

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM C**

**UNDER THE SECURITIES ACT OF 1933**

(Mark one.)

- ☒ Form C: Offering Statement  
☐ Form C-U: Progress Update  
☐ Form C/A: Amendment to Offering Statement  
    ☐ Check box if Amendment is material and investors must reconfirm within five business days.  
☐ Form C-AR: Annual Report  
☐ Form C-AR/A: Amendment to Annual Report  
☐ Form C-TR: Termination of Reporting

***Name of issuer***

Premium Home Comfort, Inc.

***Legal status of issuer***

***Form***

C-Corporation

***Jurisdiction of Incorporation/Organization***

Delaware

***Date of organization***

February 5, 2016

***Physical address of issuer***

2212 Walnut Street, First Floor, Philadelphia, PA 19103

***Website of issuer***

<https://www.kapsulair.com>

***Name of intermediary through which the offering will be conducted***

SI Securities, LLC

***CIK number of intermediary***

0001603038

***SEC file number of intermediary***

008-69440

***CRD number, if applicable, of intermediary***

170937

***Amount of compensation to be paid to the intermediary, whether as a dollar amount or a percentage of the offering amount, or a good faith estimate if the exact amount is not available at the time of the filing, for conducting the offering, including the amount of referral and any other fees associated with the offering***  
7.5% of the amount raised

***Any other direct or indirect interest in the issuer held by the intermediary, or any arrangement for the intermediary to acquire such an interest***

SI Securities will receive equity compensation equal to 5% of the number of securities sold.

***Type of security offered***

Series Seed-1 Preferred Stock

***Target number of Securities to be offered***

17,389

***Price (or method for determining price)***

\$1.4377

***Target offering amount***

\$25,000

***Oversubscriptions accepted:***



Yes



No

***Oversubscriptions will be allocated:***



Pro-rata basis



First-come, first-served basis



Other:

***Maximum offering amount (if different from target offering amount)***

\$1,070,000

***Deadline to reach the target offering amount***

December 7, 2018

**NOTE: If the sum of the investment commitments does not equal or exceed the target offering amount at the offering deadline, no Securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.**

***Current number of employees***

5

	Most recent fiscal year-end	Prior fiscal year-end
<b>Total Assets</b>	\$77,118	\$1,152,200
<b>Cash &amp; Cash Equivalents</b>	\$74,514	\$1,062,389
<b>Accounts Receivable</b>	\$0	\$5,100
<b>Short-term Debt</b>	\$2,266,673	\$2,070,327
<b>Long-term Debt</b>	\$0	\$0
<b>Revenues/Sales</b>	\$0	\$0
<b>Cost of Goods Sold</b>	\$0	\$0
<b>Taxes Paid</b>	\$0	\$0
<b>Net Income</b>	-\$1,271,428	-\$923,127

***The jurisdictions in which the issuer intends to offer the Securities:***

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District Of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, U.S., Virginia, Washington, West Virginia, Wisconsin, Wyoming, American Samoa, and Northern Mariana Islands

**EXHIBITS**

EXHIBIT A: Offering Memorandum

EXHIBIT B: Financials

EXHIBIT C: PDF of SI Website

EXHIBIT D: Investor Deck

EXHIBIT E: Video Transcript

**EXHIBIT A**  
**OFFERING MEMORANDUM PART II OF OFFERING STATEMENT**  
**(EXHIBIT A TO FORM C)**  
**October 10, 2018**

**Premium Home Comfort, Inc.**



**Up to \$1,070,000 of Preferred Stock**

Premium Home Comfort, Inc. dba Kapsul ("Premium Home Comfort", the "Company," "we," "us", or "our"), is offering up to \$1,070,000 worth of Series Seed-1 Preferred Stock of the Company (the "Securities"). Purchasers of Securities are sometimes referred to herein as "Purchasers". The minimum target offering is \$25,000 (the "Target Amount"). This Offering is being conducted on a best efforts basis and the Company must reach its Target Amount of \$25,000 by December 7, 2018. The Company is making concurrent offerings under both Regulation CF (the "Offering") and Regulation D (the "Combined Offerings"). Unless the Company raises at least the Target Amount of \$25,000 under the Regulation CF Offering and a total of \$1,000,000 under the Combined Offerings (the "Closing Amount") by December 7, 2018, no Securities will be sold in this Offering, investment commitments will be cancelled, and committed funds will be returned. The Company will accept oversubscriptions in excess of the Target Amount for the Offering up to \$1,070,000 (the "Maximum Amount") on a first come, first served basis. If the Company reaches its Closing Amount prior to December 7, 2018, the Company may conduct the first of multiple closings, provided that the Offering has been posted for 21 days and that investors who have committed funds will be provided notice five business days prior to the close. The minimum amount of Securities that can be purchased is \$1,000 per Purchaser (which may be waived by the Company, in its sole and absolute discretion). The offer made hereby is subject to modification, prior sale and withdrawal at any time.

**A crowdfunding investment involves risk. You should not invest any funds in this Offering unless you can afford to lose your entire investment.**

**In making an investment decision, investors must rely on their own examination of the issuer and the terms of the Offering, including the merits and risks involved. These Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document.**

**The U.S. Securities and Exchange Commission (the "SEC") does not pass upon the merits of any Securities offered or the terms of the Offering, nor does it pass upon the accuracy or completeness of any Offering document or literature.**

**These Securities are offered under an exemption from registration; however, the SEC has not made an independent determination that these Securities are exempt from registration.**

**This disclosure document contains forward-looking statements and information relating to, among other things, the Company, its business plan and strategy, and its industry. These forward-looking statements are based on the beliefs of, assumptions made by, and information currently available to the Company's management. When used in this disclosure document and the Company Offering materials, the words "estimate", "project", "believe", "anticipate", "intend", "expect", and similar expressions are intended to identify forward-looking statements. These statements reflect management's current views with respect to future events and are subject to risks and uncertainties that could cause the Company's action results to differ materially from those contained in the forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements to reflect events or circumstances after such state or to reflect the occurrence of unanticipated events.**

The Company has certified that all of the following statements are TRUE for the Company in connection with this Offering:

- (1) Is organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia;
- (2) Is not subject to the requirement to file reports pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (15 U.S.C. 78m or 78o(d));
- (3) Is not an investment company, as defined in section 3 of the Investment Company Act of 1940 (15 U.S.C. 80a-3), or excluded from the definition of investment company by section 3(b) or section 3(c) of that Act (15 U.S.C. 80a-3(b) or 80a-3(c));
- (4) Is not ineligible to offer or sell securities in reliance on section 4(a)(6) of the Securities Act of 1933 (the "1933 Act") (15 U.S.C. 77d(a)(6)) as a result of a disqualification as specified in § 227.503(a);
- (5) Has filed with the SEC and provided to investors, to the extent required, any ongoing annual reports required by law during the two years immediately preceding the filing of this Form C; and
- (6) Has a specific business plan, which is not to engage in a merger or acquisition with an unidentified company or companies.

### **Ongoing Reporting**

The Company will file a report electronically with the SEC annually and post the report on its website, no later than April 30, 2019.

Once posted, the annual report may be found on the Company's website at <https://www.kapsulair.com/investors>.

The Company must continue to comply with the ongoing reporting requirements until:

- (1) the Company is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (2) the Company has filed at least three annual reports pursuant to Regulation CF and has total assets that do not exceed \$10,000,000;
- (3) the Company has filed at least one annual report pursuant to Regulation CF and has fewer than 300 holders of record;
- (4) the Company or another party repurchases all of the Securities issued in reliance on Section 4(a)(6) of the 1933 Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- (5) the Company liquidates or dissolves its business in accordance with state law.

Neither the Company nor any of its predecessors (if any) previously failed to comply with the ongoing reporting requirement of Regulation CF.

### **Updates**

Updates on the status of this Offering may be found at: <https://www.seedinvest.com/kapsul>

### **About this Form C**

You should rely only on the information contained in this Form C. We have not authorized anyone to provide you with information different from that contained in this Form C. We are offering to sell, and seeking offers to buy the Securities only in jurisdictions where offers and sales are permitted. You should assume that the information contained in this Form C is accurate only as of the date of this Form C, regardless of the time of delivery of this Form C or of any sale of Securities. Our business, financial condition, results of operations, and prospects may have changed since that date.

Statements contained herein as to the content of any agreements or other documents are summaries and, therefore, are necessarily selective and incomplete and are qualified in their entirety by the actual agreements or other documents. The Company will provide the opportunity to ask questions of and receive answers from the Company's management concerning terms and conditions of the Offering, the Company or any other relevant matters and any additional reasonable information to any prospective Purchaser prior to the consummation of the sale of the Securities.

This Form C does not purport to contain all of the information that may be required to evaluate the Offering and any recipient hereof should conduct its own independent analysis. The statements of the Company contained herein are based on information believed to be reliable. No warranty can be made as to the accuracy of such information or that circumstances have not changed since the date of this Form C. The Company does not expect to update or otherwise revise this Form C or other materials supplied herewith. The delivery of this Form C at any time does not imply that

the information contained herein is correct as of any time subsequent to the date of this Form C. This Form C is submitted in connection with the Offering described herein and may not be reproduced or used for any other purpose.

## SUMMARY

### The Business

The following summary is qualified in its entirety by more detailed information that may appear elsewhere in this Form C and the Exhibits hereto. Each prospective Purchaser is urged to read this Form C and the Exhibits hereto in their entirety.

Premium Home Comfort, Inc. is a Delaware C-Corporation, formed on February 5, 2016. The Company is currently also conducting business under the name of Kapsul.

The Company is located at 2212 Walnut Street, First Floor, Philadelphia, PA 19103.

The Company's website is <https://www.kapsulair.com>.

The Company previously operated as a Delaware Limited Liability Company under the name Noria Technologies, LLC on February 5, 2016.

A description of our products as well as our services, process, and business plan can be found on the Company's profile page on the SI Securities, LLC ("SeedInvest") website under <https://www.seedinvest.com/kapsul> and is attached as Exhibit C to the Form C of which this Offering Memorandum forms a part.

### The Offering

Minimum amount of Preferred Stock being offered	\$25,000
Maximum amount of Preferred Stock	\$1,070,000
Purchase price per Security	\$1.4377
Minimum investment amount per investor	\$1,000
Offering deadline	December 7, 2018
Use of proceeds	See the description of the use of proceeds on page 13 hereof.
Voting Rights	See the description of the voting rights on pages 10 and 13, and 18-20.

## RISK FACTORS

*The SEC requires the Company to identify risks that are specific to its business and its financial condition. The Company is still subject to all the same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently more risky than more developed companies. You should consider general risks as well as specific risks when deciding whether to invest.*

### Risks Related to the Company's Business and Industry

*We have not prepared any audited financial statements.* Therefore, you have no audited financial information regarding the Company's capitalization or assets or liabilities on which to make your investment decision. If you feel the information provided is insufficient, you should not invest in the Company.

*The Company's cash position is relatively weak.* The Company could be harmed if it is unable to meet its cash demands, and the Company may not be able to continue operations if they are not able to raise additional funds.

***The Company has generated substantial net losses and negative operating cash flows since its inception as part of the development of its business.*** The Company has generated substantial net losses and negative cash flows from operating activities since it commenced operations. It has incurred losses of \$2,194,555 from its inception through December 31, 2017. For the year ended 2017, it incurred a net loss of \$1,271,428. Before achieving profitability it will generate continued losses. Its costs may also increase due to such factors as higher than anticipated financing and other costs; non-performance by third-party suppliers, licensees, partners or subcontractors; and increases in the costs of labor or materials. If any of these or similar factors occur, its net losses and accumulated deficit could increase significantly and the value of its stock could decline.

***The reviewing CPA has included a “going concern” note in the reviewed financials.*** The Company has incurred losses from inception of approximately \$2,194,555 which, among other factors, raises substantial doubt about the Company's ability to continue as a going concern for the twelve-month period from the report date. The ability of the Company to continue as a going concern is dependent upon management's plans to raise additional capital from the issuance of debt or the sale of stock, its ability to attract users to its software platform and its ability to generate positive operational cash flow. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to continue as a going concern.

***The Company has a limited operating history upon which you can evaluate its performance:*** the Company has not recorded any sales through July 2018 and requires capital to begin manufacturing and shipping its product. Since the Company's inception in February 5, 2016, it has been designing and developing its product. While sales efforts have begun, and the Company has accepted a number of pre-orders for future sales, the Company requires additional capital to manufacture and ship its product. Assuming the Company is able to raise sufficient capital, the management anticipates being able to start deliveries in March 2019, but there are numerous risks that may prevent or delay the start of product shipments. Accordingly, the Company has no history upon which an evaluation of its prospects and future performance can be made. Its proposed operations are subject to all business risks associated with new enterprises. The likelihood of its creation of a viable business must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the inception of a business, operation in a competitive industry, and the continued development of advertising, promotions, and a corresponding client base. The Company's operating expenses are already quite high for an early stage company, and the management team anticipates that the operating expenses may increase for the near future. There can be no assurances that the Company will ever operate profitably. You should consider the Company's business, operations and prospects in light of the risks, expenses and challenges faced as an early-stage company.

***Many of company's contracts are understood to be contingent / to trigger on the successful development and proof of concept of the Kapsul Air Conditioner.*** The Kapsul Air Conditioner is still in development, and the Company's business depends almost entirely on its successful development and commercialization. The Company will require substantial additional development, testing, and potentially regulatory approval before it is able to commercialize its product effectively. This process may take many years and may require the expenditure of substantial resources beyond the proceeds raised in this offering. Accordingly, even if the Company is able to obtain the requisite financing to continue to fund the development of its products, it cannot guarantee that the Kapsul Air Conditioner or any other product candidates will be successfully developed or commercialized.

***The Company operates in a business that is highly regulated and subject to liability concerns.*** Compliance with regulatory requirements and changes in regulations could result in expenses and in diversion of management attention to the operations of the business.

***Cyclical and seasonal fluctuations in the economy and in weather patterns may have an effect on our business.*** These seasonal trends may cause fluctuations in our quarterly results, including fluctuations in revenues.

***The Company's sales cycle is long and may be unpredictable, which can result in variability of its financial performance.*** Additionally, long sales cycles may require the Company to incur high sales and marketing expenses with no assurance that a sale will result, which could adversely affect its profitability. The Company's results of operations may fluctuate, in part, because of the resource-intensive nature of its sales efforts and the length and variability of the sales cycle. A sales cycle is the period between initial contact with a prospective customer and any sale of its product. The sales process involves educating customers about the Company's products/services and participating in extended product evaluations. The length of the sales cycle, from initial contact with a customer to the execution of a purchase order, is generally 2 to 3 months. During the sales cycle, the Company may expend significant time and money on sales and marketing activities or make other expenditures, all of which lower its operating margins, particularly if no sale occurs or if the sale is delayed as a result of extended qualification

processes or delays. It is difficult to predict when, or even if, it will make a sale to a potential customer or if the Company can increase sales to existing customers. As a result, the Company may not recognize revenue from sales efforts for extended periods of time, or at all. The loss or delay of one or more large transactions in a quarter could impact its results of operations for that quarter and any future quarters for which revenue from that transaction is lost or delayed.

***Manufacturing or design defects, unanticipated use of our products, or inadequate disclosure of risks relating to the use of the products can lead to injury or other adverse events.*** These events could lead to recalls or safety alerts relating to our products and could result, in certain cases, in the removal of a product from the market. Any recall could result in significant costs as well as negative publicity that could reduce demand for our products. Personal injuries relating to the use of our products can also result in product liability claims being brought against us. In some circumstances, such adverse events could also cause delays in new product approvals. Similarly, negligence in performing our services can lead to injury or other adverse events.

***The consolidation of retail customers could adversely affect us.*** Retail customers in our major markets may consolidate, resulting in fewer customers for our business. Consolidation also produces larger retail customers that may seek to leverage their position to improve their profitability by demanding improved efficiency, lower pricing, increased promotional programs, or specifically tailored products. In addition, larger retailers have the scale to develop supply chains that permit them to operate with reduced inventories or to develop and market their own white-label brands. Retail consolidation and increasing retailer power could adversely affect our product sales and results of operations. Retail consolidation also increases the risk that adverse changes in our customers' business operations or financial performance will have a corresponding material and adverse effect on us. For example, if our customers cannot access sufficient funds or financing, then they may delay, decrease, or cancel purchases of our products, or delay or fail to pay us for previous purchases, which could materially and adversely affect our product sales, financial condition, and operating results.

***The Company has not filed a Form D for its previous offerings.*** The SEC rules require a Form D to be filed by companies within 15 days after the first sale of securities in the offering relying on Regulation D. Failing to register with the SEC or get an exemption may lead to fines, the right of investors to get their investments back, and even criminal charges. There is a risk that a late penalty could apply.

***The Company's 2017 tax return is on extension.*** A late filing of the tax return could subject it to penalties, fines, or interest charges, and which could indicate a failure to maintain adequate financial controls and safeguards. In particular, the Internal Revenue Service (IRS) could impose the Company with costly penalty and interest charges if the Company has filed its tax return late, or has not furnished certain information by the due date. In addition, even if the Company has filed an extension, if it underestimated its taxes, the IRS could penalize it. Potential tax consequences could adversely affect the Company's results of operations or financial condition.

***Related Party Transactions.*** The Company has conducted certain transactions with related parties. Please see Page 19 for details.

***Existing investors have confirmed verbally that they plan to waive their pre-emptive rights but have not provided an executed waiver.*** The pre-emptive right entitles those investors to participate in this securities issuance on a pro rata basis. If those investors choose to exercise their pre-emptive right, it could dilute shareholders in this round. This dilution could reduce the economic value of the investment, the relative ownership resulting from the investment, or both.

## **Risks Related to the Securities**

***The Series Seed-1 Preferred Stock will not be freely tradable until one year from the initial purchase date. Although the Series Seed-1 Preferred Stock may be tradable under federal securities law, state securities regulations may apply and each Purchaser should consult with his or her attorney.*** You should be aware of the long-term nature of this investment. There is not now and likely will not be a public market for the Series Seed-1 Preferred Stock. Because the Series Seed-1 Preferred Stock have not been registered under the 1933 Act or under the securities laws of any state or non-United States jurisdiction, the Series Seed-1 Preferred Stock have transfer restrictions and cannot be resold in the United States except pursuant to Rule 501 of Regulation CF. It is not currently contemplated that registration under the 1933 Act or other securities laws will be effected. Limitations on the transfer of the Series Seed-1 Preferred Stock may also adversely affect the price that you might be able to obtain for the Series Seed-1 Preferred Stock in a private sale. Purchasers should be aware of the long-term nature of their

investment in the Company. Each Purchaser in this Offering will be required to represent that it is purchasing the Securities for its own account, for investment purposes and not with a view to resale or distribution thereof.

***A majority of the Company is owned by a small number of owners.*** Prior to the Offering the Company's current owners of 20% or more beneficially own up to 62.4% of the Company. Subject to any fiduciary duties owed to our other owners or investors under Delaware law, these owners may be able to exercise significant influence over matters requiring owner approval, including the election of directors or managers and approval of significant Company transactions, and will have significant control over the Company's management and policies. Some of these persons may have interests that are different from yours. For example, these owners may support proposals and actions with which you may disagree. The concentration of ownership could delay or prevent a change in control of the Company or otherwise discourage a potential acquirer from attempting to obtain control of the Company, which in turn could reduce the price potential investors are willing to pay for the Company. In addition, these owners could use their voting influence to maintain the Company's existing management, delay or prevent changes in control of the Company, or support or reject other management and board proposals that are subject to owner approval.

***Your ownership of the shares of preferred stock may be subject to dilution.*** Non-Major Purchasers (as defined below) of preferred stock do not have preemptive rights. If the Company conducts subsequent offerings of preferred stock or Securities convertible into preferred stock, issues shares pursuant to a compensation or distribution reinvestment plan or otherwise issues additional shares, investors who purchase shares in this Offering who do not participate in those other stock issuances will experience dilution in their percentage ownership of the Company's outstanding shares. Furthermore, Purchasers may experience a dilution in the value of their shares depending on the terms and pricing of any future share issuances (including the shares being sold in this Offering) and the value of the Company's assets at the time of issuance.

***You will be bound by an investor proxy agreement, which limits your voting rights.*** All Non-Major Purchasers of Series Seed-1 Preferred Stock will be bound by an investor proxy agreement. This agreement will limit your voting rights and at a later time may require you to convert your future preferred shares into common shares without your consent. Non-Major Purchasers will be bound by this agreement, unless Non-Major Purchasers holding a majority of the principal amount outstanding of the Series Seed-1 Preferred Stock held by Non-Major Purchasers vote to terminate the agreement.

***The Securities will be equity interests in the Company and will not constitute indebtedness.*** The Securities will rank junior to all existing and future indebtedness and other non-equity claims on the Company with respect to assets available to satisfy claims on the Company, including in a liquidation of the Company. Additionally, unlike indebtedness, for which principal and interest would customarily be payable on specified due dates, there will be no specified payments of dividends with respect to the Securities and dividends are payable only if, when and as authorized and declared by the Company and depend on, among other matters, the Company's historical and projected results of operations, liquidity, cash flows, capital levels, financial condition, debt service requirements and other cash needs, financing covenants, applicable state law, federal and state regulatory prohibitions and other restrictions and any other factors the Company's board of directors deems relevant at the time. In addition, the terms of the Securities will not limit the amount of debt or other obligations the Company may incur in the future. Accordingly, the Company may incur substantial amounts of additional debt and other obligations that will rank senior to the Securities.

***There can be no assurance that we will ever provide liquidity to Purchasers through either a sale of the Company or a registration of the Securities.*** There can be no assurance that any form of merger, combination, or sale of the Company will take place, or that any merger, combination, or sale would provide liquidity for Purchasers. Furthermore, we may be unable to register the Securities for resale by Purchasers for legal, commercial, regulatory, market-related or other reasons. In the event that we are unable to effect a registration, Purchasers could be unable to sell their Securities unless an exemption from registration is available.

***The Company does not anticipate paying any cash dividends for the foreseeable future.*** The Company currently intends to retain future earnings, if any, for the foreseeable future, to repay indebtedness and to support its business. The Company does not intend in the foreseeable future to pay any dividends to holders of its shares of preferred stock.

***Any valuation at this stage is difficult to assess.*** Unlike listed companies that are valued publicly through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess and you may risk

overpaying for your investment. In addition, there may be additional classes of equity with rights that are superior to the class of equity being sold.

## BUSINESS

### Description of the Business

Kapsul is building one of the first premium home-climate brands in the world with high-design products that are smart, connected, and better for the planet. Our first product, the Kapsul W5, is a connected air conditioner that Tech Insider called “The solution to air conditioners we’ve all been waiting for” and that has pre-sold over 9,000 units.

### Business Plan

The window air conditioner category presents a rich target. Today’s window air conditioners are inconvenient and anything but modern. They are large, loud, heavy, unattractive from inside and outside the home, and difficult to install and remove. Kapsul has addressed each of these pain points with its first product offering. Kapsul’s 5,000 BTU/h unit is approximately half as tall at 7” and half as loud at 50 dB than traditional units. In addition, it is safe and easy for one person install and remove. Its design is simple, and it can be conveniently controlled via a single knob interface, with your voice using popular smart-home platforms such as Alexa and Google Home, or with an Android or iOS app over WiFi.

### The Company’s Products and/or Services

Product / Service	Description	Current Market
Smart home cooling and comfort	Kapsul makes products like room air conditioners, heaters, humidistats, and air purifiers that work alone or that can be networked together into a modular whole house system.	Smart homes

### Competition

The markets in which our products are sold are highly competitive. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products, we compete against other branded products as well as retailers’ private-label brands. Product quality, performance, value and packaging are also important differentiating factors.

### Customer Base

We sell both direct to consumer and through third-party retail outlets. Our customers are primarily design centric, affluent, college educated, urban, professional, millennials. 60% are men and 40% are women, and the average age of our customer is 35. Our retail customers are regional and big box consumer retailers that are interested primarily in offering quality differentiated and smart home products to their customers.

### Intellectual Property

The Company is dependent on the following intellectual property:

#### Trademarks

Application or Registration #	Mark	File Date	Grant Date	Country
87433365	Cool, redefined	05/02/2017	Not granted pending proof of actual use in live products	USA

#### Patents and Provisional Patent Applications

The Company has the following issued patents:

Application or Registration #	or	Title	File Date	Country/Organization
14/826,135		Compact Air Conditioning and Fan System	8/13/15	USA

29/550,072	Front Face of Air Conditioner	12/30/15	USA
29/577,289	Compact Air Conditioner	9/12/16	USA

The Company has filed provisional patent applications for the below. The filing of a provisional patent application in no way guarantees that the patent will be issued.

<b>Application Registration #</b>	<b>or</b>	<b>Title</b>	<b>File Date</b>	<b>Country/Organization</b>
29/577,760		<b>Window frame adapter design patent</b>	9/15/16	USA
15/784,768		Air Conditioner and an Air Conditioner Housing	10/16/17	USA
62/505,448		C-shaped condenser provisional application	5/12/17	USA
62/581,902		dehumidifier provisional application	11/6/17	USA
29/624638		dehumidifier design patent application	11/2/17	USA

#### **Litigation**

None.

#### **USE OF PROCEEDS**

We will adjust roles and tasks based on the net proceeds of the Offering. We plan to use these proceeds as described below.

#### ***Offering Expenses***

The use of proceeds for expenses related to the Combined Offering is as follows:

- If the Company raises the Target Amount, it will use 44.50% of the proceeds, or \$11,125, towards offering expenses;
- If the Company raises the Closing Amount, it will use 8.36% of the proceeds, or \$89,500, towards offering expenses; and
- If the Company raises the Maximum Amount, it will use 8.36% of the proceeds, or \$89,500, towards offering expenses

The proceeds remaining after meeting offering expenses will be used as follows:

<b>Use of Proceeds</b>	<b>% if Target Amount Raised</b>	<b>% if Closing Amount Raised</b>	<b>% if Maximum Amount Raised</b>
Working Capital	50%	50%	50%
General Expenses	22%	22%	22%
Capital Expenditures (Tooling and Line Setup Costs)	20%	20%	20%
Customer Acquisition	8%	8%	8%

The above table of the anticipated use of proceeds is not binding on the Company and is merely a description of its current intentions.

We reserve the right to change the above use of proceeds if management believes it is in the best interests of the Company.

#### **DIRECTORS, OFFICERS, AND MANAGERS**

The directors, officers, and managers of the Company are listed below along with all positions and offices held at the Company and their principal occupation and employment responsibilities for the past three (3) years.

<b>Name</b>	<b>Positions and Offices Held at the Company</b>	<b>Principal Occupation and Employment Responsibilities for the Last Three (3) Years</b>
Kurt Michael Swanson	CEO (March 2016-Present)	Principal, Likuma Laboratories, LLC. (April 2012-June 2016)
Donald Pancoe	CTO (June 2016-Present)	Principal Consultant, Macro / Ross & Baruzzini (December 2015-June 2016). Principal, Likuma Laboratories, LLC. (March 2014-June 2016)
Christopher Myers	COO (July 2017-Present)	CEO, Klip Design Studio, LLC (June 2016-June 2017). Adjunct Professor, Drexel University (September 2010-present). Managing Director, Philadelphia Development Group, LLC. (January 2009-present).

### ***Indemnification***

Indemnification is authorized by the Company to managers, officers or controlling persons acting in their professional capacity pursuant to Delaware law. Indemnification includes expenses such as attorney's fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

### ***Employees***

The Company currently has 5 employees in Pennsylvania.

## **CAPITALIZATION AND OWNERSHIP**

### **Capitalization**

The Company has issued the following outstanding Securities:  
(On a pre-money basis)

<b>Type of security</b>	<b>Amount outstanding</b>	<b>Voting rights</b>	<b>How this security may limit, dilute, or qualify the Securities issues pursuant to this Offering</b>	<b>Percentage ownership of the Company by the holders of such securities prior to the Offering</b>	<b>Other material terms</b>
Common Stock	6,832,972	Yes	N/A	69.9%	N/A
Issued Option Shares	242,289	N/A	Will dilute equity holders open grants	0%	N/A
Warrants	109,212	N/A	Will dilute equity holders if exercised	0%	N/A

Type of security	Amount outstanding	Voting rights	How this security may limit, dilute, or qualify the Securities issues pursuant to this Offering	Percentage ownership of the Company by the holders of such securities prior to the Offering	Interest Accrued	Date of Conversion	Valuation Cap	Other material terms
Convertible Note	\$700,000	yes	Will dilute equity holders upon conversion	0%	\$39,009.32	December 31, 2018	\$4,500,000	N/A

During the years ended December 31, 2017 and 2016, the Company had no shares of common stock outstanding, as a result of the Company being organized as an LLC from inception in 2016 through the end of 2017. On January 2, 2018, the Company incorporated in the State of Delaware. The Company authorized a total of 9,000,000 common shares with a par value of \$0.0001 per share.

#### Ownership

A majority of the Company is owned by a few individuals. Those individuals are Kurt Michael Swanson and Donald Pancoe.

Below are the beneficial owners of 20% percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, are listed along with the amount they own.

Name	Number and type/class of security held	Percentage ownership
Kurt Michael Swanson	3,574,998 common shares	36.6%
Donald Pancoe	1,974,998 commons shares	20.2%

#### FINANCIAL INFORMATION

Please see the financial information listed on the cover page of this Form C and attached hereto in addition to the following information. Financial statements are attached hereto as Exhibit B.

#### Operations

Premium Home Comfort, Inc. dba Kapsul ("the Company") is a Delaware limited liability company that was founded in 2016, and is headquartered in Philadelphia, Pennsylvania. The Company is developing a premium home-comfort brand with products that are smart, connected, and better for the planet.

The Company has incurred losses from inception of approximately \$2,194,555 which, among other factors, raises substantial doubt about the Company's ability to continue as a going concern for the twelve-month period from the report date. The ability of the Company to continue as a going concern is dependent upon management's plans to raise additional capital from the issuance of debt or the sale of stock, its ability to attract users to its software platform and its ability to generate positive operational cash flow. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to continue as a going concern.

The Company recognizes revenue only when all of the following criteria have been met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- The fee for the arrangement is fixed or determinable; and
- Collectability is reasonably assured.

During 2016, the Company entered into a Kickstarter campaign wherein the Company received over two million. For those individuals that had contributed more than \$250 into the campaign, they are to receive an air conditioning unit once the Company is producing their product. These funds are shown as customer deposits on the balance sheet. For the contributions that were less than \$250, these are shown as other income on the statement of operations.

On January 2, 2018, the Company reorganized in the state of Delaware from and LLC to a C-Corporation. The Company authorized a total of 9,000,000 common shares with a par value of \$0.0001 per share. These financial statements reflect the Company's current status as a C-Corporation.

On January 16, 2018, the Company agreed to sell 532,979 shares of the Company's common stock, which represented six percent of the capital stock of the Company to Techstars Boston 2017, LLC, for a sales price of \$20,000.

In January through August 2018, the Company entered into convertible notes totaling \$700,000. These notes accrue interest at a rate of 8% per annum and are due 24 months after issuance date. These notes are convertible at either 80% of the cash price paid by the other purchasers during the Next Round Securities of the Company's next Qualified Financing event, or the price obtained by dividing \$4,500,000 by the number of outstanding shares of common stock of the Company immediately prior to the Qualified Financing event.

### **Liquidity and Capital Resources**

The proceeds from the Offering are essential to our operations. We plan to use the proceeds as set forth above under "Use of Proceeds", which is an indispensable element of our business strategy. The Offering proceeds will have a beneficial effect on our liquidity, as we have approximately \$57K in cash on hand as of June 30, 2018 which will be augmented by the Offering proceeds and used to execute our business strategy.

The Company currently does not have any additional outside sources of capital other than the proceeds from the Combined Offerings.

### **Capital Expenditures and Other Obligations**

The Company does not intend to make any material capital expenditures in the future.

### **Trends and Uncertainties**

After reviewing the above discussion of the steps the Company intends to take, potential Purchasers should consider whether achievement of each step within the estimated time frame is realistic in their judgment. Potential Purchasers should also assess the consequences to the Company of any delays in taking these steps and whether the Company will need additional financing to accomplish them.

The financial statements are an important part of this Form C and should be reviewed in their entirety. The financial statements of the Company are attached hereto as Exhibit B.

### **Valuation**

Based on the Offering price of the Securities, the pre-Offering value ascribed to the Company is \$15,000,000.

Before making an investment decision, you should carefully consider this valuation and the factors used to reach such valuation. Such valuation may not be accurate and you are encouraged to determine your own independent value of the Company prior to investing.

As discussed in "Dilution" below, the valuation will determine the amount by which the investor's stake is diluted immediately upon investment. An early-stage company typically sells its shares (or grants options over its shares) to its founders and early employees at a very low cash cost, because they are, in effect, putting their "sweat equity" into the Company. When the Company seeks cash investments from outside investors, like you, the new investors typically pay a much larger sum for their shares than the founders or earlier investors, which means that the cash value of your stake is immediately diluted because each share of the same type is worth the same amount, and you paid more for your shares (or the notes convertible into shares) than earlier investors did for theirs.

There are several ways to value a company. None of them is perfect and all of them involve a certain amount of guesswork. The same method can produce a different valuation if used by a different person.

*Liquidation Value* - The amount for which the assets of the Company can be sold, minus the liabilities owed, e.g., the assets of a bakery include the cake mixers, ingredients, baking tins, etc. The liabilities of a bakery include the cost of rent or mortgage on the bakery. However, this value does not reflect the potential value of a business, e.g. the value of the secret recipe. The value for most startups lies in their potential, as many early stage companies do not have many assets (they probably need to raise funds through a securities offering in order to purchase some equipment).

*Book Value* - This is based on analysis of the Company's financial statements, usually looking at the Company's balance sheet as prepared by its accountants. However, the balance sheet only looks at costs (i.e. what was paid for the asset), and does not consider whether the asset has increased in value over time. In addition, some intangible assets, such as patents, trademarks or trade names, are very valuable but are not usually represented at their market value on the balance sheet.

*Earnings Approach* - This is based on what the investor will pay (the present value) for what the investor expects to obtain in the future (the future return), taking into account inflation, the lost opportunity to participate in other investments, the risk of not receiving the return. However, predictions of the future are uncertain and valuation of future returns is a best guess.

Different methods of valuation produce a different answer as to what your investment is worth. Typically liquidation value and book value will produce a lower valuation than the earnings approach. However, the earnings approach is also most likely to be risky as it is based on many assumptions about the future, while the liquidation value and book value are much more conservative.

Future investors (including people seeking to acquire the Company) may value the Company differently. They may use a different valuation method, or different assumptions about the Company's business and its market. Different valuations may mean that the value assigned to your investment changes. It frequently happens that when a large institutional investor such as a venture capitalist makes an investment in a company, it values the Company at a lower price than the initial investors did. If this happens, the value of the investment will go down.

#### **Previous Offerings of Securities**

We have made the following issuances of securities within the last three years:

<b>Previous Offering</b>	<b>Date of Previous Offering</b>	<b>Offering Exemption Relied Upon</b>	<b>Type of Securities Offered</b>	<b>Amount of Securities Sold</b>	<b>Use of Proceeds of the Previous Offering</b>
Convertible Note	January - August 2018	Regulation D, 506 (b)	Convertible Note	\$700,000	Product Development and G&A

## **THE OFFERING AND THE SECURITIES**

### **The Securities Offered in this Offering**

The following description is a brief summary of the material terms of the Securities being offered and is qualified in its entirety by the terms contained in the Series Seed-1 Preferred Stock Investment Agreement and the investor proxy agreement (if a Non-Major Purchaser).

Our Target Amount for this Offering to investors under Regulation Crowdfunding is \$25,000.

Additionally, we have set a minimum Closing Amount of \$1,000,000 between our Combined Offerings under Regulation Crowdfunding and Regulation D, which we will need to meet before the Offering may close.

The minimum investment in this Offering is \$1,000. SeedInvest Auto Invest participants have a lower investment minimum in this offering of \$200. Investments of \$20,000 or greater will only be accepted through the Regulation D offering.

### **Securities Sold Pursuant to Regulation D**

The Company is selling securities in a concurrent offering to accredited investors under Rule 506(c) under the 1933 Act at the same time as this Offering under Regulation Crowdfunding (together, the "Combined Offerings").

The Company is offering the Series Seed-1 Preferred Stock to accredited investors on substantially same terms as investors in the Regulation Crowdfunding Offering.

However, investors who invest \$100,000 or greater in the Regulation D offering will be considered "Major Purchasers," and will be entitled to some additional rights relating to their investment, including:

- greater information and inspection rights
- if there is a next financing, they will receive the more favorable rights, if any, of Major Purchasers in the next financing
- a right of first refusal for the transfer of common stock by a key holder, if the Company does not exercise that right.

### **Classes of securities of the Company**

#### **Common Stock**

##### *Dividend Rights*

Yes

##### *Voting Rights*

Yes

##### *Right to Receive Liquidation Distributions*

Yes, junior to those for the Series Seed-1 Preferred Stock

##### *Rights and Preferences*

None

#### **Series Seed-1 Preferred Stock**

##### *Dividend Rights*

Holders of Series Seed-1 Preferred Stock are entitled to receive dividends *pari passu* with holders of common stock, as may be declared from time to time by the board of directors out of legally available funds. The Company has never declared or paid cash dividends on any of its capital stock and currently does not anticipate paying any cash dividends after this offering or in the foreseeable future.

##### *Voting Rights*

So long as at least 25% of the original number of Series Seed-1 Preferred Stock is outstanding, holders of Series Seed-1 Preferred Stock are entitled to vote on all matters submitted to a vote of the stockholders as a single class with the holders of common stock. Specific matters submitted to a vote of the stockholders require the approval of a majority of the holders of Series Seed-1 Preferred Stock voting as a separate class. These matters include any vote to:

- alter the rights, powers or privileges of the Series Seed-1 Preferred Stock set forth in the restated certificate or bylaws, as then in effect, in a way that adversely affects the Series Seed-1 Preferred Stock;
- increase or decrease the authorized number of shares of any class or series of capital stock;
- authorize or create (by reclassification or otherwise) any new class or series of capital stock having rights, powers, or privileges set forth in the certificate of incorporation, as then in effect, that are senior to or on a parity with any series of preferred stock;
- redeem or repurchase any shares of common stock or preferred stock (other than pursuant to employee or consultant agreements giving the Company the right to repurchase shares upon the termination of services pursuant to the terms of the applicable agreement);
- declare or pay any dividend or otherwise make a distribution to holders of preferred stock or common stock;
- increase or decrease the number of directors;
- liquidate, dissolve, or wind-up the business and affairs of the Company, effect any deemed liquidation event, or consent, agree or commit to do any of the foregoing without conditioning such consent, agreement or commitment upon obtaining approval of the holders of Series Seed-1 Preferred Stock.

The Series Seed-1 Preferred holders, together with holders of common stock, may designate one person to serve on the Company's board of directors who is not (i) an employee or a holder of common stock of the Company, (ii) a family member or personal friend of an employee or a holder of common stock of the Company, or (iii) an employee of a person controlled by an employee or a holder of common stock of the Company, as described in the certificate of incorporation.

#### *Right to Receive Liquidation Distributions*

In the event of our liquidation, dissolution, or winding up, holders of our Series Seed-1 Preferred Stock will be entitled to receive the greater of 1 times the original issue price, plus any dividends declared but unpaid or such amounts that they would have received had all shares of preferred shares been converted to common shares. Holders of Series Seed-1 Preferred Stock receive these distributions before any holders of common stock.

#### *Conversion Rights*

The Series Seed-1 Preferred Stock are convertible into one share of common stock (subject to proportional adjustments for stock splits, stock dividends and the like) at any time at the option of the holder.

#### *Rights under the Series Seed-1 Preferred Stock Investment Agreement*

Under the Series Seed-1 Preferred Stock Investment Agreement (the "Investment Agreement"), investors who have invested \$100,000 or greater are designated Major Purchasers. Major Purchasers are granted some additional rights and preferences under the Investment Agreement, as summarized below. If the next financing the Company undertakes provides for more favorable provisions (e.g., registration rights, rights of co-sale, etc.), holders of Series Seed-1 Preferred Stock will be entitled to substantially similar provisions. Further holders who are Major Purchasers under the Investment Agreement relating to this offering, will be considered Major Purchasers with respect to provisions in the next financing (to the extent the Major Purchaser concept is used in such financing). If there is right a first refusal for the transfer of common stock by a key holder, and the Company does not exercise that right, Major Purchasers will be entitled to exercise that right for a pro-rata share of the key holder's common stock.

Holders of Series Seed-1 Preferred Stock are subject to a drag-along provision as set forth in the Investment Agreement, pursuant to which, and subject to certain exemptions, each holder of shares of the Company agrees that, in the event the Company's board of directors, and a majority of both (i) the holders of the Company's common stock then outstanding, and (ii) the holders of a majority common stock that is issued and issuable upon conversion of the preferred shares vote in favor of a deemed liquidation event (e.g., merger or sale of the Company) and agree to transfer their respective shares, then all holders of shares will vote in favor of the deemed liquidation event and if requested perform any action reasonably required to transfer their shares.

All Non-Major Purchasers of Series Seed-1 Preferred Stock will be bound by an investor proxy agreement. This agreement will limit your voting rights and at a later time may require you to convert your future preferred shares into common shares without your consent. Non-Major Purchasers will be bound by this agreement, unless Non-Major Purchasers holding a majority of the principal amount outstanding of the Series Seed-1 Preferred Stock held by Non-Major Purchasers vote to terminate the agreement.

#### *Series Seed-2 Preferred Stock*

Holders of convertible notes described above will have their notes converted in Series Seed-2 Preferred Stock at the first closing of this Combined Offering. The Series Seed-2 Preferred Stock will have the exact same rights, privileges, limitations, and terms as the Series Seed-1 Preferred Stock, except that the original issue price of the

Series Seed-2 Preferred Stock will be [\$ \_\_\_\_] for the purposes of determining liquidation payment, conversion, and as otherwise described in the Company's Amended and Restated Certificate of Incorporation.

### **What it means to be a minority holder**

As an investor in Series Seed-1 Preferred Stock of the Company, your rights will be more limited than the rights of the holders of common stock who control the Company in regards to the corporate actions of the Company, including additional issuances of securities, Company repurchases of securities, a sale of the Company or its significant assets, or Company transactions with related parties. Even if your securities convert to common stock of the Company, investors in this offering will hold minority interests, potentially with rights less than those of other investors, and will have limited influence on the corporate actions of the Company.

### **Dilution**

Even once the Series Seed-1 Preferred Stock convert into preferred or common equity securities, as applicable, the investor's stake in the Company could be diluted due to the Company issuing additional shares. In other words, when the Company issues more shares (or additional equity interests), the percentage of the Company that you own will go down, even though the value of the Company may go up. You will own a smaller piece of a larger company. This increase in number of shares outstanding could result from a stock offering (such as an initial public offering, another crowdfunding round, a venture capital round or angel investment), employees exercising stock options, or by conversion of certain instruments (e.g. convertible bonds, preferred shares or warrants) into stock.

If a company decides to issue more shares, an investor could experience value dilution, with each share being worth less than before, and control dilution, with the total percentage an investor owns being less than before. There may also be earnings dilution, with a reduction in the amount earned per share (though this typically occurs only if the company offers dividends, and most early stage companies are unlikely to offer dividends, preferring to invest any earnings into the company).

The type of dilution that hurts early-stage investors mostly occurs when a company sells more shares in a "down round," meaning at a lower valuation than in earlier offerings. An example of how this might occur is as follows (numbers are for illustrative purposes only):

- In June 2014 Jane invests \$20,000 for shares that represent 2% of a company valued at \$1 million.
- In December, the company is doing very well and sells \$5 million in shares to venture capitalists on a valuation (before the new investment) of \$10 million. Jane now owns only 1.3% of the company but her stake is worth \$200,000.
- In June 2015 the company has run into serious problems and in order to stay afloat it raises \$1 million at a valuation of only \$2 million (the "down round"). Jane now owns only 0.89% of the company and her stake is worth only \$26,660.

This type of dilution might also happen upon conversion of convertible notes into shares. Typically, the terms of convertible notes issued by early-stage companies provide that in the event of another round of financing, the holders of the convertible notes get to convert their notes into equity at a "discount" to the price paid by the new investors, i.e., they get more shares than the new investors would for the same price. Additionally, convertible notes may have a "price cap" on the conversion price, which effectively acts as a share price ceiling. Either way, the holders of the convertible notes get more shares for their money than new investors. In the event that the financing is a "down round" the holders of the convertible notes will dilute existing equity holders, and even more than the new investors do, because they get more shares for their money.

If you are making an investment expecting to own a certain percentage of the Company or expecting each share to hold a certain amount of value, it's important to realize how the value of those shares can decrease by actions taken by the Company. Dilution can make drastic changes to the value of each share, ownership percentage, voting control, and earnings per share.

### **Tax Matters**

**EACH PROSPECTIVE PURCHASER SHOULD CONSULT WITH HIS OWN TAX AND ERISA ADVISOR AS TO THE PARTICULAR CONSEQUENCES TO THE PURCHASER OF THE PURCHASE, OWNERSHIP AND SALE OF THE PURCHASER'S SECURITIES, AS WELL AS POSSIBLE CHANGES IN THE TAX LAWS.**

### **Transfer Agent**

We have selected VStock Transfer, LLC, an SEC-registered securities transfer agent, to act as our transfer agent.

### **Restrictions on Transfer**

Any Securities sold pursuant to Regulation CF being offered may not be transferred by any Purchaser of such Securities during the one-year holding period beginning when the Securities were issued, unless such Securities were transferred: 1) to the Company, 2) to an accredited investor, as defined by Rule 501(a) of Regulation D of the 1933 Act, as amended, 3) as part of an Offering registered with the SEC or 4) to a member of the family of the Purchaser or the equivalent, to a trust controlled by the Purchaser, to a trust created for the benefit of a family member of the Purchaser or the equivalent, or in connection with the death or divorce of the Purchaser or other similar circumstances. "Member of the family" as used herein means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother/father/daughter/son/sister/brother-in-law, and includes adoptive relationships. Remember that although you may legally be able to transfer the Securities, you may not be able to find another party willing to purchase them.

### **Other Material Terms**

The Company does not have the right to repurchase the Series Seed-1 Preferred Stock.

### **Related Person Transactions**

From time to time the Company may engage in transactions with related persons. Related persons are defined as any manager, director, or officer of the Company; any person who is the beneficial owner of 10 percent or more of the Company's outstanding voting equity securities, calculated on the basis of voting power; any promoter of the Company; any immediate family member of any of the foregoing persons or an entity controlled by any such person or persons.

The Company has conducted the following transactions with related persons:

Two of the original founders are no longer with the Company. Kurt W. Swanson separated December 2016, and Justin Bain separated June 2017. Kurt W. Swanson is Kurt M. Swanson's father. During the first year of operation, Kurt and his father agreed that it was in the best interest to part ways due to disagreements about technical strategy, including difference of opinion regarding file management, version control, and other engineering professional practices (speed vs. regimentation). Justin Bain resigned for personal / family reasons regarding income level as a result of working at a startup. He had taken a significant pay cut which was unsustainable, felt he was not providing significant value as a full time CFO of a pre-revenue startup, and had a very long commute. Both Justin and Kurt W. agreed to sell back half their vested stock to remaining founders Don Pancoe and Kurt M. Swanson in separate personal transactions, authorized by board action, and is reflected in the current cap table. Both parties have an amicable relationship with the remaining team.

At December 31, 2017, the Company had a related party payable outstanding of \$1,191. This liability was related to a payroll error that occurred in late 2017, which was later repaid in January 2018.

### **Conflicts of Interest**

The Company has engaged in the following transactions or relationships, which may give rise to a conflict of interest with the Company, its operations and its security holders: Not Applicable..

## **OTHER INFORMATION**

### **Bad Actor Disclosure**

None

## **SEEDINVEST INVESTMENT PROCESS**

### ***Making an Investment in the Company***

#### **How does investing work?**

When you complete your investment on SeedInvest, your money will be transferred to an escrow account where an independent escrow agent will watch over your investment until it is accepted by the Company. Once the Company accepts your investment, and certain regulatory procedures are completed, your money will be transferred from the escrow account to the Company in exchange for your Series Seed-1 Preferred Stock. At that point, you will be an investor in the Company.

#### **SeedInvest Regulation CF rules regarding the investment process:**

- Investors may cancel an investment commitment until 48 hours prior to the deadline identified in the issuer's Offering materials;
- The intermediary will notify investors when the target offering amount has been met;
- The Company is making concurrent offerings under both Regulation CF and Regulation D and unless the Company raises at least the target amount under the Regulation CF Offering and the closing amount under both offerings, it will not close this Offering;
- If an issuer reaches a target offering amount and the closing amount prior to the deadline identified in its offering materials, it may close the Offering early if it provides notice about the new Offering deadline at least five business days prior to such new Offering deadline;
- If there is a material change and an investor does not reconfirm his or her investment commitment, the investor's investment commitment will be cancelled and the committed funds will be returned;
- If an issuer does not reach both the target offering amount and the closing offering amount prior to the deadline identified in its offering materials, no Securities will be sold in the Offering, investment commitments will be cancelled and committed funds will be returned; and
- If an investor does not cancel an investment commitment before the 48-hour period prior to the Offering deadline, the funds will be released to the issuer upon closing of the Offering and the investor will receive Securities in exchange for his or her investment.

### **What will I need to complete my investment?**

To make an investment you will need the following information readily available:

1. Personal information such as your current address and phone number
2. Employment and employer information
3. Net worth and income information
4. Social Security Number or government-issued identification
5. ABA bank routing number and checking account number

### **What is the difference between preferred equity and a convertible note?**

Preferred equity is usually issued to outside investors and carries rights and conditions that are different from that of common stock. For example, preferred equity may include rights that prevent or minimize the effects of dilution or grants special privileges in situations when the Company is sold.

A convertible note is a unique form of debt that converts into equity, usually in conjunction with a future financing round. The investor effectively loans money to the Company with the expectation that they will receive equity in the Company in the future at a discounted price per share when the Company raises its next round of financing. To learn more about startup investment types, check out "How to Choose a Startup Investment" in the SeedInvest Academy.

### **How much can I invest?**

An investor is limited in the amount that he or she may invest in a Regulation Crowdfunding Offering during any 12-month period:

- If either the annual income or the net worth of the investor is less than \$107,000, the investor is limited to the greater of \$2,000 or 5% of the lesser of his or her annual income or net worth.
- If the annual income and net worth of the investor are both equal to or greater than \$107,000, the investor is limited to 10% of the lesser of his or her annual income or net worth, to a maximum of \$107,000. Separately, the Company has set a minimum investment amount.

### **How can I (or the Company) cancel my investment?**

For Offerings made under Regulation Crowdfunding, you may cancel your investment at any time up to 48 hours before a closing occurs or an earlier date set by the Company. You will be sent a reminder notification approximately five days before the closing or set date giving you an opportunity to cancel your investment if you had not already done so. Once a closing occurs, and if you have not cancelled your investment, you will receive an email notifying you that your Securities have been issued. If you have already funded your investment, let SeedInvest know by emailing [cancellations@seedinvest.com](mailto:cancellations@seedinvest.com). Please include your name, the Company's name, the amount, the investment number, and the date you made your investment.

### ***After My Investment***

#### **What is my ongoing relationship with the Company?**

You are an investor in the Company, you do own securities after all! But more importantly, companies that have raised money via Regulation Crowdfunding must file information with the SEC and post it on their website on an annual basis. Receiving regular company updates is important to keep investors educated and informed about the

progress of the Company and their investments. This annual report includes information similar to the Company's initial Form C filing and key information that a company will want to share with its investors to foster a dynamic and healthy relationship.

In certain circumstances a company may terminate its ongoing reporting requirements if:

- (1) the Company is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (2) the Company has filed at least three annual reports pursuant to Regulation CF and has total assets that do not exceed \$10,000,000;
- (3) the Company has filed at least one annual report pursuant to Regulation CF and has fewer than 300 holders of record;
- (4) the Company or another party repurchases all of the Securities issued in reliance on Section 4(a)(6) of the 1933 Act, including any payment in full of debt securities or any complete redemption of redeemable securities; or
- (5) the Company liquidates or dissolves its business in accordance with state law.

However, regardless of whether a company has terminated its ongoing reporting requirements per SEC rules, SeedInvest works with all companies on its platform to ensure that investors are provided quarterly updates. These quarterly reports will include information such as: (i) quarterly net sales, (ii) quarterly change in cash and cash on hand, (iii) material updates on the business, (iv) fundraising updates (any plans for next round, current round status, etc.), and (v) any notable press and news.

### **How do I keep track of this investment?**

You can return to SeedInvest at any time to view your portfolio of investment and obtain a summary statement. In addition to monthly account statements, you may also receive periodic updates from the Company about its business.

### **Can I get rid of my Securities after buying them?**

Securities purchased through a Regulation Crowdfunding Offering are not freely transferable for one year after the date of purchase, except in the case where they are transferred:

1. To the Company that sold the Securities
2. To an accredited investor
3. As part of an Offering registered with the SEC (think IPO)
4. To a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser, or in connection with the death or divorce of the purchaser

Regardless, after the one year holding period has expired, you should not plan on being able to readily transfer and/or sell your security. Currently, there is no market or liquidity for these Securities and the Company does not have any plans to list these Securities on an exchange or other secondary market. At some point the Company may choose to do so, but until then you should plan to hold your investment for a significant period of time before a "liquidation event" occurs.

## SIGNATURE

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), the issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

/s/Kurt Michael Swanson

(Signature)

Kurt Michael Swanson

(Name)

CEO

(Title)

Pursuant to the requirements of Sections 4(a)(6) and 4A of the Securities Act of 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Form C has been signed by the following persons in the capacities and on the dates indicated.

/s/Kurt Michael Swanson

(Signature)

Kurt Michael Swanson

(Name)

CEO

(Title)

October 10, 2018

(Date)

/s/Don Pancoe

(Signature)

Don Pancoe

(Name)

Board of Director

(Title)

October 10, 2018

(Date)

***Instructions.***

1. The form shall be signed by the issuer, its principal executive officer or officers, its principal financial officer, its controller or principal accounting officer and at least a majority of the board of directors or persons performing similar functions.

2. The name of each person signing the form shall be typed or printed beneath the signature.

Intentional misstatements or omissions of facts constitute federal criminal violations. See 18 U.S.C. 1001.

**EXHIBIT B**  
*Financials*

**PREMIUM HOME COMFORT, INC.**  
**(DBA KAPSUL)**  
A Delaware Corporation

Financial Statements (Unaudited) and  
Independent Accountants' Review Report

December 31, 2017 and 2016

**PREMIUM HOME COMFORT, INC.**  
**(DBA KAPSUL)**

Years Ended December 31, 2017 and 2016

Table of Contents

Independent Accountants' Review Report .....	1
<b>Financial Statements</b>	
Balance Sheets .....	2
Statements of Operations.....	3
Statements of Changes in Stockholders' Equity .....	4
Statements of Cash Flows .....	5
Notes to the Financial Statements .....	6



## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Management of Premium Home Comfort, Inc. d/b/a Kapsul  
2212 Walnut Street, First Floor  
Philadelphia, PA 19103

We have reviewed the accompanying financial statements of Premium Home Comfort, Inc. d/b/a Kapsul (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, stockholders' equity, and cash flows for the period of February 5, 2016 (inception) to December 31, 2016 and the year ended December 31, 2017, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

As disclosed in Note 4 of the financial statements, the Company has not generated sufficient revenues to fund operations, and has incurred significant losses. Accordingly, substantial doubt is raised about the Company's ability to continue as a going concern.

*Fruci & Associates II, LLC*

Spokane, WA  
October 3, 2018

Members of:  
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**Premium Home Comfort, Inc. (dba Kapsul)**

**BALANCE SHEETS**

(unaudited)

As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 74,514	\$ 1,062,389
Accounts receivable	-	5,100
Other receivables	<u>2,604</u>	<u>84,711</u>
Total current assets	<u>77,118</u>	<u>1,152,200</u>
Total assets	<u><u>\$ 77,118</u></u>	<u><u>\$ 1,152,200</u></u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 89,889	\$ 411
Customer deposits	2,144,674	2,069,916
Taxes payable	30,919	-
Related party payable	<u>1,191</u>	<u>-</u>
Total current liabilities	<u>2,266,673</u>	<u>2,070,327</u>
Total liabilities	<u>2,266,673</u>	<u>2,070,327</u>
Commitments & Contingencies	<u>-</u>	<u>-</u>
Stockholders' equity		
Common stock, \$0.0004 par value; 9,000,000 shares authorized and 0 outstanding at December 31, 2017 and 2016	-	-
Additional Paid in Capital	5,000	5,000
Accumulated deficit	<u>(2,194,555)</u>	<u>(923,127)</u>
Total members' equity	<u>(2,189,555)</u>	<u>(918,127)</u>
Total liabilities and members' equity	<u><u>\$ 77,118</u></u>	<u><u>\$ 1,152,200</u></u>

See accountants' review report and accompanying notes to the financial statements.

**Premium Home Comfort, Inc. (dba Kapsul)**

STATEMENTS OF OPERATIONS

(unaudited)

For the period of February 5, (inception) to December 31, 2016 and year ended December 31, 2017

	2017	2016
Revenue	\$ -	\$ -
Operating expenses		
Wages and related payroll expenses	485,716	205,676
General and administrative	167,065	92,103
Marketing expense	19,996	135,397
Professional fees	391,076	208,933
Rent Expense	42,926	43,390
Research & Development	132,375	278,571
Travel	34,787	17,146
Total operating expenses	1,273,941	981,216
Other Income/(Expense)		
Kickstarter income	-	55,121
Interest income	2,513	2,968
Total other income/(expense)	2,513	58,089
Net loss before income tax	\$ (1,271,428)	\$ (923,127)
Provision for income tax	-	-
Net loss	\$ (1,271,428)	\$ (923,127)

See accountants' review report and accompanying notes to the financial statements.

**Premium Home Comfort, Inc. (dba Kapsul)**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(unaudited)

For the period of February 5, 2016 (inception) to December 31, 2017

	<b>Common Stock</b>		Additional		Accumulated	Total
	Shares	Amount	Paid-in	Capital	Deficit	Stockholders'
						Equity
<b>Balance on February 5, 2016</b>	-	\$ -	\$ -	-	\$ -	\$ -
Capital Contributions	-	-	5,000		-	5,000
Net loss	-	-	-		(923,127)	(923,127)
<b>Balance on December 31, 2016</b>	-	-	5,000		(923,127)	(918,127)
Net Loss	-	-	-		(1,271,428)	(1,271,428)
<b>Balance on December 31, 2017</b>	-	\$ -	\$ 5,000		\$ (2,194,555)	\$ (2,189,555)

See accountants' review report and accompanying notes to the financial statements.

**Premium Home Comfort, Inc. (dba Kapsul)**

STATEMENTS OF CASH FLOWS

(unaudited)

For the period of February 5, 2016 (inception) to December 31, 2017

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net loss	\$ (1,271,428)	\$ (923,127)
Adjustments to reconcile net loss to net cash		
Changes in operating assets and liabilities:		
Accounts receivable	5,100	(5,100)
Other receivable	82,107	(84,711)
Accounts payable and accrued expenses	89,478	411
Customer deposits	74,758	2,069,916
Taxes payable	30,919	-
Related party payable	<u>1,191</u>	<u>-</u>
Net cash used by operating activities	<u>(987,875)</u>	<u>1,057,389</u>
Net cash used by investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Capital contributions	<u>-</u>	<u>5,000</u>
Net cash provided by financing activities	<u>-</u>	<u>5,000</u>
Net decrease in cash and cash equivalents	(987,875)	1,062,389
Cash and cash equivalents, beginning	<u>1,062,389</u>	<u>-</u>
Cash and cash equivalents, ending	<u><u>\$ 74,514</u></u>	<u><u>\$ 1,062,389</u></u>
<b>Supplemental Information:</b>		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**PREMIUM HOME COMFORT, INC. (DBA KAPSUL)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(unaudited)**

For the period of February 5, 2016 (inception) to December 31, 2017

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**NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business

Premium Home Comfort, Inc. dba Kapsul (“the Company”) is a Delaware limited liability company that was founded in 2016, and is headquartered in Philadelphia, Pennsylvania. The Company is developing a premium home-comfort brand with products that are smart, connected, and better for the planet.

Basis of Presentation

The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, all adjustments considered necessary for fair presentation have been included. All such adjustments are normal and recurring in nature. The Company’s fiscal year-end is December 31.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs

The Company’s advertising costs are expensed as incurred. During the years ended December 31, 2017 and 2016, the Company recognized \$19,996 and \$135,397 in advertising costs, respectively.

Revenue Recognition

The Company recognizes revenue only when all of the following criteria have been met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- The fee for the arrangement is fixed or determinable; and
- Collectability is reasonably assured.

Fair Value of Financial Instruments

Financial Accounting Standards Board (“FASB”) guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

*Level 1* - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of

**PREMIUM HOME COMFORT, INC. (DBA KAPSUL)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(unaudited)**

For the period of February 5, 2016 (inception) to December 31, 2017

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financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

*Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

*Level 3* - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the balance sheets approximate their fair value.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. At December 31, 2017 and 2016, the Company had no items, other than bank deposits, that would be considered cash equivalents. At times, the Company may hold cash balances in excess of federally insured limits. No losses have been recognized as a result of these excess amounts.

Allowance for Doubtful Accounts

The Company recognizes an allowance for losses on accounts receivable deemed to be uncollectible. The allowance is based on an analysis of historical bad debt experience as well as an assessment of specific identifiable customer accounts. At December 31, 2017 and 2016, the Company determined no allowance for doubtful accounts was necessary.

Income Taxes

The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon its evaluation of the facts, circumstances and information available at the reporting date. In accordance with ADC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, our policy is to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the financial statements. The Company has determined that there are no material uncertain tax positions.

The Company accounts for income taxes based on the provisions promulgated by the Internal Revenue Service, the City of Philadelphia, and the state of Pennsylvania.

The Company currently has a tax net operating loss (NOL) of \$2,194,555 for which it may receive future tax benefits. However, as of December 31, 2017, no such benefit is expected to be recognized in the near term, and therefore, a full valuation allowance has been assessed on any potential income tax benefit.

**PREMIUM HOME COMFORT, INC. (DBA KAPSUL)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(unaudited)**

For the period of February 5, 2016 (inception) to December 31, 2017

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**Recent Accounting Pronouncements**

No recently issued accounting pronouncements are expected to have a significant impact on the Company's financial statements.

**Subsequent Events**

The Company has evaluated subsequent events through October 3, 2018, the date these financial statements were available to be issued.

- On January 2, 2018, the Company reorganized in the state of Delaware from and LLC to a C-Corporation. The Company authorized a total of 9,000,000 common shares with a par value of \$0.0001 per share. These financial statements reflect the Company's current status as a C-Corporation.
- On January 16, 2018, the Company agreed to sell 532,979 shares of the Company's common stock, which represented six percent of the capital stock of the Company to Techstars Boston 2017, LLC, for a sales price of \$20,000.
- In January through August 2018, the Company entered into convertible notes totaling \$700,000. These notes accrue interest at a rate of 8% per annum and are due 24 months after issuance date. These notes are convertible at either 80% of the cash price paid by the other purchasers during the Next Round Securities of the Company's next Qualified Financing event, or the price obtained by dividing \$4,500,000 by the number of outstanding shares of common stock of the Company immediately prior to the Qualified Financing event.

**NOTE 2 – COMMON STOCK**

During the years ended December 31, 2017 and 2016, the Company had no shares of common stock outstanding, as a result of the Company being organized as an LLC from inception in 2016 through the end of 2017. On January 2, 2018, the Company incorporated in the State of Delaware. The Company authorized a total of 9,000,000 common shares with a par value of \$0.0001 per share.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

At December 31, 2017, the Company had a related party payable outstanding of \$1,191. This liability was related to a payroll error that occurred in late 2017, which was later repaid in January 2018.

**NOTE 4 – GOING CONCERN**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business.

The Company has incurred losses from inception of approximately \$2,194,555 which, among other factors, raises substantial doubt about the Company's ability to continue as a going concern for the twelve-month period from the report date. The ability of the Company to continue as a going concern is

**PREMIUM HOME COMFORT, INC. (DBA KAPSUL)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(unaudited)**

For the period of February 5, 2016 (inception) to December 31, 2017

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dependent upon management's plans to raise additional capital from the issuance of debt or the sale of stock, its ability to attract users to its software platform and its ability to generate positive operational cash flow. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to continue as a going concern.

**NOTE 5 – CUSTOMER DEPOSITS & OTHER INCOME**

During 2016, the Company entered into a Kickstarter campaign wherein the Company received over two million. For those individuals that had contributed more than \$250 into the campaign, they are to receive an air conditioning unit once the Company is producing their product. These funds are shown as customer deposits on the balance sheet. For the contributions that were less than \$250, these are shown as other income on the statement of operations.