

Replacement Crowd Sourced Funding Offer Document



Claystone Holdings Pty Ltd

Dated 23rd April 2024

Offer of fully-paid ordinary shares in Claystone Holdings Pty Ltd at \$1.00 per share to raise a maximum of \$900,000.

This replacement crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in Claystone Holdings Pty Ltd and replaces the CSF offer Document dated 23 April 24. This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (**Corporations Act**).

Issuer

Claystone Holdings Pty Ltd
(ACN 676 069 202)

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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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.

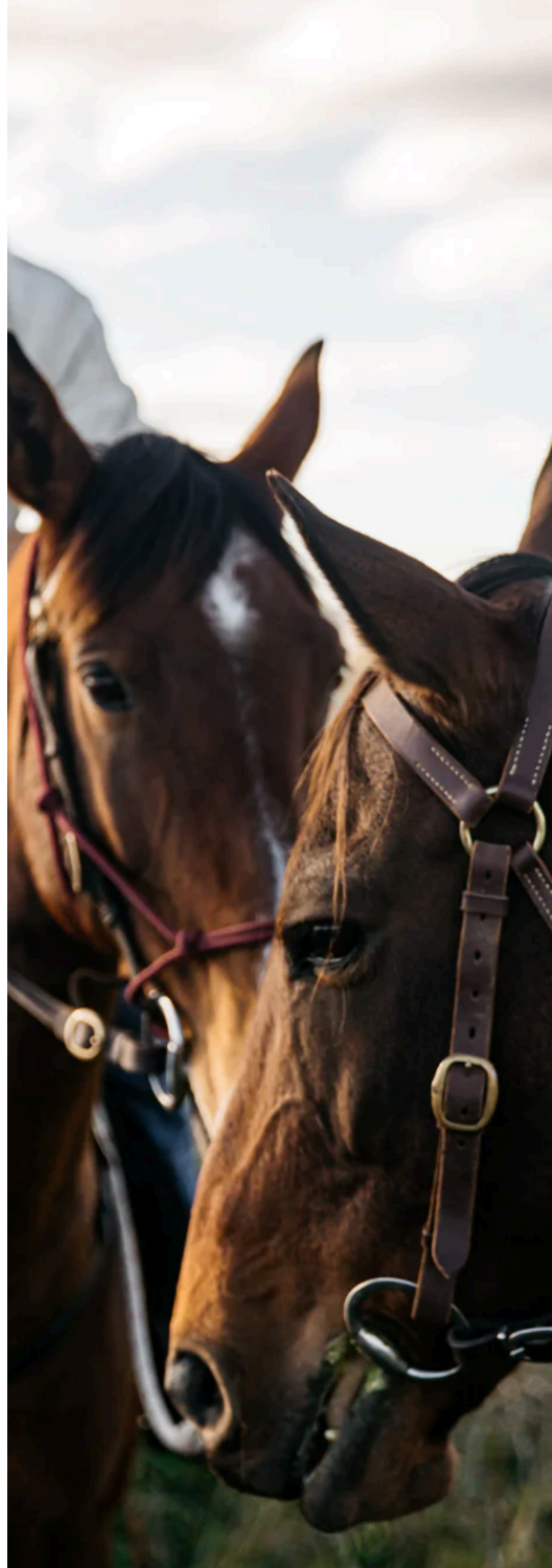
Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

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

Hey!
We are so excited to have you become a shareholder in Claystone.



Besides the amazing investor incentives you would be entitled to as a shareholder, you also have the opportunity to be part of a business that is striving to be a true industry leader in foods for the whole family including the family pet.

From our humble beginnings as a paddock-to-plate butchery we have gone onto become a wholesale powerhouse, while winning awards and industry recognition along the way. With a drive for continuous improvement and growth, we have ventured into the pet food sector with a product that is a wholesome, high quality and scientifically tested to ensure that our beloved pets can enjoy the same quality nutrition that we as pet owners have available.

Our vision is ambitious yet clear: National reach for our human consumption meats and expand our pet food line both nationally and internationally. Our unwavering commitment to sourcing only the finest ingredients, ensuring that every product we offer is of the highest quality, is one of the things that sets us apart.

We've achieved significant milestones along the way, boasting over 120 wholesale clients and climbing, and witnessing huge growth in our direct-to-consumer markets. With the recent launch of our pet meal line we are seeing growth in both the individual sales, as well as the subscription model purchases. The capital raised now will be instrumental in facilitating our continued growth on both the national and international scale. Our plan is to invest in automation and process refinement, ensuring efficiency and scalability as we continue to expand our operations.

We are so proud to invite you to join the Claystone team.

We are just getting started!

Much Love.
Stacey Allen
CEO and Founder



2.1 Company Details

This offer of shares is made by Claystone Holdings Pty Ltd ACN 676 069 202 (Company).

Company name Claystone Holdings Pty Ltd

ACN 676 069 202

Date of incorporation 25 March 2024

Registered office Unit 127, 24 Lonsdale St,
Braddon ACT 2612

Principal place of business 284 Plains Road,
HOSKINSTOWN NSW 2621

Directors Stacey Emma Allen and Christian Michael Allen

Company secretary Stacey Emma Allen

Subsidiaries Claystone Foods Pty Ltd ACN 640 686 997 (100% wholly-owned)
Pawstone Pty Ltd ACN 076 674 918 (100% wholly-owned)

Share registry Cake: <https://www.cakeequity.com/>

Websites <https://www.pawstone.com.au>
<https://claystonemeats.com.au>

2.2

Our Business

Claystone Meats was established a little over 24 months ago, providing a wholesale and retail distribution channel for Claystone Beef. We have now secured over 120 wholesale partners and have increased our market on direct-to-consumer sales, as well as diversifying into our pet food range. For Claystone Meats we anticipate conservative growth on both the wholesale and Direct to Consumer (D2C) fresh meat markets that we should be able to easily achieve and surpass. We expect to expand our human consumption range to a national scale in the calendar year 2024.

Future opportunities exist for the export of fresh meat once we are proficient in the logistics and processes of chilled trade.





Industry Recognition

Claystone meats have established a brand recognised for high quality ethically sourced meat for human consumption over the past 24 months. This brand has been an extension of the Claystone Beef brand which has been built over many years – focusing on the breeding and showing of high quality Hereford and Angus cattle. Claystone meats have achieved industry recognition for our products, including the only gold medal for grass fed beef at Sydney Royal Fine Foods Awards Show 2023 and finalist in The Delicious Magazine producers awards 2023.

New Markets

Claystone Meats are now seeking to leverage this high quality brand recognition into a new high margin product line – Pawstone Pet Meals. The high quality whole food petfood market represents a significant opportunity both domestically and internationally.

In 2023, Claystone were encouraged by Austrade to attend the China Import Export event in Shanghai to promote high quality Australian brands into the Chinese market. This event crystallised the impressions we held on the relative attractiveness of Australian grown product in the middle-upper middle class demographic in China. Whilst at the expo we were able to engage with several reputable import/export groups with established logistics channels and relationships within the Chinese market.

The Reason it Matters

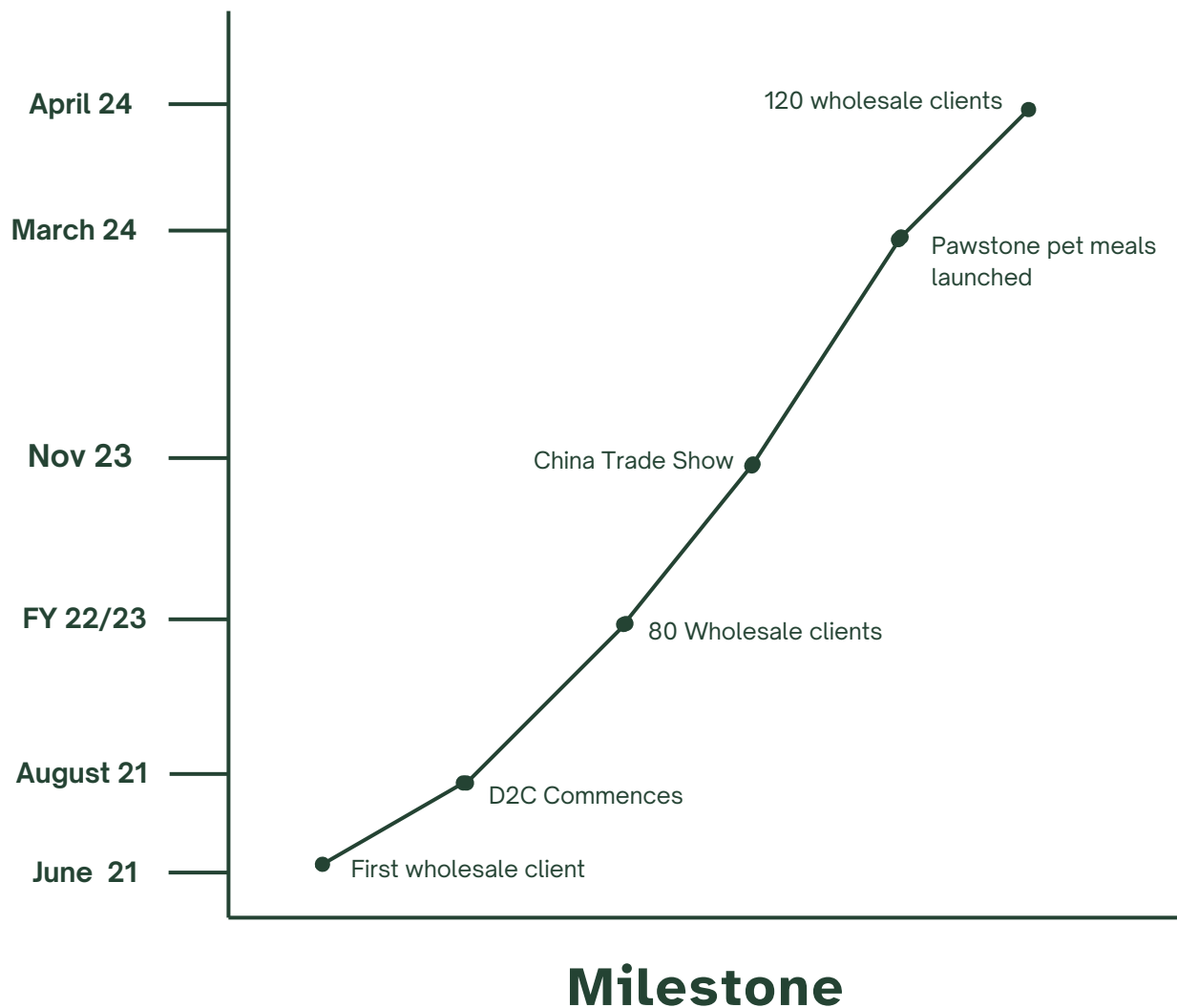
Mainstream commercial pet food is highly processed and contains chemical stabilisers to prevent fats from turning rancid while prolonging shelf life for up to two years. This is likely to be one of the reasons that our pets are now dying far younger than in previous years. Our pets are increasingly developing a large number of western style diseases including dental disease, obesity, skin conditions and worst of all cancer(1). Just like in humans, poor nutrition means poor overall health for our pets leading to less vitality throughout their lives and expensive vet bills.

Pawstone is an Australian owned ethically farmed and produced, locally sourced natural, preservative and chemical free, nutritionally balanced, scientifically proven food for dogs - and cats. Even though we have marketed Pawstone's many benefits to dog owners, it is also suitable for cats, and our cat owner customer base is steadily growing.

1 Animal Medicines Australia, [Pets in Australia: A National survey of pets and people 2022 and 2019.](#)



Claystone Holdings Growth Model



2.3

Business and revenue model

Claystone has two key business lines:

High Quality Human Consumption Meats

Restaurants, clubs, supermarkets and local meat lovers in and around Canberra already recognise the Claystone brand with its reputation for delivering high quality meats.

Through on-line marketing and social engagement we are growing our brand recognition beyond our own state borders. Future opportunities are also being explored to export fresh meat once the licensing of our facilities is complete. We expect to continue to actively grow this business line through direct to consumer and wholesale distribution channels.

Healthy Pet Meals

Pet owners are looking for healthier alternatives for their pets. Pawstone pet meals are entirely produced by using only the highest quality fresh ingredients, farmed or sourced by us. It is cooked and sealed fresh at our premises on the same day. Pawstone does not contain any additives, preservatives or fillers to bulk out the product. Using only fresh quality ingredients, we start with an omega 3-6-9 bone broth before adding brown rice, meats and fresh vegetables to build a complete scientifically tested meal, appropriate for all breeds and life stages. Our snack range uses only whole ingredients, and no preservatives are added.

Our pet meals can be purchased online as individual purchases as well as on a subscription basis and delivered to your home.

As farmers ourselves, the sustainably sourced meat market is our passion and there remains a niche market for our product that we anticipate continuation of its development. Right now though we also see an enormous opportunity to capture the attention of the growing health conscious pet owners.

In Australia alone there are 5.6 million dogs with owners spending an average of \$2,024 on food. We understand that at least 5% of owners are looking for healthier food for their pets and if we can capture just 2% of those astute pet lovers that's 11M revenue in Australia alone. And remember that our pet meals are suitable and enjoyed by both dogs and cats. (2)

2 Australian market statistics have been drawn from Animal Medicines Australia, [Pets in Australia: A National survey of pets and people 2022](#) and [2019](#).



Business and revenue model continued

Business Synergy

The unique advantage we have over other competitors is the synergies gained through our meat business. The key ingredient in our dog food are the off-cuts of our prime meat that would otherwise be wasted. As our pet food business grows, we also have identified supply channels from fellow farmers and quality meat suppliers who also need an avenue for their lower grade cuts.

Export Opportunities

Since our China trade visit in November 2023 at the China International Import Expo, we have been working closely with our chosen export partner to begin exporting our pet food to China where there are 54.3 million dogs⁽³⁾. This equates to 10 times the number of dogs in Australia. With an export partner already engaged a significant amount of time and planning is being invested into facilitating our ability to scale rapidly to meet a significantly higher demand.

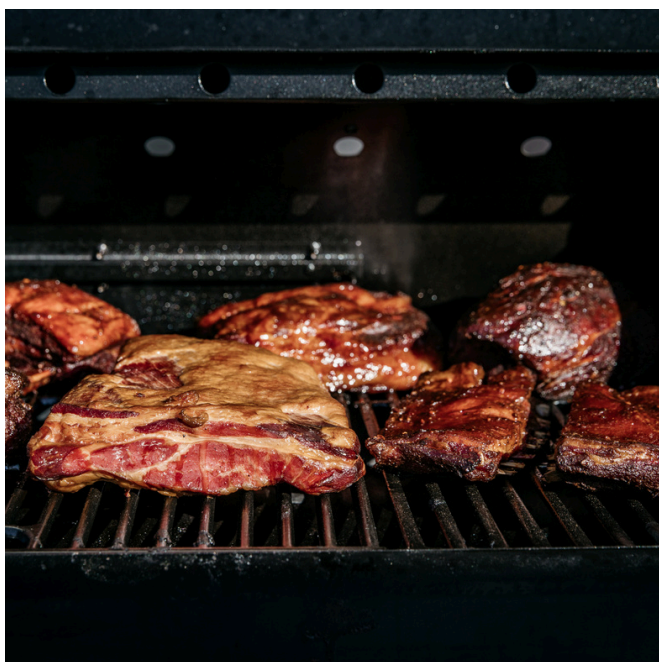
³ [Dog Population by Country 2024 - World Population Review](#)



2.4 Business Strategy

The Vision-Growth Strategy

There are a number of growth opportunities for Claystone including:



1. D2C national reach for supply of Human consumption meats

Expanding a direct-to-consumer (D2C) model for national supply of human consumption meats involves thorough market research to understand consumer preferences, competitive analysis, and the development of a diverse product range. It requires establishing strong partnerships for a consistent supply chain, optimising e-commerce platforms for seamless transactions, and implementing robust marketing strategies to build brand visibility and attract customers. Emphasis will be on customer experience, regulatory compliance, and scalability, ensuring that the business can adapt to changing market dynamics while maintaining quality and customer satisfaction.

2. Wholesale growth with dedicated sales team

The vision for wholesale growth will be implemented with a dedicated sales team and revolves around several strategic pillars aimed at expanding market reach, increasing sales volume, and continuing to foster strong relationships with wholesale partners. As we continue to grow our talented and motivated sales team with expertise in the industry and a deep understanding of the company's products and value proposition. This team will be tasked with prospecting and onboarding new wholesale clients while nurturing existing relationships to drive repeat business. Additionally, implementing targeted marketing and promotional campaigns tailored to the wholesale sector can help generate leads and showcase the company's offerings effectively.

The Vision-Growth Strategy: Cont'd



3. Pawstone Pet Meals – Targeted domestic growth

Pawstone Pet Foods aims to achieve domestic growth by capturing a 2% market share of the 5% of pet owners already feeding their pets a whole food diet. This growth strategy entails targeted marketing campaigns emphasizing the nutritional benefits and quality of Pawstone's products, tailored specifically to appeal to health-conscious pet owners. Leveraging data analytics and market research, the company can identify key demographics and geographic regions where demand for whole food pet diets is highest, allowing for focused expansion efforts. By executing this strategic approach with precision and agility, Pawstone Pet Foods can effectively carve out a significant market share in the growing segment of whole food pet diets, driving domestic growth and establishing itself as a leader in the industry.

4. Pawstone Pet meals into the wholesale international market.

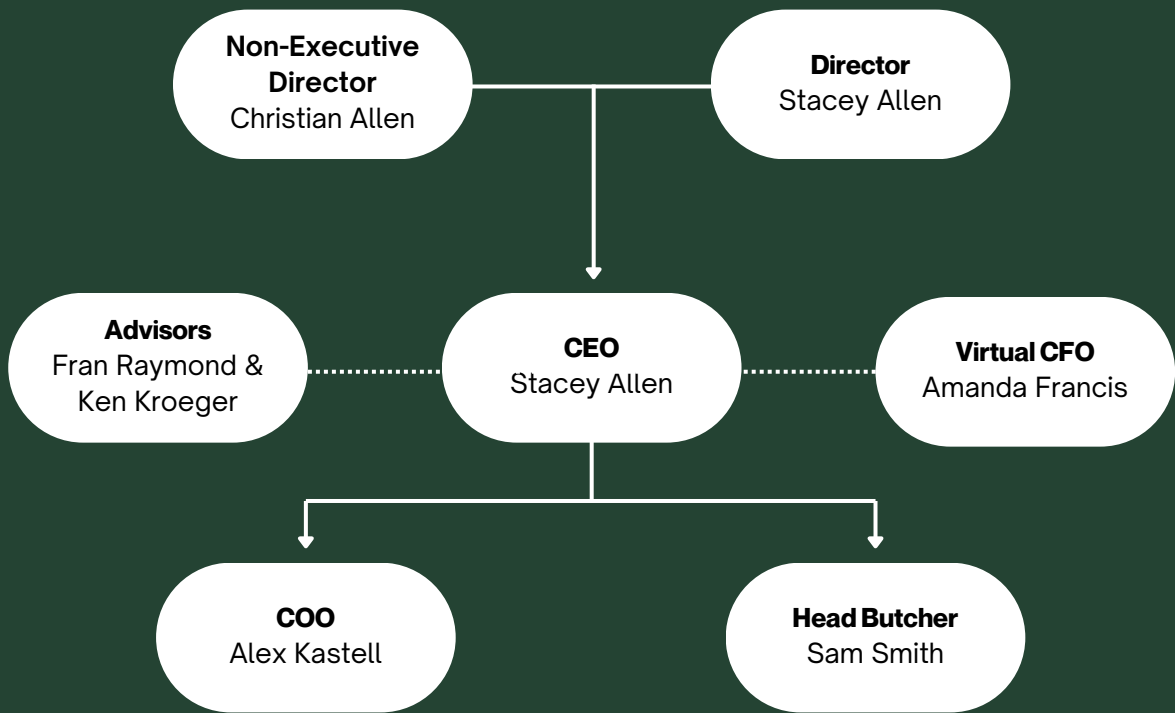
Expanding Pawstone Pet Meals into the wholesale international market necessitates a strategic approach focused on market research, partnership development, and product adaptation. After a successful trade trip in November '23 we have been able to identify target regions with high demand for premium pet food. Establishing strategic partnerships with distributors, in the target countries will facilitate market entry and streamline distribution channels. Pawstone can effectively penetrate wholesale international markets, capitalise on growing demand for premium pet meals, and establish a strong global presence.



Our plan is to use the funding to automate and optimise our processes to provide the efficiencies that will allow Claystone to produce larger volumes of both the Pawstone Pet meal lines as well as the human consumption meats.

This is primarily to enable the expansion of both businesses into the domestic market and the international markets. To achieve this, Claystone have developed an Essential Acquisition Plan that identifies the equipment that will need to be either purchased, leased or rented.

Claystone Holdings Group



2.5.2

Directors & Senior Managers



Stacey Emma Allen

Director and CEO

CEO and Founder; As the visionary behind Claystone Foods Stacey brings a rich legacy of multi generational farming and a profound understanding of animal nutrition and meat assessment to the helm. Born into a family deep rooted in agriculture Stacey blends traditional wisdom with contemporary expertise to lead the company towards unparalleled success.

Driven by a relentless passion for creating exceptional products Stacey founded Claystone Foods with a clear vision, to redefine the paddock to plate experience and elevate pet nutrition. Her entrepreneurial spirit, combined with a deep-seated commitment to sustainable farming, has positioned Claystone as an industry leader.

Stacey is the driving force behind the company's dynamic growth, fostering a culture of innovation, quality and customer-centricity. Her ability to navigate a fast and multi revenue business and ability to understand market dynamics together with her commitment to long term success of the company are invaluable. Forming long term relationships are vital, whether forging partnerships with suppliers, nurturing collaborations with distributors, or establishing connections with customers, her commitment to integrity and transparency are the foundation of sustained, meaningful relationships.

Directors & Senior Managers Cont'd



Christian Michael Allen

Director and Farmer

A multi-generational farmer whose deep-rooted passion for agriculture runs through all aspects of his life. Raised in the Braidwood region of NSW Christian has dedicated his life to upholding a legacy of excellence in farming. At the heart of this operation lies a steadfast commitment to the well-being of Claystone's animals, where genetics and temperament take center stage.

With care and attention, Christian selectively breeds and nurtures livestock, ensuring that only the finest traits are passed down through generations. Christian believes in farming with integrity, prioritizing the welfare of the animals and minimizing stress throughout every stage of their lives. This ethos extends to sustainable land management practices, ensuring that the land we steward today remains fertile and abundant for future generations.

Directors & Senior Managers Cont'd



Alexandra Kastell

Chief Operating Officer

Senior Manager

Chief Operating Officer; Alex has assumed the role of Chief Operating Officer (COO) and joined Claystone in the second half 2023. After a 30 year career in the Department of Defence, Alex brings to Claystone a myriad of high value transferrable skills to this multidimensional strategic and operational role. Having led teams in both the Public and Private sectors as a Project Manager and Business Analyst.

Alex is a natural fit to meet the challenges of the Claystone COO role. Since coming on board Alex has been instrumental in driving the Claystone vision and will continue to oversee the direction of Pawstone's dynamic marketing and production; ensuring Pawstone's position in the domestic and overseas markets as well as leading key operational enhancements. Alex's strategic oversight in refining production, governance, packaging, and logistics with automation and optimisation integration in upstream and downstream processes, with a focus on supply chain efficiencies for our national and international market share.

Over the next few months, Alex's formidable work ethic and endless energy will guide Claystone Foods and in particular, Pawstone, to shift gears into becoming a market leader of operational excellence in fresh pet food supply for the domestic and the export markets.

Head Butcher



SAM SMITH

Head Butcher

There is no doubt that Claystone would not be the success it is if it wasn't for Sam's dedication to his chosen craft.

Sam completed his butchery apprenticeship, under the close tutelage of an Italian Master Butcher at an organic butchery and qualified his trade early.

Sam's work ethic and true love of what he does, has seen him grow to become a young Master Butcher in his own right. Sam not only manages and runs the butchery team here at Claystone, he also brings his outstanding knife skills to our premium cuts, makes all of our sausages, develops weekly specials and is the alchemist behind our famous burger patties.

If you've had the privilege to meet Sam at our weekly market stall, or at the Claystone Butchery, you would know how passionate Sam is about delivering the highest quality meat along with professional service. Sam is more than happy to advise on the right cut for your menu along with the best way to prepare your selected cut, to ensure you have the most amazing eating experience every time.

Sam is at the helm of our engine room here at Claystone, and we are very proud to have provided Sam the opportunity to launch his career. We are looking forward to seeing Sam grow with our business in the coming years.

Our Advisors



Amanda Francis

With strategic accounting and management experience. She is adept at delivering complex financial information in a compelling and easy to understand way. Having worked as CFO for companies such as Seeing Machines, FifthDomain and MV Law Amanda is able to bring a high level of strategic knowledge and experience, particularly relating to start-ups.

Additionally Amanda is an Operations Manager with experience leading infrastructure development, change management and cultural engagement. Amanda is proficient working with teams to design and implement new ideas across the organisation to promote growth and success for the business, its stakeholders and its people, both her CFO skills and her operations management are an asset to Claystone Foods. Amandas critical analysis including scenario development, testing and presentation of results reinforces her success as an effective and persuasive communicator with key stakeholders and executives. Amanda is responsible for the financial management and forecasting for Claystone Foods and provides us with confidence in our direction moving forward.



Fran Raymond

Fran has over 30 years experience as an executive and a Director, in the private, public and not for profit sectors. This includes being chairperson of two banks, an independent board member of the Australian Government's reinsurance organisation, on the board of a health and disability provider and an agricultural company. Fran's executive career included corporate banking executive, chief finance officer (CFO) for the Prime Minister's department, CFO for the Australian Army and Chief Operating Officer (COO) for an agricultural research organisation.

Fran's experience spans large multinational organisations and small business and not for profit. Fran is a chartered account and was voted as the inaugural Financial Review women of influence, and has been a finalist as Telstra business women of the year.

Fran and her husband also run a regenerative cattle farm.



Ken Kroger

Ken has over 25 years' experience leading and growing international technology and training sector companies. He is an experienced entrepreneur in technological innovation and has led business transformation, strategic global distribution, licensing, and corporate partnerships.

Ken founded Catalyst Interactive in 1995, a pioneering online computer based training and virtual 3D simulation training delivery, which was then acquired by Halliburton/KBR in 2008. In 2011, he became CEO of Seeing Machines which he grew to over 250 employees with global operations and corporate partnerships, raised over \$150m share capital, and listed on the London Stock Exchange.

Ken holds numerous non-executive roles as a Director or Business Advisor supporting companies and entrepreneurs to realise their vision and objectives including: Chairman at Epicorp, Director at FLAIM Systems, Director at Liquid Instruments and Director at Visionary Machines

Consolidated Group Structure



Section 2.6.1

Capital Structure

As at the date of this Offer Document, the Company has 12,000,000 ordinary shares on issue. The majority of shares are held by the Company's Founder/Director and Senior managers.

2.6.1 Issued capital (before and after the Offer)

Table 1: Issued capital of the Company before the Offer

Shareholder	Share Type	Share
Allen Family Trust	Ordinary	7,097,822 (59.15%)
Dan and Steve Shankman	Ordinary	3,276,355 (27.3%)
Kastell Investment Trust	Ordinary	1,080,000 (9.0%)
Dedecider Pty Ltd	Ordinary	545,823 (4.55%)
	Total	12,000,000 (100%)

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

Shares	Minimum Subscription	Maximum Subscription
Existing Ordinary Shares	4,902,178 (40.51%)	4,902,178 (38.00%)
Existing Founder Shares	7,097,822 (58.66%)	7,097,822 (55.00%)
Offer Shares	100,000 (0.83%)	900,000 (7.00%)
Total Shares	12,100,000 (100%)	12,900,000 (100%)

2.6.2 Rights and liabilities associated with securities

As at the date of this Offer, the only class of shares on issue are ordinary shares.

Set out below is a summary of the rights and liabilities associated with the securities in the Company. A copy of the Company's Constitution is available on the Intermediary's platform.

Ordinary Shares

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

- All ordinary shares have the same voting rights and the same rights to receive dividends.
- Subject to any special rights conferred on the holders of any shares or class of shares, the directors may, in their absolute discretion, decline to register any transfer of shares without giving any reason for that refusal.

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 a combination of operating income, equity, founder and friends loans, and a loan from a venture debt specialist firm.

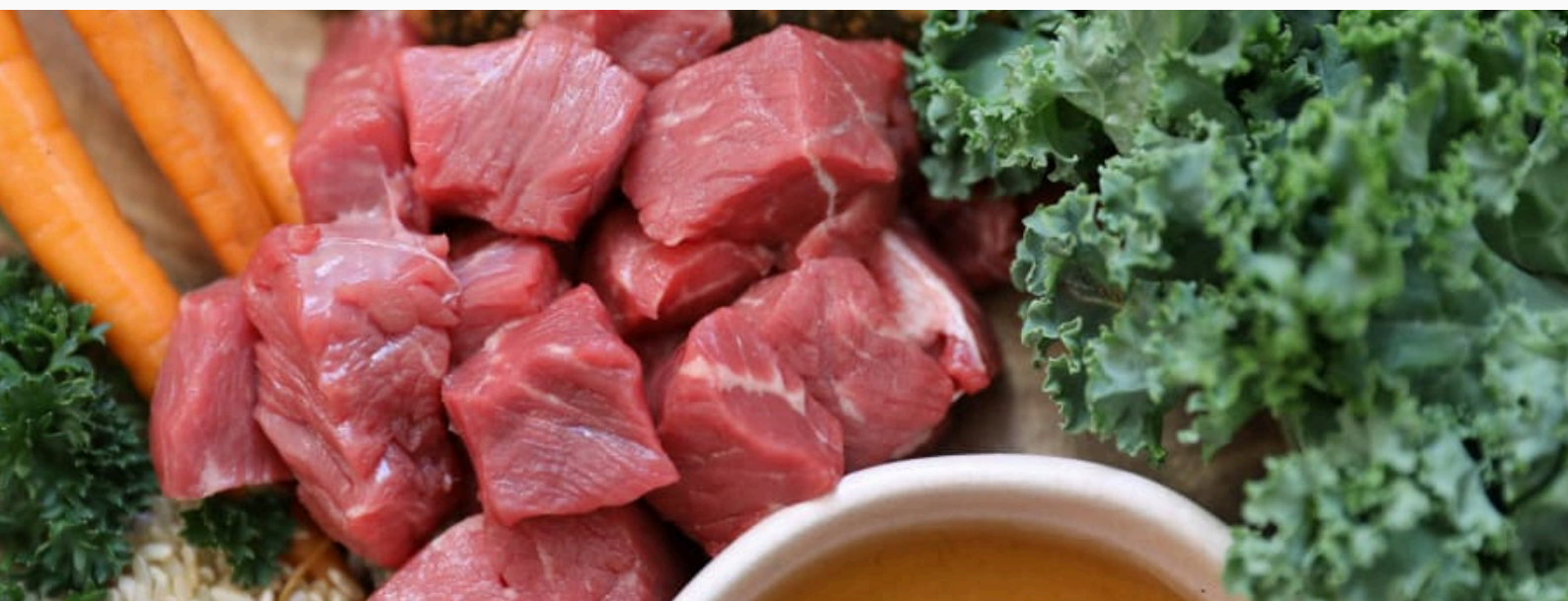
The Company has raised approximately \$450,000 from friends & family investors. See Equity section 2.6.1 for more information.

Loans have been sought to buy equipment, fit out the warehouse and shop front. The following outstanding loans are still in place at the date of this offer.

As at the date of this Offer, the Company has the following outstanding loans:

Description	Principal amount borrowed	Amount owing	Interest	Repayment date	Security
Working Capital Facility, (interest only until August 2024)	\$240,000	\$240,000	13%	June 2026	Unsecured
Motor Vehicle Finance	\$74,473	\$72,876	8.34%	April 2029	Motor vehicle
Working Capital Facility	\$60,000	\$60,000	0%	At Claystone's discretion	Unsecured
Working Capital Facility	\$50,000	\$51,021	10%	January 2027	Unsecured
Exit Financing	\$140,000	\$130,000	0%	February 2025	GSA
Directors Loan	\$100,000	\$78,214	0%	Repayment on exit	Unsecured

These loans are estimated to be paid down via operating profit over the next 2-5 years. Funds raised from the CSF will not be used to pay down any of these loans.



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
There is a risk we will be unable to obtain necessary capital	The company requires to raise capital to fund the expansion of the production of the both th human consumption and the Pet Meals. Investment in the appropriate equipment and machinery to ensure Claystone Holdings will efficiently meet the increase in demand, particularly in relation to the Pawstone products for the export market.
There is a risk necessary equipment will be unavailable or have long lead times	<p>Claystone is currently researching the equipment required to commence and increase to full production optimisation as soon as possible. Production design and the quantities required to govern the equipment purchases to maximise automation where possible. Research and planning to increase product knowledge ensuring decisions are made as informed 'smart customers'.</p> <p>Investigate both domestic market as well as overseas options for the equipment ensuring the maintenance and supply chains to fix any breakdowns is serviced immediately to keep machinery running in accordance with the production cadence.</p>
There is a risk suitable workforce will be unavailable or unreliable	Current workforce is estimated to increase by between 3-5 skilled and unskilled process workers, logisticians and enabling staff. Results can only be achieved through the right competent people Workforce planning has already begun in the identification of each role as the processes are developed across all facets of production. Trials are currently being undertaken with several applicants to ensure a trained workforce remains agile and available.
Warehousing availability risk	<p>Current production levels are comparable to the premises that Claystone/Pawstone is occupying. However they are not suitable for the fully scaled export operations. Suitable larger premises have been identified with the lease being negotiated for a 3 year term with options to extend.</p> <p>Move into new premises and commence production by end April 24 ensuring no interruption of service to our clients.</p>
Risks associated with supply chain of products	Supply chains for ingredients have been developed and broadened to ensure breaks in the chain are kept to low or non-existent. Moving premises to open up greater options to diversify supplier options.
Cash flow risk	<p>Benchmark to understand margins and market forces that impact now and in the future.</p> <p>Buy low, sell high. Keep production costs low. Run lean and agile project management systems throughout our upstream and downstream delivery models.</p>
Regulatory risk	Ensure that all the requirements for export are completed on time and all other legislative frameworks are adhered to and kept up do date. Complete desk level export assessment for new premises.
Disruptions to scaling efforts	Map out production processes and scope out the required equipment and resources to enable immediate scaling of production. Similar production lines of similar size and scale have been viewed to ascertain the optimised processes with best practice standards throughout our production and logistics systems.
Low market demand for products risk	<p>Budget for ad spend, marketing strategies, branding and product development will be key to obtain the largest market share domestically. Ensure export import partner has a marketing arm within import country to target customer base.</p> <p>Deployment of strong marketing campaigns to reach our target demographic. Product systems tested to ensure consistency and remain responsive to customer feedback KPIs.</p>

2.8 Financial information

On 25 March 2024 the Claystone group completed a group restructure whereby Claystone Holdings Pty Ltd was incorporated as a new holding company and directly holds 100% of all the shares in the Claystone Group of companies. Claystone Foods Pty Ltd trades as Claystone Meats and Claystone Petfoods Pty Ltd trades as Pawstone Pet Meals. The balance sheet at the 31 March 2024 includes this incorporation.

Below are the pro forma consolidated financial statements of the Company and its controlled subsidiaries for the financial years ended 30 June 2022 and 30 June 2023 and the 9 months ended 31 March 2024, which have been prepared in accordance with Australian Accounting Standards.

2.8.1 Balance sheet

Balance Sheet Claystone Holdings Pty Ltd			
A\$	As at 31 March 2024	As at 30 Jun 2023	As at 30 Jun 2022
Current Assets			
Cash/(Overdraft) at Bank	(34,686)	13,791	3,506
Trade and Other Receivables	139,920	117,282	36,267
Stock on Hand	109,966	109,966	352,380
Total Current Assets	215,200	241,039	392,153
Non-Current Assets			
Property, Plant and Equipment	156,351	88,341	109,807
Intangible Assets	2,964	2,964	-
Total Non-Current Assets	159,315	91,305	109,807
Total Assets	374,515	332,344	501,960
Current Liabilities			
Trade and Other Payables	267,788	490,055	187,108
Employee Liabilities	22,325	22,581	12,965
Total Current Liabilities	290,113	512,636	200,073
Non-Current Liabilities			
Borrowings	553,897	200,000	-
Directors Loans	78,214	575,578	379,485
Total Non-Current Liabilities	632,111	775,578	379,485
Total Liabilities	922,224	1,288,214	579,558
Net Assets	(547,709)	(955,870)	(77,598)
Equity			
Contributed Capital	432,999	1,000	1,000
Retained Earnings	(956,870)	(78,598)	(68,614)
Current Year Earnings	(23,839)	(878,271)	(9,984)
Total Equity	(547,709)	(955,870)	(77,598)

2.8.2 Profit and loss statement

Profit and Loss Statement Claystone Holdings Pty Ltd			
A\$	For the 9 months ended 31 March 2024	For the year ended 30 June 2023	For the year ended 30 June 2022
Revenue	1,003,498	2,550,804	1,287,793
Other Income	244,799	-	50,000
Total Income	1,248,297	2,550,804	1,337,793
Cost of Sales	792,319	2,574,611	931,745
Employee Benefit Expense	269,865	494,870	191,909
Marketing	20,220	37,923	14,999
Facilities & Equipment	76,931	150,147	126,588
Administration expenses	93,780	136,741	41,016
Other Expenses	19,021	34,783	41,520
Total Expenses	1,272,136	3,429,075	1,347,777
Profit/(loss) before Income tax benefit/(expense)	(23,839)	(878,271)	(9,984)
Income tax benefit/(expense)	-	-	-
Profit/(loss) after Income tax benefit/(expense)	(23,839)	(878,271)	(9,984)

2.8.3 Cash flow statement

Statement of Cash Flows Claystone Holdings Pty Ltd

A\$	For the 9 months ended 31 March 2024	For the year ended 30 June 2023	For the year ended 30 June 2022
Receipts from Customers	951,638	2,503,895	1,293,183
Payments to suppliers and employees	(1,393,256)	(2,805,432)	(1,080,515)
GST	(70,306)	(77,477)	(361,255)
Net Cash from Operating Activities (A)	(511,924)	(379,014)	(148,587)
Payment for Plant, property and equipment	(68,010)	(3,782)	29,548
Other cash items from investing activities	(1,837)	(3,011)	56
Net Cash from Investing Activities (B)	(69,847)	(6,793)	29,604
Financing Activities			
Proceeds from borrowings	564,373	396,092	240,367
Repayment of borrowings	(463,078)	-	(119,194)
Issue of shares	431,999	-	-
Net Cash from Financing Activities (C)	533,294	396,092	121,173
Net Cash flows (A+B+C)	(48,477)	10,285	2,190
Opening Balance of Cash and Cash	13,791	3,506	1,316
Net change in Cash flow for the period	(48,477)	10,285	2,190
Closing Balance of Cash and Cash	(34,686)	13,791	3,506

2.8.4 Statement of changes in equity

Statement of Changes in Equity Claystone Holdings Pty Ltd

	A\$	A\$	A\$
30th June 2022			
	Issued Capital	Retained Profit	Total Equity
Balance as at 1 July 2021	1,000	(68,614)	(67,614)
Profit after income tax expense for the year	-	(9,984)	(9,984)
Shares issued during the year	-	-	-
Balance at 30th June 2022	1,000	(78,598)	(77,598)
30th June 2023			
	Issued Capital	Retained Profit	Total Equity
Balance as at 1 July 2022	1,000	(78,598)	(77,598)
Profit after income tax expense for the year	-	(878,271)	(878,271)
Shares issued during the year	-	-	-
Balance at 30th June 2023	1,000	(956,869)	(955,869)
31st March 2024			
	Issued Capital	Retained Profit	Total Equity
Balance as at 1 July 2023	1,000	(956,870)	(955,870)
Profit after income tax expense for the year	-	(23,839)	(23,839)
Shares issued during the year	431,999	-	431,999
Balance at 31st March 2024	432,999	(980,709)	(547,710)

2.8.5 Management comments on historical performance and outlook

Sales in FY2023 were \$2.5M, an increase of 98% over the prior year. In FY2024 we are likely to experience lower gross sales but have considerably improved our cost of sales and overall net profit margins. The negative cash at bank recognises use of our overdraft facility. During the 9 months ending 31 March 2024 there was a non cash debt restructure containing some debt forgiveness which is included in other income.

The meat industry is extremely price sensitive and highly competitive so at the end of FY2023 we changed our approach to the market, revising our client list to include only our top tier clients that understood our brand and the quality we provide with paddock to plate meat. While this resulted in a temporary decline of total sales and affected our cashflow, it had the necessary effect of increasing our gross margin by over 20%.

The introduction of the Pawstone product line has a dual positive effect on our gross margins; pet foods attract a higher margin in the market and in addition to that we are able to further improve our margins on our meat product line as well by reducing our wastage, which can be repurposed into our pet meals.

With improved management in FY2024 our operating expenses have also decreased compared to last year and we have achieved efficiencies in resourcing, facilities and equipment deployment and smarter marketing investment.

Our plan is to use the funding to automate and optimise our processes to provide the efficiencies that allows Claystone to produce larger volumes of both the Pawstone Pet meal lines as well as the human consumption meats. This is primarily to enable the expansion of both businesses into the domestic market and the international markets.

This financial year we also began marketing our new line of healthy pet meals. Our forecasts are conservatively based on capturing a small proportion of the healthy pet meal subset of the overall pet food market, initially in Australia and 1-2 other Asia pacific markets.

Pet food in Australia is a \$17.1 billion market, with dogs and cats making up 89%. There are 5.6 million dogs in Australia with owners who spend an average of \$2,024 per annum on dog food, and at least 5% of these owners are looking for healthier alternatives. Claystone aims to capture a percentage of these owners. Based on these figures, capturing just 2% of the owners looking for a healthier alternative is estimated to be an \$11 million annual revenue opportunity. We see the same opportunities in China where the pet dog population is 10 times larger than Australia.

Our export partner is highly engaged and awaiting our export license to begin trial shipments, before commencing bulk container orders.

Our focus for the next 6-12 months is readying our business premises, processes and supply partners for rapid growth in production.

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 estimated forecasts are 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.

Section 3

Information about the Offer

3.1 Terms of the offer

The Company is offering up to 900,000 shares at an issue price of \$1.00 per share to raise up to \$900,000. The key terms and conditions of the Offer are set out below.

Term	Details
Shares	Fully-paid ordinary shares
Price	\$1.00 per share
Minimum Subscription	\$100,000
Maximum Subscription	\$900,000
Opening date	23 April 2024
Closing date	9 May 2024

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.

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.

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.



3.2 Use of funds

Intended Use	Minimum Subscription	Maximum Subscription
Facilities & Production Equipment	\$80,000	\$350,000
Marketing, Branding & Packaging	—	\$170,000
Resources	—	\$200,000
Operational Costs	\$8,300	\$105,000
Offer costs	\$11,700	\$75,000
Total	\$100,000	\$900,000

Facilities & Production Equipment funds will be used to enable the relocation of our warehouse along with some key equipment purchases. We expect to commence exporting in 2024 with 1 container (8,000kg), our export partner has capacity and demand to ship 35 containers per month and is willing to work with us to achieve that output over the first 18 months. New facilities have been secured, these facilities have ample preparation, storage and docking space for freight management along with improved lease terms than our current location.

Within 9 months it is estimated an increase in production by approximately 50-60,000kg of dog food per month or 3,000kg each day. We will initially need 4 x 500kg industrial gas cookers and cooking pots along with the benches and shelving to support this production. Within another 6 months we will need to double that again. In addition we require a packaging system and bag fillers. We currently produce Beef and Chicken which drives the requirement to carry two production lines to avoid constant cleaning and reset required to use the same production line for both.

Marketing, Branding and Packaging funds are required to expand our current marketing beyond direct engagement and organic growth. With the fresh pet meal market growing rapidly in Australia, we need to ensure Pawstone is a well-known name in this space. Our key focus will be online D2C where we need to continue growing our social and online presence. Branding and packaging require development for both domestic and export markets as well as the packaging required to ensure temperature controlled deliveries nation-wide of the human consumption meats.

3.2 Use of funds continued

Working capital includes direct cost of sales and overhead expenses.

Resourcing funds are to enable Claystone to expand its team to include a dedicated operations support person to assist in execution and implementation of key activities to drive customer awareness, market identity, facilities management, governance and general operations. Further resources in the butchery team will be required, as production commences and grows and can be funded as production expands.

The **Offer costs** include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 7.5% of all funds raised by the Company through Birchall Financial Services Pty Ltd (Intermediary), plus \$4,200 for administration and setup costs]. The Offer costs are exclusive of GST.

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 12 months.

In the event that only the Minimum Subscription amount is achieved, the Company will utilise its internal resources to focus on marketing and branding, with additional funds allocated to this activity from operating margins as cashflow allows. Further funding to be able to carry out our intended activities over the next 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, resourcing and continue to focus our cash resources on production facilities and equipment to support growth derived from opportunities already in negotiations.





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 who attends a meeting called in accordance with the constitution 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).

Claystone Holdings currently does not have a dividend policy. This may be reviewed in the future.

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.

3.3.4 Election and removal of directors

Directors, by resolution, may appoint or remove Directors from time to time in accordance with the constitution. There must always be at least 1 Director, and a maximum of 10 Directors unless varied by amendment to the Constitution.

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 behind other classes of shares (if any).

3.3.6 Discretion to refuse to register a transfer of shares

Subject to any special rights conferred on the holders of any shares or class of shares, the directors may, in their absolute discretion, decline to register any transfer of shares without giving any reason for that refusal.

3.3.7 Amendments to the Constitution

To vary the Constitution or adopt a new constitution, the Company must pass a special resolution at a general meeting. At least 75% of the voting members of the Company must vote in favour of the resolution for it to pass.

3.4

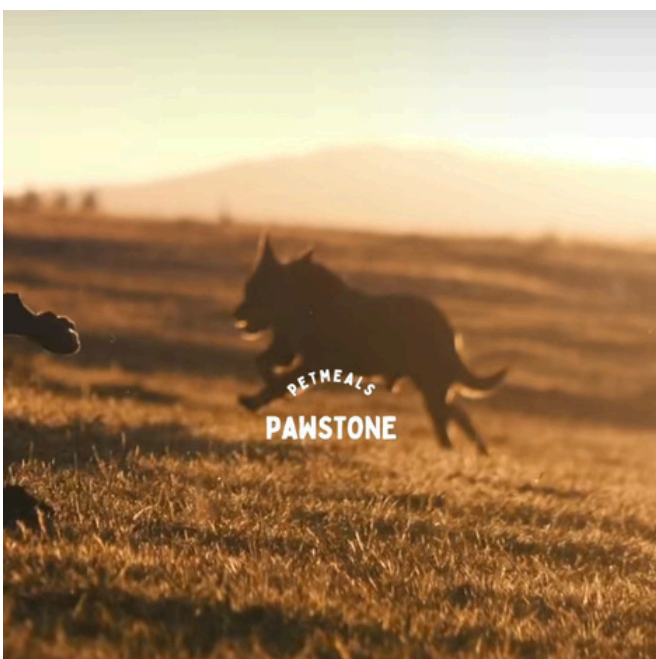
What can I do with my shares?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold.

However, numerous possible circumstances 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

Whilst it is the intention of the Company to seek an exit at an appropriate time, there is no guarantee that any of the exit options will eventuate.





Section 4

Information about investor rights

4.1 Cooling-off rights

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

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

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

4.2 Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

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

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

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

4.3 Proprietary company corporate governance obligations

4.3.1 Annual report

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

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

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

4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report [on the Company's website at the following address <https://claystonemeats.com.au/> [on the Company's share registry website at the following address <https://www.cakeequity.com/> (free of charge) or can purchase the report from ASIC.

4.3.3 Related party transactions

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

4.3.4 Takeovers

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

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

4.4 Company updates

The Company will provide regular updates to investors on the Company's website at the following address <https://claystonemeats.com.au/> via the Company's share registry website at the following address <https://www.cakeequity.com/> and via the Intermediary's platform.



Glossary

Company

means Claystone Holdings Pty Ltd ACN 676 069 202

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

QUALITY
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MEATS