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THE ENTREPRENEURS REPORT

PRIVATE COMPANY FINANCING TRENDS

From the Wilson Sonsini Database:

FINANCING TRENDS Q3 2025



Key Features and Developments in This Report

An Interview with David Grawemeyer

Former Wilson Sonsini General Counsel in Residence and current Edge Focus Chief Legal Officer David Grawemeyer draws on decades of experience advising executives in the fintech and financial services arena and offers his perspective on fundraising, mistakes to avoid, and how to build a compliance-focused team.

See [p. 3](#)

Valuations Have Another Strong Showing

Valuations and round sizes increased quarter over quarter at most stages, suggesting that the most attractive companies continue to justify high valuations and big checks.

See [p. 5](#)

SAFEs Continue to Dominate at the Pre-Seed Stage

With more than 90% of pre-Seed fundraises utilizing Simple Agreements for Future Equity (SAFEs), this basic fundraising instrument continues to be the clear favorite when it comes to sub-million-dollar deals.

See [p. 11](#)

Introducing *Breakthrough Minds*, Our New Podcast

Breakthrough Minds, Wilson Sonsini's new podcast, explores transformative innovations across technologies and industries. In each episode, we sit down with founders, operators, and thought leaders to hear candid stories about the breakthroughs that shape the future.

See [p. 13](#)



Market Perspective with David Grawemeyer

David Grawemeyer is Chief Legal Officer at [Edge Focus](#) and was recently [General Counsel in Residence](#) at Wilson Sonsini Goodrich & Rosati. With more than 20 years of both in-house and law firm experience, David provides corporate counsel tailored to the needs of his clients, developing and implementing strategies to grow their businesses while minimizing legal risks.

You were recently General Counsel in Residence (GCIR) at Wilson Sonsini. How do you see the GC-in-residence role complementing traditional outside counsel and what specific gaps does it fill for founders and CEOs?

Based on your recent work with early-stage fintech and financial services companies, what are the most common early legal and operational mistakes you see made by founders in these sectors?

The firm's new General Counsel in Residence (GCIR) provides clients with unprecedented access to a wealth of practical knowledge and insights from peers who have successfully navigated similar challenges. By drawing on these shared experiences, clients gain a deeper understanding of their operational obstacles and make more informed strategic decisions regarding their legal priorities. This, in turn, helps clients strategically allocate resources, optimize operations, refine their legal functions, and broaden their business perspectives. Modeled on venture capital entrepreneur-in-residence roles, the program helps clients avoid common pitfalls and refine legal functions. The GCIR program complements the firm's [Executive Advisory Program](#), which offers customized, longer term advisory support to companies of all sizes and stages, from early start-ups to large multinationals.

Early-stage founders and executives often do not understand the regulatory environment — even if you partner with a bank, you still likely have direct regulatory responsibility because banks do not handle all compliance. Fintech start-ups often fail to invest early and adequately in compliance, especially regarding data privacy. I also see founders frequently misjudging their banking partner's product capabilities or their partner's regulatory constraints, which can harm or delay products. It's smart to consider multiple bank partners. Finally, many starting out do not consider the benefits of using a corporation (as opposed to an S-Corp. or LLC) for a sale and for QSBS benefits, which can result in millions of dollars in tax savings when the stock or company is eventually sold.

Market Perspective with David Grawemeyer (cont.)

Regulation and enforcement in financial services and fintech remain active (AML, consumer protection, data privacy, etc.). What practical steps should founders and early legal teams prioritize to avoid regulatory surprises as they scale?

Companies need to invest early in compliance infrastructure and that includes both people and technology. Put compliance policies in writing and document any exceptions. Fintech start-ups should have regular compliance audits and perform tabletop simulations to prepare for regulatory issues. It also helps to join trade groups to better understand regulations and help advocate for the company's positions.

What's one piece of pragmatic advice you wish every founder would act on in their first 12–18 months of building a company?

I have two pieces of advice for new founders. First, build a culture where bad news/significant issues are promptly escalated to senior management for resolution. Too many times, I have seen (typically junior) employees fail to recognize and escalate a crucial issue or on their own try to solve a significant problem that escalates into a crisis management issue for the company that could have been resolved earlier. Second and related to the first point, management should break down silos among employees — your employees need to effectively communicate across the organization to build a successful business.

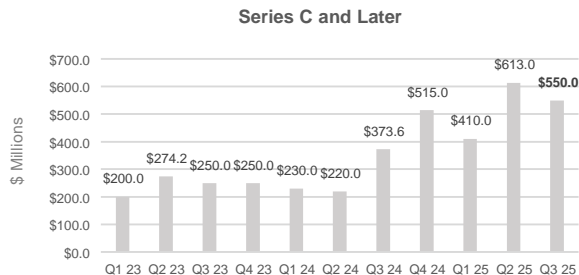
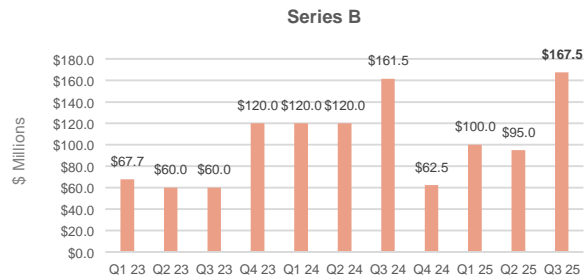
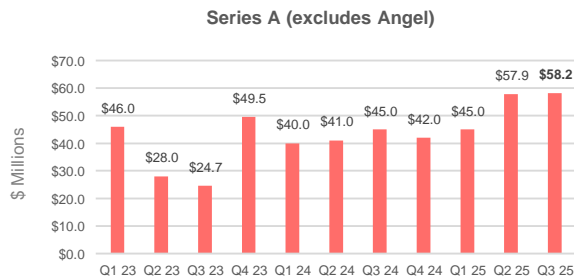
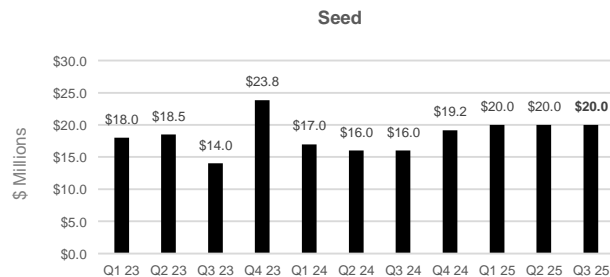
You led legal teams through M&A and strategic transactions at both public and private companies. For start-ups contemplating a sale or strategic partnership, what are the issues to watch for that can derail a transaction?

Here are some of the avoidable early issues that I have seen that can mess up M&A deals later on:

- low quality or missing financial statements — ideally financials should be audited and/or GAAP ready;
- questionable revenue recognition and other accounting practices;
- lack of internal controls, business policies, and documented business processes;
- poor records concerning equity ownership including missing stock grant agreements;
- significant customer agreements that can be terminated at the option of the customer upon change in control;
- unresolved litigation, regulatory, or compliance issues;
- too many consents required to approve the transaction or, veto power held by small group of shareholders;
- equity vesting that is triggered by the transaction, resulting in potential staffing issues for the buyer;
- ambiguity over ownership of important IP; and
- a customer base that is overly concentrated.

PRE-MONEY MEDIAN VALUATIONS*

Valuations Have Another Strong Quarter



Reflecting optimism in the face of continuing economic uncertainty, venture-backed company valuations were mostly up in Q3 2025, with all stages, except Series C, flat or above the previous quarter.

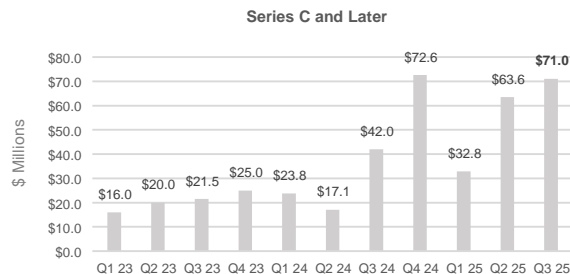
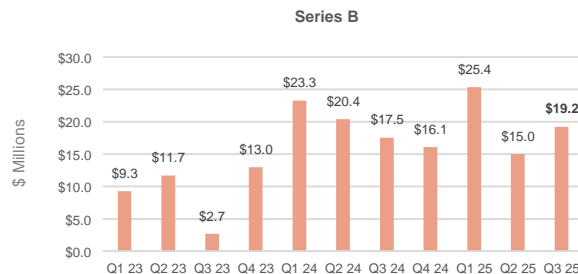
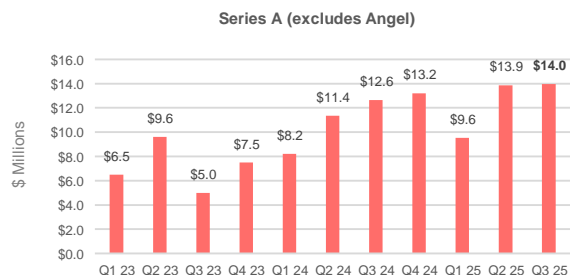
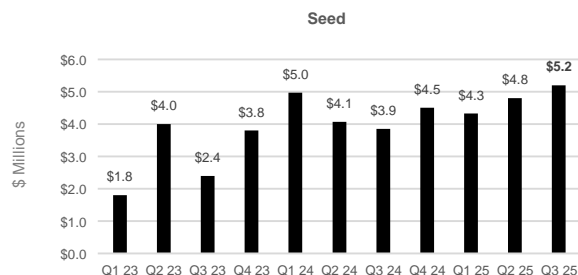
Early-stage Seed and Series A valuations remained healthy in Q3 2025, with median values for both cohorts matching those seen in Q2 2025. Artificial intelligence continues to be a major driver at this stage, with nearly 40% of Seed and Series A companies in our dataset highlighting AI as a key part of their mission.

Series B valuations experienced the strongest quarter in over a year, as both investors and start-ups continue to navigate the volatility at the growth stage.

Although Series C and later-stage company valuations declined from the previous quarter, they still achieved their second-best performance in several years, reaching \$550 million.

EQUITY FUNDRAISE MEDIAN AMOUNTS*

Fundraise Amounts Move in Line with Valuations



Like valuations, fundraise amounts demonstrate that investors continue to have an appetite for substantial fundraising amounts.

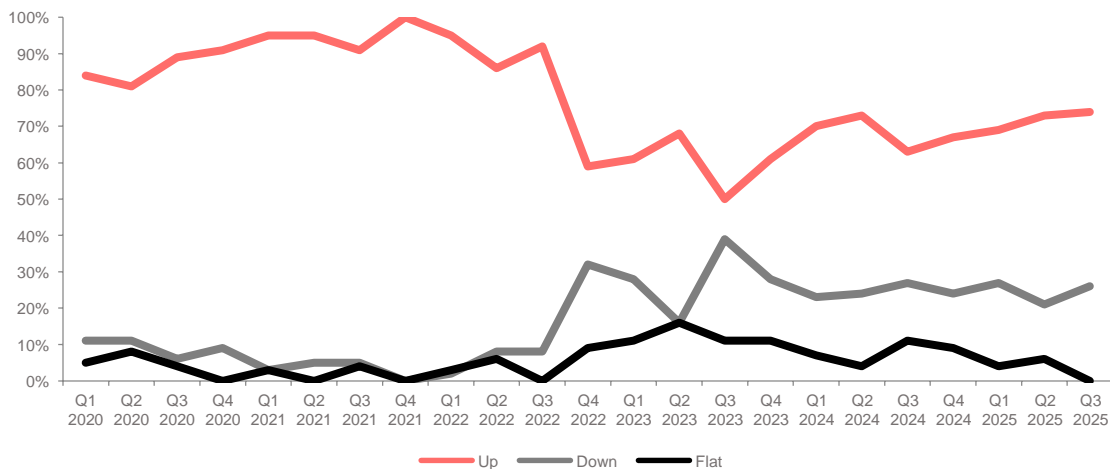
Reflecting continued investor interest in early-stage companies, median Seed raise amounts rose from \$4.8 million in Q2 2025 to \$5.2 million in Q3 2025. Median Series A raises were essentially unchanged from the previous quarter at \$14.0 million.

After a meaningful decline in Q2 2025, median Series B raises rebounded to \$19.2 million, although they remain below recent highs.

Series C and later fundraise amounts, which began the year on a low note, climbed to a median of \$71.0 million in Q3 2025. With several [high-profile IPOs](#) in Q3, pre-IPO fundraising activity has been strong, and we expect fundraising ahead of potential public listings to remain active over the next 12–24 months.

Up Rounds Are On the Up and Up

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



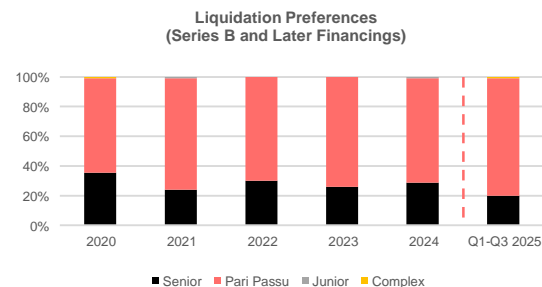
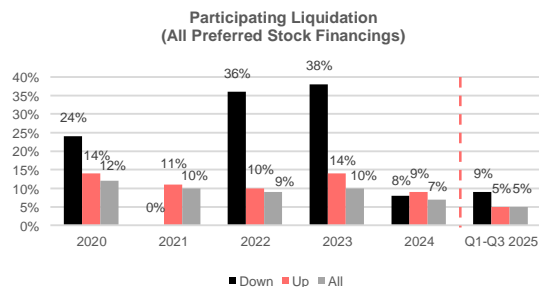
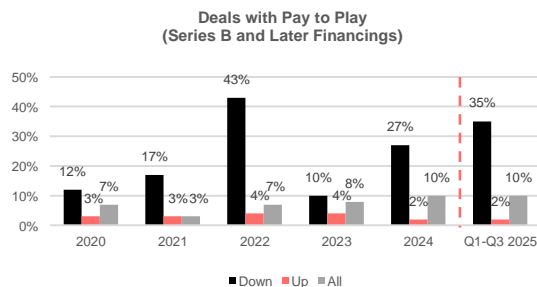
74% of Series B and later companies that raised priced capital in Q3 2025 were able to do so through an up round, the fourth consecutive quarter-over-quarter increase.

After a dip in down rounds last quarter, the prevalence of down rounds rose from 21% to 26%. Over the past two years, roughly a quarter of priced rounds have been down rounds, indicating persistent valuation pressure for many growth-stage companies whose cash cushions are running out. The uptick in down rounds was accompanied by a corresponding drop in flat rounds in our dataset.

An elevated share of up rounds signals renewed investor confidence in growth-stage companies that can show sustained revenue growth and a path to profitability. At the same time, the roughly one-in-four rate of down rounds over the past two years shows that many companies still face valuation headwinds and underscores the importance of founders being able to demonstrate tangible progress between fundraising rounds.

EQUITY FINANCING DEAL TERMS*

Investors Are Still Hedging Against Downside Risk

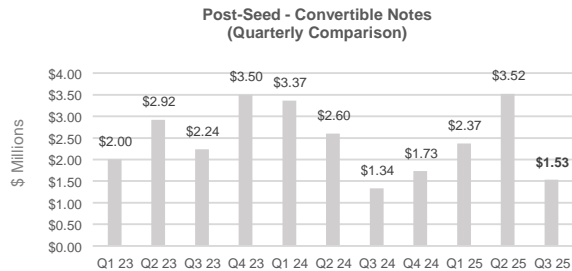
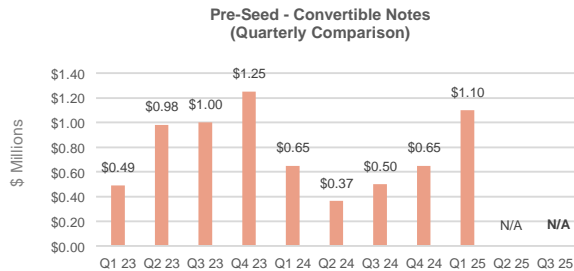
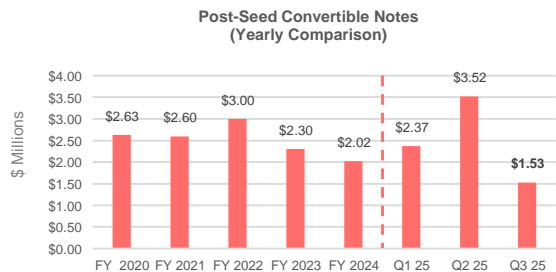
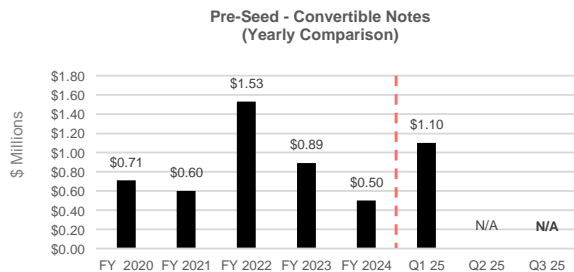


Q1-Q3 2025 Series B-and-later equity financings showed several notable term shifts compared to 2024. Pay-to-play provisions this quarter appeared in 35% of down rounds, up from 27% in 2024, underscoring investor use of these protective mechanisms in more distressed financings. Participating liquidation preferences were present in 9% of down rounds, essentially unchanged from 2024's 8% but markedly lower than 2022-2023 levels. Senior liquidation preferences were also less common this year compared to recent years.

Taken together, the rise in pay-to-play adoption and the continued use of participating liquidation preferences and senior liquidation preferences suggest selective moderation in the most aggressive downside terms. Founders should expect that some investors may press for more protective structures in down rounds and should negotiate carefully to balance investor protections with future fundraising flexibility.

CONVERTIBLE NOTE MEDIAN RAISE AMOUNTS

Post-Seed Convertible Notes Fundraise Amounts Drop



We have again excluded pre-Seed convertible notes from this quarter's report due to a low number of relevant deals in our dataset. The pre-Seed market remains active, but SAFEs dominate, appearing in more than 90% of 2025 pre-Seed financings, as founders and investors continue to prefer the relative speed and simplicity of SAFEs over convertible 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 quickly without extensive negotiations.

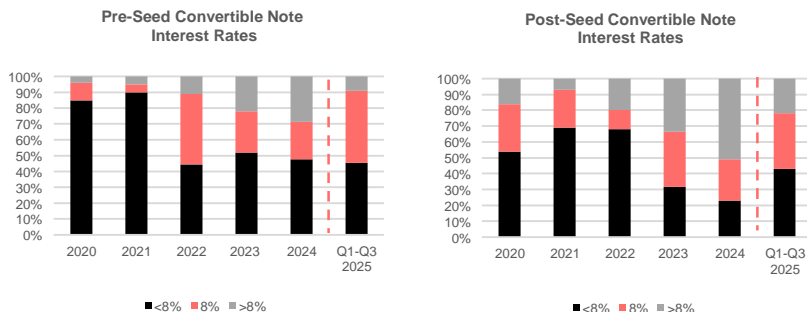
In contrast, bridge fundraising using post-Seed convertible notes remains common, although in Q3 2025 the median amount raised dropped substantially to \$1.53 million. This decrease results in the lowest median for post-Seed bridge rounds in over a year and demonstrates that investors may be growing weary of large bridge rounds in the current environment. Founders planning larger bridges should be prepared to tap multiple sources and convince investors of a clear path to achieving milestones.

THE ENTREPRENEURS REPORT: PRIVATE COMPANY FINANCING TRENDS

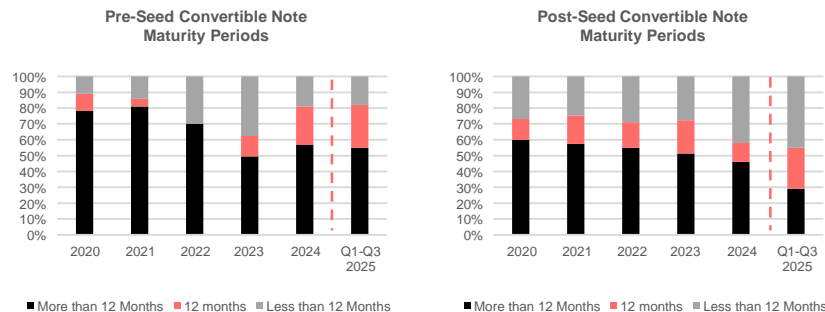
CONVERTIBLE NOTE DEAL TERMS*

Post-Seed Notes See Lower Interest Rates and Shorter Maturity Periods

Interest Rates



Maturity Periods

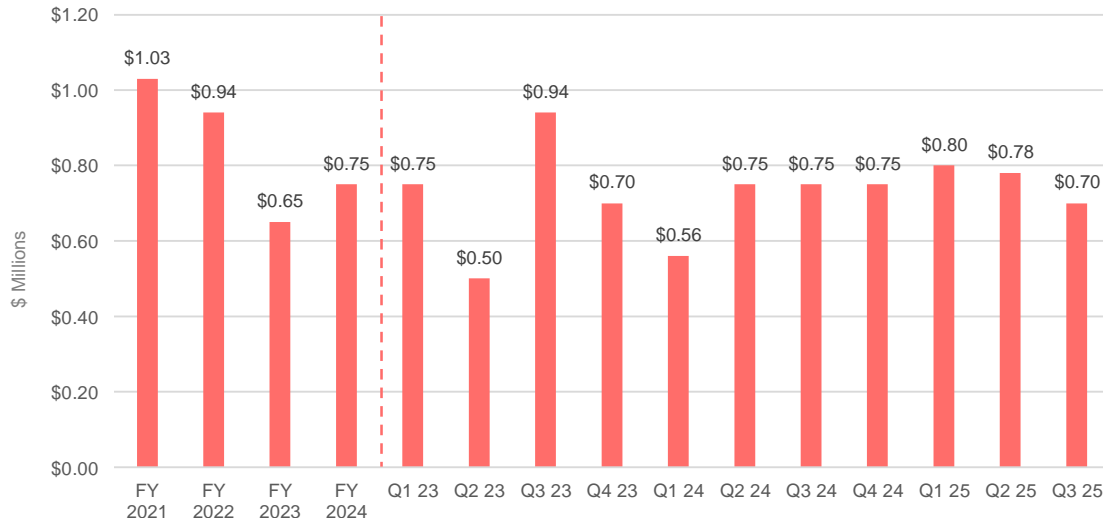


Although their popularity is waning in favor of SAFEs, the market continues to favor low-interest, longer-term pre-Seed convertible notes when they are used. So far in 2025, about 45% of pre-Seed notes carried interest rates below 8%, and a slightly larger share had maturities exceeding 12 months, suggesting investors expect pre-Seed companies to take more time to gain traction than in prior years.

Post-Seed notes are also trending toward lower interest rates. In 2025, 43% of post-Seed convertible notes had interest rates below 8%, up from 23% in 2024. However, the share of this year's post-Seed notes with maturities over 12 months fell to 29% (down from 46% in 2024); more than 70% of post-Seed notes now mature in one year or less, indicating many investors expect these more mature companies to fundraise again quickly.

SAFEs (Simple Agreements for Future Equity)

SAFEs Continue to Dominate at the Pre-Seed Stage



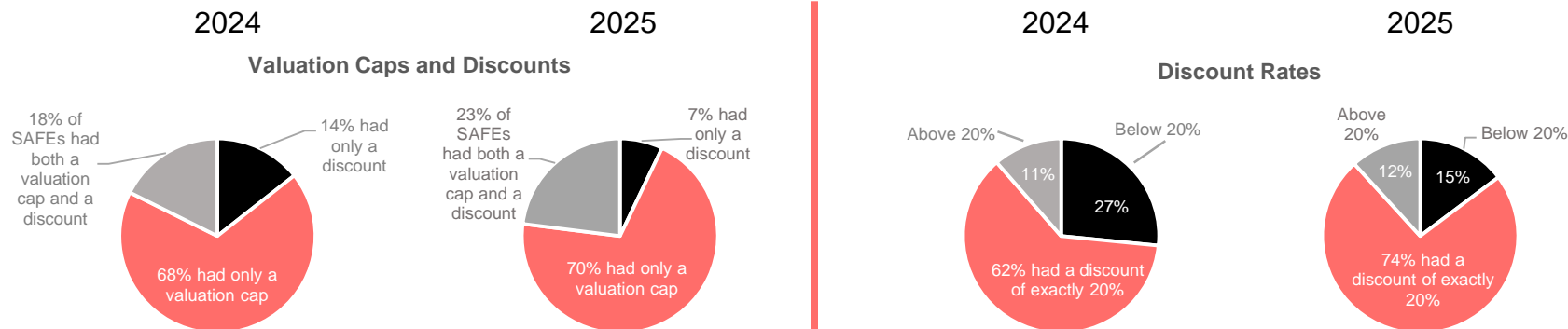
In Q3 2025, the median amount raised via SAFE financings dipped slightly to \$700,000. Each quarter, the majority of SAFE rounds have raised less than \$1 million for more than three years.

Consistent with prior recent quarters, more than 90% of pre-Seed non-equity financings in our dataset were SAFEs rather than convertible promissory notes. The decline in median SAFE sizes suggests these instruments are being increasingly used at earlier stages, where smaller raises are typical.

The growing use of SAFEs at earlier stages can speed execution and reduce legal complexity for very early financings, but founders should be mindful of how cumulative SAFE dilution and varying SAFE terms [can complicate cap-table dynamics at the next priced round](#). Investors and advisers should ensure term consistency across SAFEs and model dilution scenarios to ensure later rounds do not result in unexpected dilution or governance friction.

SAFEs (Simple Agreements for Future Equity)

SAFE Terms Start to Move



Compared with 2024, investors and start-ups in 2025 have continued to move away from discount-only SAFEs. This year, 93% of SAFEs included a valuation cap, up from 86% in 2024, indicating a clear preference for valuation caps as the primary mechanism for allocating upside in early-stage deals.

The median valuation cap this quarter was \$18 million, up from 2024's \$16 million, mirroring the consistent increase seen in Series Seed valuations. Additionally, 84% of 2025's SAFEs employed the newer [post-money valuation cap structure](#), roughly in line with 80% in 2024. While the median discount rate remains at the standard 20% this year, over a quarter of SAFEs featuring a discount included a discount rate that was above or below that median. While this percentage is down from 2024, investors remain amenable to customizing discount rates under certain scenarios.

The widespread adoption of valuation caps (and the persistence of post-money caps) simplifies modeling for investors, which likely explains their rising popularity versus discount-only structures. However, customized discounts and other nonstandard terms remain tools investors use to calibrate risk and upside on a deal-by-deal basis, so founders should be aware of these alternative terms when negotiating SAFEs.

Wilson Sonsini's *Breakthrough Minds* Podcast: Introduction to the Series

Wilson Sonsini presents [*Breakthrough Minds*](#), a podcast exploring transformative innovations across technologies and industries. In each episode, we sit down with founders, operators, and thought leaders to hear candid stories about the breakthroughs that shape the future. Listen to our recently launched episodes:

[Imad Riachi of Honu](#)

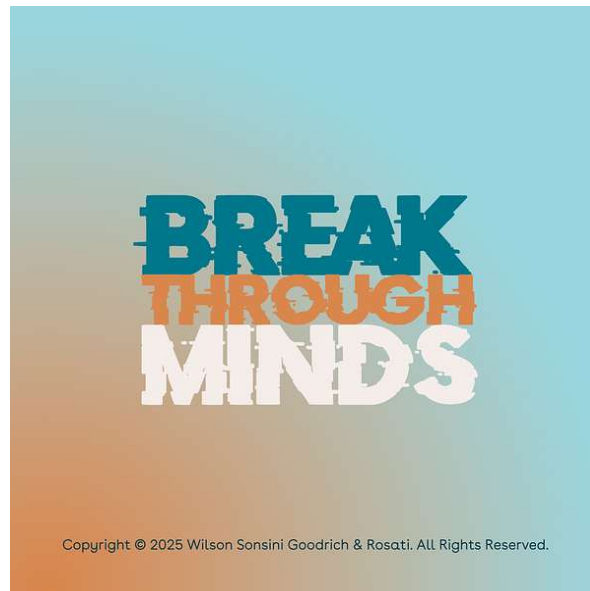
- Host Raj Mahapatra is joined by [Imad Riachi](#), CEO and founder of Honu to discuss the potential of agentic AI to enable businesses to become fully autonomous, and how AI technology can shape the future of the economy.

[Emre Kazim of Holistic AI](#)

- Host Raj Mahapatra joins [Emre Kazim](#), Co-founder and Co-CEO of Holistic AI, to talk about the importance of trustworthy AI systems and the challenges of navigating ethical considerations in AI governance amid rapid technological advancements.

[Wendy Jephson of Let's Think](#)

- Host Raj Mahapatra joins [Wendy Jephson](#), Co-founder and Co-CEO of Let's Think, who shares her journey from law to psychology, discusses the integration of behavioral science in AI in law firms, and the human expertise in collaboration with technology.



Catalytic Capital in Action: One Year of the D-SAFE



One year ago, [Elemental Impact](#) unveiled the Development-SAFE (D-SAFE), a new investment tool to unlock early funding and reduce risk for first-of-a-kind (FOAK) and early commercial projects.

Designed in partnership with Wilson Sonsini and fashioned after the Y-Combinator SAFE, the company created the D-SAFE. After tremendous interest from investors, foundations, and start-ups over the past year, Elemental Impact is excited to release the templates for broader use, along with a guide on how to customize the instruments per investment.

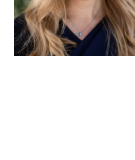
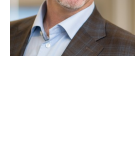
To learn more:

- [Watch](#) a recording of a virtual information session that walks through the growing need for financial innovation, lessons learned along the way, and how the D-SAFE works when deployed on the ground:
 - **Why the D-SAFE:** Hear from Wilson Sonsini's [Bob O'Connor](#) on why it's innovative and effective in addressing scale gaps
 - **The D-SAFE in Action:** Learn how the D-SAFE acted as the “nucleus” for a recent \$10M project capital stack
 - **Q&A:** On key variations, project milestones, and the difference between the D-SAFE and a convertible note
- [Access](#) the D-SAFE templates and Practitioner Notes
- [Explore](#) Elemental Impact's FOAK and early commercial project resources

A Selection of Recent Wilson Sonsini Deals

Wilson Sonsini attorneys across practice group and offices advised hundreds of companies and investors in Q3 2025 deals. Here are a few notable examples of our attorneys and their work:

- [EVERY on \\$55 Million Series D](#)
- [Frontline Wildfire Defense on \\$48 Million Series A Funding Round](#)
- [Curve Biosciences on \\$40 Million Funding](#)
- [Redwood Materials on \\$350 Million Series E](#)
- [Pantera Capital on Coinflow's \\$25 Million Series A](#)
- [Sofinnova, Novo Holdings, and Forbion on Expedition Therapeutics' \\$165 Million Series A](#)
- [Base Power on \\$1 Billion Series C](#)
- [Reflection AI on \\$2 Billion Funding Round](#)
- [Periodic Labs on \\$300 Million Seed Round](#)
- [Assort Health on \\$76 Million Series B](#)
- [Manas AI on \\$26 Million Seed Extension](#)
- [TELO Trucks on Oversubscribed \\$20 Million Series A](#)
- [AmplifAI on \\$33.7 Million Series B](#)
- [SR One on Odyssey Therapeutics' \\$213 Million Series D](#)
- [1Kosmos on \\$57 Million Series B](#)
- [TinyFish on \\$47 Million Series A Financing](#)



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)¹

	2020 All Rounds ²	2021 All Rounds ²	2022 All Rounds ²	2023 All Rounds ²	2024 All Rounds ²	Q1-Q3 All Rounds ²	2020 Up Rounds ³	2021 Up Rounds ³	2022 Up Rounds ³	2023 Up Rounds ³	2024 Up Rounds ³	Q1-Q3 Up Rounds ³	2020 Down Rounds ³	2021 Down Rounds ³	2022 Down Rounds ³	2023 Down Rounds ³	2024 Down Rounds ³	Q1-Q3 Down Rounds ³
Liquidation Preferences - Series B and Later																		
Senior	35%	24%	30%	26%	29%	20%	32%	23%	26%	20%	13%	13%	56%	50%	64%	38%	63%	43%
<i>Pari Passu</i> with Other Preferred	63%	75%	70%	74%	71%	79%	67%	76%	74%	80%	87%	86%	44%	50%	36%	62%	35%	57%
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%	1%	1%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%
Participating vs. Non-Participating																		
Participating - Cap	4%	4%	3%	2%	3%	3%	6%	4%	3%	4%	7%	4%	0%	0%	0%	14%	2%	3%
Participating - No Cap	8%	6%	6%	8%	4%	2%	8%	7%	7%	10%	2%	1%	24%	0%	36%	24%	6%	6%
Non-Participating	88%	90%	91%	90%	93%	95%	86%	89%	90%	85%	91%	95%	76%	100%	64%	62%	92%	91%
Dividends																		
Yes, Cumulative	10% ⁴	5%	6%	3%	4%	2%	10% ⁴	6%	8%	6%	7%	4%	25% ⁴	0%	8%	0%	2%	3%
Yes, Non-Cumulative	79% ⁴	56%	51%	46%	42%	37%	83% ⁴	65%	57%	53%	52%	41%	69% ⁴	57%	58%	65%	65%	59%
None	10% ⁴	39%	43%	51%	55%	61%	7% ⁴	29%	35%	40%	42%	54%	6% ⁴	43%	33%	35%	33%	38%
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%	0%	12%	0%	0%	0%	0%	0%
Pay-to-Play - Series B and Later																		
Yes, Pay-to-Play	7%	3%	7%	8%	10%	10%	3%	3%	4%	4%	2%	2%	12%	17%	43%	10%	27%	35%
None	93%	97%	93%	92%	90%	90%	97%	97%	96%	96%	98%	98%	88%	83%	57%	90%	73%	65%
Redemption																		
Yes, Redemption	13%	10%	8%	5%	8%	4%	10%	15%	12%	4%	12%	4%	25%	17%	7%	15%	4%	3%
None	88%	90%	92%	95%	92%	95%	90%	86%	89%	96%	88%	96%	75%	83%	93%	86%	96%	97%

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-Q3 2025 Pre-Seed	2020 Post-Seed	2021 Post-Seed	2022 Post-Seed	2023 Post-Seed	2024 Post-Seed	Q1-Q3 2025 Post-Seed
Interest rate less than 8%	85%	90%	44%	52%	48%	45%	54%	69%	68%	32%	23%	43%
Interest rate at 8%	11%	5%	44%	26%	24%	45%	30%	24%	12%	35%	26%	35%
Interest rate greater than 8%	4%	5%	11%	22%	29%	9%	16%	7%	20%	34%	51%	22%
Maturity less than 12 months	11%	14%	30%	38%	19%	18%	27%	25%	29%	28%	42%	45%
Maturity 12 months	11%	5%	0%	13%	24%	27%	13%	18%	16%	21%	12%	26%
Maturity more than 12 months	79%	81%	70%	50%	57%	55%	60%	58%	55%	52%	46%	29%
Debt is subordinated to other debt	13%	14%	40%	17%	25%	20%	46%	48%	41%	39%	35%	40%
Loan includes warrants ²	4%	0%	0%	0%	0%	9%	12%	6%	20%	22%	15%	18%
Warrant coverage less than 25%	100%	N/A	N/A	N/A	N/A	100%	67%	0%	11%	45%	50%	17%
Warrant coverage at 25%	0%	N/A	N/A	N/A	N/A	0%	0%	0%	0%	0%	0%	0%
Warrant coverage greater than 25%	0%	N/A	N/A	N/A	N/A	0%	33%	100%	89%	55%	50%	83%
Automatic conversion into equity on qualified financing ³	100%	100%	100%	92%	89%	100%	92%	96%	93%	88%	96%	89%
Voluntary conversion into equity on qualified financing ³	0%	0%	0%	8%	11%	0%	8%	4%	7%	12%	4%	11%
Conversion rate subject to price cap ⁴	68%	71%	56%	54%	50%	27%	36%	52%	32%	47%	47%	35%
Conversion to equity at discounted price ⁵	78%	75%	50%	88%	78%	89%	79%	70%	78%	80%	84%	83%
Conversion to equity at same price as other investors	13%	15%	30%	8%	17%	11%	17%	25%	20%	10%	8%	17%
Discount on conversion less than 20%	11%	20%	40%	14%	36%	0%	25%	21%	29%	18%	16%	23%
Discount on conversion at 20%	69%	60%	20%	48%	36%	75%	46%	63%	39%	55%	51%	40%
Discount on conversion greater than 20%	20%	20%	40%	38%	29%	25%	29%	16%	32%	27%	33%	37%

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 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, 89% also had a discount on conversion into equity. Of the Q1-Q3 2025 post-Seed convertible notes with warrants, 43% also had a discount on conversion into equity.

³ 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 \$5M and \$10M, respectively. The 2023 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was \$6M and \$10M, respectively. The 2024 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was \$8M and \$10M, respectively. The 2025 median dollar threshold for a qualified financing in pre- and post-Seed convertible notes was \$10M and \$11M, respectively.

⁴ 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-Q3 2025 median price cap in pre- and post-Seed convertible notes was \$40M and \$60M, respectively.

⁵ 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-Q3 2025 post-Seed convertible notes that had a discount on conversion into equity, 10% 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 represented either the company or one or more of the investors.

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