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# Private Company Secondary Market Pricing Scorecard

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## Introduction

Many investors look at opportunities in the private company secondary market to improve returns and diversify their portfolios. A key challenge is being able to effectively source aggregated market data to make more informed decisions while leveraging context from the broader market. While technology companies such as Addepar are actively working to resolve these gaps, we've developed a simple scorecard based on hard and anecdotal data to help you put recent market conditions into perspective.

The pricing assessment represented in our scorecard looks at price and volume in the secondary market compared to two adjacent markets: venture-backed IPOs and late-stage venture capital. Many of our clients view these markets as related, and we generally witness similar dynamics across each.

### Key takeaways

The secondary market for venture-backed companies may have begun to strengthen, with increased participation at reset price levels.

Global late-stage capital invested during Q3 (\$46.9B) was 9% lower than the prior four quarters' average.

The IPO market built on Q2 activity with notable listings during the third quarter.



# Secondary Market Pricing Scorecard

As of September 30, 2023

|                  |                              | 2020            |                         |                            |                        | 2021                    |                                    |                                |                           | 2022            |                  |                 |                | 2023            |                 |                       |
|------------------|------------------------------|-----------------|-------------------------|----------------------------|------------------------|-------------------------|------------------------------------|--------------------------------|---------------------------|-----------------|------------------|-----------------|----------------|-----------------|-----------------|-----------------------|
|                  |                              | Q1              | Q2                      | Q3                         | Q4                     | Q1                      | Q2                                 | Q3                             | Q4                        | Q1              | Q2               | Q3              | Q4             | Q1              | Q2              | Q3                    |
| VC-backed IPOs   | Price 1 mo. post IPO         | 20%             | 1%                      | 10%                        | 16%                    | -6%                     | 2%                                 | 2%                             | -11%                      | 23%             | -                | -               | 4%             | -20%            | -24%            | -                     |
|                  | Price 3 mo. post IPO         | 37%             | 5%                      | 36%                        | 21%                    | -10%                    | 14%                                | -15%                           | -38%                      | -8%             | -                | -               | -              | -59%            | -               | -                     |
|                  | Price 6 mo. post IPO         | 114%            | -15%                    | 41%                        | 55%                    | -19%                    | -14%                               | -52%                           | -55%                      | -11%            | -                | -               | -              | -               | -               | -                     |
|                  | Price 12 mo. post IPO        | 137%            | -12%                    | 26%                        | 98%                    | -45%                    | -58%                               | -68%                           | -46%                      | -               | -                | -               | -              | -               | -               | -                     |
|                  | Number of IPOs               | 1               | 6                       | 14                         | 7                      | 13                      | 24                                 | 20                             | 16                        | 1               | 0                | 0               | 1              | 1               | 2               | 3                     |
|                  | Representative IPOs          | One Medical     | Vroom, Genetron, Health | Asana, Snowflake, Palantir | Airbnb, Doordash, Wish | Oscar, Roblox, Coursera | Coinbase, Flywire, Marqeta, UiPath | Robinhood, Toast, Warby Parker | Rivian, Sweetgreen, Udemy | Credo           | -                | -               | Prime Medicine | Hesai Tech      | Acelyrin, Cava  | Instacart Klaviyo Arm |
| Secondary market | Bid / offer pricing          | Discount to par | Discount to par         | Discount to par            | At par                 | Premium to par          | Premium to par                     | At par                         | At par                    | Discount to par | Discount to par  | Discount to par | -              | Discount to par | Discount to par | Discount to par       |
|                  | Volume                       | Low             | Low                     | Moderate                   | Moderate               | High                    | High                               | Moderate                       | Moderate                  | Low             | Low              | Low             | -              | Low             | Low             | Low                   |
| Late stage VC    | Avg. valuation* (\$m)        | 286             | 315                     | 423                        | 581                    | 875                     | 597                                | 670                            | 583                       | 529             | 598 <sup>2</sup> | 396             | 524            | 273             | 465             | 411                   |
|                  | Valuation/previous year avg. | 106%            | 111%                    | 134%                       | 145%                   | 160%                    | 96%                                | 98%                            | 86%                       | 89%             | 101%             | 75%             | 102%           | 61%             | 112%            | 98%                   |
|                  | Capital invested (\$m)       | 51,599          | 48,371                  | 68,258                     | 72,216                 | 113,730                 | 125,978                            | 133,227                        | 120,150                   | 106,937         | 87,446           | 54,672          | 46,996         | 48,444          | 56,997          | 46,936                |
|                  |                              | BUYER'S MARKET  |                         |                            |                        | SELLER'S MARKET         |                                    |                                |                           | BUYER'S MARKET  |                  |                 |                |                 |                 |                       |

\* Post-money valuation of latest funding round.

Source: Addepar, Pitchbook.



# Scorecard Methodology

As described in the introduction, quality pricing and volume information remains scarce for the secondary market at this time. However, useful indicators can be constructed in the adjacent VC-backed IPO market and late-stage VC market that are based on public data sources.

## 01

IPO indicators include price appreciation at the 1-month, 3-month, 6-month and 12-month end-of-day close prices post the opening IPO price and the number of IPOs in each quarter for U.S. listed unicorn (\$1 bn+) venture-backed companies.

## 02

Using a combination of our data and subjective criteria to assess prices and volumes in the secondary market, we look at bids/offers relative to par (prices at the last valuation) as an indicator of market pricing. Prices are considered high when the majority of bids/offers are at a premium to par. Volumes are considered high when they are more than 1.5 times average historical ranges and low when they are less than half of the average historical ranges.

## 03

For late-stage venture capital investments, we look at average valuations based on U.S. deals done that quarter and total capital invested. Later stage venture capital is Series B to Series Z+ rounds that occurred more than five years after the company's funding round.



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