

Q2 2019 - Early-Stage Valuations Push Higher

Commentary from Balderton Capital's Suranga Chandratillake

On technology companies driving valuations to historic highs: "Software is eating the world, and it has a voracious appetite. ... Against a backdrop of sweeping technological change, the right companies have an opportunity to be truly gigantic."



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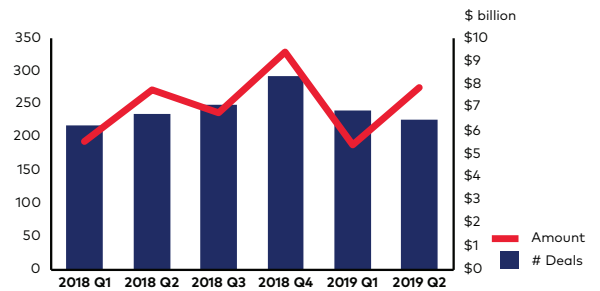
On European deal term trends: "This feels like a healthy place to be. Entrepreneurs are no slaves to investors, but, equally, investors are able to exercise appropriate fiduciary responsibility on behalf of their own backers."

On how Brexit could affect the UK startup community: "My biggest long-term concern is that a hard Brexit and nationalistic rhetoric will fundamentally damage Britain's hard-earned reputation as a welcoming, supportive home for ambitious folk from the world over."

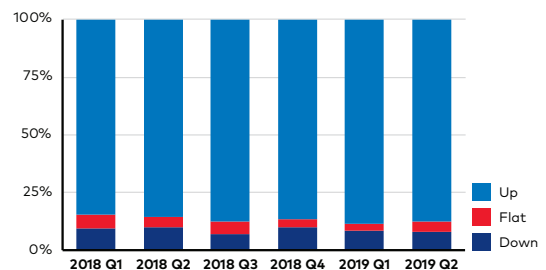
Read Cooley's full interview on Cooley GO.
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In the second quarter of 2019, both deal volumes and aggregate dollars raised remained at robust levels. In Q2 2019, Cooley handled 227 disclosable deals, representing more than \$7.8 billion of invested capital. Up rounds constituted 87% of all transactions during the quarter, remaining at historically high levels. Of particular note was the continued rise in median pre-money valuations in both Seed and Series A deals, which reached the highest levels seen since the inception of this report. The median pre-money valuation for Series Seed deals in Q2 reached \$9.8 million across 50 transactions, while median Series A valuations reached \$24.8 million across 74 transactions. This points to the increasing pool of capital available to early-stage companies. With that said, later-stage median valuations ticked down somewhat, returning to the levels seen in the same quarter last year.

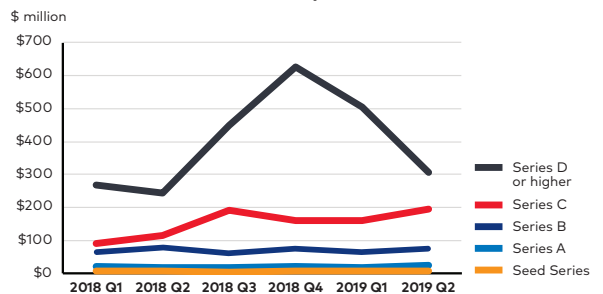
Total Deal Volume and Aggregate Dollars Raised



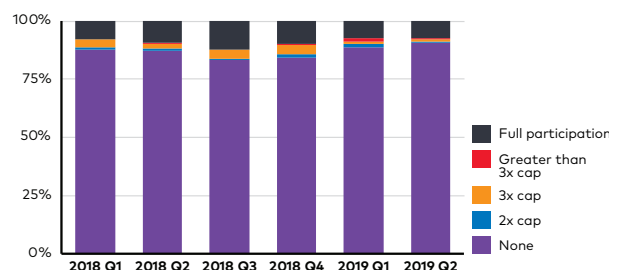
Up, Down and Flat Rounds



Median Pre-Money Valuation

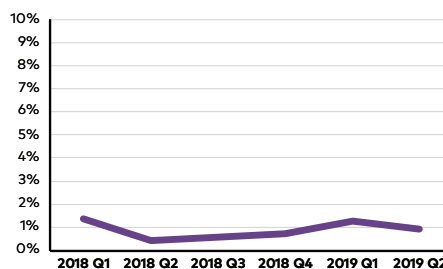


Liquidation Preference: Participation Features



Deal terms during the quarter continued to be mild. In Q2, just 7% of deals had full participating liquidation preferences. Additionally, we saw a decrease in recapitalization transactions compared to the prior quarter.

Recapitalization



For more venture financing trends, view our interactive data visualization on Cooley GO: cooleygo.com/trends

About the Cooley Venture Financing Report

This quarterly summary provides data reflecting Cooley's experience in venture capital financing terms and trends. Information is taken from a subset of the transactions in which Cooley served as counsel to either the issuing company or investors. For more information regarding this report, please contact one of our Cooley lawyers.

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