

A close-up photograph of a man with a beard holding a baby. The man is wearing a light-colored, textured button-down shirt. The baby is wearing an orange long-sleeved shirt and is looking directly at the camera. The background is a soft-focus outdoor scene with greenery and a warm, golden light, suggesting sunset or sunrise.

# PR<sub>Δ</sub>NTO<sup>®</sup>

*The World's First  
Self-Sterilising  
Baby Bottle*

# Crowd-sourced funding Offer Document

*Dated 4th of November 2020*

*Offer of fully-paid ordinary shares in  
Form-i-Baby Pty Ltd at \$1.89 per share  
to raise a maximum of  
\$850,000*

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

**Issuer**

*Form-i-Baby Pty Ltd ACN 632 475 542*

**Intermediary**

*Birchal Financial Services Pty Ltd 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 from the founder Shannon Gilleland

*Hello and welcome,*

*As a new parent who had to go through the bottle feeding process I have first hand experience of the pain of wasting all that time on the washing, sterilising and preparing all those bottles!*

*Travelling became a nightmare, as most new parents will attest to, and required military style forethought and precision packing, as there was no way to prepare a bottle while you were travelling if you ran out of pre-prepared bottles.*

*As a new found minimalist, and eco conscious parent, finding a product that not only reduced the bench top clutter and amount of items I needed to carry in my nappy bag, but which reduced the influx of plastic into my life, just seemed out of reach.*

*So I thought to myself that surely I couldn't be the only parent experiencing these problems. This was the moment when I set about speaking to other parents and researching a product that addressed the pain points of the modern day parent by saving precious time, reducing weight and giving back nappy bag space, and reducing plastic in our environment.*

*Also developing a bottle that provided a safer feeding experience for babies while in the home and out, especially with the current global pandemic occurring, seemed vital.*

*Yours sincerely,*

*Shannon Gilleland*

Founder CEO, Form-i-Baby Pty Ltd



## Section 2: Information about the company

### 2.1 Company details

This offer of shares is made by Form-i-Baby Pty Ltd ACN 632 475 542 (the Company or Pronto). The Company was incorporated

On 25 March 2019.

<b>Company Name</b>	Form-i-Baby Pty Ltd
<b>ACN</b>	632 475 542
<b>Offer Type</b>	Crowd-sourced funding
<b>Offer Date</b>	4th of November 2020
<b>Offer Details</b>	Offer of fully-paid ordinary shares in Form-i-Baby Pty Ltd at \$1.89 AUD per share to raise a maximum of \$850,000
<b>Registered office and contact details</b>	19 Grandview Cr, Kingslake Central VIC, 3757
<b>Principal place of business</b>	19 Grandview Cr, Kingslake Central VIC, 3757



## Section 2: Information about the company

### 2.2 Description of the Business

#### 2.2.1 The Pronto brand

*Pronto was created to respond to a number needs...*



*Our brand exists to make modern parenting more intuitive. No longer will we settle for the hassle, inconvenience, uncertainty and general sense of compromise associated with parenting, and bottle feeding rituals.*

**Smart, Safe, Sustainable Parenting is our brand truth.**

#### *Smart*

*Because we are technology-driven (UV-C light), convenient (light, fast, easy to use) and dependable. The convenience that our products deliver make the experience of parenthood more manageable.*

#### *Safe*

*Because we're removing the need to pre-boil water to sterilise it, having a glass bottle instead of plastic, reducing the chances of babies being exposed to micro plastics or germs and bacteria.*

#### *Sustainable*

*Because we use glass bottles, not plastic, which have a higher rate of recyclability and greater longevity. With future sight for a circular economy to deliver greater sustainability and impact in the world.*

*This is true for Pronto and for our future product development pipeline.*

## Section 2: Information about the company

### 2.2.2 The Pronto customer

#### The burden of bottle-feeding for parents

Growing up in the digital revolution, the latest generation of parents are defining new rituals and while some aspects have moved with the times, others - like bottle feeding - remain frustratingly archaic and slow.

With this generation comes a fluid relationship with technology that removes barriers to every day requirements, and while the nuclear family was a concept around for much of the 20th-century, modern relationships are now far more complex than the previous heteronormative, 2.4 children model.

Pronto offers a unique value proposition not yet seen on the market and is a brand working towards bringing parenting into the modern age by putting the individual needs of the parent (or caregiver) back in the centre of focus.





## Section 2: Information about the company

### 2.2.3 The Pronto Bottle

#### The world's first self-sterilising baby bottle

Pronto has been designed using "one-click" technology (UV-C light), currently used in the medical and dental field, as well as in water sterilisation products to create the world's first self-sterilising baby bottle.

#### The "One Click" technology

Allows Pronto to sterilise itself and the water that is added to it, while home or out, completely freeing a parent from the kitchen sink

In doing so, Pronto has liberated us from the mundane and time consuming process of washing, sterilising & prepping bottle after bottle at home, and the hassle of;

- The kitchen being taken over by plastic clutter
- Lugging all that unwieldy kit around all day
- Excessive planning, and often having to opt out altogether, when it comes to daily / overnight outings
- Unnecessary lifestyle and environmental compromises!



Pronto is the first and only bottle that can be carried empty and prepared anywhere you can find drinkable tap water... Including on an airplane.

Imagine the freedom of carrying a nappy bag that is 2kg lighter and smaller!

It also provides a safer bottle feeding experience as it kills germs and bacteria that might have collected on the bottle while out and about, directly before a baby feeds from it.

Now that's what we call  
"one click confidence"

**A product that captures the imagination of parents and removes the pain of washing and sterilising bottles will be highly sought after**

Baby Bottles Market 2018  
Industry Report  
[transparencymarketresearch.com](http://transparencymarketresearch.com)



## Section 2: Information about the company

### 2.2.4 The Market

*Our parents are educated, digital-savvy, individualistic and largely driven by quality, and brand, but the greatest thing they share is the universal truth of parenthood.*

*That becoming a parent, especially the first time, prompts an unparalleled “re-learning” experience, no matter the demographics or culture.*

*With an increased awareness of the environmental and societal impact of a growing population, these parents are choosing to have fewer babies at an older age.*

**They have a strong sense of preserving their self identity during parenthood, and protecting their “me time”, and are less likely to turn to their parents for parenting advice and more likely to turn to friends, online content, YouTube and BRANDS instead.**

*This is why parents are willing to pay extra for brands that help them feel like they are winning at the unfamiliar parenting game, but which also put the parents needs first, and is giving rise to a new area of growth in high-end baby products like Pronto.*



Section 2: Information about the company

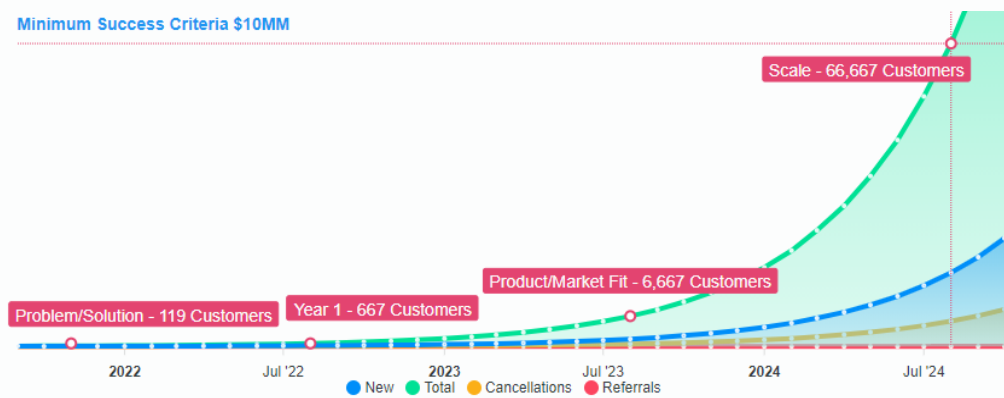
2.2.5 Business Strategy

Business Model

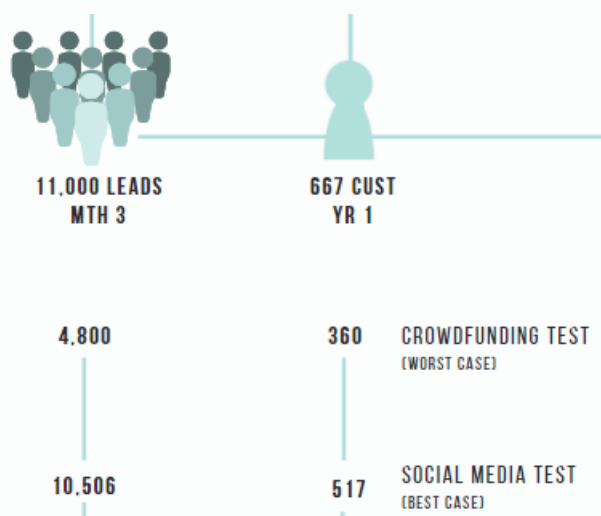
Our business model has been guided by Osterwalder & Pigneur’s “[Business Model Generation](#)”, supported by information from industry reports on the baby bottles & products market, market research and tractions tests we completed, and an independent report produced by Monash MBA students.

Using theories from Maurya’s “[Scaling Lean](#)” methodologies, we completed two separate traction tests to give us a number of data points we could use to not only guide our initial business model direction but give us insight into possible revenue and costs for our revenue scenarios.

The initial data points we set to compare against was planned revenue by year 3, with a pricing model of \$150.00/one time purchase, an estimated customer lifetime of 1 year with a minimum acquisition rate of 1%.



The criteria we set created a roadmap of how many leads would need be obtained in the first three months, with estimate on how many customers that would convert to by year 1, which along with the 1% conversion rate, gave us the benchmark we set our traction tests against and what guided our revenue scenarios.



The crowdfunding test used data from our Indiegogo campaign last year, over a 30 day period, purchasing a product now but with the premise customers would receive their product in 9 months time.

The social media test was data from social media ads leading to a fake product page, over a 4 day period, where customers could purchase the bottle under the guise they’d receive it in a week or so.

The sales we received in that period we projected forward into a year to get the customers by year 1 data.

The longer crowdfunding test converted to 4,800 leads to the page, with customers converted in that period projected to 360 by year 1, where the shorter social media test converted to 10,506 leads to the page, with customers converted in that period projected to 517 by year 1. The conversion rate for both tests was .56% and Customer Acquisition Cost (CAC) was very low at \$6 per conversion.

We used the social media test data to guide our revenue scenarios for our online sales as it was the closest reflection of what customers would experience when landing on our page.

## Section 2: Information about the company

### 2.2.5 Business Strategy

It was clear when we compared the roadmaps customer numbers at year 3, with our traction test results for year 1, that we would need to increase our reach to customers. Which is why Form-i-Baby has set out B2B and B2C strategies for Pronto, with an omni-channel approach through pharmacies, large chain retailers, boutique stores, and online, within Australia as well as expansion strategies into other regions in the future. The industry reports and separate Monash report later confirmed the need for this strategy too, for a number of reasons.



During the crowdfunding test we found lack of brand a factor in why leads didn't convert to customers, which was reflected in a survey Monash ran where 76% of parents surveyed stated BRAND as the most important factor when choosing to purchase a bottle, as this gave them a sense of trust, safety and aftercare they would expect to receive \*

[\\* Monash Report: Final Presentation Team 2 Pronto Bottle - click to email Founder for copy of report](#)

By launching our product through brick and mortar stores, we expect this to allow us to borrow the retailers existing brand, while we develop and build on ours, and at the same time allow for wider accessibility of Pronto to parents.

It's also a reason why we feel brand plays such an important part of our IP protect strategy going forward.

So that we can focus our strengths on future business model strategies, online sales, marketing, brand, aftercare and customer support, we've hired an external sales company to manage the various B2B channels.

Our sales and distribution team, The Thrive Collective, has existing relationships with pharmacy, large chain retailers and boutique baby stores and will reach out and manage our relationships with these brick and mortar stores.

Thrive also provided independent estimate on sales we could reasonably expect to see within the various B2B channels for our revenue scenarios.

**Strong marketing campaigns, competitive pricing and the development of multi-channel retailing options have also enhanced the industry's appeal.**

OD4093 Online Baby Product Sales in Australia  
Industry Report  
[ibisworld.com.au](http://ibisworld.com.au)



## Section 2: Information about the company

### 2.2.6 Revenue Streams

Having multiple channels not only gives parents the greatest ease of access to Pronto, but by having multiple pricing options, like 'buy now, pay later' (BNPL) payments and subscription models, we make it accessible to parents of all income levels.

B2B retail pricing of  
**35% margin**

B2C refurbished price of  
**50% margin**

B2C monthly subscription of  
**100 - 200% margin**

B2C outright purchase of  
**100% margin**

**The disparity in baby category sales by income is one of the most noteworthy dynamics that marketers must understand, particularly as it relates to:**

- **Pricing strategy**
- **Product strategy**
- **Channel strategy**

Tabs Analytics Baby Study 2017  
Industry Report  
[tabsanalytics.com](https://tabsanalytics.com)



Section 2: Information about the company

2.2.7 Revenue and Channel Strategy

The following diagram outlines how the revenue streams relate to the various channel strategies, along with a guide to how we could develop a circular economy in future where our product could come back to us for refurbishment then sent out again to support a social cause in future.



Section 2: Information about the company

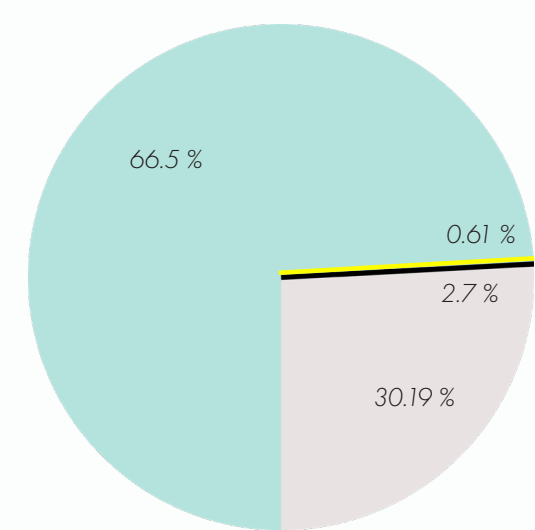
2.2.8 Market Sales Opportunity

Given our traction tests, sales team data, and industry reports the following have been included to demonstrate the market sales opportunity for Pronto bottles in Australia.

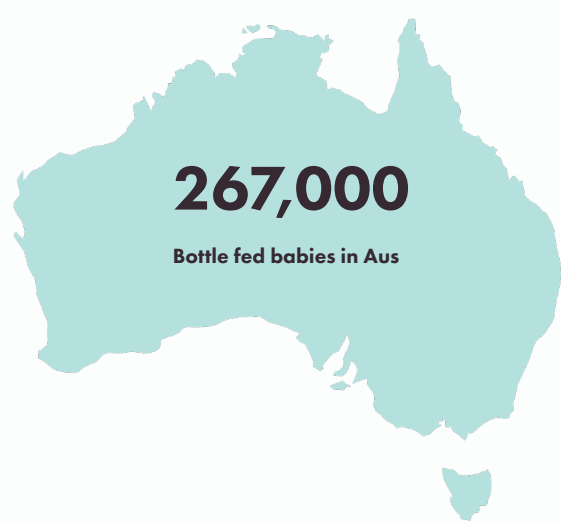
Possible number of Units	Conversion	Market Sales Opportunity
10,710	1.00%	\$269,136
21,420	2.00%	\$538,271
32,130	3.00%	\$807,407
53,550	5.00%	\$1,345,678

For 1 year period  
B2B & B2C channels  
Bottle & spare teat sales  
Revenue between \$7 and \$110 a unit

Please note that the revenue projections demonstrate a range of possible scenarios for Pronto's potential market penetration in Australia and are not guarantees of outcomes possible.



85% of babies receive some form of bottle feeding by the time they are 6 months old\*



% of Units by Channel

- Online
- Pharmacies
- Subscription
- Other Brick 'n Mortar

\* [www.breastfeeding.asn.au/bf-info/general-breastfeeding-information/breastfeeding-rates-australia](http://www.breastfeeding.asn.au/bf-info/general-breastfeeding-information/breastfeeding-rates-australia)





Over the next 4 years in Australia, we've estimated that 8.6 million plastic baby bottles will go to landfill\*

By developing a product that can be used through multiple babies, has a higher rate of recyclability, can be refurbished and sent out to families who need it and which can be returned and disassembled, our aim is to greatly reduce this number.

\* [www.nationalgeographic.com/news/2017/07/plastic-produced-recycling-waste-ocean-trash-debris-environment/](http://www.nationalgeographic.com/news/2017/07/plastic-produced-recycling-waste-ocean-trash-debris-environment/)

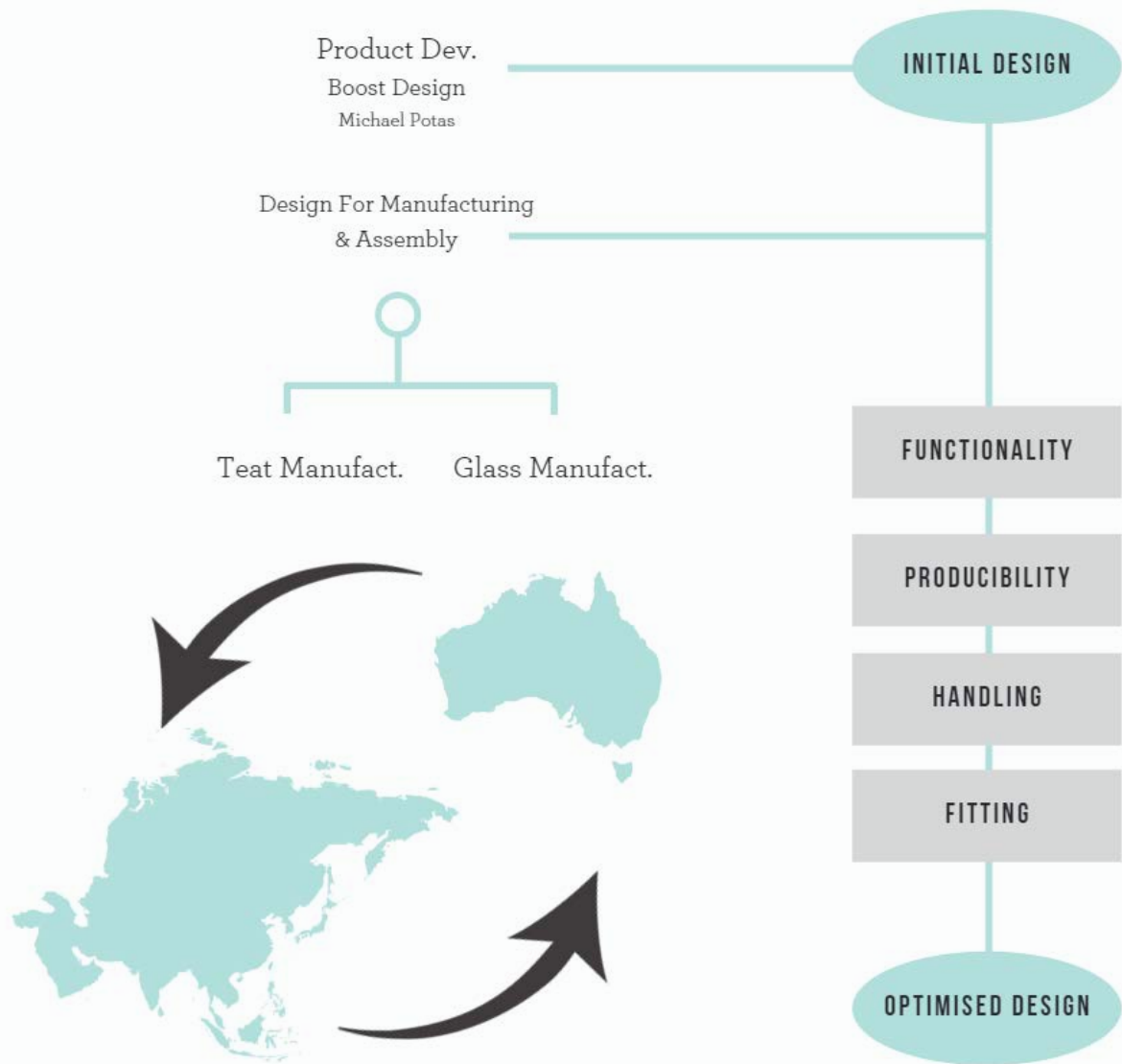


Section 2: Information about the company

2.2.10 Manufacturing and Logistics

Our plan is to initially manufacture the technical components in Australia which should allow us greater control over the quality of the product in the short term, while in the long term we can look to expand our manufacturing out to international locations as we scale up.

Only 6% of parents we surveyed considered a product being made in Australia a deciding factor when purchasing a baby product\*

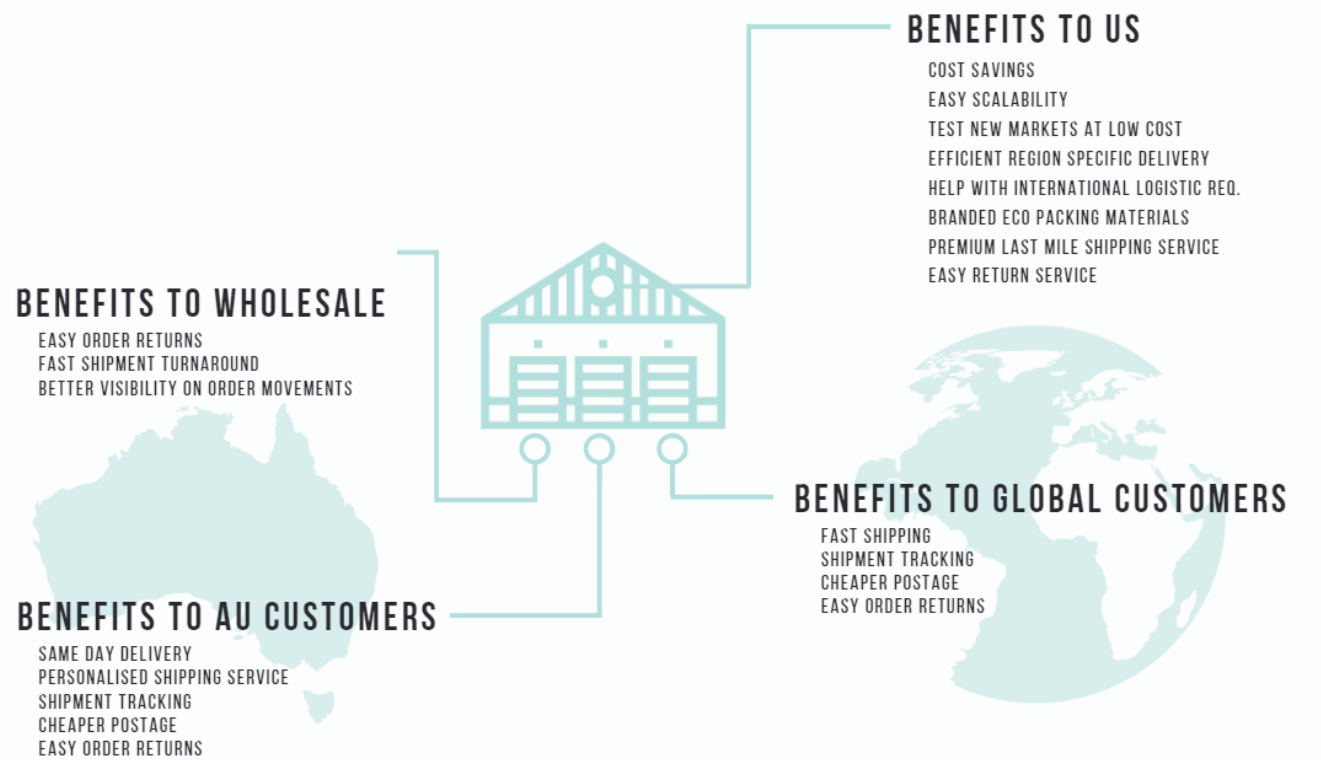


\* Monash Report: Final Presentation Team 2 Pronto Bottle - click to email Founder for copy of report

Section 2: Information about the company

2.2.11 Manufacturing and Logistics

Our plan is to work with an Australian 4th Party Logistics specialist with pick, pack & storage capabilities along with global freight networks and creatively bespoke printing, packaging & Marketing Campaign Management solutions. This allows us to offer a premium service to our customers, in line with our brand.



Section 2: Information about the company

2.2.12 Market and Competitors

Pronto is uniquely disruptive in that it combines a steriliser and baby bottle into one product.

ALL competitors in these two separate markets compete on multi-bottle and separate steriliser systems, which are not innovative enough to solve current pain points for the modern parent.

There are a number of products using UV for sterilising bottles, from large sterilising cabinets that sit on benchtops, which still force parents to prepare and sterilise multiple bottles at home, to small sterilising cases that only sterilise a single empty bottle.

However due to them:

- being under powered
- not running within the correct sterilisation wavelength
- not taking into account material specifics of plastic & glass
- or incorrectly state operating time frames

They actually pose more harm than good as they fail to properly sterilise the outside of the bottle, let alone the inside of it.

The positioning of Pronto's sterilisation unit, within the bottle, allows it to sterilise the bottle and the water that's added to it, completely removing the need for a separate steriliser and for parents to have to pre-prepare multiple bottles at home.

**Pronto is the only bottle that can be carried empty and prepared anywhere a caregiver has access to drinkable water.** The same bottle is used over and over again, removing the need to prepare or carry multiple pre-filled bottles, which is a unique value proposition not yet seen on the market



## Section 2: Information about the company

### 2.2.13 IP Protection



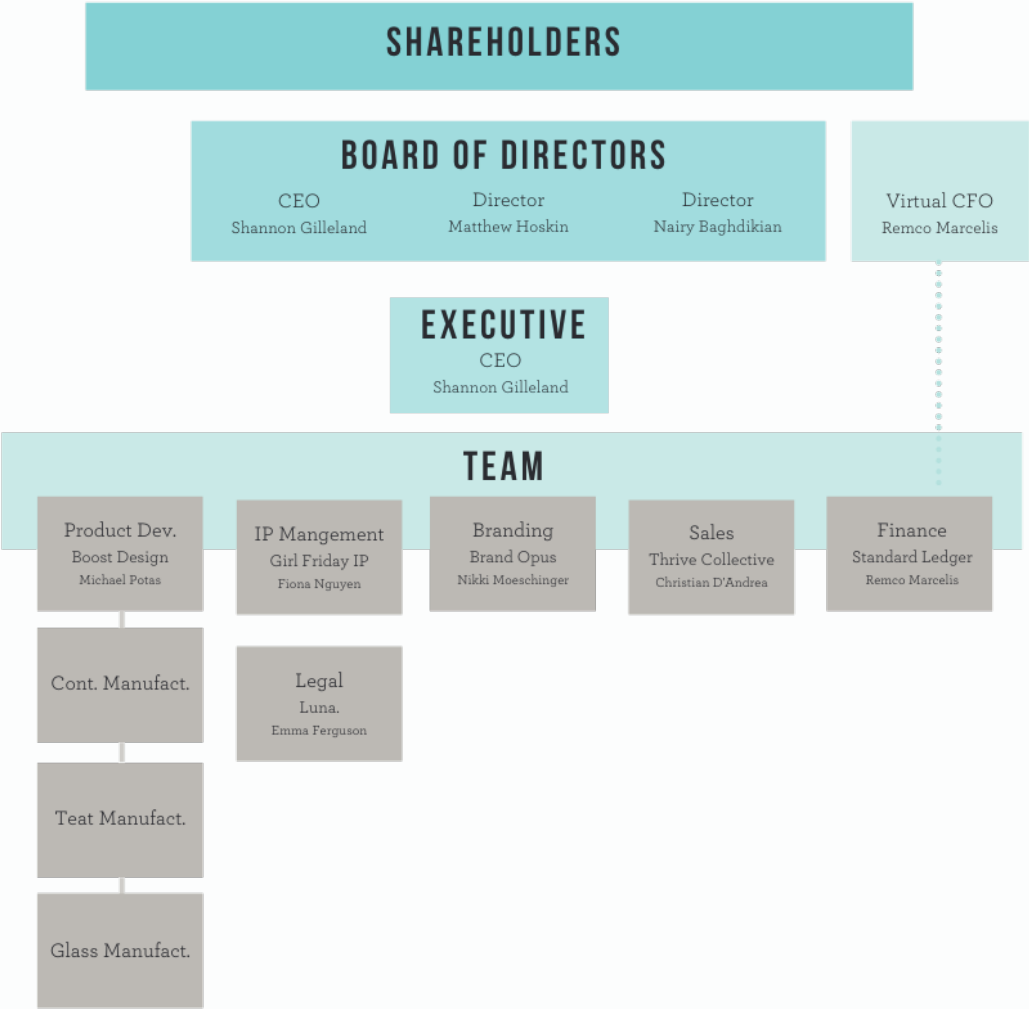
*The following steps have been taken so far to protect our IP;*

- PCT patent application filed for initial concept design, though this does not cover future design improvements that we are currently working on
- Wordmark for Pronto Bottle trademarked in Australia
- Design patents to be filed upon completion of latest design iteration
  - This is the most cost effective protection which gives us the greatest protection against direct “knock offs” which we predict will hit the Asia market
- Global branding strategy development
  - Will not only allow us to build trust with our customers, but be recognised as a high-end, trusted market leader with Pronto, but with a non- generic branding strategy, including slogans, words and key phrases, it could afford some protection against IP theft in future





FORM-I-BABY PTY LTD  
ORGANISATIONAL CHART



## Section 2: Information about the company

### 2.3 Our Directors and other management



#### **Shannon Gilleland**

##### *CEO/Founder*

*Has an extensive background in customer service gathered from a variety of roles over the last 15 years. 13 years of management and project management experience working with small local and large global, culturally diverse teams. Over the last 8 years have founded, and co-founded, 2 businesses and 2 companies, with three of those being e-commerce focused.*

*With the experience she's gathered through her previous roles, she now sits as CEO of Form-i--Baby with her duties specifically including setting and managing the people, culture and vision of the company.*

*This includes hiring companies related to the key components of work necessary to complete the companies vision. Building a product roadmap that is in line with our vision. Fundraising for the company. Developing and maintain the business plan. Managing the board of directors and manage daily duties required for the general function of the company.*



#### **Nairy Baghdikian**

##### *Non-Executive Director*

*Nairy's experience is in marketing strategy, customer and market insight and innovation planning.*

*As a co-founder and director of Cogentum since 2008, Nairy has been working closely with Boards and management teams across a wide range of sectors including Consumer, Life Sciences, MedTech AgTech and InfoTech to de-risk their investment in innovation.*

*By fostering a strong market orientation and providing evidence based insights, Nairy has created significant value for the users, customers and investors of innovative new products.*

*Previously Nairy has worked in innovation and growth strategy consultancy practices, as an academic at RMIT and Monash Universities and in marketing roles in several FMCG companies including Kraft Foods, Nabisco and Uncle Toby's.*



#### **Matthew Hoskin**

##### *Non-Executive Director*

*Matthew is a board director and medtech development and commercialisation consultant with over 25 years of experience in the healthcare, medtech & biotech sectors, including Siemens Medical, Vision Biosystems, Leica Biosystems, Hospira, and Sienna Cancer Diagnostics.*

*He has led small start-up companies as well as large teams in multinational corporations, and has merger and acquisition experience from both the acquired and acquiring company perspectives. Developing products from hardware devices, software, automation systems, and diagnostic assays, he has taken products from research, development, manufacturing, regulatory approval, reimbursement, all the way through to global market launch.*

*His extensive experience in international markets includes 5 years living in the USA, and the management of direct sales & marketing teams as well as international distribution networks. Matthew has managed an IPO on the ASX, and served as CEO of a publicly listed biotech company. Now as a medtech business consultant, he works with companies to commercialise purposeful technology and grow successful, sustainable businesses.*

## Section 2: Information about the company

### 2.4 Capital Structure

#### 2.4.1 Issued Capital

Table 1: Issued capital of the Company before the Offer

Name	Number of Shares	Class	% - Fully Diluted
Shannon Gilleland and Tony Gilleland ATF Rose Penz Trust	940,000	ORD	71.09%
William Gale	10,000	ORD	0.76%
The Actuator Operations Ltd	63,334	ORD	4.79%
Artesian Medtech Pty Ltd	253,335	ORD	19.16%
Marika Weiss Jefferson	12,666	ORD	0.96%
ESOP*	42,957	ORD	3.25%
<b>Total</b>	<b>1,322,292</b>	<b>ORD</b>	<b>100.00%</b>

\* Allocated but unissued. Allocated to 2 contractors of the Company William Gale, Nairy Baghdikian and Matthew Hoskin.



## Section 2: Information about the company

### 2.4.2 Equity Post Offer



Table 2: Issued capital of the Company following a Minimum Subscription of the Offer

Name	Number of Shares	Class	% - Fully Diluted
Shannon Gilleland and Tony Gilleland ATF Rose Penz Trust	940,000	ORD	66.44%
William Gale	10,000	ORD	0.71%
The Actuator Operations Ltd	63,334	ORD	4.48%
Artesian Medtech Pty Ltd	253,335	ORD	17.91%
Marika Weiss Jefferson	12,666	ORD	0.90%
CSF Offer	92,593	ORD	6.54%
ESOP*	42,957	ORD	3.04%
<b>Total</b>	<b>1,414,885</b>	<b>ORD</b>	<b>100.00%</b>

\* Allocated but unissued. Allocated to 2 contractors of the Company William Gale, Nairy Baghdikian and Matthew Hoskin.

The exact shareholding and equity structure will depend on the amount raised under the Offer.



## Section 2: Information about the company

### 2.4.2 Equity Post Offer



Table 3: Issued capital of the Company following a Maximum Subscription of the Offer

Name	Number of Shares	Class	% - Fully Diluted
Shannon Gilleland and Tony Gilleland ATF Rose Penz Trust	940,000	ORD	53.05%
William Gale	10,000	ORD	0.56%
The Actuator Operations Ltd	63,334	ORD	3.57%
Artesian Medtech Pty Ltd	253,335	ORD	14.30%
Marika Weiss Jefferson	12,666	ORD	0.71%
CSF Offer	449,735	ORD	25.38%
ESOP*	42,957	ORD	2.42%
<b>Total</b>	<b>1,772 ,027</b>	<b>ORD</b>	<b>100.00%</b>

\* Allocated but unissued. Allocated to 2 contractors of the Company William Gale, Nairy Baghdikian and Matthew Hoskin.

The exact shareholding and equity structure will depend on the amount raised under the Offer.

## Section 2: Information about the company

### 2.4.3 Rights and liabilities associated with securities

### 2.4.4 Debt funding and other sources of funding

The current shareholders of the Company have agreed to terminate the existing Shareholders Agreement (entered 17 September 2019) with effect from the closing date of this Offer (subject to the minimum amount being achieved). Further information is included in Section 3.3.7 below. The Board may refuse to register any transfer of Shares for any reason except that neither the Board nor the Company may refuse to register a transfer of Shares made under a valid exercise of an enforcement power under a mortgage of the Shares the subject of the transfer.

#### Ordinary Shares

Immediately after issue and allotment, the shares offered under this Offer Document will be fully paid ordinary shares. All ordinary shares have the same voting rights (one vote for each share held) and the same rights to receive dividends, however the following kinds of key decisions also require affirmative votes from either Artesian MedTech Pty or the Actuator Operation Ltd.

- (Share rights) varying the rights of any shares;
- (Constitution) amending the Constitution;
- (Intellectual Property) selling or assigning the Company's Intellectual Property;
- (restructure) any restructuring involving the Company;
- (Share Plan) increasing the available shares under the Employee Share Option Plan so that the total number of shares is greater than 10% of the fully diluted share capital of the Company;
- (Sale) a sale of all or a majority of the assets of the Company; and
- (related party transactions) transactions between the Company and a Shareholder or its affiliate which are outside of the ordinary course of business.

A more detailed description of the rights associated with the shares can be found in section 3.3. of this Offer Document.

#### Preference Shares

There are no preference shares currently on issue in the Company and there will be no preference shares issued under this offer.

#### Options

The Company has adopted an Employee Share Option Plan (ESOP) which will allow the Company to issue shares and options to employees and contractors who provide services to the Company. The Company may issue securities under the ESOP up to a maximum of 10% of the fully diluted share capital of the Company.

The ESOP complies with the requirements of the Australian Tax Office's 'start up' tax concessions. As at the date of this Offer Document, the Company has issued 42,957 options to employees under the ESOP.

The options that have been issued have the following key terms:

- The options will be issued by the end of November 2020
- The options have an exercise price of \$0.004 each (based on a concessional NTA valuation employed under the ATO Startup tax concessions);



#### Options continued

- Some options are subject to monthly vesting over a 12 month period, while others have already vested.
- Unless there is an exit event (such as a sale of the Company's business or the Company is listed on a securities exchange such as the ASX), the options will not expire until the employee is no longer employed by the Company.
- The terms of the ESOP govern the treatment of options once an employee or contractor ceases to be engaged by the Company.

#### Debt funding and other sources of funding

Form-i-Baby has been funded in a number of ways over the last 3 years, including capital from the founder and outside investment:

- \$28,999 on loan from Friends and Family, at 0% interest per annum
- \$18,198 on loan from Founder at 0% interest per annum
- The outstanding loans to Friends, Family and Founder are not secured and do not have a fixed repayment schedule. These loans will not be repaid from the proceeds of this CSF raise
- \$17,914 loan from Founder which has been written off as equity contribution
- \$25,418 Research and Development loan which was paid back from 2021 FY tax return
- \$10,000 loan from Marika Weiss Jefferson which has been paid back by converting into equity
- \$10,000 in services received from MYOB pitch competition win
- \$5,000 in prize money and services received from OneLenz pitch competition win
- \$5,000 in services received from Ausmumpreneur gold award for Product Innovation
- \$200,000 has been raised over three separate funding rounds with Artesian, venture capital firm, in exchange for equity

## Section 2: Information about the company

### 2.5 Risks facing the business

An investment in Form-i-Baby 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 Form-i-Baby (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Type of risk	Description of risk
Covid & similar global epidemic	Upstream and downstream activities of the company could be affected during a global epidemic which could affect the supply of components used in manufacturing, the delivery times of product to customers and impact revenue estimates of the company.
Supply chain risk	Disruption to the Company's supply chain could affect the Company's ability to produce inventory at commercially acceptable cost, and in a timely manner, which would have a direct impact on the Company's revenue and profitability
IP risk	Though efforts have been made to protect IP, the methods of protecting IP make it costly and time consuming for a startup to pursue any company or entity that might infringe on strategies set to protect IP so far and into the future. By launching the product within Australia, the product becomes immediately visible to foreign companies, and therefore open to opportunities of infringement.
Startup risk	As an early stage startup, our company is subject to all of the risks associated with early stage companies, including uncertainty around the volume and origin of revenue streams, size and existence of repeat customers. The product itself is still in development and therefore there's potential for unexpected problems in product development and testing.
Brand Risk	This product relies heavily on branding and the trust associated with it. 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.



## Section 2: Information about the company

### 2.6 Financial Information

#### 2.6.1 Balance Sheet

Below are the financial statements for the Company for the financial year ended 30 June 2020, prepared in accordance with the Accounting Standards.

## Balance Sheet

### Form-i-Baby Pty Ltd

#### As at 30 June 2020

	year ended 30 JUN 2020	year ended 30 JUN 2019
<b>Assets</b>		
<b>Bank</b>		
Form-i-Baby	4,529.72	-
<b>Total Bank</b>	<b>4,529.72</b>	<b>-</b>
<b>Current Assets</b>		
Accounts Receivable	31,631.46	-
<b>Total Current Assets</b>	<b>31,631.46</b>	<b>-</b>
<b>Total Assets</b>	<b>36,161.18</b>	<b>-</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	691.69	5,125.50
GST	(6,657.26)	(567.50)
Loan from (to) Shannon	18,198.01	15,905.28
Loan from (to) Sundry lenders	38,999.20	20,900.86
Loan from R&Dium Capital	25,418.84	-
Paypal AUD	20.99	-
Rounding	(2.46)	(0.07)
<b>Total Current Liabilities</b>	<b>76,669.01</b>	<b>41,364.07</b>
<b>Total Liabilities</b>	<b>76,669.01</b>	<b>41,364.07</b>
<b>Net Assets</b>	<b>(40,507.83)</b>	<b>(41,364.07)</b>
<b>Equity</b>		
Actuator Venture Capital	125,000.00	-
Current Year Earnings	(142,058.60)	(20,464.07)
Retained Earnings	(41,364.07)	(20,900.00)
Share Capital	17,914.84	-
<b>Total Equity</b>	<b>(40,507.83)</b>	<b>(41,364.07)</b>

2.6.2 Profit and Loss

## Profit and Loss

Form-i-Baby Pty Ltd

For the year ended 30 June 2020

	year ended 30 JUN 2020	year ended 30 JUN 2019
<b>Cost of Sales</b>		
Cost of Goods Sold	-	279.91
<b>Total Cost of Sales</b>	-	<b>279.91</b>
<b>Gross Profit</b>	-	<b>(279.91)</b>
<b>Other Income</b>		
Other Revenue	2,000.00	-
<b>Total Other Income</b>	<b>2,000.00</b>	-
<b>Operating Expenses</b>		
Accounting, Bookkeeping and ASIC Agent Fees	7,250.00	8,136.36
Advertising & Promotion	30,441.18	4,053.48
Bank Fees	417.36	142.49
Bank Revaluations	132.01	13.27
Consultants, Subcontractors, Virtual Assistants	32,534.00	2,300.00
Establishment Fee	768.90	-
Filing Fees	5,834.00	-
Income Tax Expense	(31,631.46)	-
Insurance	1,905.85	-
Interest Expense	1,031.84	0.54
Internet	415.81	-
Legal expenses	17,809.27	1,628.70
Meeting Expenses: Coffee/Meals	185.88	-
Office Expenses	112.28	180.09
Online Service Subscriptions	2,955.23	520.57
Pitch Events / Conferences / Expo's / Etc	4,260.70	80.62
Postage, Freight & Courier	104.38	11.55
Printing & Stationery	373.54	(10.00)
Realised Currency Gains	4.04	-
Rent / Coworking	-	897.82
Research & Development of the product	67,208.87	2,151.35
Staff Amenities	563.74	-
Sundry Expenses	48.46	11.00
Telephone	-	58.33
Training, Conferences and Research Materials	-	5.26
Travel - International	137.96	-
Travel - National/Local/Taxis/Parking/Food/Accom	1,194.76	2.73
<b>Total Operating Expenses</b>	<b>144,058.60</b>	<b>20,184.16</b>
<b>Net Profit</b>	<b>(142,058.60)</b>	<b>(20,464.07)</b>



## Section 2: Information about the company

### 2.6.3 Cashflow Statement

### 2.6.4 Statement of changes in equity

## Cash Flows

### Form-i-Baby Pty Ltd

#### For the year ended 30 June 2020

	year ended 30 JUN 2020	year ended 30 JUN 2019
<b>Operating Activities</b>		
Payments to suppliers and employees	(194,384.92)	(15,892.87)
Cash receipts from other operating activities	10,441.46	-
Cash payments from other operating activities	(4.04)	-
<b>Net Cash Flows from Operating Activities</b>	<b>(183,947.50)</b>	<b>(15,892.87)</b>
<b>Financing Activities</b>		
Other cash items from financing activities	188,588.24	15,906.14
<b>Net Cash Flows from Financing Activities</b>	<b>188,588.24</b>	<b>15,906.14</b>
<b>Net Cash Flows</b>	<b>4,640.74</b>	<b>13.27</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents at beginning of period	13.27	-
Cash and cash equivalents at end of period	4,654.01	13.27
<b>Net change in cash for period</b>	<b>4,640.74</b>	<b>13.27</b>

## Movements in Equity

### Form-i-Baby Pty Ltd

#### For the year ended 30 June 2020

	year ended 30 JUN 2020	year ended 30 JUN 2019
<b>Equity</b>		
Opening Balance	(41,364.07)	(20,900.00)
Actuator Venture Capital	125,000.00	-
Current Year Earnings	(142,058.60)	(20,464.07)
Share Capital	17,914.84	-
<b>Total Equity</b>	<b>(40,507.83)</b>	<b>(41,364.07)</b>

## Section 2: Information about the company

### 2.6.5 Management comments on historical performance

#### Phase 1 Milestones - Jan to Dec 2019

*Our overall focus was to not only setup our company, but to constantly test our hypothesis on the product and the business model as we went along.*

*This ensured that we were developing a product that solved actual pain points being experienced by parents and that we were developing Pronto into something parents actually needed and would later want.*

*We spent a large portion of time, and funds, during this period on setting up and running our Indiegogo crowdfunding campaign too. Though we didn't raise the funds we needed for manufacture, our marketing efforts allowed us to complete traction testing, gaining valuable data to guide our business model plans and revenue scenarios, while at the same time introducing parents to our product and the Pronto brand.*

*We trademarked Pronto Bottle in Australia, filed a provisional patent for our initial design and were accepted into the MedTech Actuator accelerator where we spent a fair amount of time learning, testing and implementing the knowledge we gained from the program.*

*We also raised our first round of funding, outside of friends and family, through the VC firm which was backing the MedTech program.*

#### Phase 2 Milestones - Jan to Aug 2020

*We filed for a PCT patent for our initial design, completed the MedTech accelerator, and were then accepted into the UprAsia accelerator program. UprAsia allowed us to gain insight into the Asia market, but also started our network development in this region for investor & business relationships for future expansion plans.*

*At the end of 2019 we had pivoted our design based on investor feedback and spent a portion of the first quarter of the year investigating the new design pathway before discovering similar products in foreign markets which made us pivot back to our initial design.*

*When COVID hit, we pulled spending on non essential items and focused only on core areas that would put us in the best position for investment when we were out the other side.*

*In this time we strengthened our company by bringing on expert board members, worked on IP protection through further branding work, spent a fair portion of time investigating foreign regions for future expansion plans and developed and began in house testing on our new design change.*

*We also raised a second round of funding through the VC backing us.*



## Section 2: Information about the company

### 2.6.6 Management comments on outlook

#### Phase 3 Milestones - Sep to present

We planned for an equity crowdfunding raise through Birchal. At the same time our design team completed in-house testing of our initial design and found a need to improve on it to make it more effective. With this in mind we completed patent investigations into the new design direction and worked with CSIRO afterwards on broadening our design approach to solving the problem.

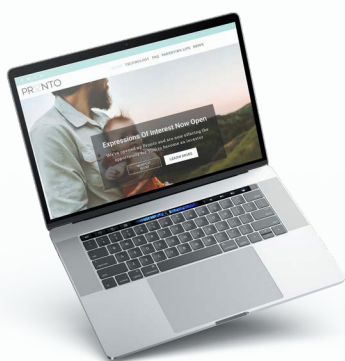
The next 24 months our plans are to complete the improved product design we're currently working, have another round of prototyping before moving to lab, user and Key Opinion Leader testing.



Once Pronto's passed testing, we'll complete Design For Manufacture, tooling and then move to manufacturing where assembly, Q&A, testing, and packaging of Pronto will occur.



Our intention at the same time is to begin exhibiting to parenting and retailer expo's in Australia, in the first three quarters of 2021, to help with BRAND development and drive pre-launch sales before our estimated launch date in late Q4 2021.



We also plan to add in our product SKUs to our website ready for B2C sales, along with a back end system for direct B2B sales. Pronto will then be sent to warehouses nationally for distribution out to our B2B and B2C customers.

## Section 3: Information about the Offer

### 3.1 Terms of the Offer

The Company is offering up to 449,735 shares at an issue price of AUD \$1.89 per share to raise up to \$850,000.

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

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at [www.birchal.com](http://www.birchal.com).

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

Table 4: Terms of the Offer

Term	Details
<b>Shares</b>	Fully-paid ordinary shares
<b>Price</b>	\$1.89 per share
<b>Minimum Subscription</b>	\$175,000
<b>Maximum Subscription</b>	\$850,000
<b>Minimum Parcel Size</b>	\$250
<b>Opening date</b>	4th of November 2020
<b>Closing date</b>	3rd December 2020

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

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

The Offer is not underwritten.

## Section 3: Information about the Offer

### 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.

Table 5: Use of funds

Intended use	Minimum Subscription	Maximum Subscription
Prototype / Test / Manuf.	\$78,700	\$188k
Marketing / Expos	\$7k	\$141,200
Branding completion	\$38k	\$73k
Consultants / Staff / Sales	\$25k	\$250k
Legal	\$10k	\$39k
Overheads	\$3k	\$105k
Birchal fees	\$10,500 + \$2,800	\$51k + \$2,800
<b>Total</b>	<b>\$175k</b>	<b>\$850k</b>

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

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

These fees are up to 6% of all funds raised by the Issuer through Birchal Financial Services Ltd (Intermediary), plus \$2,800 for administration and setup costs.

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.



## Section 3: Rights associated with the shares

### 3.3 Rights associated with the shares

#### 3.3.1 Voting rights

#### 3.3.2 Dividends

#### 3.3.3 General meetings and notices

#### 3.3.4 Election and removal of directors

#### 3.3.5 Winding-up 3.3.4 Election and removal of directors

#### 3.3.5 Winding-up

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. These rights are described below. A copy of the constitution is available on the Intermediary's platform.

### Voting rights

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

### 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).

### 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.

### Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of special resolution (75%). The Board may also appoint and remove additional directors by ordinary resolution (more than 50%). The Founder's shareholding entity (Rose Penz Trust) may appoint one director for so long as that entity holds at least 10% of the Shares on issue in the Company.

### 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.

## Section 3: Information about the Offer

### 3.3.6 Restrictions on sale or transfer

### 3.3.7 Deed of Termination

## 3.4 What can I do with my shares

### Restrictions on sale or transfer

#### PRE-EMPTIVE RIGHTS ON THE SALE OF EXISTING SHARES

Shares may only be transferred by a shareholder in accordance with clause 12.34 of the Constitution. This means that, except in respect of certain Permitted Transfers (as described in the Constitution), shareholders wishing to sell shares must offer those shares to the Company for buy back and cancellation. If the Company does not take up this right the shareholder must then offer the shares to all non-CSF Shareholders (as defined in the Constitution) before those shares can be sold to third parties.

#### PRE-EMPTIVE RIGHTS ON NEW ISSUES

Shares may only be issued by the Company in accordance with clause 12.2 of the Constitution. This means that, except in respect of certain excluded issues (as described in clause 12.2(c) Constitution), where the Company wishes to issue new, the Company must offer the right to non-CSF Shareholders (as defined in the Constitution) to subscribe for those new shares before those new shares can be issued to third parties.

#### DRAG ALONG

Pursuant to clause 13 of the Constitution, where shareholders holding more than 70% of the Shares in the Company receive an offer from a third party to acquire all of the issued shares in the Company, those shareholders may require all other shareholders of the Company to sell their Shares to that third party.

#### TAG ALONG

Similarly, where parties holding at least 50% of the issued Share capital in the Company intend to sell their Shares to a third party, then any one or more of the ordinary shareholders who did not receive an offer will have the right to tag along (pursuant to clause 14 of the Constitution).

### Deed of termination

The current shareholders of the Company have agreed to terminate the existing Shareholders Agreement (entered 17 September 2019) with effect from the closing date of this Offer (subject to the minimum amount being achieved). The shareholders have agreed to the following terms regarding two existing shareholders - Artesian MedTech Pty and the Actuator Operation Ltd (the **Early Stage Investors**):

- Until the Company raises at least \$250,000 of external funding, the Early Stage Investors will not be subject to dilution if the Company issues securities to shareholders, directors, employees, contractors or suppliers of the Company.
  - Until the Company raises at least \$250,000 of external funding, the Company cannot increase the number of Shares which may be issued under a share plan for employees and contractors to an amount greater than 10% of the fully diluted share capital of the Company unless:
    - 75% approval of the Shareholders; and
    - approval of the Early Stage Investors,
- is obtained

### What can I do with my shares

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

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

There is no guarantee that any of the exit options will eventuate.

## Section 3: Information about the Offer

### 3.5 Early Stage Innovation Company (ESIC)

From 1 July 2016, if you invest in a qualifying early stage innovation company (ESIC), you may be eligible for tax incentives. The incentives provide eligible investors, who purchase new shares, with:

- a non-refundable carry forward tax offset equal to 20% of the value of their qualifying investments. This is capped at a maximum tax offset amount of \$200,000 for sophisticated investors and their affiliates and \$50,000 for retail investors and their affiliates
- a modified capital gains tax (CGT) treatment, under which capital gains made or accrued on qualifying shares that are continuously held for at least 12 months and less than ten years are exempt from CGT. Capital losses made or accrued on shares held less than ten years are also disregarded

More information about the ESIC regime is available from the ATO website here - <https://www.ato.gov.au/Business/Tax-incentives-for-innovation/In-detail/Tax-incentives-for-early-stage-investors/>

Based on an objective self-assessment with the assistance of advisors, the Company has assessed itself and believes that it meets the criteria as a qualifying ESIC for the purposes of this Offer. Investors who purchase new shares in qualifying ESICs may be eligible for certain early stage tax incentives.

The Company does not warrant or guarantee that it will qualify under relevant rules as an ESIC, and is not able to form a view or give investors tax advice as to whether they are eligible for any tax incentives.

Neither the Company nor Birchal Financial Services take any responsibility for investors that invest on the assumption that ESIC will apply to them or the Company.

We recommend that investors seek independent tax advice about their investment.



## Section 4: Information about investor rights

### 4.1 Cooling-off rights

### 4.2 Communication facility for the Offer



#### Cooling-off rights

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within **five business days** of making your application (the Cooling-off Period).

You must withdraw your application via the Intermediary's platform as follows: by following the link and instructions on the CSF Offer page on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.

#### 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.

## Section 4: Information about investor rights

### 4.3 Proprietary company corporate governance obligations

#### 4.3.1 Annual report

#### 4.3.2 Distribution of annual report

#### 4.3.3 Related party transactions

#### 4.3.4 Takeovers

### Annual report

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 Board is 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 under law.

### 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 [\[insert link to website\]](#) (free of charge) or can purchase the report from ASIC.

### 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).

### Takeovers

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

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





## Glossary

**Company** means Form-i-Baby Pty Ltd ACN 632 475 542

**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 Birchall Financial Services Pty Ltd AFSL 502618

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

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

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

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