



Emerging Growth Companies Webinar

Venture Debt 101

Practical considerations for Founders, CxOs and Investors

7 October 2022

Agenda



1

Welcome and Introductions

2

Running a Venture Debt Raising Process

3

**Navigating Tax and Legal During a
Venture Debt Raise**

4

Q&A with Andrew Small, CFO, LoopMe

Introducing our presenters and panelists



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James Blastland

Debt & Capital Advisory
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CFO



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2

Running a Venture Debt Raising Process

James Blastland



Agenda



VC allocation from LPs and venture capital evolution



When and how can an Emerging Growth company raise Debt?



Key Benefits of Emerging Growth Debt for scale-ups



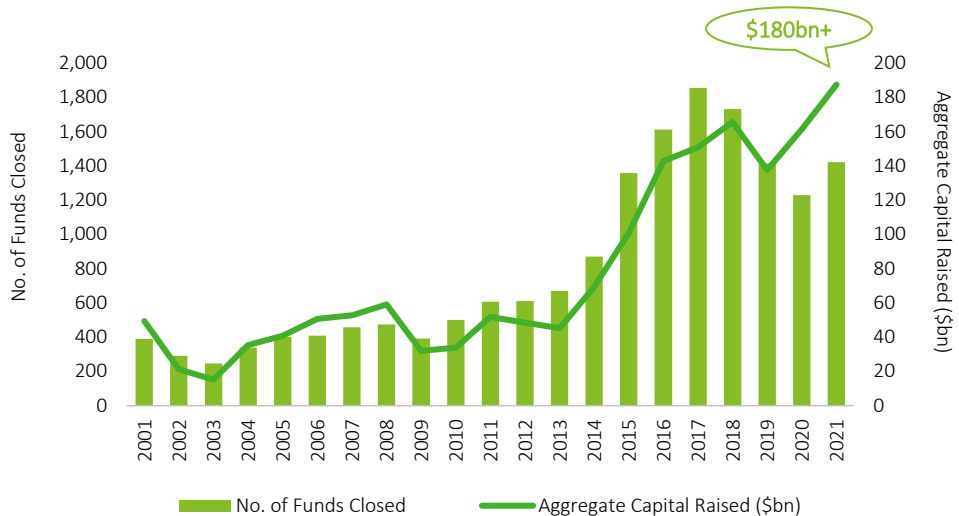
01

VC allocation from LPs and VC evolution

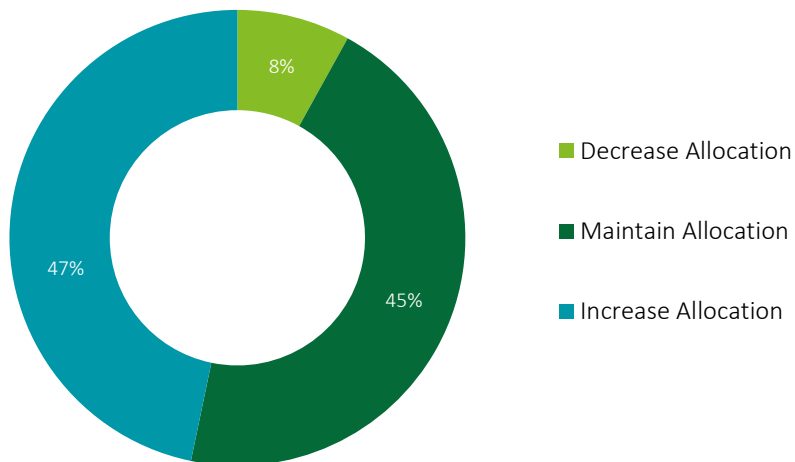


There is an **Abundance of Capital**, with dry powder at record highs...

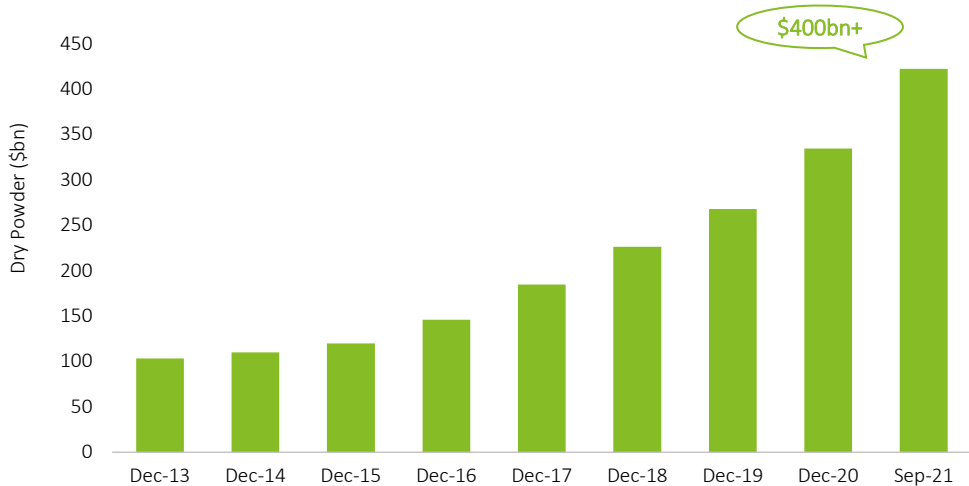
VC Fundraising



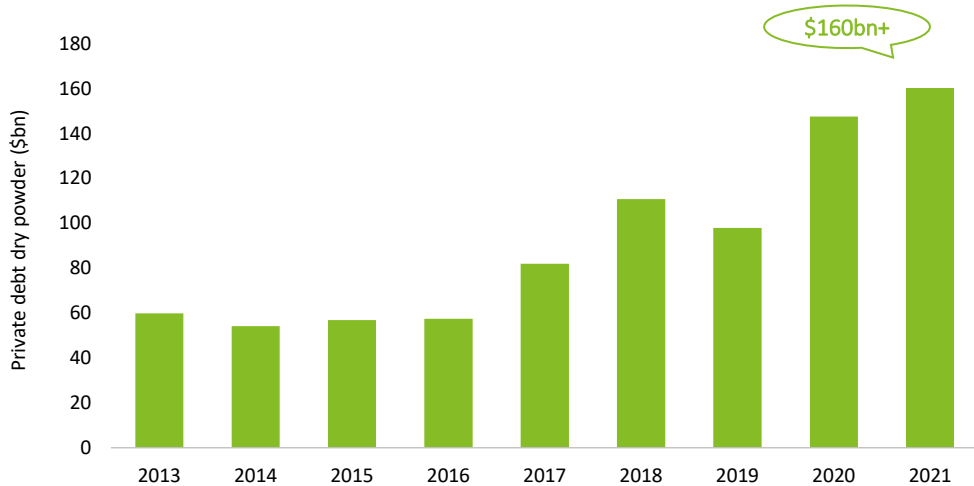
LPs allocation to VC



VC dry powder



Private debt dry powder

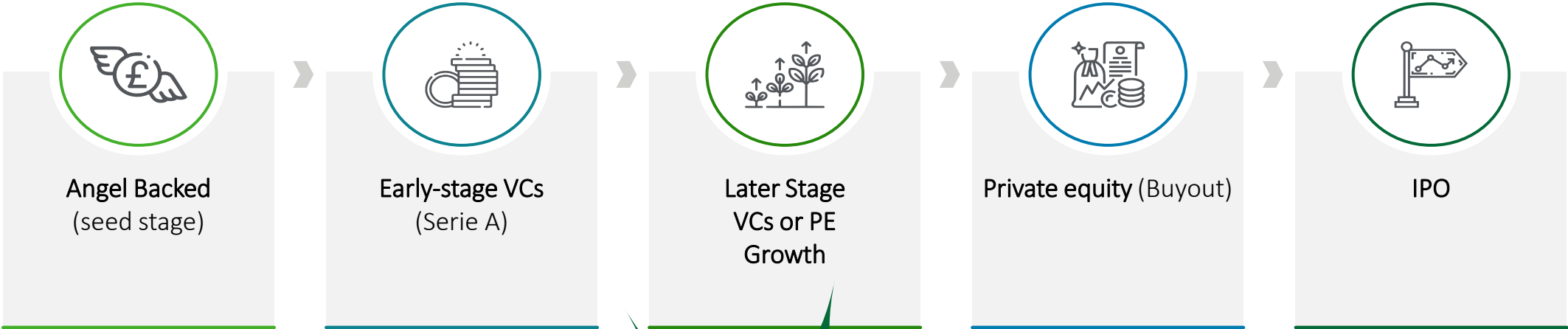


02

When and how can an emerging growth company raise debt?



When Companies are Ready for Debt



DEBT MARKET AVAILABLE



Who can provide growth debt in the market...

ARR Products



Venture Debt Products



Revenue Financing platforms



03

Key Benefits of Emerging Growth Debt for Scale-ups



Benefits of raising **Emerging Growth Debt**....



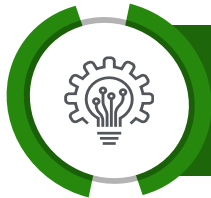
01. Extending the cash runway

Giving the company another three to six months of runway – meaning that the company will have more time to reach a revenue milestone and improve its valuation in the next equity round



02. Insurance Policy

Extra headroom for the founder to achieve a milestone. Equity rounds are based on cash burn and with debt, the company is protected of any miscalculation or milestone delays



03. New Projects / M&A

Bringing capital in for the new projects



04. Bridging to profitability

A debt round that can bring the company to break-even means that the company can be self-sustaining which is always good for current and new investors



05. Preventing an equity bridge round

The largest disadvantage of an equity bridge round is the potential signal it sends to new investors

3

Navigating Tax and Legal During a Venture Debt Raise

Claire Robb & Charles Claisse



Key Tax Considerations



When to involve your **lawyers**; **key documents**; points **frequently negotiated**

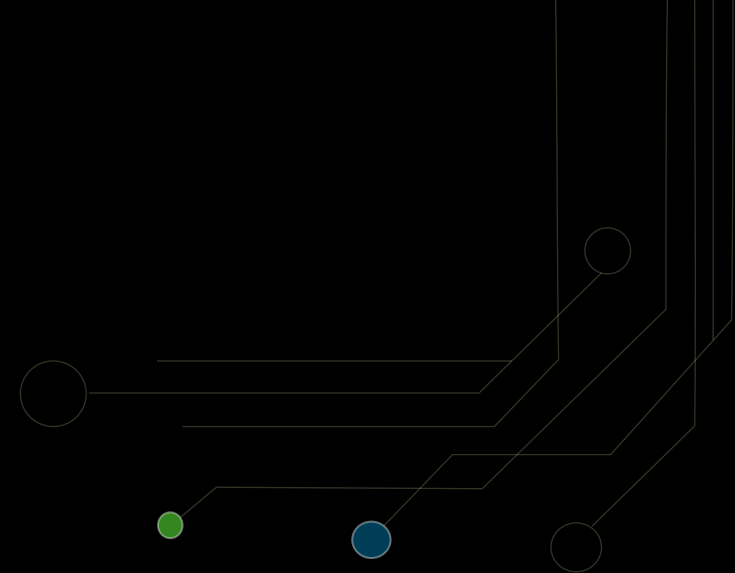
- 1 **Defining the triggers** – tranches and trigger events
- 2 **Security interest** – all assets? Carve outs? Restriction on use of assets
- 3 **Subordination / intercreditor agreements**
- 4 **Calculation of fees**
- 5 **Events of default** – in addition to the exercise price – number of shares/ exercise price at the previous equity round vs discount to the next round pricing
- 6 **Warrants** – in addition to the exercise price – number of shares; down round protection; class of share; calculation according to commitment or amount loaned; expiry; cashless exercise?

Timing - term sheet to finalisation of documents



In the Spotlight

Q&A with Andrew Small, CFO, LoopMe





Putting the consumer at the heart
of every campaign



LoopMe puts the consumer at the heart of every campaign.
Using survey and patented-AI technology, we measure and
optimise consumer sentiment in real-time to improve
advertising performance and outcomes

Custom Audience Generator

Identify In-market profiles based on buying status, key statement attributes & behaviors



✓ Establish Targeting or Objective Question

✓ Experienced in Normal Ad Breaks

✓ Train predictive AI targeting model

In-Market Segments

Conquesting

Behavioral

09:50 80%

Survey

Question 1

Are you planning to purchase this product in the next 6 months?

☒ Yes

☐ No

☐ Maybe

By submitting this Survey you consent to LoopMe processing your data and sharing with our trusted partners in accordance with our Privacy Policy.

loopMe

09:50 80%

Survey

Question 1

Do you intend to purchase a new gaming console this holiday season?

☐ Yes

☐ No

☐ Maybe

09:50 80%

Survey

Question 1

Which gaming console do you use most?

☐ Brand1

☐ Brand2

☐ Brand3

09:50 80%

Survey

Question 1

Which factor matters most when deciding on your next gaming console?

☐ Price

☐ Hard drive space

☐ Graphics

Key Contacts

If you have any questions, please get in touch with your usual Deloitte Private contact or one of the presenters below



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