

## **PREPARING YOUR EXECUTIVE SUMMARY**

### **Introduction**

One of the mistakes entrepreneurs often make in the financing process is providing too much information in their first contact with a potential investor. Most professional investors – angels, venture capitalists and others – receive so many in-bound messages that they do not have the time to read every full business plan they receive, nor do they have the time to review in detail full spreadsheets. They will want these materials if they decide to look more closely at the opportunity, but their first task is to weed out the wheat from the chaff. So, the initial goal of an entrepreneur should be to get the investor engaged. In our view, this is best done by providing a short Executive Summary and a short Investor Presentation (typically, a powerpoint – see our guide on Investor Presentations) that clearly high-light the company's value proposition. It is far more likely that we will be able to review these materials sooner than a full Business Plan and a full set of spreadsheets.

This document is a guideline to preparing an “expanded” four to seven page Executive Summary. While we prefer to see something less than a full Business Plan in the first instance, we do want to see all of the key items of the Business Plan at least touched on in the Executive Summary – hence the desire for an expanded version. You may include the Executive Summary in your Business Plan at the beginning, or not. Either way, you should have an expanded, stand alone, version that can be provided separate from your full Business Plan.

### **Objectives**

The objective is to make sure that the Executive Summary covers all of the material elements of the Business Plan and is long enough to tell your story, without being too long that it ends up at the bottom of your prospective investor's pile of things to read, or languishing in their in-box.

Your Executive Summary (and your Investor Presentation) must, at a minimum, answer, in very clear terms, the following:

- Who are you, both as a company and as a team?
- What product do you make and what business are you in?
- Who is going to buy your product and why are they going to buy it?
- How will you sell your product and how will you get broad market penetration?
- How will you charge for your product and how will you make money from it?
- How much money do you need, what are you going to do with it, and what milestones will you accomplish with it?
- How will I, as an investor, make money from an investment in your company?

### **General Guidelines**

You can cover everything you need to cover in your Executive Summary in four to seven pages. It should cover the following topics:

- Mission Statement and Vision
- Corporate Information
- The Products/ Business of the Company
- The Market Opportunity and Market Pain
- The Marketing Plan and Go to Market Strategy
- Management and Board
- Summary of Financial Results and Forecasts
- Strategic Relationships and Partnerships
- Competition and Competitive Advantage
- Financing Requirements
- Business Objectives and Milestones to be met with the Financing
- Capital Structure
- Contact Information

A few general hints. Where statistics are quoted, research information referred to, or comparisons made to other companies, make sure that a full citation for the source of those statistics is provided, or a cross-reference to the information source or company is provided. Include, wherever possible, web-sites, links and trade symbols (i.e. NASDAQ:MSFT). The person reading your Executive Summary should be able to use that citation, web-site, link or trade symbol to easily verify the information presented. The easier it is for the investor to conduct his or her due diligence, the faster they can complete their review and the more confidence they will have in management's assertions.

Be factual, do not exaggerate and do not bad mouth the competition or discount it. Do not make any statements that cannot be backed up. Stick to the facts.

Read it to make sure it reads well and that there are no grammatical or typographical errors. Make sure the format and spacing looks good. Make sure that terminology is used consistently and that spacing, paragraph numbering and headings are consistent. A professional looking and written Executive Summary reflects well on the Company, and vice-versa with a poorly written or presented one.

### **Specific Guidelines**

More specifically, the Executive Summary should contain the following information (the bold caption below is the suggested caption to include in the Executive Summary):

***Mission Statement and Vision.*** If the Company has a short one line Mission Statement, provide it. At the very least, the company should have a Vision for what it wishes to be.

***Corporate Information.*** This section should be quite short, possibly only two to three sentences long. It should provide the full proper legal name of the Company, its jurisdiction of incorporation and date. If private, say so. If public, say so and identify which stock exchange it is listed on together with its trade symbol.

***The Products/Business of the Company.*** This section should be two to four paragraphs long.

It should clearly identify what your products or services are, clearly identify their stage of development (concept, prototype, beta or in sales – make it clear if you are pre-revenue or not) and the business/revenue model. **It is**

**not uncommon to hear people say that they've read a company's investor materials or heard their pitch, and they don't understand what it is they do.** This is a major failure on the part of the writer.

Identify what distinguishes your products or services by describing the features as opposed to providing unsubstantiated statements like "it is the best product hands down". The latter should be provided through independent testimonials if you have them. Keep the description on a non-technical level and avoid buzzwords. Remember that the investor may not have the same technical background as you do, and if he or she wants more technical information, it will only after validating the business opportunity first. Instead, focus on clearly identifying what the product or service does in such a way that it leads the reader to understand who will buy it and why.

If the product has a long development roadmap ahead (a product which will need to add considerable features or IP over time), then clearly identify where it is at now, and make sure to clearly identify the development plan and also make sure it tracks to the budget. Identify any critical trends in industry (ie. new technology platforms) that are necessary to your product or technology partners that are critical to your future. In the case of the latter, identify where you are in developing those partnerships. Identify whether there is real IP in the product, and clearly identify where you are in the patenting process (list the patents with numbers if you have any) and indicate if there is a formal patent strategy in place. If it is simply first mover advantage and not an IP play, say so rather than trying to show IP where none really exists.

***The Market Opportunity and Market Pain.*** This section should be two to four paragraphs long.

This section should clearly identify the market opportunity and the revenue model for the Company. The question you want this section to answer is: "Who will buy your product, and why? And how will you charge for it and make money?" One of the biggest mistakes early stage companies make is not doing enough market analysis – and not connecting market data to product development (ie marketing and product development do not talk to each other – thus the wrong feature set is developed; and sales and marketing do not talk to each other – thus, the wrong message is given to sales, or sales is selling a product the company does not have). Often product development is driven by a technical visionary or founder who is building it first, and then simply expecting customers to show up and buy. An investor will be much more interested in an opportunity where the product has been built to address a serious *market pain that has been identified by the actual customers you intend to sell to*. No matter how much an investor might like your market opportunity or be impressed by your product, if the investor doesn't believe that there is a viable market for the product and a viable revenue model, the investor won't invest.

This section should also clearly identify the size of the market opportunity (note caveat above about citing industry data). Mistakes made in this section often relate to identifying a market vertical as opposed to clearly identifying your specific addressable market opportunity. Further, basing projections on statements such as "If we only capture X% of the market, we will do \$\$\$\$ of sales...." is not very useful. Forecasts should be based on the methodology you intend to employ in your go to market strategy and tie to that – there should be intelligence in the model used to provide the forecasts.

***The Marketing Plan and Go To Market Strategy.*** This section should be two to four paragraphs long.

This section should describe your marketing plan and how you plan to attack the market. Young companies are often short on both sales and marketing expertise. If this is the case, say so and indicate what you are doing to address it. Our belief as well is that the CEO should be the lead on sales in the early stages of the company's life, and should be front and centre with customers and partners. If this is the case, it should be indicated.

Address, explain and be prepared to defend your go to market strategy – direct sales, channel sales, OEM, white-labeling, etc. Further, indicate your sales cycles and if they are long, how you intend to shorten them. If your sales are lumpy (ie. large, with little or no recurring revenue component), identify how you intend to flatten



out the volatility in your cash flow. If you are building a direct sales model, explain how you are going to ramp, finance the overhead and achieve your projections. If you are relying on channel sales, identify how you intend to qualify channel partners, train them and ensure they are productive. The “Go To Market Strategy” is probably the biggest failing of young companies we see – they have a good idea, build a great product, but cannot execute on sales. It is not enough to say you have the best product. Finally, to steal a cliché, discuss how you will “cross the chasm” from the early adopters to mainstream acceptance.

Final note, if the best product always won, Microsoft would not be the dominant operating system today, the Rolling Stones would not have had a career spanning several decades and Keanu Reeves would be the French fry guy at the local drive through. It is all about marketing.

**Management and Board.** One paragraph on each member of the senior management team.

With start-ups it is often said that investors are not investing in the product or service as much as they are in the people. This section should provide the full name, age and title (all titles including identifying if the individual is on the Board and which officer titles he or she holds) of each of the senior managers. Following each name should be a short paragraph summarizing their resume. Indicate post-secondary degrees and relevant job experience. Avoid general descriptions such as “15 years with Nortel” or “15 years of sales experience”. It is better to identify specific achievements, such as “As VP Sales with X Co., he led an increase in revenues by 400% over three years.” Relevant domain expertise is very important – especially in the technology world – and should be identified.

List the Board members and the Advisory Board members as well, with a short two to three lines on each. Note, other than for life science companies who often have very large scientific advisory boards, investors are wary of companies with too many advisors (three or four is optimal).

If any member of the management team, Board or Advisory Board have invested hard cash (not services or foregone salary), indicate that as well as it is very compelling to an investor. Note, more and more investors are looking for Board members that have invested in the companies on whose Boards they sit.

**Financial Results and Forecasts.** This section should contain a *summary* of the financial results for the Company for its past two fiscal years, and for its most recently completed fiscal quarter to the extent that such data is available. The Company's year end should be identified. A two-year, conservatively prepared, financial forecast should be provided with the appropriate cautionary language. If the information is audited, such should be noted and same if it is not audited. A public Company should have audited information. This will not always be the case for a private company. The financial information should be presented in tabular form and should include gross revenues, cost of sales, gross margin, EBITDA, expenses and net income. Working capital should also be provided.

As noted above under “The Market Opportunity ...”, forecasts should not be based on simply capturing a percentage of the overall addressable market. Forecasts should be tied to the company's business plan generally, and go to market and partnering strategies specifically. Assumptions should be stated or be available to be provided. Professional investors will drill into these forecasts in detail and want to see how they were built from the ground up. Understanding and being able to defend your forecasts will go a long way to validating your valuation expectations.

Also, clearly identify your monthly burn rate (being total monthly expenses excluding any predictable and sustainable revenues coming in – not unsubstantiated forecasted revenues). If you are a revenue company, also provide your net monthly burn rate (total monthly expenses, again less sustainable, proven, monthly revenues). Identify your cash out date pre-financing, and what your cash out date will be if the financing is raised.

**Strategic Relationships and Partnerships.** If you have strategic relationships or partnerships with recognizable names, then disclose them. If there are parties critical to your success that you need relationships with, identify them, explain why they are critical to your success, and discuss where you are at. Be very careful to clearly identify how far along the relationships are or are not developed. Identify clearly who you have formal written signed agreements with, and those in stages preceding that (and identify which stage you are at). Professional investors will wish to call these partners to validate these partnerships and you don't want a partner saying your relationship is something less than you have represented. A mistake commonly made is to reference strategic partners with an inference that the relationship is much further along than it is. Be factual.

**Competition and Competitive Advantage.** Identify the competition and don't dismiss them or discount them (see note above on providing citations, websites and public company links). The best way to explain your competitive advantage is to draw a matrix listing your company and your competitors on one axis, and along the other access the feature sets of the products of each. Also, consider competitive sources other than just your direct competition using a similar technological approach to yours – such as build vs. buy; do nothing vs. buy; alternate technologies vs. your technology as well as your direct competitors. Discuss and address all of those competitive threats. The statement “There is no competition” needs to be backed up and will be received with much skepticism.

**Financing Requirements.** This section should provide a full and clear breakdown of what financing you are looking for, what will be done with it and when it is needed. Whenever possible, the breakdown should be more detailed than just generic categories such as "marketing", "admin" and "R&D" unless including all the descriptions would make the summary too long, in which case use the general categories and have a separate one-page detailed breakdown to hand out. As a rule of thumb, break them down to the \$25,000 level if the total use of proceeds is below \$500,000; \$50,000 if the use of proceeds is between \$500,000 to \$1,500,000 and \$100,000 if above that.

Several rules of thumb with financing tranches:

- Professional investors ideally like the financing round to provide for at least 18 – 24 months of runway for the company. Make sure this ties to your Financial Forecast section and if you are pre-revenue now, make sure that it assumes no revenues during this period even if you expect some. If you are in revenues, it should assume a revenue run rate that is defensible – err on the side of conservatism; use something like the minimum monthly revenues that you can defend with your “hand over your heart”. Remember investors hate the surprise of running out of money before they expected you to and would much rather be surprised the other way.
- Angel rounds will typically be less than \$1,000,000 total (there are exceptions to every rule). An early stage VC may play at this level too. Professional investors love to see the initial capital provided by the founders, friends and family and Board members. It is a strong statement of commitment.
- Venture Capital rounds are typically in the \$1,000,000 to \$5,000,000 range for a Series A round, and up from there for each round thereafter. An early stage VC will look at sub-\$1,000,000 rounds. VC rounds in the US will be larger than in Canada.

**Business Objectives and Milestones** to be met with the Financing. This section should tag to the financing requirements section and should clearly identify what business objectives and milestones you hope to meet with the proceeds. The dates by which these milestones are to be met should be identified as well. This is a very important section because people who are going to provide money want to know not only what you are going to do with it (i.e. the use of proceeds) but also what you are going to accomplish with it and when (i.e. your business objectives and milestones).

**Capital Structure.** This section should clearly identify the share structure of the Company, and is often not included in materials we receive. For a private Company, it should identify each round of shares issued, the



month and year when they were issued, the price at which they were issued and the proceeds of that issue. Shares that are held by the founder's group should be identified as well as the percentage that constitutes of the total issued share capital. If there are existing dilutive securities, full particulars of those should be provided.

If the Company is public, start with the issued and outstanding share capital (there is no need to breakdown the past issuances) and break it down between the principals and the public float. Identify which, if any, shares are held in escrow or subject to unexpired hold periods.

Immediately following this table, provide the fully-diluted numbers identifying stock options, warrants, convertible securities and agreements to issue securities. Identify the number of shares that may be issued pursuant to each, their exercise price or prices, their expiry dates and how many people hold them. Following this table, identify the holdings of the control group differentiating between the types (escrow, free-trading etc.) shares and indicating their holdings (in numbers and percentages of the issued share capital) both undiluted and fully diluted.

**Contact Information.** This section should provide the full proper legal name of the company and of the contact person including that person's title, the company's full address including postal code, its main office phone number, the direct line of the contact person and fax numbers each with area code, its web address (URL) and the email address of the contact person and any other on-line contact particulars (eg. Skype address) or presences (blogs etc.). If the Company is public, include the same information for the company's auditors, legal counsel, registrar and transfer agent.

After preparing the first draft of the Executive Summary, you should review it against these guidelines to see if meets all of these requirements. Then go through these questions again and see if you have answered all of them:

- Who are you, both as a company and as a team?
- What product do you make and what business are you in?
- Who is going to buy your product and why are they going to buy it?
- How will you sell your product and how will you get broad market penetration?
- How will you charge for your product and how will you make money from it?
- How much money do you need, what are you going to do with it, and what milestones will you accomplish with it?
- How will I, as an investor, make money from an investment in your company?

Once you are satisfied that the content is there, then you should see how it might be edited down (whether by deleting sections or tightening up the language), to ensure it remains within the length suggested.

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in part, the views of other investors who may not share our thoughts on this particular topic. We encourage readers to look for other guides on this topic as there is lots of useful information out there.

**SAMPLE EXECUTIVE SUMMARY SECTIONS**



## **SAMPLE EXECUTIVE SUMMARY SECTIONS– PRIVATE COMPANY**

**NOTE TO READER: ALL OF THE INFORMATION, INCLUDING THE WEBSITES, IS FICTITIOUS.**

### **Mission Statement and Vision**

●[Insert the Company's Mission Statement].

●[Insert the Company's Vision]

### **Corporate Information**

●[Full name] was incorporated on ●[Date] in British Columbia. The Company is a private company.

### **The Products (Business of the Company)**

The Company is a service provider providing an internet based ecommerce platform that allows bricks and mortar ("BAM") manufacturers of products to distribute their products through the internet. The Company's platform, which is fully operational and generating revenue, appears as a private label web-site for the manufacturer but is operated on a turn key basis by the Company for the manufacturer. The service is scalable to the manufacturer allowing the manufacturer to add and delete products with ease. It is also scalable to the Company by allowing the Company to offer it to manufacturers of different products with minimal customization. The Company does not charge any fee to set up the manufacturer so there is no entry cost to the manufacturer other than the personnel time dedicated to work with the Company's staff.

The Company's clients are manufacturers who supply businesses and are looking for an ecommerce solution and would prefer not to build or operate their own. The Company makes its revenue by charging a percentage (the traditional BAM distributors "mark-up") of all products sold by the manufacturer through the Company's platform. The Company's ecommerce solution allows the manufacturer to collapse its traditional BAM distribution channels from as many as three to four distributors in a series to one, being the Company. The manufacturer can now deliver direct to the end user at a reduced price and improve its profit margin at the same time by paying one mark-up only.

### **The Market Opportunity and Market Pain**

While customers for the Company's service may be new manufacturers whose mission is to build and distribute product solely over the internet, the far bigger market is existing manufacturers of business to business ("B2B") products that are looking for an ecommerce solution. Jupiter Communications (March 2007 [www.jup.com](http://www.jup.com)) estimates the market for ecommerce distribution solutions for traditional B2B manufacturers as U.S.\$2B in 2008.

Unlike many internet companies, the Company's revenue model is simple and already proven in the BAM world. The Company does not look to any advertising revenue – quite the opposite. In the Company's opinion, one of the selling features is that each manufacturer will be provided with its own private label web-site. The customer can then pursue advertising revenue, links and other ecommerce revenue generating opportunities to its own account. The Company's revenue model is simply the mark-up on the cost of the products sold. To compete with real world distributors, the Company is able to offer a lower mark-up because its infrastructure costs are lower.



### **The Marketing Plan and Go to Market Strategy**

The Company will not market by traditional internet methods. It sees its customers as companies that are currently not web based, or that have low functioning web-sites. It expects instead to market through the traditional channels that BAM distributors market through – trade journals, trade shows etc. The Company has not begun a full fledged marketing program as it requires funding for securing a Vice-President of Marketing to develop and oversee the marketing plan.

### **Management and Board**

The principal members of the management team are as follows:

●[Name] – President and Director. Mr. X, age ●, is the President, Director and one of the co-founders of the Company. Mr. X has a Bachelor's degree in Computer Science from U.B.C. (1995). After graduation, Mr. X worked as a software programmer for Pivotal Software in Vancouver, B.C. until 1998 when he left to form the Company with Ms. Y.

●[Name] – Chief Technical Officer and Director. Ms. Y, age ●, is the CTO, Director and one of the co-founders of the Company. Ms. Y has a Bachelor's degree in Computer Science/Engineering from Waterloo University (1996). After graduation, Ms. Y worked as a software engineer for Pivotal Software in Vancouver, B.C. until 1998 when she left to form the Company with Mr. X.

●[Name] – Chief Financial Officer and Director. Mr. Z, age ●, is the CFO and a Director of the Company. Mr. Z has a Bachelor's degree in Business Administration from S.F.U. (1992). After graduation, Mr. Z articulated at KPMG and subsequently joined the audit group. Mr. Z remained with KPMG until 1999 when he joined the Company.

The Company has two more Board members, ●[Name] and ●[Name]. Mr. A is a partner of FE & D Corporate Finance Lawyers, the premier corporate finance law firm for technology companies in Western Canada. Ms. B is the founder and President of Shake-n-Bake Software, a NASDAQ listed software company that places hi-tech personnel. Shake-n-Bake was founded in B.C. and is now headquartered in Seattle, Washington.

### **Financial Results and Forecasts**

The Company has not been audited in the past. It appointed ●[Name] as auditor in ●[Date – month and year]. Its year end ends on December 31 of each year. Commencing with fiscal 2008, the Company will be audited annually, and produce unaudited interim financial statements for each fiscal quarter.

The Company was formed in October of 2006 and as such has completed its initial (abbreviated) fiscal year ended Dec. 31, 2006 and its first full fiscal year ended Dec. 31, 2007. The Company began earning nominal revenues in September of 2007 as it rolled out its first customer on a beta test basis (the customer was selling some product through the beta test site). As at the end of 2007, the Company had a total of five customers all operating on a beta test basis (each selling some product), with two scheduled to go fully live on January 1, 2008 (this milestone was met) and the remaining three to go fully live in Q1 2008. As such, revenues to date are nominal and the reader should be careful to extrapolate from them as all five customers were in beta test mode.

The Company's total monthly operating expenses (burn rate) are \$XXXXXX. With current cash on hand, the Company runs out of money on ●[date]. With the proceeds of this financing, and taking into account the increase in monthly burn rate contemplated in the business plan and budget, the Company has sufficient funds until ●[date].



The Company's financial results to date and its projections for the next two fiscal years are as follows:

	Audited (Fiscal Year ended Dec. 31) <sup>(1)</sup>		Unaudited (Quarter ended March) 2008 <sup>(2)</sup>	Projected (Fiscal year ended Dec. 31) <sup>(3)</sup>	
	2006	2007		2008	2009
Working capital (deficiency):	\$	\$	\$	\$	\$
Revenues:	\$	\$	\$	\$	\$
Gross profit (loss):	\$	\$	\$	\$	\$
EBITDA (loss):	\$	\$	\$	\$	\$
Net earnings (loss):	\$	\$	\$	\$	\$
Share capital:	\$	\$	\$	n/a	n/a
Number of shares:	●	●	●	n/a	n/a
Retained earnings (deficit):	\$	\$	\$	n/a	n/a

(1) The Company was incorporated in October 2006, so this period represents the first fiscal year which was less than three months long.

Note1: These two years should be the two most recently completed fiscal years. [Delete this comment if using this document as a template]

Note2: This should be the current fiscal year the company is in, and for the most recent completed fiscal quarter. [Delete this comment if using this document as a template]

Note3: These two years should be for the current year, projected to the end of that year, and for the next fiscal year as well. If the company is in its last fiscal quarter, add another year to the projections. [Delete this comment if using this document as a template]

Readers are cautioned that projections are merely a *possible financial outcome* and should not be construed as a likely financial outcome. They are not audited. They are typically prepared for budgeting and planning purposes. They are *not* to be construed as a representation as to the future financial performance of the Company as they are dependent upon many factors outside of the control of the Company.

The foregoing projections assume that the Company signs on two new manufacturers per quarter over the eight fiscal quarters making up the two fiscal years in question.

### Strategic Relationships and Partnerships

The Company has not signed any strategic relationships to date. It has targeted a number of trade associations which accumulate small manufacturers for the sake of achieving critical competitive mass. The Company's objective would be to try and sign up these trade associations to secure a larger number of customers with less marketing effort.

### Competition and Competitive Advantage

The Company's competition falls into three categories: traditional BAM distributors who can be expected to defend their turf aggressively and who already have the majority of the market share; companies offering exactly the same service as the Company; and net based distributors who offer B2B shopping malls and distribution centers. With respect to the former, if they choose not to enter into internet realm then the internet is sure to take away at least some of their business. If they choose to enter into this realm, the barrier to entry is



quite low and they could become significant competitors as they already have the existing relationships with the manufacturers. For this reason, being "first to market" is critical to the Company.

With respect to the second category, the Company is aware of three companies offering a service similar to its service. Of these, two (idistribute.com and products-r-us.com) charge significant upfront fees to put manufacturers on their platforms (see [www.idistribute.com](http://www.idistribute.com) and [www.products-r-us.com](http://www.products-r-us.com)) and the other only operates in the lumber sector ([www.woodproducts.com](http://www.woodproducts.com)). If the former choose to drop their upfront fees, they would be significant competition as they are already established in the marketplace. If woodproducts.com chooses to make its product scalable to other industries, it could be a significant competitor in that it has successfully operated in the lumber sector.

Below is a matrix of companies product feature set;

Feature	Company	idistribute	products-r-us	woodproducts
Upfront fee	No	Yes	Yes	Yes
Annual monthly fee	\$1,000	\$1,200	\$1,500	\$2,000
Feature 3	●	●	●	●
Feature 4	●	●	●	●
Etc.	●	●	●	●

### **Financing Requirements**

In order to proceed with its business plan, the Company requires a first tranche of \$400,000 by the end of the second quarter of this year, and a second tranche of \$1,000,000 by the end of the fiscal year. The principal purposes for which these funds will be used are as follows:

Tranche 1 <sup>(1)</sup>		Tranche 2 <sup>(1)</sup>	
Marketing Program:	\$100,000	Marketing Program:	\$200,000
R&D:	\$100,000	Starting-Up:	\$400,000
General & Admin:	\$100,000	R&D:	\$200,000
Working Capital:	\$100,000	Working Capital:	\$200,000
	\$400,000		\$1,000,000

(1) Detailed breakdown of each of these categories is available upon request.

### **Business Objectives and Milestones to be met with the Financing**

With the funds, the Company hopes to meet the following milestones by the following dates:

To set up the website within 30 days.

To develop the prototype by day 90.

To secure five beta-test clients by day 120.

To secure a VP Sales and Marketing by day 120.

To have a Marketing Plan by day 150.

To have secured a distribution channel in the U.S. by day 180.

These dates assume that the Company secures its funding in the amounts and within the time periods noted under "Funding Requirements" above.

### **Capital Structure**

The Company is a private company. Its current capital structure is as follows:

Type	Month & Year	Number	Price	Consideration
Founder's <sup>(1)</sup>	Sept. 2006	4,000,000	\$ 0.0001	\$ 400
Seed Round <sup>(2)</sup>	Dec. 2006	400,000	\$ 0.25	\$ 100,000
Angel Round <sup>(3)</sup>	June 2007	<u>600,000</u>	\$ 0.50	<u>\$ 300,000</u>
		5,000,000		\$ 400,400
Employee Stock Option Plan <sup>(4)</sup>	n/a <sup>(4)</sup>	<u>500,000</u>	n/a <sup>(4)</sup>	n/a <sup>(4)</sup>
Fully-Diluted:		5,500,000		

(1) Split evenly amongst four principals.

(2) Split amongst 12 close friends, relatives and business associates of the principals.

(3) Three individuals, one of whom is now a director.

(4) The options have not yet been granted. The shares have been reserved but not issued yet.

The control positions are:

	Undiluted	Fully-Diluted
Founder's:	80%	77% <sup>(1)</sup>
Float:	20%	23% <sup>(1)</sup>
	100%	100% <sup>(1)</sup>

(1) Assumes Founders take 50% of the 500,000 options once allotted.

### **Contact Information**

The contact information for the Company is as follows:

- [Full proper legal name of Company]
- [Full proper address with postal code]

- [Contact name]
- [Contact's direct line]
- [Contact's email address]



- [Telephone number with area code]
- [Fax number]
- [web-site URL]

The Company's legal counsel and auditors are:

●[Name of Lawyer]

●[Name of Auditor]



**SAMPLE EXECUTIVE SUMMARY SECTIONS – PUBLIC COMPANY**

**NOTE TO READER: ALL OF THE INFORMATION, INCLUDING THE WEBSITES, IS FICTITIOUS.**

**Financial Results and Forecasts**

The Company's fiscal year ends on Dec. 31 ●[insert appropriate date] of each year. The Company produces audited annual financial statements within 120 days of its year end, and unaudited interim financial statements for each of its fiscal quarters (ended March 31, June 30 and Sept. 30) within 60 days of the end of those quarters.

The Company's total monthly operating expenses (burn rate) are \$XXXXXX. With current cash on hand, the Company runs out of money on ●[date]. With the proceeds of this financing, and taking into account the increase in monthly burn rate contemplated in the business plan and budget, the Company has sufficient funds until ●[date].

The Company's financial results to date and its projections for the next two fiscal years are as follows:

	Audited (Fiscal Year ended Dec. 31) <sup>(1)</sup>		Unaudited (Quarter ended March 2008) <sup>(2)</sup>	Projected (Fiscal year ended Dec. 31) <sup>(3)</sup>	
	2006	2007		2008	2009
Working capital (deficiency):	\$	\$	\$	n/a	n/a
Revenues:	\$	\$	\$	\$	\$
Gross profit (loss):	\$	\$	\$	\$	\$
EBITDA (loss):	\$	\$	\$	\$	\$
Net earnings (loss):	\$	\$	\$	\$	\$
Earnings (loss) per share:	\$	\$	\$	\$	\$
Share capital:	\$	\$	\$	n/a	n/a
Number of shares:	●	●	●	n/a	n/a
Retained earnings (deficit):	\$	\$	\$	n/a	n/a

Note1: These two years should be the two most recently completed fiscal years. [Delete this comment if using this document as a template]

Note2: This should be the current fiscal year the company is in, and for the most recent completed fiscal quarter. [Delete this comment if using this document as a template]

Note3: These two years should be for the current year, projected to the end of that year, and for the next fiscal year as well. If the company is in its last fiscal quarter, add another year to the projections. [Delete this comment if using this document as a template]

Readers are cautioned that projections are merely a *possible financial outcome* and should not be construed as a likely financial outcome. They are not audited. They are typically prepared for budgeting and planning purposes. They are *not* to be construed as a representation as to the future financial performance of the Company as they are dependent upon many factors outside of the control of the Company.



The foregoing projections assume that the Company signs on two new manufacturers per quarter over the eight fiscal quarters making up the two fiscal years in question.

### Capital Structure

The Company is a public company. Its current un-diluted and fully-diluted capital structure is as follows:

Securities		Number	Share Capital
Issued & Outstanding	Control Group Escrow:	2,000,000	
	Control Group Free-Trading:	1,000,000	
	Public Float:	<u>1,200,000</u>	
		4,200,000	\$3,400,000
Stock Options:	200,000 @ \$1.00		
	<u>100,000</u> @ \$1.25		
	300,000	300,000	\$ 325,000
Warrants:	300,000 @ \$1.50	300,000	\$ 450,000
Licence Agreement: (Royalty)	1,000,000 @ \$1.00	<u>1,000,000</u>	<u>\$1,000,000</u>
Fully Diluted:		5,800,000	\$5,175,000

The control positions are as follows:

	Control Group	Public (or non-Control Group)	Total
Escrow:	2,000,000	nil	2,000,000
Free-Trading:	<u>1,000,000</u>	<u>1,200,000</u>	<u>2,200,000</u>
Undiluted:	3,000,000	1,200,000	4,200,000
	71.5%	28.5%	100%
Options:	200,000	100,000	300,000
Warrants:	100,000	200,000	300,000
Licence:	<u>nil</u>	<u>1,000,000</u>	<u>1,000,000</u>
Fully-Diluted:	3,300,000	2,500,000	5,800,000
	56.9%	43.1%	100%

### Contact Information

The contact information for the Company is as follows:

- [Full proper legal name of Company]
- [Full proper address with postal code]
- [Telephone number with area code]
- [Fax number]
- [web-site URL]
- [Contact name]
- [Contact's direct line]
- [Contact's email address]



**LIONS CAPITAL CORP.**

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The Company's legal counsel and auditors are:

- [Name of Lawyer]
  
- [Name of Auditor]
  
- [Name of Transfer Agent]