

CAPITAL STRATEGY & USE OF PROCEEDS

\$8,000,000 Initial Capitalization | Working Investor Framework v2

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

Core objective: capitalize PROJECT:ONE sufficiently from the beginning so management can move at the speed of opportunity rather than the speed of cash scarcity.

Working financing context: \$24M pre-money | \$32M post-money | 25% new investor ownership

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1. CAPITAL OBJECTIVE

PROJECT:ONE is seeking \$8,000,000 in institutional growth capital to establish, scale, and validate a next-generation Artist development company 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 and scale Commercial Services revenue
- fund selected Company-Funded 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
- compete for stronger Artists who may already be receiving meaningful market attention
- increase investment behind Artists demonstrating commercial traction
- expand marketing and Artist/client acquisition capacity
- recruit stronger senior operators and specialists
- establish transparent rights, reporting, and financial infrastructure
- build a repeatable portfolio model
- maintain enough runway that subsequent financing is growth capital rather than survival capital

The purpose of the larger capitalization is not simply to make the Company bigger. It is to make PROJECT:ONE faster, more competitive, better staffed, and less vulnerable to short-term financing pressure.

2. CAPITAL STRATEGY

The preferred structure is an \$8 million committed equity capitalization, with sufficient certainty of access that management can move immediately when talent, hiring, marketing, acquisition, or commercial opportunities justify deployment.

The Company should not intentionally raise only the minimum amount required to reach the next milestone. Music and live entertainment involve unpredictable timelines. Revenue can be delayed. Artists can accelerate more quickly than expected. Competitive opportunities can require immediate action. Strong senior hires may only become available at specific moments.

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
- loss of high-value Artists to better-capitalized alternatives
- inability to recruit senior leadership when the opportunity appears
- forced short-term commercial decisions
- acceptance of unfavorable distribution, financing, or partnership 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 working financing framework is an \$8M equity raise at approximately \$24M pre-money and \$32M post-money, implying approximately 25% ownership for the new financing before any separately negotiated option-pool mechanics.

Founder and management should retain strong operating, creative, and strategic control. Investor protections should focus on capitalization, extraordinary transactions, major financial risk, and governance rather than routine Artist or creative decisions.

Investors are financing the operating platform and its ability to create successive portfolios of Artist relationships, not any single Artist, recording, tour, or catalog.

4. TWO REVENUE ENGINES

ENGINE ONE: COMMERCIAL SERVICES

PROJECT:ONE 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 relationships, create reputation, increase utilization, and identify future investment candidates.

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. PROJECT:ONE 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

Commercial Services are intended to progressively carry the Company's operating machine. Company-Funded Artist Partnerships create the portfolio upside.

5. USE OF PROCEEDS

Category	Amount	Percentage
Artist Investment Capital	\$2,000,000	25.00%
Artist Acceleration Reserve	\$1,600,000	20.00%
Core Team + Operations	\$1,850,000	23.125%
Founder Compensation	\$450,000	5.625%
Marketing + Artist / Client Acquisition	\$800,000	10.00%
Commercial Revenue Infrastructure	\$300,000	3.75%
Legal, Rights, Finance + Technology	\$300,000	3.75%
Working Capital + Contingency	\$700,000	8.75%
TOTAL	\$8,000,000	100.00%

45% of the raise is reserved specifically for Artist investment and Artist acceleration. The remaining capital builds and protects the Company responsible for selecting, developing, commercializing, accounting for, and scaling those investments.

6. ARTIST INVESTMENT CAPITAL | \$2,000,000 | 25%

This capital finances the Company's core Artist Partnership portfolio.

The standard initial Artist authorization remains up to \$50,000, released progressively rather than automatically.

Working objective: approximately 6 to 10 Company-Funded Artist Partnerships across the capitalization period, operating within a broader target of approximately 15 to 20 active Artist relationships across funded and Commercial Services pathways.

The funded-Artist count is deliberately selective. The larger capitalization is intended to support stronger opportunities more deeply, preserve selective underwriting, and allow the Company to compete for Artists who may already have greater market attention.

Some Artists may stop at \$10,000 to \$30,000 of actual deployment. 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 initial staged deployment:

- \$10,000 validation and development
- \$20,000 additional production and quality control
- \$15,000 additional commercial and live development
- \$5,000 additional opportunity reserve

7. ARTIST ACCELERATION RESERVE | \$1,600,000 | 20%

Initial Artist capital proves opportunity. The Acceleration Reserve allows PROJECT:ONE to capitalize on success.

An Artist demonstrating rapid ticket growth, festival interest, meaningful audience acceleration, significant partnership opportunities, strong catalog performance, territorial demand, touring potential, major industry attention, or other credible commercial evidence may require substantially more than the original \$50,000 authorization.

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

The reserve is not allocated equally and does not create a promise of follow-on funding. It remains available only where evidence supports deployment.

PROJECT:ONE should never find itself unable to capitalize on an Artist precisely because its original investment worked.

8. PORTFOLIO OUTCOME TARGETS

The Company should not underwrite the business around predicting global stars. The core objective is to build sustainable working Artists and create a portfolio capable of producing asymmetric upside.

Working 30 to 36 month targets:

- approximately 6 to 10 Company-Funded Artist Partnerships
- approximately 4 to 6 funded Artists demonstrating sustainable professional economics
- approximately 1 to 2 opportunities demonstrating breakout-level evidence
- the balance of the portfolio expected to include developing Artists and commercial misses

These are planning targets, not guarantees or investor return projections.

9. CORE TEAM + OPERATIONS | \$1,850,000 | 23.125%

PROJECT:ONE should remain deliberately lean. The objective is not to recreate a traditional label payroll. The objective is to hire a small number of people capable of owning functions at a high level.

The larger raise allows the Company to recruit more experienced senior operators earlier while still using specialist external partners where outsourcing is more efficient.

Internal capability should concentrate on:

- Founder leadership and Company strategy
- A&R; and talent identification
- Artist Partnerships and Artist development
- operations and portfolio execution
- commercial growth and partnerships
- marketing and acquisition leadership
- production oversight and quality control
- financial accountability and portfolio reporting
- partner and rights management

Working team objective by the end of the capitalization period: approximately 8 to 10 strong core team members, supplemented by specialist partners and contractors.

Senior hires should own functions, not merely remove miscellaneous tasks from the Founder's calendar.

10. FOUNDER COMPENSATION | \$450,000 | 5.625%

Founder compensation begins upon institutional financing.

Working annual base compensation: \$180,000 annually (\$15,000 per month).

Over the initial 30-month operating model, Founder base compensation represents approximately \$450,000.

This is a Company operating expense. It is not an Artist development expense and may never be allocated to Artist recoupment.

The purpose is straightforward: institutional financing should allow the Founder to devote full professional focus to building PROJECT:ONE rather than subsidizing the Company through unpaid labor or extracting compensation indirectly from Artist budgets.

Founder upside should primarily remain Company equity and long-term enterprise value, with legitimate creator rights separately earned where the Founder genuinely contributes.

11. MARKETING + ARTIST / CLIENT ACQUISITION | \$800,000 | 10%

The \$8M capitalization creates a dedicated growth budget for acquiring both higher-quality Artist opportunities and Commercial Services clients.

This allocation is intended to support:

- Artist sourcing and proactive A&R; outreach
- live scouting and showcase activity
- manager, agent, venue, festival, label, and industry relationship development
- Commercial Services client acquisition
- selective Artist-facing brand marketing
- Company positioning and thought leadership
- performance marketing where justified
- campaign testing and attribution
- case-study development
- relationship travel and market development

The objective is not indiscriminate marketing spend. Acquisition capital should be measured against the quality of Artist pipeline, funded-Artist conversion, Commercial Services revenue, and strategic relationship value.

12. COMMERCIAL REVENUE INFRASTRUCTURE | \$300,000 | 3.75%

PROJECT:ONE should be capable of generating revenue from the beginning of operations. This allocation supports the systems and specialist resources required to make Commercial Services a repeatable professional revenue engine.

- commercial sales infrastructure
- CRM and pipeline systems
- proposal and contracting systems
- pricing and packaging development
- label and management relationships
- demonstration projects and case studies
- selective external sales or business-development specialists
- partner travel
- commercial workflow and reporting

The target is not merely to create service revenue. By the end of the capitalization period, Commercial Services should be capable of substantially carrying baseline Company overhead, allowing Artist portfolio economics to function increasingly as recovery, profit, and reinvestment rather than payroll support.

13. LEGAL, RIGHTS, FINANCE + TECHNOLOGY | \$300,000 | 3.75%

Trust requires infrastructure. PROJECT:ONE's promises surrounding Artist ownership and financial transparency must be enforceable, auditable, and operationally practical.

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

14. WORKING CAPITAL + CONTINGENCY | \$700,000 | 8.75%

The Company should maintain meaningful unrestricted liquidity.

This reserve protects against timing differences between revenue recognition and collection, delayed partner payments, unexpected legal expenses, unplanned operating requirements, market changes, strategic travel, partner deposits, temporary cost overruns, technology requirements, and opportunities outside standard budgets.

Liquidity creates negotiating leverage. It also protects decision quality during temporary revenue volatility.

15. RUNWAY

The financing is designed around approximately 30 to 36 months of operating capacity while building toward a business capable of supporting itself increasingly through earned revenue.

The financial model should not require aggressive early revenue assumptions merely to remain solvent.

Commercial Services revenue, Artist Partnership receipts, capital recovery, sponsorship commissions, sync, publishing, and other Company-generated income should reduce net burn, extend effective runway, preserve strategic reserves, and finance incremental growth.

The operating objective is to maintain at least 12 months of forward visibility through cash, recurring revenue, committed capital, or a combination of them.

Future financing should become an option for acceleration, not a rescue requirement.

16. CAPITAL DEPLOYMENT TIMELINE

Months 0 to 6: Establish + Recruit

Complete core legal structure, build financial and Artist reporting systems, activate Commercial Services, recruit initial senior operating capacity, formalize distribution and rights relationships, develop manager and agency relationships, establish A&R; sourcing systems, identify the first Artist cohort, and deploy initial Artist capital.

Management should remain highly selective during this period.

Months 6 to 18: Validate + Expand

Develop and release first Artist projects, begin live-development programs, grow Commercial Services revenue, move Artists toward paid performance, evaluate first portfolio economics, expand Artist and client acquisition, select additional Artists, and increase capital behind early winners.

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 + Institutionalize

Operate multiple Artist cohorts, demonstrate repeatable Artist selection and development, deploy meaningful Acceleration Reserve capital only behind evidence-backed winners, grow recurring Commercial Services revenue, recover capital from successful Artist relationships, expand senior ownership of operating functions, and reduce Founder dependency in routine execution.

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 markets, selective acquisitions, additional personnel, strategic infrastructure, live properties, and future institutional capital.

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 controlled.
- Artist investment is released progressively.
- The standard initial Artist authorization remains up to \$50,000.
- Successful Artists can receive substantially greater resources.
- Weak evidence reduces future exposure.
- The Acceleration Reserve can remain undeployed when opportunities do not justify it.
- Company operating expenses do not become Artist recoupment balances.
- Founder compensation remains transparent and separate from Artist economics.
- Strategic reserves are protected until their use is justified.

18. WHY \$8 MILLION

The \$8M raise is designed as a materially stronger capitalization plan.

The larger capitalization is intended to change what PROJECT:ONE can do competitively:

- Move faster: pursue Artists, hires, marketing, and partnerships when timing matters.
- Compete for stronger talent: engage Artists who already have market attention and may have multiple alternatives.
- Build stronger senior leadership: reduce Founder bottleneck risk and improve operating depth.
- Accelerate winners: maintain \$1.6M specifically for Artists whose evidence justifies materially greater capital.
- Scale acquisition: create a meaningful dedicated budget for both Artist and Commercial Services client growth.
- Protect runway: avoid making weak short-term decisions because the Company is approaching another financing.

The \$8M capitalization is intended to fund proof, repetition, acceleration, institutionalization, and runway simultaneously.

19. WHAT \$8 MILLION IS EXPECTED TO CREATE

By the end of the capitalization period, PROJECT:ONE should seek to have created:

- a recognized Artist development company with a distinct human-first, Artist-owned, stage-first position
- approximately 15 to 20 active Artist relationships across funded and Commercial Services pathways
- approximately 6 to 10 Company-Funded Artist Partnerships
- approximately 4 to 6 Artists demonstrating sustainable professional economics
- approximately 1 to 2 Artists demonstrating breakout-level evidence
- a Commercial Services business approaching a \$2.5M to \$3.5M annual revenue run rate
- approximately 55% to 65% gross margin on Commercial Services as a working target
- Commercial Services capable of substantially supporting core Company overhead
- an experienced core team of approximately 8 to 10 people plus specialist partners
- repeatable A&R, capital-allocation, production, and live-development systems
- professional manager, agent, venue, festival, distribution, publishing, sync, and brand relationships
- transparent Artist accounting and contractual participation
- an expanding Artist-owned catalog under defined Company commercial licenses
- measurable Artist-level and portfolio-level investment data
- reduced dependence on the Founder for routine execution while preserving Founder leadership over A&R, culture, strategy, capital allocation, and highest-value creative decisions
- at least 12 months of forward operating visibility

At that point, PROJECT:ONE should no longer be proving that the model works. It should be proving how large the model can become.

20. INVESTOR DOWNSIDE MANAGEMENT

PROJECT:ONE does not eliminate Artist investment risk. It manages risk through selective underwriting, staged capital deployment, multiple Artist relationships, Commercial Services revenue, portfolio diversification, limited fixed infrastructure, transparent financial controls, defined Artist economics, protected 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 enterprise 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 is compensated professionally from the beginning at a working base of \$180,000 annually.

This allows full-time focus on building PROJECT:ONE while preserving the principle that Founder and executive compensation must remain Company-level, transparent, and separate from Artist recoupment.

Founder long-term upside should remain primarily tied to Company equity and enterprise value.

23. FUTURE CAPITAL

The \$8M financing should be designed so PROJECT:ONE 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
- selective acquisitions
- acquiring complementary intellectual property
- scaling proprietary live properties
- developing a future Artist Development Compound
- other evidence-backed growth opportunities

Future capital should buy growth, not rescue runway.

24. THE CAPITAL THESIS

PROJECT:ONE 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 company 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.

\$8 million provides the capital required to build that system with enough speed, senior capability, competitive reach, patience, and flexibility to prove it at Company scale.

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.