

BVINT – NEWSLETTER / AUGUST 2020

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1 – Fundraising of BVint's Client IQONIQ

BVint's News

We are glad to announce that once again one of our clients SECURES €100M IN NEW FUNDING TO EXPAND GLOBAL OPERATIONS.

IQONIQ has been our client since its foundation in 2018. We made three valuations for them for each of its successful fundraising rounds. BVint's valuation and conclusions were accepted by all its investors and we are very proud as this achievement was made during the difficulties generated by COVID19, and our valuations were the key to the deal's success.

Public Announcement

"24 July 2020 – IQONIQ, a new fan engagement platform exclusively targeting the world of sports and entertainment, has today announced it has entered into a € 100 million capital funding agreement with the Luxembourg based investment corporation Lux Media Investments to secure the company's continuous development and global expansion.

News of the investment comes with IQONIQ, headquartered in Monaco, having grown considerably over the past 6 months, despite the impact of COVID-19. During this period, the platform has added a host of new high-profile employees and Advisory Board members, as well as formalising partnerships with rights-holders such as Euroleague Basketball, Olympique de Marseille, AS Monaco, North Carolina FC and the Drone Champions League.

Lux Media Investments a Luxembourg based private investment company is headed by a group of investment bankers, media entrepreneurs, pioneers and industry leaders, former sports professionals, which includes former executives of Time Warner, Walt Disney, Sony, amongst others.

With modern social media platforms not specifically designed for fans, IQONIQ provides its users with an all-in-one solution for their needs, providing aggregated content from all other platforms, as well as unique features including in-app games, special star interactions, loyalty programmes, merchandising and ticketing discounts, and the option to support social responsibility initiatives – all leading to more personal, more rewarding and more purposeful fan experiences.

The funding marks a new chapter in the platform's growth, with IQONIQ currently in advanced negotiations with more than 175 rightsholders from the world of sports and entertainment, including major clubs from the big five European football divisions, as well as world-leading clubs and leagues in baseball, cricket, rugby and motorsport.

Once more, this success demonstrates the importance of our advanced independent valuations for successful fundraising. BVint's valuations not only help companies to open the doors of institutional investors, thus increasing the probabilities of success considerably, but also provides entrepreneurs with the necessary tools to formulate a communication approach that shows investors their strategy is world-class.

On the announcement, IQONIQ CEO Kazim Atilla said, "We are very pleased to have secured a financial partner with exceptional experience and know-how in the media industry for IQONIQ. The challenges that have come this year with the pandemic have in many ways reinforced and supported our vision to bring fans closer to their stars, no matter where they are in the world. With this new investment, we will be able to continue our growth alongside new partners and accelerate our plans to revolutionise the world of fan engagement."

Piet Saarloos, President of the Lux Capital Corporation, added, "From our first conversations with IQONIQ's leadership team in June 2019, it became clear that IQONIQ will become a real gamechanger in fan engagement, presenting unique opportunities for the sports and entertainment industries. With the experience of our Lux Media Investments team, we see great synergies between our expertise and theirs, and we look forward to helping IQONIQ take the next steps on this incredibly exciting journey."

The IQONIQ platform is due to launch in September 2020.

<https://iqonIQ.com/iqonIQ-secures-e100m-in-new-funding-to-expand-global-operations/>

2 – European Venture Capital (VC) Valuations Q2 2020

2.1 - Angel & Seed, Early-Stage, and Late-Stage VC Deals

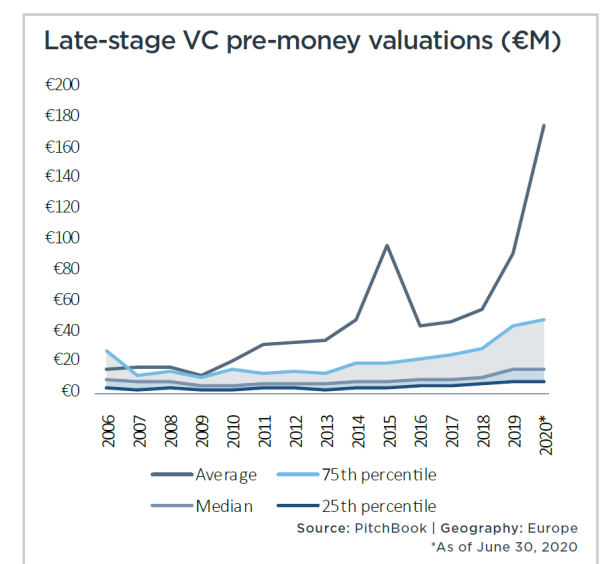
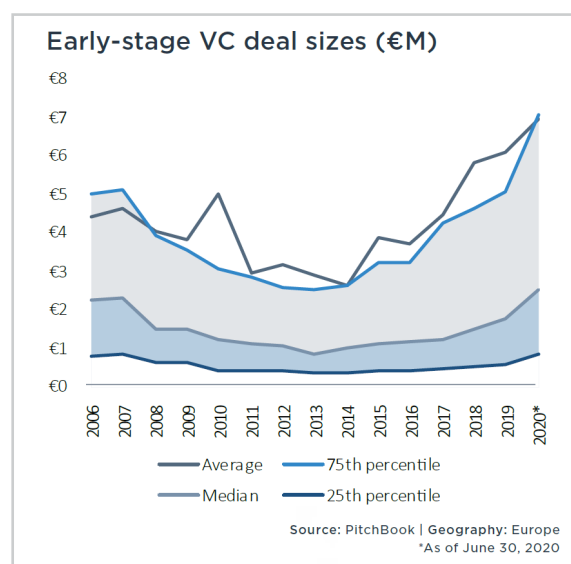
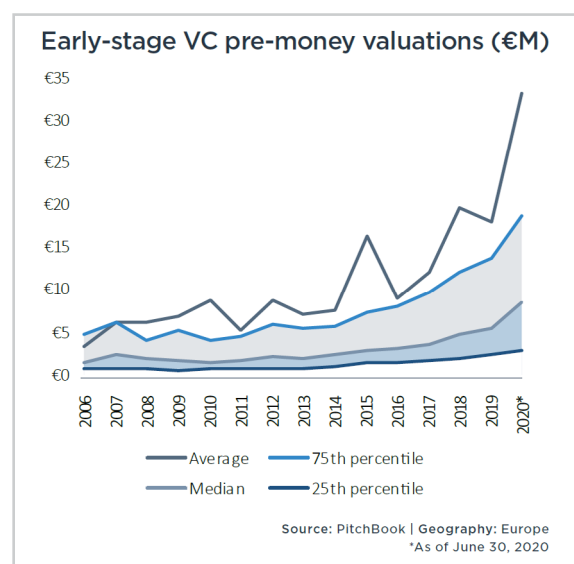
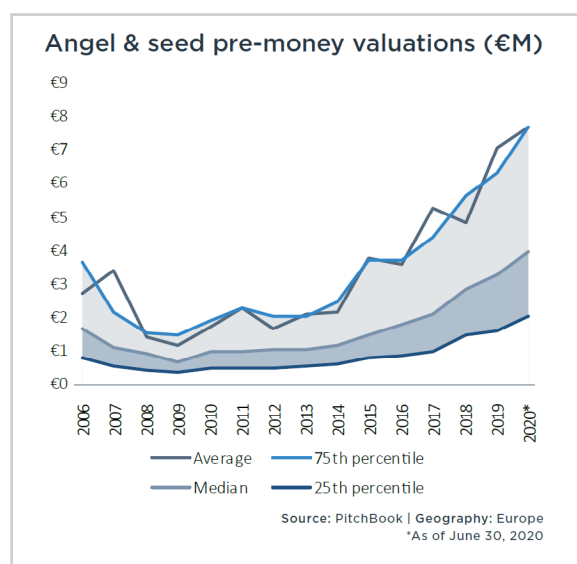
The median angel & seed pre-money valuation reached €4.0M, and the top- and bottom-quartile valuations also recorded increases in H1 2020 relative to 2019, as COVID-19 has appeared to have had limited effect (contrary to expectations) on valuations in Europe. Angel & seed valuations have been surprisingly strong in Q2 and will create optimism heading into H2 2020. Deal sizes have clearly not been hampered, and we could see new highs at year end. The median time from founding until an angel & seed round lengthened to 2.8 years in 2019 and stayed the same in H1 2020, having steadily risen in the last decade. The lengthening time frames have largely been the result of startups scaling to larger sizes and avoiding upfront fixed costs by using tech solutions or sourcing capital via bootstrapping before they raise an angel or seed round.

Early stage Deal valuations and Sizes have not suffered in H1 2020 (as many analysts expected) , and confidence remains healthy. The diverse deal making environment pushed the median early-stage valuation to €8.8 million, while the top and bottom quartiles fell slightly QoQ to €17.5 million and €2.9 million, respectively, in Q2 2020 (valuations are pacing higher during H1 2020 than 2019's annual figures). However, delayed deals and time lags in some affected sectors could cause inaccurate valuations for early-stage startups with limited financial information. It is expected step-up multiples could continue to vary drastically as certain sectors have either boomed or struggled during COVID-19 lockdowns and may recover differently.

Late Stage median and top-quartile pre-money valuations paced higher in H1 2020, while the bottom quartile dropped in comparison to 2019. This gap between top- and bottom has continued to widen in recent years. A consequence of investors willing to keep growth momentum in revenues and valuations via augmented late-stage rounds. COVID-19 has surprisingly had limited impact on late-stage valuations in H1 2020. The median time from founding until a completed latestage round (series C or beyond) paced lower at 7.4 years in H1 2020 in comparison to 8.0 years in 2019. The median time from founding until a completed late-stage round has been trending downwards since 2016. In the last five years, startups have secured angel & seed or early-stage rounds later in their lifecycles and then scaled faster with late-stage rounds, aided by strong growth and demand for technological innovation.

COVID-19 surprisingly had very limited impact on VC valuations in H1 2020 at all stages.

Delayed Deals in some affected sectors could cause inaccurate valuations for early-stage startups with limited financial information.

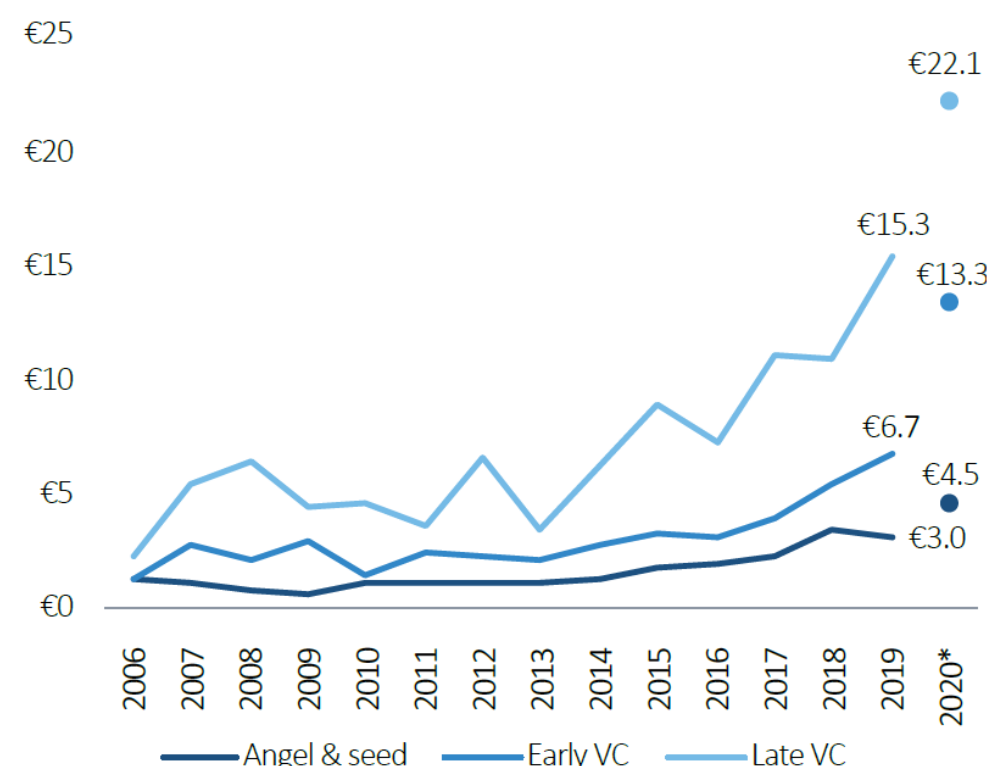


2.2 - VC Deals per Sector

- **Software** pre-money valuations across angel & seed, early-stage, and late-stage rounds showed no signs of slowing in H1 2020 and are pacing higher than 2019. Software deals have led overall deal value, and this trend will continue as businesses and employees move online.
- **Median pharma & biotech** deal sizes have also paced admirably in H1 2020, with early- and late-stage sizes trending higher and angel & seed sizes slightly lower than 2019. Investors and entrepreneurs will be looking towards the sector for opportunities to fund the next batch of startups striving to prevent future public health disasters and mitigate lasting effects from the pandemic.

Few expected such fervent dealmaking in Q2 amid extensive pandemic-induced disruption to global financial markets. However, it may be too early to write off all the impacts from COVID-19, and despite astounding VC deal value in Q2, there may be some form of correction in H2 2020 as individuals, companies, and backers face unique and separate challenges.

Median pre-money valuations (€M) by stage for software companies**



Source: PitchBook | Geography: Europe
*As of June 30, 2020
**Low sample size prior to 2010

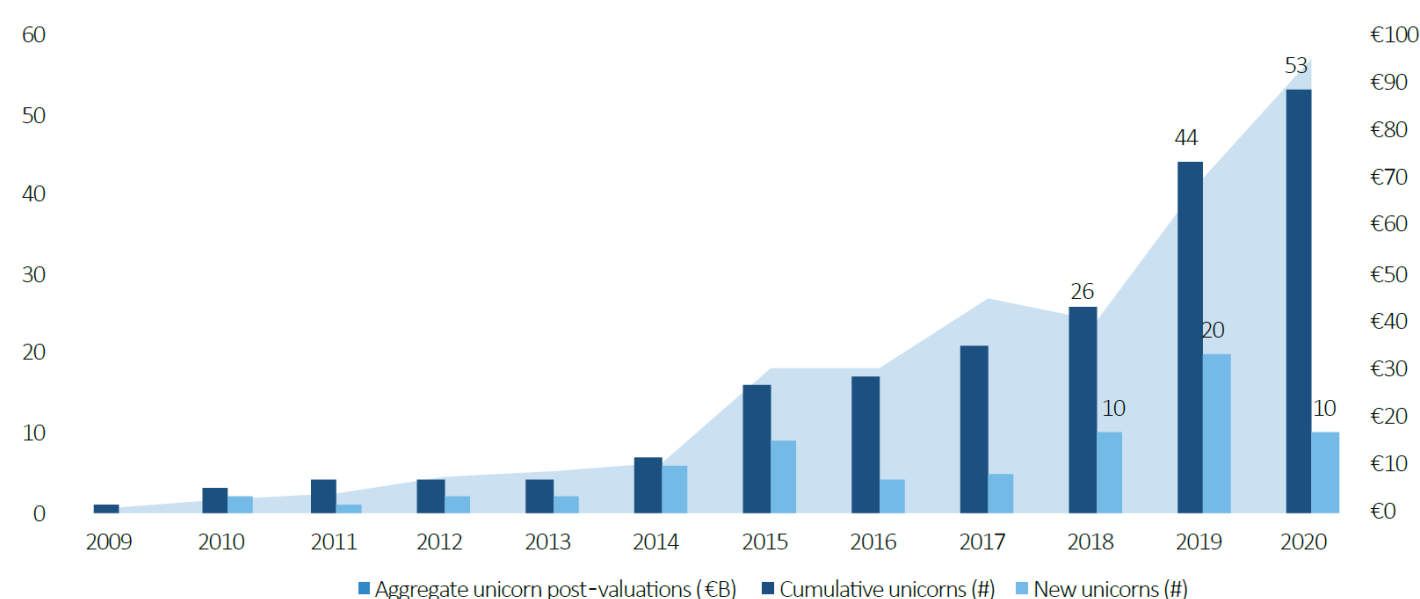
2.3 - Unicorns

Unicorns have continued to grow at a healthy rate with 10 added in H1 2020, taking the full number in Europe to 53. The aggregate post-money valuation of unicorns in the ecosystem has totalled €95.0 billion in H1. Valuations have fluctuated during the last decade, and unicorn numbers have only risen noticeably in the last three years; therefore, we expect volatility regarding unicorn valuations for the remainder of the year as outliers closing rounds can skew values. Moreover, given the current climate we expect flat and down rounds to increase in frequency as the year progresses.

Be prepared for what it comes. Use this time to update your valuation as many of our clients are doing!

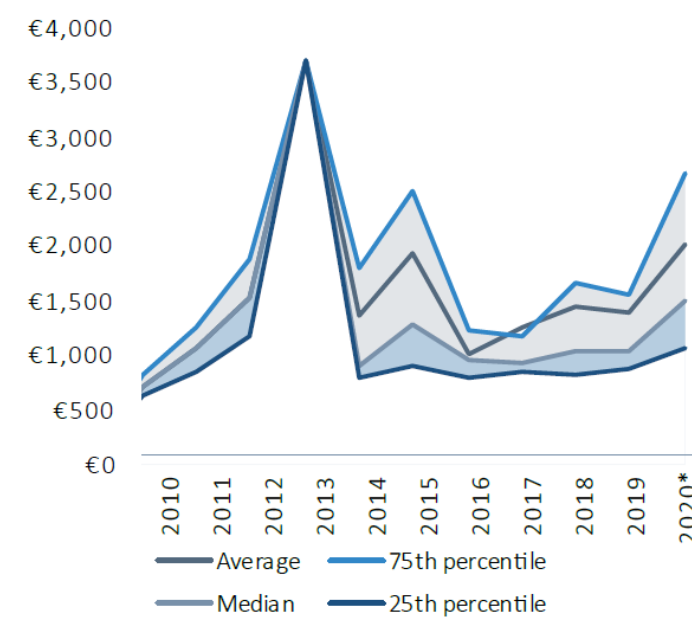
Further, due to the Coronavirus emergency, we are committed to helping our clients during this difficult time. As a consequence, we have decided to reduce our fees temporarily.

Unicorn count and aggregate post-money valuation**



Source: PitchBook | Geography: Europe
*As of June 30, 2020
**Low sample size prior to 2010

Unicorn pre-money valuations (€M)



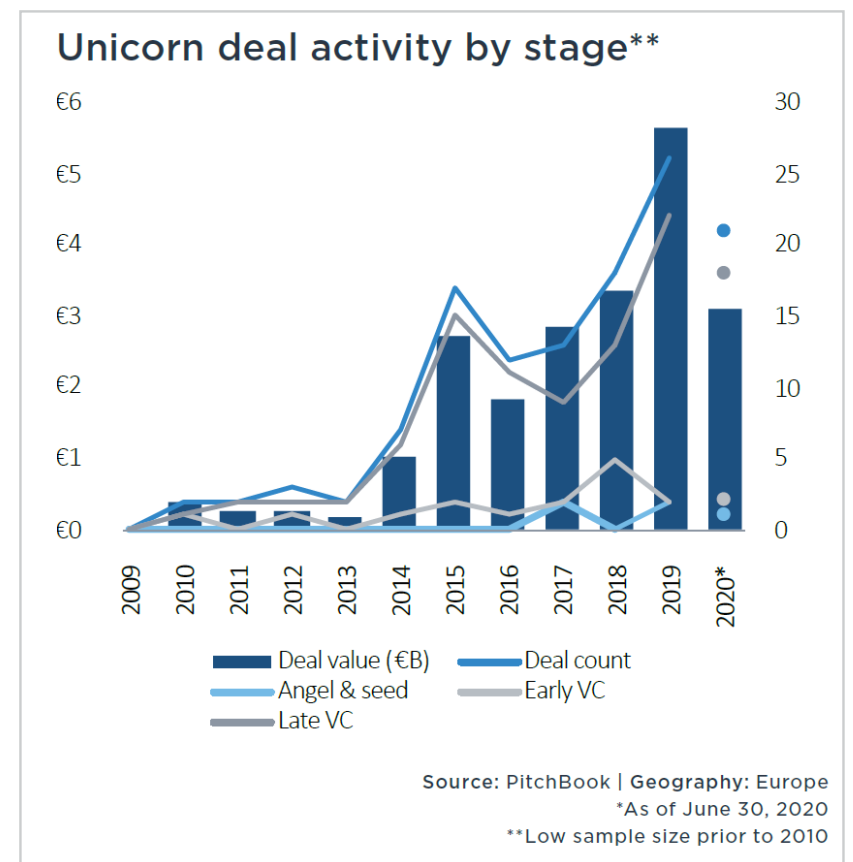
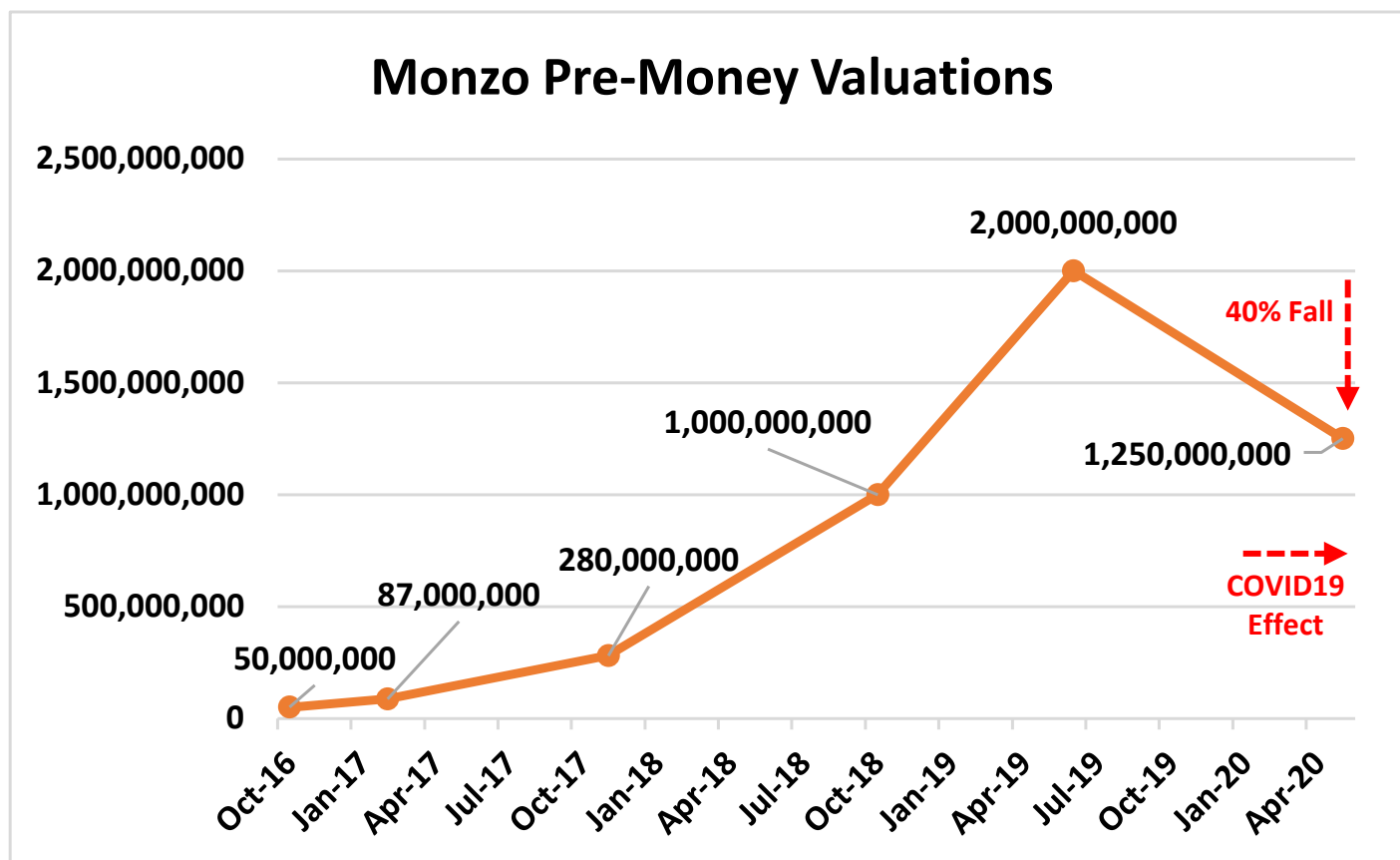
Source: PitchBook | Geography: Europe
*As of June 30, 2020
**Low sample size in 2013

For example, fintech unicorn Monzo completed a down round in Q2 (as we showed in our May Newsletter), and other high-profile companies may have to follow suit in Q3.

Although VC dealmaking has been strong, growth becomes difficult for larger companies with high cashburn rates, and unicorn valuations may need to be reassessed based on short-term revenues during COVID-19 lockdowns. Consequently, valuation haircuts may still occur later this year and in 2021, even if business

picks up in H2, as drops in revenue and funding gaps from H1 may still require cash to offset losses.

Fintech unicorns would likely see an average of 15% wiped off their individual valuations. However, down rounds are not a reliable indicator of a company's future.



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