CAPITAL STRATEGY & USE OF PROCEEDS

$4,000,000 Initial Capitalization

Working Investor Framework v1

A disciplined 30 to 36 month capitalization plan for a next-generation artist development platform combining immediate commercial-service revenue with long-term participation in funded artist success.

Core objective: capitalize the Company sufficiently from the beginning so management can make decisions based on opportunity rather than cash scarcity.

1. CAPITAL OBJECTIVE

The Company is seeking **$4,000,000** in initial growth capital to establish, operate, and validate a next-generation Artist development platform over approximately **30 to 36 months**.

The financing is not intended merely to fund recordings or support a single cohort of Artists. It is designed to capitalize the complete operating system required to:

- identify exceptional human talent
- generate immediate commercial revenue
- fund selected Artist Partnerships
- create and commercialize recorded music
- develop Artists for professional live performance
- build relationships with managers, agents, venues, festivals, publishers, brands, and distribution partners
- increase investment behind Artists demonstrating commercial traction
- establish transparent rights and financial infrastructure
- build a repeatable portfolio model
- reach a point where any subsequent financing is growth capital rather than survival capital

The objective is to capitalize the Company sufficiently from the beginning so management can make decisions based on opportunity rather than cash scarcity.

2. CAPITAL STRATEGY

The Company should seek the full $4 million commitment as part of its initial institutional financing.

The Company should not intentionally raise the minimum amount required to reach its next milestone. Music and live entertainment involve unpredictable timelines. Revenue can be delayed. Artists can accelerate more quickly than expected. Commercial opportunities can require immediate capital. Successful Artists can create investment requirements significantly greater than their original underwriting.

Insufficient capitalization can therefore become expensive even when the underlying business is succeeding.

- premature follow-on fundraising
- unnecessary future dilution
- interruption of successful Artist development
- forced short-term commercial decisions
- acceptance of unfavorable distribution or financing terms
- underinvestment in Artists who begin demonstrating substantial traction
- erosion of Artist-friendly economics caused by Company cash constraints

Sufficient capitalization protects both the Company and the Artist model.

3. FINANCING PRINCIPLE

The initial financing should primarily occur at the **Company level**. Investors are financing the operating platform and its ability to create successive portfolios of Artist relationships.

The investment is therefore broader than participation in any single Artist, recording, tour, or catalog. Investor capital builds the team, Artist pipeline, commercial services revenue, Artist development infrastructure, contractual Artist participation, commercial relationships, operating systems, data, brand equity, catalog exposure, repeatable intellectual property development, and future portfolio capacity.

The Company may eventually use project-level vehicles or strategic co-investment for exceptional opportunities, but the founding capitalization should establish the platform first.

4. TWO REVENUE ENGINES

ENGINE ONE: COMMERCIAL SERVICES

The Company generates near-term revenue by providing professional services to independent Artists, signed Artists, managers, labels, Artist teams, and other music-industry partners.

- production
- production completion
- executive production
- mixing and mastering oversight
- creative direction
- Artist development
- musical direction
- live-show development
- release strategy
- quality control
- commercial strategy
- label and management support

These engagements generate fee revenue without requiring Company capital to be placed at risk. Commercial Services are intended to generate cash flow, offset operating expenses, build industry relationships, increase Company utilization, create reputation, and identify potential future investment Artists.

Service Relationship → Evidence → Investment Opportunity

ENGINE TWO: COMPANY-FUNDED ARTIST PARTNERSHIPS

The Company selectively deploys its balance sheet behind exceptional Artists. Artists do not pay upfront for Company-funded development. The Company accepts investment risk and receives transparent participation in the resulting commercial value.

- recorded music
- live performance
- publishing
- sync
- sponsorship
- brand partnerships
- other directly created commercial opportunities

Capital follows evidence. Commercial Services create near-term revenue. Company-Funded Artist Partnerships create longer-term economic participation and enterprise value. The two engines reinforce one another.

5. USE OF PROCEEDS

Use of Capital	Amount	%
Artist Investment Capital	$1,200,000	30.0%
Artist Acceleration Reserve	$600,000	15.0%
Core Team + Operations	$1,200,000	30.0%
Commercial Services + Revenue Infrastructure	$350,000	8.75%
Legal, Rights, Finance + Technology	$250,000	6.25%
Working Capital + Contingency	$400,000	10.0%
TOTAL	**$4,000,000**	**100%**

45% of initial capitalization is specifically reserved for Artist investment and Artist acceleration. The remaining capital establishes and protects the operating platform responsible for selecting, developing, commercializing, accounting for, and scaling those investments.

6. ARTIST INVESTMENT CAPITAL | $1,200,000 | 30%

This capital finances the Company's core Artist Partnership portfolio. Standard initial Artist authorization remains **up to $50,000**, released progressively rather than automatically.

The pool is expected to provide sufficient capacity to develop multiple Artist cohorts across the initial capitalization period. Working objective: approximately **15 to 20 funded Artist relationships** during the initial 30 to 36-month period, subject to investment evidence.

Some Artists may stop at $10,000 to $30,000 of investment. Others may receive the full initial $50,000 authorization. The strongest Artists may subsequently access the separate Artist Acceleration Reserve.

The Company should prioritize portfolio quality over arbitrary Artist-count targets.

- Illustrative staged deployment: $10,000 validation; $20,000 production/quality control; $15,000 commercial/live development; $5,000 opportunity reserve.

7. ARTIST ACCELERATION RESERVE | $600,000 | 15%

This is one of the most strategically important elements of the raise. Initial Artist capital proves opportunity. The Acceleration Reserve allows the Company to capitalize on success.

An Artist demonstrating rapid ticket growth, festival interest, meaningful streaming acceleration, significant audience development, valuable partnership opportunities, strong catalog performance, territorial demand, touring potential, or major industry attention may require significantly more than the original $50,000 authorization.

Additional investment could include $25,000, $50,000, $100,000, or materially more in an exceptional circumstance, subject to investment approval and documented economics.

The Company should never find itself unable to capitalize on an Artist precisely because its original investment worked.

8. CORE TEAM + OPERATIONS | $1,200,000 | 30%

The Company should remain deliberately lean. It is not attempting to recreate the staffing model or fixed overhead of a traditional record label.

Internal resources should concentrate on Founder leadership, Artist relationships, A&R;, Artist development, creative direction, production oversight, quality control, portfolio management, commercial strategy, operations, financial accountability, and partner management. Specialist execution can remain outsourced where external expertise is more efficient.

9. FOUNDER COMPENSATION

Founder compensation begins upon financing. Working annual base compensation: **$180,000 annually ($15,000 per month)**.

This is a Company operating expense. It is not an Artist development expense and may not be allocated to Artist recoupment.

Over an initial 30-month fully funded operating period, Founder base compensation represents approximately **$450,000**. The balance of the Core Team + Operations budget supports phased staffing, contractors, administration, payroll burden, operational expenses, and Artist portfolio management.

Founder upside should primarily come through substantial Company equity, long-term enterprise value, appropriately approved Company performance compensation, and legitimate songwriting or producer rights where genuinely earned.

10. PHASED TEAM DEVELOPMENT

The Company should initially maintain the smallest team capable of executing the model professionally. Headcount should follow workload and revenue rather than precede it.

- Founder / Chief Executive + Creative Leadership: Company strategy, Artist consultancy, creative standards, capital allocation, commercial relationships, Artist trust, partner development
- Operations / Artist Partnerships: project execution, Artist communication, development-plan administration, scheduling, vendor coordination, portfolio reporting
- A&R; / Talent Identification: scouting, Artist evaluation, performance assessment, pipeline management, referral relationships
- Project / Production Coordination: release workflows, production delivery, mix/master coordination, distribution readiness, live-development coordination
- Fractional Financial + Administrative Support: Artist accounting, revenue reporting, recoupment reporting, Company financial controls, royalty administration coordination

11. COMMERCIAL SERVICES + REVENUE INFRASTRUCTURE | $350,000 | 8.75%

The Company should be capable of generating revenue from the beginning of operations. This allocation supports establishment and growth of the Commercial Services engine.

The objective is not simply to market the Company. It is to create a reliable professional revenue channel that can increasingly offset operating expenses while the funded Artist portfolio matures.

Commercial Services revenue should therefore be considered **runway-extending capital efficiency** rather than a prerequisite for basic Company survival. The $4 million capitalization should allow management to build Commercial Services properly rather than accept undesirable work solely to meet short-term payroll.

- business development
- industry relationship development
- commercial sales infrastructure
- client acquisition
- demonstration projects
- case-study development
- partner travel
- CRM and pipeline infrastructure
- proposal and contracting systems
- selective external specialists
- commercial positioning
- manager and label relationships

12. LEGAL, RIGHTS, FINANCE + TECHNOLOGY | $250,000 | 6.25%

Trust requires infrastructure. The Company's promises surrounding Artist ownership and financial transparency must be enforceable and measurable.

The Company's legal and financial architecture should become a competitive advantage rather than a back-office afterthought.

- entertainment counsel
- corporate counsel
- securities counsel
- Artist Partnership Agreements
- commercial service agreements
- master licenses
- publishing arrangements
- rights administration
- accounting
- royalty administration
- tax and audit support
- insurance
- financial controls
- data systems
- Artist dashboards
- contract administration

• technology infrastructure

13. WORKING CAPITAL + CONTINGENCY | $400,000 | 10%

The Company should maintain meaningful unrestricted liquidity. This reserve exists to protect against timing differences between revenue recognition and collection, unexpected legal expenses, unplanned operating requirements, delayed partner payments, Artist opportunities outside standard budgets, market changes, strategic travel, partner deposits, unexpected technology requirements, and other legitimate contingencies.

Liquidity creates negotiating leverage. It also allows management to preserve long-term decision quality during temporary revenue volatility.

14. RUNWAY

The financing is designed around approximately **30 months of substantially funded operating capacity**, with a strategic objective of extending effective runway toward **36 months or beyond** through Commercial Services revenue, Artist Partnership revenue, capital recovery, sponsorship commissions, sync and publishing revenue, and other Company-generated income.

The financial model should not require aggressive early revenue assumptions merely to remain solvent. Earned revenue should reduce burn, extend runway, increase strategic reserves, finance additional Artists, and accelerate the Company's path toward self-sufficiency.

15. CAPITAL DEPLOYMENT TIMELINE

Months 0 to 6: Establish

Complete core legal structure, build financial and Artist reporting systems, establish initial team, activate Commercial Services, formalize distribution and rights relationships, develop manager and agency relationships, identify first Artist cohort, and deploy initial Artist capital.

• Management should remain highly selective during this period.

Months 6 to 18: Validate

Develop and release first Artist projects, begin live-development programs, generate Commercial Services revenue, move Artists toward paid performance, evaluate first portfolio economics, select additional Artists, increase capital behind early winners, and establish venue, festival, manager, agent, publisher, and sync relationships.

• By this stage, the Company should begin generating meaningful evidence about its ability to convert Artist talent into commercial activity.

Months 18 to 30: Repeat

Operate multiple Artist cohorts, demonstrate repeatable Artist selection, demonstrate repeatable production and development, generate recurring commercial revenue, recover capital from successful Artist relationships, deploy the Acceleration Reserve behind strongest opportunities, expand industry partnerships, and improve portfolio selection through operating data.

• The objective is no longer to prove one Artist can work. It is to prove the system works repeatedly.

Months 30 to 36+: Scale From Evidence

Use accumulated operating evidence to make more sophisticated decisions regarding portfolio expansion, reinvestment of Company revenue, new geographic opportunities, additional personnel, strategic partnerships, physical development facilities, selective acquisitions, and new institutional capital.

- Any subsequent financing should ideally be raised from a position of demonstrated value rather than necessity.

16. NO INITIAL REAL ESTATE DEPENDENCY

The Company's initial model does not require ownership of a recording studio or permanent development facility. Production can occur through remote collaboration, Artist-controlled environments, partner studios, professional studio rentals, mobile production, and hybrid workflows.

This reduces unnecessary fixed overhead and supports the Company's professional safety standards.

A future physical location remains strategically attractive. However, the long-term vision is not merely a recording studio. It is a **Full Artist Development Compound** potentially combining recording, writing, rehearsal, performance development, education, Artist consultation, industry meetings, showcases, and community.

Real estate should be added when Company economics, Artist utilization, and strategic value justify doing so. It should not be required to prove the initial model.

17. CAPITAL DISCIPLINE

A larger capital raise does not mean looser spending. The purpose of raising sufficient capital is to improve decision quality, not reduce financial discipline.

- Capital follows evidence.
- Fixed overhead remains deliberately controlled.
- Artist investment is released progressively.
- Successful Artists receive greater resources.
- Weak evidence reduces future exposure.
- Company operating expenses do not become Artist recoupment balances.
- Strategic reserves are protected until their use is justified.

18. WHY $4 MILLION

A materially smaller raise risks creating the wrong incentives. If the Company raises only enough to build the initial portfolio, it may need to seek additional financing immediately after demonstrating early success.

The $4 million capitalization allows the Company to fund four things simultaneously:

- Proof: Does the model work?
- Repetition: Can it work across multiple Artists?
- Acceleration: Can the Company put substantially more behind Artists demonstrating the strongest commercial evidence?
- Runway: Can management make long-term decisions without constant financing pressure?
- Revenue Creation: Can the Commercial Services business progressively offset operating expenses?

19. WHAT $4 MILLION IS EXPECTED TO CREATE

By the end of the initial capitalization period, the Company should seek to have created a recognized Artist development platform, multiple funded Artist cohorts, approximately 15 to 20 Company-Funded Artist relationships subject to investment evidence, an established Commercial Services business, repeatable production and live-development infrastructure, professional manager and agent relationships, venue and festival relationships, distribution relationships, publishing and sync relationships, transparent Artist accounting, contractual revenue participation, an expanding Artist-owned catalog under Company commercial licenses, measurable Artist-level investment data, initial Company capital recovery, evidence of portfolio economics, and a reputation that attracts higher-quality Artists.

Most importantly, the Company should have evidence that its process can repeatedly convert authentic human talent into sustainable commercial opportunity.

20. INVESTOR DOWNSIDE MANAGEMENT

The Company does not eliminate Artist investment risk. It manages risk through selective underwriting, multiple Artist relationships, progressive capital deployment, Commercial Services revenue, portfolio diversification, limited fixed infrastructure, transparent financial controls, defined Artist economics, capital reserves, and increased investment only where evidence supports it.

A commercial miss can therefore consume substantially less than a full Artist authorization. A sustainable Artist can recover deployed capital and generate profit. A breakout Artist can create asymmetric upside. The portfolio does not require every Artist to succeed.

21. INVESTOR UPSIDE

Investor capital creates exposure to several forms of potential value. The investor is not making a single bet on a song, Artist, or tour.

The investment is in the system that identifies, develops, and commercializes successive Artists.

- Commercial Services revenue
- contractual live participation
- master revenue participation
- publishing participation
- sync
- sponsorship commissions
- Artist relationship value
- catalog economics
- Company brand equity
- commercial network value
- operating data
- future Artist portfolios
- potential strategic or institutional enterprise value

22. FOUNDER ECONOMIC ALIGNMENT

The Founder should be compensated professionally from the beginning. Working base compensation: **$180,000 annually**.

This allows the Founder to focus fully on building the Company rather than subsidizing institutional capital through unpaid labor or extracting compensation indirectly from Artist budgets.

Founder compensation should remain transparent, Company-level, clearly disclosed, and separate from Artist recoupment. The same transparency demanded in Artist relationships should apply to Company governance.

23. FUTURE CAPITAL

The initial $4 million financing should be designed so that the Company does not require a follow-on round simply to continue existing.

If future capital is raised, the preferred reasons are accelerating proven portfolio economics, expanding successful Artist programs, entering new markets, building or acquiring strategic infrastructure, acquiring complementary intellectual property, scaling proprietary live properties, developing the future Artist Development Compound, or pursuing other evidence-backed growth opportunities.

Future capital should buy growth, not rescue runway.

24. THE CAPITAL THESIS

The Company is not asking investors to finance the traditional record-label model. It is asking investors to capitalize its successor.

A lean, human-first Artist development platform with two economic engines: **immediate professional revenue** and **long-term participation in successful Artist development**.

The Company does not need to own Artists to make money. It needs to identify exceptional people earlier, develop them efficiently, maintain quality, move quickly, prepare them for the stage, connect them to commercial infrastructure, participate transparently in the value it creates, increase capital behind evidence, and repeat the process.

$4 million provides the capital required to build that system with sufficient scale, patience, and flexibility to prove it properly.

We are not raising enough money to make records.
We are raising enough money to build the company that changes what happens to talented people after the record is made.