

6th Annual IBA European Startup Conference

Session Six: Overview of the
impact of market turbulence on
the startup world

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- 1. Have you seen the number of deals providing for milestone /tranche investments increase recently?
- 2. Have you seen full ratchet anti-dilution protection mechanisms being agreed in any deals recently? If so, was that downround protection subject to a pay to play obligation or other lapse mechanism (e.g., time limit or until next financing)?
- 3. What types of liquidation preferences have you seen in recent deals (e.g., "2x non-participating", "1x participating")? [free text entry]
- 4. Has the number of deals increased recently where MAC clauses and/or force majeure clauses have been agreed?
- 5. What types of additional incentivization do you see being agreed as part of a financing (select one or more)?
- 6. Do you see many M&A transactions providing for a non-cash consideration?
- 7. Do you see many forced exits, i.e., exit transactions where drag along provisions are invoked?
- 8. Do you see many early exits, perhaps even as an alternative to an equity capital raise?

1. Have you seen the number of deals providing for milestone /tranche investments increase recently?

100

Yes



No



Unchanged



Results from IBA Conference 2022

Multiple-choice poll

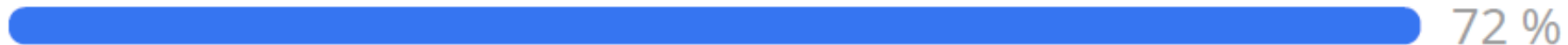
Have you seen the number of deals providing for milestone investments increase recently?

053

Yes



No



2. Have you seen full ratchet anti-dilution protection mechanisms being agreed in any deals recently? If so, was that downround protection subject to a pay to play obligation or other lapse mechanism (e.g., time limit or until next financing)?

No



Yes, but without pay to play/lapse mechanism



Yes, with a pay to play obligation / lapse mechanism



Results from IBA Conference 2022

(1) Have you seen full ratchet anti dilution protection mechanisms being agreed in any deals recently? (2) If so, was that downround protection subject to a pay to play obligation?

0 5 3

No



(1) Yes, (2) No



(1) Yes, (2) Yes



3. What types of liquidation preferences have you seen in recent deals (e.g., "2x non-participating", "1x participating")? [free text entry]

(1/4)

- 2.5x non-participating
- 1x non-participating
- 1x non participation 1x non participation plus interest of 5 p.a
- 1x
- 1.5x non participating unless new founding round with certain (high) valuation is closed (then back to 1x non participating) 1x plus 10% interest non-participating
- 1x non-participating
- 1x non participating remains the most common but more and more 1x plus capitalised interests of x%
- 1x plus 8% Annual. Non participating
- 1x non-participating (mostly) Interest elements
- Recent deals shows 1x participating as investors see tge numbers which are participating
- 1x non-participating
- 1x np, 3x np, 1x + IRR np, participating
- 1 non participating
- Mainly 1x non-participating.

3. What types of liquidation preferences have you seen in recent deals (e.g., "2x non-participating", "1x participating")? [free text entry]

(2/4)

- Once 3x non-participating.
- Yes, 1x participating also on secondary sales
- 1x non-participating still the norm
- 1x non participating
- 1x participating
- 2x non-participation
- Limited in time and 1x
- 2x non-participating
- Over 1 x up to 3 x -non participating
- 1 x non participating
- 1 non participating
- 1x non-participating
- 2x participating, 3x non participating
- 1x non-participating
- 1xnon part
- 2x
- 1x non participaing. 2x non participating
- 1x participating
- 1xnon-part.
- 1x non-participating
- 1x non participating
- 1x participating OR 1x non-participating

3. What types of liquidation preferences have you seen in recent deals (e.g., "2x non-participating", "1x participating")? [free text entry]

(3/4)

- 1x non participating + IRR
- 1 x participating 1 x non-participating
- 1x
- 1 x non participating
- 2x
- 2x non-participating
- 1x non-participating
- 1 x non-participating
- 1 time non participating
- 1x participating
- 1x non participating
- 1x (non participating)
- 1x non participating
- 1xparticipating
- 1 * non participating
- 1xnon-participating
- 1x non-participating
- 1x non-participating still the norm
- 1x participating
- 1x non-participating
- 1x non-participating
- 1x
- 1x non-participating
- 1x participating 1x non-participating

3. What types of liquidation preferences have you seen in recent deals (e.g., "2x non-participating", "1x participating")? [free text entry]

(4/4)

- 1x non-participating
- 1x non-participating
- 1x or 2x participating
- 1x non-participating
- 1x non-participating
- 1 x non-participating
- 1x participating
- 1x non participating
- 1x non-participating
- 1x partipating
- 2x non-participating
- 1x non participating
- 1 x

Results from IBA Conference 2022

- 1x non-part
- 1x non participating
- n/a
- 1x non participating
- 1x participating; 1.1 non-participating; 1.1x non-participating
- 1x participating
- 1x non-participating
- 1x participating
- 1x non participating
- 1x participating
- Investment amount plus a minimum multiple/rate
- Mostly non participating, but some 1xparticipating as well. Not much variable in multiples.
- 1x non-participating
- 1x non-participating
- 2x non participation
- 1-4x non-participating
- 1x non-participating plus interest
- 1x non-participating
- 1x non participation on equity deals x2 return on SAFEs
- 1x non-participating
- 1x non-participating
- 1x non-participating
- 1x non participating
- 1x participating
- 1 x non-participating
- 2x
- 1x non-participating
- 1x non-participating
- 1x Non-participating
- 1x non-participating
- Non-participating, up to 3x
- 1x participating
- Still non-participating
- 1x non-participating
- 1x non-part
- 1x non-participating
- 1x non part
- 1x non-participating
- 1x non participating
- 1x non-participating
- 1x

4. Has the number of deals increased recently where MAC clauses and/or force majeure clauses have been agreed?

0 8 1

Never



Rarely



Occasionally



Regularly



Results from IBA Conference 2022

Has the number of deals increased recently where MAC clauses and/or force majeure clauses have been agreed?

0 3 9

Yes



No



5. What types of additional incentivization do you see being agreed as part of a financing (select one or more)?

076

Increase of employee option pool



Founders allocated part of the option pool



Founders allocated hurdle/growth shares



None



6. Do you see many M&A transactions providing for a non-cash consideration?

068

Never



Rarely



Ocassionally



Reguarly



7. Do you see many forced exits, i.e., exit transactions where drag along provisions are invoked?

070

Never



Rarely



Ocassionally



Regularly



8. Do you see many early exits, perhaps even as an alternative to an equity capital raise?

063

Never



Rarely



Ocassoinally



Regularly



Questions and final takeaways

