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2018

# Valuation issues with early equity finance

Polimenis, Vasilis

Neapolis University Paphos

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**ICME 2018**

**INTERNATIONAL CONFERENCE ON MARKETING AND  
ENTREPRENEUSHIP, NEAPOLIS UNIVERSITY  
PAFOS**

**7 - 8 December 2018**

**CONFERENCE PROCEEDINGS**



### **Valuation issues with early equity finance**

Vasilis Polimenis, Professor, Neapolis University Pafos

The need to finance startups generates the effect of equity dilution. By dilution we mean the decrease in founders' ownership of the startup due to the company issuing new equity. An important issue with early equity financing is that a larger number of total shares outstanding has a dilutive effect on the ownership and control of existing shareholders. A critical parameter that determines the magnitude of dilution is the value at which new investors agree to participate, the so called pre-money valuation. As early valuations usually happen with little or no credible financial performance history data, the upshot is a conservative low valuation which aims to protect investors. Unfortunately, if not done properly, such investor protection comes at a substantial cost and control loss to the entrepreneur. One method that to some extent mitigates the risk of such an early low valuation is to finance by convertible bonds. Convertible debt is a hybrid security between common stock and plain vanilla debt, that investors buy with the intention to convert the debt to equity at some later date. The key benefits to consider is that convertible debt financing often avoids some of the difficult valuation issues, and that debt is senior to equity in the event of liquidation. In reality though, for early startups with little or no liquidation value this is not particularly valuable.

# AGENDA

1<sup>st</sup> International Conference on Marketing and Entrepreneurship – ICME 2018

7, 8 December 2018. Neapolis University, Pafos

Coordinator: Dr. Andreas Masouras

Meeting called by ICME 2018  
Attendees: open  
Please read: Instructions  
Rooms: Seminar room & G5

## Friday, 7<sup>th</sup> December 2018

10.30 – 11.00 Keynote speakers Seminar Room  
**Prof. Pantelis Sklias** | Rector, Neapolis University

**Prof. Constantinos Athanasopoulos**, Neapolis University | Η Προώθηση Δημοσιότητας των Στελεχών Επιχειρήσεων: Ουτοπία ή αναγκαιότητα;

**Prof. Angelos Tsaklagkanos**, Neapolis University | Η Τεχνολογική Διάσταση της Καινοτομίας

11.00 – 12.00 Session 1 Seminar Room  
**Mr. Kokou George**, Industry Liaison Office, Cyprus University of Technology | Innovation as a

powerful tool for Problem Solving: The key role of Universities

**Mr. Harry Ph. Sophocleous**, Strategico Consulting Group | Voting Consuming Behaviour, Political communication campaigns and Ideological Clarity - a parallel review of academic/empirical evidence

**Prof. Anastasia Reppa**, Neapolis University | Επιχειρηματική Εκπαίδευση στα Σχολεία

**Prof. Polimenis Vassilis**, Aristotle University of Thessaloniki / Neapolis University | StartUps financing

**12.00 – 12.30 Coffee break**

12.30 – 13.15

Session 2

Seminar Room

**Dr. Sotiroula Liasidou**, Cyprus University of Technology | Promoting the European member states online: A critical discourse analysis (CDA) of the official tourism websites

**Prof. Sofia Anastasiadou**, University of Western Macedonia & **Ms. Zafeiria E. Papadaki**, International Hellenic University | Consumers' perceptions toward E-Service Quality, Perceived Value, Purchase and Loyalty Intentions

**Dr. Thomas Fotiadis & Prof. Sofia Anastasiadou,**  
University of Western Macedonia | Contemporary  
advanced statistical methods for the science of  
marketing: Implicative Statistical Analysis vs  
Principal Components Analysis

**Dr. Thomas Fotiadis & Prof. Sofia Anastasiadou,**  
University of Western Macedonia | Contemporary  
advanced statistical methods for the science of  
marketing: Principal Components Analysis vs  
Analysee Factorielle des Correspondances

**13.15 – 14.15 Lunch**

14.15 – 15.15

**Session 3**

**Seminar Room**

**Dr. Artemis Savvidou,** Neapolis University |  
Παγκοσμιοποίηση και Ανταγωνισμός. Ρυθμίσεις  
υπερεθνικού και εθνικού επιπέδου και ιδίως  
ποινικής υφής

**Mr. Anastasiadis Lazaros,** University of Crete &  
**Mr. Christoforidis Christos,** Neapolis University |  
Evaluating citizens' actual perceptions and  
expectations and assessing e-Service Quality Gap  
in Public Sector related to e-Government Services

**Dr. Giossi Styliani,** University of Macedonia, **Prof.**  
**Sofia Anastasiadou,** University of Western  
Macedonia, **Mr. Gamanis Achilleas and Mr.**  
**Gamanis G. George** | Tracing the concept of

entrepreneurship and the role of an entrepreneur:  
A critical review

**Dr. Christos Papademetriou & Ms. Charalampous  
Constantia**, Neapolis University |  
Entrepreneurship and Innovation in Education:  
The model of the Inclusive Leader

**Saturday, 8<sup>th</sup> December 2018**

Session 4

**11.00 – 12.00, Room: G5**

**Mr. Ioannis Komodromos**, Neapolis University | New Generation of Consumers in the Tourism  
Industry: secondary research

**Mr. Petros Philippou**, Brand Strategist | Marketing Redefined

Workshop / Discussion / Συζήτηση.