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THE ENTREPRENEURS REPORT

PRIVATE COMPANY FINANCING TRENDS

From the Wilson Sonsini Database:

FINANCING TRENDS FULL-YEAR 2025



Key Features and Developments in This Report

State of the M&A Market

Wilson Sonsini Mergers & Acquisitions partner Ethan Lutske shares his perspective on the current state of the start-up M&A environment, and shares his insights gained working with Jony Ive and LoveFrom as part of OpenAI's recent acquisition of io Products.

See [p. 3](#)

All Eyes on AI: Regulatory, Litigation, and Transactional Developments

In the latest edition of Wilson Sonsini's *All Eyes on AI* newsletter, we share developments on AI and machine learning regulations, takeaways from recent litigation, and highlights from the firm's recent AI-related deal work.

See [p. 5](#)

Valuations and Round Sizes End the Year Strong

Equity fundraising valuations and round sizes increased and finished out the year at or near record highs across most stages, suggesting that investors continue to have an appetite for making big investments in promising companies across industries and sectors.

See [p. 7](#)

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. SAFE raise amounts were also up this year, indicating a hot market for pre-seed companies.

See [p. 11](#)

THE ENTREPRENEURS REPORT: PRIVATE COMPANY FINANCING TRENDS



Market Perspective with Ethan Lutske

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[Ethan Lutske](#) is a partner in Wilson Sonsini Goodrich & Rosati's Mergers and Acquisitions practice. He has worked on transactions across North America, Asia, and Europe. He has represented numerous clients in both public and private mergers, tender offers, asset acquisitions, stock purchases, joint ventures, SPAC transactions, reverse mergers, and other strategic corporate transactions. Ethan is based in Wilson Sonsini's Palo Alto office.

From your vantage point advising both buyers and sellers, how would you characterize the current state of the private-company M&A market as we head into 2026? What feels materially different from the last few years?

I am not a banker, but from my perspective as an attorney the M&A environment is extremely busy right now. Serial acquirers are very active in many industries and sectors across tech and life sciences. The artificial intelligence (AI) space is its own story in some ways; valuations in that sector are the highest they have ever been and are much larger than what we are seeing in other non-AI industries. This dynamic has been a boon not just for AI companies, but also for other tech companies more broadly that are trying to brand their start-ups as AI companies to get a piece of that pie.

On the other hand, non-AI M&A deal flow is also very busy, but valuations are more in line with what we have seen over the past few years. This past year our team worked on a ton of deals in cryptocurrency/blockchain, cybersecurity, semiconductors, traditional SAAS, medical devices, and biotech. On the seller side, it seems like there are a lot of companies that have decided to jump into the hot market and are trying to sell now rather than risking being unable to find a buyer in a few years if appetites cool.

In one of the biggest transactions of the year, you represented [LoveFrom](#), a collective of designers and creatives co-founded by former Apple Chief Design Officer Jony Ive, as part of the acquisition of io Products by Open AI. What lessons from this deal might be applicable to other companies in the AI hardware or design-focused technology space?

That deal was implemented in a very particular way because we had to match the needs of OpenAI and its specific requirements for product and development, with the needs of LoveFrom, which is a team of visionary designers who operate in a particular way. In a lot of ways, the transaction was analogous to the Disney acquisition of [Pixar](#); Pixar and Steve Jobs had a specific vision of how they were to operate and didn't want to lose that when joining Disney.

Market Perspective with Ethan Lutske (cont.)

For companies that are considering an exit within the next 12-18 months, what are the most important steps they should be taking right now to position themselves as attractive acquisition targets?

One of the biggest lessons from both deals is that practitioners must start with the priorities of their clients and utilize their toolbox to reach that end goal, rather than try to force the deal into a standard structure because “M&A is done that way.” This is a simple thing to say, but it’s actually quite hard to implement because attorneys, accountants, executives, etc., often get nervous that typical protections or rights might get missed when you’re structuring things in an abnormal way. In the end, I think all parties came together to get a deal done that work for the personalities involved and the goals people were aspiring to, and I look forward to seeing the innovations that stem from that transaction.

If you are a company in the space and are looking to sell, you have to really think about what is it that you bring to the table as a company or as a founder, and how it fits into the pool of potential strategic buyers out there. It’s not enough to just have a cool thing—you need to have a cool thing that other people actually want and don’t already have.

On the business side, companies need to really consider what the landscape of buyers in the market looks like now or might look like in the next 12 to 18 months. Ask: If I wait longer, will things change in a way that’s beneficial to my company? There might be a new product in the pipeline that could move the needle. Or the market for a particular niche might improve based on economic, regulatory, or geopolitical factors. Nobody can reliably forecast the market in three or four years, but companies can try to predict their own roadmap and be realistic about future milestones that might improve their odds of finding an acceptable buyer.

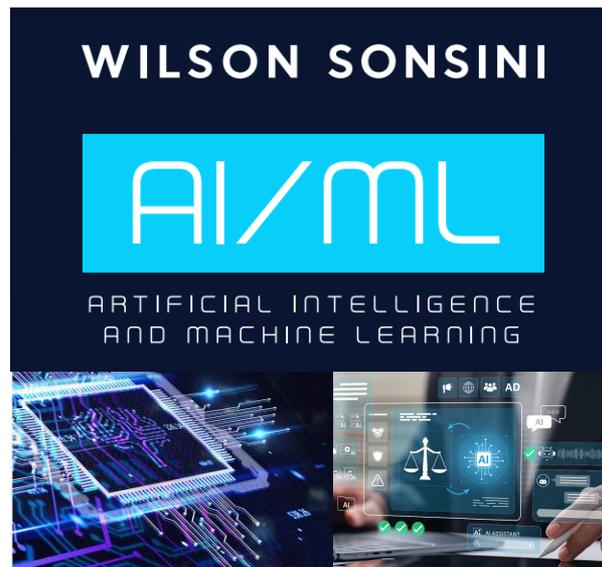
On the legal side, corporate hygiene is key. Among other things, key areas we often see coming up and where companies can take proactive measures is in making sure all the company’s IP is buttoned up, resolving any outstanding litigation, confirming that the company is following employment and trade regulations, and ensuring that company has good privacy and security practices in place. Overlooking these steps can greatly hamper deals in the diligence phase. If a company is falling behind in any of these areas and is looking to sell in 12 to 18 months, corporate cleanup should be a top priority.

All Eyes on AI: Regulatory, Litigation, and Transactional Developments

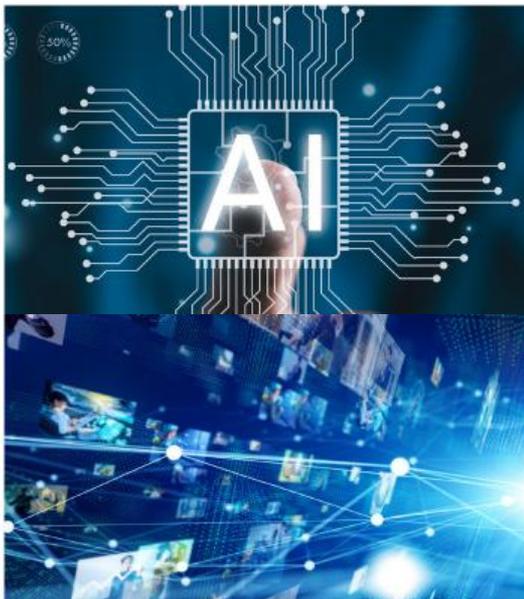
Wilson Sonsini's *All Eyes on AI: Regulatory, Litigation, and Transactional Developments* closely follows the evolving regulatory landscape for artificial intelligence (AI) in the U.S., new EU regulations for AI, international developments, litigation, recent deals highlights, firm publications, and other AI and machine learning highlights. This latest Q3/Q4 2025 edition features:

- Illinois Enacts Law Restricting Artificial Intelligence (AI) Use in Therapy and Psychotherapy Services
- Federal Court Preempts California Deepfake Election Law
- Federal Government Revamps Its AI Procurement Process
- FTC Files Complaint Against AI Company for Alleged Deceptive Marketing
- European Commission (EC) Proposes Draft Amendments to the European Union's (EU) Digital Regulatory Framework, Including the AI Act

Read the newsletter [here](#).



All Eyes on AI: Regulatory, Litigation, and Transactional Developments (cont.)



Deal Highlights

Wilson Sonsini attorneys advised on the following AI-related transactions:

[Wilson Sonsini Advises Perle on \\$9 Million Seed Round](#)

[Wilson Sonsini Advises Dealops on \\$7 Million Financing](#)

[Wilson Sonsini Advises Eight Sleep on IP Matters Related to \\$100 Million Financing](#)

[Wilson Sonsini Advises Uniphore on Orby AI and Autonom8 Transactions](#)

[Wilson Sonsini Advises Lila Biologics on IP Matters Related to Eli Lilly Collaboration](#)

[Wilson Sonsini Advises SCOREalytics on over \\$3 Million Seed Funding](#)

[Wilson Sonsini Advises Observo AI on Acquisition by SentinelOne](#)

[Wilson Sonsini Advises Runware on \\$13 Million Seed Financing](#)

[Wilson Sonsini Advises GreenLite on \\$49.5 Million Series B](#)

[Wilson Sonsini Advises Scientist.com on Acquisition by GHO Capital](#)

[Wilson Sonsini Advises Netskope on IPO](#)

[Wilson Sonsini Advises Vibranium Labs on \\$4.6 Million Seed Round](#)

[Wilson Sonsini Advises Anysphere on Acquisition of Koala](#)

[Wilson Sonsini Advises AmplifAI on \\$33.7 Million Series B](#)

[Wilson Sonsini Advises Manas AI on \\$26 Million Seed Extension](#)

[Wilson Sonsini Advises Kodiak AI on Completed Business Combination with Ares Acquisition Corporation II](#)

[Wilson Sonsini Advises Assort Health on \\$76 Million Series B](#)

[Wilson Sonsini Advises Periodic Labs on \\$300 Million Seed Round](#)

[Wilson Sonsini Advises Zania on \\$18 Million Series A](#)

[Wilson Sonsini Advises Viaduct on Acquisition by Sumitomo Rubber Industries](#)

[Wilson Sonsini Advises Datacurve on \\$15 Million Series A](#)

[Wilson Sonsini Advises Reflection AI on \\$2 Billion Funding Round](#)

[Wilson Sonsini Advises Fivetran on Merger with dbt Labs](#)

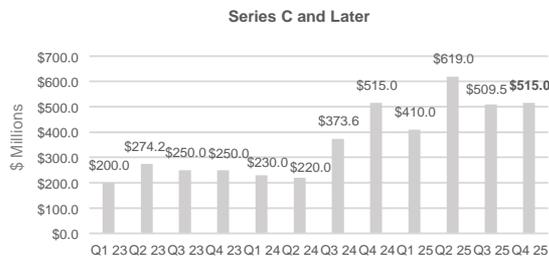
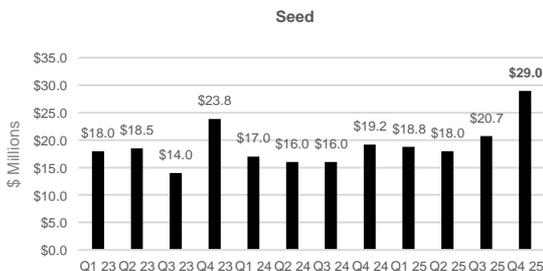
[Wilson Sonsini Advises Sage Care on \\$20 Million Funding as Company Emerges from Stealth](#)

[Wilson Sonsini Advises Uniphore on \\$260 Million Series F Financing](#)

[Wilson Sonsini Advises Phare Health on Acquisition by R1](#)

PRE-MONEY MEDIAN VALUATIONS*

Early Stage and Growth Valuations Continue to Climb



Ending the year on a high note, venture-backed company valuations were up in Q4 2025, with all stages, except Series C, having the highest medians in over a year.

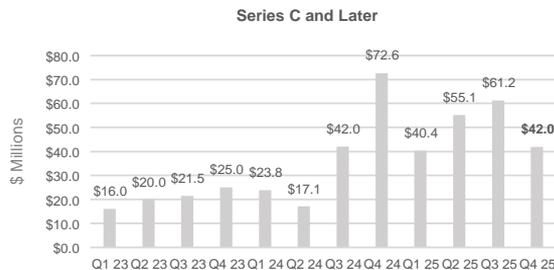
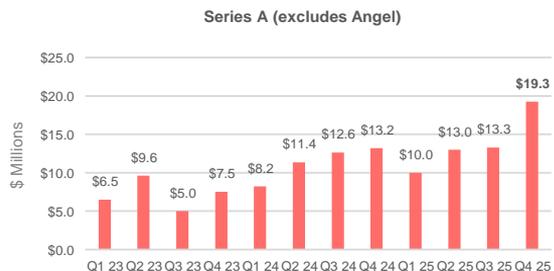
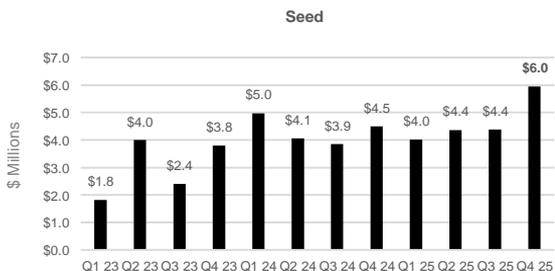
Early-stage Seed and Series A both jumped up to new all-time-highs. AI continues to be a major driver at these earlier stages, with nearly 40% of Seed and Series A companies in our dataset highlighting AI as a key part of their mission.

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.

Series C and later-stage company valuations were essentially flat from last quarter but ended the year with a strong showing compared to 2023 and 2024.

EQUITY FUNDRAISE MEDIAN AMOUNTS*

Fundraise Amounts Move in Line with Valuations



Like valuations, fundraise amounts demonstrate that investors continue to have an appetite for investing substantial amounts into the right companies.

Reflecting continued investor interest in early-stage companies, median Seed raise amounts rose from \$4.4 million in Q3 2025 to \$6.0 million in Q4 2025. Median Series A raises also hit a new record high at \$19.3 million.

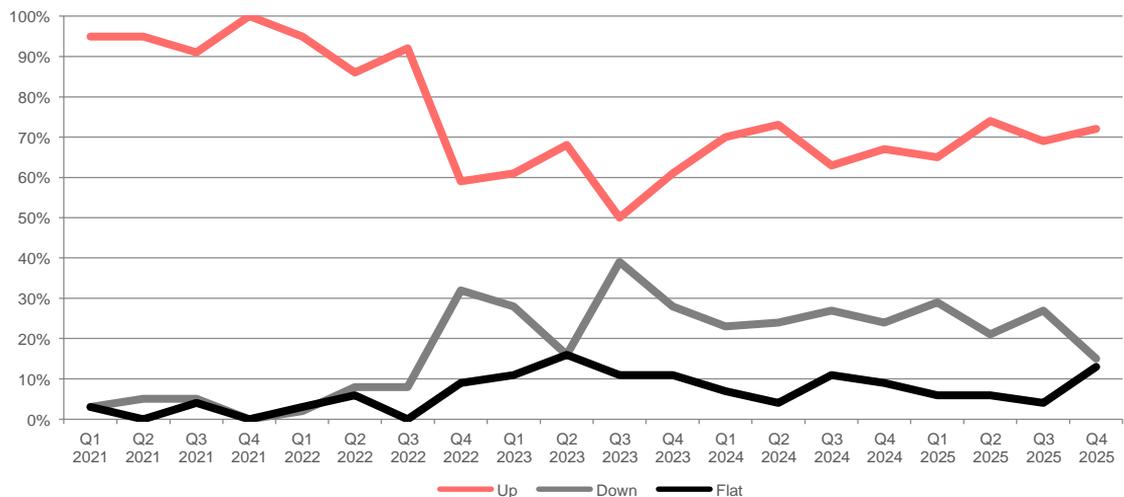
After meaningful declines in Q2 and Q3 2025, median Series B raises rebounded to end out the year at \$32.3 million. We will be watching to see if this jump is a fluke or shows momentum for growth-stage companies going into 2026.

Series C and later fundraise amounts, which had been increasing over the past couple of quarters, dropped to a median of \$42.0 million in Q4 2025. After several recent **high-profile IPOs**, pre-IPO fundraising activity has been strong over the past 18 months, and we expect later stage fundraising ahead of potential public listings to remain active over the next 12–24 months.

THE ENTREPRENEURS REPORT: PRIVATE COMPANY FINANCING TRENDS

Up Rounds Are On the Up and Up

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



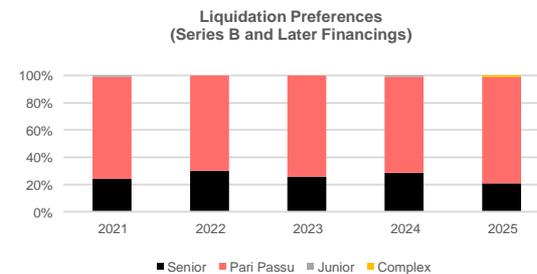
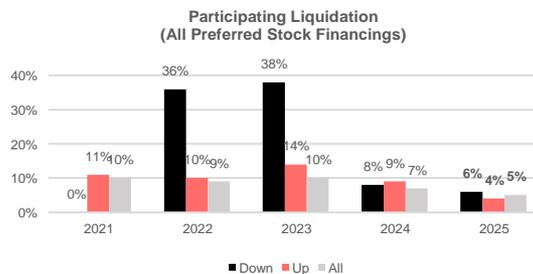
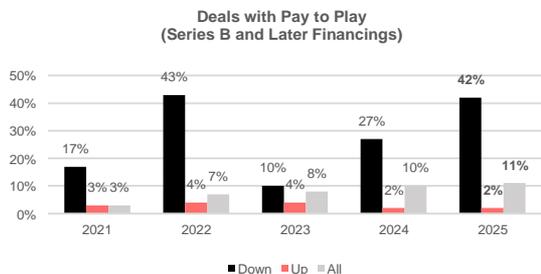
72% of Series B and later companies that raised a preferred stock round in Q4 2025 were able to do so through an up round, representing a slight quarter-over-quarter increase.

After an increase in down rounds last quarter, the prevalence of down rounds dropped significantly from 27% to 15%. This decrease in down rounds was accompanied by a nearly equivalent increase in flat rounds (4% to 13%), suggesting that while investors may be less inclined to push for decreased valuations, some continue to take a wait-and-see approach via flat rounds.

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 fact that 28% of these rounds were down and flat rounds in Q4 2025 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



In the final quarter of 2025, Series B-and-later equity financing terms continued to shift compared with 2024. Pay-to-play provisions appeared in 42% of down rounds in 2025, up from 27% in 2024, underscoring investor use of these protective mechanisms in more distressed financings. Participating liquidation preferences were present in 6% of down rounds, the lowest percentage since 2021. Senior liquidation preferences were also less common in 2025 compared with 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.

THE ENTREPRENEURS REPORT: PRIVATE COMPANY FINANCING TRENDS

SAFEs (Simple Agreements for Future Equity)

SAFEs Raise Amounts Return to 2021 Levels

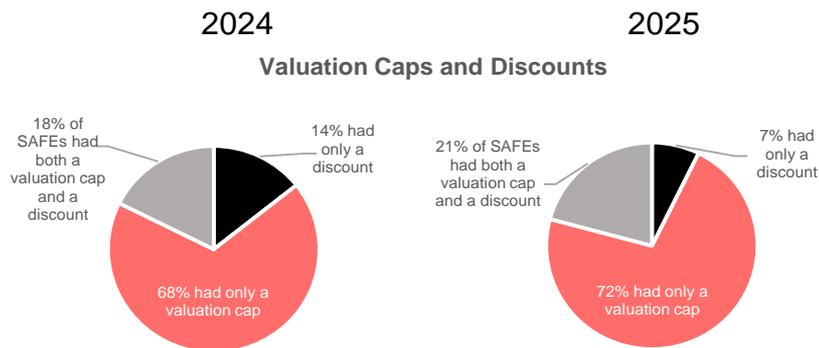


For the first time in four years, the median amount raised via SAFE financings hit \$1 million in 2025. More than 90% of pre-Seed non-equity financings in our dataset were SAFEs rather than convertible promissory notes. Larger check sizes suggest that the market for pre-seed investments shows no signs of slowing heading into 2026.

The growing use of SAFEs at earlier stages can accelerate 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 financing 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 Shifted Slightly in 2025



Compared with 2024, investors and start-ups in 2025 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 SAFE valuation cap was \$20 million this year, up from 2024's \$16 million, mirroring the consistent increase seen in Series Seed valuations. Additionally, 81% of 2025's SAFEs employed a [post-money valuation cap structure](#), roughly in line with 80% in 2024. While the median discount rate remains at the standard 20% this year, about one-third of discount SAFEs included a discount rate that was above or below that median. The percentage of non-traditional discount rates was lower in 2025 than 2024, but investors remain amenable to customizing discount rates under certain scenarios.

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

CONVERTIBLE NOTE MEDIAN RAISE AMOUNTS

Post-Seed Convertible Notes Bounce Back

Pre-Seed - Convertible Notes
(Yearly Comparison)



Post-Seed Convertible Notes
(Yearly Comparison)



Pre-Seed - Convertible Notes
(Quarterly Comparison)



Post-Seed - Convertible Notes
(Quarterly Comparison)



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 convertible post-Seed notes remains common, with the median amount raised of \$2.60 million in Q4 2025. After a drop in median post-Seed bridge amounts in Q3, raise amounts increased but have not yet returned to the peaks seen in 2021 and 2022.

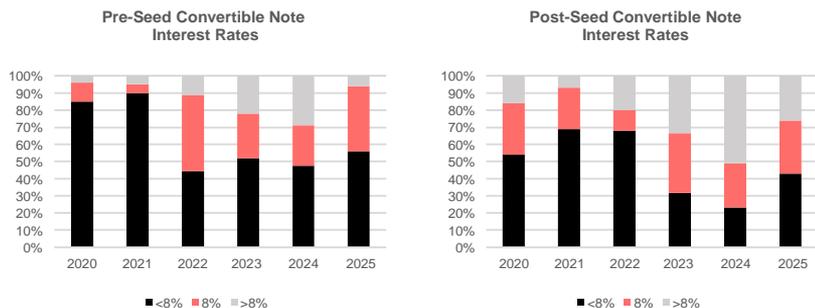
This lackluster recovery suggests that investors continue to be weary of large bridge rounds in the current environment. Founders planning substantial bridges should be prepared to tap multiple sources and convince investors of a clear path to achieving milestones.

THE ENTREPRENEURS REPORT: PRIVATE COMPANY FINANCING TRENDS

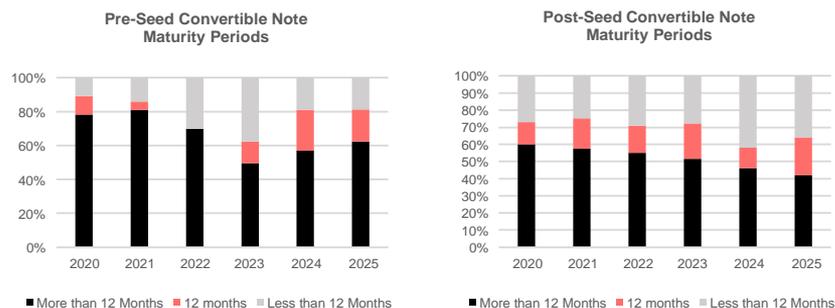
CONVERTIBLE NOTE DEAL TERMS*

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. In 2025, 94% pre-Seed notes carried interest rates of 8% or less, a figure not seen since the low interest rate environment of 2021. Maturity rates were similar to 2024 with 82% of pre-Seed notes maturing at 12 months or longer indicating that some 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, with lower interest rates come expectations of quicker progress; maturities over 12 months fell to 36% (down from 42% in 2024) and nearly 2/3rds of 2025's post-Seed notes will mature in one year or less, indicating many investors expect these companies to fundraise again quickly.

Wilson Sonsini's *Breakthrough Minds* Podcast

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. See below for links to the podcast's recent episodes, available to listen now:



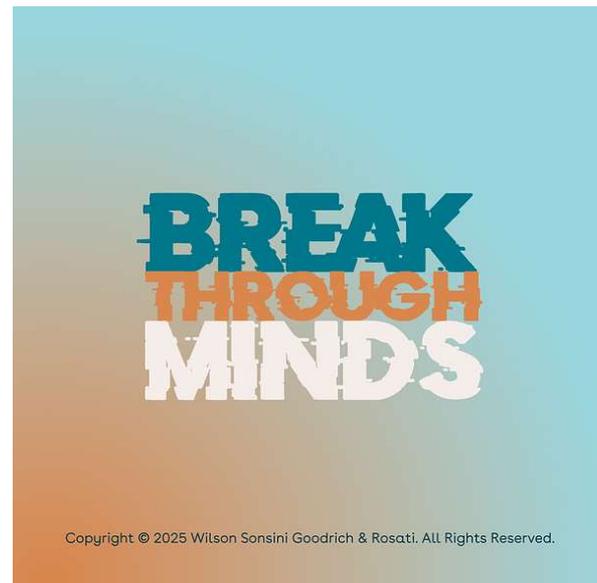
[A Conversation with Annie Datesh](#) (Season 1, Episode 5)

In this episode, Wilson Sonsini's Chief Innovation Officer, [Annie Datesh](#), joins host Raj Mahapatra to discuss the intersection of neuroscience, law, and artificial intelligence (AI), exploring how innovative legal technology can enhance the practice of law. Annie shares her career journey and dives into the complexities of integrating AI in legal technology.



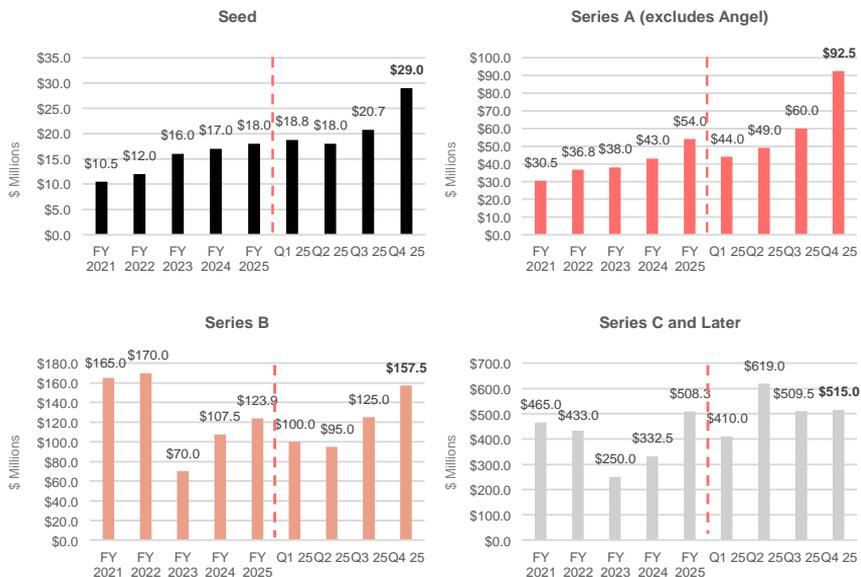
[A Conversation with Dr. Katie King of BioOrbit](#) (Season 1, Episode 4)

Host Raj Mahapatra interviews [Dr. Katie King](#), co-founder and CEO of BioOrbit, who shares her journey from childhood dreams of space to developing innovative drug delivery systems in microgravity, and the opportunities presented by AI in medicine.

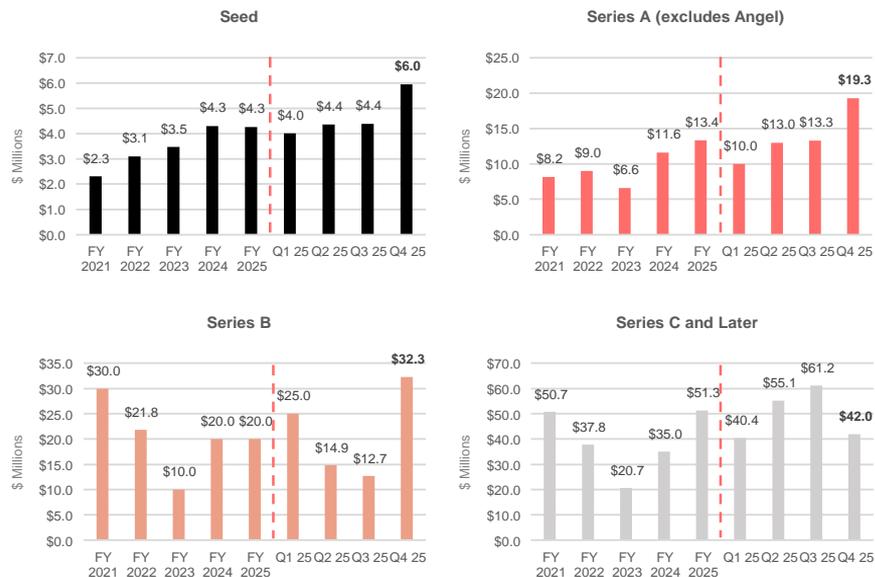


Appendix - A Yearly Look-Back on Equity Valuations and Raise Amounts

Pre-Money Median Valuations



Equity Fundraise Median Amounts



Appendix – Private Company Financing Deal Terms (Wilson Sonsini Deals)¹

	2021 All Rounds ²	2022 All Rounds ²	2023 All Rounds ²	2024 All Rounds ²	2025 All Rounds ²	2021 Up Rounds ³	2022 Up Rounds ³	2023 Up Rounds ³	2024 Up Rounds ³	2025 Up Rounds ³	2021 Down Rounds ³	2022 Down Rounds ³	2023 Down Rounds ³	2024 Down Rounds ³	2025 Down Rounds ³
Liquidation Preferences - Series B and Later															
Senior	24%	30%	26%	29%	21%	23%	26%	20%	13%	12%	50%	64%	38%	63%	46%
<i>Pari Passu</i> with Other Preferred	75%	70%	74%	71%	79%	76%	74%	80%	87%	88%	50%	36%	62%	35%	54%
Junior	1%	0%	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%	2%	0%
Complex	0%	0%	0%	0%	1%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%
Participating vs. Non-Participating															
Participating - Cap	4%	3%	2%	3%	2%	4%	3%	4%	7%	3%	0%	0%	14%	2%	2%
Participating - No Cap	6%	6%	8%	4%	3%	7%	7%	10%	2%	1%	0%	36%	24%	6%	4%
Non-Participating	90%	91%	90%	93%	95%	89%	90%	85%	91%	96%	100%	64%	62%	92%	93%
Dividends															
Yes, Cumulative	5%	6%	3%	4%	2%	6%	8%	6%	7%	4%	0%	8%	0%	2%	2%
Yes, Non-Cumulative	56%	51%	46%	42%	40%	65%	57%	53%	52%	45%	57%	58%	65%	65%	62%
None	39%	43%	51%	55%	58%	29%	35%	40%	42%	51%	43%	33%	35%	33%	36%
Anti-Dilution Provisions															
Weighted Average - Broad	97%	98%	98%	96%	100%	98%	99%	100%	94%	100%	100%	100%	95%	100%	100%
Weighted Average - Narrow	1%	0%	1%	0%	0%	1%	0%	0%	0%	0%	0%	0%	5%	0%	0%
Ratchet	1%	1%	0%	1%	0%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Other (Including Blend)	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
None	1%	1%	2%	3%	0%	0%	0%	0%	6%	0%	0%	0%	0%	0%	0%
Pay-to-Play - Series B and Later															
Yes, Pay-to-Play	3%	7%	8%	10%	11%	3%	4%	4%	2%	2%	17%	43%	10%	27%	42%
None	97%	93%	92%	90%	89%	97%	96%	96%	98%	98%	83%	57%	90%	73%	58%
Redemption															
Yes, Redemption	10%	8%	5%	8%	4%	15%	12%	4%	12%	5%	17%	7%	15%	4%	6%
None	90%	92%	95%	92%	96%	86%	89%	96%	88%	95%	83%	93%	86%	96%	93%

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.

Appendix - Convertible Notes - Deal Terms (Wilson Sonsini Deals)

Convertible Notes ¹	2021 Pre-Seed	2022 Pre-Seed	2023 Pre-Seed	2024 Pre-Seed	2025 Pre-Seed	2021 Post-Seed	2022 Post-Seed	2023 Post-Seed	2024 Post-Seed	2025 Post-Seed
Interest rate less than 8%	90%	44%	52%	48%	56%	69%	68%	32%	23%	43%
Interest rate at 8%	5%	44%	26%	24%	38%	24%	12%	35%	26%	31%
Interest rate greater than 8%	5%	11%	22%	29%	6%	7%	20%	34%	51%	26%
Maturity less than 12 months	14%	30%	38%	19%	19%	25%	29%	28%	42%	36%
Maturity 12 months	5%	0%	13%	24%	19%	18%	16%	21%	12%	22%
Maturity more than 12 months	81%	70%	50%	57%	63%	58%	55%	52%	46%	42%
Debt is subordinated to other debt	14%	40%	17%	25%	13%	48%	41%	39%	35%	46%
Loan includes warrants ²	0%	0%	0%	0%	6%	6%	20%	22%	15%	19%
Warrant coverage less than 25%	N/A	N/A	N/A	N/A	100%	0%	11%	45%	50%	17%
Warrant coverage at 25%	N/A	N/A	N/A	N/A	0%	0%	0%	0%	0%	0%
Warrant coverage greater than 25%	N/A	N/A	N/A	N/A	0%	100%	89%	55%	50%	83%
Automatic conversion into equity on qualified financing ³	100%	100%	92%	89%	93%	96%	93%	88%	96%	93%
Voluntary conversion into equity on qualified financing ³	0%	0%	8%	11%	7%	4%	7%	12%	4%	7%
Conversion rate subject to price cap ⁴	71%	56%	54%	50%	38%	52%	32%	47%	47%	40%
Conversion to equity at discounted price ⁵	75%	50%	88%	78%	92%	70%	78%	80%	84%	86%
Conversion to equity at same price as other investors	15%	30%	8%	17%	8%	25%	20%	10%	8%	14%
Discount on conversion less than 20%	20%	40%	14%	36%	9%	21%	29%	18%	16%	23%
Discount on conversion at 20%	60%	20%	48%	36%	73%	63%	39%	55%	51%	40%
Discount on conversion greater than 20%	20%	40%	38%	29%	18%	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 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. Of the 2025 post-Seed convertible notes with warrants, 50% also had a discount on conversion into equity.

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

⁴ 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 2025 median price cap in pre- and post-Seed convertible notes was \$28M and \$70M, respectively.

⁵ 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 2025 post-Seed convertible notes that had a discount on conversion into equity, 14% 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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