



**BW
FINANCIAL
SERVICES**



HOW PRE-IPO INVESTMENTS WORK

Most often we offer investments in late-stage companies prior to their listing on a stock exchange (pre-IPO). But before we delve into how to invest through Bw Financial Services, here's our explanation of how investments in private companies actually work.

CAPITALISATION

First things first, where does a startup get its value? A company's value, its capitalisation (share price multiplied by the number of shares). Growing capitalisation means earnings for everyone: founders, employees with stock options, early stage investors and, of course, us - those who invest at pre-IPO stage - shortly before a company goes public.

A company's growth that is measured quantitatively by its capitalisation growth is a lengthy process that takes years. The most successful companies grow rapidly, constantly accelerating, but all go through several stages: early, mid and late. Here at Bw financial services we focus on mid to late stage pre-IPOs. Let's take a close look at each of them.



MID STAGE

Investment funds, rounds.

The company has succeeded in finding initial investments, and now its development requires more money. In order to attract necessary financing, this company will do investment rounds: research investors will come in and raise the required sum of cash. Usually, startups associate funding rounds with an important milestone in their development.

At this stage, startups use the help of investment funds. Funds vary by the types of industry they support (tech, biotech, AI, robotics), by the capital they manage and by the startups stages they specialise in when investing.

Early investment round (A,B,C,D, etc.) means more money, issuance of stock to this rounds investors and new valuation for the company. The subsequent letters represent subsequent rounds. Investors rights at every round may vary, but in general, an investor always gets an equity stake in the company being funded and the option to sell its stocks to profit from the investment.



Most well-known funds: Andreessen Horowitz, Sequoia Capital, Accel, Benchmark, Index Ventures, Kleiner Perkins, Founders Fund.

SERIES A – EARLY GROWTH

By series A stage, the company already has a developed product and customer base (it has succeeded at both in pre-Seed and Seed rounds). Now the company organises production, improves the first versions of its product, brings it to market and tests unit economics.

SERIES B – SCALING STAGE

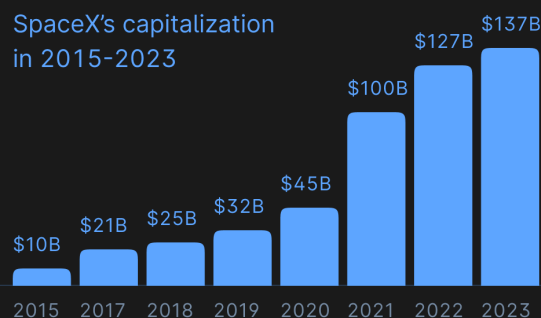
If the previous stages served to prove the company's viability, Series B round sets bigger, even more ambitious goals – scaling, expansion of production and sales, capturing new markets.

SERIES C...F – MATURITY STAGE

At this stage, a company captures a larger market share, develops new products and acquires another startup as a merger. This company is well-established and has procured stable revenue streams.

SPACEX

In February 2023 SpaceX raised \$0.75 billion in funding in series H round at a valuation of \$137 billion



A company's valuation is drawn by venture investors that build financial models and take into account multiple factors – potential market size, revenue growth and unit economics indicators, size of costs, product's functionality, etc.

The growing value indicates that a company is on the right track. As it progresses from one funding round to another, its valuation becomes more accurate. Gradually the public gets to know more and more information about its business: revenue numbers, customer base, growth rates. Provided, of course, founders and management want to disclose these financials.

LATE STAGE

Late Stage, Pre-IPO

A company's growth culminates in IPO, the process of offering corporate shares to the public for the first time. When a startup goes public, its investors in all previous funding rounds get an opportunity to cash it out.

However, in recent years companies more and more often remain private: now a startup may take 10-12 years to reach IPO from its inception. Large investors have long-term money and are ready to wait to profit more, while small and midsize investors who are used to buying stocks after IPO don't have the opportunity to make money using the same instruments.

Nowadays more and more people see the results of their investments in pre-IPO stocks and feel ready to invest in private companies though some 5-10 years ago they invested only in publicly traded stocks. The private stocks market gradually ceases to be a) a grey area with muddled rules, b) a playground exclusive for large investors.

The market is gradually embracing the concept of investments in private companies even if you have a small amount of money. We at Bw financial services are pushing the market toward this trend: we are looking for ways to let midsize and small investors profit from investments in private stocks, and we work hard to make this process as user-friendly as possible.



IPO

Exit, Underwriters, Listing, Direct Listing

Most companies aspire to do an IPO. Investors in previous rounds see IPO as an opportunity to exit, while a startup looks to get a fair valuation and solid clients that prefer to work with public companies (it's easier to evaluate their product and business condition, openness plays a vital role here).

When a startup decides to go public, it employs underwriters – investment banks responsible for administering a public offering and files its prospectus with the SEC. This startup will prepare documentation and list on a stock exchange (listing). After IPO (Initial Public Offering), the company's stocks are publicly traded and anyone can easily buy them.

However, if a startup intends to do an IPO, it doesn't necessarily need to employ investment banks. Some (like Spotify, Slack) do their own listing (direct listing). In this case you don't have an opportunity to buy stocks shortly before IPO, and those investors who bought pre-IPO stocks hold an advantage.





PRE-IPOS WITH BW FINANCIAL SERVICES

Let's take a look at what companies get on the our platform, how to join an investment and how the exit happens.

WHAT COMPANIES WE OFFER

Our analysts have years of experience investing in the private market. They select companies from all over the world that meet our requirements for a potentially successful technology business.

First, these companies create the products of the future. Secondly, they receive investor funding to fuel their growth. We carefully choose companies that exhibit rapid development and secure investments from major investment funds at each stage.

The third criterion involves identifying fully-established businesses worth hundreds of millions or even billions of dollars. We focus on companies that show clear indications of going public within the next 1-3 years, rather than early-stage startups.

HOW TO INVEST

01

Choose an Offering

You can view current investment opportunities in the Invest Now section.

If you invest through Bw Financial services for the first time, you will have to complete the verification process: confirm your client's identity (KYC) and investor's status. It is necessary to be verified only once, further investments don't require this.

02

Sign the Documents

On our website you will be able to open an account and sign the documents that specify the terms of the investment, your rights and obligations as an investor.

03

Transfer the Funds

You will receive payment instructions.

04

Wait for the Transaction

After all the investors have transferred their funds, we start a transaction process. We check the documents on the availability of shares from a seller, the structure of the transaction and other legal issues.

Next, we sign a purchase agreement and a stock transfer agreement confirming the ownership of the shares. After that, the money from our fund is transferred to the seller and your investment is open.

If a transaction is made directly, it also includes a ROFR (Right of First Refusal) procedure. In this case, we notify the company about the upcoming transaction. According to the rules, the company and major shareholders have the right to redeem the shares we are interested in within 30 days. If the ROFR is waived, the deal is executed.

In rare cases, the company can buy back the stocks we have targeted. Should this happen, we will return your money or offer alternative conditions for your purchase.

05

Notification to the SEC

Once your investment is open, we submit all the transaction documents to the Fund Administrator for recording and preparing a notice to the SEC. After the Fund Administrator completes the paperwork, you receive a Capital Account Statement.

EXIT SCENARIOS

Generally, you need to wait 1 to 3 years before your investment is closed. In a basic scenario, investment in a private company ends when this company goes public and the lockup period is over. After that the result of your investment will be transferred to your account.

SUCCESSFUL SCENARIOS: IPO, DIRECT LISTING, SPAC DEAL, M&A DEAL

As soon as it becomes possible to sell, the SPV sells the stocks and receives the money into the bank account. The money is then distributed among the SPV's investors according to their membership interests.

EARLY EXIT

You can exit investment at any time once it's open. In this case, your share is sold to another investor in the private equity market.

If an early exit is initiated by the SPV's manager, he has to get the consent of the majority of investors (their shares in the SPV must exceed 50%). Moreover, the U.S. law presupposes the "best effort" commitment: the SPV's manager can close an investment only if it's the best available option for investors.






An early exit at your initiative is possible if you or the manager have interested parties willing to buy your share in the SPV. However, the manager is not obliged to look for a new investor or buy back the share at his own expense.

FEES

Commissions may vary depending on an investment offer. The exact values are listed for each investment opportunity in the “Offering” section.

- **Management fee** is paid on top of the investment amount.
- **Carried interest** is charged at the closing of investment, after the rest of the commissions are paid.
- **Related expenses** are paid additionally depending on the exit procedure. For example, it can be a broker’s commission if the company goes public, or due diligence costs if an M&A deal occurs.

QUICK OVERVIEW

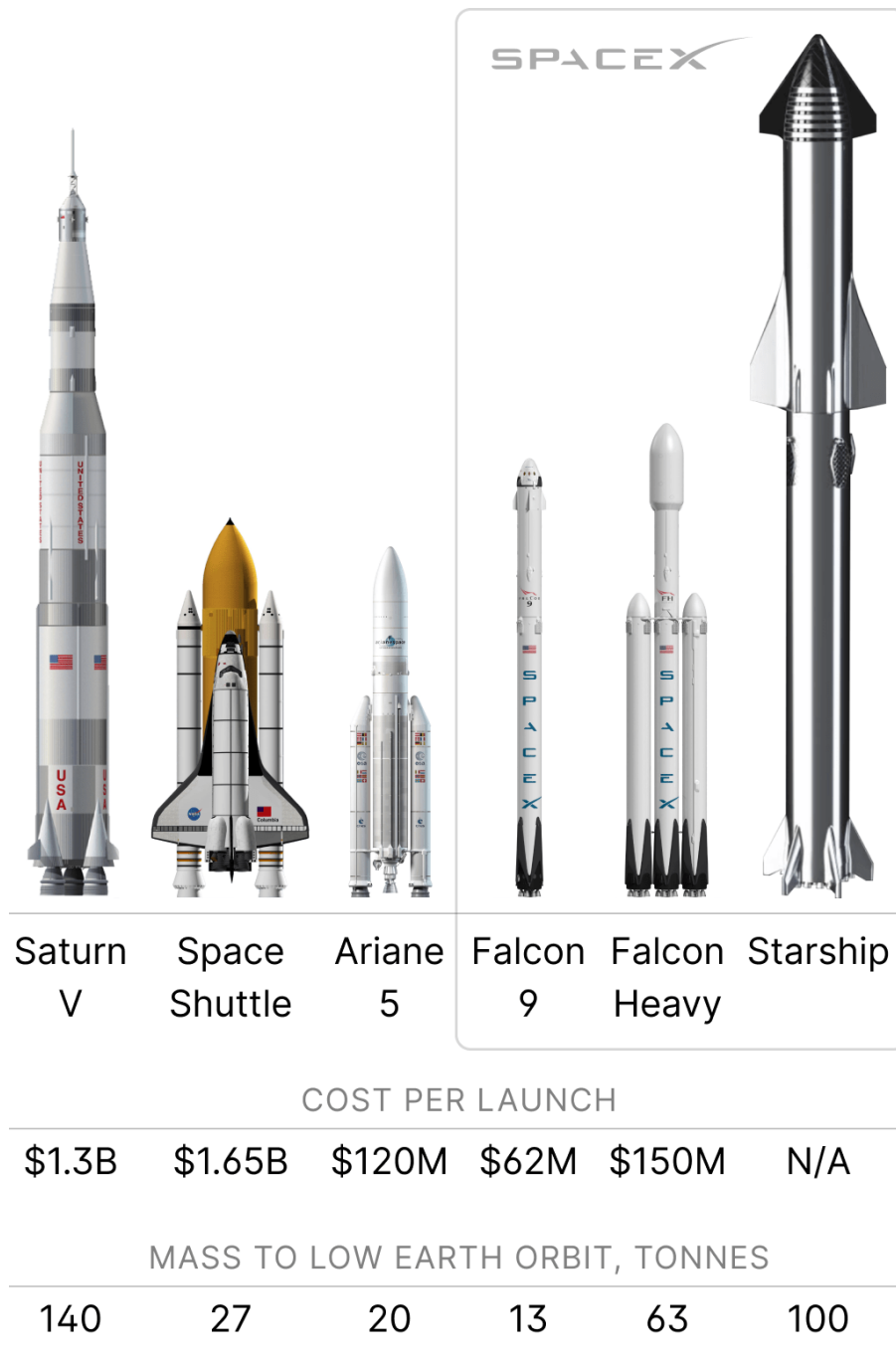
	Website www.spacex.com
	Product Reusable rockets, spacecrafts, transportation and satellite Internet
	Total funds raised \$10B
	Last round Jan 2023. Valuation \$137B
	Famous investors Fidelity Ventures, Google, NASA, Bank of America

WHY INVEST IN SPACEX

- ***Second-most valuable private company in the world***, behind only China's ByteDance.
- ***Wide range of breakthrough projects*** – SpaceX carries NASA astronauts to the ISS, takes people for joyrides into space, and delivers communications satellites into orbit. Eventually, it wants to transport people to Mars.
- ***Huge growth potential in aerospace and communications.*** Morgan Stanley survey revealed that institutional investors and industry experts expect SpaceX to become more valuable than Tesla. For reference, Tesla has managed to soar to a \$1T market cap in 2021.
- ***Starship and Starlink projects met with early success.*** Starlink presents a substantial opportunity in the coming years. To date, Starlink has launched 3,600 satellites into orbit. The system is now active on all continents, having reached over 1,000,000 active users. At around \$100 a month, Starlink is generating \$2.4B in annual recurring revenue. The company plans to reach 100 million users in the next 5–10 years. With \$1,200 in annual sales per user, Starlink could generate \$120B in sales for SpaceX.
- ***Elon Musk has proven to be adept at raising capital for his many ventures.*** As of January 2023, SpaceX has raised a total of \$10B, according to Crunchbase. Investment in this area has grown top-heavy in recent years, with only a handful of companies drawing in the lion's share of funding. Fortunately, SpaceX has been among them.
- ***High market growth potential.*** SpaceX is operating in a number of large and growing markets. Among them are deep space exploration market (to reach \$700B by 2030, Morgan Stanley Research), space launch services market (to reach \$32B by 2027, Allied Research), satellite internet market (and \$120B in annual revenue projected for Starlink).

PRODUCT

SpaceX was founded in 2002 by Elon Musk to revolutionise space transportation offering reusable rockets with the ultimate goal of making life multi planetary. The company designs, manufactures and launches the most up-to-date rockets and spacecrafts. It also aspires to become the leading and first satellite service provider delivering high-speed Internet to users from all around the world.



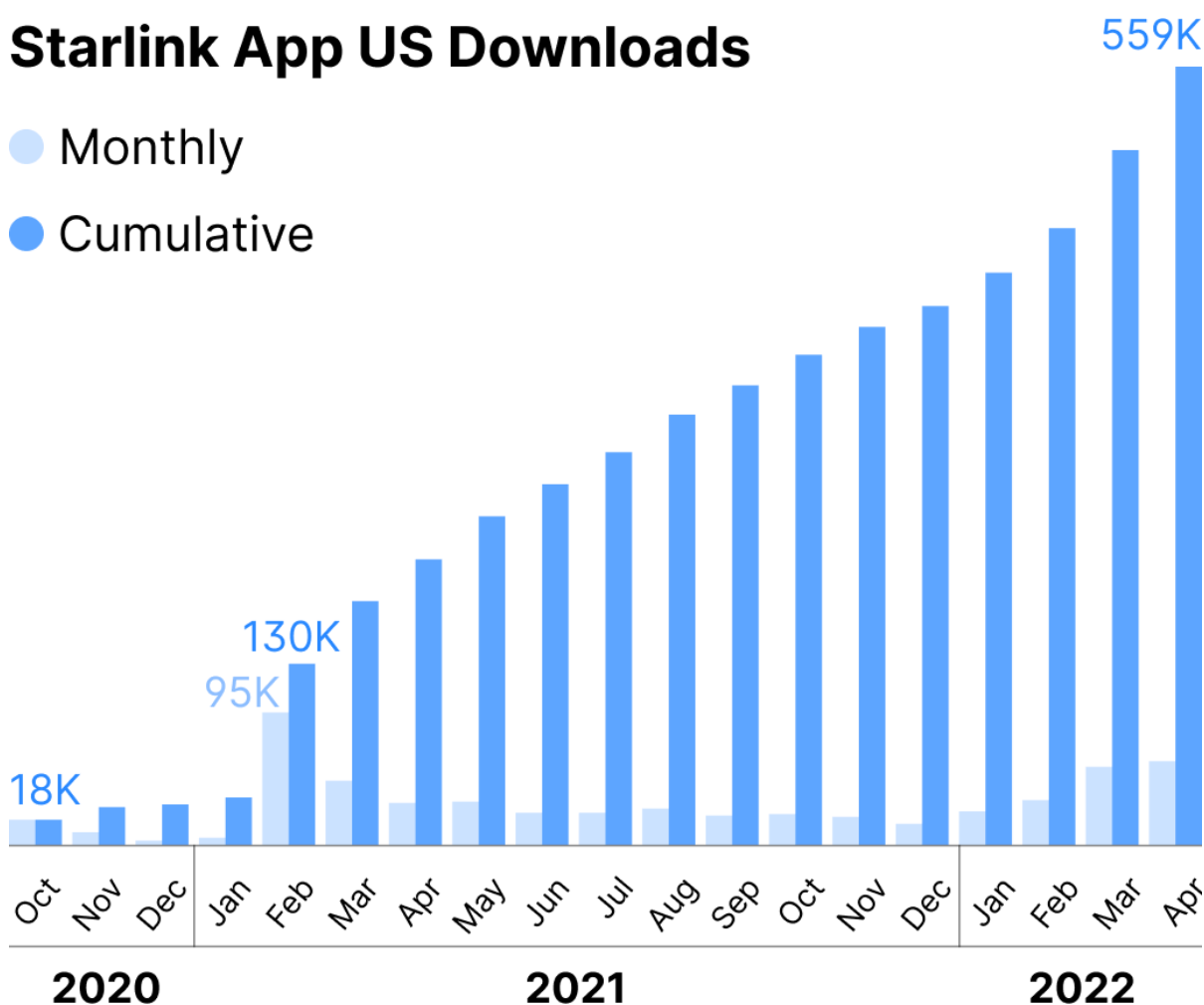
Starship is a massive, next-generation rocket to launch cargo and people on missions to the Moon and Mars. In May 2021, Starship prototype aced a high-altitude test flight from South Texas. Reaching orbit is the next step in testing the rocket, with SpaceX awaiting regulatory approval for its next launch. Starship is likely to be priced early around \$150–250M per launch.

Started launching Starlink satellites in 2019, the company now has already more than 3,600 Starlink satellites in orbit, a constellation far larger than any other satellite system today. Musk is planning to launch a total of 42,000 satellites in the near future. The company has recently reported 400,000+ global subscribers, up from 250,000 in March 2022 and 150,000 in December 2021. Starlink also continues to expand its coverage globally with service now available in more than 30 countries.

Starlink App US Downloads

● Monthly

● Cumulative



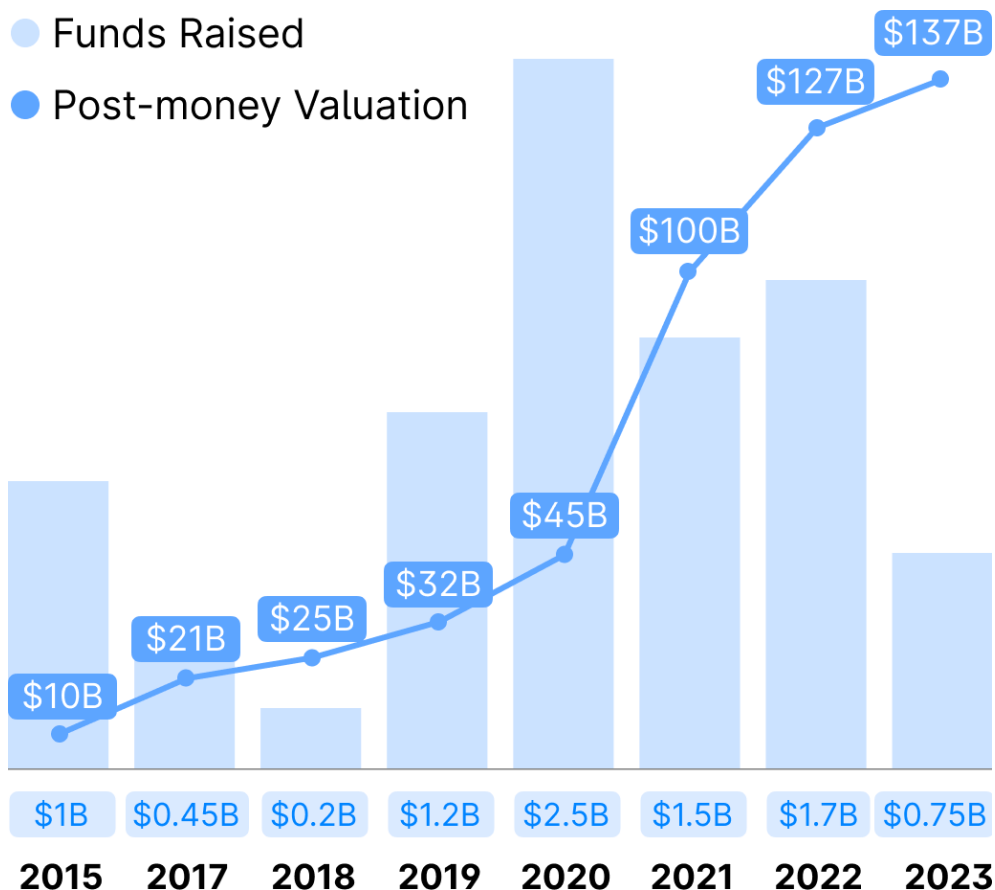
Source: Sensor Tower, Morgan Stanley Research

FINANCIALS

The company's last reported revenue of \$2B was in 2019, and the company does not disclose any financial information. In 2022 SpaceX completed 61 launches, and it is estimated that the company generates \$60M per launch. That said, SpaceX generated \$3.6B in the launch business.

In January 2023 SpaceX raised a \$750M investment round at a \$137B valuation, at a price of \$77 per share. The company has raised a total of \$10B. In October 2021 SpaceX held a secondary sale of existing shares at the valuation of \$100.3B. It made it the second-most valuable private company in the world (behind China's ByteDance).

INVESTMENT ROUNDS



INVESTORS AND THEIR MOST FAMOUS EXITS

- **NASA** – Viasat, Northrop Grumman.
- **Baillie Gifford** – Airbnb, NIO, Lyft, Slack, Ginkgo Bioworks.
- **Bank of America** – Bill.com, Dropbox.
- **Fidelity** – Spotify, Uber, Airbnb, Pinterest.
- **Google** – Tesla, Zynga, JD.com, Baidu.
- **Founders Fund** – Meta, Twilio, Oculus, Affirm, Upstart.

OFFERING – DEAL STRUCTURE

Bw financial services Fund 1015 LLC is formed for the purpose of acquiring Common shares of Space Exploration Technologies Corp. The interests in the fund are offered to accredited investors who after signing a subscription agreement become its members.

Bw financial services always seeks the optimal ownership structure for its investors.





Contact Us

If you have any questions
or would like to contact us to
purchase shares in the pre-IPO

Contact: admin@bwfinservices.com