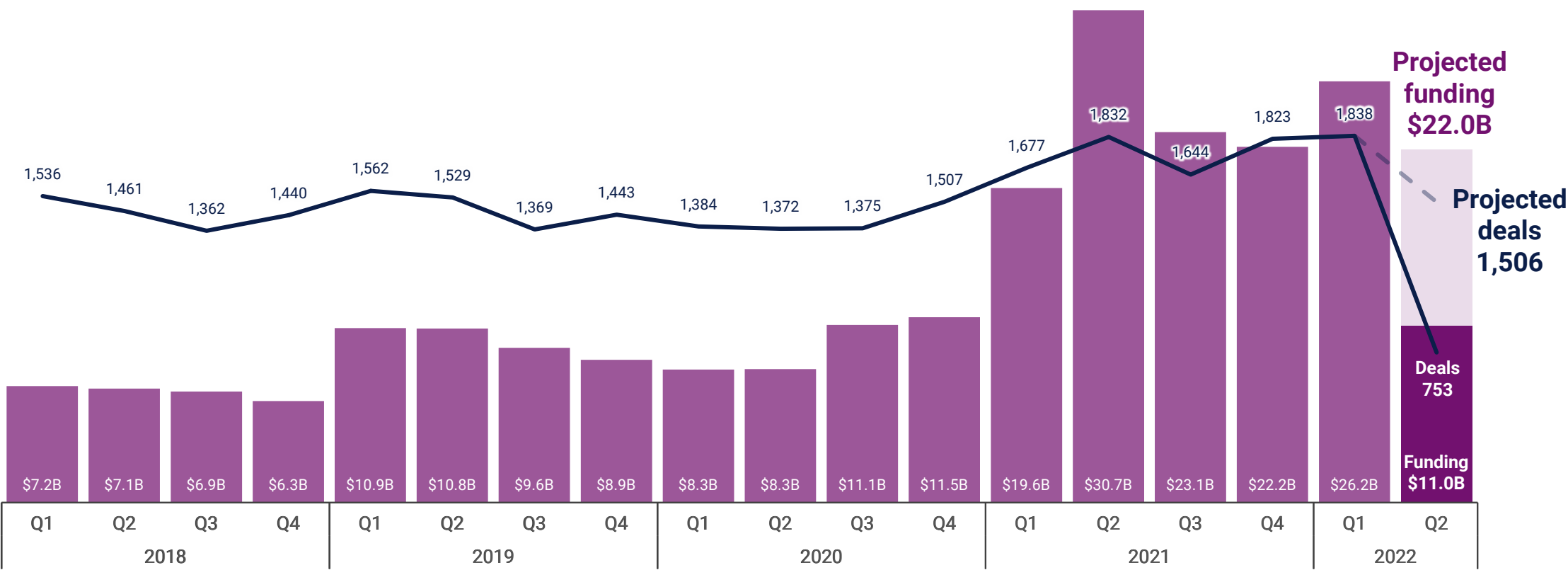
US funding is projected to reach \$61B in Q2'22, the lowest total since 2020



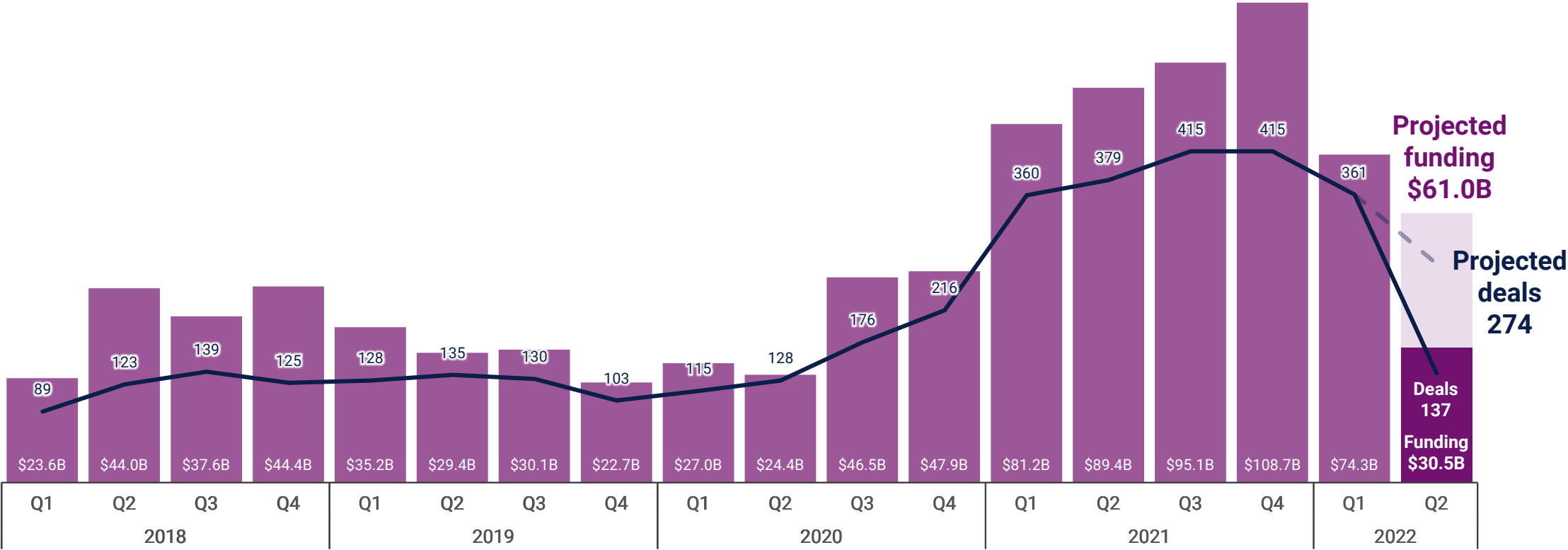
Funding to Asia-based companies is on track to decline by 31%



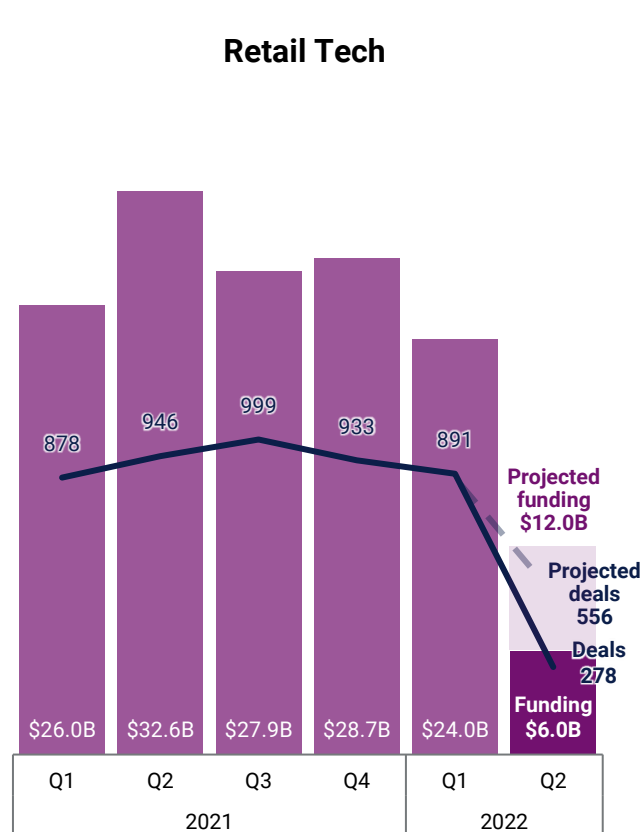
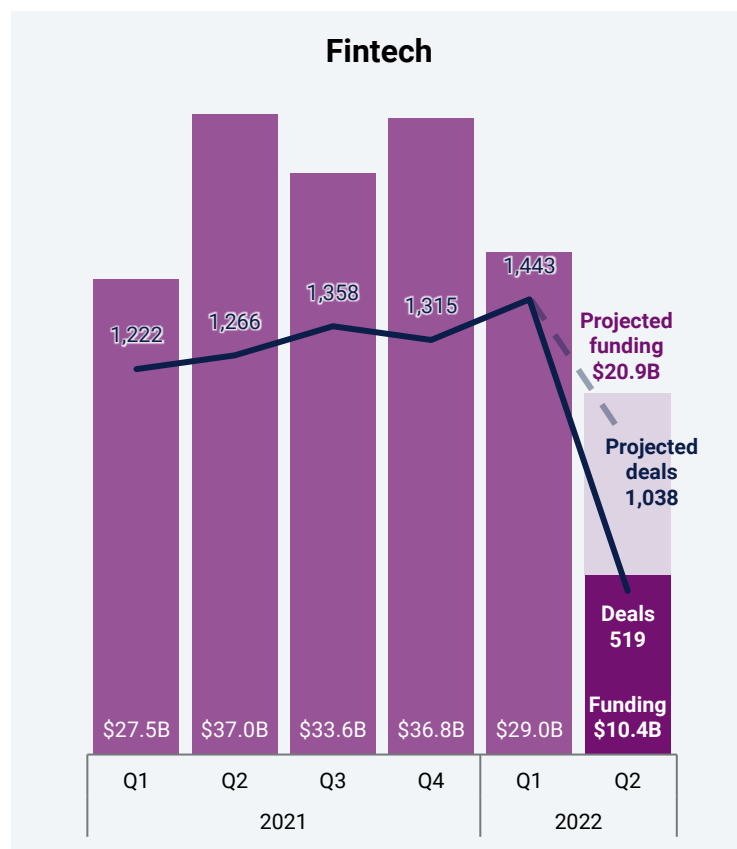
Funding to Europe-based startups is on pace to fall by 16%



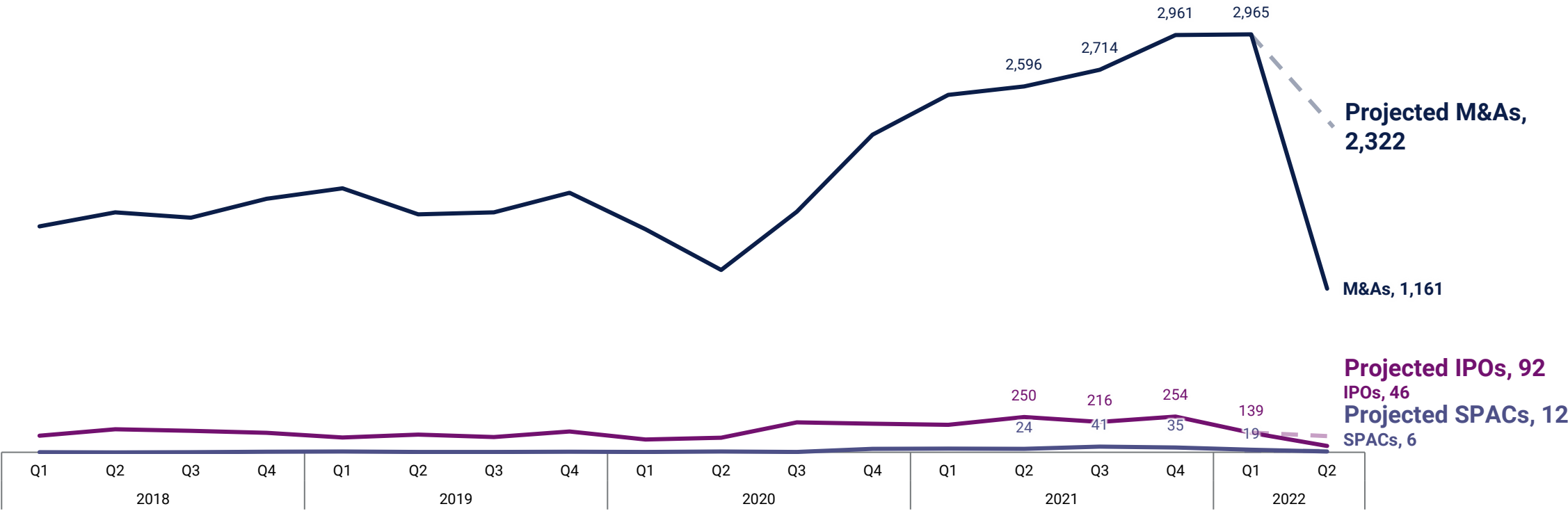
Mega-round funding projected to fall to a 6-quarter low in Q2'22



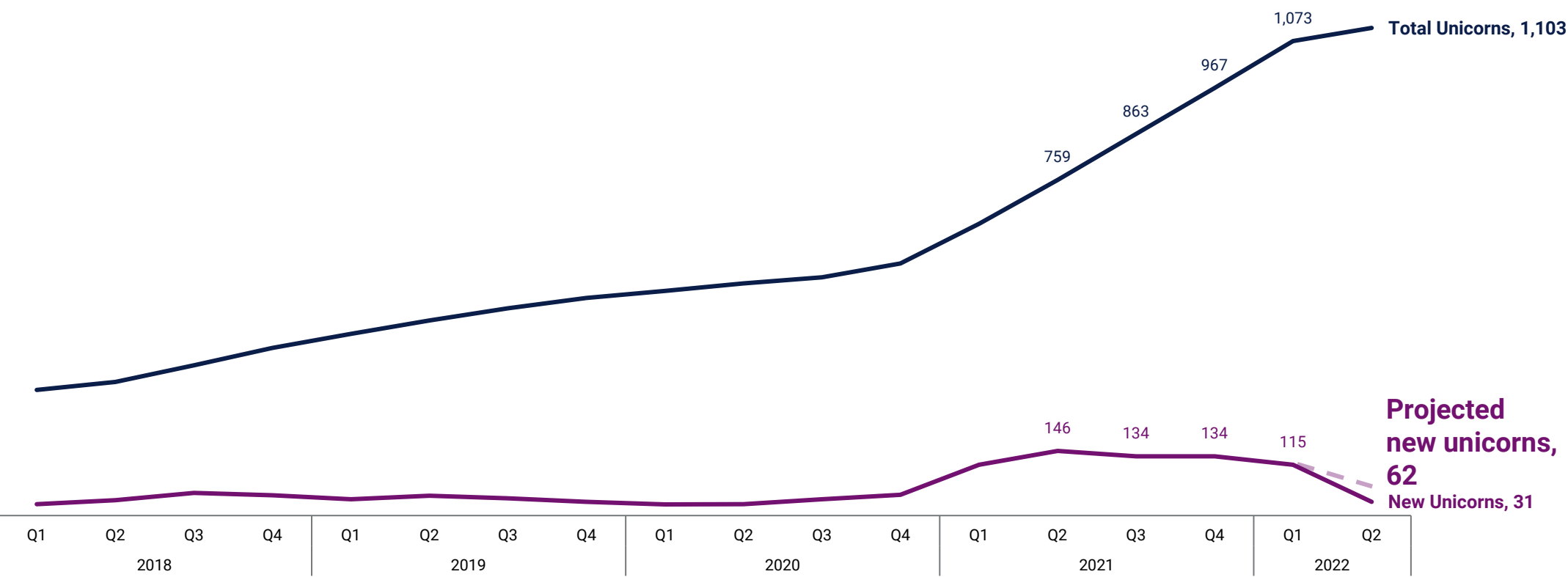
Funding slows in Q2'22 so far across major startup categories, with retail tech projected to see the sharpest QoQ drop



IPO and SPAC numbers look set to continue their downward trajectory



New unicorn births in Q2'22 are on pace to reach 62, the lowest quarterly total since 2020



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Report Methodology

If you have questions about the definitions or methodological principles used, or if you feel that your firm has been underrepresented, please reach out to info@cbinsights.com.

What is included:

Equity financings into private companies only. Funding rounds raised by public companies of any kind on any exchange (including Pink Sheets) are excluded from our numbers, even if they received investment from a venture firm.

Only includes the investment made in the quarter for tranching investments. If a company does a second closing of its Series B round for \$5M and previously had closed \$2M in a prior quarter, only the \$5M is reflected.

Round numbers reflect what has closed, not what is intended. If a company indicates the closing of \$5M out of a desired raise of \$15M, our numbers reflect only the amount which has closed.

Only verifiable fundings are included. Fundings are verified via (1) various federal and state regulatory filings; (2) direct confirmation with firm or investor; (3) press release; or (4) credible media sources.

Equity fundings to joint ventures and spinoffs/spinouts are included.

Unicorn data includes private companies valued at \$1B or more in the private markets globally, per the same 4 sources listed above and relied on for funding events, which include valuations disclosed in credible media sources. The list is maintained publicly and updated in real time at <https://www.cbinsights.com/research-unicorn-companies>.

Geography notes: Israel funding figures are classified in Asia; Caribbean region figures included in Latin America, or "LatAm";

funding to Australia and Africa is included in global figures but not spotlighted in this report.

Rounds to private companies that may be majority- or minority-owned subsidiaries of other private companies.

Valuation data includes estimates to calibrate median and average valuations based on current and previous quarter disclosed valuations gathered from the aforementioned four sources. The estimating method will control for the over-sampling of large rounds that are reported quickly versus a comparative lag in valuations obtained from other sources. Valuation data reflects post-money valuations.

Exits include IPO, SPACs, M&A and other liquidity events; only first exits are counted.

Headquarters are determined by publicly available sources including company-owned websites and profiles, legal filings, and press releases.

All figures in the report are in USD.

US financing trends follow the combined statistical area (CSA) methodology. Silicon Valley refers to the San Jose-San Francisco-Oakland CSA.

What is excluded:

No contingent funding. If a company receives a commitment for \$20M subject to hitting certain milestones but first gets \$8M, only the \$8M is included in our data.

No business development/R&D arrangements, whether transferable into equity now, later, or never. If a company signs a \$300M R&D partnership with a larger corporation, this is not equity financing nor is it from venture capital firms. As a result, it is not included.

No buyouts, consolidations, or recapitalizations. All three of these transaction types are commonly employed by private

equity firms and are tracked by CB Insights. However, they are excluded for the purposes of this report.

No private placements. These investments, also known as PIPEs (Private Investment in Public Equities), are not included even if made by a venture capital firm.

No debt/loans of any kind (except convertible notes). Venture debt or any kind of debt/loan issued to emerging, startup companies, even if included as an additional part of an equity financing, is not included. If a company receives \$3M with \$2M from venture investors and \$1M in debt, only the \$2M is included in these statistics.

No non-equity government funding. Grants or loans by the federal government, state agencies, or public-private partnerships to emerging, startup companies are not included.

No fundings to subsidiaries of a larger parent corporation unless that subsidiary is a private entity and meets other criteria for inclusion.

Accelerators, incubators, business-plan competitions, economic-development entities are excluded from rankings of most active investors, even if making equity financings.

Rankings for top investors are calculated according to "company count," or the number of unique companies an investor funds in a quarter, and so excludes follow-on deals.