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# Q2 2024 VALUATION REPORT

Gunderson Dettmer's Q2 2024 Valuation Report provides valuation data based on 335 venture capital financings closed in Q2 involving Gunderson Dettmer clients, which raised an aggregate of more than \$19 billion with an aggregate valuation of over \$55 billion.

The Valuation Report assesses proprietary data collected by Gunderson Dettmer on both SAFE and preferred stock financings (Seed and Series A–D rounds). In addition, it offers quantitative analysis, which traces historical data from 2020 to the current quarter, in order to discern trends for technology and life sciences companies where the firm represents either the company or the investor.

In addition to the data analysis, three Gunderson corporate partners offer their insights and commentary, drawing from their extensive experience as trusted advisors. Each partner provides a unique perspective on the data, helping to translate market signals into actionable strategies.

Gunderson Dettmer's reputation for negotiating the highest number of financings worldwide is well-established, as the firm has been acknowledged as the most active law firm for a decade by PitchBook Global League Tables. This vast experience, spanning thousands of financings, places the firm and its attorneys in a unique position to comment on trends within the innovation economy.

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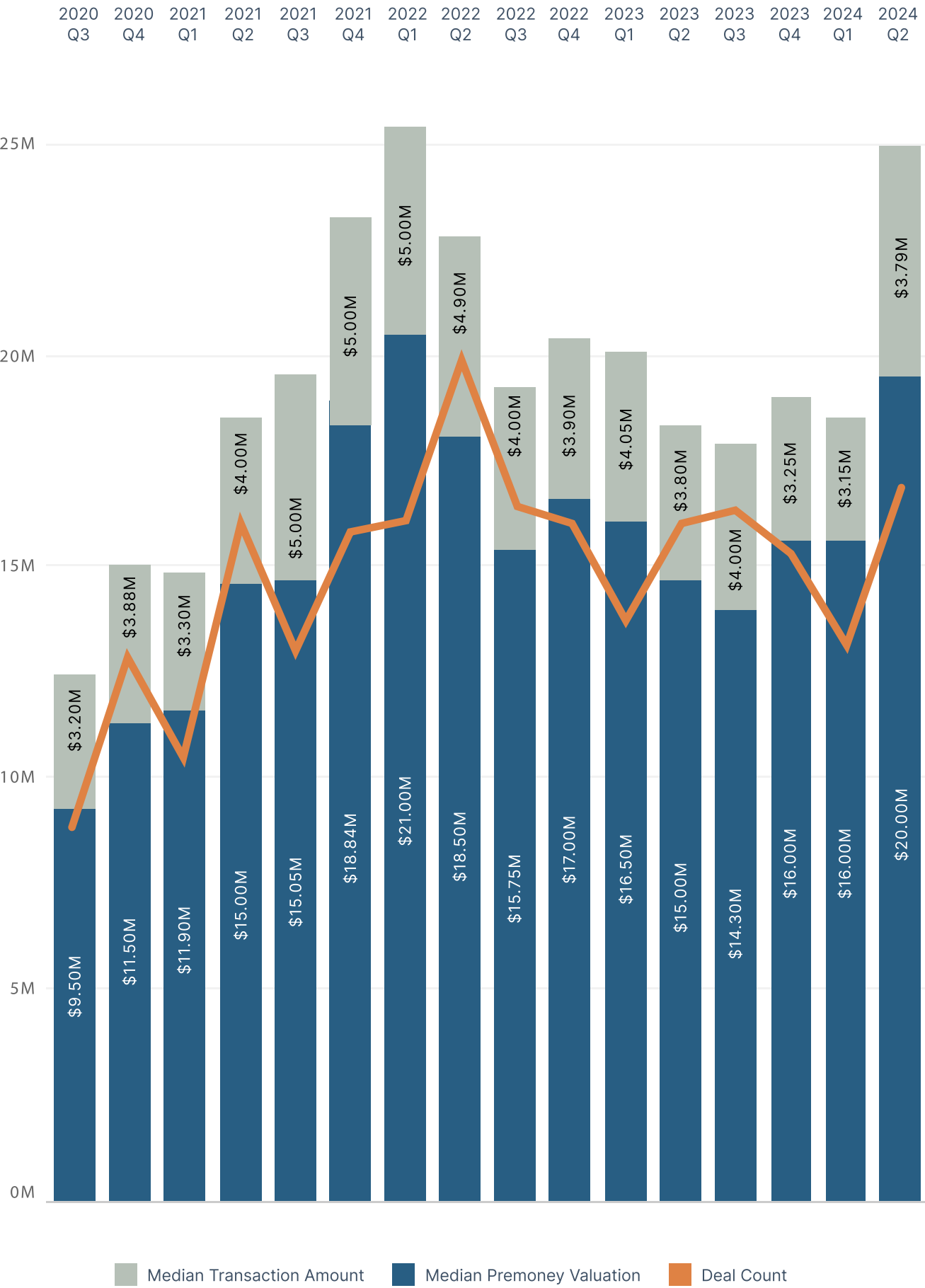
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Series Seed and SAFEs



# SEED STAGE AND SAFE FINANCINGS

## GD Perspective

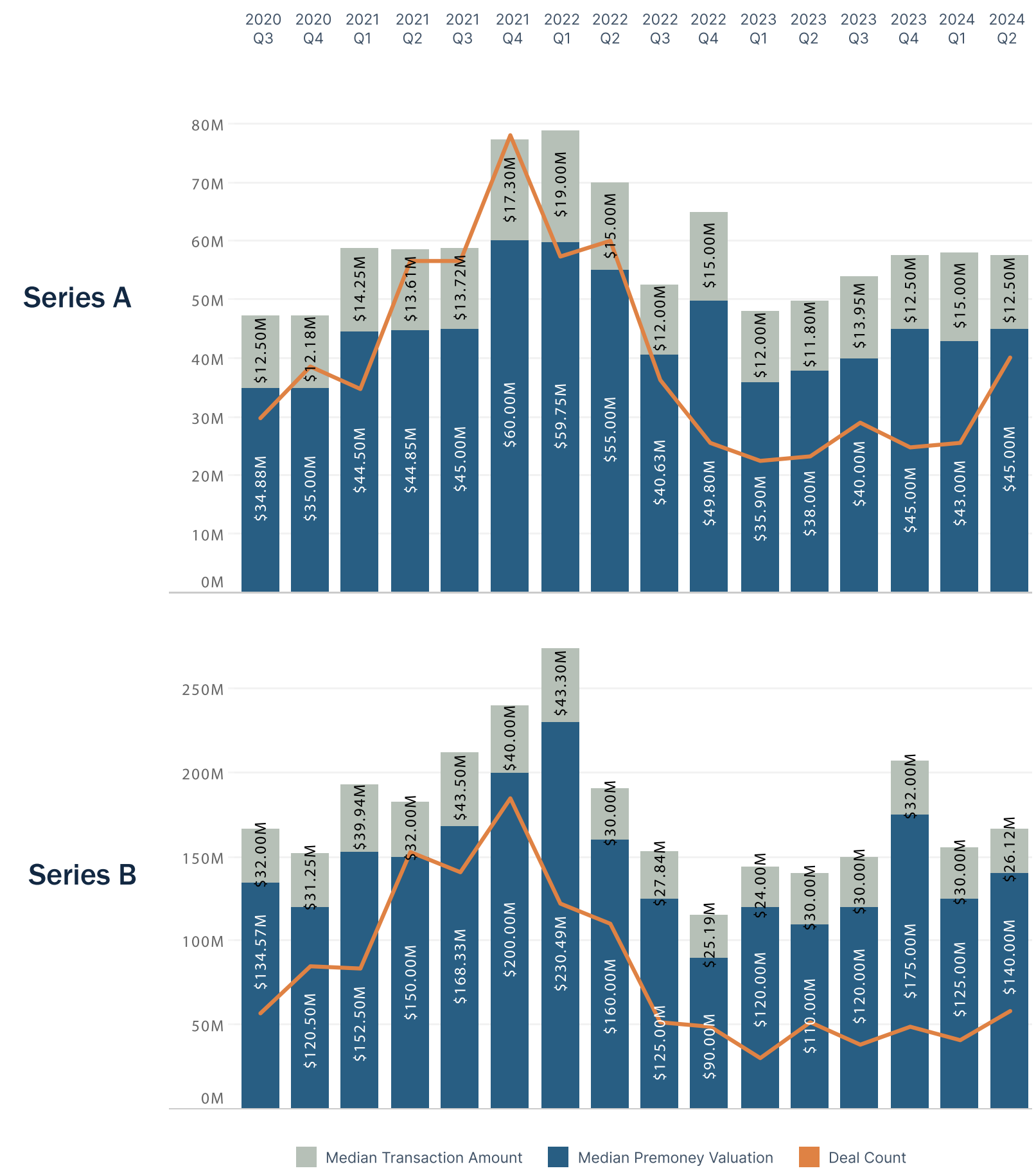
**Melissa Marks, New York Partner:** Seed-stage financings have held relatively steady in terms of valuation, deal size and deal count since the start of 2022, without any steep jumps or declines as seen in subsequent financing round data. This remains the case for Q2 2024, even as Series Seed valuations in Q2 increased both year over year and quarter over quarter to reach their highest point since Q1 2022, which is an early positive signal for companies looking to raise in 2024.

The relative consistency in valuations over the past two years is attributable in part to the metrics on which Series Seed rounds are raised being more insulated from economic forces than later rounds. And while round size since the start of 2022 corresponds to roughly 20% ownership stakes for Series Seed investors, median round size in H1 2024 reflects approximately 16% ownership stakes for investors - another early signal that the companies looking to raise in H2 may be able to negotiate less dilutive terms than a year ago. Likewise, we have seen seed stage deal terms remain clean throughout this cycle including in Q2, and we are seeing signs that fundraising timelines that had elongated in H2 2022 and 2023 are beginning to decrease.

Deal count at the seed stage is up only slightly (5%) on a year-over-year basis. However, in the context of the relatively stable market and the early trends noted above, we believe the lower growth in deal count is not indicative of a softening of the market for seed deals, and is more a result of investors opening up to a broader range of investment sizes and structures. For example, seed stage equity rounds are down on year-over-year basis, but seed rounds structured as SAFEs or convertible debt are up by a greater percentage, leading to the overall modest increase. This is consistent with our experience that an increasing number of professional investment firms are willing to write larger checks into convertible Seed rounds, providing companies with more alternatives for fundraising beyond the pre-seed stage, where SAFEs have longer been the standard.

## Additional Highlights:

- While equity seed rounds have decreased by 10% YoY, SAFE and convertible note seed rounds in Q2 saw a 42% increase over Q2 2023.
- Round sizes and valuations remain strong, having withstood market pressure in H2 2022 and 2023 to remain at or higher than 2021 levels.
- Life Sciences and CleanTech verticals saw the highest valuations among Gunderson Dettmer company client representations.



# EARLY-STAGE FINANCINGS (SERIES A, SERIES B)

## GD Perspective

**Trevor Knapp, Silicon Valley Partner:** After six quarters of relatively low activity on a transaction count basis, the number of Series A financings jumped by more than 55% quarter over quarter in Q2 (70% over the same quarter in 2023) and the number of Series B financings jumped by more than 41% quarter over quarter in Q2 (12% over the same quarter in 2023).

Valuations also increased at both the Series A and Series B stages – with the median valuations hitting the highest valuation levels since 2022 for both rounds of financing (with a median Series A pre-money valuation of \$45 million and Series B pre-money valuation of \$140 million).

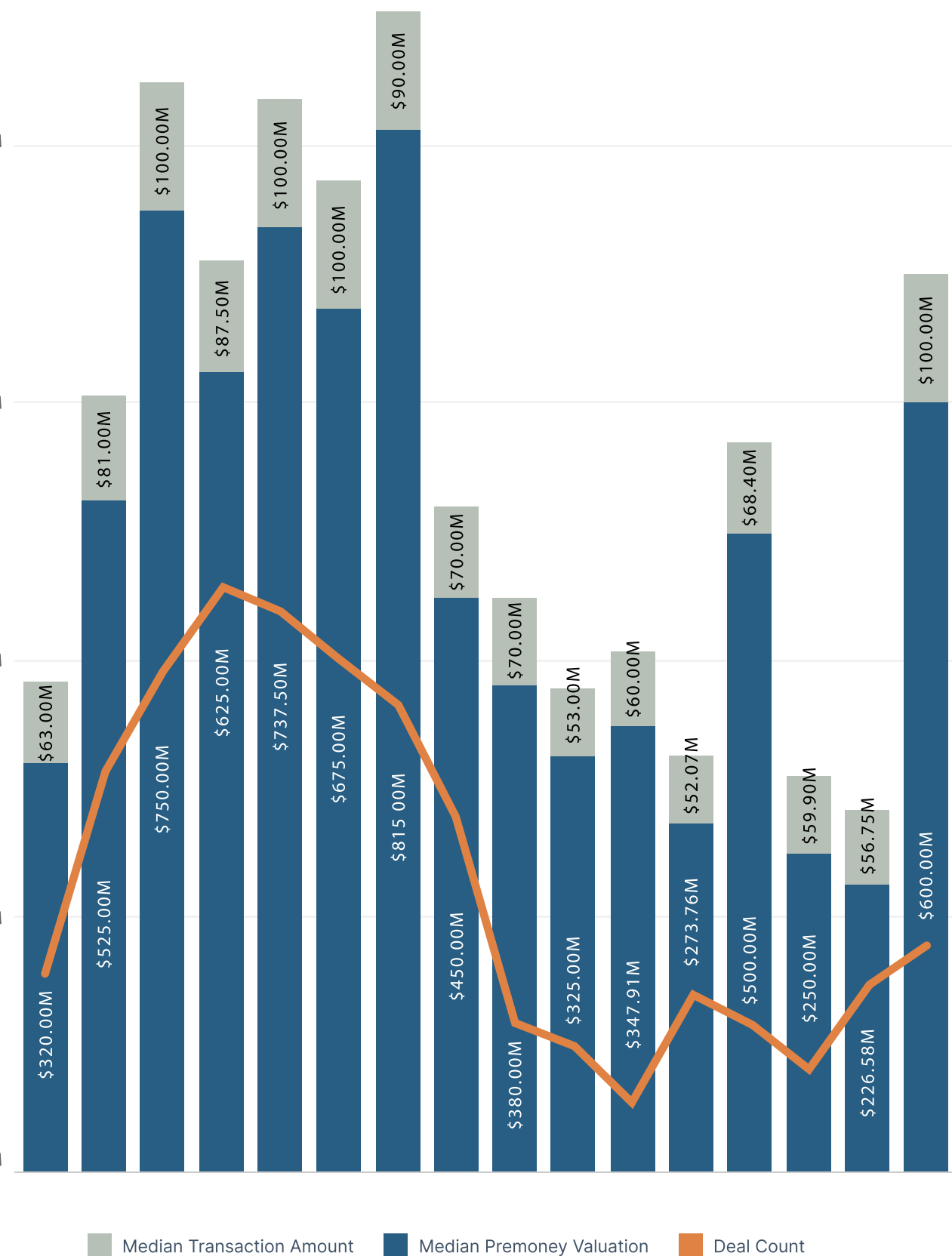
Correspondingly, the aggregate amount raised in total across both the Series A and Series B financing stages jumped drastically in line with increased transaction numbers – with approximately \$300 million more raised in Q2 in Series A financings and approximately \$925 million more raised in Q2 in Series B financing (such amounts are the largest total amount of financing raised for either stage in a quarter since Q3 2022 and Q2 2022, respectively).

A material portion of this financing activity is being driven by the cohort of seed stage companies who raised early financing rounds in the heights of the market in 2020, 2021 and early 2022. Many of those companies who have now successfully launched products and gained early commercial traction are coming to market with strong fundraising stories. For those in-demand financing rounds, there is a robust amount of capital available and the competition for such transactions is resulting in founder-friendly terms and attractive valuations.

## Additional Highlights:

- A material amount of such deal activity is being driven by AI enthusiasm in the market and early signs in Q3 point to this trend continuing.
- There is strong demand from existing, early-stage investors to invest their pro rata or even greater amounts in the Series A and Series B financings for these companies (creating challenges with over-subscribed financing rounds).

2020 Q3 2020 Q4 2021 Q1 2021 Q2 2021 Q3 2021 Q4 2022 Q1 2022 Q2 2022 Q3 2022 Q4 2023 Q1 2023 Q2 2023 Q3 2023 Q4 2024 Q1 2024 Q2



Median Transaction Amount Median Premoney Valuation Deal Count

# LATER-STAGE FINANCINGS (SERIES C, SERIES D)

## GD Perspective

**Wes Watts, Austin:** While deal count and valuations for later-stage financings between mid-2021 and early 2023 generally declined on a quarter-over-quarter basis, there are reasons to believe the market is beginning to shift. Many later-stage deals are still taking longer to complete than in a more robust market, but we are now seeing an increasing number of later-stage deals along with increased valuations (for example, average valuations for Series D financings exceeded \$1.3B for Q2 2024, a mark regularly exceeded in prior markets but only exceeded one other time since Q2 2022).

Funds with money to allocate who have been on the sidelines for the past couple years are beginning to wade back into the market, as are certain notable strategic investors. Also notable (although not reflected in the charts) is that secondary market transactions involving later-stage companies and their investors appear to be increasing. This uptick in secondary market activity may, in some cases, reflect the longer holding periods that earlier-stage investors and executives are currently experiencing in more mature companies, as well as opportunities for cost-averaging by investors seeking to hold and fatten their positions.

## Additional Highlights:

- Late-stage deals were up 60% YoY.
- The number of unicorn deals in H1 2024 surpassed the 2023 total.
- Highest valuations by vertical for Gunderson Dettmer company clients were in FinTech and SaaS.



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