



KELA X  
INFORMATION  
MEMORANDUM

K E L A **X** *by harry george*

# TABLE OF CONTENTS

CHAPTER TITLE	Page
Important Notice	3
Executive Summary	6 - 7
Business Overview	8 - 9
Our Philosophy	10 - 11
Market Opportunity	12 - 13
Our Unique Selling Proposition	14
Market Strategy	15
Consumer Profile	16 - 17
Reasons to Invest in Kela X	18
Financial Projections	19 - 20
Management Teams	21 -22
Our Offer	23

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# 1

## EXECUTIVE SUMMARY

IN BRIEF

An exquisite fusion of fine jewellery, fashion and hair

Introducing KELA X, a world-first, luxury brand in a category of its own - fine jewellery for hair.

This incredible proposition was created by revered jeweller Harry Georje and KELA, the leading brand behind the world's first non-slip hair accessory.

A fusion of fine jewellery, fashion and patented hair technology - KELA X is set to inspire multiple industries at once - industries where both KELA and Harry Georje hold immense respect due to their highly admired bodies of work.

The collaboration of Harry Georje and KELA has created an international powerhouse set to redefine and reinvigorate a lucrative market.

KELA X is a brand like no other - a brand the world is waiting for.



EXECUTIVE SUMMARY

INTRODUCING  
KELA X, A  
WORLD-FIRST,  
LUXURY BRAND  
IN A CATEGORY  
OF ITS OWN -  
FINE JEWELLERY  
FOR HAIR.

# BUSINESS OVERVIEW



BUSINESS OVERVIEW

## BORN FROM AN INSPIRING PARTNERSHIP

When internationally acclaimed jewellery designer Harry Georje partnered with KELA Tech, something incredible was bound to happen. In fact, an entirely new category was to be born: fine jewellery for hair. A proposition that magically blends the luxury jewellery, hair and fashion industries.

Harry Georje is a master of his craft - an unrivalled expert whose reputation precedes him. He is a three times De Beers international award-winning diamond jeweller, with over 30 years experience. For Georje, trust is everything. It's why people such as world-renowned goldsmith and jeweller Stuart Devlin, by appointment to Her Majesty Queen Elizabeth II, have called on him for jobs such as repairing a damaged Faberge Egg. Renowned for his passion and knowledge of diamonds in particular, he treats every piece of jewellery as an investment - a piece to ignite decades of joy.

KELA have deep expertise in the hair industry, with an offering that began in hair charms and extended into a patented technology known as KELA Tech.

The KELA Tech is a simple one-action silicon clasp that ensures hair jewellery stays in place no matter what. This revolutionary patented technology is paving the future of the modern hair industry for stylists, brides, festival-goers, celebrities and everyday women. No longer is jewellery limited to the body. The world's first non-slip hair jewellery allows women to emulate runway styles and celebrity looks at home in a few easy steps.

“  
KELA THE HOTTEST JEWELLERY BRAND IN THE WORLD”

- THE DAILY MAIL UK



Building on this huge success, KELA and Harry Georje are set to transform the jewellery world by introducing for the first time high-end quality hair jewellery.

**THE FIRST COLLECTION WILL LAUNCH IN 2019, OFFERING A BREADTH OF RANGES TO SUIT A WIDE MARKET.**

### ENTRY PRODUCT RANGE

- (X Signature Hair Piece) - \$1650 and up
- Mid-Product Range - \$3000 to \$7000
- High-Product Range - \$7000 - 10,000
- Hero Product Range - \$20,000 +



# OUR PHILOSOPHY

Every aspect of our brand is considered

## OUR VISION

TO ELEVATE INDIVIDUAL EXPRESSION, CONFIDENCE AND BREATHTAKING BEAUTY THROUGH TECHNICAL MASTERY AND EXQUISITE DESIGN.

## A STATEMENT OF BEAUTY AND STYLE

Your hair is a projection of your beauty and individual style. That's why we believe in unlocking true self-expression via the fusion of design with functionality, through jewellery created exclusively for the hair.

Introducing KELA X, a new generation of fine jewellery for hair that inspires absolute luxury through breathtaking design, precious materials, technical innovation and masterful craftsmanship.



## WE LIVE AND BREATHE THIS THROUGH OUR 4 VALUES:

### ARTFUL INNOVATION

Our enthusiasm for innovation is pivotal to everything we do. Through innovation our relationship with creativity is strengthened, composing unique transformative experiences that seal deep and evocative connections with our customers and followers. Our story is a luxury brand story underpinned by innovation that pushes us to excellence and beyond.

### SOPHISTICATION & DESIGN AESTHETIC

The KELA X collection of fine jewellery for hair is uniquely designed to appeal to a deep appreciation of refined sophistication and iconic elegance. We seek beauty where it has not been found before. We celebrate the game of beauty that has no rules. KELA X is where surprise and creativity are permitted to play differently, and where desirability - the crux of beauty - is both flamboyantly and delicately redefined.

### UNAPOLOGETIC EXCLUSIVITY

As a luxury brand KELA X understands exclusivity as a reality that only the few are afforded. It creates special and unique experiences through which customers and brand loyalists are intrinsically connected. Exclusivity is the halo of our prestige. It offers a series of precious moments soaked in extravagance and sensory indulgence each within rare and perfect reach. KELA X tells dazzling stories of worlds enhanced by the abundance of beauty; worlds where the luxury of exclusivity is a mindset of no compromise.

### SUPERIOR PERFORMANCE

As a category creator KELA X is at once to be noticed. Not by ego but by striving to achieve new benchmarks, by being best in class in every way. We aspire in our own House to dynamically engage with a modern creativity that serves the customer. This is our platinum promise to provide inexhaustible craftsmanship that seeks to masterfully tell your next story. that seeks to masterfully tell your next story.

# MARKET OPPORTUNITY

## A UNIQUE OPPORTUNITY

As the world's first non-slip hair jewellery, we're introducing a desirable new category into a lucrative market. That said, 'market' as a singular term is being conservative, considering KELA X straddles the jewellery, fashion and hair industries.

## A SNAPSHOT OF THE LUXURY MARKET:

Considering all segments, the global luxury market grew by 5% to an estimated €1.2 trillion globally in 2017.

The market for personal luxury goods reached a record high of €262 billion, representing a 5% growth.

The "millennialisation" of luxury customers presents a significant opportunity for luxury fashion brands that appeal to this demographic. Driven by fast fashion, millennials choose luxury accessories over clothing – high-end accessories serve as a desirable way for both millennial and Gen Z shoppers to enter the luxury market

Accessories remain the largest and fastest-growing personal luxury goods category

Designs that offer luxury, function or both are seeing growth.

According to data from NPD Group, designer accessories grew 10 percent in the last year and now represent 12 percent of the category's total sales. Consumers are responding to styles that afford them flexibility and fit their lives, calling for high-end designs that incorporate ease.



## GROWING DEMAND FOR FINE JEWELLERY:

While branded jewellery accounts for only 20 percent of the overall jewellery market today, its share has doubled since 2003. It's expected that the branded segment will account for 30 to 40 percent of the market by 2020.

The jewellery market is a 70-billion-USD industry growing at a rate of 5-6% annually and the hair and beauty market is predicted to reach 265 billion USD by 2017. The research we have undertaken is proving that we are the leaders in creating a new category in the market.

Three types of consumers driving growth in fine jewellery:

"New money" consumers who wear branded jewellery to show off their newly acquired wealth (in contrast to "old money" consumers, who prefer heirlooms or estate jewellery)

Emerging-market consumers, for whom established brands inspire trust and the sense of an upgraded lifestyle—a purchasing factor quoted by 80 percent of our interviewees

Young consumers who turn to brands as a means of self-expression and self-realisation

Europe, America and Asia are the key regions driving the personal luxury goods market

# OUR UNIQUE SELLING PROPOSITION

## A UNIQUE OPPORTUNITY

“ We believe in capturing the ultimate form of self expression through pure aesthetics and world-class technology.”

The fusion of carefully crafted design and innovation creates the magic of KELA X, a revolution in fine-jewellery for hair that invites a new level of inspired self-expression; a brand that elevates natural beauty through bold attitude, timeless elegance and absolute luxury.

# 6 MARKETING STRATEGY

A focus has been placed on ensuring a strong global presence for KELA X, through the following strategic marketing framework.

The team behind KELA X are cognisant that we are now living in the experience economy. In order to succeed, a brand needs to deliver value beyond a product - it needs to deliver an unparalleled experience, which leaves a lasting impression at every available touch point.

## RETAIL LAUNCH STRATEGY

### 1a. Retail - Pop-ups, Events & Stores

- Goal: To achieve global presence in the key luxury markets (Europe, America and Asia)

**Stage 1:** Pop-up store & seasonal launches in unique spaces globally - key fashion capitals

**Stage 2:** Future Retail Stores in the fashion capitals

To successfully launch KELA X globally, we'll capitalise on KELA's success by choosing countries where KELA Technology has existing share of voice in market

**1b. Online Retail Strategy** - Adopt an online global launch sales strategy

Only entry and mid-level products will be made available online (mono-brand site), whilst high-level and hero products will be exclusive and only be made available in store or pop-up.

## CREATING A MEANINGFUL MARKETING & SALES EXPERIENCE:

- A seamless brand experience which delivers on KELA X's values will be executed by employing expert agency partners - everything throughout the customer journey, from the in-store experience to the packaging will evoke a consistent emotion in our target audience
- We will create a frictionless, user-friendly online experience from the social media and content strategy to the website and online retail experience - (Website, Content/Video - Online retail functionality - Mobile-Friendly, SEO, Community Engagement )
- Influencer Marketing and PR Strategy - covering partnerships with hair & fashion influencer/ambassadors, hair stylists - pop-up/PR events and releases for launch and presence in top-tier magazines and online publications
- Strong Targeted Social Media Strategy : Instagram/ Facebook, WeChat/Weibo, Video stream website (Vimeo/YouTube), Influencer strategy across social
- Event activations - (Fashion Shows / Awards / Red Carpet/ Curated hero pieces, Targeted Events)
- Digital Content Marketing Strategy - (Video Advertising - Content for online publications/blogs/ influencers, Curated content, targeted email triggers)
- Additional Print Advertising/Partnerships - Print Advertising in key publications



# 7 CONSUMER PROFILES

## THE MODERN, AFFLUENT (YOUNG) PROFESSIONAL

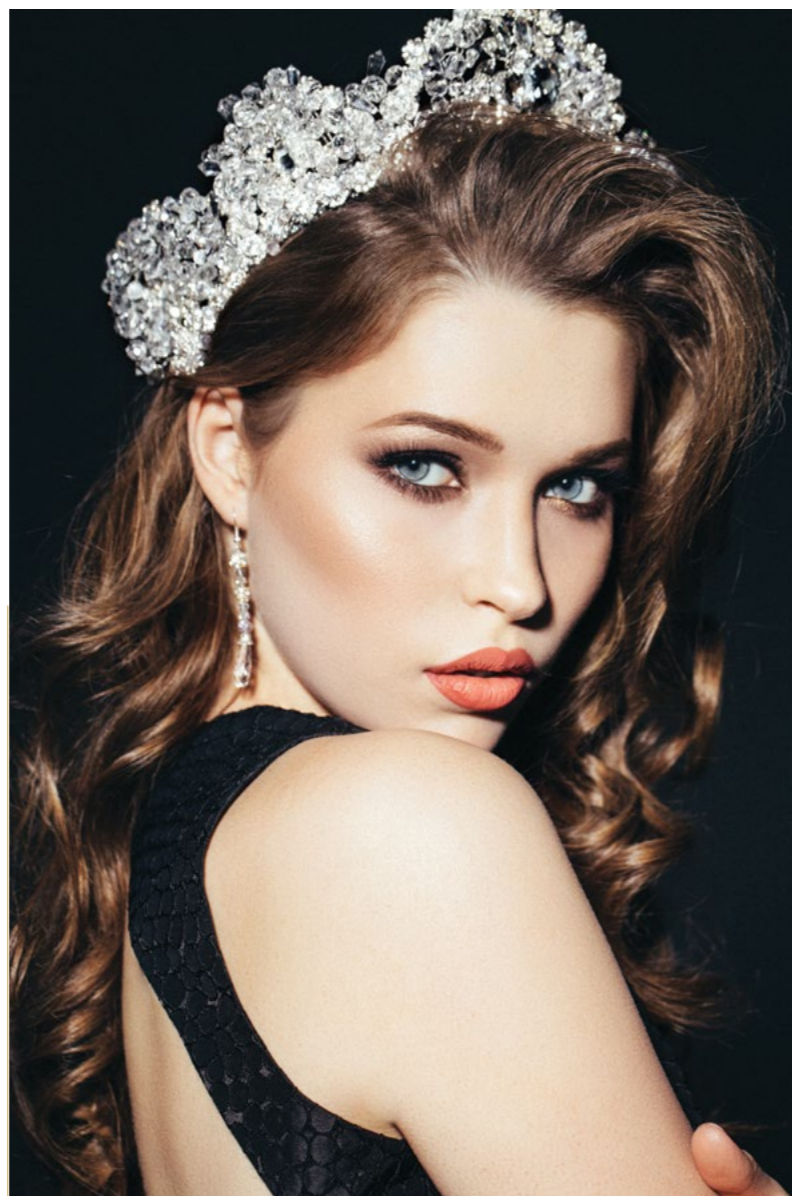
She is a modern, confident, fashion-forward woman who is willing to pay for quality, unique pieces.

She is an affluent (often) professional, who is active, social and goes through the generic beauty routines. She values quality, wants to express herself, climb the social ladder, build confidence and build a career.

She is most likely to use branded jewellery as a means of self-expression and self-realisation, to show off her newly acquired wealth, while for the older millennial, this brand could inspire trust and the sense of an upgraded lifestyle.

She is fashion-forward and wants to be on top of the latest trends and new season releases from the luxury designers. High-end design, as well as functionality are becoming increasingly important for her.

She is always online and uses publications/blogs (Vogue, Harpers) & social media like Instagram, Facebook to look for unique, exclusive experiences. Although she increasingly buys luxury items online, she still appreciates the value of an exclusive in-store experience. In her spare time you can find her at social gatherings and events like charity balls, red carpet galas, weddings, races, fashion events, black tie functions, awards, where she would use KELA X as a statement piece.



Key motivations to buy KELA X are to make a statement, be different and be exclusive by showing off a unique piece of jewellery combined with an innovative piece of technology coupled with an edgy hair style. A new way to express themselves at special events (red carpet/weddings etc).

Key detractors could be the affordability of the hero range or their lack of confidence to wear or know how to wear a unique piece like this.

## THE MORE ESTABLISHED, SOPHISTICATED WOMAN

She is a more mature sophisticated affluent women, who can afford quality pieces of jewellery. She is an affluent women who enjoys leaving the house for breakfasts, nice lunches, shopping and private dining events. She doesn't blink at a \$35K piece of jewellery from the KELA X Range.

She looks for more bespoke pieces that add value to her feeling beautiful, as she is getting older. It could portray wealth, still being on trend and a sense of upgraded lifestyle. With her life experience, she knows exactly what she wants and is confident enough to wear this unique high-end piece as another way to express herself.

She is looking to invest in a special piece of the highest-quality with a sense of exclusivity and status. She is looking for bespoke experiences and designs, rather than on-trend pieces. It's all about the long-term relationship. She reads magazines such as Vogue and Harpers and does online research (social media & blogs) to look for unique, bespoke experiences. She still values in-store purchases over online shopping for high-quality pieces.

She values functionality and ease in life, with an even stronger focus on quality. You can find her at social gatherings, professional get-togethers and high-end, sophisticated luxury events.

Detractors to buy the KELA X Range could be not knowing how to wear the piece or where to find it nearby (distribution limitations).



# 8

## REASONS TO INVEST IN KELA X

REASONS TO INVEST

- 1 | Co-created by De Beers - the world's leading jeweller
- 2 | Protected IP patented design technology
- 3 | Unique product category: A new category of fine-jewellery for hair
- 4 | Market growth for jewellery
- 5 | Proven demand, global distribution & sale success of KELA (Global)
- 6 | Celebrity endorsement
- 7 | Significant return on investment ROI (please see financial)

## FINANCIAL PROJECTIONS

FINANCIAL PROJECTIONS

The Joint Venture requires only short-term funding. The duration of any funding arrangement will be subject to the success of the Joint Venture. Initially it is expected that the JV will need up to a maximum of \$1m, although lower amounts may well be appropriate. The JV is open to receiving offers for both debt and equity or any combination thereof. All offers will be considered on their merits. No personal guarantees will be offered.

Key Performance indicators	Budget Year 1	Budget Year 2
Revenue	\$1,891	\$4,723
Gross Profit	\$1,891	\$3,306
Gross Profit %	71%	70%
Operating expenses	\$569	\$1,464
EBIT	\$773	\$1,842
EBIT %	41%	39%
NPAT	\$554	\$1,335
NPAT%	29%	28%
Working Capital	\$742	\$1,970
DSO	15	30
DSI	146	133
DPO	75	33
Free Cash Flow	\$614	\$722
Dividend Rate	50%	50%
Tax Rate	27.5%	27.5%
Net Assets	\$277	\$945

# FINANCIAL PROJECTIONS

CONTINUED

## THE JOINT VENTURE'S PROJECTED FINANCIAL RESULTS AND FINANCIAL POSITION ARE NOTED BELOW:

### Definitions:

1. EBIT means Earning Before Interest and Tax
2. NPAT means Net Profit After Tax
3. Working Capital means current assets less current liabilities
4. DSO means Days Sales in Outstanding (debtor days outstanding)
5. DSI means Days Sales in Inventory
6. DPO means Days Payable outstanding
7. Free Cash Flow is the amount of cash generated by the business after taxation and dividends
8. Dividend rate of 50% means the amount of NPAT to be paid by way of dividend

### The main financial assumptions are:

1. Gross margin at 70%, which is typical for this industry, which is maintained into year 2
2. EBIT % for both years are 40%
3. Taxation is assumed at 27.5% in both years
4. Dividend policy is 50% in both years. All dividends are estimated to be fully franked
5. Working capital: a. with DSO of 30 days for 100% of sales (first year 20% of sales) b. DSI at 30 days in year 2 in both years c. DPO at 30 days in both years
6. Free cash is significant being \$614k in year 1 and \$722k in year 2
7. Unfunded, assume all funding provided by Shareholders All forecast results, projected cash flows and financial position are all based on the achievement of sales and the ultimate success of the JV

# 100

MANAGEMENT TEAM



**HARRY GEORJE**  
Head of Design

Harry Georje has been in the jewellery business for over 30 years. He is a De Beers International Award-Winning Australian Jeweller, a De Beers Approved Master Jeweller and a De Beers Approved International Diamond Merchant. He has over 20 years of hands on experience on the bench and as young jeweller he used to manufacture jewellery for the likes of Bulgari, Tiffany and Cartier. He is a member of the GIA (Gemmological Institute of America), the world authority in grading the finest stones, a Certified Diamond Grader and member of GAA (Gemmological Association of Australia). He is a subscriber of the Kimberley Process and a proponent of conflict-free diamonds. All his stones are ethically sourced from the most reputable international suppliers.



**ALDO MICCIO**  
Executive Director - Head of Sales & Marketing

Aldo Miccio has had an extensive career in senior management with appointments in New Zealand, Hong Kong, Shanghai and Sydney. He is currently the Managing director of KELA Charms, he has a strong commercial and accounting background, expert skills in strategic planning, product management, product design and sales and marketing, all backed up with a positive entrepreneurial attitude. Aldo is the perfect person to step on board and help bring KELA X by Harry Georje to market, utilising his extensive experience in sales and Marketing within the Jewellery and Fashion industry.



**DAVIDE COARO**  
Executive Director - Head of Operations

**D**avide comes from a well-known Italian family of three generations of art dealers. He has been an international business consultant for over 20 years. He lived and worked in Rome, Paris, London and Taipei before landing in Australia 12 years ago. He worked as a continuous improvements business specialist across industries, with clients including CSC, Bombardier, Airbus, BHP, DuPont, HP, Motorola, JP Morgan, Schroeder's Hedge Fund and Rail Corp, to mention a few. He has been the Director and CFO of Harry George Diamonds Australia since 2016.



**BRUCE WHALL**  
Chief Finance Officer

**B**ruce Whall is a qualified Chartered Accountant with over 30 years' experience and has held senior financial and operational roles in both professional accounting and commerce. Bruce has a wide range of managerial experience covering; strategic and business planning, mergers and acquisitions, finance, accounting, taxation, working capital management, human resources, treasury, IT&T, OHS, QA and operations. He has held the positions of COO, CFO and a number of directorships in large to medium-sized businesses, spanning IT&T, distribution, finance and manufacturing industries.



**JANNA MICCIO**  
Brand Manager

**J**anna is the Brand Manager of both KELA and KELA X. Since the inception of the business Janna has been an integral asset in brand concept to creation and growth on a global scale.

With extensive insight and experience in brand creation and execution, Janna has aided the success of KELA through new age marketing strategies, organic community building, and unique diversification.

Janna's strong commercial, retail and client management background define her expertise in brand identity and development, PR, product design, sales and marketing.

Janna also consults in a sales and marketing role for Australia's leading hair fashion trade publication and creative agency, M Division.

THE TEAM

THE OFFER

# 11

THE OFFER

200  
SHARES

\$6,000  
PRICE PER SHARE

20%  
EQUITY

- All funds raised to be used as working capital
- With an investment above 10% the investor is entitled to nominate a director to the board
- Very significant return on investment

