

 CBINSIGHTS

Tech Valuations Report

Q3 2022



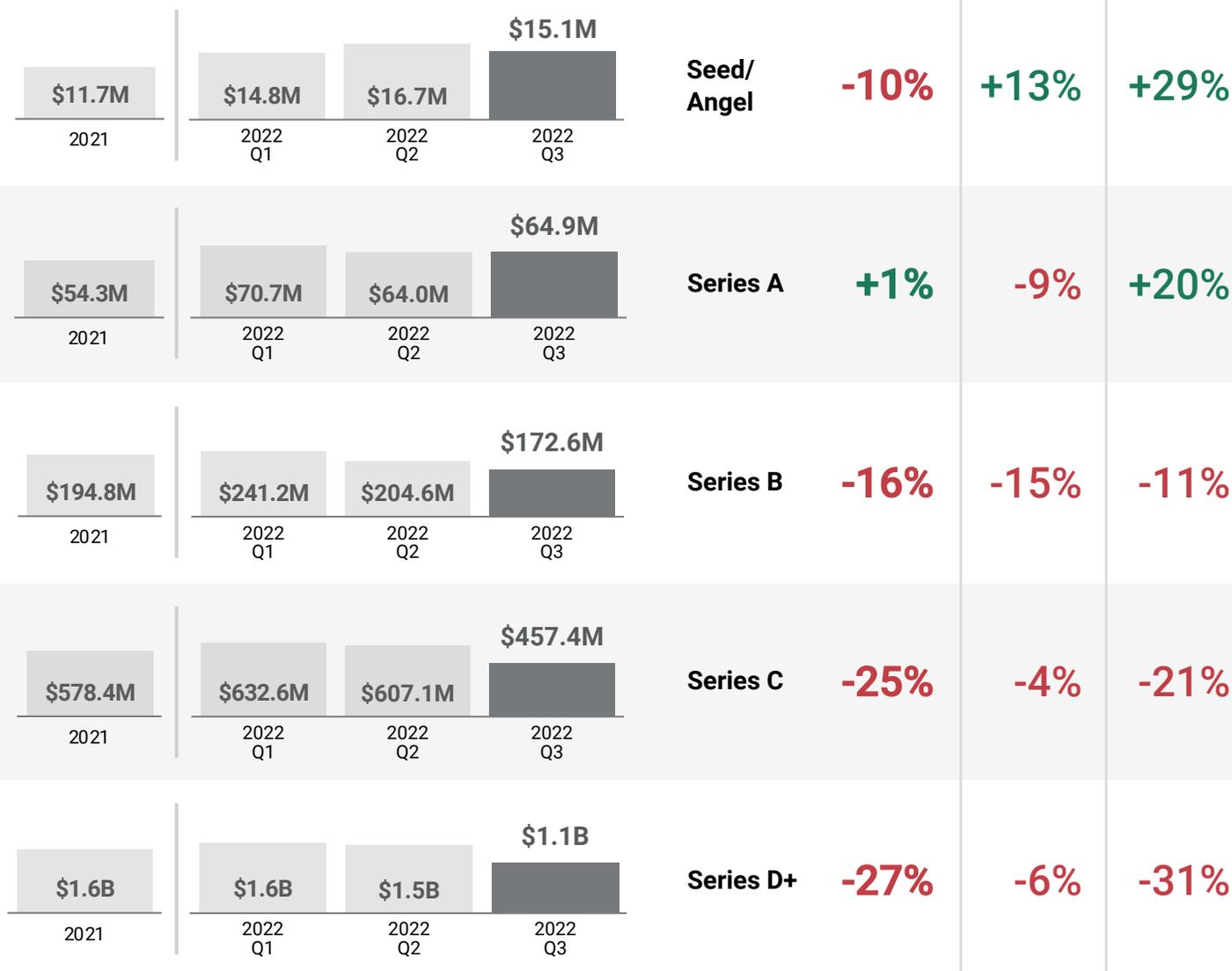
Declines in tech valuations deepen amid increasing market volatility.

Median tech company valuations declined across most stages as investors continued to limit their risk exposure in Q3'22. Notably, declines in mid- and late-stage valuations accelerated, with Series D+ valuations falling by 27% quarter-over-quarter (QoQ), bringing them nearly to 2020 valuation levels. Deal volume was equally stark, falling by more than 20% QoQ across most stages, indicating that investors remain cautious.

How the valuations compare

Median valuations

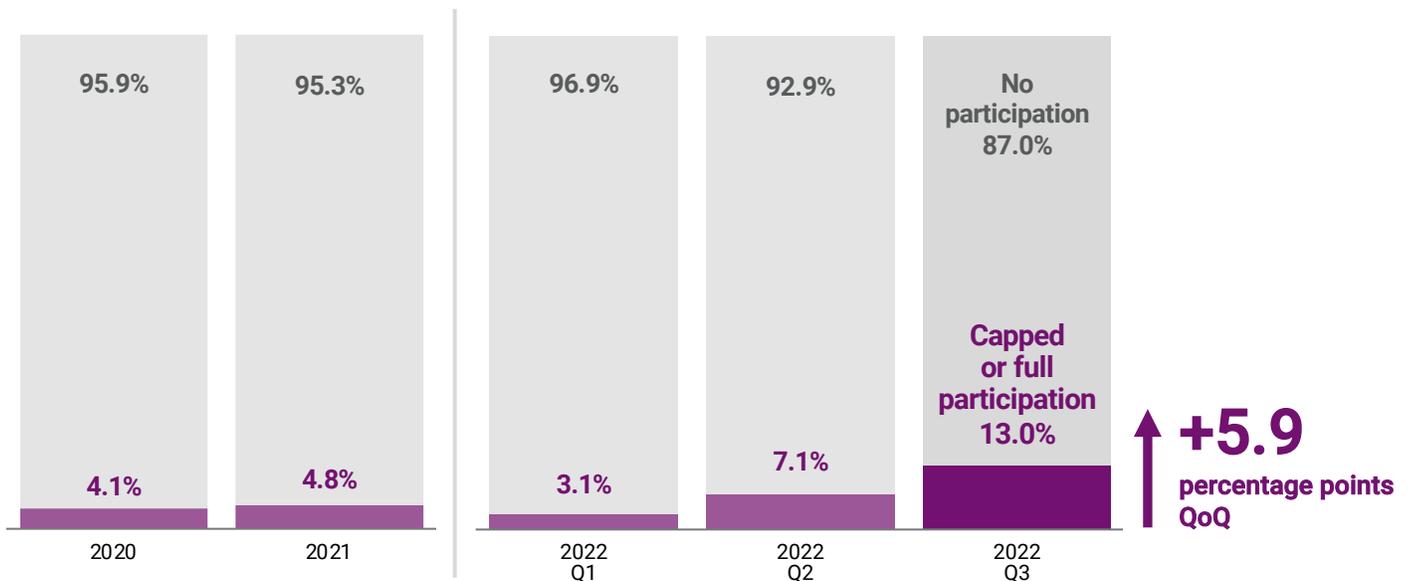
Q3'22 vs. Q2'22 Q2'22 vs. Q1'22 Q3'22 vs. 2021



Despite smaller deal sizes, investors continue to push for downside protection.

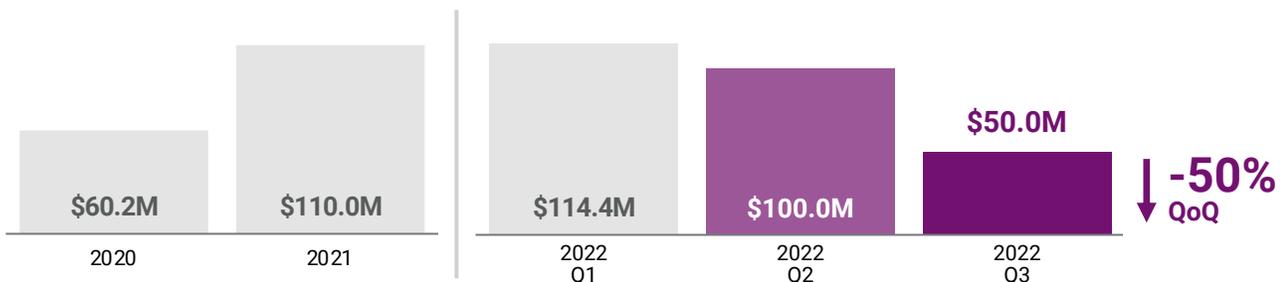
Across stages, median deal sizes declined an average of almost 29% QoQ in Q3'22, but the trend was most significant for late-stage deals, whose median size fell by 50% – sinking below the 2020 median. Despite smaller deals, investors continued to negotiate stronger downside protection, with 13% of late-stage deals in the US including capped or full participation rights in Q3'22 – more than twice the rate seen in full-year 2021.

US late-stage liquidation participation rights



Full participation rights refers to an investor's right to not only receive its investment back in a liquidation event, but also receive a share of the remaining proceeds in proportion to its ownership stake in the company. **Capped participation** is similar, except with a cap on the total amount an investor can receive back on its investment.

Late-stage median deal size



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About this report

This report will help you understand private market technology company valuations based on CB Insights valuation data. We define “technology companies” as businesses that primarily generate revenue from proprietary and/or differentiated software, hardware, or platforms. This report will help you see:

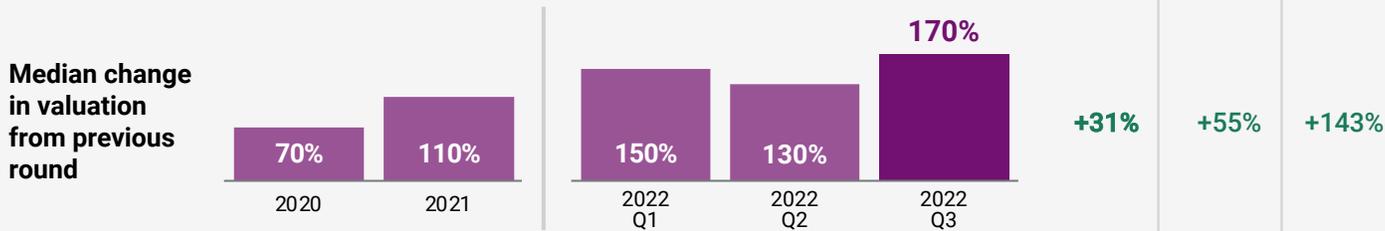
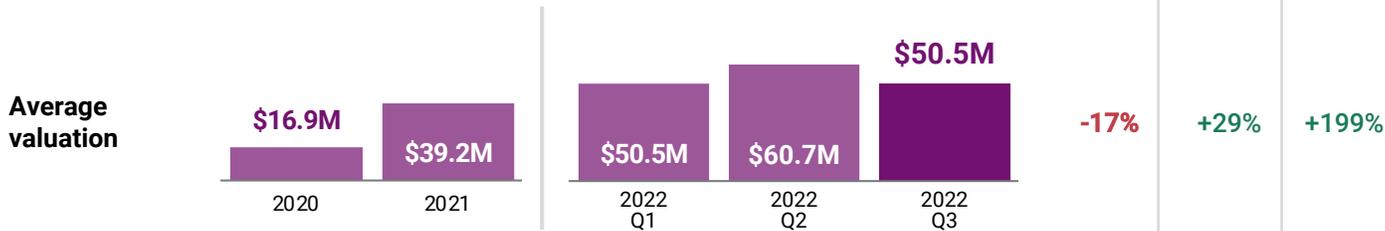
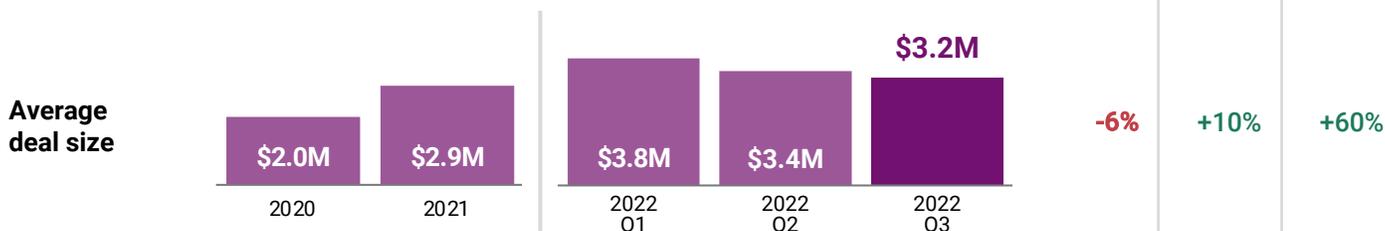
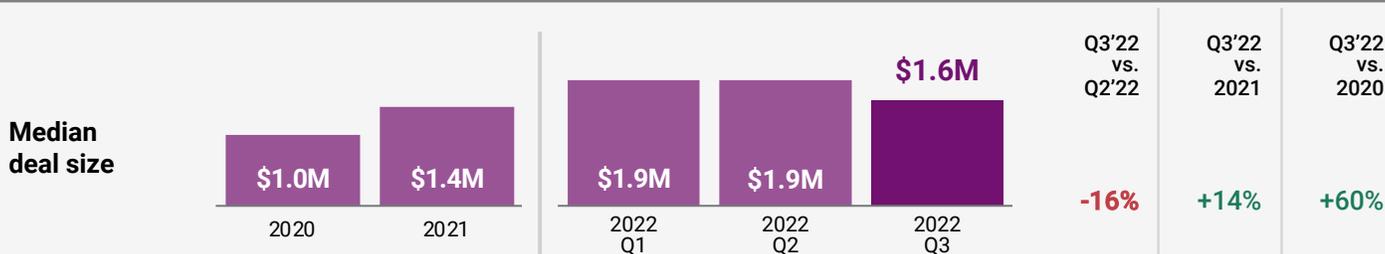
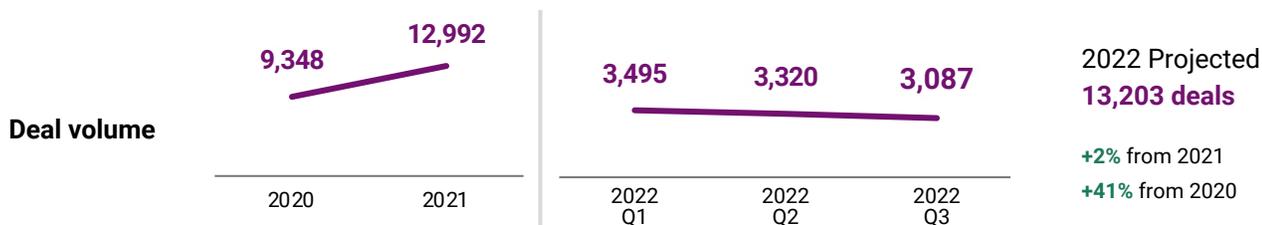
- Technology valuation trends over time by stage and where there is relative strength and weakness
- Where technology valuations today stand relative to historical technology valuation benchmarks
- Protective provisions on US deals and whether they’re increasing or decreasing over time

Seed/Angel

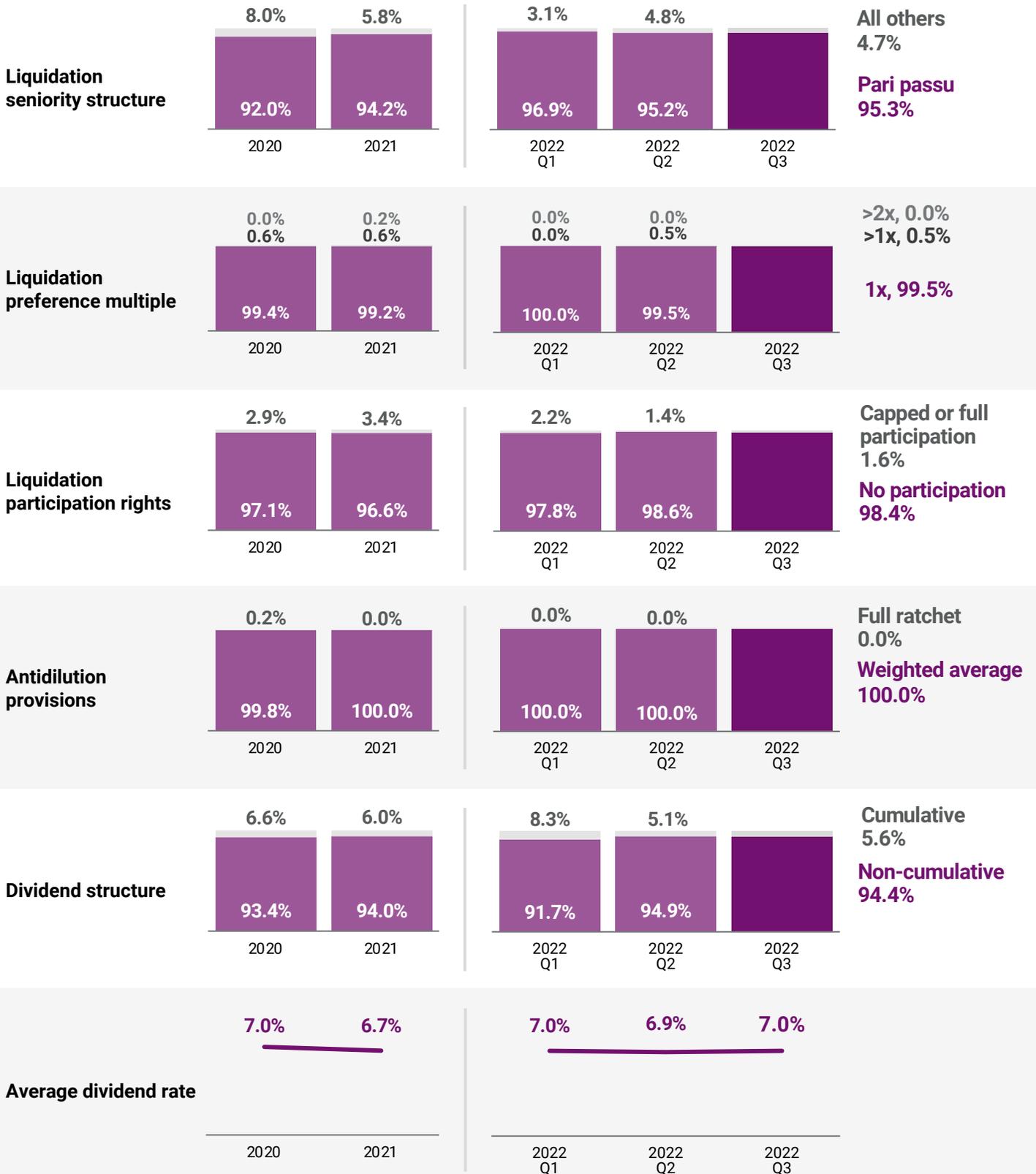
Global median valuations

Round Size	2021	H1'22	Q3'22	Q3'22 vs. H1'22	Q3'22 vs. 2021
<\$2.5M	\$6.5M	\$7.3M	\$8.9M	+22%	+37%
\$2.5-\$5M	\$13.4M	\$15.8M	\$16.7M	+6%	+25%
\$5-7.5M	\$19.9M	\$24.0M	\$21.9M	-9%	+10%
\$7.5M+	\$50.0M	\$50.7M	\$49.8M	-2%	0%

Seed/angel funding and valuations



Seed/angel deal trends

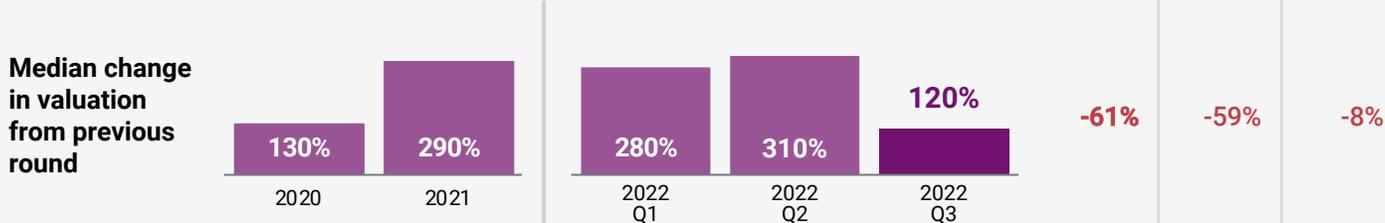
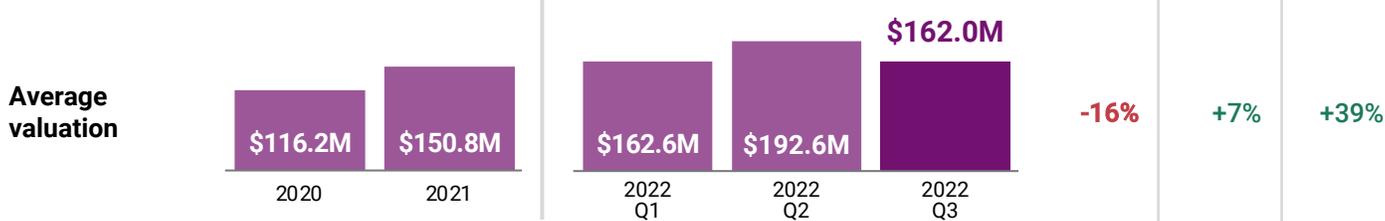


Series A

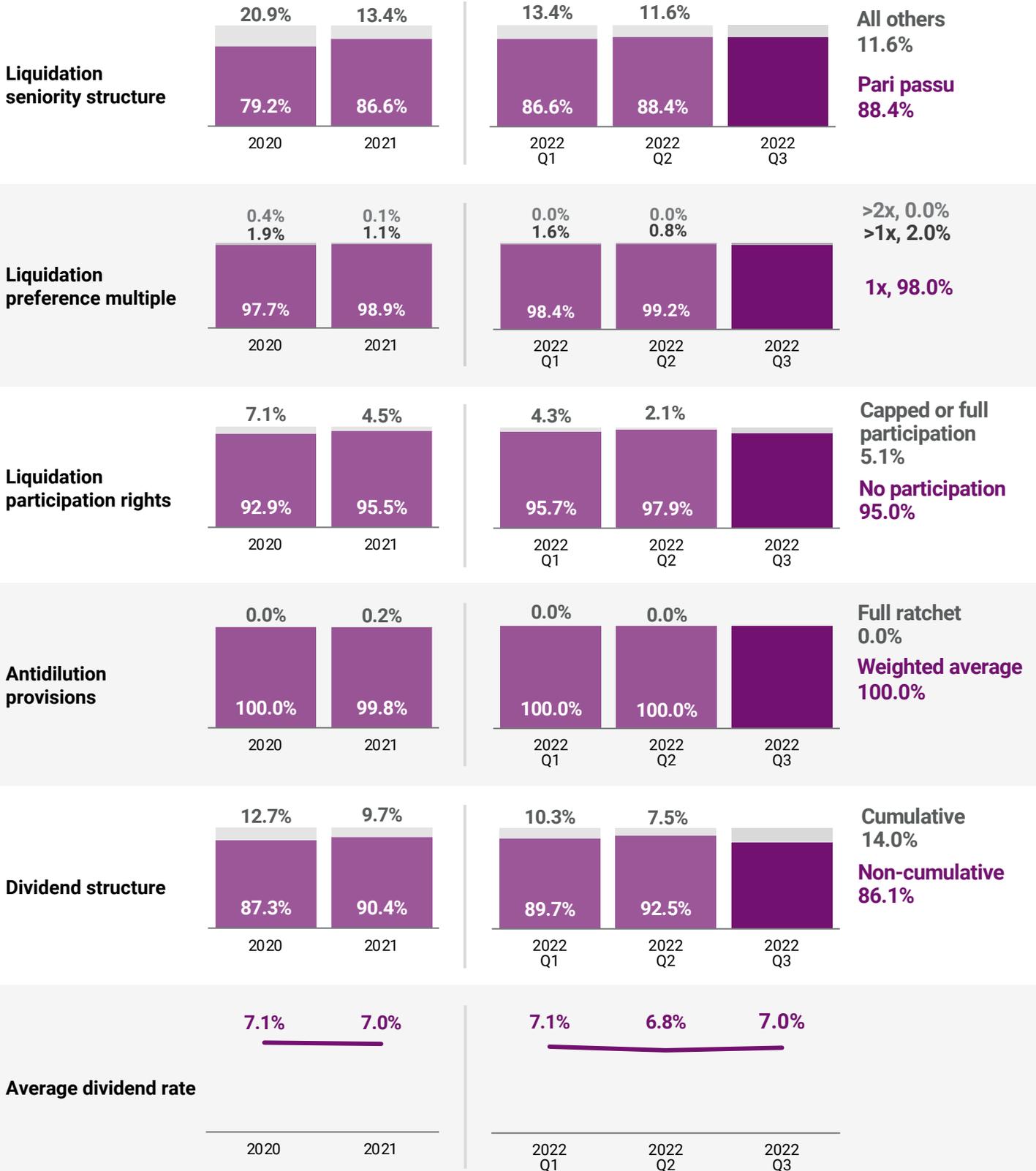
Global median valuations

Round Size	2021	H1'22	Q3'22	Q3'22 vs. H1'22	Q3'22 vs. 2021
<\$10M	\$28.7M	\$33.1M	\$34.3M	+4%	+20%
\$10-\$15M	\$45.3M	\$48.2M	\$43.5M	-10%	-4%
\$15-25M	\$74.2M	\$81.3M	\$90.0M	+11%	+21%
\$25M+	\$165.2M	\$192.2M	\$240.0M	+25%	+45%

Series A funding and valuations



Series A deal trends





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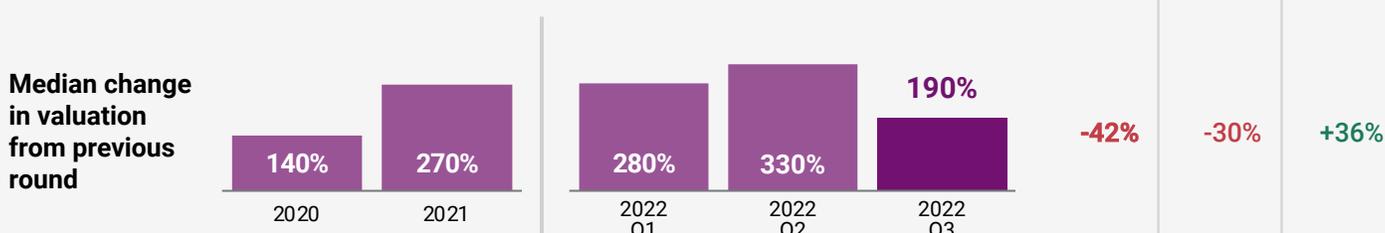
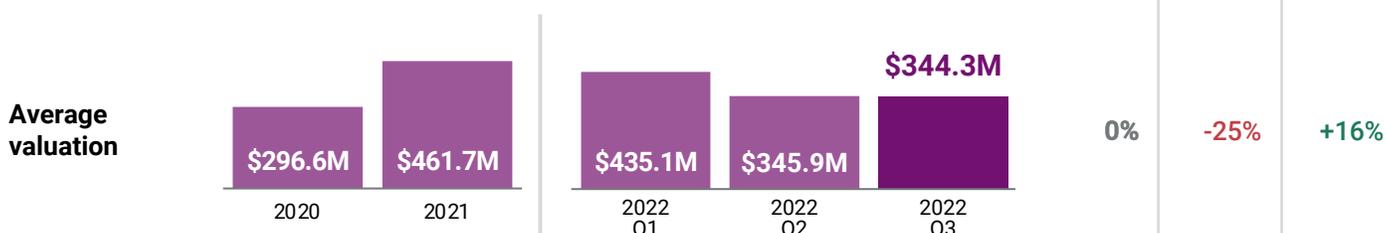
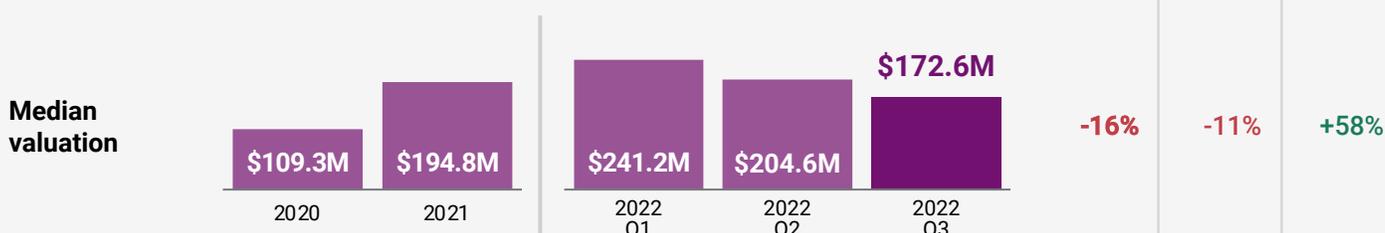
CB Insights helps the world's leading companies make the right acquisition, partnership, investment, and vendor decisions. Every time.

Series B

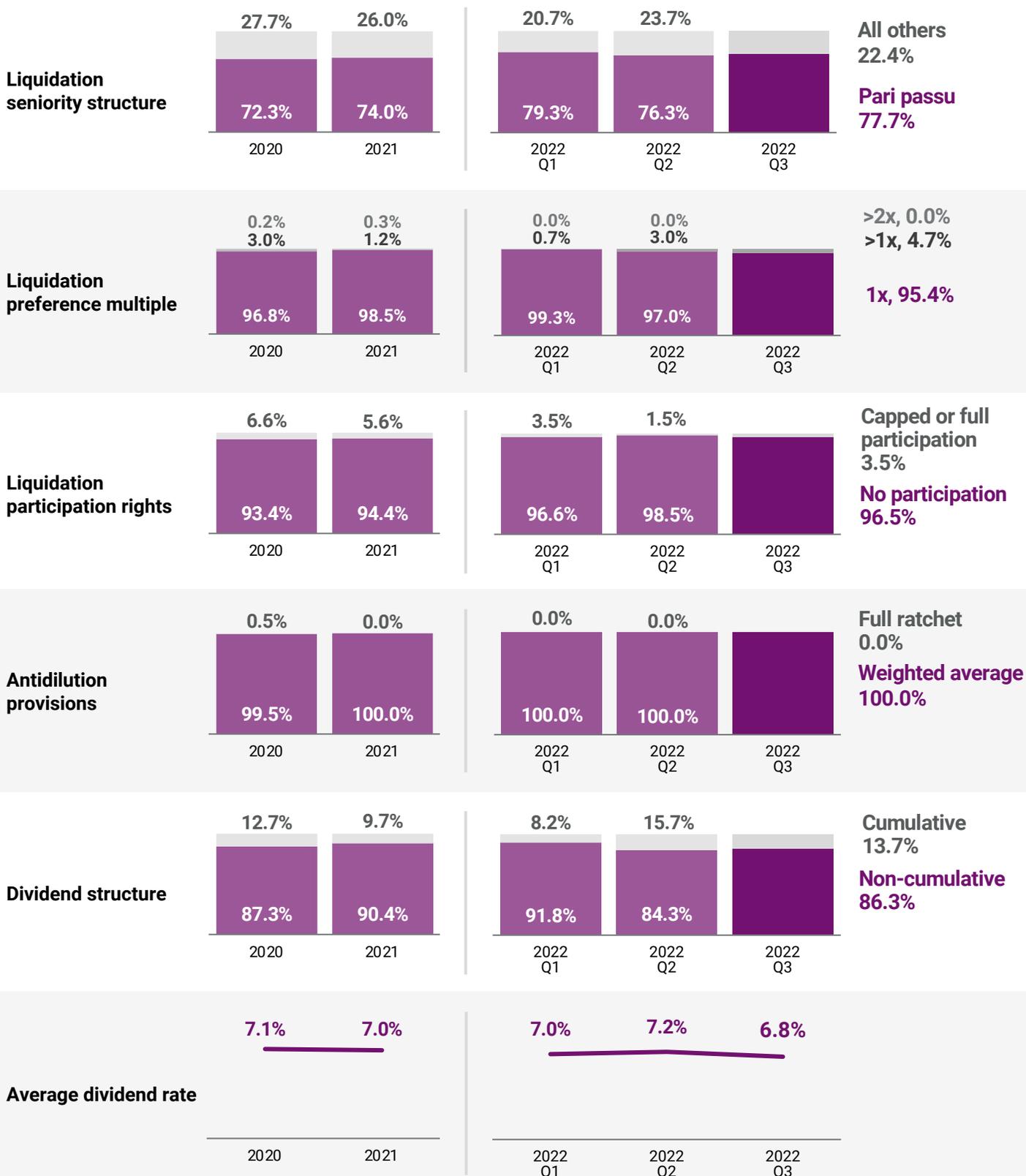
Global median valuations

Round Size	2021	H1'22	Q3'22	Q3'22 vs. H1'22	Q3'22 vs. 2021
<\$25M	\$75.9M	\$81.0M	\$114.0M	+41%	+50%
\$25-\$50M	\$182.8M	\$178.8M	\$144.9M	-19%	-21%
\$50M+	\$585.0M	\$500.0M	\$519.4M	+4%	-11%

Series B funding and valuations



Series B deal trends

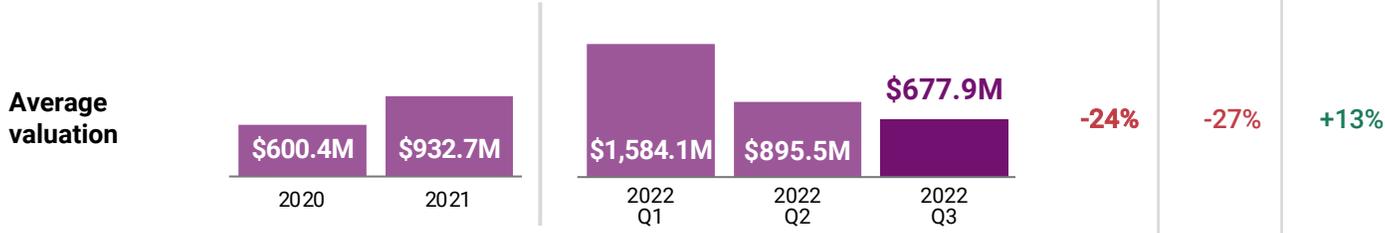


Series C

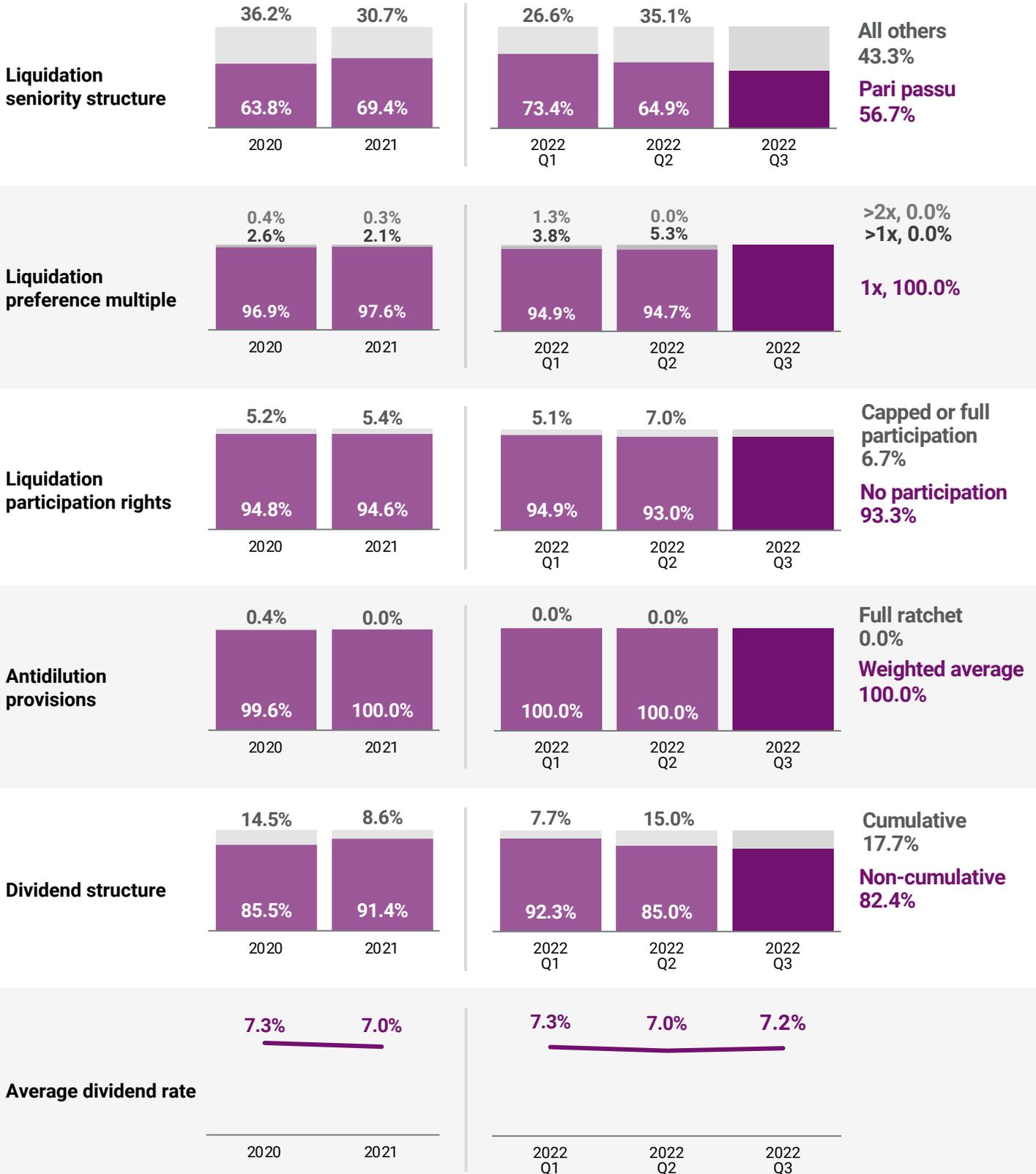
Global median valuations

Round Size	2021	H1'22	Q3'22	Q3'22 vs. H1'22	Q3'22 vs. 2021
<\$55M	\$222.9M	\$213.0M	\$270.2M	+27%	+21%
\$55M+	\$1,000.0M	\$1,000.0M	\$828.0M	-17%	-17%

Series C funding and valuations



Series C deal trends

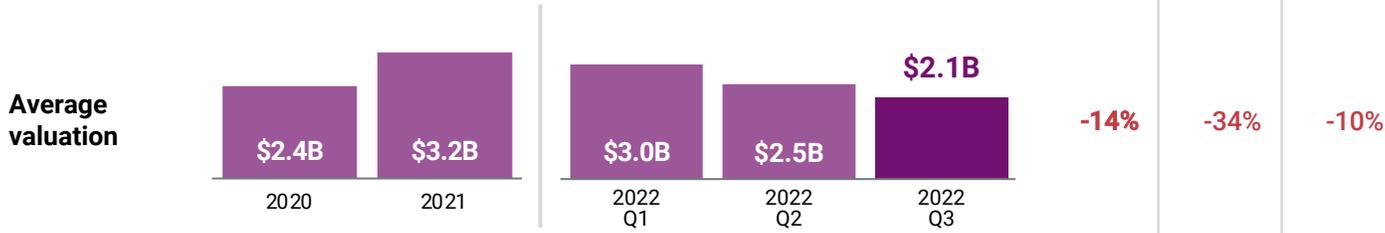


Series D+

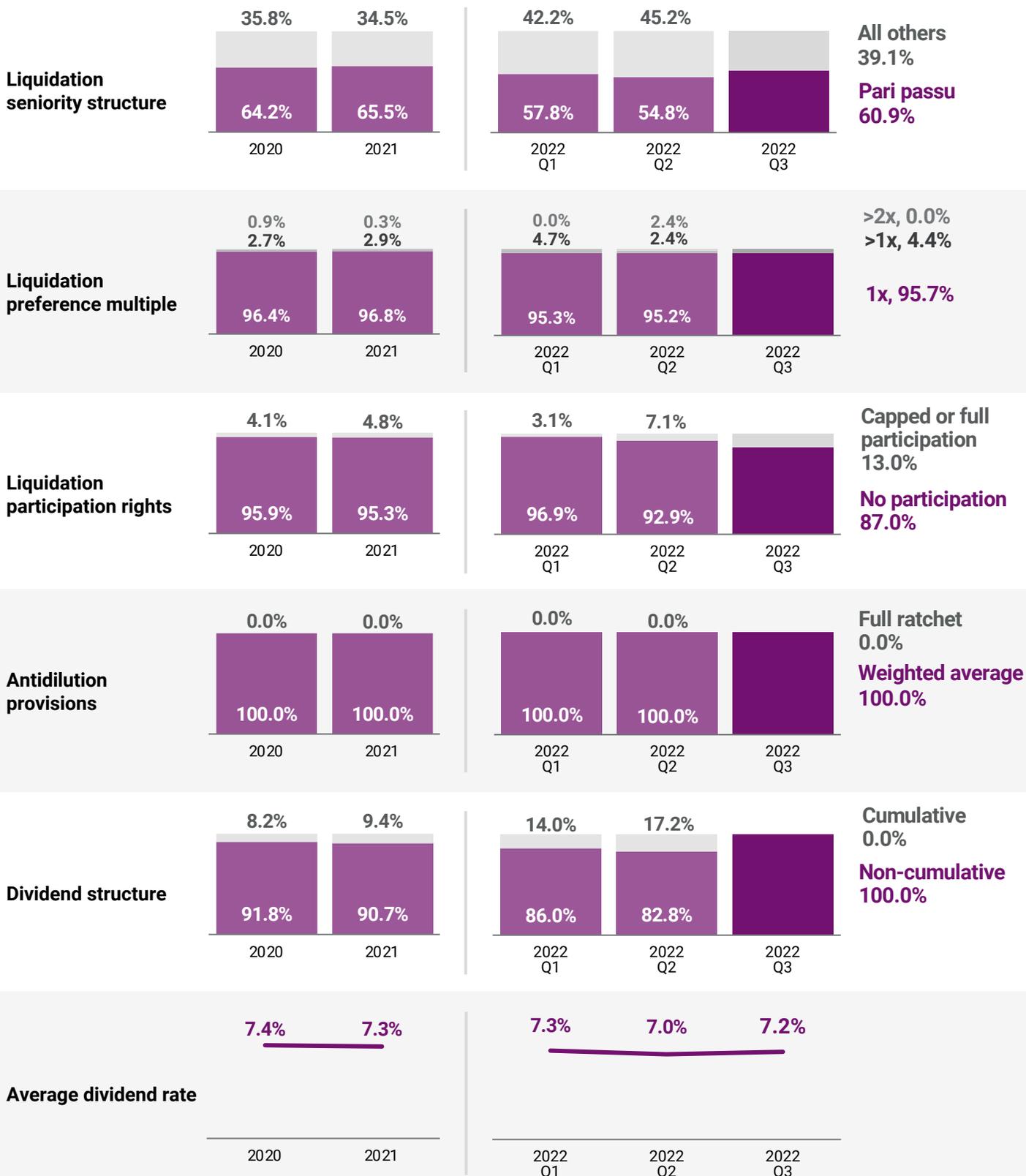
Global median valuations

Round Size	2021	H1'22	Q3'22	Q3'22 vs. H1'22	Q3'22 vs. 2021
<\$100M	\$666.1M	\$640.0M	\$474.7M	-26%	-29%
\$100M+	\$2,100.0M	\$2,000.0M	\$1,732.6M	-13%	-17%

Series D+ funding and valuations



Series D+ deal trends



Q3'22 Tech Valuations Report

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 technology companies only.

Technology companies are generally defined as businesses that primarily generate revenue from proprietary and/or differentiated software, hardware, or technology-driven platforms.

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. Data and information 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.

Valuation data includes estimates to calibrate median and average valuations based on current and previous quarter disclosed valuations gathered from the aforementioned four sources. Valuation data reflects post-money valuations.

Deal terms are extracted from state regulatory filings in the US (equity financing only).

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.

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 funding rounds raised by public companies of any kind on any exchange (including Pink Sheets), even if they received investment from a venture firm.