

# **PocketMuse Holding**

2017-2020

**INVESTOR MEMORANDUM**

## INVESTOR MEMORANDUM

# PocketMuse Holding

**PocketMuse Holding, Limited**

A United Kingdom Limited

**£250,000****250,000 Share(s)****£1.00 Per Share**

PocketMuse Holding, Limited is offering a maximum of two hundred fifty thousand shares (the "Share(s)") in the Company. There is no public market for the Share(s) or any other securities of the Company and no such market will develop as a result of this offering.

THE SHARE(S) OFFERED HEREIN ARE HIGHLY SPECULATIVE AND AN INVESTMENT IN THE COMPANY INVOLVES A HIGH DEGREE OF RISK AND IMMEDIATE AND SUBSTANTIAL DILUTION FROM THE OFFERING PRICE. SEE "RISK FACTORS" AND "DILUTION." THE SHARE(S) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES LAWS OF THE UNITED KINGDOM OR APPLICABLE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THESE LAWS. THE SHARE(S) HAVE NOT BEEN APPROVED OR DISAPPROVED ANY REGULATORY BODY OR HAS ANY SUCH BODY PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE UNLAWFUL. THE SHARE(S) MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER APPLICABLE SECURITIES LAWS OR AN OPINION OF COUNSEL IN FORM AND SUBSTANCE ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

	Number of Share(s)Offered <sup>(1)</sup>	Offering Price	Selling Commissions <sup>(2) (3)</sup>	Proceeds to the Company <sup>(4)</sup>
Per Share(s)	--	£PPS	£-0-	-
Total Maximum	1,000,000	£250,000	£-0-	£250,000

(1) The Company is offering a maximum of 250,000 of the Share(s) at the price indicated.

(2) They also have agreed to indemnify the Placement Agent against certain civil liabilities, including liabilities under securities Law.

(3) The Company has agreed to offer the Share(s) on an agency and "best efforts" basis. The offering will be terminated if the maximum number of shares is not subscribed for by the expiration date of the offering, unless sooner terminated or extended by the Company. Funds paid by investors will be held in an escrow account and will be returned promptly if the offering is terminated. The minimum investment is 5% of Total Offering, subject to the Company's right to accept a lesser amount.

(4) Before deducting offering expenses payable by the Company, estimated to be approximately 3% of the Proceeds to the Company, and the non-accountable expense allowance payable to the Placement Agent of up to 2% of the Proceeds to the Company.

**The date of this Investor Memorandum is August 1, 2017.**

No person has been authorized to give any information or to make any representations in connection with the offer made by this Investor Memorandum, nor has any person been authorized to give any information or make any representations other than those contained in this Investor Memorandum, and if given or made, such information or representations must not be relied upon. The delivery of this Investor Memorandum shall, under any circumstances, create an implication that there has been no change in the affairs of the company since the date hereof. The acceptance of this document constitutes an agreement on the part of the recipient hereof and the recipient's representatives to maintain the confidentiality of the information contained herein.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the author.

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Date of Printing: Tuesday, July 25, 2017

# NON-COMPETE AND CONFIDENTIALITY AGREEMENT

This Non-Compete and Confidentiality Agreement (the "Agreement") is entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between PocketMuse Holding, Limited and its affiliates, (collectively referred to as the "Company") and \_\_\_\_\_ (the "Individual"). In consideration of the mutual promises and covenants contained in this Agreement and the consideration provided by the Individual's continued affiliation with the Company, the parties agree as follows:

1. The Company is organized under the laws of United Kingdom and has been organized for the purpose of developing and operating a business serving as a portable electronics company with a principal place of business in London, United Kingdom.

2. The parties acknowledge that:

- A. the Company's services are highly specialized;
- B. the identity and particular needs of the Company's customers and targeted customers and vendors are not generally known;
- C. the Company has a proprietary interest in information including, but not limited to, its customer lists, customer target lists, vendors and contractors, business plans, marketing plans and financial records; and
- D. documents and other information regarding the Company's sales methods, pricing and costs, as well as information pertaining to the Company's development plans, products, services, source codes, information management practices, customers, vendors and contractors including but not limited to, identity location, service requirements, and charges to customers are highly confidential and constitute trade secrets.

3. Trade Secrets and Confidential Information. During the term of this Agreement, the Individual may have access to, and become familiar with, various trade secrets and confidential information belonging to the Company, including, but not limited to, the documents and information referred to in Paragraph 2, above. Individual acknowledges that such confidential information, any other information which would generally be considered confidential and trade secrets are owned and shall continue to be owned solely by the Company. During the term of his/her term as an officer, director, shareholder, employee, consultant, independent contractor or other affiliation of or to the Company, and for a period of thirty-six (36) months after such affiliation terminates for any reason, regardless of whether said termination is initiated by the Company or the Individual, the Individual agrees not to use, communicate, reveal or otherwise make available any such information for any purpose whatsoever, or to divulge such information to any person, corporation, limited liability company, partnership, or other entity other than the Company or persons expressly designated by the Company, unless the Individual is compelled to disclose it by judicial process.

4. Documents. Under no circumstances shall the Individual remove from the Company's places of business any of the Company's books, records, documents, or customer lists, or any copies of such documents, without the Company's prior written consent; nor shall the Individual make any copies of such books, records, documents, or customer lists for use outside of the Company's office, except as specifically authorized in writing by the Company.

5. Restrictive Covenant. The Individual agrees that:

A. For a period of thirty-six (36) months after termination of the Individual's affiliation with the Company, said affiliation including, but not limited to service as an officer, director, shareholder, employee, consultant, or independent contractor, the Individual will not, directly or indirectly, solicit any person, company, firm, corporation or other entity who is or was a customer, vendor or affiliated party of the Company during a period of three (3) years prior to the termination of the Individual's affiliation with the Company. The Individual agrees not to solicit such individuals or entities on behalf of him/herself or any other person, firm, company, corporation or other entity.

B. The Individual agrees that for a period of thirty-six (36) months after the termination of his/her affiliation with the Company, regardless of whether said termination is initiated by the Company or the Individual, he/she will not accept employment with, or act as a consultant, contractor, advisor, or in any other capacity for, a competitor of the Company, or enter into competition with the Company, either by himself or through any entity owned or managed in whole or in part by the Individual. The term "competitor" as used in this Paragraph 5.B., means any entity primarily engaged in the business of providing services in which the Company engages currently or subsequent to the date of this Agreement.

6. Remedies. The Individual acknowledges that compliance with this Agreement is necessary to protect the Company's business and good will; that a breach of this Agreement will irreparably and continually damage the Company; and that an award of money damages might be necessary to repair such damage, but may not alone equate to remedy such harm. Consequently, the Individual agrees that in the event he/she breaches or threatens to breach any provision of this Agreement, the Company shall be entitled to both: (1) a preliminary or permanent injunction in order to prevent the continuation of such harm; and (2) money damages, insofar as they can be determined, including, without limitation, all reasonable costs and attorneys' fees incurred by the Company in enforcing the provisions of this Agreement. Nothing in this Agreement, however, shall prohibit the Company from pursuing other remedies that may be available under law.

7. Waiver of Rights. If, in one or more instances, either party fails to insist that the other party perform any of the terms of this Agreement, such failure shall not be construed as a waiver by such party of any past, present, or future right granted under this Agreement, and the obligations of both parties under this Agreement shall continue in full force and effect.

8. Termination of Agreement. This Agreement shall terminate pursuant to this agreement or upon any one of the following events:

- A. The mutual written agreement of the parties;
- B. The expiration of thirty (30) days after a petition in bankruptcy has been filed by or against the Company, assuming such petition is not dismissed during the thirty (30) day period; or
- C. The voluntary or involuntary dissolution of the Company.

9. Assignment. Neither party shall have the right to assign any rights or obligations under this Agreement.

10. Severability. If any provision, paragraph, or subparagraph of this Agreement is adjudged by any court to be void or unenforceable in whole or in part, this adjudication shall not affect the validity of the remainder of the Agreement. Each provision, paragraph, and subparagraph of this Agreement is separable from every other provision, paragraph and subparagraph, and constitutes a separate and distinct covenant.

11. Applicability. This Agreement shall be binding upon, and shall inure to the benefit of, the parties and their respective successors, assigns, executors, administrators, and personal representatives.

12. Complete Agreement. This Agreement constitutes the complete understanding of the parties as to the Individual's agreement to non-competition and confidentiality. All prior representations or agreements have been merged into this Agreement.

13. Modification. No alteration or modification to any of the provisions of this Agreement shall be valid unless made in writing and signed by both parties.

14. Governing Law. This Agreement shall be subject to and governed by the laws of United Kingdom.

In witness whereof, the parties have executed this Agreement as of the date first above provided.

Signature

Oskar A. Topolski, Chairman of the Board

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## FORWARD LOOKING STATEMENTS

This Confidential Memorandum contains certain forward-looking statements concerning the Company's future operations, economic performance, financial condition, and financing plans, including such things as business strategy and measures to implement that strategy, competitive strengths, and goals, growth of the Company's business and operations, and references to possible future success. These statements are based on certain assumptions and analyses made by the Company in light of the Company's experience and its perception of historical trends, current conditions, and expected future developments, as well as other factors the Company believes are appropriate in the circumstances. Such forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of such risks, uncertainties and other factors are discussed under the heading "Risk Factors" of this Confidential Memorandum. Affiliated parties are urged to carefully consider the Risk Factors. Consequently, all forward-looking statements made in this Confidential Memorandum are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or its business or operations.

Affiliated parties or their advisors having questions or desiring additional information should contact the following persons at the address listed below.

Oskar A. Topolski  
Chairman of the Board  
PocketMuse Holding, Limited  
71-75 Shelton Street, Covent Garden  
London  
United Kingdom WC2H 9JQ  
[invest@pocketmuse.co.uk](mailto:invest@pocketmuse.co.uk)  
+44.203.488.2729

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## PLAN OVERVIEW

The primary purpose of the plan is to provide the reader with a substantive overview of PocketMuse Holding, Limited and includes a detailed narrative document combined with a complete set of supportive financials. The Company aims to achieve a preeminent position in the portable electronics channel while cultivating a loyal, consumer base within the targeted market.

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## PLAN FEATURES

- EXECUTIVE SUMMARY
  - A snapshot of this document as a whole and a summary of the Company's profile, mission and goals.
- COMPANY
  - This section provides information on our legal formation and about the skills and expertise of our management team and how they are organized.
- PRODUCT/SERVICE
  - What do we sell and how does it benefit our customers?
- MARKET DYNAMICS
  - Our industry, targeted customers and competitors.
- PROMOTIONAL STRATEGIES
  - Our sales strategy which potentially includes both traditional and online promotional methods
- EXIT STRATEGY
  - How our management believes we can exit our business or continue growing in perpetuity
- FINANCIALS
  - A completed set of financials including a Profit and Loss Statement, Balance Sheet, Cash Flow Statement, Personnel Plan and Investment Analysis.

# LETTER FROM THE COMPANY

July 25, 2017

Oskar A. Topolski  
Chairman of the Board  
PocketMuse Holding, Limited  
invest@pocketmuse.co.uk  
+44.203.488.2729

Greetings!

PocketMuse Holding, Limited is a London-based, Limited enterprise focused on the development and delivery of retractable earbuds. The Company aims to achieve a preeminent position in the portable electronics channel based on the concept of cultivating loyal, brand specific consumer segments within the targeted market.

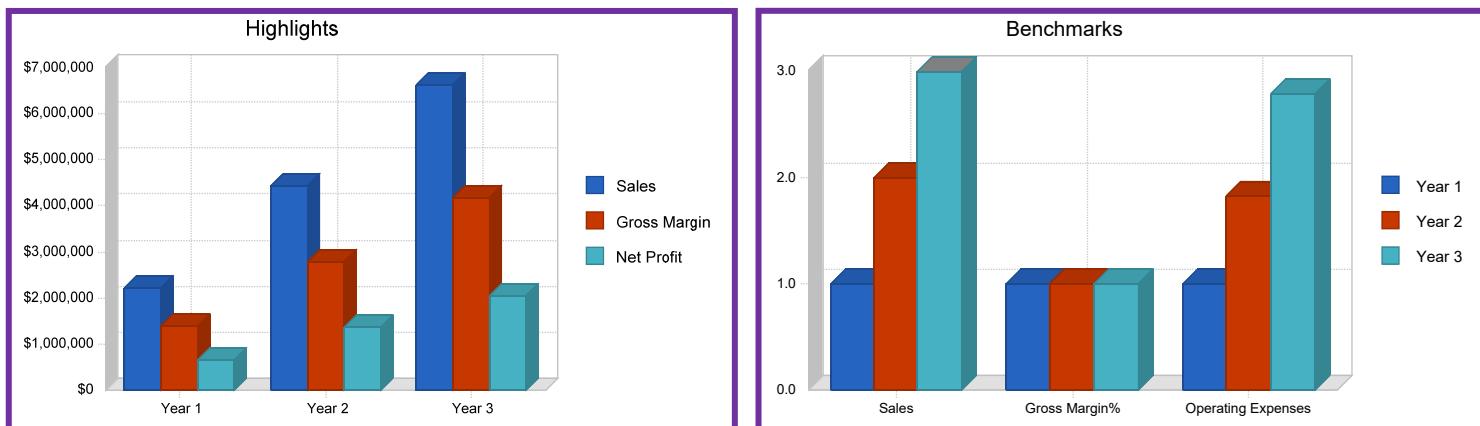
PocketMuse Holding is positioned to experience rapid growth and outperform in a challenging marketplace for the following reasons:

- ❖ The Company's products are included in a burgeoning and rapidly expanding personal technology market.
- ❖ The Company's senior management has insight, creativity and experience which are relevant and transferable within operations, marketing and finance in the portable electronics industry.
- ❖ The Company has created a marketing plan to position PocketMuse Holding as a superior product provider of retractable earbuds using aggressive marketing strategies combined with unique marketing skills and experiences.

This plan includes information on the Company's products, market focused action plans combined with information regarding the Company's management team and financial forecasts. The following confidential materials have been collected and prepared for your review outlining this unique and profitable business opportunity.

I invite you inside to see the very bright future of PocketMuse Holding.

Oskar A. Topolski  
Chairman of the Board



# EXECUTIVE SUMMARY

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## INTRODUCTION

*This Memorandum has been compiled in an effort to showcase the Company's products, market demand and expected financials for the years 2017-2020.*

PocketMuse Holding, Limited, is an electronics company formed in the United Kingdom. The Company is committed to providing retractable earbuds to music-lovers.

## CONCEPT SUMMARY

PocketMuse Holding is a start-up earbud manufacturing company. The Company's earbuds are set apart from the rest of the market through the addition of a retractable system. All products are designed by the Company's founder and are available in several different versions.

## INVESTMENT OFFERING

The Company is offering a maximum of 500,000 shares at (£1.00) per share of the outstanding shares of PocketMuse Holding.

## MISSION AND VISION

### Mission

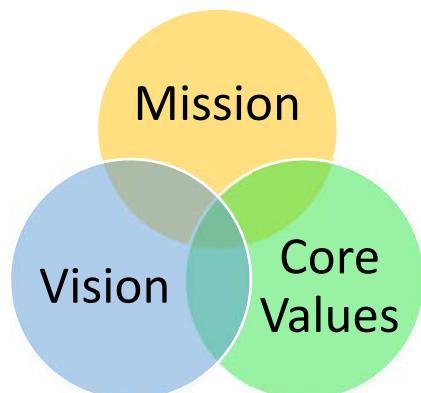
It is the mission of PocketMuse Holding to design and distribute high-quality portable electronics for music-lovers, all while creating a profitable future for the Company and its shareholders.

### Vision

It is the vision of PocketMuse Holding to become the market leader in portable electronics and earbud designs.

### Core Values

Keeping in line with the Mission of the Company, PocketMuse Holding values integrity, transparency and excellence in all aspects of the business. These values allow the Company to build trust and loyalty with consumers and shareholders, creating a foundation for the successful future of the Company.



## BUSINESS MODEL

The Company is focused on providing three 2 separate business models in order to build a profitable business.

### Direct Sales Model

The Direct Sales Model is the most simplistic business model. By utilizing the Direct Sales Model, PocketMuse Holding will lower overhead and directly build relationships with customers and the public.

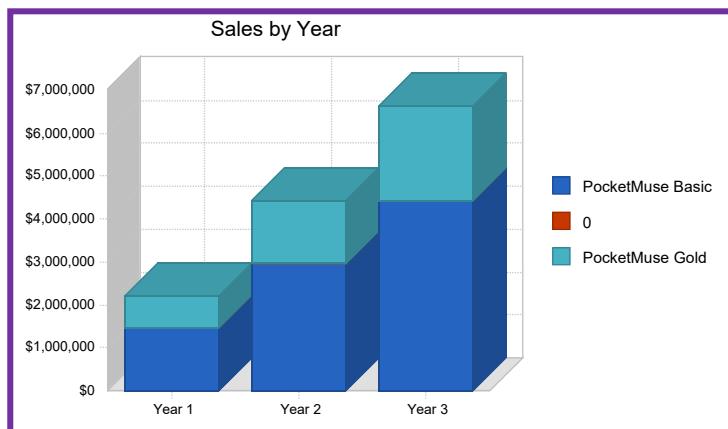
### Vendor Model

The Vendor Model works in conjunction with retailers and wholesalers, and provides PocketMuse Holding with the opportunity to reach the retail market without relying solely on Company-led marketing and promotions. This model provides a gateway into the physical world instead of simply selling products digitally or online.

## SALES FORECAST SUMMARY

The following information represents the Company's annual, forecasted sales divided by product type and is based upon a prediction of future sales over a specific period of time, based on past performance of products in the target market, standardized COLA and inflation rates, organizational spending patterns and market trends. In the preparation of a comprehensive operating plan, the Company created sales forecasts to help and develop an operating budget allocating marketing resources, while monitoring the competition and the product environment.

Sales Forecast	Year 1	Year 2	Year 3
Unit Sales			
PocketMuse Basic	49,184	98,368	147,552
PocketMuse Gold	7,378	14,755	22,133
Total Unit Sales	56,561	113,123	169,684
Unit Prices	Year 1	Year 2	Year 3
PocketMuse Basic	£29.99	£29.99	£29.99
PocketMuse Gold	£99.99	£99.99	£99.99
Sales			
PocketMuse Basic	£1,475,024	£2,950,047	£4,425,071
PocketMuse Gold	£737,684	£1,475,368	£2,213,052
Total Sales	£2,212,708	£4,425,416	£6,638,123
Direct Unit Costs	Year 1	Year 2	Year 3
PocketMuse Basic	£9.00	£9.00	£9.00
PocketMuse Gold	£30.00	£30.00	£30.00
Direct Cost of Sales			
PocketMuse Basic	£442,507	£885,014	£1,327,521
PocketMuse Gold	£221,305	£442,610	£663,916
<b>Subtotal Direct Cost of Sales</b>	<b>£663,812</b>	<b>£1,327,625</b>	<b>£1,991,437</b>



## **EXPANSION PLAN**

PocketMuse Holding is currently seeking investment capital totalling (£ 1,000,000) to fuel start-up activities, launch ongoing marketing efforts and ongoing operations as identified in this plan. By investing primarily into developing a quality product and marketing and sales activities, the Company expects to establish substantive market share within a six (6) month timeframe, allowing for speed to market and preventing additional competitors the opportunity to create counter solutions.

The Company expects that after the initial launch revenues will aggressively expand during the following 1-3 years of operation. The Company intends to implement a diverse marketing strategy throughout the identified target market segments (geographic, psychographic, behavioural) and expanding to a variety of other markets effectively targeting a new and existing customer base.

The Company anticipates using the following expansion strategies to provide for growth and increased revenues.

### Organic Expansion

The Company anticipates utilizing an Organic Expansion model, experiencing growth from its own profits.

The primary advantage to organic expansion for PocketMuse Holding is the flexibility it provides in directing the initial growth of the Company. Once PocketMuse Holding is profitable enough to create a capital pool to reinvest and has clear indicators which areas provide the highest chance of successful growth; an organic plan can be formed on actual, tangible results, which is the best information to go on when determining which ways to expand.

The core requirement of the Company's organic expansion, is a willingness on the part of management and shareowners to reinvest excess capital.

### Raising Investment Capital

In an effort to aggressively build brand equity and grow the Company's core business, private capital will be raised through the following sources:

- Friends and Family – include high net worth individuals and small to medium sized businesses within the professional network of the Company's founders.
- Angel Investors – private capital investors who generally look for higher risk opportunities.
- Institutional Investors – include large commercial investment firms, Venture Capitalists, life insurance companies and mutual funds.

## **BUSINESS OBJECTIVES**

The Company's primary objectives are as follows:

- Securing an expanding base of sales
- Partnering with reputable shareholders
- Hiring an exceptional management team
- Boosting sales through innovative marketing and promotional strategies
- Convert the Company's current website ([pocketmuse.co.uk](http://pocketmuse.co.uk)) into a fully-functional e-commerce platform
- Acquire [pocketmuse.com](http://pocketmuse.com)

## **CALL TO ACTION**

PocketMuse Holding is an innovative, creative brand with strong and experienced management. The Company has developed a profitable enterprise that appeals to the future of electronics, music and design, and is marked by fresh ideas and concepts.

You are invited to join in the very bright future of PocketMuse Holding.

# COMPANY

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## COMPANY SUMMARY

PocketMuse Holding is based and incorporated in the United Kingdom. The business will be formed in 2017 and strive to serve as a global leader in the portable electronics channel.

PocketMuse Holding expects to gain a dominant market position in the retractable earbuds market and will strive to gain a share within the regular earbuds market with consumers within geographic, psychographic and behavioural market segments.

### Location

PocketMuse Holding, Limited  
71-75 Shelton Street, Covent Garden  
London  
United Kingdom WC2H 9JQ  
+44.203.488.2729  
[www.pocketmuse.co.uk](http://www.pocketmuse.co.uk)  
[invest@pocketmuse.co.uk](mailto:invest@pocketmuse.co.uk)

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## PERSONNEL PLAN

The salaries and benefits of the Company's officers are commensurate with their experience and conservatively represent market rates for portable electronics companies.

### **Vacant**

#### **Chief Executive Officer / Managing Director**

The Chief Executive Officer reports directly to the Company's shareholders and serves as the highest-ranking corporate officer. The Company's CEO is in charge of total management of the organization and will serve as the ultimate decision maker.

### **Vacant**

#### **Chief Financial Officer**

The Company's chief financial officer (CFO) is primarily responsible for managing the financial affairs of the corporation while taking responsibility for financial planning and record-keeping and financial reporting to the CEO.

### **Vacant**

#### **Chief Technology Officer**

The duties as Chief Technology Officer include primary responsibility for design and development of the TBD portal. Additionally, the CTO shares responsibility with other team members with regard to formulating product development to enhance the market position of the Company. Much of the CTO's role is highly analytical including competitive intelligence and market research functions. Other functions of this position are of a creative nature and through his efforts will improve functionality.

### **Vacant**

#### **Chief Operating Officer**

The Chief Operating Officer position is an integral part of the management team and possesses a wide variety of duties and responsibilities. The COO must have an in-depth understanding of the fundamental goals and characteristics of the Company, its shareholders and its competitors.

**Vacant****Chief Marketing Officer**

Responsible for overseeing marketing initiatives within an organization. Works to develop areas such as sales management, product development, distribution channel management, marketing communications, including advertising and promotions, pricing, market research, and customer service.

*The Company may hire additional team members in the near future, based on the input of Management and other potential factors.*

<i>Personnel Plan</i>	Year 1	Year 2	Year 3
Chief Executive Officer	£90,000	£94,500	£99,225
Chief Marketing Officer	£0	£70,000	£73,500
Director of Marketing	£70,000	£73,500	£77,175
Marketing Staff	£45,000	£47,250	£49,613
Marketing Staff	£0	£35,000	£36,750
Director of Operations	£0	£0	£60,000
Operations Staff	£35,000	£36,750	£38,588
Product Development Staff	£0	£70,000	£73,500
Distribution Staff	£0	£0	£45,000
Finance Staff	£0	£0	£45,000
Admin Staff 1	£25,000	£26,250	£27,562
Admin Staff 2	£0	£0	£25,000
<b>Total Payroll</b>	<b>£265,000</b>	<b>£453,250</b>	<b>£650,913</b>

# PRODUCTS/SERVICE

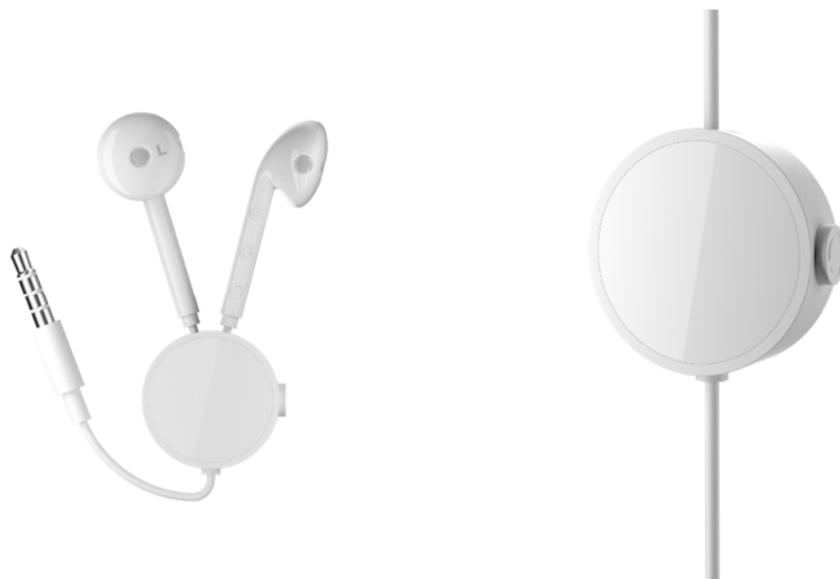
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## SUMMARY

PocketMuse Holding's primary product includes retractable earbuds which represents the Company's underlying philosophy of providing products which are consistently recognized as ultra-high quality at competitive prices and which provide complete satisfaction to the end user. Additionally, the Company strives to provide its products in a manner which reflects the Company's belief in the importance of customer satisfaction and increasing sales through product improvements and the introduction of additional products and services.

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## FEATURES



PocketMuse Holding provides retractable earbuds for music-lovers.

The Company's products provide the end user with the following benefits:

- Inspired by original Apple earbuds
- Traditional control center buttons seamless integration
- Coin-sized retractor
- Ultra-high definition sound



## Pricing

The Company's pricing strategy is aligned with competitors in the earbud market. PocketMuse is focused on quality and functionality, the top draws to the product.

## Promotion

The Company has crafted a strong marketing and promotional plan that emphasizes the strengths of the Company and appeals to the Millennial buyer.

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## UNIQUENESS

The products of the Company are unique in the following ways:

- They offer a solution that is unprecedented in the market
- They are crafted from high-quality materials
- They are designed by a team of Millennial designers for the Millennial market

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## METHOD OF DISTRIBUTION

The products of the Company will be distributed through online ordering and in-store purchase. This divided sales method is offers a wider range of profit and allows PocketMuse to reach a diverse audience.

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## SOURCING

PocketMuse Holding will produce the product using third party and in-house sourcing and will attempt to eliminate extra layers of development and distribution to ensure the highest level of net profit available per "sale" which allows the Company to operate with strong operating and profit margins, while providing customers with competitive pricing.

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## COMPETITIVE ADVANTAGE

PocketMuse Holding provides a superior product and is better positioned than the Company's primary competitors to take advantage of the increasing demands for retractable earbuds due to the Company's focus exclusively on high-quality product distribution. In addition to current products, the Company is striving to continue its offering of unique and in demand products.

- High-quality Products
- Unique retraction concept
- Skill Advantage
- Intellectual Property
- Added Value, Less Costs
- Know How Competitive Advantage

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## KEY COMPETITIVE WEAKNESSES

The Company has identified the following primary weaknesses, yet remain confident in the product offered combined with the Company's strategic growth and operating plans.

- Lacks Strong Online Presence – which will be addressed in a comprehensive website design and marketing plan
- Insufficient Funds – which will be addressed in the securing of funds which is the aim of this document
- Lacks Management Team – which will be addressed through the hiring of solid management personnel

# MARKET DYNAMICS

## MARKET SUMMARY

This summary provides a review of the attractiveness of the portable electronics market and better analyzes and provides an understanding of the evolving opportunities and threats as they relate to the strengths and weaknesses of PocketMuse Holding.

## ECONOMIC OUTLOOK

Currently, the economic market condition in United Kingdom is as follows:

The UK, a leading trading power and financial center, is the third largest economy in Europe after Germany and France. Agriculture is intensive, highly mechanized, and efficient by European standards, producing about 60% of food needs with less than 2% of the labor force. The UK has large coal, natural gas, and oil resources, but its oil and natural gas reserves are declining; the UK has been a net importer of energy since 2005. Services, particularly banking, insurance, and business services, are key drivers of British GDP growth. Manufacturing, meanwhile, has declined in importance but still accounts for about 10% of economic output.

In 2008, the global financial crisis hit the economy particularly hard, due to the importance of its financial sector. Falling home prices, high consumer debt, and the global economic slowdown compounded Britain's economic problems, pushing the economy into recession in the latter half of 2008 and prompting the then BROWN (Labour) government to implement a number of measures to stimulate the economy and stabilize the financial markets. Facing burgeoning public deficits and debt levels, in 2010 the then CAMERON-led coalition government (between Conservatives and Liberal Democrats) initiated an austerity program, which has continued under the new Conservative majority government. However, the deficit still remains one of the highest in the G7, standing at 4.1% of GDP as of mid-2016, and Britain has pledged to lower its corporation tax from 20% to 17% by 2020. Britain had a debt burden of 92.2% GDP at the end of 2016.

While the UK is one of the fastest growing economies in the G7, economists are concerned about the potential negative impact of the UK's vote to leave the EU. The UK has an extensive trade relationship with other EU members through its single market membership and economic observers have warned the exit will jeopardize its position as the central location for European financial services.

<b>GDP</b>	£2.788 trillion (2016 est.)
<b>GDP Rate</b>	1.8% (2016 est.)
<b>Inflation</b>	0.5% (2016 est.)
<b>Trade Deficit</b>	-3.8% of GDP (2016 est.)
<b>Unemployment</b>	4.8% (2016 est.)
<b>Exports</b>	£412.1 billion (2016 est.)
<b>Imports</b>	£581.6 billion (2016 est.)

(Information from the CIA World Factbook: <https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html>)

## MARKET SIZE

The market for consumer electronics has been researched and evaluated with an eye for growth and historical patterns. The following market information has been compiled for the perusal of interested parties and is representative of the market as a whole, as much as can be projected in the changing global economy.

### Consumer Electronics Market

Over the five years to 2016, the Global Consumer Electronics Manufacturing industry is expected to grow. The past five years have been characterized by growth in emerging markets and introduction of new products, leading more people to buy consumer electronics. Innovative products, falling prices, growing household incomes and rising consumer sentiment have supported demand for consumer electronics. Over the five years to 2021, revenue is expected to continue to increase.

(IBISWorld, 2016)

#### **VOLUME SALES GROWTH TO PEAK IN 2016, VALUE SALES REMAIN FLAT**

Driven by demand for smartphones, tablets and wearable electronics, volume and value sales growth in consumer electronics will remain positive over the forecast period, but prices are expected to continue to fall.

#### MATURE CATEGORIES REMAIN IMPORTANT DESPITE SLOW GROWTH

Despite their lower margins slow growth, mature categories like LCD TVs and laptops offer vast volume sales, and companies cannot afford to ignore these products while chasing margins in emerging categories like wearable electronics.

#### THE ROLE OF COMPUTERS AS THE CENTRE OF DIGITAL LIFE IS BEING ERODED, WHICH IS CHANGING PURCHASE HABITS

The proliferation of increasingly powerful smartphones and tablets, as well as applications designed for these devices, along with growing mobile internet usage globally are the largest contributing factors to price erosion and the shortening of replacement cycles in computers.

...

#### SMARTPHONES TO CONTINUE DRIVING GROWTH DESPITE THE EMERGENCE OF WEARABLES

Wearable electronics are expected to become mainstream products over the forecast period, but with lower prices and low overall volume sales they will not overtake smartphones, which will remain the largest growth driver in CE. (Euromonitor International, 2014)

#### ***Consumer Electronics Market: Global Industry Size, Share, Growth, Opportunities, Outlook, Analysis and Forecast 2016 To 2023***

According to a new market report published by Credence Research, Inc. "Consumer Electronics Market By Type (Consumer Electronic Device, Wearable Device), By Consumer Electronic Device (Smartphone, Feature Phone, Tablet, Smart TV, Other TV, Personal Computer, Set-top Box, Digital Camcorder & Camera, Digital Media Adapter, Printer, Game Console, Others), By Wearable Device (Smart Accessory, Other Wearable Device) – Growth, Share, Opportunities & Competitive Analysis, 2016 -2023", the global consumer electronics market is expected to grow at a CAGR of over 5% from 2016 to 2023.

#### *Market Insights*

Burgeoning demand for connected devices and advanced consumer electronics across the globe is fueling growth of the consumer electronics market. Also, introduction of digital initiative by governments in emerging economies such as China, India and Brazil is increasing the adoption of consumer electronic devices especially smartphones, tablet and laptops. Further, expanding urban population supplemented by increasing disposable income is expected to propel market growth over the forecast period. However, high cost associated with wearable devices and data privacy and security threats are anticipated to hinder growth of the consumer electronics market to certain extent.

### *Competitive Insights:*

The global consumer electronics market ecosystem consists of consumer electronic device providers, connected device providers, and wearable device providers. The market is primarily dominated by major vendors such as Apple Inc., Samsung Electronics and LG Electronics Inc. Key players in the consumer electronics market are focused towards investing substantial amount on research and development activities to develop innovative and cost-effective products to gain competitive advantage in long run. Major players operating in the global consumer electronics market are Apple Inc., Samsung Electronics Co. Ltd., HP Inc., LG Electronics Inc., Sony Corporation, Toshiba Corporation, Panasonic Corporation, Hitachi Ltd., Koninklijke Philips N.V and Panasonic Corporation.

(Technorati, 2016)

Consumer electronics have become an essential part of consumers' daily life routines in the past decade. From conventional consumer electronic products such as smartphones, computers, laptops, digital cameras, DVDs, tablets, and printers, to advanced products such as camcorders, phablets, smart televisions, and wearable electronic devices, the global market for consumer electronics encompasses a wide product catalog.

Persistence Market Research projects that the global consumer electronics market is likely to follow stellar growth in the next few years. During the four-year forecast period 2016-2020, revenues of the global consumer electronics market are expected to reach US\$ 2,976.1 Bn in 2020, registering a CAGR of over 15%.

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### Regional Analysis

The global market for consumer electronics is geographically segmented into seven key regions viz. North America, Asia-Pacific excluding Japan (APEJ), Western Europe, Eastern Europe, Middle East and Africa (MEA), Latin America, and Japan.

APEJ will continue to be the largest market for consumer electronics throughout the forecast period 2016-2020, expanding at the highest CAGR of 17.5%. North America, led by the U.S., will remain the second largest market, followed by Western Europe. While the market value share of North America will be over 16% by 2020 end, Western Europe is also expected to register a significant share.

(Persistence Market Research, 2016)

Strong demand for smartphones, tablets, and LCD/LED TVs in Asia Pacific will continue to fuel the global consumer electronics market. Global revenues are projected to reach nearly US\$ 3 trillion in 2020, up from an estimated US\$ 1.45 trillion in 2015. The key trends that will shape up the market during the forecast period include,

Rising disposable income among the middle class in China and India is expected to create steady demand for consumer electronics, such as smartphones, tablets, and TVs. Demand in developed markets of North America and Europe will be influenced by technological upgrades to existing models.

Growing internet penetration in developing countries can lead to an increased demand for smartphones, tablets, and laptops. Video on Demand (VoD) and internet-only shows are gaining popularity in Asia Pacific. This is influencing consumers to shift to larger displays, and in turn, boosting tablet, phablets, and laptop sales.

Outside of Asia Pacific, markets in Latin America, Middle East, and Africa will remain lucrative for low-cost consumer electronics. A significant percentage of new sales in these markets will come from rural consumers, many of who are yet to buy their first smartphone.

### *Smartphones will Dominate Global Consumer Electronics Revenues*

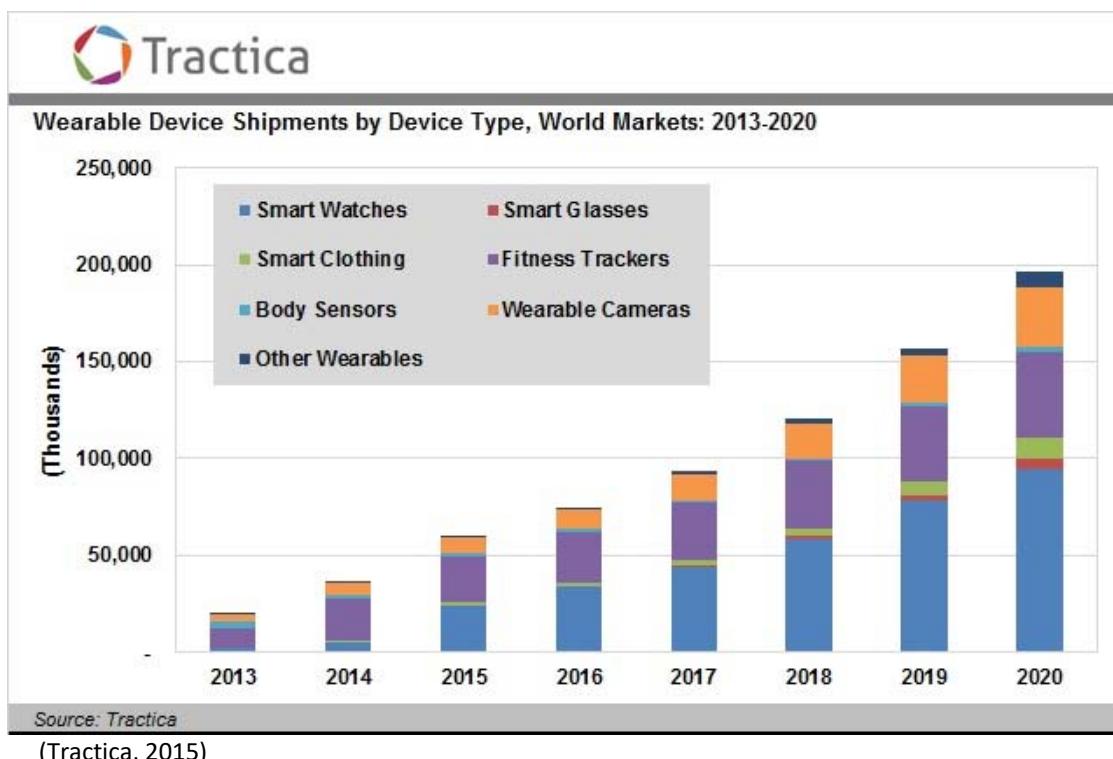
Smartphones will continue to be the highest selling smartphones, with global revenues projected to reach US\$ 768 Bn in 2017, up from US\$ 544.2 Bn in 2015. Bulk of these smartphone sales will occur in China and India. China, the largest smartphone market, will continue to witness higher sales of domestic players, as they have a huge cost advantage over their multinational peers. Global smartphone revenues are anticipated to reach US\$ 777 Bn in 2017, up from US\$ 544.2 Bn in 2015, with a high percentage of sales revenue coming from China and India. Tablets and digital media adapters are the other segments that are expected to grow at a high rate during the forecast period. In contrast, feature phones, will continue their downward spiral with global revenues decreasing by 5.3% CAGR through 2020.

While Asia Pacific will remain at the forefront of global demand, markets in Latin America and Eastern Europe will grow at high double-digit CAGRs during the forecast period. The consumer electronics market in North America will grow at 13.2% CAGR, the lowest among all the regions. Middle East & Africa (MEA) currently the smallest market in terms of global revenues, will surpass Japan to become a US\$ 200 Bn market by 2020.

#### *Vendor Insights*

Samsung Electronics Co. Ltd., Apple Inc., Hitachi Ltd. HP Inc., Sony Corporation, Panasonic Corporation, LG Electronics Inc., Toshiba Corporation, and Koninklijke Philips N.V. are among the leading players in the global consumer electronics market. The key players are consolidating their position by expanding their operations Asia Pacific. (FMI, 2016)

## Wearable Electronics Market



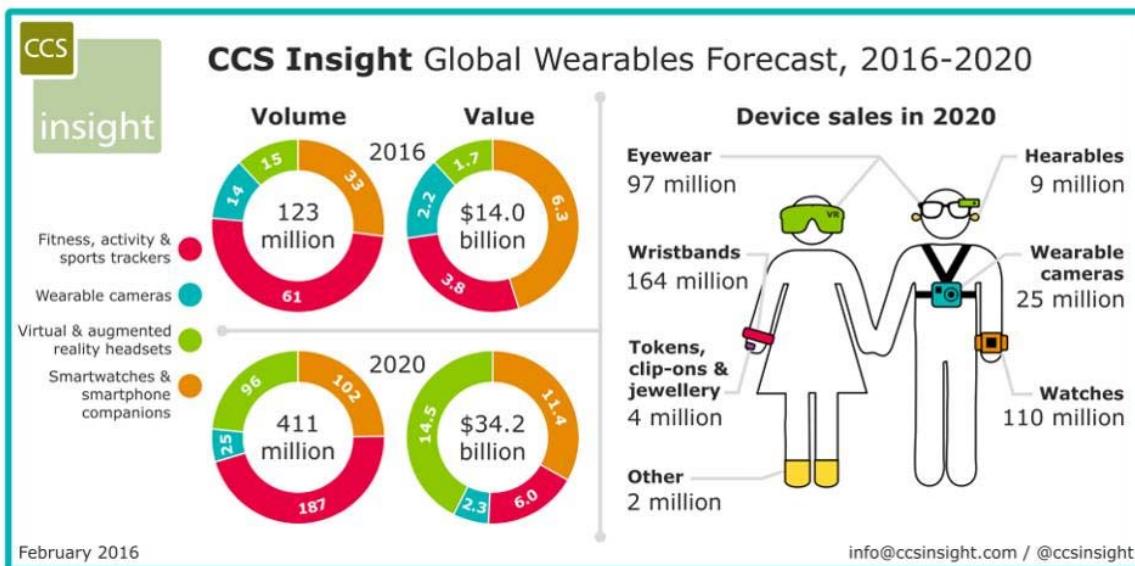
CCS Insight has updated its outlook on the future of wearable tech, indicating that 411 million smart wearable devices, worth a staggering £34 billion, will be sold in 2020.

The analyst claims the industry will hit £14 billion this year, with wrist-based devices – such as smartwatches and fitness trackers – continuing to dominate. Its forecast states half of all wearable tech sales over the next 12 months will be from these genres, with smartwatches making up 50% of the estimated 60 million shipments.

Back in mid-2015 CCS claimed that around 20 million Apple Watches would be sold in the calendar year but it is now stating that just over 9 million Cupertino smartwatches were sold before 2016 arrived. That's a number that gives it, according to the report, a 41 percent market share.

Earlier this month Canalys estimated that Apple shipped 12 million smartwatches in 2015 – a figure it claimed was worth two-thirds of the total smartwatch market. Gartner had stated a week earlier that around 30 million smartwatches were shifted in 2015. So that's estimates of 18, 22 and 30 million from three of the biggest analysts, proving that it's not an exact science.

Ben Wood, chief of research at CCS Insight, commented, "Given the rising consumer apathy toward smartphones, it is little wonder so many companies are chasing the rapidly growing opportunity presented by wearables. We're particularly excited about the potential for augmented and virtual reality devices, and we predict 2016 will be a pivotal year."



(Lamkin, 2016)

Wearable technology refers to electronics devices that are designed to be worn anywhere around the body thereby enabling hands free operations. Wearable technology products have gained popularity over the past few years, with advancements in technology and growth in the trend of innovation. From healthcare to military & defense sector, this technology is prevalent due to ease of use, flexibility, and convenience.

It also saves time, enables real-time data monitoring, and offers operational efficiency. Fitness tracking, security profiling, and network monitoring are some of the major factors contributing towards the higher adoption of wearable technology. The wearable technology market is expected to reach a market value of £57,653 million by 2022 from £19,633 million in 2016, growing with a notable CAGR of 16.2% during the forecast period.

Increase in healthcare awareness, portable and convenient usage of wearables, and entry of large smartphone manufacturers are expected to drive growth in the wearable technology industry. Demand for sophisticated devices with innovative features further supplements the market growth.

(ReportBuyer, 2017)

Wearable Technology Market size in 2015 was valued at £19,633 million growing at CAGR of 16.2% to reach £57,653 million by 2022. Wearable technology market has witness increased adoption owing to factors such as ease of use, flexibility and convenience. Moreover, it provides real time data monitoring, operational efficiency and fitness tracking which further supports the market growth.

The application for wearables is influenced by increased implementation across various verticals. Moreover, the technological advancements in software & hardware components, and their increased adoption in fitness, healthcare, and defense supports the growth of the wearable technology market. However, limited battery life and security concerns restrict the adoption of wearables in the wearable technology industry.

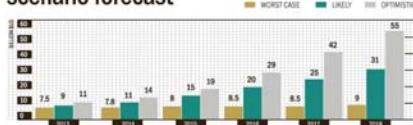
Wearables are used in various industries such as defense, consumer applications, lifestyle, fitness and sports, enterprise and industrial amongst others, Increase in the awareness about the benefits of wearables and technological advancement is expected to drive the market.

The report segments the global wearable technology market on the basis of devices, product type, application and geography. Based on devices, the global wearable technology market is categorized into smart watches, fitness and wellness devices, smart glasses, smart clothing and others. The smartwatches devices segment is expected to witness the fastest growth, registering a CAGR of 19.9%. Among the product type segment, the fitness & sports segment dominated the wearable technology market with over 39% share in 2015, and is projected to maintain this trend throughout the forecast period. However, Entertainment sector is anticipated to grow at a highest CAGR of 35.7% during the forecast period.

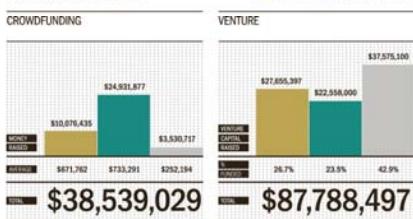
(Allied Market Research, 2017)

# WEARABLE TECH MARKET ANALYSIS

## Preliminary scenario forecast



## Investment in wearable tech

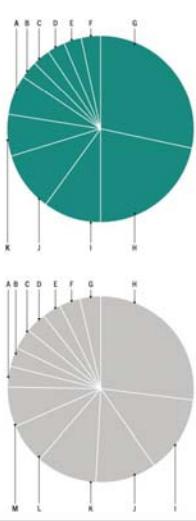
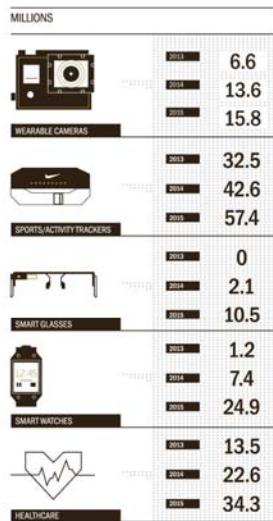


## Wearables by volume

Source: ABI Research 2014

## What's driving adoption?

Source: Technavio



(Technavio, 2014)

## TARGETED MARKET SEGMENTATION

### Geographic – Location of Potential Customers

The primary geographic location of PocketMuse customers is global, and is not significantly higher in any particular region.

### Demographic – Description of Potential Customers

The primary demographics for electronic accessories, earbuds in particular include

### Psychographic – Wants and Needs of Potential Customers

### Behavior – Actions of Potential Customers

## COMPETITORS

ORGANIZATION	LOCATION	DESCRIPTION	VALUATION	FLAWS	UNIQUENESS
<b>PocketMuse Holding</b>	United Kingdom	High-quality retractable earbuds			Highest quality on the market with an unprecedented design
<b>ReTrak</b>		Retractable earbuds		Poor quality, uncomfortable product	Market dominator
<b>Twistear</b>	Slovenia	Retractable earbud system	Failed Kickstarter	Bad quality, poor design	
<b>Nyro Labs</b>	United States	SPIN, a retractable earbud system	Failed Kickstarter	Retractable box is too big	

## **MARKET ANALYSIS/COMPETITIVE ADVANTAGE**

The market for portable electronics and earbuds in particular is strong and continues to show progression and a growing audience. This market projection represents a profitable opportunity for PocketMuse.

### **SWOT Analysis**

The SWOT analysis is intended to provide brief and concise information on the strengths and weaknesses about the Company as well as the opportunities and threats it faces. This information is important in crafting the marketing strategies of PocketMuse Holding as they give direction to which of the strategies must be a focus.

- Strengths:
  - High-quality Products
  - Unique retraction concept
  - Skill Advantage
  - Intellectual Property
  - Added Value, Less Costs
  - Know How Competitive Advantage
- Weaknesses:
  - Lacks Strong Online Presence – which will be addressed in a comprehensive website design and marketing plan
  - Insufficient Funds – which will be addressed in the securing of funds which is the aim of this document
  - Lacks Management Team – which will be addressed through the hiring of solid management personnel
- Opportunities:
  - Strong, expanding market
  - Inferior competitors
- Threats:
  - Established company producing a similar product sooner

# PROMOTIONAL STRATEGIES

## PROMOTIONAL SUMMARY

The Company is focused on crafting and implementing a full-featured promotional plan. This plan will be built on product testing, research, audience needs and expectations and management expertise in the industry. The marketing strategies listed here are merely the beginning stages of the planning process for an effective promotional plan.

## MARKETING STRATEGIES

### Potential Strategies

- Differentiation Strategy
  - Marketing strategy will involve differentiating your company from competitors by highlighting key variables such as price, quality, features, customer service, etc.
- Cost Leadership Strategy
  - Marketing strategy may involve cost-cutting initiatives across the distribution/production process and/or may involve offering a heavily discounted and standard product to all market segments
- Differentiation Focus Strategy or Niche Strategy
  - Niche marketing strategy will focus on a very distinct, usually small and overlooked market segment, and all marketing mix elements will be tailored specifically to this segment
- Cost Focus Strategy
  - Marketing strategy will involve offering a basic low-cost product to a small market segment

### Strategy Pros and Cons

Strategy	Pros	Cons
<b>Differentiation Strategy</b>	Stands out against the competitors as special, leading to loyal customers who are willing to pay a higher price	Can be costly to implement and risks imitation from competitors
<b>Cost Leadership Strategy</b>	Competitive edge and more efficient company culture – frugality in all practices	Loyalty is compromised and costs continuously fluctuate
<b>Differentiation Focus Strategy or Niche Strategy</b>	High loyalty and margins, limited or non-existent competition and heightened customer feedback/research	Can be costly, risks imitation, and may go unnoticed by niche consumers used to a certain other brand
<b>Cost Focus Strategy</b>	Competitive edge and more efficient company culture – frugality in all practices	Loyalty is compromised and costs continuously fluctuate, and since the market is limited to a niche this can be even more serious

## Core Strategy

PocketMuse Holding has designed a series of marketing and promotional strategies designed to persuade existing and potential customers to acquire the Company's products and in an effort to:

- Boost Consumer Confidence for the PocketMuse Holding Products
- Create Awareness
- Leverage Needs and Emotions of music-lovers, especially Millennials
- Make your business and product name familiar to the public
- Create goodwill and build a favorable image

The core strategy that best suits the Company is the **Differentiation Strategy**. This strategy will aid the Company in the implementation of a solid promotional plan.

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## **MARKETING CHANNELS**

There are a variety of marketing channels that are attractive for PocketMuse Holding.

### Traditional Promotion

Traditional promotional activities can be profitable for specific companies that deploy targeted, informed efforts. The following traditional promotion activities will be considered by the Company to further spread a positive image, boost sales and gain a foothold in new and expanding markets.

#### **Press Advertising**

The Company will take advantage of this low-cost advertising method by selecting digital publications that are focused on portable electronics. Press releases, interviews, guest articles and other forms of press interaction will be considered.

#### **Event Advertising**

The Company will participate in or organize events such as 5k runs, festivals, sports events, art fairs and other events in order to project a community-focused image and spread positive information about PocketMuse Holding to potential consumers.

#### Online Promotion

Online and digital promotion activities are the current choice for most companies in this digital age. While some digital marketing efforts appear to be cheaper alternatives to traditional promotion, all promotional activities will be fully evaluated for cost-effectiveness and to ensure the reach of the Company to potential consumers.

#### **Crowdfunding Websites**

The Company recognizes the power of crowdfunding and the sharing economy. The Company is focused on producing high-quality campaigns across a variety of platforms in order to reach the maximum audience for PocketMuse Products.

#### **Social Network Advertising**

The Company will manage an active presence on targeted social media platforms. While Facebook, Twitter, LinkedIn, Instagram and other new platforms may seem necessary for business, PocketMuse Holding will focus on the platforms that best suit the audience of the Company.

## EXIT PLAN

Several exit strategies exist for the Company. The following represent the most likely scenarios to occur within the first five (5) years of operation.

### Acquisition

Being acquired by another company is an attractive option as the Company's value usually exceeds what is reasonable based upon income or tangible assets. An integral part of a successful acquisition is for PocketMuse Holding to work diligently to be attractive for a candidate. To accomplish this, the Company will work diligently to:

- Offer products which mesh perfectly with the needs and desires of the portable electronics market
- Ensure the services are unique in nature, but not so specialized potential suitors are not interested
- Operate with the highest level of integrity and compliance to ensure the availability of transparency to the potential suitors

## FINAL ASSUMPTIONS

PocketMuse is poised to become a profitable business based on the expanding consumer electronics market in the worldwide. The Company has prepared an extensive action plan built on cost-effective promotional strategies.

It is the aim of the Company to achieve a considerable market share within the first year of its inception. This memorandum, as well as the following financials, has been created for the purpose of showcasing the incredible projected future of PocketMuse.

# FINANCIALS

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## SENSITIVITY ANALYSIS

In the event of a severe economic decline, the demand for retractable earbuds may decrease significantly, which may cause the revenue generated by the business to level off or decline. However, the Company's high quality products combined with its traditional and online advertising programs have proven to be very popular and should support consistent growth and relieve unwarranted changes in the macro environment.

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## SOURCES OF COSTS

### FIXED

Exec salaries  
Office salaries  
Employee benefits  
Payroll taxes  
Directors' fees and expenses  
Insurance  
Rent  
Depreciation  
Taxes  
Legal  
Audit  
Telephone  
Utilities  
Contributions

### Postage

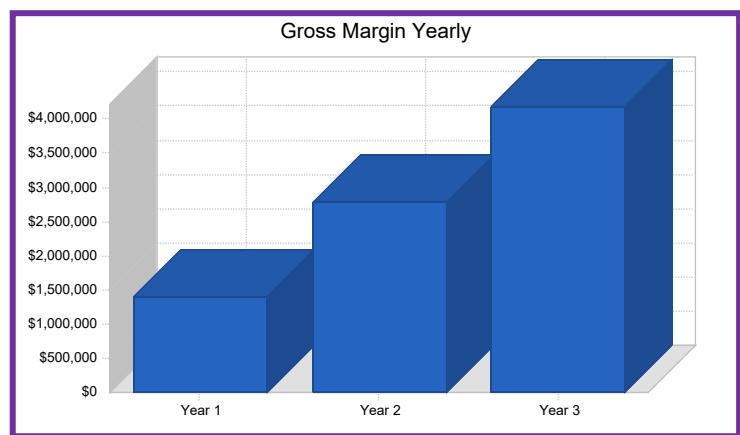
Miscellaneous

### VARIABLE

Office salaries  
Employee benefits  
Payroll taxes  
Travel and entertainment  
Telephone and telegraph  
Stationary and office supplies  
Bad debts  
Postage  
Contributions  
Miscellaneous

## PRO FORMA PROFIT AND LOSS

<i>Pro Forma Profit and Loss</i>	Year 1	Year 2	Year 3
Sales	£2,212,708	£4,425,416	£6,638,123
Direct Cost of Sales	£663,812	£1,327,625	£1,991,437
Shrinkage, Loss, Packaging and Chargebacks	£154,890	£309,779	£464,669
Total Cost of Sales	£818,702	£1,637,404	£2,456,106
Gross Margin	£1,394,006	£2,788,012	£4,182,018
Gross Margin %	63.00%	63.00%	63.00%
Expenses			
Payroll	£265,000	£453,250	£650,913
Marketing/Promotion	£46,328	£138,984	£277,968
General and Administrative	£35,000	£70,000	£105,000
Product Development	£15,000	£30,000	£45,000
Insurance	£8,000	£16,000	£24,000
Payroll Taxes	£53,000	£90,650	£130,183
Other	£30,000	£30,000	£30,000
Total Operating Expenses	£452,328	£828,884	£1,263,063
Profit Before Interest and Taxes	£941,678	£1,959,128	£2,918,955
EBITDA	£941,678	£1,959,128	£2,918,955
Taxes Incurred	£282,503	£587,738	£875,687
Net Profit	£659,175	£1,371,390	£2,043,269
<b>Net Profit/Sales</b>	<b>29.79%</b>	<b>30.99%</b>	<b>30.78%</b>



## CASH FLOW STATEMENT

<i>Pro Forma Cash Flow</i>	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	£2,212,708	£4,425,416	£6,638,123
Subtotal Cash from Operations	£2,212,708	£4,425,416	£6,638,123
Expenditures from Operations			
Cash Spending	£1,553,533	£3,054,026	£4,594,855
Subtotal Spent on Operations	£1,553,533	£3,054,026	£4,594,855
Net Cash Flow	£659,175	£1,371,390	£2,043,269
<b>Cash Balance</b>	<b>£734,175</b>	<b>£2,105,564</b>	<b>£4,148,833</b>

## BALANCE SHEET

<i>Pro Forma Balance Sheet</i>	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	£734,175	£2,105,564	£4,148,833
Total Current Assets	£734,175	£2,105,564	£4,148,833
Total Assets	£734,175	£2,105,564	£4,148,833
Liabilities and Capital	Year 1	Year 2	Year 3
Paid-in Capital	£250,000	£250,000	£250,000
Retained Earnings	(£175,000)	£484,175	£1,855,564
Earnings	£659,175	£1,371,390	£2,043,269
Total Capital	£734,175	£2,105,564	£4,148,833
Total Liabilities and Capital	£734,175	£2,105,564	£4,148,833
<b>Net Worth</b>	<b>£734,175</b>	<b>£2,105,564</b>	<b>£4,148,833</b>

## RATIOS

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3
Sales Growth	n.a.	100.00%	50.00%
Percent of Total Assets			
Total Current Assets	100.00%	100.00%	100.00%
Total Assets	100.00%	100.00%	100.00%
Net Worth	100.00%	100.00%	100.00%
Percent of Sales			
Sales	100.00%	100.00%	100.00%
Gross Margin	63.00%	63.00%	63.00%
Selling, General & Administrative Expenses	33.21%	32.01%	32.22%
Advertising Expenses	2.09%	3.14%	4.19%
Profit Before Interest and Taxes	42.56%	44.27%	43.97%
Main Ratios			
Pre-tax Return on Net Worth	128.26%	93.05%	70.36%
Pre-tax Return on Assets	128.26%	93.05%	70.36%
Additional Ratios	Year 1	Year 2	Year 3
Net Profit Margin	29.79%	30.99%	30.78%
Return on Equity	89.78%	65.13%	49.25%
Activity Ratios			
Total Asset Turnover	3.01	2.10	1.60
Liquidity Ratios			
Net Working Capital	£734,175	£2,105,564	£4,148,833
Additional Ratios			
Assets to Sales	0.33	0.48	0.63
Sales/Net Worth	3.01	2.10	1.60

## RISK DISCLOSURE

THIS MAY BE A HIGH RISK TRANSACTION. PLEASE REVIEW ALL OF THE DOCUMENTS CAREFULLY, INCLUDING THE RISK FACTORS INCLUDED IN THIS INVESTOR MEMORANDUM.

An affiliation in the Company's securities involves a high degree of risk and is suitable only for persons who can bear the loss of their entire investment and who can bear the financial risk of their investment for an indefinite period of time. See "Risk Factors" in this Investor Memorandum.

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This Investor Memorandum supersedes all information, written or oral, that has been previously furnished. No person is authorized in connection with the proposed private offering of the Company's securities to which this Investor Memorandum relates (the "Proposed Offering") to make any statements or representations (whether oral or written) other than as set forth in this Investor Memorandum, and no information (whether oral or written) other than as furnished herein may be relied upon.

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This Investor Memorandum contains forward-looking statements, including statements about the Company's plans for future operations and performance. Potential investors are cautioned that forward-looking statements are not guarantees and that actual results may differ materially from those projected. Important factors that could cause actual results to differ materially from those projected in forward-looking statements include, but are not limited to, those factors discussed under the caption "Risk Factors" of this Investor Memorandum.

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Prospective investors are not to construe the contents of this Investor Memorandum as legal, business or tax advice. Investors must rely upon their own representatives, including legal counsel and accountants, as to legal, tax, investment and other considerations concerning a purchase of the securities described in this Investor Memorandum.

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By accepting delivery of this Investor Memorandum, the recipient agrees to keep confidential and not disclose any information contained herein other than to the recipient's advisors as necessary.

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The Investor Memorandum may be terminated at any time before subscriptions are accepted. The Company reserves the right, in its sole discretion, to reject any subscription.

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The net proceeds from the Investor Memorandum will be disbursed immediately when received by the Company.

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Each prospective investor should thoroughly review this Investor Memorandum before deciding to offer to subscribe for the purchase of any securities. The Company will furnish each prospective investor with such additional information as may be requested and that the Company may possess or can obtain without unreasonable effort or expense.

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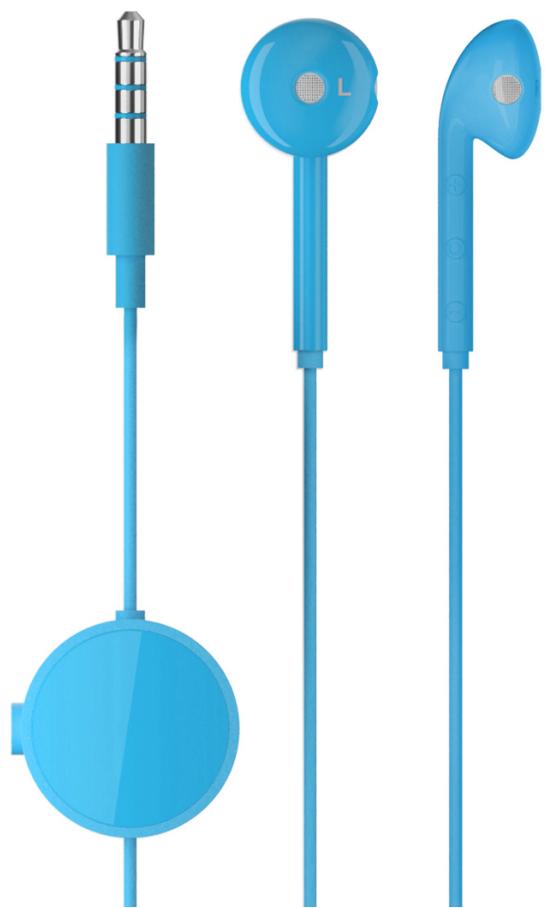






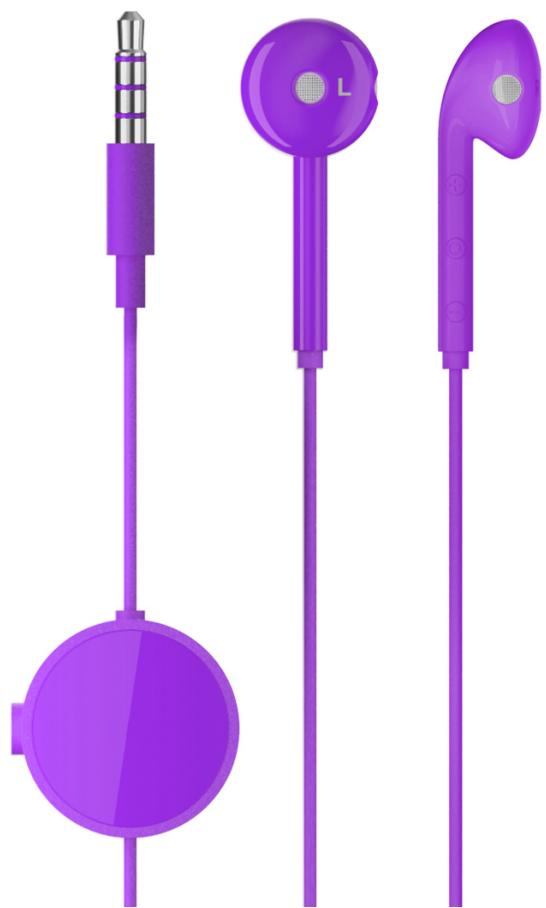




















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