



# THE CAULDRON CO.

[thecauldron.io](http://thecauldron.io) | [@thecauldronpub](https://twitter.com/thecauldronpub)

## EQUITY FOR MAGIC FUNDING ROUND

EIS eligible

Financial Promotion approved by RW Blears Ventures Limited

[invest@thecauldron.io](mailto:invest@thecauldron.io)

# IMPORTANT INFORMATION

This document (the “Offer Document”) is important and requires your immediate attention before you read any further.

This Offer Document constitutes an invitation to subscribe for shares (“Cauldron Shares”) issued by The Cauldron Company PLC (the “Company”) on the terms & conditions set out on page 27 of this Offer Document (the “T&Cs”). Your attention is also drawn in particular to the ‘Key Risks’ which are set out on pages 25 and 26 of the Offer Document. **You should consider carefully whether an investment in Cauldron Shares is suitable for you in light of your personal circumstances. Investments in an unquoted security of this nature are illiquid investments and therefore all invested capital is at risk.**

An application to subscribe for Cauldron Shares will only be made available to those persons who are confirmed as Potentially Eligible Investors (as defined in the T&Cs). Any other person or class of person should not rely on this Offer Document.

This Offer Document, which is a financial promotion for the purposes of section 21 of the Financial Services and Markets Act 2000 is made by the Company, which accepts responsibility for the information contained herein. The Offer Document has been approved as a financial promotion for UK publication by RW Blears Ventures Limited, a private limited company incorporated in England with the registered number 07455644 and which is authorised by the Financial Conduct Authority (‘FCA’) under FCA registration number 610217.

This Offer Document is not a Prospectus for the purpose of the Prospectus Regulation and has not been approved by the FCA or any other regulatory body.

You should ensure that you have read and understood all of this Offer Document, paying particular attention to the Key Risks on pages 25 and 26, before applying for Cauldron Shares. If you are in any doubt about the action you should take or the contents of this document, you should contact your stockbroker, lawyer, accountant or other professional adviser authorised by the FCA to conduct investment business and who specialises in advising on unlisted securities. Nothing in this Offer Document shall be construed as the giving of investment advice by the Company or any other person.

The financial illustrations in this Offer Document are purely illustrative and do not constitute a profit forecast or estimate by the the Company or its directors..

The Offer Document does not purport to contain all the information that prospective investors may require and neither the Company nor any of its directors, employees, agents or advisers make any express or implied representation or warranty, and no responsibility or liability is accepted by any of them, with respect to any errors or omissions in this document or any other information supplied at any time to a prospective investor, or with respect to fairness, adequacy, accuracy or completeness of the information in this Offer Document, including without limitation the reasonableness of any projections or illustrations or any associated assumptions contained therein, or any information otherwise supplied at any time to a prospective investor.

This Offer Document does not constitute an offer to sell, or the solicitation of an offer to buy, Cauldron Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for general distribution into the United States, Canada, South Africa or Japan. Cauldron Shares have not been and will not be registered under the applicable securities laws of such jurisdictions and may not be offered or sold either within such jurisdictions or to any resident or citizen of such jurisdictions (save for where a specific exemption applies). The distribution of this Offer Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Offer Document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of a such jurisdiction.

The Cauldron is a mashup of ideas from a variety of sources and takes inspiration from fantasy books, real magical history, and science to inform how we can make magic a reality.

The Company is not endorsed by or associated with Warner Bros. or J.K. Rowling or otherwise connected with Harry Potter, J.K. Rowling’s Wizarding World, or any other specific fantasy text, series, or movie. We are but geeks.

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# WELCOME TO THE CAULDRON CO.

Welcome to The Cauldron, where we bring imagination into the real world.

We founded The Cauldron in late 2017 with just £3,000 in personal savings and a whole lot of grit.

We built the interior of the first Cauldron venue by hand from upcycled materials and in doing so, we've become experts in making pallet furniture on Pinterest. We've also built a profitable global company that has brought our brand of magic to hundreds of thousands of people around the world.

We hope that you will consider joining us as an owner of The Cauldron as we continue to make magic real. It's really a lot of fun.

*Yout + Dave*

P.S. We still make everything by hand—we just have better tools and a brilliant team (and a secret Pallet Furniture Board on Pinterest)



# THE HIGHLIGHTS

All achieved in just two years!



Over £8m+  
cumulative  
revenue



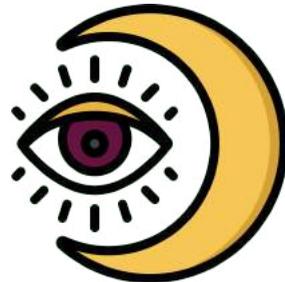
300k+  
tickets sold



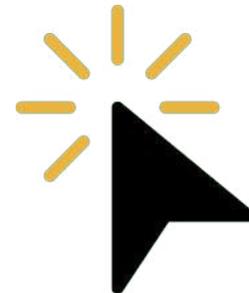
£40  
average spend



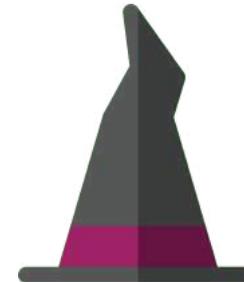
1m+  
potions  
served



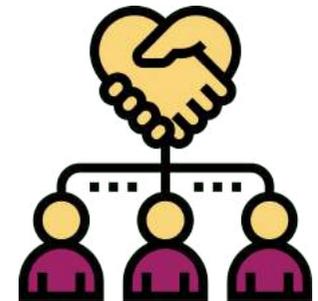
200k  
monthly  
pageviews



25%  
click through  
rate



£0.73  
CAC



72k  
Mailing list  
subscribers

**#1 REASON  
TO STOP EVERYTHING &  
GET TO LONDON**

Buzzfeed

**#1 BAR  
THAT YOU NEED TO VISIT  
IN LONDON**

Business Insider

**TOP 10  
“THE BEST QUIRKY BARS  
& PUBS IN LONDON”**

Time Out

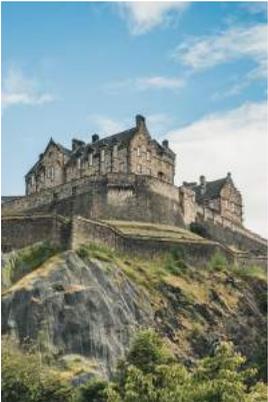
# OUR COMPANY

We are a technology-led entertainment studio that delivers immersive experiences & products through hospitality. We blend science & tech with food, drink & retail.

Our mission is to bring fantasy to life with science, technology and design, and to create an inclusive community of people who believe that magic is possible—it's just a matter of perspective.

The Cauldron's beachhead product is a wizard-themed immersive cocktail-making class that combines working magic wands with molecular mixology in a pre-booked class.

The concept has evolved into a full-service restaurant, pub, and experience space that is ushering in the evolution of hospitality—interactive food & drink.



The Cauldron has enjoyed a high level of success and has expanded into four markets since 2018.

# OUR PRODUCT

We invent technology & products for immersive hospitality experiences.



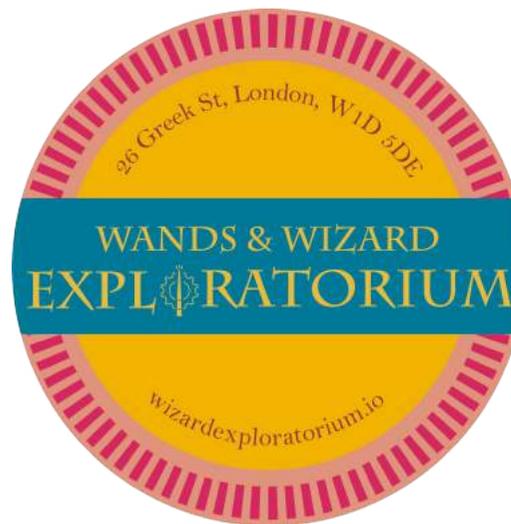
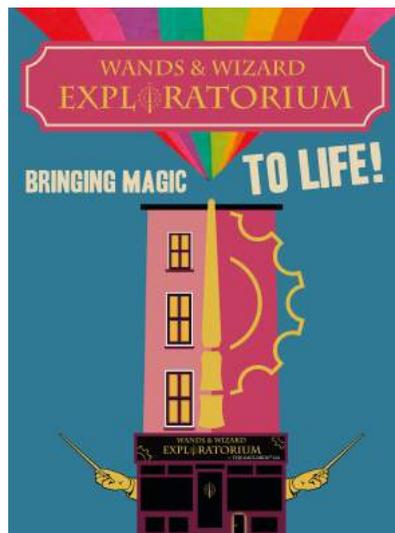
WORKING MAGIC WANDS | PATENTED DRINK SYSTEM | POTIONS EXPERIENCE | MOLECULAR DRINKS | INTERACTIVE FOOD

We open Cauldron venues where magic comes to life with food & drink.



LONDON | NYC | EDINBURGH | DUBLIN

We are opening Wands & Wizard Exploratorium, a family-focused retail & educational experience designed with social distancing measures in mind. We are making magic real with STEM.



WANDS & WIZARD EXPLORATORIUM | RETAIL EXPERIENCE | CELEBRATE STEM & ED TECH

# OUR CUSTOMERS

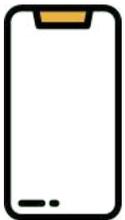
This idea belongs to a generation of fantasy fans who want to make magic real.



**25-34 year olds** really like The Cauldron. They buy online tickets at a rate that is **more than 2x** that of any other age group.



**72 of every 100** customers who book tickets online through our ads are female.



**73%** of customers click “buy” with their mobile phone.



**65%** of people book in pairs and **91%** of people book for 4 people or fewer.



# & WHAT THEY THINK



**Our guests have given us over 5.5k Five Star reviews:**

“We could all benefit from a little more magic in the world. Incredible experience. Thank you!”

“This experience changed my life.”

“Awesome Experience! We traveled all the way from Texas to the UK and this was on the top of our list. I'm so happy we were able to reserve a class. I cannot wait to do it again!”

“Loved it. Hell of a time. Would go again for sure.”

“One of the coolest, most fun experiences I've had since moving to New York! Exceptional community feeling throughout the entire bar! 1000% recommend.”

“I posted this on Instagram stories and sent a least five or six people the link to purchase!”

“THIS WAS AWESOME!”

“This was a highlight for my trip to London! Everything from the atmosphere to the drinks was perfect. I had a magical time!”

“Absolutely fantastic! A better night out has never been had! Insane value for money and something truly unique! Staff were great and place was decorated beautifully.”

# MEDIA RECOGNITION

Customers like us.



Viral video companies like us.



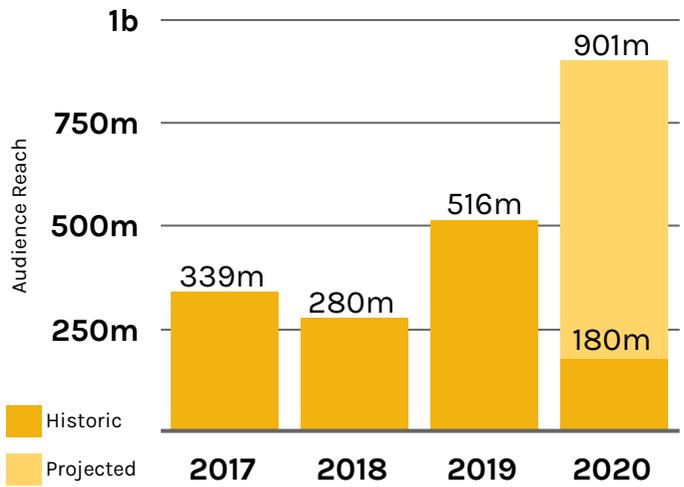
And press likes us too.

Press reach has surpassed 1.3b.

The Cauldron founders are #29 and #30 on Business Insider's "100 coolest people in food & drink."



## PRESS COVERAGE REACH OF DIGITAL & PRINT



Source: Meltwater  
Relevant press mentions of "The Cauldron," Jan 1, 2017 - Feb 14, 2020

"I feel as if we're in a magical paradise."



"It is the ultimate fantasy experience."



"Through some ingenious technology, those wands can be hooked up to your credit card and used to activate different beer and cider spouts from an ornate "Tree of Life." The same wands can be used at a nearby monitor to check your bar tab.



"Witchy wonderland."



"It's captured the imaginations of adults and kids alike."



# FOUNDERS & KEY TEAM



**Matthew Cortland**

is a technologist, product designer, and former reading teacher with a background in tech startups, hardware & software design, PR, and business strategy. He holds master's degrees in Creative Digital Media and Education & Social Change, and has worked across industries and countries through several distinguished fellowships.



**David Duckworth**

is a molecular mixologist and F&B experience designer who has been involved in setting up and running some of London's premier interactive cocktail experiences, including The Cauldron, ABQ, and The Bletchley.



**The Cauldron Group**

is a collective of designers, engineers, and experts in hospitality who invent and produce immersive experiences that use technology, food, and drink in creative and unexpected ways. The company's Board of Advisers include a NASA Rocket Engineer!

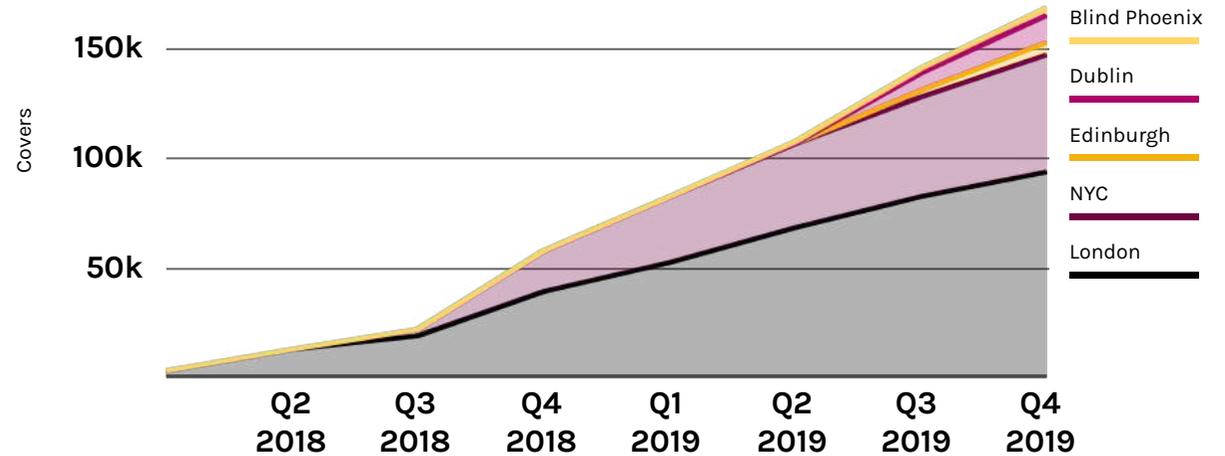
**Matt & Dave** were named to the **#29** and **#30** spots in Business Insider's 2019 **The 100 Coolest People in Food and Drink.**

# TRACTION

We have welcomed over 300k witches & wizards in four cities around the world.

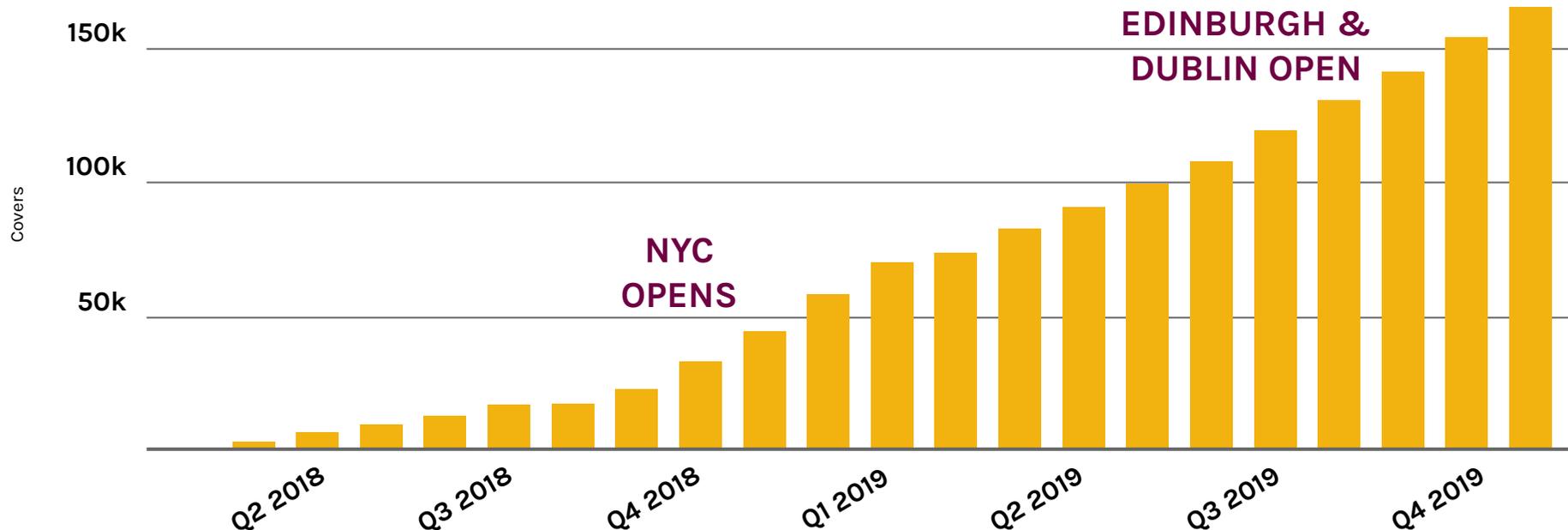
Sales in each market continue to grow, demonstrating persistent appetite for concept and delivery.

## CUMULATIVE TICKETS SOLD BY VENUE



Source: The Cauldron's ticket booking system, January 2017 - November 2019

## CUMULATIVE TICKETS SOLD FOR POTIONS EXPERIENCE



Source: The Cauldron's ticket booking system, January 2017 - November 2019

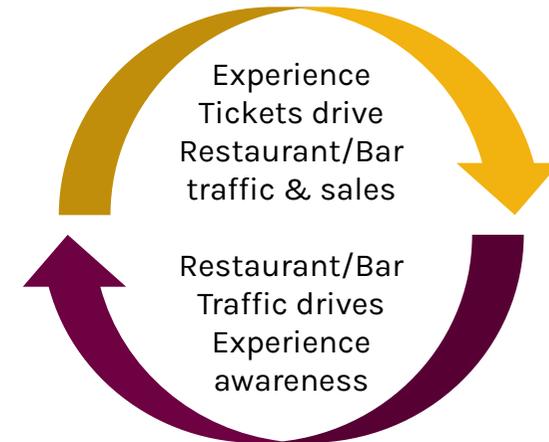
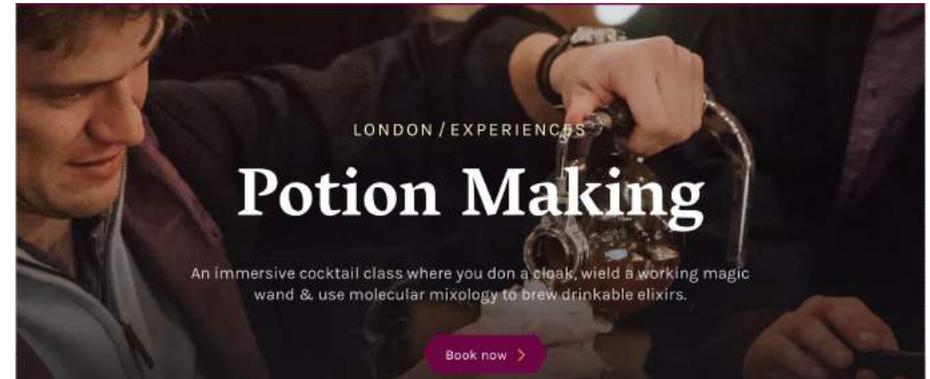
# BUSINESS MODEL

**Our model is scalable with limited risk.**

We enter a new market as a “pop-up” concept in order to gauge and validate local interest. This guides market strategy and long-term viability.

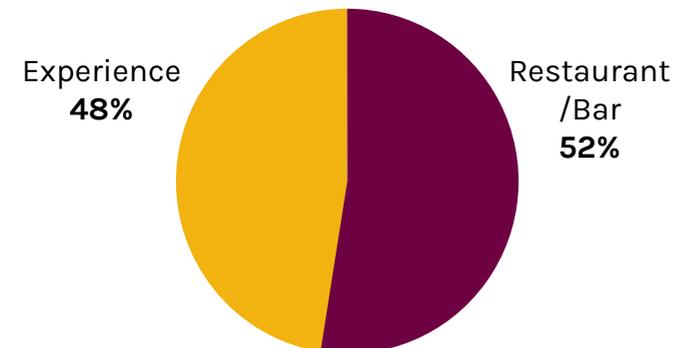
Long-term strategy per market is a permanent, interactive bar & restaurant with rotating space for our studio’s best-selling immersive experiences.

Ticketed experiences feed traffic and revenue for restaurant & bar, making both offerings more successful. Makes revenue more predictable and tempers seasonality.



## Experience v. Restaurant/Bar Revenue

The Cauldron NYC, September 2019



# HISTORIC TRADING

## We have grown quickly.

We currently have three venues: in London, Edinburgh and New York. We had a 5-month pop-up in Dublin to validate the market and plan to return in 2021.

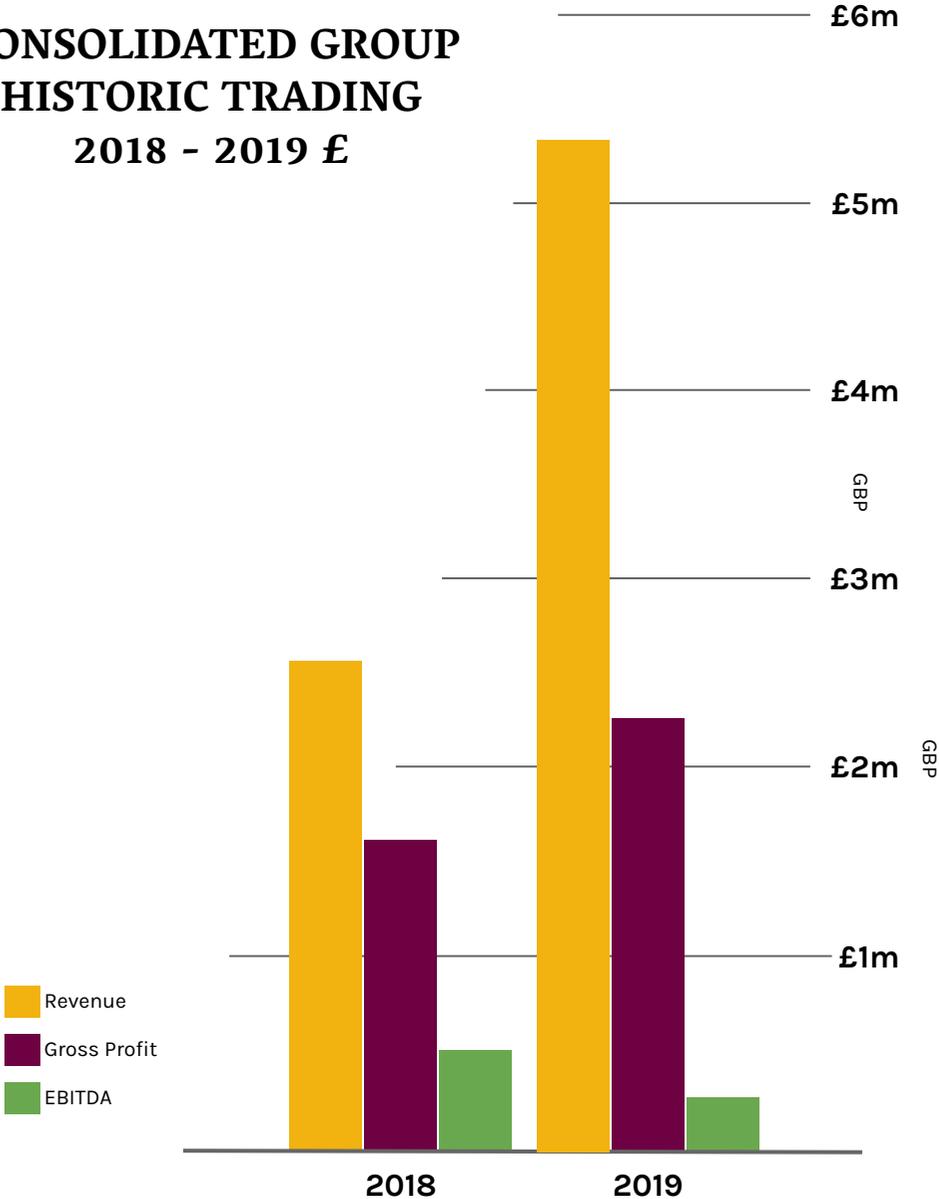
Our revenue doubled from 2018, increasing from £2.6m in 2018 to £5.4m in 2019

Our gross profit margin was 63% in 2018 and reduced to 43% in 2019 due to build-out of in-house design studio in preparation for scaling our product.

EBITDA reduced from c£550k in 2018 to c£295k in 2019 as the Company invested in staff, equipment and infrastructure to support future growth.

We are constantly investing in new products and technology and during the last two years invested in new patent-pending technology, portable, battery-operated tech, and an off-the-shelf product that is ready to ship around the world.

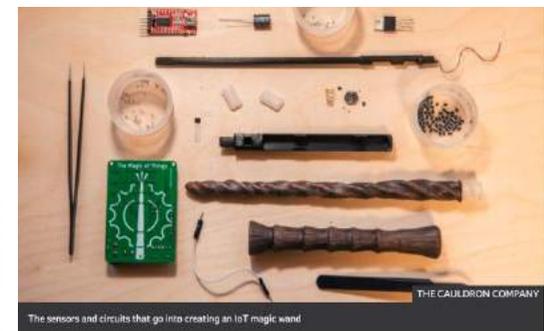
**CONSOLIDATED GROUP  
HISTORIC TRADING  
2018 - 2019 £**



# MANAGING THROUGH COVID-19

COVID-19 has severely impacted the F&B industry, but it has given us some time to plan for future growth even more carefully as well as accelerate new revenue streams.

- 1) Firming up expansion partnerships and deals in the pipeline.
- 2) Launching and optimising online retail shop and monthly subscription service as alternative form of revenue (independent of customers visiting our venues).
- 3) Securing Soho venue & launching of Wands & Wizard Exploratorium, which is designed specifically with COVID-19 considerations in mind.
- 4) Building our digital community in advance of inviting customers into our current investment round.



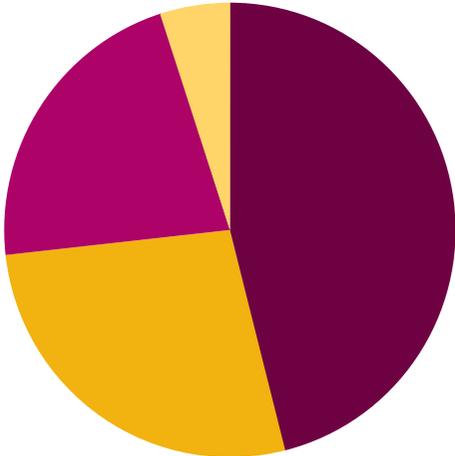
Top and bottom right images are from The BBC's feature about our Magic Wand Experience and our IoT magic wand technology.

# NEW REVENUE STREAMS ACCELERATED

We have adjusted our strategy during COVID-19 to bring in a new revenue stream through our online retail shop, launching interactive and educational consumer products with our magic wand technology and interactive drinks program. These will be sold in our new Wands & Wizard Exploratorium venue in Soho.

Breakdown of online shop sales since COVID-19

- 1. Adult Potion-making (46%)
- 2. Educational Kits & Products (27%)
- 3. Magic Wands & Accessories (22%)
- 4. Other products (5%)



## Two audiences emerged:

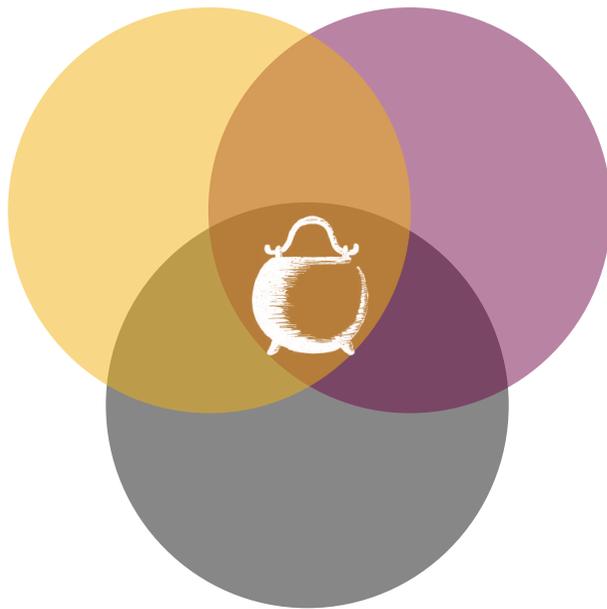
- 1. adults looking for at-home alcoholic activities
- 2. caregivers looking to entertain & educate the children in their lives

# THE OPPORTUNITY

The Cauldron is addressing changing consumer lifestyle requirements.

## OUR PLACE IN THE MARKET

EXPERIENCES      FOOD, DRINK & RETAIL



TECHNOLOGY & INTERACTIVITY

Consumer trends toward experiential food, drink, and retail will likely continue and **offer attractive opportunities for investors** to “**identify experience operators that have real staying power with consumers and the brand strength to expand into new markets.**”

*“Cashing in on the US experience economy,” McKinsey 2017*



Matt being interviewed for  
The BBC's report on the Experience Economy.

# RAISING CAPITAL FOR GROWTH

**To meet the strong customer demand for our unique immersive experience from both customers and global partners, we are seeking to raise up to £2m to support our growth & expansion.**

**The funding will be used for the following milestones;**

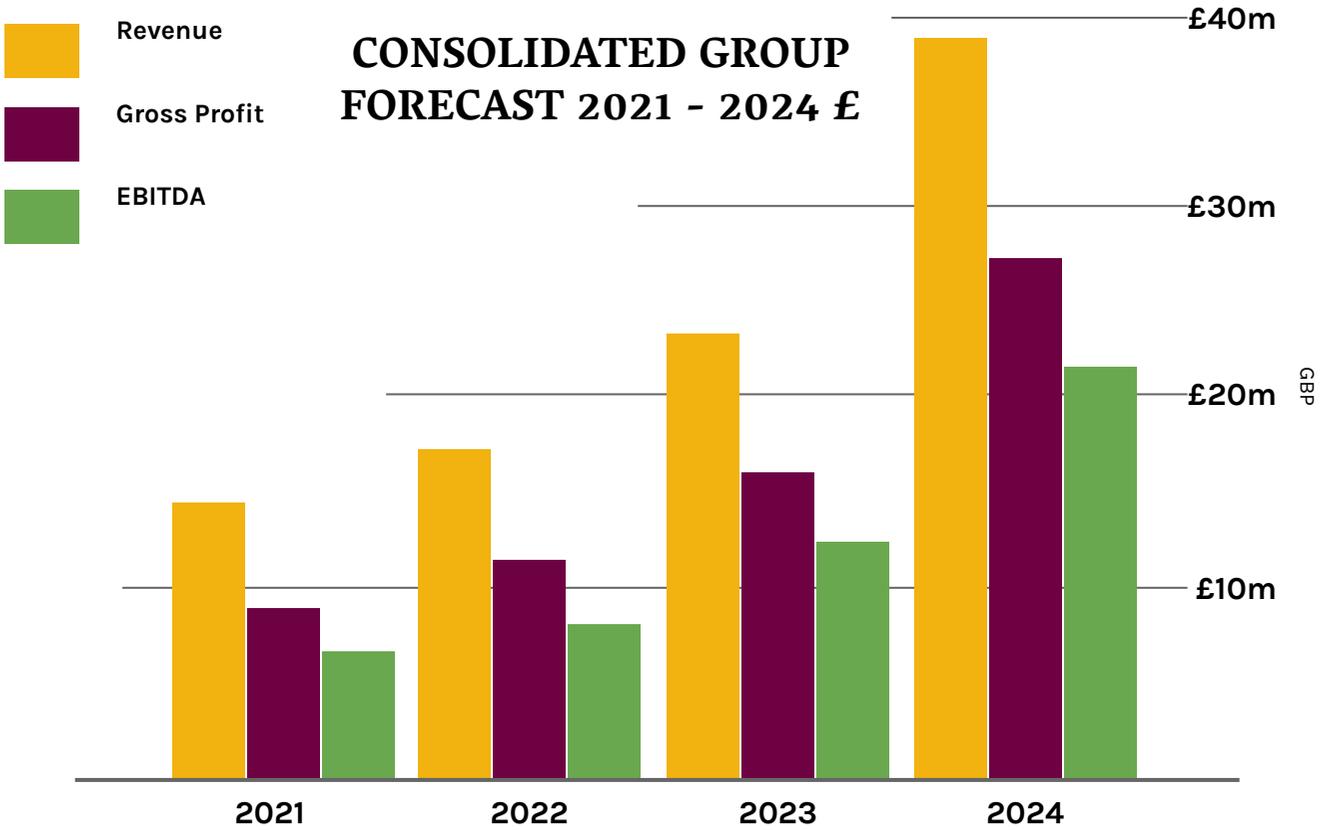
- 1) Open Cauldron London Flagship venue.
- 2) Further develop The Wands & Wizard Exploratorium as family-friendly, experiential retail.
- 3) Expand to five markets in 21/22.
- 4) Develop more patented tech.
- 5) Build consumer products.
- 6) Grow the team for scale.

As the concept expands, “The Cauldron” will be positioned as a family-friendly venue to be in most major American cities, replacing offerings like The Rainforest Cafe and Hard Rock Cafe as a more relevant and fun eating and drinking experience. Every guest gets a magic wand upon arrival, which interacts with their physical space as well as with their food and drink.

By 2024 the goal is to have a portfolio of over 30 sites across 20 countries where The Cauldron knows demand exists. Most of the new sites will be through pop-ups in highly targeted locations (either stand alone or with carefully chosen partners), reducing the operational gearing of the business and creating more flexibility. Following this expansion, the Company forecasts to be generating c£39m of revenue and c£17m EBITDA by 2024.

# FINANCIAL FORECAST

Despite the setback from COVID-19 we expect to grow strongly again once restrictions ease, benefiting from the time to accelerate new revenue streams, expand to new markets, and building new partnerships. Additionally we will capitalise on The Cauldron’s ability, as a pre-ticketed and seated experience, to adhere to social distancing measures while still operating profitably.



The financial illustrations in this Offer Document are purely illustrative and do not constitute by the directors of the Company a forecast of what may arise.

# LONDON FLAGSHIP

**Building a top destination & mini theme park in London, our strongest market.**

COVID has meant that venues that never would have been available are coming on the market, and we are creating a mini, interactive theme park in central London where magic comes to life with food, drink & retail.

Our Cauldron London Flagship will be a wizard pub and experience space, and our Wizard Exploratorium is a 5 floor, 1,500 square foot townhouse just steps away from London's major theatres. These venues will become the home of London's fantasy fandom.

The Wands & Wizard Exploratorium is focused on family-friendly educational & retail experiences, and The Cauldron is focused on interactive food & beverage experiences. Traffic for one will fuel the other.

Package tickets can be sold to occupy the before and after theatre experience for many visitors to London.

We are building a **Top 10 destination in London** for both locals and tourists alike.



# INVESTOR REWARDS

OUR COMMUNITY OF EQUITY FOR MAGIC INVESTORS WILL HAVE ACCESS TO EXCLUSIVE PERKS AND BENEFITS HITHERTO UNSEEN.

## CORE BENEFITS

INVEST **£30**

APPLICABLE TO EVERY EFM INVESTOR

- \* Own a part of The Cauldron
- \* Membership ID Card
- \* AGM Invite + 1
- \* Exclusive Wizard Pin
- \* Laptop Sticker
- \* Investor Profile & Avatar on our online portal
- \* Priority Access to Tickets, Events, and new openings

## TIERED BENEFITS

INVEST MORE THAN THE MINIMUM & PICK UP MAGICAL PERKS! THESE WILL BE UNLOCKED AT THE CONCLUSION OF THE RAISE. PACKAGES ALSO INCLUDE THE REWARDS IN THE TIER(S) BELOW.

INVEST **£60**

**COPPER CAULDRON PACKAGE**

- \* 1 ticket to The Cauldron Potions Experience\*
- \* Happy Birthday Potion (drink) at The Cauldron\*\*
- \* 5% discount in The Cauldron venues
- \* 5% discount for online purchases\*\*

INVEST **£200**

**BRASS CAULDRON PACKAGE**

- \* Wizard Currency: Membership ID Coin
- \* An exclusive Cauldron T-shirt just for our Equity for Magic investors.\*\*\*\*

INVEST **£250**

**PEWTER CAULDRON PACKAGE**

- \* Customisable magic wand that illuminates with capacitive touch
- \* Magic Wand Stand
- \* 10% discount for online purchases\*\*\*

INVEST **£500**

**BRONZE CAULDRON PACKAGE**

- \* 15% discount for online purchases\*\*\*
- \* 10% discount in The Cauldron venues
- \* Magic Wand Box
- \* Branded & Personalised leather journal
- \* Limited Edition Investor Pint Glass

INVEST **£1000**

**SILVER CAULDRON PACKAGE**

- \* 15% discount in The Cauldron venues
- \* Wizard Day privilege—get a meal and 2 drinks (any standard combination of potions or draughts) for you for free on annual Wizard Day, the third Saturday in March annually. A Spring Equinox celebration.\*\*\*\*\*
- \* Family & friends discount; nominate one friend to receive a 3-month access to your discount
- \* Hip Flask (investor exclusive)

INVEST **£2000**

**GOLD CAULDRON PACKAGE**

- \* Level up your discount to what our staff get for 1 year! At the end of the raise you will get to choose either 1) our bar discount of 20% off food and drinks or 2) our online shopping discount of 30% off your order\*\*\*\*\*
- \* Customised Wooden Tankard
- \* Wizard Cloak

INVEST **£3500**

**MOONSTONE CAULDRON PACKAGE**

- \* The Cauldron home bar kit —exclusive bar runner, cocktail shaker and equipment, wooden sign & bottle opener.
- \* 1 Deluxe Adult Potion Making Kit, a special botanical infusion kit for our investors that brings fantasy to life in an at-home experience.

INVEST **£4750**

**DIAMOND CAULDRON PACKAGE**

- \* Customised and Branded Oak Cask Barrel for aging wine or spirits (3L)

**£10K+**

**INVISIBLE CAULDRON**

Your image made into a rotating portrait in The Cauldron London

PLEASE NOTE THAT THESE BENEFITS ARE NOT ATTACHED TO THE CAULDRON SHARES AND MAY BE CHANGED OR DISCONTINUED. THE CAULDRON IS COMMITTED TO HONOURING BENEFITS FOR ALL EFM INVESTORS IN THE CURRENT FUNDING ROUND.

\*electronic ticket valid at venue of choice for 12 months after the conclusion of the raise  
 \*\*valid within 7 days of investor's date of birth for drinks listed on the Happy Birthday Menu  
 \*\*\*including Shop, Experience & Event tickets  
 \*\*\*\*Size and order will be fulfilled at the end of the raise  
 \*\*\*\*\*meal will be available if venue has kitchen capability  
 \*\*\*\*\*redeemable from the end of the raise

+all physical rewards will be fulfilled after the raise and according to a reasonable timeline as decided by the Company.

# REFERRAL REWARDS

Our referral program is meant to incentivise our investors to share the good word about Equity for Magic. As you refer a friend and they invest, fill in our referral documentation form, which will be verified at the end of the investment raise.

## 5 referrals

Handmade leather magic wand holster in cloth carrying bag. Our stylish wand sheaths are made from real leather and easily strap to your arm so you can hide your wand beneath your robes. Whether you need a wand wrist holster for magical dueling or just need somewhere to put your wand during parties, these high quality sheaths are a fantastic choice. Vegan alternative available.



## 10 referrals

Your name inside The Cauldron London. These investors will live forever through the power of literature. Each will choose an original title for their own fantasy book, which will be written on the spine along with the investor's name (as author), and housed on our feature bookshelf inside The Cauldron London.

## 20 referrals

We send you a handmade wooden broomstick that is especially made for this investment round. Made by a witch just outside London!



## 40 referrals

You are invited to Behind the Magic, a day in London where we explore all of the hidden aspects of The Cauldron. Visit our “magicineering” studio in East London, where you will see our workshop where we make magic real. Explore the engineering and props departments with some hands-on making before heading to The Cauldron London for a private potion making workshop with our Master Potions instructor. Enjoy a sit down meal with the founders and geek out!



**One-of-a-kind Wand** At the end of the round, our top 7 referrers will make their own unique magic wand. Meet with our 3D sculptor to design the wand of your dreams, which we will print & imbibe with our magic wand technology. We lock the designs away after we make your wand so that your specific design can never be made again!

+the Company reserves the right to ask you for an alternative book name should it be deemed inappropriate or alternative wand designs if needed to meet specific criteria.

# OUR COMMUNITY

## The Equity for Magic (EFM) Community.

Our community of “Equity for Magic” investors will also have exclusive access to perks that are not available to the general public.

Our investors will have a say in the interior redesign as well as the interactive elements of our London Flagship and our future venues through surveys, contests, and programming-- accessible on their online member portal on our website.

## “Behind the Magic” Video series.

As we go through our Equity for Magic campaign and London Flagship refit, we will be producing a short YouTube series that takes viewers “behind the magic” as we create the most magical venue in the world!

## Wizard Startup Podcast.

Will go into what it is like to start, build, and scale a startup that is making magic real. Because Science!



## AGM

We are building the world’s largest fantasy fandom, which will be united around common ownership of The Cauldron. Each year we will host our Annual General Meeting (AGM)-- a meeting of our shareholders and what will become one of the biggest events in geek culture.

All investors get an invite +1.

# INCLUSIVITY & DIVERSITY

## A Magical Community for Everyone, full stop.

We believe that fantasy belongs to people of all genders, gender identities, sexes, sexual orientations, colours, skin tones, disabilities, religions, non-religions, ages, nationalities, interests, and beliefs. We view the fantasy genre as an inclusive space for the wonderful and weird aspects of our world, including the beautiful witches, wizards, trans, and non-binary magical beings that fill it with colour.

Our founding team and larger company is made of queer and diverse individuals from all walks of life, and so a commitment to diversity and inclusion is fundamental to our company.

We want to let you know that The Cauldron's Magical Community is a safe space to be yourself, find acceptance, and be celebrated for the remarkable and diverse person that you are. The same goes of respecting the other members of that community and showing them the same decency and kindness that you would like to receive.

**Fantasy is for everyone.**



# WE GIVE BACK

Our co-founder Matt began his career as a high school reading teacher in an under-resourced school in Miami, Florida. A terrific classroom library was the most valuable tool to spark a love of reading with his students. We now help teachers with this!

## Book collection.

We encourage all of our guests to bring and donate their favourite childhood book, which we collect and donate to local reading classrooms in need. We've collected over 10,000 books so far!

## Mermaids.

We are excited to work with Mermaids as our charity of choice in supporting transgender and gender non-conforming children, young people, and their families in the UK. We sell "Magic is for Everyone" t-shirts and all profits go to Mermaids! As a queer founding team, the belief that fantasy is for everyone is part of The Cauldron's DNA.



# KEY RISKS

The Directors consider the following risks to be material for prospective investors, but the risks listed below do not necessarily comprise all those associated with an investment in Cauldron Shares and are not set out in order of priority. Additional risks and uncertainties currently unknown to the Company (such as changes in legal, regulatory or tax requirements), or which the Company currently believes are immaterial, may also have a materially adverse effect on the value of the Cauldron Shares, the Company's financial condition or its prospects.

## RISKS RELATING TO THE CAULDRON SHARES

### 1. Non-transferable & illiquid investment

The Company is an unlisted public company and whilst this may change in the future, there are no specific plans in place to seek a public flotation on any recognised investment exchange or other market for the Cauldron Shares and there can be no guarantee of when or if this will occur. Investment in an unquoted security of this nature, being an illiquid investment, is therefore speculative, and involves a high degree of risk. It will therefore be difficult or impossible to sell or realise any Cauldron Shares until a specific liquidity event occurs. The Company is also not subject to the Listing Rules, the AIM Rules, the UK Corporate Governance Code or any other similar rules or regulations applying to companies with securities admitted to or traded on a regulated market or exchange and investors, as minority shareholders, may not be in a position to influence the Company's decision making or fully protect their rights.

### 2. Capital is at risk

All capital invested in the Cauldron Shares is at risk of partial or total loss should the business not perform as well as expected or fail entirely. The Cauldron Shares are not protected from loss by the Financial Services Compensation Scheme.

### 3. Dilutive impact of further funding rounds

The Company may undertake further equity financing which may be dilutive to existing shareholders or result in an issuance of securities whose rights, preferences and privileges are senior to those of holders of existing shares, potentially reducing the value of the shares subscribed for pursuant to this Offer Document and the Company may take such actions without the specific consent of the holders of such shares.

### 5. EIS Relief

Whilst the Directors believe that the Cauldron Shares, provided that they are held for at least three years by an investor following the issue of such shares to that investor, should qualify for EIS Relief, this cannot be guaranteed and is subject to each investor's personal circumstances, HMRC's interpretation of the rules and any changes to the legislation governing EIS Relief.

### 6. Minority Rights

Even though the Cauldron Shares carry the right to vote, the founders of the Company, who will hold shares which are expected to represent at least 90% of the Company's issued voting shares for the time being, will usually be able to carry any vote to be made at a general meeting in relation to general commercial and company constitutional matters. As such, the founders can vote decisions through at general meetings even where investors in the Company holding Cauldron Shares, as minority shareholders, might disagree with those decisions. There is a restriction, however, on the passing of any resolution which would alter or abrogate the rights of the Cauldron Shares without a separate resolution of just the holders of the Cauldron Shares also being passed to confirm it.

# KEY RISKS

## RISKS RELATING TO THE COMPANY

### 1. COVID-19 Pandemic

On 11 March 2020, the World Health Organisation declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The international on-trade industry for bars and restaurants has been severely impacted by the pandemic and as a result the Company lost a significant portion of its expected revenue for this particular trading period. This impact has been offset to some degree by increases the Company's online retail shop. In response to the trading headwinds, the Company has also taken up all relevant means of government support that have been made available internationally to mitigate the effects on its business. The overall long term impact of the COVID-19 crisis on the Company remains uncertain at this time, but the Company has implemented measures throughout its bar network to maintain consumer and staff confidence.

### 2. Brand

Deterioration in the Company's brand equity (brand image, reputation and product quality) may have a negative effect on its operating results, financial condition and prospects and ultimately any future valuation of the Cauldron Shares.

### 3. New sites

The costs of establishing and operating new Cauldron bars, licensed to sell alcohol, may be higher than expected. Although the Directors have undertaken projections and opened similar-sized licensed premises in other cities in the last year, costs may be greater in the other intended locations for new Cauldron bars and may increase as a result of economic or other factors outside of the Company's control, with a resulting adverse effect on the Company's profitability.

### 4. Management

The Company's success depends on the activities of its executive management team. If one or more of the current management team were unable or unwilling to continue in his or her position, the Company's business could be disrupted and it might not be able to find replacements on a timely basis or with the same level of skill and experience. Finding and hiring such replacements could be costly and might require the Company to grant significant equity awards or incentive compensation, which could adversely impact its financial results.

### 5. Market competition

Prior to the COVID-19 pandemic, the experimental hospitality industry was growing in increasing popularity (in its many forms). In the event that this trend returns following the current crisis, then there is a risk that other market participants might adopt similar models to the Company or adopt aggressive pricing policies which could indirectly reduce the Company's sales performance.

### 6. Intellectual Property

The Company owns trademarks and patents for its own intellectual property and is careful about the terms and phrases that it uses as well as that the image projected to customers does not imply an affiliation or directly draw a connection with other works. Nevertheless, there is the possibility that litigation can be threatened or brought against the Company alleging intellectual property infringement. Even if unsuccessful, such a claim could create unfavorable publicity, cause the Company to incur substantial expenses and divert the time and attention of management. Additionally, the Company has to occasionally bring lawsuits to enforce its trademarks, patents, and/or trade dress, which can also cause the Company to incur additional expenses and divert the time and attention of management. The Company has recently filed such a lawsuit in California, which has now been settled.

# TERMS & CONDITIONS

**An application to subscribe for Cauldron Shares (an “Application”) will only be made available to persons:**

- (a) whom the directors of the Company believe to be either certified as (i) a ‘high net worth individual’, (ii) a ‘sophisticated investor’ or (iii) a ‘restricted investor’, in each case in accordance with the FCA’s Conduct of Business Sourcebook (“COBS”), Chapter 4.7, and in respect of whom RW Blears Ventures Limited (FRN: 610217), as the Company’s FCA-authorized adviser, will comply with the rules on appropriateness set out in COBS, Chapter 10;
- (b) in respect of whom an FCA-authorized adviser will comply with the rules on suitability set out in COBS, Chapter 9;
- (c) who are ‘investment professionals’ within the meaning of section 19 of the Financial Services and Markets Act (Financial Promotion) Order 2005;
- (d) who are advised by an FCA-authorized adviser who has classified them as a professional client pursuant to COBS, Chapter 3.6 in respect of investments such as the Cauldron Shares; or
- (e) who are pension fund trustees investing pension money where the beneficiary of the pension would otherwise be entitled to invest in accordance with the terms of this Offer Document,

(persons who fit the definitions in (a)-(e) above, a “Potentially Eligible Investor”)

**2. An investment in Cauldron Shares by a Potentially Eligible Investor is conditional upon and subject to:**

- (a) a completion of an Application, including the successful completion of the appropriateness questionnaire; and
- (b) the Company having accepted the Application in whole or in part.

**3. All Applications are strictly made based on the terms and conditions contained in this Offer Document.**

**4. Potentially Eligible Investors have the right to cancel their Application at any point up until seven days after the date of Application, following which (to the extent that Cauldron Shares have not already been allotted), the approval of any cancellation request will be at the Company’s sole discretion**

**5. In particular, by making an Application, each Potentially Eligible Investor will be deemed to acknowledge and confirm:**

- (a) that they are not relying on any information given or any representations, warranties, agreements or undertakings (express or implied), written or oral, or statements made at any time by the Company in relation to the Company or its business other than as contained in this Invitation and accordingly, none of the Company or its directors, officers, agents, employees or advisers or any person acting on behalf of them shall have any responsibility for any such information, representations, warranties, agreements or undertakings (express or implied);
- (b) they are either (i) an individual who is 18 years old or more at the date of making the Application, or (ii) a company or trust, and in each case, are not prevented by the laws of their governing jurisdiction, place of residence or place of incorporation from applying for or holding Cauldron Shares;
- (c) they are entitled to make their Application and to be issued with Cauldron Shares in respect thereof under the laws of and rules of any governmental bodies located in jurisdictions which apply to them;
- (d) they are aware that it is open to them to seek advice from someone who specialises in advising on investments;
- (e) they are not entitled to be paid any commission in relation to their Application;
- (f) they acknowledge that the Company may, in its absolute discretion, reject in whole or in part or scale down any Application;
- (g) all certificates, documents, and monies sent or transferred to Potentially Eligible Investors by or on behalf of the Company or any documents and monies Potentially Eligible Investors send or transfer to the Company are sent or transferred entirely at the Potentially Eligible Investors’ own risk;
- (h) they are not engaged in money laundering;
- (i) they are making their Application on their own behalf and for no other person;
- (j) the Company, its directors, employees, agents and advisers are entitled to rely upon the truth and accuracy of the confirmations, acknowledgements and representations contained in a completed Application;
- (k) the Company accepts no liability for any inaccuracies in any completed Application;
- (l) that any shares issued to them will be held on their behalf by City Partnership Nominee Limited as their nominee pursuant to the nominee agreement dated 18 January 2021; and
- (m) that the Company may retain, use or share any data provided by the Potentially Eligible Investor in respect of its application so long as such actions are at all times compliant with applicable data protection legislation.

## **Investor Rewards**

The Investor Rewards set out on page 20 of this Offer Document are not attached to the Cauldron Shares and the Company reserves the right to amend, substitute, or discontinue the Investor Rewards at any time and at its full discretion.

## **Money Laundering**

It is also a term of any Application that, to ensure compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended), the Company may in its absolute discretion, require verification of a Potentially Eligible Investor’s identity to the extent that they have not already provided the same. Pending the provision of evidence of identity, Cauldron Shares applied for by such Potentially Eligible Investor may not be issued at the absolute discretion of the Company. If within a reasonable time after a request for verification of identity, satisfactory evidence has not been supplied, the Company may, at its absolute discretion, terminate the relevant Application in which event no monies will be taken from the Potentially Eligible Investor’s account and no interest will be payable.

If you are a Potentially Eligible Investor and you decide to make an Application, you undertake to the Company that you will pay for such Cauldron Shares on acceptance of your Application.

## **Jurisdiction**

The making of Applications, acceptances of Applications and contracts resulting therefrom under this Invitation shall be governed by and construed in accordance with English law and the parties submit to the exclusive jurisdiction of the English courts.



 **THE  
CAULDRON**

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