



Birchal Pty Ltd

Crowd-sourced funding offer document

Dated 12 April 2022

Offer of fully-paid ordinary shares in Birchal Pty Ltd at \$1.00 per share to raise a maximum of \$3,000,000

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

Issuer

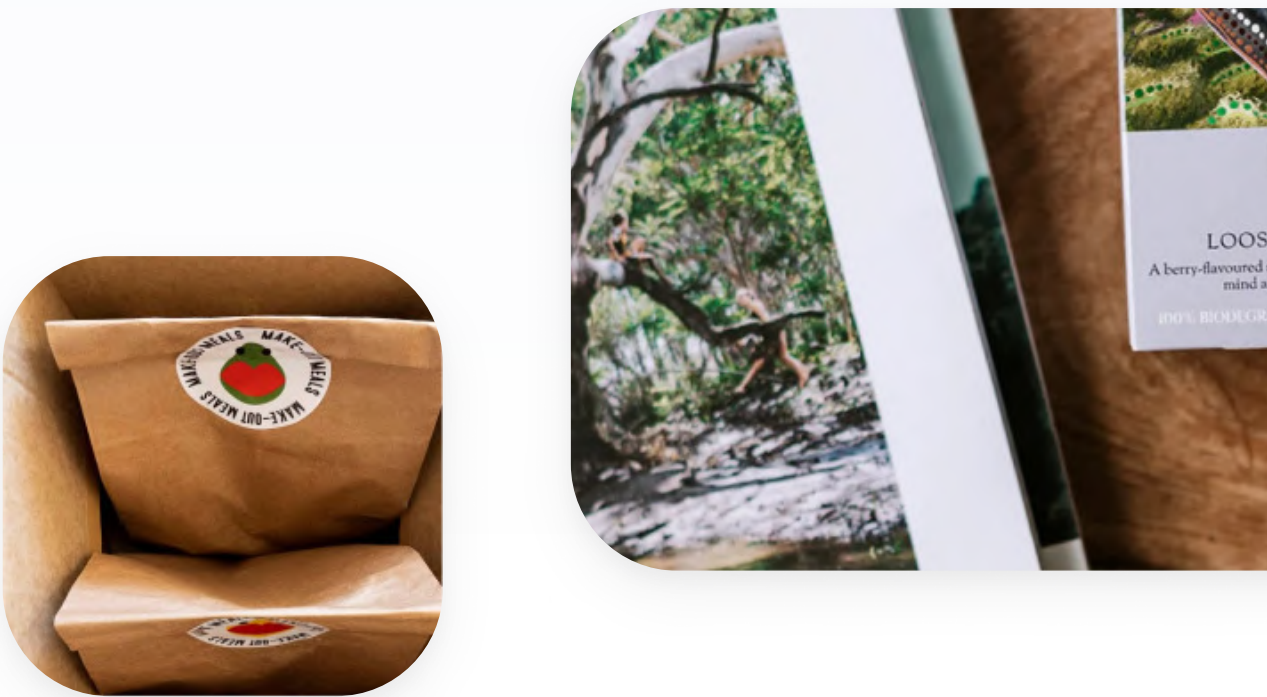
Birchal Pty Ltd ACN 616 478 767

Intermediary

Birchal Financial Services Pty Ltd AFSL 502618

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Section 1

Risk warning

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

2.1

Introduction

Thank you for your interest in
Birchal’s CSF Offer.

Birchal is a crowd-sourced funding (CSF) intermediary, licensed in Australia by the Australian Securities and Investments Commission (ASIC), and authorised to host offers under the crowd-sourced funding regime in Part 6D.3A of the Corporations Act.

Birchal is Australia’s leading CSF platform. We have hosted over 130 successful CSF offers, raising over \$100m since the CSF regime commenced in 2018 (over \$53m of this amount was raised during 2021).

Many thousands of Australians have taken the opportunity to back businesses they believe in through CSF, and we expect many thousands more to do the same over the years to come.

Commencement of the CSF regime was a watershed moment for startups, SMEs and investors, and it is becoming an important part of Australia’s financial system.

ASIC has stated that the CSF regime appears to be operating efficiently and reliance on it appears to be increasing, recently describing CSF as a “robust alternative for smaller companies to raise up to \$5 million in 12 months with appropriate investor protections.” (Source: <https://download.asic.gov.au/media/14mkbuie/rep723-published-30-march-2022.pdf>)

Although CSF is still relatively new to Australia, equity crowdfunding platforms have operated in the United Kingdom for over a decade. In the UK, over £500m in funding volume was achieved in 2020 alone, with a compounded annual growth rate (CAGR) of approximately 20% for the past four years.

Data published by the Cambridge University Centre for Alternative Finance indicates that equity crowdfunding accounts for approximately 15% of total announced seed and venture stage equity offerings in the UK. The United States has also implemented an equity crowdfunding regime similar to the Australian and UK regime, which appears to have strong growth as well.

In Australia, the CSF regime is growing at a CAGR of 70%. Total funding volumes for CSF in Australia exceeded \$70m in 2021 alone. Based on the United Kingdom’s experience, and the performance of Australia’s CSF regime to date, annual funding volumes for CSF in Australia could approach \$500m by 2024.

Birchal is at the forefront of this development in Australia. Responsible for 75% of the total CSF funding volume in 2021 alone. Having established a compelling capital solution for startups and SMEs in Australia, we are now expanding our focus towards an ecosystem of products and services designed to support companies and investors.

Through the CSF regime, investments in startups and SMEs are able to be offered to retail investors, together with wholesale investors, at scale for the first time. Australian startups are now a rapidly emerging alternative asset class that we are determined to make mainstream.

Through this document you’ll meet some of the amazing Birchal team, and hopefully see how passionate we all are about what we do. Our achievements to date have been tremendous, but we are only getting started. We are thrilled to offer you this opportunity to join us on this exciting next phase of our mission.

The Birchal Team



Birchal’s Board of Directors: Matt Vitale, Kellie Morton, Alan Crabbe and Adam Vise.



Our Mission

We simplify fundraising so that forward thinking businesses can build communities of engaged supporters and get back to shaping the future we all want to see.

Being an entirely-online process, CSF has been one of many industries to have benefited from the digital shift accelerated by COVID. Importantly, the CSF industry remained open and active, even at the height of the first phase of the pandemic, when global markets and investors were uncertain.

Being able to support so many great businesses and founders through this uncertain period has been incredibly fulfilling. We are committed to simplifying fundraising for as many forward-thinking businesses as possible. The great outcomes we've helped companies to achieve, particularly over the last couple of years, have been a constant reminder of why we exist.

The end of the beginning

It's early on, but we have achieved a lot in a few short years. To date, the Australian CSF industry has facilitated over 215 successful CSF offers, raising over \$150m across over 98 thousand investments. The majority of these offers have been hosted on Birchal.

Together with the companies we’ve hosted on Birchal, and the many thousands of Australians that have invested in them, we have shown that CSF is an effective and useful addition to Australia’s financial system. We have all helped to establish early-stage startups and SMEs as an emerging asset class, widely accessible to Australian retail investors for the first time. Now it’s time to make it mainstream. In a way, it feels like the end of the beginning.

There are some clear signs the CSF industry is maturing:

✓ **The CSF industry is getting bigger**

In 2021, the total market capitalisation of all companies that completed CSF offers exceeded \$1 billion for the first time. More and more companies are coming back for second (and third) follow-on CSF offers, 20 as at 31 December 2021, with an average uplift in value of 114%.

✓ **Deals are getting bigger**

One of the most encouraging trends we observed in 2021 is that the average deal size on Birchal increased by 54% to \$906k. In 2021 alone, Birchal hosted 20 CSF offers that raised more than \$1 million, and 6 CSF offers that raised more than \$2 million.

✓ **More professional investors are getting involved**

Professional investor participation in CSF offers is increasing, the most notable example being Square Peg’s \$6m investment in ZeroCo, alongside ZeroCo’s record-breaking \$5m CSF offer in October 2021.

✓ **First exit achieved**

In 2021, we saw the first CSF-funded company graduate to the ASX. Biome Australia Ltd (makers of ‘Activated Nutrients’ probiotics, which completed a successful CSF offer on Birchal in 2019) became the first CSF-funded company to list on the ASX in November, in an oversubscribed \$8m IPO (ASX:BIO).

The next phase

Through the CSF regime, startups and SMEs are now available widely as an asset class to Australian retail investors for the first time. The next phase will require us to build out an ecosystem of support for companies, and their investors. We need to make it easier for companies to raise capital, execute their plans, and grow. We also need to make it easier for investors to find and research opportunities, but most importantly, realise returns on their investments, and repeat the cycle.

The next phase is a significant opportunity, but also a necessity. If we get it right, we can systematically mobilise capital for our best opportunities, and solve Australia’s problems with early stage investment once and for all. But more importantly, we will have helped to drive entrepreneurialism, which could transform our economy for generations to come.



Achievements and traction



Awards and recognition



2.2

Company details

This offer of shares is being made by Birchal Pty Ltd ACN 616 478 767 (Company or Birchal).

Company name	Birchal Pty Ltd
ACN	616 478 767
Date of incorporation	16 December 2016
Registered office	Wurundjeri Country 16/414 La Trobe St, Melbourne VIC 3000
Principal place of business	Wurundjeri Country 10-20 Gwynne Street, Cremorne VIC 3121
Directors	Kellie Morton, Adam Vise, Matthew Vitale, Alan Crabbe
Company Secretary	Kellie Morton
Subsidiaries	Birchal Financial Services Pty Ltd (100% wholly-owned) Birchal Financial Services Ireland Limited (100% wholly-owned)

Relationship between the Issuer and the Intermediary

Birchal Pty Ltd, the Issuer is undertaking this Offer on the Birchal platform at www.birchal.com using Birchal Financial Services Pty Ltd (BFS) as the CSF intermediary or "Gatekeeper." This Offer will be managed in accordance with BFS's standard operating procedures. An external legal adviser has been engaged to advise BFS on hosting the Offer, overseeing the Gatekeeper process and any potential or perceived conflicts of interest.

Birchal acknowledges the Wurundjeri people of the Kulin nation who are the traditional owners of the land on which Birchal works and operates. Birchal also acknowledges all Aboriginal and Torres Strait Islander people as the Traditional Custodians of Country and recognises their continuing connection to land, sea, culture and community. Birchal pays respect to their Elders, past and present.

2.3

Description of the business

Opportunities

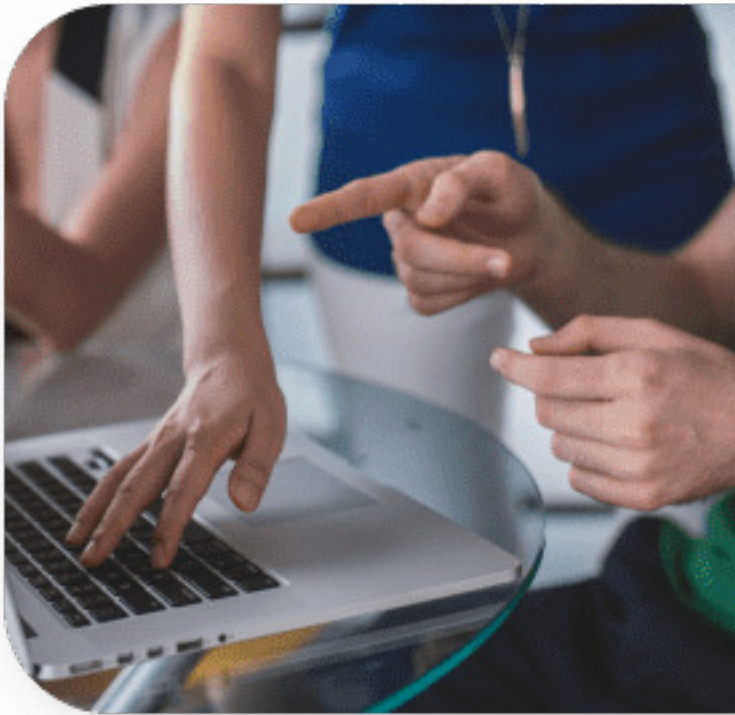
Changes to securities laws (in Australia and overseas) now make it easier for private companies to:

- Raise investment from retail and wholesale investors
- Advertise securities offers online
- Have a broad base of shareholders

Commercial and socioeconomic tailwinds

A range of commercial and socioeconomic trends have combined to support the rise of **entrepreneurialism** and **purpose-driven ventures**:

- COVID-19 (shift online/ self-reflection)
- Historically low barriers to start a business
- Startup successes enter the zeitgeist
- Expectation that business should be a force for good: employees, investors, founders
- Housing affordability and the rising influence (and risk appetite) of retail investors



Building a mainstream asset class



Primary capital

Improving access to capital for founders with the best ideas by simplifying the fundraising process.



Secondary trading

Expands outcomes for founders, while also providing more opportunities for investors to realize returns.



Stakeholder communications

Facilitating two-way communication between companies and their stakeholders.



Infrastructure

Using modern technology to reduce friction for transactions, and minimise the need for intermediaries.

The problem, and our solution

We simplify fundraising so that forward-thinking businesses can build communities of engaged supporters and get back to shaping the future we all want to see.



For Businesses

Birchal helps forward-thinking businesses raise capital by building communities of engaged supporters online.

- Time consuming and expensive
- I don't know any investors
- I don't know how to raise investment

For Investors

Birchal helps investors to find and invest in forward-thinking businesses online.

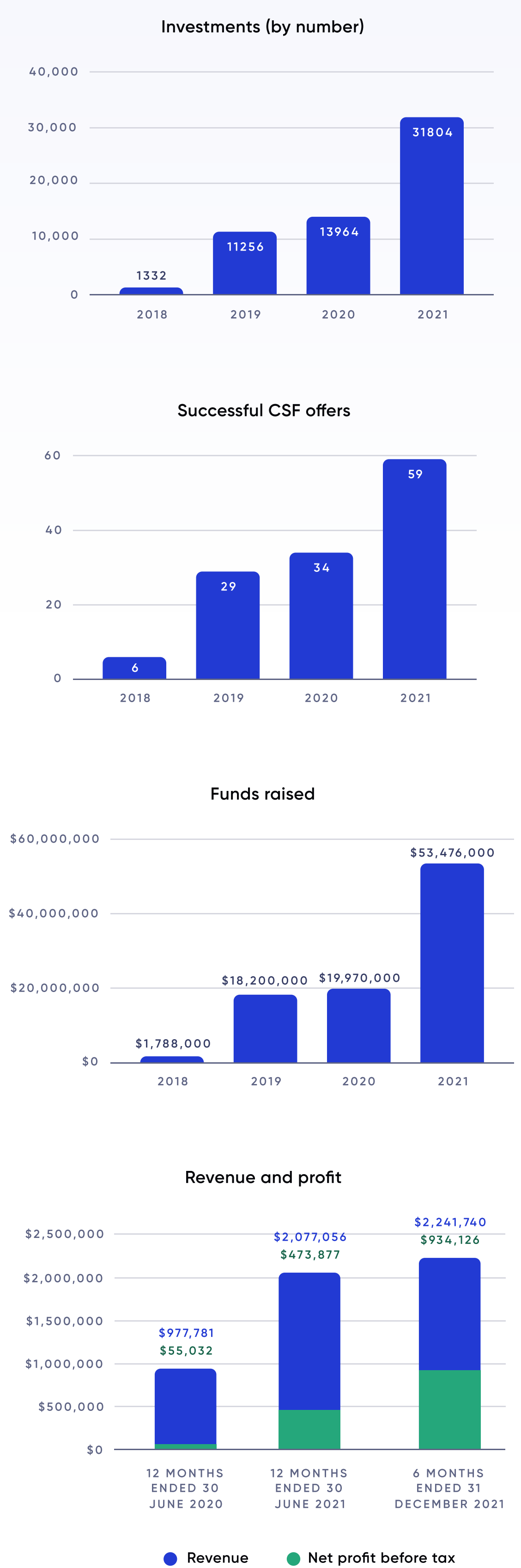
- I don't know where to find startups to invest in
- I want to diversify but minimum ticket sizes are too high
- I don't have reliable information on investment opportunities and their performance
- If I invest, I can't sell my shares



Our audience and traction

Birchal has developed a unique relationship network with Australia's largest group of dynamic early stage businesses and their investors.

Birchal platform statistics, 2018 - 2021





What companies come for:

- Capital
- Investors

All the other things they get:

- A bespoke audience of engaged investors, and a pool of liquidity to fund future growth
- Access to expert partners, and a reason to engage them
- Experience raising capital from the public, with regulated disclosure
- Sales growth during the campaign
- Digital marketing expertise
- More brand awareness
- Cult status!

How we add value

How we make money

Birchal is a CSF intermediary, licensed in Australia by ASIC, and authorised to host offers under the crowd-sourced funding regime in Part 6D.3A of the Corporations Act.

Birchal’s current core business activity is to host regulated CSF offers on the Birchal platform.

Birchal has hosted over 130 successful CSF offers, raising over \$100m since the CSF regime commenced in 2018 (over \$53m of this amount was raised during 2021 alone).

Expression of Interest (EOI) fee	\$900
CSF Offer Administration Fee	\$1,900
CSF Offer Success Fee (total approved investment at completion)	6%

Winning on purpose

We bring mission driven founders and investors together



Sobah Beverages

Sobah Beverages is on a mission to break down the stigma of socialising sober. Indigenous founded, Sobah promotes healthy lifestyle choices and wellness, social equity, sustainability and raises positive awareness of Aboriginal and Torres Strait Islander culture. In October 2021, Sobah raised its maximum target of \$1m from over 500 investors.



ZeroCo

ZeroCo's mission is to untrash the planet, by eliminating single-use plastic in the home. In October 2021 they became the first company to complete a \$5m CSF offer (in just 7 hours), in a round also supported by SquarePeg (\$6m).



Kester Black

Kester Black is the first beauty brand in the world to be B Corp certified, proving that premium beauty products can be clean, ethical and environmentally responsible. They raised over \$2.1m from over 1,600 investors on Birchal in October 2021.



Seabin Project

Seabin Project develop clean ocean technology and marine data systems to remove and prevent pollution from entering our waters – and drive behavioural and policy change on land. Raised over \$2.8m across two CSF offers, including \$1.8m raise in March 2020, at the height of the COVID-19 pandemic.

The journey so far

2017

CSF legislation passed in Australia

TEAM



2018

Birchal Financial Services received its AFSL among the first 7 AFS licensees authorised to host CSF offers

May 2018

PARK SSC – Birchal’s first successful CSF Offer

September 2018

Robin Holt joins from Crowdcube UK
CSF Regime expanded to Pty Ltd companies

November 2018

Birchal hosts the first CSF offer made by a Pty Ltd company for Australian watch brand Bausele

TEAM



2019

January 2019

Black Hops Brewing becomes first Australian craft brewery to complete a CSF offer raising its maximum target of \$400k in six days

March 2019

Shebah Rideshare completes biggest CSF offer \$3m

TEAM



The journey so far

2021

January 2021

First edition of CSF Yearbook released -
Female founder stats

February 2021

Thrive completes equal biggest and
fastest CSF offer \$3m/3 days

June 2021

Birchal breaks through \$50m in funds
raised

September 2021

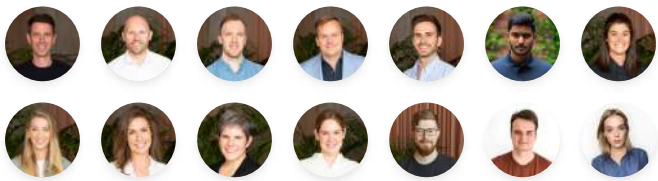
Birchal completes 100th funded CSF offer

October 2021

ZeroCo breaks record with \$5m CSF offer
in 7 hours

Birchal Case Study published by Harvard
Business School

TEAM



2020

March 2020

COVID-19
Seabin completes successful CSF offer as
COVID smashes global markets

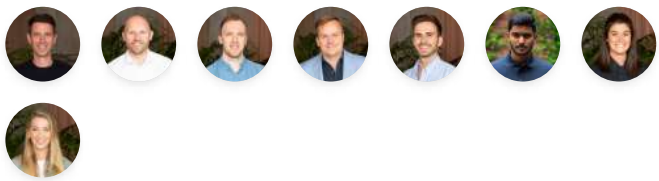
July 2020

Birchal the only active platform through
beginning of COVID pandemic
First edition of 'Funded' released

October 2020

Birchal hosts 10th CSF offer greater than
\$1m - Montu

TEAM



2022

January 2022

Black Hops returns - \$2.2m in less than 24
hours

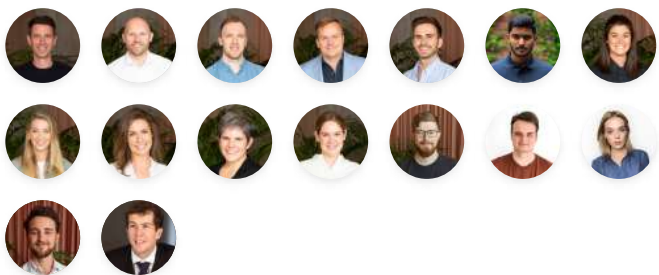
February 2022

Second edition of CSF Yearbook released

March 2022

Birchal breaks through \$100m in funds
raised

TEAM

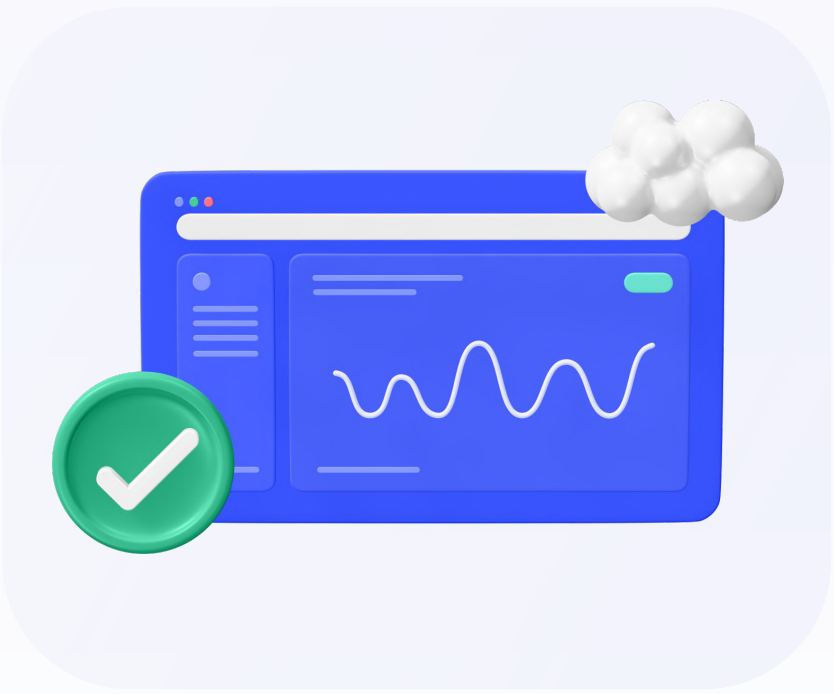


Our process for CSF offers



9-12 week process

We’ve streamlined a simple, fast and effective process for making a public offer of securities using the CSF regime.



Dashboard and Investor Engagement

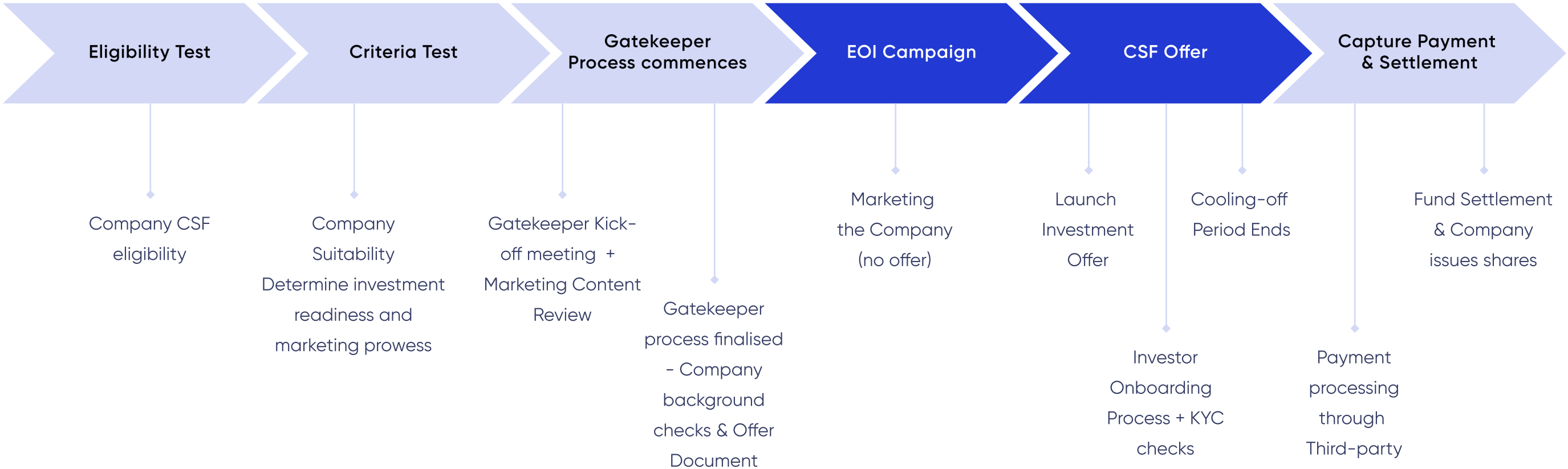
Our proprietary tools and resources give companies access to key information throughout the process, making it easy to communicate with a large audience, prioritise and tailor communications to groups of investors.



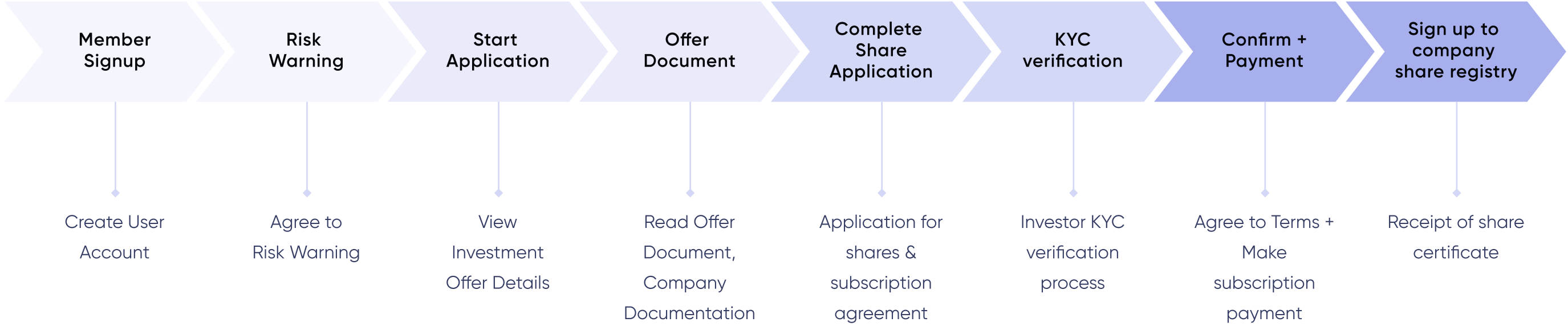
Reporting and Data

At the EOI stage, companies can get real-time access to key information on their marketing and advertising activities, before making a decision to open a CSF offer.

High-Level Company Process



High-Level Investor Process



Our platform

We’ve built an award-winning platform designed to make the process of investing in crowd-sourced funding offers simple and fast.

Every company that is on Birchal has a customised profile page, where they can collect followers, run an expression of interest campaign, and accept investments in CSF offers.

Companies also have a management dashboard, with access to an extensive library of resources built to help companies put their best foot forward when planning a CSF offer.

The dashboard provides real-time insights on investor engagement during expression of interest campaigns, to help with structuring a CSF offer.



“Our platform is market-leading and continues to serve us well since we launched in 2018. But, we’re making it better, with a range of architectural changes to future-proof our products, provide a more tailored user experience, and support additional use cases.”

Josh Stewart, Chief Technology Officer

Individual has provided consent to inclusion of this statement.



“In a short period of time, we’ve established a strong foothold for equity crowdfunding in Australia, ushering in a new era for fundraising. We’ve simplified an otherwise complicated and time-intensive process, into an insightful, data-driven, and, market leading experience.”

Robin Holt, Chief Campaign Officer

Individual has provided consent to inclusion of this statement.

Campaign management

Running a successful CSF offer involves finding a company’s natural audience, and devising a strategy to reach that audience efficiently and cost effectively.

Every company hosted on Birchal has a dedicated campaign manager to guide and support them through the Birchal process for CSF offers.

Our campaign management team is the most experienced in the country, led by Robin Holt, Birchal’s Chief Campaign Officer (who joined us from Crowdcube (UK) back in 2018).

Some of our campaign managers have completed more CSF campaigns individually than other platforms have in total.

The gatekeeper process

We call our process for guiding companies through the legal and regulatory requirements for making a CSF Offer our 'Gatekeeper Process'.

As a licensed CSF intermediary, Birchal has a range of legal and regulatory obligations to perform under the Corporations Act.

These include (among other things):

- ensuring that only eligible companies make eligible offers under the CSF regime;
- ensuring a company's CSF Offer Document meets the minimum content requirements, is not misleading, and is otherwise 'clear, concise and effective';
- performing checks on the offering company, its directors and senior managers; and
- hosting the application facility and communication facility for a CSF offer.



"We've successfully distilled the complex, time-consuming and paper-based process of capital raising into a robust, simplified, online-only flow that's easy and efficient for companies and investors to use and understand."

Kellie Morton, Chief Legal Officer and Director

Individual has provided consent to inclusion of this statement.



"We have a broad audience of investors, ranging from those just getting started with investing, to seasoned professionals with decades of experience. We make sure that everyone gets the information and support they need, when they need it."

Jenny Ball, Customer Support Manager

Individual has provided consent to inclusion of this statement.

Settlement and support

We run a high volume platform, supporting thousands of users a month to invest in CSF offers. Our payments system is largely automated with the assistance of a third party payments processor.

Shortly after a CSF offer is complete, we kick off the settlement process, liaising with a company's selected registry service to ensure shares are issued to investors before releasing funds to the issuing company.

We're usually in a position to settle around 70% of a CSF offer within two weeks after a CSF offer closes, and aim to have the whole settlement process wrapped up within six weeks.

We have also built a library of help guides and resources to help investors, and have dedicated staff to help answer questions and concerns when a human needs to be involved.

Publications and outreach

So far, our best source of new business has been referral and reverse enquiry.

As stewards of the industry, we have made an effort to build awareness of the CSF regime through media outreach, and our regular CSF industry reports, "Funded!" (released in July) and the "CSF Yearbook" (released in February).

We also regularly feature in the media providing commentary on the CSF industry in Australia, and collaborate with media organisations on content partnerships from time to time.

We are active members of several industry associations, including the Independent Brewers Association, Fintech Australia, the Australian Distillers Association and others.

Birchal team members also regularly present at industry events and conferences.



"From the outset, we decided to focus more on telling the stories of our clients, rather than Birchal's own story (which really are one and the same)."

Matthew Vitale, Co-Founder and Managing Director

Individual has provided consent to inclusion of this statement.



"We built Birchal to remove barriers for our clients and to improve their experience in accessing capital. Essential to our growth is having a sustained focus on our clients' needs and expectations, so riding the highs and lows with our clients on a campaign gives us a unique perspective on the challenges they face and helps us do better in every new campaign."

Claire Brown, Head of Projects

Individual has provided consent to inclusion of this statement.

Research and continuous improvement

As a team, we are committed to continuous improvement.

Our process includes a detailed feedback session at the end of a CSF campaign.

We take this opportunity to discuss what we did well, and what we can improve. Sessions are recorded for internal training purposes, and our research and analysis is managed and aggregated in Dovetail.

Many of our platform improvements, and our product roadmap, are informed by insights gained through feedback sessions.

When others see a regulatory obstacle, we see an opportunity to add value

The ability to raise investment from the public is a privilege, not a right. We see ourselves as stewards of the industry, with a responsibility to maintain the confidence and trust of companies and investors through effective compliance.

Birchal's wholly owned subsidiary, BFS, holds an Australian Financial Services licence which authorises it to provide a crowdfunding service by hosting CSF offers in Australia on www.birchal.com.

Although ASIC retains powers to intervene and stop CSF offers in certain circumstances (like with an offer made under a prospectus), ASIC does not typically review CSF offers prior to their publication.

Instead, this role has been given to licensed CSF intermediaries, like BFS. So we have sought to build a culture of compliance from day one. As we see it, compliance should not be a 'box-ticking' exercise, or an area that only some parts of the business are responsible for.

"Aided by clever use of technology, effective compliance can be a source of competitive advantage, and a responsibility shared by every team member, every day"



Matthew Vitale
Co-Founder and Managing Director, Australia and Company Governance

Individual has provided consent to inclusion of this statement.

2.4

Our Team

Board of Directors



Matthew Vitale
Co-Founder and Managing Director, Australia and Company Governance

Experienced financial services lawyer and entrepreneur having worked in private practice at a top tier law firm, and founded several successful businesses.

Matt is Managing Director of Birchal, responsible for development and execution of Birchal’s Board-approved strategy for Australia, in addition to company-wide governance including client offerings, platform infrastructure, regulatory, legal and compliance across all jurisdictions. Matt is also a co-signatory (with Adam) on Birchal’s gatekeeper process for CSF offers.



Alan Crabbe
Co-Founder and Managing Director, International

Introduced crowdfunding to Australia in 2010 through Pozible.com. Previously, 10+ years experience in Financial System software development and analysis.

Alan is Managing Director (International) of Birchal, responsible for development and execution of the Board-approved strategy for international markets.



Adam Vise
Chair

20+ years in capital markets, Adam’s experience covers treasury, capital management, structuring and execution advice for clients.

Adam is Birchal’s Chair, responsible for ensuring Birchal’s Board function operates efficiently and effectively. Adam is also a co-signatory (with Matt) on Birchal’s gatekeeper process for CSF offers.




Kellie Morton
Chief Legal Officer and Director

Experienced and internationally qualified lawyer with extensive experience in M&A, private equity, venture capital, fundraisings and exits.

Kellie acts as Birchal’s Group Chief Legal Officer, Company Secretary, and is also a Board member. Kellie leads Birchal’s legal and compliance team in Australia and has day to day responsibility for Birchal’s gatekeeper process for CSF offers.

Leadership Team



Josh Stewart
Chief Technology Officer



Robin Holt
Chief Campaign Officer



Tim Steer
Chief Financial Officer
Commencing May 2022



Claire Brown
Head of Projects



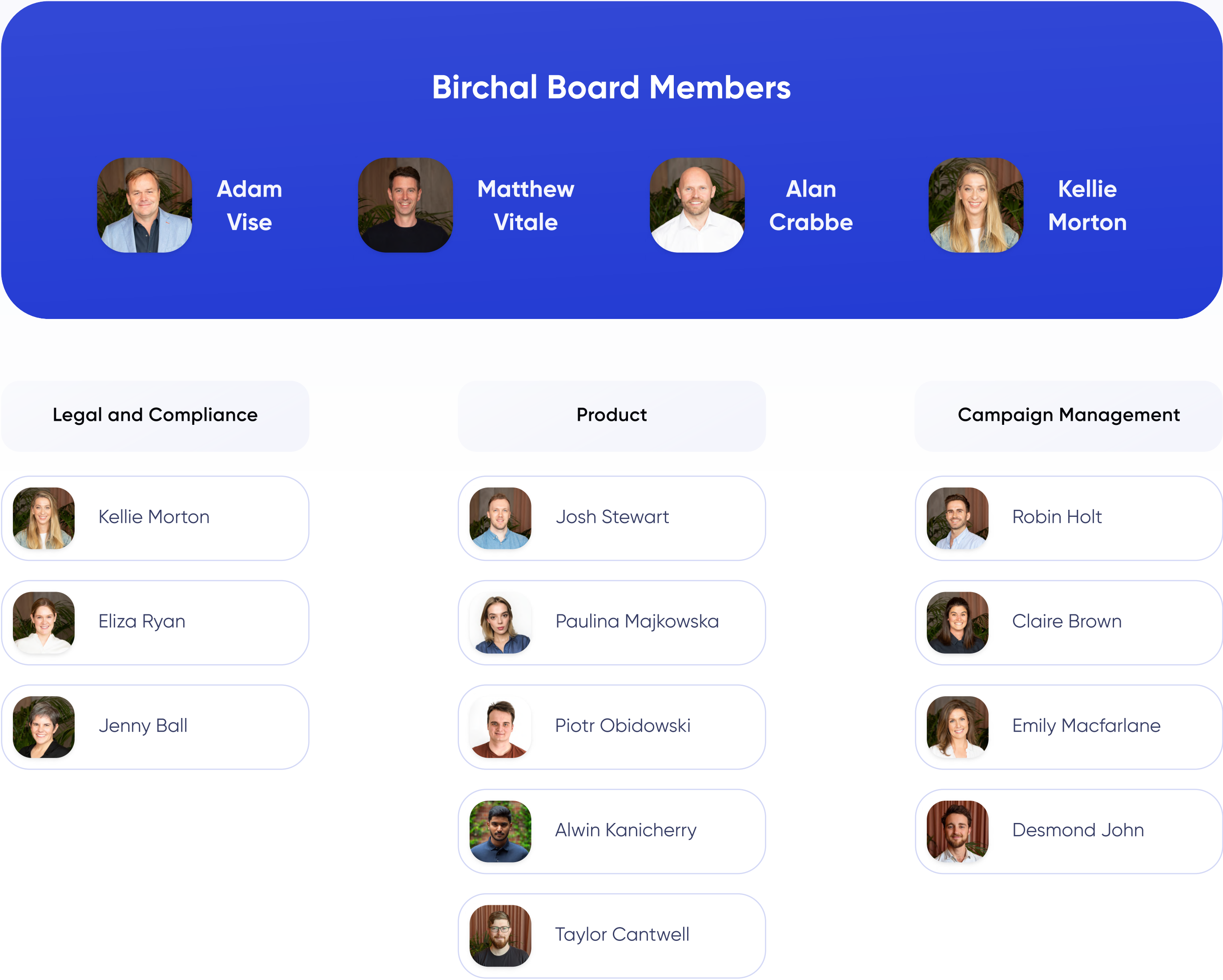
Paulina Majkowska
Head of Design



Jenny Ball
Customer Support Manager

2.5

Organisational structure



2.5.1

Group structure



2.6

Market and strategy

Australian CSF industry

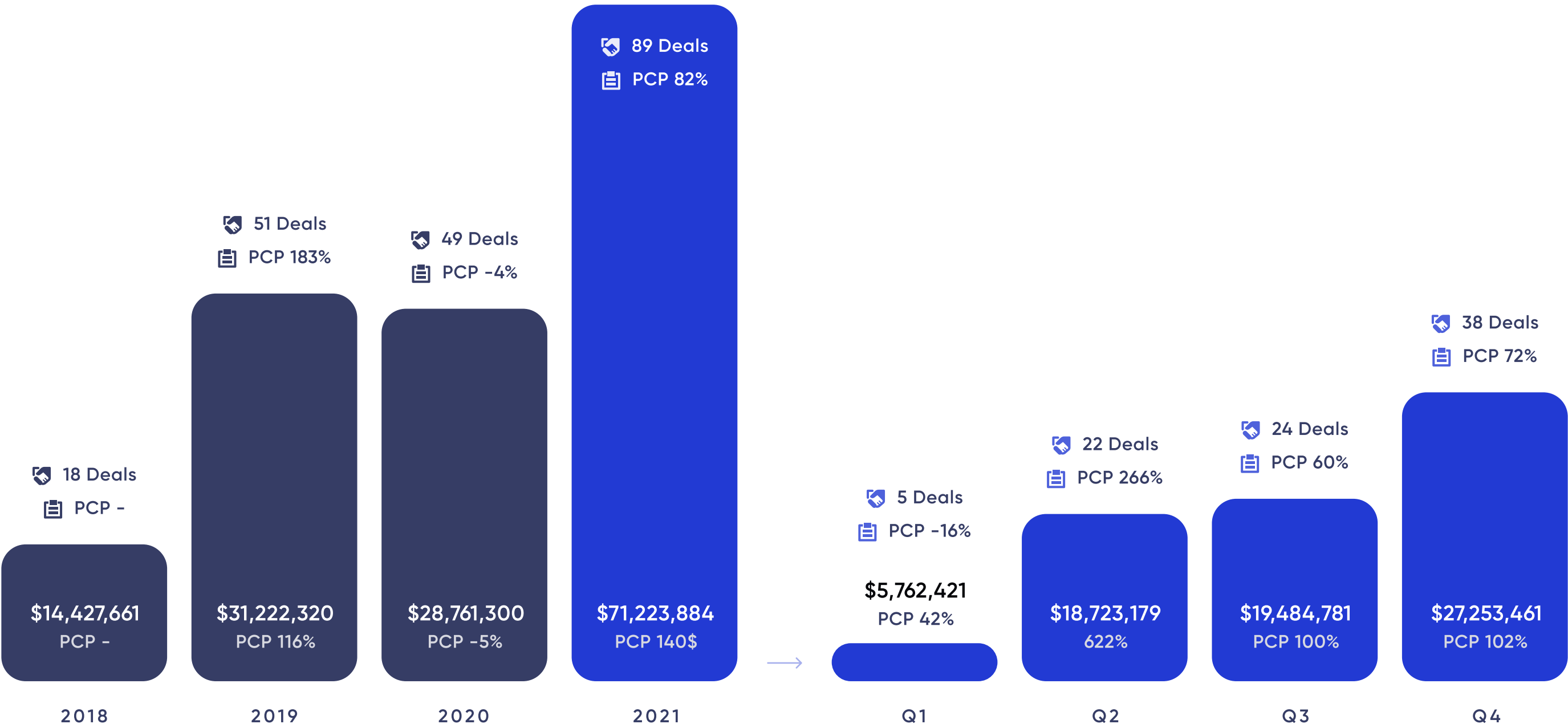
The industry is getting bigger, deals are getting bigger

- Total value of all companies completing CSF offers in 2021 exceeded \$1 billion (approximately double 2020)
- More companies are returning for follow-on CSF rounds, 20 so far, with an average uplift in value of 114%.
- Average deal size on Birchal increased by 54% in 2021 to \$906k.
- In 2021 alone, 20 CSF offers raised more than \$1m, and 6 raised more than \$2m.

First exit achieved, and professional investors are getting involved

- Activated Nutrients becomes the first CSF funded company to hit the ASX (ASX: BIO), after raising with Birchal in 2019
- Notable professional investors starting to participate in CSF rounds and CSF funded companies, examples include ZeroCo, and Thrive (now Thriday)

Total Australian CSF Industry performance in 2021 (vs 2020)



Australian CSF industry data presented in this document includes Birchal's proprietary data, as well as data, information and opinions about the CSF industry and companies that have undertaken CSF campaigns. The material has been gathered by Birchal and includes publicly available information gathered online. Where we say PCP, we mean the prior corresponding period.

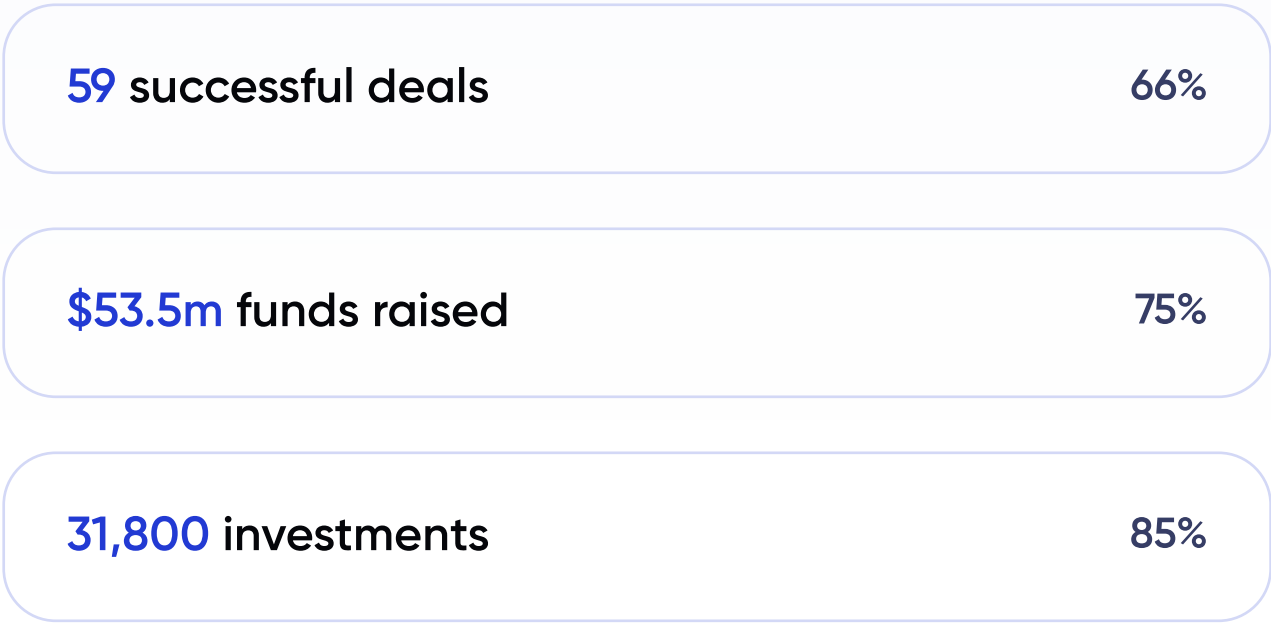
Competitive landscape

Activity in the Australian CSF industry has continued to consolidate during 2021 towards the major platforms: Birchal, OnMarket and Equitise.

- Industry funding volumes 70% CAGR (2018-2021)
- Birchal funding volumes 210% CAGR (2018-2021)

Even after a strong 2020, Birchal achieved a 160% increase in funds raised in 2021 compared to 2020.

Birchal performance in 2021 (% market share)



Major CSF platform performance in 2021



Quarterly performance in 2021 - Successful CSF offers by platform



Australian CSF industry data presented in this document includes Birchal's proprietary data, as well as data, information and opinions about the CSF industry and companies that have undertaken CSF campaigns. The material has been gathered by Birchal and includes publicly available information gathered online.

UK (a window to our future)

The UK has the most mature equity crowdfunding industry globally, with platforms in operation since 2011. Two platforms lead the market, Crowdcube and Seedrs who reportedly raised £991m in 2021 combined.

Now it is a well-established source of funding for seed and early stage businesses.

Data from Cambridge University shows that after ramp-up, equity crowdfunding accounts for approximately 15% of the broader venture capital industry in a steady-state.

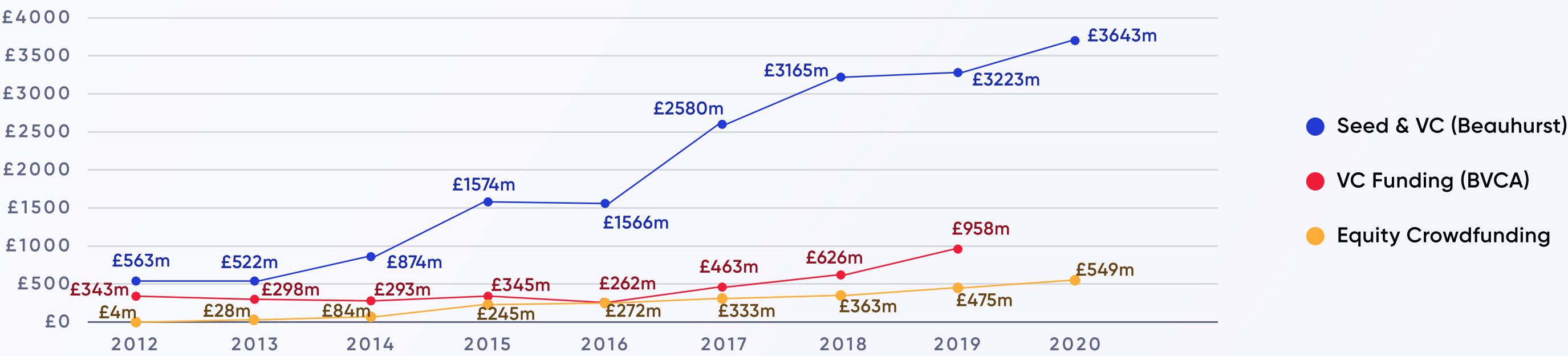
UK equity crowdfunding industry dynamics

CAGR industry funding volume (2017 - 2020)	18%
Institutional participation (% of £ invested)	49%
Average share of seed and VC (2017 - 2020)	14.3%

Major platform performance in 2021

Crowdcube	
262 successful deals	£12.2m revenue 2021 (profitable for first time) 105 employees
£295m funds raised	
250k+ investors	
Seedrs	
310 successful deals	Recently acquired by Republic (USA) for \$100m USD
£696m funds raised	
£8m secondaries	

Equity-based Crowdfunding Volumes in the Context of Announced Total UK Seed and Venture Stage Equity 2012-2020, GBP



All data on this page sourced from company announcements, and third party sources including Beahurst and Cambridge Centre for Alternative Finance

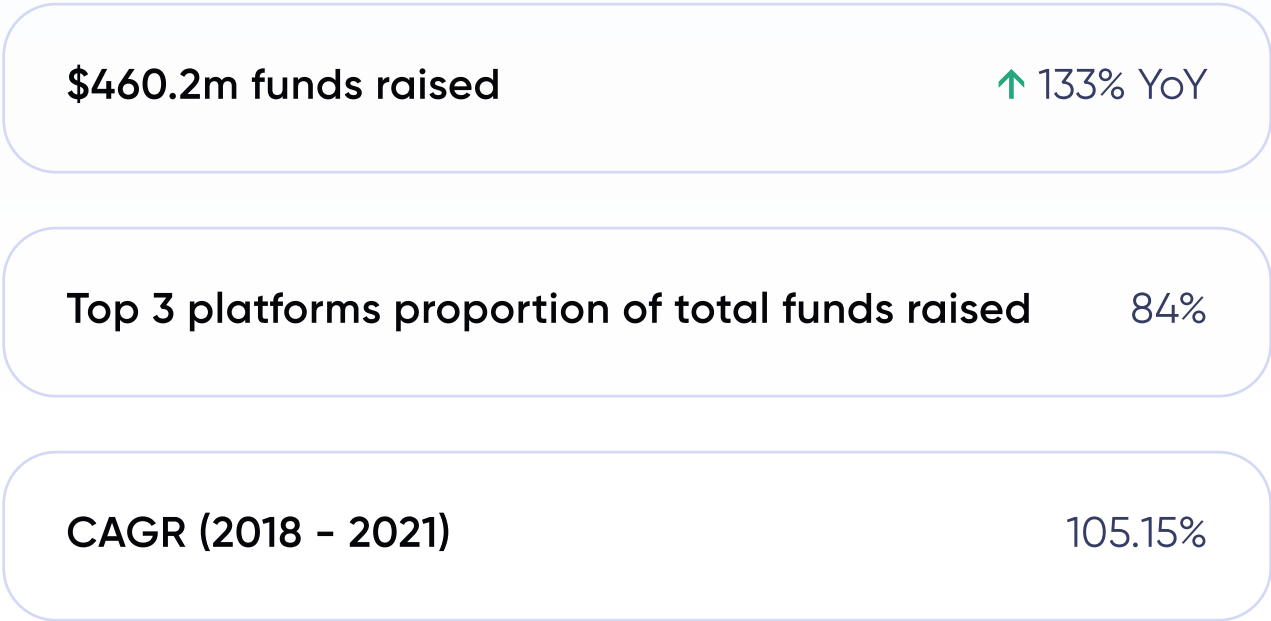
USA (scaling rapidly)

The United States recently introduced equity crowdfunding, known as Regulation CF (up to \$5m within 12 months), and Regulation A+ (up to \$75m within 12 months).

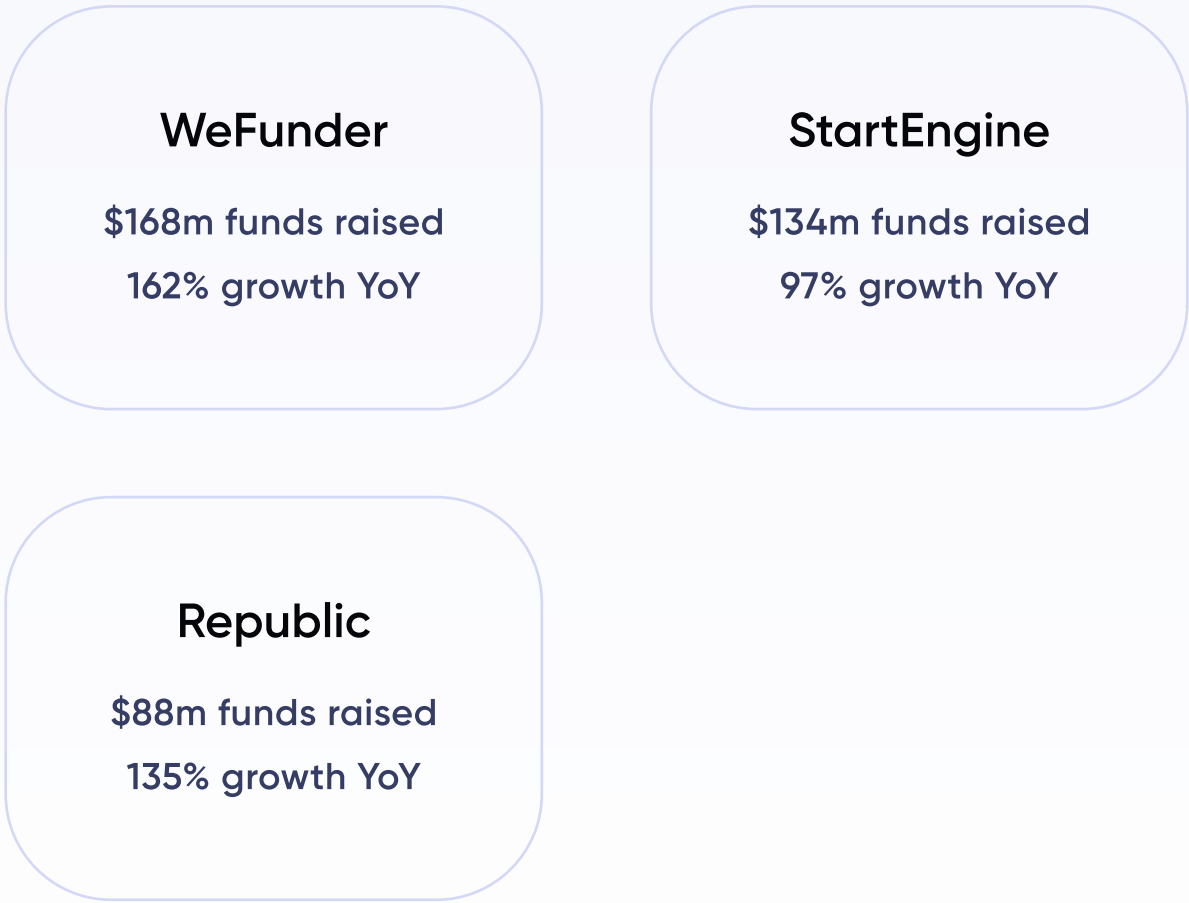
These caps were recently increased from \$1m (for Regulation CF) and \$50m (for Regulation A+) in March 2021.

Three major platforms share approximately 84% of the Regulation CF industry: WeFunder, StartEngine and Republic.

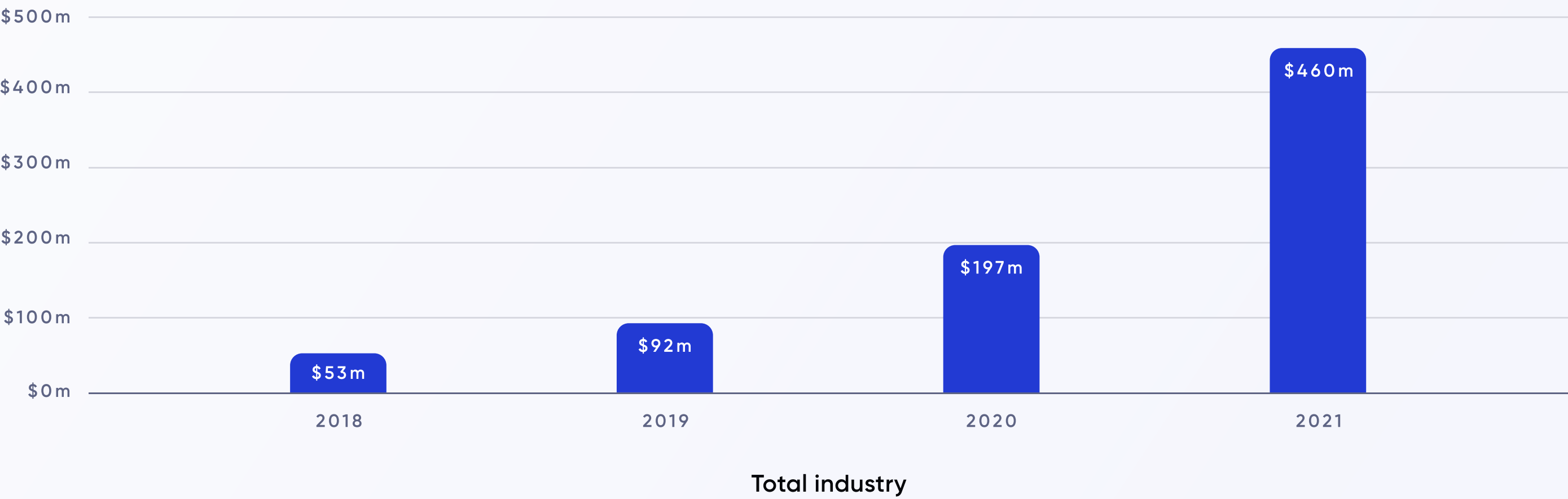
USA equity crowdfunding industry performance in 2021



Major CSF platform performance in 2021



Funding volumes for Reg CF in the United States (2018 - 2021)



All data on this page sourced from company announcements, and third party sources including KingsCrowd. Amounts stated on this page are United States dollars.

Outlook for Australian CSF

Sizing the market based on relevant CAGRs during ramp up

Assuming an experience similar to the UK, we can estimate the CSF industry in Australia, which is still nascent, could experience strong growth over the next few years (ie ramp up) before stabilising with a lower, but still strong growth profile similar to the UK's now (ie steady state).

The Australian CSF industry has achieved a CAGR in funds raised of 70% from 2018 to 2021. This infers a market size of approximately \$350m for Australian CSF by 2024.

The US Regulation CF industry (equivalent to Australia's) has achieved CAGR of 105% from 2018 to 2021. Noting Birchal achieved 160% growth in funding volumes from 2020 to 2021. Applying the US CAGR infers a market size of approximately \$612m_ by 2024.

\$350m - \$612m
By 2024

Total annual CSF funding volumes by 2024, assuming CAGR of 70% - 105%

Sizing the market as a share of VC industry

Recent data suggests the total value of Australian venture capital investment was approximately \$3.5 billion in the 12 months to 30 June 2021.

Based on the UK experience, post ramp up and in a steady state, equity crowdfunding accounts for approximately 15% of the broader venture capital industry.

This infers a notional market size of \$525m for the Australian CSF industry assuming most recent data on the size of the broader Australian venture capital industry.

\$525m

Notional annual CSF funding volume if 15% of reported Australian venture capital investment for the 12 months to 30 June 2021 (assumes post ramp up and steady state).

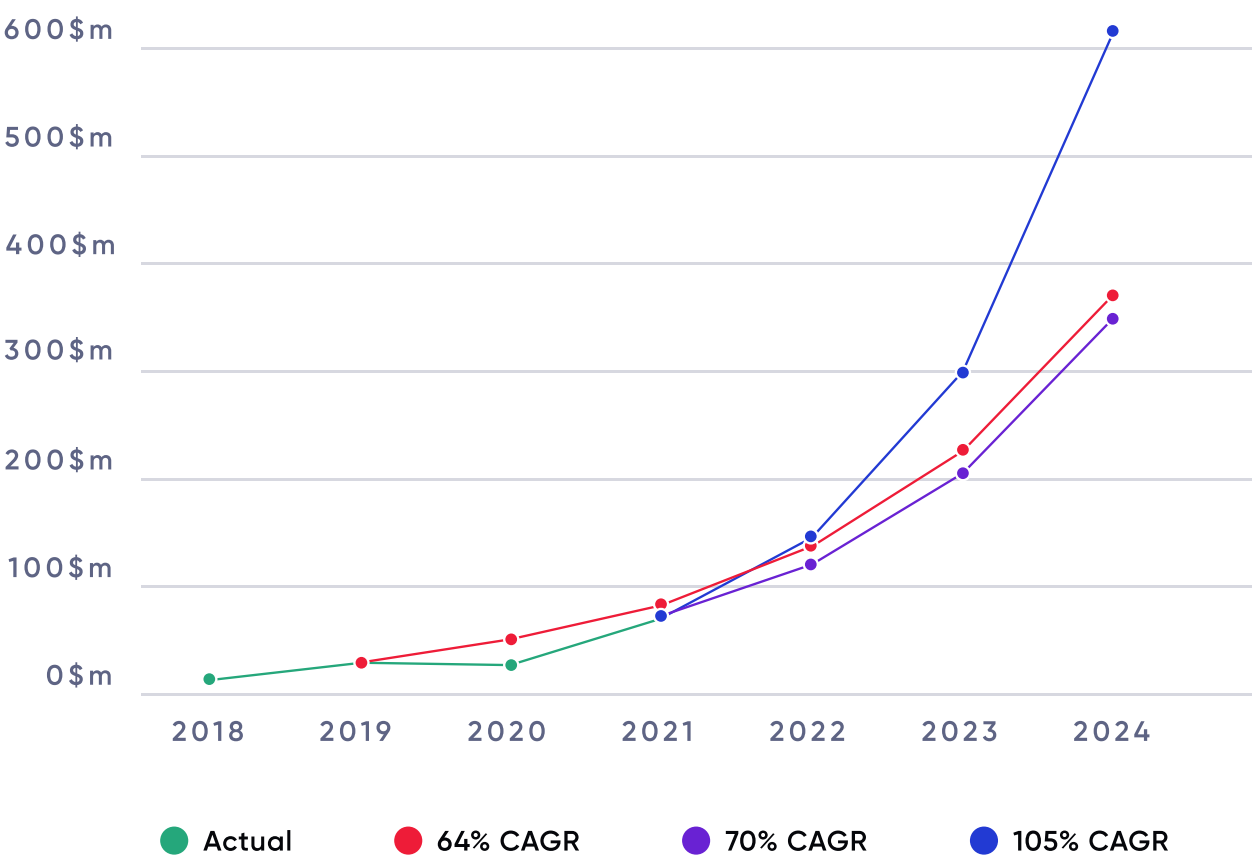
Our February 2020 market sizing analysis presented a CAGR of 64% over three years, inferring a market size of approximately \$350 million by the end of 2023.

Despite the impact of COVID 19, actual funding volumes over the period have been consistent with the growth trend we presented in February 2020 (pre-COVID).

The chart below plots the following values:

- Actual funding volumes: 2018 - 2021
- Inferred funding volumes (prepared in February 2020) based on 64% CAGR: 2020 - 2024
- Inferred funding volumes based on 70% CAGR: 2022 - 2024
- Inferred funding volumes based on 105% CAGR: 2022 - 2024

Growth outlook for CSF (funding volume)




Growing the business


Our growth strategy has three limbs:



Optimise our current core business, regulated CSF offers in Australia



Launch products and services that complement our core business



Launch Birchal in new markets

2021	2022	2023
Institutionalisation	Acceleration	Diversification
<p>During 2021, our primary strategic focus was on institutionalisation of the business, with a range of improvements and initiatives across project management and collaboration; risk management and cyber resilience; standardisation of business processes; brand building and authority; team capacity and culture; and, finance and capital management.</p> <p>Ongoing Focus</p> <ul style="list-style-type: none">• Build and maintain a culture of compliance.• Prioritise standardisation wherever possible.• Prioritise efficiency through: effective collaboration, data and research driven planning, and stewardship of the industry.	<p>As we move into 2022, our focus will shift towards acceleration.</p> <p>Birchal continues to enjoy a market-leading position for CSF in Australia, and the Australian CSF industry is growing at 70% CAGR (2018-2021) expected to continue on trend in the near term, based on the depth of Birchal’s pipeline and our observations of similar industries overseas.</p> <p>Our focus on acceleration involves building out our team, systems and technology so we can facilitate this growth opportunity.</p> <p>But during this acceleration phase, we must also lay the groundwork for the next phase, diversification.</p>	<p>Looking ahead our focus will shift again towards diversification, by monetising Birchal’s company and investor relationship base, launching products and services that complement our core business, and entering new markets.</p> <p>We intend to build out an ecosystem of support on four key pillars to make startups and SMEs an efficient asset class for wealth creation:</p> <ul style="list-style-type: none">• Primary capital• Secondary trading• Stakeholder communication• Infrastructure <p>Given Birchal’s market-leading position, it has a unique opportunity to leverage what it has built to add more value to its stakeholders across these four pillars, and entrench itself as market leader.</p>

Company life cycle: Opportunities to add value

We build strong relationships with founders at a critical funding moment, which means we’re supremely positioned to add further value as they scale.



New products and services

Stakeholder communication

We’ve observed that startups and SMEs could be better at providing regular updates to their stakeholders.

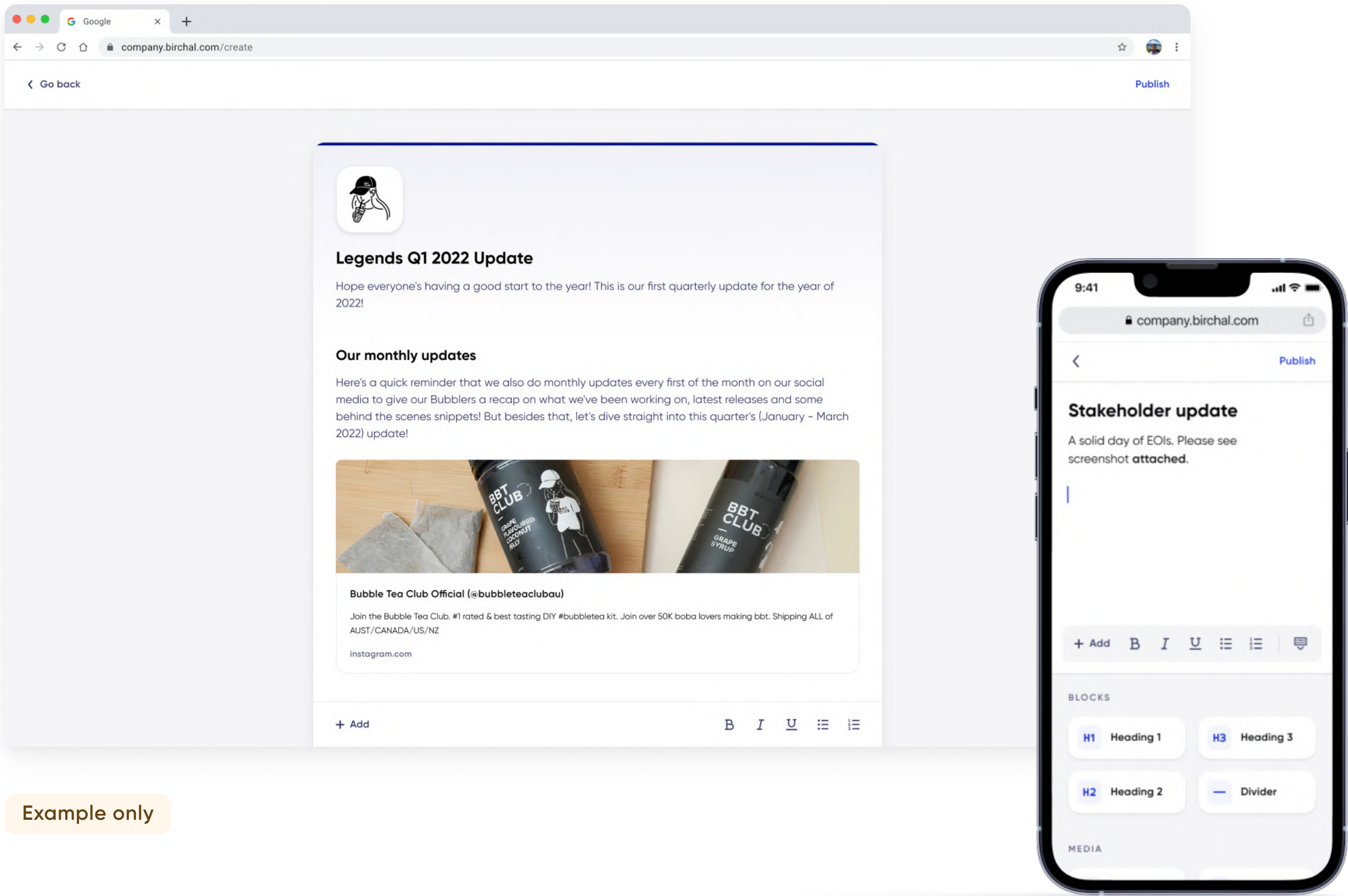
We’re building a simple, yet powerful tool for companies to manage their stakeholder communications, scheduled for release later this year.

MVP feature set:

- Create beautiful (informal) reports and broadcast to range of custom audiences
- Select relevant KPIs from KPI library tracking a range of business metrics
- Receive feedback on reports and private messages from stakeholders

Why we’re excited:

- Provides the potential for diversification of Birchal’s revenue with a scalable SaaS model that addresses a real pain point for our existing customers (i.e. our Beta users)
- An open-source key performance indicator (**KPI**) library could provide an opportunity to shape how companies track and report against value drivers and environmental, social and governance (**ESG**) and impact
- Provides the potential to expand Birchal’s customer base beyond those suited to our core CSF offering, and beyond borders
- At scale, we believe there will be an opportunity to aggregate data for benchmarking against cohorts and peers




Secondary trading

There is currently no organised marketplace available for retail investors to trade securities in startups and SMEs – so we’ve decided to focus on providing a range of solutions to improve liquidity for startups and SMEs, and their investors.

An effective secondary trading solution will introduce an additional exit opportunity and expand outcomes for founders (and employees) of startups and SMEs; and also provides opportunities for investors to realize a return on their investment.

Our first initiative in this area is **Birchal Trade** – a technology solution for companies to manage the operation of a ‘Low Volume Market’, which can facilitate up to 100 transactions and \$1.5 million within a 12 month period, without the need for a market licence. This service has been built and tested, with plans to offer the first pilot in 2022.

EXAMPLE ONLY



Buy or Sell Shares

Missed out on the most recent round? Make a bid to buy shares during a trading window.

Looking to move early on your investment? Sell your shares to a bidder during a trading window.

Buy

Sell



International Markets

Changes to securities laws (in Australia and overseas) now make it easier for private companies to:

- Raise investment from retail and wholesale investors
- Advertise securities offers online
- Have a broad base of shareholders

As an example, the European Union has recently harmonised its crowdfunding laws, making it possible for licensed intermediaries to host pan-European crowdfunding offers.

Similar regulatory developments have occurred closer to home, with Indonesia, Malaysia and New Zealand all introducing legislative frameworks similar to Australia’s crowd sourced funding regime.

Birchal is actively investigating opportunities arising from these developments to identify opportunities where it may be feasible to offer its services in other jurisdictions.

2.7

Capital structure

2.7.1

Issued capital (before and after the Offer)

As at the date of this Offer Document, the Company has 40,000,000 ordinary shares on issue. The majority of shares are held by the Company’s founders. As at the date of this CSF Offer document, the Company has issued a number of options under its Employee Share Option Plan (ESOP), of which some have vested and been issued as ordinary shares to employees. The Company has also allocated a further number of options to additional ESOP participants.

Table 1: Issued capital of the Company before the Offer

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

STAKEHOLDER	SHARE TYPE	SHARES	%	OPTIONS
Alan Crabbe	Ordinary	11,256,452	28.14%	Nil
VOSC Investments Pty Ltd (Matt Vitale)	Ordinary	9,767,414	24.42%	Nil
Other Shareholders	Ordinary	17,856,319	44.64%	Nil
ESOP (Issued and allocated)	Ordinary	1,119,815	2.80%	2,707,060
ESOP (Unallocated)	Ordinary			2,005,153
		40,000,000	100.00%	

Table 2: Issued capital of the Company following 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).

STAKEHOLDER	SHARE TYPE	MINIMUM SUBSCRIPTION	%	MAXIMUM SUBSCRIPTION	%
Alan Crabbe	Ordinary	11,256,452	24.9%	11,256,452	23.4%
VOSC Investments Pty Ltd (Matt Vitale)	Ordinary	9,767,414	21.6%	9,767,414	20.3%
Other Shareholders*	Ordinary	17,861,319	39.4%	17,886,319	37.1%
ESOP (Issued and allocated)	Ordinary	3,826,875	8.4%	3,826,875	7.9%
ESOP (Unallocated)	Ordinary	2,080,903	4.6%	2,459,653	5.1%
Offer Shares	Ordinary	500,000	1.1%	3,000,000	6.2%
Total		45,292,963	100.0%	48,196,713	100.0%

*Acacia Partners, who have assisted the Company as corporate advisers for this CSF Offer, will receive a fee equal to 1% of the total proceeds of the CSF Offer to be paid in cash in relation to GST, with the balance paid in the form of shares in Birchal on substantially the same pricing and terms as those stated in this CSF Offer document.

2.7.2

Rights and liabilities associated with securities

Set out below is a summary of the rights and liabilities associated with all classes of securities on issue. Each of these rights and liabilities are set out in full in the Company's Constitution. A copy of the Company's Constitution is available on the Intermediary's platform.

Ordinary Shares

As at the date of this CSF Offer, the only class of shares on issue are ordinary shares. Accordingly, the shares offered under this Offer Document are fully-paid ordinary shares. All ordinary shares have the same voting rights and the same rights to receive dividends.

The Constitution includes other rights and obligations, including:

- Restrictions on the sale or transfer of shares, including drag and tag rights and exit provisions.
- The Constitution includes a definition of a "Substantial Shareholder" which means a shareholder with an equity proportion of 1% or more. The Substantial Shareholder concept relates to the provisions relating to "Substantial Shareholder Majority" which is a resolution approved by 75% or more of the votes cast on a resolution by the Substantial Shareholders. These concepts have application to the shareholder reserved matters regime.
- Substantial Shareholders also have pre-emptive rights in certain circumstances on the issue or transfer of shares.
- The Board has the power to refuse a transfer of shares to a third party in certain circumstances, including (among other things), where the Board reasonably determines in good faith that the transfer would be materially detrimental to the interests of the Company.

A more detailed description of the rights and liabilities associated with the ordinary shares is set out in section 3.3.

Employee Share Option Plan (ESOP)

The Company has implemented an employee share option plan ("ESOP") to attract, retain and incentivise key employees. The maximum number of options that can be issued under the existing ESOP is 15% of the share capital of the Company (on a fully diluted basis).

As at the date of this CSF Offer document, the Company has issued and allocated a total of 3,826,875 options under the Company's existing ESOP, of which 1,119,815 options have vested and have been exercised by existing participants (i.e. employees) in the ESOP. As at the date of this CSF Offer document, no further options have been allocated to ESOP participants.

Shareholders' Agreement

There is no shareholders agreement in existence between the existing shareholders and as such, the rights and obligations of the shareholders and the Company are as set out in the Company's Constitution.

2.7.3

Sources of financing, including debt financing and other financing

The Company does not currently rely on debt finance to fund its operations.

The Company has accessed the Research and Development Tax Incentive (R&DTI). To date the Company's R&DTI refundable credits are \$46,205, with none exceeding \$20,000 in any financial year.

2.8

Risks facing the business

An investment in Birchal 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).



Reputational risk

Birchal hosts offers for early stage and high growth businesses, which are inherently speculative and carry high risks. Birchal must effectively manage the reputational risk of businesses hosted by Birchal suffering poor financial performance, engaging in misconduct or other negative publicity subsequent to a CSF offer.



Failure to maintain existing customers or win new customers

Birchal's ability to maintain successful relationships with existing customers or win new customers is fundamental to its business, growth and future profitability. There can be no guarantee that Birchal will be successful in retaining or winning customers.



Loss of key management personnel

Birchal's ability to effectively execute its growth strategy depends upon the performance and expertise of its key management personnel who have deep experience in, and knowledge of, Birchal's business and the market in which it operates. The loss of key management personnel, or any delay in their replacement, may adversely affect Birchal's future performance.



Competitors and new market entrants

The advent of increased competition may result in lower than expected market share and impact negatively on Birchal's performance. In addition, there is always a risk of new entrants in the market which may disrupt Birchal's business and market share.



Expansion of services and/or markets

Birchal plans to expand the range of services provided. Birchal's success in these new services and markets will depend on access to financial resources and human resources (potential with new talents and skills) and a range of other factors generally. The market demand for these new services and markets is also unproven at this stage.

**Failures or disruptions to technology platform and systems**

Birchal depends on the constant performance, reliability and availability of its technology platform and systems. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside the control of Birchal, including third party server providers, targeted attacks or network providers. Birchal's operational processes and contingency plans may not adequately address every potential event and this may adversely impact Birchal's performance and reputation.

**Regulatory risk**

Birchal is undertaking this Offer on the Birchal platform using BFS as the Intermediary. Given the nature of the relationship between the Issuer and the Intermediary there may be a potential or perceived conflict of interest that will be managed. The Australian business operates in a highly regulated environment and is reliant on the retention of its AFSL. The evolution of the regulatory environment could affect Birchal's financial performance, expansion plans, and its ability to meet its business objectives.

The Company has not yet received regulatory approval to offer its services in any overseas jurisdictions. Part of our growth strategy depends on obtaining approvals from the relevant regulatory authorities. There is no guarantee that the Company will receive all necessary regulatory approvals and it cannot predict with certainty the timelines for such approvals, or whether other requirements may be imposed by regulatory authorities that could affect Birchal's current core offering or future products and services.

2.9**Legal or disciplinary actions against the Company**

As at the date of this document, no legal or disciplinary actions have been commenced against the Company or its subsidiaries.

Birchal's wholly-owned subsidiary, Birchal Financial Services Pty Ltd is a licensed CSF Intermediary, and accordingly has a range of obligations that apply to it in recognition of its important role as a 'gatekeeper' to the Birchal platform and the CSF regime.

Among other things, Birchal Financial Services must not publish, or continue to publish a CSF offer document in certain circumstances, including where the directors and senior managers of a Company are deemed to not be of good fame and character.

Prospective companies may disagree with, and be disappointed by Birchal Financial Services' decisions to refuse to publish or continue to publish a CSF Offer Document. Sometimes, companies will threaten legal action against Birchal Financial Services (and/or Birchal) as a result of these decisions.

2.10

Financial information

Below are the financial statements of the Company for the financial years ended 30 June 2021 and 30 June 2020, which have been prepared in accordance with the Accounting Standards, and have been audited by Pitcher Partners.

Financial information for the 6 months ended 31 December 2021 has also been included. It has not been audited but has been prepared on a consistent basis based on management accounts, and accordingly may be subject to change.

2.10.1

Balance sheet

CURRENT ASSETS	AS AT 30 JUNE 2021 (AUDITED)	AS AT 30 JUNE 2020 (AUDITED)
Cash and cash equivalents	1,887,682	373,035
Trade and other receivables	474,164	44,624
Other assets	77,297	23,322
Total current assets	2,439,143	440,981
NON-CURRENT ASSETS		
Property, plant and equipment	10,558	2,558
Deferred tax	-	45,453
Total non-current assets	10,558	48,011
Total assets	2,449,701	488,992
CURRENT LIABILITIES		
Trade and other payables	1,203,494	245,898
Borrowings	17,204	184,042
Employee benefits	97,519	59,282
Income tax	13,462	247
Total current liabilities	1,331,679	489,469

NON-CURRENT LIABILITIES	AS AT 30 JUNE 2021 (AUDITED)	AS AT 30 JUNE 2020 (AUDITED)
Deferred tax	55,758	-
Employee benefits	16,483	6,182
Total non-current liabilities	72,241	6,182
Total liabilities	1,403,920	495,651
Net assets	1,045,781	(6,659)
EQUITY		
Issued Capital	806,411	125,394
Reserves	18,869	-
Retained profits	220,501	(132,053)
Total Equity	1,045,781	(6,659)

Cash and cash equivalents include cash held in operating bank accounts and cash held on behalf of clients. The latter relates to investment funds received by Birchal on behalf of their clients from their crowd sourced funding campaign, which are disbursed post successful completion of the raise. As these funds do not belong to Birchal, a corresponding liability is recognised under Trade and other payables, which also include creditors, GST, income tax and payroll entitlements.

As at 30 June 2021, Birchal has raise approximately \$710,000 in capital via the issue of equity and Simple Agreement for Future Equity (SAFE) notes. The SAFE notes have been converted to equity. The funds have provided further working capital to grow our revenue, primarily via investment in our staff.

2.10.2

Profit and loss statement

	FOR THE 6 MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)	FOR THE 12 MONTHS ENDED 30 JUNE 2021 (AUDITED)	FOR THE 12 MONTHS ENDED 30 JUNE 2020 (AUDITED)
Revenue	2,241,740	2,077,056	977,781
Other Income	-	146,425	131,533
EXPENSES			
Raw materials and consumables used	(14,122)	(909)	(1,000)
Employee benefits expense	(729,658)	(886,833)	(492,068)
Depreciation and amortisation expense	-	(4,036)	(1,933)
Impairment of assets	(3,600)	(14,360)	-
Sales and marketing expense	(249,989)	(498,784)	(349,385)
Administration expenses	(268,618)	(240,997)	(141,949)
Occupancy costs	(11,918)	(60,399)	(23,003)
Travel expenses	(2,509)	(482)	(15,034)
Other expenses	(23,985)	(34,570)	(27,840)
Finance costs	(3,215)	(8,234)	(2,090)
Profit before income tax expense	934,126	473,877	55,032
Income tax expense	-	(121,323)	(4,936)
Profit after income tax expense for the year attributable to the owners of Birchal Pty Ltd	934,126	352,554	50,096
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year attributable to the owners of Birchal Pty Ltd	934,126	352,554	50,096

As shown in the profit and loss statement for the Company, which has been audited by Pitcher Partners for the 12 months ended 30 June 2020 (**FY20**), and 30 June 2021 (**FY21**), revenue for FY21 was \$2,077,056 representing a 112% increase on FY20.

Financial information has also been included for the six months ended 31 December 2021 (**1HFY22**). These are unaudited amounts prepared for management purposes by Birchal's accountant, Blue Rock, and accordingly may be subject to change. Revenue for 1HY22 was \$2,241,740.

The Company achieved a profit of \$473,877 for FY21, representing a 761% increase on FY20. The operating margin for FY21 (i.e. profit as a percentage of revenue) was approximately 23%.

The Company achieved a profit of \$934,126 for 1HFY22, with an operating margin of 42%.

Whilst most of the profit and loss items are self-explanatory, to further clarify, raw materials and consumables used relates to referral commissions paid by Birchal, and impairment of assets relates to recognition and provision for irrecoverable 'bad' debts.

2.10.3

Cash flow statement

CASH FLOWS FROM OPERATING ACTIVITIES	FOR THE 12 MONTHS ENDED 30 JUNE 2021 (AUDITED)	FOR THE 12 MONTHS ENDED 30 JUNE 2020 (AUDITED)
Receipts from customers (inclusive of GST)	1,758,679	1,040,798
Payments to suppliers and employees (inclusive of GST)	(874,140)	(1,008,525)
Government grants	129,500	112,895
Research and development tax incentive	16,925	18,658
Interest and other finance costs paid	(8,234)	(2,090)
Net cash from operating activities	1,022,730	161,736
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(12,036)	(1,546)
Net cash used in investing activities	(12,036)	(1,546)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	550,121	-
Share issue transaction costs	(39,330)	-
Proceeds from borrowings	-	6,838
Repayment of borrowings	(6,838)	-
Net cash from financing activities	503,953	6,838
Net increase in cash and cash equivalents	1,514,647	167,028
Cash and cash equivalents at the beginning of the financial year	373,035	206,007
Cash and cash equivalents at the end of the financial year	1,887,682	373,035

2.10.4

Statement of changes in equity

	ISSUED CAPITAL	RESERVES	RETAINED PROFITS	TOTAL EQUITY
Opening: 1 July 2019	125,394	-	(182,149)	(56,755)
Profit after income tax expense for the year	-	-	50,096	50,096
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	50,096	50,096
Closing: 30 June 2020	125,394	-	(132,053)	(6,659)
Opening: 1 July 2020	125,394	-	(132,053)	(6,659)
Profit after income tax expense for the year	-	-	352,554	352,554
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	352,554	352,554
Transactions with owners in their capacity as owners:				
Contributions of equity	710,121	-	-	710,121
Share issue transaction costs	(29,104)	-	-	(29,104)
Share-based payments	-	18,869	-	18,869
Closing: 30 June 2021	806,411	18,869	220,501	1,045,781

2.10.5

Management comments on historical performance and outlook

Building awareness for a new industry, such as ours, can be incredibly challenging and expensive. In a relatively short period of time, Birchal has contributed to the establishment and growth of the CSF industry in Australia, and achieved a market-leading position. Accordingly, we are extremely proud of our financial performance to date.

In a global context, considering Birchal's market position relative to its competitors, and profitability relative to funding volumes, it could be argued that Birchal is one of the most successful equity crowdfunding platforms in the world.

From the outset, we have sought to build a high-volume platform, with a consistent focus on systemisation and efficiency, and aided by technology to ensure effective compliance. We see this as a source of competitive advantage, and central to our financial performance to date.

As described earlier, Australian CSF industry funding volumes have achieved a CAGR of 70% from 2018–2021. In the three months to 31 March 2022, the total funding volume on Birchal was \$8.7m, representing an increase of approximately 86% compared to the prior corresponding period. Accordingly, we expect the industry to continue to grow on trend in the near term.

As described earlier, 'Acceleration' is Birchal's core strategic theme for 2022. With funds raised under this CSF Offer, and operating cash flow, Birchal plans to invest further into its team and technology to meet this expected increase in demand for CSF offers over the coming years, and accelerate this growth opportunity.

Looking further ahead, Birchal is committed to build an ecosystem of products and services to support this emerging asset class of startups and SMEs, and to ultimately take it mainstream. Diversification will be our core strategic focus in 2023 and beyond, however the work must start now.

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 Birchal Pty Ltd and has not been validated by an independent third party.



Section 3

Information about
the Offer

3.1

Terms of the Offer

TERM	DETAILS
Shares	Fully-paid ordinary shares
Price	\$1.00 per share
Minimum Subscription	\$500,000
Maximum Subscription	\$3,000,000
Opening date	12 April 2022
Closing date	28 April 2022

Birchal Pty Ltd is offering up to 3,000,000 shares at an issue price of \$1.00 per share to raise up to \$3,000,000. The key terms and conditions of the Offer are set out above.

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.

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
Development of new products and services	\$500,000	\$2,000,000
Working capital ¹		\$500,000
International markets		\$500,000
Offer costs ²	Nil	Nil
Total	\$500,000	\$3,000,000

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

¹ Working capital includes funds for operating expenses of the business for which the main expenses are digital advertising and employee salaries.

² Ordinarily, offer costs would be included in the use of funds for a CSF offer, and include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are typically 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. However in this case, the Intermediary will not charge the Company any fees for hosting this Offer.

No 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.

The Company has engaged the services of corporate advisers and other professionals to assist it in making this CSF Offer. Such parties have received or will receive remuneration from existing funds (i.e. not the proceeds of this CSF offer, if successful).

On the basis that the Company is profitable and generating free cash, the proceeds from this CSF offer (if successful) will enable the Company to accelerate the strategic plans stated in this CSF offer document. If this CSF offer is unsuccessful, or if only the minimum target is achieved, the Company will re-evaluate the priorities of its strategic plans and the timelines they may be achieved in. The Company may also consider alternative sources of funding.

3.3

Rights associated with the shares

Immediately after issue of the new shares under the CSF Offer, the shares will be fully-paid shares. As a private limited liability Company, there is no liability attached to the shares on the part of shareholders and the shares will rank equally with all other ordinary shares currently on issue. The rights and obligations associated with the shares are set out in full in the Company's Constitution and are summarised below at Sections 3.3.1, 3.3.2, 3.3.4, 3.3.6 and 3.3.7. A copy of the Constitution is available on the Intermediary's platform.

3.3.1

Voting rights

Each shareholder has one vote for each share held. Votes are cast on a show of hands and, on a poll at a shareholder meeting (or by circular resolution at law).

3.3.2

Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The Board may, in its discretion, set aside out of the profits of the Company reserves to be applied for any purpose it decides or invest it in investments selected by the Board. The Board may also carry forward any amount out of profits which the Board decides not to distribute, subject always to the directors' obligations under the Corporations Act (for example, the Board cannot resolve to pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared or where it may materially prejudice the Company's ability to pay its creditors). Any decision to pay a dividend may be revoked by the Board at any time before the time fixed for payment arrives.

3.3.3

General meetings and notices

Directors have the power to call a meeting of shareholders. 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 (in accordance with the statutory provisions under the Corporations Act).

At least 21 days' notice of a meeting of Shareholders must be given to each Shareholder entitled to vote at the meeting, to each director (other than Alternates) and to the auditor (if any). Short notice is permitted in certain circumstances with the approval of 95% of shareholders. The Board may also postpone or cancel a meeting of Shareholders by written notice given individually to each person entitled to be given notice of the meeting.

3.3.4

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 liquidator may, with the approval of a Special Resolution Vote divide the assets of the Company among the Shareholders, fix the value of assets and decide how the division of assets is to be carried out between the Shareholders and vest assets of the Company in trustees on any trusts for the benefit of the Shareholders. The surplus assets of the Company remaining after payment of the Company's debts are divisible among the Shareholders in proportion to the number of fully paid shares held by them.

3.3.5

Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of special resolution (being 75% of those present and eligible to vote).

3.3.6

Restrictions on sale and transfer

Drag along and tag along rights

The Constitution contains customary drag and tag-along rights. In respect of the drag provisions, if Shareholders who together holding of 75% of the Shares on issue propose to sell all of their shares to a third party, they can 'drag' the remaining 25% to sell their shares on the same terms. The pre-emptive rights process does not need to be undertaken in order for the drag along to be triggered.

If Shareholders who together hold 50% or more of the Shares on issue propose to sell their shares to a third party under one transaction (or series of transactions) the remaining 50% may also 'tag'-along and sell their shares on the same terms.

If the Company has no CSF shareholders and is regulated under Chapter 6 of the Corporations Act, the Constitution contains a mechanism to 'turn off' the drag along and tag along provisions (as these provisions cannot functionally apply if the Company is regulated by Chapter 6 of the Corporations Act).

Exit provisions

The Board may propose an Exit Event including an IPO, share sale, asset sale or another transaction which results in a change of control, or which the Board determines is an Exit Event. A Substantial Shareholder Majority must approve the Exit Proposal. If an Exit Proposal is approved by a Substantial Shareholder Majority, all Shareholders (and Directors) must exercise all rights and do all things to enable the Exit Event to occur.

Pre-emptive rights on transfer

If a Substantial Shareholder provides a notice to transfer its shares (other than as a permitted disposal), the Company must first offer each other Substantial Shareholder the right to purchase those shares. The Board may vary this procedure, provided that each Substantial Shareholder has an opportunity to acquire their pro rata entitlement to the Sale Shares and there is no material adverse impact on a Substantial Shareholder. The Constitution also includes carve outs for CSF offers and capital raisings up to 10% of the capital of the Company.

Escrow arrangements in an IPO

If an Exit Proposal is approved under the Constitution and that Exit Proposal involves an IPO, each Shareholder agrees to enter into any required escrow arrangements as may be required by law, the rules of the relevant stock exchange, or as may be recommended by the relevant Financial Adviser to enable the success of the IPO.

Director's discretion to refuse to register a transfer of shares

The Board has the power to refuse a transfer of shares to a third party in certain circumstances, including (among other things), where the Board reasonably determines in good faith that the transfer would be materially detrimental to the interests of the Company.

3.3.7**Pre-emptive rights on issue of Equity Securities**

If the Board resolves to issue new Equity Securities (which includes shares, options, warrants, convertible notes or any other instrument convertible into shares), it must first offer the new Equity Securities to each Substantial Shareholder unless one of the following exceptions apply:

1. The Board resolves to make a CSF offer;
2. The issue of Equity Securities is a public offer of securities;
3. The Board resolves to issue up to 10% in aggregate of the issued share capital of the Company, provided such issuances are not exercised more than once in any 12 month period;
4. The Substantial Shareholders waive (by Substantial Shareholder Majority) the pre-emptive rights provisions related to the issuance of new Equity Securities;
5. The Equity Securities are issued as part of an approved ESOP;
6. The Equity Securities are issued pursuant to the terms of an agreement, option or warrant or other security convertible into or exercisable in exchange for an Equity Security that existed before the date of the Constitution or was entered into in accordance with the new Constitution;
7. The Equity Securities are issued as part of an Exit Event approved in accordance with the Constitution;
8. The Equity Securities are issued as part of an arm's length commercial agreement, provided that such issuances in any 12 month period are in aggregate not more than 5% of the issued share capital of the Company; or
9. The Equity Securities are issued as part of the consideration for an acquisition of an interest in any business, entity or company approved by the Board by Special Resolution Vote.

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
- A private equity investment in the Company
- A share buy-back by the Company

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



Section 4

Information about
investor rights

4.1

Cooling-off rights

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

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off

Period by following the link and the instructions within your portfolio on the Intermediary's platform.

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

4.2

Communication facility for the Offer

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

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

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

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

4.3

Proprietary company corporate governance obligations

4.3.1

Annual report

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

Although our financial reports are currently not required to be audited as we are a small proprietary company, the Company has elected to prepare audited financial reports voluntarily.

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.birchal.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.birchal.com, via the Company's share registry website and via the Intermediary's platform.

Glossary

CAGR means compound annual growth rate

Company or Birchal or Issuer means Birchal Pty Ltd ACN 616 478 767

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 or BFS 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

MVP means minimum viable product

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

PCP means prior corresponding period

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

SME means small to medium enterprise

References

Australian CSF industry data presented in this document includes Birchal's proprietary data, as well as data, information and opinions about the CSF industry and companies that have undertaken CSF campaigns. This material has been gathered by Birchal and includes publicly available information gathered online.

The following source references have been used to support information, data and statements included in this CSF Offer Document. Any references to documents included are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred in this CSF Offer Document, is incorporated in this CSF Offer Document by reference.

Information on the UK equity crowdfunding industry

Data presented on the UK equity crowdfunding industry has been gathered from the following sources.

- Equity crowdfunding platform company announcements, and the websites of Crowdcube (<https://www.crowdcube.com/>) and Seedrs (<https://www.seedrs.com/>).
- Various reports published by the Cambridge Centre for Alternative Finance, which are available to be downloaded online (<https://www.jbs.cam.ac.uk/faculty-research/centres/alternative-finance/>)
- BVarious reports published by Beauhurst, which are available to download online (<https://www.beauhurst.com/>)

Information on the USA equity crowdfunding industry

Data presented on the USA equity crowdfunding industry has been gathered from the following sources.

- Equity crowdfunding platform company announcements, and the websites of StartEngine (<https://www.startengine.com/>), Republic (<https://republic.com/>) and WeFunder (<https://wefunder.com/>)
- Data and reports available at KingsCrowd, including publicly available information and information accessible for paid subscribers (<https://kingscrowd.com/>)

Information on the Australian Venture Capital industry

Data presented or referred to about the Australian Venture Capital industry has been gathered from the following sources:

- Venture Pulse Q2 2021, KPMG Private Enterprise, 21 July 2021 available to download online (<https://home.kpmg/xx/en/home/campaigns/2021/07/q2-venture-pulse-report-global.html>)
- Pulse of Fintech H2'21, KPMG, January 2022, available to download online ([https://home.kpmg/au/en/home/insights/2022/02/pulse-of-fintech-h2-2021.html#:~:text=Australia%20saw%20a%20continued%20rebound,in%202019%20\(%242.6%20billion\).](https://home.kpmg/au/en/home/insights/2022/02/pulse-of-fintech-h2-2021.html#:~:text=Australia%20saw%20a%20continued%20rebound,in%202019%20(%242.6%20billion).))

