

Seed | Series A | Series B+

Valuation Multiples

For Q2 2024...



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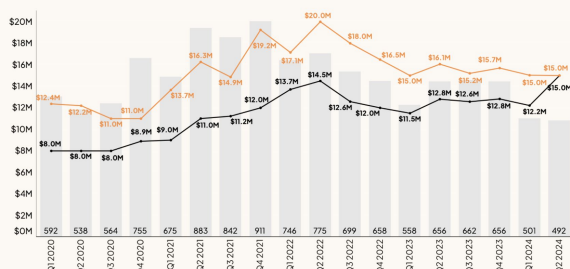
Q2 2024 Valuations

Be sure to follow @Peter Walker at Carta for more data like this

\$15M

Primary priced seed valuations reached a new high in Q2

Seed round volume and median pre-money valuations for primary and bridge rounds, Q1 2020—Q2 2024



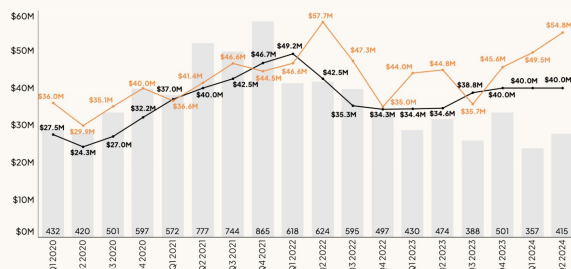
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\$40M

Primary Series A valuations remained flat in Q2

Series A round volume and median pre-money valuations for primary and bridge rounds, Q1 2020—Q2 2024



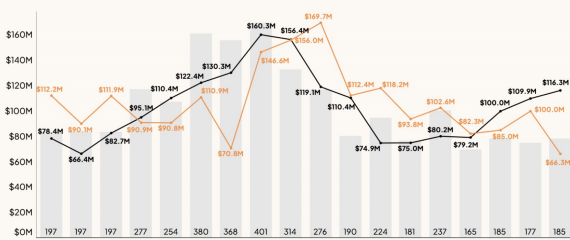
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\$116M

Primary Series B valuations continued to rise in Q2

Series B round volume and median pre-money valuations for primary and bridge rounds, Q1 2020—Q2 2024



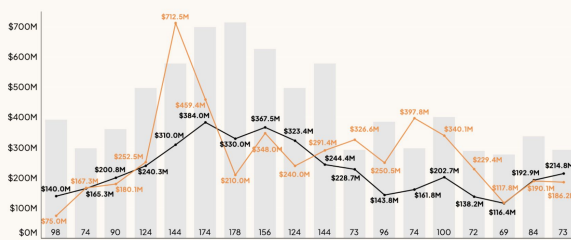
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\$214M

Primary Series C valuations stayed on upward trajectory in Q2

Series C round volume and median pre-money valuations for primary and bridge rounds, Q1 2020—Q2 2024



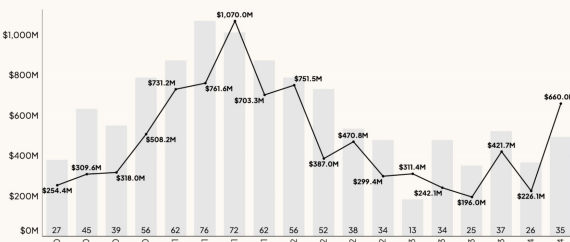
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\$660M

Series D valuations sprung back up in Q2 after a long decline

Series D round volume and median pre-money valuation, Q1 2020—Q2 2024



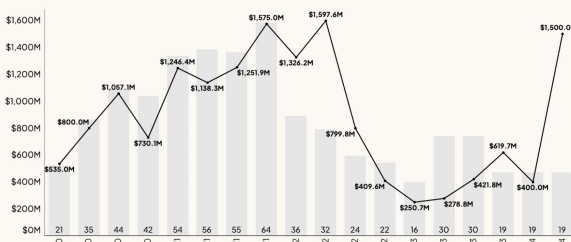
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\$1.5B

Series E+ valuations climbed rapidly on very low volume

Series E+ round volume and median pre-money valuation, Q1 2020—Q2 2024



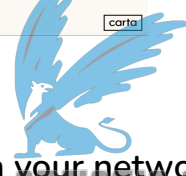
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Valuations Multiples?

I was curious to see what would happen if we paired Carta's median valuation numbers with their time between rounds and the definition of Venture Scale to see how valuation multiples change over rounds

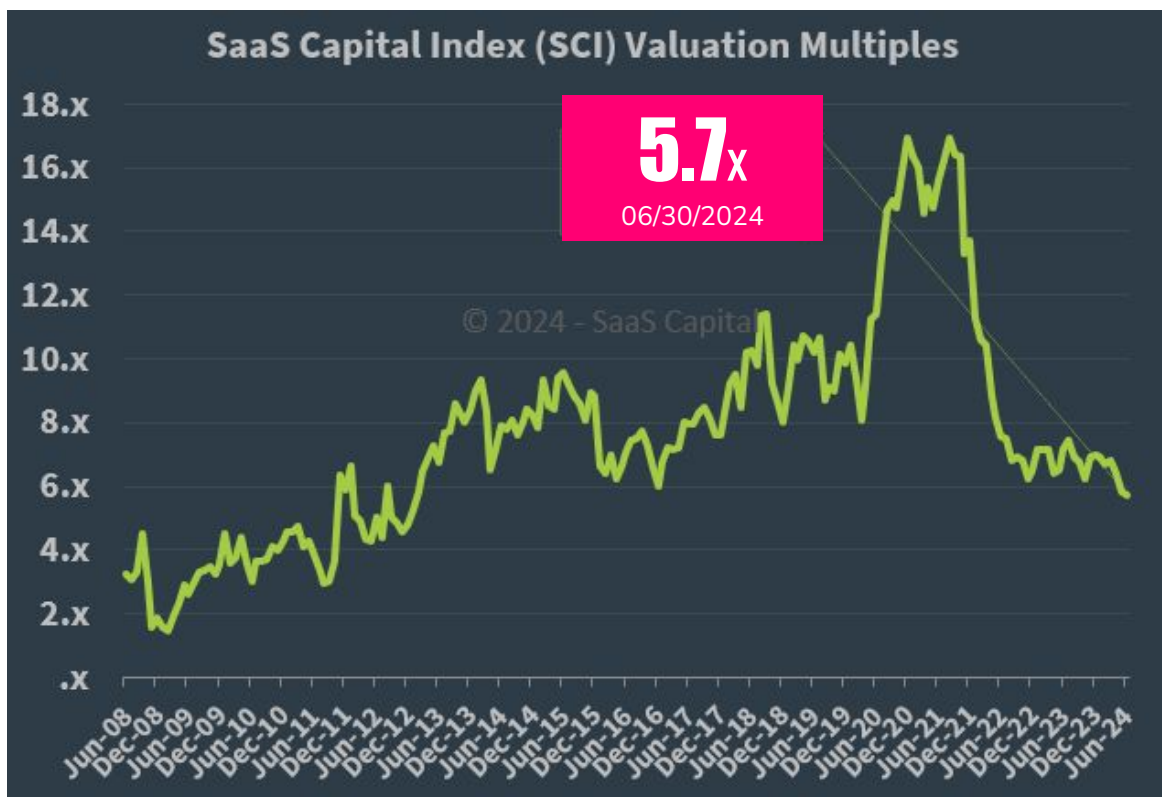


So let's take a look...



Ending Multiple?

My expectation is that it'll start high and drop fast over each round to eventually meet up with the SaaS Capital (public) Valuation Multiples...



The revenue multiple is based on annualized current run-rate revenue, not trailing or projected revenue



Okay, Let's go!



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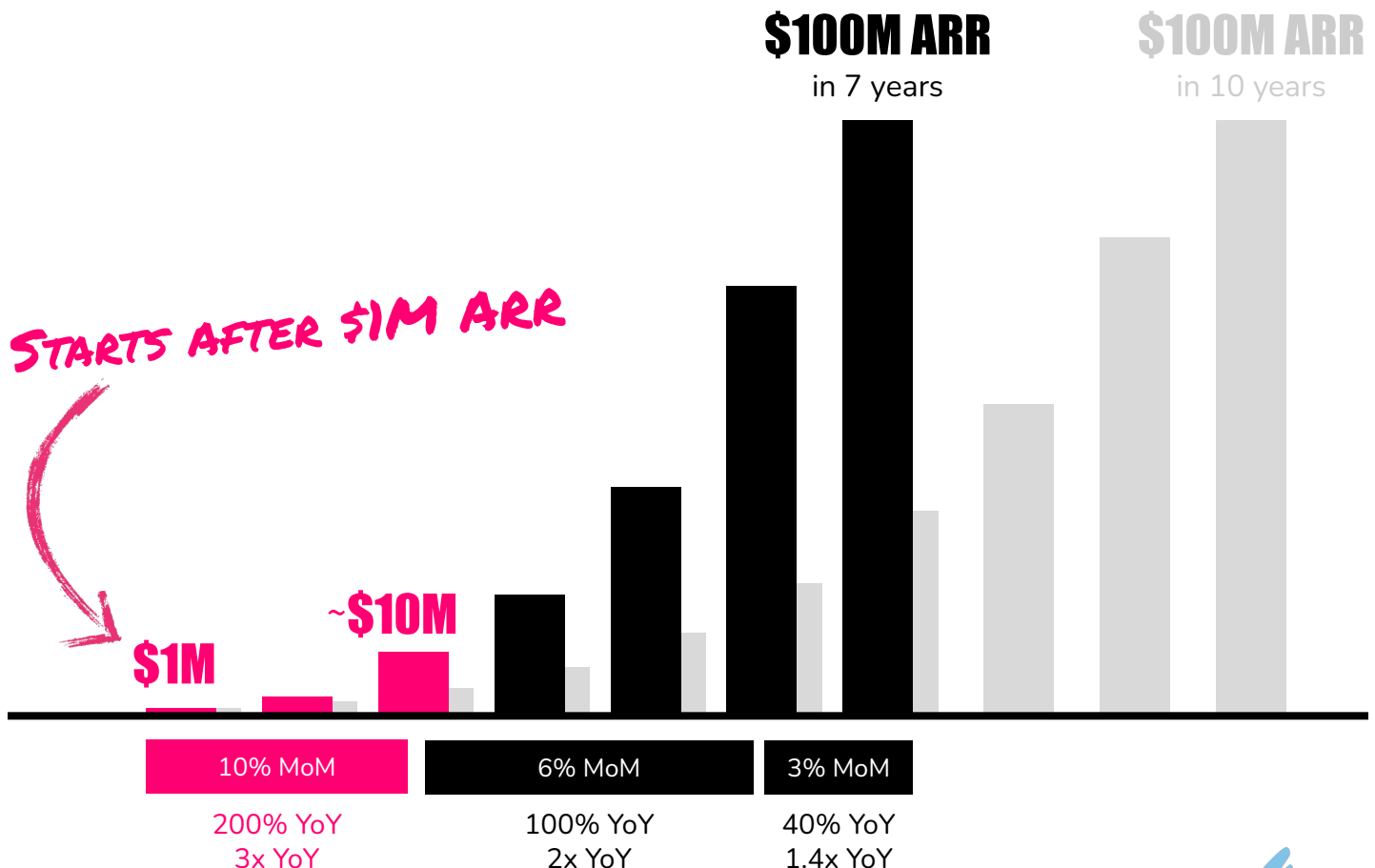


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High Growth Case

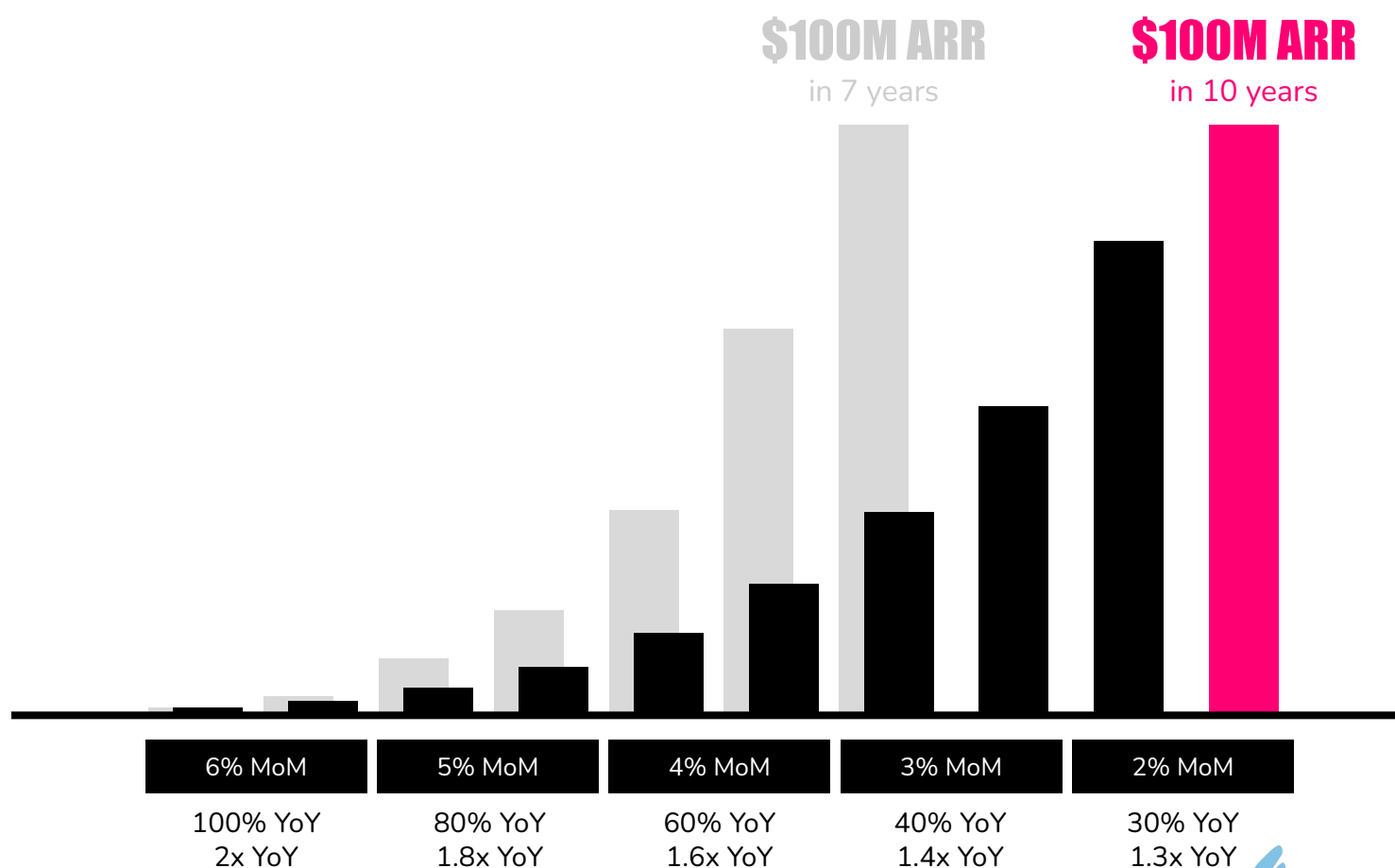
The ideal definition of Venture Scale is going from \$1M to \$100M in 7 years
It's the classic Triple Triple Double Double Double (T2D3) and if you look closely that means 10% mom growth for the first 24 months straight



Medium Growth Case

But since Carta's valuation and time between rounds use "median" numbers I'm going to use a \$1M to \$100M in 10 years growth case

We'll use this one 👍

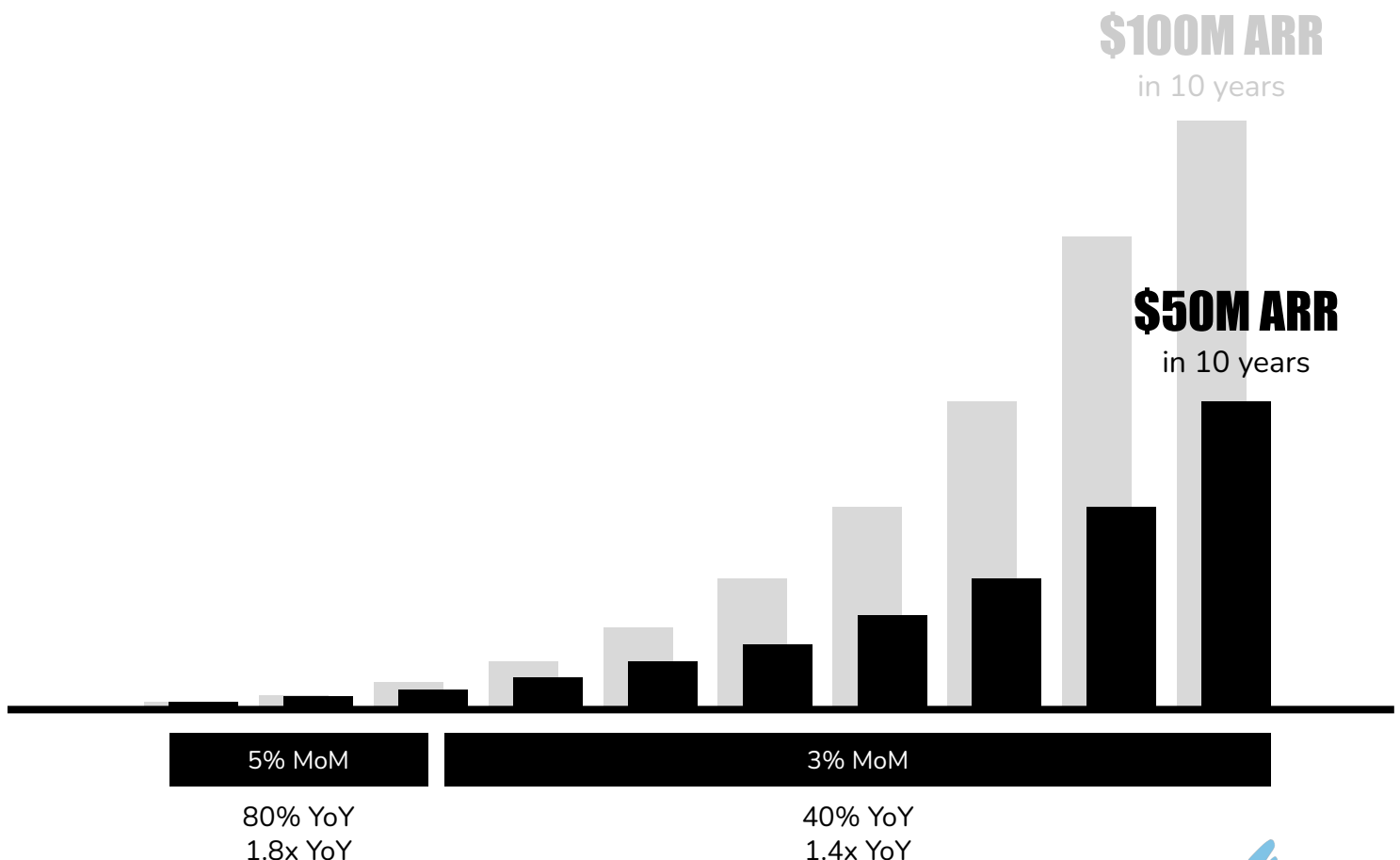


Lower Growth Case

For venture backed companies this would be considered low growth. For any other company, 1.4x to 1.8x growth every year would be a huge win.

~~**VCs aren't looking for growth**~~

They're looking for Venture Scale Growth



Pre Seed & Seed Stage



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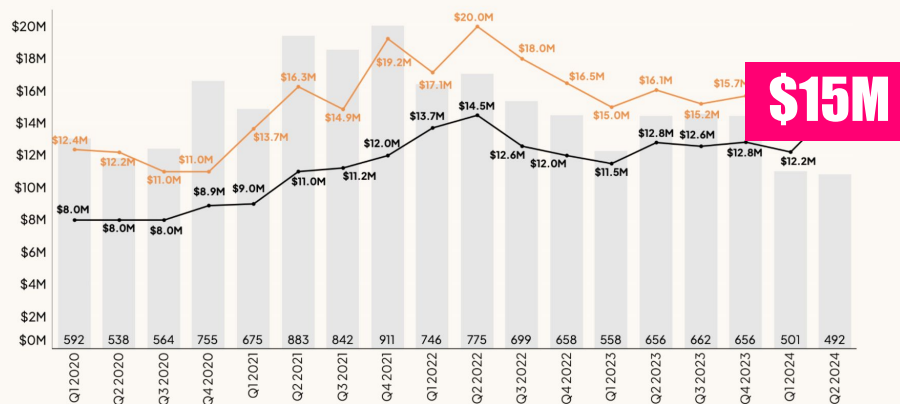
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Seed Priced Rounds

For all the rounds, we're only going to use the median primary round pre-money valuations and for Seed rounds, we're only going to focus on priced rounds...

Primary priced seed valuations reached a new high in Q2

Seed round volume and median pre-money valuations for **primary** and **bridge** rounds, Q1 2020—Q2 2024

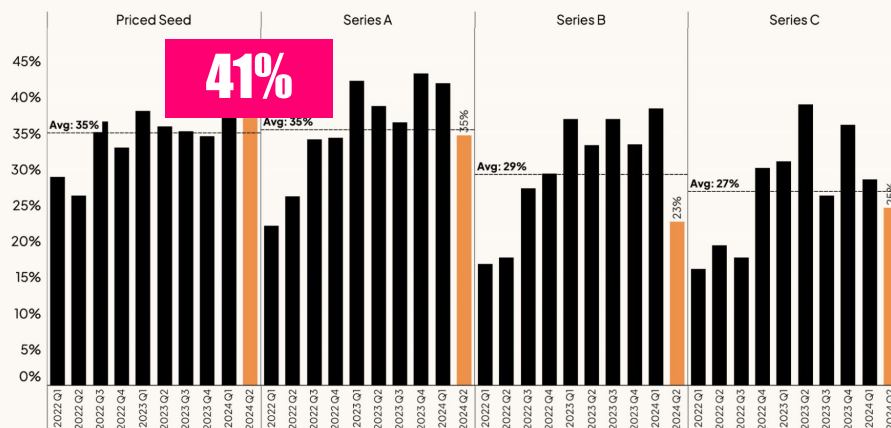


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Frequency of bridge rounds declined in Q2 for post-seed rounds

Percent of all rounds that were bridge rounds by stage, Q1 2022—Q2 2024



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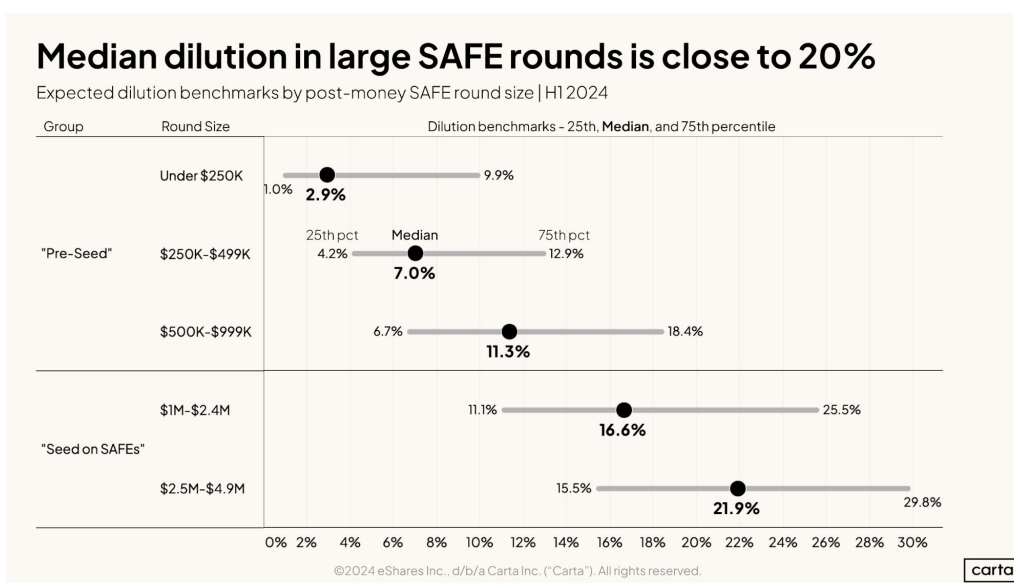
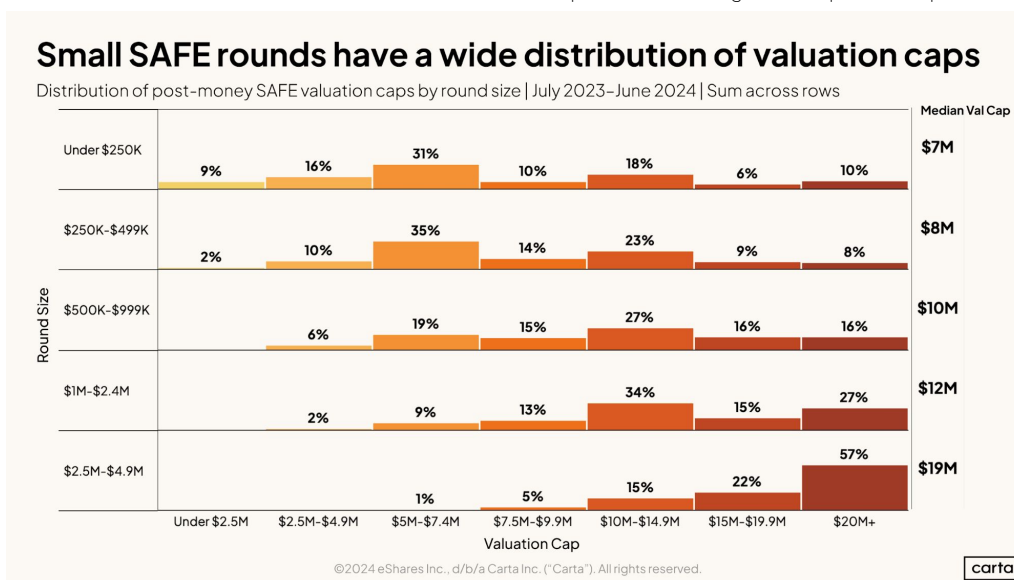
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Pre-Seed & Seed on SAFEs

For this modeling we're going to only use Priced Seed Rounds, but for more information on pre-Seed and Seed on SAFE rounds checkout Carta's "State of pre-seed: Q2 2024" report

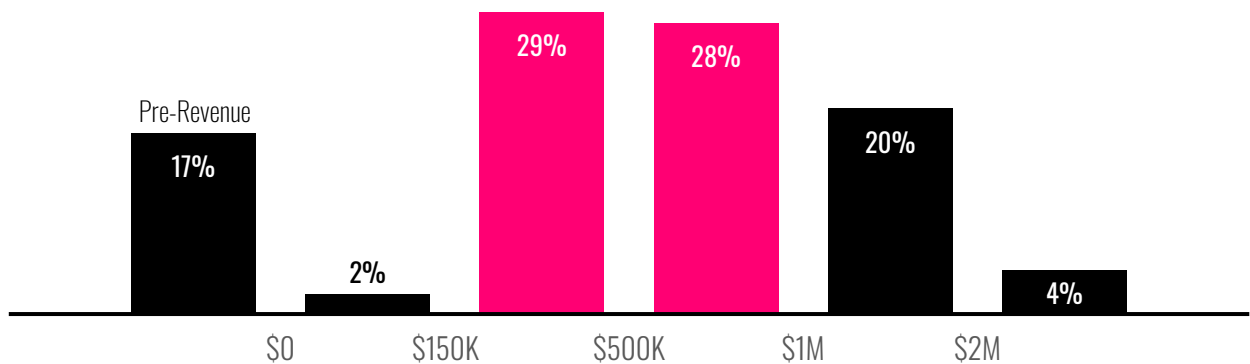
<https://carta.com/blog/state-of-pre-seed-q2-2024/>



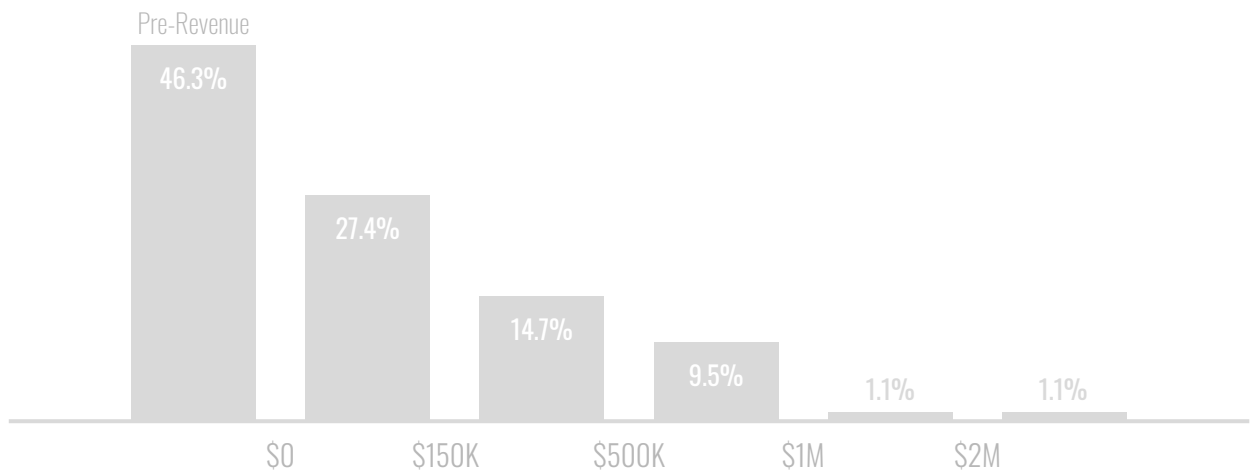
Revenue at Seed?

Right Side Capital ran a survey with 100 seed and pre-seed VCs earlier this year asking what their revenue expectations are for 2024 deals which can help us give a revenue starting point for Seed multiples...

What typical revenue would you need to see for a \$4M Seed Round?

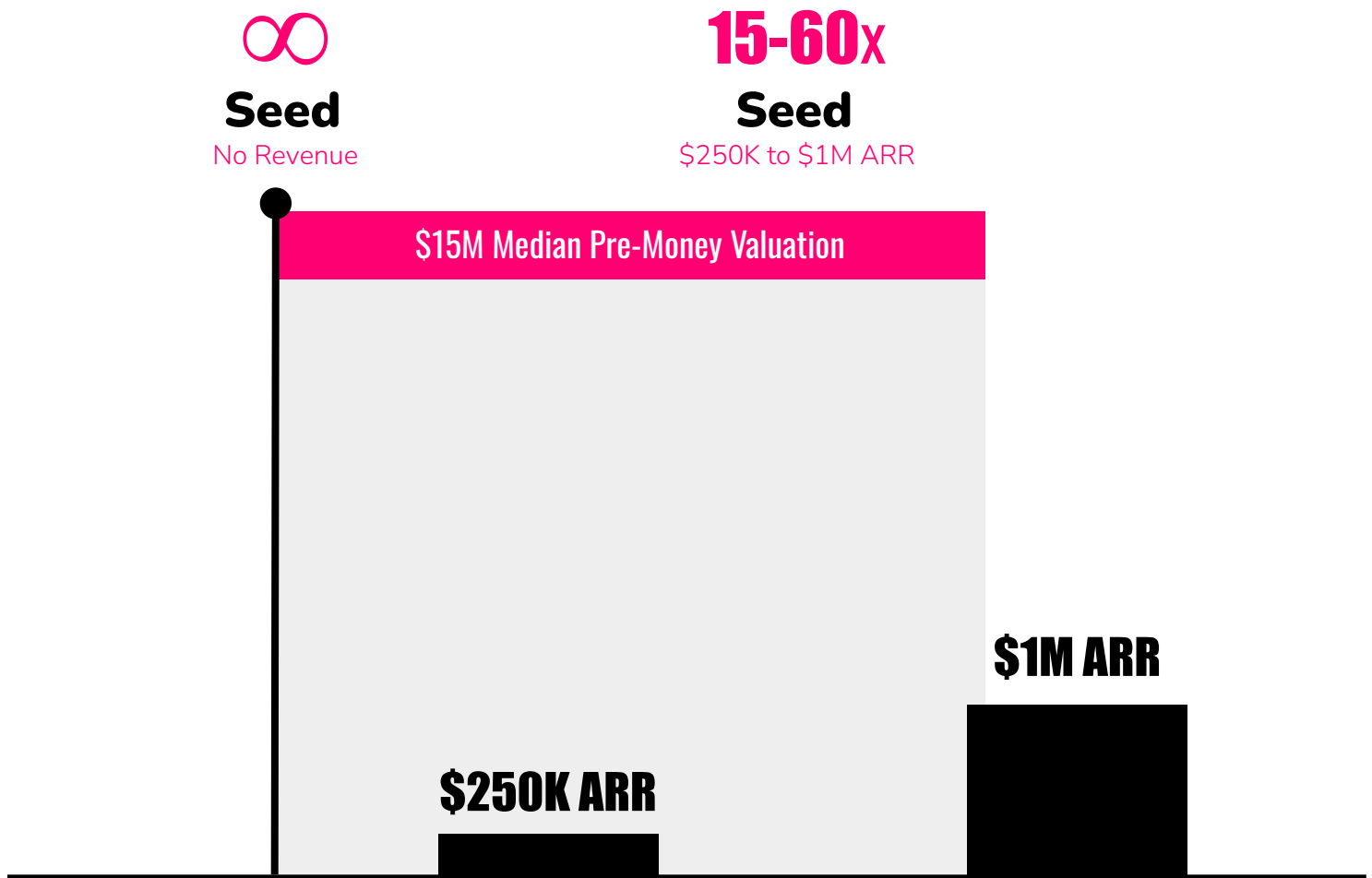


What typical revenue would you need to see for a \$1.5M Pre-Seed Round?



Seed Multiples

So to get a multiple range for Seed stage multiples, I'm going to use \$250K to \$1M ARR as the starting point for my modeling assumptions



Also to get multiple ranges, I'm going to assume that a startup hits **\$1M ARR within 12 months**

So we can use Carta's time between rounds + our revenue growth cases

15-60x

\$250K to \$1M ARR

Seed

\$15M

\$1M ARR

365 days
12 months



Valuation Multiples

For each round...



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Time Between Rounds

Since we're using median valuations, we'll use median time between primary rounds (and use the B to C time for the C to D and D to E rounds)

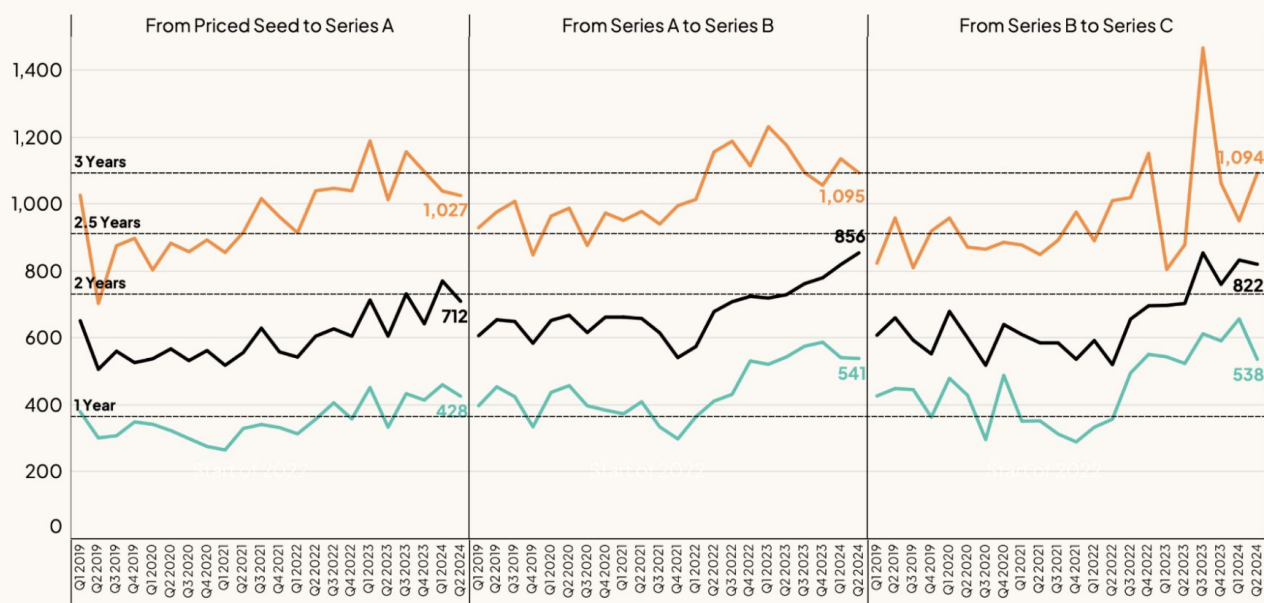
Seed to Series A
24 months

Series A to Series B
29 months

Series B to Series C
27 months

Median time from seed to Series A decreased in Q2

Days between primary financings, Q1 2019—Q2 2024 | 25th Pct | Median | 75th Pct



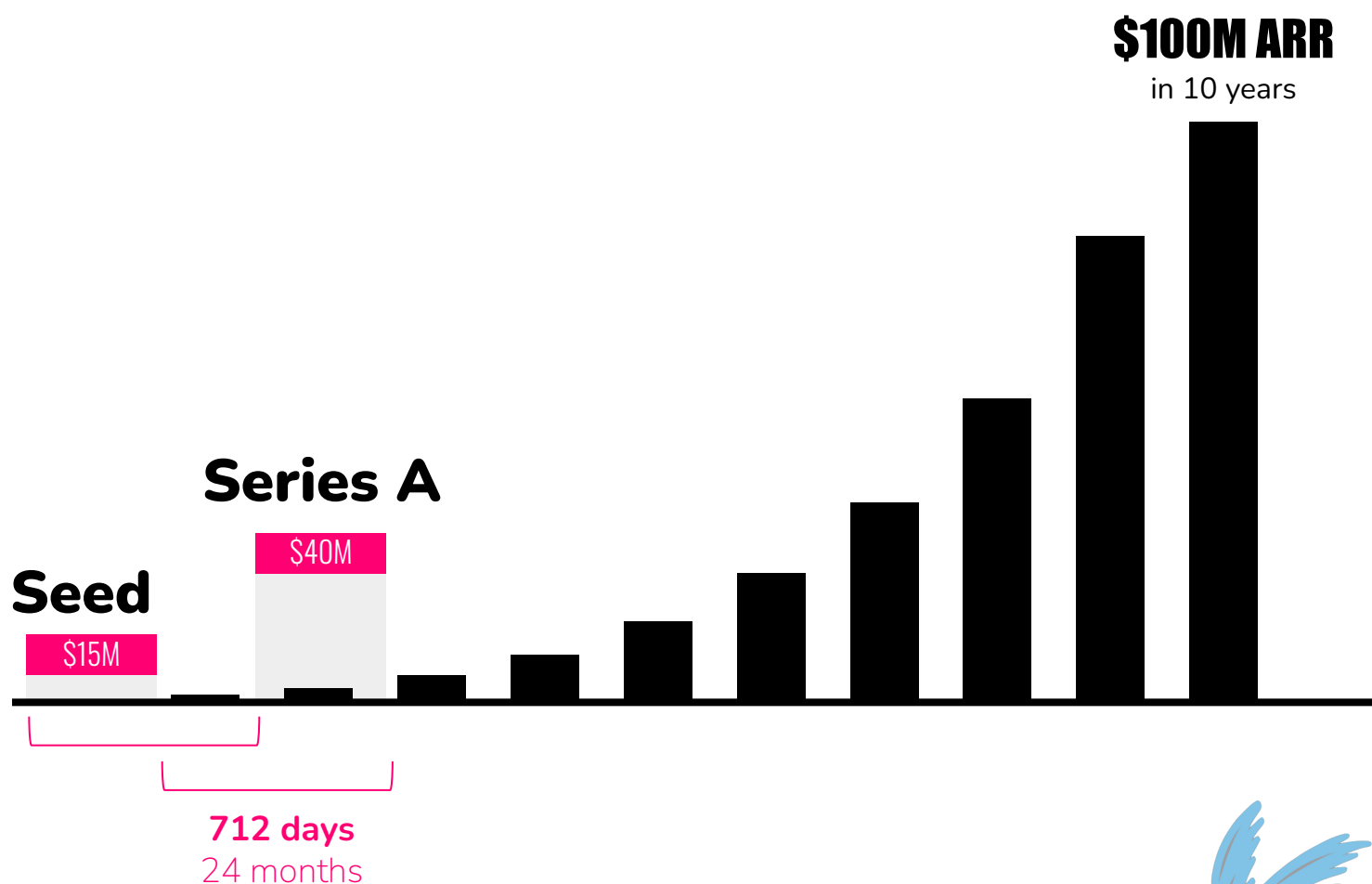
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Series A Multiple Range?

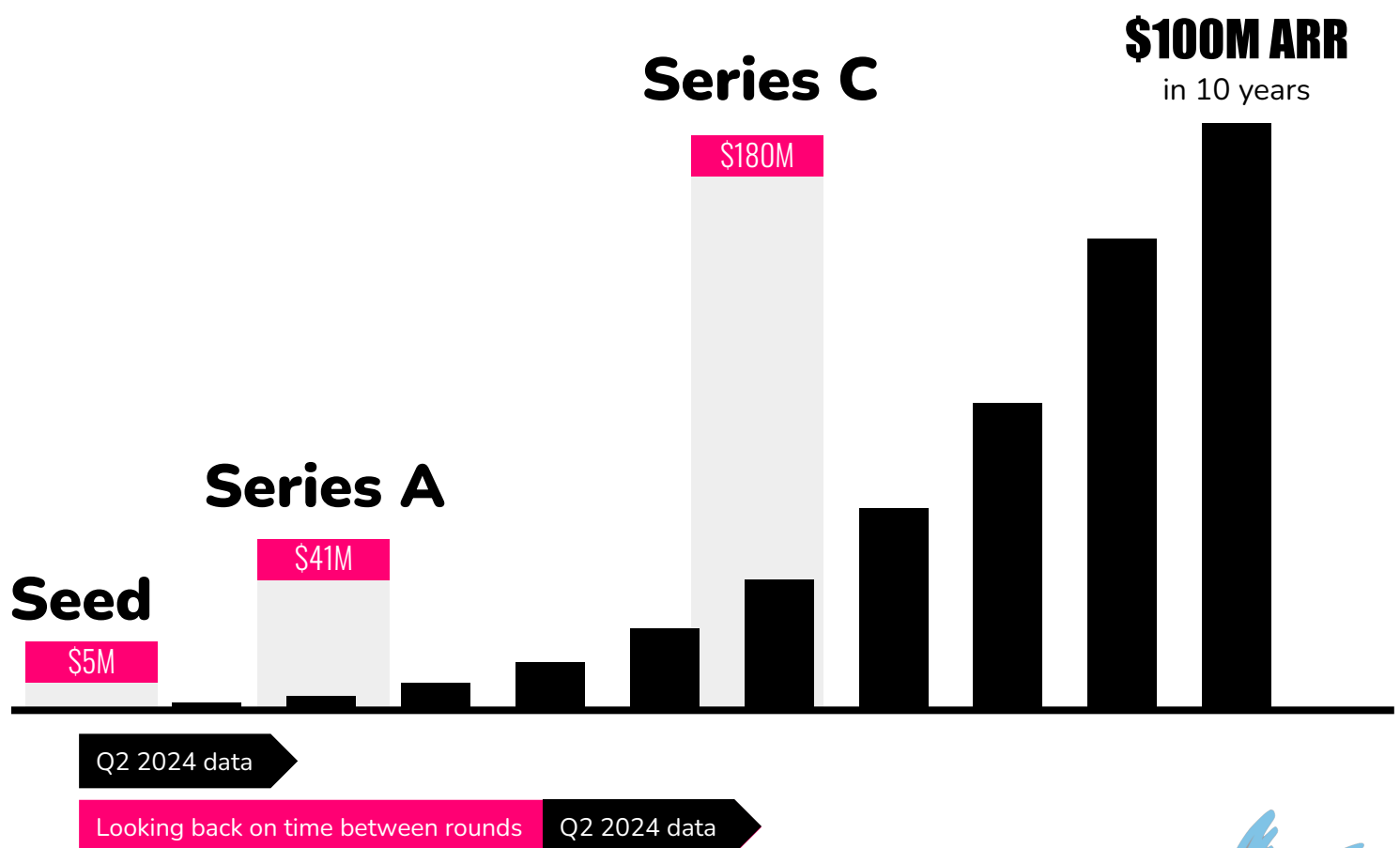
Because we don't have an exact Seed *start date* to measure the median # of months to Series A, I've used the range of zero to 12 months to get to \$1M to create the valuation multiple range, which also happens to line up nicely with \$2M to \$4M ARR at Series A common expectation these days



Venture Scale Curve

Now to line up each round with the venture scale curve, we need to look at current values for the median time between rounds only for the current round. Historically the time between rounds didn't change much year over year, but they've grown over the past few years. So now we need to go back in time for each previously raised round and look at the time between rounds at the time those rounds were raised and add then all up all of the previous rounds so we can map this round to the venture scale curve.

So for example, if we look at a Series C raised in Q2 2024 - that means that 27 months ago (Q1'24 data) they raised a Series B, but that means only 20 months before that they raised a Series A (based on Q1'22 data) and only 19 months before that raised a Seed round (based on Q2'20 data) for a total of 66 months on the Venture Scale curve (compared to 80 months if we used only Q1'24 data for each all the time values) 👍



Putting it all together gives us different
valuation multiple ranges for each stage...


Estimated!

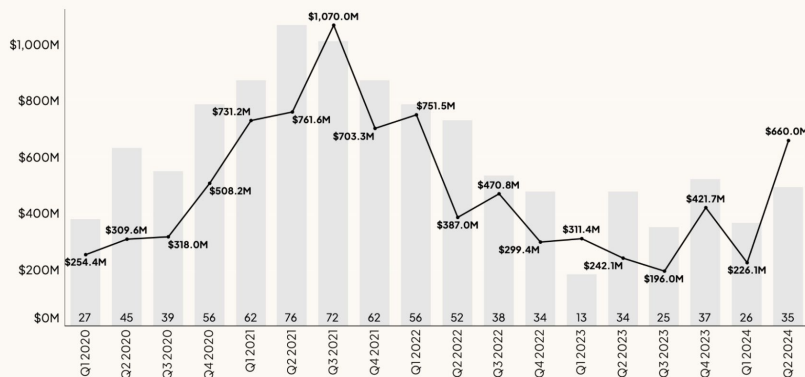


Series D & E+ Multiples?

Note that a huge jump in Median Series D & E+ valuations in Q2 2024 based on a low number of deals compared to Seed (492), Series A (415) and Series B (185) skew the multiples for those rounds much higher this quarter...

Series D valuations sprung back up in Q2 after a long decline

Series D round volume and median pre-money valuation, Q1 2020—Q2 2024



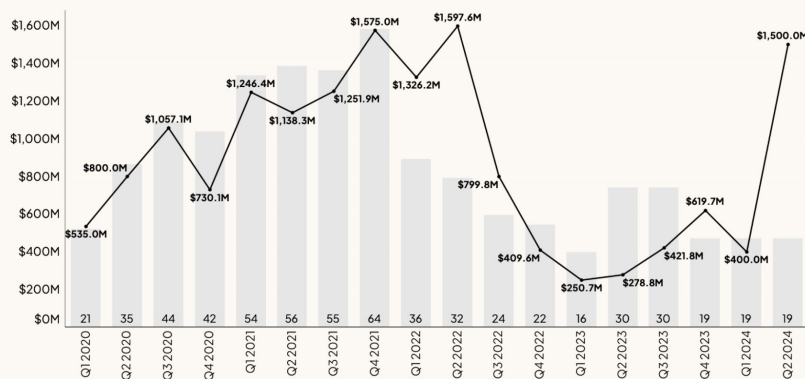
Based on 35 deals

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Series E+ valuations climbed rapidly on very low volume

Series E+ round volume and median pre-money valuation, Q1 2020—Q2 2024



Based on 19 deals

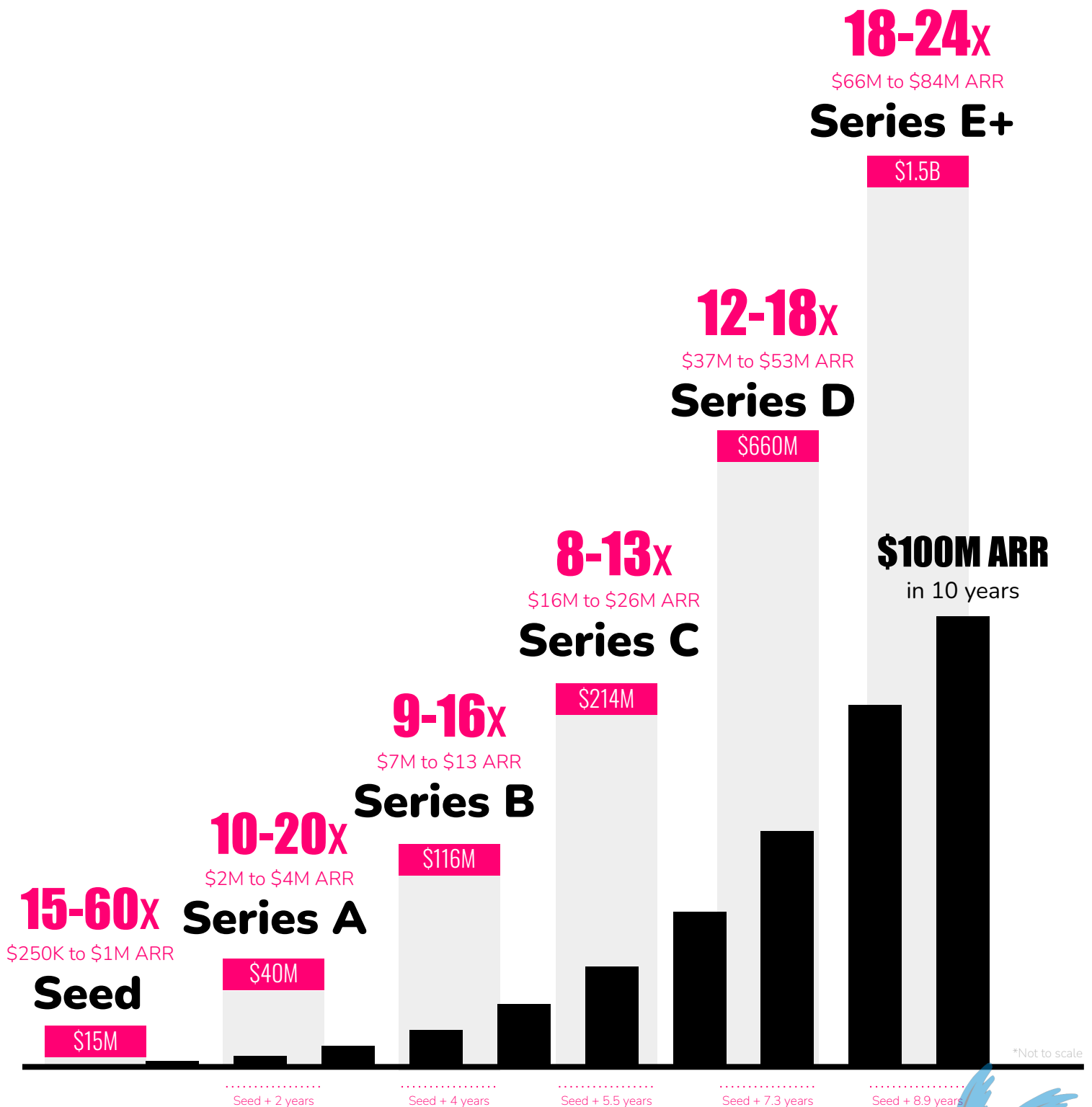
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Estimated

Median Multiples



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How does this line up with **your reality?**



So To Recap

Based on this estimate it looks like multiples were trending towards the 5.7 public valuation multiples as expected, but then a low number of mega deals at Series D and E+ shot them back up at the later stages

- **Seed** has a 15 to 60x multiple
- **Series A** has a 10 to 20x
- **Series B** has a 9 to 16x
- **Series C** has a 8 to 13x
- **Series D** has a 12 to 18x
- **Series E+** has a 18 to 23x

