



# Pipan Foods Pty Ltd

## Crowd Sourced Funding Offer Document

Dated 21st June 2022

Offer of fully-paid ordinary shares in Pipan Foods Pty Ltd at [\$0.44] per share to raise a maximum of [\$480,000]

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

Issuer

Pipan Foods Pty Ltd ACN 612 950 437

Intermediary

Birchal Financial Services Pty Ltd AFSL 502618



# Contents

Table of Contents

Section 1:  
Risk warning

Section 2:  
Information about the Company

Section 3:  
Information about the Offer

Section 4:  
Information about investor rights

Glossary:



## 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

Hi Friends,

Thank you so much for your interest in joining our company.

Established in 2018, our aim is to support Australian farmers and regional communities by making kid's snacks that children love, using the highest quantity of Australian Ingredients and selling them worldwide.

Our products are currently selling in 7 markets globally.

We launched our first product Mo Milk (a pharmaceutically enhanced dairy drink for kids) in China and South East Asia across 400 retail outlets.



In late 2021 we turned our R&D focus to upcycling wasted fruit, looking to utilize discarded fruit and veg to make snacks for kids.

We've partnered to launch Australia's only Vacuum Drying snack facility. Our Chippy Snack range will anchor us into the Australian Retail industry.

We are also focusing on D2C subscription products for the Australian market.

Your investment will help expand our range of upcycled fruit, help us spread globally, help us grow our manufacturing supply chain and provide more employment in regional Australia and ultimately improve kids' health.

Thank you for your support,

Phil Gomizel, Founder Pipan Foods Pty Ltd



## Section 2.1 Company Details

This offer of shares is made by  
Pipan Foods Pty Ltd ACN 612 950 437.

<b>Company name</b>	Pipan Foods Pty Ltd
<b>ACN</b>	612 950 437
<b>Date of incorporation</b>	10th of June 2016
<b>Registered office</b>	58 Rooney St Richmond, Victoria, Australia 3121
<b>Principal place of business</b>	391 Swan st Richmond, Victoria, Australia 3121



## 2.2 The Problem

Big corporations and the global food system are failing future generations



1 in 6 Australian children are overweight



Less than 50% of Australian children have enough fibre in their diet



Only 6% of Australian children eat the Recommended dietary intake of fruit and vegetables



Australian children, on average, are consuming more than 30grams of sugar over the RDI.

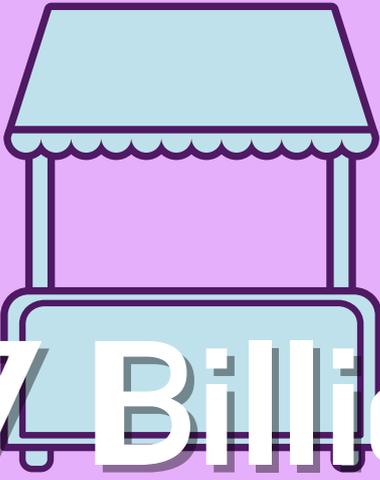
Feeding kids a balanced & nutritious diet is not easy. Far too many of the products on supermarket shelves are misleading and unhealthy.

\*Statistics from:

ABS (Australian Bureau of Statistics) 2014. Australian Health Survey: Nutrition First Results—Foods and Nutrients, 2011–12, ABS cat. no. 4364.0.55.007, Canberra: Australian Bureau of Statistics.



## 2.2.1 The Market



Size of the Fortified Food Market for  
Australian companies

CSIRO, report Health, Wellbeing and Fortified  
Foods 2020

**\$7 Billion**



Size of the Australian Savory  
Health snacking market

Statista, Hughes, April 2022

**\$1.98 Billion**

Size of the Chinese Nutritional  
Milk Market

Statista, Yi Han Ma, May 2021



**\$28 Billion**





## 2.3 Pipan

At Pipan, we are on a mission to make kids nutrition fun and easy.

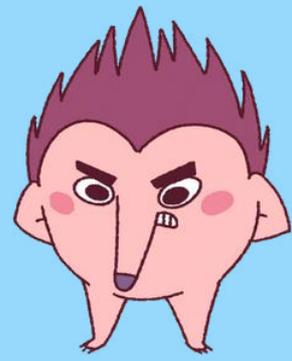
Our plan is to level up processed foods one category at a time by fortifying the foods that kid's love with the nutrition that they don't get enough of!

We manufacture all our products here in Australia and utilize as much Australian content as possible. We will only use an imported ingredient if a locally made equivalent isn't available.

By making great kids' products here in Australia, using Australian ingredients, we know we are doing our bit to help Australian farmers as well children globally.



# 2.3.1 Products



We have 2 main areas of focus

Snacks - made using discarded fruit and veg in a unique Vacuum Drying Manufacturing Plant

Fortified Foods - Foods that have been "leveled up" for enhanced nutritional content.

## Fortified Foods

We currently have 17 SKUs across 7 markets.

## Snacks

We currently have 3 SKUs in market with plans to release another 7 by the end of the year.



## 2.3.2 Fortified Foods?

Fortifying food is taking regular foods and improving their nutritional quality by increasing the content of one or more micronutrients. Basically, we take the food kids love, like Milk, and boost them with the micro-ingredients that kids don't get enough of - like fibre.

There is a science to this. At Pipan, we have a long history in working with Infant formula - the first fortified foods. Our experience learning about ingredient stability, fortification levels, food standards, safety requirements, import and export laws, see us uniquely qualified to excel in this environment.



## 2.3.3 Mo Milk

Mo Milk is a range of kids' supplements designed for daily habitual use.

The product is 15 sachets of instantized powdered beverage, fortified with key nutritional ingredients and wonderfully packaged in a recyclable cardboard tube that kids and parents love.

Available in a range of flavours and functions. Mo Milk has something for everyone. From Pre & Probiotics for gut health to DHA, Zn and Mg for Brain development to Beta Glucan for Immunity.

Mo Milk was launched in China and SE Asia in 2020 and has over 7000 positive reviews online.



## 2.3.4 Vacuum Drying - making Ugly Fruit Beautiful

We take discarded fruit and vegetables and vacuum dry them, which is cooking at very low pressure and low temperature.

We are the only brand in Australia utilizing this technology and have plans to increase the range of fruit and vegetables utilized.

Vacuum drying preserves the fruit by removing all the moisture. The low temperature bake stops the fruit and vegetables from oxidizing, thus preserving all the nutritional content and flavour.

The process is more energy efficient than regular ovens because we use highly efficient vacuum pumps and the cooking temperature is as low as 60 degrees Celsius.

The facility is currently owned by MP Harvest and Pipan Foods have exclusive use of the facility.



## 2.3.5 The Chippy Apple

This is a game changer. We believe they're so good they'll take on the potato chips and savory snacks.

**We are the only people with access to this technology in Australia and we are going to utilise it to disrupt snacking!**

Inside every pack of Chippy Apples you'll find 2 small apples... that's all!

The perfect school lunchbox snack

- High in Fiber
- Gluten & Nut free
- Dried not fried
- No nasties
- All natural

They're a naked Apple with a huge crunch!

Available in:

- Plain
- Lightly Salted
- Cinammon Flavour



## 2.3.6 New Product Pipeline

We've been working hard to ensure there's no end to the products we can upcycle, enhance and produce.



The range of ugly fruit we can upcycle is huge. We've already started R&D on mangos, pears, carrots & peaches.

We have 3 new product ranges complete and ready to release. All formulation, taste testing and designs are done.



Our morning smoothie routine is a will teach kids all about health habits



Our night time dessert range - Skweezi Nights will help children go to bed feeling full and calm.

Our instantized flavoured milk will complete in the milo nesquik market overseas.



## 2.4 Business & Revenue Model



We are in the process of diversifying our revenue. Previous to this current year we were an export facing business with more than 90% of our revenue generated overseas, with the majority from China.

Global challenges abroad and opportunities in Australia have seen us diversify our revenue to focus more in Australian retail and E-Commerce.

The pie charts above represent the approximate spread of revenue, not absolute dollars. This current calendar year will see a significant slowing in sales to China as they struggle further with controlling the spread of Covid-19.

We are offsetting this drop in revenue with the release of our Chippy Apple range across Australian retail. We have the capacity to make 2,000,000 units per annum. We forecast that a ranging across 2000 stores nationally as well as sales to export partners would utilize 100% of this capacity.

Our fortified instant beverage products, originally designed for the Asian markets, withhold IP that we are using to release a new range designed for the Australian market. This product range, ready for release, will be sold on subscription to families across Australia. This product format and sale method is something that we see as replicable for us in other markets, such as the US.

We believe international markets will recover and foresee a future where we are generating revenue in equal parts from domestic retail, E-commerce and export.

## 2.4.1 Retail

We launched Chippy Apples through Australian Retail in April 2022.

After exhibiting at Naturally Good Expo in early June, we are in the process to have nation wide distribution during Q3.

These relationships pave the way for us to release new products and expand revenue.

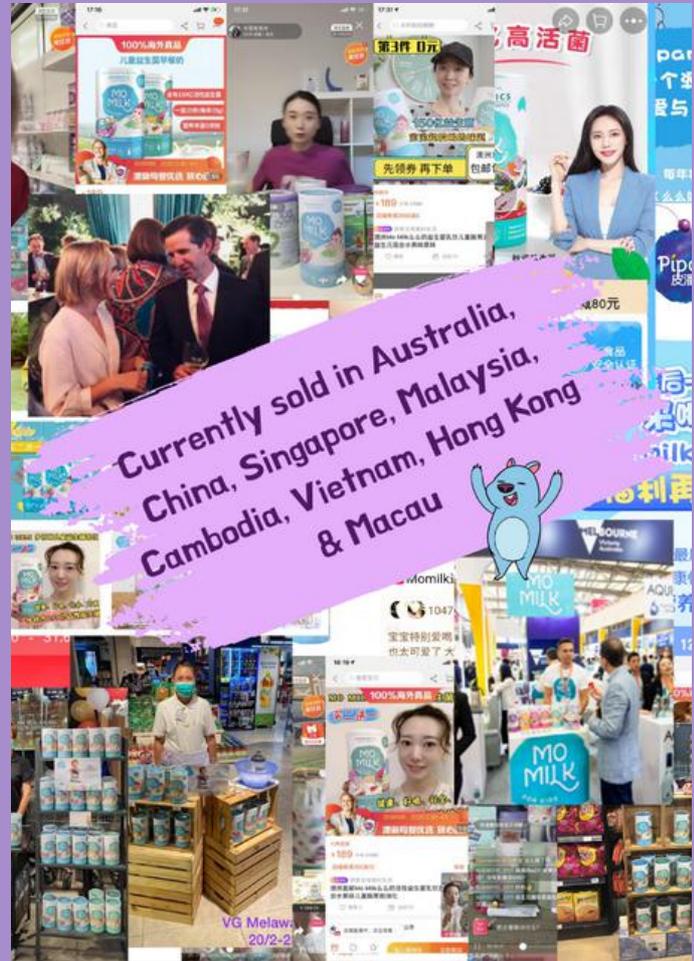


## 2.4.2 Export Markets

The majority of our revenue to date has come from Export markets, specifically D2C sales on Alibaba's Tmall platform. Unfortunately current global economic conditions means this is an unreliable source of revenue for the near future.

We have a physical presence (in stores) in China, Malaysia, Singapore, Cambodia, Macau and Hong Kong.

We have a digital online presence in China (Tmall) and online in Singapore (Lazada, Shopee) and Malaysia (Lazada, Shopee). These are all Alibaba D2C platforms.



We have seen some stabilizing in some markets, as such we've recently sold containers of Chippy Apples to Hong Kong and Malaysia.

We foresee this B2B market stabilizing and growing in the next couple of years, especially as travel, exhibitions, logistics all return to pre-pandemic conditions.

## 2.4.3 E-Commerce

E-Commerce is the future of retail. Better connections with your consumers, better value in the relationship for the brand.

We are using the innovations that we have developed from our early product development to create a monthly subscription for kids.

We already have a base of subscribers buying Mo Milk monthly. We have created an everyday health shake, designed for more mass appeal, that we are going to release through subscription.

### What we've learned

#### In Australia Current Figures:

**CAC: \$54**

**ATV: \$56**

**LTV: \$560**

Figures from campaigns run by Pipan Foods in 2021 & 2022

In China:  
**CAC: \$110**  
**ATV: \$128**  
**LTV: \$512**



## 2.5 Business Strategy

We see blue space in the industry for kids fortified foods, so we will continue to connect with parents online and either talk to them about subscribing to our daily health habits subscription or telling them about our range of snacks that we plan to roll out across retailers.

The potential to rescue more wasted fruit is enormous. Right now, each pack of Chippy Apples saves 2 small apples from being thrown away. We can make up to 2million packs per year (that's 4million apples saved). We are planning to build the demand of Chippy Apples then release more upcycled fruit and veg.

Our growth in China slowed during the pandemic but we are back in discussion with distributors to build on our B2B distribution through retailers.

	Supplements	Snacks	Drinks
Export	Mo Milk - Extend reach in China both B2C and B2B	Chippy Apples- Commence Export Trade - 4 target markets; Japan, Singapore, Hong Kong and Malaysia	Release Flavoured Milk drink to tackle market for Milo & 3 in 1 in SE Asia
	- New General Trade Distribution Partner - More Partner marketing support	- New Distribution Partners - Partner marketing support	finalize R&D and release with current partners
Retail	Release Mo Milk Immunity nationally across 300 Stores	National Distribution Rollout of Chippy Apples (3 Varieties). Release Sweezi Nights	Release RTD Kids Plant Based drink
	Find Retail trade distributor for Mo Milk	expand retail and distribution partners	R&D Complete, funding required
E-Comm	Release Shmoodi on a subscription basis nationally	Build online shopping presence for Chippy Apples, release Skweezi Nights	
	Performance Marketing	Additional marketing support	



Strategic Imperative



Enablers

Table 2.5 Medium term business plan



## 2.5.2 Government Support

Pipan Foods is proud to be supported by both the federal and state trade departments (Austrade and Global Victoria.)

As a brand that has been building a presence overseas, we have been given trade show presence in Shanghai, Tokyo, Singapore and Dubai as part of official Australian business exhibitions. This support has helped us find distributors in many countries.

In 2020 we were invited to take part in the AIBX2020 (Australia India Business Exchange), a trade delegation sent to India and Sri Lanka to build stronger commercial relationships between countries.

We are also supported financially through the EMDG export grant program, the ECommerce Accelerator programs and receive annual Tax incentives through the R&D Tax incentive programs.



## 2.5.3 Trademarks and IP

As an innovation business, Pipan Foods conduct all our own R&D, product innovation and design work.

We own the formulations for all our products. These are not products that are readily available at contract manufacturers. Our formulations are our IP and protected by NDA with manufacturers.

We also own a series of trademarks here in Australia and China. Our brands all have Chinese names and these are registered across appropriate categories in China. This allows us to conduct general trade sales without the risk of trademark squatting or name blocking.



## 2.6 Org structure



Phillip Gomizel

Managing Director



Gabrielle Atkinson  
Sales Manager

- Brand
- Marketing
- Creative
- Domestic sales
- E-Commerce



Ivan Kuan  
Export Manager

- Export Sales
- Regulations
- Grants
- Govt relations



Naishad Dalal  
Operations Manager



Wendi Gomizel  
Customer Service

- Procurement
- Quality
- Innovation
- Logistics

## 2.6.1 Founders, Directors & Team

### Pipan was Co-founded by Husband and Wife Phillip & Samantha Gomizel

Pipan foods was founded in 2018 by Phillip Gomizel and his wife Samantha. Phil is the Managing Director and Sam is not actively involved in the business but works as an advisor, to Phil.

### Phillip Gomizel Managing Director

Phil started started his career as an Aerospace Engineer working on commercial airplanes. His love of travel and nutrition pulled him into international food trade. Phil became an expert in infant formula manufacturing before getting the idea to launch Pipan.

Phil's role in the business is to determine, formulate and review the general program and the overall direction of the organisation within the framework established by the board of directors. He also puts the bins out.

Phil thinks of himself as a fun guy, a good dad, one hell of a dancer.

Phil is passionate about helping the planet and future generations live a more sustainable, peaceful and enjoyable life.



## 2.6.2 Directors

**Rachel Dur**

**Non Executive Director (Chair)**

Rachel built her career at KPMG. Rachel has invested and managed companies globally as both a leader and a board member. Rachel is a member of the institute of chartered accountants and Australian company directors. She is passionate about giving back to the start-up ecosystem and guides entrepreneurs on their journey.

Rachel is a born fighter. Raised on a farm in country Victoria, she worked hard to build a professional career in M&A. She's a proud mum, loving wife, identical-twin, cancer survivor and huge advocate for the health and wellness industry.



**Michael Davies**

**Non Executive Director**

Global Marketing Leader with experience working for the World's biggest CPG companies on +\$1B brands, living and working in Asia-Pacific, Europe and the US.

Data driven with proven success at building and scaling new products, campaigns and capabilities globally within corporate, scale up & start up environments (founded and exited Walkup in the UK).

A loving father of two beautiful kids. In his spare time he likes karaoke, keeping fit and playing table tennis. Can go from clean shaven to thick stubble in under 12 minutes.

## 2.6.3 Team

### Naishad Dalal

#### Operations manager, Co-Founder

Naish has a Masters in Food Technology and likes to tell people he has a PhD in parallel parking.

At Pipan, Naish is responsible for all procurement, quality and product innovation.

Born and bred in Surat India, Naish moved to Australia to complete his post graduate studies. Naish was the quality & innovation manager for Australia's largest Infant formula manufacturer. It was during this role that Phil and Naish crossed paths and with little convincing from Phil, Naish joined Pipan as a Co-Founder with a dream to change kid's nutrition forever.



### Ivan Kuan

#### Export Manager

Ivan is the Export Manager of Pipan Foods, he is fluent in English, Mandarin, Cantonese and Malay. Ivan says he is funny, intelligent, handsome and charming. Several people would agree with this, including his mum.

Ivan has worked in the FMCG industry for more than a decade, managing some of the largest consumer brands across the major supermarkets and foodservice groups both domestically and internationally.

## Gabrielle Atkinson

### Sales manager

Meet Gaby! with 15 years experience at P&G, Gaby has worked her way across a variety of roles within the FMCG sector. Gaby brings a passion for personal development and best in class products to the Pipan team.

As a Mum of two and wife of one, you will find her in her downtime listening to crime podcasts, creating healthy lunch box snacks (that rarely get eaten), colour coordinating her kids bookshelves and laughing at her own jokes.



## Wendi Gomizel

### Customer Service

Wendi and her family were the seed investors in Pipan and the driving force behind building the business.

Wendi is the proud mother of 3 beautiful children who she loves unconditionally but also on occasion needs to hide from them in the garage.

Her role within the business is to ensure the needs and wants of our target demographic are being translated through all business plans and decisions.



## 2.7 Capital structure

As at the date of this Offer Document, the Company has 6,000,000 ordinary shares and 5,012,500 preference shares on issue. The Company intends to introduce an Employee Share Option Plan (ESOP) in the future. The majority of shares are held by the Company's founders/directors.

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

Shareholder	Share Type	Shares	Equity %
Phil and Samantha Gomizel	Ordinary	4,000,000	36.3
De Boer Family Estate	Preference	4,000,000	36.3
Wendi Gomizel	Ordinary	500,000	4.5
Miland Pty Ltd (Naishad Dalal)	Ordinary	500,000	4.5
Yu Wei Kuan	Ordinary	500,000	4.5
Ming Guo	Ordinary	500,000	4.5
Rachel Tonkin	Preference	125,000	1.1
Frank Gomizel	Preference	500,000	4.5
Nalaroo Investments	Preference	75,000	0.7
James Taylor	Preference	187,500	1.7
Andy Jiang	Preference	125,000	1.1
Total		11,012,500	100

Table 1: Issued capital of the Company before the Offer

Table 2 sets out the issued capital of the Company following the Offer on a fully diluted basis (i.e. presuming all options are exercised).

	Minimum Subscription		Maximum Subscription	
Shareholder	Shares	Equity %	Shares	Equity %
Ordinary Shares	6,000,000	52	6,000,000	50
Preference Shares	5,012,500	44	5,012,500	41
Offer Shares	454,545	4	1,090,909	9
Total	11,262,045	100	12,103,409	100

Table 1: Issued capital of the Company following the Offer

## 2.7.2 Rights and liabilities associated with securities

### **ORDINARY SHARES**

The shares issued pursuant to this Offer Document will be fully paid Ordinary Shares. All Ordinary Shares and Preference Shares have the same voting rights and the same rights to receive dividends. Under the Constitution, the Board may from time to time refuse to register a transfer of shares.

The Constitution (available on the intermediary's platform) sets out the details of each of the rights and liabilities associated with Ordinary Shares.

### **PREFERENCE SHARES**

Preference Share holders are entitled to additional rights in the event of a company liquidation. For a full list of additional shareholder rights, please see schedule 5 of the Constitution (available on the intermediary's platform)

### **OPTIONS**

As at the date of this Offer Document, there are no vested, unvested or unexercised options on issue. The Company intends to implement an Employee Share Options Plan (ESOP) in the future. The Constitution of the company (available on the intermediary's platform) includes provisions that allow the Board to implement the contemplated ESOP in the future.

### **SHAREHOLDERS AGREEMENT**

There is no shareholders agreement between the existing shareholders and as such, the rights and liabilities associated with the shares are as set out in The Company's Constitution.

### **OTHER RIGHTS**

A more detailed description of the rights and liabilities associated with the shares is set out in section 3.3 below. A copy of the Company's Constitution available on the intermediary's platform.



## 2.7.3 Sources of financing, including debt financing and other financing

To date, our activities have been primarily funded by the Company's founding investor (Bob De Boer). \$1,500,000 Seed investment.

More funds were raised in 2021 from a friends-and-family round of fund raising round, \$440,000



## 2.7 Risks facing the business

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

Risk	Description
Cash flow risk	The Company's operating activities involve a series of cash inflows and outflows. Although the Company seeks to manage its cash flow efficiently, there is a risk that the Company may not have sufficient cash or working capital, at times, to fund both its operations and its expansion plans. This could affect the Company's profitability, future prospects, and its ability to meet its business objectives.
Funding risk	<p>The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all of the required funding and therefore not achieve all of its business objectives.</p> <p>The Company may also need to raise additional funds in the future from investors or third parties. There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available.</p>
Competition risk	The Company operates in a highly competitive market, with several known competitors, and moderate barriers to entry that could give rise to new and unknown competitors. If the Company is unable to successfully compete with existing and/or new competitors, this would have a negative impact on the revenue, profitability and future prospects of the business.
Insolvency risk	The Company is not yet profitable. The company is seeking to obtain further funding to achieve its objectives. There is no guarantee that funding will be available on favourable terms or that the Company will receive any level of funding at all.

## 2.7 Risks facing the business cont

Risk	Description
Startup risk	<p>The Company has a limited operating history and will build the business with the funds raised through this crowd-sourced funding offer.</p> <p>As an early stage business, the 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, and risks associated with evolving technology. In particular, the Company is not yet profitable and is yet to generate revenue through certain anticipated revenue streams.</p> <p>The commercial success of the business will depend on many factors including the Company's ability to attract and retain quality staff and loyal customers</p>
Brand risk	<p>If the Company does not maintain consistent levels of quality and service in its offering, the Company's brand and reputation could be damaged. In an increasingly connected world, damage to a company's brand and reputation can be catastrophic. The Company is acutely aware of this risk and is vigilant to ensure that it maintains a consistently high level of product quality and customer service.</p>
Business model risk	<p>The Company is at the proof-of-concept stage of the business cycle. As such, it carries the risks of a start-up business. Given the limited trading history of the company, no assurance can be given that the Company will achieve commercial viability through the implementation of its business plan.</p>
Export Risk	<p>further interruptions to the international supply chains could interrupt our plans to grow our export sales.</p>
Operational risks	<p>Inability to secure distributors and vendors to sell the product in line with growth ambitions is a risk.</p>
Dilution	<p>A shareholder's interest being diluted if they do not participate in future fundraisings</p>

## 2.9 Financial Information

Below are the financial statements of the Company for the financial year ending 30 June 2021, which have been prepared in accordance with Accounting Standards. Financial information for the 9 months ended 31 March 2022 have also been included, based on management accounts, and accordingly may be subject to change.

### 2.9.1 Balance sheet Pipan Foods Pty Ltd

	As at 31 Mar 2022	As at 30 Jun 2021
<b>Current Assets</b>		
<b>Cash Assets</b>		
Cash at Bank- Alipay	9,292	9,111
Cash at Bank Alipay Tmall Deposit Account	12,000	12,000
Cash at Bank-AUD PayPal	1,080	1,220
Cash at Bank Everyday	21,205	1,462
Cash at Bank Savings	451	33,346
<b>Total Bank</b>	<b>44,028</b>	<b>57,140</b>
<b>Receivables</b>		
Accounts Receivable	8,706	215
<b>Inventories</b>		
Stock	275,967	155,457
<b>Current Tax Assets</b>		
GST Payable Control	-	10,876
<b>Other</b>		
Payments made in Advance	-	3,863
Bonds Paid	1,980	1,980
R&D Tax Incentive Receivable	-	57,976
<b>Total Current Assets</b>	<b>284,673</b>	<b>287,506</b>
<b>NON CURRENT ASSETS</b>		
<b>Intangible Assets</b>		
Trademarks	18,873	18,873
Research and Development	410,523	410,523
Less Accumulated Amortization	(41,052)	(41,052)
<b>Total Non Current Assets</b>	<b>388,344</b>	<b>388,344</b>
<b>Total Assets</b>	<b>673,017</b>	<b>675,850</b>
<b>Current Liabilities</b>		
<b>Unsecured</b>		
Trade Creditors	4,895	5,177
<b>Provisions</b>		
PAYG Withholdings Payable	22,280	21,330
Superannuation Payable	14,812	1,242
<b>Total Current Liabilities</b>	<b>41,987</b>	<b>27,750</b>
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>41,987</b>	<b>27,750</b>
<b>Net Assets</b>	<b>631,030</b>	<b>648,100</b>
<b>Equity</b>		
Share Capital	1,840,013	1,400,013
Retained Profits	(1,123,041)	(753,569)
<b>Total Equity</b>	<b>716,972</b>	<b>646,444</b>

## 2.9.2 Profit and Loss Report Pipan Foods Pty Ltd

	For the 9 months ended 31 Mar 22	For the 12 months ended 30 Jun 21
<b>Income</b>		
China Tmall Sales	518,624	-
Sales	7,752	11,346
Export Sales	15,636	97,277
Export Market Development Grant	30,000	48,111
State Government Grants	-	20,000
JobKeeper Revenue	-	87,600
PAYGW Cash Flow Boost Revenue	-	21,881
Interest Income	0	33
<b>Total Income</b>	<b>572,013</b>	<b>286,249</b>
<b>Less Cost of Sales</b>		
Opening Stock	155,457	129,710
Commissions Paid (Alipay)	11,679	-
Freight & Courier	42,289	20,558
Purchases	2,174	166,412
Closing Stock	68,432	155,457
<b>Total Cost of Sales</b>	<b>143,168</b>	<b>161,223</b>
<b>Gross Profit</b>	<b>428,845</b>	<b>125,026</b>
<b>Less Operating Expenses</b>		
Accounting Fees	3,675	3,728
Bad Debt Expense	-	8,502
Bank Fees	128	262
Consulting	8,696	26,739
Depreciation	-	402
FBT Exempt Minor Benefits	-	652
Filing Fees	-	273
Fines & Penalties	-	83
Foreign Currency Gains and Losses	(390)	432
General Expenses	4,152	1,376
Illustration work - overseas	648	600
Insurance	7,153	9,077
IT Costs	2,673	2,415
Legal expenses	6,005	3,200
Marketing & Advertising - Domestic	12,835	13,138
Marketing - International	601,967	107,590
Printing & Stationery	58	441
Rent	16,261	19,858
Sales Commission	219	1,320
Storage	7,792	10,467
Subscriptions	975	4,070
Superannuation	26,214	31,715
Telephone & Internet	1,562	3,176
Travel - National	567	225
Utilities	659	977
Wages and Salaries	262,951	236,883
WorkCover	6,555	9,066
<b>Total Operating Expenses</b>	<b>971,356</b>	<b>496,668</b>
<b>Net Profit</b>	<b>(542,511)</b>	<b>(371,643)</b>

## 2.9.4 Cash Flow Statement

Account	For Year to Date at 30th of March 2022	For 12 months ended 30th of June 2021
<b>Operating Activities</b>		
Receipts from Grants and Incentives	\$ 30,000.00	\$ 220,451
Receipts from Customers	\$ 542,624.00	\$ 101,010
Payments to suppliers and employees	-\$ 869,573.94	-\$ 640,141
GST	\$ 17,345.00	\$ 22,512
<b>Net Cash Flows from Operating Activities</b>	<b>-\$ 279,605</b>	<b>-\$ 296,168</b>
<b>Investing Activities</b>		
Research and Development Expeniture	-\$ 103,956.06	-\$ 133,277
Research and development Grants Received	\$ -	\$ 117,758
<b>Net Cash Flows from Investing Activities</b>	<b>-\$ 103,956.06</b>	<b>-\$ 15,519</b>
<b>Financing Activities</b>		
Repayment of Borrowings	\$ -	-\$ 396
Loans Repaid	\$ -	\$ 2,826
Injection by Shareholders	\$ 440,000.00	\$ 200,000
<b>Net Cash from Financing Activities</b>	<b>\$ 440,000.00</b>	<b>\$ 202,430</b>
<b>Net Cash Flows</b>	<b>\$ 56,439</b>	<b>-\$ 109,257</b>
<b>Cash and Cash equivalents</b>		
Cash and Cash equivalents at beginning of period	\$ 55,482.00	\$ 168,423
Net change in cash for period	\$ 56,439.00	-\$ 112,509
effect of exchange rate changes on cash	-\$ 519.00	-\$ 432
Cash and Cash equivalents at end of period	\$ 111,402.00	\$ 55,482

## 2.9.Statement of Equity Changes

### Movements in Equity

Pipan Foods Pty Ltd  
For the year ended 30  
June 2021

Account	2021
<b>Equity</b>	
Opening Balance	(373,157.00)
Current Year Earnings	(379,149.00)
Prepaid Shares	1,398,750.00
<b>Total Equity</b>	<b>646,444.00</b>

# 2.9 Financial Information

## 2.9.1 Management Comments on Historical Performance and Outlook

Pipan was established as an export business. The first couple of years were exceptionally exciting as we broke into the markets of China, Malaysia, Singapore, Cambodia, Hong Kong and Vietnam.

2020 created some challenges as markets started to lockdown and interruptions were experienced across retail, trade and logistics globally.

In 2021 we started to reposition the brand and products online, building a better direct-to-consumer brand proposition. The commencement of our Tmall Store took considerable time and investment but laid a strong foundation for growth. Early sales in FY22 were very strong but slowed unfortunately due to economic influences outside of our control. Sales YTD are not a reliable indication of where our business is heading.

The second half of FY22 has seen Pipan make a shift to diversify revenue to remove the reliance on China and to broaden the revenue base.

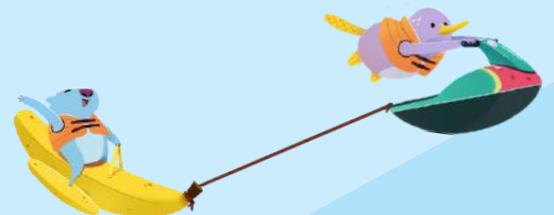
The launch of our Chippy Apple product domestically has attracted great interest. We are in advanced discussions with national distributors and a revenue build from this range is imminent. This also creates a pathway for all our NPD to be released in market.

Separate to this we have our D2C products ready to manufacture and can build our D2C revenue from this.

Much of our operating expense base is not directly related to revenue and therefore not likely to increase proportionally with volume growth.

We have more products to release and a newly appointed Board to make it all possible.

The future looks bright!



[Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled. Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by Pipan Foods Pty Ltd and has not been validated by an independent third party.]

# 3 Information about the offer

## 3.1 Terms of the Offer

Pipan Foods Pty Ltd is offering up to 1,090,909 shares at an issue price of \$0.44 per share to raise up to \$480,000. The key terms and conditions of the Offer are set out below.

Term	
Shares	Fully Paid ordinary Shares
Price	\$0.44 per share
Minimum Subscription	\$200,000
Maximum Subscription	\$480,000
Minimum Parcel Size	\$250
Opening Date	21st June 2022
Closing Date	7th July 2022

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](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.

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.

# 3.1 Use of Funds



There's a variety of things we need to use investment on.

We can use different fruits, different vegetables, more flavors to create new wonderful snacks, so we we want to invest in R&D.

We also want to get ramp our newly complete Subscription box. So we will be focusing on digital marketing and customer acquisition.

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

Intended Use	Minimum Subscription	Maximum Subscription
R&D	\$20,000	\$60,000
Marketing and Customer acquisition	\$64,000	\$200,000
Working Capital	\$101,200	\$188,400
Offer Costs	\$14,800	\$31,600
<b>Total</b>	<b>\$200,000</b>	<b>\$480,000</b>

## 3.1 Use of Funds cont

The Offer costs includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchal Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs.

Working capital includes overhead expenses, employee wages and director remuneration. Details of payments to be made to directors and senior managers are as follows:

- Directors remuneration: nil
- Senior management remuneration: \$60,000

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

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

If only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 12–18 months. In such circumstances, the Company may consider undertaking a further CSF offer under the CSF regime, other forms of equity funding from investors or debt funding. Until additional funding is obtained, we will scale back overheads and continue to focus our cash resources on sales and marketing.



## 3.3 Rights associated with the shares

Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. These rights are described below. A copy of the constitution is available on the Intermediary's platform.

### 3.3.1 Voting Rights

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

### 3.3.2 Dividends

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

### 3.3.3 General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 5% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.



## 3.3.4 Election and removal of directors

For full details regarding appointment and removal of directors, please refer to section 2.1 of the Company's Constitution (available on the Intermediary's website).

## 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. In this event, any preference share class that may be held will take preference over ordinary share class holders.

## 3.3.6 Restrictions on sale and transfer

For a full description of restrictions on sale and transfer of ordinary shares, including drag-along and tag-along rights, please refer to the Pipan Foods Pty Ltd Constitution available for download on the intermediary platform.

# 3.4 What can i do with my shares?

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

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

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



## 3.7 Investor Rewards

In addition to being a shareholder of Pipan Foods Pty Ltd, a range of rewards are being offered for investors.

These include:

- 20% discounts off all online purchases and subscriptions
- Bag of Swag
- Invitation to the Annual Friends of Pipan Party, held in Cobram Victoria. Your chance to meet the team, drink and eat on us, dance and come visit the beautiful Riverina region!

The table below sets out the investor rewards based on the amount invested.

Reward	Investment under \$500	\$500 to \$5000	Investment over \$5000
20% off online purchases	YES	YES	YES
Invitation to Party	Single invitation	Invitation for 2	How many people would you like to bring???
BAG OF SWAG (INCLUDING LIMITED EDITION PIPAN TOYS)	NO	NO	YES

# 4. Information about Investor Rights

## 4.1 Cooling off Rights

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

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

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

## 4.2 Communication facility for the Offer

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

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

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

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



## 4.3 Proprietary company corporate governance obligations

### 4.3.1 Annual report

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

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

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

### 4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report [on the Company's website at the following address [www.pipan.com.au](http://www.pipan.com.au) [on the Company's share registry website at the following address <https://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 [www.pipan.com.au](http://www.pipan.com.au), via the Company's share registry website at the following address [www.cakeequity.com](http://www.cakeequity.com) and via the Intermediary's platform.



# Glossary

Company means Pipan Foods Pty Ltd ACN 612 950 437

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act

Intermediary means Birchal Financial Services Pty Ltd AFSL 502618

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

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

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

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

