Clean-Start Commercial Services Assumptions

Operating Model Addendum v1

Decision: The new Company will launch as a structurally independent business and will not rely on transferred clients, inherited contracts, or revenue from the Founder's existing brands at launch.

1. Clean-Start Operating Assumption

Commercial Services begin at $0 of inherited revenue in Month 1.

The Company does not claim transferred clients, inherited contracts, or pre-existing revenue in its investor model.

Existing Founder brands remain operationally and financially separate from the new Company at launch.

If an existing relationship later becomes a client, partner, or referral source, that activity is treated as newly generated Company business.

The Company must be able to demonstrate exactly what the $4 million capitalization built and exactly what revenue the new platform generated.

> ***"The financial model assumes no transferred client revenue at launch. Commercial Services revenue is built organically through the new platform and brand."***

2. Why the Separation Matters

- Structural clarity: the Company is not presented as an extension or rebrand of another business.
- Clean investor attribution: revenue, expenses, artist investments, and enterprise value are attributable to the Company itself.
- No artificial cross-subsidy: the new venture stands on its own financial and operating merits.
- Brand integrity: the Company develops its own identity, culture, contracts, banking, accounting, artist roster, commercial pipeline, rights infrastructure, and industry relationships.
- Future flexibility: existing Founder relationships can still become referral sources, strategic partners, vendors, or clients when appropriate, without being required to validate the launch case.

3. Commercial Services Revenue Ramp

The official base case should reflect a genuine clean start. Revenue is therefore weighted toward later periods after the Company has established relationships, case studies, artist activity, and market credibility.

Period	Commercial Services Revenue
Months 1 to 3	$0 to $20K
Months 4 to 6	$40K to $60K
Months 7 to 12	$175K to $225K
Year 1 Target	Approximately $250K

Year 2	Approximately $650K to $750K
Months 25 to 30	Approximately $450K to $550K
30-Month Base Case	Approximately $1.4M to $1.5M

4. Locked Operating Assumptions

One Brand, Two Pathways

Commercial Services and Company-Funded Artist Partnerships operate under the same Company brand as two distinct pathways within the artist journey. Artists may begin as fee-paying Commercial Partners and later become investment candidates if the working relationship creates sufficient evidence and conviction.

Founder Capacity

The Founder can maintain approximately 5 to 8 meaningful active Artist relationships at one time, provided an Artist Partnerships / Operations lead protects Founder time and manages execution, communication, scheduling, and follow-through.

Production Scaling

Initial production capacity should combine Founder creative leadership with a curated outside network of producers and specialists. As Artist volume, Company revenue, and operating evidence grow, the Company may selectively employ additional producers under the Company's creative standards.

5. Investor Interpretation

The clean-start assumption intentionally makes the underwriting more conservative. The Company is not asking investors to credit revenue from businesses they are not financing. Instead, the Commercial Services engine is expected to be built organically from the new platform.

- The $4 million capitalization remains sufficient without assuming inherited revenue.
- Commercial Services should reduce net burn and extend runway as the Company matures.
- Commercial Services revenue is additive rather than necessary to rescue the operating model.
- Future business sourced from existing relationships is treated as upside when it actually converts.
- The Company develops its own commercial gravity rather than borrowing credibility from other Founder ventures.

6. Strategic Principle

> **This Company should become a destination in its own right. Artists, managers, labels, and partners should ultimately seek it out because of the quality of its development system, its trust standards, its live-performance pathway, and its ability to create sustainable Artist careers.**

Operating conclusion: Launch clean. Build revenue organically. Keep existing brands separate unless and until a future relationship creates a clear strategic reason to connect them.