



Crowd-sourced funding offer document

Dated 16 August 2023

Offer of fully paid ordinary shares in Sprout
Organic Pty Ltd at \$2.05 per share to raise a
maximum of \$1,500,000

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

Issuer

Sprout Organic Pty Ltd ACN 639 172 517

Intermediary

Birchal Financial Services Pty Ltd ACN 621 812 646 AFSL 502618

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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.

Section 2: Information about the Company



Letter to our prospective shareholders

Hi, I'm Sel, the founder and CEO of Sprout Organic. Firstly, a huge thank you for taking the time to explore this opportunity. I'm excited to invite you to join us as not only co-owners but as part of our family as we look to improve kids nutrition across the globe.

The idea for Sprout Organic sprung from our search for clean, plant-based snacks and formulas to feed our own kids.

When we came out of supermarkets, health food stores and pharmacies empty-handed, we realised we'd identified a huge gap in the market and wondered how we could change this for the better.

With Jen's background in design, combined with my background in food science and product development, we decided to take on the challenge to create something ourselves.

A vision that's been seven years in the making, here we are today ready to disrupt the global market with our healthy kids snack range and world-first plant-based formulas!

We look forward to working with partners like you, who are wanting to benefit children with high quality, clean, and wholesome products that you can feel good about.

Here's to the future of plant-based nutrition for kids!



Jen & Sel
FOUNDERS OF SPROUT ORGANIC

2.1. Company details

Company Name	Sprout Organic Pty Ltd
ACN	639 172 517
Date of Incorporation	17 February 2020
Registered Office	LEVEL 3 9 OUYAN STREET BUNDALL QLD 4217
Principal place of Business	1/45 ALEX FISHER DRIVE BURLEIGH HEADS QLD 4220
Directors	Selasi Berdie Ben Chester Nadia Schilling Miles Muecke
Website	www.sproutorganic.com.au

2.2. Description of the business

2.2.1. Who are we?

Providing a positive choice for families across the globe

At Sprout Organic, we believe in a healthier future.

Our commitment to families goes far beyond creating organic plant-based foods:

We build everything we do with the future of our little ones and our planet in mind.

For over 150 years, families have had extremely limited choices when it comes to infant feeding.

We believe not only in providing choice, but providing positive choices for families which have a sustainable legacy for our kids and their future.

Their future, your choice.



2.2.2. Business Overview

Sprout Organic is a capital-light brand owner and manufacturer, with a fundamental backbone in sales and marketing. Our supply chain is geared for significant, rapid growth.

The world's first 100% organic, plant-based infant formula.

- Sprout Organic has successfully innovated within the most highly regulated food industry in the world.
- R&D is in-house, with a world renowned biotechnologist on staff.
- 10 years of direct ingredient supply relationships, sourcing only the highest quality ethically produced ingredients.
- Utilising world-leading infant formula manufacturing facilities in Australia.
- High consumer trust in our products built via the pharmacy retail channel.
- In-house marketing, sales, and R&D. Recipe and product ownership allows Sprout to remain nimble and take advantage of market opportunities globally.
- Operates a contract manufacturing supply chain. Sales and marketing is insourced. Logistics and distribution is managed in-house.



2.2.3. The journey so far



Sel & Jen Berdie identify market gap with birth of first son Ellis

August 2016



Product concept developed and tested, second son Kingston is born

2016-2020

sprout
ORGANIC

Company is founded
February 2020



First products, kids snack bars, launched on World Children's Day

November 2020



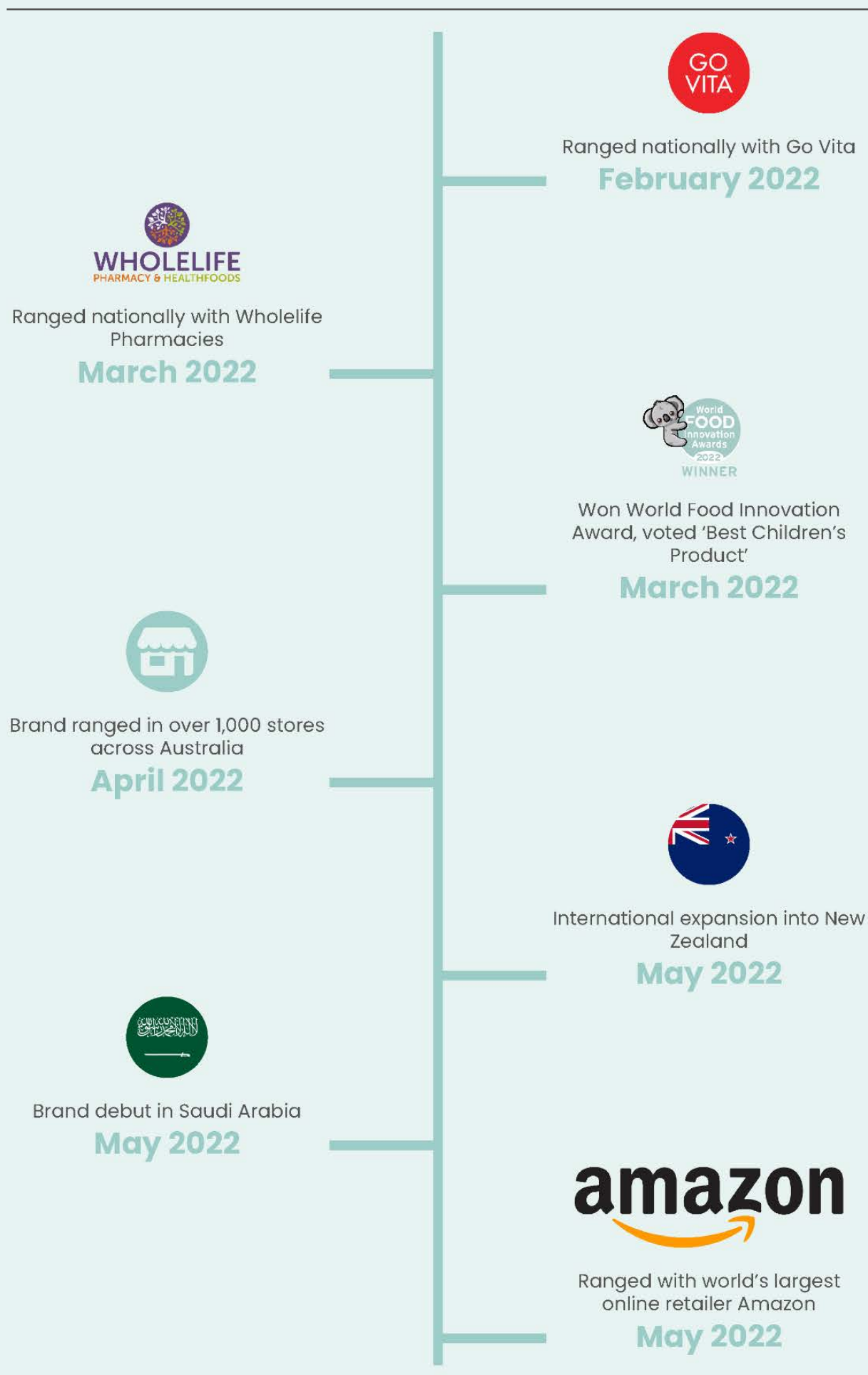
Sprout's first infant and toddler formula launched, featured by 24 news outlets worldwide

July 2021



Brand ranged in over 500 stores across Australia

October 2021





Ranged with Chempro
June 2022



Ranged nationally with Terry
White
September 2022



Ranged with Woolworths Online
September 2022



Secured national distribution deal
with API
August 2023



Ranged nationally with Chemist
Warehouse
July 2022



Brand ranged in over 1,500 stores
across Australia
September 2022



Global expansion into Malaysia
March 2023



Launched first CSF campaign with
Birchal
August 2023

2.2.4 Our Products

Organic plant-based formulas and healthy snacks for kids!



Plant-based



Organic



Allergy-friendly



**Australian
made and
owned**

*Image is conceptual

Sprout Organic's infant formula is made with the goodness of organic plants which are a natural source of proteins and antioxidants. Sprout's clean and organic ingredients are formulated to support the optimal health of your little one from birth to 12 months of age. Sprout's infant formula is gentle nutrition for little tummies and contains key nutrients for your child to grow up strong, happy and healthy.



Plant-Based



Certified Organic



Australian made and owned



Dietitian approved



Non GMO ingredients



No added preservatives or artificial flavours

organic
Pea Protein

organic
Rice Protein



Organic

PLANT-BASED INFANT FORMULA

Natural
source of
protein and
antioxidants

NUTRITIONAL INFORMATION

AVG QUANTITY PER 100mL
OF PREPARED FEED

Nutrients

Energy	290.7 kJ
Protein	1.7 g
Fat, total	2.8 g
- Alpha-Linolenic Acid	44.2 mg
- Docosahexaenoic Acid (DHA)	7.7 mg
- Linoleic Acid	307.4 mg
- Arachidonic Acid (ARA)	7.8 mg
Carbohydrate	8.8 g

Vitamins

Vitamin A	37.8 µg-RE
Vitamin C	7.5 mg
Vitamin D	0.7 µg
Vitamin E	0.3 mg α-TE
Vitamin K1	2.9 µg
Thiamin (B1)	27.4 µg
Riboflavin (B2)	37.2 µg
Niacin (B3)	0.4 mg
Folic Acid	5.5 µg
Vitamin B6	24.1 µg
Vitamin B12	0.1 µg
Pantothenic Acid (B5)	189 µg
Biotin (B7)	1 µg

AVG QUANTITY PER 100mL
OF PREPARED FEED

Minerals

Calcium	34.4 mg
Sodium	22.6 mg
Iron	0.6 mg
Magnesium	3.7mg
Phosphorus	19.6 mg
Zinc	0.4 mg
Iodine	3.7 µg
Selenium	0.7 µg
Chloride	32.6 mg
Copper	39.1 µg
Manganese	0.7 µg
Potassium	55.4 mg

INGREDIENTS

Organic Rice Starch, Organic Oil Blend (Organic Coconut Oil, Organic Canola Oil), Organic Rice Protein, Organic Pea Protein, Arachidonic Acid (ARA) & Docosahexaenoic Acid (DHA from algae), antioxidants (sodium ascorbate, natural tocopherols, ascorbyl palmitate), emulsifier (monoglycerides), acidity regulator (citric acid), Minerals (Potassium, Calcium, Chloride, Phosphorus, Sodium, Magnesium, Iron, Zinc, Copper, Iodine, Selenium, Manganese), Vitamins (Vitamin C, Vitamin E, Niacin, Vitamin A, Vitamin D2, Pantothenic Acid, Vitamin B12, Biotin, Folic Acid, Vitamin K1, Riboflavin, Thiamin, Vitamin B6).



Sprout Organic is made with the goodness of organic plants which are a natural source of proteins and antioxidants. Sprout Organic is formulated to support optimal health for your little one without the addition of any dairy, soy or preservatives. Sprout is natural and organic nutrition, just the way nature intended.



Plant-based



Certified organic



Intolerance-friendly



Contains DHA



Contains probiotics



Australian made and owned

organic
Rice Protein

organic
Pea Protein

organic
coconut oil



Organic

PLANT-BASED TODDLER DRINK

Natural
source of
protein and
antioxidants

NUTRITIONAL INFORMATION

	Average Quantity per Serving	%RDI per serving	Average Quantity per 100g
Energy	576 kJ		1919 kJ
	138 Cal		459 Cal
Protein, total	5.7 g		19 g
Gluten	Nil detected		Nil detected
Fat, total	4.5 g		15 g
- Saturated	2.4 g		8.0 g
Carbohydrate	18 g		59 g
- sugars	1.3 g		4.3 g
Fibre	1.3 g		4.3 g
Sodium	64 mg		214 mg
Vitamins			
Vitamin A	75 µgRE	25%	250 µgRE
Thiamin	0.10 mg	20%	0.33 mg
Riboflavin	0.20 mg	26%	0.67 mg
Niacin	1.0 mg	20%	3.3 mg
Folate	30 µg	30%	100 µg
Vitamin B6	0.10 mg	16%	0.33 mg
Vitamin B12	0.45 µg	45%	1.5 µg
Vitamin C	15 mg	50%	50 mg
Vitamin D	1.2 µg	24%	4.0 µg
Vitamin E	1.5 mg-α-TE	30%	5.0 mg-α-TE
Minerals			
Calcium	210 mg	30%	700 mg
Iodine	32 µg	48%	107 µg
Iron	2.7 mg	45%	9.0 mg
Magnesium	16 mg	20%	53 mg
Phosphorus	75 mg	15%	250 mg
Zinc	1.1 mg	25%	3.7 mg

Good
source of
iron,
Vitamin D
and B12

INGREDIENTS

Organic Rice Starch, Organic Fermented Pea Protein, Organic Coconut Oil Powder, Organic Fermented and Sprouted Rice Protein, Organic Canola Oil Powder, Organic Sunflower Oil Powder, Minerals & Vitamins (Calcium, Phosphorus, Vitamin C, Magnesium, Iron, Vitamin E, Niacin, Zinc, Riboflavin, Thiamin, Vitamin B6, Vitamin A, Folic Acid, Iodine, Vitamin D2, Vitamin B12), Docosahexaenoic Acid (DHA from algae) [antioxidants (sodium ascorbate, natural tocopherols, ascorbyl palmitate), emulsifier (monoglycerides), acidity regulator, (citric acid)], Plant Based Probiotic (Bacillus Coagulans).

% RDI = % Recommended Dietary intake for children aged 1 to 3 years.

sprout

ORGANIC

Sprout Junior Protein is the ideal way to help your kids get the vital nutrients they need to keep them happy, healthy and energised all day long. Made with all-natural plant proteins, fruits and vegetables with added superfoods and probiotics, Sprout Junior protein is the all-in-one nutritional shake to support optimal growth and development for your little one. Did we mention it tastes great? Just don't let them know it happens to be healthy!



10g of complete plant protein



Kid approved



Rich in antioxidants



Source of fruits and vegetables



100% natural



Australian made and owned

organic Superfoods

organic Pea+Rice Protein

contains Probiotics



PLANT PROTEIN SHAKE

VANILLA MILKSHAKE

NUTRITIONAL INFORMATION

	AVERAGE QUANTITY PER 22G SERVING (1-3 YEARS)	AVERAGE QUANTITY PER 35G SERVING (4-13 YEARS)	AVERAGE QUANTITY PER 100G OF PREMIX
Energy	352 kJ	559 kJ	1600 kJ
Calories	84	134	382
Protein	10.3 g	16.4 g	46.8 g
Fat, Total	1.2 g	1.9 g	5.5 g
- Saturated	0.23 g	0.37 g	1 g
Carbohydrate	7.6 g	12 g	34.4 g
- Sugars	0.67 g	1.1 g	3.1 g
Sodium	199 mg	317 g	904 mg
Magnesium	15.1 mg (19%RD)	24 mg (10%RD)	68.6 mg
Calcium	138 mg (20%RD)	220 mg (17%RD)	627 mg
Phosphorus	125 mg (25%RD)	198 mg (16%RD)	567 mg
Iron	2.7 mg (45%RD)	4.4 mg (55%RD)	12 mg
Vitamin A	40 µg RE (13%RD)	63 µg RE (10%RD)	181 µg RE
Thiamin	0.08 mg (16%RD)	0.17 mg (19%RD)	0.42 mg
Riboflavin	0.08 mg (10%RD)	0.17 mg (19%RD)	0.5 mg
Niacin	1.3 mg (25%RD)	2 mg (17%RD)	5.7 mg
Vitamin B12	0.42 µg (42%RD)	0.67 µg (37%RD)	2 µg
Vitamin C	7.6 mg (25%RD)	12 mg (30%RD)	35 mg
Vitamin D	1.25 µg (25%RD)	2 µg (40%RD)	5.7 µg
Vitamin B6	0.16 mg (23%RD)	0.2 mg (20%RD)	0.57 mg
Probiotics	314 million cfu	500 million cfu	1.4 billion cfu

Natural source of protein and antioxidants

Good source of iron, vitamin D and B12



INGREDIENTS

Sprout Organic Plant Protein Blend 58% (Organic Pea Protein Isolate, Pea Protein Isolate, Organic Brown Rice Protein), Organic Rice Starch, Natural Flavour, Sprout Organic Plant Based Vitamin and Mineral Blend (Calcium and Magnesium [Red Seaweed Lithothamnion Calcareum], Iron [Curry Leaf Extract], Vitamin B Complex [Quinoa Sprout Powder], Vitamin D2 [Shitake Mushroom Powder], Vitamin C [Acerola Juice Powder, Mixed Carotenoids], Healthy Gut Blend [Chia Flour, Digestive Enzymes] Probiotics [Bacillus coagulans]), Vegetable Gums (Xanthan, Guar), Super Fruit and Vegetable Blend (Berry Juice Powder [Tapioca Maltodextrin, Raspberry Juice, Strawberry Juice, Pomegranate Juice, Elderberry Juice, Blackcurrant Juice, Blueberry Juice, Cranberry Juice, Acai Puree, Goji Juice], Organic Alfalfa Powder, Beetroot Powder, Organic Barley Grass Powder, Organic Chlorella Powder, Kelp Powder, Pumpkin Powder, Spirulina Powder, Organic Wheatgrass Powder), Natural Sweetener (Stevia Extract), Salt.

sprout

ORGANIC

These plant-based snack bars are the perfect healthy treat for any occasion. Made from 100% natural ingredients, and packed with superfoods for super kids!



Plant-Based



Dairy, soy and gluten-free



Contains superfoods



Dietitian approved



Australian made and owned

organic
Sultanas

organic
Quinoa Flakes

organic
cocoa Powder



kids PLANT-BASED BAR SUPER BERRY

NUTRITIONAL INFORMATION

	Average Quantity per Serving	Average Quantity per 100g
Energy (kJ)	114.4	381.2
Protein (g)	0.9	2.9
Fat, total (g)	4	13.4
- saturated (g)	2.8	9.5
Carbohydrate (g)	19.7	65.6
- sugars (g)	13.4	44.8
Fibre (g)	1.6	5.5
Sodium (mg)	3.9	13

Naturally
rich in
antioxidants

Free from
refined sugar

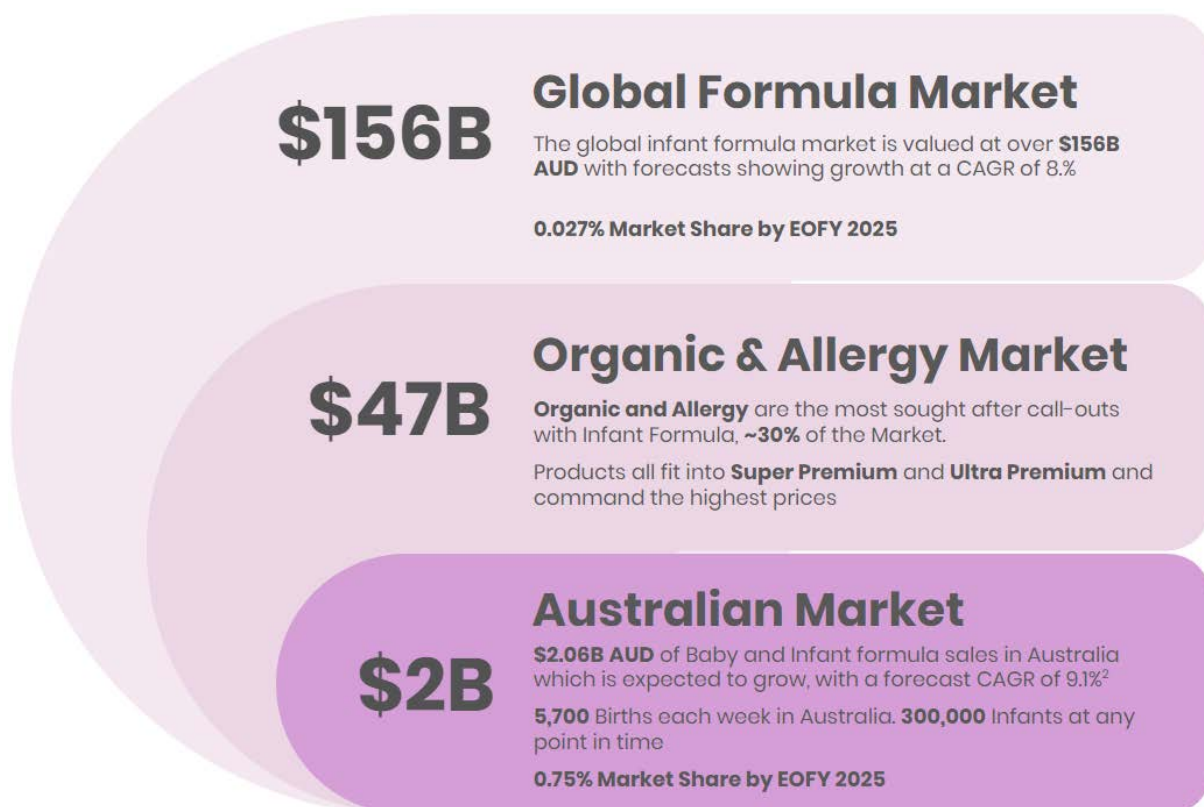


INGREDIENTS

Organic Sultanas, Super Berry Blend 25% (Cranberries, Cherries, Blueberry Powder, Raspberry Powder), Organic Rice Malt, Organic Quinoa Flakes, Organic Coconut Chips, Organic Coconut Oil.

2.2.5. Market Overview

The global infant formula market is huge. With 85% of all infants receiving formula in the first 12 months of life, it is an absolute needs-based product. Right now there is a huge gap in the market for a brand like Sprout, with \$156 Billion dollars¹ being spent on formula, and nothing else available to fill the market gap which Sprout does.



¹: Allied Market Research: Baby Infant Formula Market Opportunity Analysis and Industry Forecast, 2019-2026

²: Research and Markets: Global Infant Formula Market (By Product & Distribution Channel): Insights & Forecast with Potential Impact of COVID-19, 2022-2026

2.2.6. Market Opportunity



Parents are willing to pay a premium for organic

- Organic formula appeals to parents as it is free from pesticides and other synthetic chemicals that could harm a child's development.
- It is estimated parents will pay 17–27% more for baby food that is organic.³



Free from common allergens milk and soy

- Infant formula brands claiming to be allergy-friendly represent 60% of the global market.³
- Milk is the most common food allergy in young children.⁴
- 5–15% of children suffer adverse reactions to cow's milk protein, and up to half of those children are likely to have a reaction to soy.⁵



Busy mothers are choosing to breastfeed less

- Only 34% of Australian infants are exclusively receiving breast milk at 4 months of age.¹
- 61% of infants are receiving food other than breastmilk by 6 months of age, rising to 85% by 12 months.²



7 in 10 mothers
switch or choose an infant formula, based
on an **allergy** or **gastric concerns**.

Organic formula appeals to parents, as it is **free from pesticides and other chemicals** considered detrimental to child development.



1: Allied Market Research: Baby Infant Formula Market Opportunity Analysis and Industry Forecast, 2019–2026

2: Research and Markets: Global Infant Formula Market (By Product & Distribution Channel): Insights & Forecast with Potential Impact of COVID-19, 2022–2026 Verified Market Research: Global Hypoallergenic Infant Formula

3: Market Size By Distribution Channel, By Competitive Landscape, By Geographic Scope And Forecast, 02/2022

4: Warren, Christopher M et al. "The epidemiology of milk allergy in US children." Annals of allergy, asthma & immunology: American College of Allergy, Asthma, & Immunology vol. 110,5 (2013)

5: Vandenplas, Yvan et al. "Guidelines for the diagnosis and management of cow's milk protein allergy in infants." Archives of disease in childhood vol. 92,10 (2007)

2.3. Revenue and Business model

We anticipate that our main source of revenue will be from the sales of our current and future products.

We are targeting growth in all channels, with a focus on International markets via e-commerce and in-store in pharmacy and supermarket locations where the strongest consumer purchasing occurs. By replicating our approach learnt through growth in the Australian market, we believe similar channel ratios are obtainable internationally.

2.3.1. Ecommerce / B2C

48% of Sales

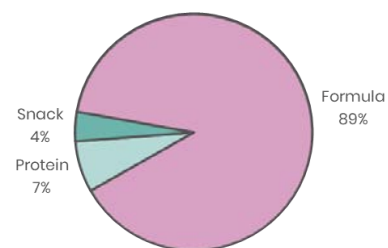
All products are sold at the recommended retail price (RRP).

The eCommerce channel is comprised of:

- new customers
- repeat customers
- subscriptions customers

Website sproutorganic.com.au

Product Sales % - eCommerce Channel

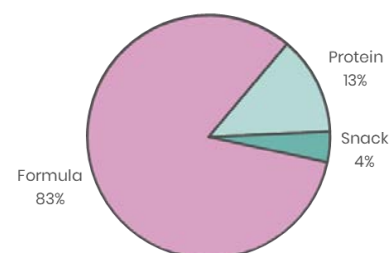


2.3.2. Distribution/ Wholesale

40% of Sales

The distributor channel comprises products sold to intermediaries between Sprout and a final retail location. Product is sold at a reduced rate when compared to the wholesale rate charged to retailers.

Product Sales % - Distribution Channel

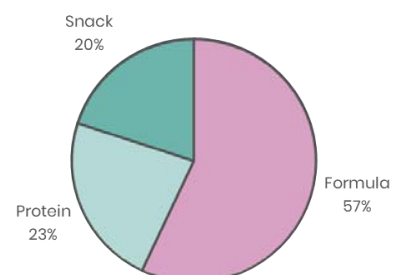


2.3.3. Retail Direct / B2B

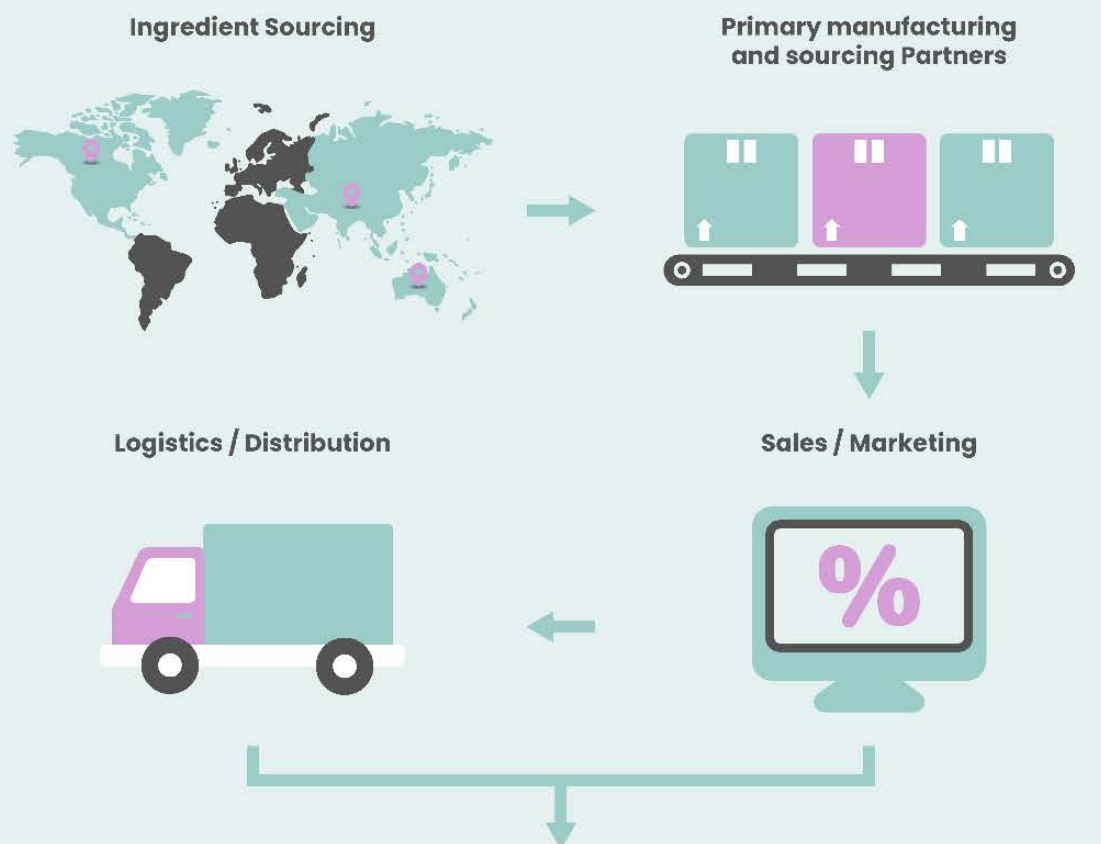
12% of Sales

The retail direct channel consists of buyers where Sprout is sending products directly to a physical or online retail location. Product is sold at a wholesale rate, and is intended to be sold at RRP by the retailer.

Product Sales % - Retail Channel



2.3.4. Business model **Our business model**



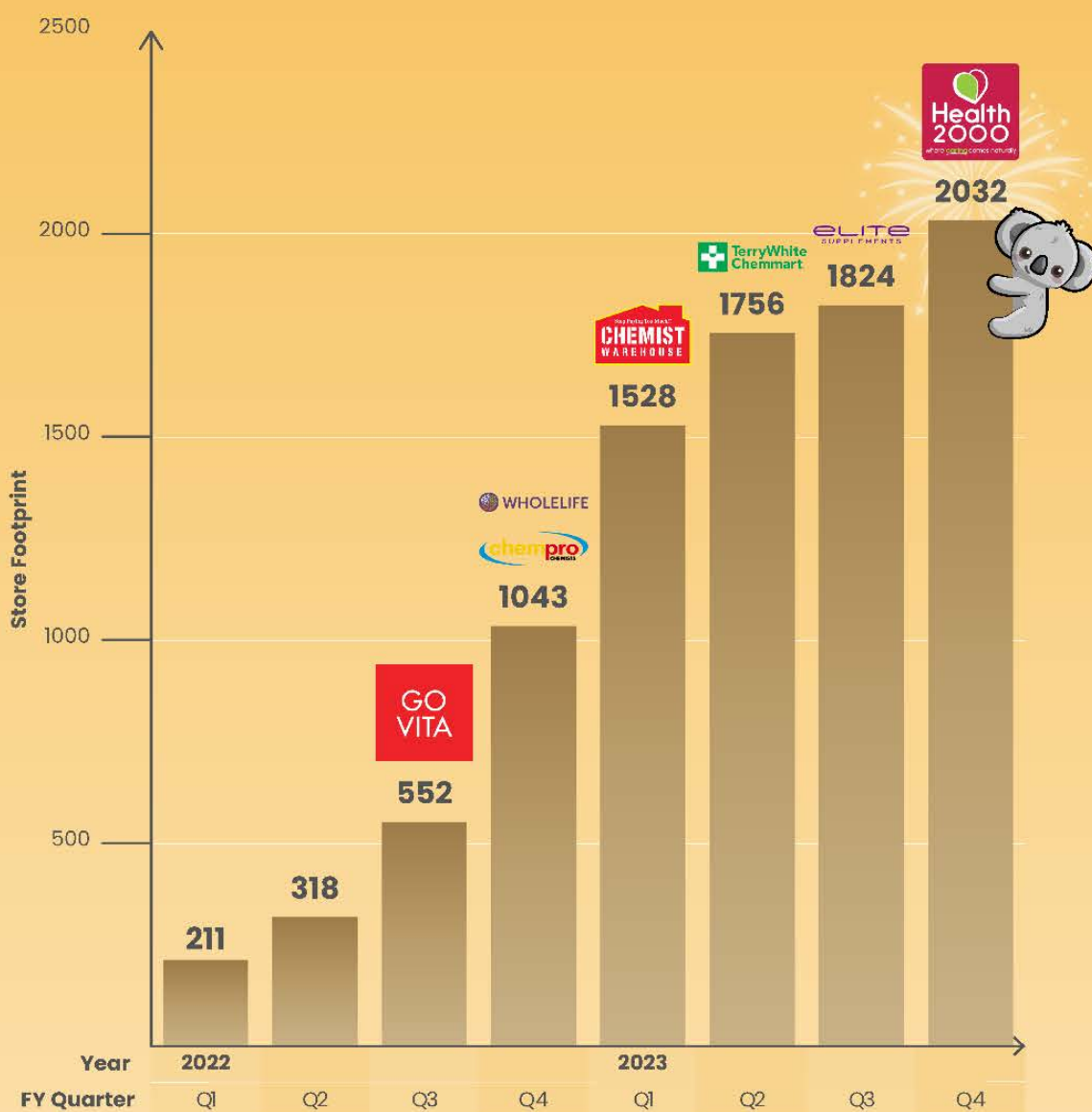
Our current sales channels



FY24 expansion plan



Over 2,000 stores!



2.4. What is our business strategy

We plan to capitalise on the existing momentum we have created over the past 3 years, developing our growth into more stores and more countries.

As a growing enterprise, our recent funding round at Sprout Organic is aimed at supporting our growth initiatives. We are strategically attacking new opportunities to expand our reach and market share, and to achieve this growth, we need to invest in areas such as capital expenditures, debt reduction, distribution networks, marketing, and inventory.

At Sprout Organic, our strategic growth plan includes expanding into international markets and leveraging our replicable marketing strategy to achieve sustained success. We plan to invest in technology that can help us become more efficient in international markets, build strategic partnerships with local distributors, and tailor our marketing and advertising initiatives to local audiences.

By using our replicable marketing strategy, which involves highly targeted digital advertising and creating engaging content, we can build brand awareness and attract new customers in a scalable way. This approach will allow us to maintain greater control over our messaging and brand image; positioning Sprout for sustained growth and profitability as a leading player in the organic children's nutrition industry.

2.4.1. Global Expansion

Sprout's plant-based formulas give us an advantage over competitors that rely on dairy-based inputs, since we can access international markets more easily without being subject to defensive tariffs and trade restrictions.

As the only option in the category, Sprout Organic is well-positioned to capture a significant share of the growing infant formula market. The company's targeted marketing strategies, leveraging social media and strategic distribution partnerships, have raised awareness of the brand and products domestically and are being replicated in new markets. Sprout's impressive market share growth and high return on ad spend demonstrate the effectiveness of its marketing strategies and potential for sustained profitability.

2.4.2. Domestic Growth

Sprout Organic has been able to secure a foothold in over ~1,900 pharmacy and independent grocery stores in Australia. Securing placement within a major Australian supermarket will provide an operating critical mass for Sprout Organic. The current surge in demand for major supermarkets to deliver Australian-made, owned and genuinely sustainable products presents a significant opportunity for Sprout Organic. By aligning its core values with the prevailing trend of health-conscious consumer choices, Sprout Organic has cultivated a brand identity that resonates effectively with shoppers. In the context of major Australian supermarkets, around 65% of Australian Shoppers obtain their primary grocery shopping from a major supermarket. Sprout consistently upholds the highest standards in sourcing, production, and packaging, positioning its offerings as a premium choice for Australian families.



Capital Light Business model

- Asset light, low CapEx business model.
- Scalable and proven production process, delivering high revenue growth and ROE.
- Very strong underlying financial metrics.
- Maintain 35% + gross margin.



Proven eCommerce Strategy

- In-market 24 months with a proven ecommerce strategy – scaling fast with minimal marketing spend.
- Maintain our low customer acquisition cost.



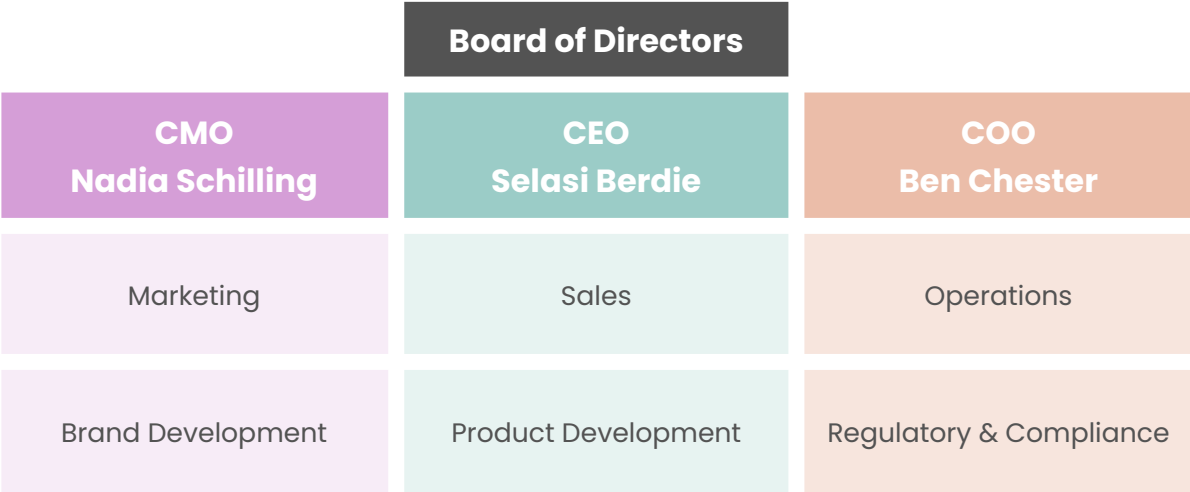
Targeted Marketing Strategy

- Highly focused 4-channel approach within Australia.
- Large export market to commence with ecommerce consumer strategy.
- Focused on building market share, and protecting it.

2.5. What does our organisation look like

Sprout Organic has a linear structure with high level board governance guiding each department of the business, and high level staff undertaking roles and tasks as required.

Figure 1: Organisational structure



As shown in Figure 1, all Departments are led by Executive Directors with primary direction provided by the Board of Directors of the Company.



2.5.1. Our directors and management



Selasi (Sel) Berdie

Director & CEO

Sales, Brand Direction and Product Development

- Director Hype Group (2017 – 2023)
- Director CMBT
- Founder & Director BSKT
- R&D Manager Body Science (2007 – 2014),
- Gold Coast Titans Rugby League Player (2008–2010)

Qualifications & Professional Memberships:

- Bachelor of Exercise Science & Bachelor of Business Management – Griffith University
- Advanced Diploma of Marketing – Martin College
- Diploma of Fitness
- Certificate III in commercial cookery
- Gold Coast Young Entrepreneur winner Health and Fitness 2015

Ben Chester

Director & COO

Commercial Strategy, Financial, Regulatory Compliance and Production

- Co-founder, COO and Managing Director Locality Planning Energy ASX:LPE (2013–2020)
- Commercial Project Manager APAC Green Initiatives (2013),
- National Project & Technical Director CBD Energy AXS: CBD (2008–2012)
- Australian Defence Force (2002–2007)

Qualifications & Professional Memberships:

- Bachelor of Engineering Civil
 - Adv. Dip. in Human Resource Management
 - Certificate IV in OH&S Implementation & Training
 - Dip.in Sustainability
 - Certified Project Management Professional
 - Graduate member Australian Institute of Company Directors
-



Nadia Schilling

Director & CMO

Marketing, Communications, International Expansion, and HR

- In Defense of Animals – Campaign Director (2015–2020)
- Needs Based Solutions – Co-founder & Director (2015–2020)
- Grand Cinemas Head Office – Programming & Marketing (2013–2015)
- KoZ Entertainment – Public Relations Manager (2011–2013)

Qualifications & Professional Memberships:

- MBA, Australian Institute of Business.
- Bachelor Commerce & Public Relations
- Australian Institute of Company Directors



Miles Muecke

Director

Legal and Compliance

- Managing Director & co-founder of Hype Group & Hype Brands (2015–present)
- Co-founder of CMBT Nutrition (2020–present)
- Co-founder of Macro Kitchen (2020–present)
- Director of Athletic Agencies (2015–present)

Qualifications & Professional Memberships:

- Bachelor of Laws (LL.B), Corporate & Commercial Law – Bond University
- Diploma of Practical Legal Training (Hons.)

2.6. Capital structure

2.6.1. Issued capital – Before and After the Offer

As at the date of this CSF offer document, the Company has 13,190,017 Ordinary shares on issue.

Table 1: Issued capital of Sprout Organic before the Offer

Shareholder	Share Type	Shares	%
Berdie Investments Pty Ltd ACN 160 063 276	Ordinary	3,152,500	23.90%
H & M Holdings (Aus) Pty Ltd ACN 626 084 580	Ordinary	3,152,500	23.90%
Billy Simmonds Pty Ltd ACN 610 772 195	Ordinary	3,152,500	23.90%
Lumber Co Pty Ltd ACN 623 850 215	Ordinary	3,152,500	23.90%
10 x shareholders <6%	Ordinary	580,017	4.40%
Total Shares		13,190,017	

Table 2 sets out the issued capital of the Company following the Offer.

Table 2: Issued capital of the Company following the Offer

Shares	Minimum Subscription	Maximum Subscription
Existing Shares	13,190,017 (98.54%)	13,190,017 (94.74%)
Offer shares	195,121 (1.46%)	731,707 (5.26%)
Total shares	13,385,138 (100%)	13,921,724 (100%)

2.6.2. Rights and liabilities associated with securities

As at the date of this Offer, the only class of shares on issue are ordinary shares. Set out below is a summary of the rights and liabilities associated with the securities in the Company. A copy of the Company's Constitution is available on the Intermediary's platform.

Ordinary Shares

The rights and liabilities associated with the ordinary shares are set out in the Company's constitution, including:

- All ordinary shares have the same voting rights and the same rights to receive dividends.
- Restrictions on the sale or transfer of shares, including drag and tag rights and exit provisions.
- The Board has the discretion to approve a transfer of shares to a third party.
- The Constitution includes a definition of a "Substantial Shareholder" which means a shareholder with an equity proportion of 3% or more.
- The Substantial Shareholder concept relates to:
 - Shareholder reserved matters regime i.e. provisions requiring a "Substantial Shareholder Majority" which is a resolution approved by 51% or more of the votes cast on a resolution by the Substantial Shareholders.
 - Pre-emptive rights for Substantial Shareholders in certain circumstances on the issue or transfer of shares

The shares offered under this Offer are ordinary shares. A more detailed description of the rights and liabilities associated with the ordinary shares is set out in Section 3.3 below.

2.6.2.1. Shareholders Agreement

On issuing of the CSF shares, other than the Constitution, there is no shareholders agreement or other agreement between the existing shareholders of the Company.

2.6.3. Sources of financing, including debt financing and other financing

2.6.3.1. Trade Finance

Sprout Organic Pty Ltd has a trade and receivables facility with Scottish Pacific. This facility is for \$500,000 in receivables funding, utilised for cash flow support for our large distribution customers. This facility also provides up to \$200,000 in trade payables to support cash flow, improving payment terms for our suppliers. Sprout has utilised a revenue financing product from Wayflyer for \$132,000 of which, \$86,000 is outstanding.

2.6.3.2. Director loans

To date, our activities have been primarily funded by Sprout Organic's early shareholders. Investors should be aware that Sprout Organic currently owes unpaid director salaries of \$11,493 to each Selasi Berdie, Nadia Schilling, Miles Muecke and Ben Chester, these are on the Balance Sheet as Directors Loans. There are no other outstanding amounts owed to Directors.

To date Sprout Organic has \$1,103,000 in principal owed to Lumber Pty Ltd (Director Ben Chester) as a secured loan. This loan does not accrue interest, this loan matured and was renewed on July 1 2023, noting a variance to the balance sheet due to the renegotiation on July 1 2023. The company has \$106,008 in principle and interest owed to Berdie Investment Trust (Director Selasi Berdie) as a cash loan.

These outstanding amounts will not be repaid from the funds raised through the offer. The directors have chosen to defer the full repayment of the outstanding amounts until the company reaches a capacity to repay them. There is \$44,972 in Director Fees that are included in Non-Current liabilities, as Directors Loans.

2.6.3.3. Government grants

The Company secured award funding of \$80,000 in 2020 from the Minister for Industry, Innovation, and Science, as a Covid support package for Industry events. These funds have been deployed for the intended purpose and make up "other revenue" in FY 20/21.

The Company has also received portions of the R&D Tax incentive often referred to as "R&D Grant" amounts totalling \$224,000 from FY 20/21 & FY21/22.

2.7. Risks facing the business

An investment in the company 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 the Company (e.g. risks relating to general economic conditions or the inability to sell shares).

Table 3: Main risks

Type of risk	Description of risk
The Company's product is still in the early market stages	<p>The Company has a limited operating history and is not yet profitable.</p> <p>The increased commercial success of our company will depend on many factors, including our ability to demonstrate the effectiveness of the product and increasing acceptance of our product by broader retail sellers and healthcare professionals.</p> <p>If the results of the Company's new products are not successful or we are unable to increase awareness and acceptance of our core products within the required sales channels, we may not be able to successfully profit from our products. There is also a risk that we will not be able to successfully expand our manufacturing, sales and marketing programs. This will have a material adverse effect on the Company's potential revenue and prospects.</p>
The Company may not obtain international regulatory approvals required to sell its product	<p>The Company has not yet received regulatory approval to sell our product in all international markets. Our growth strategy depends on obtaining approvals from the relevant regulatory authorities.</p> <p>There is no guarantee that we will receive all necessary regulatory approvals and we cannot predict with certainty the timelines for such approvals, or whether other requirements may be imposed by regulatory authorities.</p>

Type of risk	Description of risk
The Company's success relies on its ability to protect its intellectual property	<p>The protection of the Company's intellectual property is critical to our business and commercial success. If we are unable to protect or enforce the Company's intellectual property rights, there is a risk that other companies will copy our product and technology, which could adversely affect our ability to compete in the infant formula market.</p> <p>We have a path for patent applications yet there is no assurance that these applications will result in issued patents.</p>
The Company will need additional funding to implement its business strategy	<p>The Company's current cash reserves (plus the net proceeds of the Offer) will not be adequate for our funding requirements beyond the next 18–24 months.</p> <p>The Company will need to obtain additional funding to continue operations and execute its business strategy. We cannot guarantee the availability of funds in the future, or that the funds will be available on favourable terms. If we are unable to raise these funds, it could adversely impact the Company's business and prospects.</p>


**We've sold
over 100,000
units in just
24 months!**



2.8. Financial information

Below are the financial statements of the Company for the financial year ended 30 June 2023 and 30 June 2022, which have been prepared in accordance with the Accounting Standards.

2.8.1. Balance sheet

Sprout has been fortunate to reach its current scale on limited equity funding (\$875,394 to date) through leveraging directors' debt facilities to underpin growth investment and working capital.

Sprout has utilised a revenue financing product from Wayflyer for \$132,000 of which, \$86,000 is outstanding.

A trade facility from Scottish Pacific is a key part of our working capital and growth. With a limit of \$700,000, \$500,000 in Receivables and \$200,000 in Trade Payables of which \$125,420 is drawn on Receivables and \$79,409 is on Trade Payables, this current capital raise is augmenting this facility for future growth.

Sprout's primary product is infant formula which is GST exempt. This treatment offsets a significant portion of ATO compliance which results in a positive position.

Details of all loans are in the asset loans table in 2.6.2 sources of financing. Our retained losses over the past 3 years of investment in team, product and activation are expected to be recouped over the coming company scaling years and path to profitability.

	FY23	FY22
	Ended June 30	Ended June 30
	2023	2022
Assets		
Cash & Cash equivalents	\$51,384	\$86,662
Receivables	\$170,605	\$95,260
Inventory	\$272,059	\$400,401
Total Current Assets	\$494,048	\$582,324
Non-Currents		
Fixed	\$128,599	\$93,356
Total Non-Current Assets	\$128,599	\$93,356
Intangible Assets		
Trademarks & Domains	\$38,500	\$64,167
Contracts and Agreements	\$13,373	\$10,886
Total Intangible Assets	\$51,873	\$75,052
Total Assets	\$674,520	\$750,732
Current Liabilities		
Payables	\$367,379	\$269,203
ATO Compliance	-\$39,683	-\$193,778
Payroll Compliance	\$154,113	\$33,661
Finance Liabilities	\$237,026	\$14,239
Other		
Total Current Liabilities	\$718,835	\$123,325
Non-Current Liabilities		
Director Loans	\$1,115,660	\$824,605
Total Non-Current Liabilities	\$1,115,660	\$824,605
Total Liabilities	\$1,834,495	\$947,929
Net Assets	-\$1,159,975	-\$197,198
Equity		
Issued Capital	\$875,394	\$875,394
Retained Earnings	-\$2,035,369	-\$1,072,592
Total Share Equity	-\$1,159,975	-\$197,198

We've almost
 **doubled our
revenue in the
past 12 months!**



2.8.2. Profit and loss statement

FY22

Sprout revenue in FY22 grew strongly to just over 1M. This was an increase from just \$176K the prior year (600% increase) driven primarily by the launch of infant and toddler formula.

Sprout established a gross margin of 35% across all product sales with revenue from ecommerce and domestic B2B sales.

There was a high marketing and advertising cost ratio (26.4%), as was budgeted to build relevance and market share.

The company incurred significant costs in R&D and testing as expected with the launch of new products, with a significant portion utilised to support export considerations.

FY23

Sprout saw just shy of \$2M in revenue (81% increase) from the prior year, while maintaining 35% margins.

Marketing and advertising ratios were reduced (18.4%) in addition to R&D and testing, with products established in Australia and New Zealand.

Normally expected scaling cost increased as well as Sprout taking occupancy of its own distribution warehouse. Other revenue was from offering storage and 3PL services to other brands.

	FY23	FY22
	Ended June 30 2023	Ended June 30 2022
Revenue		
Sales	\$1,671,106	\$963,294
Freight	\$237,434	\$88,038
Other Revenue	\$49,983	\$160,762
Total Revenue	\$1,958,522	\$1,212,094
Cost of Sales		
COGS	\$763,544	\$792,505
Freight	\$362,775	\$0
Total Cost of Sales	\$1,126,319	\$792,505
Gross Profit	\$832,203	\$419,590
Operating Expense		
Administration	\$237,402	\$185,647
Employee Expense	\$724,129	\$432,600
Sales & Marketing Expense	\$355,712	\$281,502
Occupancy Expense	\$255,768	\$28,703
General Operational Expenses	\$29,820	\$20,785
Memberships and Registration	\$17,402	\$15,764
Product Development and Testi	\$174,747	\$279,742
Total Operating Expense	\$1,794,980	\$1,244,743
NET Operating Profit / Loss	-\$962,777	-\$825,153
Net Profit / (Loss) Before Tax	-\$962,777	-\$825,153
Net Profit / (Loss) After Tax	-\$962,777	-\$825,153

2.8.3. Cash flow statement

	FY23	FY22
	Ended June 30 2023	Ended June 30 2022
Operating Activities		
Receipts from customers	1,958,522	1,032,183
Payments to suppliers and employees	(2,575,101)	(2,078,340)
Cash receipts from other operating activities	49,983	158,656
Net Cash Flows from Operating Activities	(566,596)	(887,502)
Investing Activities		
Proceeds from sale of property, plant and equipment	361	58,843
Payment for property, plant and equipment	(57,983)	(147,534)
Other cash items from investing activities	111,714	(185,123)
Net Cash Flows from Investing Activities	54,091	(273,814)
Financing Activities		
Other cash items from financing activities	477,227	950,197
Net Cash Flows from Financing Activities	477,227	950,197
Net Cash Flows	(35,278)	(211,119)
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	86,662	297,781
Net change in cash for period	(35,278)	(211,119)
Cash and cash equivalents at end of period	51,384	86,662

2.8.4. Statement of changes in equity

	Issued Capital	Retained Profits	Total Equity
Opening 1 July 2021	\$400,352	-\$247,439	\$152,913
Profit (loss) after Tax		-\$825,153	-\$825,153
Increase (Decrease) in Equity	\$475,042		\$475,042
Closing 30 June 2022	\$875,394	-\$1,072,592	-\$197,198
Opening 1 July 2022	\$875,394	-\$1,072,592	-\$197,198
Profit (loss) after Tax		-\$962,777	-\$962,777
Increase (Decrease) in Equity			
Closing 30 June 2023	\$875,394	-\$2,035,369	-\$1,159,975

Section 3: Information about the Offer



3.1. Terms of the Offer

The Company is offering up to 731,707 shares at an issue price of \$2.05 per share to raise up to \$1,500,000. The key terms and conditions of the Offer are set out in Table 4 below.

Table 4: Terms of the Offer

Term	Details
Shares	Fully-paid ordinary shares
Price	\$2.05 per share
Minimum Subscription	\$400,000
Maximum Subscription	\$1,500,000
Opening date	Wednesday 16 th August 2023
Closing date	Thursday 31 st August 2023

A description of the rights associated with the shares is set out in Section 3.3 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.

The Offer may close 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.

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 and there is no guarantee that these funds will be raised.

3.2. Use of funds

Table 5 below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Table 5: Use of funds

Intended use	Year 1: Minimum Subscription	Year 2: Maximum Subscription
Research and development	\$30,000	\$80,000
Regulatory approvals	\$45,000	\$200,000
Sales and marketing	\$100,000	\$315,000
Working capital	\$150,000	\$750,000
Offer costs	\$75,000	\$155,000
Total funds	\$400,000	\$1,500,000

In Table 5, 'working capital' includes overhead expenses, employee wages, and director remuneration. Details of payments to be made to directors and senior managers are itemised below:

- Directors' remuneration: \$45,972 (\$11,493 each)

The costs of the Offer includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all the funds by the company through Birchall Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs. The raise also requires third-party marketing, advertising & content creation as well as legal and accounting fees with a variable range from \$48,200 up to \$57,200 dependent amount raised.

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

We expect that the maximum subscription amount will be sufficient to meet the Company's short-term objectives over the next 18–24 months.

If only the minimum subscription amount is raised, the company will require further funding to be able to carry out our intended activities over the next 8–12 months. In such circumstances, the company may consider undertaking a further CSF offer under the CSF regime. Until additional funding is obtained, we will scale back regulatory processes, research and development and production activities, and continue to focus our cash resources on sales, marketing and working capital costs to advance our international market entry plans.

3.3. 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 rights associated with the shares are set out in the company's constitution. A summary of these rights is set out below. A copy of the constitution is attached in the Annexure to this CSF offer document and is available on the Intermediary's platform.

3.3.1. Voting rights

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

3.3.2. Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of Special Resolution.

Directors may elect or remove directors by way of Ordinary Resolution at a directors meeting.

3.3.3. General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of directors. Shareholders individually or as a group who hold at least 20% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting or shareholder.

3.3.4. Dividends

All shareholders have a right to receive any dividends declared and paid by the company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (e.g. they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

3.3.5. Winding-up

If the Company is wound up and there are any assets left over after all the company's debts have been paid, the surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the company. Holders of fully-paid ordinary voting shares rank ahead of other classes of shares (if any).

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 their investment in the Company. These include:

- A trade purchase of the Company
- A listing on a registered 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.

Section 4: Information about investor rights



4.1. Cooling-off rights

If you are a retail investor, 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 (**Cooling-off Period**).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio 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.sproutorganic.com.au/investors (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 that 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.

4.4. Company Updates

The Company will provide regular updates to investors on the Company's website at the following address www.sproutorganic.com.au/investors, via the Company's share registry website and via the Intermediary's platform.



4.5. Glossary

Company means Sprout Organic Pty Ltd ACN 639 172 517

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 CSF Intermediary Co Limited AFSL 123 456

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer. The Maximum Subscription amount is subject to rounding based on the share price.

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer. The Minimum Subscription amount is subject to rounding based on the share price.

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

Retail investor has the meaning given to the term “retail client” under the Corporations Act