2024

Deal Points Report: Venture Capital Financings

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Osler, Hoskin & Harcourt LLP

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Table of contents

Introduction

Welcome to Osler, Hoskin & Harcourt LLP's fourth annual comprehensive report on venture capital and growth equity financing transactions in Canada's emerging and high growth companies ecosystem.

Across the board, Canada experienced reduced business and consumer activity in 2024, with a continuation of the high cost of borrowing that dominated 2023. In 2024, as the Canadian economy combatted ongoing inflationary pressures, Canadian venture investors and capital allocators continued to contend with a challenging economic environment. Unlike 2022 and 2023 when increasing interest rates caused uncertainty in the Canadian economy, interest rates remained at 5.00% for the first half of 2024 and then started to ease in the second half of the year. As a result, and despite the high cost of borrowing and downstream implications for businesses and consumer spending, the economic outlook in 2024 was much less uncertain than in 2023.

Amidst these economic conditions, in 2024, late-stage investors returned to market in search of proven and revenue-generating businesses, resulting in what many have described as the "year of the mega deal" — financing transactions with round sizes of more than $50,000,000 — with examples like the US$900,000,000 investment in Clio and the US$500,000,000 investment in Cohere, both of which are examples of strong and proven Canadian technology companies. In the financings covered by the *Deal Points Report* for 2024, mega deals represented 65.1% of the capital invested. Investments like those in Clio and Cohere were reflective of a broader trend in 2024: the welcome return of activity levels for late-stage venture financings, with approximately 75% of all capital invested in financing transactions captured in the *Deal Points Report* invested at the Series B and beyond stages.

As in 2023, 2024 continued to show signs of renewal and resilience in the Canadian venture space, as early-stage financings (i.e., Seed and Series A stages) again represented the majority (76.3%) of all financings captured by this year's *Deal Points Report*. The biggest increase in these early-stage financings was at the Seed stage, where the number of financings increased 18% from 2023 and represented 45% of all financings in 2024. It is clear that investors are continuing to make long-term bets on exciting companies with good prospects, strong existing or potential economics, product-market fit and strong founders.

Turning to the Canadian emerging and high growth companies ecosystem itself, we are excited to see the ongoing growth of venture financing activity in emerging ecosystems in the Prairies (13.8% of deals; 5.2% of invested capital) and Atlantic Canada (1.3% of deals; 0.5% of invested capital), while Ontario (48.8% of deals; 41.5% of invested capital), British Columbia (15% of deals; 30.5% of invested capital) and Québec (11.3% of deals; 13% of invested capital) continued to be significant contributors to venture financing activity in Canada. As in 2023, Alberta was a rising star in the Canadian ecosystem, capturing a large percentage of the total number of financing rounds. Investments in emerging industries like artificial intelligence (18.1%) and cleantech (14.4%) continued to see material increases in 2024, relative to 2023, reflecting the ongoing successes that Canadian companies in these industries have achieved. Finally, the data in the *Deal Points Report* shows that terms in Canadian venture financing transactions continue to maintain their alignment with the Canadian Venture Capital and Private Equity Association (CVCA)/National Venture Capital Association (NVCA) model financing documentation — a sign that companies are typically raising capital on market terms, rather than off-market terms.

Get key insight and analysis of the *Deal Points Report*

Discover more about this report as members of Osler's Emerging and High Growth Companies Group discuss the findings in our on demand webinar.

Join the webinar

About the 2024 *Deal Points Report*

This year's release of the *Deal Points Report: Venture Capital Financings* synthesizes data from 646 venture capital and growth equity preferred share financings completed by Osler from 2020 to 2024, representing more than US$11.4 billion in total transaction value. It is important to note that these 646 financings represent, as a sample, only a portion of Osler's significant overall financing deal volume; from 2020 to 2024, Osler advised clients in the emerging and high growth companies space in 1,396 financing transactions, including preferred share equity financings and the issuance of convertible securities (such as Simple Agreements for Future Equity (SAFEs) and convertible promissory notes), with an aggregate deal value of approximately US$18.46 billion.

This significant level of transaction volume, combined with Osler's position as the preeminent Canadian legal advisor to clients in the emerging and high growth companies space, are key factors in our unique ability to produce a publication like the *Deal Points Report*. In the LSEG (formerly Refinitiv) *Global Private Equity Legal Review: Full Year 2024*, for example, Osler was ranked as the #1 Canadian legal advisor to venture-backed companies based on round value and number of rounds, as well as the #1 Canadian legal advisor to the investor based on number of rounds. Osler was also ranked as the #1 Canadian firm for venture capital deals across several categories in the 2024 *Annual Global League Tables*. In addition, the firm's expertise is acknowledged in the 2025 *Chambers Canada* rankings: Osler is the only Canadian firm to rank as Band 1 for Startup & Emerging Companies; the two Co-Chairs of the Emerging and High Growth Companies Group are the only Band 1 ranked lawyers in the country; and the firm has the largest number of ranked lawyers in Canada.

The *Deal Points Report* is unique within the Canadian market as it does not rely solely on publicly available information or third-party submitted data. Instead, it draws on Osler's confidential anonymized data sources, with a focus on providing readers with deeper access to comprehensive financing-related information that goes beyond what can be gathered from publicly available data sources. Osler has undertaken publishing the *Deal Points Report* as we believe information from non-public sources — including comprehensive financing-related data extracted from term sheets, share purchase agreements, shareholders agreements and secondary sale transaction documents — should be available to all stakeholders within the emerging and high growth companies ecosystem. As all data presented in the *Deal Points Report* is from financings completed by Osler across the country, the authors are able to interpret and contextualize raw data inputs with the benefit of first-hand exposure to these financings, thereby enhancing the production of meaningful insights and reliable conclusions.

One of the unique features of the *Deal Points Report* is that it provides an opportunity to profile some of Osler's clients and to share their inspiring stories, including how these clients were able to both raise and deploy capital in 2024. We are truly grateful for the support and trust of these clients, and all of the firm's clients. At Osler, we are fortunate to represent emerging and growth-stage companies and the investors that invest in these companies — from a broad spectrum of knowledge-based industries and through the phases of their lifecycle — providing legal advice on a wide range of issues and requirements along the way (Watch Osler clients share their success stories). We are proud to play a role in each of these journeys, which in turn are parts of a much bigger story: the growth and exceptional success of a resilient emerging and high growth companies ecosystem across Canada, an ecosystem that continues to create jobs, promote innovation and foster economic growth while attracting significant amounts of domestic and international investment.

Finally, as we continue to evolve and build on the public-facing insights shared in the *Deal Points Report*, we are excited to note that, for the first time, this year's release tracks data for financings on (i) average and median pre-money and post-money valuations, by series of financing, (ii) average and median dilution per round of financing, by series of financing, and (iii) average and median size of post-money option pools, expressed as a percentage of post-money capital, by series of financing. Even with these additions to the *Deal Points Report*, there are many data points that we feel are relevant to the market and important to track, but that did not make it into this year's publication. We will continue to refresh the content and data points in future releases. In the meantime, please do not hesitate to reach out to any of the lawyers in our Emerging and High Growth Companies Group in our offices across Canada to discuss the findings in this year's publication.

Discover more about this report as members of Osler's Emerging and High Growth Companies Group discuss the findings in our on-demand webinar. For the 2024 report, Osler's panel of experts includes the Co-Chairs of the Emerging and High Growth Companies Group, Chad Bayne and Mark Longo, who were fortunate to be joined by Peter Walker, the head of Carta's insights team.

Osler's emerging and high growth clients share their success stories

For more than a decade, Osler has served as counsel to some of Canada's most innovative startup founders and growth-stage investors.

Watch their success stories

Highlights from the *Deal Points Report*

- For financings captured by the *Deal Points Report*, the number of down rounds in 2024 dropped marginally to 15%, in comparison to 16% in 2023. The number of flat rounds decreased dramatically in 2024 to 12%, in comparison to 26% the previous year. The number of up rounds increased meaningfully to 73%, in comparison to 58% in 2023.

- Of those companies that completed a down round during the five-year period covered by the *Deal Points Report*, the highest incidence of down rounds occurred in later stage financings (i.e., Series C, Series D and beyond).

- The highest concentration of financings in Canada occurred at the early stages (i.e., Series Seed and Series A), which is the highest level in the five-year period covered by the *Deal Points Report*. Consistent with prior years, Series Seed and Series A financings continued to represent a majority of the financings captured (76.3% of all financings; but only 22.7% of all dollars invested in 2024), although there was a noticeable decline in the number of Series A financings in 2024 (down 5.7% from the prior four-year average, and down 9% from 2023).

- Companies in the information technology and artificial intelligence industries collectively represented 41.2% of all financings captured by the *Deal Points Report* in 2024. While artificial intelligence companies represented 18.1% of the number of financings completed in 2024, these companies represented 26.3% of all capital invested in 2024. Health/life sciences continued to represent an important industry for venture investment in Canada, representing 18.1% of closed financings and 17.3% of dollars invested.

- In 2024, Ontario, British Columbia and Québec had the highest concentration of financings completed and capital invested — collectively representing 75.1% of all deals and 85% of funds invested. Alberta saw an increase in the total number of financings captured, representing 12.5% of the financings closed in 2024 (relative to 8.4% in 2023).

- The percentage of companies covered in the *Deal Points Report* that were founded by women increased to 21.3% in 2024 (relative to 14.7% in 2023). Women-founded companies represented 12% of total dollars raised in 2024. Of these financings, 61.8% were Series Seed financings, 29.4% were Series A financings, 5.9% were Series B financings and 2.9% were Series C financings.

- Timelines to close a venture financing increased across the board in 2024. Factors contributing to this increase included lack of competitive tension, difficulty in syndicating rounds, and increased investor diligence and caution. Notwithstanding these longer closing timelines, exclusivity periods remained consistent with historical norms.

- Over 98% of the financings in 2024 covered by the *Deal Points Report* used forms generally based on the CVCA model financing agreements, demonstrating that financings based on the CVCA model documents continue to be the market standard in Canada.

- Through 2024 there was a resurgence of secondary transactions; 17.4% of all financings included a secondary component, with the most significant increase seen in Series B financings (56% of all Series B financings included a secondary component). Late-stage secondary transactions also returned in 2024 (14% of all Series D and beyond financings included a secondary component). Secondaries are expected to remain popular in 2025, but are unlikely to replace IPOs or larger M&As as early investors continue to demand liquidity for their investments.

- Standard venture terms remained consistent in 2024, including *pari passu* liquidation preferences,1x liquidation multiples on liquidation, non-participating preferred shares, non-cumulative dividends, broad-based anti-dilution and no redemption rights.

Methodology and background

- The *Deal Points Report* consists of a review of 646 preferred share financings, from Series Seed financings through to Series D financings and beyond, completed by Osler clients between 2020 and 2024. These preferred share financings include a small representation (approximately 9.4%) of financings involving a U.S. company where one of the firm's Canadian offices was engaged in the matter. Common share financings and financings resulting in the issuance of convertible securities, such as Simple Agreements for Future Equity (SAFEs) or convertible promissory notes, were excluded.

- The total value of investment across all of the financings covered by the *Deal Points Report* was $11.4 billion, including $3.74 billion in financing activity in 2024.

- Osler was company counsel in approximately 68% of the financing transactions included in the *Deal Points Report* and investor counsel in approximately 32% of these financings.

- Osler collected and anonymized data from both public (where documents such as company articles are publicly filed) and non-public financing documents related to these transactions, including term sheets, articles, share purchase agreements, shareholders agreements and secondary sale transaction documents.

- Financings covered in the *Deal Points Report* span a five-year period.

- The *Deal Points Report* is divided into four sections: General overview, Valuation and investment intelligence, Financing structure intelligence and Financing terms intelligence.

- All dollar amounts for financing transactions that were not actually denominated in USD were converted into USD based on the applicable foreign exchange rate published by the Bank of Canada on the closing date of the applicable financing. To the extent that the closing date of such a financing transaction occurred on a holiday, the applicable dollar amount was converted into USD based on the applicable foreign exchange rate published by the Bank of Canada on the next business day.

- For the first time, in the 2024 release of the *Deal Points Report*, Osler is tracking data on companies in the artificial intelligence space as a separate industry (it previously formed part of the information technology industry in Osler's data).
- Also for the first time, in the 2024 release of the *Deal Points Report*, Osler is publishing additional data relating to the economics of financing transactions, including (i) average and median pre-money and post-money valuations, by series of financing, (ii) average and median dilution per round of financing, by series of financing, and (iii) average and median size of post-money option pools, expressed as a percentage of the post-money capital, by series of financing.

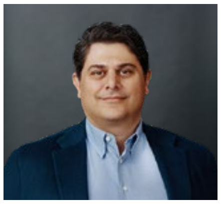
About Osler's Emerging High Growth Companies Group

The Emerging and High Growth Companies Group at Osler is composed of individuals who are passionate about entrepreneurship and fostering the development of early- and growth-stage ventures. Osler is the only Canadian law firm ranked Band 1 in *Chambers Canada*, and our team members in our Toronto, Vancouver, Montréal, Ottawa and Calgary offices are eager to share their experience and insight with emerging companies to help maximize their development and ensure long-term success.

We represent entrepreneurs and emerging and growth-stage companies nationwide from a broad spectrum of knowledge-based industries, supporting them from incubation through their growth trajectory, as well as the venture capital funds, growth equity funds and private equity funds that finance them. We provide legal advice on a wide range of issues and legal requirements that emerging and high growth ventures face, from corporate and tax structuring, to fundraising and shareholder agreements, to intellectual property strategies and employment- and compensation-related matters — all of which require a deep understanding of the market and expert counsel.

Osler acts for more than 2,000 early-, growth- and late-stage ventures and venture investors across Canada, in the United States and around the world. In 2024 alone, Osler advised on over 300 venture financing transactions, including preferred share financings, convertible note financings and SAFE financings, with more than US$4.3 billion raised by emerging and high growth companies, many of which are showcased in the data forming the basis for this *Deal Points Report*.

Contributors



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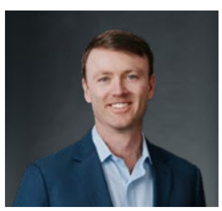

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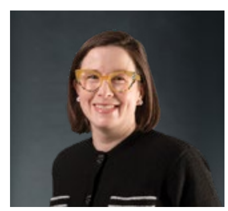

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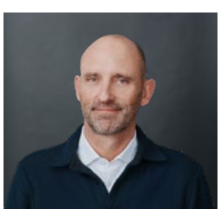

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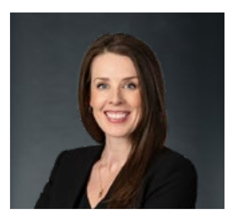

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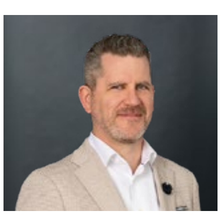

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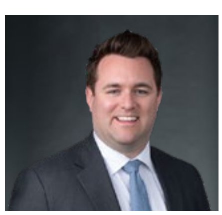

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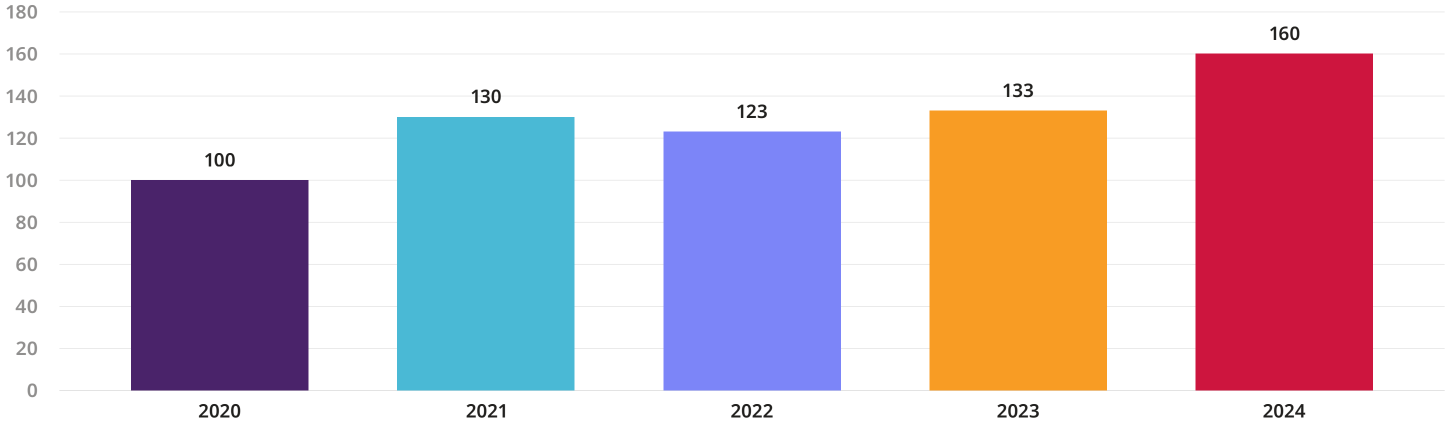
1

General overview of financings in the Deal Points Report

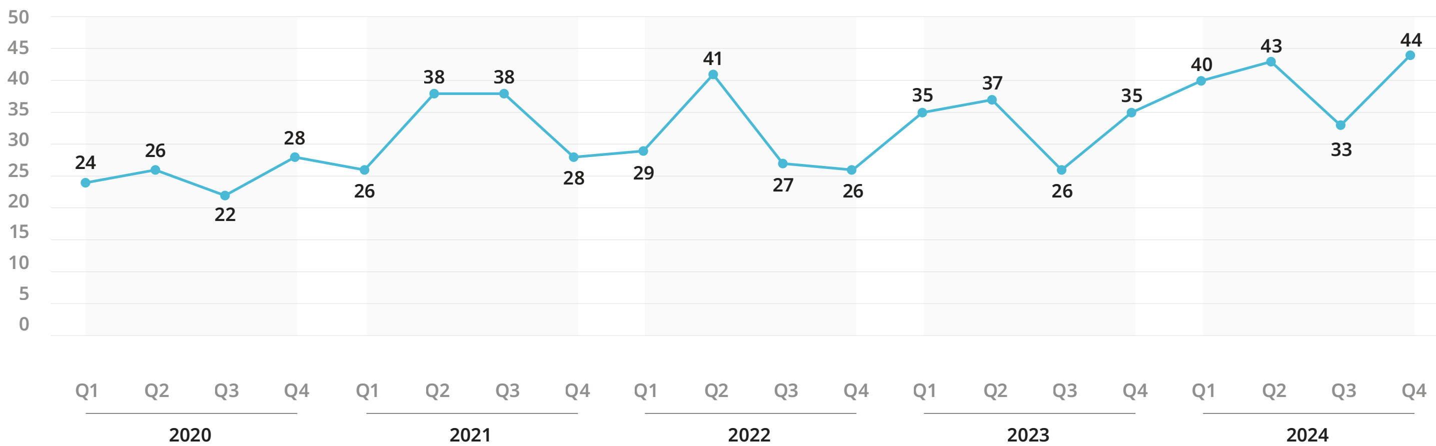
Total preferred share financings, by year

In 2024, Osler represented 160 clients on preferred share financings — more than in any other year reflected in the *Deal Points Report*. Notwithstanding this data point, when reviewing Canada as a whole, the CVCA reported a decline in the total number of venture financings that closed in 2024 (down 14% from 2023).



Total preferred share financings, by quarter

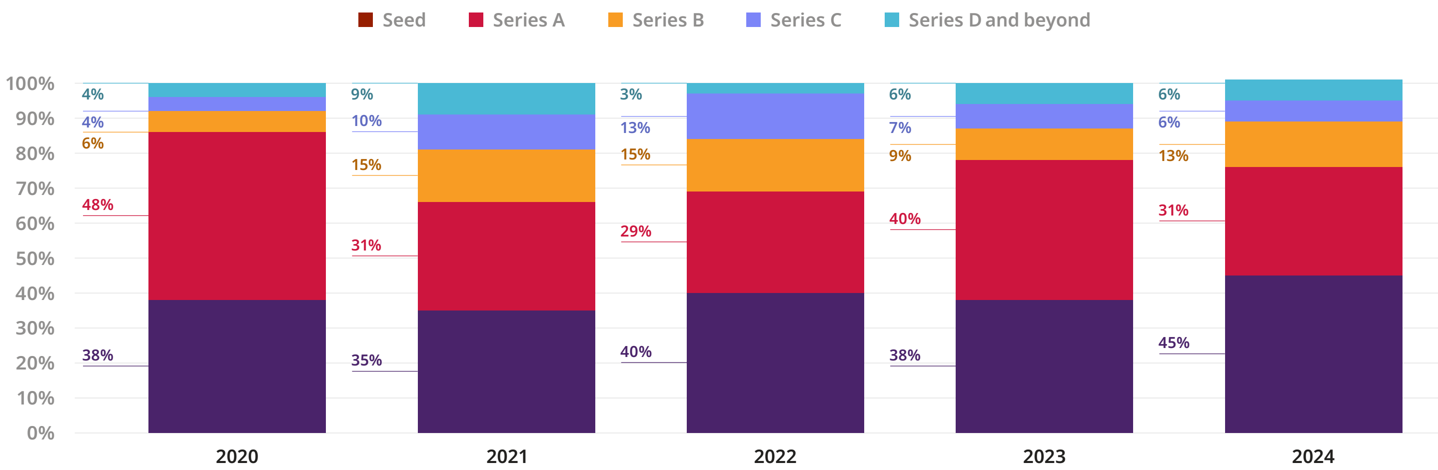
Other than Q3, there was a relatively even distribution of financings that closed in each quarter of 2024. By comparison, the CVCA reported that in 2024, the highest number of financings closed in Q2, followed by a decline in the second half of 2024, with the lowest number of financings closing in Q4 2024.



Number of financings, by year and by series

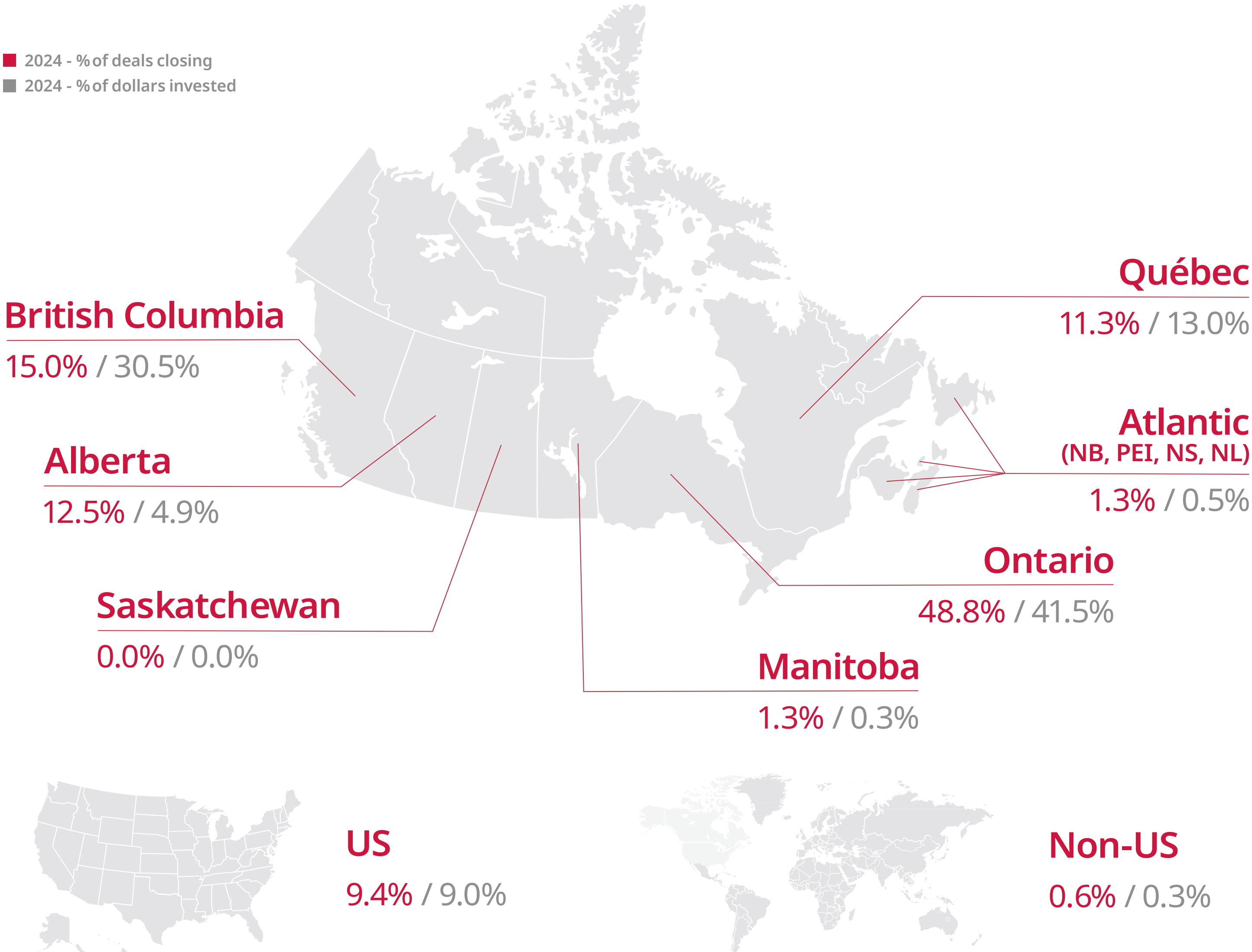
The data for 2024 shows a trend towards earlier stage financings, with an increase in Seed stage financings in 2024 (45% vs. 38% average for the previous four years), which is the highest level in the five-year period covered by the *Deal Points Report*. Consistent with prior years, Seed/Series A financings continued to represent a majority of the financings completed in Canada (76.3% of all financings; but only 22.7% of all dollars invested), although there was a noticeable decline in the number of Series A financings (down 5.7% from the previous four-year average; and down 9% from 2023).

Notable in 2024 was the relative increase in the number of Series B financings (13% of all financings; representing 22.6% of all dollars invested). Although the number of Series C and Series D and beyond financings only represented 12% of the financings completed in 2024, due to the presence of several mega deals ($50 million+ round size), these rounds represented 54.6% of all dollars invested. Similar to trends experienced in the U.S., where the “big got bigger” in 2024, the presence of these Canadian mega deals temporarily obscured the longer recovery period expected in the market following 2022 and 2023.



Location of companies

The diagram below displays the location of companies that completed a financing round covered by the *Deal Points Report* in 2024, including both the percentage of deals completed and the percentage of dollars invested in each province. The data shows the continued high concentration of venture activity in Ontario, British Columbia and Québec (together representing 75.1% of all financings closed and 85.1% of capital invested). As in previous years, Ontario represented the largest number of financings in 2024 (48.8% of financings and 41.5% of dollars invested). British Columbia had a stand-out year in 2024; while the province had 15.0% of all rounds closed (down from the prior four-year prior average of 16.5%), those rounds represented 30.5% of all dollars invested, as a result of mega deals completed by companies such as Clio and Aspect Biosystems. Finally, Alberta continued to be a rising star in the Canadian ecosystem; the province saw an increase in the total number of financings, with 12.5% of the financings closed in 2024 and covered by the *Deal Points Report*.

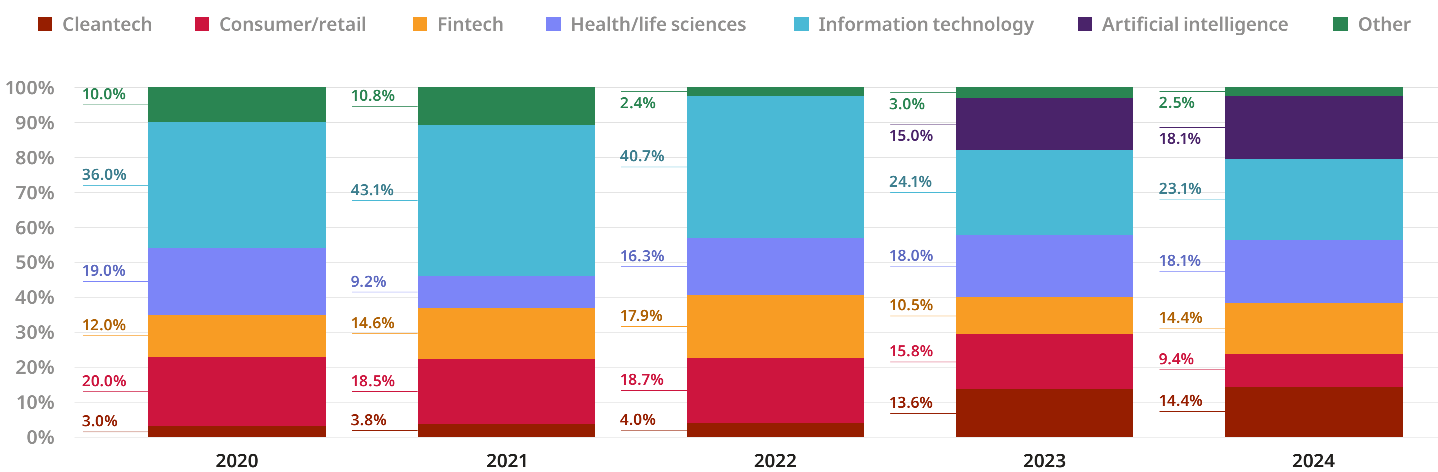


Company distribution by industry, by year

The financings included in the *Deal Points Report* were for companies distributed across a range of industries:

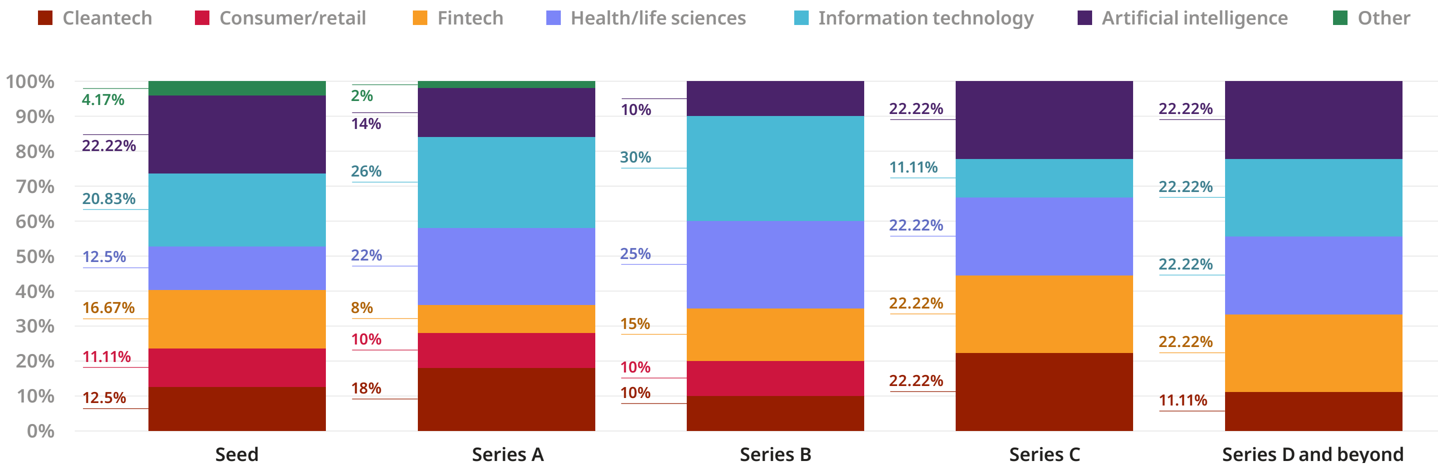
- artificial intelligence (broken out as a separate industry for 2023 and 2024)
- cleantech
- consumer/retail (including supply chain, logistics and consumer retail)
- fintech
- health/life sciences
- information technology (including blockchain, adtech, edtech and cybersecurity) for years prior to 2023, the data includes artificial intelligence companies
- other (industries which do not reasonably fit within the foregoing industry categories)

In 2024, consistent with 2023, information technology and artificial intelligence financings represented 41.2% of all financings in Canada. As in the U.S., in 2024, artificial intelligence-based companies were a key driver of financing activity for financings covered by the *Deal Points Report*, representing 18.1% of all financings closed in 2024 and 26.3% of all dollars invested. The largest artificial intelligence round covered by the *Deal Points Report* was Cohere's record breaking $500 million Series D financing. The data for 2024 also showed a relative increase in the number of cleantech financings (14.4% of 2024 financings; above the previous four-year average of 6.1%). Lastly, health/life sciences continued to be an important sector for Canada, with 18.1% of the financings closed in 2024 and 17.3% of dollars invested, including notable financings closed by Nomic Bio, Aspect Biosystems, and Flosonics Medical.



Companies by industry, by series

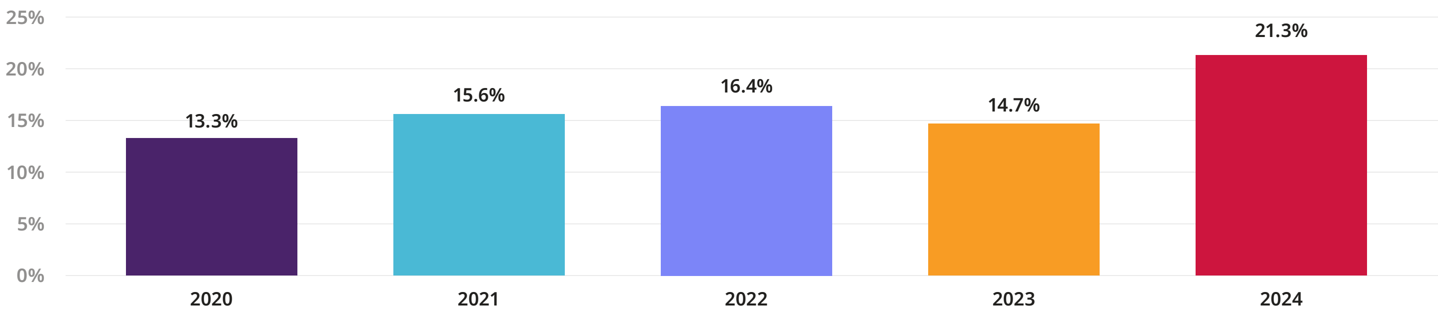
The chart below illustrates the overall representation of industries based on series of financing, for 2024. The data shows that artificial intelligence companies represented the largest category of companies raising financings in the Seed stage (22.2%), where 62.5% of these Seed stage artificial intelligence companies were headquartered in Ontario (note also that 65.52% of all artificial intelligence companies covered by the *Deal Points Report*, that raised a financing round in 2024, were headquartered in Ontario). One notable trend for 2024 is that no consumer/retail company raised a round beyond Series B. Other than for Seed financings, healthcare/life sciences companies had the most even distribution across all financing rounds.



Breakdown of women founders

In 2024, we saw a material increase in the number of woman-founded companies that raised a financing round — from 14.7% in 2023 to 21.3% of all financings raised in 2024 and 12% of total dollars raised in 2024. Of these financings, 61.8% were Seed financings, 29.4% were Series A financings, 5.9% were Series B financings and 2.9% were Series C financings.

By comparison, Pitchbook reported that in the U.S., woman-founded companies raised a total of $38.8 billion (an increase of 27%, year-over-year), but deal count dropped 13.1%, concentrating capital in fewer woman-founded startups.

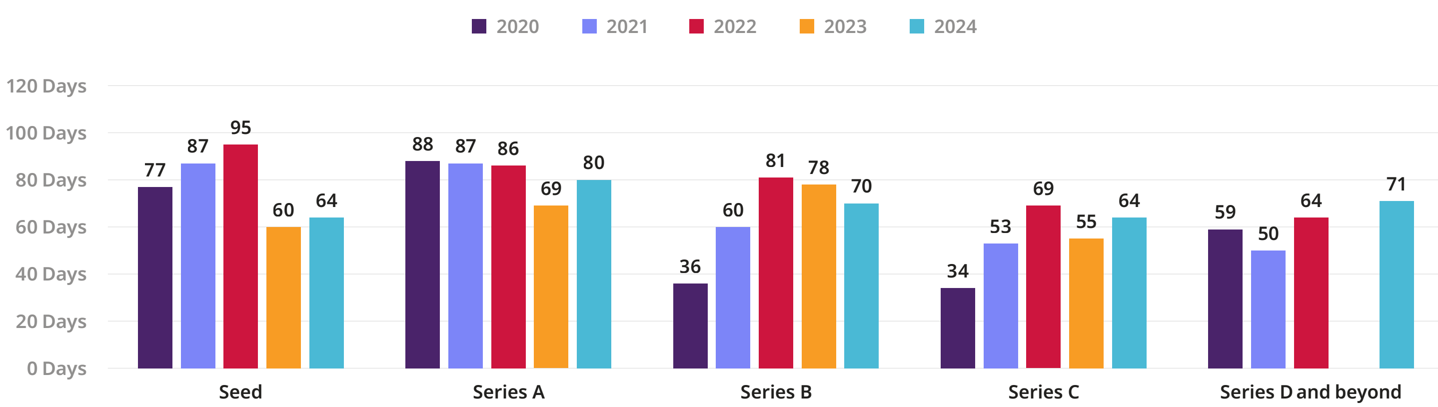


To help shine a light on the success, stories and journeys of women founders, through the year Osler continued to run our Women in Emerging and High Growth Companies Leadership Series, which included sessions such as Unlocking opportunities for women on boards. We also continued to host intimate and curated dinners as part of our “Seat at the Table” series, which focused on elevating women in the Canadian tech ecosystem and creating long-lasting connections.

Osler supports women at all stages of building their companies by introducing them to our exceptional network of founders, established entrepreneurs and investors. Osler is a proud exclusive legal sponsor of Cap Inclusive's Femtech Breakfast Club, Women Funding Women and OBIO's Women in Health Initiative (WiHI) Breakfast Series. The firm also has a long-standing relationship with Women's Equity Lab. Learn more about Osler's programs for women founders, including links to prior webinar series here.

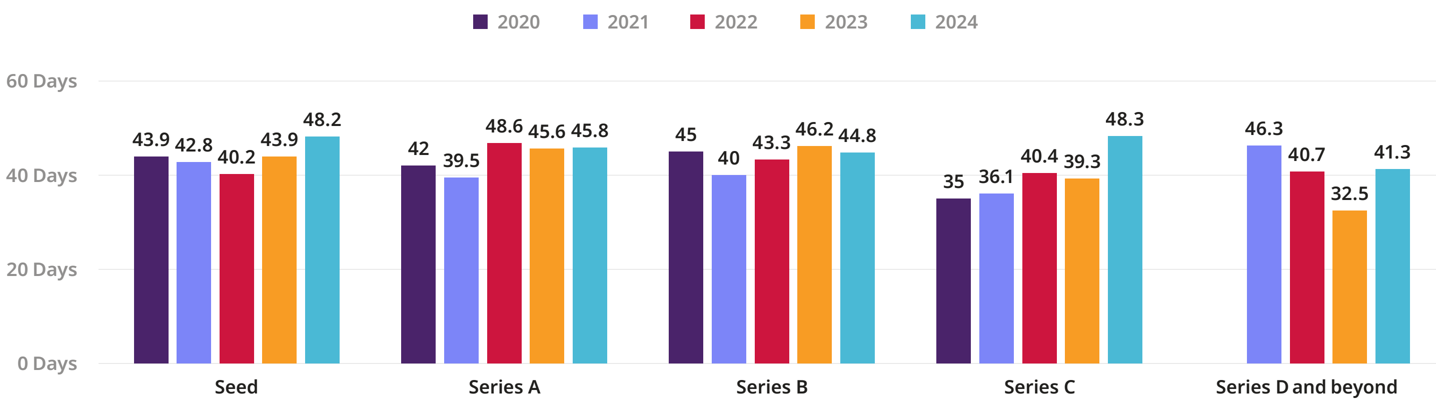
Average time between term sheet signing date and financing closing date (by series)

The chart below illustrates the average time, in days, between the date on which a term sheet was signed and the initial closing of the related financing. On average, it took longer to close a financing, across all rounds, in 2024 as compared to 2023 (with the one notable exception being Series B, which saw an 8-day decline in the average number of days required to close a financing in 2024). In reviewing industry trends, consumer/retail (56 days) and fintech (61 days) had the lowest average closing periods, while health/life sciences (79 days) and artificial intelligence (74 days) experienced the highest average closing periods. Investors' increased focus on due diligence in 2024, the lack of competitive tensions, and in the later stages, the time to syndicate the required investment for "mega rounds," all contributed to the longer closing timelines. Notwithstanding these increased closing timelines, as noted below, the average exclusivity period included in financing term sheets remained at 45 days.



Financings with exclusivity provision, duration (in days) by series

The chart below compares *Deal Points Report* data from 2020 to 2024 regarding the average exclusivity period included in term sheets, by financing round. The exclusivity period remained relatively consistent across all stages, with an overall average of 45 days.



A conversation with Mark Shulgan of Intrepid Growth Partners

Osler clients share their success stories.

Watch the interview

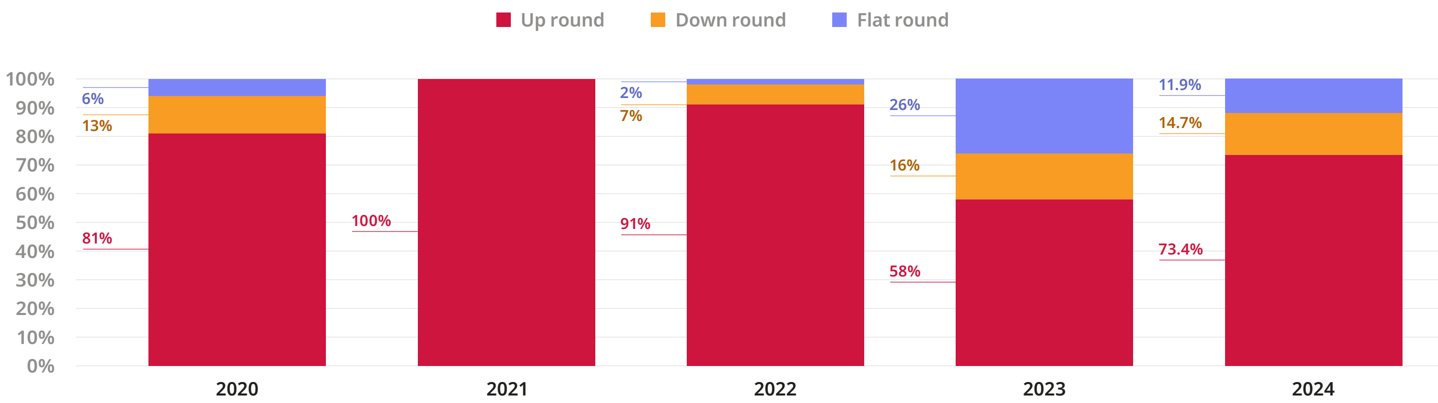
2

Valuation and investment intelligence

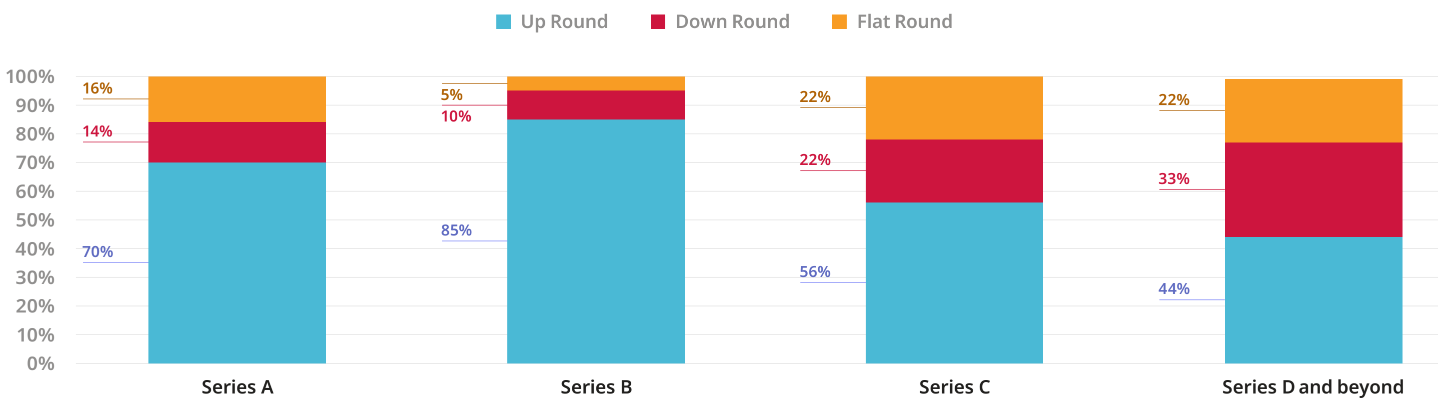
Valuation for financings, by year

This graph illustrates the breakdown of valuation direction for the financings included in *Deal Points Report*, reflected as up rounds, down rounds and flat rounds. In 2024, we saw a recovery from 2023, with up rounds representing 73.4% of the financings that closed (as compared to 58% in 2023), and fewer flat rounds (11.9% of financings in 2024; a 54% decline from 2023). From an industry perspective, the highest concentration of down rounds took place in consumer/retail (25% of all down rounds) and information technology (25% of all down rounds) companies, and the highest concentration of down rounds was experienced by companies headquartered in Ontario (50% of all down rounds).

In general, the Canadian companies covered by the *Deal Points Report* experienced a lower incidence of down rounds as compared to their U.S. counterparts. Comparable reports published by U.S. law firms (Fenwick, Wilson Sonsini, Gunderson Dettmer) and Carta reported that the frequency of down rounds for U.S. companies was closer to 20% of all financing rounds (increasing to 27% for later stage financings).

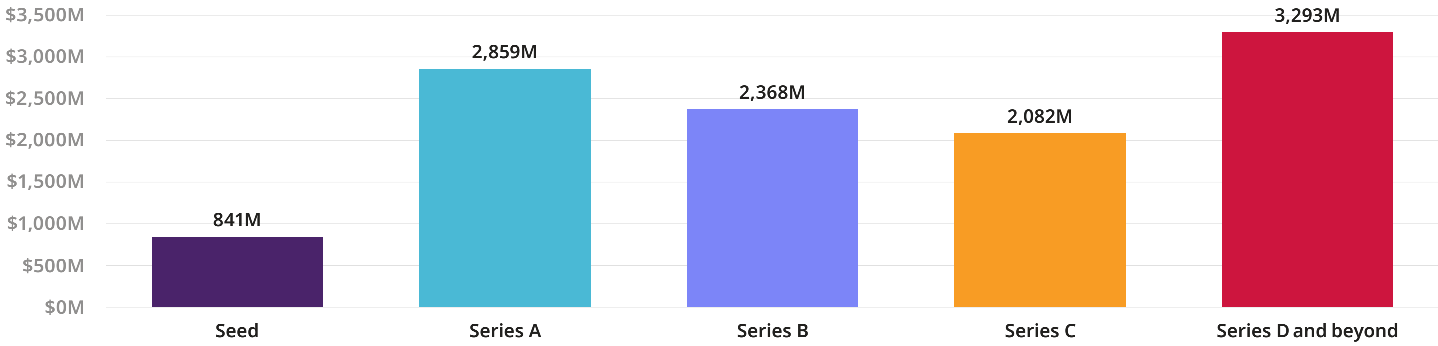


When broken down by series, the highest concentration of down rounds in 2024 took place in Series C and Series D and beyond, where companies who either raised during the peak of the market in 2021/2022 or raised bridge rounds using convertible securities (on less favourable terms) had to reset valuation expectations.



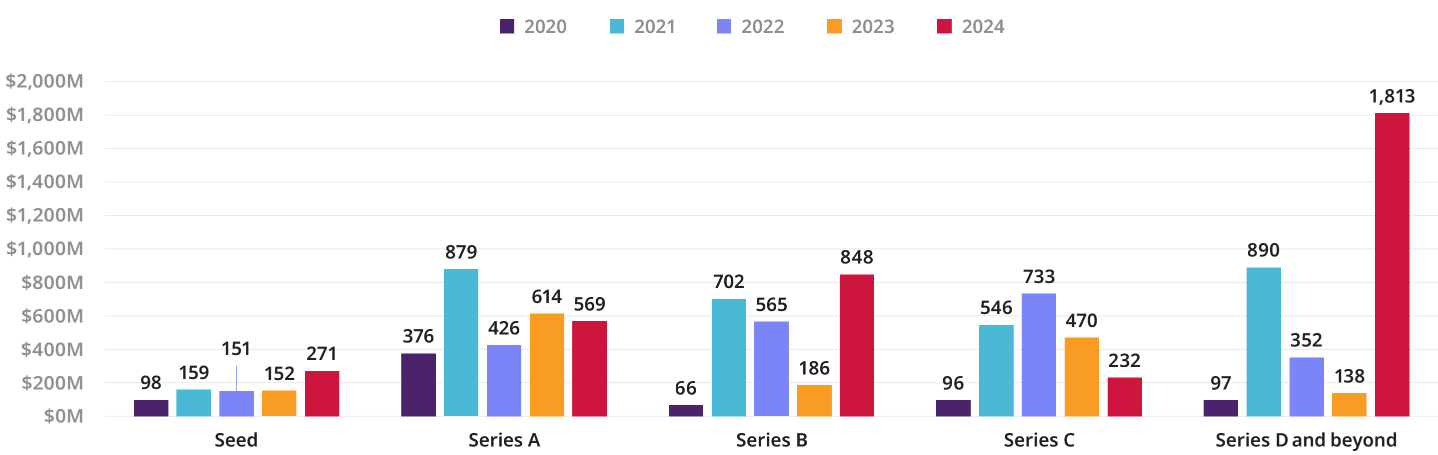
Total investment amount, by series (in millions of USD)

The graph reflects the total investment amount in U.S. dollars (including for any initial closing and follow-on investment for that same transaction) for all financings included in the *Deal Points Report*, based on series of financing: a total of US$11.4 billion for the five-year period covered by the *Deal Points Report*.



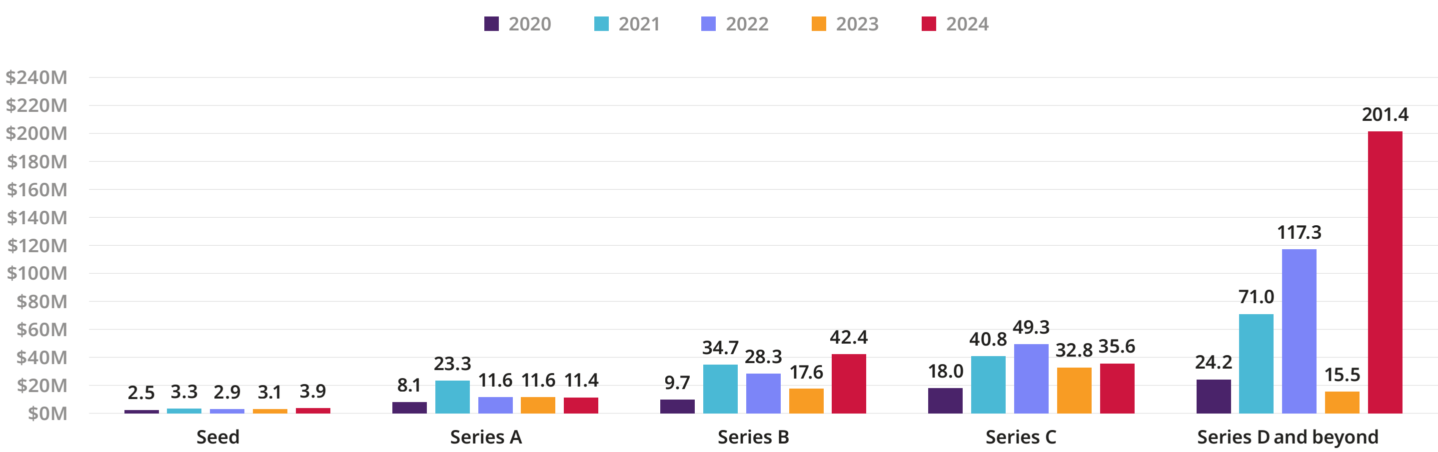
Total investment amount, by series (in millions of USD), by year

This chart illustrates the total investment amount in U.S. dollars (including for any initial closing and follow-on investment for that same transaction) broken down by series, for financings completed from 2020 to 2024. Although the total dollars invested in 2024 exceeded the capital invested in 2021 (the peak of the market), the 2024 data includes 30 more deals than were reported in 2021. For comparison purposes, the average round size in 2021 ($24.4 million) exceeded the equivalent average in 2024 ($23.4 million) by $1 million. Data reported by the CVCA outlines that, in the aggregate, in 2024, Canadian companies raised only 51.2% ($7.9 billion) of the amount raised by Canadian companies in 2021 ($15.4 billion); yet 2024 managed to exceed 2023 by 10% in terms of dollars invested in Canadian companies. In 2024, Series D and beyond is the clear outlier category, where a number of late-stage mega deals materially drove up the investments made in later stage companies ($1.813 billion). In total, 13 mega deals ($50 million+ financing round) are included in the 2024 *Deal Points Report*, representing approximately 65.1% of the total capital invested in 2024.



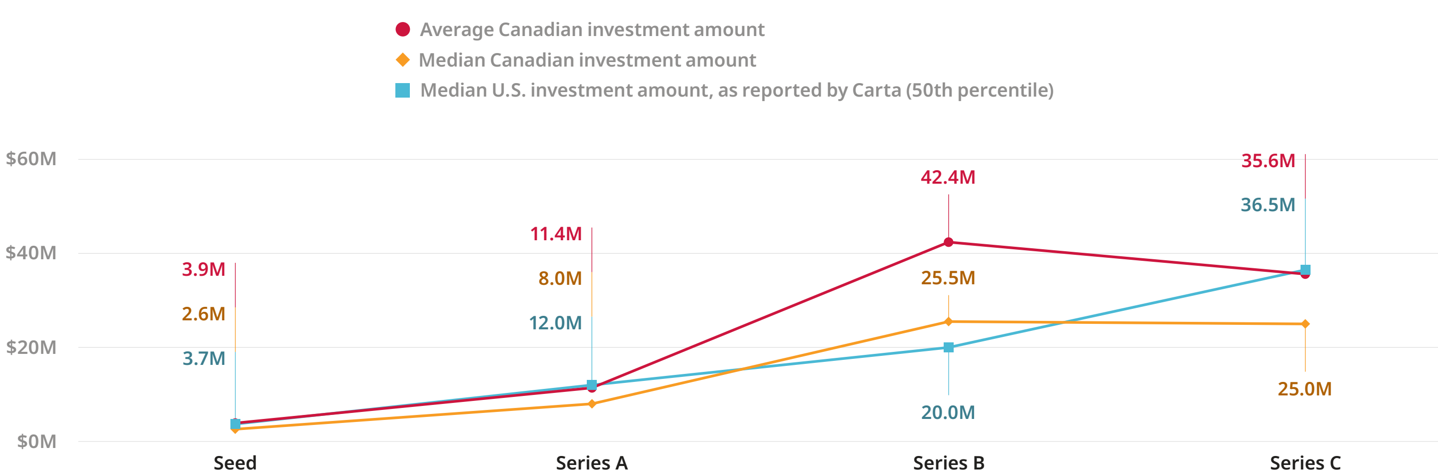
Average and median investment amount, by series (in millions of USD), by year

As illustrated below, in 2024, the average investment amount exceeded historical averages in the Seed ($3.9 million), Series B ($42.4 million) and Series D and beyond ($201.4 million) rounds, reflecting confidence in early-stage innovation and late-stage scaling, particularly in artificial intelligence, health/life sciences and information technology companies. For Series D and beyond financings, it is worth noting that the presence of a number of outlier financings helped inflate the average investment amount for such series. The series that experienced the sharpest decline in average investment amount was Series C, which experienced a 21.4% decline from 2023.



**Excluding extension financing rounds for Series C companies.*

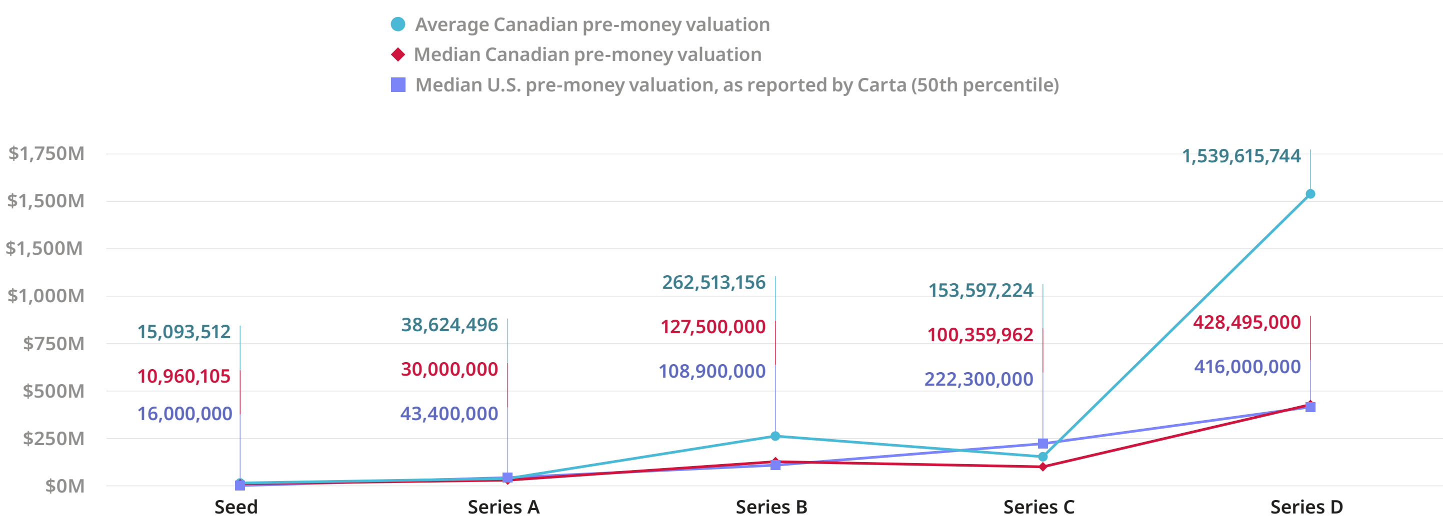
As a point of comparison, Carta reports on the median cash raised by companies at each stage of financing. The Canadian medians are lower than their U.S. counterparts for all rounds other than Series B, as outlined in the chart below. Canadian median and average deal sizes for Series B are higher than their U.S. equivalents because a number of Series B mega deals ($50 million+) closed in 2024, the largest of which was Waabi's record-breaking $200 million Series B financing round.



Delving deeper into industry specific data, the median amount raised by artificial intelligence companies exceeded the medians for all companies included in the *Deal Points Report* in 2024 by at least 20% (for each round of financing), with the highest delta in Series B companies, where the median amount raised by an artificial intelligence company exceeded the median for all Series B companies by 350%. Significantly, health/life sciences companies raised 46% less in their Seed financings when compared to the median amount raised for all Seed financings covered by the *Deal Points Report* for 2024.

Average and median pre-money valuation, by series (in millions of USD)

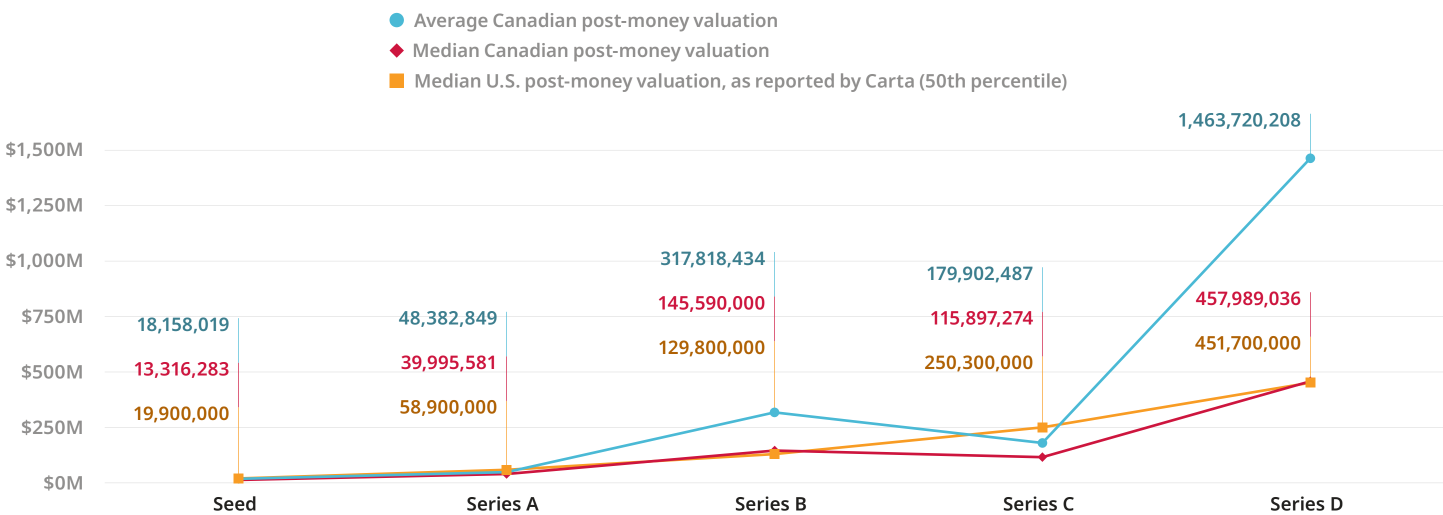
New for 2024, the chart below shows both the average and median pre-money valuations for those companies covered by the *Deal Points Report*. In general, other than Series B, the median pre-money valuations were lower than the median pre-money valuations for equivalent rounds reported by equivalent U.S. studies (Seed – $16.0 million; Series A – $43.4 million; Series B – $108.9 million; Series C – $222.3 million; Series D – $416.0 million).



Average and median post-money valuations, by series (in millions of USD)

New for 2024, the chart below shows both the average and median post-money valuations for those companies covered by the *Deal Points Report* that raised a financing round in 2024. Similar to pre-money valuations, in general, other than for Series B (due to the presence of a number of outsized 2024 Series B mega rounds), the median post-money valuations were lower than the median post-money valuations for equivalent rounds in the U.S. (Seed – $19.9 million; Series A – $58.9 million; Series B – $129.8 million; Series C – $250.3 million; Series D – $451.7 million).

When reviewing the post-money valuation data on an industry level, the median post-money valuations for artificial intelligence companies exceeded the median post-money valuations for all rounds in 2024, and the delta increased for later stage companies, where the median post-money valuation for a Series C and Series D artificial intelligence company exceeded the median post-money valuation for "all companies" at the same series by 233% and 489% respectively.



A conversation with Chris Arsenault of Inovia Capital

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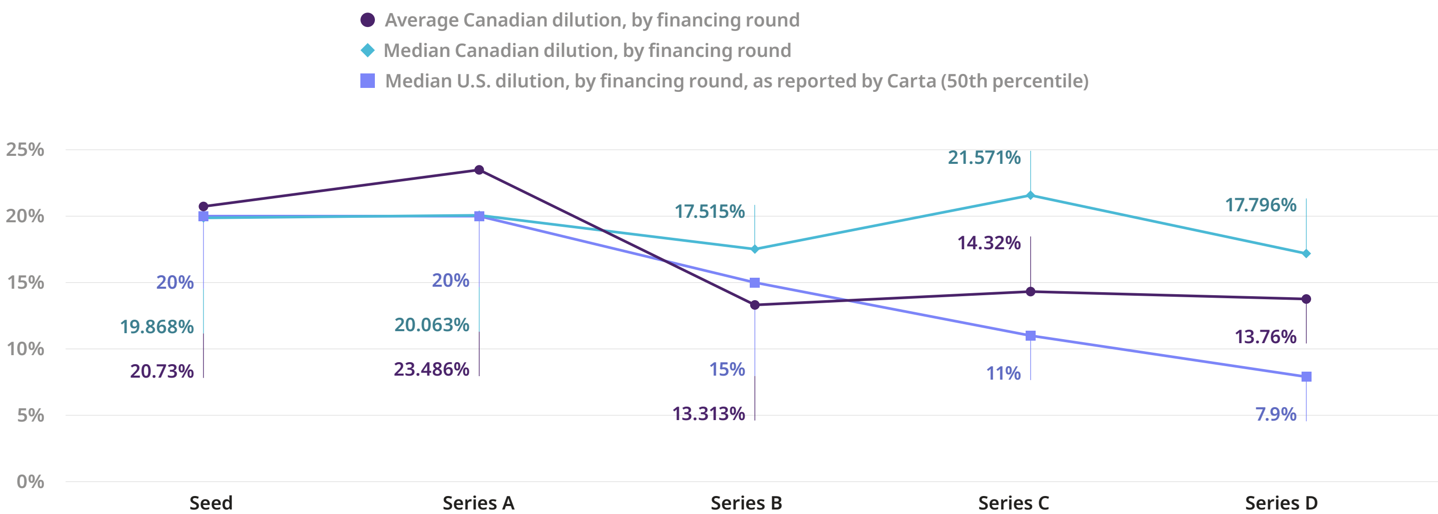
Average and median dilution, by series

New for 2024, the chart below shows both the average and median dilution incurred by those companies covered by the *Deal Points Report* that closed a financing round in 2024. The median Canadian data is consistent with the anticipated dilution reported by equivalent U.S studies for Seed and Series A financings, but at later stages, the median dilution taken by Canadian companies was higher in 2024 than their U.S. counterparts (note that the average dilution for later stage Canadian companies was more in line with the U.S median data: Seed – 20%; Series A – 20%; Series B – 15%; Series C– 11%; Series D– 7.9%).

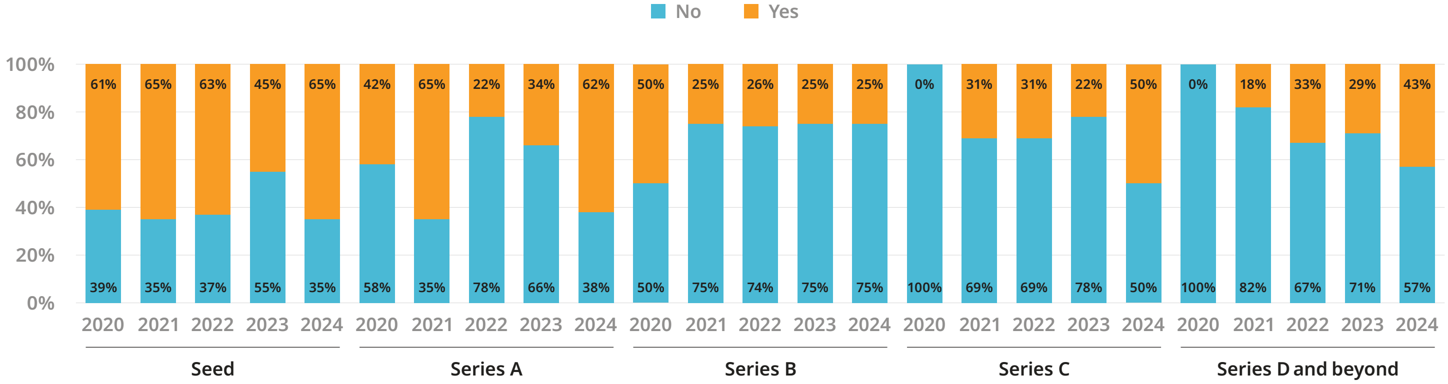


3

Financing structure intelligence

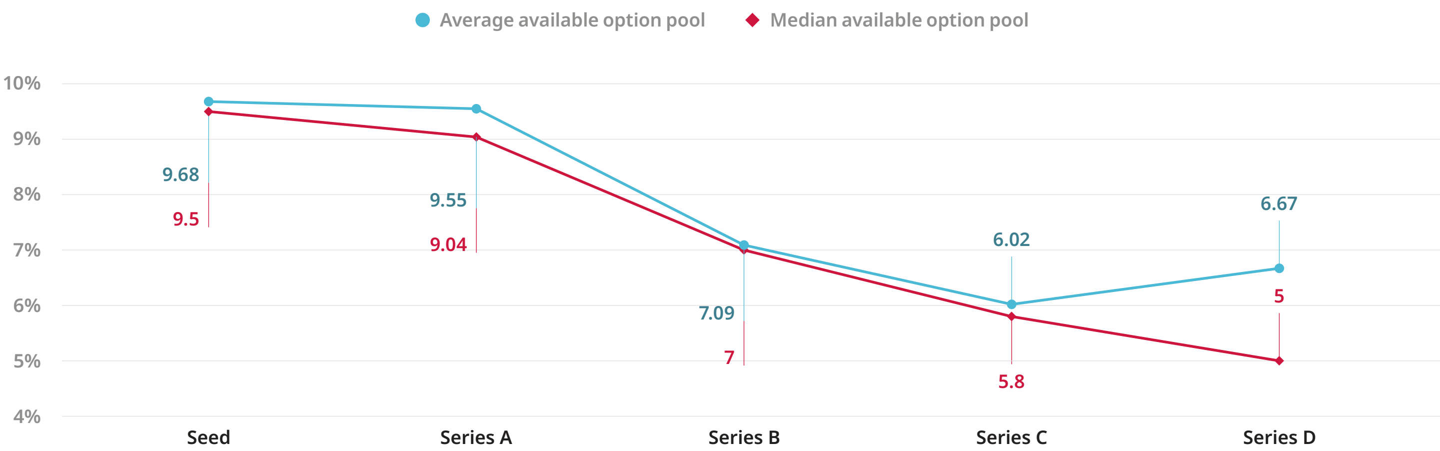
Conversion of convertible securities (such as SAFEs or convertible notes) in connection with financings, by series, by year

The graph below displays the proportion of financings in which a convertible instrument (such as a SAFE or convertible note) was converted in connection with financings included in the *Deal Points Report*, by year. In 2024, 49% of all financings included the conversion of convertible securities. As compared to prior years, there was a higher incidence of convertible securities converting in connection with Series A (62%), Series C (50%) and Series D (43%) financings. The higher concentration of conversions in later stage financings is consistent with prior data, which reported that more companies in 2022-2023 raised insider bridge rounds on convertible instruments — which started to convert in 2024 financing rounds.



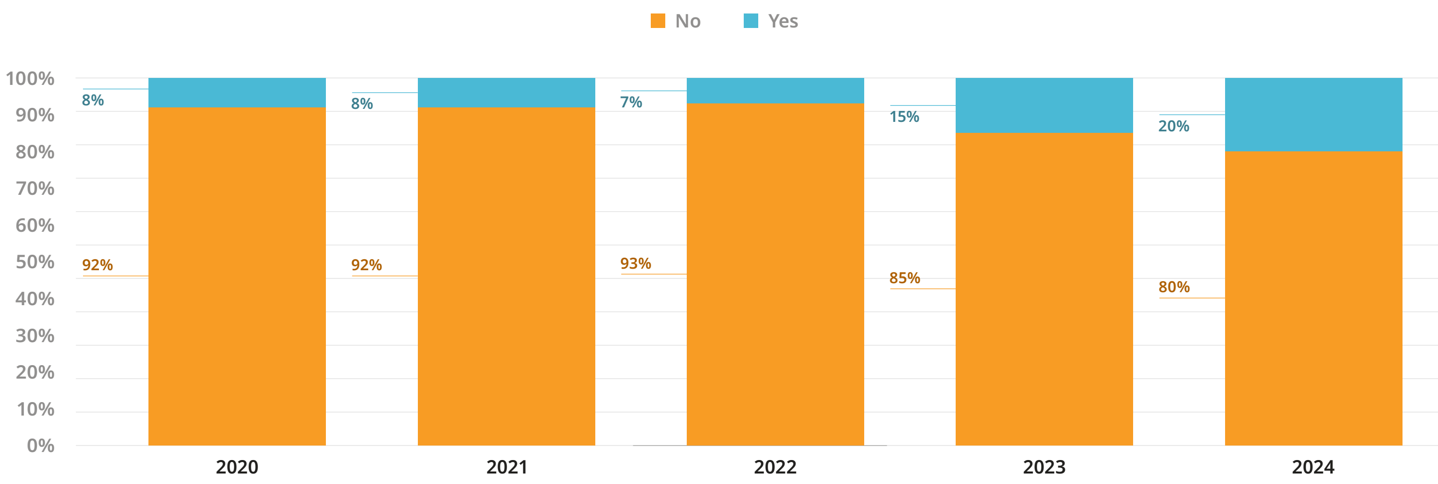
Post-financing available option pool size, by series

New for 204, the chart below shows both the average and median available option pool size (represented as a percentage of a company's post-money fully-diluted equity) for companies that closed a financing round in 2024. The size of the post-closing available option pool is negotiated at the term sheet phase of a financing transaction, where any increase in the available option pool is typically counted in the "pre-money" shares, and as a result affects the effective pre-money valuation of a company (in that increasing the size of the available option pool drives down the effective pre-money valuation of a company).



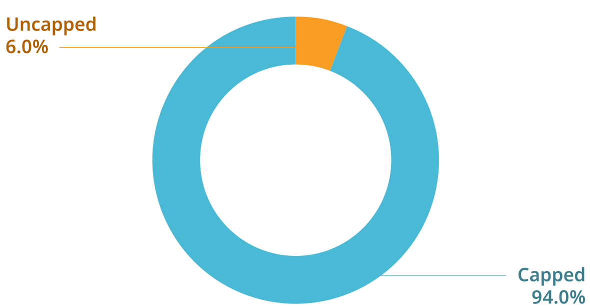
Minimum investment required to be invested at the initial closing of the financing, by year

The chart below illustrates the percentage of financings included in the *Deal Points Report*, by year, where the transaction documents included a provision expressly requiring that the company raise a minimum investment amount at its initial closing. Although requiring a minimum investment amount has not historically been a standard term for preferred share financings, the number of deals that included a minimum initial investment amount has consistently increased since 2022, peaking in 2024 at 20% of all financings. This trend, consistent with other terms covered by this *Deal Points Report*, helps illustrate the heightened caution venture investors are taking as they seek additional certainty around the minimum amount of committed capital and syndication for financings before they are willing to finalize the initial closing and release funds.



Company covering investor fees in connection with the financing, capped vs. uncapped

Of the financings included in the *Deal Points Report* for 2024, the overwhelming majority required the company to cover a portion of the lead investors' legal fees. Of those financings where investor fees were covered, 94% placed a fixed dollar cap on the maximum amount of reimbursable fees, as indicated in the pie chart below. This data is consistent with the statistics reported in prior years of the *Deal Points Report*.



A conversation with Erin Trapp of Emmertech

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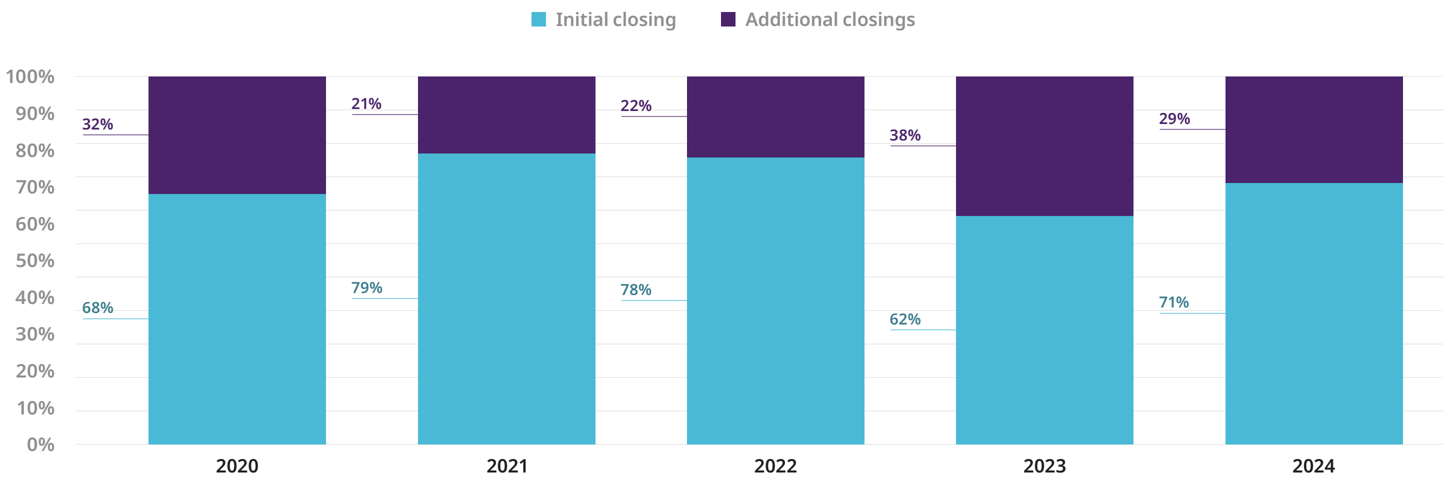
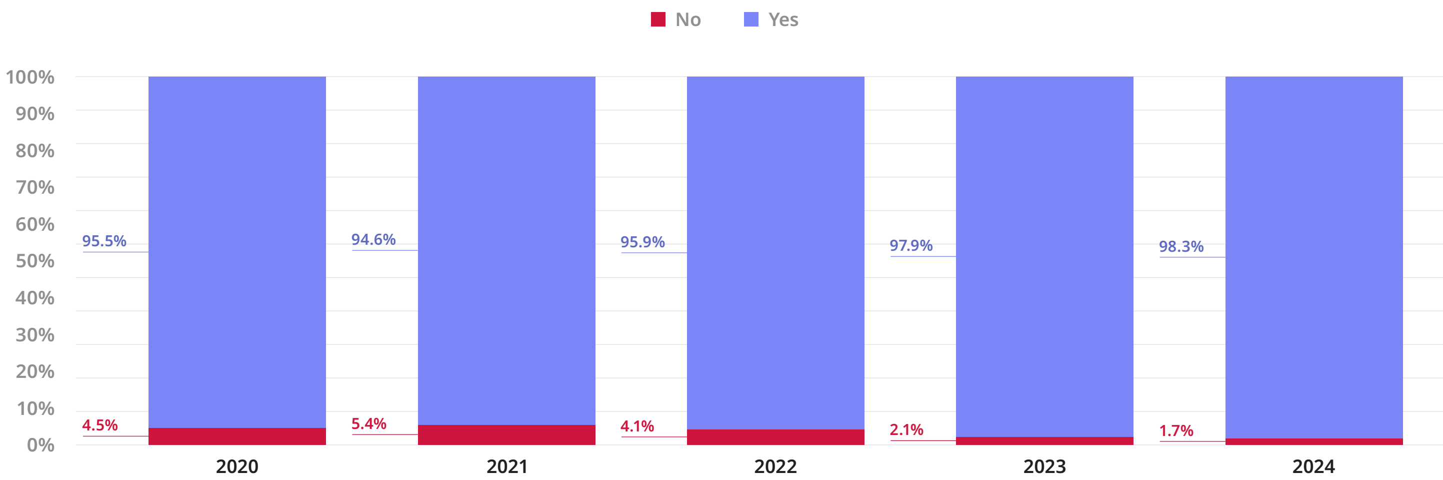
Financings with multiple closings, allocation of proceeds

In 2024, notwithstanding the increased number of mega deals reported, the percentage of financings that included multiple closings decreased by 9%, as compared to 2023, returning to a percentage consistent with the average for 2020 to 2023. As in prior years, in 2024, dollars funded at the initial closing of a financing round continued to represent a majority of all proceeds invested in an applicable financing round.



Use of CVCA/NVCA based forms of principal agreements in financings

The use of the CVCA/NVCA model financing documentation remained ubiquitous for Canadian preferred share financings, with 98.3% of all financings reported in 2024 using the CVCA/NVCA model financing agreements. The use of a "single" unanimous shareholders agreement has consistently fallen out of favour with Canadian companies and their investors, as companies look to adopt documentation aligned with U.S. venture capital standards familiar to U.S. and international investors. Companies using off-market (non-CVCA style) governance documents place themselves at a significant disadvantage, especially when dealing with U.S. or international investors, often resulting in longer closing timelines and higher transaction costs.



Existence of secondary transactions in financings, by series, by year

In 2024 there was a general resurgence of secondary transactions, with 17.4% of the reported financings including a secondary component. The most significant increase in 2024 was the percentage of Series B financings that included a secondary component (56%, as compared to only 17% in 2023), as companies sought to provide additional liquidity to early-stage investors and employees. As noted below, the size of secondaries for companies raising a Series B financing also increased by approximately 22% in 2024.

In addition, interestingly, 2024 saw the return of secondary components to later stage financings, with 14% of all Series D and beyond financings including secondary sales, as later stage companies sought to provide liquidity to employees to help retain talent and satisfy long-term investors amidst a slower exit market. As reported below, the Series D and beyond category also saw a massive spike in the value of these late-stage secondary transactions, due to a small number of outlier secondary transactions. As companies remain private longer and traditional exit routes such as IPOs remain less certain, we expect the popularity of secondary transactions will continue in 2025.

A conversation with Dion Madsen of Amplitude Ventures

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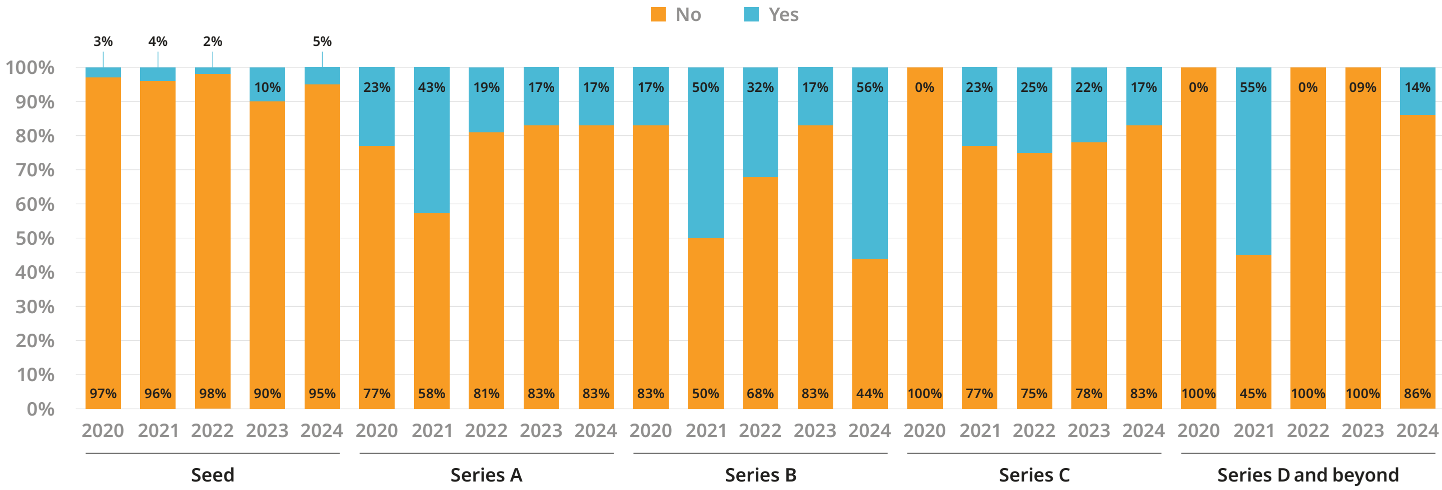
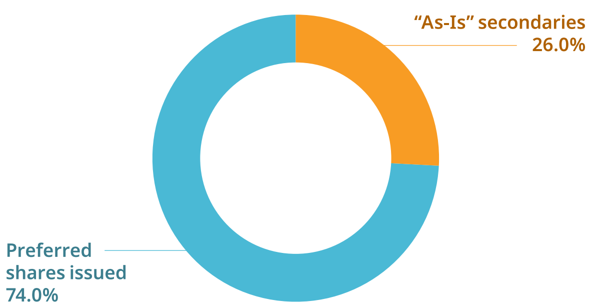


Type of equity sold in secondary transactions in financings

In 74% of the 2024 secondary transactions included in the *Deal Points Report*, the purchaser acquired preferred shares (including transactions where secondary shares were exchanged for preferred shares in connection with the applicable secondary transaction). In the remaining 26% of secondary transactions, the investors purchased the same securities "as-is," without any interim exchange of securities.

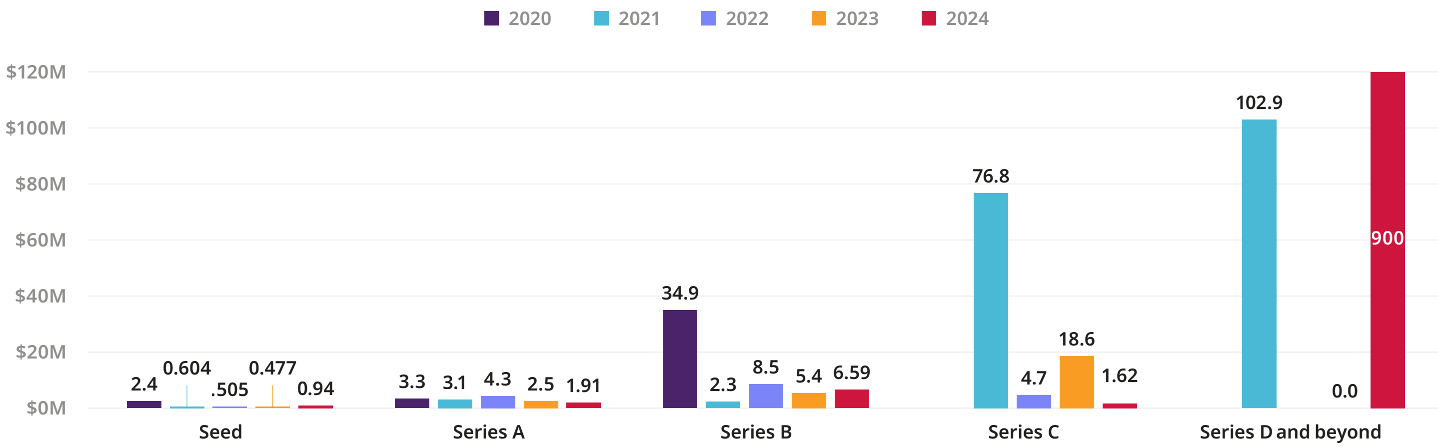


Average dollar amount of secondary transactions in financings, by series, by year

In 2024, there was mixed data on the value of secondary transactions. The most striking difference, as compared to prior years, was the 2024 data for Series D and beyond financings. The substantial increase in the average value of Series D secondaries was due to a small number of exceptionally large outlier later stage financings that included a significant secondary component.

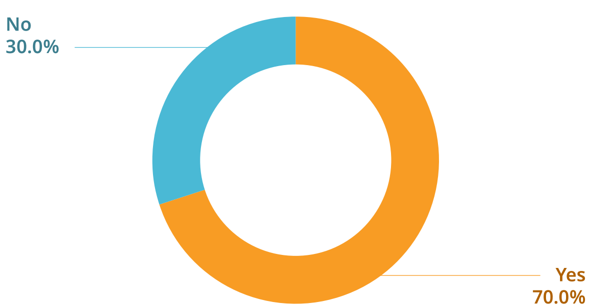
For Seed financings ($0.94 million) where only a small number included a secondary component, the 2024 average secondary size was in line with the historical average for the prior four years ($1 million).

For Series A financings, the average for 2024 ($1.91 million) was below the average for the prior four years ($3.3M). Although there was a higher number of Series B secondary transactions in 2024, the size of Series B secondaries ($6.6 million) was approximately half the prior four-year average ($12.8 million), but still increased 22% from 2023. Series C financings saw the most material decrease in the average size of secondary financings ($1.62 million – noting that historically, the most volatility in the secondary data has been found in Series C financings). For Series D financings, the large average secondary size was concentrated in a small number of 2024 financings.



Counsel opinions, capitalization opinions

New for 2024, for those financings completed where company counsel delivered a legal opinion, the chart below shows whether such legal opinion included a "capitalization opinion" (a legal opinion that helps confirm the completeness and accuracy of a company's capitalization table). In 2024, for those financings that involved a legal opinion, 70% of the financings included a capitalization opinion from the company's counsel. The rate of inclusion of a capitalization opinion in 2024 is down from the average for the prior years covered by the *Deal Points Report* (75%). Consistent with trends in the U.S., investors are increasingly willing to close without a capitalization opinion in an effort to speed up transaction timelines and reduce transaction costs.

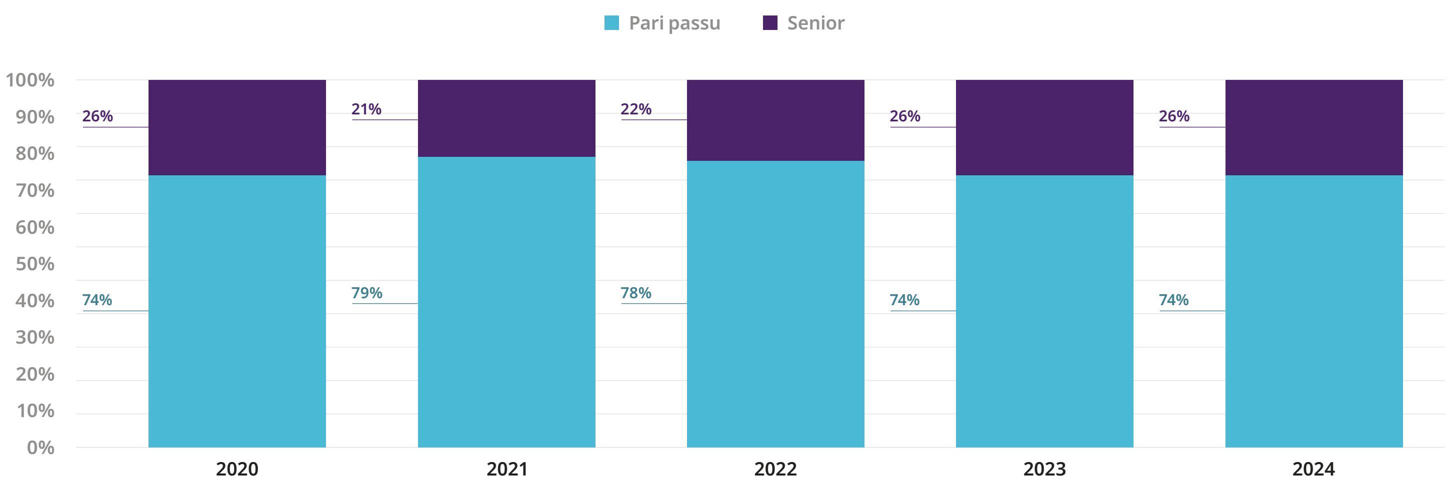


4

Financing terms intelligence

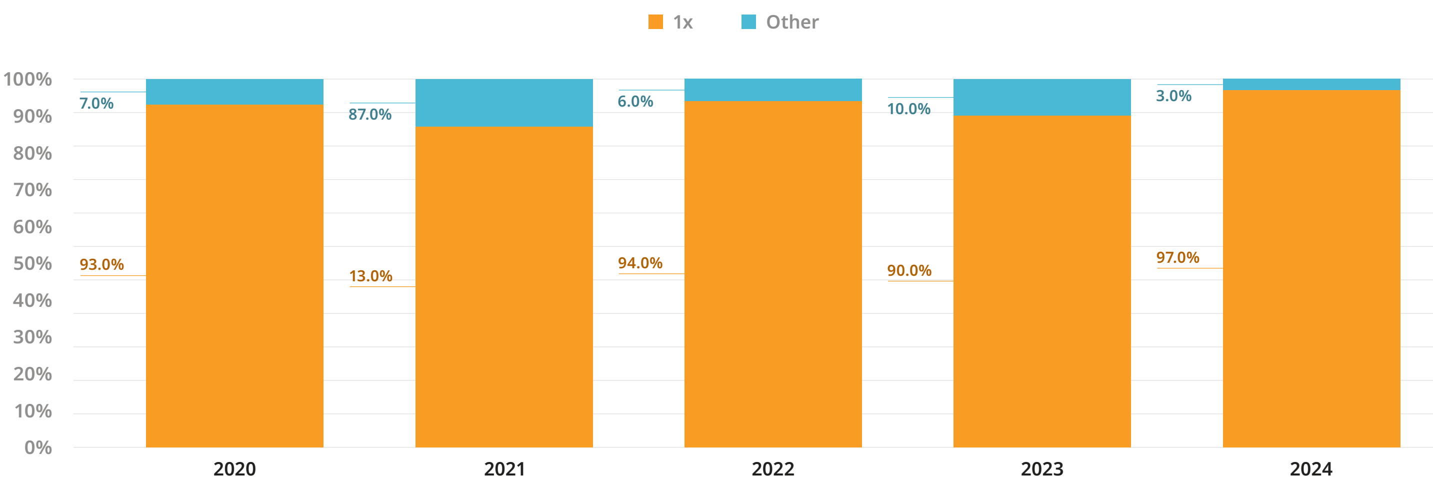
Financings which provide for a senior ranking liquidation preference

In 2024, in 26% of the rounds completed, the company issued investors a preferred share that ranked senior to all previously existing securities. Of those financings that qualified as down rounds in 2024, 50% included the issuance of a senior ranking security. This is consistent with the U.S. data for 2024, including from Fenwick and Wilson Sonsini, which reported that between 20% and 45% of U.S. financings included a senior liquidation preference (with a higher concentration of senior liquidation preferences in later stage financings). Of those financings completed in 2024, the highest concentration (29%) of senior ranking securities occurred in Series B financings.



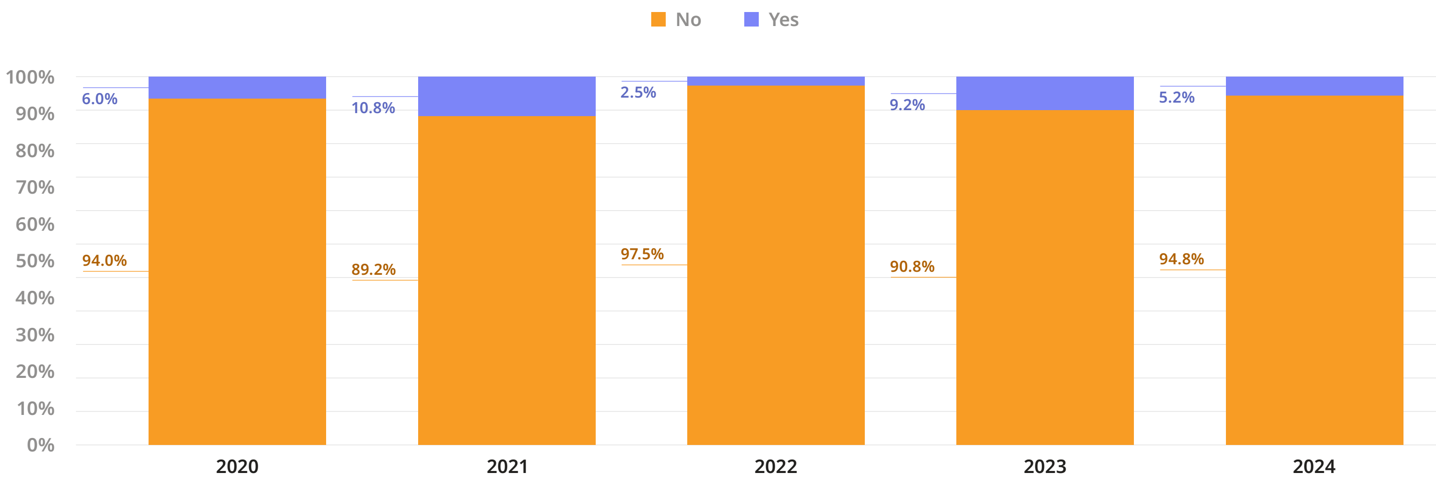
Financings which provide for a multiple on liquidation preference

The chart below illustrates the percentage of financings included in the *Deal Points Report* where the securities issued included a multiple liquidation preference (e.g., 1.5x the amount invested). These results are consistent with our expectations, in that a 1x multiple on liquidation preferences remained the market standard for venture financings in 2024 (97%). For the five years covered by the *Deal Points Report*, 2024 represented the lowest incidence of multiple liquidation preferences.



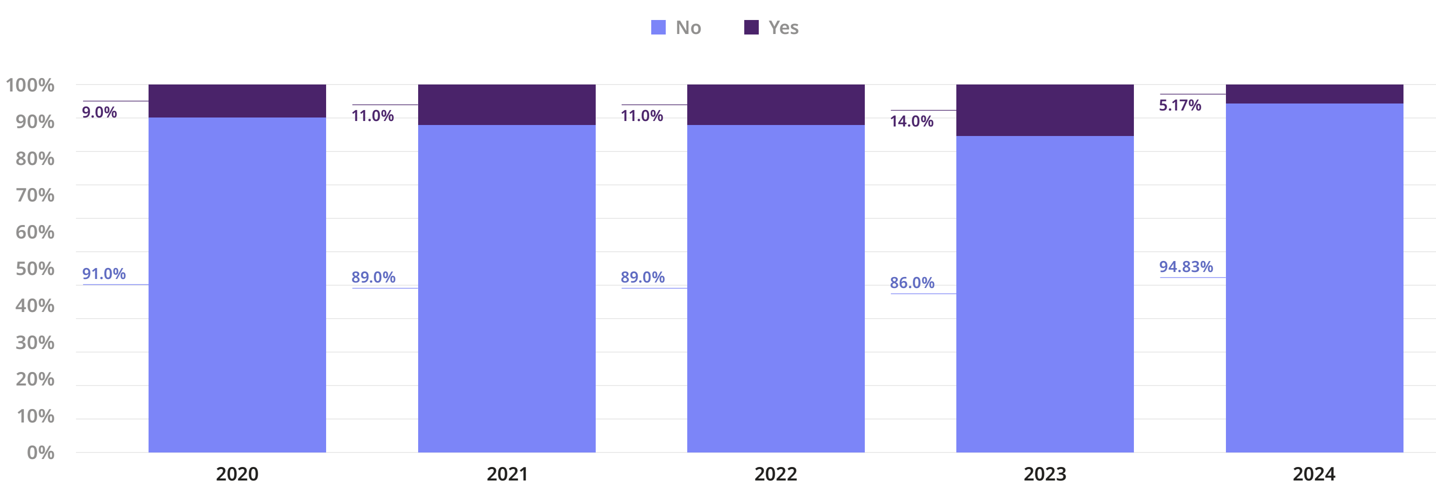
Financings with participating preferred shares

The proportion of financings in the *Deal Points Report* which included participating preferred shares is outlined below. These results are consistent with our expectations, in that participating preferred shares are generally atypical of Canadian financings. The percentage of transactions that included a participation feature in 2024 (5.2%) was below the average for the four prior years covered by the *Deal Points Report* (7.1%). Of those financings that included a participating feature, 50% were down rounds and 50% were health /life sciences companies. The incidence of participating preferred shares in the deals covered by the *Deal Points Report* is consistent with the data reported in the 2024 U.S. deal studies, including Carta (5.1%) and Wilson Sonsini (7%).



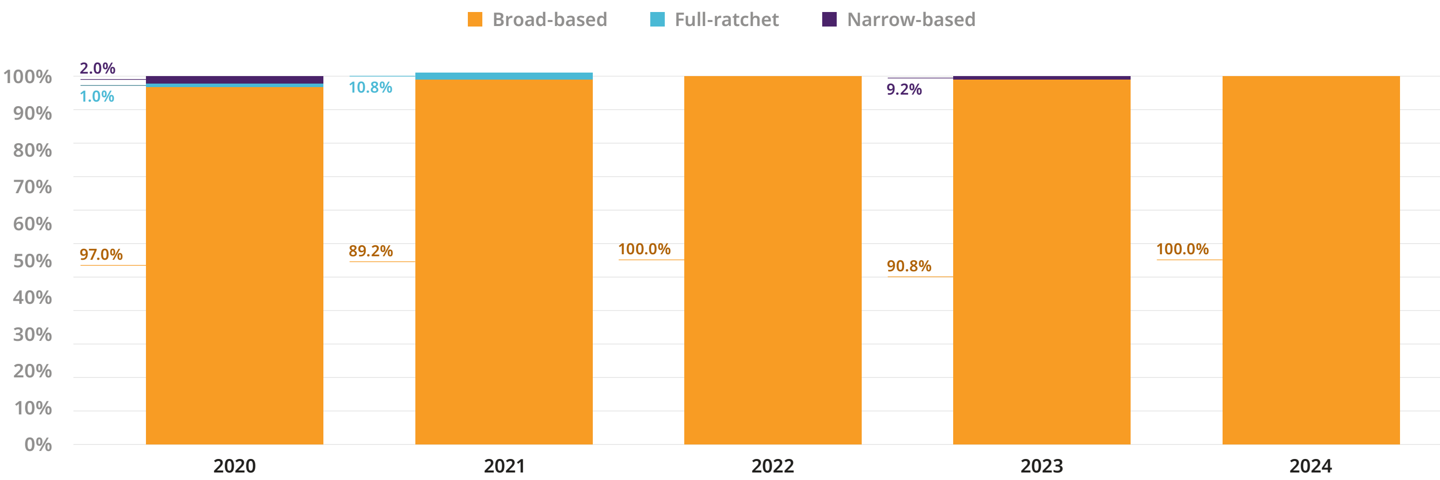
Financings with cumulative vs. non-cumulative dividends

The proportion of financings in the *Deal Points Report* that included rights to cumulative dividends is highlighted below. In 2024, we saw a significant decrease in the number of financings that included a cumulative dividend (5.2%), a 63% decline in the proportion of deals with a cumulative dividend, as compared to 2023. These results are consistent with our expectations as cumulative dividends are generally uncommon in financing transactions, and are also consistent with data reported by Carta (5.9%) and Wilson Sonsini (4%) concerning the incidence of cumulative dividends in the U.S. Of those financings that included a cumulative dividend, the most common dividend rate (the mode) remained 8% — consistent with all prior years covered by the *Deal Points Report*. The highest concentration of cumulative dividends was in Series A and Series B financings (each representing about 1/3 of the 2024 financings with cumulative dividend feature), and surprisingly, only 17% of the deals that included a cumulative dividend were down rounds.



Financings which include rights to anti-dilution protection, types of anti-dilution protection

As in prior years, in 2024, broad-based weighted average anti-dilution protection continued to be the market standard in Canada (100% of all 2024 financings included in the *Deal Points Report*), regardless of whether the applicable financing was an up round, down round or flat round. This data is consistent with similar U.S. studies, where broad-based anti-dilution protection was included in 96% to 100% of all U.S. financings.



Financings with automatic conversion rights on an initial public offering

The graphic below shows the proportion of financings that included provisions for the automatic conversion of outstanding preferred shares into common shares in connection with a qualified initial public offering (QIPO) of the company, or a similar transaction. The data presented is consistent with our expectations — 100% of the financings completed in 2024 included an automatic conversion mechanism in connection with a QIPO.

A conversation with Tamer Mohammed of Aspect Biosystems

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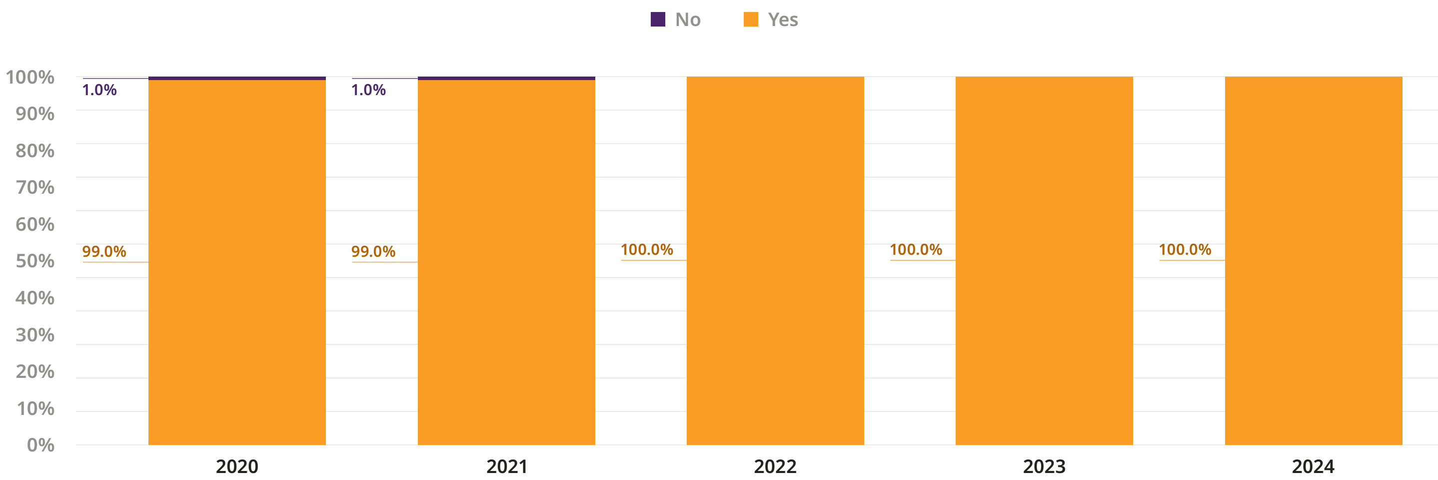
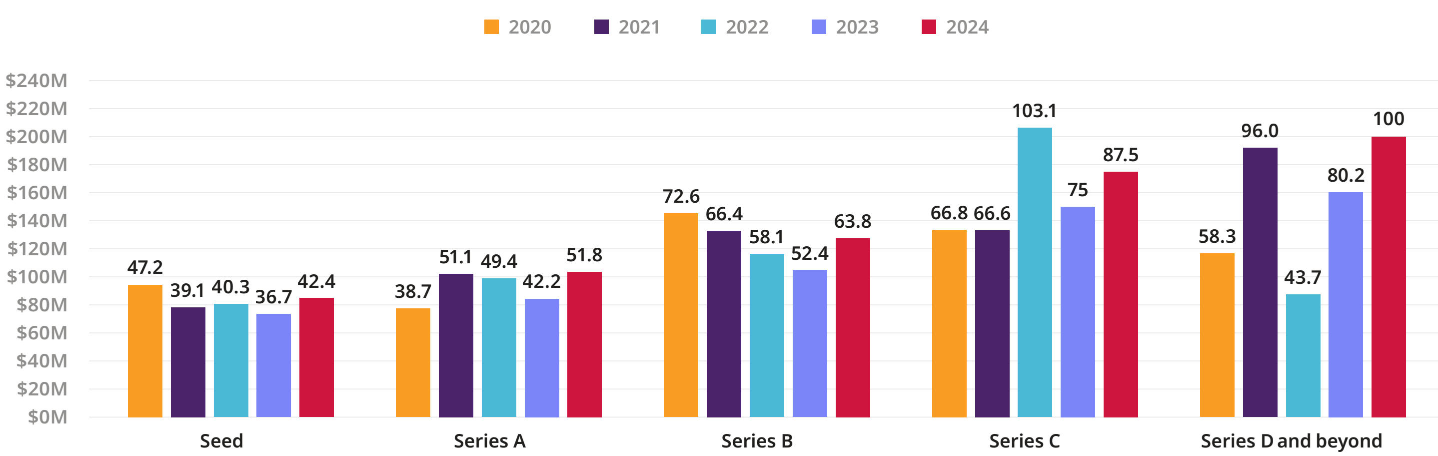
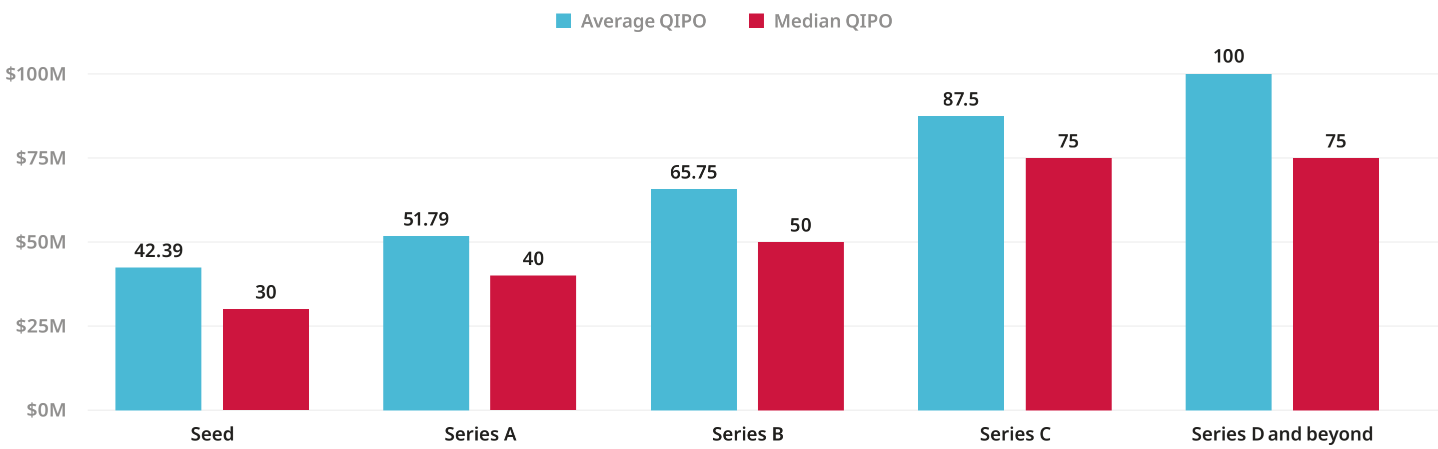


Financings with automatic conversion rights on an initial public offering, average qualified initial public offerings values by series (in millions)

For financings in the *Deal Points Report* that included an automatic conversion mechanism, the chart below tracks the average minimum gross proceeds that a corporation must raise in connection with a QIPO to trigger the automatic conversion mechanism on a company's preferred shares.

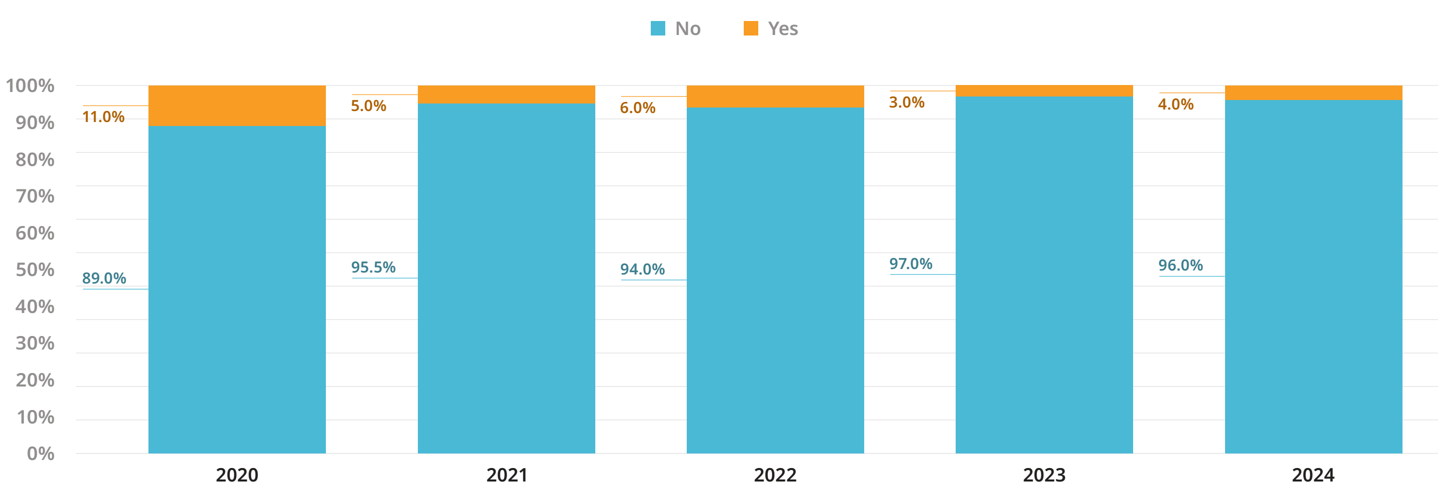


For 2024, the median QIPO threshold is more indicative of market practice, as outlined below.



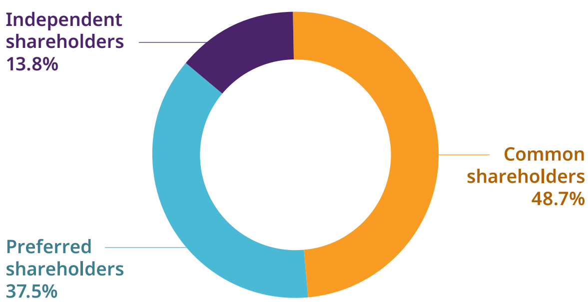
Financings with redemption rights

The proportion of financings that included rights of redemption is shown below. This proportion is consistent with our expectations, in that redemption rights are generally uncommon in financing transactions. The rate of redemption rights in 2024 (4%) was below the average rate for 2020 to 2023. The data is also consistent with the financings reported in U.S. deal studies for 2024, including Wilson Sonsini (8%) and Cooley (4.3%).



Board representation

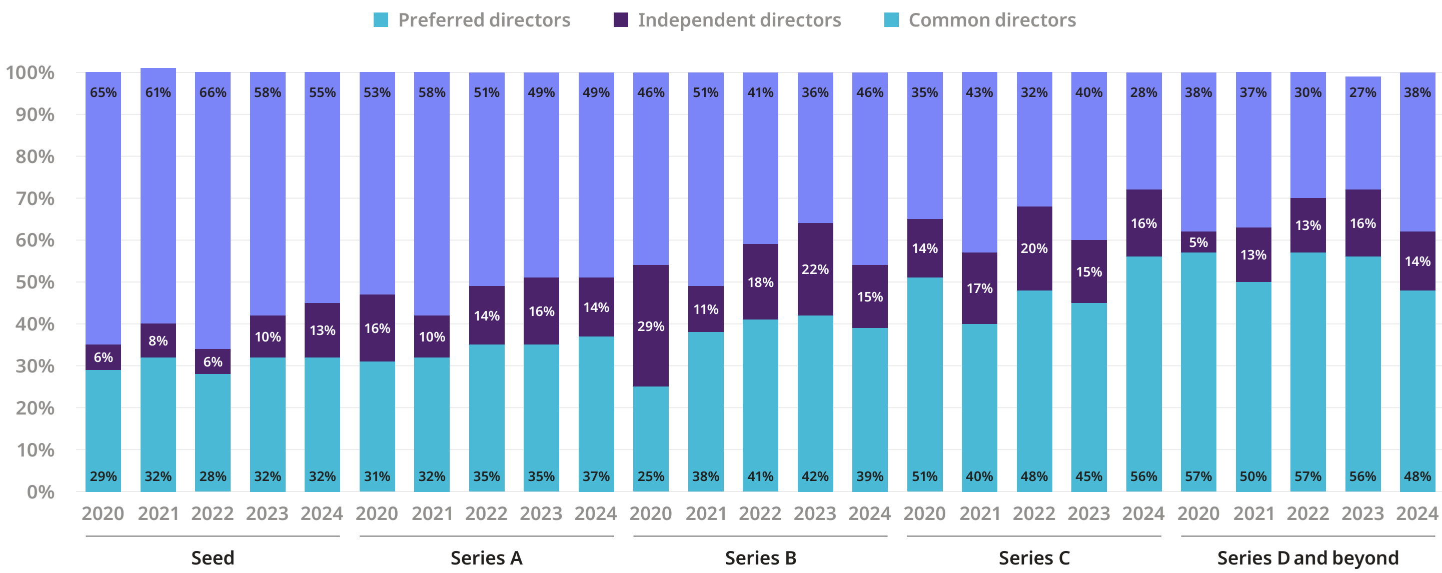
For financings included in the *Deal Points Report*, the chart below shows the average breakdown of board composition between common directors, preferred directors and independent directors, across all rounds of financings. For 2024, the average size of a company's board across all financing rounds was 4.6 directors. In addition, 61% of those financings allocated a board seat to the then current CEO of the company.



Board representation, by series

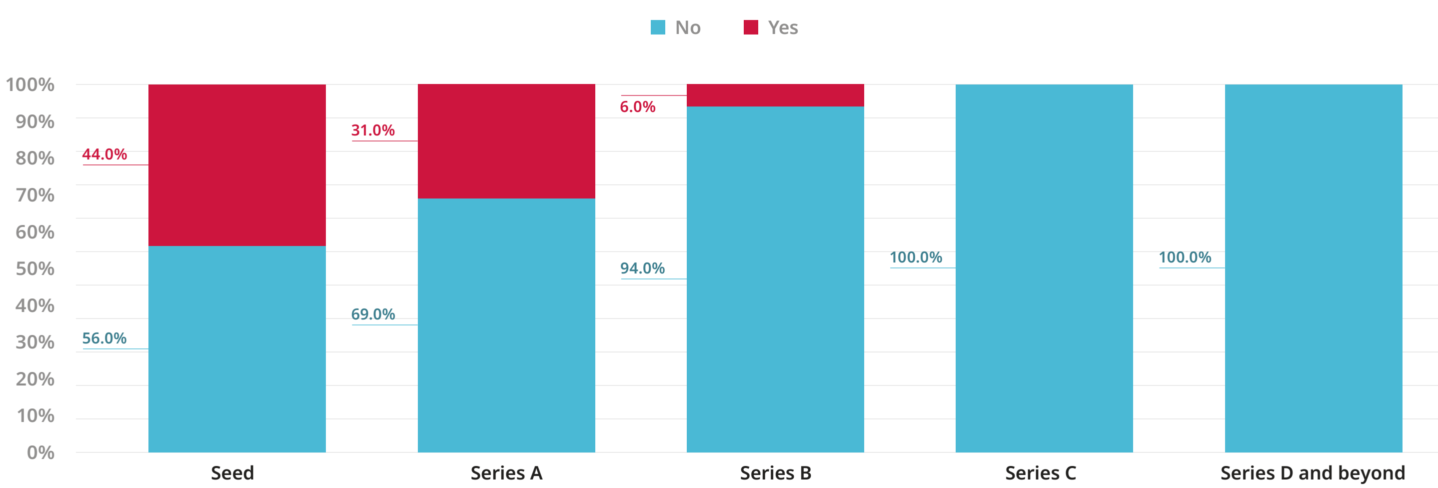
For financings included in the *Deal Points Report*, this graph illustrates the breakdown of the average board composition (expressed as a percentage of the overall size of the board of directors), between common directors, preferred directors and independent directors, by series. These results are consistent with our expectations:

- The proportion of directors nominated by common shareholders, relative to the overall size of the board of directors, gradually decreased as the company raised subsequent rounds of financing.
- The proportion of directors nominated by preferred shareholders, relative to the overall size of the board of directors, gradually increased as the company raised subsequent rounds of financing.
- Based on the data analyzed, the common directors first started to represent less than a majority of the board upon completion of the Series B financing round, as more independent directors were introduced to the board (note that the founders, or some combination of them, are often granted the right to nominate a portion of these independent directors).



Reverse vesting

For financings included in the *Deal Points Report* in 2024, the chart below shows the breakdown of instances, by series, where founders were requested to reset all or a portion of the vesting on their existing founder shares, or put in place a new vesting arrangement if one was not already in place. It is important to note that the numbers below do not report on whether founders had vesting arrangements in place at the time of a financing; it only focuses on a requirement to impose new or additional vesting. As outlined below, it would be exceptionally rare for a founder to be required to revest any portion of their shares beyond an early-stage financing.



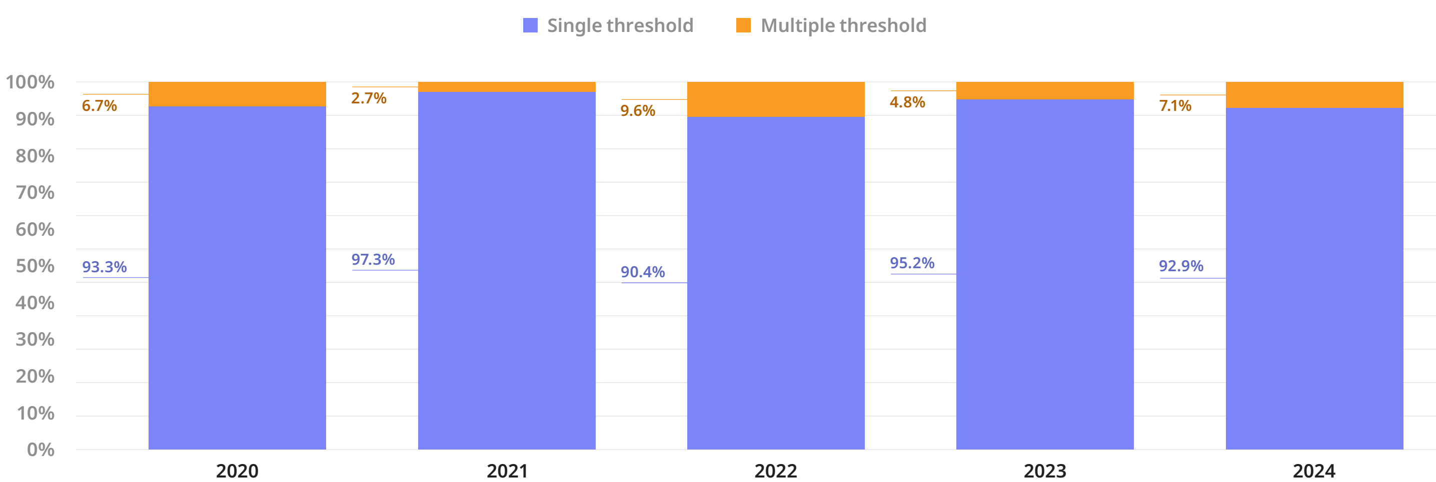
Approval thresholds for preferred shareholders in shareholders agreements, amendments

For financings included in this *Deal Points Report*, the composition of the "preferred majority" thresholds under the Voting Agreement, Right of First Refusal and Co-Sale Agreement, and the Investors' Rights Agreement is illustrated below.

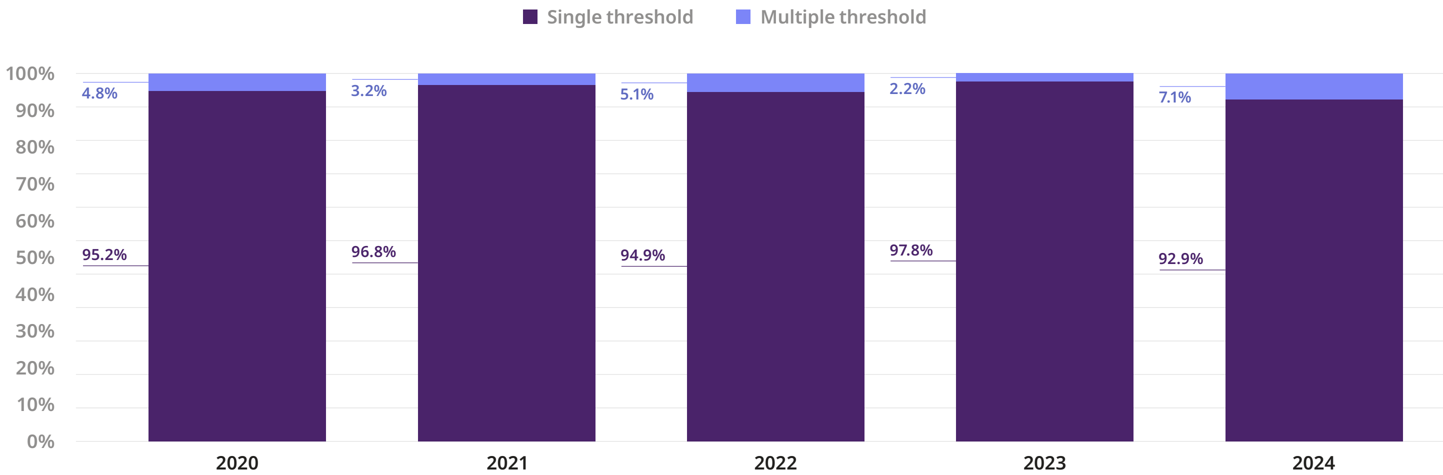
Specifically, these charts outline whether the definition of a preferred majority included a single threshold (e.g., at least a majority of the votes attached to the outstanding preferred shares) or multiple or layered thresholds (e.g., where a majority of the votes attached to the outstanding preferred shares must also include a majority of the votes attached to the Series C Preferred Shares). As the data below indicates, the overwhelming majority of financings included in the *Deal Points Report*, across all three main shareholder agreements, used a single threshold for the purpose of establishing the preferred majority definition. The preferred majority concept is used in a number of key provisions, including with respect to various shareholder approval matters, triggering drag-along rights and approving amendments and waivers to certain rights.

In 2024, although there was a small uptick in the number of financings that included a multiple threshold definition for the preferred majority, such multiple thresholds remained uncommon across deals reported, and were concentrated in later stage financings.

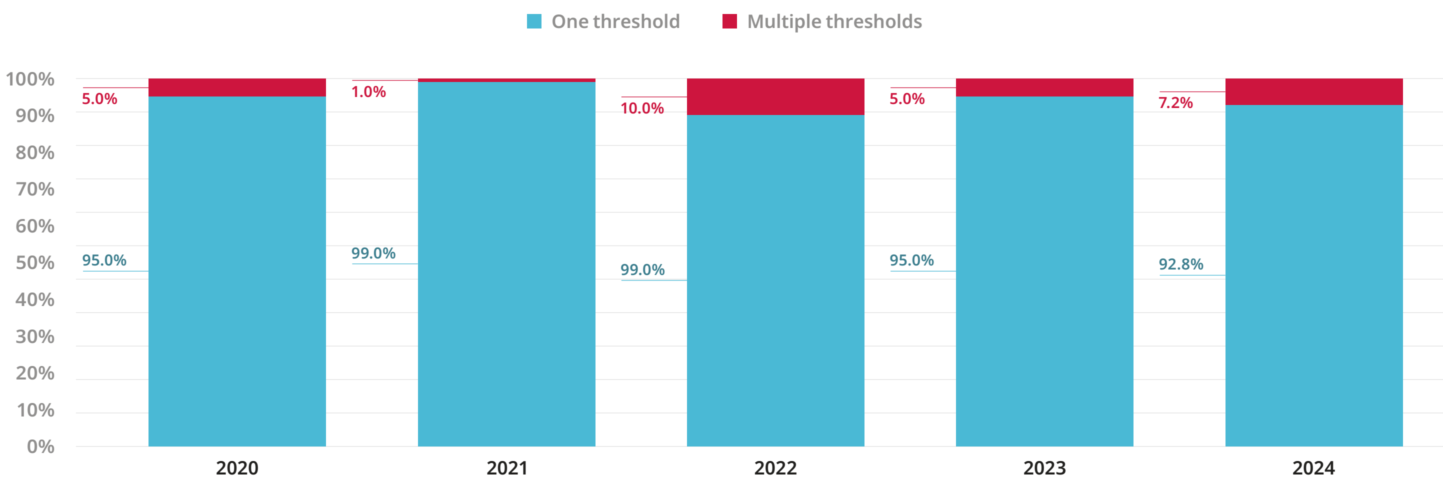
Voting agreements



Investors' rights agreements

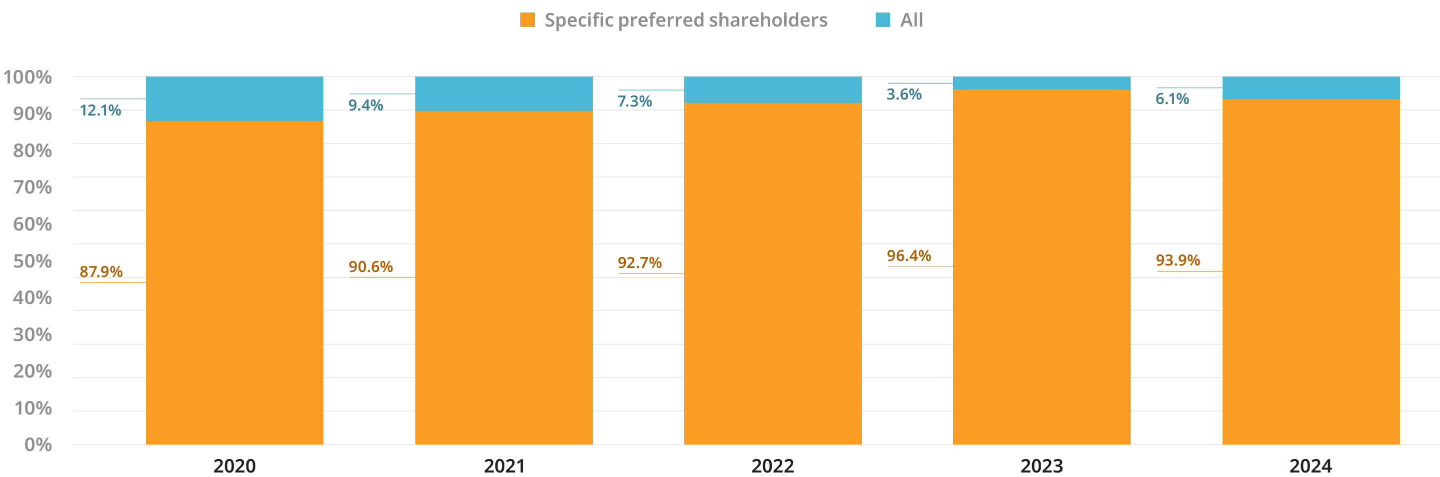


Right of first refusal and co-sale agreements



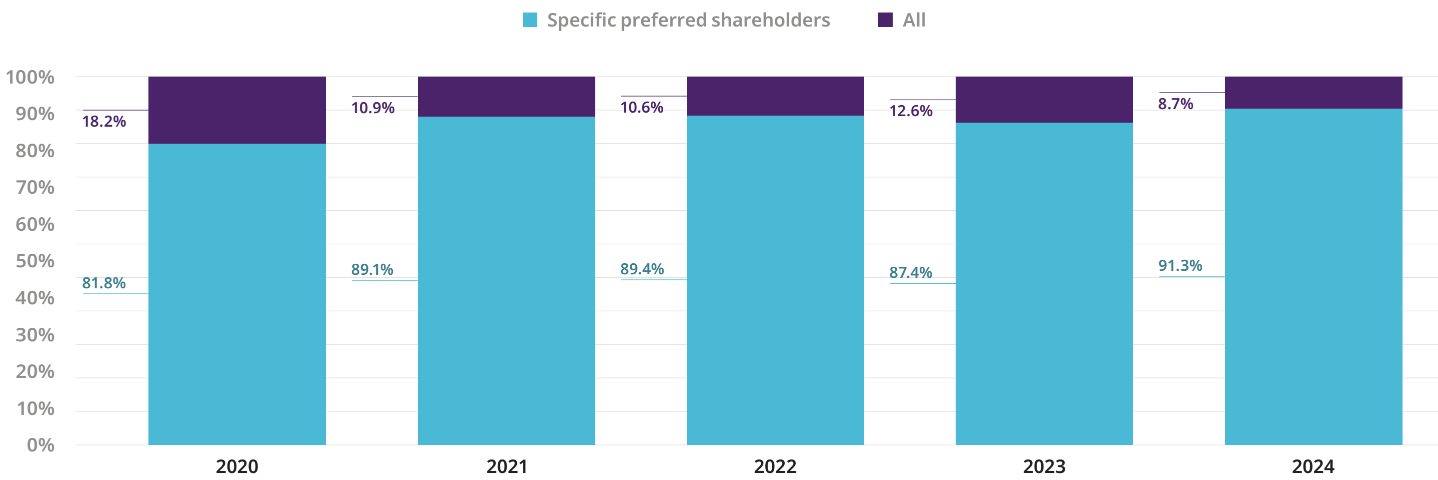
Information rights and inspection rights granted to preferred shareholders

Under the Investors' Rights Agreement, certain preferred shareholders are provided with information rights (e.g., the right to receive annual and quarterly financial statements) and inspection rights (i.e., the right to examine the books and records of the company). Based on data, these information and inspection rights are typically only granted to a small subset of the preferred shareholders, specifically "major investors" or those preferred shareholders that hold a negotiated minimum threshold of the preferred shares (e.g., preferred shares representing at least 5% of fully diluted equity).



Pro-rata rights granted to preferred shareholders

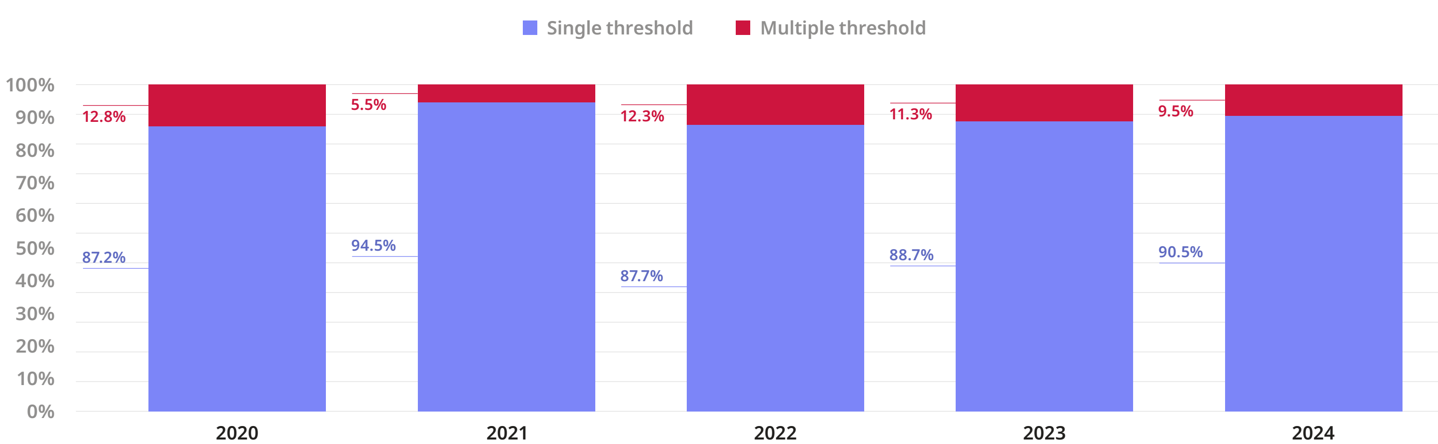
Similarly, under the Investors' Rights Agreement, certain shareholders are provided with pro-rata rights (often referred to as pre-emptive rights). Pro-rata rights give investors the right (but not the obligation) to participate in future financing rounds of a company, allowing such shareholders to maintain their existing pro-rata ownership (subject to certain standard exceptions). Consistent with the data on information rights, the vast majority of the financings included in the *Deal Points Report* in 2024 only granted these valuable pro-rata/pre-emptive rights to a small subset of the preferred shareholders (typically, limited only to those preferred shareholders that qualify as "major investors").



Approval thresholds for preferred shareholders in Voting Agreements, drag-along

Under the standard CVCA model financing agreements, the Voting Agreement includes a drag-along provision, where, if an agreed threshold of shareholders (and the board of directors) approves an exit transaction, then all other shareholders of the company are required to participate in the dragged transaction. Under the standard CVCA drag-along provision, the drag-along can be triggered by the approval of an agreed percentage of the preferred shares, a percentage of the common shares and the board. The charts below analyze each of these categories.

With respect to the preferred shares, nearly 90% of the Voting Agreements included in the financings covered by the *Deal Points Report* required the approval of a single threshold of the preferred shareholders (e.g., a majority of the votes attached to the outstanding preferred shares). Only 8.9% of the financings included a threshold that required something other than a single threshold, such as multiple thresholds (e.g., a majority of the votes attached to the outstanding preferred shares, which must include a majority of the votes attached to the outstanding Series B preferred shares).



Acknowledgment

We gratefully acknowledge the help of our Osler Works – Transactional (OWT) team, including Natalie Munroe and Oren Kedmi whose contributions were critical in the completion of this report.

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