Complex capital structures

Selecting a methodology for valuing equity

Types of securities (If multiple classes of equity)

- **Preferred (convertible, non-participating)**
  - Use a “Post-money” approach, simplified scenario analysis approach considering a single future exit scenario, full scenario analysis or a hybrid method.
  - **Yes, highly likely to convert?**
    - Use a forward-looking method such as a relative value scenario analysis, full scenario analysis, OPM, or hybrid method.
    - **Outcomes bimodal?**
      - **Yes**
        - Use the yield method to value the liquidation preference considering the expected time to exit and the probability of forced conversion, then value the upside as the pro rata share of the remaining equity value, or use the hybrid method, OPM, or full scenario analysis.
      - **No**
        - Low value exit would provide some value to liquidation preferences.
  - **No**
    - Preferred (participating)
    - Use the yield method to value the liquidation preference considering the expected time to exit and the probability of forced conversion, then value the upside as the pro rata share of the remaining equity value, or use the hybrid method, OPM, or full scenario analysis.

Warrants
- Use an appropriate methodology for pricing options considering the capital structure and the expected exit scenarios.

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