

BLACKFLAG

• BREWING •



BLACK FLAG HOLDINGS PTY LTD

CROWD-SOURCED FUNDING OFFER DOCUMENT.

DATED 15 NOVEMBER 2022

**OFFER OF FULLY-PAID ORDINARY SHARES IN BLACK FLAG HOLDINGS PTY LTD
AT \$1 PER SHARE TO RAISE A MAXIMUM OF \$1,500,000**

THIS CROWD-SOURCED FUNDING (CSF) OFFER DOCUMENT RELATES TO THE
OFFER OF FULLY-PAID ORDINARY SHARES IN BLACKFLAG BREWING PTY LTD.
THIS OFFER IS MADE UNDER THE CSF REGIME IN PART 6D.3A OF THE
CORPORATIONS ACT 2001 (CORPORATIONS ACT).

ISSUER

BLACK FLAG HOLDINGS PTY LTD ACN 660 397 080

INTERMEDIARY

BIRCHAL FINANCIAL SERVICES PTY LTD ACN 621 812 646 AFSL 502618



WELCOME

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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.

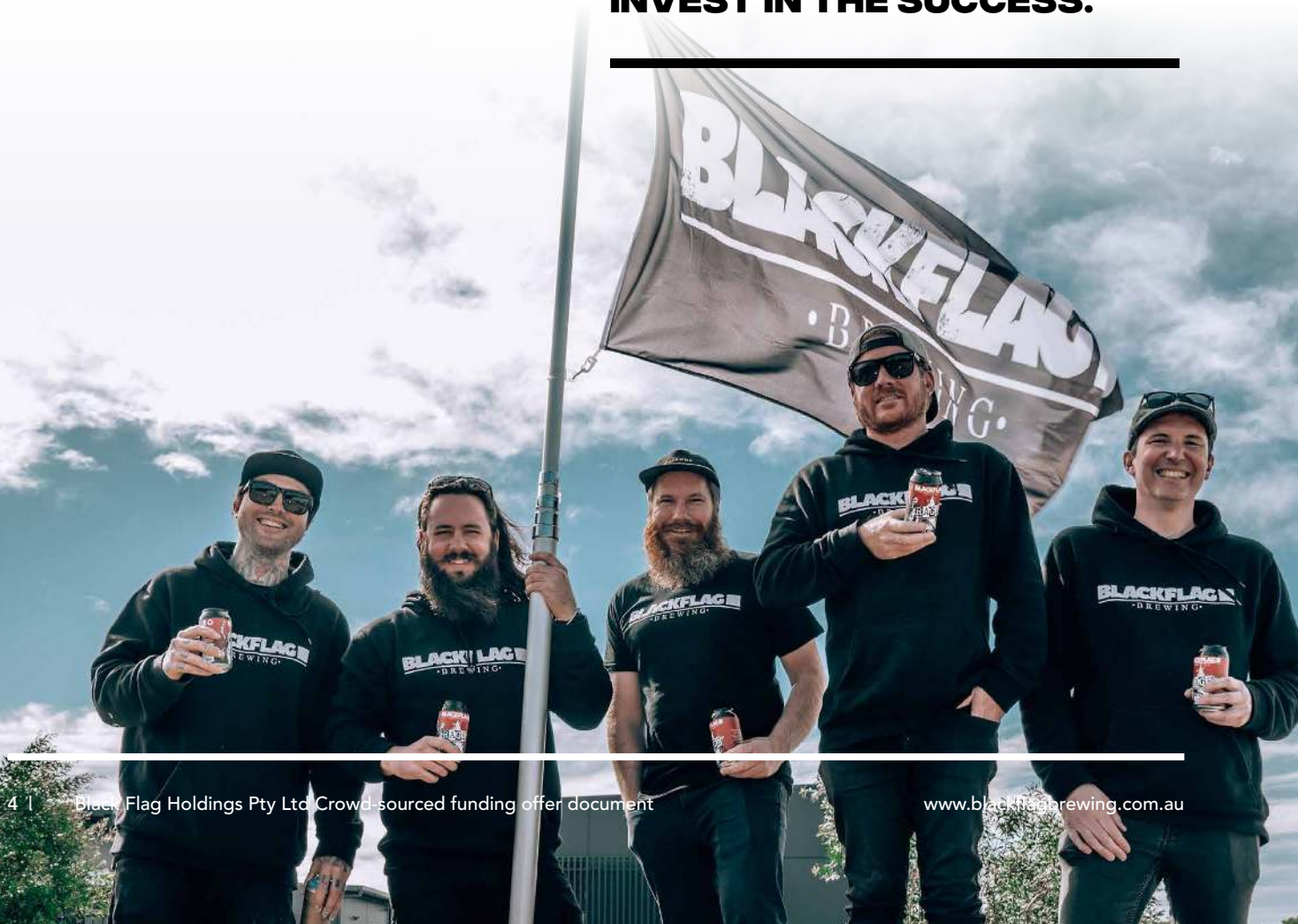
LETTER FROM THE FOUNDERS

Beer is not about exotic ingredients, knowing every hop variety or something to be drunk in isolation, beer is about coming together, it's about sharing stories, having fun, and its about the community.

We take the idea of community and the collective to our very core, with everything we do, brew, and put out there. We are beer drinkers too, we want fresh, interesting and fun beers to share with our friends, so we work as a team to make beers for us, for you, for we.

We have exceeded our own expectations in growth through working as a team to deliver exciting products capitalising on the 'live and breathe' approach in everything we do. We're not a company created around a marketing brief. We're a company that lives on our own values and works on products that continuously allow us to enjoy what we do.

**WE WANT TO OPEN OUR
DOORS TO PEOPLE THAT CAN
INVEST IN THE SUCCESS.**



SECTION 2 INFORMATION ABOUT THE COMPANY

We've been brewing in 3 different facilities over the last few years capitalising on our friendships and relationships in the industry. The growth and demand has been both exciting and humbling as we have poured a labor of love into the production, sales and marketing from the start. We were excited and nervous when we pulled our first 1500-liter batch out in 2019. Currently we are brewing up to 7000L batches. In October 2022 our brew schedule included 3 x 7000L , 2 x 5000L and 1 x 2500L batches. This brew schedule still does not meet the demand we are facing.

We're at a pivotal point in the business moving into our specifically designed production facility in Cooloom. With over 2000m² of space to work with, we couldn't be more excited of the prospects to come. To say we have achieved a lot in a short amount of time is an understatement.

The last 2 years have been a test to market. Contract brewing is unsustainable by design with costs contributing to the offsite manufacturing, logistics and storage at a far higher level than inhouse operations. We've invested in ourselves after successfully bringing the brand to a scalable and recognisable position.

We WANT to open our doors to people that can invest in the success. We're excited everyday at the prospects of what's coming and what's on the horizon. We want to transcend the beer industry and emerge as a lifestyle choice. A community partnership bringing the noise and relishing in the fun of what we can and will create.

Steve Barber
CEO
Blackflag Brewing



SECTION 2 INFORMATION ABOUT THE COMPANY

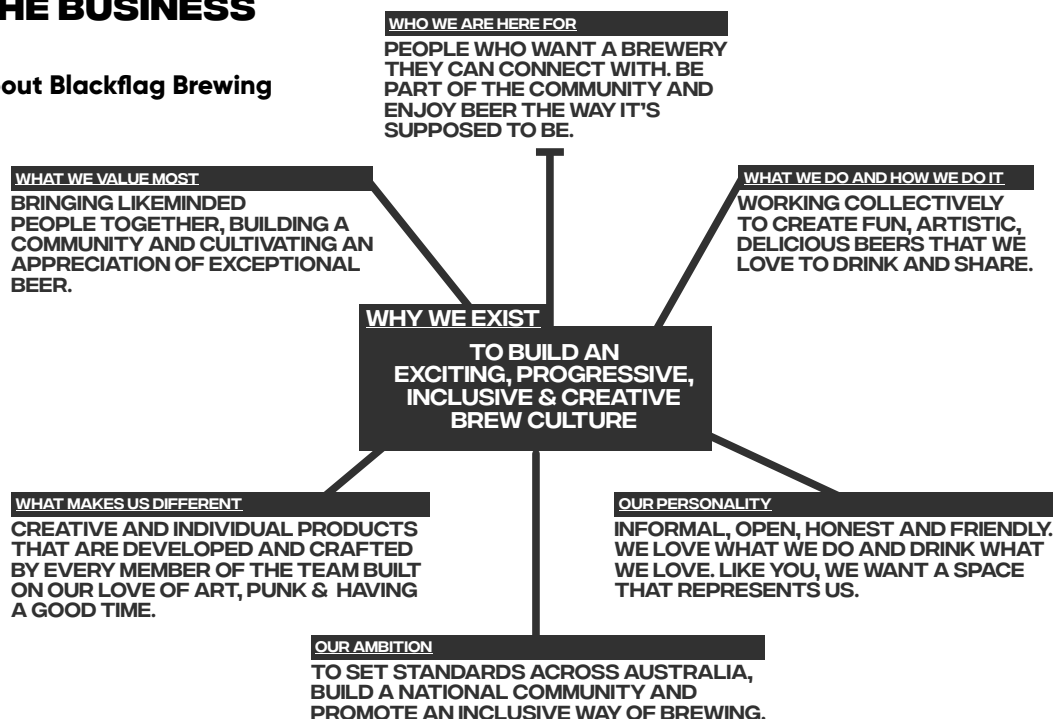
2.1 COMPANY DETAILS

This offer of shares is made by Black Flag Holdings Pty Ltd (ACN 660 397 080) (Company).

Company name	BLACK FLAG HOLDINGS PTY LTD
ACN	660 397 080
Date of incorporation	23/06/2022
Registered office	800 Zillmere Road Aspley, QLD 4034
Principal place of business	10 Lomandra Place Coolumb 4573
Subsidiaries	<p>Black Flag Brewing Pty Ltd (100% wholly-owned) ACN 635 411 200 Registered office 800 Zillmere Road Aspley, QLD 4034 Date Incorporated 12/8/2019</p> <p>Black Flag Productions Pty Ltd (100% wholly-owned) ACN 644 785 375 Registered office 800 Zillmere Road Aspley, QLD 4034 Date Incorporated 1/10/2022</p>

2.2 DESCRIPTION OF THE BUSINESS

2.2.1 About Blackflag Brewing



Blackflag Brewing was conceived in early 2019 with the ambitious plan of gypsie and contract brewing as a basic 'test to market' approach. With the license being awarded in late December 2019, the company had but a brief existence before being struck down with Covid. Although this placed immense pressure on the business, the team rose to the challenge and accepted the situation as something that could be overcome. With the first year plagued by lockdowns, shut downs and 'go slows' the team took the time to develop strategies to launch to market hard and fast. Blackflag's first tasting room was established in mid 2020 in Mooloolaba as a home base for operations. As things entered normality over the course of

the following year, Blackflag was set to pivot into an in house brewing process and drive expansion plans into its own site. After careful consideration, a greenfield site was selected in Coolool to best position the company for expansion and to cater for demand. The site, which opened in October 2022, is an expansive, fit for purpose compound with the ability to cater for upwards of 3 million Litres annually in full operation.

The increase of sales in FY21 to FY22 of 200% placed the timing of the brewery to be beneficial in keeping up with ongoing demand.

SECTION 2 INFORMATION ABOUT THE COMPANY

2.2.2 Products / Services Blackflag as a brand was developed around creativity. The notion that if we like it, the rest of the world will too. It's a beer with sessionability in mind wrapped up in a can designed to the finest detail. We hold our Full Metal Core Range to the highest esteem with a flavour to suit all.



AFFINITY

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AFFINITY Tropical Pale Ale
4.7% ABV

Second starter, this was designed to be the softer little sister of the RAGE.

Tropical Oasis meets lightly hazy fruit forward Pale Ale



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OLD SCHOOL COOL
4.7% ABV

It's our beer beer. It's designed around the drinking culture present all over Australia.

A fan favorite at festivals, it packs a punch with sessionability

OLD SCHOOL COOL
DRAUGHT

BEER THAT TASTES LIKE BEER



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Kick Ons!!

3.5% ABV
CHIGGY'S MIDDY

Developed in collaboration with the local skate scene in Sunny Coast, it's a 3.5% midstrength designed to be consumed for kick ons.

Tasty and full flavoured.

Mid Strength
3.5% ABV

The advertisement for 'Kick Ons!!' features a vibrant, comic-style illustration of a skateboarder in a black hoodie with 'CHIGGY'S MIDDY' on the back, riding a skateboard down a city street. The background is a bright yellow sun over a cityscape with palm trees. To the right, a black banner with pink, dripping paint-style text reads 'Kick Ons!!'. Below this, three cans of the beer are shown. A handwritten-style note in pink and blue ink says 'Mid Strength 3.5% ABV'. The bottom text describes the beer as a 3.5% midstrength developed in collaboration with the local skate scene in Sunny Coast, designed for 'kick ons'.



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ASTRO PUNK XPA

5.1% ABV

The latest and now one of the greatest.

True quality XPA packed full of eclipse hops for a forward, fruity taste.

The advertisement for 'Astro Punk XPA' features a stylized illustration of a person's head with a green, glowing skull and a large, colorful, multi-colored mohawk. The person is wearing a black leather jacket with a pink and black patch. The background is a dark, textured surface with horizontal green lines. To the right, three cans of the beer are shown. The text 'ASTRO PUNK XPA' is written in a stylized, colorful font. Below it, '5.1% ABV' is written. The bottom text describes the beer as 'The latest and now one of the greatest' and 'True quality XPA packed full of eclipse hops for a forward, fruity taste'.

SECTION 2 INFORMATION ABOUT THE COMPANY



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RAGE Juicy Pale Ale 6% ABV

The first and our flagship beer.

A fan favourite and heavily ranged throughout Queensland

A full line up of American Hops, low bitterness and absolute drinkability.

LIMITED RELEASES

A range of Collaboration beers, one offs and repeat offenders. From 14% triple IPA's to 4% shandies. To date we have launched 30 + limited releases. So much fun to be had in a can

Blackflags products are dreamed up using a collaborative approach we fondly call 'beers and ideas'. We have developed recipes, designs and marketing strategies around this approach.

SECTION 2 INFORMATION ABOUT THE COMPANY

Blackflag Locations



MOOLOOLABA TAP HOUSE

Blackflag Mooloolaba is a building that screams what we're about. It's bright, its colourful and a perfect representation of what we do. Hidden down a laneway, you enter a lush area covered in plants with swing seating and the little brew shed the concept was borne from. A small 200 Litre brew kit was adopted to pursue perfection in limited release, bar only beers.

With constant entertainment, the venue has been adopted by locals as the place of choice for a couple of beers in a chill environment with punk rock music in the background. From weddings to 18ths, the space lends itself to a variety of functions.

COOLUM TAP HOUSE



The Coolum venue opened at the end of October and is a masterstroke of design with the brewery feel. Perched above the brewhouse, you can view the operations while sipping on your favorite Blackflag beer. Keeping true to Blackflags style, the walls pop with colour making it a visual work of art. Seating for 180 people, the newest addition to Blackflag is alive with visitors.

COOLUM BREWERY



Our brand-new purpose-built compound positioned in Coolum provides all the required in house facilities to Brew and Package our products. From concept the compound has been built to cater for the planned expansion of production with the services and space allowing for beyond 3 million litres/year of production. Our current fermentation tanks take up approximately 15% of the allocated fermenter tank area. The design consideration of services and space allows for the opportunity of rapid brewing equipment growth without the need for expensive and disruptive expansion of the production facility. The compound houses our canning line as well as the 432 cubic meter cold room. Production flow has

been designed in away that there is one continuous flow from raw ingredients to packaged goods to be trucked across Queensland and Australia.

**COLLECTIVELY
CRAFTED.
INDEPENDENTLY
BREWED.**

Why we Exist

TO BUILD AN EXCITING, PROGRESSIVE INCLUSIVE & CREATIVE BREW CULTURE.

1 [US]-CREATIVE EXPRESSION THROUGH CRAFT AND BREWING

- Using beer as a way to be creative and interact with our community.
- Artistic expression by approaching each beer individually with its own attention to detail.
- Keeping fun at the heart of creating products that we love ourselves.
- Making our own marks on an industry that conforms to uniformity.
- Setting new standards, industry leaders.

2 [YOU]-HELPING PEOPLE FIND THE JOY IN DRINKING BEER

- Creating quality, delicious beer that is a joy to drink.
- Allowing people to enjoy beer through creative designs.
- Building a space where people can enjoy great beer for what it is.
- Creating beer that is unique, accessible and inclusive.

3 [WE]-COLLECTIVELY BUILDING COMMUNITY THROUGH BEER

- A longing to bring like-minded people together, which includes partnerships with other businesses.
- Making a space for those interested in an underrepresented alternative culture and want a brand that truly resonates with them.
- Working openly and as a team to build something unique and progressive in craft brewing.
- Putting honesty (back)into brewing.
- Sharing what we love and value through creativity and brewing.
- Building something special through something as simple as good beer.

2.2.3 Marketing & distribution

MARKETING

WHAT WE VALUE THE MOST

Nothing makes us happier than helping people enjoy beer, whether that is for those new to the craft scene or those that have fallen out of love with craft beer. We want to create experiences for our customers, put smiles on people faces, bring people together and build a community, as it's company that makes enjoying beer so great, we just want to make sure our end is the best it can be. Our beers are about enjoying ourselves, through design, flavour and bringing the noise when we do take-overs and festivals.

No half measures.

OUR PERSONALITY

Informal, fun and honest. We talk to our customers the way we talk to our friends and by extension, our colleagues. We come from DIY skate punk ethics and we aren't ashamed of it, we work collectively and inclusively and we care a lot about our community. We wear our brand on our sleeve and talk openly and honestly about our beer whether its to a fellow beer drinker, a venue, or another business.

We want the enjoyment and fun we get from making and drinking each beer to resonate to everyone that connects to Blackflag, and if you're not sure what that looks like then we are happy to bring the party to you.

WHO WE ARE FOR

People looking for a brewery they can really connect with, whether that is through their shared love of drinking beer or somewhere that projects their love of punk ethics, alternative culture and having fun. People who are put off by pretentious breweries and want to enjoy beer for what it really is. We are for people who are looking for a scene to call their own, a community they can connect with and a place they can call home for a long time.

The beer is just the beginning.

OUR AMBITION

Setting standards in not just the craft brewing sector but in brewing across Australia. We want to sit alongside the giants to show them that our collective DIY approach to making beer is a viable and successful business model. We want our beers to be available nationwide and to build a community across Australia that can connect to us and each other through our beer. Finally, we want to keep things fun and never stop loving what we do.

AWARDS AND CELEBRATIONS.

In true Blackflag form, the Celebrations won to date are a representation of what we love!!

Awards

- GABS Best in show 2021.
- 10th Can design (affinity) 2020.
- 2nd Can design (kickons) 2021.
- 4th Can design (Astro Punk) – 3 years in a row in the mixed 6 pack 2022.
- A few silvers and Bronze awards at AIBA 2021/2022.

Cool things we love

- Taking a half pipe into GABS beer festival.
- Tripping across country to deliver beer to fires in the 2020 bush blaze
- Rally for a cause trips with beers for everyone!!
- Launched a colab beer with a bunch of bands playing in a half pipe

Ambassadors and partnerships and events

- Strategic partnership established with GABS Australia wide
- Partnership with Willowbank Raceway
- Colab beer with Lagerstien
- Ambassadors in Nitro Circus
- Multiple skate demos and pop-up bars
- Beer festivals all over Queensland
- International collaboration beers with Spanish and American breweries
- Multiple local colaborations
- Move from 134 to 36 in GABS hottest 100 beers in first years of trading
- Royal Queensland Air Show
- Noosa Surf Fest 2 years
- Multiple charity gigs

2.2.4 Market & competitors

In FY22 the Australian craft beer industry has **grown by almost 18%** in revenue and makes up **over 14% of total beer revenue** in Australia¹.

The craft brewing industry in Australia is made up by a diverse range of over **600 + breweries**. In FY21 craft **beer revenue grew 17.1%** and craft beer production now totals 14.1% of the total beer market^{2,3} and revenue is expected to **grow at an annualised 4.9%** for the decade ending in FY27.⁴

Blackflag is leveraging on the fringe style missed by the craft beer community. The music, extreme sports and community aspect that resonates with Blackflag Brewing and the energy we put in.

1. Statista

2. <https://www.savvy.com.au/the-state-of-craft-beer-in-australia-2022/>

3. IBA Annual Report 2020-21

4. Ibis World OD5071



SECTION 2 INFORMATION ABOUT THE COMPANY

2.2.5 Key differentiators

WHAT'S WORKING FOR US

The hard work of the team has meant that we have been able to build a strong company in a relatively short period of time, making our brewery come across as a long-standing established brand.

Our attention to our can designs and being artistic throughout our approach to both beer and our tap room has been a point of difference and a conversation starter for our customers.

Our presence at festivals and take overs has been bold and uncompromising, taking charge of spaces, having a solid crew, and creating a fun and approachable atmosphere has been greatly successful.

Our team is built of a diverse range of highly skilled professionals, meaning we are able to facilitate all areas of the company in house. This has allowed us to create, market and deliver exciting new and innovative products.

Having distribution in bars / restaurants that are either connected to the brewery directly or through partnerships to sell our products has given us instant access to consumer and market research and feedback.

The culture that Blackflag has been building with its informal language and approachability has been well received on social media and has meant that customers have reached out to us.

Our merchandising has allowed customers to connect with the brewery and represent us and has been very successful.

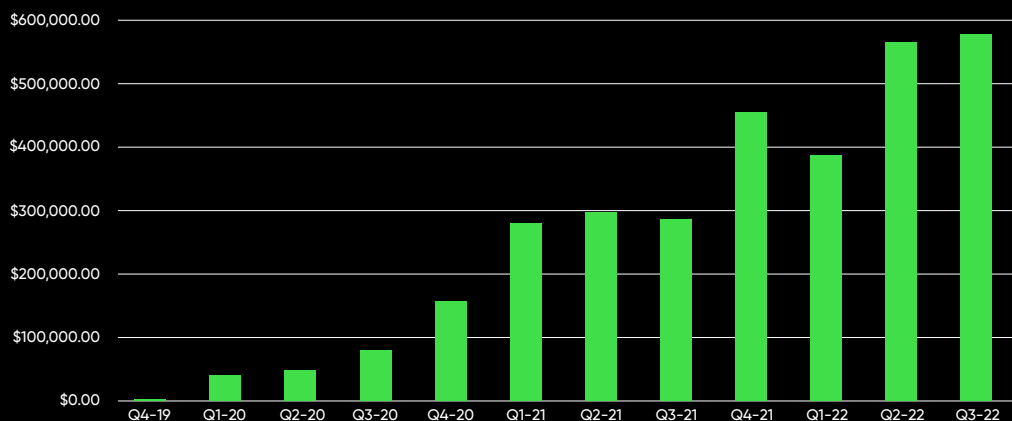
We consider Blackflag Brewing to be a marketing company that sells GREAT beer. A connected approach to our customers, friends and fans by doing what we love



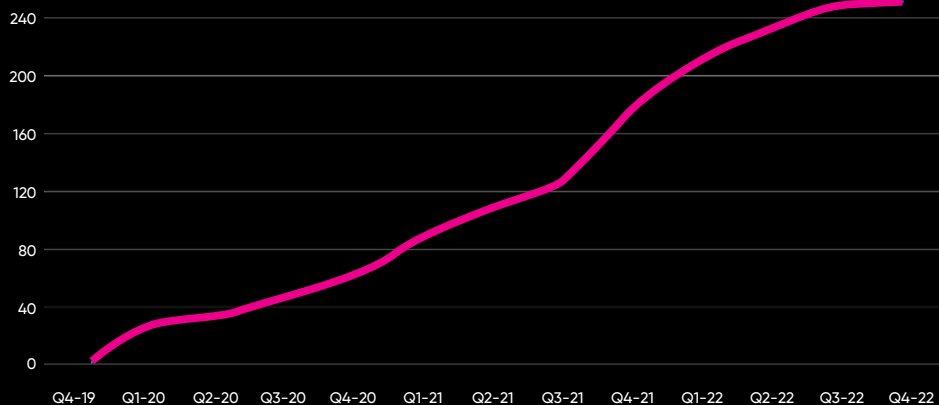
PERFORMANCE SNAP SHOT

Revenue by Quarter

* Calendar year quarters

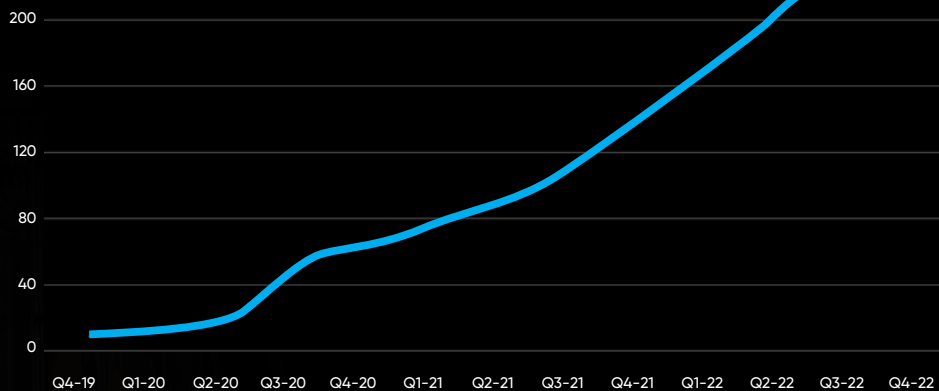


Pubs and Bars

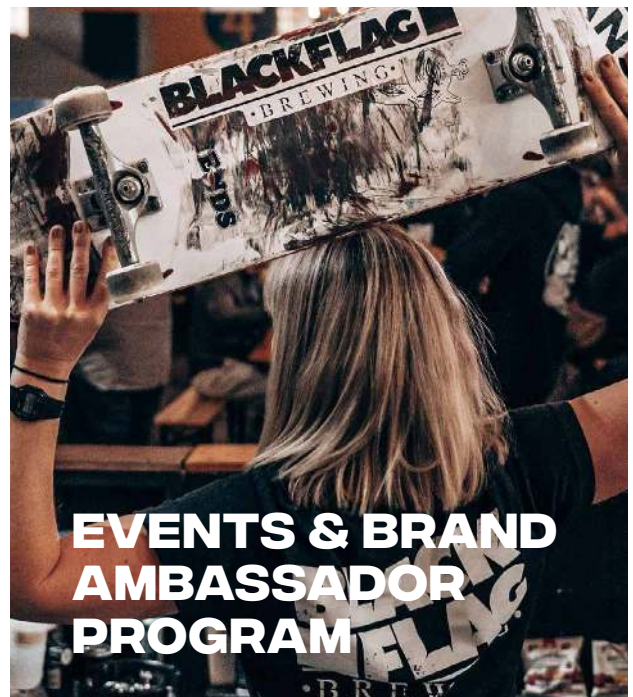


Bottle shops:

BWS, Dan Murphy,
Liquor Land,
Vintage Cellars ,
Liquor Stax and
Independent
Bottle Shops)



2.3 BUSINESS & REVENUE MODEL



2.4 BUSINESS STRATEGY

Beers in Hands Strategy.

Our momentum over the past couple of years has exceeded expectation however is not foreign on why. Blackflags core value is the fun in beer. Visually appealing in our product presence, interactive with our team supporting all events that align with who we are, and general consensus from all to be involved and love what we do. All of the above however needs a strong strategic plan to capitalise on our ethos.

Our business growth strategy looks at our revenue centres to unlock our brand awareness in each of the revenue pillars. The pillars however are not solo in effort. For example, the growth of tap houses strategically activates areas for patrons to experience who we are, then subsequently creating demand in their local wholesalers. Our ability to paint the Blackflag look and feel on venues opens an opportunity for exiting venues to link up in strategic partnerships. The exclusive adoption of our brand allows venues to stand out from the rest and subsequently grow sales for them and us.

Our Summary Key Objectives for Beers in Hand for the next 12 months include

- Strategic expansion of our fermentation tanks to keep up with demand and the expansion of new ranges
- Continue to grow our Marketing and Ambassador program
- Open up tap houses in new growth areas with our exclusive brand and operations program for successfully existing bars
- Increase sales presence in targeted areas with dedicated personal
- Empower new and existing shareholders to be ambassadors for the brand and spread the word



SECTION 2 INFORMATION ABOUT THE COMPANY

Wholesale strategy.

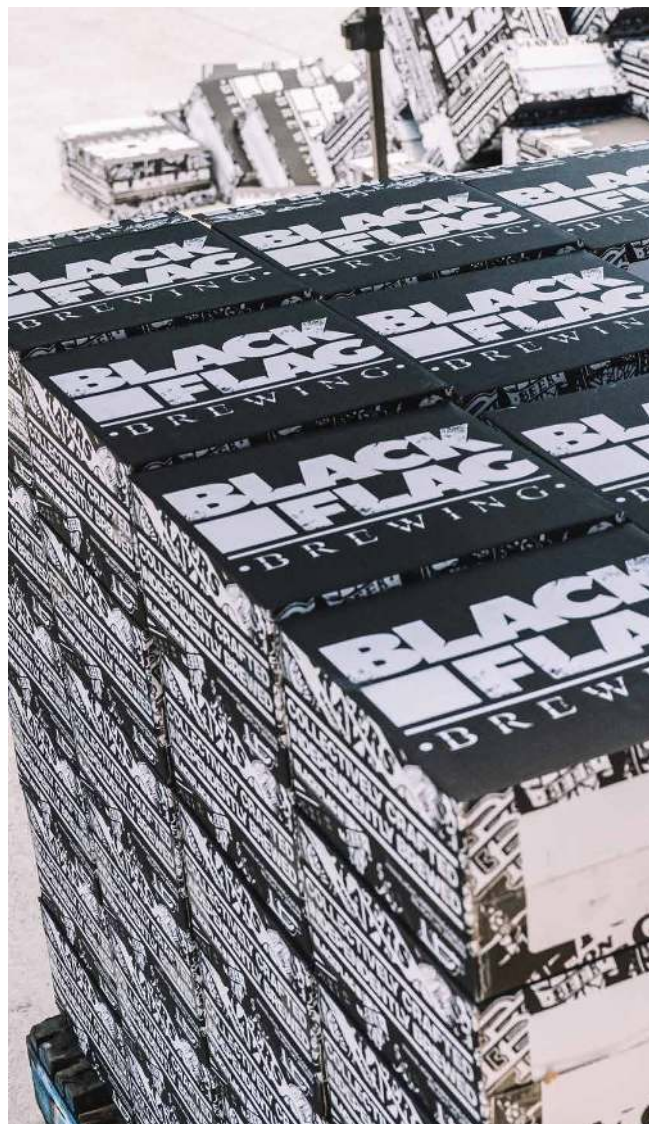
Our wholesale program to bottle shops and on-premise venues is currently going through rapid growth. Our strategic plan is to continue this growth is expand our reach across Queensland and Australia.

Over the past 12 months we have been accepted in 6 major distribution channels who we are able to leverage on their logistics reach. With the supply channels now open have the potential to utilise our teams to be supporting the new wholesalers' outlets and venues with blackflag brand presence.

Blackflags strategy to market is a creative mixture of digital-zoned marketing, representative presence, and business support to ensure continual movement of product. With over 30 years combined experience in hospitality (owning and operating venues) we feel we have an insight to the desires of both the operational management and the end consumer.

Key objectives

- Full Queensland ranging with major wholesale retailers
- Expansion of our on-premise events and activations program
- Extension of our limited releases to bottle shops
- Leveraging of new NSW supply chains to build growth in bottle shops



SECTION 2 INFORMATION ABOUT THE COMPANY

Tap house growth

With the success of the Mooloolaba tap house and the brand-new opening of the Coolum tap house we will be looking to expand our vision across Australia. Partnering with established venues and providing naming right licensing programs opens an opportunity to for the exposure for the exposure of the Blackflag brand. The growth of venues could possibly range from acquisitions to joint ventures and or exclusive licencing rights. The Blackflag teams' depth of knowledge for interactive and fun venues provides intellectual property that we believe venues crave for. Blackflag is looking to raise the flag across Australia on this strategic plan leveraging of what we see as a highly valuable intangible know how.

Key objectives

- Establish Coolum Tap house as the premier venue in the region
- Expand Blackflag exclusive taps houses in new regions across Queensland and Australia

Brands Ambassadors and Events

Blackflag from day one has always linked its style to Sports and Music, that is what we enjoy. We are continuing the brand ambassador program to grow the revenue stream from this. Brand ambassadorship is more than providing a shirt and taking a picture. We feel it is supporting different events with our pop-up bar team positioning in the heart of all that going on. We will be investing in more mobile pop-up bars and program sponsorship.

Key Objectives

- Increase official brand ambassadors and sponsorship
- Increase exclusive music festival and sport event named beer suppliers

Merch and Apparel

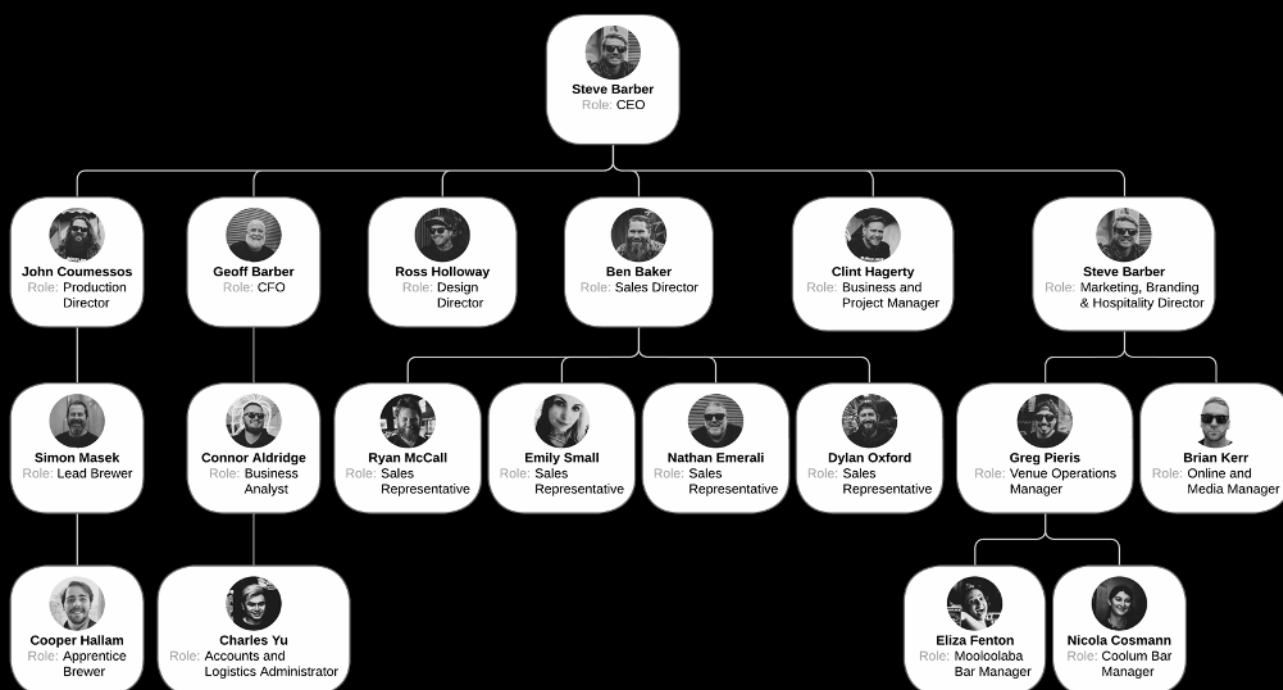
It's no secret there is a lot of love for the merch and apparel we produce. We have every intention to build on this love and develop dedicated logistic and ecommerce teams to grow this revenue streams. Ross will continue to head up the creative designs for future ranging of products.

Key Objectives

- Build a strong ecommerce platform
- Develop high volume supply chains for manufacture of products
- Dedicated warehouse and logistic operations for merch.



2.5 ORGANISATIONAL STRUCTURE



2.6 CAPITAL STRUCTURE

2.6.1 Issued capital (before and after the Offer)

As at the date of this Offer Document, the Company has 9,726,677 ordinary shares and nil options on issue. The company has 30,000 options (unissued) under the Company's Employee Share Option Plan). The majority of shares are held by the Company's founders/Directors. Table 1 below sets out the issued capital of the Company before the Offer

Table 1: Issued capital of the Company before the Offer

Shareholder	Share Type	Shares	Options
Baker Investments (Qld) Pty Ltd	Ordinary	1,433,405 14.74%	
BFB001 Pty Ltd	Ordinary	2,969,196 30.53%	
Coose Investments Pty Ltd	Ordinary	921,475 9.47%	
Raise the Chalice Pty Ltd	Ordinary	921,475 9.47%	
Hagerty Pty Ltd	Ordinary	511,930 5.26%	
Hypermeganet Pty Ltd	Ordinary	2,969,196 30.53%	
ESOP – Allocated by not issued			30,000
Total		9,726,677 100.00%	30,000 100.00%

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

Table 2: Issued capital of the Company following the Offer

Shareholder	Minimum Subscription	Maximum Subscription
Existing Shares	9,726,677 94.83%	9,726,677 86.41%
ESOP (unallocated)	30,000 0.29%	30,000 0.27%
Offer Shares	500,000 4.87%	1,500,000 13.33%
Total	10,256,677 100.00%	11,256,677 100.00%

SECTION 2 INFORMATION ABOUT THE COMPANY

2.6.2 Rights and liabilities associated with securities

As at the date of this Offer, the only class of shares on issue are ordinary shares. There is no shareholders agreement between the existing shareholders and as such, the rights and liabilities associated with the shares are as set out in the Company's constitution.

Under the Constitution, the Directors may refuse to register a transfer of shares to a third party. A more detailed description of the rights and liabilities associated with the shares is set out in Section 3.3 below. A copy of the Company's Constitution is available on the Intermediary's platform.

EMPLOYEE SHARE OPTION PLAN (ESOP)

The company has created an Employee Share Option Plan (ESOP) to attract, retain and incentivize key employees and contractors which provides options to purchase a specified number of ordinary shares in the Company, at a future date, at the price determined by the board at the time of grant.

To ensure that the Company has the flexibility in attracting the right talent, The Constitution of the Company allows for the issue of options to a total maximum of 2.5% of the issued shares at any time. Prior to the launch of this capital, no ESOP shares have been allocated or issued.

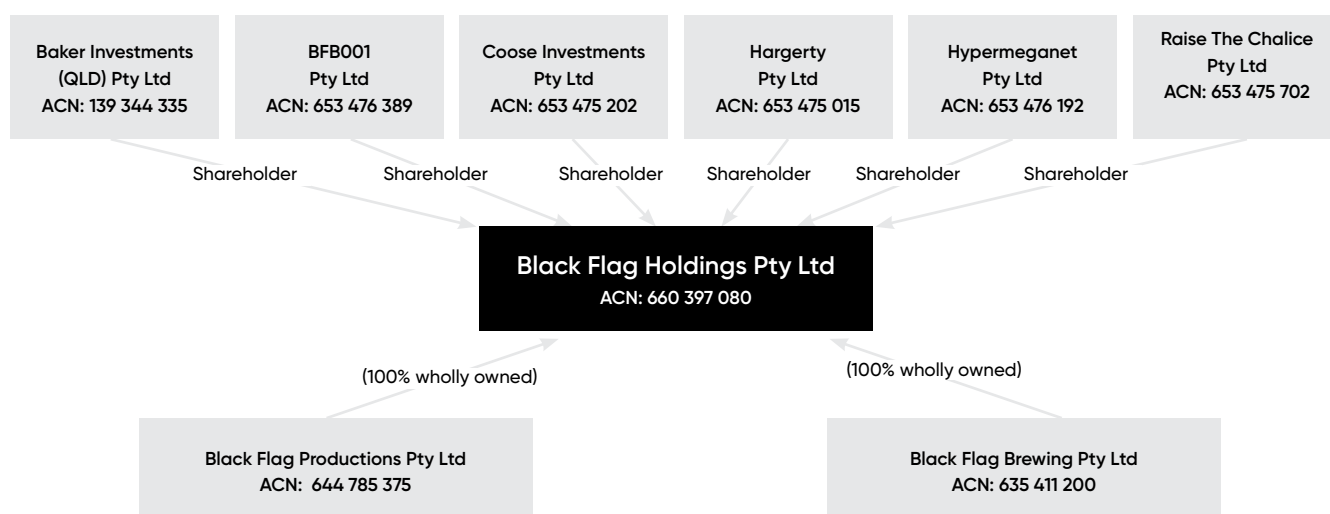
2.6.3 Sources of financing, including debt financing and other financing

Black Flag Holdings Pty Ltd and Black Flag Brewing Pty Ltd have been funded to date with a combination of equity, bank debt and reinvestment of profits.

The business was initially funded by the founders. There is current directors loans afoot, which will be repaid from cashflow and will not be repaid with CSF funds

The company has a total finance facility of \$250,000 which is made up of bank guarantees from Commonwealth Bank of Australia.

2.6.4 Group structure



2.7 DIRECTORS AND SENIOR MANAGERS

2.7.1 Our directors



STEVEN JOHN BARBER
CEO

Steve established TapsAustralia in 2013 focusing on the craft beer sector developing a consistent and strong brand. Through his expertise in the beer industry, Steve pulled together the team you see here today under Blackflag Brewing. With multiple successful venues under his belt, his drive and commitment to Blackflag has become unwavering.



BEN BAKER
Sales Director

Ben has owned and operated several restaurant operations in the last 14 years. His talent in leading teams, planning and delivering best outcomes assures continuous growth in line with projected deliverables.



ROSS HOLLOWAY
Design Director

Ross's drive and talent is of unmeasurable value to Blackflag. His skill set in design, branding and marketing has created continuity in brand awareness and alignment. Single handily developing all can designs, artistic creations and brand resources, Ross has risen to become an extremely well known and respected artist applying his talent to Blackflag's growth.



GEOFF BARBER
CFO

Over 25 years successfully running businesses from mining to hospitality and now the world of craft beer brewing. Geoff's expertise revolves around numbers and data analytics. Expert planning and forecasting ensuring profitability is in line with growth while simultaneously reviewing past performance for streamlined operations.



JOHN COUMESSOS
Production Manager

With an Industrial Electrical trade background, John has, alongside his co-founders, managed and built multiple venues and restaurants over the past 10 years. John's attention to detail and logical thought process has seen him thrive in the production and logistics sector of Blackflag. His experience managing teams and venues has allowed Blackflag to grow to its current standings.



CLINT HAGERTY
Business Services Manager

Clint's experience in business management makes him an asset to the team in managing the commercial growth. Clint comes from over 15 years experience in the Industrial Automation industry. His engineering background provides a pragmatic approach to the commercial management and also allows for digitalisation technologies being implemented in the Blackflag brewery.

SECTION 2

INFORMATION ABOUT THE COMPANY

2.7.2 Our Management



CONNOR ALDRIDGE
Business Analyst

With over 6 years experience with technical data support for businesses within the Hospitality and Retail sector, Connor brings a unique perspective and a strong analytical mind to the team. Connor is crucial in understanding where the business is sitting at any given moment and providing data based recommendations, subsequently allowing rapid business growth.



GREG PIERIS
Venue Operations Manager

Greg's role as venue operations manager has been critical to the success of our taphouse operations in Mooloolaba and getting the the new Coolum taphouse ready for opening. Greg has a natural ability to raise the morale of his bar team which has the knock on effect of providing a great experience for our patrons.

2.7.3 Our Production & Logistics



SIMON MACEK
Head Brewer

Simon's skills as a brewer are second to none when quality control, production management and detail are involved. Simon is passionate about robust and scalable brewing practices whilst having a creative flair for product development. Simon's passion for the brewhouse to scale whilst keeping product enjoyment at front of mind makes him a key member to the team.

2.8 RISKS FACING THE BUSINESS

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

Risk	Description
Cash flow risk	The Company's operating activities involve a series of cash inflows and outflows. Although the Company seeks to manage its cash flow efficiently, there is a risk that the Company may not have sufficient cash or working capital, at times, to fund both its operations and its expansion plans. This could affect the Company's profitability, future prospects, and its ability to meet its business objectives.
Competition risk	The Company operates in a highly competitive market, with several known competitors, and moderate barriers to entry that could give rise to new and unknown competitors. If the Company is unable to successfully compete with existing and/or new competitors, this would have a negative impact on the revenue, profitability and future prospects of the business.
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.
Failure to secure/ loss of supplier or customer	Blackflag's supply chain is vital to the scaling of the business. Current world issues with supply chain for components and hardware for the brewery expansion could hamper the Cooloom production facility expansion plans. To expand in time to keep up with demand will rely on sensible lead time of hardware. Loss of existing customer base can cause issues with revenue to the business. Major channel to market currently in place is critical for the ongoing success of the business. Should a substantial reduction in our customer base occur this could negatively impact cash flow of the business.
Barrier to entry	Barrier to entry for stocking Blackflag at new On and Off premise venues can cause stagnation for growth for the business. With the market becoming increasingly saturated with Craft Beer producers there is a fierce competitiveness to obtain new taps for on premise venues and shelf space at off premise bottle shop retailers. Without brand awareness and a compelling product, venues and bottle shops will most likely choose to stock other products.

SECTION 2 INFORMATION ABOUT THE COMPANY

2.9 FINANCIAL INFORMATION

Below are the financial statements of Black Flag Holdings Pty Ltd for the period between the date of incorporation to 31 October 2022, which have been prepared in accordance with Accounting Standards.

Also included are the financial statements of the Company's subsidiary Black Flag Brewing Pty Ltd for the financial years ended 30 June 2021, 30 June 2022 and the 4 months ended 31 October 2022, based on management accounts, and accordingly may be subject to change.

2.9.1 Balance sheet

Black Flag Holdings Pty Ltd

	As at 31 October 2022	as at 30 June 2022
Assets		
Cash on Hand	95	91
Total Assets	95	\$91
Liabilities		
Current Liabilities	0	0
Non-Current Liabilities	0	0
Total Liabilities	0	0
Net Assets	95	91
Equity		
Current Year Earnings	0	0
Retained Earnings	0	0
Issued Capital	95	91
Total Equity	95	91

Black Flag Brewing Pty Ltd

	As at 31 October 2022	as at 30 June 2022	as at 30 June 2021
Assets			
Current Assets			
Accounts Receivable	129,026	98,131	35,754
Cash & Cash Equivalents	51,962	54,505	186,614
Inventory	169,179	228,024	127,650
Total Current Assets	350,167	380,660	350,018
Non Current Assets			
Fixed Assets	745,301	460,560	450,126
Non-Current Assets	2,009	2,009	0
Total Non Current Assets	747,310	462,569	450,126
Total Assets	1,097,477	843,229	800,145
Liabilities			
Current Liabilities			
Accounts Payable	220,446	143,401	250,252
Other Payables	68,162	48,472	23,982
Total Current Liabilities	288,608	191,873	274,234
Non-Current Liabilities	755,816	547,001	444,154
Total Liabilities	1,044,424	738,874	718,388
Net Assets	53,053	104,355	81,757
Equity			
Current Year Earnings	(51,304)	22,608	118,253
Retained Earnings	104,265	81,657	(36,596)
Issued Capital	91	91	100
Total Equity	53,052	104,356	81,757

SECTION 2 INFORMATION ABOUT THE COMPANY

2.9.2 Profit and loss statement

Black Flag Holdings Pty Ltd

	For the 4 months ended 31 October 2022	For the 12 months ended 30 June 2022
Income		
Total Income	0	0
Total Income	0	0
Cost of Sales		
Total Cost of Sales	0	0
Gross Profit	0	0
Expenses		
Total Expenses		
Total Expenses	0	0
Other Income		
Other revenue		
Total Other Income	0	0
Profit/(Loss) before Interest and Taxation	0	0
Net Profit After Tax and Interest	0	0
Net Profit After Dividends Paid	0	0

Black Flag Brewing Pty Ltd

	For the 4 months ended 31 October 2022	For the 12 months ended 30 June 2022	For the 12 months ended 30 June 2021
Sales - Kegs	164,465	379,786	150,550
Sales - Packaged	336,147	525,886	181,776
Sales - Other	75,702	171,421	149,759
Sales - Venue	197,283	614,503	334,126
Total Sales Income	773,597	1,691,596	816,211
Other Income			121,914
Total Income	773,597	1,691,596	938,125
Cost of Sales			
Cost of Goods Sold	496,028	870,427	620,796
Total Cost of Sales	496,028	870,427	620,796
Gross Profit	277,569	821,169	317,329
Expenses			
Total Expenses	328,240	803,388	199,076
Total Expenses	328,240	803,388	199,076
Other Income			
Other revenue	0	4,826	0
Total Other Income		4,826	0
Profit/(Loss) before Interest and Taxation	(50,671)	22,607	118,253
Income Tax and Interest Expense	633		
Net Profit After Tax and Interest	(51,304)	22,607	118,253
Net Profit After Dividends Paid	(51,304)	22,607	118,253

SECTION 2

INFORMATION ABOUT THE COMPANY

2.9.3 Cash flow statement

There is no cashflow statement or statement of changes in equity for Black Flag Holdings Pty Ltd

Black Flag Brewing Pty Ltd

	For the 4 months ended 31 October 2022	For the 12 months ended 30 June 2022	For the 12 months ended 30 June 2021
Operating Activities			
Receipts from customers	824,042	1,762,380	997,990
Payments to suppliers and employees	(878,180)	(1,795,458)	(818,087)
Net Cash Flows from Operating Activities	(54,138)	(33,078)	179,903
Investing Activities			
Payment for property, plant and equipment	(196,452)	(220,998)	(343,500)
Loans to related parties	0	(4,312)	0
Net Cash Flows from Investing Activities	(196,452)	(225,310)	(343,500)
Financing Activities			
Loans from related parties	0	53,886	42,938
Other cash items from financing activities	10,062	68,920	280,303
Net Cash Flows from Financing Activities	10,062	122,806	323,241
Net Cash Flows	(240,528)	(135,581)	159,644
Cash and Cash Equivalents			
Cash and cash equivalents at beginning of period	41,467	177,048	17,404
Net change in cash for period	(240,527)	(135,581)	159,644
Cash and cash equivalents at end of period	(199,060)	41,467	177,048

SECTION 2

INFORMATION ABOUT THE COMPANY

2.9.4 Statement of changes in equity

Black Flag Brewing Pty Ltd

	As at 31 October 2022	As at 30 June 2022	As at 30 June 2021
Equity			
Opening Balance	104,356	81,757	(36,496)
Increases			
Profit for the Period	(51,304)	15,673	118,253
Share Capital	0	(9)	0
Total Increases	(51,304)	15,664	118,253
Total Equity	53,052	97,421	81,757

2.9.5 Management comments on historical performance and outlook

General

Black Flag Holdings Pty Ltd is a newly created entity that 100% owns the operation subsidiary Black Flag Brewing Pty Ltd. Black Flag Brewing Pty Ltd is the operations entity and subsequently the entity which the following commentary is referencing to. The business has been on a high growth trajectory since inception. The strategy of test to market of the brand allowed for the risk mitigation of minimal capital investment prior to realising the brands potential. The trade off on this approach was smaller gross margins due to contract brewing fees. In FY21 the business agreed that investment into a brewery would be sensible investment based on the previous performance and demand at the date. This investment will then allow for the cost of production to reduce due to removing the contract brewing suppliers. The Business however had not slowed in growth whilst the Brewery was in construction. The business decided the momentum of growth was key and invested heavily into operation teams to support the complexity of the growth.

Revenue Scale and Profit

The business has successfully demonstrated strong growth with FY21 and FY22 exceeding 200% growth on Sales Revenue. Currently at the close of Oct 22 the business has already achieved 43% of the previous FY revenue. The business has concluded that the continuous strong growth is due to the increase in investment in Sales and Marketing teams. FY22 and FY21 saw the business achieve a positive profit position even with the pressures of higher manufacturing costs due to contract brewing.

Currently the business is preparing for operational scale with the increased hiring of logistics and accounts teams on top of the existing business analytical team. This early adoption of the business-critical teams is important to ensure operations can handle the anticipated growth. In parallel with this the business was required to gear up production team members plus project managers to coordinate the brewery build and be ready for production operation once the build is completed. The subsequent result is that the business has taken a negative cash position in FY23 to-date due to the transition period of the fundamental operations.

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 Black Flag Holdings Pty Ltd. and has not been validated by an independent third party.

SECTION 3

INFORMATION ABOUT THE OFFER.

3.1 TERMS OF THE OFFER

Black Flag Holdings Pty Ltd is offering up to 1,500,000 shares at an issue price of \$1 per share to raise up to \$1,500,000. The key terms and conditions of the Offer are set out below.

Term	Details
Shares	Fully-paid ordinary shares
Price	\$1 per share
Minimum Subscription	\$500,000
Maximum Subscription	\$1,500,000
Minimum parcel size	\$250.00
Opening date	15 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.

SECTION 3 INFORMATION ABOUT THE OFFER

3.2 USE OF FUNDS

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

Intended use	Minimum Subscription	Maximum Subscription
Brewery upgrades	\$250,000	\$600,000
Marketing and branding deliverables	\$150,000	\$200,000
Operational Cashflow	\$50,000	\$200,000
Brand Licensing Program	-	\$170,000
Offer Costs	\$50,000	\$130,000
Debt Liability pay down Note this cannot be used for director loans	-	\$200,000
Total	\$500,000	\$1,500,000

The Offer costs includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchall 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.

The intended use for minimum subscription will see deliverables from the brewhouse for required upgrades to meet demand as well as the marketing capital to gain further traction while delaying the taphouse growth plan until further funds are met. If the maximum is achieved, Blackflag Brewing will endeavour to achieve all goals set out in this document

3.3 RIGHTS ASSOCIATED WITH THE SHARES

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

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

3.3.1 Voting rights

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

3.3.2 Dividends

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

3.3.3 General meetings and notices

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

3.3.4 Election and removal of directors

Pursuant to clause 25.4(a) of the Constitution, shareholders may vote to elect and remove some of the directors of the Company.

Clauses 25.2 to clause 25.4 of the Constitution also provides certain other special director appointment rights. These include appointment by directors pursuant to clause 25.4(b) as well as special appointment rights for Major Members (pursuant to clause 25.2) and Founder Shareholders (pursuant to clause 25.3).

1. Founder Shareholders refers to the shareholding of the founders.
2. Major Members refers to members (other than a Founder Shareholders) with a shareholding of at least 15% of the shares in the Company.

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

Any Black Flag Holdings Pty Ltd shares acquired under the Offer, must not be sold within 12 months of their issue without a prospectus or other disclosure statement, unless an exemption under section 708 of the Corporations Act 2001 (Cth) applies (e.g. sale to sophisticated or professional investors) or unless ASIC gives relief from the requirement to provide such prospectus or other disclosure document.

The Constitution also outlines certain rules and process pursuant to which you may dispose of your Shares.

SECTION 3 INFORMATION ABOUT THE OFFER

3.3.7 Pre-emptive rights on issue of shares

This means that, except in respect of certain Permitted Transfers (as described in the Constitution) and other permissible disposals (such as a drag along or tag along event), Member's wishing to sell shares must offer those shares to Eligible Members. Eligible Members are those that hold 0.7% of the total issue share capital of the Company at the relevant time, before those shares can be sold to third parties. This same process applies where shares are subject to transfer pursuant to clause 18 following the occurrence of an Event of Default (as described in the Constitution).

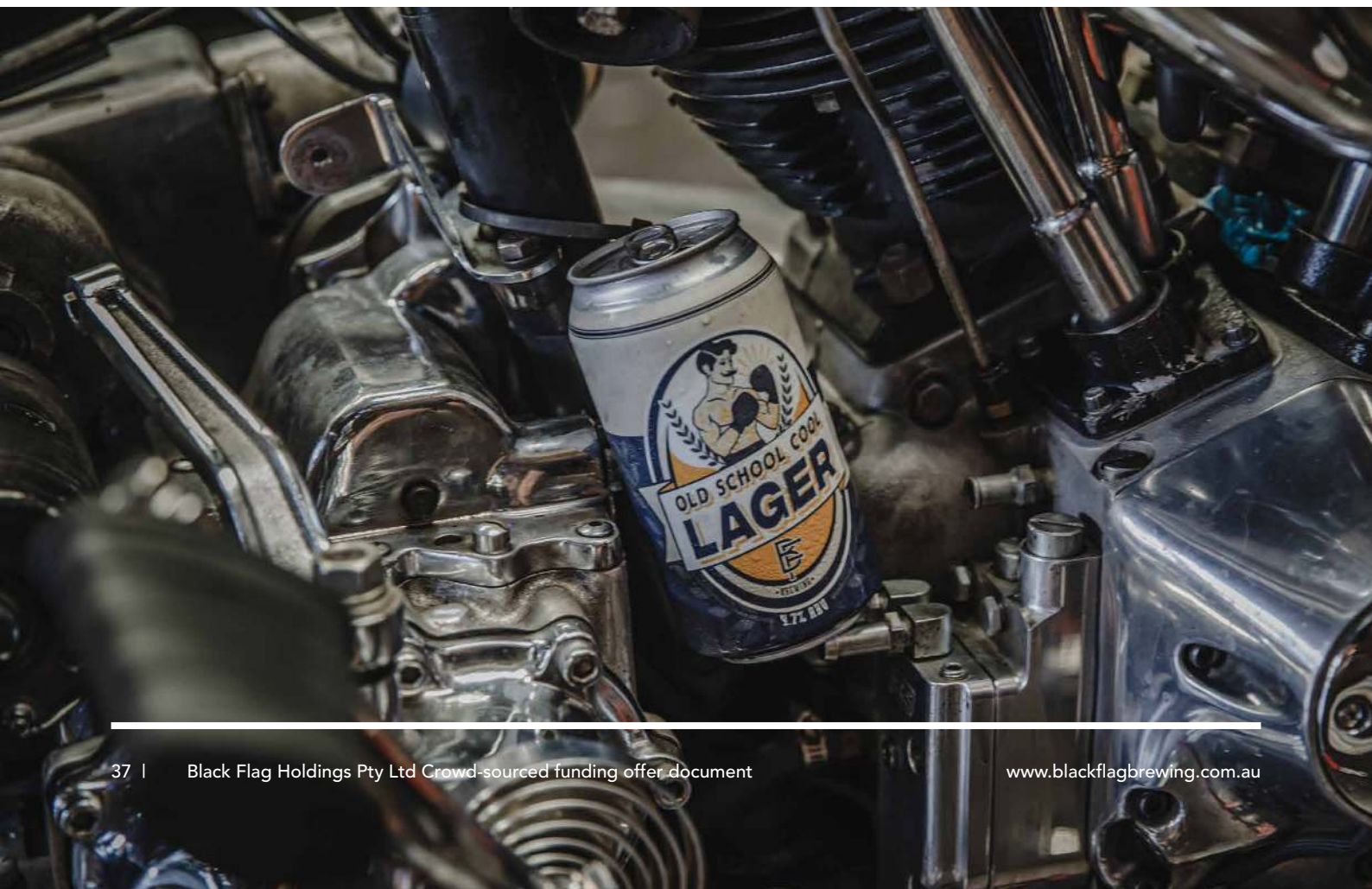
Additionally, if a sale or disposal would result in the Company having to issue a disclosure document or a product disclosure statement under Chapter 6D or Chapter 7 respectively of the Act, the sale may only occur in accordance with clause 12.5

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.



SECTION 3 INFORMATION ABOUT THE OFFER

3.5 INVESTOR REWARDS

In addition to being a shareholder of Black Flag Holdings Pty Ltd a range of rewards are being offered for investors.

These include:



Specifically designed Merchandise



Skate Decks



Eskies



Discounts in-house and online

*concept only

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

REWARD	CREW - \$250-\$999	GOLD - \$1,000-\$4,999	PLATINUM - \$5,000 - \$9,999	HALL OF FAME - \$10,000 +
INVITE TO BEERS AND IDEAS	✓	✓	✓	✓
DESIGNED OWNER SHIRT	✓	✓	✓	✓
DESIGNED BLACKFLAG SKATEBOARD		Choose either Skateboard or Esky	✓	✓
BLACKFLAG ESKY		Choose either Skateboard or Esky	✓	✓
15% OFF	✓	✓	✓	
25% OFF				✓
INVITE TO BREW DAY				✓

SECTION 4

INFORMATION ABOUT INVESTOR RIGHTS.

4.1 COOLING-OFF RIGHTS

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

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

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

4.2 COMMUNICATION FACILITY FOR THE OFFER

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

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

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

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



4.3 PROPRIETARY COMPANY CORPORATE GOVERNANCE OBLIGATIONS

4.3.1 Annual report

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

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

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

4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report [on the Company's website at the following address www.blackflagbrewing.com.au [on the Company's share registry website at the following address <https://cakeequity.com> (free of charge) or can purchase the report from ASIC.

4.3.3 Related party transactions

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

4.3.4 Takeovers

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.



GLOSSARY

Company means Black Flag Holdings Pty Ltd ACN 660 397 080

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

A man with dark hair and a nose ring, wearing a white t-shirt with the Black Flag Brewing logo, is smiling and leaning over a stack of beer boxes. In the background, another person is visible working in a brewery setting with large metal tanks.

BLACKFLAG

• BREWING

**COLLECTIVELY
CRAFTED,
INDEPENDENTLY
BREWED.**

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