ZEGA

INTELLIGENT
COOKWARE

Crowd-sourced funding offer document

30th March, 2021

Offer of fully-paid ordinary shares in Zega Holdings Pty Ltd trading as Zega at $18.80 per share to raise a maximum of $1M

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

Issuer
Zega Holdings Pty Ltd ACN 631 105 998

Intermediary
VentureCrowd Pty Ltd AFSL 503381

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Section 1 - Risk warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

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

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.

Section 2

Information about the company

2.1 Letter from the CEO

Over the past 15 years our team has developed and manufactured over 20 million consumer products for some of the world's largest brands.

We co-developed the original Magic Bullet blender and went on to manufacture and supply over 5 million units for the US and global markets. It's successor, the NutriBullet, has sold over 15 million units.

Over the past 2 years, we have applied our industry knowledge, experience and proven track record to design and develop our latest product offering - a patent-protected, app-enabled, intelligent walkaway-cookware product called Zega.

This exciting new invention makes life easier in the kitchen, uses less energy and creates healthier, more nutritious meals.

We are now raising capital to be deployed toward manufacturing, marketing & distributing Zega as we work toward an exit of the business in 3 to 5 years.

I'd now like to invite you to join us as we leverage our extensive experience and industry networks to commercialise this exciting new product.

Brendan Dunne

Co-founder & CEO

2.2 Company details

This offer of shares is made by Zega Holdings Pty Ltd ACN 631 105 998 (the Company). The Company was incorporated on the 20th of January 2019.

Registered office and contact details:

Observatory Tower, Suite 1107, 168 Kent Street, Millers Point NSW 2000

Principal place of business:

Observatory Tower, Suite 1107, 168 Kent Street, Millers Point NSW 2000

2.3 What is Zega?

Zega is smart, app-enabled, walkaway cookware that does the cooking for you. Its patented double wall thermal insulated design and SmartControl technology heats in minutes and continues to cook safely for hours off the stove.

With the Zega App, you can choose from hundreds of recipes and remotely monitor your cooking so you're no longer a slave to the kitchen.

Of course Zega also functions as conventional cookware when required, is compatible with all stove types, is highly energy efficient and looks great.

1

Simply turn on the stove, add your ingredients per the recipe

2

When it reaches the required temperature, switch off the stove and walk away

3

Your food continues to cook off the stove, without gas or electricity & stays hot for hours

4

Zega App remotely monitors your cooking & alerts you when your food ready

5

You return later to a healthy, nutritious, home-cooked meal that is ready to eat

2.4 Product overview

Delicious meals every time

Zega complements our busy lifestyles so you can cook delicious home-cooked meals with confidence.

With easy to follow recipes and Zega's unique self-cooking process, you get consistently great results every time whether you're an experienced or an aspiring home cook. It's cooking perfection every time.

Spend less time in the kitchen

Zega combines timeless cooking principles with the latest technology to make life easier in the kitchen.

Simply turn on the stove, add your ingredients to the pot and when it reaches the required temperature, switch off the stove and walk away.

Save gas & electricity

Without the need for gas or electricity, Zega's self-cooking process uses retained heat to gently cook any meal to perfection.

Because Zega saves on your gas & electricity bills, it ends up paying for itself and is good for the environment.

Keeps you informed

SmartControl technology remotely monitors your food and notifies you when its ready.

With the Zega App, choose from delicious recipes prepared by our expert chefs and remotely monitor your cooking so you're no longer a slave to the kitchen.

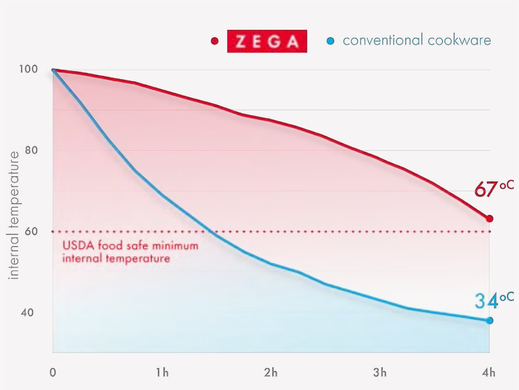
2.4 Product overview

Patented Construction

A patented double wall thermal insulated design. Like a Thermos, it retains heat for hours allowing food to self cook off the stove, saving on time and energy costs. It also has a 5-ply stainless steel and aluminium base which enables fast and even heat distribution for superior cooking.

SmartControl Technology

State of the art technology including a high precision digital thermometer, powerful microprocessor, Bluetooth connectivity and an elegant LED display, all of which ensures food is cooked perfectly every time. The SmartControl technology allows you to remotely monitor your cooking and informs you when cooking is complete.



Keeps food hotter for longer

Zega outperforms conventional cookware and keeps food above the USDA food safe minimum internal temperature for 4 hours.

Complete cooking system

Zega comes with a meat rack and a steamer/grater allowing you to cook entire meals at once. And its unique self-basting lid keeps your food moist and succulent, locking in more flavour and nutrients.

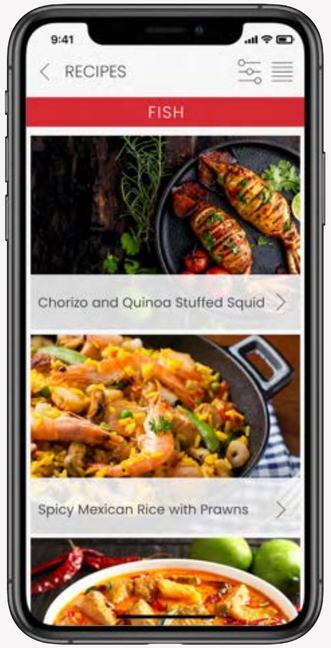
2.5 Smartphone connectivity

Keeps you informed

With the Zega App, choose from delicious and nutritious recipes and remotely monitor your cooking so you're no longer a slave to the kitchen.

GET IT ON Google Play

Download on the App Store



2.6 The Zega Advantage

Walkaway cooking

heats in minutes, cooks for hours,
spending less time in the kitchen

Healthier meals

cooks gently retaining food's nutritional
value better than traditional cooking

Cook entire meals at once

smart inserts allow you to cook meat
& steam vegetables at the same time

Energy saving

after heating, it requires no additional
energy so you save on gas and electricity

Zega App

choose from delicious recipes and
remotely monitor your cooking

Keep food hot for hours

for family members coming home
at different times

Worry free cooking

cooks without stirring or tending

Easy clean up

no scorching, sticking or burning

Lifetime warranty

restaurant quality, built to last

2.7 Track record

Our team has developed and manufactured over 20 million consumer products for some of the world's largest brands, including those shown below.

We co-developed the original Magic Bullet blender and went on to manufacture and supply over 5 million units for the US and global markets. It's successor, the NutriBullet, has sold over 15 million units.

Over the past 2 years, we have applied our industry knowledge, experience and proven track record to design and develop our latest product offering - a patent-protected, app-enabled, intelligent walkaway-cookware product called Zega.

2.8 Intellectual property

Zegas smart control technology and double wall construction is patented and patent pending. Its intellectual property strategy has been developed by Bird & Bird, one of the world's leading intellectual property firms. Currently, Zega is covered by the following intellectual property filings:

Bird & Bird

Patented & Patents Pending

World Intellectual Property Organisation WO2020073080A1

Patent Cooperation Treaty (PCT) PCT/AU2019/051071

Hong Kong Utility Patent HK1263281A

Hong Kong Utility Patent Application 18113121.5

Chinese Utility Application 201920673324.X

Trademarks

United States Patent & Trademark Office (USPTO) 5,928,995

Australian Trade Mark 1983249

Domain names

www.zegacookware.com
www.zega.com.au
www.zegahome.com
www.zegacooking.com
www.zegakitchen.com

Note: there is potential for additional application of our IP in other product categories beyond cookware.

Zega's patented technology creates a brand new product category for the growing global housewares sector

2.9 Investment highlights

The highlights of the opportunity are as follows:

- Patented technology
- Popular Smart Home/Internet of Things category
- $355 billion global housewares market, growing at 4% per annum[1]
- Highly experienced team behind the Magic Bullet
- Proven track record in commercialising consumer goods products on a global scale
- Robust M&A activity in the housewares sector
- Strong return potential via trade sale within 3 years
- Exit valuations in this sector of around 3-6x revenue[2]

1. International Housewares Association, International Labour Organisation & US Bureau of Statistics
2. Please refer to Section 2.18 - Housewares acquisitions examples

2.10 Key achievements to date

Product development

Patent secured

Factory set-up

App development

Launched on the Apple App Store & Google Play Store

Brand strategy developed

Retail & online packaging

Marketing assets

Including videos, images, product information sheets and website

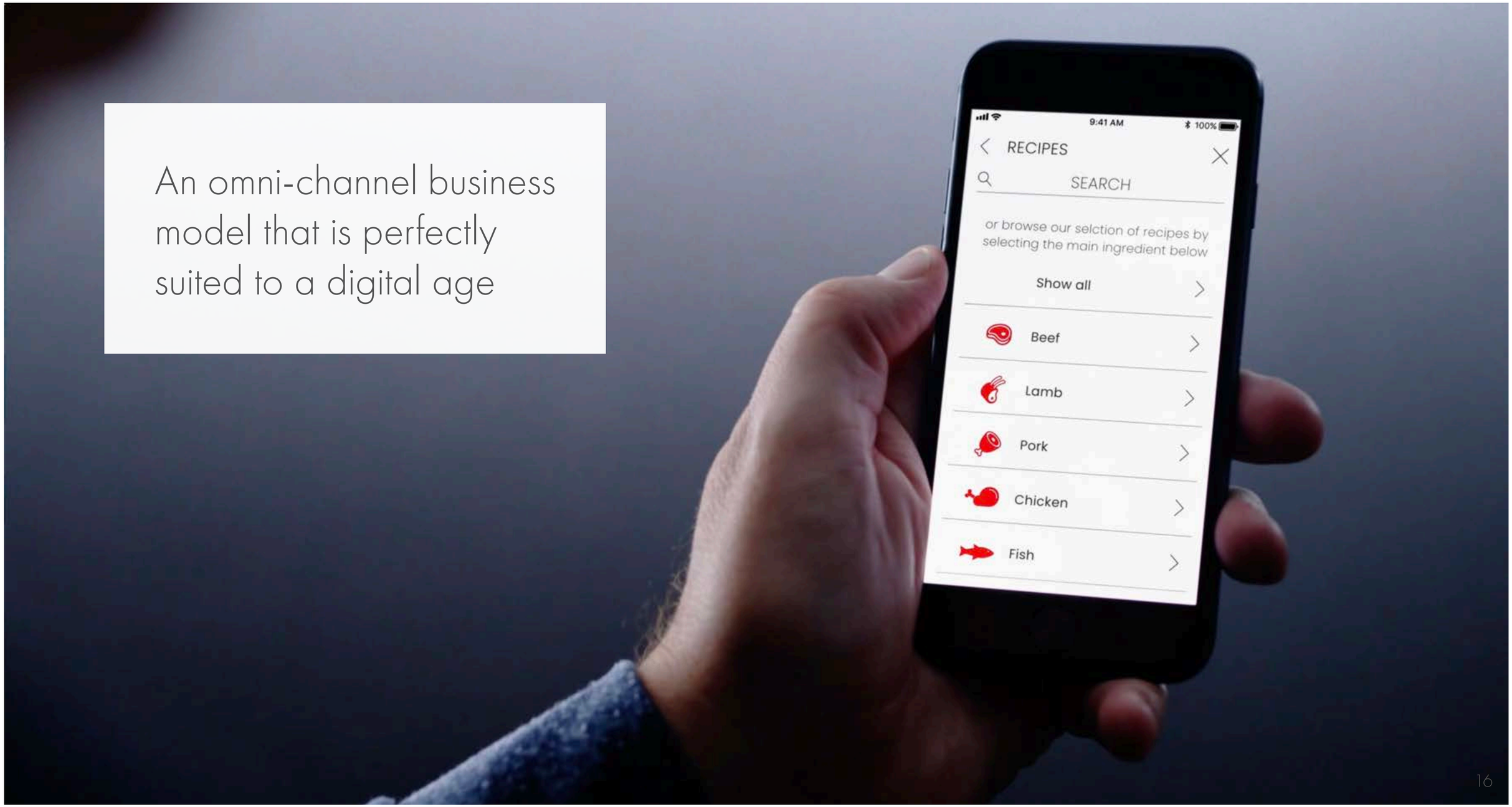
Initial sales

US sales targets exceeded within the first month

Mass production underway

International distribution agreements

An omni-channel business model that is perfectly suited to a digital age



2.11 Distribution channels

Zega operates via an integrated, omni-channel sales and distribution model, including:

Direct-to-consumer

Zega has established a direct-to-consumer sales model via e-commerce directly through its website. This has enabled the company to build a proprietary customer base and to have direct engagement with that customer base. Sales to date have been higher than forecast and will be accelerated through marketing following this raise.

Retailers

In some markets, Zega will sell directly to key retailers such as department stores, specialty housewares stores, warehouse clubs, home improvement stores etc. The company expects to formalise retail arrangements following the normalisation of retail trade operations later this year.

Distributors

Distribution arrangements are currently being negotiated in all major markets including the United Kingdom, Italy, Japan, Portugal, Spain, France, Germany, Serbia, Greece, India, Denmark, Sweden, Norway, Finland, Egypt, South Africa and Korea.

Direct Response TV

Direct response television channels in various markets has a captive home shopping audience that is accustomed to buying homewares products in that manner. Zega is currently in negotiations with a number of key DRTV organisations in Australia, the United Kingdom, Italy and South Africa to sell its products through these channels.

Zega is home cooking made easier for the next generation of confident as well as aspiring cooks

2.12 Target audience

Zega has undertaken extensive consumer engagement to accurately identify its target audience and to define those aspects of its brand positioning that resonated most with that audience.

The result of that work revealed that Zega's target audience comprises both confident home cooks as well as aspiring home cooks. The marketing message that resonated most for this audience was the idea of 'home cooking made easier'.

Experienced Cooks Audience Profile

Psychographic Overview

- Likely in late 40s and 50sin terms of age
- Ambitious about life and achievement oriented, but with success behind them too and life experience having progressed beyond young kids
- Enjoy entertaining and time with friends especially around the home
- Time pressured and stressed out at the demands for modern family life
- Often in professional roles with disposable money to spend on
- Values quality products, willing to pay premium for functionality and design

Category Relationship

- Likes cooking and has considerable skills – confident & competent cooks
- Not at Master Chef level but cooks many dishes well and takes pride in it.
- Looking to explore and try new techniques and recipes (research online)
- Wants to continue to develop and further cooking skills
- Relies on convenience foods and cooking for meals during the week but genuinely prefer to cooks at home because it is better and healthier

Barriers For Zega

- Will they be willing to invest the money in cookware when they already like and enjoy the cookware they have. Do I need something new?
- Technology may be a barrier to some but this is less likely to be an issue for the younger profile compared to older confident cooks.

Message Priorities

- Everything You Love About Home Made Made Easier
- Spend Less Time In The Kitchen
- Smart Phone Connectivity - Keeps You Informed While Cooking

- Prepares Healthy Nutritious Meals
- Saves Energy For You And The Planet
- Stylish With Good Build Quality

Media Channel Considerations

- Place content around recipes, cooking and food content online as they may be more inclined to be already interested in cooking and food content
- Partnerships with chefs who can use an existing following which may provide credibility
- Partnerships with high profile cooking shows and content that may enable the product to be used

Emotional Benefits By Audience

What we see as a key benefit is that the ability to create home made food more easily means that they can more often feel pride and satisfaction from creating the family meal themselves.

\What is interesting about aspiring cooks is that the Zega product delivers some additional emotional benefits over and above what it does for confident cooks. The Zega product has the potential to give cooks greater confident in themselves because it is harder to make mistakes and easier to get a good result. Second, another characteristic of less able cooks is that their lack of skill limits their willingness and often their ability to try new things. This ability to explore, try and discover with lower risk makes Zega especially attractive to this audience.

Confident Cooks

- Family & Nurturing
- Pride And Satisfaction
- Saving Time And Effort

Aspiring Cooks

- Family & Nurturing
- Pride And Satisfaction
- Saving Time And Effort

+

- Confidence In Themselves
- Discovery And Variety

Aspiring Cooks Audience Profile

Psychographic Overview

- Likely in 30s and early 40s in terms of age – often with young kids
- Ambitious about life and achievement oriented
- Life to better themselves and improve skills in a variety of areas
- Time pressured and stressed out at the demands for modern family life
- Often in professional roles with disposable money to spend on
- Values quality products often willing to pay premium for functionality and design

Category Relationship

- Likes cooking but hasn't had the time or experience to further skills
- Cooks a few dishes quite well but has a limited repertoire
- May often be the second cook in the household (often the guy)
- Wants to improve cooking skills as genuinely enjoys cooking
- Relies heavily on convenience foods and cooking for meals during the week – especially if there young are children in the family

Barriers For Zega

- Will they be willing to invest the money in cookware that is not an essential item. Cost may well be a barrier to some
- Technology may be a barrier to some but this is less likely to be an issue for the younger profile compared to older confident cooks.

Message Priorities

- Everything You Love About Home Made Made Easier
- Delicious Results Every Time
- Try New And Different Things With Less Risk
- Spend Less Time In The Kitchen
- Smart Phone Connectivity - Keeps You Informed While Cooking

- Prepares Healthy Nutritious Meals
- Saves Energy For You And The Planet
- Stylish With Good Build Quality

Media Channel Considerations

- Partnerships with chefs who can use an existing following which may provide credibility
- Partnerships with high profile cooking shows and content that may enable the product to be used

2.13 Brand positioning statement

Zega's brand purpose (why we exist) is to help the world's families to eat better. Our brand idea (what we do) is all you love about home made without the effort. Our brand truth (how we do it) is intelligent cookware that does the cooking for you.

Our
brand purpose
"Why we exist"

Help the world's families to eat better

Our
brand idea
"What do we do"

All you love about home-made without the effort

Our
brand truth
"How we do it"

Intelligent cookware that does the cooking for you

2.14 Marketing strategy

In the next phase of the development of the marketing strategy is to use these insights to develop a marketing communication plan and to commence creative development. A portion of the funds raised will be allocated to these initiatives.

1 Brand outputs

Cultural tension
Final brand idea
Brand framework
Customer profiles
Example ads concepts
Brand personality
Message hierarchy

2 Marketing communication plan

Marketing objectives
Approach by country
Marketing activities & timing
Communication plan
Creative brief
Finalised budget
Media channels / plan
Distributor marketing guidelines

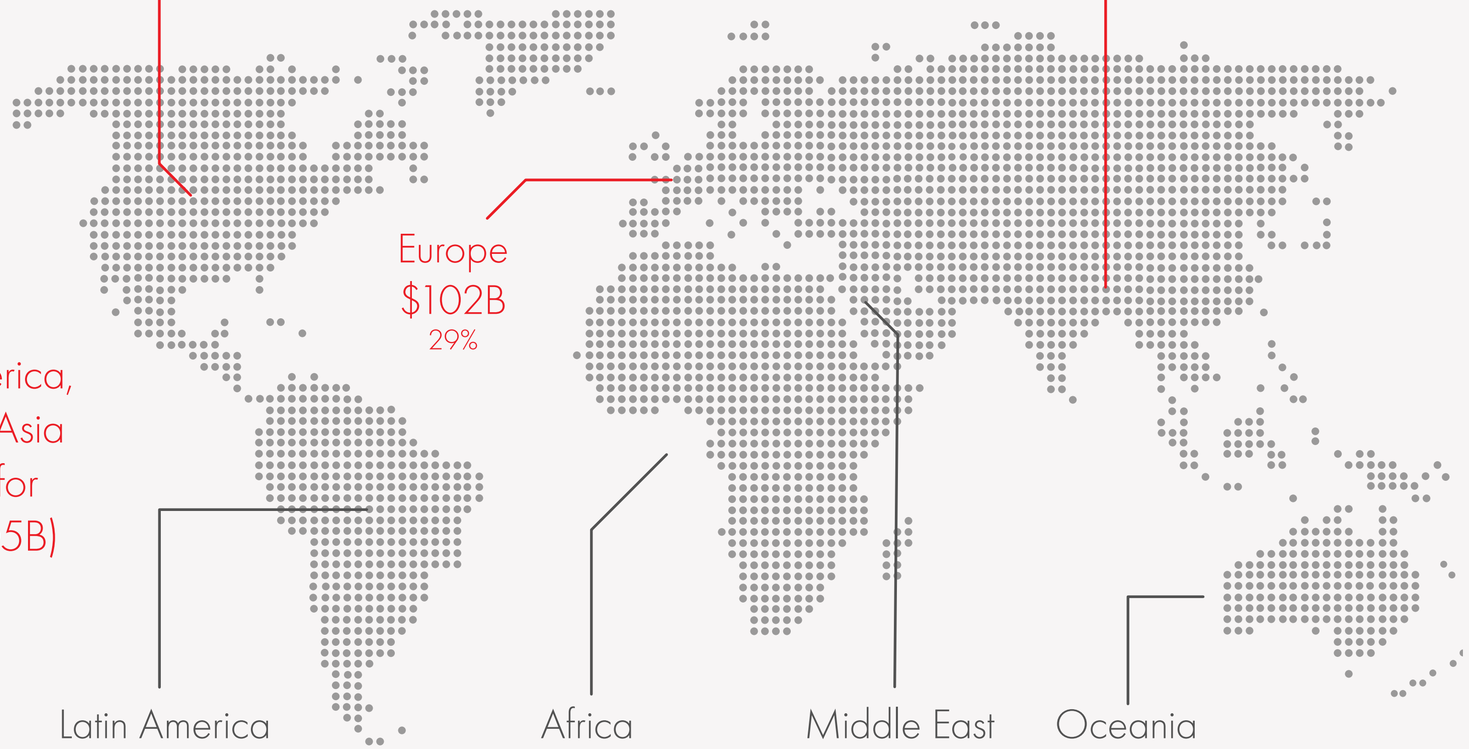
3 Creative ideas & execution

Campaign idea
Creative execution ideas
Production budget
Creative production
Creative delivery / dispatch
Brand design guidelines
Web site design
Web site development

"Preparing and eating meals at home has always been seen as a way to safeguard family time, and to bring people together. The rise in mindfulness about food, combined with the popularity of blockbuster cooking shows, is creating more and more home-grown master chefs, who cook for leisure than ever before." - Deloitte

2.15 Industry overview

The global homewares market is valued at USD 355 billion and growing at 4% p.a.*, with cookware comprising the largest product category (16.8%).



North America, Europe & Asia account for 87% ($305B)

Top 3 Product Categories - Cookware & Bakeware (16.8%); Kitchen tools & accessories (13.2%); Kitchen Electrics (12.2%)
*International Housewares Association, International Labour Organisation & US Bureau of Statistics

2.16 Distribution territories

Zega's current distribution reach covers all major markets, including: United States, Canada, United Kingdom, Italy, Portugal, Spain, France, Germany, Korea, Japan, Serbia, Greece, India, Denmark, Sweden, Norway, Finland, Egypt and South Africa.

2.17 Key competitors

Zega is creating a brand new product category. There is no other product on the market that directly competes with Zega's patented technology.

Zega is neither a slow cooker nor a pressure cooker. There is no other product on the market which is able to self-cook off the stover, without gas or electricity and which is remotely monitored via an app which lets you know when your food has finished cooking.

2.18 Housewares acquisitions examples

Acquisitions of consumer goods companies by larger homewares multinationals remains strong, with recent acquisitions in this sector indicating valuations of between 3-6 times revenue. Selected examples of the acquisition of comparable companies are set out below.

Anova

www.anovaculinary.com

- Launched in 2013
- Sales of USD40 million in 2016
- Acquired in 2017 by Electrolux at 4-6 x revenue multiple
- $115 million cash at acquisition with potential for an additional $135 million depending on future financial performance

Hydro Flask

www.hydroflask.com

- Launched in 2009
- Sales of USD65 million in 2016
- Acquired in 2016 by Helen of Troy at 3 x revenue / ~12 x EBITA multiple
- $210 million cash at acquisition

Contigo

www.gocontigo.com

- Launched in 1999
- Sales of $125m in 2014
- Acquired in 2014 by Newell
- Rubbermaid at 2.5 x revenue
- $308 million cash at acquisition

Happycall

www.happycall.kr

- Launched in 1999
- Sales of USD118 million in 2016
- Acquired in 2016 by Goldman Sachs/Eastbridge at ~ 12 x EBITA
- $161 million cash at acquisition

2.19 Directors and management

Brendan Dunne

Technology & Product Development
Executive Director

Brendan brings 20 years' experience in developing & manufacturing household consumer goods for the world's largest brand owners, retailers and innovators.

In 2004 he co-founded Product Works and prior to this held leadership roles at e4L, Inc, a NYSE-listed consumer goods company and QVC, Inc. the global leader in TV retailing.

Brian Mooney

Strategy, Sales & Marketing
Executive Director

Brian is an experienced business consultant, advisory board member and senior executive based in Sydney, Australia.

He has held a variety of executive leadership roles at large corporations including the Sydney 2000 Olympics Organising Committee, Eli Lilly, Ericsson & Apple.

Con Dunne

Finance & Operations
Executive Director

Con is an experienced executive with proven ability to deliver key financial results and operational performance in a broad range of business ventures.

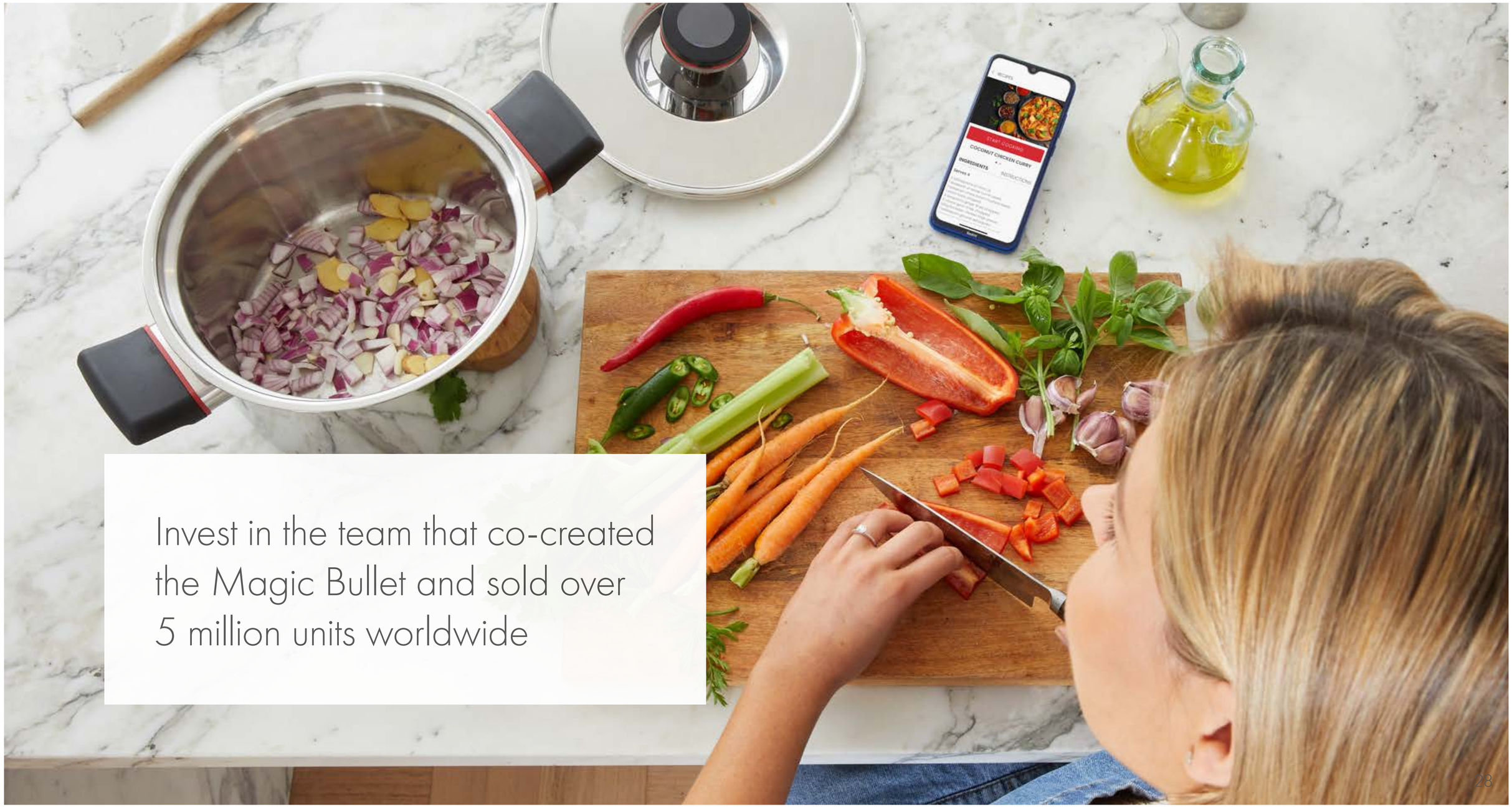
In 2004 he co-founded Product Works and prior to this was Group General Manager for Imperium Capital & Private Equity in Melbourne and Director of Operations of J. Boag & Son Hospitality.

Steven Maarbani

Legal & Corporate Development
Non-Executive Director

Steven is a corporate lawyer and former PWC partner specialising in venture capital, funds management and financial services. He has advised on many of Australia's leading VC funds and co-founded VentureCrowd.

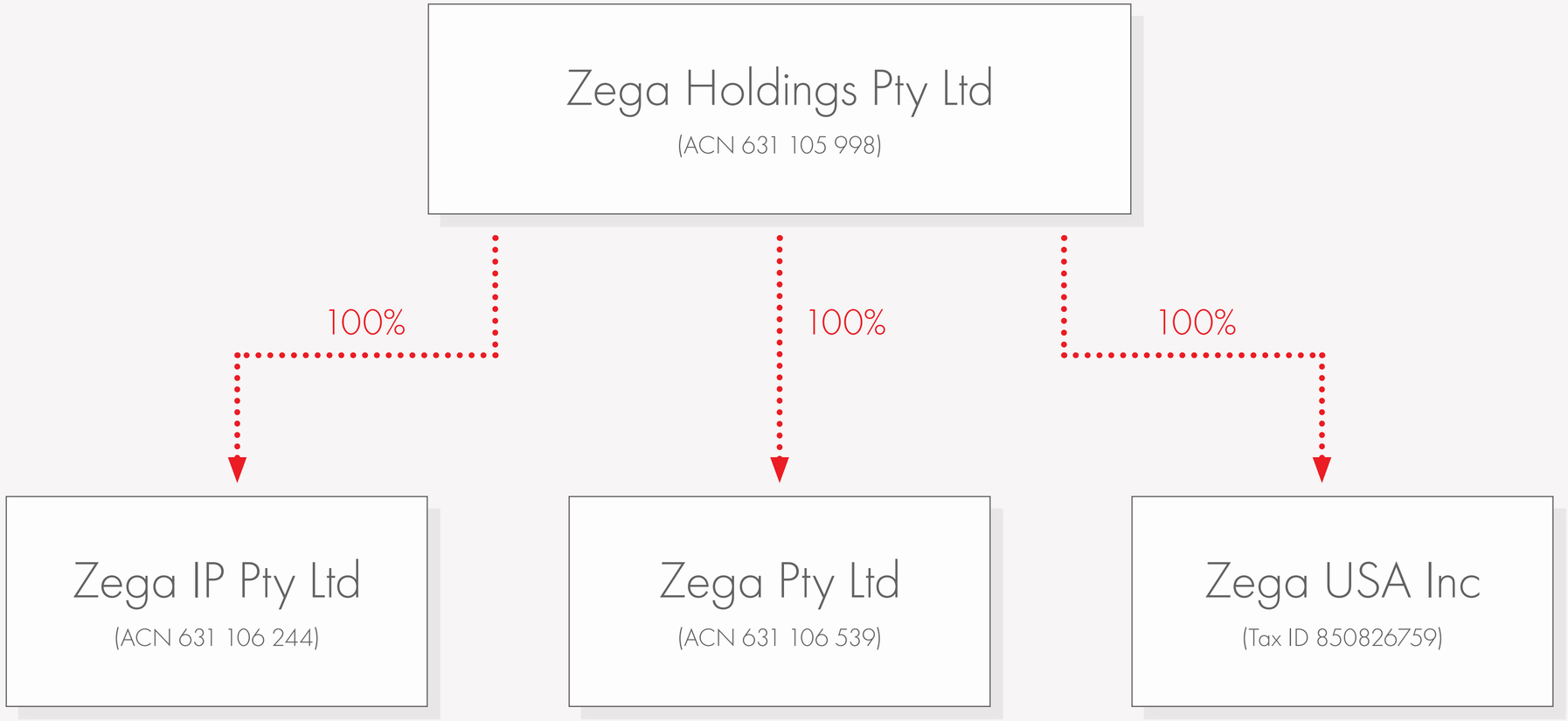
Steven also sits on the Advisory Board of a number of high-growth companies and assists with commercialisation, capital strategy and corporate development.



Invest in the team that co-created the Magic Bullet and sold over 5 million units worldwide

2.20 Corporate structure

The corporate structure of the company and its wholly owned subsidiaries is as follows:



2.21 Capital structure

As at the date of this CSF offer document, the Company has 133,000 ordinary shares and 23,800 Redeemable Preference Shares (RPSs) on issue.

The Company will issue up to an additional 53,191 ordinary shares at an issue price of $18.80 per share as part of this CSF offer. If all shares are subscribed for, the new shares will comprise of the total issued share capital of the Company.

	Minimum		Maximum	
Existing Ordinary Shares	133,000	96.15%	133,000	71.43%
Offer Shares	5,319	3.85%	53,191	28.57%
Total Ordinary Shares	138,319	100.00%	189,191	100.00%

Significant shareholders
No shareholder holds more than 25% of the issued share capital of the Company.

2.22 Debt Funding and Other Sources of Funding

The Company has non-current liabilities of $598,000 made up of $18,000 of unsecured shareholder loans and $580,000 in issued RPSs. The RPSs do not convert to equity and are redeemable by the Company within 12 months. Therefore, they do not dilute ordinary shareholders but are treated as debt for accounting purposes.

2.23 Historical financials

2.23.1 Balance sheet

Current assets	Dec 20 ($)	FY 20 ($)
	6 months ended	
Cash	23,646	100,484
Other	3,679	1,009
Stock on hand	284,077	-
Other	-	5,989
Total current assets	**307,723**	**106,473**
Non-current assets		
Receivables	-	-
Total assets	**307,723**	**106,473**
Current Liabilities		
Creditors & Borrowings	45,523	56,824
Non-current Liabilities		
Creditors & Borrowings*	598,000	353,000
Total Liabilities	**643,523**	**409,824**
Net Deficit	**335,801**	**303,351**

Equity		
Contributed Capital	585,500	580,500
Accumulated Losses	921,301	884,851
Total equity	**(335,801)**	**(303,351)**

*The Company has non-current liabilities of $333,000 made up of $8,000 of unsecured shareholder loans and $325,000 in issued RPSs. The RPSs do not convert to equity and are redeemable by the Company within 12 months. Therefore, they do not dilute ordinary shareholders but are treated as debt for accounting purposes.

2.23 Historical financials

2.23.2 Profit & loss statement

	Dec 20 ($)	FY 20 ($)
	6 months ended	
Sales	17,305	96,921
Cost of sales	148,103	41,384
Gross profit	(130,798)	55,537
Other income	-	2,161
Expenses	202,858	785,166
EBITDA	**(333,656)**	**(727,468)**
Interest	-	14,402

2.23 Historical financials

2.23.3 Cash flow statement

Cash flows from operating activities	FY20 ($)	FY19 ($)
Receipts from customers	96,921	-
Payments to suppliers & employees	(757,599)	(141,981)
Interest received & Other	2,161	-
Cash flow from GST	(2,670)	(1,009)
Net cash provided by (used in) operating activities	**(661,187)**	**(142,990)**
Cash flows from investing activites		
Payment for property, plant & equipment	-	-
Proceeds from property, plant & equipment	-	-
Payments for borrowing costs	-	-
Net cash provided by (used in) investing activities	**-**	**-**

Cash flows from financing activites		
Dividends paid	-	-
Issue of new shares	420,000	160,500
Proceeds (Repayments) from borrowings	324,668	8,000
Interest paid on preference shares	8,507	-
Net cash provided by (used in) investing activities	**736,161**	**168,500**
Net increase (decrease) in cash held	(74,974)	25,510
Cash at the beginning of the year	25,510	-
Cash at the end of the year	**100,484**	**25,510**

2.23 Historical financials

2.23.4 Changes in equity statement

	Retained Profits ($)	Share Capital ($)	Total ($)
Balance at 1st July, 2019	(141,981)	160,500	18,519
Profit attributable to shareholders	(724,180)		(724,180)
Share capital issued		420,000	420,000
Dividends paid or provided for	-		-
Balance at 30th June, 2020	**(866,161)**	**580,500**	**(285,661)**
Profit attributable to shareholders	(37,450)		(37,450)
Share capital issued		5,000	5,000
Dividends paid or provided for			
Balance at 31st December, 2020	(921,301)	585,500	(335,801)

2.24 Forecasted financials

2.24.1 Zega Forecast Financials CY21-CY23

	CY21	CY22	CY23	TOTAL
Sales	1,438,700	3,237,075	8,092,688	12,768,463
Cost of sales	359,675	809,269	2,023,172	3,192,116
Gross profit	1,079,025	2,427,806	6,069,516	9,576,347
Expenses	1,050,960	1,820,855	3,945,185	6,917,000
NET PROFIT BEFORE TAX	**28,065**	**606,952**	**2,124,330**	**2,659,347**
				20.8%

2.24.2 Key assumptions

- Australian online market launch by Q1 FY21 with supporting marketing campaign.
- US online market launch by Q2 FY21 with supporting marketing campaign
- Direct Response TV launch in 2 key markets by Q2 FY21
- Current Covid-19 affected retail buying / distribution resumes by Q4 2020
- Estimated sales FY21 of 33,520 units and FY22 of 64,800 units
- FX rate stability

2.25 Key risks

An investment in the Company involves a number of risks which should be carefully considered by prospective investors before deciding to invest. A summary of the key risks that may impact the Company and the approach being taken to mitigate those risks is set out below.

There are also other, more general risks associated with the Company such as a downturn in economic conditions generally, which may have an impact on sales and the ability to achieve an exit of the Company in the time frame forecast.

Risk	Description
Intellectual property risk	It we are unable to protect or enforce our intellectual property rights, there is a risk that other companies will copy our product or technology which could adversely effect our ability to compete in the market.
Sales & funding risk	If forecast sales do not eventuate as anticipated, there is a risk the Company may not have the cash reserves to reach break even which will require it to seek further funding. Should this be necessary, existing shareholders in the Company may be diluted.
Distribution risk	If distribution arrangements are not able to be secured or distributors do not facilitate the forecast volume of sales, this could affect forecast revenues.
Litigation risk	If a product which is sold to a consumer is faulty and causes damage to a person or property, there is a risk of associated with potential litigation and a claim for damages.

2.26 Risk mitigation strategy

Risk	Mitigation Strategy
Intellectual property risk	To mitigate this risk, the Company engaged one of the world's leading intellectual property firms – Bird & Bird – to advise on its intellectual property protection strategy and to draft its patent applications.
Sales & funding risk	To mitigate this risk, the Company is adopting a multi-channel sales strategy which includes selling products to distributors and retailers, through direct response television channels and directly to consumers, reducing the risk of one of the target sales channels not performing.
Distribution risk	To mitigate this risk, the Company is adopting a multi-channel sales strategy which allows it to sell products to directly to retailers, through direct response television channels and directly to consumers, reducing the risk of reliance on distributors.
Litigation risk	To mitigate this risk, the Company has in place comprehensive public liability and product insurance, which reduced the risk of such a claim having a detrimental impact on the Company's finances.

Section 3

Information about the Offer

3.1 Terms of the Offer

The Company is offering up to **53,191** ordinary shares at an issue price of **$18.80** per share to raise up to **$1M**. The key terms and conditions of the Offer are set out in the table below.

Term	Details
Shares	Fully-paid ordinary shares
Price	$18.80 per share
Minimum Subscription	$100,000
Target Subscription	$250,000
Maximum Subscription	$1,000,000
ESIC Eligible	As an Early Stage Innovation Company (ESIC), an investment in Zega provides eligible investors with a 20% non-refundable, carry forward tax offset in respect of the investment in this round, and no capital gains tax on returns if the investment is held for more than 12 months and less than 10 years.
Opening date	30th March, 2021
Closing date	30th June, 2021

A description of the rights associated with the shares is set out Later in this document. 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.

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.

3.2 Investor Benefits

In addition to shares, investors will be eligible for the following benefits depending on the level of investment:

- $500+ investment - 50% off a Zega of their choice
- $1,000+ investment - Free Zega of their choice

3.3 Use of funds

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

Intended use of funds	Minimum Subscription	Target Subscription	Maximum Subscription
Manufacture of product	$25,000	$62,500	$250,000
Sales and marketing	$43,000	$107,500	$430,000
UK Launch	$10,000	$25,000	$100,000
Further IP protection	$6,000	$15,000	$60,000
Working capital	$10,000	$25,000	$100,000
Offer costs	$6,000	$15,000	$60,000
Total Funds	**$100,000**	**$250,000**	**$1,000,000**

In the table, 'working capital' includes overhead expenses, employee wages and director remuneration. Details of payments to be made to directors and senior managers are itemised below:

- Directors' remuneration: $NIL
- Executive remuneration: $216,000

The costs of the Offer include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are 6% of funds raised. Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

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

If only the Minimum Subscription amount is raised, the Company will scale back activities, focus available cash resources on those activities that generate revenue and may seek additional funding through alternate sources.

3.4 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 Company does not have a constitution and has, instead, adopted the replaceable rules in the Corporations Act 2001 (Cth). As a shareholder you will also be bound by the terms of the Company's shareholders agreement. A summary of the key rights attaching to ordinary shares is set out below. A copy of the Company's shareholders agreement is attached in the Annexure to this CSF offer document and is available on the Intermediary's platform.

3.4.1 Voting rights

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

3.4.2 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.

3.4.3 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 (e.g. 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).

3.4.4 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 surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the Company. Holders of fully-paid ordinary voting shares rank ahead of other classes of shares (if any).

Section 4

Information about investor rights

4.1 Information about investor rights

4.1.1 Cooling-off rights

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

You must withdraw your application via the Intermediary's platform as follows:

a. You must contact Equitise via email (withdraw@equitise.com) to inform them of your intention to withdraw your application.

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

4.1.2 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.

4.2 Proprietary company corporate governance obligations

4.2.1 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.

4.2.2 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 receive a copy of the annual report by email.

4.2.3 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).

4.2.4 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 that 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.

4.3 Glossary

Company means Zega Holdings Pty Ltd ACN 631 105 998.

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 VentureCrowd Pty Ltd AFSL 503381.

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.

Annexure

Appendix A - Constitution

The Company has adopted the replaceable rules in the Corporations Act 2001 (Cth) and does not have a separate constitution.

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