



## INVESTMENT ANALYSIS PROCESS

### *(Stage 1 – Initial Review)*

**Welcome to Harmon Capital!** We appreciate your interest in us as a potential business partner. To help make the process streamlined and simple for everyone involved, this document outlines what is required for a *Stage 1* review, or an initial look at a potential investment.

We use a *Stage 1* review to determine the fit and alignment to the portfolio of business that Harmon Capital will consider participating in. Your accountability as a potential investment is to complete this document in full, with as much detail and accuracy as possible. We have also included a standard confidentiality agreement to protect both parties, and ensure open and candid discussions can occur.

Once you have completed the *Stage 1* document, Harmon Capital will contact you within approximately 30-60 days on whether we plan to take your investment opportunity to the next stage. If we have continued interest, we will provide you information and requirements for Stage 2 (In-person presentation with the Harmon Capital Partners), as well as potential next meeting dates.

*Stage 1* contains the following parts which must be reviewed and completed in order to initiate the process.

- I. Harmon Capital Company & Investment Philosophy
- II. Investment Opportunity Executive Summary
- III. Confidentiality Agreement

***If you have any questions on the Stage 1 document or process, please feel free to contact Kim Wagenhauser – Business Development Director at (419) 720-5044 or [businessdevelopment@harmoncapital.com](mailto:businessdevelopment@harmoncapital.com)***

## ***I. Harmon Capital – Company & Investment Philosophy***

### **Who Is Harmon Capital**

Harmon Capital is unlike any venture capital firm. We are Innovators. Leaders. Marketers. Visionaries. Strategists. And Partners. And we look for entrepreneurs who are the same – because we believe it's the great people that make the great companies.

At Harmon Capital, we are a devoted blend of people who provide entrepreneurs with access to extensive knowledge and expertise. As former business owners, entrepreneurs, and senior executives of companies, we help talented entrepreneurs turn innovative ideas into successful companies.

### **Growing Companies, Growing Ideas**

Harmon is committed to helping passionate entrepreneurs grow their ideas over time. Our investment interests range from several hundred thousand to several million dollars. We have the ability and the team to invest in any and every stage of development, from early-stage financings to late-stage investments.

### **Partners for Growth**

Harmon Capital invests much more than financial capital in its entrepreneurs. We invest our real world experience, comprehensive knowledge, time and contacts to create long lasting partnerships that help ensure successful companies can be built.

By drawing on our collaborative, hands-on approach to investing, as well as our network of contacts, we help Harmon Capital-backed entrepreneurs get in front of the right people, get the right resources, and achieve the best success.

### **Board of Directors**

Beyond the benefits offered by our principal Partners, Harmon Capital also has a strategically devised Board of Directors, comprised of experts from various backgrounds. Recruited to provide fresh perspectives, The Harmon Capital Board of Directors will help uncover new opportunities and find solutions to your most problematic challenges.

### **Investment Types We Are Looking For**

Harmon Capital has a very strategic and focused approach to investment, and therefore every opportunity presented may not be considered. Our goal is to create a balanced portfolio of investments in specific interest markets that blend well together in terms of growth opportunity and cyclicity.

We are not looking for passive investments or loans, as we plan to be very active in the management of the companies we invest in, making strategic decisions and business enhancements in order to drive to step-change performance.

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## **II. Investment Opportunity – Executive Summary**

*Please provide a concise description of:*

### **Your Business:**

- Business Name, Location, Type of Business, Legal Form (ie; LLC, Corp. etc)
- Vision/Mission of Company
- Business Concept
- Products or Services Offered

### **Your Market:**

- Market Description, Size and Forward Outlook
- Targeted Market Segments and Channels
- Description of Current and Future Business Environment
- Key Competitors Overview
- Key Market Indicators (ie; housing starts, automotives sales, etc)
- Critical Success Factors/Largest Potential Barriers
- Estimate of Total Market Potential (your share in that market)

### **Your Customer:**

- Total Number of Current Customers
- How Products and Services Distributed (and % Direct vs Distribution)
- Top 20% Customers make up xx% of Revenue
- Current Customer Contracts; size (\$ & units – and % of total), length, escape clauses
- Target Customer Profile (Who are the potential customers and why do they decide to buy or not buy?)
- Answer the question “Why Does the Customer Need Me in This Market?”

### **Your Performance (Current & Projected):**

- Current Company Sales and Profit
- Forecasted (3 -5 year) Sales and Profits (and major assumptions)
- Contingency Plan Summary (upside and downside)
- Financial Overview (balance sheet, cash flow)

### **Your Team:**

- Key Management Personnel and Their Qualifications (backgrounds)
- Organization Structure and Functions/Personnel Plan
- External Advisors Utilized
- Succession Planning
- Operations: Facility Size, Location, Number of Team Members

### **What You Need From Harmon Capital:**

- Investment Requirements (and Projected Payback)
- Other Resources

### **Miscellaneous:**

- Other Critical Information (key issues, patents/trademarks/copyrights)

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### **III. Confidentiality Agreement**

**THIS AGREEMENT** is made on the day and dates hereinafter set forth between **HARMON CAPITAL, LLC**, an Ohio limited liability company (“Investigating Party”), and \_\_\_\_\_, an Ohio \_\_\_\_\_ (“Company”).

#### **WITNESSETH:**

**WHEREAS**, Investigating Party is interested in exploring the possibility of investing in or acquiring all of the equity interests or substantially all of the assets of the Company (the “Transaction”), subject to a satisfactory review by Investigating Party of the business, financial and other records of Company and further subject to the preparation and approval by Investigating Party and Company of definitive agreements;

**WHEREAS**, Investigating Party has requested that certain information relating to the business and financial operations of Company be provided to Investigating Party to enable Investigating Party to determine if it wishes to proceed with the Transaction; and,

**WHEREAS**, Company has provided and is willing to continue to provide Investigating Party with such information, subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises contained herein, the parties hereby agree as follows:

1. Company has provided or may in the future provide or otherwise make available to Investigating Party such information as Investigating Party requests and as is reasonably necessary for the purposes stated herein.
2. For the purposes hereof, the term “Information” means all information furnished or otherwise made available to Investigating Party by Company in connection with the transactions contemplated by this Agreement which is not generally available to or otherwise known by the public, including but not limited to information:
  - A. of a technical nature, such as methods, know-how, processes, computer systems and programs and similar items;
  - B. of a business nature, such as information respecting finances, expenses, charges, profits, sales, assets and customers;
  - C. related to this Agreement or any discussions or negotiations between the Parties with respect to the subject matter hereof; and,
  - D. pertaining to future developments, such as future expansion, marketing, or financial plans or programs,

However, excluded from the definition of Information is any information which: (1) was in the public domain prior to being furnished to Investigating Party, (2) was known to Investigating Party prior to its disclosure to Investigating Party in connection with the transactions contemplated by this Agreement, (3) is required to be disclosed by Investigating Party or by its officers, agents or representatives in connection with any judicial or administrative proceeding or investigation, (4) is disclosed to Investigating Party by a third party who did not unlawfully acquire or

receive such information on a confidential basis from the Company, or (5) after being furnished to Investigating Party entered the public domain through no act or failure to act on the part of Investigating Party.

3. In consideration of the disclosure by Company of the Information to Investigating Party, Investigating Party agrees that it will hold all such Information furnished hereunder in confidence and will refrain from using such Information for any purpose except that which is expressly contemplated herein. Further, Investigating Party hereby agrees to abide by the following restrictions:
  - A. All Information disclosed or otherwise made available to Investigating Party by Company hereunder will be held in confidence and will be used by Investigating Party only for the purpose of analyzing the business affairs of Company to determine whether Investigating Party wishes to proceed further with the Transaction and will not, at any time, directly or indirectly, be used by Investigating Party for any other purpose.
  - B. Investigating Party will keep the Information secret and confidential and will take such actions as are reasonably necessary to assure that the Information is not obtained by any other person or in any manner whatsoever.
  - C. All employees and agents of Investigating Party who are granted access to the Information will be bound by the provisions hereof.
    - D. Unless required by law, Investigating Party will not disclose the Information to any other person, except (1) such of the directors, officers, employees and agents of Investigating Party as Investigating Party determines have a need to know the Information and (2) Investigating Party's outside counsel and accountants, provided that such persons agree to preserve the confidentiality of the Information.
  - E. Investigating Party agrees to return the Information to Company promptly upon request, including all written documents that Company has made available or otherwise furnished to Investigating Party and all copies which Investigating Party or its employees or agents may have made of such documents.
  - F. This Agreement shall be binding upon Investigating Party and upon any person to whom Investigating Party provides the Information, whether or not such entity is as a party hereto.
4. The rights, duties and obligations of this Agreement shall survive the termination of this Agreement and the use of the Information by Investigating Party, or any other person to whom Information is provided for the purposes specified herein, and shall continue to bind Investigating Party to its terms and provisions until terminated in writing by the mutual agreement of the Parties.
5. Investigating Party acknowledges and agrees that the Information is unique and that Company could not be fully compensated by money damages for its unauthorized disclosure or use by Investigating Party. Investigating Party hereby agrees that in addition to all other remedies available to it in law or in equity, Company shall be entitled to seek injunctive relief in any court of competent jurisdiction to prevent disclosure of the Information by Investigating Party in violation of the terms and provisions of this Agreement.

6. Exclusive Dealing. In consideration of the time, effort and expense Investigating Party will incur in connection with the potential Transaction, Company agrees that it will not, directly or indirectly, through any representative or agent or otherwise, make, solicit, or entertain offers to or from, negotiate with or in any manner encourage, discuss, accept or consider any proposal of any kind from any other person that relates to potential investment in the Company or sale of all or substantially all of the assets of the Company to any third party through purchase, merger, consolidation, or otherwise. Company will immediately notify Investigating Party regarding any contact between Company and any other person who makes an offer or proposal or inquiry which may be competitive with the proposed Transaction by Investigating Party. This restriction shall continue for a period of ninety (90) days following the latest date set forth below.
  
7. Company agrees that it will not disclose to any third party the fact that Investigating Party is considering the Transaction or any information which Investigating Party may furnish to Company.
  
8. The foregoing represents the entire agreement of the parties with respect to the subject matter hereof, superseding all prior agreements of the parties with respect thereto, whether written or oral.
  
9. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Ohio.

**IN WITNESS WHEREOF**, the parties hereto hereby accept and agree to the terms and conditions set forth herein respecting the disclosure of the confidential and proprietary Information of Company hereunder.

**INVESTIGATING PARTY:  
HARMON CAPITAL, LLC**

**COMPANY:**

By: \_\_\_\_\_

\_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_