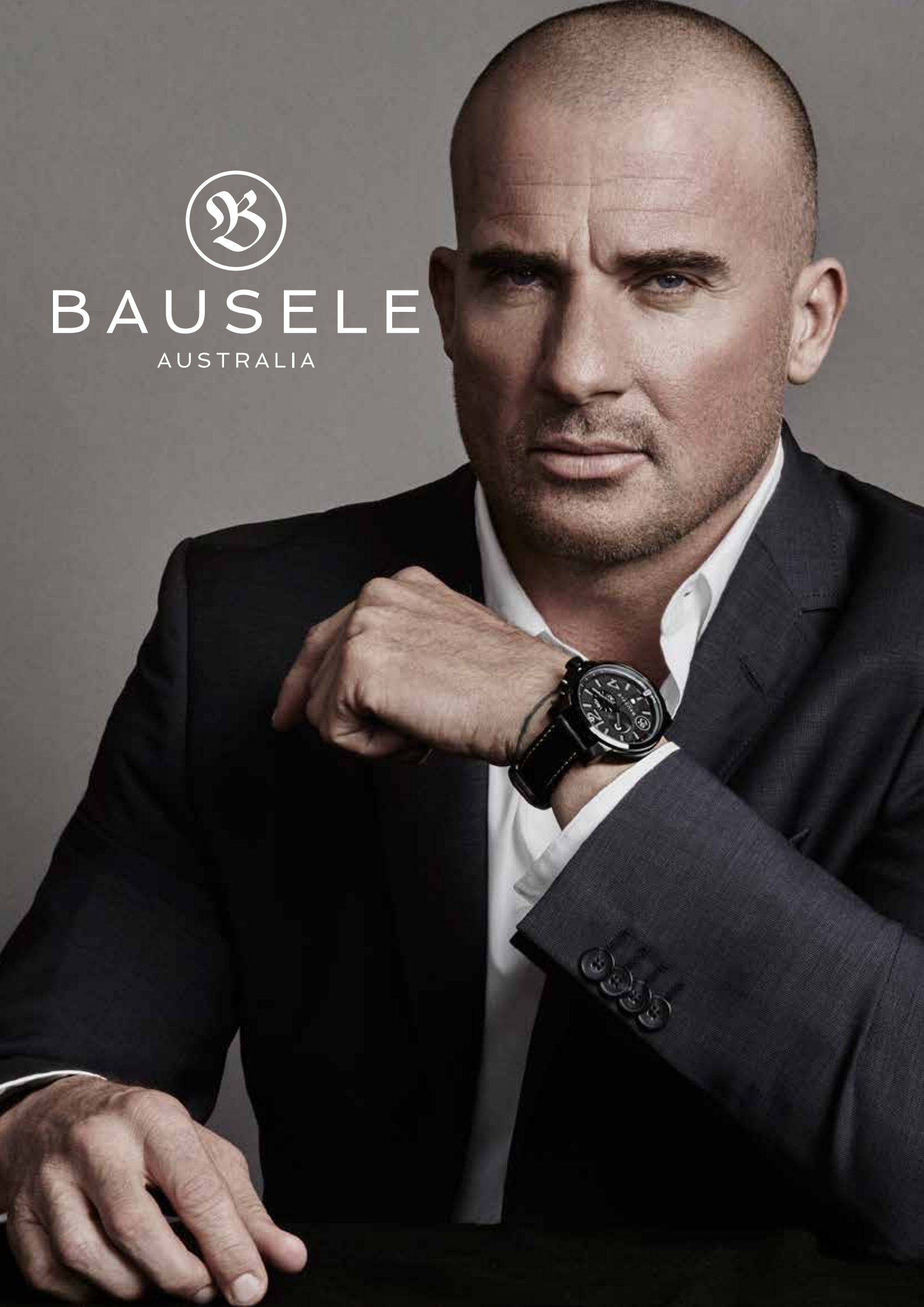
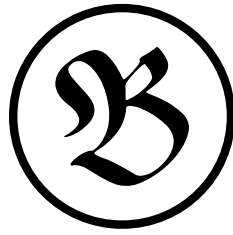




BAUSELE

AUSTRALIA





# BAUSELE

AUSTRALIA

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## BAUSELE PTY LTD

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### CROWD-SOURCED FUNDING OFFER DOCUMENT

DATED 29TH OCTOBER 2018

Offer of fully-paid ordinary shares in Bausele Pty Ltd at \$1.00 per share to raise a maximum of \$500,000. The minimum individual investment is \$250 and the maximum is \$10,000 for retail investors. Wholesale Investors may invest more than \$10,000.

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Bausele Pty Ltd. This Offer is made under the CSF regime in Part 6D.3A of the *Corporations Act 2001* (Corporations Act).

Issuer  
Bausele Pty Ltd ACN 149 963 057

Intermediary  
Birchal Financial Services Pty Ltd AFSL 502618

# CONTENTS

<b>Section 1: Risk Warning</b>	<b>3</b>
<b>Section 2: Information About the Company</b>	<b>5</b>
2.1 Founder's Letter	6
2.2 Company Details	7
2.3 Description of the Business	8
2.4 Investor Benefits - timekeepers	17
2.5 Directors and Senior Managers	18
2.6 Capital Structure	22
2.7 Risks Facing the Business	23
2.8 Financial Information	25
<b>Section 3: Information About the Offer</b>	<b>34</b>
3.1 Terms of the Offer	35
3.2 Rights Associated with the Shares	35
3.3 Use of Funds	36
3.4 What can I do with my Shares?	36
<b>Section 4: Information About Investor Rights</b>	<b>37</b>
4.1 Cooling-off Rights	38
4.2 Communication Facility for the Offer	38
4.3 Proprietary Company Corporate Governance Obligations	38
<b>Glossary</b>	<b>40</b>
<b>Annexure</b>	<b>40</b>



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SECTION 1

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 that 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.



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SECTION 2

INFORMATION  
ABOUT THE  
COMPANY



## 2.1 FOUNDER'S LETTER

Thank you for considering an investment in BAUSELE.

The name BAUSELE derives from Beyond Australian Elements.

From the untamed beauty of the outback, to the iconic style of the Sydney Opera House, the scenic coastal lifestyle and vibrant cities...There's nothing like Australia to be found anywhere in the world!

Bausele was founded 7 years ago, with the primary aim to create a premium Australian luxury watch brand for both Australians and for people visiting looking for a quality product to take back home.

The unique selling proposition of Bausele is that each timepiece contains an element of Australia in the crown. So, wherever your travels take you, a little piece of Australia will always be with you. Be it sand from Bondi Beach, earth from the Red Centre, crushed Opal from Coober Pedy, Australian gold and even a piece of the famous Sydney Opera House.

We do not compromise on the quality of our product and we source only the best suppliers for each component, with Swiss precision. We are also pioneers in manufacturing components in Australia thanks to our joint venture with Flinders University in South Australia.

Bausele is currently sold through such reputable Australian retailers as David Jones, Qantas online, independent retailers globally and our own direct online platform. We are also proud supplier of bespoke creations for groups like the Australian Intelligence Corps and St Hugo wines.

Bausele has sold over 3,500 timepieces to customers to overwhelming praise, generating revenues of over \$1.3 million. The opportunity now is to accelerate our marketing, expand the range to include other luxury categories and broaden our reach into new global markets.

This is your opportunity to not only share in our vision and our journey but also own a part of it. I hope you join the #timekeepers of Australia to support Bausele as we seek to become one of Australia's most iconic brands selling to the world.

Yours sincerely,

*Christophe Hoppé*  
Founder, Bausele



## 2.2 COMPANY DETAILS

This offer of shares is made by Bausele Pty Ltd ACN 149 963 057 (the **Company** or **Bausele**). The Company was incorporated on 21 March 2011.

<b>Company Name</b>	Bausele Pty Ltd
<b>ACN</b>	149 963 057
<b>Offer Type</b>	Crowd-sourced funding
<b>Offer Date</b>	29 October 2018
<b>Offer Details</b>	Offer of fully-paid ordinary shares in Bausele Pty Ltd at \$1.00 AUD per share to raise a maximum of \$500,000.
<b>Registered office and contact details</b>	7 Naree Road, Frenchs Forest NSW 2086
<b>Principal place of business</b>	7 Naree Road, Frenchs Forest NSW 2086
<b>Related Companies</b>	Australian Advanced Manufacturing Pty Ltd (Joint venture with Flinders University in Adelaide) - Bausele Ltd Hong Kong (Dormant)
<b>Founder</b>	Christophe Hoppé



## 2.3 DESCRIPTION OF THE BUSINESS

### 2.3.1 Who are we?

Bausele was founded in 2011 with the aim to combine the fundamental energy and diversity of Australian elements, innovation and style into a unique Australian designed, Swiss made watch. A Bausele watch allows the customer to always Keep a piece of Australia with Them, wherever life takes them.

Bausele is a premium timepiece for both men and women, its defined target market is predominately professional males, sports enthusiasts and watch aficionados. BAUSELE sells watches to retailers, end users and to corporates for exclusive designs and premium gifts.

BAUSELE watches are 200m waterproof, have a 5 year warranty and 100% refund guarantee, Bausele watches are made under stringent Swiss Made guidelines.

### 2.3.2 The BAUSELE Story

Innovation is at the core of the BAUSELE brand.

In collaboration with Flinders University through the joint venture BAUSELE have invented a new featherweight and durable proprietary material, Bauselite.

This innovative nano-technology provides increased strength and enables accurate modelling - limiting shrinkage compared to common ceramic material. Its design is also environmentally friendly helping to preserve the beautiful Australian landscape whilst being locally manufactured supporting industry and development in South Australia, testament to Bausele's commitment to its Australian homeland.

1. Grown its distribution network in Australia and internationally, including the appointment of Bolt International (distributors for Ice watches and Timberland) as its Australian distributor.
2. Contracted with Sydney Opera House to produce exclusive watches, cementing Bausele's association with the Australian Icon.



3. Reached agreement with Conceptify to develop the Bespoke side of the business.
4. Become the official supplier to the Australian Army Intelligence Corps.
5. Recently commenced a licensing agreement with the Australian Football League, and about to launch a program to produce bespoke watches for past students' associations of Australian private schools (commencing with Waverley in August).

### **2.3.3 Keep a piece of Australia with you.**

Quintessentially Australian, **the unique timepieces feature a hollow, oversize crown with a viewing window that reveals a tiny fragment of Australian elements.** Each watch contains a sourced matchless Australian element in the crown such as red earth from the outback or the sands of Bondi Beach, to allow the wearer to carry a piece of Australia with them.

The combination of this unique difference and high quality Swiss Made but Australian design, makes Bausele a timeless gift or possession for anyone who appreciates Australia, fine watches or both.

### **2.3.4 BAUSELE'S Key Differentiators**

Well protected intellectual property through a solid portfolio of registered trademarks and a unique concept (Australian elements in the crown).

Category expansion available with same concept of selling the best of Australia to the world.

Manufacturing company in JV with Flinders University in Adelaide.

Iconic Australian brand.

Significant future growth available from all income streams on Time-Pieces and Accessory Lines.

Diversified source of revenue with bespoke watches in collaboration with third parties (Sydney Opera House, St Hugo Wines, BC Iron, Australian Army Intelligence Corps, Jean Jacques Machado, ...).



# BAUSELE

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## 2.3.5 Product



### NOOSA

Noosa – first truly feminine design alongside elegantly unisex variations , RRP\$495

The Noosa models capture the breath-taking beauty of two of Australia’s most celebrated beaches, in sophisticated and stylish timepieces.

4 different colors / models available.

Diameter 40mm (no lugs so feels smaller on the wrist), 50m waterproof, Domed Sapphire crystal, 5 year warranty.



### OCEANMOON II

Bausele’s best seller, RRP\$890

The perfect combination of bold design and integrated sports features including tidal movements and moon phase accompanied by unique Australian elements.

4 different colors / models available.

Diameter 47mm, Tide and moon phase indicator, 200m waterproof, Sapphire crystal, 2 easy interchangeable straps included, 5 year warranty.



### PILOT AUTOMATIC

Inspired by watches worn by aviation pilots, price ranging from RRP\$1,290 - 1,900

Pilot Automatic is inspired by watches traditionally worn by aviation pilots. This timepiece with a unique ultra-modern design is bold not defined.

6 different colors / models available.

Diameter 44mm, Ceramic case, Automatic self-winding movement, Sapphire crystal, 2 easy interchangeable straps, 5 year warranty.



**BAUSELE**  
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### **TERRA AUSTRALIS**

Uniquely Australian, Unequivocally World Class,  
RRP\$4,850

Until now, the vast majority of “Australian” watches have been made from Chinese materials. And rarely could they be considered “premium”. All that has been changed by Bausele, The Australian Watch Company.

The Terra Australis is the first premium watch to combine precision Swiss engineering with styling inspired by Australia. It is strikingly encased in Bauselite, a proprietary material created by a ground-breaking collaboration between Bausele and South Australia’s Flinders University.

4 different colors / models available.

Diameter 46mm, Sapphire crystal, Custom made thick leather, Automatic self winding movement, 5 year warranty.

### **CUSTOMIZE YOUR VERY OWN (TIME)PIECE OF HISTORY**

Bausele’s online watch configurator is an innovation for a watch of this quality.

Over 850 possible colour combinations.

You can select and combine different colour clamps, cases, dials, and watch hands to create a truly personalised watch. In fact, there are 850 possible combinations when you include the choice of strap leather colour – from brown, dark brown or black – and stitching – from black, white, blue or red.



### 2.3.6 Marketing & Distribution

Bausele continues to expand and strengthen its distribution network both domestically and internationally.

Bausele has developed a sales network of 16 outlets in 4 countries amongst them David Jones and The Museum of contemporary Arts in Australia and the Montage Hotel & Resort in the USA

Products are also being sold online direct to customers as well as through 3 partners websites. Total annual online sales revenue constitute approx. 50% of total sales.

In discussion with an iconic Australian bootmaker to sell watches in their stores, as well as contracted with the Sydney Opera house to produce exclusive watches.

Bausele's marketing strategy and initiatives continue to gather momentum and strengthen brand reputation.

Key marketing channels include high-profile publications such as Australian Financial Review, SMH, The Australian, Time-Tide, Executive Style, Europa star, Men's Health, GQ, as well as news papers and social media.

Bausele expands its reputation via sponsoring various sporting events including the annual "the festival of Sails" in Geelong Victoria.

Bausele appointed Hollywood actor, "Prison Break" star Dominic Purcell as its Global Brand ambassador.

*"When I discovered the brand I was first drawn to its Australian heartbeat and as a watch fan I like the reliability offered because the brand is Swiss made. There's no denying that BAUSELE watches are stylish, unique and different from other brands."*

*Dominic Purcell*

Dominic Purcell has consented in writing to being included in this offer document as Global Brand Ambassador of Bausele, and to the statement made, in the form and context in which it is included. As at the date of this offer document, the consent has not been withdrawn.

### **2.3.7 Future Growth Strategy**

Bausele's future growth strategy consists of 3 main pillars:

1. Expanding its existing product range across market segments and introducing product categories.
2. Expanding its distribution network and channels across: retail, wholesale and online.
3. Promote through advertising.

#### **Expanding existing product range**

Bausele's main product line, watches and timepieces will be expanded across multiple market segments and increase variation:

Bausele's best seller OceanMoon will be enhanced with a new version beginning of 2019, OceanMoon II with new colours schemes to cater for wider consumer preference as well as the introduction of a new material never seen in watchmaking before for a major component.

#### **New product categories**

The first component in Bausele's growth strategy is to introduce new product categories from leather goods products, perfume and jewellery which capture the essence of Australia.

With the following objectives:

- To strengthen Bausele's brand recognition both domestically and globally as a true Australian luxury goods brand.
- To diversify product revenue stream and reduce revenue concentration risk.
- To strengthen and enhance offshore partnership and retail opportunities with wider product range.



## **Distribution network expansion**

The key component to Bausele's future growth strategy is to expand the brand's distribution channels in Australia and overseas. This initiative can be segmented into 3 categories:

### **Expand retail distribution**

Plans to launch up to 2 retail stores in strategic tourism locations with the first to be launched in The Rocks in FY20, followed by Melbourne in FY21.

### **Expand online and omni-retail distribution**

Building on the existing online distribution channels, on top of its own online store, Bausele is sold through Qantas Online, The Store by Fairfax and Amazon the Brand in stock purchase (as opposed to drop shipment).

Bausele is in discussions in relation to other online distribution channels and strategic partnerships.

### **Expand wholesale distribution**

With the recent success of our Sydney Opera House collaboration, we are planning to conclude negotiations with current wholesale distribution opportunities including QANTAS, as well as exploring new opportunities.

## **Promote by advertising**

Bausele will use a mix of different online strategies to maximise our budget and surround ourselves with the best experts for each strategy (SEO, SEM, Email marketing,...). Bausele's approach to marketing has always been cautious and driven by low working capital. We test with a small budget to start and if and only if it works, we will increase the budget to maximise the opportunity.

## 2.3.8 Market and Competitors

### The industry

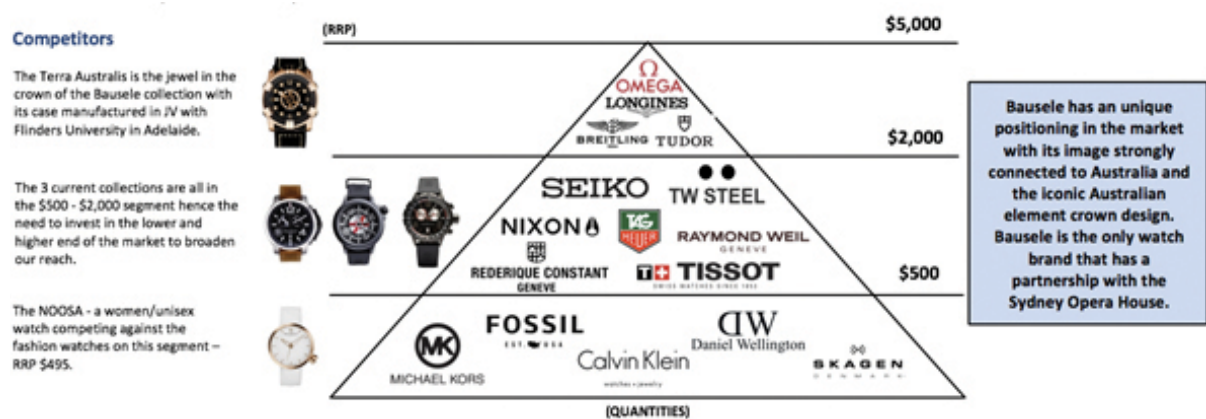
The watch wholesaling industry in Australia is a \$312.8m market.<sup>1</sup>

Industry revenue is forecast to rise by an annualized 0.8% over the five years FY19-FY24.<sup>1</sup>

The online watch retailing industry is a \$8m market. Customers continue to shop instore for more expensive jewelry and watch products. Luxury brands, such as Tiffany & Co., recognize the value of their shop fronts and have used online retail businesses to complement physical stores. Consumers are more comfortable buying expensive jewelry and watch items in person as physical stores offer other services, such as fitting adjustments or replacements of certain product components.<sup>2</sup>

The development of Apple watch and fitness watches in general is a trend that shouldn't be dismissed and we are looking at adding a smartwatch in the collection in line with Bausele's Australian DNA (Technical and sporty). Also, this trend is putting watch back on the wrist of the younger generation that will want to own a "real" watches later in life.

### Competitors



<sup>1</sup> Source: IBISWorld – report F3732 – July 2016

<sup>2</sup> Source: IBISWorld – report OD4177 – January 2017

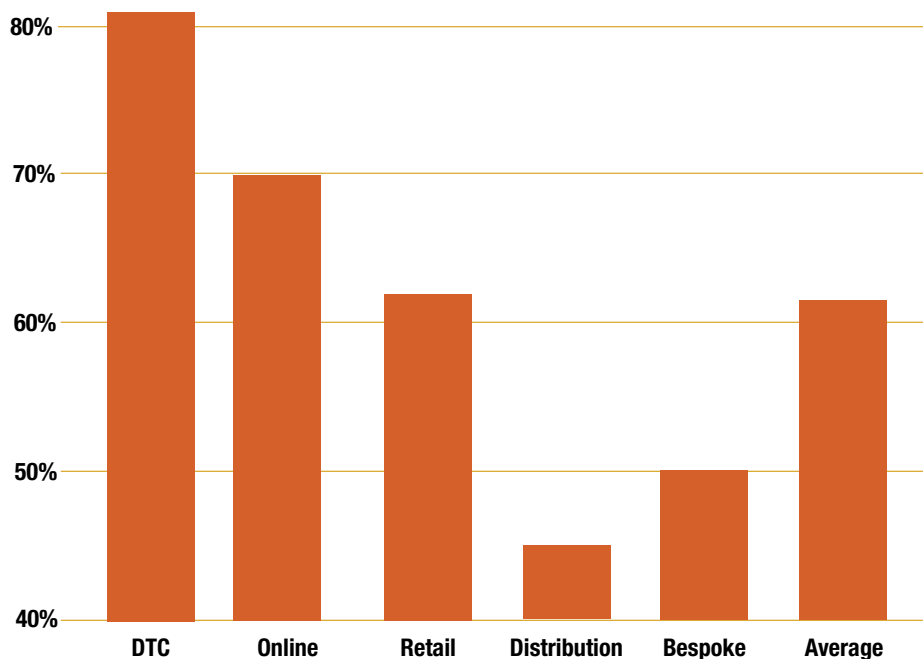
### 2.3.9 Business and Revenue Model

Our watches are made under the Swiss Made rule stating that 60% of watch components must be of Swiss origin, Swiss movement, casing-up and final inspection must also happen in Switzerland in order to be considered eligible for the Swiss Made label.

The other components are being manufactured mainly in Europe, Asia and Australia. Then sent to Switzerland where they get assembled.

We will continue to source the best component suppliers for our new up coming category, with a view to give priority to increase the Australian components where possible.

Gross margins per distribution channels:



#### Explanation:

DTC: Direct To Consumer which is Bausele's own online store - bausele.com

Online: Online partners like Qantas store where consumer can use their miles to purchase a Bausele watch or The Store by Fairfax.

Retail: David Jones and independent retailers across Australia.

Distribution: Overseas distribution that develops a country and invests in inventory before selling it to retailers in its dedicated country under distribution agreement.

Bespoke: Sydney Opera House, Australian Army Intelligence Corps, St Hugo and recently a licensee of the AFL.

## 2.4 INVESTOR BENEFITS - TIMEKEEPERS

By investing in Bausele, you are also joining a community, which we call the “Timekeepers”. As a timekeeper, in addition to shares, you may be eligible for a range of benefits depending on your level of investment.

Overall benefits:

- You will get early access to new product releases and VIP access to future Bausele events.
- You will receive exclusive gifts from time to time.
- Having a voice. You will own ordinary shares and have the ability to vote.
- Future returns on investment through potential dividends paid to shareholders. This is not guaranteed as it depends on the future profitability of the company and the Company deciding to pay a dividend.
- Possible capital growth in the investment over time.

The table below sets out the ‘investor gifts’ based on amount invested.

Gift	\$250	\$500	\$1,000	\$1,500	\$2,500	\$5,000	\$10,000	\$50,000
Kangaroo leather bracelet (Retail price \$39)	YES	YES		YES	YES			
Limited edition founder leather wallet (Retail price \$90)		YES		YES	YES	YES	YES	
Limited edition & Investor numbered watch (Retail price \$550)			YES	YES	YES	YES	YES	YES
Qquestion office bag by Balance (Retail price \$370)					YES		YES	
Qquestion Weekender bag by Balance (Retail price \$410)						YES	YES	
Customise your own watch with Christo								YES



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2.5 DIRECTORS AND  
SENIOR MANAGERS



# BAUSELE

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## Board



### **Christophe Hoppé** **Founder/ Director**

Bausele stems from designer and founder Christophe Hoppe's passion for watches / Luxury goods and love for Australia.

Christophe Hoppé, founder of BAUSELE, has extensive experience in the Swiss watch industry. Christophe was CFO for Universo (a company of the Swatch Group) and for TechnoMarine, Geneva.

He was previously a consultant for PWC in Luxembourg and Switzerland.



### **Xavier Desmet** **Director**

Xavier founded "Mome Sweet Mome", the Master Franchise of "Les Petits Bilingues", and built up 38 schools, before selling his shares in 2010 to move to Australia and become Account Executive for Microsoft.



# BAUSELE

AUSTRALIA

## Consultants/Advisors



### **Dominique Portier**

Dominique is an Australian entrepreneur and CEO who built a successful start-up company in France, with a turnover of \$70 million before selling to the St Gobain Group. He currently consults as a business manager and investor.



### **Frederic Leforestier**

Frederic is an Australian business development executive who previously built a successful start-up company before selling to Moody International in 2007. He has held several senior executive positions at Intertek (a London listed 100 Company).



### **Richard Briggs**

Richard is an accomplished Senior Sports Marketing Consultant and Entrepreneur. Encompassing brand development, traditional and digital marketing and an unrivalled global roster of relationships across Sport, Media & Entertainment.

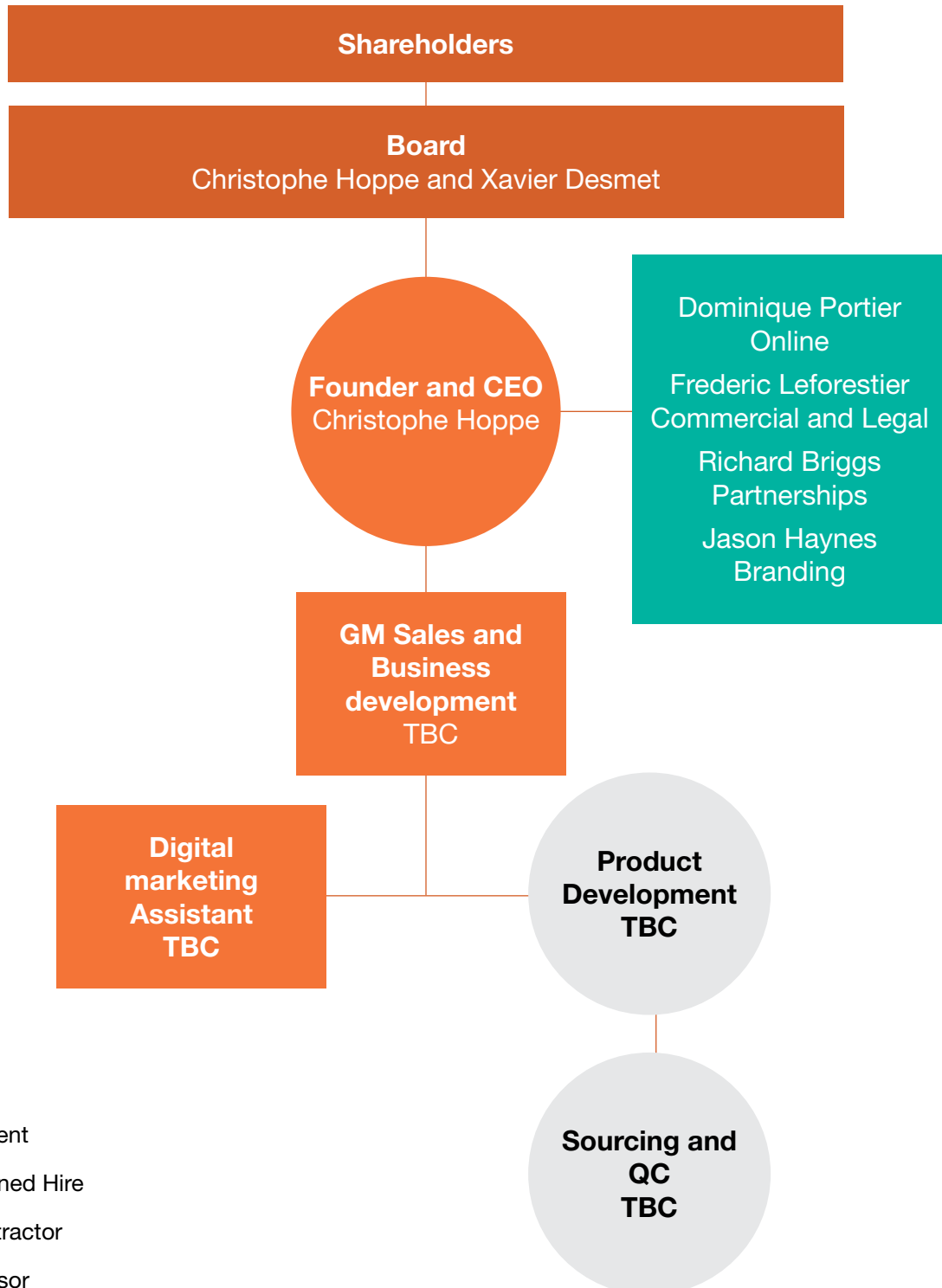


### **Jason Haynes**

Jason is an Australian CEO and brand development specialist, former General Manager of Hurley Australasia ( subsidiary of Nike ) and previous CEO of 3CMG media. Co founder of RIISE a marketing and distribution business. Currently General Manager and CMO of Boost Mobile

## 2.5.1 Organisational Structure

Figure 1: Organisational structure



## 2.6 CAPITAL STRUCTURE

### 2.6.1 Issued Capital

BAUSELE has 2,000,000 ordinary shares issued today and there are no other classes of shares or options on issue. Table 1 below sets out the issued capital of BAUSELE.

**Table 1: Issued capital of the Company before the Offer**

Shareholder	Share Type	Shares	Options
Christophe Hoppe	Ordinary	1,240,000	Nil
Dominique Portier	Ordinary	260,000	Nil
Frederic Leforestier	Ordinary	200,000	Nil
Richard Briggs	Ordinary	140,000	Nil
Jason Haynes	Ordinary	100,000	Nil
Xavier Desmet	Ordinary	60,000	Nil
<b>Total</b>		<b>2,000,000</b>	

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 BAUSELE. A summary of these rights is set out in Section 3.

**Table 2: Issued capital of the Company following the Offer**

Shares	Minimum Subscription	Maximum Subscription
<b>Existing Shares</b>	2,000,000 92%	2,200,000 80%
<b>Offer Shares</b>	150,000 7%	500,000 20%
<b>Total shares on issue</b>	2,150,000 100%	2,500,000 100%



## 2.6.2 Debt Funding and Other Sources of Funding

The company has a small loan with Moula for \$30,789 as at end of September 2018. Fortnightly reimbursement of \$1,726.78 with a maturity on 26 June 2019.

Bausele has received an Export Market Development Grant of \$6,374 in FY18 and \$29,007 in FY17 from Austrade to support its international development.

## 2.7 RISKS FACING THE BUSINESS

An investment in BAUSELE should be seen as high-risk and speculative. A description of the main risks that may impact our business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with BAUSELE (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Type of Risk	Description of Risk
Competition	The premium accessories market has several large incumbent participants. The inability of the company to successfully compete with these existing and potential new competitors would have a negative impact on the revenue and prospects of the Company.
Loss of key personnel	As an early stage business, the business is susceptible to the untimely loss of the key founders as they are considered critical to the continued success of the Company.
Technology	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 customers. Regular back-ups are maintained to minimise this risk. In an online environment, there is always a risk of loss, theft or malfunction of customer data. While systems are in place to protect customer data, the failure of these systems, without notice, could interrupt the Company's ability to sell or communicate with customers and meet its regulatory obligations.



# BAUSELE

AUSTRALIA

Type of Risk	Description of Risk
Product supply	Disruption to the Company's supply chain could affect the Company's ability to produce inventory at commercially acceptable cost, and in a timely manner, which would have a direct impact on the Company's revenue and profitability. The Company currently works with two main suppliers of product in an aim to reduce this risk.
Insolvency	The Company is not yet profitable. The Company is seeking to obtain further funding to achieve its objectives. There is no guarantee that funding will be available on favourable terms or that the Company will receive any level of funding at all.
Cash flow	The Company needs working capital to achieve its objectives. There is no guarantee that funding will be available on favourable terms or that the Company will receive any level of funding at all.
Brand relevance	Consumer tastes and preferences change. What is popular and fashionable today may not be popular and fashionable tomorrow. Despite the Company's efforts to continually evaluate the BAUSELE brand and its relevance in the market, there is a risk that the BAUSELE brand may become unfashionable, which could affect revenue, profitability and the future prospects of BAUSELE.
Quality and reputation	If the Company does not maintain consistent levels of quality and service in its offering, the BAUSELE brand and the Company's reputation could be damaged. In an increasingly connected world, damage to a company's brand and reputation can be catastrophic. BAUSELE is acutely aware of this risk and is vigilant to ensure that it maintains a consistently high level of product quality and customer service.

## 2.8 FINANCIAL INFORMATION

Below are the financial statements, which have been prepared in accordance with the Accounting Standards.

### 2.8.1 Balance Sheet

<b>Balance Sheet</b>		
<b>Bausele Pty Ltd</b>		
<b>As at 30 June 2018</b>		
	<b>30 June 2018</b>	<b>30 June 2017</b>
<b>Assets</b>		
Total Bank	18,982	4,135
Total Current Assets	152,551	215,317
Total Non-Current Assets	15,514	15,514
<b>Total Assets</b>	<b>187,046</b>	<b>234,966</b>
<b>Liabilities</b>		
Total Current Liabilities	57,750	66,807
Total Non-Current Liabilities	1,063	8,257
<b>Total Liabilities</b>	<b>58,813</b>	<b>75,064</b>
<b>Net Assets</b>	<b>128,233</b>	<b>159,902</b>
<b>Total Equity</b>	<b>128,233</b>	<b>159,902</b>

### 2.8.2 Profit and loss statement

FY17/18 shows a decrease in revenue (excluding EMDG Grant) of 6%. The main reasons of this decrease are:

- Lack of working capital to invest in the Company's best selling watch (OceanMoon). We were unfortunately out of stock from Christmas 2017.
- Christophe worked part time in the business for approximately 7 months. Because of the lack of working capital, the Company's preparation for the 2017 Christmas period was suboptimal.

- The Company sold some watches at close to cost price for one Bespoke customer. Although this prevented the Company from needing to discount its non-bespoke range, which management considered would damage the Bausele brand, this affected the Net Profit for the year.

Management considers that all of the above could have been avoided if the Company was adequately capitalised.

<b>Profit and Loss</b>		
<b>Bausele Pty Ltd</b>		
<b>1 July 2017 to 30 June 2018</b>		
	<b>30 June 2018</b>	<b>30 June 2017</b>
<b>Income</b>		
Revenue	212,214	224,839
EMDG Grant	6,374	29,007
<b>Total Income</b>	<b>218,588</b>	<b>253,846</b>
<b>Total Cost of Sales</b>		
	123,609	116,921
<b>Gross Profit</b>	<b>94,979</b>	<b>136,924</b>
<b>Total Other Income</b>		
	<b>8</b>	<b>19</b>
<b>Less Operating Expenses</b>		
Operating Expenses	82,680	73,347
Marketing Expenses	29,469	24,830
Salaries	14,500	14,500
<b>Total Operating Expenses</b>	<b>126,656</b>	<b>112,697</b>
<b>Net Profit</b>	<b>-31,669</b>	<b>24,247</b>

### 2.8.3 Cash Flow Statement

<b>Cash Summary</b>	
<b>Bausele Pty Ltd</b>	
<b>For the 12 months ended 30 June 2018</b>	
<b>Excluding GST</b>	
	<b>June 2018</b>
<b>Total Income</b>	<b>248,961</b>
<b>Total Operating Expenses</b>	<b>224,250</b>
<b>Operating Surplus (Deficit)</b>	<b>24,731</b>
<b>Total Non Operating Movements</b>	<b>-7,068</b>
<b>Net GST Movements</b>	<b>-1,933</b>
<b>Total Foreign Currency Gains and Losses</b>	<b>-757</b>
<b>Net Cash Movement</b>	<b>14,973</b>

### 2.8.4 Statement of Changes in Equity

<b>Movement in Equity</b>	
<b>Bausele Pty Ltd</b>	
<b>For the Year ended 30 June 2018</b>	
	<b>June 2018</b>
<b>Equity at start of period</b>	<b>159,902</b>
<b>Surplus and Revaluations</b>	
<b>Net Surplus After Tax</b>	<b>-31,669</b>
<b>Total Surplus and Revaluations</b>	<b>-31,669</b>
<b>Equity at end of period</b>	<b>128,233</b>



## **2.8.5 Management Comments on Historical Performance and 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 BAUSELE and has not been validated by an independent third party. Bausele is raising capital for 3 main reasons:

- Buy inventory
- Expand categories
- Promote by advertising

BAUSELE was initially started as a side project in 2011 by Christophe Hoppe. In mid-2014, Christophe left his day job as a CFO and decided to focus on the Company full-time. Since inception, Bausele has sold 3,500 watches, generating over 1.3 million in revenue. With limited working capital, Bausele has been able to create and develop a brand synonymous with quality and closely connected with Australia.

Over the last 4 years, the Company has validated its brand, tested the market and a range of marketing strategies. With additional capital, a more significant marketing budget, and armed with our several years of testing, Bausele is poised for growth over the next few years.

We now have a good business model with retail (online and offline) and Bespoke sales being available and ready to be scaled.

As explained in section 2.3.7, our future growth strategy is based on buying more inventory and expanding into new categories. Our strategy will be to forge partnerships with good quality Australian suppliers for those new categories and go to market based on their expertise and experience.

As detailed below, with the injection of working capital, the directors consider a Compound Annual Growth Rate (CAGR) over the next 2 years of 146% (compared to a CAGR of 13% over the last 5 years) is achievable.

Based on expected increase in sales, gross margin and also associated costs (as detailed below), we expect that Bausele would breakeven at the end of 2019 Financial Year.



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Details of Expansion of Categories	FY18				FY18	FY19	FY19	FY20
	Q1	Q2	Q3	Q4	Full Year	Q1	Full Year	Full Year
	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate
<b>Watches</b>	61,220	64,990	50,201	42,177	218,588	72,095	476,123	1,116,349
<b>Growth on prior corresponding period</b>						18%	118%	134%
<b>Noosa</b>	-	-	23,697	21,286		3,930		
<b>OceanMoon</b>	12,205	26,135	10,215	7,129		3,485		
<b>ChronoS</b>	4,356	7,228	-	-		605		
<b>Pilot Automatic</b>	7,166	16,839	2,949	6,553		36,920		
<b>Terra Australis</b>	7,101	14,788	13,340	7,208		-		
<b>Bespoke</b>	30,392	-	-	-		27,155		
<b>New Product 1</b>							53,858	143,610
<b>New Product 2</b>							17,008	45,351
<b>New Product 3</b>							8,504	22,675
<b>Total Yearly Revenue</b>						218,588	555,492	1,327,985
<b>Gross Profit</b>						94,979	346,320	774,193
<b>Gross Margin</b>						43.50%	62.30%	58.30%



## **Key Assumptions**

The key assumptions that underlie the revenue outlook for the next 2 years, which the directors believe are objectively reasonable, are as follows:

### **Online Sales**

Online sales revenue FY19: \$250,000 is based on a cost to acquire customer online of 3:1 hence a marketing cost of \$83,000.

Online sales revenue FY20: \$315,000 is based on a cost to acquire customer online of 2:1 (assuming cost gets more expensive to acquire customers online over time) hence a marketing cost of \$157,000.

These assumptions are based on previous sales data and the directors understanding of customer acquisition costs developed over several years of trading. In FY18 Bausele sold \$106,000 online with a budget of \$5,000 online marketing.

### **Retail**

Bausele has recently signed an Australian distribution agreement with Bolt International (the official distributor for Ice Watches and Timberland amongst others). Under the agreement Bolt's objective is to achieve 50 Bausele stockists in FY 19 and 70 stockists in FY 20. In the table above, Bausele has assumed 25 stockists in FY19 and 40 stockists in FY20 under the Bolt agreement, and an average opening order of \$4,000, with 1 stock turn for FY19 and 2 stock turns for FY20.

The directors consider these assumptions are reasonable on the basis that they represent a conservative outlook for agreements of this nature within the watch industry.

Further, the increased marketing expenditure to support the increase in online sales will assist to increase brand awareness which will also support the retail channel.

### **Bespoke**

Bausele has recently signed an agreement with Conceptify to develop the Bespoke side of the business.

Since contract signed Conceptify managed for Bausele to become an official licensee to the AFL. We are already in discussion with several clubs to produce watches for them with our Unique Selling Proposition of keeping a piece of your favourite team homeground with you.



As part of this agreement, Bausele has set a performance objective of \$250,000 revenue for FY19 and \$276,000 for FY20. In the table above, Bausele has conservatively budgeted \$125,000 for FY19 and \$250,000 for FY20.

The sales quantities objective for FY19 are 500 watches. After 4 months, we have 300 watches in the pipeline and have reasonable belief to think we will get an additional 200 watches during the remaining 8 month of FY19.

### **International Sales**

Bausele has a distribution company in the US called Bausele USA, run by Arron Coote and with offices in LA - California.

We currently have 3 retailers selling Bausele outside of Australia and planning on opening 4 more in FY19 resulting in an increase of 39% in revenue compared to FY18. We have budgeted to open 16 retailers in FY20 mainly in Asia thanks to the attractiveness of Australia in this region of the world.

Further, the increased marketing expenditure will assist to increase brand awareness which will also support the International sales.

### **Boutique**

Bausele is planning on opening its own store in FY20 in Sydney. We might decide to open the store earlier if the capital raise and working capital allows it.

Sales for FY20 are budgeted at \$167,000 or 108 watches and 192 accessories for the whole year.

We will run our operations from this store and will be more than “simply” a store but our company headquarters.

In order to achieve the above annual revenue growth, we will invest a good portion of the capital raise (see section 3.3 for the use of funds details) into marketing and advertising. We will draw on expertise within Bausele’s current team of advisors and use a mix of different online strategies to maximise our budget and engage external consultants for strategic advice (e.g. Search Engine Optimisation, Search Engine Marketing, Email marketing).

Bausele’s approach to marketing has always been cautious and driven by low working capital. We test with a small budget to start and if and only if it works, we will increase the budget to maximise the opportunity

Detailed Marketing Expenses	FY18	FY19	FY20
Content creation	538	15,000	20,000
Adwords	1,300	41,667	78,750
Social Media paid advertising	3,628	41,667	78,750
Retargeting	3,096	7,800	10,400
Email marketing	1,672	6,000	12,000
PR	7,685	6,000	10,000
Sponsorship		-	10,000
Website hosting and update	11,550	15,000	20,000
<b>TOTAL MARKETING</b>	<b>29,469</b>	<b>133,133</b>	<b>239,900</b>
% of revenue	13%	24%	18%

The aim with the above budget is to generate more online conversions, attract more traffic and increase overall brand exposure and awareness which will benefit Retail (online and offline) as well as Bespoke.

Selling direct to consumer brings the best gross margin but traditional retail still plays a big role in the purchase behavior of the consumer. People still need to feel and touch the product before buying, even if some will prefer to buy online at the end, the presence of Bausele's product in bricks and mortars in Australia and overseas is important.

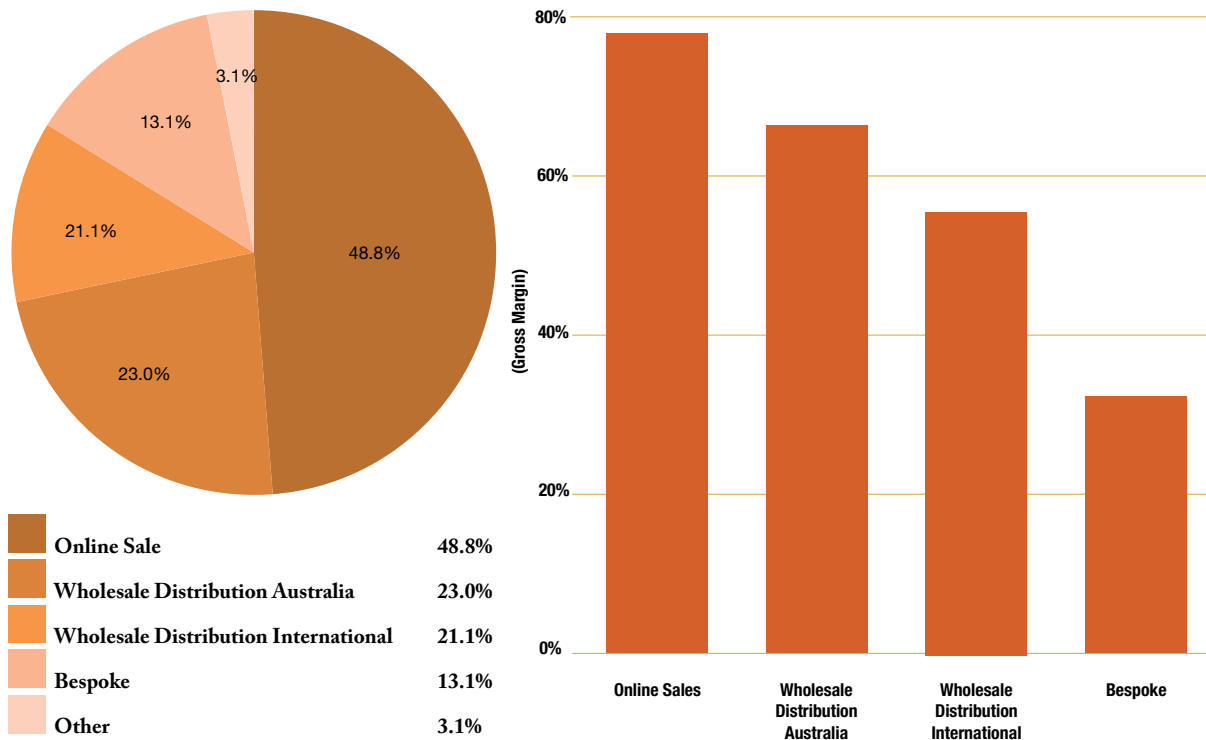
Bausele's bespoke offering is a strategic source of revenue thanks to its unique selling proposition of the element in the crown. With many priceless partnerships like the Sydney Opera House, The Australian Army Intelligence Corps, St Hugo wines and recently with the AFL, Bausele has only scratched the surface of this important source of development for the brand, which drives revenue and brand awareness simultaneously.

As explained in section 2.3.7, Bausele plans to open a showroom/office/boutique and headquarters in FY20 in Sydney. We have already selected the location and are in discussions to secure a location when the timing is right.



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All above data relate to FY18

In order for the brand to grow to the next level, we need to build the team and get someone to work alongside Christophe. We see great value in attracting a young General Manager that will take care of Sales and Business development under Christophe's supervision while Christophe will focus more on the production side, representation of the brand, in-store training as well as marketing and content creation.

We have allowed a package of \$150k base salary per year for the GM position. On top, the right candidate will have sales incentives and bonuses if targets are hit together with an Employee Share Scheme. We feel that we will be able to attract the right candidate for the business with this criteria. The right candidate might be one of the investors in Bausele.

Detailed Salaries	FY18	FY19	FY20
Founder	14,500	45,000	60,000
General Manager - Sales	-	87,500	150,000
Marketing - Social Media	-	-	55,000
<b>TOTAL SALARIES</b>	<b>14,500</b>	<b>132,500</b>	<b>265,000</b>
% of revenue	7%	24%	20%



BAUSELE

AUSTRALIA

SECTION 3

INFORMATION  
ABOUT THE  
OFFER



## 3.1 TERMS OF THE OFFER

BAUSELE is offering up to 500,000 shares at an issue price of AU \$1.00 per share to raise up to \$500,000.

The key terms and conditions of the Offer are set out in the Table below.

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 at [www.birchal.com](http://www.birchal.com).

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 application money.

**Table 4: Terms of the Offer**

Term	Details
Shares	Fully-paid ordinary shares
Price	\$1.00 per share
Minimum Parcel Size	\$250
Minimum Subscription	\$150,000
Maximum Subscription	\$500,000
Opening date	29 October 2018
Closing date	30 Days, unless closed earlier by the Intermediary

A description of the rights associated with the shares is set out in Section 3.2 below.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten.

## 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 shareholders and the shares will rank equally with the shares currently on issue.

The main rights attached to shares are summarised below and further information is available in the Constitution which will be made available to shareholders.



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The main rights attached to ordinary shares are:

- to receive notice of and to attend any general meeting of the Company;
- to vote at any general meeting of the Company on the basis of one vote for each share held in the Company;
- to receive dividends (if they are paid); and
- to participate equally in the distribution of the capital and 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.

## 3.3 USE OF FUNDS

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Intended use	FY 2018/19 Minimum Subscription	FY 2018/19 Maximum Subscription
Inventory	\$100,000	\$210,000
Marketing	\$41,000	\$200,000
R&D		\$60,000
Offer Costs	\$9,000	\$30,000
<b>Total</b>	<b>\$150,000</b>	<b>\$500,000</b>

The Offer is not underwritten and there is no guarantee that these funds will be raised.

The cost of the Offer includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary.

These fees are: 6% of all funds raised by the Issuer through Birchall Financial Services Pty Ltd (Intermediary).

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.

## 3.4 WHAT CAN I DO WITH MY SHARES?

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 (eg 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.



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SECTION 4

**INFORMATION  
ABOUT  
INVESTOR  
RIGHTS**



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## 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 as follows: 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 COMMUNICATION FACILITY FOR THE OFFER

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company 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. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or 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.

## 4.3 PROPRIETARY COMPANY CORPORATE GOVERNANCE OBLIGATIONS

### 4.3.1 Annual report

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.



Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

### **4.3.2 Distribution of Annual Report**

The Company 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 can access the annual report on the Company's website at the following address [www.bausele.com](http://www.bausele.com) (free of charge) or can purchase the report from ASIC.

### **4.3.3 Related Party Transactions**

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

### **4.3.4 Takeovers**

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.



## GLOSSARY

*Company or BAUSELE* means Bausele Pty Ltd ACN 149 963 057

*Cooling-off Period* means the period ending five 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 AFSL 502618

*Maximum Subscription* means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer

*Minimum Subscription* means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer

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

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

## ANNEXURE

A copy of the Company's constitution is available on the Intermediary's platform.



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