Join the wine crowd - v18
Mobbs & Harris Holdings Ltd trading as Winery Lane
Replacement CSF Offer Document
Dated 26th March 2018

OFFER OF FULLY-PAID ORDINARY SHARES IN MOBBS & HARRIS HOLDINGS LIMITED TRADING AS WINERY LANE AT $3.00 PER SHARE TO RAISE A MAXIMUM OF $900,000. MINIMUM INDIVIDUAL RETAIL INVESTMENT IS $50 AND MAXIMUM IS $10,000. WHOLESALE INVESTORS MAY INVEST MORE THAN $10,000.

This is a replacement offer document and replaces the CSF offer document dated 21st March 2018.
This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Mobbs & Harris Holdings Limited, trading as Winery Lane.
This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).
ISSUER Mobbs & Harris Holdings Limited (ACN: 614 126 484).
INTERMEDIARY Birchal Financial Services Pty Ltd ABN 39 621 812 646 AFSL 502 618.
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Risk warnings

1.1 General Risk Warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly, or at all, if you need the money or decide this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.
SECTION 2
Information about the offering company

Crowd-Sourced Funding or CSF for short is risky. Investors may lose their money and the company may not achieve its objectives. It’s really important that you consider the CSF offer document and the CSF general risk warning contained in the offer document in deciding whether to apply under the offer. Information about this offer will be set out in this offer document. We would encourage you to also carefully consider the risks outlined in section 2.14.

2.1 A note from Stephen Mobbs, Co-Founder & Cameron Harris, Co-Founder

Dear Friends,

Thank you for considering an investment in Winery Lane.

Being wine lovers ourselves, it’s no surprise Winery Lane was founded over a glass of red and a conversation with one of Australia’s leading winemakers. The winemaker explained, despite numerous awards and critical acclaim for their wine, how difficult, costly and time-consuming it was for small producers to develop online sales and compete against the big corporate brands and the major retailers.

As consumers, we also knew how difficult it was to discover great wineries and, in some cases, how difficult it could be to buy on some websites.

So, we set about creating Winery Lane.

Our aim in creating Winery Lane was to help consumers discover the hidden gems of the Australian wine industry, while bringing wine lovers and winemakers together like never before. We believe this is best achieved by creating an engaging consumer experience.

That consumer experience should include unique access to the winemakers and all those who help create your favourite drop.

We want Winery Lane to be the best retail wine experience in Australia.

Our aim for Winery Lane is to make it a worthy investment, full of enjoyment, discovery and good for investors, winemakers and wine lovers.

We very much hope you join our team of winemakers and wine lovers as we work to reshape the way Australia’s best independent winemakers engage with and sell to wine lovers.

Warmest regards,

Stephen Mobbs                    Cameron Harris
2.2 Company details

This offer of shares is made by Mobbs & Harris Holdings Ltd ACN 614 126 484 (the Company), trading as Winery Lane (referred to in this document as the The Company or Winery Lane).

Mobbs & Harris Holdings Ltd was incorporated on 8th August 2016 in Victoria and converted to an unlisted public company, limited by shares on 20th March 2018.

2.3 Description of the business

2.3.1 Overview of Winery Lane

Winery Lane brings wine lovers and winemakers together like never before.

Winery Lane is more than a website and not just a retailer. Winery Lane is a marketplace business. Other marketplace businesses include familiar companies such as realestate.com.au, booking.com, Airbnb and Uber.

Each of the businesses listed above focus on specific products or services, for example: Airbnb on property and Deliveroo on food. Winery Lane is focused only on premium Australian wine.

Marketplace businesses are seen as attractive by market analysts because the business models are:

- **Innovative** - The Winery Lane business model uses a unique combination of elements which makes it innovative
- **Scalable** - The Company’s unique, low-cost lead generation model underpins the Company’s ability to achieve scale
- **Defendable** - The Company’s business model builds long-term, interdependent relationships with the contracted wineries. The focus on building relationships drives both loyalty from existing partners and potentially attracts new ones.

Winery Lane further differentiates itself from other wine retailers by:

- only working with independent Australian winemakers;
- never taking ownership of stock; and
- creating a library of exclusive content which informs, educates and entertains wine lovers.

Winery Lane has already aggregated a cohort of 14 independent winemakers from many of Australia’s premium wine making regions.

The Winery Lane business model leverages a winery’s best assets – the quality of their wine, their reputation, and their cellar door – to build a large, low cost, high-quality membership base of premium wine consumers.

Consumers purchase many different wines and many will have their favourites already. As such, The Company is only seeking to win a portion of a consumer’s spending on wine.

In return, Winery Lane utilises its expertise and resources to build a shared sales, communication and brand building channel for the benefit of all stakeholders. Those stakeholders include wine lovers, winemakers and shareholders of Winery Lane.

Winery Lane has been operating since June 2016 and has already overcome many of the challenges some early stage businesses face. The business model has been tested and refined.

2.3.2 What is a marketplace business?

An online marketplace arranges the products or services of different sellers on a website and sells them direct to end users. End-users can be consumers or businesses.

Marketplace businesses act as mediators. As such, they don’t own the products or the services provided. Generally, prices are determined by the sellers themselves.

A marketplace business generally charges a commission as they are providing sellers a channel through which they can sell.²

2.3.3 The rise of marketplace businesses globally

Over the last decade the marketplace business model has been widely utilised. Business such as Deliveroo, Menu Log, Etsy, Hotels Combined, Airbnb, Uber, Uber Eats and Amazon all use variations of a marketplace business model.

Marketplace businesses can benefit all parties in a number of ways:

Consumers
Marketplace customers benefit from seeing aggregated options on a single website and are empowered to find the product that best fits their needs.

Sellers
Businesses without the budget, marketing capability or scale to establish their own website benefit from joining a marketplace as it aligns them with a larger, known business. Sellers gain increased visibility above what they would achieve as a stand-alone operator.

Marketplace operator
A marketplace allows the business operator to take a commission on items that are purchased.

¹ https://www.sharetribe.com/academy/how-to-choose-the-right-business-model-for-your-marketplace/
2.3.4 The retail liquor market in Australia

The Australian liquor industry is commonly divided into two discreet markets – wholesale and retail.

The wholesale market generally involves sales into outlets such as restaurants, bars, hotels and cafes.

The retail market involves sales to consumers from retailers such as Dan Murphy’s, Liquorland, First Choice, Vintage Cellars, Langton’s and, of course, Winery Lane.

The Australian liquor industry is estimated to be worth in excess of $28 billion annually.\(^3\,^4\)

As shown in the graph below, according to the Australian Bureau of Statistics, wine consumption continues to grow, fast approaching 40% of consumption occasions.\(^5\)

In 2016 the total liquor industry was estimated to be growing at 1.5%, with the wine sector growing at 2.3% and forecast to grow at 2.4% annually until 2022.\(^6\)

Purchasing liquor online, particularly wine, has become a convenient solution for many consumers. As a result, online liquor sales have generated annualised growth of almost 11%. In 2016, IBISWorld predicted online sales of liquor would continue to grow at almost 8% through until 2021.\(^7\)

The Australian Liquor Stores Association’s 2016 State of the Industry report, shows wine accounted for approximately 25% of the liquor industry’s value, which equates to approximately $7 Billion.\(^8\)

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**Apparent Consumption of alcohol, beverage type as a proportion of all alcohol**

<table>
<thead>
<tr>
<th>Year</th>
<th>Beer</th>
<th>Wine</th>
<th>Spirits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1971</td>
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<td></td>
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<tr>
<td>1981</td>
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<td></td>
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<tr>
<td>1991</td>
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<td></td>
<td></td>
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<tr>
<td>2001</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ABS Apparent Consumption of Alcohol 43070.55.001 Australia 2013-14

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\(^1\) Wine, spirits & beer.
\(^3\) ABS Apparent Consumption of Alcohol 43070.55.001 Australia 2013-14
\(^4\) IBISWorld Industry Report C1214
\(^5\) IBISWorld Industry Report – ODA087 – Online Beer, Wine and Liquor Sales in Australia
\(^6\) State of the Industry Report from the Australian Liquor Stores Association
2.3.5 Online wine sales

Over the period 2015-16, wine sales represented the largest share of online sales. Wine generated approximately 40% of total industry online revenue but a mere 3.5% of total liquor retail sales.\(^9\)

Despite a per capita decline in overall liquor consumption, online sales of alcohol have increased. As industry players have improved their capabilities, online sales systems and delivery methods, sales have grown.\(^10\)

Research suggests, wine is well suited to online sales as it:
- has a high value;
- is relatively compact; and
- is generally part of a planned purchase.\(^11\)

Liquor products have also demonstrated they are more suitable for online sales as they are not subject to the same product vagaries as goods from other categories (e.g., Apparel & Footwear). Many consumers understand and accept wines are different and are used to buying in a retail store or online, without tasting the actual product.

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\(^9\) ibisworld Industry Report – OD4087 – Online Beer, Wine and Liquor Sales in Australia
\(^10\) ibisworld Industry Report – OD4087 – Online Beer, Wine and Liquor Sales in Australia
\(^11\) ibisworld Industry Report – OD4087 – Online Beer, Wine and Liquor Sales in Australia
2.3.6 Why is Winery Lane possible now?

The increasing power of the two major retailers and the consolidation of wineries under global corporate ownership appears to run counter to the growing consumer appetite for localisation and their thirst to understand the 'vines-to-wines' story direct from the winemaker.

Retail consolidation

Many consumers are unaware of the power the nation’s two largest retailers wield over producers and the number of retail outlets and brands they control.

Most retailers work off competitive margins; meaning one producer can be charged a higher margin than another or one producer can offer a higher margin to make their offer more compelling.

Retail consolidation is one of the competitive pressures which has resulted in winemakers receiving approximately $8 from the retail sale of a $30 bottle of wine.

Winery consolidation

The latest annual Australian and New Zealand Wine Industry Directory reveals an industry under pressure and poised for additional consolidation. A total of 76 wineries closed in 2015/16, bringing the decline in numbers over the past three years to 179, or 7% of the industry total. The number of wine producers is now at its lowest level since 2008.13

However, there is a story of consolidation behind many of these closures. Australia’s three largest producers are Accolade Wines, Casella Wines and Treasury Wine Estates.14

<table>
<thead>
<tr>
<th>Coles and Woolworths, Australia’s two largest retailers, own:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dan Murphy’s</td>
</tr>
<tr>
<td>Liquorland</td>
</tr>
<tr>
<td>First Choice</td>
</tr>
<tr>
<td>Vintage Cellars</td>
</tr>
<tr>
<td>Langtons</td>
</tr>
</tbody>
</table>

According to Roy Morgan, Woolworths controlled 49.2% of the retail liquor market and Coles a further 15.5%.12

Consumer appetite

As evidenced by the success of TV series such as The Food Lover’s Guide to Australia, The Wine Lover’s Guide to Australia and People of the Vines, the trend for consumers to understand where their produce comes from, the producer’s philosophy and the story inside every bottle continues to grow.

Phrases such as ‘Paddock to Plate’, ‘Farm to Fork’ and ‘Vines to Wines’ are now almost common use. For many consumers, the quality of the produce appears more enticing and flavoursome with a rich, well-told story to accompany it.

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13 Australian and New Zealand Wine Industry Directory, 34th Edition
16 http://www.casellafamilybrands.com/yellow-tail/
17 https://www.tweglobal.com/brands
Winemakers believe, selling direct to consumers provides them with both the greatest return possible and the ability to cultivate a long-term relationship. However, there are limitations to this approach. For instance, winemakers are reliant on consumers visiting their cellar door to taste their wine, hear their story and perhaps join their mailing list.

As the internet became more ubiquitous, winemakers began building websites with a view to attracting new consumers and selling to consumers who hadn’t visited their cellar door.

Cellar door visitors are well qualified to become online customers but many small wineries don’t have the time or the inclination to learn to be great digital marketers as well as great winemakers.

Steve and Cam saw this as an opportunity to create a truly consumer-centric business where Australia’s best independent winemakers and their extraordinary winemaking skills could be put on show for all to see.

The pair also saw that by improving and combining the sign-up of cellar door visitors into one national, shared customer base, Winery Lane could support each of these wineries to grow their collective online sales.

But, rather than overwhelm customers and range every possible wine in Australia, they decided to focus on just the best independent wineries – the ones with a great story to tell, interesting and high-quality wines and of course a measure of success.

The Company has leveraged recent advances in wine distribution and handling so Winery Lane consumers can order the way they want – single bottles, mixed cases, predefined themed offers and of course straight cases of six or 12 bottles. Importantly for consumers, Winery Lane delivers all orders, regardless of size or location, for only $9.

By helping consumers discover the hidden gems in the Australian wine industry, Winery Lane is becoming a trusted advisor for wine lovers.

Mike Garland
and Andrew Milbourne
Castelli Estate Winemakers
2.4 Business and revenue model

2.4.1 Core business model

Winery Lane is a marketplace business. It is a marketplace for wine lovers and winemakers.

Marketplace businesses bring buyers and sellers together in one place. In the Uber marketplace, their buyers are riders and their sellers are drivers. In the Winery Lane marketplace, our buyers are wine lovers and our sellers are winemakers.

Unlike some other marketplace businesses, Winery Lane provides a curated range of wines from independent winemakers. Curating the range provides the business with the opportunity to create a ‘trust mark,’ allowing consumers to discover, safe in the knowledge they will undoubtedly get a great wine, even if they aren’t familiar with the winery or the winemaker.

Winery Lane’s business model uses a unique combination of elements which make it innovative, it can scale quickly as the business operates online only and it is defendable because of the agreements it has in place with winemakers.

As a marketplace business, Winery Lane never takes ownership of stock. This is extremely important as it minimises the need for working capital and eliminates the risk of stock obsolescence.

Winery Lane receives a commission on the sale of every bottle of wine it sells.

2.4.2 How is our business model different to other liquor retailers?

Winery Lane is differentiated from other retailers in a number of ways:

- Build relationships directly with winemakers, not intermediaries
- In a traditional retail relationship, with a major liquor chain, winemakers or their agent would approach a buyer with a view to ranging their particular wines in their stores.

Regularly, these negotiations are punctuated with requests for a greater share of the sale price, additional co-payments and other promotional fees, simply for the privilege of having their product ranged. These negotiations take place every year.

For many independent and smaller wineries, the need to deal with the chain retailers is tempered by the retailer’s negotiating power.

Winery Lane works differently to any other retailer. The business operates with fixed margins which ensures consumers as well as winemakers receive a great deal. Consumers can receive a 20% discount by simply purchasing 12 or more bottles in the one transaction.

Globally, Winery Lane is one of the few retailers to invest in building the profile of the wineries and winemakers through the creation of exclusive content - videos, photography, interviews and articles.

Content is used to build a connection with wine lovers, giving them unprecedented behind the scenes access to all those involved in crafting their favourite drop and sharing the vines-to-wines story.

A final, critical difference between Winery Lane and other retailers is the purchasing of stock. Winery Lane doesn’t purchase stock from wineries. This is important as it:

- minimises the amount of working capital the business requires;
- allows the business to minimise the amount of stock stored in the warehouse; and
- avoids the risks associated with obsolete stock (such as discounting to sell slow-moving stock).

18 Stock which is old or requires heavy discounts is considered an obsolescence risk.
19 20% discount is automatically applied when an order has 12 or more bottles from either the same producer or across the entire range.
2.5 Milestones

Winery Lane has achieved a number of business-critical milestones prior to and since launching the business to consumers at the Melbourne Good Food and Wine Show in June 2016. These achievements include:

<table>
<thead>
<tr>
<th>Date</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 2016</td>
<td>Business incorporated</td>
</tr>
<tr>
<td>May 2016</td>
<td>Eden Road is the first winery to sign-up to Winery Lane</td>
</tr>
<tr>
<td>June 2016</td>
<td>First member signs up to Winery Lane</td>
</tr>
<tr>
<td>July 2016</td>
<td>Business model tested and proved with pilot online site</td>
</tr>
<tr>
<td>August 2016</td>
<td>First external investment</td>
</tr>
<tr>
<td>February 2017</td>
<td>First 1000 members</td>
</tr>
<tr>
<td>May 2017</td>
<td>Matt Barnett appointed Chairman</td>
</tr>
<tr>
<td>June 2017</td>
<td>Trevor O’Hoy becomes largest non-founder shareholder</td>
</tr>
<tr>
<td>July 2017</td>
<td>10 wineries on board</td>
</tr>
<tr>
<td>September 2017</td>
<td>Full scale website launched</td>
</tr>
<tr>
<td>December 2017</td>
<td>$300,000+ in annual sales</td>
</tr>
<tr>
<td>December 2017</td>
<td>800 active customers</td>
</tr>
<tr>
<td>January 2018</td>
<td>14 wineries on board</td>
</tr>
<tr>
<td>February 2018</td>
<td>Converted from Pty Ltd to Ltd company to facilitate the crowdfunding campaign</td>
</tr>
<tr>
<td>March 2018</td>
<td>Accepted into the Rocketseeder Accelerator</td>
</tr>
<tr>
<td>March 2018</td>
<td>4000+ members</td>
</tr>
<tr>
<td>March 2018</td>
<td>Follow-on investment from Trevor O’Hoy and Martin-Weber family</td>
</tr>
</tbody>
</table>

Rocketseeder is a food accelerator run by Monash University
2.6 Business strategy

2.6.1 Introduction

Marketplace businesses need to manage the growth of both buyers and sellers. If Winery Lane has too few wine lovers, then winemakers see little value in being involved. If there are too few winemakers, then wine lovers would see little value in the offer.

Our strategy is to focus on ensuring we continue to recruit and only work with boutique, independent Australian winemakers. This will help build Winery Lane into a trust mark for consumers and encourage consumer loyalty.

While working to recruit exciting, quality driven wineries, we will continue to develop our consumer acquisition and conversion tools and processes. This will ensure the business continues to bring in new members and improve the experience for all stakeholders - members, wineries and shareholders.

2.6.2 Points of difference

Winery Lane was established with the ambition of bringing wine lovers and winemakers together like never before.

The success of a marketplace business is often determined by how well its business model addresses the needs of both buyers and sellers.

Winery Lane’s points of difference are:

- Model built specifically to address the needs of both buyers and sellers
- With tens of thousands of wine brands available in Australia, many consumers revert to price and label design as discriminating factors when choosing a wine to buy. Winery Lane curates a selection of independent Australian wineries, helping ensure consumers discover great wine no matter what their price point
- Specialised resources to effectively market to wine lovers.

- Winery Lane has removed the adversarial nature of retailing by:
  - Using fixed margins - removing the need for winemakers to give higher returns to the retailers for no additional advantage
  - Removing any co-payments for advertising
  - Building long-term relationships with wineries and winemakers
  - Investing in creating and distributing exclusive content to share the story of the winemaker and the decisions they make.

2.6.3 Additional channels

In addition to selling direct to consumers, Winery Lane also actively works with other businesses, providing wines for corporate gifting, client entertainment and staff drinks.

Sales into the corporate channel is a relatively new source of revenue. However, the business has already completed transactions with personalities and companies such as:

- The Australian Club
- Opera Australia
- Giorgio Armani
- Crestone Wealth Management
- Ray White
- Breitling Watches
- Jessica Dietrich
- Sally Obermeder

Further opportunities to expand Winery Lane include sponsorships and events.
2.6.4 Business metrics

The Company uses a number of non-financial metrics to measure its performance. These metrics, in conjunction with the Company’s financial performance, help guide its strategy and implementation plans.

The information below is not an exhaustive list of the non-financial metrics the Company uses. It is meant as a guide to member and visitor behaviours on winerylane.com.au and the Company’s database.

**USER DEVICES**
- mobile: 55.34%
- desktop: 32.42%
- tablet: 12.23%

**WEBSITE ANALYTICS**
- Sessions: 43,602
- Sessions per User: 1.48
- Page Views: 164,567
- Average Session Time: 3.06 mins

**AGE SPLIT**
- 18 - 24: 1.83%
- 25 - 34: 17.09%
- 35 - 44: 24.5%
- 45 - 54: 25.36%
- 55 - 64: 21.18%
- 65+: 10.04%

**GENDER SPLIT**
- Female: 31.8%
- Male: 68.2%

**DATABASE GROWTH**
- 189% from 1 April 2017 - 15 March 2018

Source: Google analytics 15 March 2017 - 14 March 2018

Source: Active Campaign
2.6.5 Building on precedents

Winery Lane uses a derivation of the popular commission marketplace model. The best known commission marketplace is eBay\(^{21}\).

While the marketplace model is no guarantee of success, some of these businesses have been successful at providing new solutions and experiences for consumers because they replace a multitude of uneconomical transactions and processes, undertaken by inexperienced operators, and instead replace them with technical solutions which only become viable at scale\(^{22}\).

Winery Lane has taken the ‘referral’ element of many marketplace businesses and leveraged it to recruit new members through the cellar door of the wineries we partner with. This is a powerful tool as it quickly builds a significant number of prequalified potential members.

2.6.6 Technology strategy

The Winery Lane technology strategy is driven by the challenge to deliver members the greatest retail wine experience in Australia, balanced against our need to grow at pace and within budget.

The Winery Lane technology strategy and roadmap encompasses the use of traditional sales and communications solutions, such as a website and email marketing tools, while also considering new technology innovations such as adaptive website design, website personalisation, machine learning and artificial intelligence.

As a start-up business, there is the capacity and capability to design strategically and quickly deliver tactically, achieving advantages through speed to market. This speed to market helps to meet investor commitments, regulatory requirements and customer expectations.

Winery Lane utilises a ‘lean start-up’ approach for the delivery of its technology strategy. The lean start-up approach enables the business to develop expertise and scale quickly, to start simple and iterate into better solutions and technologies as the needs of members and stakeholders develop.

Winery Lane’s technology stack continues to be built based on a combination of best-in-class tools which solve the seemingly unique challenges of the business. This approach enables the business to deliver against its key business metrics while providing the freedom to experiment and innovate to deliver the best retail wine experience in Australia.

2.6.7 Liquor licence

Winery Lane holds a Renewable Limited Licence issued in the state of Victoria. Stephen is listed as the licensee.

Both Co-founders hold Responsible Service of Alcohol certification.

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2.7 Customer acquisition

Because it is critical to the success of the business, member acquisition and experience remains at the core of our thinking and business model.

Target audiences

Through research, Winery Lane has developed three discrete target audience types or personas.

Personas are the descriptive representation of a particular user group that is likely to be a member of Winery Lane. Personas, together with other tools, are used to assist in effectively communicating with different consumer groups.23

Rob – Aspirational

Rob aspires to be seen as a ‘wine geek’. He doesn’t yet have the knowledge or the confidence of James. Rob is looking for opportunities to educate himself and discover new wines.

Extending to other audiences

The business will continue testing and refining to identify the groups of consumers most likely to be interested in being long-term, profitable members of Winery Lane.

Brand positioning & messaging

As a young business, it is important we understand and then provide reasons for consumers to continuously engage with and purchase from Winery Lane.

Winery Lane recruits consumers through several distinct channels:

- **Winery Cellar Door** - This is a significant source of potential members and a key aspect of the Winery Lane business model.
- **Online** - through the use of various social media platforms
- **Referrals** - incentivising existing members to refer their wine loving friends, family and colleagues to become members

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23 https://en.wikipedia.org/wiki/Persona_(user_experience)
2.8 Directors, advisors and management

2.8.1 Directors

Matt Barnett (FAICD) - Chairman & Non-Executive Director

An experienced Non-Executive Director & advisor to digital & high growth businesses. Matt is currently Chair of Good 360 and a Non-Executive Director at JobGetter. He has held directorships at FoxSportsPulse.com.au, careerone.com.au and carsguide.com.au.

Matt’s most recent executive roles were as General Manager Portfolio Strategy for NewsCorp, CEO of Inenco Group and CEO of Optiscan. He has held a variety of senior roles at Amcor and in consulting at Boston Consulting Group.

Mr Simon Jacob - Non-Executive Director

Simon has more than 25 years of international experience in alcoholic beverage sales and marketing.

Most recently he has been Vice President Asia Pacific – Constellation Brands, General Manager Asia – Gerard Bertrand Wines, General Manager South East Asia – Foster’s Wine Estates.

Simon has significant experience and expertise in leadership and team development.

Mr Cameron Harris - Co-founder & Director

Cameron has over 20 years of commercial experience in the liquor and wine industries. With a broad range of roles at industry giants like Diageo and Foster’s, as well as at smaller and start-up wine companies, he brings extensive knowledge of the market and a deep understanding of the challenges faced by producers into the start-up sector.

Cameron has held positions encompassing general management, sales & marketing, strategy, finance, business development & logistics and led the establishment of another wine business in Australia. He has an MBA from the Australian Graduate School of Management.

Mr Stephen Mobbs - Co-founder & Director

Stephen is an entrepreneurial problem solver with a competitive sporting background and more than 20 years international, commercial experience. He previously headed up the Global Insights & Analytics capabilities for Imperial International before returning to Australia to work in the liquor industry.

Stephen has worked on some of the world’s best-known brands, building growth strategies and designing implementation plans. He holds a Master of Management and a Post Graduate Certificate in Entrepreneurship & Innovation. He has a passion for lifelong learning and brings an on-field, competitive drive to everything he does.
2.8.2 Board advisors

Mr Peter Janssen
Experienced CEO, Non-Executive Director & Board Advisor

Extensive involvement in Angel & Venture Capital Investments

2.8.3 Management

Marketplace businesses have two distinct sets of customers - wine lovers and winemakers. As such, the day to day management of the business is divided based on the individual needs of these distinct customers.

Mr Stephen Mobbs
*Stephen is responsible for wine lovers.*

He has ownership for all website copy and communications with wine lovers as well as digital and traditional marketing campaigns.

Stephen also manages the technology requirements of the business including the selection and implantation of new tools and platforms including those used in the cellar door to encourage wine lovers to join Winery Lane.

Mr Cameron Harris
*Cameron is responsible for winemakers.*

He identifies and builds relationships with winemakers as they choose to partner with Winery Lane. He also works with winemakers to ensure they are ‘onboarded’ and provides regular reports on their trading performance.

Cameron currently also performs many of the finance and reporting tasks associated with the Winery Lane business.

2.8.4 Organisational structure

Winery Lane currently has 4 employees (including the two co-founders) and two contractors. These roles have responsibilities spread across operations, planning, customer service, technology, finance, marketing and customer experience design.

Over the next 12 months, the Winery Lane team is expected to grow primarily through the use of contractors who are acknowledged as product specialists.

2.9 Corporate structure

As shown, Mobbs & Harris Pty Ltd is a wholly owned subsidiary of Mobbs & Harris Holdings Ltd.

2.10 Capital structure

2.10.1 Issued capital

As at 26 March 2018, there are 1,343,680 ordinary shares of the Company on issue. Six further issues of shares are expected to occur prior to the closing date of the Offer. These are detailed in table 2.10.2 over.

All ordinary shares have the same voting rights (one vote for each share held) and the same rights to receive dividends. A more detailed description of the rights associated with the shares can be found in section 3.2 of the Offer Document.

Offer shares

The table over sets out the issued capital of the Company following the Offer.
2.10.2 Significant shareholders

There are several shareholders who own more than 5% of the shares on issue. Stephen Mobbs owns 33.1%, Cameron Harris owns 33.1%, O’Hoy Super Pty Ltd owns 7.4% and Weber Nominees Pty Ltd owns 5.5% of the existing shares.

Mitchel Martin-Weber controls Weber Nominees Pty Ltd. He is the father of Monty Martin-Weber, Valerie Norman and Ben Brady. The directors of the Company are satisfied that the shares held by Monty Martin-Weber, Valerie Norman and Ben Brady are not controlled by Weber Nominees.

<table>
<thead>
<tr>
<th>Member</th>
<th>Units</th>
<th>Class</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobbs, Stephen James</td>
<td>481,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Harris, Cameron</td>
<td>481,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>O’Hoy Super Pty Ltd</td>
<td>108,000</td>
<td>ORD - Fully Paid</td>
<td>1</td>
</tr>
<tr>
<td>Weber Nominees Pty Ltd</td>
<td>80,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Barnett, Matthew Hinton</td>
<td>60,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>The Tadros Empire Pty Ltd</td>
<td>31,680</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Jacob Simon</td>
<td>34,000</td>
<td>ORD - Fully Paid</td>
<td>4</td>
</tr>
<tr>
<td>Eowyn Pty Ltd.</td>
<td>28,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Mobbs Corporation Pty. Ltd.</td>
<td>20,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Martin-Weber, Monty</td>
<td>20,000</td>
<td>ORD - Fully Paid</td>
<td>2</td>
</tr>
<tr>
<td>Norman, Valerie</td>
<td>20,000</td>
<td>ORD - Fully Paid</td>
<td>2</td>
</tr>
<tr>
<td>Brady, Ben</td>
<td>20,000</td>
<td>ORD - Fully Paid</td>
<td>2</td>
</tr>
<tr>
<td>Pescodd, John</td>
<td>10,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Sneddon, Craig</td>
<td>10,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Cameron Harris Superannuation Fund</td>
<td>10,000</td>
<td>ORD - Fully Paid</td>
<td>3</td>
</tr>
<tr>
<td>Harris, Keith</td>
<td>6,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Colebourne, Matthew</td>
<td>4,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td>Cammell, Jonathan</td>
<td>2,000</td>
<td>ORD - Fully Paid</td>
<td></td>
</tr>
<tr>
<td><strong>Total Issued</strong></td>
<td>1,425,680</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unless otherwise noted all units listed in the projected capital table have been issued as at the issue of this Offer Document. The directors of Mobbs & Harris Holdings Ltd expect that the additional issues of shares noted below will occur prior to the closing date of this Offer:

1. 8,000 units unissued as at 21/03/18
2. 20,000 units unissued as at 21/03/18
3. 10,000 units unissued as at 21/03/18
4. 4,000 units unissued as at 21/03/18
2.11 Historical financials

Below are the financial statements for the 2017 financial year and 12 months ending Feb 2018.

All financial statements have been prepared in accordance with the Accounting Standards, are based on management accounts, and have not been audited.

2.11.1 Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>as at 30 June 2017</th>
<th>as at 28 Feb 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>232,611</td>
<td>62,040</td>
</tr>
<tr>
<td>Current Assets</td>
<td>19,253</td>
<td>113,333</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>76,970</td>
<td>101,129</td>
</tr>
<tr>
<td>Total Assets</td>
<td>328,834</td>
<td>276,503</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>61,066</td>
<td>260,061</td>
</tr>
<tr>
<td>Non Current Liabilities</td>
<td>162,000</td>
<td>909</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>223,066</td>
<td>260,971</td>
</tr>
<tr>
<td>Net Assets</td>
<td>105,768</td>
<td>15,532</td>
</tr>
<tr>
<td>Shareholder Equity</td>
<td>599,000</td>
<td>1,029,200</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>(493,232)</td>
<td>(1,013,668)</td>
</tr>
<tr>
<td>Total Equity</td>
<td>105,768</td>
<td>15,532</td>
</tr>
</tbody>
</table>

2.11.2 Income statement

Financial year 2016/17

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>12 months ending 28 Feb 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>171,750</td>
<td>393,580</td>
</tr>
<tr>
<td>Total Cost of Sales</td>
<td>(149,234)</td>
<td>(261,952)</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>22,516</td>
<td>131,628</td>
</tr>
<tr>
<td>Total Operating Expense</td>
<td>(408,180)</td>
<td>(861,378)</td>
</tr>
<tr>
<td>Net Profit</td>
<td>(385,664)</td>
<td>(729,751)</td>
</tr>
</tbody>
</table>
2.11.3 Cashflow statement

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>12 months ending 28 Feb 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net operating cashflow</td>
<td>(352,248)</td>
<td>(703,100)</td>
</tr>
<tr>
<td>Non operating movements</td>
<td>(55,724)</td>
<td>(78,974)</td>
</tr>
<tr>
<td>Movements in equity</td>
<td>452,300</td>
<td>842,728</td>
</tr>
<tr>
<td>GST movements</td>
<td>(6,739)</td>
<td>(13,078)</td>
</tr>
<tr>
<td>Net change in cash</td>
<td>37,589</td>
<td>47,576</td>
</tr>
</tbody>
</table>

2.11.4 Statement of changes in equity

<table>
<thead>
<tr>
<th></th>
<th>Share Capital</th>
<th>Retained Earnings</th>
<th>Total Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as at 21 July 2016</td>
<td>4,000</td>
<td>(107,569)</td>
<td>(103,569)</td>
</tr>
<tr>
<td>Issue of share capital</td>
<td>595,000</td>
<td>-</td>
<td>595,000</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>(385,664)</td>
<td>(385,664)</td>
</tr>
<tr>
<td>Balance as at 1st July 2017</td>
<td>599,000</td>
<td>(493,232)</td>
<td>105,768</td>
</tr>
<tr>
<td>Issue of share capital</td>
<td>430,200</td>
<td>-</td>
<td>430,200</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>(520,418)</td>
<td>(517,418)</td>
</tr>
<tr>
<td>Balance as at 1st March 2018</td>
<td>1,029,200</td>
<td>(1,013,650)</td>
<td>15,550</td>
</tr>
</tbody>
</table>

2.11.5 Debt funding and other sources of funding

The Company has a loan with Prospa Financial. The loan is for $25,000 and payable within 12 months. The maximum total payable is $31,249.92 if paid on the last day - 14th February 2019.

The Company has a loan with Weber Nominees Pty Ltd. The loan is for $100,000. 100% of the loan will convert to two parcels of 20,000 Ordinary Shares held by Monty Martin-Weber and Valerie Norman in March 2018. This is reflected in the capital table in section 2.10.2.

2.12 Executives, advisors and directors remuneration

The senior executives’ remuneration is outlined below:

<table>
<thead>
<tr>
<th>Executive</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matthew Barnett</td>
<td>$ 50,000</td>
</tr>
<tr>
<td>Simon Jacob</td>
<td>$ 40,000</td>
</tr>
<tr>
<td>Peter Jansen</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>Stephen Mobbs</td>
<td>$ 120,000</td>
</tr>
<tr>
<td>Cameron Harris</td>
<td>$ 120,000</td>
</tr>
</tbody>
</table>
2.13 Legal or disciplinary actions

Nothing to disclose.

2.14 Risks facing the business

Risk is commonly described as the effect of uncertainty on a company’s objectives. Risk or uncertainty may result in a positive or negative outcome.

Below is a description of the main risks facing Winery Lane. Only risks that may significantly impact the success or failure of the business have been included.

An investment in Winery Lane should be seen as high-risk and speculative. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with Winery Lane (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

The Directors of Winery Lane request, if you are in any doubt, if you are unsure, if you do not understand anything in this document or, if you cannot afford to lose the investment amount, please, do not invest in this offer. In this instance, our preference is for you to retain your funds if investing in this offer may place you under financial stress.
<table>
<thead>
<tr>
<th>Type of risk</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competition risk</strong></td>
<td>The Australian wine retail market has several large incumbent participants as outlined in section 2.3.6. The inability of the company to successfully compete with these existing and potential new competitors (e.g., Amazon) would have a negative impact on the revenue and prospects of the Company.</td>
</tr>
<tr>
<td><strong>Winery recruitment risk</strong></td>
<td>The inability to successfully recruit sufficient wineries would restrict the pace at which the company can grow the member base and sales. The inability to maintain the Company’s winery recruitment selection criteria could diminish the consumer appeal of the Company and have a negative impact on sales. Wineries are contracted for an initial period of twelve months and the contract is automatically continued for a further term unless the winery provides written notice in writing of their intention to terminate the agreement no less than 60 days prior to the conclusion of the term. The wineries agree that the Company is the exclusive partner for customer database acquisition and sharing (cellar door sign-up program).</td>
</tr>
<tr>
<td><strong>Loss of key personnel</strong></td>
<td>As an early stage business, the business is susceptible to the untimely loss of either one of the key founders as they are considered critical to the continued success of the Company.</td>
</tr>
<tr>
<td><strong>Key Supplier Risk</strong></td>
<td>The primary supplier risk would be the loss, without notice, of the Company's warehousing and logistics provider. This outcome could interrupt the Company’s ability to distribute orders for up to several weeks. There are no other existing suppliers that pose a risk of similar scale.</td>
</tr>
<tr>
<td><strong>Intellectual property and operation risks</strong></td>
<td>Adverse impact on the company's ability to compete due to the inability to protect its intellectual property. The Company owns the following registered trademarks: <em>Winery Lane, Bringing winemakers and wine lovers together like never before</em> and <em>There's a story in every bottle.</em> The Company owns the following WineryLane domains: .com.au, .com, .cn, .hk, .co.uk, .hk and .sg The Company owns the following WineryLaneAcademy domains: .com.au, .com, .cn, .hk and .sg</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>The Company uses a number of sales, marketing and member communication technology solutions. If any of these technologies were to fail without notice, it could interrupt the Company’s ability to sell or communicate with members. Regular back-ups are maintained to minimise this risk. In an online environment, there is always a risk of loss, theft or malfunction of member data. While systems are in place to protect member data, the failure of these systems, without notice, could interrupt the Company’s ability to sell or communicate with members and meet its regulatory obligations.</td>
</tr>
<tr>
<td><strong>Share Dilution</strong></td>
<td>If the Company seeks to raise additional capital, which is common with early stage businesses, there is a risk shareholder equity could be diluted. The Company has one share type, so all shareholders will be diluted equally (including the founders).</td>
</tr>
</tbody>
</table>
2.15 Exit strategy and timeframe

Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit the business. These include, but are not limited to:

- A trade purchase of the Company
- A listing on a recognised stock exchange (e.g., the ASX)
- A private equity investment in the Company
- A share buy-back by the Company

There is no guarantee that any of the exit options will eventuate and will be dependent on the success of the company.

The Company has no immediate plans to exit the business.
2.16 Management comments on revenue outlook

2.16.1 Revenue outlook

Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled.

Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by Winery Lane and has not been validated by an independent third party.

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Income</td>
<td>550,042</td>
<td>2,682,390</td>
</tr>
</tbody>
</table>

2.16.2 Key assumptions

The revenue outlook is based on several key assumptions about the number of wineries and customers active on Winery Lane, as well as the frequency and value of purchases.

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Wineries</td>
<td>19</td>
<td>39</td>
</tr>
<tr>
<td>Database members</td>
<td>6,465</td>
<td>30,065</td>
</tr>
<tr>
<td>Corporate customers</td>
<td>28</td>
<td>66</td>
</tr>
<tr>
<td>Transactions</td>
<td>1,057</td>
<td>10,509</td>
</tr>
<tr>
<td>Average Transaction Value</td>
<td>385.78</td>
<td>289.76</td>
</tr>
</tbody>
</table>

The total income for FY2017 can be found in the income statement in section 2.11.2.

2.16.3 Breakeven outlook

Given the revenue outlook, margin structures and cost build required to achieve scale, Winery Lane management expect to achieve cash flow breakeven in late 2019.
SECTION 3
Information about the Offer

3.1 Terms of the Offer

Winery Lane is offering up to 300,000 shares at an issue price of $3.00 per share to raise up to $900,000.

The key terms and conditions of the Offer are set out in the table opposite.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary’s platform. The Intermediary’s website provides instructions on how to apply for shares under the Offer.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your investment.

Shareholders agreement
Shareholders are required to sign a Deed of Acknowledgement to the shareholders’ agreement and the Company’s constitution.

Offer

<table>
<thead>
<tr>
<th>SHARES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Subscription</td>
<td>$300,000</td>
</tr>
<tr>
<td>Minimum Parcel Size</td>
<td>$50.00</td>
</tr>
<tr>
<td>Opening date</td>
<td>21st March, 2018</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TERM DETAILS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>$3.00 per share</td>
</tr>
<tr>
<td>Maximum Subscription</td>
<td>$900,000</td>
</tr>
<tr>
<td>Maximum Parcel Size (for retail investors)</td>
<td>$10,000</td>
</tr>
<tr>
<td>Closing date</td>
<td>19th April, 2018(^{24})</td>
</tr>
</tbody>
</table>

3.2 Rights associated with the shares

Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of the shareholders and the shares will rank equally with the other ordinary shares currently on issue.

The rights associated with the ordinary shares are set out in the constitution of Mobbs & Harris Holdings Ltd. A summary of these rights is set out below.

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

Main rights attached to ordinary shares:

1. to receive notice of and to attend any general meeting of Mobbs & Harris Holdings Ltd (Winery Lane);
2. to vote at any general meeting of Mobbs & Harris Holdings Ltd on the basis of one vote for each share held;
3. to receive dividends (if they are paid); and
4. to participate in the distribution of the surplus assets of the Company (being any assets left over after all debts have been paid) in a winding up or reduction of capital of the Company.

\(^{24}\) There are several circumstances that may affect the actual closing date of an offer. Please refer to the Intermediary’s website for more information.
3.3 Use of funds

Money raised through crowdfunding will be used to:

1. Selectively recruit new wineries
2. Appoint employees / contractors to:
   a. Improve member on-boarding
   b. Increase member loyalty
   c. Increase winery engagement
   d. Generate, acquire and distribute exclusive media content
   e. Create online and offline customer experiences which lead to increased member numbers, improved member engagement and increased revenue
   f. Expand the Business to Corporate sales channel
3. Invest in additional technology to improve automation, member insights and member experiences.

Use of funds

<table>
<thead>
<tr>
<th>Intended use</th>
<th>Year 1: Minimum Subscription</th>
<th>Year 1: Maximum Subscription</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Expenses</td>
<td>$122,400</td>
<td>$380,700</td>
</tr>
<tr>
<td>Overheads &amp; Wages(^{25})</td>
<td>$149,600</td>
<td>$465,300</td>
</tr>
<tr>
<td>Offer Costs</td>
<td>$18,000</td>
<td>$54,000</td>
</tr>
<tr>
<td>Total funds</td>
<td>$300,000</td>
<td>$900,000</td>
</tr>
</tbody>
</table>

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

The costs of the Offer include the Intermediary’s fees under the hosting agreement between the Company and the Intermediary. If the Offer is successful, the fees are:

- 6% of all funds raised under the Offer.

The Company expects the Maximum Subscription amount will be sufficient to meet the Company’s short-term objectives over the next 18–24 months. If the Minimum Subscription amount is exceeded but less than the Maximum Subscription amount raised, the Company will require further funding.

The company may also require additional funding in numerous circumstances, including but not limited to fund domestic or international growth opportunities, to fund increased cash burn or to be able to carry out the intended activities over the next 12-18 months. In such circumstances, the Company may consider undertaking a further crowdsourced funding (CSF) offer under the CSF regime.

Until additional funding is obtained, the Company will scale back marketing activities and continue to focus its cash resources on sales activities.

\(^{25}\) Includes office overhead expenses, employee wages and director remuneration.
3.4 Shareholder benefits

Shareholders receive benefits based on their initial investment in the Company. The benefits will apply to all shareholders whilst ever they retain ownership of shares in the Company.

Shareholder benefits*

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>100 - 199</th>
<th>200 - 499</th>
<th>500+</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Discount on wine purchases</td>
<td>24%*</td>
<td>28%*</td>
<td>32%*</td>
</tr>
<tr>
<td>% Discount on ticketed Winery Lane events</td>
<td>20%**</td>
<td>30%**</td>
<td>40%**</td>
</tr>
</tbody>
</table>

* Shareholder benefits are not attached to the Company’s shares and as such are not transferable.

# Discount assumes 12 or more bottles purchased in each transaction. Discount includes 20% for purchasing 12+ bottles plus an additional shareholder discount of 5%, 10% or 15%. Shareholder discount dependant on number of shares purchased

** Limit of two discounted tickets per event, unless otherwise stipulated.

3.5 Shareholders’ Agreement

Shareholders are required to sign a Deed of Acknowledgement to the Shareholders’ Agreement and the Company’s constitution. The company proposes that prior to issuing any shares under this Offer, it will amend the Shareholders’ Agreement by:

- removing the need for incoming shareholders to execute a Deed of Acknowledgement prior to being issued shares (clause 4(c)), and substituting it with a requirement for this to occur within a reasonable timeframe after shares are issued; and
- removing clause 18 (non-compete) in its entirety.

Details of the amendments to the Shareholders’ Agreement are included in the Subscription Agreement for this Offer.
SECTION 4
Information about investor rights

4.1 Cooling-off rights

You have the right to withdraw your application under this Offer and to be repaid your application money.

If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (the Cooling-off Period). You must withdraw your application via the Intermediary’s platform by following the link and instructions on the CSF Offer page on the Intermediary’s platform. After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

4.2 Effect of the corporate governance concessions

4.2.1 Annual general meetings

Winery Lane is not required to hold an annual general meeting (AGM) for up to five years from its conversion to a public company – being 20th March 2018 (assuming Winery Lane continues to meet the eligibility requirements regulated by ASIC).

As such, shareholders will not be provided an opportunity to directly question the directors and management in an open forum about the management, business operations, financial position or performance of Winery Lane, as this would usually take place at the AGM.

However, the directors of Winery Lane intend to keep all shareholders appraised of progress and financial performance of the Company. The directors of Winery Lane may still be required to hold a general meeting in other circumstances, for example, where requested to by shareholders with at least 5% of the votes that may be cast at a general meeting.

If shareholders have any queries or concerns about Winery Lane, they should contact the company secretary directly: companysecretary@winerylane.com.au.

4.2.2 Annual report

Winery Lane is required to prepare annual financial reports and directors’ reports at the end of each financial year and lodge these with ASIC (within four months of the financial year end). Winery Lane has a 30 June year end and its financial reports must be lodged by 31 October each year.

Provided Winery Lane continues to meet the eligibility requirements under the CSF regime, Winery Lane is not required to have its financial reports audited for up to five years from its conversion to a public company – being 20th March 2018. Winery Lane has not had its annual financial reports audited for the financial year ended 30 June 2017. Winery Lane intends to review its annual financial reports from financial years 2018/19 onwards using a "Letter of Comfort" provided by a leading accounting firm in Australia.26

The directors of Winery Lane are required to make a declaration that the financial statements give a true and fair view of Winery Lane’s financial position and performance and that the financial statements comply with the accounting standards.

26 https://www.investopedia.com/terms/l/letterofcomfort.asp
4.2.3 Distribution of annual report

Provided Winery Lane continues to meet the eligibility requirements under the CSF regime, Winery Lane is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders will be able to access each year’s annual report on Winery Lane’s website at the following address:

or from ASIC.

4.2.4 Audit Exemption

As Winery Lane is raising less than $1 million through crowdfunding and provided it continues to meet the eligibility requirements, it is eligible for an audit exemption for up to five (5) years from its conversion to a public company – being 20th March 2018.

4.3 Communication facility for the Offer

You can ask questions about the Offer via the Intermediary’s communication facility. You can also use the communication facility to communicate with other investors, with Winery Lane and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. Winery Lane and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of Winery Lane, and related parties or associates of Winery Lane or the Intermediary, may participate in the facility and must clearly disclose their relationship to Winery Lane and/or the Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.
Glossary

**Accounting Standards** means the accounting standards published by the Australian Accounting Standards Board as amended from time to time.

**Artificial Intelligence** is an area of computer science that emphasises the creation of machines that think and react like humans.

**ASIC** is Australian Securities and Investments Commission.

**Cash burn** is the amount of cash a business spends, on average, each month. The amount of cash a business holds, divided by its cash burn rate, determines the number of months a business can survive without additional income or funds.

**Company** means Mobbs & Harris Holdings Limited ACN 614 126 484, trading as Winery Lane.

**Cooling-off Period** means the period ending five (5) business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money.

**CSF** means crowd-sourced funding under Part 6D.3A of the Corporations Act.

**Intermediary** means Birchal Financial Services Pty Ltd (ABN: 39 621 812 646 AFSL 502 618).

**Deed of Acknowledgement** is a document shareholders sign in which they acknowledge and agree to be bound by the terms of the Shareholders Agreement.

**Maximum Subscription** means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer being $900,000.

**Minimum Subscription** means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer being $300,000.

**Offer** means an offer of fully-paid ordinary shares by the Company under this CSF offer document.

**Onboarding** is a term used to describe the process of making products from a winery available for sale.

**Renewable Limited License** is a type of liquor license issued in the state of Victoria which allows the business to sell to consumers. Further details can be found - [https://www.vcglr.vic.gov.au/liquor/bottleshop/apply-new-licence](https://www.vcglr.vic.gov.au/liquor/bottleshop/apply-new-licence)

**Risk** means the effect of uncertainty on a company’s objectives. Risk or uncertainty may result in a positive or negative outcome.

**Shareholders Agreement** is a legal document that sets out the terms and conditions upon which the business is to be conducted and the rights and obligations which attach to the shares in the Company.

**Technology Stack** is the unique combination of technological tools, devices and platforms a business uses to deliver its goods and or services.

**Trade Purchase** is the purchase of a company by another business in the same industry.

**Wholesale Investor** is an investor who satisfies the definition of a “wholesale client” under Chapter 7 of the Corporations Act 2001(Cth).

**Winery Lane** means Mobbs & Harris Holdings Limited ACN 618937054 (the Company).
APPENDIX A

Constitution

You may download this document from this Offer’s offer page, on the Intermediary’s application facility.

APPENDIX B

Shareholder Agreement

You may download this document from this Offer’s offer page, on the Intermediary’s application facility.

APPENDIX C

Deed of Acknowledgement

You may download this document from this Offer’s offer page, on the Intermediary’s application facility.