

Flave Holdings Pty Ltd

Crowd-sourced funding offer document

Dated 16 November 2022

**Offer of fully-paid ordinary shares in Flave Holdings Pty Ltd
at \$0.28 per share to raise a maximum of \$2,000,000**

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

Issuer

Flave Holdings Pty Ltd ACN 631 732 486

Intermediary

Birchal Financial Services Pty Ltd AFSL 502618





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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

Delicious, feel-good, do good food that packs a serious flavour punch!

Hi there,

Sam and Stu here.

We are the founders of Flave.

We're beyond stoked to invite you to join us in our quest to **'Flave the World'** - a journey that's only just beginning and one with infinite possibilities!

This is our story of how a health scare started a tasty passion project that became a mission to make saving the planet absolutely delicious.

After a frightening bacterial infection, where a severely ill Sam had to be airlifted to hospital, we both decided to explore a plant-based diet to help support her recovery. During this process we started to realise how **food affects not just the body, but the planet too.**

Animal agriculture is responsible for more greenhouse gas emissions than all transportation combined¹ ...And beef production uses over 10 times more² water than most vegetables do. Every year, 10 billion animals are raised for meat in factory farm conditions³.

On top of this, we also discovered that **demand for plant-based options is skyrocketing - 80% of Aussies want to consume less meat⁴, and the global plant-based market is tipped to hit USD \$160bn by 2030⁵.**



But therein lies a fundamental problem: tasty, nutritious and convenient food that's good for you and good for the planet, was really hard to find.

It was clear, we weren't alone and consumers aren't naive. They know the future is in their hands and they're not only willing, but passionate about stepping up and playing their part. Although sometimes they can't help but wonder... Is there a way they can save the planet without having to give up things they love?

Source: 1 United Nations, 2 CSIRO, 3 Farming Factory, 4 Euromonitor International, 5 Bloomberg

And so the concept of Flave was born!

Flave fills a gap in the market that solves the problem of access to this kind of feel-good, do-good food, offering plant-based burgers & bowls that mimic the taste & texture of meat! We deliver our 100% plant-based menu - without sacrifice.

That's why we only focus on one thing - flavour. Yeah, we also happen to be plant based, but that's the last thing that'll be on your mind when you're munching, drooling, slurping and aaahhing your way to creating a better world.

And that's the true magic of Flave - we empower people to do good without them even knowing it.

Since launching our first restaurant location in Bondi in December 2021 we have received prolific exposure and praise. This is reinforced by our strong guest retention with **69% of revenue coming from repeat customers** on a monthly basis.

With over **70,000 meals sold**, our momentum continues at full speed. We've signed a partnership with David Jones to launch a Flave hub over summer, entered into a partnership with Colab for easy online ordering, signed a heads of agreement to **expand Flave into India** and launched the catering arm of our business for corporates wanting to go green.

We've always believed that we're a brand for the people. Democratising this investment opportunity was important to us. We wanted to open up this possibility to everyone, sophisticated investors and every day Aussies (and our international buddies!) alike.

So, for as little as \$50 and as much as \$100K+, now everyone can invest in the future of food and become a part of our journey! You'll be joining a star-studded cast of champions, including Beyoncé's former personal chef (who puts the flavour in Flave), the former CEO of Zambrero (who successfully scaled it to 100+ locations) as well as leaders from Australia's most successful food brands (think Milky Lane, Betty's Burgers, Guzman y Gomez & Grill'd).

We do what we do, because we realise the **power of the collective and we dare to redefine our future** - we believe that together we can build a sustainable world, and we're excited to invite you to join our ambitious mission to **#flavetheworld**.

The time is now.

Cheers,
Sam & Stu



Section 2.1

Company details

This offer of shares is made by Flave Holdings Pty Ltd ACN 631 732 486 (the Company).
The Company was incorporated on 18/02/2019

Registered office and contact details

C/- Kelly Partners (Norwest) Pty Ltd, 'Atlas Norwest'
Level 2 Suite 205, 2-8 Brookhollow Avenue,
Baulkham Hills NSW 2153

Principal place of business

74 George Street, Redfern NSW 2016

Subsidiaries (100% wholly-owned)

Flave Finance Pty Ltd (ACN 637 555 536)
Flave IP Pty Ltd (ACN 637 567 634),
Flave Operations Pty Ltd (ACN 637 567 652),
Flave Runner Pty Ltd (ACN 637 567 661),
Flave Bondi Pty Ltd (ACN 649 399 744)

Section 2.2

Description of the business



2.2.1 Our mission

Flave's mission is to be the global **leader in taste for plant-based experiences**.

We are passionately committed to producing seriously fresh, flavour-first, nourishing fare in an **original, responsible and mindful way**.

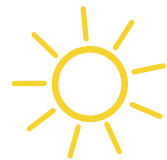
Put simply, we want to make **saving the planet absolutely delicious**. Because we know that to make big changes stick, they also need to be easy, and in this case delectable too.

That's why we only focus on one thing - FLAVOUR.



Our vision

Why we get up in the morning!



We want every “vore” to expand their Flave-iverse and experience extrasensory eating pleasure with planetary impacts.

Carnivore, herbivore or omnivore? One delicious bite and forever-more....

...you'll be a Flave-avore!



We believe that people as a collective want to do better, it's a natural act of wanting to stand for something bigger than themselves but, at the same time, they don't want it to cost them or make them sacrifice something. That's why Flave doesn't push people into a plant-based eating box. Flave is here to show people that food can taste just as great, if not better(!) that the traditional Western version - AND, the real kicker, it has substantially less environmental impact!

Flave is packaged as something that absolutely everyone can enjoy, whether you're a staunch meat-eater, or whether you're a new-age flexitarian, vegan or just curious. Flave is not preachy about being plant-based. We believe if we can show you how great our menu tastes, the rest will follow. Just remember to leave your preconceptions at the door when dining with Flave and let the food and experience speak for itself.

Source: 6 Forbes

Value proposition



We are creating a **Flave-avore** movement for **everyone**.

Instead of purely focusing on vegans / vegetarians – we are relevant to an entire generation with a purchasing power of **more than US\$3 trillion in 2020⁶**.



"The Epic Burger at Flave is amazing. I used to live in Texas and can't find brisket that tastes like this anywhere in Sydney, and this is plant-based! Service was super friendly, food came out fast, and we ate outdoors on a beautiful day."



"This feels like a classic fun burger joint that happens to be serving up plant-based food. I haven't seen anything quite like it in Sydney before and the food really delivers on taste, it's exactly what you want from a burger bar. It's walking distance to Bondi Beach and upbeat vibes, booth and bench seating."



"Delicious Burgers and Fries!! I had the 'Southern Fry Burger' my friend had the 'Classic Flave' and we were not disappointed! A couple of Jalapeño margs went down a treat also. We also received really excellent service. Would highly recommend."



Section 2.2.2

What we do at FLAVE

Flave is a restaurant concept offering a **flavour-driven and 100% plant-based menu**, consisting of burgers and bowls, sides and desserts, to our customers instore and at home through delivery platforms.

Flave currently has one company owned flagship restaurant in Bondi, which opened in December 2021, and a second location due to start construction and open in Darlinghurst in early 2023.

Flave's vision is to expand into an ecosystem of company owned flagship restaurants, franchises, external pick up stations in offices, retail sites and cloud kitchens:



We call this our ‘hub and spoke’ model: Our flagship restaurant (anchor establishments or hubs) will showcase the best of Flave and offer our guests experiential experiences and our full array of services, complemented by secondary establishments (spokes) in the form of outposts – think in-house pick up stations in commercial towers or public spaces.

This concept allows us to deliver our products in the most **cost-effective and timely** manner with **easier access to high density locations**. Utilising popular food delivery services also helps ensure Flave is at people's fingertips while eliminating the cost of delivery from Flave's overheads. The Company has a vision to connect all locations through a proprietary technology platform to ensure a seamless experience for franchisees and customers alike. Flave has established a centralised kitchen that allows us to provide consistency of product and scale as we roll out in Australia, and will be replicated around the world as we enter new markets.

Source: 7 Statista

With over 70,000+ meals under our belt, our momentum continues at full speed:



We've signed a partnership with Australian retailer **David Jones** to build an exclusive Flave hub in Bondi Junction over Summer!



We're in cahoots with gourmet online retailer **Colab** that will provide Flave at home cooking kits so you can Flave your world in the comfort of your own home!



We have recently signed a Heads of Agreement for a master franchise roll-out of **40+ Flavours in India**, the largest vegetarian market in the world?



And, we've just launched the **catering arm** of our business - fit for corporates wanting to hit their sustainability goals.

But, what we're really excited about is our enviro-social impacts. Every day we are striving to make good on our goals and holding ourselves accountable. **Flave is working towards becoming a B CORP certified company**, a certification which is only awarded to businesses who meet the highest standards of performance, accountability and transparency in multiple areas - from **sustainability goals, to diversity of ownership, and ethical leadership**.

B Corps are accelerating a global culture shift to redefine success in business and build a more inclusive and sustainable economy. To learn more about the B Corp program, see the website [here](#).

To achieve this certification, we've implemented strategies within our own business and are preparing for the full B Corp certification.

As an example, we've developed a screening policy and code of conduct with our supply chain partners, ensuring from the outset that we are onboarding suppliers who **share our vision and implement similar practices to our own**. We screen prospective suppliers on topics such as their ownership diversity - including the number of women or other underrepresented minority groups, compliance with local laws and regulations, as well as their **social and environmental impact**.

As part of Flave's ethos, where possible, the team **focus on sourcing their produce from local regions** and are building a menu that will change with the seasons, focusing on produce that is grown here in Australia and not relying on seasonal importation.

Please see some other examples of the practices that Flave has activated across the business:



At a governance level, we've made changes to our constitution to ensure that we take into consideration all stakeholders and the environment when making decisions, not just the shareholders.



We have fully compostable packaging.



Our In-store design incorporates recycled and/or rescued elements eg. table tops made from recycled plastics, etc.



We have green waste programs at restaurant and HQ level.



The business is in the process of acquiring our herbs and microgreens from urban farms through their rooftop community led garden programs.



We are purchasing green energy.



And, we're striving for carbon neutrality as soon as possible.



Lastly, but most importantly, please see below the impact of our current set up and what the future looks like. Flave is proud to be partnered with 'The Darwin Challenge'. Together we can measure the benefits our flavour-filled meals provide to ourselves and the world. Created by Charles Darwin's great-great-grandson, The Darwin Challenge uses metrics to quantify the impact of each meat-free day you have. These metrics span various categories, from the number of cows still mooing, to minutes added to your life span, to the amount of forests saved!



Our impact

Based on the Darwin Challenge, by serving over 70,000 meals since 2021, our estimated environmental impact is as follows:

17 Olympic Swimming pools of water saved:

Animal agriculture is responsible for up to one third of all freshwater consumption in the world today.

36,526 Fish still a swimmin':

The average meat-eater eats 30,000 aquatic animals (fish, crustaceans, shellfish) in their lives.

2,388 Chickens still clucking:

Everyday you don't eat meat you save approximately 0.064 of a chicken. The average person on a meat-centric diet eats 23 chickens per year.

409,651 m2 marine reserve created:

By not eating fish or seafood, you are reducing global demand and saving freshwater species. Each meat-free day that you have, you have effectively created 11.7m2 of marine reserve.

17 Cows still mooing:

The average number of cows eaten per person in their lifetime is 4.

2,005 tennis courts of forest saved:

Global oxygen levels are dropping. 74% of this destruction is directly or indirectly from the livestock industry. Every meat-free day you have, you slightly reduce the global demand for habitat destruction, saving approximately 4.69m2 of forest and woodland from being destroyed.

470,504 kilometres of GHG's avoided:

Most products create greenhouse gases in their production, use and disposal. Every meat-free day you have saves the equivalent of driving a car 5.64km. So, if you and a friend have one meat-free day per week for a year between you both, you save the equivalent amount of greenhouse gases as driving from London to Edinburgh.

3.1 years of extra lifespan:

Compared to someone who eats 100g of processed red meat per day, someone who does not eat any processed red meat could extend their life by 46.15 minutes per meat free day.

184 hungry people raised out of chronic malnutrition:

Animal agriculture uses about ¼ of the world's grain. This pushes up prices of food and essentially makes it incredibly difficult for the poorest of people to feed themselves.

By having meat free days, you help lower global grain prices, meaning there would be a lot more food on the planet available at lower cost, which essentially is helping lift people out of chronic malnutrition.

Flave impact summary

Based on the collective purchasing power of individuals, **FLAVE has amazing potential to create a significant impact.** This will continue to grow through our success considering that more and more individuals are becoming informed, conscious consumers.

Looking into the Future

If Flave had 1,000 restaurants this would result in the following impact each year:



14,571 Olympic Swimming pools of water saved



31,308,039 Fish still a swimmin'



2,046,880 Chickens still cluck'n



351,129,205 m2 marine reserve created



14,251 Cows still mooing



1,718,345 Tennis courts of forest saved



403,289,354 kilometres of GHGs avoided



2,634 years of extra lifespan



1,103,154 hungry people raised out of chronic malnutrition

The times are looking tasty for Flave, our future is bright and as sustainable as can be!

Partnerships

As we continue to grow, we will better refine our metrics so as to provide our stakeholders with regular impact reporting. Through our partnerships with local communities, schools, corporates and government, each partner will be able to see, as well as share, their impact and further promote the benefits of switching to a more plant-based diet. This will, in turn, help our partners reach their own individual sustainability goals.



Introducing: Flave Bondi

The first Flave restaurant opened in Bondi in December 2021. A fresh, vibey space for customers of all ages and demographics to connect and enjoy great healthy and fun food.

It's been incredible to see how receptive Sydney has been to our mission of providing epic-tasting food that happens to be great for our health and for our planet. We received prolific exposure and praise upon opening our first restaurant location with strong guest retention with 69% of revenue coming from existing customers on a monthly basis.

Highlights



70,000 meals sold

(20,000 pre-opening)



\$1.3M

sales since launch

(Dec 21 - Oct 22)



69%

of returning customers



Avg

4.6 star rating

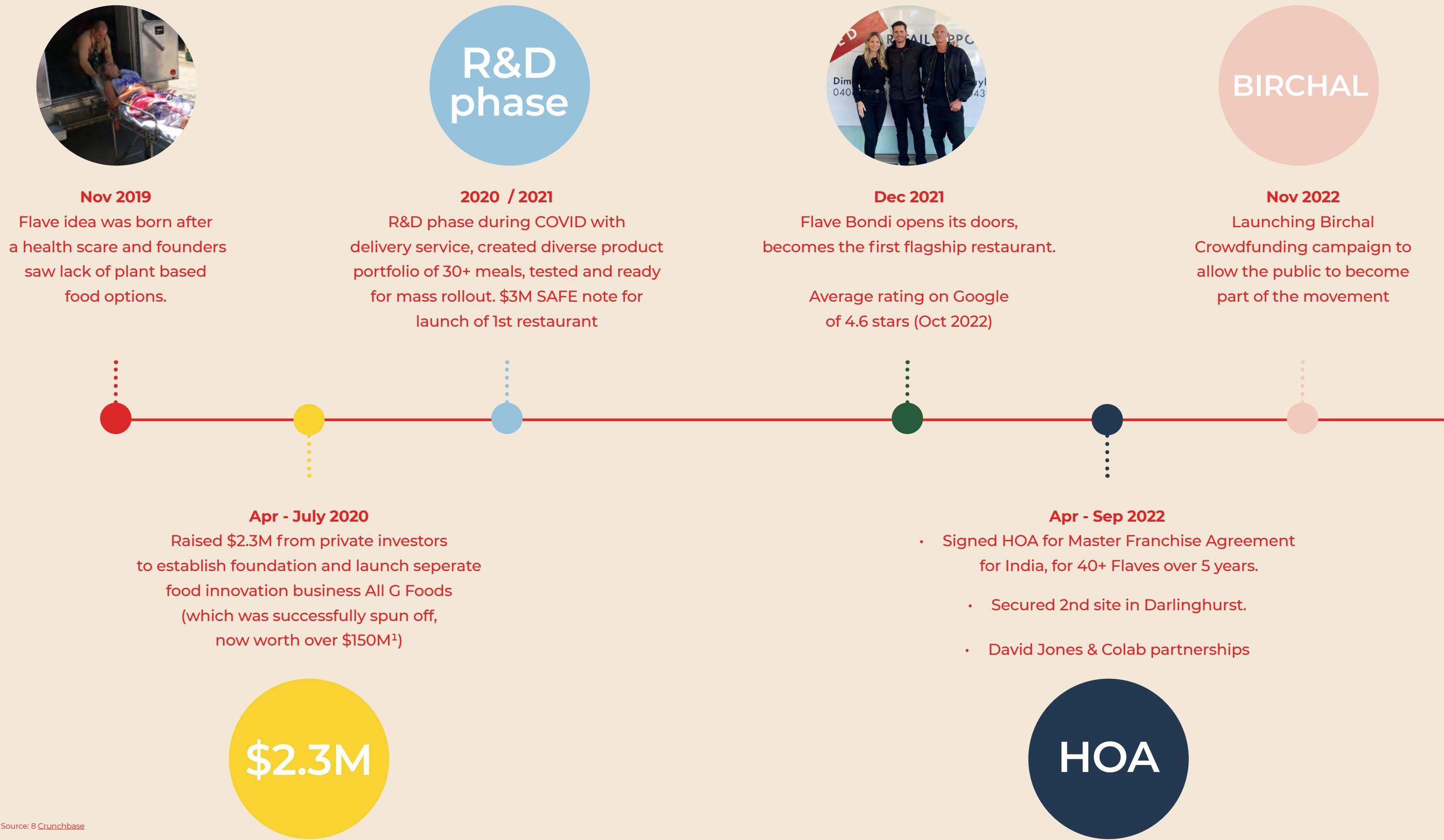
on Google



We have established a diverse product portfolio of 30+ meals, snacks & desserts.

Pre-launch we collected & analysed data from 20,000+ users to determine customer preferences and optimised our product offering.

Our journey so far



Source: 8 Crunchbase



Section 2.2.3

Business model & distribution

Flave generates income from running its own company owned restaurant stores (currently Bondi), and in the future from fees paid by master and individual franchisees.

Company owned stores

- In-store sales and delivery (direct to consumer)
- Delivery to outlets & partners
- Retail partnerships

Franchise revenues

The Company plans to expand its store footprint via the sale of master franchise agreements and individual franchises to business owners. As of the date of this offer document, Flave has signed a heads of agreement for the roll out of 40+ franchise locations in India and has also received interest from potential franchises in Australia.

As Master Franchisor, the company anticipates to earn income from the following sources:

- Upfront franchise fee - acquisition of the rights to use Flave's IP (name, brand, trademarks), systems, and receive training
- Ongoing franchise fee - once trading, the franchisee has to pay for using IP and brand, the support services, access to marketing and quality control services provided by the franchisor. This fee is calculated as a percentage of revenue
- Margin of products sold to franchisee

Flave's business model includes the sale of individual franchises and Master Franchise Agreements to capture entire geographies and territories.

Growth plan

We plan to expand the portfolio of Flave restaurants across Australia and overseas.

3 strategic priorities:

Expand store footprint and customer acquisition

1

Open a small number of strategic, company owned 'flagship' restaurants supporting a combination of retail outlets and individually owned franchisees in attractive locations.

Master Franchise Expansion

2

Large mutli-unit franchise deals via master franchise agreements and area rights.

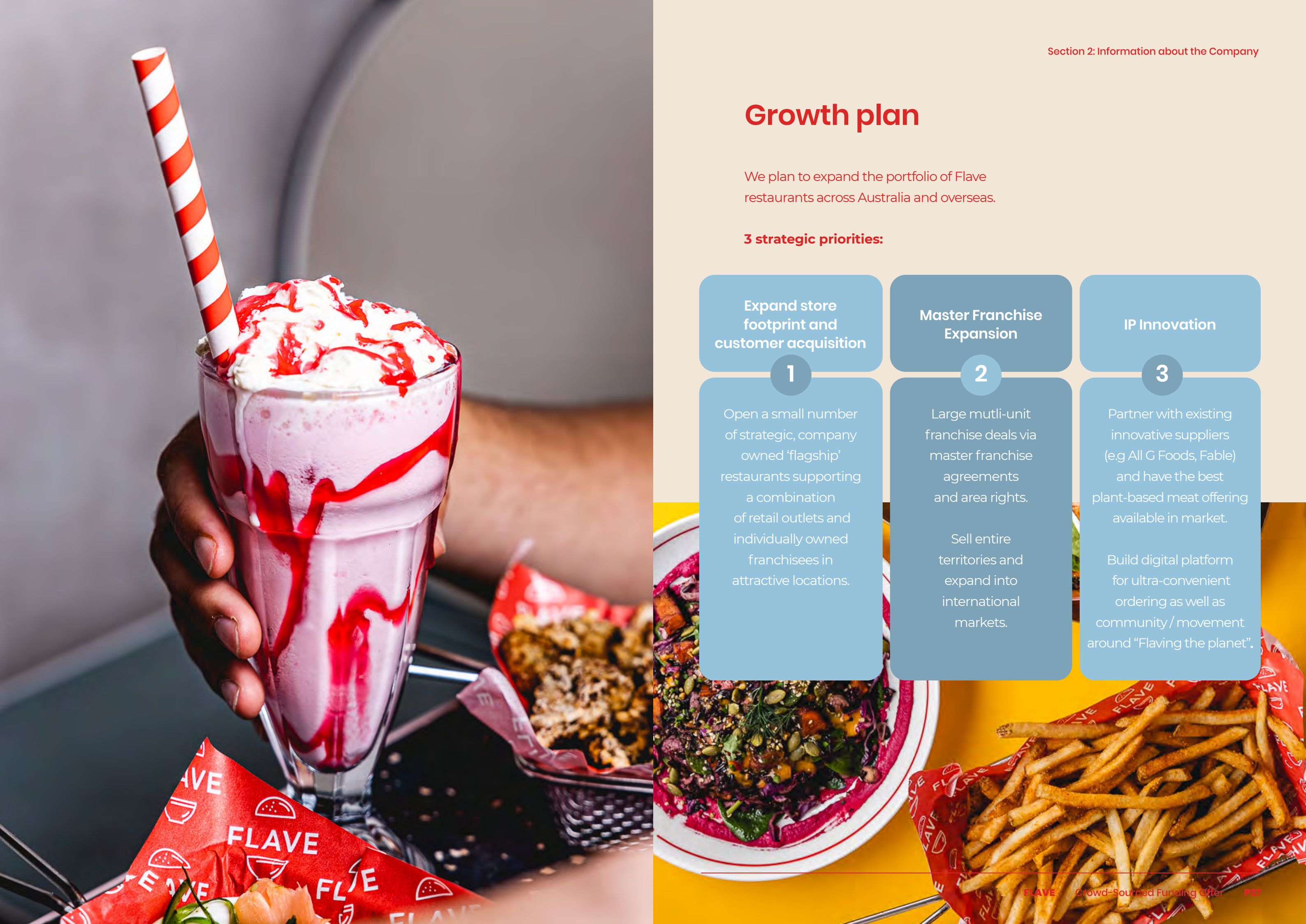
Sell entire territories and expand into international markets.

IP Innovation

3

Partner with existing innovative suppliers (e.g All G Foods, Fable) and have the best plant-based meat offering available in market.

Build digital platform for ultra-convenient ordering as well as community / movement around "Flaving the planet".



Section 2.2.4

Market

Australia is the third fastest-growing vegan market in the world⁹.

Around 80% of Austalians want to consume less meat, research by consumer intelligence platform Toluna has found. Toluna said rapid changes in Australian's diets are being driven by health concerns.

It is forecasted that Australia's plant-based meat sector alone could reach AU\$3 billion annually by 2030, up from AU\$185 million in 2020. It would also translate into more than 6,000 new jobs created by the end of the decade¹⁰.

Bloomberg forecasts plant-based food sales to increase fivefold by 2030 and that the market for plant-based meat and dairy alternatives is expected to hit \$162 billion by the year 2030¹¹ as demand grows for sustainable, healthier food options.

Much of the rise of vegan and vegetarian food around the world is being driven by the surge in 'flexitarianism'. Flexitarianism allows consumers to live a healthier & more sustainable lifestyle without cutting meat out completely.

Increasing consumption of plant-based foods among celebrities has also created a mass appeal and consumers are increasingly adopting it. With big names leading the charge, like vegans: Billie Eilish, Harry Styles, Lewis Hamilton, Novak Djokovic, as well as recent flexitarians making waves, including: Kim Kardashian, Kevin Hart, and Beyonce.

Consumers following strict vegan and vegetarian diets remain a small group of the population, whereas those restricting animal-based foods (ie. flexitarians) accounted for over 40% of global consumers in 2020¹².



A\$3BN pa
Forecasted size
of Australia's plant-based
meat sector 2030

1 in 3
Australians have
reduced their meat
intake in 2021



US\$160BN
Global plant-based
food estimated market
size 2030

42%
of Global Consumers
are flexitarians

Data sources: Food Frontier, Euromonitor, Future Market Insights, Deloitte Access Economics, Bloomberg

Much of the world is trending toward plant-based eating. In a recent Food Revolution Network article focused on statistics around veganism, it said the move to this way of eating for some countries is undeniable. In the UK, veganism is up 360 per cent since 2016, the United States is up 30 per cent between 2014 to 2019, China's plant-based market is set to reach \$12 billion by 2023 and Australia's number of food products labelled as vegan has risen by 92 per cent between 2014 to 2016.

Governments are also actively starting to make policy changes in order to meet climate goals. For example, in China the government plans to decrease the country's meat consumption by 50 per cent by 2030 and the Dutch City Haarlem has become the first in the world to ban advertisements in public spaces for meat.

In Australia, we have recently introduced the Climate Change Bill which commits us to reducing greenhouse gas emissions by 43% by 2030 and net zero by 2050. With these ambitious goals, there is potential for policies to be put in place to reduce meat consumption in the country.

All of these trends combined offer Flave with an opportunity to make a mark on this growing movement.

Source: 9 Euromonitor International, 10 Food Frontier Industry Data, 11 Bloomberg, 12 Euromonitor International





Section 2.2.5

The team behind Flave



Samantha Cook
Co-CEO and Director

- Setting and executing the overall strategy, brand direction and stakeholder management
- Experience in capital raising, marketing, PR & relationship management through start-up & sustainability vehicles
- CEO One Disease
- Brand Ambassador Formula - E
- Voted Top 100 women of influence by AFR



Stuart Cook
Co-CEO and Director

- Business development, global expansion and strategy
- Scaled Mexican restaurant chain Zambrero as CEO from 2 to 100+ stores globally and profitably in 6 years with another 250 pre-sold
- MD Z Retail group - launched Mejico + Zambrero Brand to Asia
- Young Global leader by World Economic Forum
- Chairman of multiple consumer/retail companies
- Founder of TWIYO Capital, a boutique corporate advisory and impact investment firm



Jake Patane-Moujalli
Head of Operations

- Operational performance, implementing technology solutions, compliance & manage contracts
- Former National Manager for Doughnut Time scaling to 30+ sites in Australia & building operational frameworks to successfully launch in UK (15 sites currently)
- Former QLD Nth Operations Manager for Bettys Burgers running one of the largest & most successful portfolios in revenue & profit
- Assisted in opening, development, and financial performance of restaurants across Australia from 7 to 39+ restaurants



Meet our chef



Scott Findlay
Executive Chef

Our rockstar head chef, Scott Findlay, trained under Gordon Ramsay before honing his plant-based recipes for over a decade as a private chef to legendary Sir Paul McCartney (a pioneer of the Meatless Mondays Movement) as well as ‘flexitarians’ Rihanna, Beyonce, Madonna, Elton John, and a bevy of other celebrities.

Scotty’s incredible skill perfectly complements the passion and enthusiasm of the executive team. As head honcho of all things flavour, he’s ready to show Australia just how freakishly good his favourite recipes are.



Board of directors



Samantha Cook
Co-CEO and Director



Stuart Cook
Co-CEO and Director



Harry Debney
Chairman of the Board

- Former CEO of Visy
- Former CEO and current director of Costa Group (ASX:CGC)
- Current director of Kogan (ASX:KGN)
- Extensive knowledge of capital markets and corporate governance



Jessica Gleeson
Non Executive Director

- Helped iconic brands Starbucks and The Walt Disney Company grow internationally
- 21 years with Starbucks, she helped the company scale across the US, China and Globally, from 50 stores to 17,500 stores
- Over 25 years of experience scaling in fast growing consumer businesses

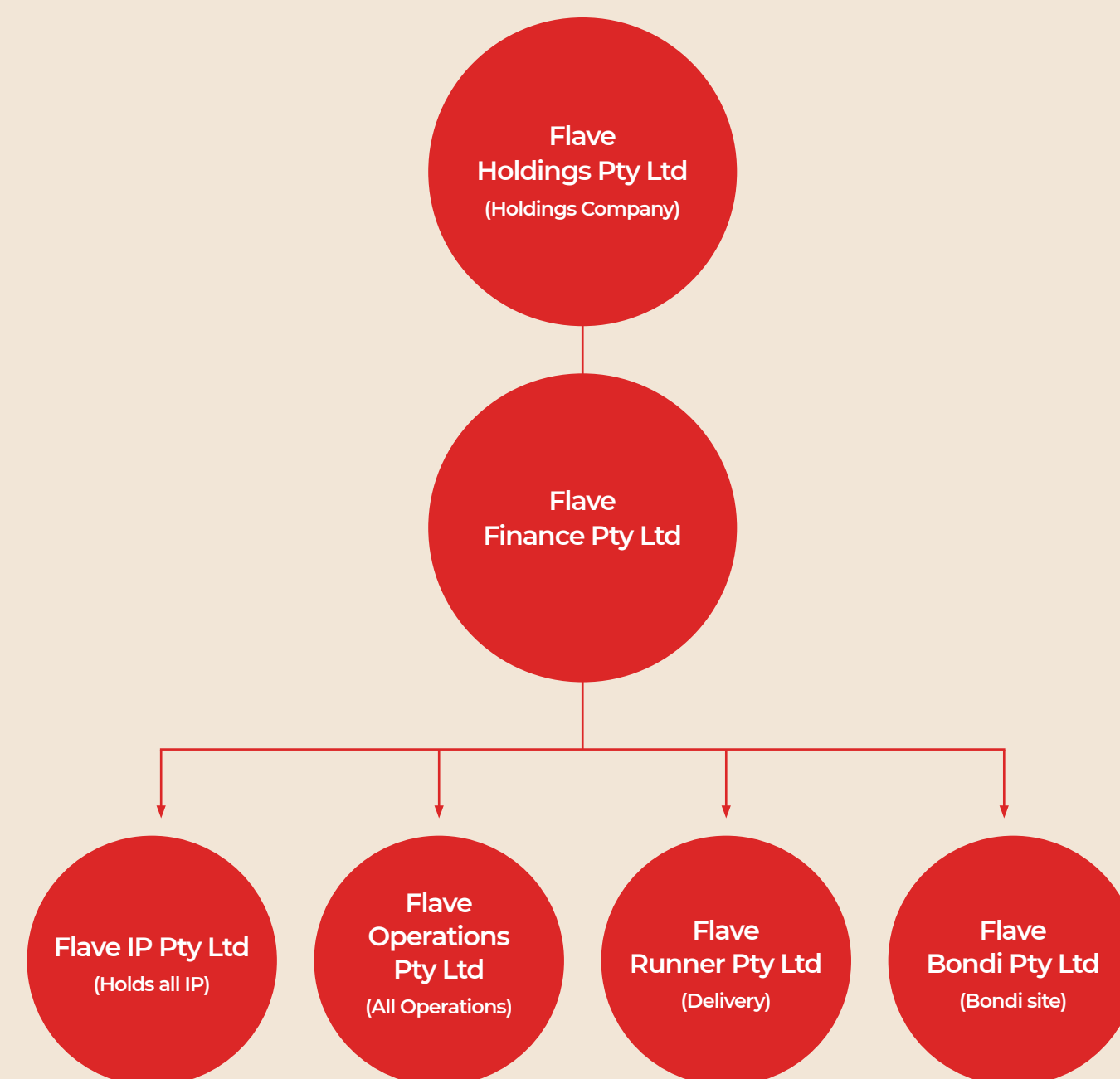


Aden Hepburn
Non Executive Director

- Founder and CEO of Akcelo Marketing
- Former Managing Director of VML Australia
- Deep experience with B2C brands and digital overhauls and launches of consumer products.

Section 2.3

Group structure

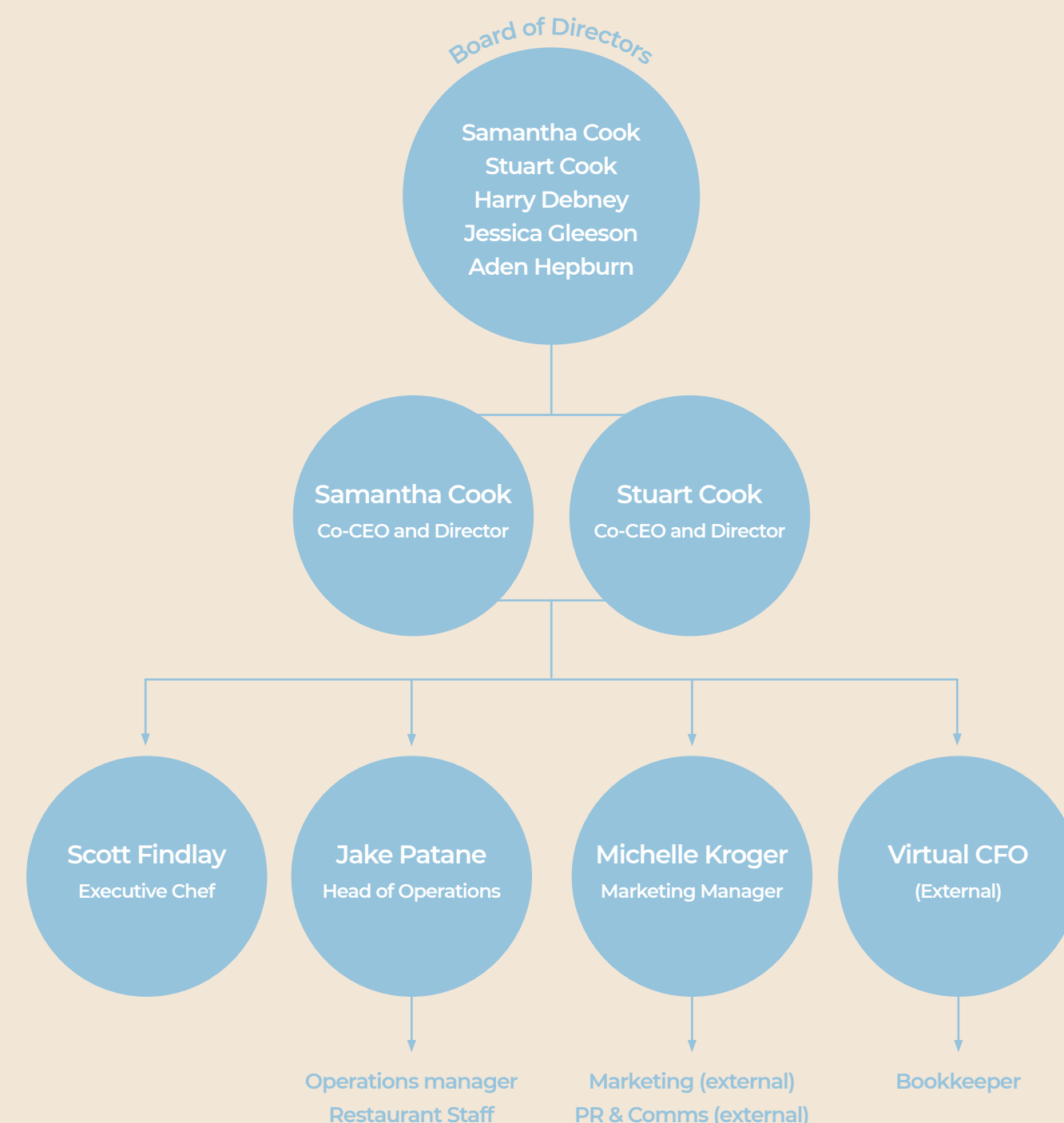


Section 2.4

Organisational structure

Figure 1: Organisational structure

The below chart represents the organisational structure of the Company



Section 2.5

Capital structure

2.5.1 Issued capital

As at the date of this CSF offer document, the Company has 59,319,623 ordinary shares on issue and a total of 4,278,441 employee options as part of the company's employee options plan for issue with 3,208,831 currently allocated. As set out in Table 1, approximately 44% of the fully diluted share capital is held by the founders and directors through their shareholding entities.

The table below outlines the current shareholders of the Company, with percentages calculated on the assumption that all options or rights (including ESOP) that may be convertible to shares will vest and are converted into shares.

Table 1: Issued capital of the Company before the Offer

| Shareholder | Ordinary Shares # | Ordinary Shares % | Options # | Options % |
|--|-------------------|-------------------|-----------|-----------|
| TWIYO NOMINEES NO. 1 PTY LIMITED | 22,872,601 | 38.6% | - | - |
| Arrochar Pty Ltd | 4,347,826 | 7.3% | - | - |
| Harry Debney | 2,191,830 | 3.7% | 534,805 | 16.7% |
| Kensington Trust Singapore Limited | 2,717,391 | 4.6% | - | - |
| Pacas Nominees Pty Ltd | 2,460,000 | 4.1% | - | - |
| Akcelo Ventures Pty Ltd | 2,285,826 | 3.9% | - | - |
| Ashley Gunning | 1,648,352 | 2.8% | - | - |
| EXPERIENTIAL RETAIL LLC | 1,503,343 | 2.5% | - | - |
| ICE FAMILY INVESTMENTS PTY LTD | 1,495,348 | 2.5% | - | - |
| Bundeena No 2 Pty Ltd | 1,472,623 | 2.5% | - | - |
| Scott Findlay ATF SKS Finz Findlay Trust | 0 | 0.0% | 1,426,147 | 44.4% |
| Tumi Holdings Pty Ltd | 1,421,304 | 2.4% | - | - |
| Tony Stoupas | 1,359,478 | 2.3% | - | - |
| Brijill Services Pty Limited | 1,182,300 | 2.0% | - | - |
| RTL Group Investments Pty Ltd | 909,778 | 1.5% | - | - |
| NORTHCLIFF INVESTMENTS PTY LIMITED | 852,484 | 1.4% | - | - |
| Chong Shi Family Pty Ltd | 815,217 | 1.4% | - | - |
| Brownefield Superannuation Investments Pty Ltd | 815,217 | 1.4% | - | - |
| VG Corporate Trustee Limited | 710,652 | 1.2% | - | - |
| VG Corporate Trustee Limited | 710,652 | 1.2% | - | - |
| Lynch Eventide Holdings Pty Ltd | 702,239 | 1.2% | - | - |
| L Parker Promotions Pty Ltd | 638,039 | 1.1% | - | - |
| Other Shareholders (less than 1% ownership) | 6,207,123 | 10.5% | 1,247,879 | 38.89% |
| Total | 59,319,623 | 100% | 3,208,831 | 100.0% |

Table 2: Issued capital of the Company following the Offer

| Shares | Minimum Subscription | Maximum Subscription |
|---------------------------|----------------------|----------------------|
| Existing Ordinary Shares | 59,319,623 (93%) | 59,319,623 (85%) |
| Offer shares | 1,250,000 (2%) | 7,142,857 (10%) |
| ESOP Shares (allocated) | 3,208,831 (5%) | 3,208,831 (5%) |
| Total shares and Options* | 63,778,454 (100%) | 69,671,311 (100%) |

* Assuming all options and note that may be convertible to shares will vest and are converted into shares.

2.5.2 Rights and liabilities associated with securities

As at the date of this Offer, the only class of shares on issue are ordinary shares. The Company has also adopted an Employee Share Option Plan.

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

Ordinary Shares

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

- All ordinary shares have the same voting rights and the same rights to receive dividends.
- Restrictions on the sale or transfer of shares, including drag and tag rights and exit provisions.
- The Board has the power to refuse a transfer of shares to a third party.
- The Constitution includes a definition of a “Substantial Member” which means a shareholder with an equity proportion of 2% or more.
- The Substantial Shareholder concept relates to:
 - Pre-emptive rights for Substantial Members in certain circumstances on the issue or transfer of shares

The shares offered under this Offer are ordinary shares. A more detailed description of the rights and liabilities associated with the ordinary shares is set out in Section 3.3 below.

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 10% of the share capital of the Company. As at the date of this CSF Offer Document, the Company has issued and allocated a total of 3,208,831 options under the Company’s existing ESOP, of which 1,720,885 options have vested and have been exercised by existing participants (i.e. employees) in the ESOP. 1,069,610 options under the ESOP remain unallocated.

Shareholders Agreement

Other than the Constitution, there is no shareholders agreement or other agreement between the existing shareholders of the Company.



2.5.3 Sources of funding

As at 30 June 2022, the Company has current liabilities of approximately \$281k of which \$42k are supplier invoices and \$238k consisting of equipment finance and the refundable deposit from the sale of the Indian territory (franchisor right granted as part of the heads of agreement). Long term debt is approximately \$133k, the non-current portion of equipment finance. The business has been funded through a combination of operating income, equity and equipment financing.

Operating Income

Operating Income – The Flave Bondi restaurant opened on 7 December 2021. From inception through to 31 October 2022, the business has generated income of approximately \$1.33 million.

Equity

Over the course of 3 funding rounds the Company has raised approximately \$7.5M from professional investors, high-net-worth individuals and family offices.

The first capital raise of approximately \$2.3M in 2020 was conducted under the name Bite-Sized Innovation Pty Ltd and included the funding of a food innovation business, All G Foods, which was successfully spun off in 2021 and is now worth over \$150M¹².

Equipment financing

As at 30 June 2022, the Company has received equity finance of approximately \$227k for the purpose of equipment purchases associated with the company's restaurants. Of the total sum approximately \$51k is current and \$176k is non-current equipment finance.

Source: 13 Crunchbase



Section 2.6

Risks facing the business

An investment in the Company should be seen as high-risk and speculative.

A description of the main risks that may impact our 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 (e.g. risks relating to general economic conditions or the inability to sell our shares).



Table 3: Main risks

| Type of risk | Description of risk |
|---------------------------------|---|
| Startup Risk | As an early-stage startup, the Company is subject to all of the risks associated with early-stage companies, including uncertainty around the volume and origin of revenue streams, size and existence of repeat customers, and risks associated with evolving technology. In particular, the Company is currently generating an operating loss. |
| Complexity of Global Scale | The Company has a vision to become a global franchise and grow new, future revenue and profit centers worldwide. As at the date of this offer document, Flave has signed a heads of agreement to open 40+ franchises in India. There are risks associated with expanding globally, which will increase operational complexity across the business, including logistics, supply chain, quality control, maintaining brand identity and financial and corporate affairs. |
| Attracting and Retaining Talent | Failure to attract and retain certain key employees may adversely impact our ability to execute our growth strategy or effectively manage the operating and financial risks associated with scaling. The Company is susceptible to the loss of key team members as they are considered critical to the continued success of the Company. If a key team member was lost, due to illness for example, this could significantly affect the Company's ability to continue its operations or achieve its business objectives as the case may be. |
| Additional Capital | The Company's current cash reserves (plus the net proceeds of the Offer) will not be adequate for our funding requirements beyond the next 18–24 months. The Company will need to obtain additional funding to continue operations and execute its business strategy. We cannot guarantee the availability of funds in the future, or that the funds will be available on favourable terms. If we are unable to raise these funds, it could adversely impact the Company's business and prospects. |
| Competition | The market for plant-based quick service restaurants is becoming increasingly crowded. The Company has created a unique formula, but as the market becomes more competitive the Company will need to continue to innovate to stay ahead of competition. This carries inherent risks. |
| Supply Chain Partners | Should there be an interruption to supply due to a shortage of ingredients from suppliers, or if the contract manufacturer(s) can no longer produce the products, there is no guarantee that a new supplier or contract manufacturer can provide similar services or products at a similar price, if at all. There is a risk of early termination of a key contract that the Company is highly dependent on. |
| Brand risk | If the Company does not maintain consistent levels of quality and service in its offering, the Company's brand and reputation could be damaged. In an increasingly connected world, damage to a company's brand and reputation can be catastrophic. The Company is acutely aware of this risk and is vigilant to ensure that it maintains a consistently high level of product quality and customer service. |
| Intellectual property risk | The protection of the Company's intellectual property is critical to our business and commercial success. If we are unable to protect or enforce the Company's intellectual property rights, there is a risk that other companies will copy our product and technology, which could adversely affect our ability to compete in the market. |

Section 2.7

Financial information

Financial Milestones

Some key financial milestones achieved by Flave include;



70,000+
Meals Sold



39K Total
Transactions



\$1.3M
Sales since Dec 2021



69% Repeat
Customers



\$134.5K
Monthly Sales



\$30.91
Avg Transaction Value



Below are the consolidated financial statements of the Company and its controlled subsidiaries for the financial year ended 30 June 2022, which have been prepared in accordance with the Accounting Standards. They have not been audited. All figures, unless otherwise stated, are denominated in whole Australian dollars.

Financial information for the 3 months ended 30th September 2022 have also been included, based on management accounts, and accordingly may be subject to change.

2.7.1 Balance sheet

| Current Assets | As at 30 June 2022 | As at 30 Sep 2022 |
|---|--------------------|-------------------|
| Cash & Equivalents | 787,212 | 629,013 |
| Accounts Receivable | 13,000 | 113,007 |
| Other Current Assets | 265,490 | 200,786 |
| Total Current Assets | 1,065,701 | 942,806 |
| Fixed Assets | 968,758 | 948,281 |
| Intangible Assets | 99,939 | 100,179 |
| Investments or Other Non-Current Assets | 167,734 | 165,474 |
| Total Non-Current Assets | 1,236,431 | 1,213,935 |
| Total Assets | 2,302,132 | 2,156,741 |

| Current Liabilities | As at 30 June 2022 | As at 30 Sep 2022 |
|-------------------------------|--------------------|-------------------|
| Accounts Payable | 90,708 | 70,227 |
| Other Current Liabilities | 269,059 | 198,964 |
| Total Current Liabilities | 359,767 | 269,191 |
| Long Term Debt | 138,376 | 130,429 |
| Total Non-Current Liabilities | 138,376 | 130,429 |
| Total Liabilities | 498,143 | 399,620 |
| EQUITY | As at June 2022 | As at Sep 2022 |
| Retained Earnings | (2,671,190) | (4,921,934) |
| Current Earnings | (2,250,744) | (791,647) |
| Other Equity | 6,725,923 | 7,595,701 |
| Total Equity | 1,803,989 | 1,882,120 |

2.7.2 Profit and loss statement

Figures in the table below are presented in whole Australian dollars; income is represented by positive numbers and expenses as negative.

| | For the 12 months ended 30 June 2022 | For the 3 months ended 30 September 2022 |
|--------------------------------|---|---|
| PROFIT & LOSS | | |
| Revenue | 932,273 | 289,840 |
| Cost of Sales | 507,420 | 170,665 |
| Gross Profit | 424,853 | 119,175 |
| Expenses | 2,680,353 | 904,383 |
| Operating Profit | (2,255,500) | (785,208) |
| Other Income | 23,304 | - |
| Earnings Before Interest & Tax | (2,232,196) | (1,016,662) |
| Interest Expenses | 16,033 | 6,439 |
| Earnings Before Tax | (2,248,229) | (791,647) |
| Tax Expenses | 2,515 | - |
| Earnings After Tax | (2,250,744) | (791,647) |
| Net Income | (2,250,744) | (791,647) |

2.7.3 Cash flow statement

| | For the 12 months ended 30 June 2022 | For the 3 months ended 30 September 2022 |
|---|---|---|
| Receipts from customers | \$932,273 | \$289,840 |
| Cost of Sales (ex. Depreciation) | (\$507,420) | (\$170,665) |
| Expenses | (\$2,467,573) | (\$864,069) |
| Other Income | \$23,304 | \$0 |
| Cash Tax Paid | (\$6,924) | (\$1,771) |
| Change in Accounts Payable | \$83,682 | (\$20,481) |
| Change in Other Current Liabilities | \$228,811 | (\$70,210) |
| Change in Accounts Receivable | \$363,020 | (\$100,007) |
| Change in Other Current Assets | (\$241,457) | \$64,703 |
| Operating Cash Flow | (\$1,592,284) | (\$872,660) |
| Change in Fixed Assets (ex. Depn and Amort) | (\$1,170,107) | (\$21,004) |
| Change in Intangible Assets | (\$23,875) | (\$240) |
| Change in Investments or Other Non-Current Assets | (\$137,257) | \$2,260 |
| Free Cash Flow | (\$2,923,524) | (\$891,645) |
| Net Interest (after tax) | (\$11,624) | (\$4,668) |
| Change in Retained Earnings and Other Equity | \$1,411,635 | \$744,779 |
| Net Cash Flow | (\$1,523,512) | (\$151,535) |

2.7.4 Statement of changes in equity

| Equity | As at 30 June 2022 |
|-----------------------|-----------------------|
| Opening Balance | 4,183,124 |
| Current Year Earnings | (21,196) |
| Issued Capital | 1,411,483 |
| Total Equity | 5,573,411 |



2.7.5 Management comments on historical performance and outlook

In 2021 the company raised approximately \$3M from professional investors, high-net-worth individuals/family offices. The funds have primarily been directed towards the opening of the company's first location in Bondi, associated marketing expenses, expanding the team and for working capital. Immediately prior to this Crowdsourced. Funding round the company has raised \$2M from existing and new investors to fund the opening of our second restaurant in Darlinghurst.

Fixed Assets include the Flave Bondi fit-out and equipment. The intangible assets are costs associated with producing trademarks and the company's intellectual property.

As at 30 June 2022, the company's current liabilities include \$42k of supplier invoices and \$238k of equipment finance and the refundable deposit from the sale of the Indian territory.

The retained loss relates to the cost of getting the business off the ground in the previous financial year, prior to generating revenue, in addition to the loss made in this financial year. The majority of the two years since inception has been pre-revenue, where we have incurred costs to build the first two restaurants, develop our offering and build the team. We expect to recoup these initial outlays in coming financial years. Sales revenue of \$932k represents revenue generated between the opening of Flave Bondi in December 2021 up to and including 30 June 2022. Management reports up until 31 October 2022, show total revenues of approximately \$1.3M.

Since the launch of Flave Bondi, results have been impacted by Sydney experiencing the wettest year on record due to three unpredicted La Niña weather events. Once La Niña subsides, stronger results are forecasted, as sales on heavy rain days typically are 50% less than those on sunny days. In addition, results to date are not inclusive of recently implemented growth initiatives including the catering arm of the business, the David Jones Hub (opened this month) and recent market activation campaigns.

As with all start-up businesses, initial investments must be made in people, processes and products to facilitate rapid and efficient scaling. This investment will generally exceed gross profit generated in the early months and sometimes years of operations. Expenses of \$2.68m consists of costs associated with the opening of our first company owned flagship restaurant and a significant investment in building an international brand, securing international trademarks and building the team for international expansion. Much of these expenses are not directly related to our sales volume and are not expected to proportionally increase with sales revenue. Further, the Company has implemented significant cost efficiencies and scaled back promotional expenditure, including marketing and PR, which was essential to develop the brand identity. There's also been a strong focus on new product development while expanding the concept. As the business scales, management is confident that these investments can deliver economies of scale as production becomes more efficient.

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 Flave Holdings and has not been validated by an independent third party.

Section 3

Information about the Offer



3.1 Terms of the offer

The Company is offering up to 7,142,857 shares at an issue price of \$0.28 per share to raise up to \$2,000,000. The key terms and conditions of the Offer are set out in Table 4 below.

Table 4: Terms of the Offer

| Term | Details |
|----------------------|----------------------------|
| Shares | Fully-paid ordinary shares |
| Price | \$0.28 per share |
| Minimum Subscription | \$350,000 |
| Maximum Subscription | \$2,000,000 |
| Opening date | 16 November 2022 |
| Closing date | 1 December 2022 |

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary’s platform. The Intermediary’s website provides instructions on how to apply for shares under the Offer at www.birchal.com.

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

Table 5 below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Table 5: Use of funds

| Intended use | Minimum Subscription (\$350,000) | Maximum Subscription (\$2,000,000) |
|--|----------------------------------|------------------------------------|
| Fit out Darlinghurst Restaurant | \$180,000 | \$350,000 |
| Franchising | \$30,000 | \$130,000 |
| Sales and marketing | \$45,000 | \$200,000 |
| Open Further Locations | Nil | \$250,000 |
| International Expansion | Nil | \$250,000 |
| Working capital (Head Office, Team, Suppliers) | \$70,000 | \$695,000 |
| Offer costs | \$25,000 | \$125,000 |
| Total funds | \$350,000 | \$2,000,000 |

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

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer. We expect that the Maximum Subscription amount will be sufficient to meet the Company’s short-term objectives over the next 18–24 months.

If only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 12–18 months. In the event that the maximum funding amount is not achieved the Company will significantly scale back its growth plans. In such circumstances, the Company may consider undertaking a further CSF offer under the CSF regime. If investor demand is greater than the maximum funding amount the Company may consider undertaking an additional investment round.



3.3 Rights associated with the shares

The shares subject to this Offer are fully paid shares. There will be no liability to contribute further funds on the part of shareholders and the shares will rank equally with the ordinary shares currently on issue. The rights associated with the shares are set out in the Constitution and Corporations Act. These rights are summarised below. A copy of the constitution is available on the Intermediary's platform. We recommend that you read and consider the constitution in full.



3.3.1 Voting rights

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

3.3.2 Dividends

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

3.3.3 General meetings and notices

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

3.3.4 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (50%).

3.3.5 Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to shareholders after secured and unsecured creditors of the Company.

3.3.6 Restrictions on sale and transfer

A shareholder wishing to dispose of all or some securities must give the Board written notice that sets out the number and class of shares it proposes to dispose of, the price and a third party buyer (if any).

As outlined below, where the board approves the transfer, certain existing shareholders are given first right of refusal to purchase these shares. A sale to a third party will only occur to the extent that the quantity of shares offered for sale exceeds the demand by existing shareholders. The directors may refuse to register a transfer of shares under certain conditions and must notify the person who lodged the transfer, in writing.

3.3.7 Pre-emptive rights on issue of shares

The constitution provides that, for any new issue of securities, the Company must first offer certain existing Shareholders their respective portion of the total number of securities to be issued. More details around the application of these rights can be found in the constitution.

Similar provisions apply to the disposal of shares whereby certain existing shareholders are entitled to purchase shares from a shareholder who wishes to sell, provided the Board has approved the sale. A sale can only be made to a third party if the demand from existing shareholders is less than the number of shares on offer. Further details can be found in the constitution.

3.3.8 Tag and drag along clauses

Tag and drag along clauses deal with scenarios where a majority of issued share capital is proposed to be sold to a third party. It allows for other shareholders to require their shares also be acquired as part of the deal (tag along) or forces the shareholder to sell their shares to the acquirer (drag along).

Where a shareholder is permitted to transfer their shares to a third party, and those shares represent 50% or more of the total issued shares, the seller must advise all other shareholders of their intent to sell. The notice will give each other shareholder the right to (tag along) require the proposed purchaser to also purchase their shares at the same terms.

Where the company receives an offer from a third party to purchase all of the securities in the Company, and the holder(s) of at least 50% of the shares accepts the offer then that special majority of shareholders are permitted to issue a Drag Along Notice to the remaining shareholders. This Notice will require the remaining shareholders to sell the specified number of shares as part of the acquisition by the third party.

3.4 What can I do with my shares?

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

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

There is no guarantee that any of the exit options will eventuate. Therefore potential shareholders should consider this investment as illiquid and be prepared to hold it until there is an exit event as set out above.



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

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.

4.3 Proprietary company corporate governance obligations

4.3.1 Annual report

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

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

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

4.3.2 Distribution of annual report.

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's share registry website at the following address <https://app.cakeequity.com/investor/documents> (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 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. We recommend that you read and consider the constitution in full.

4.4 Company updates

The Company will provide regular updates to investors via their registered email address.



Section 5

Glossary

Company means

Flave Holdings Pty Ltd ACN 631 732 486

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 Birchall Financial Services Pty Ltd AFSL 502618

Maximum Subscription

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

Minimum Subscription

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

Offer means

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

Retail investor

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



**Making an
impact never
tasted so good**

