

Crowd-sourced funding offer document

The Berry Tea Shop Pty Ltd

Dated 26 September 2023

Offer of fully-paid ordinary shares in The Berry Tea Shop Pty Ltd at \$1.28 per share to raise a maximum of \$600,000

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

Issuer

The Berry Tea Shop Pty Ltd
ACN 670 885 677

Intermediary

Birchal Financial Services Pty Ltd
ACN 621 812 646 AFSL 502618

Always consider the general CSF risk warning and offer document before investing.



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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.

Letter from the Founders

Hello Tea Lovers and prospective Shareholders,

We are thrilled to offer you an opportunity to invest in The Berry Tea Shop, a venture born out of our shared passion for tea and a commitment to bringing memorable tea experiences to our customers. As we embark on this exciting journey, we want to share our vision and invite you to join us in shaping the future of our business.

At The Berry Tea Shop, we believe that tea is more than just a beverage; It's a moment of tranquillity in a busy day, a comforting embrace during challenging times, and a celebration of life's joys.

Our mission is to celebrate this versatile and timeless beverage and get more Australians drinking quality loose leaf tea.

Our story began in 1996 when Cliff and I met while working together in Sydney. We quickly became friends, and our friendship blossomed into a beautiful romance. From then on, we have been

partners in both life and business.

In 2006, we took a leap of faith and sold our busy Sydney cafe, making a tree change to the charming little town of Berry on the NSW South Coast. We were captivated by the area's beauty and had dreamed of embracing the slower pace of country life, and the idea for The Berry Tea Shop was born!

Since we opened the doors in 2010, The Berry Tea Shop has grown from a humble local tea shop into a thriving business with a loyal customer base and strong online presence, doubling our annual revenue to over \$1 million in 2021.

We are now seeking partners who share our passion and our vision to scale our business. We invite you to join us as investors in The Berry Tea Shop and be a part of our mission to bring the world of tea to every corner of Australia and beyond. Your support will help us improve our production and fulfilment capabilities, expand our



product offerings, enhance our customer experience, and build a strong and enduring brand that stands for quality, authenticity, and community.

In closing, we want to express our deep gratitude for considering this opportunity to invest in The Berry Tea Shop. We believe that together, we can

create something truly remarkable, something that not only satisfies the palate but also enriches lives.

Let's raise our teacups to a future filled with joy, flavour and connection.

Paulina and Cliff

Company Details

This offer of shares is made by
The Berry Tea Shop Pty Ltd ACN 670 885 677.

Company name	The Berry Tea Shop Pty Ltd
ACN	670 885 677
Date of incorporation	29 August, 2023
Registered office	Shop 1, 66 Albert Street, Berry NSW 2535
Principal place of business	Shop 1, 66 Albert Street, Berry NSW 2535
Directors	Clifford Collier and Pauline Maree Collier
Website	www.theberryteashop.com.au



About Our Business

The Berry Tea Shop is a unique and flourishing tea business, dreamed up and brought to life by husband-and-wife team, Paulina and Cliff Collier.

Who are we?

In 2010, we were inspired to create a haven for tea enthusiasts like us and opened our retail store in the charming town of Berry on the NSW South Coast.

Thirteen years later, we're still committed to and energised by our mission to spread joy through the comforting ritual of tea.

What we do

Today, the Berry Tea Shop has grown well beyond our initial vision – becoming an ecommerce business, a trusted brand, and a strong community.

We sell 48 varieties of hand-blended loose-leaf tea, an extensive range of tea wares and accessories and operate a

bustling cafe in our store in Berry. We also have a thriving online store servicing customers across the country and the foundations of a wholesale business.

Why we do it

We're passionate about providing exceptional quality products and also about the experience of sitting down to tea. We believe the ritual of tea is about savouring and sharing a moment - fostering warmth, calm, and connection.

The Berry Tea Shop is about enabling customers to move away from mindless consumption, offering a moment to sit, sip and savour a good quality cup of tea.



The Story So Far

1. BEGINNINGS

Opened in 2010 and for the first 10 years, growth was steady and organic – driven by strong local support, a steady flow of tourists visiting Berry and loyal customers who spread the word and continued to visit time and time again.

3. BRAND

Our traction is reflected in more than sales figures. We have also:

- Featured in numerous publications such as House & Garden, Australian Traveller and The Washington Post.
- Hosted exclusive events, including a book launch with Jules Sebastian.
- Built a thriving online community with over 10k followers on Instagram and 7k followers on Facebook.
- Received thousands of 5-star reviews on Google, Facebook, Trip Advisor and on our online store.

The maturity and momentum behind the Berry Tea Shop makes it an opportune moment to scale.

2. GROWTH

After a renovation and boosting our online store in 2020 our business skyrocketed and we:

- Saw retail grow at 20% and online at 60% year on year between July 19 - end of 2022
- Doubled our annual revenue to \$1m+ in 2021
- Grew from 5 to 18 staff.

4. LOYALTY

Over the past 13 years we have built a loyal customer base.

We have:

- Over 13,000 LoyalTEA program members
- Nearly 15,000 email subscribers.
- Served over 100,000 pots of tea in our cafe.
- Sold enough tea to make over a million cups at home each year.

2021
Revenue over \$1M for the first time



2020
Renovation and boosting online.



2017
Rebrand



2010
The Berry Tea Shop Opens



Our Products

We live and breathe tea.

Our Tea

We sell 48 varieties of tea, hand blended by our team, using the highest quality teas and predominantly Certified Organic herbs and Australian-grown fruit.

Our difference is that we don't add any flavourings to our tea, unlike a lot of other teas on the market. Our teas are also blended and packed in small batches, ensuring freshness in every tin.

They are not sitting on the shelves for long!



BLACK TEA BLENDS *	GREEN TEAS *	HERBAL INFUSIONS *
No. 1 English Breakfast No. 2 Deluxe South Coast Breakfast No. 3 Australian Billy Tea No. 4 Traditional Afternoon Tea No. 5 Earl Grey No. 6 Madame Grey No. 7 French Earl Grey No. 8 Russian Caravan No. 9 Vanilla Bean No. 10 Berry Blend No. 11 Christmas Tea No. 12 Gypsy Rose No. 13 Masala Chai No. 14 Royal Tea	No. 40 Dragonwell (Longjing) No. 41 Silver Jasmine – Organic No. 42 Jasmine Dragon Eyes No. 43 Golden Sunshine – Organic No. 44 Moroccan Mint – Organic No. 45 Japanese Sencha – Organic No. 46 Genmaicha No. 47 Australian Roasted Green	No. 100 Purely Peppermint – Organic No. 101 Calming Chamomile – Organic No. 102 Red Rooibos – Organic No. 103 Zesty Lemongrass & Ginger – Organic No. 104 Digestive – Organic No. 105 Lovely Liquorice – Organic No. 106 Choc Mint – Organic No. 107 Peace & Quiet – Organic No. 108 Nighty Night – Organic No. 109 Immunita – Organic No. 110 Dandy Detox – Organic No. 111 Turmeric Tonic – Organic No. 112 I am Woman – Organic No. 114 Spice Temple – Organic No. 115 Rooibos Chai – Organic
SINGLE REGION BLACK TEAS *	WHITE TEAS *	FRUIT INFUSIONS *
No. 20 Darjeeling – Organic No. 21 Ceylon Orange Pekoe – Organic No. 22 Assam – Organic No. 23 Yunnan No. 24 Lapsang Souchong	No. 50 White Peony (Pai Mu Tan) – Organic No. 51 Gorgeous Goddess – Organic	No. 116 Original Turkish Apple No. 117 Blushing Beauty No. 118 Summer Breeze
TEA BLOSSOMS *	OOLONG *	
Red Chrysanthemum Orange Tigerlily	Iron Goddess of Mercy (Tie Guan Yin)	

* Available in our signature tin, refill pouch, large refill pouch and sample size.

Formats



Tins



Sample bag



Refill pouch



Large Refill pouch



Teawares

We offer an extensive range of tea wares and accessories to allow our customers to brew and enjoy our teas at home.

We stock beautiful brands from around the world including:

OUR FEATURED BRANDS

Emma Bridgewater

CRISTINA RE

**ROBERT
GORDON**
MAKERS SINCE 1945



 **Ashdene®**



Cafe

In our Berry store, customers can sit in our cafe and enjoy a pot of tea, paired with freshly baked scones or one of our house-made cakes.

Our cafe has been a special place for so many of our customers, who have celebrated important milestones and shared happy moments with family and friends.



Industry Overview

Australia's tea market, valued at over a billion dollars*, is driven by 9.8M enthusiasts consuming 9.5B cups annually.

*Statista 2022

The tea market, whilst robust with deep-rooted histories, are undergoing a transformative phase. Modern consumers are gravitating towards health and wellness, functional beverages, ethically sourced products, innovative tea concoctions, and the allure of premium tea experiences. This shift is corroborated by Roy Morgan's research, highlighting a decline in "regular" black tea consumption, while green tea and flavoured tea blends are gaining momentum, driving the overall growth of tea consumption.

As well as the tea market, The Berry Tea Shop also caters to the market for Herbal and fruit Infusions as well as Teawares and accessories. There's also an exciting vision to delve into the RTD tea segment post-capital raise.

With our diverse range of tea blends crafted from premium ingredients and anchored by a loyal customer base, The Berry Tea Shop stands ready to cater to these changes and seize new market opportunities.

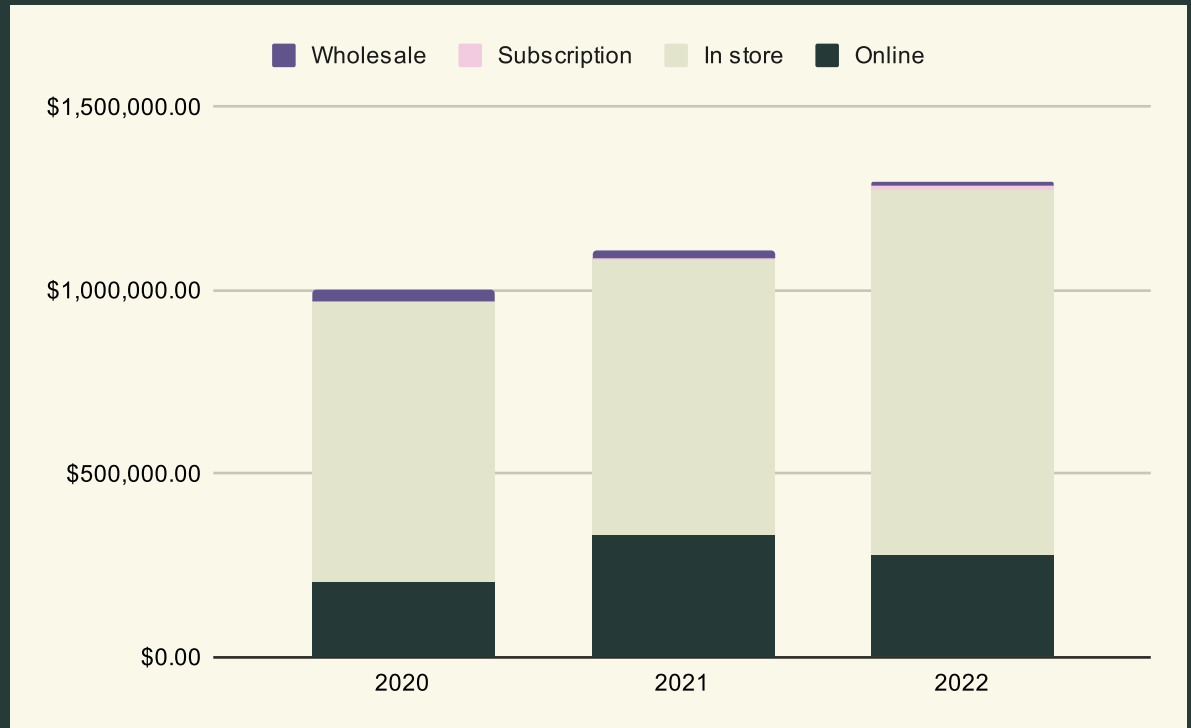
The Berry Tea Shop is strategically positioned in this robust and growing sector, as well as the growing markets for herbal, fruit teas, and RTD products.



Business and Revenue Model

Our goal is to scale the direct-to consumer business while also unlocking a large wholesale opportunity that services all of Australia.

REVENUE SOURCES



IN-STORE (73% avg '20-'22)

The Berry Tea Shop brand is grounded in the immersive experience of the retail store and the charm and allure of country living by way of its location.

The physical presence is what sets it apart from many other specialty tea brands, and it continues to thrive with 20% compounded annual growth from 2019 through to the end of 2022. There is room to grow this even more with an extended product line.



ONLINE (25% avg '20-'22)

In 2019, the online store was launched, and since then, it has grown by 60% annually in that period outperforming the Shopify benchmarks for revenue*. There also is a track record of generating sales from Facebook and Google Advertising at a Cost per Conversion with scalable unit economics showing that customers respond to the brand positively online.



WHOLESALE (2% avg '20-'22)

Over the years there has been great interest in wholesale and brand collaborations, both from businesses in the local area and beyond. This channel has been capped by restraints on infrastructure and has been neglected for the sake of higher margin channels.

Once we are able to expand our operational capacity we will reinvest in growing this channel. This will also be aided by new product development such as tea bags and ready to drink which open up the addressable market.

*For the period beginning when Shopify Benchmarks began on 1 November 2021 to 31 August 2023, The Berry Tea Shop Averaged \$104,106 vs Shopify median benchmark of \$77,423.

Business Strategy

UNLOCKING GROWTH

Our short term focus is on scaling the online business, establishing a wholesale channel and growing brand awareness.

The investments from crowdfunding will fuel The Berry Tea Shop's expansion by allowing us to:

1. **Secure a warehouse** to enhance production and fulfilment.
2. **Amplify marketing** to tap into wholesale opportunities and boost online consumer sales.
3. **Broaden our product range**, delving into innovative tea formats and enriching our tea ware selection, including signature branded items.
4. **Explore more brand collaborations** to extend the brand and open new markets.

5. **Launch a Ready to Drink range** to open up more wholesale opportunities in a growing segment.
6. **Lay foundations for more stores** by dedicating resources to planning and modelling retail expansion.

We have selected these activities based on their lower risk profile and potential to directly increase revenue and profit, fuelling sustainable growth.

The associated growth and customer feedback will pave the way for a future in expanding into opening more stores, bringing us closer to spreading the joy of tea to all Australians and honouring the ritual of tea that has existed for thousands of years before us.



Shop ▾ Our World ▾ Gifting ▾ LoyalTEA Rewards

THE BERRY TEA SHOP
FINE TEA MERCHANTS
est. 2008

Search Account Cart

FIND YOUR PERFECT CUP OF TEA
Discover our range of loose leaf teas, blended and packed by hand in Berry, NSW

SHOP OUR RANGE

A CLOSER LOOK AT

Growing Online Sales

Online sales have grown 60% YOY over last 4 years and a plan to grow them further.

2022 Sales Key Stats
Source: 36% direct, 25% organic search, 25% ads, 6% email marketing
Average order: \$69.63
59% returning customer rate

Facebook Ads Key Stats
Generates \$75 average sale from \$25 in Ad spend
Every \$1 spent on ads produces \$1.4 gross profit

The plan
Scale ad spend and infrastructure
Optimise website to increase conversions and spend
Optimise customer journeys to increase lifetime value

Our Team



Our Retail Team

THE BERRY TEA SHOP TEAM		
NAME	ROLE	DESCRIPTION OF DUTIES
Paulina Collier	Founder & General Manager	
Clifford (Cliff) Collier	Founder & Head of Tea and Production	
Brittany Warren	Store Manager and Operations	Managing the day-to-day operations of the retail store, managing the online store products and inventory, receiving and fulfilment of stock, liaising with customers online and in-store, Admin and Operational support.
Kesara Mclaurin	Online Store Manager and Social Media	Picking and Packing online orders, managing fulfilment of orders and stock deliveries, liaising with customers online and in-store, social media content.
Katie Davies	Cake Maker	Making all our fresh cakes and biscuits for the store.
OUR EXTENDED FAMILY		
Christopher Andrews - Accountant	Sam Sgambellone - Advisor	Stephanie Donougher - Naturopathic Consultant
Jeff Epplett - Design	Mandar Vaydia - Advisor	
Jade Rennie (The Brainchild) - Brand	Kath Weekes - Advisor	

Our Directors



Pauline Maree Collier (Paulina)
Director

Founder and General Manager

Paulina brings over 30 years of food and beverage experience ranging from fine dining to retail in various roles and several times as founder.

As a third-generation entrepreneur, Paulina believes in building businesses with a strong focus on brand and high quality customer experiences. To that end, at The Berry Tea shop, she focuses on Business Development, Brand and Marketing, sourcing teawares for the store and liaising with suppliers in Australia and overseas, Visual Merchandising and being the Chief Happiness Officer.

Away from the tea shop, Paulina enjoys taking her two dogs (Molly and Freddie) for long walks, sewing, reading and listening to entrepreneurial podcasts.



Clifford Collier
Director

Founder and Head of Tea & Production

Cliff began his trade in the London food scene before relocating to Australia. He spent the early part of his career in various kitchen roles and, after meeting Paulina, soon became a business owner, a few times over, and extended into front-of-house and management roles.

With his background and experience in commercial kitchens and his deep love of tea inspired by his English roots, Cliff is perfectly placed to head up production and all things tea.

This includes sourcing and ordering of ingredients, blending and packaging teas, as well as Food Safety.

He also spends time in-store in a front and back-of-house role, ensuring the in-store experience is up to his high standards. In his spare time, Cliff loves to spend time in the garden, walking the dogs and watching his favourite football team lose.

Capital Structure

2.6.1 Issued capital (before and after the Offer)

As at the date of this Offer Document, the Company has 4,000,000 ordinary shares on issue. The majority of shares are held by the Company's founders/directors.

Table 1 sets out the issued capital of the Company before the Offer.

Table 2 sets out the issued capital of the Company following the Offer on a fully diluted basis.

Table 1: Issued capital of the Company before the Offer

SHAREHOLDER	SHARE TYPE	SHARES
Pauline Maree Collier	Ordinary	2,000,000 (50%)
Clifford Collier	Ordinary	2,000,000 (50%)
Total		4,000,000 (100%)

Table 2: Issued capital of the Company following the Offer (on a fully diluted basis)

SHARES	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Existing Ordinary Shares	4,000,000 (97.6%)	4,000,000 (89.5%)
Offer Shares	100,000 (2.4%)	468,750 (10.5%)
Total Shares	4,100,000 (100%)	4,468,750 (100%)

SECTION 2.6

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 power to refuse a transfer of shares to a third party.

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.

Shareholders Agreement

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

To date, the business has been funded through founder loans.

Founder loans

To date, the founding shareholders have loaned funds of \$195,998 in total to the Company.

This loan also serves as a mechanism by which some liabilities that existed in the partnership that could not be transferred are serviced

The key terms of these loans are set out below. The founder loans will not be repaid with the funds raised under the Offer under the partnership they were funded out of cash flows.

Founder Loan (Repayable)

- Amount outstanding- \$95,973.63
- Interest - Interest-free
- Repayments per month -\$2,433.52
- Final Repayments date - 03/07/26

Founder Loan (Remainder)

- Amount outstanding- \$100,024
- Interest - Interest-free
- Repayments per month - At the discretion of the Company

Debt funding (Motor Vehicle)

- Amount outstanding- \$19,500
- Interest - 10.1% pa
- Repayments per month -\$415.00
- No of repayments - 60

Key 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 the Company's 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 (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

RISK	DESCRIPTION
Cash Flow Risk	The business has been operating profitably for a number of years nevertheless, as with any commercial enterprise, market and economic conditions may impact future trading. The Company is not immune to such risks and a significant change in trading conditions caused by economic downturn, competition, availability of raw materials or other factors may impact future trading and cause disruption to cash flow.
Economic Risks	While the tea market is growing globally, there is no guarantee that this will continue into the future, and The Berry Tea Shop is subject to economic factors beyond our control. These factors include but are not limited to: economic outlook for Australia and overseas countries, consumer sentiment, unemployment rates and adverse exchange rate instability, any of which may affect consumer behaviour and contract the growth of The Berry Tea Shop.
Brand Risk	If the Company does not maintain consistent levels of quality and service in its offering, the Company's brand and reputation could be damaged. In an increasingly connected world, damage to a company's brand and reputation can be catastrophic. The Company is acutely aware of this risk and is vigilant to ensure that it maintains a consistently high level of product quality and customer service.
Competition Risk	The Company operates in the Food and Beverage industry which can be highly competitive. Additional competitors may enter the market from time to time and there is no assurance that the Company will be able to compete effectively with existing and new competitors in the future and this may have an adverse impact on the Company's financial performance and growth prospects.

SECTION 2.7

RISK	DESCRIPTION
Funding Risk	The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all of the required funding and therefore not achieve all of its business objectives. This means that, the current cash reserves (plus any proceeds of the Offer) may not provide the Company with sufficient cash or working capital. Accordingly, the Company may need to obtain additional funding in the future. There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available. Finally, where funding activities occur, a shareholder's interest may be diluted (if they do not participate in future fundraising).
Business Model Risk	The Company distributes its products to consumers through various sales channels, including in-store and online direct to consumers as well as wholesale. The Company depends on continued access to these sales channels. There is no guarantee that the Company will have access to these channels in the same way that it has historically or the way that it has modelled hence there is no guarantee they will continue to generate the same revenue and profitability as historically achieved.
Key Personnel Risk	The Company is susceptible to the loss of key team members who are considered critical to the continued success of the Company. For example, the Company's co-founders play an integral part in the Company's operations and growth plans. If key personnel were to leave the organisation, they would need to be replaced in a timely fashion in order for the Company to achieve its business objectives. The Company may fail to attract key personnel that are critical to the Company's growth and performance. Any delay in recruiting key personnel (or any failure to hire), may have a significant adverse impact on the management of the Company, and may, in turn, have adverse impacts on financial performance.
Supply Chain Risk	The Company is exposed to an international supply chain. Should there be an interruption to that supply chain it could result in shortages and there is no guarantee that suitable alternatives can be found. This could result in being unable to stock certain products for a period of time or higher prices needing to be paid.
Online Advertising Risk	The growth of the company's online store is heavily reliant on the effectiveness of its online advertising strategies. Although it has organic sales through social media, email and returning customers, advertising is the key driver to growth and from time to time advertising effectiveness can change due to changes in policy from advertisers or hardware providers, competition for audiences or audience saturation. Should advertising effectiveness drop significantly from historical levels it could make this channel less profitable and so too growth.

Financial Statements

From 2010 to date The Berry Tea Shop has traded as a partnership. In preparation for the capital raise The Berry Tea Shop Pty Ltd was incorporated on the 29th of August 2023. There is a contract of sale for the business from the partnership to the company subject to a successful raise.

On that basis, below are the financial statements of the Company for the period from incorporation to August 31, based on management accounts, and accordingly may be subject to change.

Financial statements have also been included, where relevant, for the partnership that preceded the company.

2.8.1 Balance sheet

Balance Sheet The Berry Tea Shop Pty Ltd As at 31 August 2023

Assets	
Current Assets	
Bank Accounts	5,000
Stock on Hand	60,000
Total Current Assets	65,000
Non Current Assets	
Property, Plant and Equipment	40,000
Goodwill	155,500
Total Current Assets	195,500
Total Assets	260,500
Liabilities	
Current Liabilities	
Hire Purchase	9,062
Accounts Payable	45,000
Total Current Liabilities	54,062
Non-Current Liabilities	
Hire Purchase	10,438
Loans from Directors	195,998
Total Current Assets	206,436
Total Liabilities	260,498
Net Assets	2
Equity	
Share Capital	2
Total Equity	2

SECTION 2.8

2.8.2 Profit and Loss (Company)

Profit and Loss

The Berry Tea Shop Pty Ltd

For the period from 29 August 2023 to 31 August 2023

Total income	-
Profit/(Loss) before Taxation	-
Net Profit After Tax	-
Net Profit After Distributions/Dividends Paid	-

2.8.4 Statement of Changes in Equity

Statement of changes in equity

The Berry Tea Shop Pty Ltd

	Issued Capital	Retained Profits	Total Equity
Opening 29 August 2023			0
Profit (loss) after tax	-	-	-
Increase (decrease) in equity	2	2	2
Closing 31 August 2023	2	2	2

2.8.3 Cash Flow Statement

Statement of Cash Flows

The Berry Tea Shop Pty Ltd

For the period from 29 August 2023 to 31 August 2023

Investing Activities	
Payment for property, plant and equipment	(40,000)
Other cash items from investing activities	(215,500)
Net Cash Flows from Investing Activities	(255,500)
Financing Activities	
Proceeds from borrowings	195,998
Other cash items from financing activities	64,502
Net Cash Flows from Investing Activities	260,500
Net Cash Flows	5,000
Cash and Cash Equivalents	
Cash and cash equivalents at beginning of period	-
Net change in cash for period	5,000
Cash and cash equivalents at the end of the period	5,000

2.8.5 Profit and Loss (Partnership)

Profit and Loss

The Berry Tea Shop

For the year ended 30 June 2023

Account	FY23	FY22	FY21	FY20
Trading Income				
Revenue	1,083,079	1,029,565	1,102,983	592,237
Total Trading Income	1,083,079	1,029,565	1,102,983	592,237
Cost of Sales				
Cost of Goods Sold	482,133	535,448	531,139	267,959
Total Cost of Sales	482,133	535,448	531,139	267,959
Gross Profit	600,946	494,117	571,843	324,278
Other Income				
Covid Job Keeper Payments	0	0	27,000	12,000
Interest Income	0	0	0	0
Other Revenue	5,737	39,788	13,000	21,551
Total Other Income	5,737	39,788	40,000	33,551
Operating Expenses				
Administration and Operating Expen	125,186	106,184	107,182	60,916
Promotion and Marketing	69,267	76,524	28,741	6,796
Occupancy Expenses	47,800	41,119	42,240	33,276
Employment Expenses	335,159	273,610	282,007	120,682
Depreciation	10,737	5,985	77,657	32,293
Interest Expense	12,816	6,881	3,111	5,553
Total Operating Expenses	600,965	510,303	540,937	259,517
Net Profit	5,718	23,602	70,907	98,312

SECTION 2.8

2.8.6 Management comments on historical performance and outlook

Within the partnership, where trading has taken place to date, our revenue was only up slightly in FY23 this was restricted by a focus on the most profitable sales channels that led to some throttling of the online and wholesale channels in the second half of FY23.

This shift in focus and changes to retail pricing led to a 21% increase in gross profit to a gross profit margin of 55% in FY23 up from 48% the previous year. There has also been a reduction in operating expenses that began in the second half of FY23. This has carried on into the first two months of FY24 with Operating Expenses down to 47% from 58% the year before.

With the funds raised under the CSF Offer, we plan to reinvest in our online and wholesale channels from our new, improved cost base. Traditionally we have been able to produce online sales from ads with positive unit economics for example on Facebook we generate \$3 in revenue and \$1.4 in gross profit from every \$1 spent on ads (July 21 -June 23). If this continues to scale we should see a healthy increase to gross profit. This increase in sales will result in a higher operating expense as we dedicate staff and infrastructure to fulfillment and until the online sales scale beyond that expense it will not be profitable.

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 the Company and has not been validated by an independent third party.

Information About The Offer

3.1 Terms of the Offer

The Company is offering up to 468,750 shares at an issue price of \$1.28 per share to raise up to \$600,000. The key terms and conditions of the Offer are set out below.

TERM	DETAILS
Shares	Fully-paid ordinary shares
Price	\$1.28 per share
Minimum Subscription	\$128,000
Maximum Subscription	\$600,000
Opening date	26 September 2023
Closing date	12 October 2023

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

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.

Retail 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.

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.

3.2 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	Minimum Subscription \$128,000	Maximum Subscription \$600,000
Marketing	\$40,000	\$150,000
Fullfilment capability	\$20,000	\$50,000
Product development		\$30,000
New store planning		\$30,000
Working Capital	\$39,300	\$279,100
Offer Costs	\$28,700	\$60,900
Total	\$128,000	\$600,000

Fulfillment capability includes the costs associated with identifying, leasing, setting up and operating an expanded fulfillment infrastructure and capability.

Product development includes costs associated with bringing to exploring and bringing to market new tea formats eg tea bags and ready to drink product/s.

New store planning includes costs associated with exploring an additional store such as identifying a site, producing plans, a budget and financial modelling.

Working capital includes overhead expenses, stock costs and employee wages. We intend to ensure specialised staff are identified, acquired, and retained, to faclitate the growth of the different channels of the business such as online and wholesale.

The Offer costs includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchal 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 \$18,100 up to \$40,100 dependent amount raised.

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.

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 this CSF Offer is unsuccessful, or 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 alternative sources of funding, such as undertaking a further CSF offer under the CSF regime or other debt or equity funding. Until additional funding is obtained, we will scale back Marketing and continue to focus our cash resources on day to day business activities.

3.3 Rights associated with the shares

Immediately after issue, the shares under this Offer will be fully-paid ordinary 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. These rights are described below. A copy of the constitution 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 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 (for example, 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).

3.3.3 General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% 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.

3.3.4 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (50%).

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 shareholders after secured and unsecured creditors of the Company. Holders of fully-paid ordinary voting shares rank [ahead/behind] other classes of shares (if any).

3.3.6 Restrictions on sale and transfer

Drag along and tag along rights:

The Constitution contains drag and tag-along rights, as follows:

- Drag rights - If Shareholders who together hold 50% of the shares on issue propose to sell all of their shares to a third party, they can 'drag' the remaining 50% to sell their shares on the same terms. The pre-emptive rights process does not need to be undertaken in order for the drag along to be triggered.
- Tag rights - If Shareholders who together hold 50% or more of the shares on issue propose to sell their shares to a third party under one transaction (or series of transactions) the remaining 50% may also 'tag'-along and sell their shares on the same terms.

Discretion to refuse to register a transfer of shares:

The Board has the power to refuse a transfer of shares to a third party.

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.

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.theberryteashop.com.au/investors 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.

4.4 Company updates

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

Glossary

■ Company means The Berry Tea Shop Pty Ltd ACN 670 885 677.

■ Cooling-off Period means the period ending five business days after an application is made under this Offer, during which a retail 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 Birchall Financial Services Pty Ltd ACN 621 812 646 AFSL 502618.

■ 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 is subject to rounding based on the share price of the Offer.

■ 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 is subject to rounding based on the share price of the Offer.

■ 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.

Contact

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THE BERRY TEA SHOP

FINE TEA MERCHANTS

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