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Confidential Joolez

Company: Joolez

Market: E-commerce jewelry retail

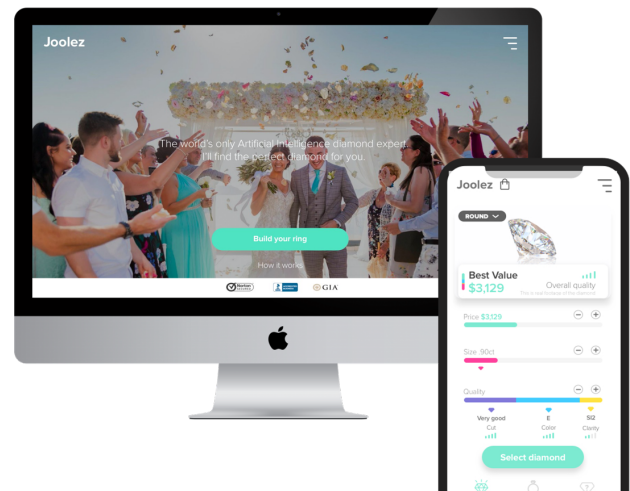
Product: AI Powered Diamond Store Platform

Company Highlights

- Powered by one of the largest diamond and jewelry trading networks around the globe with access to more than 1 million diamonds and thousands of jewelry piecesⁱ
- Utilizes behavioral science and artificial intelligence (AI) to provide advanced product discovery diamond recommendations
- Its proprietary technology was designed to understand all facets of diamonds and assess a customer's
- Team has a combined 25 years of combined experience in the sales and marketing and diamond industry

EXECUTIVE SNAPSHOT

Joolez is a diamond ring marketplace powered by behavioral science and artificial intelligence (AI). The company's marketplace is designed to help couples find the perfect diamond ring for their engagement. The Joolez team has a combined 25 years of experience in the diamond industry and has interviewed hundreds of couples, gaining insight into what can help make the purchasing experience less fraught and more joyous. The company's AI algorithm is engineered to change the way consumers shop for diamond rings online, in a way make that is less overwhelming, more efficient, and as stress-free as possible.



PERKS

You are investing in a Crowd Note in this Offering. Perks are meant to be a thank you from the company for investing. The perks below, subject to [Regulation CF investment limits](#), are not inclusive of lower dollar amount perks, except where otherwise noted.

Investors that purchase the first 100,000 Crowd Notes, and thereby fund the first \$100,000, will receive Crowd Notes with a conversion provision based on a \$3.4 million valuation cap instead of a \$4 million valuation cap. That means, in connection with equity financing of at least \$1,000,000, the company has the option to convert the Crowd Note into non-voting preferred shares (Conversion Shares) at a price based on the lower of (A) a 20%



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discount to the price per share paid for Preferred Shares by investors in the Qualified Equity Financing or (B) the price per share based on a \$3.4 million valuation cap (instead of \$4 million).

\$1,000 - Custom engravement on your ring chosen from the Joolez app

\$5,000 - Free appraisal certificate for any piece of jewelry of your choice from our partners at American Appraisal Association (1 certificate per investor, total 10 certs - a value of \$150)

\$10,000 - Custom design of any engagement ring of your choice. Includes consultation with our jeweler, concept design, and 3D rendering of the ring ready for production (\$550 Value)

COMPANY SUMMARY

Opportunity

Getting engaged and popping the question can be a wonderful experience but purchasing a diamond engagement ring can be quite nerve-wracking. The need to buy a diamond ring doesn't come around often, and knowledge about the diamond buying process isn't common. Often, the fear of paying too much, or worse, choosing the wrong ring, can create a lot of unease. Joolez is a diamond ring marketplace powered by behavioral science and artificial intelligence to help couples find the perfect diamond ring.

Headquartered in New York's Diamond District, Joolez aims to become the go-to online marketplace for diamond engagement rings. The company is committed to providing the best user experience for its customers via its innovative e-commerce platform, powered by AI, to deliver a personalized diamond discovery tour. The company leverages its global diamond network membership to provide an array of stones to meet a customer's wants and wishes and is continuously exploring relationships with other jewelry vendors to expand inventory options at low costs. Over the years, the team at Joolez has interviewed hundreds of couples and gained insight into what makes the diamond ring purchase experience less fraught and more joyous. The company uses AI technology to learn what is important to the customer based on the customer's shopping journey. The model analyzes diamond variables such as cut, carat, clarity, and color, comparing them against the user's preferences, trends and demographics, to curate the most relevant diamond recommendation from hundreds of thousands of diamonds. A virtual diamond assistant advises the difference between selected diamonds and even highlights a "good deal" when one is available based on size, quality or overall value.



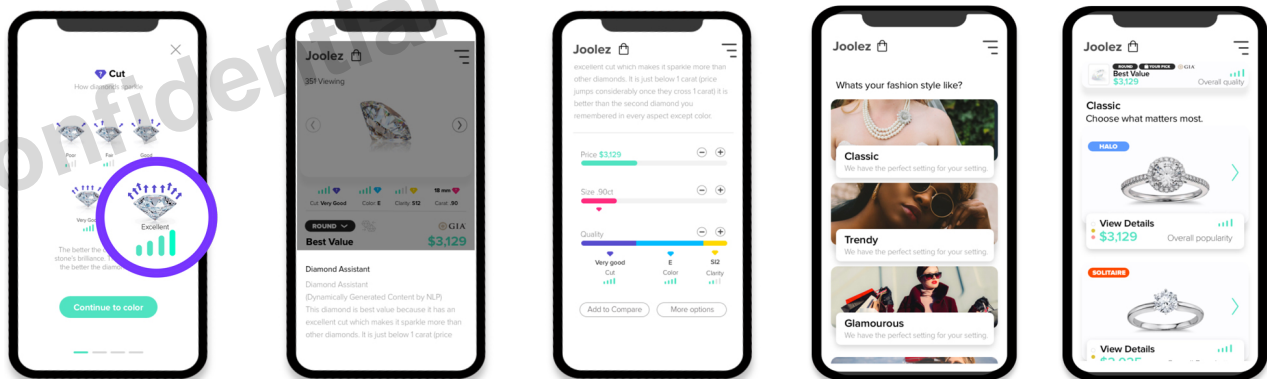
The company is now developing a "Shop Together" feature to address a growing demand for both parties to be involved in the decision-making process of buying a diamond engagement ring. This is intended to allow the



couples to make a decision together as a team, helping ensure the proposer doesn't pick the wrong ring which could cause conflict or resentment.

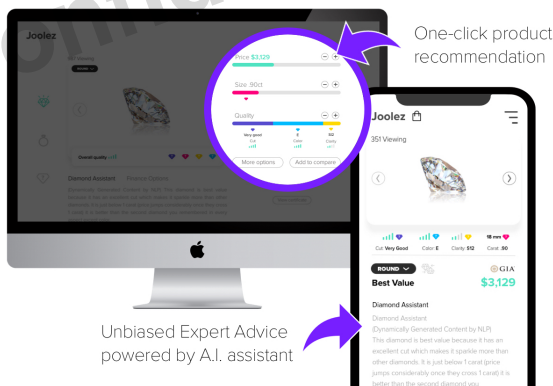
Product

Rings recommended by Joolez's AI recommendation engine are handcrafted in-house at the company's affiliated fulfilment shop in New York City's Diamond District. Joolez offers pre-designed ring settings in many styles to fit a variety of taste, fashion, and personality preferences. Its rings are curated from its vendor base and offered in a variety of precious metals such as white gold, yellow gold, and platinum. Joolez is committed to ethically and responsibly sourced diamonds and materials curated from trusted vendors around the world. All of Joolez's listed diamonds are certified by major industry labs such as the Gemological Institute of America (GIA) from sources that have pledged to follow the Kimberley Process Certification Scheme (KPCS) as part of its commitment to help reduce the flow of conflict diamonds.



The technology

Creating a ring with Joolez starts with picking the right diamond. Customers pick their preferred shopping journey i.e. shop by price, size, or shape and move on to selecting what is important to them in a diamond such as Best Value, Biggest Size, or Best Quality. The system makes certain predictions to recommend a diamond to reflect your choices.



Unbiased Expert Advice powered by A.I. assistant

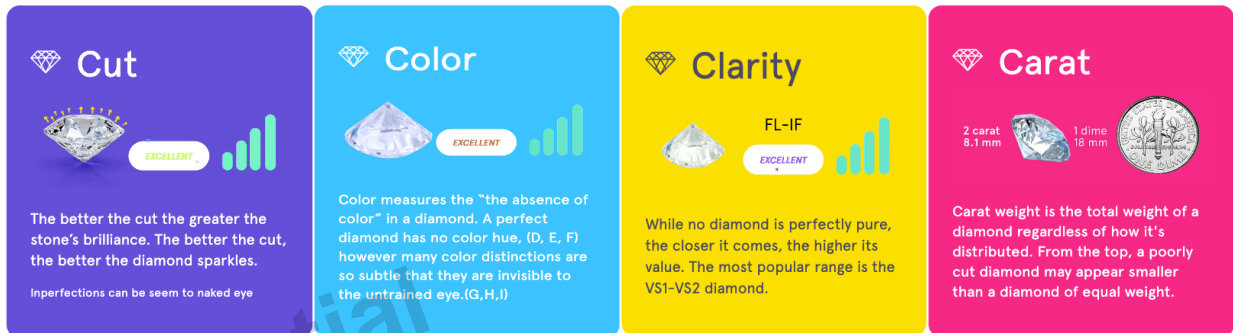
One-click product recommendation

Customers can use levers within the featured category to toggle back and forth between the various levels of the diamond; Price, Size and Quality. With every click and change in feature preference, Joolez's algorithm will make a deep-analysis of multiple unique properties of currently available diamonds on its worldwide network in real-time to recommend the best possible option and prompt bias-free advice on a good deal when one is available.



Education

The Joolez platform also provides diamond education and explanations of the four Cs considered when grading a diamond: cut, color, clarity, and carat. Each topic provides descriptions of the category and provides visuals for reference.



Once a diamond is selected, a ring setting can be chosen. Joolez offers several ring settings to choose from to fit any style or preference.

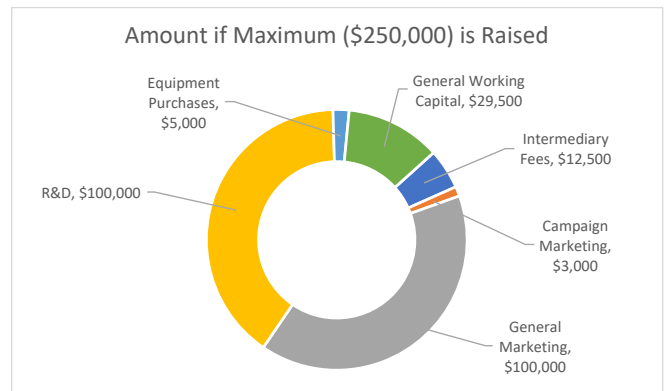
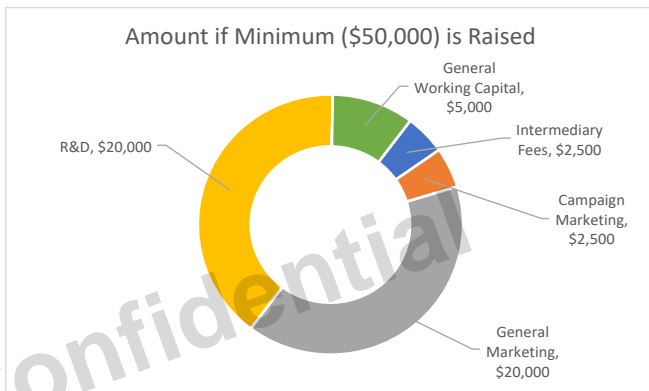


Once the diamond and ring setting is selected, the company appropriates the items from its vendor network, and its GIA-certified gemologist validates the ring after assembly before shipping. All rings are handcrafted and set in Joolez's New York City fulfillment center located in New York City's Diamond District.



Use of Proceeds

Joolez intends to use the funds raised in this offering to further build out its online retail platform and further market to its target demographics.



If Joolez raises the minimum amount of \$50,000, it plans to use the proceeds primarily for the following:

- Intermediary fees (5%)
- Campaign marketing (5%)
- General marketing (40%)
- Research and development (40%)
- General working capital (10%)

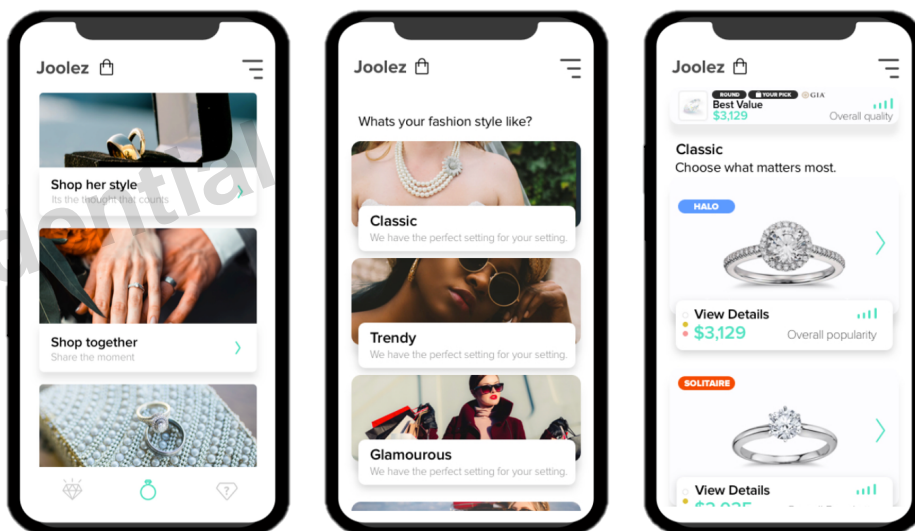
If Joolez raises the maximum amount of \$250,000, it plans to use the proceeds primarily for the following:

- Intermediary fees (5%)
- Campaign marketing (1.2%)
- General marketing (40%)
- Research and development (40%)
- Equipment purchases (2%)
- General working capital (1.8%)



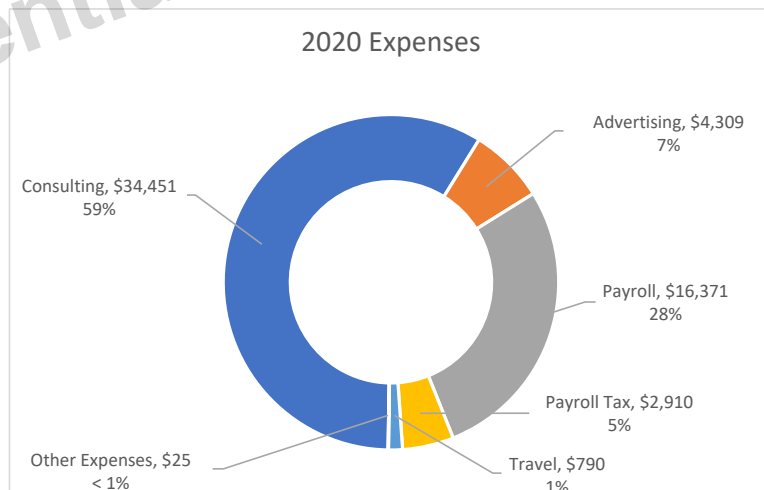
Product Roadmap

Joolez's next update to its product recommendation algorithm is intended to make advanced ring recommendations revolving around fashion preferences and personality. As the vendor network grows, the AI recommendation engine leverages behavioral science to learn new shopping behaviors and create smarter product recommendations in real-time. The next phase of growth includes the addition of a social shopping feature, "Shop Together," to expand the diamond ring purchasing experience to couples instead of the traditional one-sided transaction. The social shopping experience would allow couples to shop for rings together via the platform. The company is currently building this feature.



HISTORICAL FINANCIALS

Joolez is a pre-revenue company. At the close of December 2020, the company had \$1,552 in cash assets and incurred a net operating loss of \$58,854. Consulting expenses, attributed to costs associated with building the company's technology, made up the largest expense category (59%) in 2020.





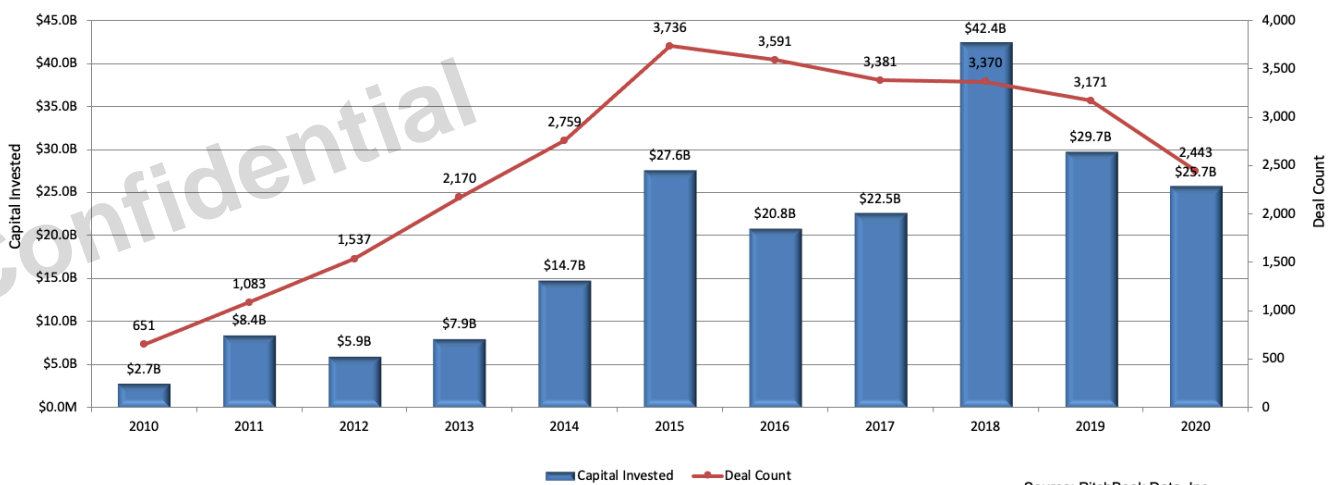
According to MarketWatch, the global diamond jewelry market was valued at \$89 billion in 2020 and is expected to reach \$97 billion by the end of 2026, growing at a compound annual growth rate (CAGR) of 1.2% during 2021-2026.ⁱⁱ For the diamond engagement ring market, Verified Market Research reports that the U.S. and Canada markets were valued at \$28.6 billion in 2019 and are projected to grow at a CAGR of 4.31% from 2020 to 2027.ⁱⁱⁱ Although some analysts forecast a drop in global luxury sales due to COVID-19, the news is not all bad. The pandemic's lasting effects are still to be seen, but one trend predicted to continue is the migration from brick-and-mortar shopping to e-commerce.^{iv}

The online jewelry industry vertical has experienced slow adoption on the e-commerce front, with most sales conducted in local retail shops. However, market trends have begun to show improvement in e-commerce adoption for jewelry retailers. From 2017 to 2018, online jewelry sales increased over 14%,^v and according to Research and Markets, is anticipated to reach \$19.9 billion from 2020 to 2024, representing a CAGR of 15%.^{vi} In 2020, a recent Global Diamond Report by Bain & Company found that Covid-19 had accelerated the convergence of online and offline channels, and up to 20% of diamond retail sales occurred online, up from 13% the previous year.^{vii}

In 2019, Millennials and Gen Z represented 32% of all global luxury spending, but by 2025 this demographic group is expected to make up 50% of the total market, with 130% of forecasted market growth attributed to the age group. New studies show that coming of age millennials will vastly transform the luxury market by 2025, and according to Forbes, the demographic has radically different expectations from luxury brands and retailers. The trends anticipated to drive market demand include social media engagement, online sales, and influencers' impact on consumer preferences.^{viii}

In 2020, the e-commerce industry received over \$25.7 billion in venture capital investment across 2,443 deals.

Capital Invested & Deal Count in E-Commerce Companies, 2010-2020



Other notable industry funding information includes the following points:^{ix}

- Funding in 2020 decreased 13.6% relative to 2019, along with a 23% decrease in deal count.



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- Median post-money valuation reached \$10 million in 2020, matching 2019.
- Median deal size reached \$1.6 million in 2020. As of March 2021, median deal size has grown 29% reaching \$2 million in 2021.
- Over \$208.2 billion was invested between 2010 and 2020 across a total of 27,892 deals.

COMPETITORS



BRILLIANT
EARTH

Brilliant Earth: Brilliant Earth is an online e-commerce jewelry platform for ethically sourced gems, rings, and fine jewelry. The company was founded in 2005 in response to a lack of transparency and responsible mining practices across the jewelry industry. Its Beyond Conflict Free™ diamonds are selected for their ethical and environmentally responsible origins. The company also uses recycled precious metals and FSC certified packaging^x and is a certified member of the Responsible Jewelry Council.^{xi} Brilliant Earth also includes the GIA Diamond Origin Report to help trace the diamond from its source to its final polished state.^{xii}

BLUE NILE®

Blue Nile: Founded in 1999, Blue Nile is an online certified diamond retailer. The company offers custom-made engagement rings and other fine jewelry such as earrings, pendants, and three-stone rings. Its diamonds are GIA graded, and the company offers 30-day returns and lifetime guarantees. Although the company presumes to have the lowest prices, it will typically match a competitor's offer if a diamond with comparable features and quality is priced below what Blue Nile has available on its platform. Since its inception, it claims to have helped more than 2 million customers with close to 5 million unique pieces of jewelry.^{xiii} In 2016, Blue Nile was taken private in an all-cash deal with Bain Capital Private Equity and Bow Street LLC. The deal amounted to about \$500 million and fetched \$40.75 per share for representing a premium of about 34% over its closing price on November 4, 2016.^{xiv}

rare  carat

Rare Carat: Founded in 2016, Rare Carat operates a search engine platform to help users purchase diamonds from any retailer. The company uses IBM Watson AI technology and human expertise as tools to aid in evaluating diamonds for consumers.^{xv} Its GIA-trained gemologists are available as well for a more human conversation about diamonds from any retailer consumers intend to purchase from. Rare Carat purports to have partnered with major online and offline retailers, grown to over 30 employees, and has powered 1.5 million diamond searches leading to tens of millions of

dollars in sales. Rare Carat has also been featured in Glamour, TechCrunch, and VentureBeat and was named in the top fifty of 10,000 startups in the IBM Global Entrepreneurship Program.^{xvi}

 JAMES ALLEN®

James Allen: Founded in 2006, James Allen is an online bridal jewelry retailer based in New York City. The company boasts more than 200,000 loose diamonds, wedding rings, and fine jewelry to browse through. It uses its own trademarked Diamond Display Technology to allow buyers to view



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150,000 certified conflict-free diamonds with its 360° High Definition (HD) view magnified up to 40x.^{xvii} James Allen raised \$140 million in growth equity financing from Francisco Partners to further accelerate the company's expansion.^{xviii} In 2017, the company was acquired by Signet for \$328 million. Signet said JamesAllen.com would operate as an independent division.^{xix}

EXECUTIVE TEAM



Yuri Iskhakov, Founder and CEO: Yuri Iskhakov is the founder of Joolez and is responsible for the company's administrative affairs, including the duties of financial, operational, and marketing officers. Mr. Iskhakov is an accomplished business professional with 15 years of experience in product development. He is also the CEO and founder of Nano Labs Venture Studio, where he handles day-to-day executive functions of the business and manages a team of individuals with expertise in experience design, e-commerce business, and marketing to help businesses grow and scale. He holds Graphic Design and Fine Art degrees from Queens College, Collins College, and The Cooper Union for Advancement of Science and Art.

PAST FINANCING

To date, Joolez has received no outside investment, and has been funded solely by its founder.

INVESTMENT TERMS

Security Type: Crowd Note

Round Size: Min: \$50,000 Max: \$250,000

Discount Rate: 20%

Valuation Cap: \$3.4 million or \$4 million

Conversion Provisions: In connection with equity financing of at least \$1 million, the Company has the option to convert the Crowd Note into non-voting preferred stock (Conversion Shares) at a price based on the lower of (A) a 20% discount to the price per share for Preferred Stock by investors in the Qualified Equity Financing or (B) the price per share paid on a \$3.4 million (or \$4 million) valuation cap. Please refer to the Crowd Note for a complete description of the terms of the Crowd Note, including the conversion provisions.

RISKS

Investment Risk

An investment in the company is speculative, and as such is not suitable for anyone without a high tolerance for risk and a low need for liquidity. You should invest only if you are able to bear the risk of losing your entire investment. There can be no assurance that investors will receive any return of capital or profit. Investors should have the financial ability and willingness to accept the risks (including, among other things, the risk of loss of their entire investment and the risks of lack of liquidity) that are characteristic of private placement investments. There will be no public market for the securities being offered, applicable securities laws will restrict any transfer of the securities, and the securities will not be transferable without the company's consent.



The information provided herein is not intended to be, nor should it be construed or used as, investment, tax or legal advice, a recommendation to purchase, or an offer to sell securities of the company. You should rely on the offering statement and documents attached as exhibits to the offering statement when making any investment decision. An investment in the company is not suitable for all investors.

Company Risk

The company's industry is highly competitive, and the company may not be able to compete effectively against the other businesses in its industry. The company is subject to a number of significant risks that could result in a reduction in its value and the value of the company securities, potentially including, but not limited to:

- Rapidly changing consumer preferences and market trends,
- Inability to expand and maintain market acceptance for the company's services and products,
- Inability to gain access to international markets and comply with all applicable local laws and regulations,
- Inability to achieve management's projections for growth, to maintain or increase historical rates of growth, to achieve growth based on past or current trends, or to effectively manage rapid growth,
- Inability to develop, maintain and expand successful marketing relationships, affiliations, joint ventures and partnerships that may be needed to continue and accelerate the company's growth and market penetration,
- Inability to keep pace with rapid industry, technological and market changes that could affect the company's services, products and business,
- Technological problems, including potentially widespread outages and disruptions in Internet and mobile commerce,
- Potential costs and business disruption that may result if the company's customers complain or assert claims regarding the company's technology,
- Failure to adequately address data security and privacy concerns in compliance with U.S. and international laws, rules and policies,
- Performance issues arising from infrastructure changes, human or software errors, website or third-party hosting disruptions, network disruptions or capacity constraints due to a number of potential causes including technical failures, cyber-attacks, security vulnerabilities, natural disasters or fraud,
- Inability to adequately secure and protect intellectual property rights,
- Potential claims and litigation against the company for infringement of intellectual property rights and other alleged violations of law,
- Difficulties in complying with applicable laws and regulations, and potential costs and business disruption if the company becomes subject to claims and litigation for legal non-compliance,
- Changes in laws and regulations materially affecting the company's business,
- Liability risks and labor costs and requirements that may jeopardize the company's business,
- Dependence on and inability to hire or retain key members of management and a qualified workforce,
- Ongoing need for substantial additional capital to support operations, to finance expansion and/or to maintain competitive position,
- Issuance of additional company equity securities at prices dilutive to existing equity holders,
- Potential significant and unexpected declines in the value of company equity securities, including prior to, during, and after an initial public offering, and
- Inability of the company to complete an initial public offering of its securities, merger, buyout or other liquidity event.



ⁱ <https://www.rapnet.com/company/>

ⁱⁱ <https://www.marketwatch.com/press-release/diamond-jewelry-market-size-sale-2021-top-developments-and-strategies-that-explain-level-of-competition-and-future-forecasts-in-2026-2021-02-03#:~:text=Get%20a%20sample%20copy%20of%20the%20Diamond%20Jewelry%20mark>

ⁱⁱⁱ <https://www.verifiedmarketresearch.com/product/us-canada-diamond-engagement-ring-market/#:~:text=According%20to%20Verified%20Market%20Research,4.31%25%20from%202020%20to%202027>

^{iv} <https://blog.clear.sale/jewelry-e-commerce-statistics-and-insights>

^v <https://blog.clear.sale/jewelry-e-commerce-statistics-and-insights>

^{vi} <https://www.yahoo.com/lifestyle/worldwide-online-jewelry-industry-2024-122800818.html>

^{vii} [https://www.bain.com/about/media-center/press-](https://www.bain.com/about/media-center/press-releases/2021/brilliant_under_pressure_global_diamond_market_shows_resilience_in_an_unprecedented_year/)

[releases/2021/brilliant_under_pressure_global_diamond_market_shows_resilience_in_an_unprecedented_year/](https://www.bain.com/about/media-center/press-releases/2021/brilliant_under_pressure_global_diamond_market_shows_resilience_in_an_unprecedented_year/)

^{viii} <https://www.forbes.com/sites/pamdanziger/2019/05/29/3-ways-millennials-and-gen-z-consumers-are-radically-transforming-the-luxury-market/?sh=d97b21c479fd>

^{ix} Pitchbook Data, downloaded May 11, 2020

^x <https://www.brilliantearth.com/about-brilliant-earth/>

^{xi} https://www.responsiblejewellery.com/wp-content/uploads/RJC-2013-COP-Certificate_vFeb20_BrilliantEarth.pdf

^{xii} <https://www.brilliantearth.com/conflict-free-diamonds/>

^{xiii} <https://www.bluenile.com/engagement-rings/blue-nile-experience>

^{xiv} <https://www.baincapital.com/news/blue-nile-enters-definitive-agreement-be-acquired-bain-capital-private-equity-and-bow-street>

^{xv} <https://www.rarecarat.com/blog/we-re-on-npr-forget-diamonds-are-forever-millennials-want-to-buy-diamonds-on-their-own-terms>

^{xvi} <https://www.linkedin.com/company/rare-carat/about/>

^{xvii} <https://www.jamesallen.com/about-us/>

^{xviii} <https://www.diamondworld.net/contentview.aspx?item=15066>

^{xix} <https://www.nationaljeweler.com/articles/4600-signet-to-acquire-jamesallen-com-owner-for-328m>