

Captinum Capital Strategy Report

Example Company

Milestones & Capital Uses

Based on the milestones you have indicated that your company has met, it is suggested that your company focus on the following next steps. Some of these steps will be Maturity Indicators, which are critical milestones that indicate the phase of growth that your company has reached. Other steps will be Mission Activities which are critical milestones that indicate the business goals that company is working toward. Each of these steps has a corresponding use of capital, some of which you have indicated that your company would like to prioritize as follows.

	Milestone Type	Milestone to be Met	Use of Capital	Priority
1	Maturity Indicator	Team has clear sales and operations understanding and strategy	Attract and grow operations and sales teams	Yes
2	Maturity Indicator	Evidence of impact tied to solution- the company has evidence that by growing the business, company solves the problem	Connect with industry to explore solution assumptions	Yes
3	Mission Activity	Target customers love the product and want to keep using it	Implement customer feedback channels	Yes
4	Mission Activity	Fully functional prototype with completion of product for wide commercial distribution in sight	Build a fully functional prototype with completion of product for wide commercial distribution in sight	Yes
5	Mission Activity	Vision and initial evidence of positive unit economics in two markets	Gain initial traction in new markets	Yes
6	Mission Activity	Financial model with evidence of valid projections to reach positive unit economics	Pivot to validated pricing strategies/ business models	Yes
7	Mission Activity	Vision and initial evidence of positive unit economics in two markets	Gain initial traction in new markets	Yes
8	Mission Activity	Inbound interest from large strategics	Evaluate any inbound interest from large strategic acquirers	Yes

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Risk Ranking

Based on the Maturity Indicators and Mission Activities your company shared that it has engaged in, a Risk Ranking has been generated for your company. This ranking and its description may help you understand the level of risk a capital provider is taking on when they engage in a transaction with your company. This ranking informs the type of transactions available to your company, as well as which capital providers may be the right fit for your company.

Assessment	Level/ Ranking Name	Level/ Ranking Description	Level/ Ranking
Company Phase Level based on Maturity Indicators	Validating an Investable Market	Team becomes unified and company begins to gain market dynamics product development understanding.	4
Business Goals Level based on Mission Activities	Refine the Market Opportunity	Iterations on approach to product and market are refining the scale of the market opportunity and strategy for generating returns.	4
Risk Ranking based on Maturity Indicators & Mission Activities	Critical Risk	Default/ lack of investor return of some kind looms as strong possibility, minimal prospect of recovery	K6

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Financial Impacts

Your company shared that it would be open to the implications of impacting the following financial areas of your business.

	Financial Impact Area	Financial Impact Area Description	Financial Impact Implications
1	Cash & Prepaids	Currency in accounts and on hand and subscriptions that are paid, but will be used over time	Increasing cash and prepaids can show capital providers that the business has both cash flow to operate and capacity to service any debt. Cash on hand also shows capital providers that the company may have the capital to match any requested investment and share the risk.
2	Accounts Receivable	Amount due from the sale of goods/ services or other activities to be received in the short-term	Accounts receivable can show that a company is expecting payment for a sale, which is a good thing. Or it can show capital providers that a company is having a hard time collecting payment from its customers, which can negatively impact the cash flow of the company.
3	Personal Assets	Non-business, personally owned assets that you can use or sell to bootstrap to get free cash flow for your capital strategy	Depending on the phase and goals of your company, your personal assets may be able to play a significant role in creating cash flow for your company. Strategies can involve using personal assets in the company or selling them to create personal freedom to offer sweat equity or put that capital into the business.
4	Wages/ Payroll Tax/ Benefits Expenses	Period costs of labor/ personnel	In most companies, the cost of labor/ personnel is the largest expense. Strategies to reduce this expense can increase profits and free cashflow in the company, including increases accounts payable and deferred wages.
5	Overhead Expenses	Costs of maintaining the ongoing operation of your organization and supporting revenue generation activities	Various task for the business and work on the company require time and often special professionals outside of the company, and the costs of these can add up. Strategies to reduce this expense can increase profits and free cashflow in the business.
6	Personal Expenses	Non-business, personal expenses that you can reduce, for the freedom to offer sweat equity or personal assets to bootstrap the businesses	With high levels of personal expenses, it can be challenging to work in your business without getting paid or to use personal assets to fund the company. There are few strategies for reducing the burden of personal expenses while focusing one's time on their business.

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Transaction Types

By combining your company's input on the capital uses that you would like to focus on and the financial impacts that your company is open to, the following transaction types were suggested as options to meet your capital needs. Each transaction type is appropriate for a range of risk levels of companies. Your company prioritized some of the transaction types as follows.

	Transaction Type	Transaction Description	Transaction Features & Uses	Priority
1	Grants/ Tax Incentives	Award, usually financial, given by one entity (typically a company, foundation, or government) to another, often an individual or a company, to facilitate a goal or incentivize performance.	Grants are essentially gifts that do not have to be paid back, under most conditions. These can include research funds, no cost access to resources, and possibly operating capital. Tax incentives focus on reducing the tax burden for those who elect to participate in business activities as is being incentivized.	Yes
2	Reward Crowdfunding	Regulation Crowdfunding or Reg CF allows companies to raise capital from both accredited and non-accredited investors up to \$1,070,000 through regulated crowdfunding portals. Investors to contribute to your company in return for non-financial benefits such as unique experiences or gifts that are of low cost to company	Commonly used for creative projects. It usually operates as a tiered system – the more an investor donates to your company, the greater the reward they will receive	Yes
3	Donation Crowdfunding	Regulation Crowdfunding or Reg CF allows companies to raise capital from both accredited and non-accredited investors up to \$1,070,000 through regulated crowdfunding portals. Donations from an intentionally gathered online community to donate to a company with social or charitable mission	This type of crowdfunding work best for companies with specific charitable or social impacts in addition to/ or as a part of their business	Yes
4	Invoice Factoring	A company can turn invoices into cash immediately by paying a percentage or flat fee to receive payment from a lender immediately while the lender waits for the company's customer to pay them through a lockbox system.	A company's cash flow is not being held captive by slow-paying or not paying customers. With invoice factoring, the lender considers a company's customer's ability to pay, not the company's.	Yes

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5	Joint Venture	Business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task through a jointly owned entity	Despite that the purpose of JVs are typically for production or for research, they can also be formed for a continuing purpose.	Yes
6	Senior and/ or Secured Debt	Debt that takes priority over other subordinated debt in a general claim on company assets, and if secured can take a claim to specific company assets, as well as general assets for repayment. Limited recourse or partial recourse debt is a variant of senior and/or secured debt in which the lender has a limit to claims only on named assets as collateral and recovery is limited to its value	Typically used for revolving credit lines and installment loans for maturing companies. Requires agreed subordination from any other lenders	Yes
7	Acquisition Financing	Resources for companies that have aspirations of buying another business	Resources are made immediately available for the specific transaction	Yes
8	Bridge Loan	Short-term debt, with a term which allows a the company to move in a strategic direction that would allow the loan to be paid back or converted to equity	Often used to cover a gap in financing from a prior round, a delay or pivot in business activity, or a growth opportunity toward a next financing round that converts or pays off the loan	Yes
9	Subordinated and/ or Unsecured Debt	Debt that is lower in priority than senior debt in a general claim on company assets, or if unsecured has no claim on company assets for repayment. Limited or partial	Typically used in private debt financings such as bridge rounds and convertible debt rounds	Yes
10	Revolving Credit Line	A certain amount of always available credit to a company for an undetermined amount of time. The debt is repaid periodically and can be borrowed again once it is repaid	Often offered by a bank or merchant account holder. Can help companies with a seasonality to revenue and expenses.	Yes
11	Vendor Financing	Short-term deferred loan from a vendor to a customer that is secured by goods the customer buys from the vendor or shares from the borrowing company	Vendor financing can be an option when a vendor value's a customer's business and business relationship enough to take a risk on the company	Yes

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12	Installment Debt	Installment debt is a loan that is repaid by a company in regular equal installments that include interest and a portion of principal. This type of loan has a calculated amortization schedule that typically pays down more interest than principal early in the schedule as a means of protecting return to lender	Installment debt is the most traditional type of debt offered by lenders and is offered to companies or individuals that can prove repayment ability. Installment debt is a favored method of financing for big-ticket items such as real estate and equipment.	Yes
13	Accounts Receivable Factoring	A company can turn accounts receivable into cash by borrowing against the receivables and paying interest on the short-term loan until the payment is received from the customer to pay the loan back to the lender.	A company's cash flow is no being held captive by slow-paying. With accounts receivable factoring the company's estimate of the customer's ability and timeliness can determine the length of time the loan needs to be held by the company and the interest owed by the company.	Yes
14	Loan Guarantees	A guaranteed loan is a loan guaranteed by a third party in case the borrower defaults. Sometimes, a guaranteed loan is guaranteed by a government agency, which will purchase the debt from the lending financial institution and take on responsibility for the loan. Another option is a private loan guarantee from an investor	Government agencies offer loan guarantees, but often still require business history, collateral, and capital from the company or founders. Private loan guarantees are a way to engage investors that can help bring capital into the business by offering their guarantee of a loan with out having to actually invest cash. Often the loan's terms will likely be short and in addition to interest and fees to pay to the bank, the guarantor will charge fees or have other terms	Yes
15	Distressed Acquisition	Asset divestitures or selling a company or its assets quickly under extremely distressed circumstances while attempting to preserve the company's value as a going concern or liquidating it in parts	These transactions often occur in contested or litigious settings, in or out of bankruptcy	Yes
16	Equity Crowdfunding	Regulation Crowdfunding or Reg CF allows companies to raise capital from both accredited and non-accredited investors up to \$1,070,000 through regulated crowdfunding portals. An equity offering to a large set of investors that each take very small minority stock interest in a company	This type of crowdfunding could work best for growth-focused companies in areas where there is potential for return on the investment	Yes
17	Restricted Stock Offerings	An offering of Restricted shares means that the stock is not fully transferable to the person receiving the stock until certain conditions or restrictions are met are met over several years. Once the restrictions or conditions have been satisfied, the stock is no longer restricted and can be transferred to the intended person receiving the stock	Restricted shares are typically used as an alternative form of employee compensation beyond salaries allowing a company to retain key employees and preserve cash in the early phases of maturity	Yes

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18	Accelerator/ Incubator Arrangement	Support and fostering of companies in early stages of company maturity and business traction with infrastructure, equipment, services access, coaching, advising, networking, etc.	Requires commitment to participation in a program/ curriculum for business support for a fixed amount of time or until the company has resources to pay for the support needed	Yes
19	Preferred Stock Offering	Sale of Preferred stock to shareholders who do not have voting rights, unless specifically defined for the class of shareholders, but offers a preferred claim on assets if the company falters and liquidates. It is not listed with common stock and trades at a different price due to its variations in possible add-on rights. Preferred shareholders receive an almost guaranteed, but limited, dividend	Private Preferred stock offerings are typical with less mature and more risky companies as there are provisions for how investors can possibly recoup their investment. There are several types of Preferred Stock offerings due to possible add-on rights to enhance investor protections.	Yes
20	Cumulative Preferred Stock Offering	Sale of Cumulative Preferred stock provides Preferred shareholders in the class with a provision for if any accrued dividend payments have been missed in the past, the dividends owed must be paid out to cumulative Preferred shareholders first. This is before other classes of Preferred stock shareholders and Common shareholders can receive dividend payments.	Private Preferred stock offerings are typical with less mature and more risky companies as there are provisions for how investors can possibly recoup their investment. The cumulative dividend payment provision allows investors a protection for their return, as well	Yes
21	Callable Preferred Stock Offering	Sale of a Callable Preferred stock provides the company with a provision to redeem the Preferred stock at a preset price after a defined call option date or event. Investors are possibly provided a call premium, a percentage increase in the stock price, if the company chooses to redeem the stock	Private Preferred stock offerings are typical with less mature and more risky companies as there are provisions for how investors can possibly recoup their investment. The call provision allows the company the option to exit the specific dividend obligation of the Preferred shares in the future	Yes
22	Convertible Preferred Stock Offering	Sale of Convertible Preferred stock includes an option for the investor to convert the Preferred shares into a fixed number of Common shares, usually any time after a predetermined date or event and often with a preferential conversion price. The value of Convertible Preferred stock is ultimately based on the performance, or lack thereof, of the Common stock	Private Preferred stock offerings are typical with less mature and more risky companies as there are provisions for how investors can possibly recoup their investment. Preferred shareholders receive an almost guaranteed, but limited, dividend. In exchange for a lower dividend, Convertible Preferred stock gives shareholders the ability to participate in share price appreciation and possibly at a discounted rate	Yes

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23	Participating Preferred Stock Offering	Sale of a Participating Preferred stock provides the investors with the right to receive dividends equal to the normally specified rate that preferred dividends are paid to Preferred shareholders, as well as an additional dividend based on some predetermined condition. Participating Preferred stock can also have liquidation preferences upon a liquidation event and to receive the stock's purchasing price back, as well as a pro rata share of any remaining proceeds that the common shareholders receive	Private Preferred stock offerings are rarely issued and typically used by more mature companies to ward off unwanted takeover. If an investor's preferred stock is participating, that investor is entitled to any value leftover post-liquidation as if that stock had been common stock. The participating provision allows investors a right to the unlimited upside of typical with Common stock ownership in a company.	Yes
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24	Warrants Offering	<p>A stand-alone or combined warrants offering provides investors the right, but not the obligation, to buy or sell a security, most commonly an equity, at a certain price before or at expiration. The price at which the underlying security can be bought or sold is referred to as the exercise price or strike price. Warrants that give the right to buy a security are known as call warrants; those that give the right to sell a security are known as put warrants</p>	<p>Typically warrants are offered in combination with other security or debt offerings as an add-on right for investors with leverage or arbitrage interests or those protection against downside. Warrant rights can be detachable, meaning that they can be sold in a secondary offering without the other security. When an investor exercises their warrant, they receive newly issued stock, which is dilutive. Warrants are typically used by companies in the early stages of maturity, but are becoming less common in the U.S.</p>	Yes
25	Secondary/ Add-On Offering	<p>After an offering of Common or Preferred Stock has closed, a sale of shares by a major shareholder (non-dilutive) or sale of additional shares (dilutive)</p>	<p>If the secondary offering is non-dilutive, the proceeds received by the major shareholder can be reinvested into the company</p>	Yes

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Capital Providers

Based on the calculated risk ranking of your company and the transaction types you prioritized, the following capital providers were suggested as options to research and engage. Your company selected the following order that you will seek to network with these capital providers to determine if they are a good fit for your company and are offering capital to meet your company's needs now and as you grow.

	Capital Provider	Contact Information	Order
1	Angel Capital Group	https://theangelcapitalgroup.com/	1
2	Angel Roundtable	http://www.theangelroundtable.com/	2
3	BlueVine	https://www.bluevine.com	3
4	Bonfire	https://www.bonfire.com/fundraising/	4
5	Chattanooga Renaissance Fund	https://chattanoogarenaissancefund.com/	5
6	Circle Up	https://circleup.com/	6
7	Crowdfunder	https://www.crowdfunder.com/	7
8	ECD Fasttrack	https://tnecd.com/advantages/incentives-grants/	8
9	Fundbox	https://fundbox.com/	9
10	Funder's Club	https://fundersclub.com/	10
11	Funding Circle	https://www.fundingcircle.com/us/	11
12	FundRx	https://fundrx.com/	12
13	iFundWomen	https://ifundwomen.com/	13
14	Innova Memphis	https://www.innovamemphis.com/	14
15	Kabbage	https://www.kabbage.com/	15
16	Kickstarter	https://www.kickstarter.com/	16
17	Kiva	https://www.kiva.org/	17
18	LendingClub	https://www.lendingclub.com/	18
19	Lendio	https://www.lendio.com	19
20	Lighthouse Fund	https://lhfknox.com/	20
21	OnDeck	https://www.ondeck.com/	21
22	Pathway Lending	https://www.pathwaylending.org/	22
23	Peerform	https://www.peerform.com/	23
24	Prosper	https://www.prosper.com/	24
25	Queen City Angels	https://qca.com/	25
26	Rural Business Enterprise Grant	https://www.rd.usda.gov/recovery/rural.html	26
27	Knoxville Urban Area League	https://www.thekaul.org/entrepreneurship-opportunity-to-prosper/	27
28	SBIR	https://www.sbir.gov/	28
29	StartEngine	www.startengine.com	29
30	Street Shares	https://streetshares.com/	30
31	STTR	https://www.sbir.gov/about/about-sttr	31
32	The JumpFund	http://www.thejumpfund.com/	32
33	Three Roots Capital	https://3rootscapital.org/	33
34	Upstart	https://www.upstart.com/	34
35	Valor Ventures	https://valor.vc/	35
36	Veteran Ventures	https://www.veteranventures.us/	36
37	Winterpoint Capital	https://www.winterpointcapital.com/	37