



2021 INNOVATORS REPORT

Tracking North Carolina's Entrepreneurial Activity

600 Park Offices Drive, STE 100
Research Triangle Park, NC 27709

cednc.org

WE HELP BREAKTHROUGH IDEAS

ACTUALLY BREAK THROUGH.

We believe in the risk-takers, the game-changers and the disrupters — those committed to leveraging innovation to make the world a better place. The Technology and Life Sciences Banking Groups at Bridge Bank provide flexible financial solutions to emerging and late stage companies across the U.S. in the technology and innovation sector and works with venture and non-venture backed companies from inception to IPO and beyond. We provide the following creative and flexible debt financing solutions:

Working capital lines of credit and growth capital and venture debt/growth capital

Cash flow term loans and asset-based facilities

Customized deposit and treasury management services and robust international banking services

To learn more about us, visit pages.bridgebank.com/tech-innovation.

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Matching Entrepreneurs with the Resources they need

The Council for Entrepreneurial Development (CED) was formed in 1984 with the mission of empowering and growing entrepreneurial companies in North Carolina.

CED provides many avenues that support growth. Through high-touch support, programs, access to capital and quality connections, we provide the resources that entrepreneurs need to become a success.

GET SUPPORT | cednc.org/get

Connect to Capital

Connects entrepreneurs with potential investors via formal introductions and is responsible for over 300 introductions a year.

GRO Incubator

A twelve-week incubator program is aimed at supporting high-growth, high-impact companies looking to grow their venture through valuable programming and coaching.

Venture Connect Summit

We provide valuable connections and programming each year over multiple days at our annual Venture Connect Summit.

GIVE SUPPORT | cednc.org/give

Partner

CED is a community of companies that need support and give support. Partnering with CED as an entrepreneurial resource, you'll collaborate with Triangle-based companies and share your knowledge and professional resources.

Build

Investments from CED Builders allow us to increase the capacity and overall impact of our programs and services while allowing us to tackle big initiatives that transform the ecosystem.

Collaborate

Our Collaborators are the foundation of CED. Through knowledge, financial support or both, these are key components to supporting the growth of entrepreneurial companies alongside CED.



The mission at
CED is to
connect
entrepreneurial
companies with
high-value
resources to
accelerate
business
growth.

CED has a passion for entrepreneurship and a desire to help people build their companies. We have seen the results of creating powerful connections and strengthening our ecosystem through growth. Visit our [website](https://cednc.org) and connect with us today!

Companies Completing Deals

Total Deals By Sector

129

Tech

76

Life Science

18

Makers

14

Cleantech

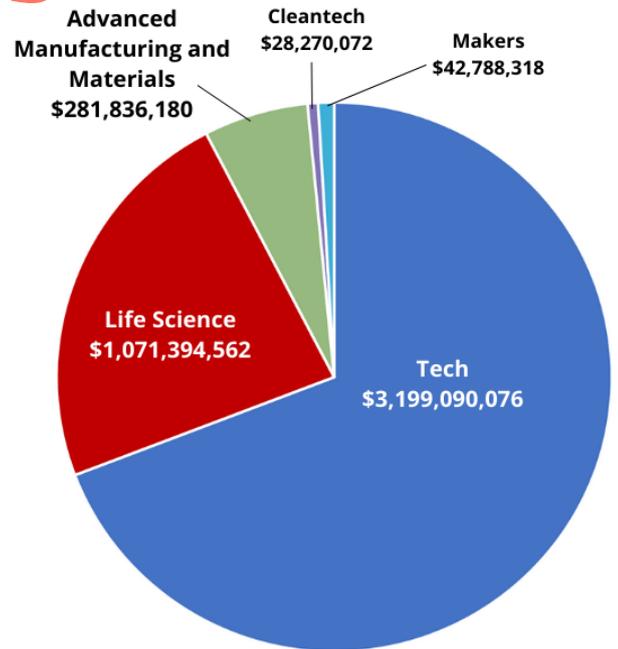
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Advanced Manufacturing & Materials

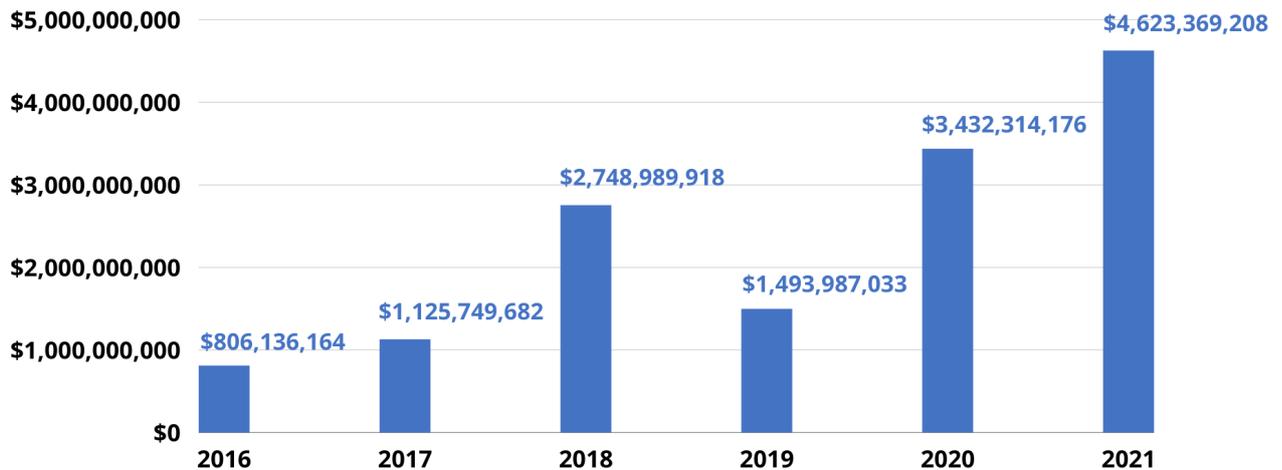
A Year in Numbers

Just as the year before it, 2021 was again a record year for venture and growth fundraising in North Carolina. To put this into perspective, the over \$4.6B raised is nearly a 6x increase from the total of \$800M only five years ago in 2016.

Total number of unique companies closing a deal was also a new record at 222 entities across a record total number of deals (250).



total funding



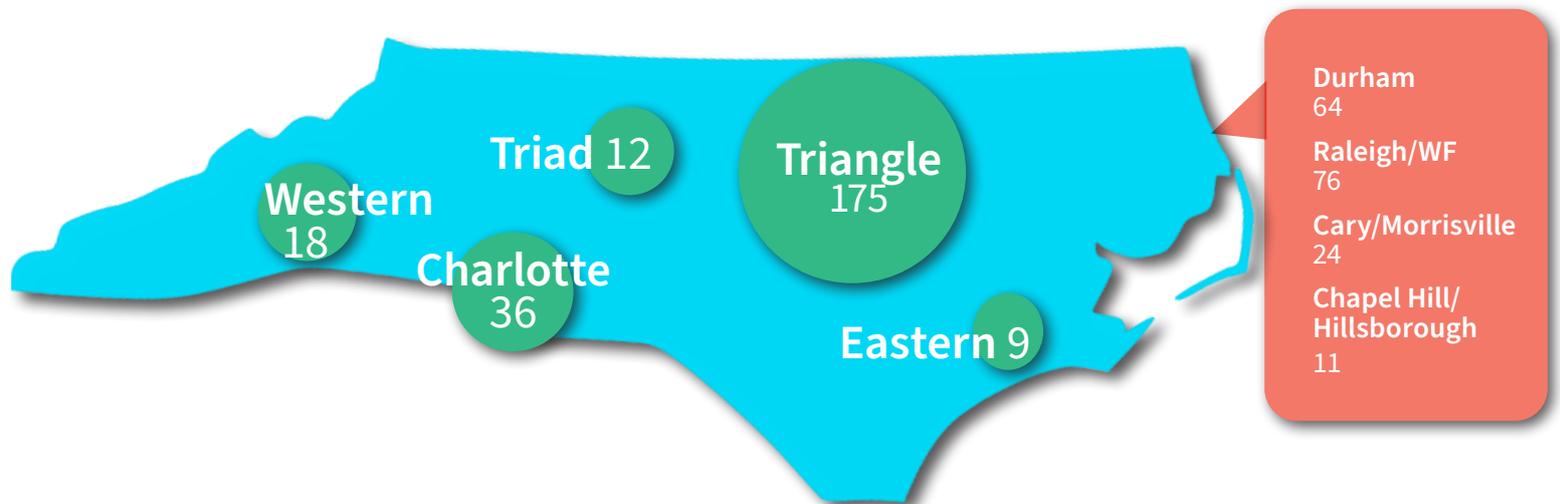
total number of deals
250

	2021	2020	2019	2018	2017	2016
Number of Deals	250	223	184	207	224	188
Number of Companies	222	187	146	176	173	154
Dollars	4.6B	3.4B	1.5B	2.7B	1.1B	806M

Funding by Location



Deals by Location



Majority of Activity in Triangle

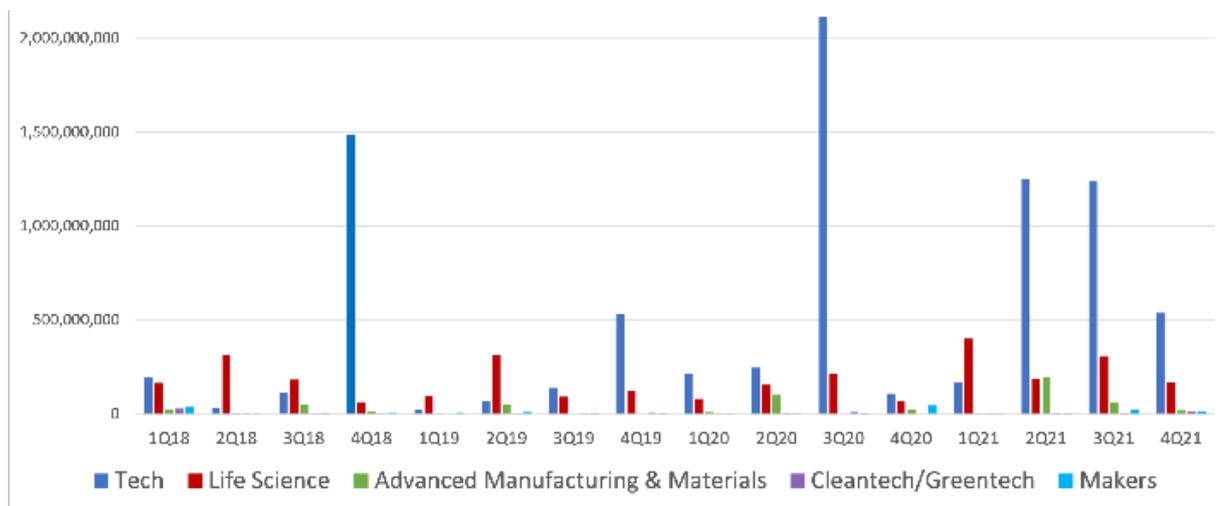
The Triangle continues to be the epicenter of investment dollars in North Carolina with 86% of the dollars invested in the state going to Triangle companies. Similar to recent years, megadeals need to be taken into context as both Epic Games and Insightsoftware closed on very large fundraises in Cary and Raleigh. The western part of the state saw the largest increase in activity, growing from 7 deals in 2020 to 18 in 2021 and ballooning from \$7M to \$53M. Outside the of the Triangle, the third largest deal in the state was the \$190M fundraiser by Prescient in Charlotte.

Ecosystem Report

The Tech sector once again led the way in 2021 with over two thirds of the fundraising dollars going to that sector. However, other sectors also saw a rapid increase relative to prior years. Life Science companies raised over \$1B for the first time ever, and the \$1.1B total was a 100% increase from the prior year 2020. Advanced Manufacturing & Materials also saw a greater than 100% increase in dollars, raising almost \$300M driven by the aforementioned Prescient deal. Cleantech saw a rebound up 42% to \$28M, which is almost 2x more than was shown in 2019.

Similar to 2020, the middle of 2021 was when the majority of deals closed. Pent up dry powder at many venture and growth funds, as well as private equity and asset managers, has meant that capital is flowing into companies as freely as ever.

Funding by Quarter



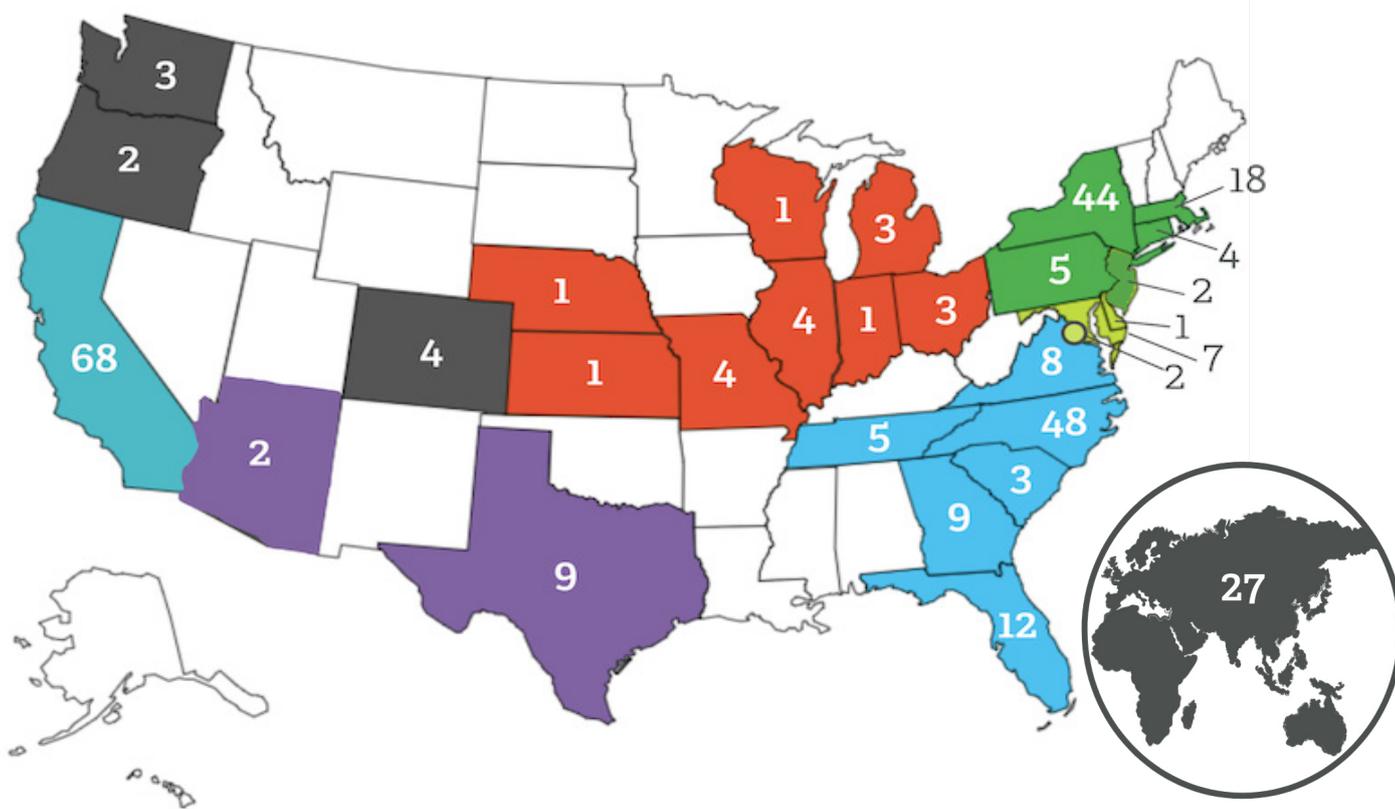
2021	1Q	2Q	3Q	4Q
Tech	167M	1B	1B	539M
LS	402M	188M	310M	172M
AM&M	1M	195M	65M	21M
CT/GT	2M	5M	6M	16M
Makers	3M	4M	23M	12M

2019	1Q	2Q	3Q	4Q
Tech	24M	71M	139M	532M
LS	98M	316M	94M	126M
AM&M	765K	52M	-	-
CT/GT	-	500K	100K	9M
Makers	8M	10M	6M	6M

2020	1Q	2Q	3Q	4Q
Tech	217M	249M	2B	110M
LS	81M	158M	215M	69M
AM&M	10M	101M	-	25M
CT/GT	3M	6M	11M	-
Makers	1M	1M	6M	49M

Investors

A new record number of different investors put money to work in NC in 2021 at over 300, which was a 40% increase over the prior year and 2x the amount from five years ago. Historically, early-stage capital is very local, and the majority of funders overall have been in the Southeast. However, capital travels and the rest of the country (and world) are interested in the activity in North Carolina. Only 28% of distinct investors were from the Southeast in 2021 (down from 35% in 2020), while 26% were from the West Coast (up from 22% in 2020) and 24% from the Northeast (up from 20% in 2020). From a global lens, there were at least 27 foreign-based entities investing here from 16 countries.



International breakdown

Antigua	1	Korea	1
Canada	3	Mexico	1
China	2	Netherlands	1
Denmark	1	Singapore	2
Germany	4	Spain	1
Guatemala	1	Switzerland	1
Israel	1	UAE	1
Japan	2	UK	4

Regional breakdown

Northeast	73	Midwest	18
Mid-Atlantic	10	West	77
Southeast	85	California	68
Southwest	11	International	27

Exits

CED tracked 52 company exits in 2021, up over 40% from 2020. Five companies entered the public markets with IPOs from AvidXchange, Bioventus, Brii Bioscience and Enact Holdings, and Humacyte riding the wave of the very popular SPAC process to achieve public listing. Strategic buyers and financial sponsors completed acquisitions, buyouts and mergers with 47 companies, helping to fuel return dollars to investors and interest in potential future deals.



IPO/SPAC



Deals by Size

	<\$1M	\$1M-\$4.9M	\$5M-\$14.9M	\$15M-\$29.9M	\$30M-\$49.9M	>\$50M
2021	89	74	45	19	7	16
2020	90	75	33	11	4	10
2019	86	53	22	11	4	8

Funding by Deals by Size

	<\$1M	\$1M-\$4.9M	\$5M-\$14.9M	\$15M-\$29.9M	\$30M-\$49.9M	>\$50M
2021	\$31.7M	\$181.4M	\$393.3M	\$414.2M	\$270.0M	\$3.3B
	1%	4%	9%	9%	6%	72%

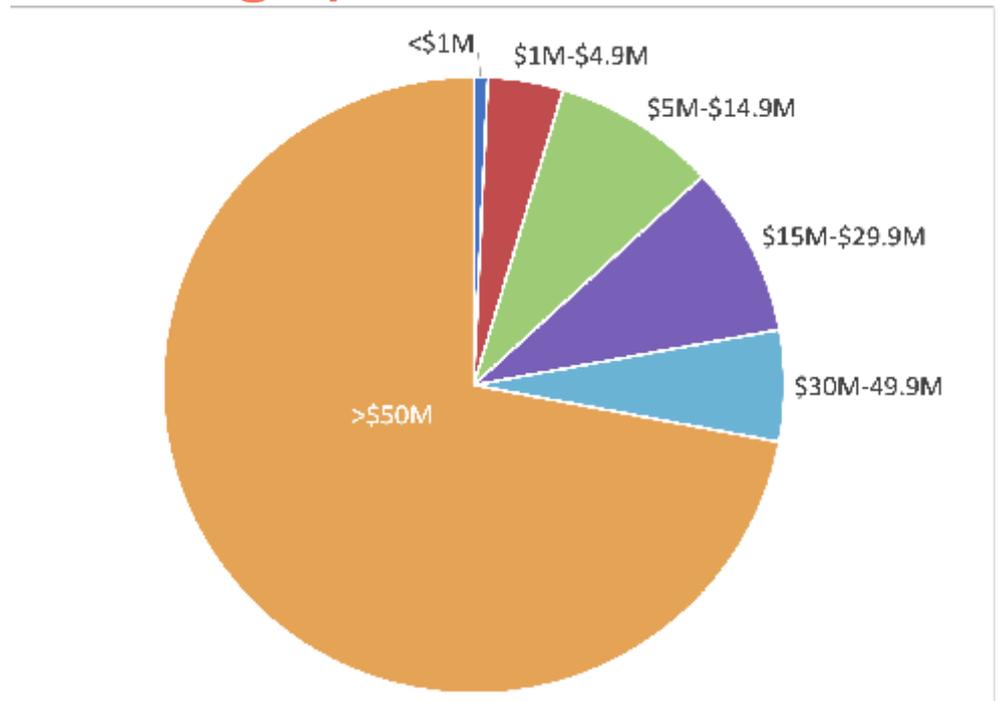
Deal Size Remains Large

Helping fuel this record year were the number of larger deals - in 2021 there were 16 companies with deals over \$50M which was 50% more than the previous high-water mark in 2018. These mega-deals represent over 72% of the total dollars flowing into the state, and supported the increase in overall average deal size by nearly 20%. Further, while deals under \$5M remained relatively stable compared to 2020, there were also nearly 50% more deals completed between \$5M and \$50M than the previous year. Those companies that are able to gain critical velocity, traction and scale beyond seed stage are met with a large variety of venture investors looking to put capital to work.

“North Carolina continues to be one of the most compelling places to invest in venture capital -- and the case for investment gets more compelling every day. Our firm invests across the Southeast, but North Carolina is our home and the combination of universities, talent, community, inclusiveness and entrepreneurial energy is truly differentiated. We are excited to partner with the community of extraordinary North Carolina founders and fund managers as our state continues its accelerating progress towards being one of the best entrepreneurial ecosystems in the country.”

Gregg Bordes,
Front Porch Venture
Partners

Funding by Deal Size



You can make a difference

The entrepreneurial ecosystem in North Carolina is a result of collaboration of resources across our region. Through financial support and skilled volunteerism, CED is able to make a significant impact. Entrepreneurs, mentors, investors, and business partners all contribute to our success. Learn how you can make a difference: cednc.org/give/donate

Empowering Entrepreneurs to go further faster



In Partnership With:



CED is a nonprofit organization that provides support to the entrepreneurial community by deploying its own resources and resources from the CED Network of Partners. Donations made directly to CED enable us to track entrepreneurial and investor activity, then report out to you on an annual basis. For information on how you can support the work of CED, please contact us at 919.549.7500 or visit us on the web at CEDNC.org/give/donate.

Information obtained from: CED, PitchBook, National Venture Capital Association (NVCA), North Carolina Biotechnology Center, Small Business Technology Development Center (SBTDC), NCIDEA, EY, PwC & SBIR.gov.