

Q2 2020 - Navigating Through the Storm

Key insights from Golden Gate Ventures' Michael Lints



On executing deals in the pandemic: The venture capital market is very connected. Although, for instance, Vietnam has managed COVID really well, it's still difficult to fly to that country from Singapore or Indonesia.

This makes doing deals in these markets nearly impossible even with COVID being managed.

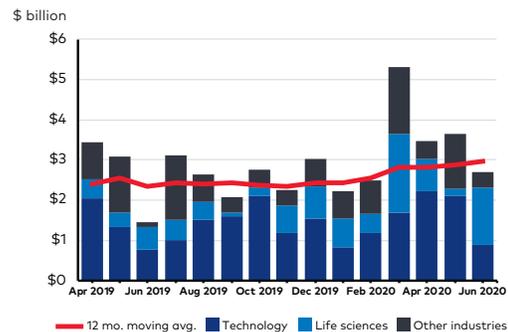
On building a portfolio in an evolving market: As a firm, we have always looked closely at consumer behavior across Southeast Asia. ... Leveraging data allows us to follow these trends closely and find investment opportunities accordingly.

On which COVID adaptations may be here for good: Currently, our investment team spends more time on desk research. This is an interesting development, because desk research and expert reviews give a more neutral view on the scalability of a business. Deeper research will definitely remain an important part of the investment process.

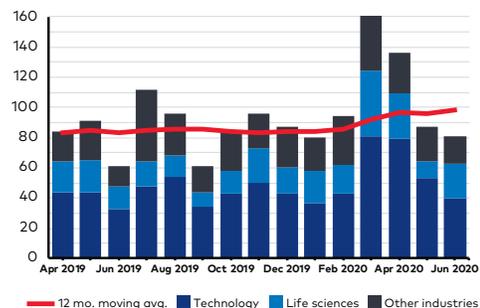
Read Cooley's full interview on Cooley GO.
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The second quarter of 2020 represented the first complete quarter of private financings during the COVID-19 pandemic. Despite the multiple economic impacts of the crisis, our data showed resilience in the volume and valuations of deals completed. In Q2 2020, Cooley handled 304 disclosable deals representing more than \$9.8 billion of invested capital. Both deal volumes and aggregate dollars raised decreased in June from April and May levels, a possible preview of future trends. Median pre-money valuations held steady in Q2 across deal stages, though we did see a decrease in valuations for seed transactions.

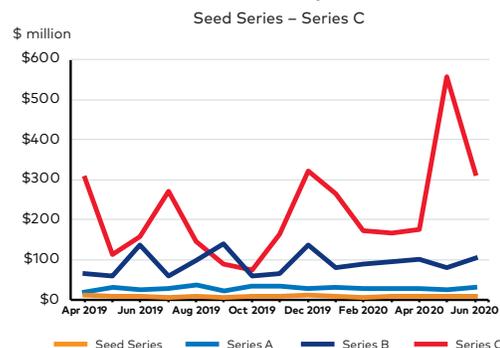
Amount Raised



Deal Volume



Median Pre-Money Valuation



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

Surprisingly, deal terms during the quarter showed no significant shift toward an investor-friendly environment. While we did see a small uptick in preference multiples, just 5% of transactions had full participating liquidation preferences in Q2. Additionally, the percentage of deals utilizing pay-to-play provisions decreased from the prior quarter. Tracking these deal term trends in future quarters will be key to understanding the true impact of COVID-19 on the overall financing environment.

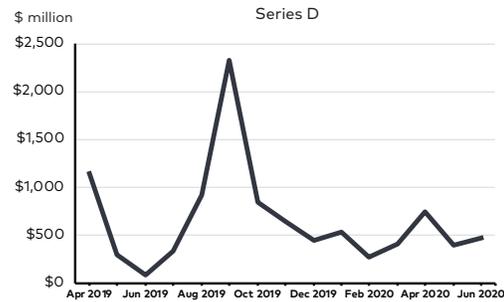
Industry spotlight: trends in life sciences

Following a surge in deal volume during the month of March, Cooley handled 64 life sciences-focused deals in Q2 2020, up 13% in volume over the same time period last year. Half of the deals were focused on earlier stage companies raising A and B rounds, an indication of continued investor appetite for new innovation in the sector. Aggregate deal value across all round types was \$2.24 billion, a 43% surge from the same time period last year. To view more details on life sciences trends, use the "Life sciences" filter in our interactive data visualization. cooleygo.com/trends

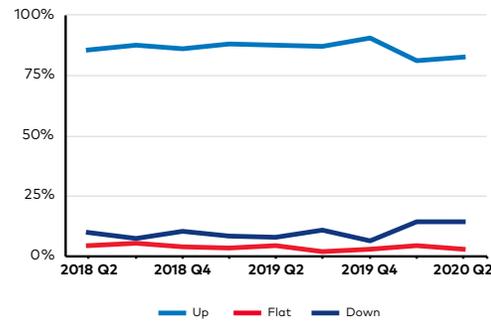
Industry spotlight: trends in technology

After a very strong March, Cooley handled 172 technology sector deals in Q2 2020, representing \$5.22 billion in aggregate deal value and a 42% uptick in deal volume over the same period in 2019. Seed, Series A and Series B rounds accounted for 70% of deals this quarter. From April to June, we saw a drop in both deal value and aggregate dollars raised, reflecting our broader data set for the same period. To view more details on technology deal trends, use the "Technology" filter in our interactive data visualization. cooleygo.com/trends

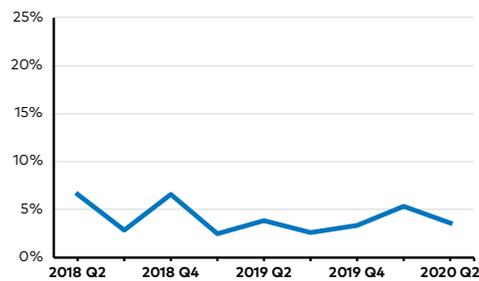
Median Pre-Money Valuation



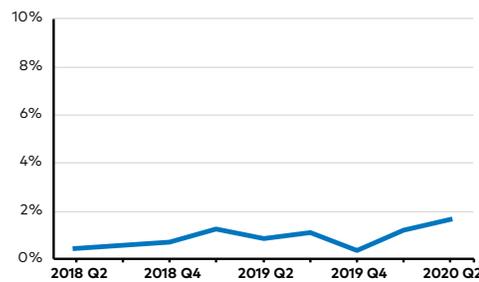
Up, Down and Flat Rounds



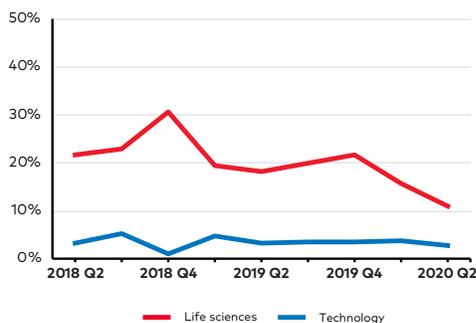
Pay-to-Play



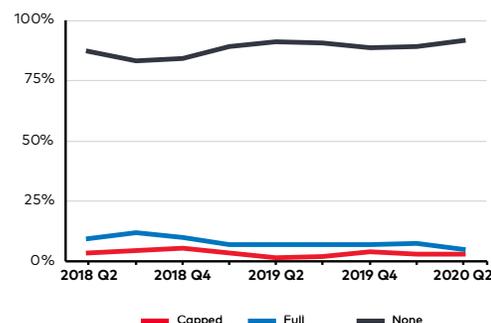
Recapitalization



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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