



Venture Capital Report

2026

Note From the Editors

This year's Venture Capital Report offers a detailed review of US venture capital financing and liquidity activity and discusses key factors that will shape the coming year. We discuss SAFE financings and decisions that can lead to unexpected founder dilution, track the continued resurgence of venture financing "mega-rounds," and examine the implications of the One Big Beautiful Bill Act for qualified small-business stock and R&D expense deductions. In addition, we analyze trends in convertible note and SAFE terms and venture capital financing terms.

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Thanks for reading.



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What's Inside

US Market Review and Outlook	2
Giving Away the Farm with SAFEs – Understanding the Alternatives and Avoiding Unnecessary Dilution	9
Selected WilmerHale Venture Capital Financings	12
VC "Mega-Rounds" Continue Their Resurgence	14
OBBBA Highlights: Qualified Small Business Stock and R&D Expense Deductions	17
Trends in Convertible Note and SAFE Terms	20
Trends in Venture Capital Financing Terms	21

US Market Review and Outlook

By many measures, the venture capital market continued to rebound in 2025. While deal volume was essentially flat year over year, deal value surged to its second-highest level ever. The number of venture-backed IPOs barely increased, but those companies that went public were larger, and the value of venture-backed M&A transactions more than tripled, surpassing the record set in 2021. Despite some of the ebullient headline numbers, the increases across many metrics were driven by a small number of very large deals, and the overall environment for companies seeking venture financing remains far from hospitable.

Equity Financing Activity

The number of reported venture capital financings decreased by 2%, from 15,246 in 2024 to 14,934 in 2025, but this decline is likely to be largely erased once all 2025 deals have been accounted for. Notwithstanding the relatively flat deal count, total reported financing proceeds increased by 50%, from \$212.9 billion in 2024 to \$318.6 billion in 2025, the second-highest annual figure on record, behind only the \$358.5 billion haul in 2021.

Overall, the median size of venture capital financings increased by 29%, from \$3.6 million in 2024 to \$4.7 million in 2025, the highest median since the late 2000s, when angel and seed financings comprised a smaller portion of the market.

The median size of venture capital financings rose across market segments. The median size of angel and seed financings rose by 16%, from \$2.0 million in 2024 to \$2.3 million in 2025. The median size of early-stage financings increased by 43%, from \$7.0 million in 2024 to \$10.0 million in 2025. Some of the increase in the size of early-stage financings can be explained by the

increased prevalence of SAFEs—which are less likely to be reported in deal studies—for pre-seed and seed financings. SAFE financings allow companies to push out their first fixed-price financing into later, more mature stages of their development. The median size of later-stage financings increased by 29%, from \$8.5 million in 2024 to \$11.0 million in 2025.

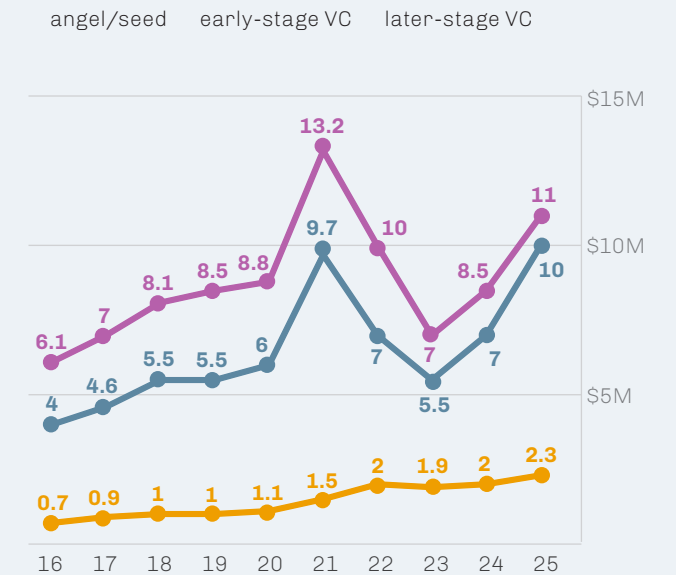
The median financing size for healthcare and life sciences companies increased by 14%, from \$5.0 million in 2024 to \$5.7 million in 2025. Among technology companies, the median financing size increased by 26%, from \$4.0 million in 2024 to just over \$5.0 million in 2025. The 2025 median figures for both healthcare and technology are the highest in the last 20 years.

In our 2025 Annual Report, we noted a trend toward an increasing number of “mega-round” financings, involving a greater number of rounds raising \$100.0 million or more. That trend continued to accelerate in 2025, and early returns from 2026 show that mega-rounds continue to attract a disproportionate share of dollars raised.

The number of financing rounds in which companies raised \$50.0 million or more increased by 28% year over year, from 767 in 2024 to 980 in 2025. The number of financing rounds of \$100 million or more increased by 31% year over year, from 364 in 2024 to 477 in 2025, and the number of financing rounds of \$250 million or more increased by 69% year over year, from 90 in 2024 to 152 in 2025.

Median Size of US Venture Capital Financings

2016 to 2025



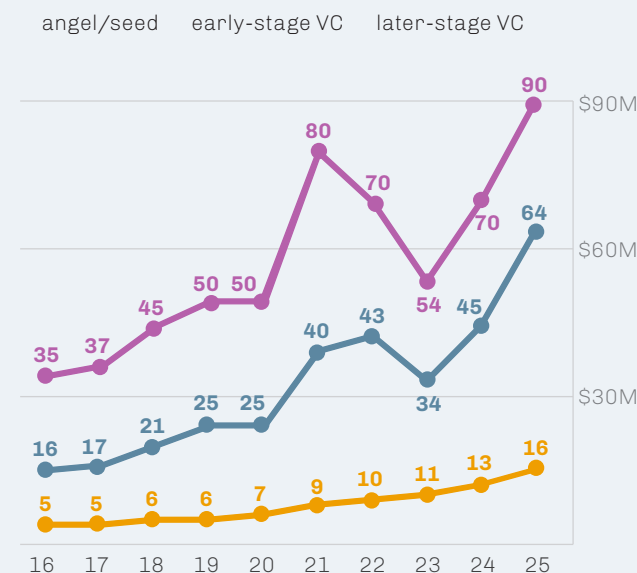
There were 25 billion-dollar venture financing rounds in 2025, an increase from 16 in 2024, surpassing the previous annual record of 22 billion-dollar venture financing rounds set in 2021.

The largest rounds in 2025 came from OpenAI (\$40.0 billion, the largest private funding round in history), Scale AI (\$14.3 billion), Anthropic (\$13.0 billion), and Project Prometheus (\$6.2 billion). As in 2024, the fourth quarter produced the highest number of billion-dollar financings. One such example was the \$20.0 billion financing of x.AI Holdings, which was announced in January 2026 and will be reflected in next year's deal studies.

What is notable when comparing the deal count figures above by dollar threshold for 2024 and 2025 is that deals at significantly higher levels saw a larger year-on-year percentage increase than did smaller deals. The increases are more pronounced when one looks at the deal value. The aggregate value of venture financing rounds of \$100 million or more increased by 80% between 2024 and 2025, from \$119.1 billion to \$214.4 billion. The aggregate value of venture financing rounds of \$250 million or more increased by 108%, from \$81.1 billion in 2024 to \$168.6 billion in 2025. The aggregate value of financing rounds of \$1 billion or more increased by 130%, from \$50.5 billion in 2024 to \$116.4 billion in 2025.

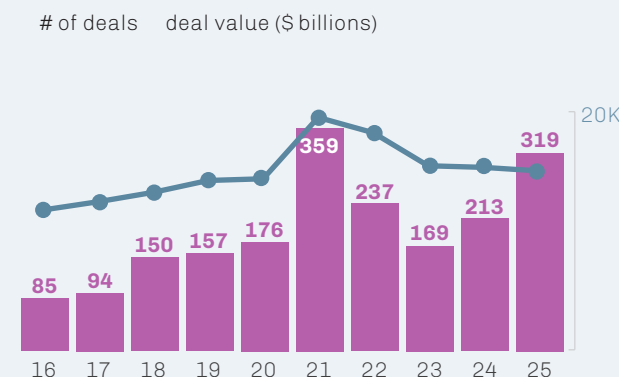
Median Pre-Money Valuation in US Venture Capital Financings

2016 to 2025



US Venture Capital Financings

2016 to 2025



14,934

venture financings in 2025, a 2% decrease

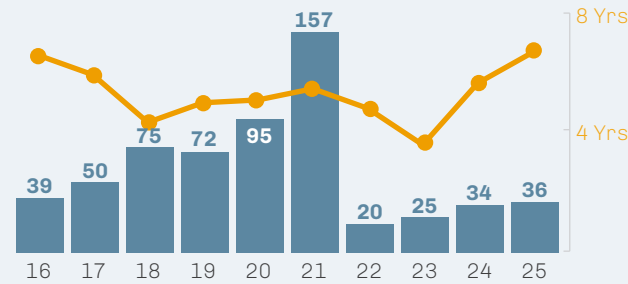
\$318.6B

deal value in 2025, a 50% increase

Venture Capital-Backed IPOs and Median Time to IPO

2016 to 2025

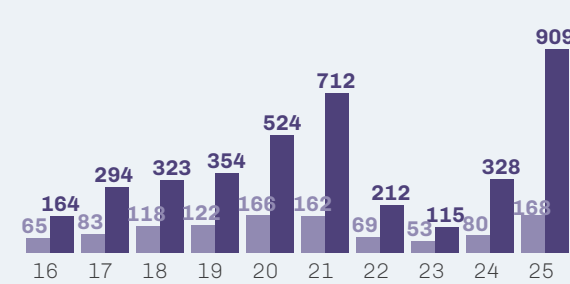
of deals median time to IPO (in years)



Median Amount Raised Prior to IPO and Median Pre-IPO Valuation

2016 to 2025

median amount raised prior to IPO (\$M)
median pre-IPO value (\$M)



Deal value for rounds of less than \$100 million grew much more modestly. The aggregate value of financing rounds of less than \$100 million increased by only 11%, from \$93.8 billion in 2024 to \$104.1 billion in 2025. Despite the year-over-year increase, the 2025 figure is below the annual average of \$112.3 billion for comparably sized financings recorded over the five-year period from 2020 through 2024.

The median pre-money valuation for all venture financings increased by 52% between 2024 and 2025, from \$25.0 million to \$38.0 million. In angel and seed rounds, the median pre-money valuation increased by 19%, from \$13.0 million to \$15.5 million. The median pre-money valuation in early-stage rounds increased by 43%, from \$45.1 million to \$64.4 million, while in later-stage rounds it increased by 29%, from \$70.0 million to \$90.0 million.

From 2024 to 2025, the median pre-money valuation in the healthcare and life sciences sector increased by 31%, from \$30.0 million to \$39.4 million. Among technology companies, the median pre-money valuation increased by 67%, from \$25.0 million to \$41.8 million.

Angel and seed financings accounted for a lower proportion of venture financings and proceeds in 2025 than in 2024—36% of all venture financings (down from 40%) and 7% of all venture capital financing proceeds (down from 9%). Early-stage financings accounted for 32% of all financings (up from 29%), but only 21% of all proceeds (down from 26%). The number of later-stage financings remained roughly flat, accounting for 32% of all financings in 2025 (up from 31%), but proceeds increased to 72% of all proceeds (up from 65% in 2024).

California produced 31% of all venture financings in 2025 (4,679 financings) and 60% of the year's proceeds (\$190.4 billion). New York, home to companies with 1,965 financings that raised \$30.2 billion in 2025, finished second in the state rankings, followed by Texas (with 830 financings, raising \$12.4 billion), Massachusetts (with 825 financings, raising \$16.6 billion), Florida (with 629 financings, raising \$7.3 billion), Washington (with 419 financings, raising \$7.4 billion) and Colorado (with 390 financings, raising \$7.5 billion).

Liquidity Activity

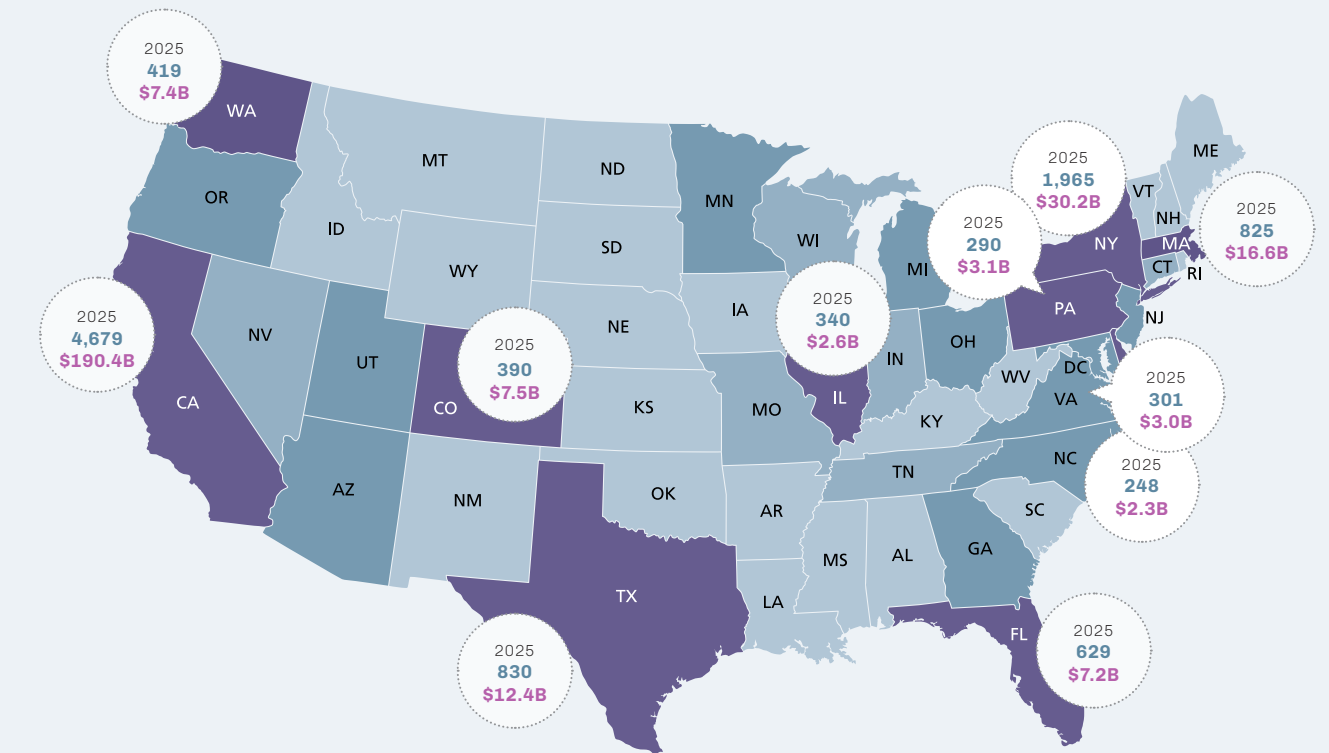
Favorable market conditions that give rise to an increase in financing activity should be equally likely to provide an environment conducive to exits. With the median time from initial equity financing to exit consistently approaching five years, one would expect the upswing in financing activity between 2019 and 2021 to have translated into higher exit counts in 2024 and 2025, and that has been partly borne out.

Recent data suggests that the trends in the capital markets for venture-backed and early-stage public companies are similar to trends in the venture fundraising market. Larger deals are getting done, while smaller deals are getting less attention. A smaller number of “winners” are taking a disproportionate share of financing, while more marginal companies are less likely to attract support. This means that volume remains stagnant, while median IPO size is rapidly increasing.

VENTURE FINANCINGS BY STATE

2020–2025

2,000+ 1,000 - 1,999 500 - 999 less than 500



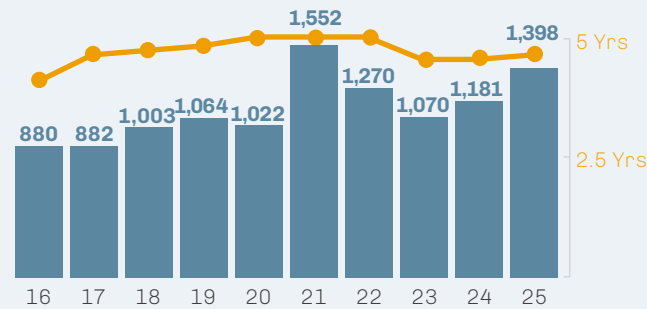
Leading Venture Financing States

2020–2025

	CA	NY	TX	MA	FL	WA	CO	IL	VA	PA	NC
2024	4,679	1,965	830	825	629	419	390	340	301	290	248
2024	4,813	2,066	858	864	661	433	391	370	231	308	280
2023	4,460	2,014	971	849	707	454	415	386	278	348	282
2022	5,682	2,444	1,111	1,045	849	558	493	454	278	434	323
2021	6,380	2,688	1,148	1,168	833	578	562	490	312	393	368
2020	4,617	1,729	856	915	506	419	446	369	206	364	254
2020–2025	30,631	12,906	5,774	5,666	4,185	2,861	2,697	2,409	1,606	2,137	1,755

Acquisitions of US Venture-Backed Companies and Median Time to M&A 2016 to 2025

of deals median time to M&A (in years)



The number of US-issuer venture-backed IPOs increased from 34 in 2024 to 36 in 2025, but the 2025 total remains well below the median of 75 that prevailed over the five-year period from 2017 through 2021.

Venture-backed companies accounted for 45% of all IPOs by US issuers in 2025, down slightly from 47% in 2024 and trailing the 58% that prevailed over the five-year period from 2017 through 2021.

Gross IPO proceeds raised by venture-backed US issuers more than doubled, from \$7.6 billion in 2024 to \$15.5 billion in 2025, but the 2025 total is 38% below the annual median of \$25.0 billion raised over the five-year period from 2017 through 2021.

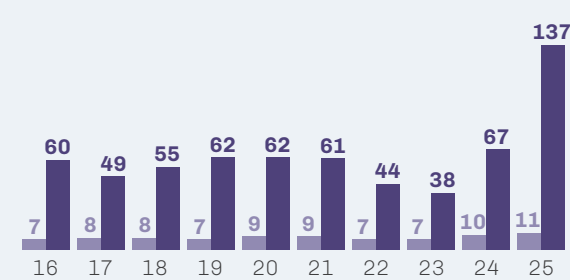
After three consecutive years without any billion-dollar IPOs by venture-backed US issuers, there were four in 2025. The largest venture-backed US issuer IPO in 2025 was the \$1.50 billion offering by CoreWeave, followed by the IPOs of Figma (\$1.22 billion), Circle Internet Group (\$1.05 billion), and BETA Technologies (\$1.02 billion). There were two billion-dollar venture-backed US IPOs by non-US issuers in 2025, from Klarna Group (\$1.37 billion) and Bullish (\$1.11 billion).

The median offering size for US venture-backed IPOs increased by 43%, from \$105.0 million in 2024 to \$150.0 million in 2025, surpassing the \$132.3 million median offering size that prevailed over the five-year period from 2017 through 2021.

When looking at the industries that are represented in venture-backed IPOs, 2025 data shows a continuing

Median Amount Raised Prior to Acquisition and Median Acquisition Price 2016 to 2025

median amount raised prior to acquisition (\$M)
median acquisition price (\$M)



shift toward technology companies and away from life sciences companies. In 2025, life sciences companies accounted for 25% of all venture-backed IPOs, down from their 36% market share in 2024 and well below the 60% market share they commanded during the five-year period from 2017 through 2021. IPOs for technology companies accounted for 61% of all venture-backed IPOs in 2025, up from their 40% market share in 2024 and the 35% market share they held between 2017 and 2021.

The median time from initial funding to IPO increased from 6.0 years in 2024 to 7.1 years in 2025. This compares to a historical median of 5.5 years for all years from 2017 to the present.

The median amount raised prior to an IPO more than doubled, from \$80.1 million in 2024 to \$167.8 million in 2025, while the median pre-IPO valuation increased by 177%, from \$328.3 million to \$909.0 million. As a result, the ratio of pre-IPO valuation to the median amount raised prior to an IPO increased from 4.1:1 in 2024 to 5.4:1 in 2025, surpassing the ratio of 4.4:1 in 2021 to reach the highest annual level since the dot-com boom 25 years ago (a higher ratio suggests better returns to founders and pre-IPO investors). In other words, as much as commentators lament the lengthened path to exit via IPO, the greater availability of private capital to support emerging companies at the later stages, paired with the increasing focus on winners, means that companies are choosing to raise more capital in the private markets and delaying the IPO for as long as they can afford to do so.

The number of reported acquisitions of venture-backed companies increased by 18%, from 1,181 in 2024 to

1,398 in 2025. Total reported acquisition proceeds more than tripled, from \$50.8 billion in 2024 to \$162.7 billion in 2025, surpassing the previous record high of \$110.2 billion in 2021. The median time from initial funding to acquisition increased from 4.5 years in 2024 to 4.6 years in 2025, but was generally consistent with the historical median of 4.8 years from 2017 to the present.

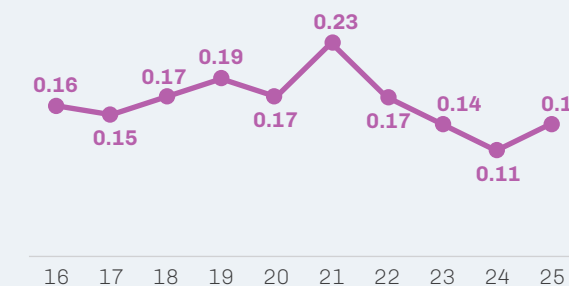
The median acquisition price doubled from \$67.4 million in 2024 to \$137.3 million in 2025, while the median amount raised prior to acquisition increased by only 5%, from \$10.1 million to \$10.6 million. The ratio of median acquisition price to median amount raised prior to acquisition increased from 6.7:1 in 2024 to 12.9:1 in 2025 (a higher ratio suggests higher returns to founders and pre-acquisition investors).

There were 57 venture-backed companies that were acquired for at least \$500 million in 2025, almost double the 29 in 2024 and modestly higher than the recent high-water mark of 53 in 2021. The fourth quarter alone saw 20 acquisitions of venture-backed companies for at least \$500 million. The year also produced 37 billion-dollar acquisitions of venture-backed companies, up from 13 in 2024 and well above the 24 in 2021.

Based on the valuations achieved in company acquisitions and IPOs compared with the financing amounts required to achieve each type of liquidity event, 2025 marked the 13th consecutive year in which returns to venture capital investors were likely higher in M&A transactions than in IPOs. In addition, liquidity has typically been realized more quickly from acquisitions, with only two of the past 10 years seeing a higher median time from initial funding to acquisition than from initial funding to IPO.

Current Year Exits to Early-Plus Later-Stage VC Financings Minus 3 Years 2015 to 2024

ratio



This pattern, combined with the tendency of M&A transactions to yield the bulk of the purchase price in cash at closing—whereas IPOs generally involve a post-IPO lockup period and market uncertainty as to the timing and prices of subsequent distributions or sales—underscores why investors often prefer to sell their portfolio companies rather than take them public.

The ratio of M&A transactions to IPOs for venture-backed companies increased from 34.7 in 2024 to 38.8 in 2025, far above historical levels, largely due to very low IPO numbers.

Total combined IPO and M&A exits increased by 18%, from 1,215 deals in 2024 to 1,434 in 2025. The ratio of current-year exits to the number of early- and later-stage VC financings three years prior increased in 2025. Based on historical ratios, one might have expected the total number of 2025 exits to have exceeded 1,900 deals.

The lower-than-expected exit counts in recent years suggest that there is either pent-up demand for IPOs and M&A transactions entering 2026 or that companies are running out of runway before reaching a liquidity event.

Relatedly, the number of venture-backed companies that completed bankruptcy or going-out-of-business deals increased by 19%, from 2,370 in 2024 to 2,825 in 2025, compared to a historical median of 1,398 companies per year from 2017 through 2021. These historically high figures over the last two years might at least partly explain why exit counts by IPO and M&A aren't higher.

Outlook

The US venture capital industry has always been cyclical. The pullback of 2022 is now firmly in the rearview mirror and has been replaced with an apparent abundance of capital, but how that wealth is being shared across the industry is perhaps more asymmetrical than ever. The competition for highly prized AI assets and fear of missing out is driving some of the present market ebullience, but the dynamics of global capital market conditions also play a part. Activity over the coming year will depend on a variety of factors, including the following:

— **Macroeconomic Conditions:** US economic growth in 2025 proved more resilient than expected in the face of geopolitical tensions, persistent inflationary pressure, and uncertainty regarding tariffs. The advance estimate of 2025 US GDP growth is 2.3%, and US GDP is forecast to increase by 2.2% in 2026. Capital investment in AI and tech infrastructure is likely to

remain robust in the coming year, and US GDP growth in the latter half of 2025 points to the ability of the US economy to outperform expectations. However, some commentators have noted that data center construction and investment constitutes anywhere from 10% to 95% of the increase in US GDP growth in 2025, and other concerns have been raised about consumer fatigue leading to structural weakness and the emergence of a “K-shaped” economy.

- **Financing Activity:** Total amounts raised by venture capital funds in 2025 equaled \$66.1 billion, representing a marked decline from the \$101.3 billion raised in 2024 and the \$106.0 billion raised in 2023. Such figures are considerably lower than the \$169.7 billion raised in 2021 and the \$222.9 billion raised in 2022. The number of funds closed has also declined, from 1,336 in 2023 and 954 in 2024 to 537 in 2025, representing the fewest funds closed in a decade. Cash returned in distributions to LPs net of capital called from LPs since 2022 has been a negative \$196.9 billion, and the tepid increase in the number of venture-backed IPOs and M&A exits hasn’t helped distributions.
- **IPOs:** While the number of IPOs by venture-backed companies increased again in 2025, overall IPO market activity remains well below the levels seen prior to 2022. Following the slow-down in the venture financing markets in 2022, a mismatch developed between the expectations of founders and investors in emerging companies relative to what the public markets are willing to pay in IPOs and what buyers are willing to pay in M&A transactions. The trend toward larger “mega-round” late-stage financings, special-purpose vehicle syndications and the development of secondary markets for liquidity all suggest that this mismatch may not be closing and the hottest companies need not rush to the public markets. Late-stage companies outside the limelight are looking to refocus toward profitability because the IPO market may remain a challenging source of financing unless public investor sentiment changes in 2026.
- **Acquisitions:** Global and US M&A activity rebounded in 2025 and is likely to continue its upward trajectory in 2026, with some commentators expecting that M&A activity could reach all-time highs. Interest rates gradually decreased through 2025. Although the regulatory environment under any administration has its challenges, the current administration is generally viewed as comparatively “pro-business” and there remains pent-up demand for M&A exits. These elements taken together should buoy merger activity.

– **Innovative Financing Tools:** Companies are increasingly finding creative ways to sustain and grow their operations. Within the life sciences space, royalty financings have become an increasingly attractive and viable way to keep capital-intensive businesses going. The private credit market has become a significant financing source for maturing software-as-a-service companies that have reliable cash flows. Many AI companies have entered into so-called “circular financing” transactions, where large infrastructure investments are paired with commercial partnerships with more established tech companies. Tender offers and secondary transactions are increasingly providing founders and employees to permit some liquidity without needing to access the public markets. Finally, even investors have used tools such as continuation funds and “stakes” transactions to create opportunities for returns for limited partners or make capital available for further investment activity.

– **Attractive Sectors:** Companies capitalizing on the digital transformation of business processes—including changes driven by the use of artificial intelligence—should continue to be attractive financing candidates. Persistent labor shortages and wage inflation should boost opportunities for companies that leverage robotics, automation, machine learning and voice technology. Innovative life sciences companies, including those in the fields of cell therapy, precision medicine and machine learning-enabled drug discovery, should continue to appeal to investors. Defense and space-related technology companies have seen greater attention from government sources of funding and venture investors in recent years that has recently significantly increased valuations.

– **Impact of SPAC IPOs, Reverse Mergers:** After a few years in the doldrums, the SPAC IPO market bounced back in 2025, with the SPAC IPO count more than doubling to 144, and the year ended with 175 SPACs seeking a business combination. Some venture-backed companies may find a business combination with a SPAC a tempting alternative to a traditional IPO. Other venture-backed companies may elect to pursue reverse mergers with publicly traded companies, especially life sciences companies whose clinical research programs have suffered serious setbacks or failures. ■

Data Sources: SEC filings and PitchBook

Data compiled by Tim Gallagher, a senior corporate analyst in WilmerHale’s Corporate Practice.

Giving Away the Farm with SAFEs

Understanding the Alternatives and Avoiding Unnecessary Dilution

By Eric Hanson and Avery Reaves

SAFEs (Simple Agreements for Future Equity), first created by Y Combinator in 2013 and subsequently modified over the years, have become increasingly prevalent as a way for companies to raise funds at the earliest stages of a company’s growth or in between larger-priced rounds.

For both investors and founders, however, SAFEs can be anything but simple. From the investor standpoint, SAFEs have no maturity date and, unlike convertible notes, accrue no interest. SAFE investors do not have equity or voting rights until the event that triggers the conversion of their investment into shares (usually a priced financing round, but this can also be an acquisition or IPO), and if the startup fails to ever raise a priced round, the investors could lose the entirety of their investments.

For founders, although the standardized documentation of SAFEs can reduce the time and expenses associated with fundraising compared with a priced round, any failure to fully understand the conversion terms of the SAFEs can lead to unexpected dilution. Because this dilution does not clearly manifest itself until the conversion event, the dilutive impact of SAFEs can be overlooked and exacerbated over time as more SAFEs are issued. Therefore, it is crucial that founders understand and model the potential impact before agreeing to terms.

While all SAFEs are negotiable and the terms of any individual SAFE might not comport with the standard form, there are four primary variants of SAFEs, with Y Combinator now providing forms for three of these.

Valuation Cap, No Discount: This variant may be best suited to startups with a somewhat predictable valuation cap trajectory and is intended to protect investors from the excessive dilution that would occur if the conversion were to take place at a much higher valuation. A valuation cap sets a maximum value at which the SAFE will convert into equity, thereby establishing a floor of percentage ownership.

For example, an investor agrees to invest \$500,000 via a post-money SAFE with a \$10 million valuation cap. The startup receives the money today, but the investor does not receive any shares until the conversion event. The actual number of shares that the investor receives upon conversion and their price are somewhat immaterial (the number depends on the company’s valuation and the number of fully diluted shares outstanding at the time of conversion). The important figure is the percentage the investor receives. In the example above, the investor receives 5% (\$500,000 divided by \$10,000,000) of the company once all converting securities have been accounted for but not including the new money investment.

If the valuation cap were \$12.5 million, the investor would receive at least 4% (\$500,000 divided by \$12,500,000) of the company; if the valuation cap were \$8.0 million, the investor would receive at least 6.25% (\$500,000 divided by \$8,000,000) of the company. Although these differences might seem inconsequential today, they can morph into multimillion-dollar regrets for founders as the valuation of the company increases.

While the valuation cap for an individual SAFE is fixed and does not change once issued, if investors raise capital through SAFEs over time utilizing a tranching or staggered approach, it is important for companies to incrementally adjust the valuation cap for subsequent SAFEs. The cash raised directly adds to the company's value, and the valuation cap should also reflect the startup's evolving valuation as it hits product milestones, increases its customer base or achieves revenue growth.

The ownership stake that post-money SAFEs convert into is additive and not subject to dilution from other SAFEs. Assuming a transaction occurs with a post-money valuation in excess of the applicable valuation cap, the cumulative ownership stake that founders give up (at the priced round or liquidity event, but before the dilution of the new money investment) will be the sum of the percentages derived (on a SAFE-by-SAFE basis) from this formula:

$$\text{SAFE Amount} / \text{Valuation Cap} = \text{Ownership Stake}$$

It shouldn't be assumed that the largest SAFE by dollar amount will equate to the largest ownership stake being given up in percentage terms. In the table below, the \$1,200,000 SAFE results in the largest ownership stake.

SAFE Amount	Valuation Cap	Ownership Stake	Cumulative Stake
\$400,000	\$8,000,000	5.00%	5.00%
\$725,000	\$11,500,000	6.30%	11.30%
\$1,200,000	\$16,000,000	7.50%	18.80%
\$2,000,000	\$32,000,000	6.25%	25.05%

In the event the company has a priced round where the pre-money valuation is lower than the SAFE valuation cap, then the SAFE converts at the lower of the two valuations and the investor is entitled to receive an even larger ownership stake in the company. For example, a priced round with a pre-money valuation of \$7.0 million would mean a \$400,000 SAFE with an \$8.0 million cap

would convert as \$400,000 / \$7,000,000, resulting in a 5.7% ownership stake.

As a reminder, the ownership percentage that a SAFE converts into is "post-money" vis-à-vis any SAFEs, convertible notes and other convertible securities converting in the financing but is before the dilution of the new money investment.

Discount, No Valuation Cap: This variant may be most suitable when founders and investors agree it is too early in the company's lifecycle to accurately assess the company's anticipated fair market value at the next financing. The discount is designed to compensate investors for the higher risk they are taking by investing at an unknown valuation.

The discount is entirely negotiable but tends to fall between 10% and 30%. Note that the form for this type of SAFE uses the term "Discount Rate" to mean 100% minus the discount, so a SAFE with a 20% discount would have a discount rate of 80% (100% minus 20%). As this nomenclature is counterintuitive and inconsistent with how investors have historically described discounts in convertible notes, it can trip up unsuspecting founders.

The dilutive effect of the discount is, however, even easier to overlook.

If new investors are paying \$1.00 per share, a SAFE investor with a discount rate of 80% (a 20% discount) would receive shares at \$0.80 per share. A \$500,000 new money investment would result in 500,000 shares being issued. A \$500,000 SAFE with a 20% discount would result in \$500,000 divided by \$0.80, or 625,000 shares being issued—25% more shares than the new investor received.

The key formula for calculating the ownership stake from a discount-rate SAFE, again before the dilution of the new money investment, is:

$$\text{SAFE Amount} / (\text{Pre-Money Valuation} \times \text{Discount Rate}) = \text{Ownership Stake}$$

Between the valuation cap SAFE and discount SAFE, which is worse for the founders? The answer, unfortunately, will not be known until the priced round occurs. The valuation cap SAFE conversion percentages are known at the time the SAFE is signed, assuming the SAFE converts at the cap. The discount-price SAFE will convert at a discount to the pre-money valuation of the priced round.

In the example below, a \$500,000 SAFE with a valuation cap of \$8.0 million results in an ownership stake of 6.25%. A \$500,000 SAFE with an 80% discount rate and a pre-money valuation of \$10.0 million would result in the same 6.25% ownership stake.

\$500,000 VALUATION CAP SAFE		\$500,000 SAFE WITH 80% DISCOUNT RATE (20% DISCOUNT)	
Valuation Cap	Ownership Stake	Pre-Money Valuation	Ownership Stake
\$5,000,000	10.00%	\$5,000,000	12.50%
\$8,000,000	6.25%	\$8,000,000	7.81%
\$10,000,000	5.00%	\$10,000,000	6.25%
\$15,000,000	3.33%	\$15,000,000	4.17%
\$20,000,000	2.50%	\$20,000,000	3.13%

Valuation Cap and Discount: This variant combines the primary features of each of the two types of SAFEs described above. Although a SAFE with both a valuation cap and a discount does not result in the two being applied cumulatively—sometimes referred to as "double-dipping"—enabling the investor to receive the more favorable alternative between the cap and the discount could be seen as punitive from the founders' perspective.

\$500,000 SAFE WITH 80% DISCOUNT RATE (20% DISCOUNT)

Pre-Money Valuation	Valuation Cap Ownership Stake	Discount Rate Ownership Stake
\$4,000,000	12.50%	15.63%
\$5,000,000	10.00%	12.50%
\$8,000,000	6.25%	7.81%
\$10,000,000	6.25%	6.25%
\$15,000,000	6.25%	4.17%
\$20,000,000	6.25%	3.13%

Here the 20% discount provides a higher ownership stake for the SAFE investor at lower pre-money valuations. After an equilibrium is reached, the valuation cap provides a higher, fixed ownership stake even as the pre-money valuation continues to climb.

This form is no longer provided by Y Combinator, and their website user guide from February 2023 notes:

"Consistently, YC's recommendation to founders was to issue either the valuation cap flavor safe or the discount flavor. We did not encounter situations where the combo safe was the preferred choice. Accordingly, we decided it was incongruous to make [a version including both terms] available."

Despite this, approximately 30% of SAFEs still feature both a valuation cap and discount.

Most Favored Nation (MFN), No Valuation Cap, No Discount: Providing no valuation cap or discount, this variant is infrequently utilized but gives investors the right to receive the same terms as future SAFE investors do. This version may be appropriate for investors that want to participate quickly without too much negotiation and are willing to have future SAFE investors negotiate the most beneficial terms.

Although the ease of raising money via SAFEs is compelling, their simplicity can belie their ability to unexpectedly dilute founders, and best practice is to consult with counsel before terms are agreed on.

It is unlikely that real-world examples will calculate as neatly as the ones provided, but the same immutable laws of mathematics apply to all SAFE conversions. Valuation caps should never be reduced to a simple number for the sole purpose of easing the calculation of their future conversion. It is rare, however, for discount-rate SAFEs to have a discount rate of something like 18.5%, with values in 5% increments instead being more prevalent.

Just as founders can be surprised by the unanticipated dilution of SAFEs, SAFE investors can also be surprised by the dilution of the new money investment from the priced round. A SAFE does not grant an investor an ownership stake that is fixed in perpetuity. A SAFE investor wanting to maintain a specific ownership level might consider requiring a side letter agreement that includes pro rata rights enabling the investor to participate in the priced round in which the SAFE converts.¹ ■



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¹ While this discussion largely stays away from examples involving share price calculations, it is important to note that if there are existing series of preferred stock when SAFEs convert, the conversion can sometimes trigger anti-dilution protection provisions for existing holders of preferred stock.

Selected WilmerHale Venture Capital Transactions

110+
venture financing
transactions in 2025

\$18B
raised for leading
emerging companies
across industries in 2025

 <p>HappyRobot</p> <p>\$44,000,000 <i>Series B</i> September 2025</p>	 <p>anumana</p> <p>\$95,400,000 <i>Series C</i> April 2025</p>	 <p>ALIGNMT AI</p> <p>\$6,500,000 <i>Seed</i> September 2025</p>	 <p>TRIANA Biomedicines</p> <p>\$120,000,000 <i>Series B</i> December 2025</p>	 <p>Zapia^{AI}</p> <p>\$7,250,000 <i>Seed Extension</i> April 2025</p>	 <p>goodpath</p> <p>\$18,000,000 <i>Series A</i> September 2025</p>	 <p>Helios</p> <p>\$4,700,000 <i>Seed</i> September 2025</p>
 <p>Mediar Therapeutics</p> <p>\$76,000,000 <i>Series B</i> December 2025</p>	 <p>AURON THERAPEUTICS</p> <p>\$27,000,000 <i>Series B</i> February 2025</p>	 <p>SPACE KINETIC</p> <p>\$12,000,000 <i>Seed</i> August 2025</p>	 <p>PAQ Therapeutics</p> <p>\$39,000,000 <i>Series B</i> May 2025</p>	 <p>ATOMIC CANYON</p> <p>\$7,000,000 <i>Seed</i> May 2025</p>	 <p>veritus</p> <p>\$10,100,000 <i>Seed</i> February 2026</p>	
 <p>humand</p> <p>\$66,000,000 <i>Series A</i> February 2026</p>	 <p>Wearinq</p> <p>\$14,000,000 <i>Series A</i> December 2025</p>	 <p>keragon</p> <p>\$7,500,000 <i>Seed</i> February 2025</p>	 <p>VERTICAL SEMICONDUCTOR</p> <p>\$11,000,000 <i>Seed</i> October 2025</p>	 <p>take2</p> <p>\$14,000,000 <i>Series A</i> February 2026</p>	 <p>NIMBLEMIND.ai</p> <p>\$2,500,000 <i>Pre-Seed</i> March 2025</p>	 <p>toku</p> <p>\$48,000,000 <i>Series A</i> April 2025</p>

VC “Mega-Rounds” Continue Their Resurgence

Recent Trends in Large Venture Financing Rounds

By Eric Hanson and Avery Reaves

Over time, there have been huge shifts in the amount of financing required to start and scale businesses. The dot-com era saw numerous companies that required immense amounts of capital to support hardware and telecom investments and facilitate their rapid growth. Advances such as cloud computing and open-source software then ushered in an era in which technology startups could commence and grow their operations with far less funding than previously required. Newly formed life sciences and clean-tech companies in the 2010s were not so fortunate, and required significant funding from their investors to launch and expand their operations, or risk stalling out in the “valley of death” between initial discovery and commercialization. Now the latest wave of capital-intensive businesses is driving the AI revolution, with capital needs that go beyond anything we’ve seen before.

2015 was the first year to see 100 rounds in which companies raised \$100 million or more in venture financing. Increased participation by growth equity, SPVs, and crossover and hedge funds, attracted by the lure of pre-IPO companies offering the potential for outsized

returns, contributed to the number of so-called “mega-rounds” in which companies raised \$100 million or more, which jumped from 112 in 2015 to 861 in 2021.

The number of rounds in which companies raised \$100 million or more fell by more than one-third to 542 in 2022 and then fell again by one-half to 271 in 2023, before rebounding to 364 in 2024. In 2025, the number of financings of \$100 million or more increased by 31% to 477. The number of financings at higher deal value thresholds increased by a greater percentage, with the number of financings of \$250 million or more increasing by 69%, from 90 in 2024 to 152 in 2025, and the number of billion-dollar financings almost doubling, from 13 in 2024 to 25 in 2025.

California accounted for 52% of all rounds in which companies raised \$100 million or more in 2025, the state’s highest share of \$100 million rounds since 2020. Together with New York and Massachusetts, these three leading states accounted for 70% of the total number of “mega-rounds” in 2025.

The number of financing rounds of \$100 million or more for technology companies increased by 51% from 138 in 2024 to 209 in 2025. Financing rounds of \$100 million or more for healthcare and life sciences companies declined by 10% from 126 in 2024 to 114 in 2025. In 2025, technology companies accounted for 44% of all financing rounds of \$100 million or more, while healthcare and life sciences companies accounted for 24%.

AI and machine learning companies (which encompass companies across industries) saw the number of financing rounds of \$100 million or more increase by 59% from 146 in 2024 to 232 in 2025. AI and ML companies accounted for 49% of financing rounds of \$100 million or more in 2025, up from 40% in 2024 and 35% in 2021.

Evidence abounds that companies are reinventing themselves as AI companies. The count of 2021 financing rounds of \$100 million or more involving AI and machine learning companies has increased over time. When the same data set involving 2021 financings of AI and machine learning companies was reviewed two years ago, it indicated there were 174 financings in 2021. That number increased to 225 last year and now stands at 300, so an additional 126 financing rounds of \$100 million or more have been reclassified to AI and machine learning companies over the last two years.

The following tables provide a more detailed look at recent trends in large venture financing rounds. ■

Number of Large Rounds by Venture Financing Threshold

YEAR	\$50 MILLION	\$100 MILLION	\$200 MILLION	\$250 MILLION	\$500 MILLION	\$1 BILLION
2025	980	477	206	152	59	25
2024	767	364	126	90	31	13
2023	617	271	100	74	21	11
2022	1,094	542	166	97	25	7
2021	1,645	861	335	222	70	22
2020	795	345	123	83	25	5
2020 to 2025	5,898	2,860	1,056	718	231	83

Number of Companies Raising Venture Financing Rounds of \$100 Million or More by State of Company Headquarters

YEAR	CA	NY	MA	TX	CO	WA	FL	US TOTAL
2025	247	48	37	27	14	15	8	477
2024	178	54	34	10	16	8	10	364
2023	117	34	41	10	10	2	3	271
2022	232	65	65	23	21	17	20	542
2021	404	136	94	26	18	19	19	861
2020	178	37	41	11	6	10	2	345
2020 to 2025	1,356	374	312	107	85	71	62	2,860

Number of Companies Raising Venture Financing Rounds of \$100 Million or More by Industry Group and in Artificial Intelligence & Machine Learning

YEAR	B2B	B2C	FINANCIAL SERVICES	HEALTH-CARE	TECH-NOLOGY	OTHER	US TOTAL	AI & MACHINE LEARNING
2025	68	28	31	114	209	27	477	232
2024	40	15	29	126	138	16	364	146
2023	41	16	17	91	90	16	271	87
2022	51	42	56	128	229	36	542	184
2021	82	87	77	220	365	30	861	300
2020	24	47	36	113	116	9	345	85
2020 to 2025	306	235	246	792	1,147	134	2,860	1,034

Data Source: PitchBook



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OBBBA Highlights:

Qualified Small Business Stock and R&D Expense Deductions

By Bill Caporizzo, Fred Adam, Dave Strong, and Ben Kelsey

On July 4, 2025, President Trump signed into law the One Big Beautiful Bill Act (the "OBBBA"). Among other things, the OBBBA makes permanent many provisions of the 2017 Tax Cuts and Jobs Act (the "TCJA") that otherwise would have expired at the end of 2025. The OBBBA contains a wide range of provisions that affect nearly every sector of the economy and every type of taxpayer, but the changes to the qualified small-business stock ("QSBS") and research and development ("R&D") expenditure deduction rules are particularly relevant for venture capital investors and venture-backed companies.

Qualified Small-Business Stock

As many venture investors know, the QSBS provisions in Section 1202 of the Internal Revenue Code (the "Code") allow a noncorporate taxpayer to potentially exclude up to 100% of the amount of eligible gain realized from the sale or exchange of QSBS. The potential benefits of Section 1202 do not directly apply to equity interests in "pass-through" entities, such as "S-corporations" or partnerships (or LLCs taxed as partnerships). However, an individual taxpayer's allocable share of gain attributable to a sale of QSBS by, for example, a venture capital fund structured as a pass-through entity, may potentially qualify as gain eligible for the Section 1202

exclusion, provided that the individual taxpayer held an interest in the fund entity at the time the shares that qualify for QSBS treatment were originally issued and acquired by the fund.

Even before enactment of the OBBBA, the QSBS rules provided significant potential federal income tax savings for venture capital investors. The OBBBA introduces a number of taxpayer-friendly changes to the QSBS rules that result in even greater potential benefits. The OBBBA significantly increases the amount of gain that taxpayers can exclude from federal income tax upon the sale of shares that qualify for QSBS treatment, provides potential tax benefits earlier in an investor's holding period, and expands the eligibility criteria for a corporation to be a valid issuer of shares that qualify for QSBS treatment.

To qualify for the benefits of Section 1202, a noncorporate taxpayer must acquire and hold stock in an entity treated as a C-corporation for federal income tax purposes. Once that hurdle has been cleared, there are five main requirements that must generally be satisfied before gain on the sale of stock is potentially eligible for the exclusion under Section 1202: (i) The issuing corporation must be a "qualified small business" (often referred to as the "gross-assets test"); (ii) the taxpayer must satisfy certain holding period requirements;

(iii) the stock must be acquired directly from the relevant corporation at the time of its original issuance in exchange for money or property (not including stock) or as compensation for services; (iv) the issuing corporation must satisfy the “active business requirement” during substantially all of the taxpayer’s holding period; and (v) the issuing corporation must not have made certain redemptions of its stock within specified time periods before and after the issuance of the stock. The OBBBA eases the first two of these requirements for stock issued after July 4, 2025 (the date of enactment of the OBBBA).

For stock issued on or prior to the enactment of the OBBBA to qualify for QSBS treatment, the issuer could not exceed \$50 million in aggregate gross assets at any time prior to or immediately following the issuance. For this purpose, aggregate gross assets generally means the amount of cash and the aggregate adjusted tax bases of other property held by the corporation. For stock issued after the enactment of the OBBBA, however, the \$50 million gross-assets limitation is increased to \$75 million and is thereafter indexed to inflation.

In addition, stock issued on or prior to the enactment of the OBBBA had to be held for at least five years before a shareholder could qualify for the 100% QSBS gain exclusion. However, stock issued after the enactment of the OBBBA and held for only three years can now qualify for a 50% exclusion, and stock held for four years can qualify for a 75% exclusion, while stock held for five years remains eligible for the full 100% exclusion (in each case, subject to the limitations described below).

The final, and perhaps most impactful, change to Section 1202 significantly increases the per-issuer limitation on QSBS gain exclusion. For stock issued prior to the enactment of the OBBBA, the amount of gain that is eligible for exclusion by a taxpayer with respect to shares that qualify for QSBS treatment of a particular issuer is subject to an annual limitation equal to the greater of (i) \$10 million (reduced by the aggregate amount of eligible gain taken into account by the taxpayer in prior taxable years with respect to dispositions of shares that qualify for QSBS treatment of the issuer) or (ii) ten times the aggregate adjusted basis of QSBS issued by the issuer and disposed of by the taxpayer during the taxable year. For stock issued after the enactment of the OBBBA, the \$10 million limitation is increased to \$15 million. The \$15 million limitation is also indexed to inflation going forward.

The takeaways for venture capital funds and their investors are that (i) expanded eligibility requirements will lead to more portfolio companies being eligible issuers of shares that qualify for QSBS treatment, and (ii) exclusion limitation and holding period changes will permit investors to enjoy larger QSBS benefits, and to potentially enjoy them sooner, than they would have under prior law. Venture capital funds and their investors should consider these new QSBS rules carefully when acquiring or disposing of portfolio company stock.

Research and Development Expenditure Deductions

Since 2022, as a result of the TCJA’s changes to Section 174 of the Code, taxpayers have generally not been permitted to deduct R&D expenditures in the year incurred. Instead, taxpayers have been required to capitalize those expenditures and amortize them over a period of five years (in the case of domestic R&D expenses) or 15 years (in the case of foreign R&D expenses). For startup and early-stage companies with significant R&D expenditures, the TCJA rules could result in increased tax liabilities and potentially have a negative impact on a corporation’s ability to pass the QSBS gross-assets test described above.

The OBBBA changes the rule for domestic R&D expenditures so that, for tax years beginning on or after January 1, 2025, taxpayers may (but are not required to) deduct the full amount of domestic R&D expenditures in the year incurred (foreign R&D expenditures must still be capitalized and amortized over 15 years). The OBBBA and subsequent Internal Revenue Service guidance also provide a set of transition rules that give taxpayers a few different options when it comes to the treatment of domestic R&D expenditures that were previously capitalized under prior law. Those transition rules permit any taxpayer to choose to (i) deduct the full amount of capitalized and unamortized domestic R&D expenditures in the 2025 tax year or (ii) split the deduction 50/50 between the 2025 tax year and the 2026 tax year.

A separate election is available for certain small businesses that meet a gross-receipts test. To qualify, the average annual gross receipts of the taxpayer for the three-taxable-year period ending with the 2024 taxable year must not exceed \$31 million. Eligible taxpayers may elect to treat January 1, 2022 (as opposed to

January 1, 2025) as the effective date of the OBBBA R&D expenditure changes. The election must be made on or before July 6, 2026. Electing taxpayers must amend their federal income tax returns for the 2022, 2023, and 2024 tax years to deduct the full amount of domestic R&D expenditures in those years, which could result in tax refunds or increased net operating losses for such periods. Alternatively, a taxpayer that is eligible for the small-business election described above may choose to implement the election by way of a change in method of accounting for purposes of Section 481 of the Code.

The OBBBA’s restoration of current deductions for domestic R&D expenditures is generally a win for venture-backed companies and their investors. However, taxpayers, particularly early-stage companies that may be eligible for the small-business election, should carefully consider their options when it comes to the treatment of previously capitalized R&D expenditures. The facts of a taxpayer’s specific situation (with respect to its net operating loss position, whether it has experienced any changes in ownership under Section 382 of the Code, and other factors) will dictate which transition election provides the most tax benefit to the taxpayer. In addition, to the extent that previously capitalized R&D expenditures may have prevented a taxpayer from satisfying the \$50 million aggregate gross-assets test described

above in relation to potential QSBS status, a retroactive deduction of those expenses may also enable QSBS qualification for any stock issuances made during the 2022, 2023 and 2024 tax years. As a result, taxpayers should consult with their tax advisors regarding the new R&D expense deduction rules and other provisions of the OBBBA that may impact their business. ■



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Trends in Convertible Note and SAFE Terms

Based on hundreds of convertible note and SAFE (simple agreement for future equity) financing transactions we handled from 2021 to 2025, we have compiled the following deal data:

Deals With Purchase Agreement		2021	2022	2023	2024	2025
If included, a purchase agreement typically contains representations and warranties from the company (and possibly the founders).	% of deals	50%	38%	53%	32%	28%
Term*		2021	2022	2023	2024	2025
The term of the convertible note before it matures (in months).	Median Range	12 4-36	12 10-60	24 3-32	12 6-55	24 12-60
Interest Rate*		2021	2022	2023	2024	2025
The rate at which interest accrues during the term of the convertible note.	Median Range	5% 0.2%-8%	6% 1.3%-8%	8% 5%-15%	8% 4%-12%	8% 4%-15%
Deals With Security Interest*		2021	2022	2023	2024	2025
Convertible note investors sometimes require the company to provide a security interest in company assets.	% secured % unsecured	0% 100%	0% 100%	3% 97%	7% 93%	13% 87%
Deals With Conversion Discount		2021	2022	2023	2024	2025
Convertible note and SAFE investors often require that conversion in connection with an equity financing be at a discount to the price paid by new investors in the financing. A conversion discount is often coupled with a cap on the valuation at which conversion occurs.	% of deals	85%	63%	66%	50%	56%
	Range of discounts	10%-35%	10%-30%	10%-50%	10%-25%	15%-50%
	% with ≤ 20% discount	94%	87%	71%	93%	72%
	% with > 20% discount	6%	13%	29%	7%	28%
	% with valuation cap	35%	47%	57%	50%	67%
Deals With Conversion Upon Maturity Date*		2021	2022	2023	2024	2025
If a convertible note is outstanding at the time of maturity and is not otherwise paid upon maturity, it often converts into shares of the company's common stock or preferred stock. This conversion is most often at the election of the investor but may be mandatory.	% of deals	59%	46%	77%	67%	73%
	% with optional conversion	80%	50%	88%	100%	73%
	% with mandatory conversion	20%	50%	12%	0%	27%
	% that convert into: common stock	10%	33%	12%	0%	0%
	preferred stock	90%	67%	88%	100%	100%
Deals With Conversion Upon Company Sale		2021	2022	2023	2024	2025
If a convertible note or SAFE is outstanding at the time of a sale of the company, it often converts into shares of the company's common stock or preferred stock. This conversion is most often at the election of the investor but may be mandatory.	% of deals †	50%	21%	50%	29%	28%
	% with optional conversion	90%	80%	94%	75%	78%
	% with mandatory conversion	10%	20%	6%	25%	22%
	% that convert into: common stock	80%	60%	31%	12%	0%
	preferred stock	20%	40%	69%	88%	100%
Deals With Repayment Premium Upon Company Sale		2021	2022	2023	2024	2025
Convertible note and SAFE investors may require that they receive a multiple of the outstanding investment amount in connection with a sale of the company.	% of deals † Median premium Range of premiums	50% 2x 1.25x-2.5x	29% 1.5x 1.25x-2x	53% 2x 1.5x-4x	32% 2x 2x-4x	31% 2x 1.5x-5x
Deals With Warrant Coverage		2021	2022	2023	2024	2025
Investors sometimes receive a warrant in addition to their note or SAFE. The amount of company stock covered by the warrant is usually proportional to the investment amount, referred to as the warrant coverage.	% of deals	5%	0%	16%	11%	6%
	Coverage range	25% (one deal)	N/A	50%-100%	15%-145%	50%-250%
	% that cover common	100%	N/A	60%	67%	0%
	% that cover preferred	0%	N/A	40%	33%	100%
	% that cover common or preferred (depending on the circumstances)	0%	N/A	0%	0%	0%

* Excludes SAFEs, which by their nature generally do not have maturity dates, interest rates or security interests.

† Excluding SAFEs, 53%, 38%, 73%, 53% and 60% of convertible note transactions included conversion upon company sale and 53%, 54%, 77%, 53% and 60% of convertible note transactions included a repayment premium upon company sale for each of the years 2021 through 2025, respectively.

Trends in Venture Capital Financing Terms

Based on hundreds of venture capital financing transactions we handled from 2021 to 2025 for companies and investors, we have compiled the following deal data:

Deals With Multiple Liquidation Preferences		2021 2021 Range	2022 2022 Range	2023 2023 Range	2024 2024 Range	2025 2025 Range
A "multiple liquidation preference" entitles holders of preferred stock to receive more than 1x their money back before sale or liquidation proceeds are distributed to holders of common stock.	First round	0% N/A	0% N/A	0% N/A	0% N/A	0% N/A
	Post-first round	0% N/A	2% 2x-3x	8% 1.5x-2x	7% 1.2x-2x	5% 1.5x-2x
Deals With Participating Preferred Stock		2021 2021 Range	2022 2022 Range	2023 2023 Range	2024 2024 Range	2025 2025 Range
"Participating preferred" stock entitles holders to receive a stated liquidation preference plus a pro rata share (on an as-converted basis) of any remaining proceeds available for distribution to holders of common stock.	First round Total Capped	9% 20% 3x (one deal)	4% 0% N/A	5% 100% 3x (one deal)	2% 100% 3x (one deal)	4% N/A
	Post-first round Total Capped	6% 29% 2x-2.5x	10% 30% 1.5x-3.5x	16% 10% 3x (one deal)	3% 0% N/A	11% 50% 3x-3.5x
Deals With an Accruing Dividend		2021	2022	2023	2024	2025
"Accruing dividends" are generally payable upon liquidation or redemption of the preferred stock, effectively increasing the liquidation preference of the preferred stock.	First round	5%	2%	14%	0%	4%
	Post-first round	11%	10%	18%	12%	13%
Anti-Dilution Provisions		2021	2022	2023	2024	2025
A "full ratchet" anti-dilution formula provides that the conversion price of the preferred stock will be reduced to the price paid in the dilutive issuance, regardless of how many shares are involved in the dilutive issuance. In contrast, a "weighted average" anti-dilution formula takes into account the dilutive impact based upon the number of shares and the price involved in the dilutive issuance and the number of shares outstanding before and after the dilutive issuance.	First round Full ratchet Weighted average	0% 100%	2% 98%	0% 100%	0% 100%	0% 100%
	Post-first round Full ratchet Weighted average	0% 100%	3% 97%	2% 98%	0% 100%	3% 97%
Deals With Pay-to-Play Provisions		2021	2022	2023	2024	2025
"Pay-to-play" provisions provide an incentive to investors to invest in future rounds of financing. Investors that do not purchase their full pro rata share in a future round lose certain rights (e.g., their shares of preferred stock may be converted into common stock at the then-applicable conversion rate or a more punitive rate or they may lose director designation, registration or other rights).	Total	3%	2%	12%	12%	9%
	% of total that convert into common stock	83%	100%	100%	100%	83%
	% of total that convert into another series of preferred stock	17%	0%	0%	0%	17%

Explanatory Note: "First round" refers to a company's first-priced preferred stock financing regardless of round designation.

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