

The terms set out in this document form a nonexhaustive list of terms commonly used in the context of venture capital transactions and venture-backed companies. The definitions reflect typical usage, but the precise meanings are often subject to context and may be used by different people in slightly different ways and should therefore be treated as examples only. Appropriate legal, financial and tax advice should be sought in respect of any transaction. This document is not a substitute for taking such advice.

Term	Definition
Accelerator	Time-limited, intensive programme providing mentorship, resources and funding to startups to help them scale and grow rapidly.
Angel Investor	High-net-worth individual who provides capital to early-stage startups in exchange for equity.
Angel Syndicate	Group of angel investors who collectively invest in startups, often sharing due diligence efforts and investment decisions, and collaborating to pool resources and collectively invest in a startup.
Antidilution Protection	Provision that protects existing investors' ownership percentage by adjusting the conversion price of their shares in subsequent funding rounds.
Board of Directors	Group of individuals responsible for overseeing the company's management, strategy and major commercial decisions.
Bridge Financing	Short-term financing provided to a startup to bridge the gap between two funding rounds or until a more substantial and/or long-term investment is secured.
Burn Rate	The rate at which a company spends its available cash to fund its operations.
Cap Table	Capitalisation table that outlines the ownership stakes of shareholders, including founders, employees and investors, along with their respective percentages.
Co-investment	Investment made by multiple investors in the same startup, sharing the investment amount, risks and potential returns.
Compulsory Transfer	A provision in a company's constitution that requires a founder to offer some or all of their shares for sale on certain event, usually including cessation of employment. The price payable for the shares is generally dictated by the circumstances in which that person's employment ceases and the time elapsed since they held the shares.
Convertible Note	Debt instrument that can convert into equity at a predetermined valuation in a future financing round.
Crowdfunding	Online platform-based method of raising capital from a large number of individuals, who each contribute a relatively small amount in exchange for equity.
Customer Acquisition Cost	The average cost a company incurs to acquire a new customer, including marketing, sales and promotional expenses.
Dilution	Reduction in the ownership percentage of existing shareholders when new shares are issued, often in subsequent funding rounds.
Drag-along Rights	Provision that enables majority shareholders to force minority shareholders to sell their shares in the event of a sale or acquisition of the company.
Due Diligence	Investigation and analysis conducted by investors to evaluate the financial, legal, and operational aspects of a startup before making an investment decision.

Term	Definition
Earnout	Additional payment to the seller of a company based on achieving specific performance targets or milestones after an acquisition.
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	A measure of a company's operating performance and profitability.
Ecosystem	The interconnected network of startups, investors, incubators, accelerators, mentors and other entities that support entrepreneurship and innovation.
Equity	Ownership interest or shares in a company, representing a proportional claim on assets and profits.
Exit/Exit Event	Occurrence that enables shareholders to convert their ownership (or a substantial part of it) into cash or marketable shares such as those in a listed company, such as the sale of the company or an IPO.
Exit Strategy	Planned approach for investors to realise their investment and achieve liquidity, such as an IPO or acquisition.
Exclusivity Agreement	A contract between a company and an investor or acquirer that grants exclusive rights to negotiate a potential transaction for a specified period.
Financial Model	Comprehensive representation of a startup's financial projections, including revenue forecasts, expenses and cash flow estimates.
Founder	Person or group of individuals who establish and launch a startup, often providing the initial idea, vision and leadership.
IPO (Initial Public Offering)	The first sale of a company's shares to the public, enabling it to be listed and traded on a stock exchange.
Incubator	Organisation or programme that provides resources, mentorship and support to early-stage startups, typically in exchange for equity or a fee.
IP (Intellectual Property)	Legal rights protecting intangible assets, such as inventions, designs, brand names and software, from unauthorised use or duplication, and includes copyright, trademarks and patents, among other forms.
Lead Investor	Main investor or firm that takes the largest stake and plays an active role in leading a funding round and negotiating terms.
Liquidation Preference	Investor's right to receive a specific amount of proceeds, typically before other shareholders, in the event of a company sale or liquidation.
Liquidation Waterfall	The distribution of proceeds from the sale or liquidation of a company, specifying the order in which shareholders and investors are paid.
Loan Note	A written instrument acknowledging indebtedness of the company.
Pitch	Presentation or proposal given by entrepreneurs to potential investors, outlining their startup's value proposition, market opportunity and financial projections.
Pitch Deck	Presentation that provides an overview of a startup's business plan, including its product or service, market opportunity, financial projections and team.
Post-money Valuation	The estimated value of a company after external financing or investments are added.
Preemption Rights	A shareholder's right to participate in future equity issues to maintain their ownership percentage in the company.
Preference Share	A share that carries a right to a return (typically an accumulating dividend of an amount equal to the nominal value of that share), which is payable ahead of other dividends and capital returns due to holders of other classes of shares.
Pre-money Valuation	The estimated value of a company before any external financing or investments are added.
POC (Proof of Concept)	Demonstration or validation that a startup's product or technology can perform as intended and has market viability.

Term	Definition
Restrictive Covenant	A provision in an agreement that restricts a party from being involved in a competing business for a specified period. Typically, it would also restrict them from poaching staff and customers, among other restrictions.
Runway	The length of time a startup can operate with its available cash before it needs to secure additional funding or reach profitability.
SAFE (Simple Agreement for Future Equity)	Financial instrument that provides an investor the right to receive equity in a future funding round, often used in early-stage investments.
Seed Funding	Initial capital provided to a startup during its early stages.
Series A Funding	First significant round of financing for a startup from external investors, usually after seed funding, to support growth and scaling activities.
Tag-along Rights	Minority shareholders' right to join a sale of the company on the same terms as the majority shareholders, ensuring fair treatment and the ability to exit.
Term Loan	Debt instrument provided by a lender, usually a financial institution, that offers a fixed amount of money with a defined repayment schedule and interest rate.
Unicorn	Privately held startup company with a valuation exceeding US\$1 billion.
Valuation	The process of determining the estimated worth or economic value of a company or asset.
VC (Venture Capital)	Financing provided by investors to early-stage, high-potential startups in exchange for equity and the potential for high returns on investment.
Vesting Schedule	Timeline or conditions under which equity or ownership stakes are earned or distributed to founders or employees over a specific period. It often dictates the price payable where a compulsory transfer provision applies.