

Online Appendix
to
Ownership Dynamics within Founder Teams:
The Role of External Financing

by

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Appendix A1 – Absolute Maximum Change in Ownership

| Table A1-1 | | | | | |
|--|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Results of panel Tobit regressions in the company quarter sample. This table is comparable to Table 4 in the main text except that the dependent variable is the maximum absolute change in the relative founder ownership in the current quarter. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | | | |
| VARIABLES | (1) | (2) | (3) | (4) | (5) |
| Equal Split | -0.0623*** (0.0203) | | -0.0613* (0.0359) | | -0.0764* (0.0399) |
| Financing | | 0.162*** (0.0375) | 0.161*** (0.0358) | | |
| Founder Financing | | | | 0.260*** (0.0563) | 0.262*** (0.0584) |
| External Financing | | | | 0.0814*** (0.0200) | 0.0798*** (0.0222) |
| Age | -0.000758 (0.00116) | 6.58e-05 (0.00176) | 0.000651 (0.00129) | 0.00101 (0.00206) | 0.00174 (0.00154) |
| Number of Founders | 0.00696 (0.0119) | 0.0122 (0.0114) | 0.00649 (0.0162) | 0.0127 (0.00977) | 0.00568 (0.0138) |
| Biotech | 0.0793 (0.192) | 0.101** (0.0426) | 0.0876** (0.0366) | 0.104* (0.0587) | 0.0879** (0.0386) |
| Cleantech | -0.0347 (0.464) | -0.0687 (0.314) | -0.0613 (0.254) | -0.109 (0.296) | -0.0974 (0.339) |
| IT & Telecom | 0.0702 (0.188) | 0.0698 (0.0483) | 0.0519 (0.0527) | 0.0603 (0.0594) | 0.0374 (0.0661) |
| Software | 0.0539 (0.189) | 0.0613** (0.0289) | 0.0385 (0.0330) | 0.0536 (0.0467) | 0.0251 (0.0279) |
| Hitech Manufacturing | 0.0741 (0.196) | 0.0995** (0.0419) | 0.0766* (0.0423) | 0.0918** (0.0449) | 0.0633 (0.0469) |
| Victoria | 0.0229 (0.0445) | 0.0101 (0.0475) | 0.0186 (0.0485) | 0.0288 (0.0457) | 0.0402 (0.0393) |
| Vancouver | 0.0226 (0.0308) | -0.0104 (0.0397) | 0.00894 (0.0277) | -0.0359 (0.0314) | -0.0122 (0.0328) |
| Controls | YES | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 |
| Number of Companies | 84 | 84 | 84 | 84 | 84 |
| Log Likelihood | -205.5 | -170.1 | -166.7 | -124.3 | -119.7 |

Table A1-2

Results of panel Tobit regressions in the financing round sample. This table is comparable to Table 5 in the main text except that the dependent variable is the maximum absolute change in the relative founder ownership in the current quarter. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) |
|---------------------------|-------------------------|-----------------------|----------------------|
| Equal Split | -0.0677*** (0.00854) | -0.0927* (0.0524) | -0.0768* (0.0432) |
| Founder Financing | 0.215*** (0.0287) | 0.185** (0.0742) | 0.201*** (0.0552) |
| External Financing Amount | 0.0198 (0.0175) | 0.0412*** (0.0156) | |
| Valuation | | -0.0610 (0.0388) | -0.0294 (0.0275) |
| VC Financing | | | 0.0599 (0.0391) |
| Controls | YES | YES | YES |
| Observations | 480 | 480 | 480 |
| Number of companies | 80 | 80 | 80 |
| Log Likelihood | -28.33 | -10.50 | -26.44 |

Table A1-3

Results of panel Tobit regressions in the company quarter sample (column 1 & 2) and in the financing round sample (column 3 & 4). This table is comparable to Table 6 in the main text except that the dependent variable is the maximum absolute change in the relative founder ownership in the current quarter. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---|-----------------------|-----------------------|----------------------|-----------------------|
| Equal Split | -0.0822** (0.0373) | -0.0747* (0.0428) | -0.441*** (0.153) | -1.137* (0.583) |
| Financing | 0.146*** (0.0354) | | | |
| Equal Split * Financing | 0.0338 (0.0399) | | | |
| Founder Financing | | 0.237*** (0.0548) | 0.196** (0.0813) | 0.153*** (0.0529) |
| Equal Split * Founder Financing | | 0.0526 (0.0607) | 0.0454 (0.0602) | 0.0572 (0.0429) |
| External Financing | | 0.0895*** (0.0246) | | |
| Equal Split * External Financing | | -0.0227 (0.0429) | | |
| External Financing Amount | | | 0.0118 (0.00975) | 0.0412*** (0.0143) |
| Equal Split * External Financing Amount | | | 0.0294** (0.0120) | 0.000576 (0.00946) |
| Valuation | | | | -0.0881* (0.0506) |
| Equal Split * Valuation | | | | 0.0698** (0.0346) |
| Controls | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 480 | 480 |
| Number of companies | 84 | 84 | 80 | 80 |
| Log Likelihood | -166.3 | -119.1 | -26.03 | -0.766 |

Table A1-4

Results of panel Tobit regressions in the company quarter sample. This table is comparable to Table 7 in the main text except that the dependent variable is the maximum absolute change in the relative founder ownership in the current quarter. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---------------------|-----------------------|------------------------|----------------------|-----------------------|
| Equal Split | -0.0591** (0.0246) | -0.0777*** (0.0262) | -0.0762* (0.0426) | -0.0806** (0.0322) |
| Founder Financing | 0.194*** (0.0391) | 0.263*** (0.0579) | 0.262*** (0.0669) | 0.206*** (0.0413) |
| External Financing | 0.0415* (0.0232) | 0.0796*** (0.0247) | 0.0797** (0.0361) | 0.0389 (0.0293) |
| Revenue | -0.00190 (0.00240) | | | -0.00292 (0.00277) |
| Patent Application | | -0.00757 (0.0260) | | -0.0376* (0.0224) |
| Exit | | | -0.00292 (0.0391) | -0.00638 (0.0315) |
| Fail | | | 0.00561 (0.0390) | -0.0556* (0.0304) |
| Controls | YES | YES | YES | YES |
| Observations | 770 | 1,287 | 1,287 | 770 |
| Number of companies | 66 | 84 | 84 | 66 |
| Log Likelihood | -52.92 | -119.6 | -119.6 | -49.20 |

Table A1-5

Results of panel Tobit regressions in the company quarter sample (column 1 & 2) and in the financing round sample (column 3 & 4). This table is comparable to Table 9 in the main text except that the dependent variable is the maximum absolute change in the relative founder ownership in the current quarter. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---------------------------|------------------------|----------------------|------------------------|------------------------|
| Equal Split | -0.0624*** (0.0166) | -0.0770* (0.0438) | -0.0662 (0.0476) | -0.0876*** (0.0258) |
| Near Equal Split | -0.000457 (0.0278) | -0.00236 (0.0585) | 0.00585 (0.0412) | 0.0197 (0.0254) |
| Founder Financing | | 0.262*** (0.0508) | 0.215 (0.141) | 0.185*** (0.0418) |
| External Financing | | 0.0799** (0.0334) | | |
| External Financing Amount | | | 0.0198*** (0.00536) | 0.0412*** (0.0111) |
| Valuation | | | | -0.0613** (0.0261) |
| Controls | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 480 | 480 |
| Number of companies | 84 | 84 | 80 | 80 |
| Log Likelihood | -205.5 | -119.7 | -28.32 | -10.40 |

Table A1-6

Results of panel Tobit regressions in the company quarter sample (column 1 & 2) and in the financing round sample (column 3 to 6). This table is comparable to Table 10 in the main text except that the dependent variable is the maximum absolute change in the relative founder ownership in the current quarter. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) | (5) | (6) |
|---------------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Equal Split | -0.0779** (0.0390) | -0.0829* (0.0474) | -0.0715* (0.0381) | -0.0834 (0.0953) | -0.0932** (0.0432) | -1.342* (0.736) |
| Founder Financing | 0.258*** (0.0608) | 0.257*** (0.0638) | 0.215*** (0.0664) | 0.215** (0.0893) | 0.186** (0.0742) | 0.183** (0.0755) |
| External Financing | 0.0690*** (0.0223) | 0.0692** (0.0345) | | | | |
| First Round | 0.0890** (0.0425) | 0.0611 (0.0571) | 0.0812*** (0.0294) | 0.0460 (0.107) | 0.0376* (0.0204) | -0.0246 (0.0485) |
| EqualSplit * First Round | | 0.0521 (0.0689) | | 0.0670 (0.145) | | 0.151** (0.0665) |
| External Financing Amount | | | 0.0186 (0.0126) | 0.0192** (0.00872) | 0.0394*** (0.0142) | 0.0414** (0.0183) |
| Valuation | | | | | -0.0584** (0.0261) | -0.0890** (0.0388) |
| EqualSplit * Valuation | | | | | | 0.0838* (0.0473) |
| Controls | YES | YES | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 480 | 480 | 480 | 480 |
| Number of companies | 84 | 84 | 80 | 80 | 80 | 80 |
| Log Likelihood | -116.6 | -116.3 | -25.52 | -25.00 | -9.851 | 2.602 |

Appendix A2 – Alternative Industry Controls

| Table A2 | | | | | |
|---|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Results of panel Tobit regressions in the company quarter sample. This table is comparable to Table 4 in the main text except that industries with small number of observations (clean tech and IT & Telecom) were grouped with the Other industry. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | | | |
| VARIABLES | (1) | (2) | (3) | (4) | (5) |
| Equal Split | -0.0477** (0.0211) | | -0.0460 (0.0363) | | -0.0567* (0.0291) |
| Financing | | 0.122*** (0.0232) | 0.121*** (0.0260) | | |
| Founder Financing | | | | 0.193*** (0.0452) | 0.195*** (0.0355) |
| External Financing | | | | 0.0616*** (0.0188) | 0.0602*** (0.0209) |
| Age | -0.000546 (0.00134) | 3.89e-05 (0.00121) | 0.000477 (0.00130) | 0.000732 (0.00111) | 0.00127 (0.00105) |
| Number of Founders | 0.00301 (0.00731) | 0.00702 (0.00736) | 0.00262 (0.00726) | 0.00717 (0.00760) | 0.00182 (0.00879) |
| Biotech | 0.0328 (0.0264) | 0.0514* (0.0286) | 0.0480* (0.0260) | 0.0593** (0.0296) | 0.0554*** (0.0210) |
| Software | 0.0129 (0.0338) | 0.0211 (0.0240) | 0.0107 (0.0213) | 0.0208 (0.0230) | 0.00791 (0.0199) |
| Hitech Manufacturing | 0.0269 (0.0462) | 0.0487 (0.0373) | 0.0382 (0.0308) | 0.0483 (0.0300) | 0.0353 (0.0308) |
| Victoria | 0.0259 (0.0367) | 0.0151 (0.150) | 0.0199 (0.0239) | 0.0274 (0.0344) | 0.0339 (0.0458) |
| Vancouver | 0.0237 (0.0220) | -0.00298 (0.0184) | 0.00997 (0.0208) | -0.0233 (0.0299) | -0.00756 (0.0315) |
| Controls | YES | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 |
| Number of Companies | 84 | 84 | 84 | 84 | 84 |
| Log Likelihood | -163.0 | -126.8 | -123.2 | -82.53 | -77.59 |

Appendix A3 – Equity Stake

| Table A3 | | |
|--|------------------------|-----------------------|
| Results of panel Tobit regressions in the financing round sample. This table is comparable to Table 5 in the main text except that we replace (Pre-money) Valuation with Equity Stake which is a ratio of investment amount over post-money valuation. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | |
| VARIABLES | (1) | (2) |
| Equal Split | -0.0421*** (0.0109) | -0.0502** (0.0206) |
| Founder Financing | 0.132*** (0.0101) | 0.132*** (0.0348) |
| External Financing Amount | -0.00163 (0.00440) | |
| Equity Stake | 0.264*** (0.0818) | 0.363*** (0.119) |
| VC Financing | | -0.0873* (0.0521) |
| Controls | YES | YES |
| Observations | 480 | 480 |
| Number of companies | 80 | 80 |
| Log Likelihood | 20.45 | 24.34 |

Appendix A4 – Ownership Change Dummy (with Probit Regression)

| Table A4-1 | | | | | |
|---|-----------------------|---------------------|---------------------|---------------------|----------------------|
| This table is comparable to Table 4 in the main text except that the dependent variable is a dummy variable indicating whether there is a change in relative founder ownership. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | | | |
| VARIABLES | (1) | (2) | (3) | (4) | (5) |
| Equal Split | -0.334** (0.141) | | -0.334** (0.156) | | -0.541*** (0.174) |
| Financing | | 1.043*** (0.137) | 1.041*** (0.136) | | |
| Founder Financing | | | | 2.657*** (0.246) | 2.697*** (0.248) |
| External Financing | | | | 0.533*** (0.119) | 0.525*** (0.117) |
| Age | -0.00460 (0.00996) | 0.00128 (0.0112) | 0.00424 (0.0115) | 0.00652 (0.0129) | 0.0109 (0.0131) |
| Number of Founders | 0.0583 (0.0661) | 0.0906 (0.0903) | 0.0587 (0.0874) | 0.116 (0.0802) | 0.0635 (0.0746) |
| Biotech | 0.568** (0.263) | 0.721** (0.283) | 0.657** (0.285) | 0.938** (0.365) | 0.840** (0.381) |
| Cleantech | -0.0853 (0.324) | -0.217 (0.298) | -0.172 (0.292) | -0.712 (0.710) | -0.633 (0.700) |
| IT & Telecom | 0.591* (0.324) | 0.613 (0.375) | 0.527 (0.377) | 0.676 (0.470) | 0.519 (0.468) |
| Software | 0.407* (0.240) | 0.461* (0.259) | 0.344 (0.257) | 0.510 (0.351) | 0.314 (0.351) |
| Hitech Manufacturing | 0.483 (0.306) | 0.646** (0.314) | 0.529* (0.319) | 0.728* (0.417) | 0.533 (0.430) |
| Vancouver | 0.0750 (0.287) | 0.0128 (0.328) | 0.0575 (0.304) | 0.185 (0.400) | 0.270 (0.374) |
| Victoria | 0.0258 (0.250) | -0.172 (0.267) | -0.0706 (0.258) | -0.369 (0.341) | -0.208 (0.332) |
| Controls | YES | YES | YES | YES | YES |
| Observations | 1,266 | 1,266 | 1,266 | 1,266 | 1,266 |
| Number of Companies | 84 | 84 | 84 | 84 | 84 |
| Log Likelihood | -456.8 | -412.1 | -409.5 | -323.5 | -317.4 |

Table A4-2

This table is comparable to Table 5 in the main text except that the dependent variable is a dummy variable indicating whether there is a change in relative founder ownership. Results in column 2 is not available (N/A) because of a near-perfect prediction problem and are thus not reported. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) |
|---------------------------|---------------------|-----|---------------------|
| Equal Split | -0.448** (0.177) | N/A | -0.454** (0.195) |
| Founder Financing | 2.630*** (0.304) | N/A | 2.491*** (0.470) |
| External Financing Amount | 0.173** (0.0777) | N/A | |
| Valuation | | N/A | -0.0422 (0.0777) |
| VC Financing | | | 0.304 (0.274) |
| Controls | YES | N/A | YES |
| Observations | 470 | N/A | 470 |
| Number of companies | 80 | N/A | 80 |
| Log Likelihood | -153.9 | N/A | -161.3 |

Table A4-3

This table is comparable to Table 6 in the main text except that the dependent variable is a dummy variable indicating whether there is a change in relative founder ownership. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---|---------------------|---------------------|---------------------|----------------------|
| Equal Split | -0.521** (0.208) | -0.505** (0.208) | -2.570* (1.502) | -7.879** (3.468) |
| Financing | 0.900*** (0.161) | | | |
| Equal Split * Financing | 0.310 (0.245) | | | |
| Founder Financing | | 3.221*** (0.436) | 3.040*** (0.573) | 3.121*** (0.805) |
| Equal Split * Founder Financing | | -0.737 (0.527) | -0.514 (0.616) | -0.625 (0.729) |
| External Financing | | 0.497*** (0.159) | | |
| Equal Split * External Financing | | 0.0537 (0.219) | | |
| External Financing Amount | | | 0.120 (0.0939) | 0.362*** (0.136) |
| Equal Split * External Financing Amount | | | 0.178 (0.119) | -0.0912 (0.139) |
| Valuation | | | | -0.543*** (0.179) |
| Equal Split * Valuation | | | | 0.567** (0.281) |
| Controls | YES | YES | YES | YES |
| Observations | 1,266 | 1,266 | 470 | 470 |
| Number of companies | 84 | 84 | 80 | 80 |
| Log Likelihood | -408.1 | -316.1 | -151.4 | -137.5 |

Table A4-4

This table is comparable to Table 7 in the main text except that the dependent variable is a dummy variable indicating whether there is a change in relative founder ownership. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| Equal Split | -0.515*** (0.151) | -0.541*** (0.171) | -0.524*** (0.172) | -0.695*** (0.147) |
| Founder Financing | 2.620*** (0.269) | 2.697*** (0.248) | 2.685*** (0.246) | 2.774*** (0.262) |
| External Financing | 0.342** (0.136) | 0.525*** (0.118) | 0.523*** (0.115) | 0.315* (0.164) |
| Revenue | -0.0167 (0.0146) | | | -0.0191 (0.0151) |
| Patent Application | | 0.00324 (0.193) | | -0.312 (0.198) |
| Exit | | | 0.0114 (0.190) | -0.259 (0.209) |
| Fail | | | 0.156 (0.231) | -0.478** (0.208) |
| Controls | YES | YES | YES | YES |
| Observations | 750 | 1,266 | 1,266 | 750 |
| Number of companies | 64 | 84 | 84 | 64 |
| Log Likelihood | -205.1 | -317.3 | -316.9 | -203.2 |

Table A4-5

This table is comparable to Table 9 in the main text except that the dependent variable is a dummy variable indicating whether there is a change in relative founder ownership. Results in column 4 is not available (N/A) because of a near-perfect prediction problem and are thus not reported. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---------------------------|---------------------|----------------------|---------------------|------------|
| Equal Split | -0.338** (0.154) | -0.541*** (0.189) | -0.432** (0.186) | N/A N/A |
| Near Equal Split | -0.0138 (0.160) | 0.00144 (0.225) | 0.0665 (0.296) | N/A N/A |
| Founder Financing | | 2.697*** (0.248) | 2.630*** (0.302) | N/A N/A |
| External Financing | | 0.525*** (0.117) | | |
| External Financing Amount | | | 0.173** (0.0773) | N/A N/A |
| Valuation | | | | N/A N/A |
| Controls | YES | YES | YES | N/A |
| Observations | 1,266 | 1,266 | 470 | N/A |
| Number of companies | 84 | 84 | 80 | N/A |
| Log Likelihood | -456.8 | -317.3 | -153.9 | N/A |

Table A4-6

This table is comparable to Table 10 in the main text except that the dependent variable is a dummy variable indicating whether there is a change in relative founder ownership. Results in column 5 is not available (N/A) because of a near-perfect prediction problem and are thus not reported. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) | (5) | (6) |
|---------------------------|----------------------|----------------------|----------------------|----------------------|-----|----------------------|
| Equal Split | -0.571*** (0.172) | -0.542*** (0.170) | -0.509*** (0.176) | -0.477*** (0.177) | N/A | -9.100** (3.993) |
| Founder Financing | 2.673*** (0.271) | 2.679*** (0.264) | 2.626*** (0.337) | 2.625*** (0.331) | N/A | 2.758*** (0.494) |
| External Financing | 0.427*** (0.122) | 0.424*** (0.121) | | | | |
| First Round | 0.882*** (0.298) | 1.089*** (0.353) | 0.711** (0.291) | 0.835** (0.342) | N/A | 0.627 (0.409) |
| EqualSplit * First Round | | -0.374 (0.526) | | -0.232 (0.515) | | 0.163 (0.583) |
| External Financing Amount | | | 0.167** (0.0799) | 0.166** (0.0793) | N/A | 0.312*** (0.0940) |
| Valuation | | | | | N/A | -0.482*** (0.145) |
| EqualSplit * Valuation | | | | | | 0.563** (0.267) |
| Controls | YES | YES | YES | YES | N/A | YES |
| Observations | 1,266 | 1,266 | 470 | 470 | N/A | 470 |
| Number of companies | 84 | 84 | 80 | 80 | N/A | 80 |
| Log Likelihood | -311.5 | -311.1 | -150.3 | -150.2 | N/A | -135.2 |

Appendix A5 – Company Fixed Effects

| Table A5-1 | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Results of panel OLS regressions in the company quarter sample. This table is comparable to Table 4 in the main text except that the dependent variable is the logarithm of 10^{-7} plus the average absolute change in relative founder ownership in the current quarter and that we control for company fixed effect in this case. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | | | |
| VARIABLES | (1) | (2) | (3) | (4) | (5) |
| Financing | | 2.389*** (0.333) | 2.389*** (0.333) | | |
| Founder Financing | | | | 8.459*** (0.643) | 8.459*** (0.643) |
| External Financing | | | | 0.872*** (0.242) | 0.872*** (0.242) |
| Age | 0.174*** (0.00880) | 0.181*** (0.00882) | 0.181*** (0.00882) | 0.182*** (0.00762) | 0.182*** (0.00762) |
| Controls | YES | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 1,287 | 1,287 | 1,287 |
| Number of Companies | 84 | 84 | 84 | 84 | 84 |
| R-Squared | 0.066 | 0.135 | 0.135 | 0.359 | 0.359 |

Table A5-2

Results of panel OLS regressions in the financing round sample. This table is comparable to Table 5 in the main text except that the dependent variable is the logarithm of 10^{-7} plus the average absolute change in relative founder ownership in the current quarter and that we control for company fixed effect in this case. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) |
|---------------------------|---------------------|---------------------|---------------------|
| Founder Financing | 8.264*** (0.578) | 8.082*** (0.591) | 8.456*** (0.568) |
| External Financing Amount | 0.582*** (0.169) | 0.747*** (0.139) | |
| Valuation | | -0.916** (0.424) | -0.302 (0.434) |
| VC Financing | | | 1.799* (1.058) |
| Controls | YES | YES | YES |
| Observations | 480 | 480 | 480 |
| Number of companies | 80 | 80 | 80 |
| R-Squared | 0.467 | 0.484 | 0.444 |

Table A5-3

Results of panel OLS regressions in the company quarter sample (column 1 & 2) and in the financing round sample (column 3 & 4). This table is comparable to Table 6 in the main text except the dependent variable is the logarithm of 10^{-7} plus the average absolute change in relative founder ownership in the current quarter and that we control for company fixed effect in this case. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---|---------------------|---------------------|---------------------|----------------------|
| Financing | 2.674*** (0.480) | | | |
| Equal Split * Financing | -0.553 (0.669) | | | |
| Founder Financing | | 9.406*** (0.445) | 8.875*** (0.605) | 8.350*** (0.671) |
| Equal Split * Founder Financing | | -1.649 (1.205) | -1.240 (1.371) | -0.599 (1.337) |
| External Financing | | 1.222*** (0.387) | | |
| Equal Split * External Financing | | -0.689 (0.488) | | |
| External Financing Amount | | | 0.536** (0.217) | 0.741*** (0.140) |
| Equal Split * External Financing Amount | | | 0.137 (0.359) | -0.0942 (0.312) |
| Valuation | | | | -1.420*** (0.452) |
| Equal Split * Valuation | | | | 1.408** (0.695) |
| Controls | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 480 | 480 |
| Number of companies | 84 | 84 | 80 | 80 |
| R-Squared | 0.136 | 0.363 | 0.469 | 0.497 |

Table A5-4

Results of panel OLS regressions in the company quarter sample. This table is comparable to Table 7 in the main text except that the dependent variable is the logarithm of 10^{-7} plus the average absolute change in relative founder ownership in the current quarter and that we control for company fixed effect in this case. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---------------------|----------------------|---------------------|---------------------|---------------------|
| Founder Financing | 8.241*** (0.727) | 8.445*** (0.635) | 8.459*** (0.643) | 8.222*** (0.727) |
| External Financing | 0.647** (0.268) | 0.857*** (0.245) | 0.872*** (0.242) | 0.652** (0.269) |
| Revenue | -0.00131 (0.0369) | | | -0.0118 (0.0416) |
| Patent Application | | 0.964** (0.392) | | 0.469 (0.533) |
| Controls | YES | YES | YES | YES |
| Observations | 770 | 1,287 | 1,287 | 770 |
| Number of companies | 0.313 | 0.361 | 0.359 | 0.313 |
| R-Squared | 66 | 84 | 84 | 66 |

Table A5-5

Results of panel OLS regressions in the company quarter sample (column 1) and in the financing round sample (column 2 & 3). This table is comparable to Table 9 in the main text except that the dependent variable is the logarithm of 10^{-7} plus the average absolute change in relative founder ownership in the current quarter and that we control for company fixed effect in this case. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) |
|---------------------------|---------------------|---------------------|---------------------|
| Founder Financing | 8.459*** (0.643) | 8.264*** (0.578) | 8.082*** (0.591) |
| External Financing | 0.872*** (0.242) | | |
| External Financing Amount | | 0.582*** (0.169) | 0.747*** (0.139) |
| Valuation | | | -0.916** (0.424) |
| Controls | YES | YES | YES |
| Observations | 1,287 | 480 | 480 |
| Number of companies | 84 | 80 | 80 |
| R-Squared | 0.359 | 0.467 | 0.484 |

Table A5-6

Results of panel OLS regressions in the company quarter sample (column 1 & 2) and in the financing round sample (column 3 to 6). This table is comparable to Table 10 in the main text except that the dependent variable is the logarithm of 10^{-7} plus the average absolute change in relative founder ownership in the current quarter and that we control for company fixed effect in this case. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) | (5) | (6) |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Founder Financing | 8.277*** (0.640) | 8.325*** (0.633) | 8.093*** (0.579) | 8.132*** (0.574) | 7.955*** (0.587) | 7.873*** (0.614) |
| External Financing | 0.688*** (0.243) | 0.682*** (0.243) | | | | |
| First Round | 1.816** (0.823) | 2.987** (1.213) | 1.999** (0.936) | 2.601* (1.396) | 1.681* (0.932) | 2.209 (1.379) |
| EqualSplit * First Round | | -1.968 (1.612) | | -1.025 (1.892) | | -0.270 (1.812) |
| External Financing Amount | | | 0.566*** (0.168) | 0.560*** (0.168) | 0.718*** (0.138) | 0.665*** (0.132) |
| Valuation | | | | | -0.831* (0.433) | -1.383*** (0.428) |
| EqualSplit * Valuation | | | | | | 1.550** (0.680) |
| Controls | YES | YES | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 480 | 480 | 480 | 480 |
| Number of companies | 84 | 84 | 80 | 80 | 80 | 80 |
| R-Squared | 0.365 | 0.367 | 0.478 | 0.479 | 0.491 | 0.507 |

Appendix A6 – Founder Financing Amount

| Table A6-1 | | | |
|---|-------------------------|------------------------|-------------------------|
| Results of panel Tobit regressions in the financing round sample. This table is comparable to Table 5 in the main text except that we replace Founder Financing Dummy with Founder Financing Amount which is the logarithm of 1 plus founder investment amount. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | |
| VARIABLES | (1) | (2) | (3) |
| Equal Split | -0.0508*** (0.0110) | -0.0650** (0.0295) | -0.0636*** (0.0151) |
| Founder Financing Amount | 0.0199*** (0.000733) | 0.0175*** (0.00448) | 0.0192*** (0.00268) |
| External Financing Amount | 0.00256 (0.0131) | 0.0163** (0.00736) | |
| Valuation | | -0.0349 (0.0241) | -0.0216*** (0.00806) |
| VC Financing | | | 0.00203 (0.00662) |
| Controls | YES | YES | YES |
| Observations | 480 | 480 | 480 |
| Number of companies | 80 | 80 | 80 |
| Log Likelihood | 58.15 | 71.79 | 65.64 |

Table A6-2

Results of panel Tobit regressions in the financing round sample. This table is comparable to Table 6 (column 1 & 2) and Table 9 (column 3 & 4) in the main text except that we replace Founder Financing Dummy with Founder Financing Amount which is the logarithm of 1 plus founder investment amount. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---|------------------------|------------------------|------------------------|-------------------------|
| Equal Split | -0.468** (0.197) | -0.853*** (0.290) | -0.0448 (0.0289) | -0.0570*** (0.0158) |
| Founder Financing Amount | 0.0197*** (0.00558) | 0.0163*** (0.00392) | 0.0199*** (0.00620) | 0.0176*** (0.00229) |
| External Financing Amount | -0.00566 (0.0128) | 0.0134** (0.00550) | 0.00244 (0.00959) | 0.0162** (0.00780) |
| Valuation | | -0.0499** (0.0250) | | -0.0352*** (0.00742) |
| Equal Split * Founder Financing Amount | 0.000842 (0.00434) | 0.00275 (0.00338) | | |
| Equal Split * External Financing Amount | 0.0338** (0.0157) | 0.0168 (0.0167) | | |
| Equal Split * Valuation | | 0.0391 (0.0310) | | |
| Near Equal Split | | | 0.0235 (0.0313) | 0.0308*** (0.0101) |
| Controls | YES | YES | YES | YES |
| Observations | 480 | 480 | 480 | 480 |
| Number of companies | 80 | 80 | 80 | 80 |
| Log Likelihood | 64.47 | 84.19 | 58.37 | 72.22 |

Table A6-3

Results of panel Tobit regressions in the financing round sample. This table is comparable to Table 10 in the main text except that we replace Founder Financing Dummy with Founder Financing Amount which is the logarithm of 1 plus founder investment amount. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) | (4) |
|---------------------------|------------------------|------------------------|------------------------|------------------------|
| Equal Split | -0.0514* (0.0267) | -0.0570** (0.0227) | -0.0649* (0.0352) | -0.905*** (0.300) |
| Founder Financing Amount | 0.0197*** (0.00303) | 0.0196*** (0.00718) | 0.0175*** (0.00337) | 0.0171*** (0.00262) |
| First Round | 0.0132* (0.00772) | -0.00292 (0.0395) | -0.00731 (0.0522) | -0.0380 (0.0428) |
| External Financing Amount | 0.00247 (0.00875) | 0.00268 (0.0125) | 0.0165** (0.00822) | 0.0195*** (0.00352) |
| EqualSplit * First Round | | 0.0304 (0.115) | | 0.0881* (0.0472) |
| Valuation | | | -0.0353 (0.0223) | -0.0569*** (0.0197) |
| EqualSplit * Valuation | | | | 0.0570*** (0.0208) |
| Controls | YES | YES | YES | YES |
| Observations | 480 | 480 | 480 | 480 |
| Number of companies | 80 | 80 | 80 | 80 |
| Log Likelihood | 58.32 | 58.57 | 71.85 | 84.93 |

Appendix A7 – Post-money Valuation

| Table A7-1 | | | | | |
|--|-------------------------|------------------------|----------------------|------------------------|------------------------|
| Results of panel Tobit regressions in the financing round sample. This table is comparable to Table 5 (column 1 – 3), Table 6 (column 4) and Table 9 (column 5) in the main text except that we replace (Pre-money) Valuation with Post Valuation which is the logarithm of 1 plus post-valuation. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | | | |
| VARIABLES | (1) | (2) | (3) | (4) | (5) |
| Equal Split | -0.0394*** (0.00470) | -0.0566* (0.0295) | -0.0464* (0.0272) | -0.749** (0.352) | -0.0519*** (0.0135) |
| Founder Financing | 0.145*** (0.0201) | 0.121*** (0.0417) | 0.133*** (0.0214) | 0.0950*** (0.0322) | 0.121*** (0.0213) |
| External Financing Amount | 0.0122 (0.00879) | 0.0278*** (0.00438) | | 0.0260*** (0.00878) | 0.0278*** (0.0107) |
| Post-Valuation | | -0.0417*** (0.0127) | -0.0199 (0.0138) | -0.0579** (0.0237) | -0.0419* (0.0215) |
| VC Financing | | | 0.0368 (0.0305) | | |
| Equal Split * Founder Financing | | | | 0.0479 (0.0368) | |
| Equal Split * External Financing Amount | | | | 0.00609 (0.0182) | |
| Equal Split * Post-Valuation | | | | 0.0413 (0.0325) | |
| Near Equal Split | | | | | 0.0185*** (0.00607) |
| Controls | YES | YES | YES | YES | YES |
| Observations | 480 | 480 | 480 | 480 | 480 |
| Number of companies | 80 | 80 | 80 | 80 | 80 |
| Log Likelihood | 10.55 | 29.06 | 13.36 | 39.43 | 29.27 |

Table A7-2

Results of panel Tobit regressions in the financing round sample. This table is comparable to Table 10 in the main text except that we replace (Pre-money) Valuation with Post Valuation which is the logarithm of 1 plus post-valuation. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) |
|-----------------------------|-------------------------|------------------------|
| Equal Split | -0.0571*** (0.00501) | -0.860*** (0.329) |
| Founder Financing | 0.122*** (0.0167) | 0.119*** (0.0141) |
| First Round | 0.0330 (0.0391) | -0.0111 (0.0186) |
| EqualSplit * First Round | | 0.102** (0.0417) |
| External Financing Amount | 0.0262*** (0.00539) | 0.0275*** (0.00699) |
| Post-Valuation | -0.0394*** (0.0117) | -0.0597*** (0.0192) |
| EqualSplit * Post-Valuation | | 0.0539** (0.0211) |
| Controls | YES | YES |
| Observations | 480 | 480 |
| Number of companies | 80 | 80 |
| Log Likelihood | 30.13 | 42.73 |

Appendix A8 – Employment and Down Round Controls

| Table A8-1 | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|
| Results of panel Tobit regressions in the company quarter sample. This table is comparable to Table 7 in the main text except that instead of controlling for Revenue, we control for Employment, which is the logarithm of 1 plus the company's number of employees, and Down Round, which is a dummy variable indicating whether the company experienced a down round in a current quarter. In quarters with no financing event, this dummy variable takes a value of 0. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | | |
| VARIABLES | (1) | (2) | (3) | (4) |
| Equal Split | -0.0322 (0.0236) | -0.0485** (0.0214) | -0.0778** (0.0395) | -0.0984* (0.0505) |
| Founder Financing | 0.143*** (0.0460) | 0.150*** (0.0362) | 0.197*** (0.0535) | 0.210*** (0.0609) |
| External Financing | 0.0352* (0.0208) | 0.0334* (0.0190) | 0.254 (0.302) | 0.272 (0.315) |
| Employment | -0.00146 (0.0211) | -0.00266 (0.0152) | | |
| Down Round - Quarter | | | -0.00517 (0.0314) | -0.000773 (0.0272) |
| Patent Application | | -0.0446** (0.0209) | | -0.0591 (0.0411) |
| Exit | | -0.0226 (0.0294) | | -0.0457 (0.0664) |
| Fail | | -0.0304 (0.0232) | | -0.0600 (0.0588) |
| Controls | YES | YES | YES | YES |
| Observations | 582 | 582 | 1,041 | 1,041 |
| Number of companies | 58 | 58 | 83 | 83 |
| Log Likelihood | -12.23 | -8.754 | 3.341 | 7.467 |

Table A8-2

Results of panel Tobit regressions in the financing round sample. This table is comparable to Table 5 in the main text except that we include a control for Down Round, which is a dummy variable indicating whether the company experienced a down round in a current financing round. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

| VARIABLES | (1) | (2) | (3) |
|---------------------------|----------------------|------------------------|----------------------|
| Equal Split | -0.0824* (0.0424) | -0.102*** (0.0194) | -0.0860* (0.0489) |
| Founder Financing | 0.189*** (0.0512) | 0.172*** (0.0418) | 0.175*** (0.0539) |
| External Financing Amount | 0.0113 (0.0130) | 0.0281*** (0.00927) | |
| Down Round | 0.00193 (0.0197) | -0.0212 (0.0272) | -0.0277 (0.0346) |
| Valuation | | -0.0451* (0.0243) | -0.0234 (0.0201) |
| VC Financing | | | 0.0539** (0.0219) |
| Controls | YES | YES | YES |
| Observations | 389 | 389 | 389 |
| Number of companies | 75 | 75 | 75 |
| Log Likelihood | 8.755 | 22.94 | 13.05 |

Appendix A9 – Alternatives for Near Equal Splits

| Table A9 | | | | | | | | | | | | |
|---|-----------------------|-----------------------|-------------------------|------------------------|----------------------|-----------------------|----------------------|------------------------|------------------------|-----------------------|-----------------------|----------------------|
| Results of panel Tobit regressions in the company quarter sample (column 1, 2, 5, 6, 9 & 10) and in the financing round sample (column 3, 4, 7, 8, 11 & 12). This table is comparable to Table 9 in the main text except that we use multiple variations of the Near Equal dummy variable. In particular, Near Equal dummy is equal to 1 if the average absolute deviation is greater than 0 and is within the 10 th percentile, 20 th percentile, and 33 th percentile (instead of 25 th percentile as reported in the main text). All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | | | | | | | | | | |
| VARIABLES | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
| Equal Split | -0.0460** (0.0215) | -0.0539** (0.0272) | -0.0377*** (0.00229) | -0.0546** (0.0275) | -0.0416* (0.0253) | -0.0513** (0.0254) | -0.0317 (0.0200) | -0.0474** (0.0214) | -0.0491*** (0.0164) | -0.0591** (0.0273) | -0.0413** (0.0187) | -0.0562* (0.0313) |
| Near Equal (10th percentile) | -0.0128 (0.166) | 0.000383 (0.0370) | 0.0144 (0.0169) | 0.0174 (0.0768) | | | | | | | | |
| Near Equal (20th percentile) | | | | | 0.0120 (0.0268) | 0.0113 (0.0310) | 0.0313 (0.0260) | 0.0380 (0.0623) | | | | |
| Near Equal (33th percentile) | | | | | | | | | -0.0148 (0.0258) | -0.0167 (0.0264) | -0.00575 (0.0245) | 0.00153 (0.0101) |
| Founder Financing | | 0.195*** (0.0388) | 0.144*** (0.0209) | 0.121*** (0.0243) | | 0.195*** (0.0355) | 0.144*** (0.0321) | 0.120*** (0.0338) | | 0.195*** (0.0369) | 0.145*** (0.0211) | 0.121*** (0.0261) |
| External Financing | | 0.0601*** (0.0224) | | | | 0.0601** (0.0236) | | | | 0.0597*** (0.0171) | | |
| External Financing Amount | | | 0.0121*** (0.00293) | 0.0277*** (0.00776) | | | 0.0119 (0.0122) | 0.0277*** (0.00794) | | | 0.0122* (0.00734) | 0.0278** (0.0141) |
| Valuation | | | | -0.0417* (0.0219) | | | | -0.0420*** (0.0108) | | | | -0.0417 (0.0274) |
| Controls | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES | YES |
| Observations | 1,287 | 1,287 | 480 | 480 | 1,287 | 1,287 | 480 | 480 | 1,287 | 1,287 | 480 | 480 |
| Number of companies | 84 | 84 | 80 | 80 | 84 | 84 | 80 | 80 | 84 | 84 | 80 | 80 |
| Log Likelihood | -161.7 | -76.78 | 10.59 | 29.12 | -161.7 | -76.70 | 10.96 | 29.85 | -161.6 | -76.56 | 10.57 | 29.06 |

Appendix A10 – Company Performance

| Table A10 | | | | | | | |
|---|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|
| Results of panel Tobit regressions in the company quarter sample. This table is comparable to Table 7 in the main text, but contains some alternative specifications. All other variables are defined in Table 1 in the main text. Robust standard errors, clustered at the company level, are reported in the parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively. | | | | | | | |
| VARIABLES | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Equal Split | -0.0508* (0.0260) | -0.0555* (0.0331) | -0.0537** (0.0242) | -0.0505** (0.0216) | -0.0606** (0.0249) | -0.0541*** (0.0186) | -0.0614** (0.0269) |
| Founder Financing | 0.152*** (0.0362) | 0.195*** (0.0347) | 0.195*** (0.0377) | 0.152*** (0.0403) | 0.157*** (0.0406) | 0.195*** (0.0328) | 0.157*** (0.0379) |
| External Financing | 0.0283* (0.0159) | 0.0599** (0.0251) | 0.0598*** (0.0164) | 0.0284 (0.0177) | 0.0281** (0.0130) | 0.0598*** (0.0139) | 0.0281* (0.0161) |
| Revenue | -0.00164 (0.00182) | | | -0.00190 (0.00214) | -0.00240 (0.00241) | | -0.00230 (0.00210) |
| Patent Application | -0.0217 (0.0205) | -0.00520 (0.0393) | -0.00386 (0.0248) | -0.0199 (0.0358) | -0.0274 (0.0232) | -0.00414 (0.0325) | -0.0288* (0.0168) |
| Exit | | -0.00604 (0.0236) | | 0.0100 (0.0187) | | -0.00201 (0.0155) | -0.00579 (0.0277) |
| Fail | | | 0.00906 (0.0210) | | -0.0352 (0.0221) | 0.00839 (0.0197) | -0.0376 (0.0287) |
| Controls | YES | YES | YES | YES | YES | YES | YES |
| Observations | 770 | 1,287 | 1,287 | 770 | 770 | 1,287 | 770 |
| Number of companies | 66 | 84 | 84 | 66 | 66 | 84 | 66 |
| Log Likelihood | -25.47 | -76.70 | -76.61 | -25.32 | -23.58 | -76.61 | -23.54 |