

## STO: Ideal Win-Win-Situation for VC and Growth Companies

Start-ups and companies that want to finance projects have various options. In addition to the classic methods - business angel, family offices, venture capital and investment companies - there has also been the option of financing oneself through crypto coins or tokens for a few years now. Do both options now compete against each other or can they be ideally combined for the benefit of all? IR CONSULT, since 25 years specialist for capital market financing, thinks that STO (Security Token Offerings) are both in the interest of companies and VC's, and that STO's will have a big future also for this reason.

Start-ups in particular generally require several rounds of financing to develop, launch and expand their product. In addition, even SMEs sometimes have projects that they would like to finance externally. Usually, entrepreneurs are the first to take advantage of the classic opportunities (business angel, VC, etc.). Since there is usually no positive cash flow available, debt capital opportunities are quickly eliminated. So only financing models with equity capital remain, which means, however, that all current investors must accept a dilution of their shares. This is particularly unpopular with company founders, as they are often only minority shareholders after a few rounds. But, even VCs do not want to sell shares if the project develops well or even better.

STOs are the solution here: In a security token offering, crypto tokens are generated and sold so that the issuing company can use them to finance its plans. Since these token are now securities, token buyers can also receive a share of profits or interest and often benefit if the company is ever sold. However, tokens are not shares, i.e. the token owner (usually) does not receive any direct shares in the company and no voting rights.

Therefore, there is no dilution among the former owners in the case of new funding activities, and yet the company receives the necessary growth capital. A win-win situation par excellence. In addition, after a few years with an increase in company value, an initial public offering (IPO) can be an ideal exit for some shareholders. IR CONSULT recommends an early and holistic long-term planning that all individual financing steps professionally supports and even accelerates.

### About IR CONSULT:

The founder, Alexander Vollet, holds a degree in industrial engineering and worked for 8 years as an equity analyst at Deutsche Bank, UBS and SEB-Bank. He holds the DVFA award as 'Investment Analyst' and the bdvb certification as 'Independent Management Consultant'.

25 years ago, he founded IR CONSULT ([www.ir-consult.com](http://www.ir-consult.com)) as a specialist management consultancy for IPO's and fundamental investor relations. The highly experienced IRC team has completed nearly 100 IPO's to date and has managed more than 100 investor relations mandates. IRC is an active member of the DVFA and the bdvb and has established its own international cooperation network. Since 2017, we have also been supporting ICO candidates to successfully implement their STO ([www.sto-ico.eu](http://www.sto-ico.eu)). Overall, we improve the realization chances of capital market transactions and accelerate the decision-making process of investors.

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