

Q3 2020 - Continued Strength During the Pandemic as Deal Sizes Surge

Key insights from Redpoint Ventures' Logan Bartlett



On valuations moving forward:

"While the amount of capital in the system is so high, it's discerning in nature, and some of these rounds that were done based on forward multiples last year are going to be

hard to clear if growth expectations aren't met or customer demand tapers off."

On late-stage investing: "The 0.01% of these [very high-quality, fast-growing] companies are almost in the 'I-can-name-the-price-I-want' mode, and they'll often get it in the private markets (within reason) if the growth and efficiency are there."

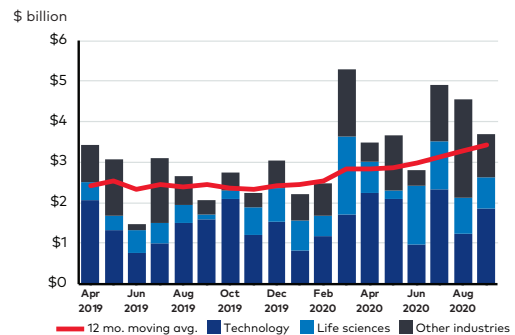
On evaluating new investments during the pandemic: "The way we've gotten comfortable has honestly been scheduling time for unstructured conversations. ...Having some dedicated social time makes a difference."

Read Cooley's full interview on Cooley GO.

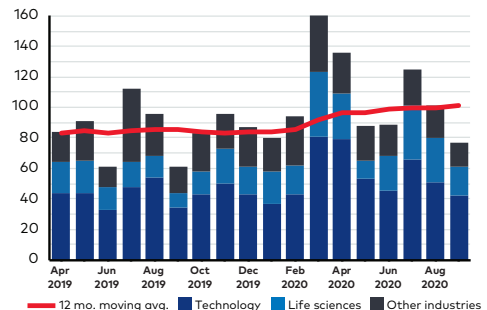
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The third quarter of 2020 highlighted the resilience of the private financing environment during the COVID-19 pandemic. In Q3, Cooley handled 303 disclosable deals representing more than \$13.1 billion of invested capital, the highest quarterly raise amount we have witnessed since the inception of this report more than 15 years ago. In Q3, average transaction sizes increased across all deal stages relative to the prior quarter. This was especially evident in late-stage deals, with two late-stage \$500+ million transactions during the quarter. Median pre-money valuations also increased in Q3, hitting new highs for this report in every deal stage other than Series C rounds. Up rounds represented 80% of transactions in Q3 – a slight decrease from prior quarters, but markedly less of a

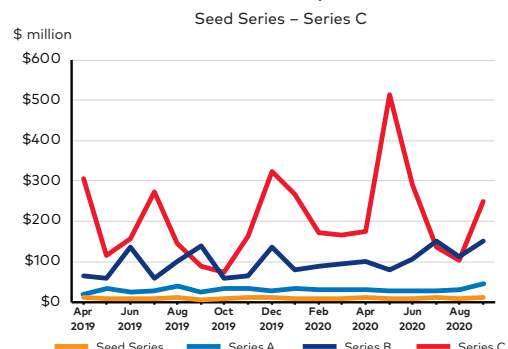
Amount Raised



Deal Volume



Median Pre-Money Valuation



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

change than had been anticipated when the shutdown began in the spring.

While dollars in and valuations were generally on the rise, we saw a slight increase in the percentage of deals with fully participating liquidation preferences, as well as a more notable increase in the percentage of deals utilizing pay-to-play provisions. Even with these changes, terms were still generally favorable to the company. That said, our data indicate a slight slowing as we headed into Q4.

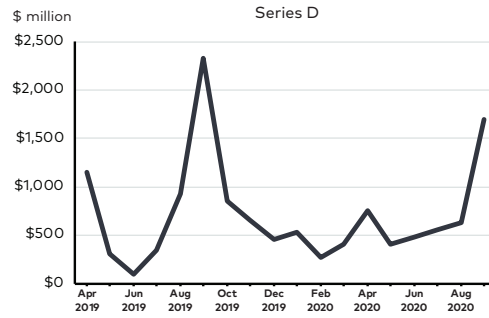
Spotlight on life sciences

Building on a strong first half of the year, Cooley handled 83 disclosable life sciences-focused deals in Q3, more than double the volume for Q3 2019 and representing 27.4% of overall deal activity this quarter. Deal sizes for life sciences transactions similarly surged. Overall invested capital this quarter totaled a staggering \$2.8 billion, with an average deal size of \$34.2 million, up from \$26.2 million in Q3 2019. The percentage of deals structured in tranches increased sharply in life sciences transactions during the quarter, but still remained a minority of deals. To view more details on life sciences trends, use the "Life sciences" filter in our interactive data visualization. cooleygo.com/trends

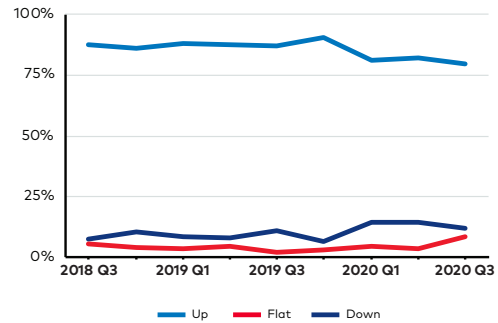
Spotlight on tech

Cooley handled 159 disclosable technology deals in Q3, representing 52.5% of overall deal activity this quarter and an aggregate \$5.2 billion in invested capital. Deal activity in the sector was up 17% and average deal size increased by 13% over Q3 2019, reflecting the resilience of the overall market through the pandemic. To view more details on tech sector trends, use the "Technology" filter in our interactive data visualization. cooleygo.com/trends

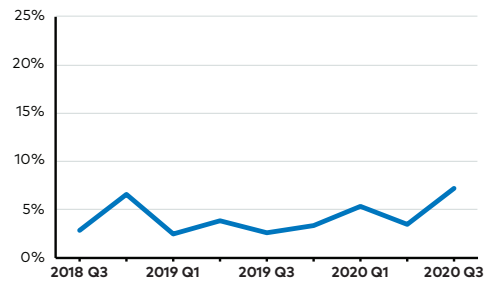
Median Pre-Money Valuation



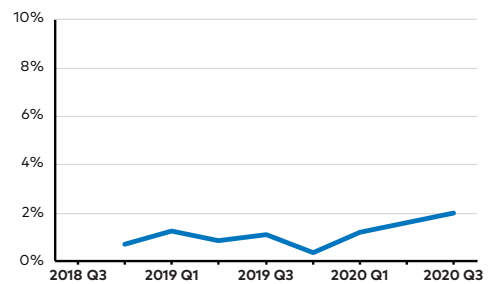
Up, Down and Flat Rounds



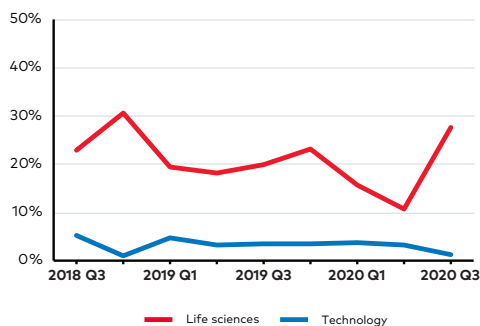
Pay-to-Play



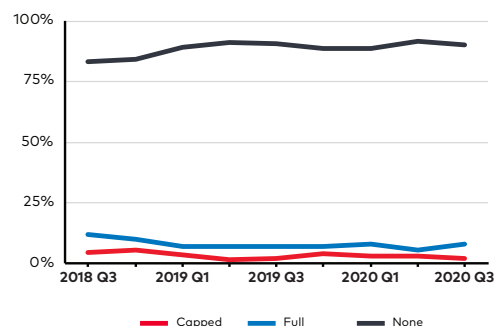
Recapitalization



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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