

## Q4 2024 Venture Financing Report – Deal Count and Invested Capital Decline From Q3, While Valuations Rise and Pay to Play Reaches 9.3%

February 7, 2025

Cooley handled 258 reported venture capital financings in Q4 2024, representing \$8.8 billion of invested capital, both down slightly from last quarter but higher than in 2023 and early 2024. In Q4 2024, deal volume and invested capital decreased slightly across most stages of financing. The most significant decreases versus the prior quarter were in Series B deals, which decreased from 57 deals representing \$3.9 billion in invested capital in Q3 2024 to 38 deals representing \$1.4 billion in invested capital in Q4, and in Series D and later deals, which decreased from 22 deals representing \$6.8 billion in invested capital in Q3 2024 to 18 deals representing \$2.3 billion in invested capital in Q4 2024. In stark contrast, Series C deals significantly increased in both deal volume and invested capital, growing from 15 deals representing \$1.2 billion in invested capital in Q3 2024 to 33 deals representing \$2.6 billion in invested capital in Q4 2024, signifying the largest deal volume and invested capital for Series C rounds since Q2 2022.

Median pre-money valuations increased across all Series A, B and C financings, while Series Seed financings remained about the same as last quarter, and Series D and later rounds saw a significant decrease from a median of more than \$900 million in Q3 2024 to a median of \$651 million in Q4 2024. In parallel to the uptick in the number of deals and amount of invested capital, the most significant increases in median pre-money valuations were at Series C, which rose from a median of \$275 million last quarter to \$360 million in Q4 2024. Series B round median valuations also increased meaningfully, rising from a median of \$130 million to \$166 million. The percentage of deals with pre-money valuations greater than \$100 million (at all stages) increased to 35% of deals in Q4 2024, matching Q1 2024 – the highest percentage of deals with pre-money valuations greater than \$100 million seen since Q2 2022.

Down rounds, as a percentage of deals, decreased slightly in Q4 2024 to 19% of deals but remained relatively high compared to pre-2023 data. The percentage of deals representing up rounds increased to 80% in Q4 2024, compared to 75% in Q3 2024 – the highest percentage of deals representing up rounds seen since Q3 2022. The percentage of flat rounds decreased to 1.9% of deals for Q4 2024, compared to 2.8% of deals in Q3.

In Q4 2024, the percentage of deals involving a recapitalization decreased to under 1% of deals, representing the lowest percentage of deals involving a recapitalization seen since Q4 2022. Interestingly, and in contrast, the percentage of deals with a pay-to-play provision increased in Q4 2024 to 9.3%, the first time in this report's history (since 2014) that the percentage of deals with a pay-to-play provision has exceeded 9%.

Liquidation preference structures continued to remain favorable to companies, with 96% of deals having a "1x" liquidation preference, and 96% of deals having nonparticipating preferred stock. The percentages of deals with redemption provisions and accruing dividends, while still relatively low, both saw an increase favoring investors during Q4 2024. Deals with redemption provisions represented 6.2% of deals, and deals with accruing dividends represented 5.8% of deals in Q4 2024 – both the highest percentages witnessed for these provisions since Q1 2023.

### Spotlight on technology

The deal volume for tech company venture financings saw a slight increase to 144 reported deals in Q4 2024 compared to 139 reported deals for Q3. Conversely, the amount of invested capital for tech company venture financings decreased significantly during the quarter, from \$9.4 billion in invested capital for Q3 2024 to \$5.6 billion in invested capital for Q4. However, this is still higher than invested capital amounts seen in most quarters since Q2 2022. Similarly, the average reported deal size of venture financings for tech companies decreased significantly, from \$67.3 million in Q3 2024 to \$38.7 million in Q4 2024. Nevertheless, the average deal size for tech company venture financings for Q4 2024 was higher than the averages seen from mid-2022 through mid-2024.

## Spotlight on life sciences

In Q4 2024, both deal count and invested capital decreased slightly for life sciences company financings, from 73 reported deals representing \$2.7 billion in invested capital in Q3 2024 to 65 reported deals representing \$2.4 billion in invested capital for Q4 2024. Reported average deal sizes for venture financings of life sciences companies also decreased in Q4 2024 to an average deal size of \$35.8 million, compared to \$37.1 million in Q3. The percentage of life sciences company venture financings structured in tranches increased to 26.2% of reported deals in Q4 2024, in line with percentages seen in late 2022 and early 2023.

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction, and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. When advising companies, our attorney-client relationship is with the company, not with any individual. This content may have been generated with the assistance of artificial intelligence (AI) in accordance with our AI Principles, may be considered Attorney Advertising and is subject to our [legal notices](#).

---

This information is a general description of the law; it is not intended to provide specific legal advice nor is it intended to create an attorney-client relationship with Cooley LLP. Before taking any action on this information you should seek professional counsel.

Copyright © 2023 Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304; Cooley (UK) LLP, 22 Bishopsgate, London, UK EC2N 4BQ. Permission is granted to make and redistribute, without charge, copies of this entire document provided that such copies are complete and unaltered and identify Cooley LLP as the author. All other rights reserved.