

Q2 2021 - The Staggering Pace Continues

Key insights from Frederik Groce of Storm Ventures and BLCK VC



On the pace of the market: "The use of technology has been paramount for companies, organizations and institutions to operate through an unparalleled period. This has led to increased purchasing, growing company revenues, and further capital allocation and investment at record levels."

On founding BLCK VC: "[A]s current Black venture capitalists, we could see the reliance on personal networks for access to roles at firms, but also the reliance of these networks to drive deal flow, were creating structural barriers for the Black community."

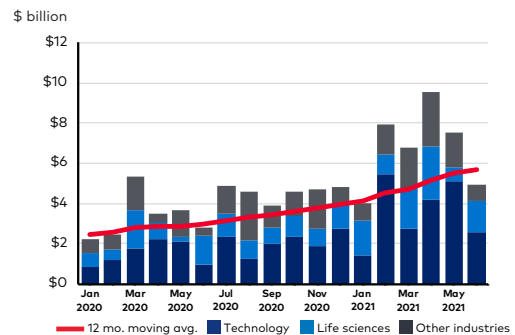
On upside and impact: "The current system, as it is, is leaving huge economic upside on the table largely because networks haven't evolved. The reality is that companies that prove successful are global – and to be global, you need to be diverse."

Read Cooley's full interview on Cooley GO.
cooleygo.com

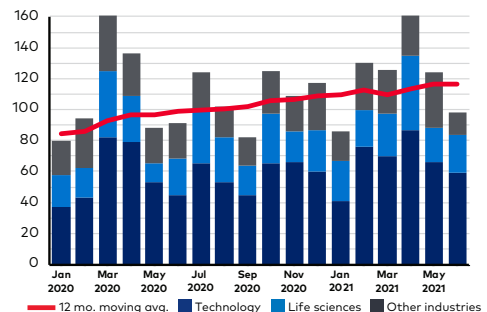
The second quarter of 2021 saw a continued acceleration of financing activity from prior quarters. In Q2 2021, Cooley handled 399 disclosable deals representing more than \$22 billion of invested capital – both numbers were record levels since the inception of this report in 2004. However, deal volumes did show monthly decreases during the quarter, as April was the high point for Q2 activity. This will be an interesting metric to watch in future months to determine if there's a slowdown on the horizon.

Median pre-money valuations remained historically high in Q2. The data pointed to valuation increases in later-stage deals, most notably in Series B and C transactions.

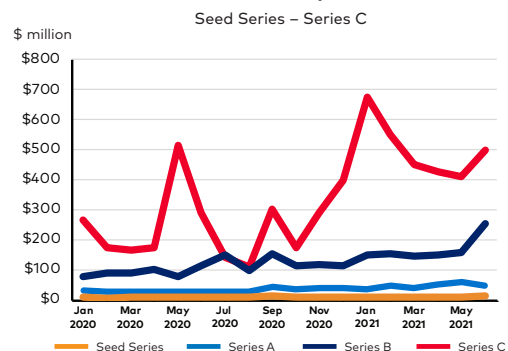
Amount Raised



Deal Volume



Median Pre-Money Valuation



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

The percentage of deals with a median pre-money valuation greater than \$100 million increased to 48% of transactions during the quarter, a new record. In a key indicator of investor optimism, the percentage of up rounds reached 97% of Q2 deals. This represents another record not seen in any previous report.

Deal terms in Q2 continued to favor companies, and just 4% of transactions had full participating liquidation preferences during the quarter. Additionally, the percentage of deals utilizing pay-to-play provisions decreased to just 1% of Q2 transactions. The percentage of recapitalization transactions also decreased in Q2.

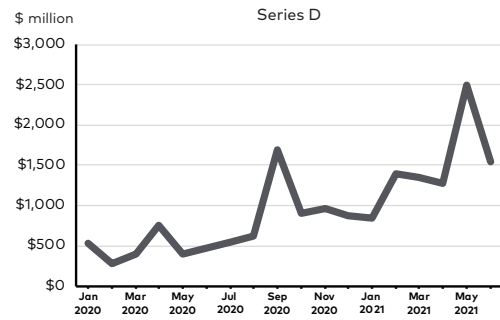
Spotlight on life sciences

Cooley handled 95 disclosable life sciences company financings in Q2, representing more than \$4.8 billion of invested capital, which is a record high for this report. During Q2, the average life sciences deal size was \$51.3 million. The percentage of life sciences deals structured in tranches increased to 16% of transactions, reversing a trend seen in prior quarters. To view more details on life sciences trends, use the "Life Sciences" filter in our interactive data visualization tool. cooleygo.com/trends

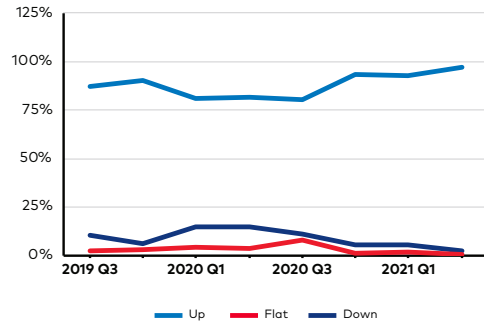
Spotlight on tech

Cooley handled 212 disclosable technology company financings, representing more than \$11.8 billion of invested capital in Q2. Technology company deals made up more than 53% of transactions during the quarter, and the average deal size for technology transactions was \$56.1 million. As a continued signal of investor optimism, more than 96% of technology company financings were up rounds in Q2. To view more details on technology sector trends, use the "Technology" filter in our interactive data visualization tool. cooleygo.com/trends

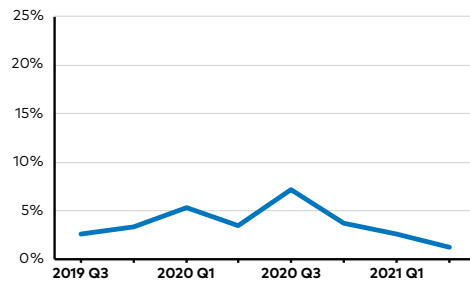
Median Pre-Money Valuation



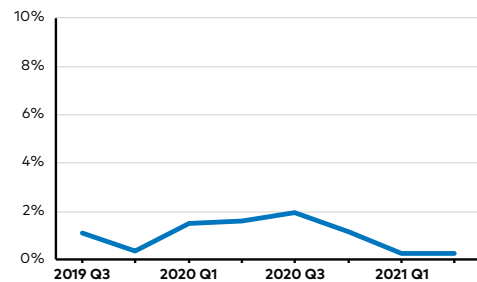
Up, Down and Flat Rounds



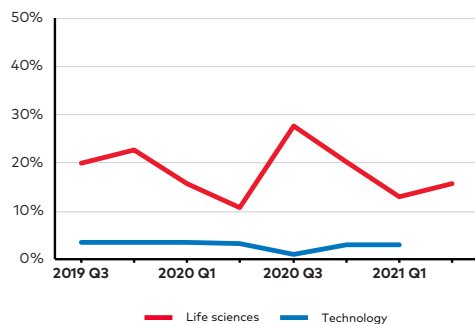
Pay-to-Play



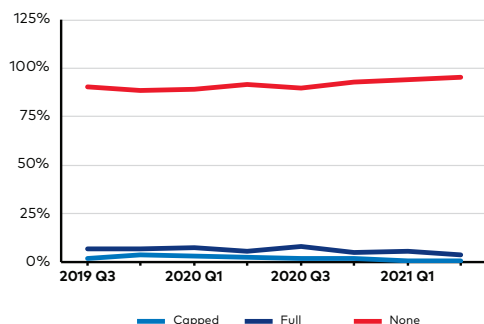
Recapitalization



Tranched



Liquidation Preference: Participation Features



About the Cooley Venture Financing Report

This report 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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