

PITCH DECK ESSENTIALS

Overview of startup financing

What are the investors expecting?

Investors want to return their invested capital with a multiple. Three core areas are evaluated by the investors:

1. Team behind the startup. Founding team dynamics, experience and complementary skills. Likelihood of this team staying together through the rough times and executing the plan.
2. Market size and customers. Is the business able to scale to millions? B2B or B2C require different approach. Is there a potential for unicorn valuation (> 1Billion).
3. Traction/ testimonials. Who believes to this startup and can justify using their product? Scientific (Advisors, Publications, Key Opinion Leaders), Customer testimonials or strategic partners. Key Performance indicators: Growing user numbers, ARR, EBITA, etc.

Pitch deck essentials

- Problem – What are you solving?
- Solution – Your product or service
- Market Size breakdown
- Business Model – How you make money
- Go-to-Market Strategy
- Traction – KPIs, milestones, growth
- Competition – Benchmarking, landscape and USP
- Team – Core team & expertise, advisors or partners
- Financials – 3–5 years forecast
- Ask – Amount to be raised and the use of funds

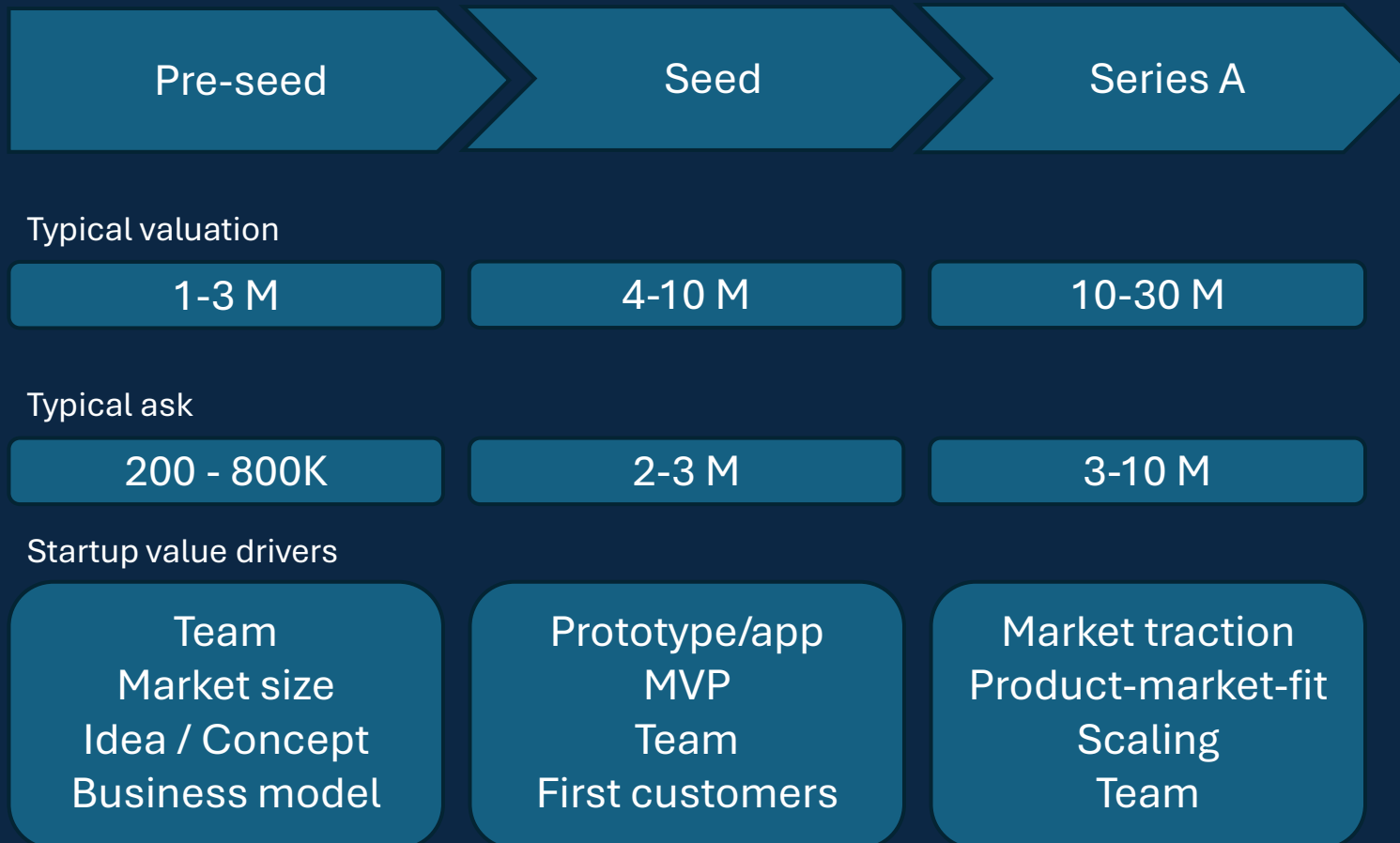
Executive summary

- One pager with most important information
- Why your company (Grand vision)
- Market opportunity (Playing field)
- Why this team (All-star lineup)
- What shows the promise (Reason to believe)

Team overview

- Co-founders background and relevant experience
 - Why the team is interested
 - Why they are the right team for this project
- Advisors
 - These experts believe in us
 - Accumulated years of experience
- Partner companies
 - Known investor, Institutions, University, strategic partner, etc.

Startup stages and rounds



Cap table example



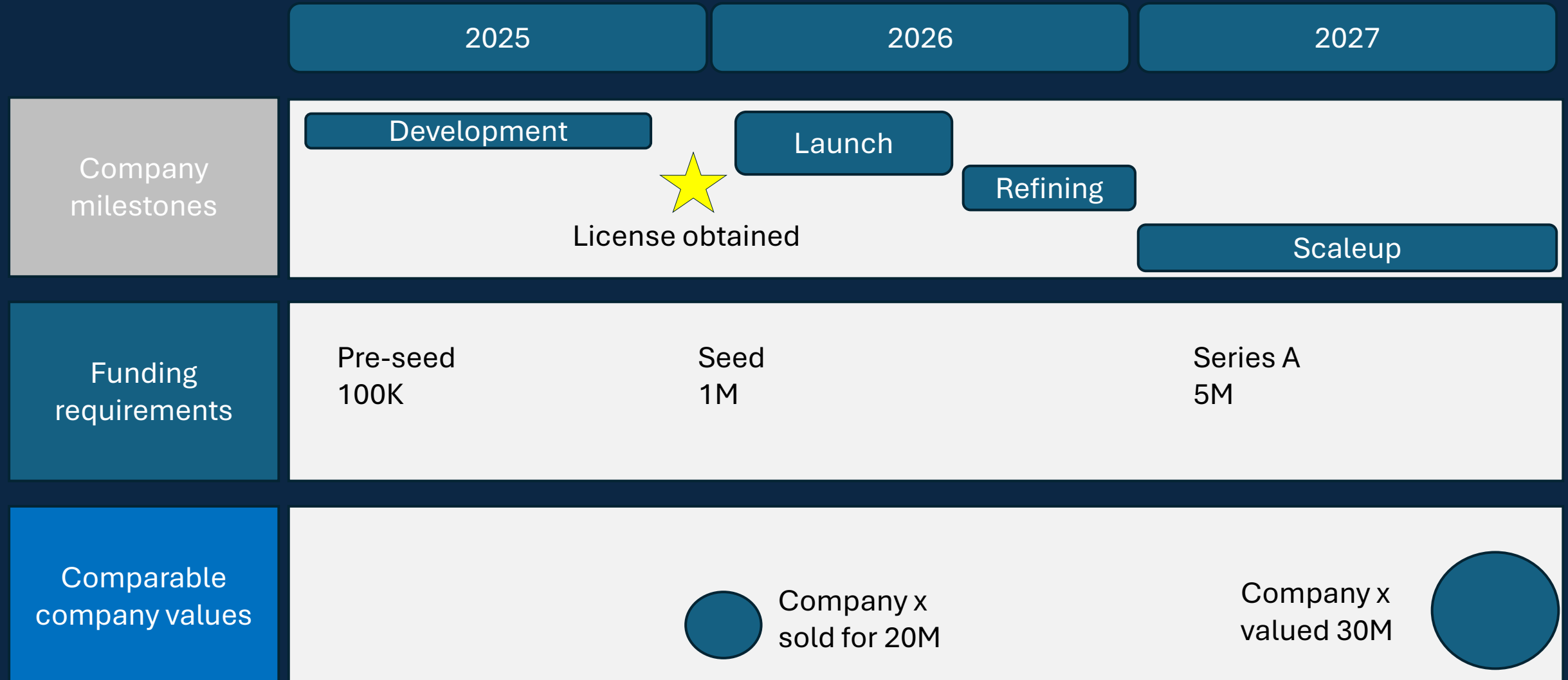
Valuation of early-stage startups

- Comparable Transactions (Market Comparison)
- Scorecard Method
- Risk Factor Summation
- Venture Capital Method (VCM)

Rule of thumb in early-stage valuations

- *1M CHF for a strong team with a good concept targeting an attractive market.*
- *3-5M for a Startup with prototype, beta-software or pilot customers.*

Projected timeline and funding milestones



Finances historically

- How financed to date?
- How much raised?
- Grants/ other non-dilutive funding
- How long is the runway (if not critical)

Non-dilutive financing

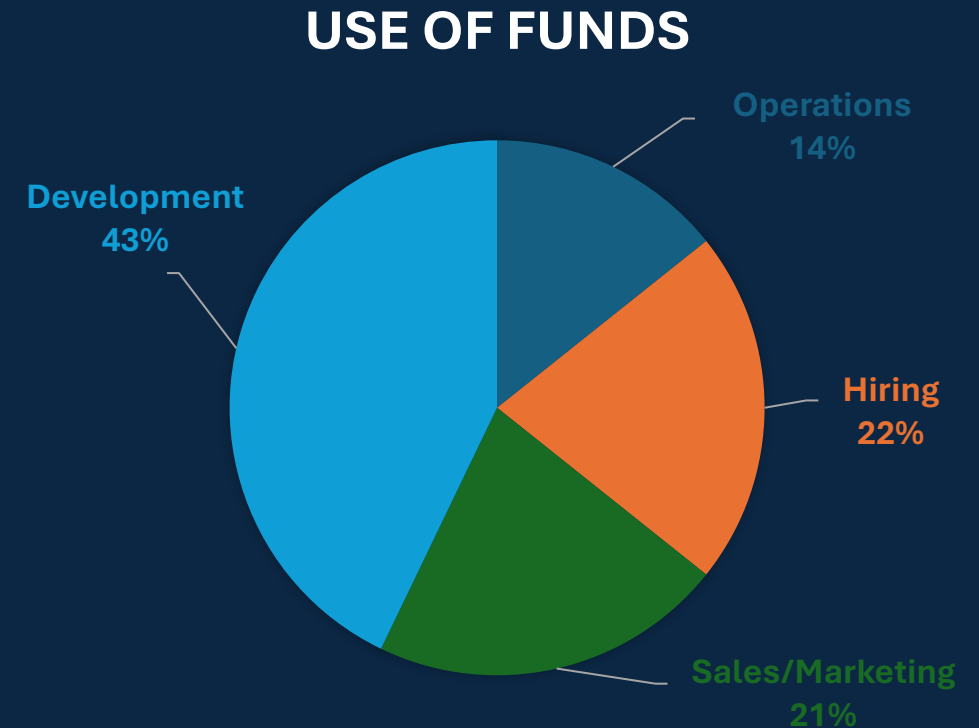
- Alternative to CLA and equity offering is to raise non-dilutive financing. Non-dilutive financing instruments are grants, awards, competition wins, etc.
- Most non-dilutive financing is tied to university or research organization affiliation. Check your eligibility carefully.
- Many grants come with an equity component or promise to return the financing in case of success.
- These are great options in early-stage but require significant time investment and are highly competitive.

Convertible loan agreement or Equity round

- CLA is an agreement to loan money to the company with certain conditions
 - CLA has typically a discount of 10-20% of the share price
 - Valuation cap when the loan is converted to equity
 - Maturity date when the conversion happens
 - Information rights to follow the company growth
- Why CLA vs early equity round?
 - Allows raising small amount of financing cheaper and faster than equity round
 - CLA allows startup to raise funding without determining the valuation
 - Helps founders to preserve ownership in early low valuation stages

Current raise information

- Current state: pre-seed, seed, series A, etc.
- Pre-money valuation
- Total raise
- Discount to early investors (CLA)
- Valuation cap (CLA)
- Conversion maturity (CLA)
- Minimum ticket size (if any)
- Investors involved in the round
- Information rights



Investor Data Room Checklist

- 1. Business overview
 - Pitch Deck (final version)
 - Business model canvas
- 2. Company / Governance
 - Legal Documents (incorporation, shareholders agreement)
 - Capital Table
 - Board meeting documents (Structure, protocols, minutes)
 - Regulatory documents or licenses
- 3. Team
 - Organizational chart
 - Team Bios & CVs
 - Employment contracts
- 4. Financial state
 - Balance sheet
 - Financial Projections (cash flow and burn rate)
 - Historical Financials
- 5. Customers
 - Customer Contracts and Letters of intent (LOI)
 - Market analysis (size, growth, trends)
 - KPIs (sale cycle, lead conversion, customer satisfaction, revenue/customer)
- 6. Intellectual Property
 - Trademark, domain registration
 - Freedom to operate report
 - Data protection, data security
- 7. Software/hardware product
 - Providers, critical supply, inventory monitoring
 - Network providers, coding language, software licenses
 - Quality assurance

Final thoughts

- Raising money is essential for most of the startups. Alternative is to bootstrap and have early customer projects.
- Start raising money before it is critical (at least 6 months runway). This way you have options and time to look for the right investors.
- Investors want to accelerate the startup growth to increase their valuation. This minimizes risks, increases ROI and lowers dilution for the existing shareholders.
- Raising funds can take weeks with CLA or months in equity rounds. Investor due diligence process can take weeks and is delayed if startup is not providing missing information. The worst outcome is no investment and wasted time for everyone.

Advice and experience

Connect with me if you need advice, support or experience in the financing strategy.

matti.kesti@investor.sictic.ch

+41 79 505 9699



Disclaimer

The information contained in this presentation is provided for informational purposes only and does not constitute investment advice, an offer to sell, or a solicitation of an offer to buy any securities.

Investing in early-stage companies involves significant risks, including potential loss of the entire investment. Past performance is not indicative of future results, and projections or forward-looking statements are inherently uncertain. Actual results may differ materially from those expressed or implied.

This presentation does not take into account the investment objectives, financial situation, or particular needs of any individual investor. Prospective investors should consult with their own legal, tax, and financial advisors before making any investment decision.

No representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained herein. The presenters and the company expressly disclaim any and all liability relating to or resulting from the use of this material.