

Shareworks Global Private Markets

MCIL Presentation

February 24, 2021



Agenda

Shareworks Overview

Compensation Strategy

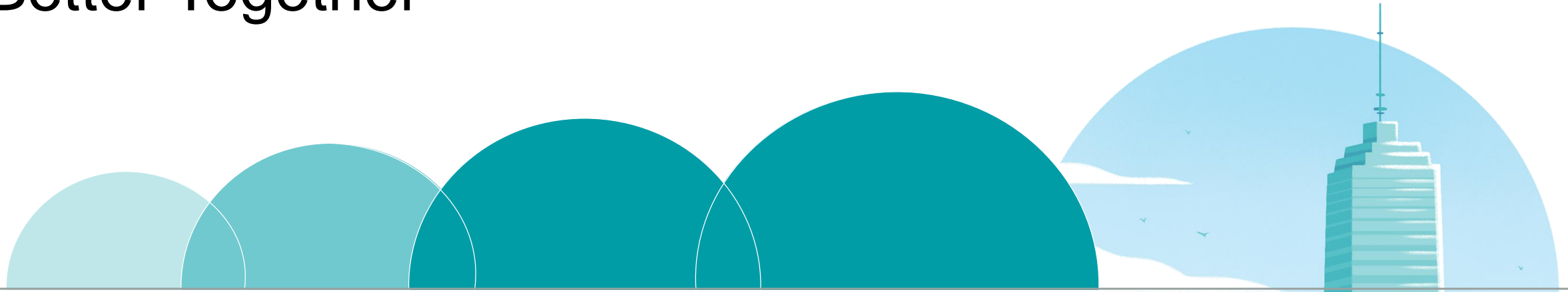
409A Valuation

Equity Management

Startup Edition Demo



Better Together



1935

Morgan Stanley

Wealth management, exceptional service with global reach

1998

E*TRADE acquires Equity Edge Online®

Equity compensation technology platform

1999

Solium

Equity compensation technology with scalable solutions

2016–2019

Morgan Stanley & Solium collaboration culminates in May 2019 Solium acquisition

A powerful combination in equity management – personalized solutions and modern technology

Oct 1, 2020

**Morgan Stanley
AT WORK**

Equity Compensation

Shareworks **E*TRADE**
by Morgan Stanley **CORPORATE SERVICES**

Financial Wellness

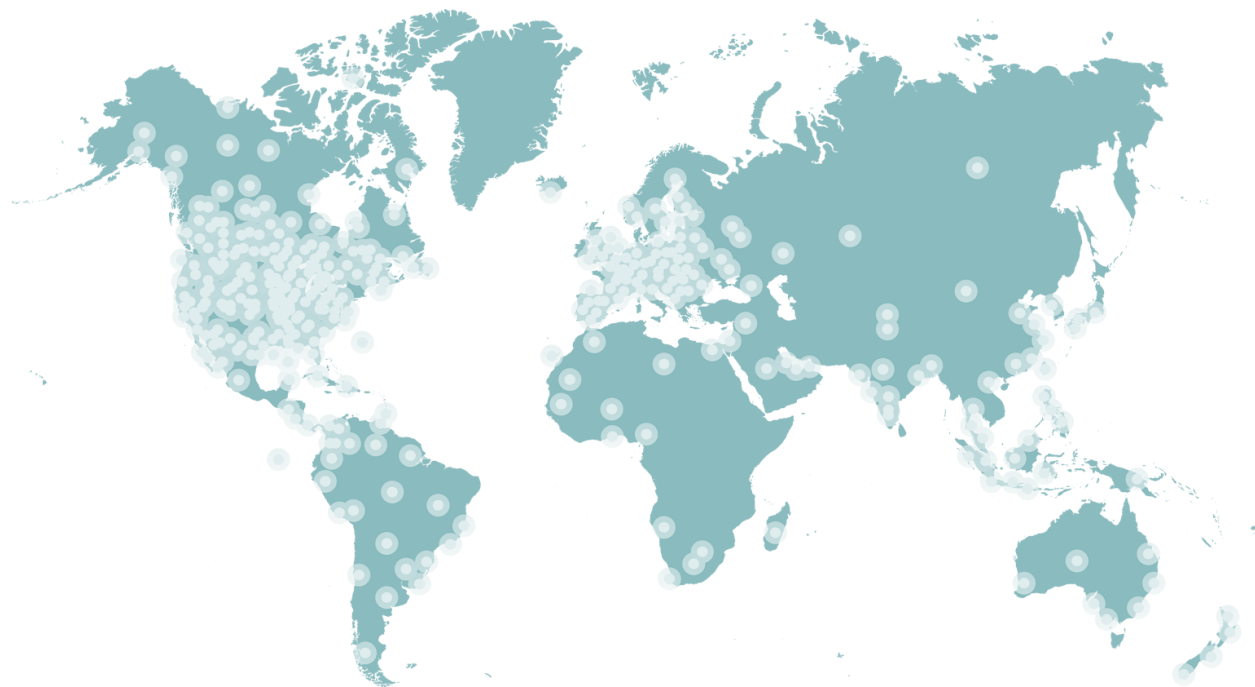
gradifi
-E*TRADE

Retirement Solutions

Shareworks Global Advantage

3,500+
Clients

1,000+
Employees



●
**Participants
in 100+ countries**

\$1+
Billion liquidity
transactions

\$275+
Billion moved in 2018

2.5
Million participants

13
Global offices

10+
Global exchanges

100+
IPOs

Inception to IPO

We Have a Plan for Your Private Company's Growth



Shareworks Startup Edition

Issue stock, manage your cap table and model your next round all in one place.



Shareworks Growth Edition

Scale beyond basic equity management with enhanced expensing, flexible grant management, and employee engagement.



Shareworks Private Enterprise Edition

Streamline plan management with custom reporting, liquidity events, global equity and IPO-readiness.

APPLICATIONS AND EXTENSIONS

Purchase these equity applications and extensions separately or together with a subscription to the Shareworks platform.

Shareworks Compensation

Tools to help you create a competitive compensation strategy.

Shareworks Valuation Services

Receive high quality audit defensible 409A valuations.

Liquidity Events

Confidently run tender offers to attract and retain employees.

Benchmarking: Option Impact

Option Impact is a
compensation
database specific
to VC-backed,
private companies

\$0 for Participants

All eligible companies can provide compensation data in exchange for full access to the Option Impact data at no cost.

Corporate-Sourced

Our data is 100% corporate-sourced from privately-held, VC-backed companies and reviewed to ensure the highest quality data reports.


Cash & Equity Data

We aggregate all data to provide base salary, incentive pay, total pay, % equity and equity gross value for every level and role.

Data Usage

Over 3000 startups participate in the give to get model and over 200 venture firms encourage portfolio company participation.

Benchmarking: Reports

Base Salary	Incentive Pay	TTP	% Total Equity	Total Equity Gross Value	% Last Refresh	Last Refresh Gross Value	 Download
Employee ID	Annual Base	Job Level/Title	25 th Percentile	50 th Percentile	75 th Percentile		
CEO	\$200,000	1000 - Chief Executive Officer	\$160,000	\$200,000	\$250,000		
ME	\$185,000	1041 - Executive Scientist/Architect	\$186,250	\$200,000	\$227,535		
RN	\$160,000	2121 - SW Engineer 1	\$81,869	\$97,584	\$110,000		
JC	\$90,000	2122 - SW Engineer 2	\$105,000	\$120,000	\$130,000		
PG	C\$130,000	2122 - SW Engineer 2	\$105,000	\$120,000	\$130,000		
VT	\$155,000	2125 - SW Engineer 5	\$155,000	\$169,000	\$180,000		
JB	\$195,000	2126 - SW Engineer 6	\$170,000	\$184,000	\$200,000		
CR	€185,000	2126 - SW Engineer 6	\$170,000	\$184,000	\$200,000		

Pay & Stock

Benchmarking for executives, staff, and board of directors including a custom benchmark analysis.

Ownership

Compare equity by investors, founders, executives, employees, and the remaining unissued option pool.

Practices

Industry standards for equity grants, vesting schedules, refresh grants, merit budgets, and other business practices.

Benchmarking: Considerations

Find a comparable dataset.

Data is only a reference point.

Job matching is a best fit.

Beware of title inflation.

Consider the broader market.

Compensation Theory: Cash & Equity Mix



Compensation mix changes significantly over development based on the best use of available resources.

There can be a pain point between mid and late stages. Companies are often too slow when increasing cash which can lead to undercompensated employees and turnover.

Based on cash availability, companies often reduce equity early and frequently to keep pace with the increase in company value.

Resources: Getting started

Option Impact

Option Impact provides accurate and robust compensation data specific to venture-backed startups. Participation enables benchmarking across a relevant subset of companies at no cost.

1. Sign up for an account [here](#).
2. Choose access timeline:
 - Standard QA Review – \$0; access within 21 days.
 - Access Data Now – \$500; immediate access following input and payment.

Key Benefits:

- 3000+ participants, cash and equity data specific to venture-backed companies
- Base salary, bonus, and % total equity on executives, staff and BOD data
- Automated custom benchmark analysis for all employees and more

Resources: Next Step

Option Driver

While benchmarking is an essential first step in your compensation strategy, next it's important to understand how that data aligns with your company's philosophy. Option Driver, walks you through each step of a compensation cycle and allows you to build a plan tailored to your company. Option driver enables you to assess parity between individuals, eliminate inconsistent hiring practices, and develop a strategy geared towards retention.

Key Benefits:

- Tiered pricing based on headcount to scale with your company
- Immediate access to market data with no input requirement
- Instant cash and equity benchmarking for current and future hires
- Model infinite compensation strategies to fit your budget
- Build ranges and customize retention without spreadsheets

409A Valuations



IRC Section 409A

- **Tax guidelines** for deferred compensation
 - Determines the **strike price (FMV)** of common options for private companies
 - Both tax & **financial reporting** implications
- **Timing:** at least once a year or upon a material event that affects the value of the company
- **Safe Harbor Rule**

Valuation Considerations

- ❖ Preferred Stock Terms:
 - Liquidation Preference & Seniority
 - Dividend
 - Participation Right
 - Conversion Rate
- ❖ Projections & Multiples
- ❖ Exit Term
- ❖ Volatility

The Essential Cap Table

Why is keeping an accurate Cap Table essential to your company's success?

- Your Cap Table is the record of your company's ownership structure
- It is vital to track how your structure evolves over time so you can easily access an accurate ledger today
- Cap Tables are an essential part of business transactions including mergers, acquisitions, liquidity events, corporate actions, and transitioning to a public company
- Keeping cap table and equity plans accurate and up-to-date for audits
- You may be asked to provide an up-to-date Cap Table on short notice



Startup Edition

For early-stage companies
with big ambitions



Shareworks Platform Subscription

This edition lets you eliminate time-consuming paperwork when you can issue stock, compare term sheets and model your next round all in one place.

- Manage your cap table, grant-based plans, securities and transactions
- Issue digital securities
- Shareholder portal
- Cap table modeling
- ASC 718 Financial Reporting
- Customer support

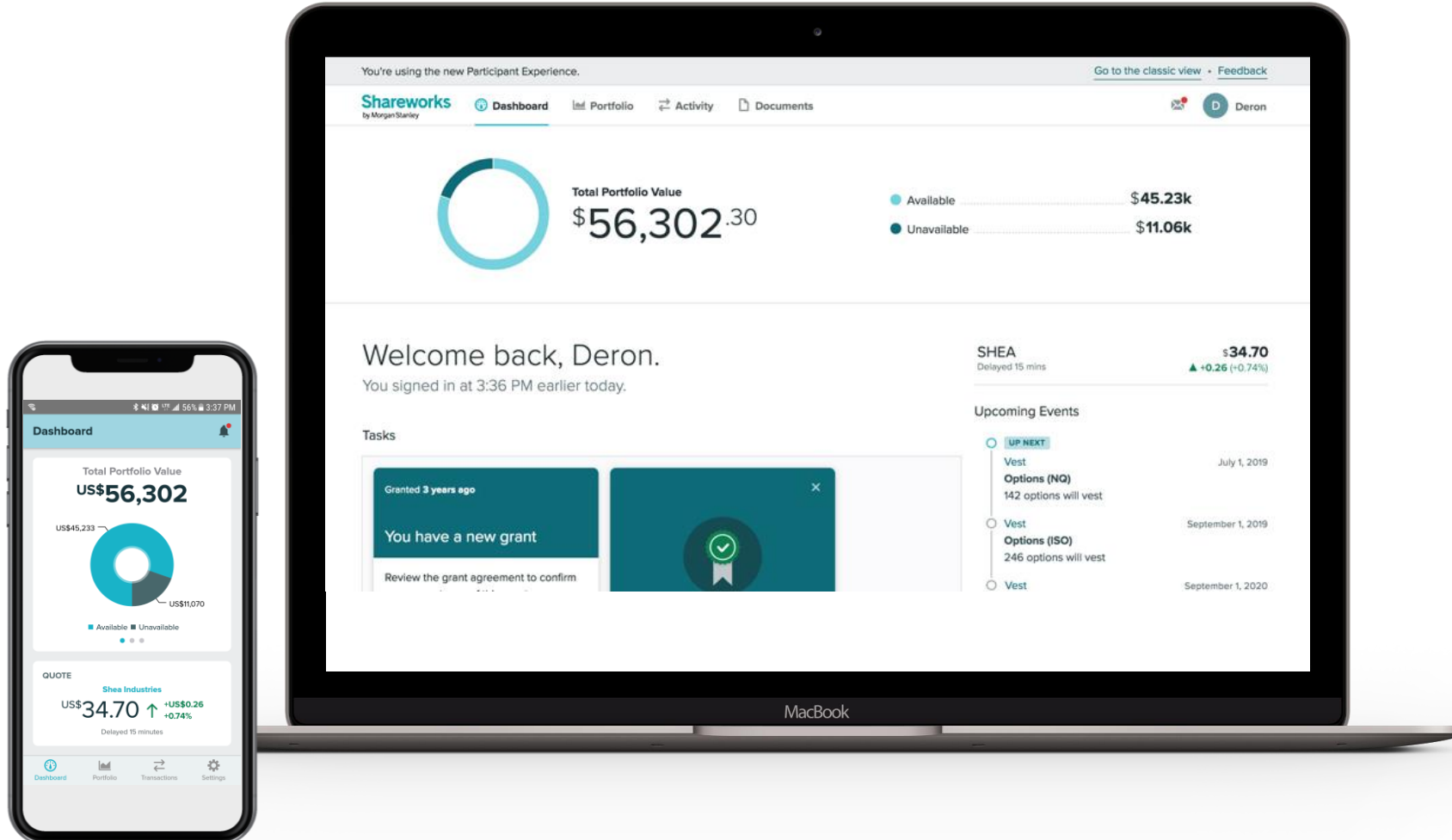
Applications

Think beyond the platform and let us help you manage these additional areas of equity.

Shareworks
Valuation
Services

Shareworks
Compensation

A Tour of Shareworks



Shareworks Partner Offer for MCIL Companies

- Free Startup Edition (CapTable management) for 2 years
- 2 free 409A valuations over 2 years
 - 10 - business day turnaround time
- Access to Option Impact for eligible participating companies
- Preferred pricing after 2 years

