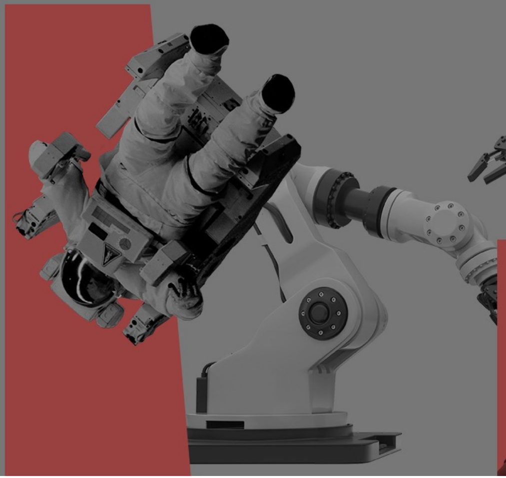

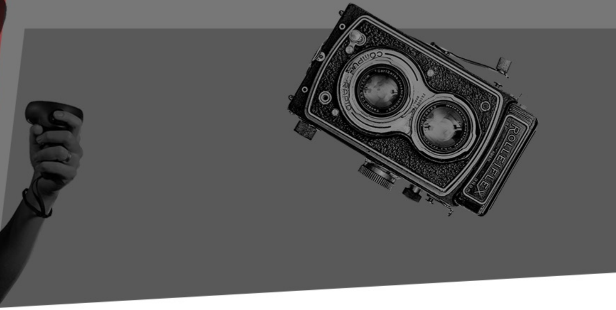

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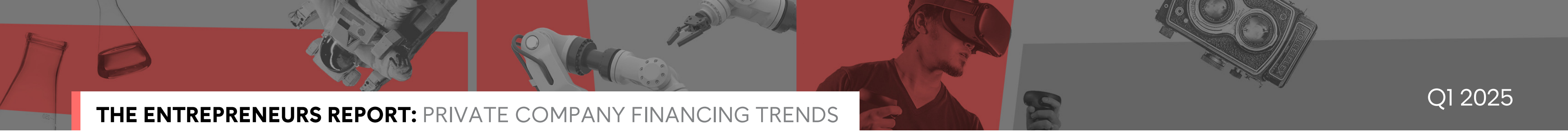
# THE ENTREPRENEURS REPORT

## PRIVATE COMPANY FINANCING TRENDS

From the Wilson Sonsini Database:

# FINANCING TRENDS Q1 2025





# Key Features and Developments in This Report

## Bob O'Connor Discusses Clean Energy and Climate Tech

In an expansive interview, Wilson Sonsini partner Bob O'Connor discusses current challenges and opportunities facing start-ups in the climate technology and clean energy sectors, highlighting the potential effects of regulatory changes on the current start-up landscape.

See p. 3

## Valuations Remain Volatile at Later Stages

In Q1 2025, early-stage Seed and Series A valuations were consistent with previous quarters. Meanwhile, reflecting uncertainty in the public markets, Series B valuations rose after a disappointing previous quarter, and Series C and later valuations dropped significantly.

See p. 5

## Fundraise Amounts Bounce Around

Seed and Series A fundraise amounts started the year by declining slightly from the previous quarter but remain strong by historical standards. Series B fundraise amounts experienced a significant surge to start 2025, while Series C and later raise amounts dropped.

See p. 6

## Pre-Seed Convertible Notes All but Disappear

The vast majority of pre-Seed investments now utilize SAFEs over convertible notes. However post-Seed convertible notes continue to be a popular tool for companies raising bridge rounds. Both SAFE and post-Seed note amounts in Q1 were consistent with recent quarters.

See p. 9

# Market Perspective with Wilson Sonsini's **Bob O'Connor**

Bob O'Connor is a corporate partner with Wilson Sonsini Goodrich & Rosati's San Francisco office. Bob's global practice focuses on the representation of high-growth enterprises, with an emphasis on those innovating in the energy, infrastructure, mobility, consumer products, and sustainability sectors, as well as the representation of venture capital and private equity firms, corporate venture groups, family offices, and impact investors that finance them.

**You co-chair the firm's Climate and Clean Technologies practice. How would you describe the venture capital landscape in the climate tech sector in 2025 compared to previous years? What key trends are you observing?**

In April, the Federal Reserve used the word "uncertainty" in its report twice as many times as it did during the pandemic or the global financial crisis. Suffice it to say, this uncertainty has permeated the venture capital markets in 2025, and particularly so in the climate tech sector. Last year, I would characterize the climate tech sector as being "Dickensian," in that our clients experienced both "the best of times and the worst of times." On the one hand, we saw a steady stream of down-rounds and recapitalizations, while at the same time we saw significant mark-ups for some, particularly for those companies offering solutions to how the energy sector can meet the insatiable energy demand driven by Artificial Intelligence's (AI) voracious appetite for electrons and the growing electrification of everything. This year, however, uncertainty regarding supply chains in response to the current administration's approach to tariffs, and the much-anticipated battle over the future of the Inflation Reduction Act's (IRA) tax credits in the budget reconciliation bill, have given venture investors pause. Fundamentally, however, I believe this will be a short-term phenomenon, and once we begin to see greater certainty in these key areas, we should expect to see climate tech venture investment levels recover later this year.

**What role do you think policy or regulatory changes will play in shaping the climate tech sector in the near-term? How should investors and entrepreneurs prepare for these changes?**

In the near term, policy changes are playing, and will continue to play, a significant role in the climate tech sector, of course. For months, we have been crystal ball-gazing at what to expect out of the budget reconciliation bill negotiations in terms of the impact on the IRA, and we are now beginning to see the shape of those negotiations, though it remains very early, and it is difficult to predict where that will ultimately land. First, I believe the most important thing that investors and entrepreneurs can do is to use their voice and advocate for their companies with their Congressional representatives, now. So many of the policies that I understand are at risk of being cut back or eliminated altogether support companies that create jobs and onshore manufacturing, and those stories need to be told, and those benefits need to be amplified. Second, investors and companies should plan to address their capital needs with the expectation that elements of their capital stack that were enabled by government grants, or loan programs, or transferable tax credits, and the like, may sunset earlier than expected in future years, and to proactively explore how to mitigate that risk through creative corporate or asset-level financing structures and capital-efficient business models.

# Market Perspective with Wilson Sonsini's Bob O'Connor (cont.)

**What specific sectors or industries do you believe are more resilient or promising for VC investment in 2025? Why do these sectors stand out to you?**

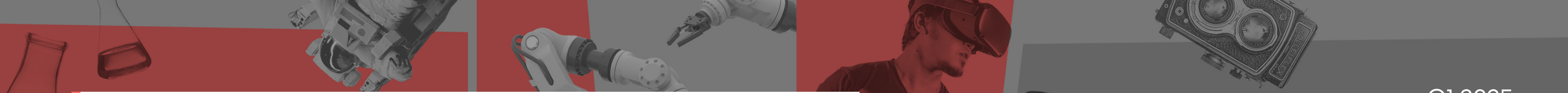
Speaking of resilience, one such sector is in the area of adaptation and resilience. In fact, earlier this spring, I had the opportunity to speak on the subject of resilience at NREL's Industry Growth Forum, and what is clear is that many of the best minds in our national labs system recognize the growing need for, and opportunity represented by, enabling resilient energy and infrastructure, from wildfire mitigation, grid-hardening, to climate data for insurance decisioning. Moreover, we see significant opportunity to address AI's unprecedented energy and water demands, including technologies that enable the delivery of clean, firm power, not just in the long term, such as in the case of nuclear fission or fusion or geothermal, but in the near term, whether through batteries, such as long-duration or second-life batteries, or virtual power plants. Finally, we expect policy and economic tailwinds for critical minerals and sustainable materials, and companies that can produce them efficiently, or on an AI-enabled basis. In short, despite the difficult funding environment, I remain incredibly excited and optimistic across a number of technologies with massive Total Addressable Markets (TAMs).

**How do you see valuation trends evolving in the current climate? What advice would you give to entrepreneurs regarding their valuation expectations?**

On the one hand, we continue to see competitive deals that are oversubscribed and command premium valuations, particularly at the earlier stage. However, for our later stage clients, we continue to see valuations that represent down-rounds relative to rounds last priced during the 2021 and 2022 time-period where valuations, driven in part by the de-SPAC exuberance, were considerably frothier. So, my advice to entrepreneurs: first, be realistic. Your last round's valuation will need to be rationalized, and the current funding environment is characterized by a general slowdown due to economic uncertainty as well as a pullback in capital availability as investors take a wait-and-see approach. Second, plan ahead. Make harder decisions today to drive to profitability and to reduce cash burn in order to extend runway and attract capital in an environment that will be risk averse with respect to companies that do not credibly show a path to cash flow break even.

**What advice do you have for early-stage startups looking to raise their first round of outside capital this year?**

First, keep the faith. The early-stage venture landscape is to a certain extent insulated from the uncertainty driven from the current economic and policy environment. So, keep the faith that start-ups with strong teams, differentiated technologies, and stories addressing large TAMs, should be able to execute successful fundraises. Second, know your audience. Understand that many early-stage investors may be reserving dry powder to support existing portfolio companies or may be unwilling to bear financing risk alone. This may translate into casting a wider net for your capital raise and recognizing that some early-stage investors may require you to attract credible co-investors as a condition to your early-stage funding. Finally, for those companies that will be developing first-of-a-kind (FOAK) projects, do your homework to understand your financing lifecycle, and the true capital requirements of your business model. For example, a program like Developer University or DevU, where we are partnering with CREO and Spring Lane Capital, is a great example of steps that entrepreneurs can take to come up to speed on how to present their business models and the capital needs of their FOAK projects to a venture audience with clarity and in a manner that is grounded in assumptions that are credible and ultimately financeable.

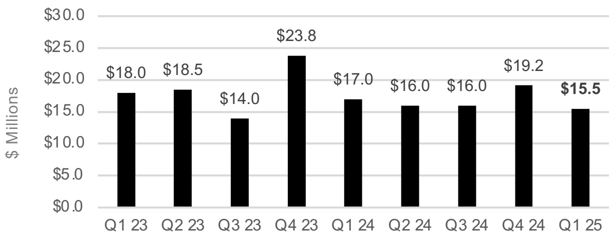




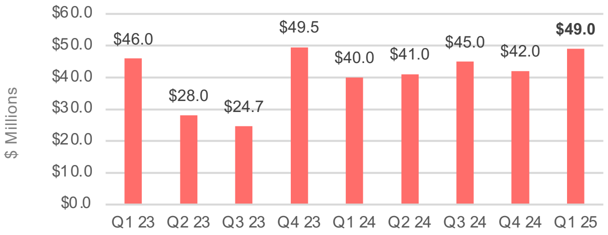
## PRE-MONEY MEDIAN VALUATIONS*

# Early-Stage Valuations Remain Consistent While Later Stage Shows Volatility

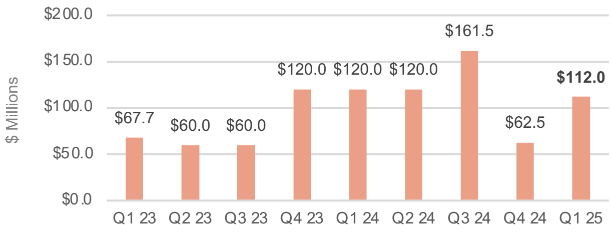
**Seed**



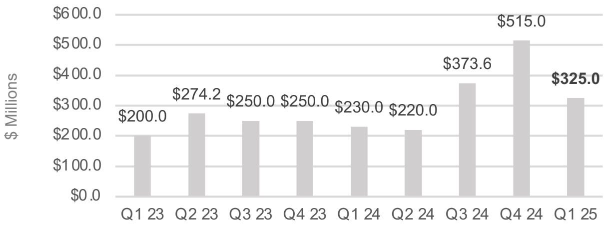

**Series A (excludes Angel)**




**Series B**




**Series C and Later**




In Q1 2025, venture capital valuations showcased a mixed fundraising landscape, reflecting cautious optimism at the early stage amid ongoing economic uncertainty at the later stage.

Seed valuations this quarter decreased by several million dollars compared to Q4 2024 but remain in line with early-stage valuations seen over the past several years. Series A median valuations in Q1 hit $49 million, a notable step up over 2024 and approaching an all-time high.

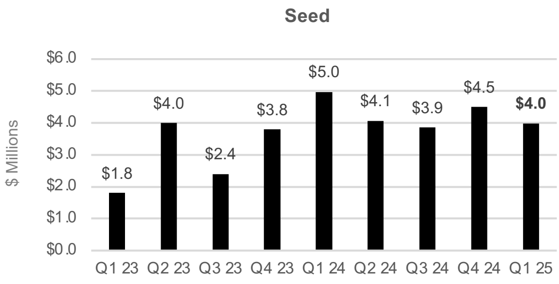
Later stages saw Series B valuations increasing in 2025 after a disappointing Q4 2024, while Series C and later valuations came back to earth after a record-breaking previous quarter. While both Series B and Series C and later valuations started 2025 consistent with what we have seen over the past couple of years, this quarter-over-quarter volatility suggests that investors continue to wrestle with uncertain exit options in the short-term.

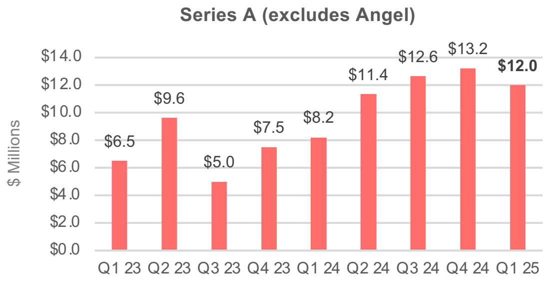


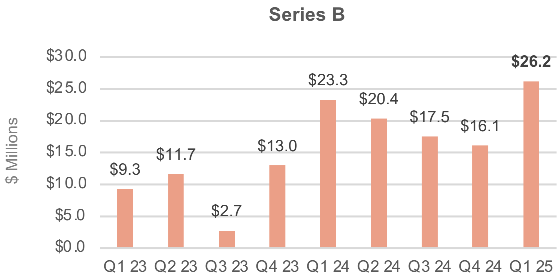
* For a yearly breakdown of pre-money median valuations dating back to 2020, see the Appendix on page 22.

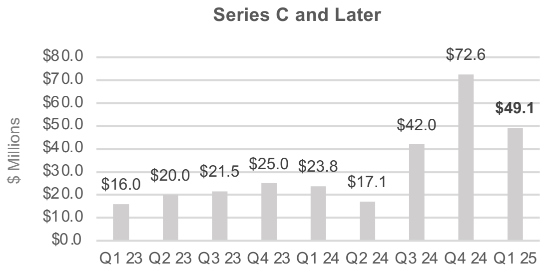
## EQUITY FUNDRAISE MEDIAN AMOUNTS*

# Fundraise Amounts Indicate Investor Optimism




Like valuations, fundraise amounts over the past several quarters have also been somewhat volatile, especially for later stage companies.

Seed fundraising amounts declined slightly from $4.5 million in Q4 2024 to $4.0 million, while Series A amounts fell from $13.2 million to $12.0 million, reflecting stable, if muted, investor interest in early-stage companies.

While valuations may be difficult to nail down, Series B fundraising nonetheless surged from $16.1 million in Q4 2024 to $26.2 million in Q1 of this year. This signals a renewed confidence in more mature start-ups, particularly within the flourishing Artificial Intelligence sector. Many of these AI companies, having established themselves in the past few years, are now advancing toward later and larger fundraising rounds.

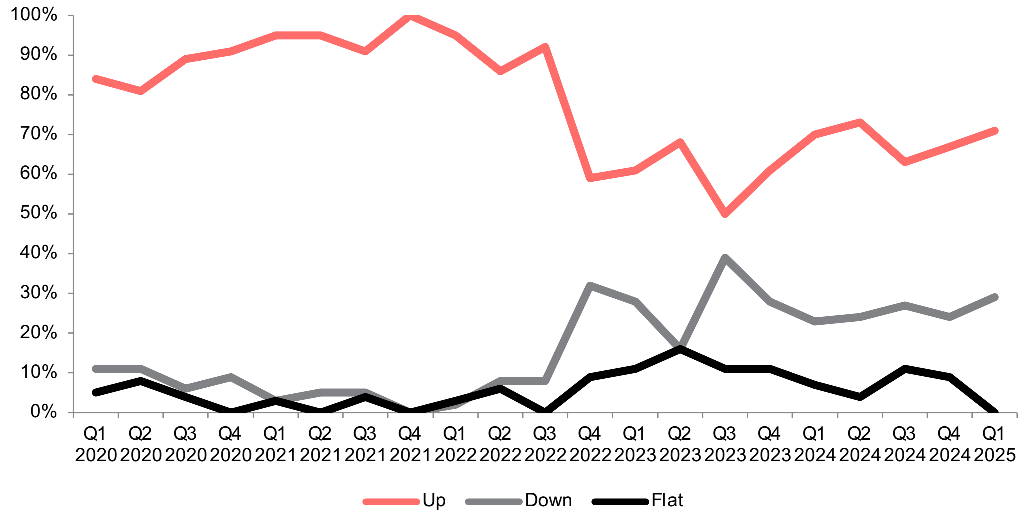
However, Series C and later fundraises dropped significantly from $72.6 million to $49.1 million. Despite this decline, amounts remain high by historical standards. This recent reduction in fundraise amounts at these later stages, like lower valuations, likely stems in part from the uncertain economic environment and the largely closed IPO market.



* For a yearly breakdown of equity fundraise median amounts dating back to 2020, see the Appendix on page 22.

# The Down Round Seems to Be Here to Stay

Up and Down Rounds by Quarter (Series B and Later Companies)




Seventy-one percent of Series B and later companies that raised priced capital in Q1 2025 were able to do so via an up round, an increase of a few percentage points from the previous quarter.

At the same time, the percentage of down rounds also rose from 24% to 29%, suggesting that while some companies are doing well, others are facing challenges in meeting their previous valuations.

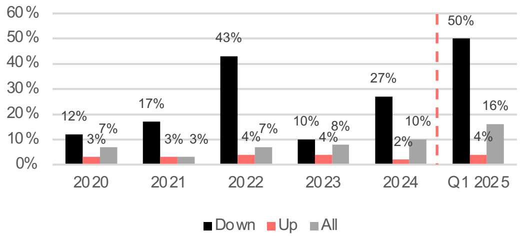
Over the past two years, down rounds have consistently made up around 25% of post-Series A financings. This higher prevalence of down rounds shows no signs of abating. Whether this percentage remains stable in the coming year will depend on the state of the IPO market and the broader economic environment. If 2025 sees successful technology and life science public offerings at encouraging prices, the VC ecosystem may be injected with enough confidence to justify higher valuations and fewer down rounds. Alternatively, fewer IPOs or continuing uncertainties might keep the down round percentage elevated.

The absence of flat rounds this quarter (down from 8% in Q4 2024) is a trend that we will continue to monitor and may suggest that more companies are choosing to raise bridge financing through SAFEs and convertible notes.

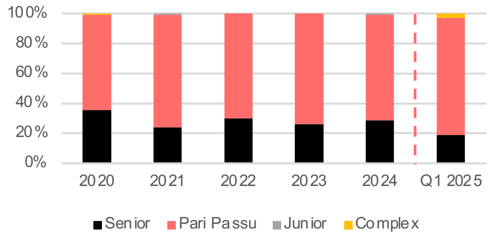
# EQUITY FINANCING DEAL TERMS*

## Investors Are Hedging More Against Downside Risk

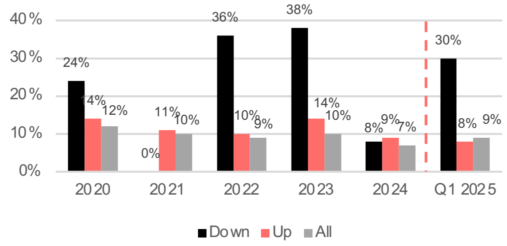
Deals with Pay to Play
(Series B and Later Financings)




Liquidation Preferences
(Series B and Later Financings)




Participating Liquidation
(All Preferred Stock Financings)



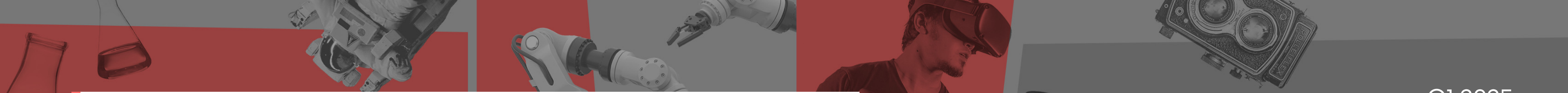

In Q1 2025, equity financing deal terms for Series B and later rounds showed notable changes compared to 2024. The percentage of pay-to-play provisions in down rounds increased sharply to 50%, up from 27% in 2024, indicating that investors are more inclined to use these terms to safeguard their investments in more distressed start-ups.

Participating liquidation preferences also saw a significant increase, appearing in 30% of down rounds, compared to just 8% in 2024. This shift highlights a growing preference for terms that allow investors to recover their investments in challenging liquidation scenarios. The percentage of Series B and later financings featuring senior liquidation preferences decreased to 19%, down from 29% in 2024.

Overall, these trends reflect a more cautious negotiation environment, with investors focusing on protecting their stakes amid ongoing economic uncertainties. The increase in pay-to-play participating liquidation preferences indicates that some investors are adapting to the current landscape, while the decline in senior liquidation preferences shows a willingness to step away from more traditionally investor-favorable terms when needed.



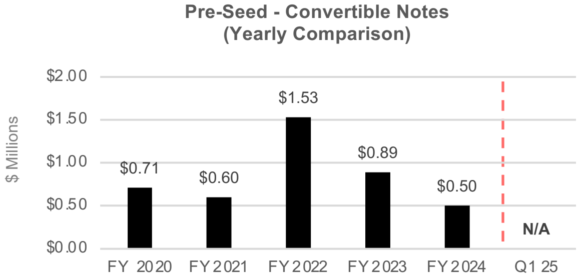
* For a more detailed summary of private company financing deal terms, see the Appendix on page 16.

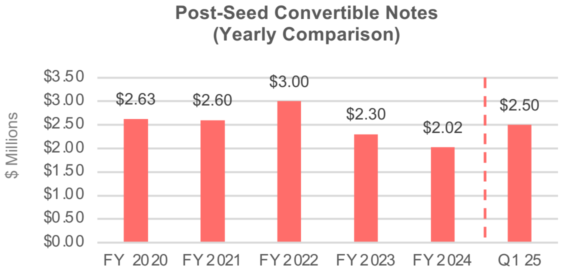


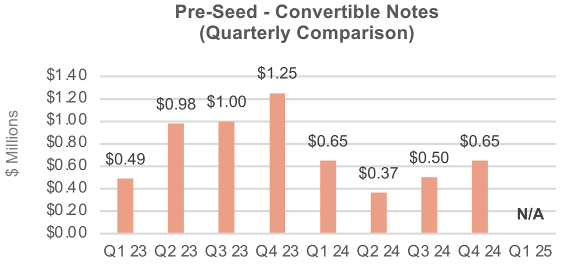


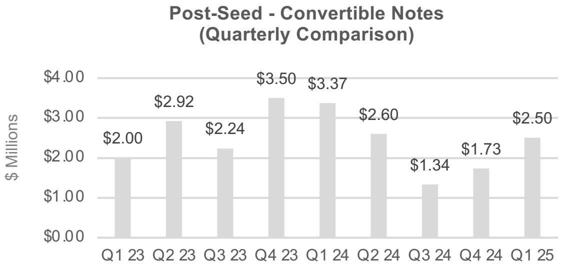
## CONVERTIBLE NOTE MEDIAN RAISE AMOUNTS

# Is the Pre-Seed Convertible Note Dead?



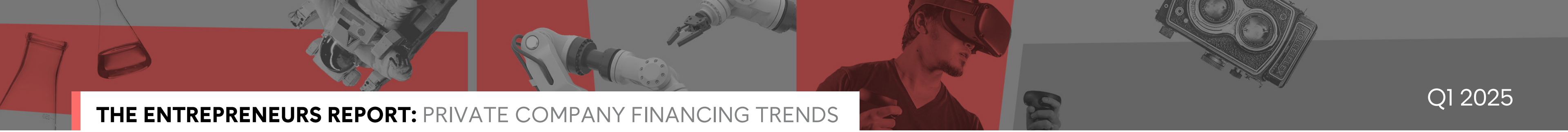




For the first time, we have excluded pre-Seed convertible notes from this quarter's report due to a low number of relevant deals in our dataset. The pre-Seed investment ecosystem remains strong, but investors and start-ups are increasingly favoring SAFEs (which featured in 91% of Q1's pre-Seed deals) over notes. SAFEs typically involve fewer legal complexities and allow for quicker fundraising processes, making them attractive to early-stage start-ups that need to secure capital without extensive negotiations.

In contrast, bridge fundraising through post-Seed convertible notes remains common, with the median amount raised increasing for the second quarter in a row, reaching $2.50 million. This increase over previous quarters reflects investor willingness to participate in bridge rounds as post-Seed companies navigate uncertain market conditions and work towards justifying larger preferred stock financings.

The trends seen in Q1 2025's convertible note fundraising indicate an ongoing reliance on notes among post-Seed companies, while the shift towards SAFEs in early stages reflects changing investment strategies and is likely to continue.

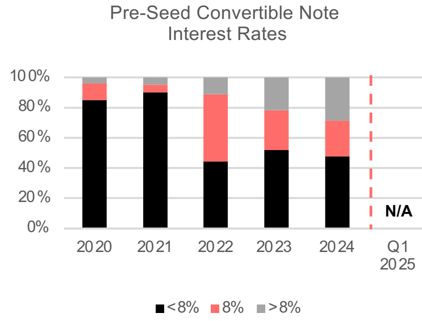


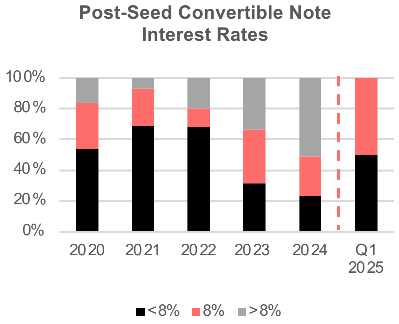


## CONVERTIBLE NOTE DEAL TERMS*

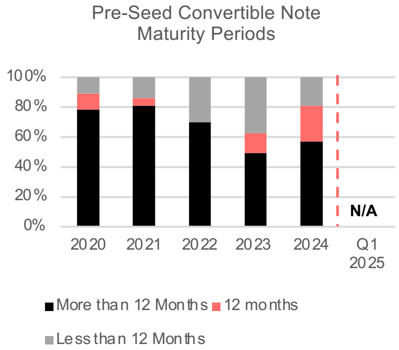
# Bridge Notes See Lower Interest Rates and Shorter Maturity Periods

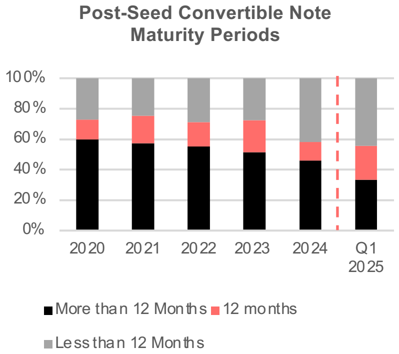
### Interest Rates




### Maturity Periods




In Q1 2025, the terms for post-Seed convertible notes showed distinct trends compared to recent years. The proportion of post-Seed convertible notes with interest rates below 8% rose to 50%, a notable increase from 23% in 2024.

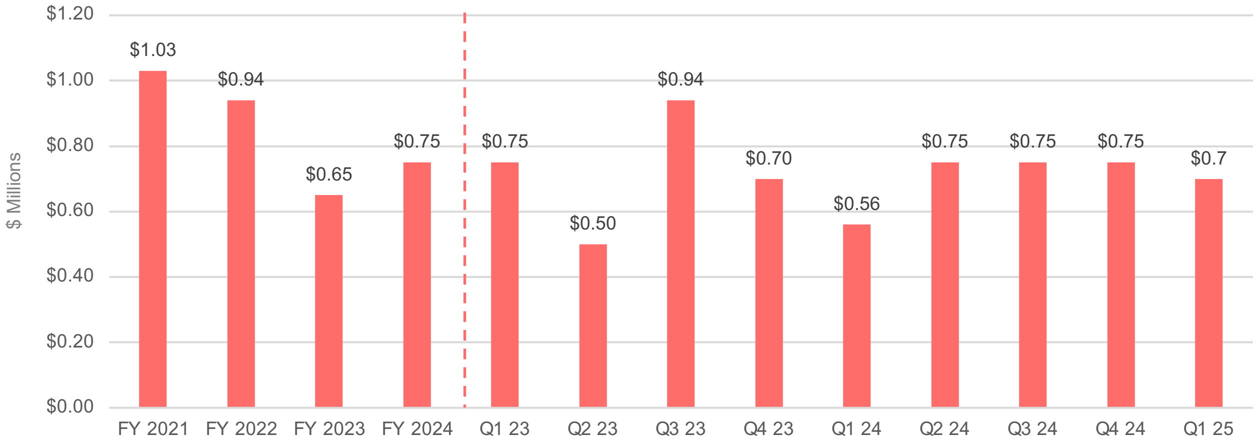
On the other hand, the percentage of post-Seed notes with maturity periods exceeding 12 months decreased to 33%, down from 46% in 2024 and the percentage of post-Seed notes with maturities of less than 12 months increased to 44%.



* For a more detailed summary of convertible note deal terms, see the Appendix on page 24.

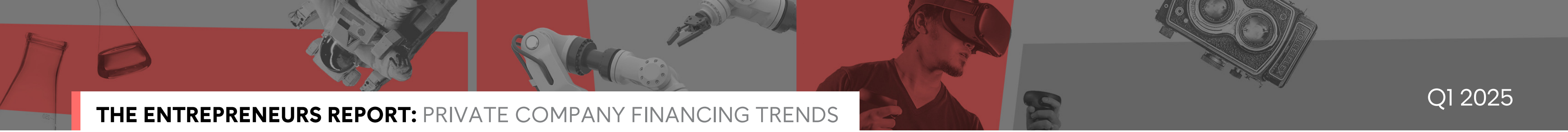
## SAFEs (Simple Agreements for Future Equity)

# SAFE Raise Amounts Remain Consistent with 2024




In Q1 2025, the median amount raised through SAFE financings was $700,000, remaining below $1 million for the 12th consecutive quarter.

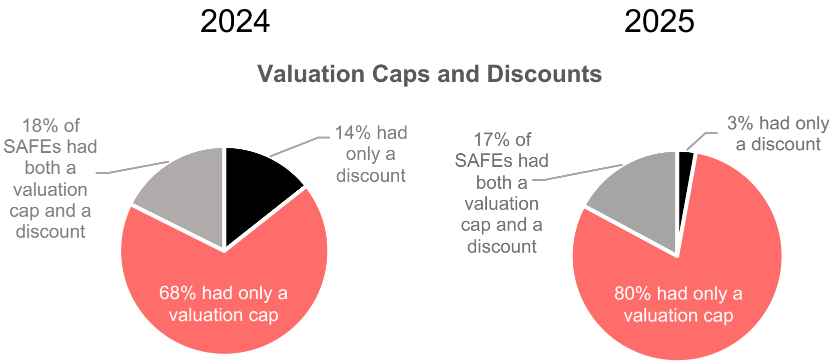
As noted above, investors in a significant majority (approximately 91%) of our pre-Seed non-equity financings purchased SAFEs rather than convertible promissory notes.

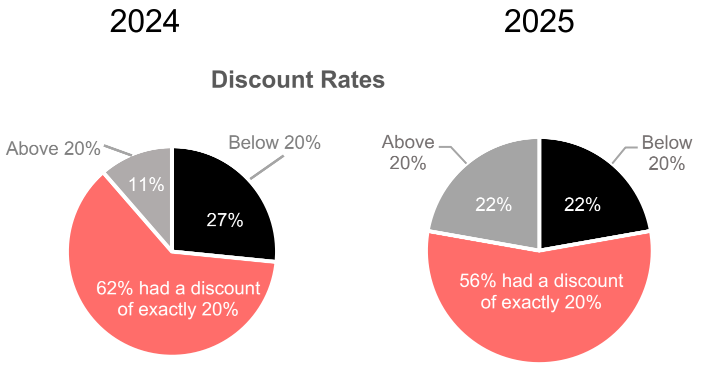




## SAFEs (Simple Agreements for Future Equity)

# SAFE Terms Start to Move




Compared to 2024, the start of 2025 saw a bit of a shift in SAFE terms, and we will be watching future quarters to learn if these trends are short-lived or represent a more permanent change in SAFE structures. Ninety-seven percent of Q1 2025's SAFEs included a valuation cap, up significantly from 2024 when valuation caps were featured in 86% of deals. This suggests that investors are increasingly favoring valuation caps as the most acceptable mechanism for providing down-side protection when making early-stage investments. Several years ago, start-up accelerator Y-Combinator removed its form of SAFE that provided for both a valuation cap and discount, which is another possible contributor to the recent increase in valuation cap-only SAFEs.

The median valuation cap this quarter was $17 million, a slight increase from 2024's $16 million, underscoring the continuing willingness of investors to support start-ups with reasonable potential valuations as they prepare for future equity rounds.

While the median discount rate remained at the standard 20% in Q1 2025, nearly half of SAFEs featuring a discount included a discount rate that was above or below that median, suggesting that investors are becoming more amendable to customizing discount rates under certain scenarios.

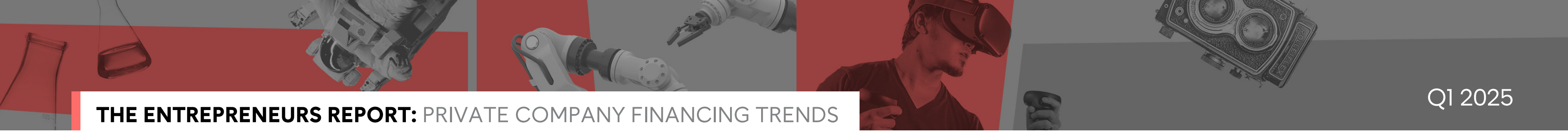
# Delaware Enacts Landmark Corporate Law Amendments

On March 25, 2025, the Delaware legislature and Governor enacted landmark amendments to the Delaware General Corporation Law that will have significant impacts for Delaware corporations and transaction planning. The amendments respond to recent concerns over Delaware law that had arisen in the market and should, in our view, restore the stability, predictability, and balance that long characterized Delaware law.

The amendments enact various changes that may affect venture-backed start-ups, including:

- They provide definition around what it means to be a controlling stockholder in response to case law that had made that question indeterminate. Now, essentially, a controlling stockholder must either 1) possess a majority stake or elect a majority of the board of directors or 2) possess one-third of the stockholder voting power and the power to exercise managerial authority.
- They provide clear mechanisms for cleansing conflicts of interest involving controlling stockholders, directors, and officers so that companies can plan transactions with predictability and avoid protracted litigation while still acting responsibly for their investors.
- They provide that controlling stockholder conflicts of interest can be cleansed either through an independent board committee or through a disinterested stockholder vote, unless the transaction at issue constitutes a going-private transaction, in which case both protections are required to retain the protection of the deferential business judgment rule.
- They revise Delaware's statute that allows stockholders with a proper purpose to inspect books and records of the corporation. The amendments limit that right to core books and records of the corporation, such as the charter, bylaws, annual financial statements, and board minutes and accompanying board records, unless a stockholder shows a compelling need for other records, or a corporation fails to maintain certain categories of information and other records are necessary and essential to the stockholder's purpose.

For more information on these amendments, please see or our recent client alert or contact any member of Wilson Sonsini's Corporate Governance or Corporate Governance Litigation practices.





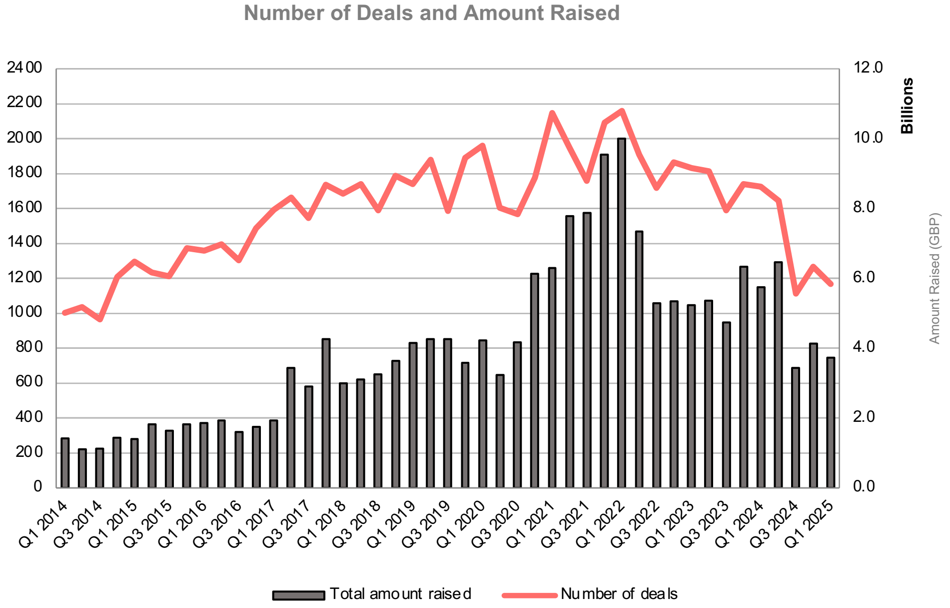
# A Selection of Recent Wilson Sonsini Deals

Wilson Sonsini attorneys across practice group and offices advised hundreds of companies and investors in Q1 2025 deals. Here are a few notable examples of our attorneys and their work:

- AssetWatch on $75 Million Series C Financing
- Plenful on $50 Million Series B
- Base Power on $200 Million Series B
- J.P. Morgan Growth Equity Partners on Nourish's $70 Million Series B
- Base Power on $200 Million Series B
- Altruist on $152 Million Series F Financing
- Crux on $50 Million Series B
- Glycomine on $115 Million Series C
- Parallel Systems on $38 Million Series B
- Neurona Therapeutics on $102 Million Oversubscribed Financing
- Isomorphic Labs on $600 Million External Funding Round
- RayThera on $110 Million Series A

# The State of UK Investment: Q1 2025

Beauhurst




## Q1 2025 vs. Q4 2024 (previous quarter)

1,168 deals
**£3.74 billion invested**

▼ **7.7%** decrease in number of deals

1,266 deals
**£4.13 billion invested**

▼ **9.5%** decrease in amount invested

## Q1 2025 vs. Q1 2024 (Year-on-Year)

1,168 deals
**£3.74 billion invested**

▼ **32%** decrease in number of deals

1,724 deals
**£5.74 billion invested**

▼ **35%** decrease in amount invested

# The State of UK Investment: Q1 2025 (cont.)

Beauhurst

### The Headlines

Q1 2025 tells a mixed story. Deal activity fell to the second-lowest level since 2014, with a 7.7% drop in the number of deals and a 9.5% decline in investment compared to Q4 2024. However, it performed better than Q3 2024, which had only 1,112 deals and £3.44 billion invested. There were also strong gains in investment across several sectors and UK regions compared to last year.

Comparing year-on-year there has been an even sharper decline in both deal number and amount since Q1 2024. Given the 8.6% year-on-year decline in capital investment announced in our annual report, *The Deal 2024*, it is not surprising that this downward momentum has continued into 2025.

While a closer look at industry and regional data reveals some encouraging areas of activity, the broader picture is clear: deal activity is down and has been steadily decreasing since 2021. Investor caution, tighter capital conditions globally, and a shift toward risk-adverse investments are reshaping the landscape.

It may be that we need to get used to seeing fewer deals and less investment across the UK overall, and ask ourselves: **Is this the new normal?**

### Methodology

Data for this report was finalised on 29 April 2025.

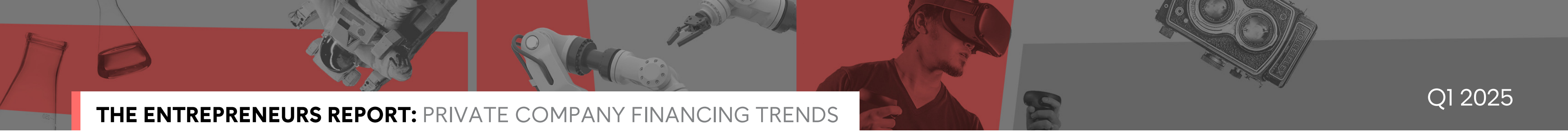
To be included in our analysis, an investment must be:

- Dated between 1 January 2014 and 31 March 2025
- Some form of equity investment
- Secured by a non-listed UK company

Data for this report includes announced and unannounced fundraisings combined.

### Where Is Investment Being Made in the UK?

As expected, London secured the highest number of deals and the most investment in Q1 2025—48% and 62% of the total numbers, respectively. While London continues to dominate, the number of deals going to companies based in the capital was 12% lower than Q4 2024. This was echoed in our annual report, which reported a 3.5% year-on-year drop in London deals, reaffirming the indication that we may be seeing a rebalancing of deals across the UK.





# The State of UK Investment: Q1 2025 (cont.)

Beauhurst

The regions of England that saw the most growth in the number of deals from the previous quarter are the West Midlands (23%) and Yorkshire and The Humber (18%). Overall, the number of deals has increased in five out of the nine English regions.

There's also some good news looking at the amount invested in English regions. There was a 90% uptick in the amount invested in the Yorkshire and The Humber area, and an 80% increase in the amount invested in companies in the East of England.

However, majoritively, we've seen a decrease in the amount invested in English regions. This isn't surprising, given the decrease in the total number of deals and amount invested across the UK in Q1 2025—we're seeing lower investment trickle down to most regions.

### But Good News for Scotland…

While there has been a drop in the number of deals in Scotland (by 6%), there is some good news—the value of investment into Scottish companies has risen by a huge 108% from Q4 2024 to Q1 2025. The country secured 7% of all deals across the UK and 5% of the amount raised.

The situation in Northern Ireland also appears to be relatively positive, with a 14% increase in the number of deals compared to the previous quarter, and just a 1% decrease in the amount invested. In line with previous figures for Northern Ireland, this makes up 1% of both the number of deals and the amount invested across the UK.

Wales had the exact same number of deals in Q1 2025 as it did in the previous quarter—28 in total. Investment in Wales has decreased by 7%, and overall, the country raised £57.6m in Q1 2025, accounting for 2% of the total raised across all UK regions.

### Which Industries Are Seeing the Most Investment?

As usual, companies in the **software** and **IT, telecoms, and data** industries received the most investment in Q1 2025, securing 68% and 52% of the total amount raised respectively. The high degree of overlap of these industries, with companies frequently operating in both, explains why these figures are so dominant.

The **creative, media and publishing** industry had the most significant growth in the number of deals—12%. The amount invested in this industry also increased by 19%, which can be partly attributed to large deals secured by ElevenLabs and Genius Sports Group.

**Safety and security** also performed well this quarter. Although the number of deals in this industry increased by only 2%, the amount invested rose sharply by 49% to £403 million.

# The State of UK Investment: Q1 2025 (cont.)

Beauhurst

We also saw growth in the amount invested in several other industries, including **environment, agriculture and waste, information technology, telecommunications and data,** and **software**.

Things become more interesting when looking at emerging sectors through our buzzwords. We have seen significant growth in the **regtech** industry, with a 100% quarter-on-quarter increase in the number of deals and 238% growth in the amount invested.

The amount invested in **digital security** increased by a significant 435%, but the number of deals remained relatively low at 33. This huge amount of growth can be attributed to several large deals, such as the Quantexa deal, highlighted in our top announced fundraisings, which raised £137 million.

This is reflected in other niche industries, such as **adtech, eHealth,** and **martech,** where several large deals have contributed to significant growth.

The number of deals **fintechs** secured grew by 3%, with the amount invested into these companies growing by 31% to £590 million—fintech's highest quarter since Q2 2024. Investment into cleantech companies increased by 7% to £433 million—also the highest in this sector since Q2 2024 (though the number of deals in cleantech companies decreased by 15% from the previous quarter).

### Another Record Quarter for AI

Artificial intelligence companies have seen the highest-ever quarter for the amount invested: £1.59 billion. This represents a 28% increase from the previous quarter (£1.24 billion), following already impressive investment in this sector.

As we saw in our annual report, The Deal 2024, the amount raised by AI companies more than doubled in 2024, from £1.72 billion in 2023 to £3.55 billion. This momentum has continued into 2025. In fact, all of the top five announced fundraisings in Q1 2025 were for companies in the AI industry or include an AI element in their product or service.

### Resurgent Investment into SaaS

There has also been sustained and significant investment in SaaS companies. Our annual report revealed that investment in the industry increased year-on-year from 2023 to 2024, and we're seeing that trend continue in 2025. While the number of deals closed by SaaS companies rose by a modest but still notable 7%, the total amount invested surged by an impressive 41%, reaching £1.68 billion.

# The State of UK Investment: Q1 2025 (cont.)

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## Let's Break It Down by Stage of Evolution

Examining deal activity by stage of evolution, as usual Seed stage companies led the way, securing 579 fundraisings—the highest number across all stages. On the flipside, however, Seed funding saw a significant decline in the amount invested compared to the previous quarter. Seed stage companies raised £520 million in Q1 2025, a sharp decrease from £1.01 billion in Q4 2024. Despite attracting the highest number of deals, Seed stage companies received the least amount of investment overall.

While lower in deal volume, Venture stage companies had the most amount invested overall—£1.58 billion across 392 deals. Established stage companies followed behind with £940 million invested through just 84 deals.

## So, What Does This Mean Overall for the UK Economy?

Whilst the number of deals in Seed stage companies dropped by only 4.6%, the total amount raised by these companies nearly halved compared to the previous quarter. This indicates that while early-stage businesses are still attracting attention, investors are opting for smaller, lower-risk investments.

In contrast, Venture and Established stage companies attracted the most capital despite fewer deals, suggesting a more selective, "quality-over-quantity" approach. Overall, this could mean we're seeing a two-speed market: one where early-stage funding remains active but lean, while mid-to-late-stage companies are securing fewer but significantly larger rounds.

# The State of UK Investment: Q1 2025 (cont.)

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## Top Announced Deals

### 1. Isomorphic Labs

Amount raised: £464 million
Deal date: 31 March 2025
Location: London
Industry: Application software; biotechnology

Isomorphic Labs has developed a drug design platform that enables companies to utilise AI models to design pharmaceuticals.

### 2. Ori

Amount raised: £140 million
Deal date: 16 February 2025
Location: London
Industry: Application software; data management

Ori provides AI infrastructure and cloud solutions for training, deploying, and managing machine learning models.

### 3. Quantexa

Amount raised: £137 million
Deal date: 4 March 2025
Location: London
Industry: Application software; banking

Quantexa uses AI to unify data and help organisations such as banks make smarter decisions, detect financial crime, and manage risks.

### 4. Cera

Amount raised: £122 million
Deal date: 13 January 2025
Location: Essex
Industry: Application software; hospitals and clinics

Cera provides home care, telehealth consultations, and prescription services, all of which are managed through a mobile app.

## Top Five Unannounced Deals

In Q1 2025, 65% of deals went unannounced—the highest proportion since Q1 2024. Tracking unannounced fundraising is crucial because it reveals hidden investment activity, offering a more complete and accurate picture of the market.

### 1. GRIDSERVE

Amount raised: £55.8 million
Deal date: 20 March 2025
Location: Buckinghamshire
Industry: Application software; renewable energy

GRIDSERVE is a sustainable energy company that develops and operates solar farms and a nationwide EV charging network, powered by 100% renewable energy.

### 2. Crystal Palace Football Club

Amount raised: £37.6 million
Deal date: 10 January 2025
Location: London
Industry: Sports clubs

Crystal Palace Football Club (CPFC) runs the Crystal Palace football team, which is a professional football team based in South London.

### 3. GB Bank

Amount raised: £34.8 million
Deal date: 17 February 2025
Location: London
Industry: Banking

GB Bank operates a bank that's aimed at providing property development finance to typically underserved regions.

### 4. Storm Therapeutics

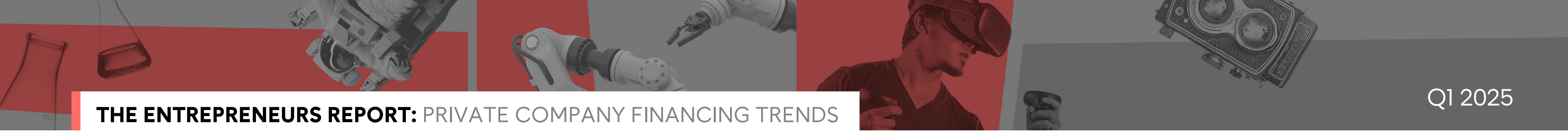
Amount raised: £27.7 million
Deal date: 23 January 2025
Location: Cambridgeshire
Industry: Biotechnology

Storm Therapeutics is a University of Cambridge spinout that is pioneering RNA epigenetic therapies to treat cancer and other diseases.

### 5. Abingdon Software Group

Amount raised: £25.0 million
Deal date: 18 March 2025
Location: London
Industry: Application software; technology consultancy and IT telecommunications support

Abingdon Software Group develops and acquires specialised software solutions for sectors including healthcare, fitness, logistics, public services, and telecommunications across Europe and the U.S.





# The State of UK Investment: Q1 2025 (cont.)

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## How Does Beauhurst Find Unannounced Fundraisings?

At Beauhurst, we track company filings daily to uncover fundraises that aren't publicly announced, giving us a comprehensive view of the UK fundraising landscape.

However, filings can be submitted months after a deal closes, so some unannounced fundraises completed within the quarter may not be visible at the time of reporting.

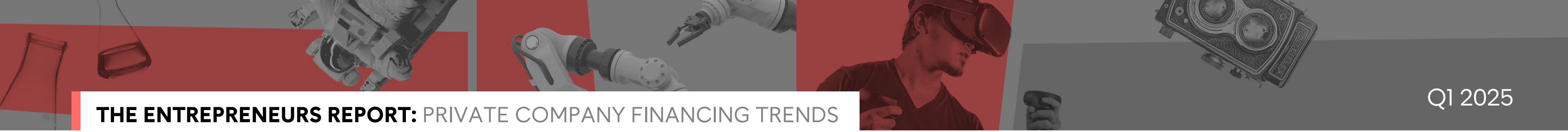
## Credit

**Lily Ruaah** (Author)
Lily is a content associate and professional writer, with over seven years of experience. She is responsible for content creation at Beauhurst and specialises in both creative and analytical writing. Prior to this, she worked in SEO and completed an M.A. in creative writing.

**Christopher Landry** (Design)
Christopher is Beauhurst's senior designer, specialising in the creation of strategic, compelling, and well-crafted brand and marketing materials. Christopher has over 15 years' experience and has helped brands across Australia, Canada, Europe, and the U.S.

**About Beauhurst**

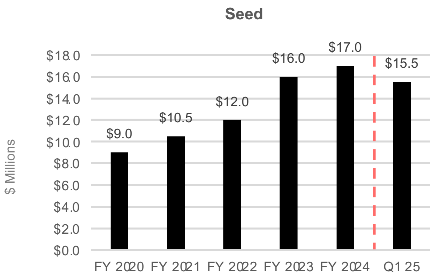
Beauhurst is a searchable database of the UK's high-growth companies. We report on all equity fundraisings in the United Kingdom, both those announced in the press and those that go unannounced. Alongside this, we track all grants awarded to UK companies, as well as their financial accounts, key people, accelerator attendances, university spinout events, management buy-ins, and more. Through this private research and data curation, we have built a database of more than 45,000 high-growth private companies in the UK, many of which are solving global problems and pioneering new technology.
www.beauhurst.com

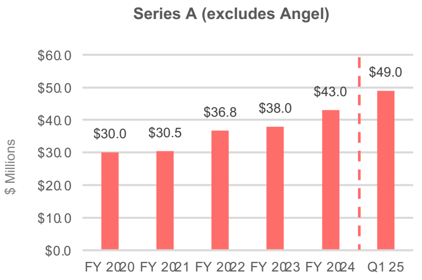


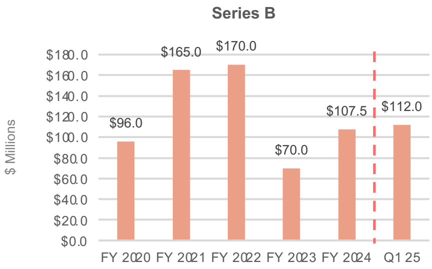


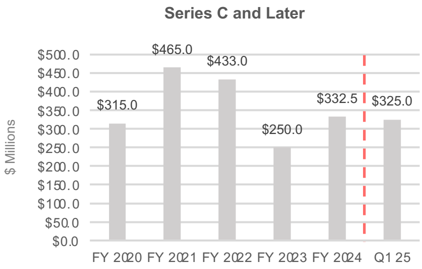
# Appendix – A Yearly Look-Back on Equity Valuations and Raise Amounts

## Pre-Money Median Valuations

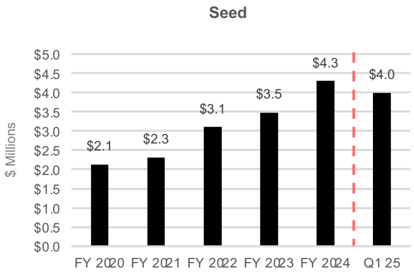


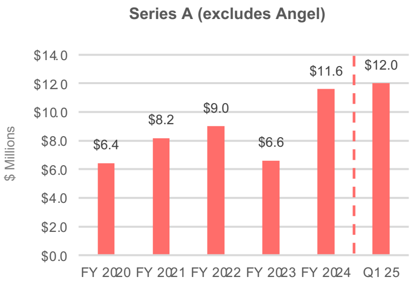



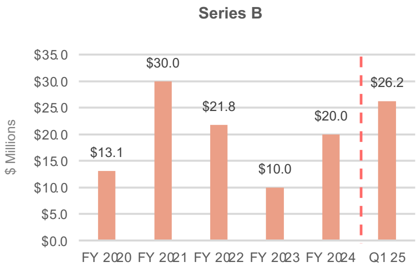



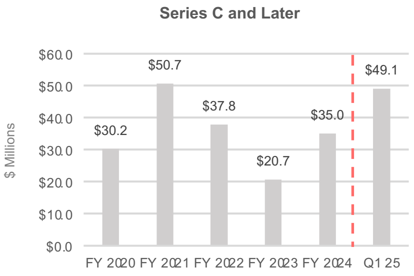



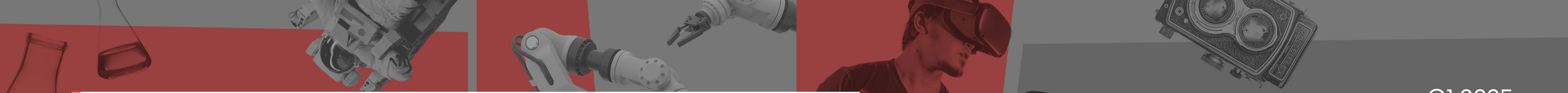

## Equity Fundraise Median Amounts







# Appendix – Private Company Financing Deal Terms (Wilson Sonsini Deals)

| | 2020 All Rounds[2] | 2021 All Rounds[2] | 2022 All Rounds[2] | 2023 All Rounds[2] | 2024 All Rounds[2] | Q1 2025 All Rounds[2] | 2020 Up Rounds[3] | 2021 Up Rounds[3] | 2022 Up Rounds[3] | 2023 Up Rounds[3] | 2024 Up Rounds[3] | Q1 2025 Up Rounds[3] | 2020 Down Rounds[3] | 2021 Down Rounds[3] | 2022 Down Rounds[3] | 2023 Down Rounds[3] | 2024 Down Rounds[3] | Q1 2025 Down Rounds[3] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Liquidation Preferences - Series B and Later** | | | | | | | | | | | | | | | | | | |
| Senior | 35% | 24% | 30% | 26% | 29% | 19% | 32% | 23% | 26% | 20% | 13% | 12% | 56% | 50% | 64% | 38% | 63% | 40% |
| *Pari Passu* with Other Preferred | 63% | 75% | 70% | 74% | 71% | 78% | 67% | 76% | 74% | 80% | 87% | 84% | 44% | 50% | 36% | 62% | 35% | 60% |
| Junior | 0% | 1% | 0% | 0% | 1% | 0% | 0% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 2% | 0% |
| Complex | 1% | 0% | 0% | 0% | 0% | 3% | 1% | 0% | 0% | 0% | 0% | 4% | 0% | 0% | 0% | 0% | 0% | 0% |
| **Participating vs. Non-Participating** | | | | | | | | | | | | | | | | | | |
| Participating - Cap | 4% | 4% | 3% | 2% | 3% | 6% | 6% | 4% | 3% | 4% | 7% | 8% | 0% | 0% | 0% | 14% | 2% | 10% |
| Participating - No Cap | 8% | 6% | 6% | 8% | 4% | 3% | 8% | 7% | 7% | 10% | 2% | 0% | 24% | 0% | 36% | 24% | 6% | 20% |
| Non-Participating | 88% | 90% | 91% | 90% | 93% | 91% | 86% | 89% | 90% | 85% | 91% | 92% | 76% | 100% | 64% | 62% | 92% | 70% |
| **Dividends** | | | | | | | | | | | | | | | | | | |
| Yes, Cumulative | 10%[4] | 5% | 6% | 3% | 4% | 4% | 10%[4] | 6% | 8% | 6% | 7% | 9% | 25%[4] | 0% | 8% | 0% | 2% | 10% |
| Yes, Non-Cumulative | 79%[4] | 56% | 51% | 46% | 42% | 46% | 83%[4] | 65% | 57% | 53% | 52% | 68% | 69%[4] | 57% | 58% | 65% | 65% | 70% |
| None | 10%[4] | 39% | 43% | 51% | 55% | 50% | 7%[4] | 29% | 35% | 40% | 42% | 23% | 6%[4] | 43% | 33% | 35% | 33% | 20% |
| **Anti-Dilution Provisions** | | | | | | | | | | | | | | | | | | |
| Weighted Average - Broad | 95% | 97% | 98% | 98% | 96% | 100% | 98% | 98% | 99% | 100% | 94% | 100% | 76% | 100% | 100% | 95% | 100% | 100% |
| Weighted Average - Narrow | 1% | 1% | 0% | 1% | 0% | 0% | 2% | 1% | 0% | 0% | 0% | 0% | 6% | 0% | 0% | 5% | 0% | 0% |
| Ratchet | 1% | 1% | 1% | 0% | 1% | 0% | 0% | 1% | 1% | 0% | 0% | 0% | 6% | 0% | 0% | 0% | 0% | 0% |
| Other (Including Blend) | 1% | 0% | 0% | 0% | 0% | 0% | 1% | 1% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| None | 2% | 1% | 1% | 2% | 3% | 0% | 0% | 0% | 0% | 0% | 6% | 6% | 12% | 0% | 0% | 0% | 0% | 0% |
| **Pay-to-Play - Series B and Later** | | | | | | | | | | | | | | | | | | |
| Yes, Pay-to-Play | 7% | 3% | 7% | 8% | 96% | 16% | 3% | 3% | 4% | 4% | 2% | 4% | 12% | 17% | 43% | 10% | 27% | 50% |
| None | 93% | 97% | 93% | 92% | 0% | 84% | 97% | 97% | 96% | 96% | 98% | 96% | 88% | 83% | 57% | 90% | 73% | 50% |
| **Redemption** | | | | | | | | | | | | | | | | | | |
| Yes, Redemption | 13% | 10% | 8% | 5% | 8% | 6% | 10% | 15% | 12% | 4% | 12% | 0% | 25% | 17% | 7% | 15% | 4% | 10% |
| None | 88% | 90% | 92% | 95% | 92% | 94% | 90% | 86% | 89% | 96% | 88% | 100% | 75% | 83% | 93% | 86% | 96% | 90% |

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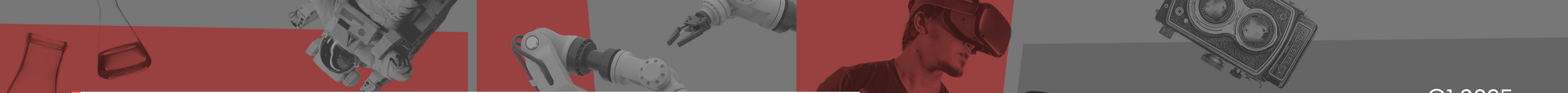
[1] We based this analysis on deals having an initial closing in the period to ensure that the data clearly reflects current trends. Please note the numbers do not always add up to 100% due to rounding.
[2] Includes flat rounds and, unless otherwise indicated, Series A rounds.
[3] Note that the All Rounds metrics include flat rounds and, in certain cases Seed and Series A financings as well. Consequently, metrics in the All Rounds column may be outside the ranges bounded by the Up Rounds and Down Rounds columns, which will not include such transactions.
[4] The 2020 increase in the number of transactions reported as including dividends resulted in part from a change to our reporting methodology.





# Appendix – Convertible Notes – Deal Terms (Wilson Sonsini Deals)

| Convertible Notes[1] | 2020 Pre-Seed | 2021 Pre-Seed | 2022 Pre-Seed | 2023 Pre-Seed | 2024 Pre-Seed | Q1 2025 Pre-Seed[2] | 2020 Post-Seed | 2021 Post-Seed | 2022 Post-Seed | 2023 Post-Seed | 2024 Post-Seed | Q1 2025 Post-Seed |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest rate less than 8% | 85% | 90% | 44% | 52% | 48% | N/A | 54% | 69% | 68% | 32% | 23% | 50% |
| Interest rate at 8% | 11% | 5% | 44% | 26% | 24% | N/A | 30% | 24% | 12% | 35% | 26% | 50% |
| Interest rate greater than 8% | 4% | 5% | 11% | 22% | 29% | N/A | 16% | 7% | 20% | 34% | 51% | 0% |
| Maturity less than 12 months | 11% | 14% | 30% | 38% | 19% | N/A | 27% | 25% | 29% | 28% | 42% | 44% |
| Maturity 12 months | 11% | 5% | 0% | 13% | 24% | N/A | 13% | 18% | 16% | 21% | 12% | 22% |
| Maturity more than 12 months | 79% | 81% | 70% | 50% | 57% | N/A | 60% | 58% | 55% | 52% | 46% | 33% |
| Debt is subordinated to other debt | 13% | 14% | 40% | 17% | 25% | N/A | 46% | 48% | 41% | 39% | 35% | 40% |
| Loan includes warrants[3] | 4% | 0% | 0% | 0% | 0% | N/A | 12% | 6% | 20% | 22% | 15% | 0% |
| Warrant coverage less than 25% | 100% | N/A | N/A | N/A | N/A | N/A | 67% | 0% | 11% | 45% | 50% | N/A |
| Warrant coverage at 25% | 0% | N/A | N/A | N/A | N/A | N/A | 0% | 0% | 0% | 0% | 0% | N/A |
| Warrant coverage greater than 25% | 0% | N/A | N/A | N/A | N/A | N/A | 33% | 100% | 89% | 55% | 50% | N/A |
| Automatic conversion into equity on qualified financing[4] | 100% | 100% | 100% | 92% | 89% | N/A | 92% | 96% | 93% | 88% | 96% | 100% |
| Voluntary conversion into equity on qualified financing[4] | 0% | 0% | 0% | 8% | 11% | N/A | 8% | 4% | 7% | 12% | 4% | 0% |
| Conversion rate subject to price cap[5] | 68% | 71% | 56% | 54% | 50% | N/A | 36% | 52% | 32% | 47% | 47% | 40% |
| Conversion to equity at discounted price[6] | 78% | 75% | 50% | 88% | 78% | N/A | 79% | 70% | 78% | 80% | 84% | 90% |
| Conversion to equity at same price as other investors | 13% | 15% | 30% | 8% | 17% | N/A | 17% | 25% | 20% | 10% | 8% | 10% |
| Discount on conversion less than 20% | 11% | 20% | 40% | 14% | 36% | N/A | 25% | 21% | 29% | 18% | 16% | 22% |
| Discount on conversion at 20% | 69% | 60% | 20% | 48% | 36% | N/A | 46% | 63% | 39% | 55% | 51% | 33% |
| Discount on conversion greater than 20% | 20% | 20% | 40% | 38% | 29% | N/A | 29% | 16% | 32% | 27% | 33% | 44% |

[1] We based this analysis on deals having an initial closing in the period to ensure that the data clearly reflects current trends. Please note the numbers do not always add up to 100% due to rounding. Pre-Seed refers to convertible notes issued prior to the first preferred stock financing. Post-Seed refers to convertible notes issued after the first preferred stock financing.

[2] There were not enough pre-Seed convertible notes in Q1 2025 to provide reliable statistics.

[3] Of the 2020 post-Seed convertible notes with warrants, 44% also had a discount on conversion into equity. Of the 2021 post-Seed convertible notes with warrants, 100% also had a discount on conversion into equity. Of the 2022 post-Seed convertible notes with warrants, 59% also had a discount on conversion into equity. Of the 2023 post-Seed convertible notes with warrants, 55% also had a discount on conversion into equity. Of the 2024 post-Seed convertible notes with warrants, 69% also had a discount on conversion into equity. There were no post-Seed convertible notes with warrants in Q1 2025.

[4] The 2020 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was $3M and $10M, respectively. The 2021 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was $4M and $10M, respectively. The 2022 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was $7M and $10M, respectively. The 2023 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was $5M and $10M, respectively. The 2024 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was $5M and $10M, respectively. The Q1 2025 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was $3M and $10M, respectively.

[5] The 2020 median price cap in pre- and post-Seed convertible notes was $8M and $47M, respectively. The 2021 median price cap in pre- and post-Seed convertible notes was $12M and $47M, respectively. The 2022 median price cap in pre- and post-Seed convertible notes was $35M and $50M, respectively. The 2023 median price cap in pre- and post-Seed convertible notes was $20M and $45M, respectively. The 2024 median price cap in pre- and post-Seed convertible notes was $11M and $28M, respectively. The Q1 2025 median price cap in pre- and post-Seed convertible notes was $40M and $65M, respectively.

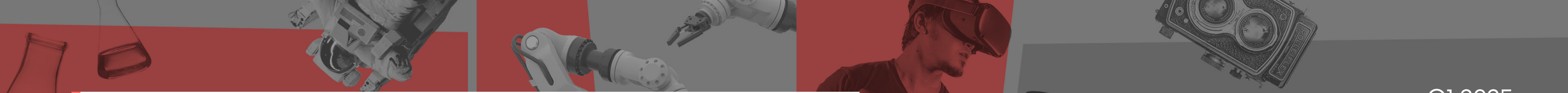
[6] Of the 2020 post-Seed convertible notes that had a discount on conversion into equity, 7% had warrants. Of the 2021 post-Seed convertible notes that had a discount on conversion into equity, 3% had warrants. Of the 2022 post-Seed convertible notes that had a discount on conversion into equity, 17% had warrants. Of the 2023 post-Seed convertible notes that had a discount on conversion into equity, 16% had warrants. Of the 2024 post-Seed convertible notes that had a discount on conversion into equity, 17% had warrants. Of the Q1 2025 post-Seed convertible notes that had a discount on conversion into equity, 0% had warrants.

## Wilson Sonsini Methodology

- The Up/Down/Flat analysis is based on Wilson Sonsini deals having an initial closing in the period reported to ensure that the data clearly reflects current trends.
- The median pre-money valuation is calculated based on the pre-money valuation given at the time of the initial closing of the financing round. If the issuer has a closing in a subsequent quarter, the original pre-money valuation is used in the calculation of the median for that quarter as well.
- A substantial percentage of deals have multiple closings that span fiscal quarters. The median amount raised is calculated based on the aggregate amount raised in the reported quarter.

This report is based on detailed deal data provided by the firm's corporate and securities attorneys and analyzed by the firm's Knowledge Management department.

For purposes of the statistics and charts in this report, our database includes venture financing transactions in which Wilson Sonsini Goodrich & Rosati represented either the company or one or more of the investors.





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If you're a founder, entrepreneur, or venture capitalist, be sure to check out our digital hub for unparalleled access to a wide range of free legal resources, tools, and insights—including an FAQ section for founders! ecvc.wsgr.com

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For more information on the current venture capital climate, please contact any member of Wilson Sonsini Goodrich & Rosati's emerging companies practice.
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