Rothschild & Co
Global Advisory

Growth Equity Update

7 June 2022 – Edition 2

- Mood has turned more cautious in the private capital markets
- Adapt and survive - A round of warnings from VC groups to founders about the likely scarcity of new capital and the need to focus on a path to profitability
- A rapid response in reshaping their cost base and priorities from some high-profile unicorns
- A growing number of down rounds now seems inevitable – valuations have shifted down, metrics have changed, global economy has slowed.
- A shift in attitude to down rounds – not a negative event – rather a positive signal that further funds can be raised
- We discuss seven alternatives in, and to, a down round - Don't raise; keep it in the family; consolidate; be consolidated; use more structuring; raise venture debt; get a minority investor.
- Best-in-class companies, addressing critical requirements, will continue to attract support. Specialist funds (crypto, fintech, ESG impact) still need to deploy their capital.
- Looking for 'less bad' to lead the sentiment turn - Market already discounting a lot of bad news…
- Negatives endure, particularly Ukraine impacts and reducing global GDP forecasts
- Potential positives coming through – peak inflation and interest rates in sight. China's easing of Covid restrictions may benefit supply chain difficulties; global recession may yet be avoided.

Growth Equity – Rapid response to changing conditions

Venture investors warn of tougher times ahead in capital raising

Since the start of 2022 we have seen sharp falls in the public markets on the back of a combination of rising global inflation, rising interest rates and increased geopolitical risk. The NASDAQ market, weighted towards growth and tech, rallied at the end of May, finishing the month down 2%, taking the ytd fall to end May to 23%. The more broadly based S&P 500 was unchanged in May and is now down 13% ytd. The Refinitiv Venture Capital Index, which seeks to monitor the real time performance of the venture capital industry, retreated another 8% in May and is down 49% ytd.

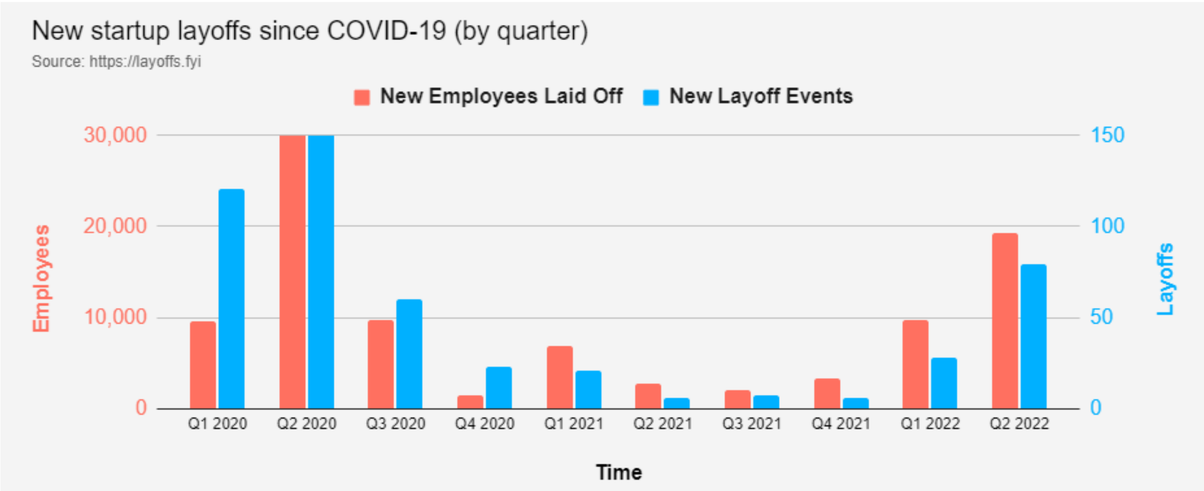
The pace of IPOs has slowed sharply in 2022 meaning the ease with which investors can monetise their late-stage private capital investments has deteriorated. Most IPOs are in a 'wait and see' mode.

The public market valuation declines will be reflected, and even amplified, in private market valuations. With IPOs reduced to a trickle, the other financing stages begin to back up and in time the effect of delayed exits will ripple back through the funding stages. The speed at which financing rounds take place has already slowed down and the valuations at which deals are done are likely on average to reduce.

Even well positioned, strongly performing companies may, as Sequoia observed in its recent missive to founders, be affected. Sequoia and others have observed that the market has moved on from revenue growth at all costs and that venture capitalists are now prioritising companies with a path to positive cash flow and profits. We have already seen companies respond with some of the biggest players in the 'buy now pay later' and the rapid grocery delivery markets making staff reductions as the pursuit of out-and-out revenue growth is sacrificed to the need to preserve cash. Incidences of layoffs in venture capital backed companies are rising sharply.

Our summary of the outlook is

- There is a delayed effect between valuations in the public markets and the private markets, but the effect of lower public market valuations will inevitably come through.
- There is still dry powder out there, albeit this may now be deployed more to supporting existing investments rather than new investments.
- Best-in-class companies, addressing critical rather than nice-to-have requirements, continue to attract support and this is likely to remain the case.
- There will be a growing number of down rounds, albeit the substantial fund raising of 2021 and the ability of companies to eke out existing resources may limit the number of these.
- The speed of the investment process will slow down considerably.
- Valuation criteria are likely to see a different emphasis with revenue multiples supplemented by a more traditional mosaic of valuation incorporating DCF and comparative public multiples.
- There are still hotspots for investment notably in fintech and software. Certain investors remain very active in the space with substantial funds to deploy.



Source: Layoffs.fyi

Down rounds for all?

No – some companies and industries look better favoured.

Some types of company may struggle with fundraising in this environment.

"Right now, the start-ups that are in the trickiest situation are growth-stage start-ups with unicorn-type valuations, a high burn rate, good but not great metrics, and 12 months of cash. You're going to see a lot of layoffs there, because companies need to urgently cut their burn if they don't want to run out of cash."

Matt Turck, partner at Firstmark quoted in WIRED

'This slowdown will have disproportionate impact on international companies, asset heavy companies, low margin companies, hardtech and other companies with high burn, long time to revenue.'

Y Combinator

By contrast well managed companies that are appropriately positioned with either profits or a clear path to profitability may find valuations remain robust in future funding rounds.

Many well-placed companies which have raised in the recent past may simply postpone further fund raises. Others are going ahead and May saw 35 unicorn companies across the US (24) and Europe (11) raising fresh funds. By industry these were concentrated in ***AI/Software/data*** (17 deals - including Inflection, Cribl, Rippling, Aiven and Paddle); in ***Fintech*** (7 deals- SpotOn, Neo, Unit, GoCardless, Thought Machine, Alan, Caribou); ***Crypto and blockchain*** (three deals- Chainalysis, Telos, Starkware), ***Clean Tech*** (4 deals- Group14, Arcadia, British Volt, Polarium) and ***Cybersecurity*** (2 deals - Abnormal, Material Security).

There will be down rounds – What should the response be?

A slowing global economy and the lower valuation environment means down rounds may become a regular feature of the landscape. The opprobrium attached to them should reduce, and even reverse, as they become more common.

Down rounds are often regarded as undesirable and as a last resort. They disrupt existing investors by crystallising a lower valuation. For company founders they imply greater dilution of their equity than hitherto experienced. In recent times a down round has typically been seen as a sign of reduced market confidence in a business, as a sign of loss of momentum and as a negative signal to employees and other stakeholders.

Driven by the changed valuation and economic environment in 2022 versus 2020/21: A company that raised money at 20x revenues last time out in 2020/21 may find that only 10x sales (or maybe less) is on offer next time around. To maintain absolute valuation revenues would need to double just at the time when global economies are hitting a rough patch. It may also be the case that funders' choice of metric is different and that they are more interested than hitherto in the path to profitability. Founders too may be deliberately slowing revenue growth to preserve cash and reach break-even more quickly. It could be some years before revenue or multiple reflation can get companies back to a similar absolute valuation.

This narrative around down rounds should change We can propose three fresh principles in this new environment for down rounds.

1. A changed world of valuation. A down round in 2022/23 is primarily a question of valuation rather than a mark of stigma for the company in question. Valuations are down across the board on NASDAQ. The cost of capital is rising. There is no necessary negative implication in a company having a down round and founders need worry less about the impact on employee retention and on other stakeholders. Indeed, one consequence may be that, by resetting the level of employee options, it may make it easier to attract new talent.

2. Safety in numbers: There will be a lot of down rounds. Though founders will need to accept greater dilution and VCs may have to crystallise a down valuation, this will now be the rule rather than the exception.

3. Positive that the fundraising is going ahead. That a company is able to attract fresh backing and money in this environment, even at a lower valuation, may come to be regarded as a positive rather than negative signal. There will be plenty of companies where the funding is not going to be available.

There are also, of course, historic examples of start-ups which had down rounds and went on to enormous success. Facebook had a down round in 2010 post the global financial crisis (https://techcrunch.com/2011/01/10/facebook-5/).

Overall a down round is a response to the changed environment. The economy is tougher, the valuations available are lower, there is a need to preserve cash and move towards profitability metrics.

> ‘If you are in the process of raising, close your raise as quickly as possible…
>
> *’Tom Schmidt - Dragonfly*

Are there alternatives to, and in, a down round?

There are a number of options if facing a potential down round – Rothschild & Co can advise

Option	Method	Implications
1. Don’t raise	Preserve cash Get through to better market conditions	Slower top line growth Big change from growth mindset to cash preservation
2. Keep it in the family:	VCs focus resources on existing investments VCs may need to sift for long term winners in the portfolio.	Companies access fresh capital Likely to crystallise lower valuations Reliant on existing funders having appetite and capacity
3. Consolidate	Take advantage of lower valuations to acquire compeitors Keep or accelerate the growth path	Needs ambition and financing May require a new set of larger investors - private equity?
4. Get consolidated	Be the target of an acquirer Another route to scaling up	Crystallises the valuation Possibility of rolling over into the larger entity.
5. Use inventive structures	Convertibles/ preference shares/warrants/SAFES Provides additional capital in debt/deferred equity form	Offers investors potentially attractive terms Maintains investment and potentially softens a down valuation
6. Debt financing	Raise venture debt rather than equity Needs to be repaid - likely smaller than equity round	Avoids crystallising a down round Extends the funding of the business Warrants may be attractive for VCs
7. Minority interest	Provides capital to the venture business And may strengthen it through expertise, credibility, scale	Corporate venturing may be attractive for an incumbent. Potentially attractive to the VC owners Founders may welcome the boost to the business.

Source: Rothschild & Co

Seven ways

> ‘You just slip out the back, Jack, make a new plan, Stan
> You don't need to be coy, Roy, just get yourself free’
>
> *Paul Simon*

1. Defer the raise:

‘…the most jarring mindset shift that CEOs must endure is that they can no longer depend on more money to cover up problems. The money may, in fact, materialize; but we don’t recommend planning on it for 2022, or even for 2023.’

Lightspeed Venture Partners

Arguably the most obvious solution is to manage the business to eke out the cash presently available. 2020/21 were record years for company fundraisings in private capital and many of the companies that raised may have a sufficient cushion to carry them through into safer waters in 2023 or 2024.

There are though a couple of implications. This approach may require a very different mindset in the way the business is run. It highlights cash preservation over the relentless pursuit of growth which hitherto, for many, has been the key metric of success.

Such an approach will be easier for businesses that are already profitable, cash flow positive or on a firm route to either of those conditions. For other businesses, where the model has been based on market capture at the expense of short-term losses and cash burn in expectation that continued funding of deficits would be available, it will be a much tougher order.

2. Keep it in the family: We are already seeing signs of some venture funds slowing down new portfolio investments. It is likely that many venture funds may choose to concentrate the bulk of their firepower to support existing investments.

By backing existing bets, venture funds can ensure their companies get continued access to fresh capital. The crystallisation of a down valuation is still an issue for VCs. With an internal round though, there is a chance for existing investors to average down in their chosen businesses and for discretion over valuation. For founders it means an adjustment to value expectations and potentially the acceptance of greater dilution than they might have previously seen.

3. Be a consolidator: One route forward for founders of strongly positioned companies is to take advantage of a more difficult funding environment for peers by acting as a consolidator of their industry. There may be the chance to accelerate growth and create synergies by buying counterparts, taking advantage of lower valuations and shortage of funding amongst their competitors.

An acquiror may be able to do this by using excess funds raised in 2020/21. Alternatively, a step up in the scale of funding, perhaps by moving beyond the existing VC funders to private equity, may be appropriate. It is an opportunity that stronger and more ambitious companies may look to take.

4. Get consolidated: The obverse route is to be consolidated by a larger player. It may avoid the need for a down round and crystallises what may be valuation gains for existing investors. It may be possible for these investors to roll their interest into the combined entity and benefit from any ensuing combination benefits. Founders may be able to do the same. Alternatively, it could act as a liquidity event for both.

5. Use inventive structures – Convertibles/preference shares/warrants/ SAFES/tranche mechanisms… There are a number of structures that can be put into place that mean extra capital can be provided to companies while softening the valuation impact for their VCs.

In the short-term ***anti-dilution provisions*** from previous deal rounds may exacerbate the impact of a down round on founders' holdings and care must be taken not to make this too discouraging for them. It is possible that new investors may look to negotiate away existing investors' protections in a new round.

Looking into a new round there are a number of options***. Convertibles*** offer investors potentially favourable terms, interest income (also potentially convertible into equity) and superior liquidation rights as debt holders. New anti-dilutive ***preference share*** provisions protect investors either by issuing them additional shares in future funding rounds or by lowering the conversion price for their preferred shares.

For earlier stage businesses ***SAFE*** (simple agreement for future equity) arrangements provide rights to the investor for future equity in the company similar to a ***warrant,*** except without determining a specific price per share at the time of the investment. The SAFE investor receives the future shares when a priced round of investment or liquidation event occurs. ***Tranche*** investment, often seen in early stage or landmark heavy industries like biotech, offers an opportunity to phase investment over a longer period with new tranches of the committed money being made available only when certain landmarks are reached.

6. Debt financing: Venture debt is usually short to medium dated. The typical characteristic is that a company must be profitable, or at least cash flow generative, and/or asset backed in order to raise debt. There are certain industries where lenders are willing to look at stable, recurring revenue streams as a secure quasi asset against which they are willing to lend. Typically, this is in sectors such as SaaS and enterprise software where products once sold become deeply embedded in customers' operations, tend to grow revenues and have very low churn. The visibility on the revenue streams replaces leverage or cashflow metrics for the lender.

Rothschild & Co can potentially advise on arranging venture debt at c1.0x-2.5x ARR for companies with £10m ARR. For founders wanting to avoid a dilutive round and confident that, given time, their business may grow revenues and valuation very quickly, this may be attractive.

Alternatively for EBITDA profitable businesses, even at a low level of c$1-4m, there are credit led private debt funds who will put together packages which are debt led but which combine an element of equity.

7. Corporate VC minority interest: This is a different form of investment with a corporate venture capital investor taking a substantial minority stake in the business. A corporate VC may not need its target to be profitable or cash flow positive as its interest may lie in investing in disruptive businesses that touch on the core activity of the parent. Corporate VCs tend to be relatively patient with a long-term investment horizon. The parent relationship can potentially unlock value not accessible via a financial investor through strategic co-operation, additional credibility, channel access, product benefits and market clout for the start-up. Ultimately there may be acquisition interest from the parent. The potential downsides are that a closer relationship may make the start-up less appealing to traditional VCs in future funding rounds and that the ultimate exit to the parent may lack competitive tension.

Advice to founders… Given

Leading venture capital firms have rushed to advise managements in whom they have invested that the funding environment has sharply tightened, that the global economy has deteriorated and that rapid action to focus on a path to profitability and a reduction of cash burn may need to take preference over growth aspirations. There is plenty of evidence to suggest that this advice is being heeded.

Craft Ventures - David Sacks

'Top up if possible, be open to lower valuations. Adjust now to ensure 30+ months' runway – modify hiring plans, consider hiring freeze; trim S&M spend unless near-term, measurable ROI. Aim for a burn multiple of ~2 or lower. Act fast.'

Fundraising bar is higher, but still possible

	Great	Good	Danger Zone
Growth	3x	2.5x	Under 2x
Gross Margins	70%	50%	Under 20%
Net Dollar Retention	140%	120%	Under 100%
CAC Payback	6-12 months	12-18 months	Over 24 months
Burn Multiple	1 or less	1.0-1.5	Over 2

Craft Ventures | Operating in a Downturn | May 2022

Source: Craft founder chat- Operating in a downturn - May 2022

Craft Founder Chat: Operating in a downturn - Google Drive

Tom Schmidt - Dragonfly

'If you are in the process of raising, ***close your raise as quickly as possible*** *and retain the talent you need in order to build through this downturn. If you've recently raised, now is the time to focus on what's important and cut the fat, both in product direction and in personnel.'*

To All Dragonfly Founders and Friends | by Tom Schmidt | Dragonfly Research | May, 2022 | Medium

Y Combinator

'Cut costs and extend your runway within the next 30 days. *The safe move is to plan for the worst. Your goal should be to get to Default Alive [The status of being on trajectory to reach profitability before running out of money]…….****If*** *you don't have runway to reach Default and* ***your existing shareholders are willing to give you more money (even on the same terms as previous rounds), you should strongly consider taking the money.***

This slowdown will have disproportionate impact on international companies, asset heavy companies, low margin companies, hardtech and other companies with high burn, long time to revenue.

For those of you who started your business in the last 5 years, your fundraising experience was likely not normal, and future fundraises will be much more difficult.

If your plan is to raise in the next 6-12 months, you might be raising at the peak of the downturn. Remember your chances of success are extremely low even if your company is doing well. We recommend you change your plan.'

https://twitter.com/refsrc/status/1527238287471292417/photo/1

Sequoia – Then and Now

Sequoia 2008

RIP Good times.pdf (dropbox.com)

Sequoia 2022

Sequoia observes that ***all out revenue growth is no longer what VCs are looking for; that VC preference is now for companies which are profitable and cash generative***; and that cheap capital is now in short supply.

adaptingtoenduremay2022.pdf (documentcloud.org)

Lightspeed

'After the last few years, ***the most jarring mindset shift that CEOs must endure is that they can no longer depend on more money to cover up problems. The money may, in fact, materialize; but we don't recommend planning on it for 2022, or even for 2023.***

While growth may slow in the near term, the good news is that future investors will not fault you for dialing back your ambitions temporarily to shore up the business. Those companies that use this time to strengthen their fundamentals will be rewarded by their customers and the financial markets in due time.'

The upside of a downturn… Reflections on the market meltdown… | Lightspeed | May, 2022 | Medium

…and received

Sebastian Siemiatkowski CEO and Co-founder of Klarna

'We decided that we're going to change the weight of our investments and ***focus more on short term profitability*** *over long-term new investments.'* Quoted in the FT May 26, 2022

Company announcement from CEO Sebastian | Klarna US

Kagan Sumer -Co-Founder and CEO Kagan Sumer, Gorillas

'We will increase our investments in our core markets: Germany, the Netherlands, the UK, France, and the US - where we make 90% of our revenue and are on ***a clear path to profitability****. For Italy, Spain, Denmark and Belgium, very attractive markets in their own rights, we are looking at all possible strategic options for the Gorillas brand.'*

A Message from Co-Founder and CEO Kagan Sumer — Gorillas

David Hatfield and Jay Parikh – Co CEOS of Lacework

*'Over the past several weeks and months, a seismic shift has occurred in both the public and private markets. While we do not have control of the environment around us, we do have a responsibility to control how we operate our business and make changes as needed to best position the company for continued and long-term success …….****We have adjusted our plan to increase our cash runway through to profitability and significantly strengthened our balance sheet*** *so we can be more opportunistic around investment opportunities and weather uncertainty in the macro environment.'*

Lacework Update - Lacework

Maju Kuruvilla – CEO of Bolt

'…the leadership team and I have made the decision ***to secure our financial position, extend our runway, and reach profitability*** *with the money we have already raised.*

A Message from Bolt CEO Maju Kuruvilla

Any good news?

Looking for 'less bad' to lead the turn:

The checklist

In our last review we said that we were looking for 'less bad' to lead the turn in market sentiment. We wrote

'At present the market continues to absorb the negative change narrative and this will likely continue to dominate the news agenda for a while. In due course this narrative will become 'less bad'. The core factor is probably inflation whose leap has driven the new era of rising interest rates. Once inflation and interest rates appear to have peaked the pressure on markets should ease, the IPO log jam will start to be released with the benefit in turn cascading back through the private capital markets. There are one-off factors that could help – any sign of cessation in hostilities between Russia and Ukraine; the relief from heightened Covid restrictions in China; and, more prosaically that, recession fears having been raised, the global economy simply manages to avoid falling into recession.'

Let's check out that checklist:

1. Global inflation and interest rates

Peak in sight? Substantial slowdown likely in 2023. Possibly coming towards the end of the central banks' 'front-loading' of interest rate hikes in the US and the UK.

JPMorgan Chase economists said on May 27 that global inflation will peak at an annual rate of 8.6% this quarter. They pencil in a *"substantial step down"* to a 3.25% average pace in the second half of 2022.

"Under the hood, there continue to be signs that inflation, labour market tightness, and supply chain woes may all have peaked." Yung-Yu Ma, chief investment strategist at BMO Wealth Management (quoted by Reuters May 11).

Melissa Davies, Economist at Reburn Research, provides this insight:

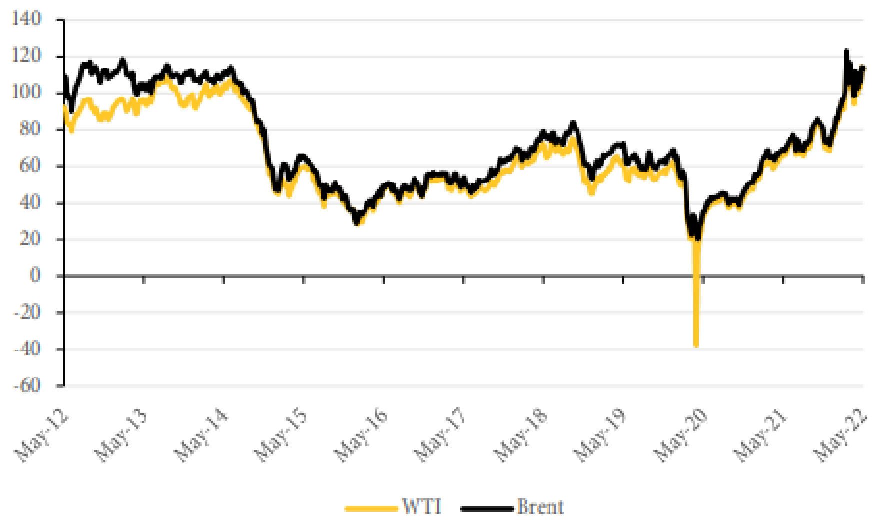
'On balance, we expect US and Eurozone inflation to plateau yet remain volatile for the rest of this year*, with UK inflation poised to jump by several percentage points in the Autumn due to the idiosyncrasies of its utilities market. In 2023, from March onwards, energy price pressures will annualise out vigorously, leading to a potentially rapid normalisation of CPI in the developed markets.*

Overall, ***we expect inflation to broadly plateau this year****, with continued food price inflation trading off against the unwinding of 'lockdown goods' and 'services reopening' inflationary pressures. The exception is the UK, where pent-up utilities price gains will push inflation higher again in the Autumn.*

We are more optimistic about the trajectory for Eurozone inflation than a couple of months ago, with some economies already past the worst of the utility price shock. Inflation is likely to decelerate, perhaps rather swiftly in Europe, in 2023, against a backdrop of slow but not recessionary economic activity.

This inflation profile suggests we should be coming towards the end of central banks' 'front-loading' of interest rate hikes in the US and the UK. *The US begins QT in June and is likely to add 100bp of hikes over the next two meetings, but further tightening is far from guaranteed and will depend on the strength of labour market and consumer data in the Autumn. Even hawkish Bullard is now talking about the possibility of rate cuts in 2023 and 2024. For the UK, the peak of the rate cycle may be very close if not already achieved.'*

Oil prices ($/bbl)



Source: Datastream and Redburn Research –When will the inflation wave recede? - Melissa Davies – 26 May 2022

2. China – Shanghai restrictions lifted:

May ease some of the supply side pressures

Authorities in Shanghai ended some Covid-19 lockdown measures imposed on businesses from June 1 following almost two months of strict lockdown. The move has seen *"unreasonable restrictions"* being lifted on restarting work and production at companies according to vice mayor Wu Qing. Companies since June 1 no longer need to be on a *"whitelist"* to resume production.

3. Russia -Ukraine

Little sign of an ending to the conflict or its associated economic dislocation

Arguably the impact is strengthening with the disruption to Ukraine's foodstuffs exports and the partial EU ban on Russian oil imports.

4. Global recession?

Widely expected, may yet be avoided.

The spectre of global recession continues to be raised. In late May ***the head of the World Bank, David Malpass*** warned that Russia's invasion of Ukraine could cause a global recession,

"As we look at the global GDP... it's hard right now to see how we avoid a recession….the idea of energy prices doubling is enough to trigger a recession by itself."

The ***World Bank*** recently cut its global economic growth forecast for 2022 by nearly a percentage point, to 3.2%.

The ***IMF*** World Economic Outlook published in April reduced its forecast for 2022 global growth from 4.9% to 3.6% with the same again for 2023. The IMF's Managing Director speaking in Davos recently commented that the world needs to focus and look for peace in Ukraine to avoid recession.

"We are not in a recession yet, but the signs are not good". ***David Rubenstein, co-founder and co-chairman of Carlyle*** at the World Economic Forum in late May.

"We have downgraded projections for growth for 143 countries, accounting for 86% of GDP." ***François Villeroy de Galhau, governor of the Central Bank of France*** at the World Economic Forum.

'… if predictions that outright recession lies around the corner are absent elsewhere, economists' assessments of recession probability have been rising, notably in the US. Indeed, the quarterly survey of US economists conducted by the Wall Street Journal in April produced a recession risk of 28% – higher than the prior peak recession risk numbers seen in December 2012 and July 2016 of 24% and 22% respectively – but still below the 33% recorded in September 2011 or the 35% of September 2019. It's likely, moreover, that the general assessment of US recession risk has risen further over the past month as Fed officials have talked publicly in an increasingly hawkish fashion. Indeed, we get the impression that a 1 in 3 chance is probably now the norm.' ***Ian Harwood – Economist at Redburn***

Rothschild & Co: Selected 2022 deals in Growth Equity and Private Capital

A selection of the deals on which we have advised thus far in 2022.

Carsome: US$290m Series E

- US$290m Series E fundraise led by SeaTown Holdings International and 65 Equity Partners Holdings
- The funding round brought Carsome's valuation to US$1.69bn, cementing its position as Malaysia's first and largest tech unicorn
- This was the second fundraise by Carsome this year following the US$170m Series D2 round in September 2021, on which we also advised

Marwyn Acquisition Company II: £500m equity raise

- In March 2022 advised Marwyn Acquisition Company II on the launch of its equity raise, by way of a 12-month placing programme
- The company will seek to raise up to £500m during the next twelve months from equity investors in a structure which is distinct from the typical 'SPAC' structure

FL Entertainment: €7.2bn combination with Pegasus Entrepreneurs and simultaneous c€550m equity raising

- FL Entertainment is composed of Banijay, the largest independent content producer globally, and Betclic Everest Group, Europe's fastest-growing sports betting platform. Pegasus Entrepreneurs is an Amsterdam-listed SPAC backed by Financière Agache and Tikehau.
- Largest ever European SPAC business combination and PIPE raising.
- FL Entertainment becomes Amsterdam-listed, with pro forma market capitalisation of €4.1bn

Insight Partners: strategic investment in Precisely

- Led investment in a recap of Precisely Software Incorporated, in an investor group that will also include Partners Group, Clearlake Capital, TA Associates, and Centerbridge Partners
- Precisely is a leading data integrity and infrastructure software company targeting enterprise customers. Its software solutions are used to help its customers organize, validate, collate and analyze data in an accurate and efficient manner across diverse environments.

Kpler: Minority stake Acquisition

- Sole financial adviser to Five Arrows Growth Capital and Insight Partners on their joint acquisition of a minority stake in Kpler Holding S.A. from its founders.
- The transaction consisted of an acquisition of c.30% of the secondary share capital of Kpler plus a primary investment of €20m into the Company
- Kpler is a leading SaaS provider of data and analytics to energy markets by leveraging satellite and other data sources to provide real-time insight on demand and supply fundamentals across commodity types.

Harmay: US$90m Series D

- Harmay is a premium beauty retailer offering 9,000+ SKUs from 400+ international brands in China, and via its WeChat mini-program store
- Advised Harmay on its US$90m Series D equity financing from a group of leading Chinese and global growth equity /venture capital funds
- Raise was led by QY Capital (an entity related to Alibaba New Retail Fund) and included existing investors General Atlantic, Eastern Bell Capital, N5 Capital and Ocean Link

SEBA Bank: CHF110m raise

- In January 2022 acted on SEBA's CHF110m fundraising co-led by a consortium of new investors specialized in blockchain and fintech including Altive, Ordway Selections and Summer Capital
- DeFi Technologies, a NEO listed leader in decentralized finance, and Alameda Research, a global cryptocurrency quantitative trading firm, also participated

First Digital Bank: US$120m capital raise

- First Digital Bank (FDB) is the first bank to receive a banking license in Israel for over 42 years and the first neobank to operate in Israel
- Advised on FDB's US$120m capital raise through a syndicate of investors which included Tencent, SBI Investment Co, Julius Baer, and West Coast Equity Partners
- Transaction valued FDB at US$320m on a post-money basis and built on the success of Rothschild & Co's £325m Series D fundraise for Starling Bank in 2021

Fibrus: £270m seven-year debt package

- Fibrus is an alternative provider of full fibre network infrastructure and broadband in rural UK
- Advised Fibrus in relation to a £270m seven-year debt package, comprising a £200m capex facility, £20m revolving facility and up to £50m uncommitted accordion facility
- We are highly active in European fibre infrastructure with this transaction marking our 7th debt financing mandate in UK fibre in the last 3 years following mandates with G.Network, CityFibre, Covage, Altice, Gigaclear, INEA and inexio

Neuberger: US$4.8bn valuation Getty Images combination

- CC Neuberger Principal Holdings II is a special purpose acquisition company that completed its initial public offering in July 2020, raising US $828m in proceeds
- Advised the company on its proposed business combination with Getty Images valuing the target company at an enterprise value of US $4.8bn, equivalent to 15.2x enterprise value to 2022E Adj. EBITDA of US $315m
- Transaction is expected to close in the first half of 2022, subject to customary closing conditions

Azerion: €1,300m enterprise value combination with EFIC1

- Azerion provides technology solutions to automate the purchase and sale of digital advertising inventory for advertisers, publishers and game creators. It also operates online games and digital content
- Advised Azerion on its €1,300m enterprise value combination with European FinTech IPO Company 1 B.V ("EFIC1") - a SPAC that raised c.€382m through IPO on Euronext Amsterdam in March 2021 with the objective to combine with a fast growing, profitable and tech-enabled European champion
- Landmark transaction - one of the largest de-SPAC transactions across Europe to date

Gousto: £240m primary and secondary rounds

- In January 2022 completed a £70m primary financing for food delivery company Gousto with Softbank Vision Fund 2
- In February we completed the secondary component of £170m from institutional investors including SoftBank, Grosvenor Food & AgTech, Railpen and Fidelity International
- Transaction valued Gousto at £1.2bn on a pre-money basis, ~£400m higher than the December 20 round, with EV/EBITDA in the mid 20s

For more information, or advice, contact our Growth Equity team:

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