

Q4 2022 PitchBook-NVCA Venture Monitor First Look

VC-backed exits slow to halt as rest of market continues to slide

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The PitchBook-NVCA Venture Monitor First Look is a preliminary release of top-line venture industry figures for the US market, intended as a first-to-market source of key datasets and findings. It will serve as a preview of the full PitchBook-NVCA Venture Monitor, which will be released in full shortly after these initial figures are made public. The methodology behind the First Look and the full Venture Monitor remains the same and consistent with previous editions barring any explicit changes incorporated over time. Based on that methodology and PitchBook's current estimation calculations, there could still be minute disparities between these initial estimates and the final confirmed figures in the full report, but that likelihood remains minimal.

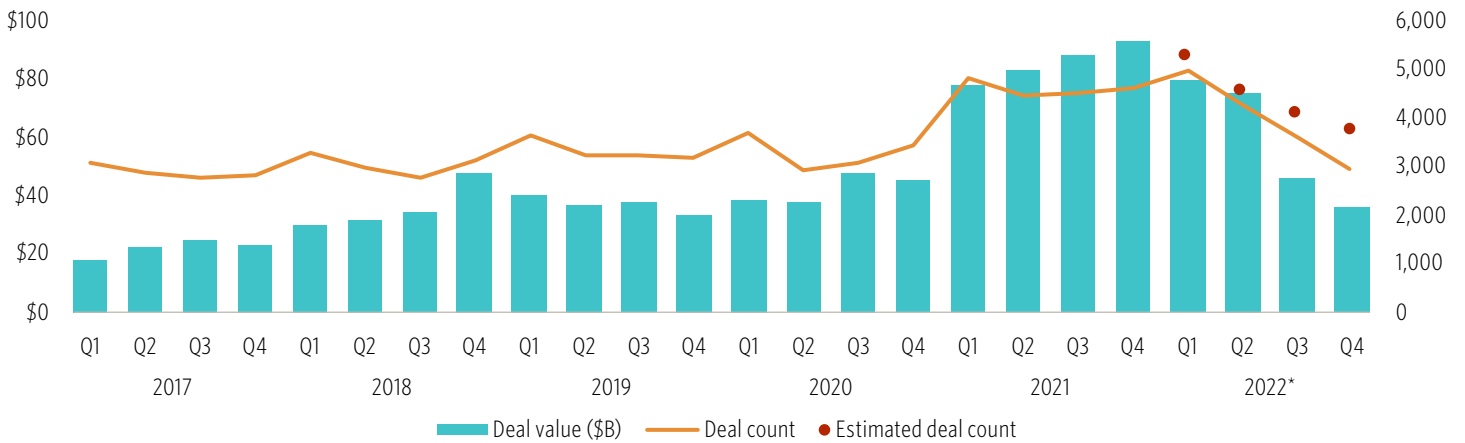
First look

- On an annual basis, angel- and seed-stage deal activity remained relatively resilient in 2022, with \$21.0 billion invested across an estimated 7,261 deals.** However, the four consecutive quarters of declining deal counts could foreshadow a continued slide in 2023. Seed-stage deal sizes and pre-money valuations demonstrated notable growth over the 2021 figures due in part to a large number of actively investing micro-funds as well as the participation of nontraditional and crossover investors. Should the economic downturn continue, we expect this stage to start to feel pressure due to declining deal activity and investor demand in the early and late stages.
- Nontraditional investors are slowing their capital deployment to VC amid less attractive risk/return profiles.** Relative to 2021, the upside potential for the VC asset class declined significantly in 2022, which turned many investors away from the space. As such, just \$24.1 billion in deal value involved nontraditional investors in Q4—the lowest quarterly value in three years. Not only are we seeing lower deal value, but we are also seeing fewer nontraditional participants within the venture ecosystem.
- Exit activity continued its steep descent in 2022, with just \$71.4 billion in total exit value generated—the first time this figure has dipped below \$100 billion since 2016.** Public exits of VC-backed companies have slowed to almost nonexistent levels, with just 14 public listings occurring in Q4, demonstrating how drastically institutional-investor appetite has been affected by rising interest rates and volatile macroeconomic factors. Acquisition activity has also declined significantly; Q4 posted roughly \$763 million in total acquisition deal value, the first time we have seen this quarterly total fall below \$1 billion in more than a decade.
- 2022 saw \$162.6 billion closed across 769 funds, setting an annual record for capital raised and the second consecutive year exceeding \$150 billion.** The year saw an increasing amount of capital concentrate in larger-sized funds led by experienced managers within the Bay Area and New York VC ecosystems. Despite this capital concentration, capital raised by emerging managers led to the second-largest annual figure on record, and several middle-market ecosystems sustained or increased their fundraising activity compared with the prior year.

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Deal activity continues decline, though drop-off lessens QoQ

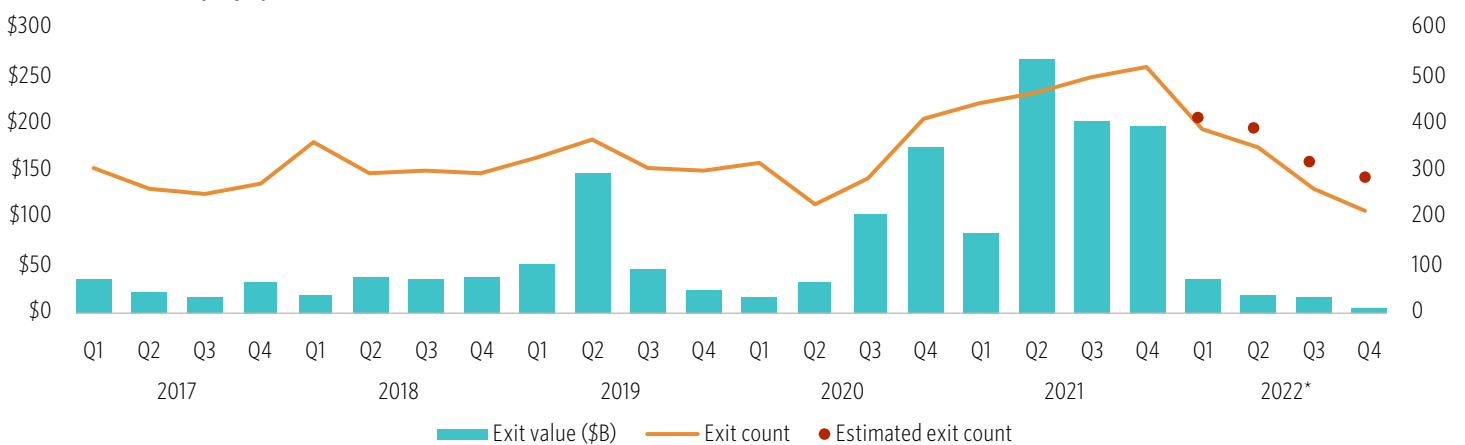
US VC deal activity by quarter



PitchBook-NVCA Venture Monitor
*As of December 31, 2022

Less than \$10 billion in exit value generated in Q4 for first time since Q1 2013

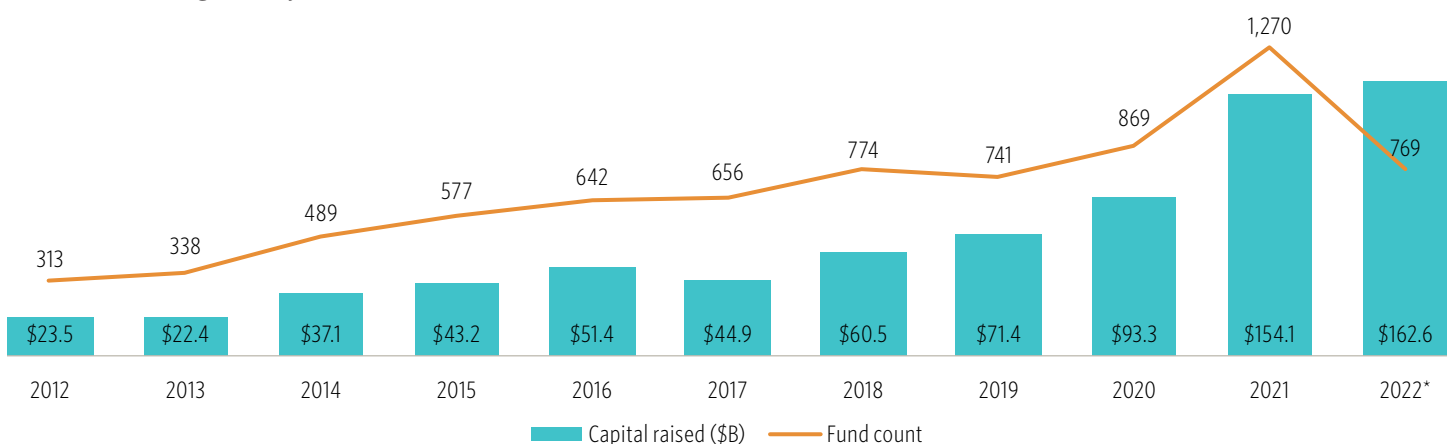
US VC exit activity by quarter



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VC fundraising sets new annual high despite slowing pace throughout year

US VC fundraising activity



PitchBook-NVCA Venture Monitor
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