VALUATION CASE

$16,000,000 Pre-Money Valuation
$4,000,000 Initial Financing
Working Framework v1

1. VALUATION POSITION

The Company's recommended opening financing position is:

$16,000,000 Pre-Money Valuation

New Capital: $4,000,000
Post-Money Valuation: $20,000,000
New Investor Ownership: 20%

This valuation should be understood as a negotiated early-stage enterprise valuation rather than a valuation derived solely from historical revenue or EBITDA.

The Company is being capitalized as a new operating platform. It therefore must be evaluated based on the Founder, the opportunity, the operating model, the proprietary Artist Partnership architecture, the revenue model, capital efficiency, market conditions, execution capability, portfolio economics, and the enterprise that the financing is designed to create.

The Company should confidently open at $16 million pre-money while remaining prepared to defend every component of the valuation.

2. WHAT THE INVESTOR IS BUYING

The investor is not investing $4 million into an individual music producer. The investor is not financing a recording studio. The investor is not purchasing a collection of speculative songs.

The investor is purchasing approximately 20% of a Company designed to become a scalable Artist development and commercialization platform.

Commercial Services

Near-term fee-generating professional revenue.

Company-Funded Artist Partnerships

Longer-term contracted participation in the commercial value created through selected Artist investments.

Investor capital therefore finances a machine capable of repeatedly identifying talent, developing talent, creating intellectual property, building audiences, developing professional live performances, generating commercial revenue, recovering invested capital, and reinvesting into future Artists.

3. WHY A TRADITIONAL EBITDA VALUATION IS NOT APPROPRIATE

The Company begins as a clean-start enterprise. It is intentionally not transferring historical revenue from the Founder's existing businesses into the new Company simply to create the appearance of an operating history.

As a result, traditional trailing revenue or EBITDA multiples provide limited usefulness at formation. The Company should not attempt to artificially manufacture historical financial performance.

Instead, early-stage valuation should consider:

- Human Capital
- Intellectual and Operating Architecture
- Market Opportunity
- Revenue Architecture
- Unit Economics

- Scalability
- Capital Efficiency
- Strategic Optionality

The $16 million opening valuation is based on the combination of these factors.

4. CURRENT PRIVATE-MARKET CONTEXT

The Company's proposed valuation is not outside current U.S. early-stage financing norms.

PitchBook and the National Venture Capital Association reported that the median U.S. seed pre-money valuation reached approximately $18.4 million in Q1 2026. The median seed deal size during that period was approximately $3.0 million.

These figures should be used as market context rather than direct valuation comparables. The Company is not an AI or software startup, and the broader venture market remains highly concentrated. Nevertheless, the data demonstrates that a $16 million opening pre-money valuation for a differentiated early-stage business seeking $4 million is not inherently outside contemporary private-market financing parameters.

Source: PitchBook-NVCA Venture Monitor, Q1 2026.

5. MARKET ECONOMICS SUPPORT THE OPPORTUNITY

Global recorded music revenue reached $31.7 billion in 2025, representing 6.4% year-over-year growth and the industry's eleventh consecutive year of revenue growth. Subscription streaming revenues increased 8.8%, and paid subscription streaming represented more than half of global recorded music revenue.

Live music simultaneously represents an enormous commercial ecosystem. Live Nation reported approximately $25.2 billion of total 2025 revenue, with its Concerts segment generating approximately $20.9 billion and approximately 159 million fans attending roughly 55,000 events during the year.

These figures do not represent the Company's addressable revenue directly. They demonstrate the scale of the commercial ecosystems in which the Company's Artists are intended to participate.

Recorded music creates and amplifies Artist identity. Live performance converts audience demand into substantial commercial activity.

Sources: IFPI Global Music Report 2026; Live Nation 2025 full-year results.

6. THE FOUNDER VALUE

The Company is Founder-led because its initial competitive advantage depends heavily on judgment.

The Founder brings multidisciplinary experience across music production, songwriting, creative direction, Artist development, business strategy, commercial development, media, branding, and operating businesses around creative talent.

The intended role is Founder, Chief Executive, Creative Authority, and Artist Development Strategist.

The Company can initially use the Founder's taste, network, creative experience, and judgment as an advantage while progressively institutionalizing that decision-making through A&R, data, Artist-development systems, additional producers, commercial partners, operations leadership, and portfolio history.

The Company begins Founder-led. It is being designed not to remain Founder-dependent.

7. THE BUSINESS HAS BEEN ARCHITECTED BEFORE CAPITALIZATION

Investor capital is not being requested to discover what the business should be. The Company has already developed an integrated working architecture governing:

- Company Philosophy: Company Constitution
- Artist Relationship Structure: Artist Partnership Model
- Artist-Level Economics: Artist Partnership Economics
- Capital Deployment: $4M Capital Strategy and Use of Proceeds

- Operating Structure: 30-Month Operating Model
- Commercial Revenue: Commercial Services Revenue Plan
- Investor Economics: Investor Return Architecture
- Financial Planning: 30-Month Consolidated Financial Model

This work does not substitute for execution. It does reduce a meaningful category of early-stage risk: business-model ambiguity.

8. TWO REVENUE ENGINES REDUCE DEPENDENCE ON A SINGLE OUTCOME

Commercial Services

Commercial Artist relationships can generate revenue through production, executive production, Artist development, live-show development, musical direction, quality control, creative strategy, release strategy, and commercial strategy.

Company-Funded Artist Partnerships

Selected Artists create potential longer-term Company participation through live revenue, master revenue, publishing, sync, sponsorship, and commercial opportunities.

The Company is designed to operate both a cash-flow business and a portfolio-upside business.

9. COMMERCIAL SERVICES CREATE MORE THAN REVENUE

Commercial Services also create an economically useful Artist acquisition funnel. A paid Artist relationship allows the Company to observe talent, professionalism, work ethic, creative compatibility, audience response, live ability, management quality, and commercial potential before Company investment capital is deployed.

Paid Engagement → Operating Evidence → Investment Decision

The Company can effectively be compensated while developing deeper knowledge of potential investment candidates.

10. CAPITAL EFFICIENCY

The Company does not initially require ownership of a studio, expensive real estate, large permanent production teams, large A&R departments, touring infrastructure, massive internal marketing departments, or large traditional-label overhead.

The operating model uses remote production, partner studios, contract specialists, external booking infrastructure, outside producers, licensed agencies, and specialist commercial partners while maintaining the Company's highest-value capabilities internally.

The initial $4 million capitalization is therefore intended primarily to finance people, Artist capital, commercial relationships, rights infrastructure, operating systems, and strategic reserves rather than depreciating physical infrastructure.

11. ARTIST CAPITAL IS STAGED

The Company does not automatically invest $50,000 into every selected Artist.

The standard initial authorization is up to $50,000.

A weaker commercial outcome may result in only $20,000 to $30,000 of actual Company deployment. A stronger opportunity may receive $50,000, and Artists producing compelling evidence can access the separate $600,000 Artist Acceleration Reserve.

Capital follows evidence.

12. ARTIST-LEVEL UNIT ECONOMICS

The currently approved Artist Partnership Economics illustrate three potential commercial outcomes. These cases are illustrative and are not guarantees or Company forecasts.

Developmental Commercial Outcome

Illustrative capital deployed: $30,000
Illustrative Company receipts: approximately $16,800

Sustainable Working Artist

Illustrative Company capital: $50,000
Illustrative three-year commercial activity: approximately $550,000
Illustrative Company receipts: approximately $137,000
Illustrative gross Company receipts relative to deployed Artist capital: approximately 2.7X

Breakout Artist

Illustrative Company capital: $50,000
Illustrative three-year commercial activity: approximately $2.27 million
Illustrative Company receipts: approximately $214,000
Illustrative gross Company receipts relative to deployed Artist capital: approximately 4.3X

The Company does not require permanent Artist captivity to create attractive unit-level economics.

13. PORTFOLIO ECONOMICS MATTER MORE THAN HIT PREDICTION

The business model should not be valued on the assumption that management can consistently predict superstars. The central investment thesis is to develop sustainable working Artists.

A funded portfolio can contain commercial misses, developing Artists, sustainable working Artists, breakout Artists, and occasional exceptional outcomes.

The Company is attempting to build a repeatable capital-allocation process around creative talent.

14. THE $4 MILLION ROUND PROVIDES STRATEGIC OPTIONALITY

The Company's capitalization is intentionally greater than the minimum amount required merely to open its doors.

The purpose is to provide sufficient runway and strategic flexibility to develop multiple Artist cohorts, absorb commercial misses, build Commercial Services organically, maintain approximately 30 to 36 months of operating capacity, increase investment behind successful Artists, protect Artist-friendly economics, avoid premature fundraising, and negotiate with partners from financial strength.

15. CLEAN-START ASSUMPTIONS INCREASE FORECAST CREDIBILITY

The operating model does not assume transferred revenue from the Founder's existing companies. Commercial Services begins at $0 and must be built organically by the new Company.

The current Base Case models approximately $1.45 million of Commercial Services revenue over 30 months, with approximately $870,000 of contribution after direct service-delivery costs.

Company Artist Partnership receipts in the Base Case are currently modeled at approximately $872,000 during the same 30-month period.

The model intentionally does not attribute incremental Artist receipts to additional Acceleration Reserve deployment within the 30-month horizon.

16. BASE-CASE CAPITAL POSITION

Metric	Base Case
Opening Capital	$4.00M
Commercial Services Revenue	~$1.45M
Commercial Services Contribution	~$870K
Company Artist Partnership Receipts	~$872K
Artist Capital + Acceleration Deployed	~$1.264M

Core Team + Operations	~$1.20M
Ending Cash	~$2.58M
Minimum Modeled Cash Balance	~$2.52M

These figures are management planning assumptions rather than guaranteed outcomes. Their significance is that the current Company structure does not require aggressive depletion of all initial capitalization within the first 30 months in order to demonstrate the model.

17. DOWNSIDE RESILIENCE

The current Conservative Case assumes approximately $750,000 of Commercial Services revenue over 30 months. Even under that reduced services case, the current model ends the period with approximately $1.96 million of cash.

This does not mean the investment is risk-free. It indicates that the proposed financing provides meaningful operating resilience if revenue develops more slowly than expected.

18. MARKET VALIDATION FOR ARTIST-FIRST INFRASTRUCTURE

The market has already demonstrated institutional appetite for businesses that provide alternatives to traditional record-label infrastructure.

UnitedMasters has raised institutional capital around a model focused on independent Artists, direct Artist-to-fan economics, distribution, data, and Artist control of masters.

Gamma launched as an alternative music company combining Artist development, recording, distribution, services, and technology. Less than one year after launch, a $100 million financing reportedly valued the business at approximately $400 million.

Create Music Group raised $165 million at a $1 billion valuation in 2024 and completed a further equity and debt financing in March 2026 at a reported $2.2 billion valuation.

These businesses are not direct comparables. Their relevance is directional: modern music infrastructure can create substantial enterprise value beyond traditional record-label ownership models.

19. WHAT THESE COMPARABLES DO NOT PROVE

The Company should never tell investors: "Gamma is worth $400 million, therefore we are worth $16 million," or "Create is worth $2.2 billion, therefore our valuation is cheap."

The relevant conclusion is narrower: institutional capital has demonstrated willingness to finance Artist services, independent Artist infrastructure, distribution, rights participation, Artist development, music technology, and commercialization platforms at significant enterprise values where the model demonstrates scale and strategic relevance.

20. THE DIFFERENTIATION

- Exceptional human talent as the primary selection filter
- Artist-owned masters
- Company-financed development for selected Artists
- Rapid production and quality-control infrastructure
- Human-first AI standards
- Professional safety standards
- Artist education and consultancy
- Live-show development as a central operating function
- Transparent financial reporting
- Progressive Artist economics
- Commercial Services for fee-paying Artists and industry partners
- Portfolio investment in selected Artists
- Manager and licensed-agent partnerships rather than attempting to replace every industry function

The Company is building the central Artist-development operating layer connecting these functions.

21. TRUST AS ECONOMIC INFRASTRUCTURE

The Company's Artist-facing principles are not separate from its economics. They are intended to create a competitive sourcing advantage.

If successful, these principles should increase the likelihood that exceptional independent Artists seek out the Company, refer other talented Artists, remain in the ecosystem voluntarily, recommend the Company publicly, and trust the Company's commercial guidance.

Trust lowers acquisition friction. Reputation improves talent access. Better talent improves portfolio quality. Better portfolio performance strengthens the brand.

22. VALUATION BY FINANCING OUTCOME

Pre-Money Valuation	Post-Money Valuation	Investor Ownership
$16M	$20M	20.0%
$15M	$19M	21.1%
$14M	$18M	22.2%
$13M	$17M	23.5%
$12M	$16M	25.0%

The recommended opening position remains $16M pre-money. A commercially reasonable negotiation zone is currently considered $14M to $16M pre-money. A $12M pre-money transaction represents 25% initial investor ownership and should be treated as a significant concession rather than the expected outcome.

23. WHY THE COMPANY SHOULD NOT BEGIN AT $8M TO $10M PRE-MONEY

At an $8 million pre-money valuation, $4 million buys 33.3% of the Company. At a $10 million pre-money valuation, $4 million buys 28.6%.

This creates excessive dilution at the first institutional financing relative to the amount of future enterprise building still required. The Company may eventually require executive equity, employee equity, strategic partners, future institutional capital, and acquisition consideration.

24. WHY NOT OPEN ABOVE $16 MILLION

The Company could theoretically present a higher opening valuation. Current seed-market data might provide superficial justification. Management should resist that temptation.

The Company remains a clean-start enterprise without transferred recurring revenue, without an established funded Artist portfolio, without demonstrated Company-level Artist investment returns, and without several years of audited operating history.

The objective is not to maximize the headline number. The objective is to obtain sufficient capital at acceptable dilution from aligned investors under clean terms.

25. INVESTOR RETURN AT THE PROPOSED ENTRY PRICE

Future Company Value	Value of 20% Ownership	Gross Multiple on $4M
$20M	$4M	1.0X
$50M	$10M	2.5X
$100M	$20M	5.0X
$250M	$50M	12.5X
$500M	$100M	25.0X

These figures are illustrative and do not represent guaranteed returns. Investor upside comes principally from enterprise value creation.

26. WHAT MUST BE TRUE FOR $16 MILLION TO BE JUSTIFIED

- identify exceptional Artists consistently

- generate Commercial Services revenue from a clean start
- deploy Artist capital selectively
- maintain professional Artist relationships
- convert recorded work into live opportunity
- produce sustainable working Artists
- recover capital from successful Artist relationships
- build strong manager, agent, venue, festival, publishing, and brand relationships
- maintain disciplined Company overhead
- scale Artist development beyond the Founder personally
- preserve the trust principles that differentiate the platform

If the Company cannot accomplish those things, the valuation thesis weakens. The $16 million valuation is therefore not a declaration that execution risk has disappeared. It is the proposed price at which investors are being offered participation in that execution opportunity.

27. VALUATION DEFENSE

If asked, “How can a clean-start Company be worth $16 million?” the response should be:

We are not asking you to value historical revenue that does not exist. We are asking you to value the platform being capitalized, the people capable of building it, the economics already designed underneath it, and the size of the market in which it will operate.

The $4 million is not being used to find a business model. The model has been architected. The capital is being used to execute it, establish multiple Artist portfolios, create immediate commercial revenue, and preserve sufficient capital to accelerate the Artists that prove the thesis.

At $16 million pre-money, the investor owns 20% of the enterprise. We believe that appropriately balances the risk being taken by new capital with the intellectual architecture, Founder contribution, future dilution requirements, and asymmetric enterprise value that can be created if the system works.

28. NEGOTIATING PRINCIPLE

Valuation must never be considered separately from terms. A $16 million valuation with participating preferred stock, multiple liquidation preferences, permanent revenue participation, excessive Board control, punitive anti-dilution, or inappropriate Artist-IP rights can be economically worse than a lower valuation with clean terms.

Management should optimize for Capital, Valuation, Control, Investor alignment, and Clean economics as a package.

29. RECOMMENDED POSITION

$4,000,000 Raise
$16,000,000 Pre-Money Valuation
$20,000,000 Post-Money Valuation
20% New Investor Ownership

Supported by a $4 million Capital Strategy, 30 to 36 months of planned runway, two revenue engines, staged Artist capital deployment, a separate Artist Acceleration Reserve, defined Artist unit economics, clean-start Commercial Services forecasts, Founder-market fit, strong live-music and recorded-music market fundamentals, and a materially differentiated Artist proposition.

Management should be prepared to negotiate. It should not apologize for the opening position.

30. CORE VALUATION THESIS

The Company is valuable because it is attempting to solve an expensive problem.

Exceptional musicians frequently possess the hardest component of a music career: talent.

What they often lack is capital, production infrastructure, quality control, commercial knowledge, trusted development, professional live preparation, industry relationships, and an aligned operating partner.

The traditional solution frequently asks them to exchange ownership and control for access. The Company's thesis is that these things can be separated.

Artists can own more. Investors can still make money. The Company can earn substantial returns. Audiences can still discover exceptional performers. And live performance can become the commercial destination around which the entire system is built.

The initial $16 million pre-money valuation reflects the opportunity to build the Company capable of proving that thesis.