



Kommunity Brewing  
Company Pty Ltd

# Crowd-Sourced Funding Offer Document

**Offer Opening - 28th of May, 2024**

**Offer of fully-paid ordinary shares in Kommunity Brewing Company Pty Ltd at \$0.60 per share to raise a maximum of \$900,000.**

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

**Issuer:** Kommunity Brewing Company Pty Ltd ACN 604 905 115

**Intermediary:** Birchall Financial Services Pty Ltd AFSL 502618



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# 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.

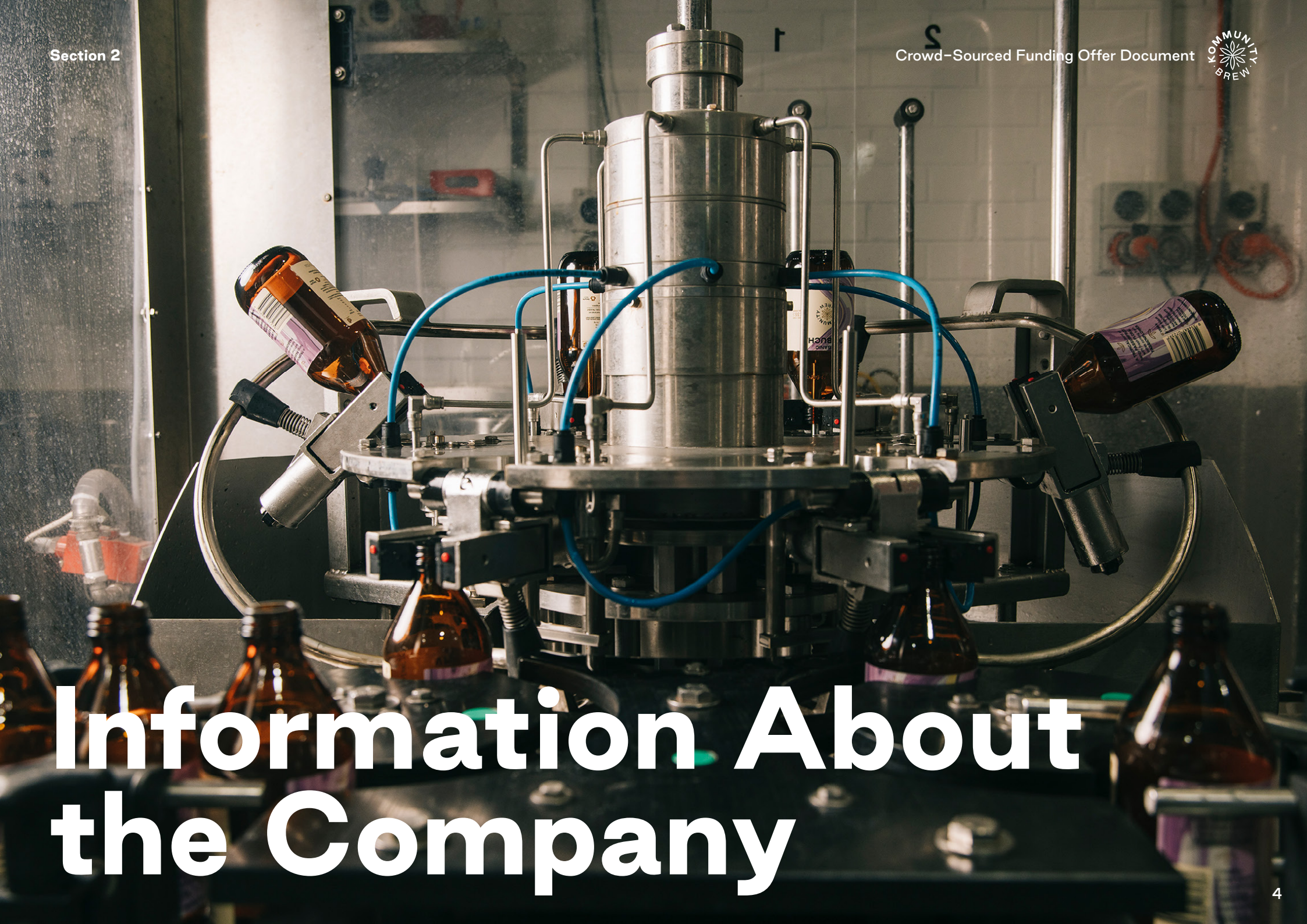
Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

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.





# Information About the Company

# Company Details

This offer of shares is made by Kommunity Brewing Company Pty Ltd ACN 604 905 115 (Company).

Company name	Kommunity Brewing Company Pty Ltd
ACN	604 905 115
Date of Incorporation	23 March 2015
Registered Office	24 Hasler Road, Osborne Park WA 6017
Principal Place of Business	67-69 Howick Street, Lathlain
Directors	Mason Bagios Marquis Pohla Nathan Hood
Subsidiaries	Cool Cool Beverage Co Pty Ltd ACN: 166 669 334 (100% wholly-owned)
Company Secretary	James McNaught - Carbon Group
Share Registry	Cake Equity
Website	<a href="http://www.kommunitybrew.com">www.kommunitybrew.com</a>
Other Brand Websites	<a href="https://sipssparkling.com/">https://sipssparkling.com/</a> <a href="https://coldmatter.com.au/">https://coldmatter.com.au/</a>



# A Letter from the Founder

## Dear Investor,

I hope this letter finds you well, and I appreciate the opportunity to share with you the heartfelt journey of Kommunity Brew and our vision for the future.

Our story began through shared experiences in studying nutrition and herbal medicine, and our time working together in a health food store. It was during these moments that we encountered fellow Australians seeking healthier alternatives to support their diverse lifestyle changes, whether it be for weight-loss, digestive health, immune disorders, or general wellbeing.

Motivated by the desire to create beverages that seamlessly fit into the Australian way of life, we launched Kommunity Brew. Our beverages, passing the BBQ test - enticing, enjoyable, and sessionable, started as a humble hobby business, confined to an 18-square-meter shed. From Farmers Markets to supplying independent supermarkets and hospitality venues in WA, our brand resonated with adults seeking alternatives to alcohol and sugary drinks.

In 2023, we embarked on a journey to amplify our impact nationwide. With confidence in our ability to produce brands that cater to Australians' long-term wellbeing, we developed a rapid innovation system. This led to the launch of five new product ranges, including probiotic sparkling water, health shots, and our Cold Matter brand featuring cold brew coffee and iced tea.

The east coast expansion, fueled by the growing demand for healthier drinks, has been nothing short of extraordinary. Catching the attention of Harris Farms in New South Wales, our sales across Sydney, Brisbane, and Melbourne have witnessed a staggering 700% increase in 2024 alone.

In FY24, our group is on track to reach \$2M in revenue with new client acquisitions announced at the time of this letter, such as Market Organics, Mr. Vitamins and a new distribution deal in South Australia. Total revenues since business launch is recorded at \$9.2M.





Our journey is one of **grit** and **purpose**, so grab hold of a 'booch' and take a moment to quench your thirst and absorb our story

Our state-of-the-art, vertically integrated facility, expanded in 2022, currently has the capacity to manufacture five times our current volume.

We take pride in the diverse capabilities of our team at Kommunity Brew. With the right people, products, systems, and manufacturing capability, we are ready to grow even further.

Recent agreements with distribution partners and brand ambassadors on the east coast, along with new distributors, will open us up to an additional 600 customers, setting the stage for robust growth in 2024-2026.

Equity crowdfunding will play a pivotal role in supporting our distribution footprint, building brand awareness, and ensuring profitable outcomes. As we navigate this exciting phase, we remain committed to developing products that align with the latest trends in low/no-sugar beverages, hydration, functional probiotics, and CBD-infused drinks.

The health and lifestyle focus of consumers, spanning from Gen Z to Gen X, drives our commitment to delivering high-quality products for a longer and healthier-lived Australian market. It is our privilege to embark on this journey, and with your support, we are confident in reaching new heights.

I am sure you are thirsting to know the next leg in our journey, what does the next chapter look like?

Over the next 18-24 months we plan to:

- » Build our sales and marketing team to drive domestic growth
- » Build brand awareness to increase store-level conversion
- » Develop new products to put through our vast and growing network
- » Invest in efficiency to further profitability

This is your opportunity to join a rapid-growth, culture-changing company with outstanding brand reputation, effective leadership and gritty-resourcefulness that brings value to shareholders and its customers.

Thank you for considering joining us on this remarkable adventure.

Warm regards,

Mason Bagios  
CEO of Kommunity Brew

# Our Business

Kommunity Brew is a brand-led manufacturing company specialising in functional, non-alcoholic and low to zero-sugar premium beverages.

**\$9.2M AUD in group revenue to date**

**Over 4.5 million servings sold**

**Over 1000 active wholesale customers**

**35 products in market**

**3 new ranges currently in development**

Our products are sold in Coles, Woolworths and Independent grocery stores in every state, and all capital cities in Australia. Our products are fully managed by a team of Perth locals, servicing over **1,000 stores**.

As a vertically integrated producer, we have mastered the production of kombucha, probiotic drinks, sugar-free beverages, cold brew coffee and sparkling water.

We operate from a purpose-built facility with room to grow, with a cap estimated at five-times today's production volume.

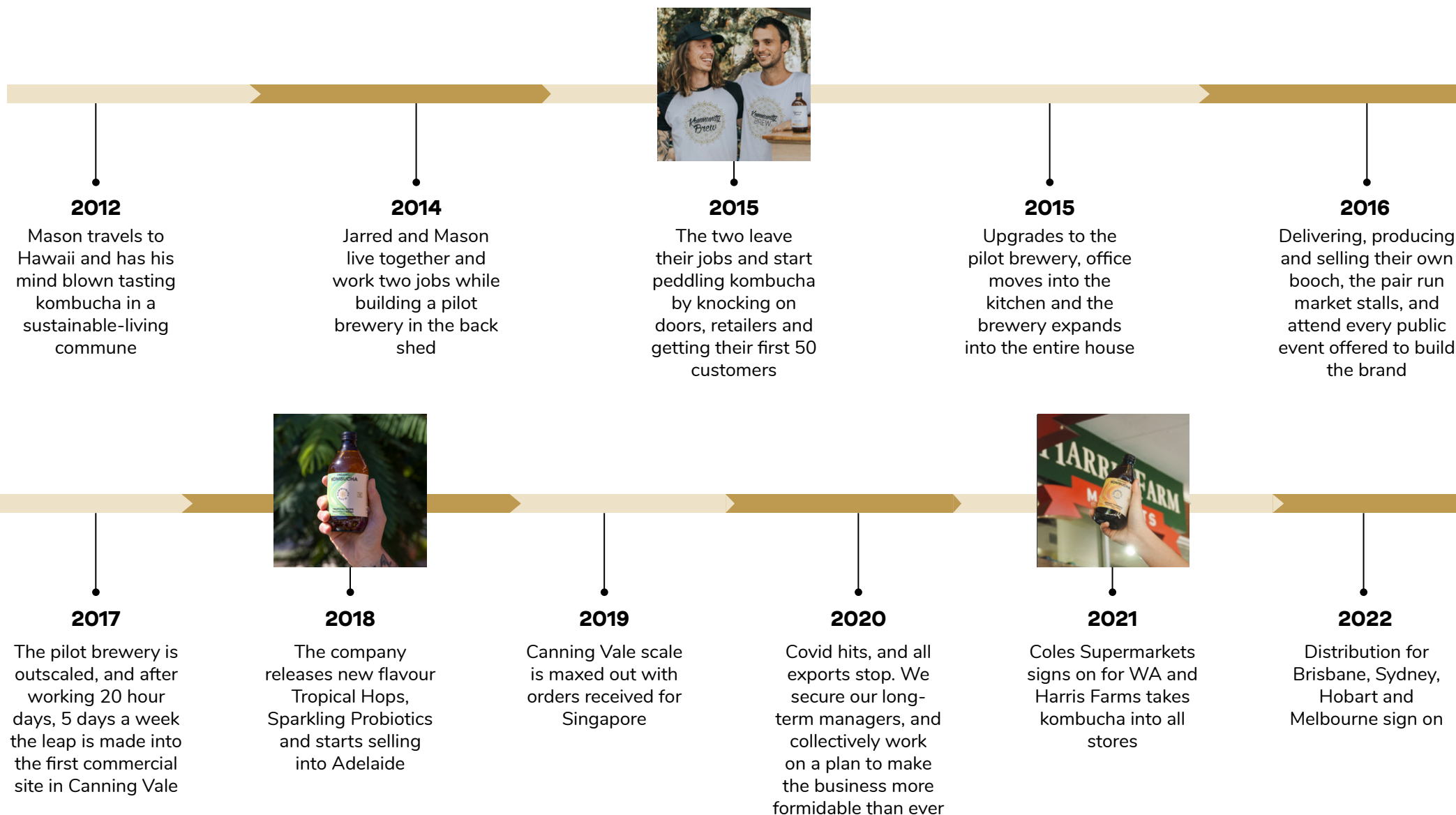
Our team includes marketers, food technologists, sales managers and warehousing assistants to manage our supply chain from procurement to manufacturing and distribution. We cover it all with a lean, resourceful approach to problem solving.

Control over these elements of the supply chain create intrinsic value in the company enabling it to consider new proprietary products with minimal time-to-market.

Partners work as an extension of our team, supporting distribution and brand activation activities. We provide goods to three key distributors who cover parts of Western Australia, Queensland, New South Wales, Victoria and Tasmania.

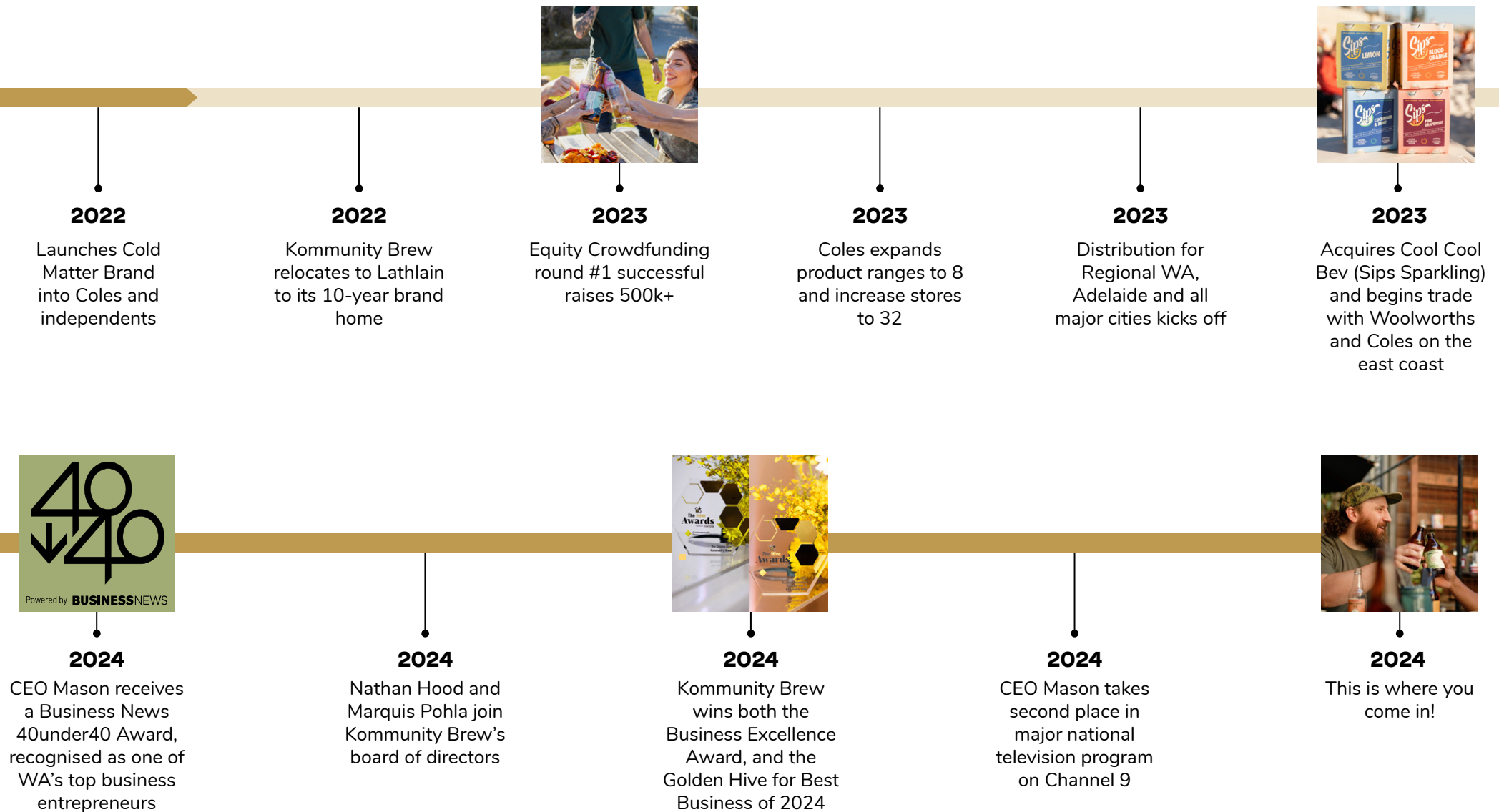
## Section 2.3.2

# Timeline & Milestones



## Section 2.3.2

# Timeline & Milestones



Section 2.3.3

# Achievements

- 

Hive Awards

Winner of the Golden Hive, named Best Business 2024
- 

Hive Awards

Winner of Hive Award for Business Excellence (Small Business) 2024
- 

Major National TV Show

CEO Mason Bagios places second in a major national television show on Channel 9 2024
- 

Business News 40 Under 40 Awards

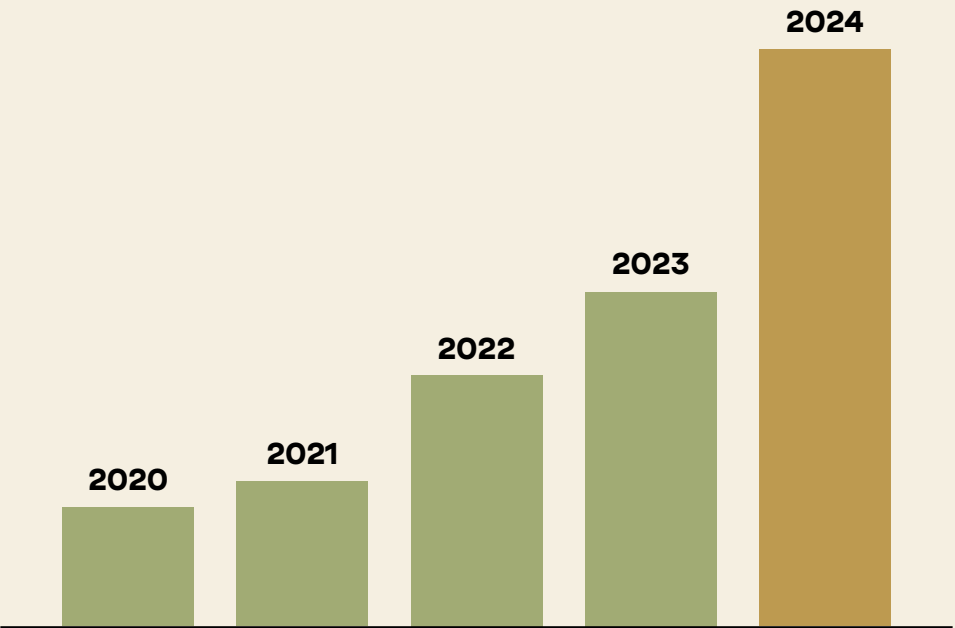
CEO Mason Bagios is named a winner in WA's pre-eminent program recognising the State's leading business entrepreneurs 2024
- 

Clean + Conscious Awards

Silver Award Winner for Lavender & Chamomile Water Kefir 2020

Averaging  
**54% Growth**  
Year-on-year

On track to hit 72% in 2024








\*Results presented are based on financial year

Group Revenue Growth year-on-year			Forecasted/ on track for
2021	2022	2023	2024
22%	74%	33%	72%

## Section 2.3.4

# Company Scorecard

This page provides an overview of how the Company is tracking in relation to past strategic goals and objectives.

Strategic Focus	Description	Progress	Fully Implemented
<b>Brewery expansion, updates or acquisitions</b>	Build capability and impacts gross profit, revenue and customer lifetime value	<p>Acquired Cool Cool Beverage Co and added two in-market brands and two out-of-market brands to our portfolio</p> <p>Purchased ~\$25,000 of equipment through second hand means</p>	
<b>Beverage range development</b>	Builds brand intellectual property and improve portfolio effectiveness, encompasses research and development	Developed Cold Matter Cold Brew and positioned it for range expansion (two new SKUs), wound back plant-based products and developed concepts for canned-cold brewed products	
<b>Marketing, branding &amp; communications</b>	Builds brand recognition and deploys brand story into marketplaces	Significantly invested in editorial and advertorial activities to build brand across Queensland, New South Wales, Canberra and Tasmania	
<b>Sales &amp; distribution</b>	Activates brand representation in field and provides resources to account managers to better engage with prospective and active customers	Pounded-pavement and won customers across east coast, increasing active customer list by >600 accounts nationwide	
<b>Working capital</b>	Used to manage growth in gross cash flow and assist with business hurdles and opportunities	Working capital maintained between raises	

# Our Products

Our proprietary, built from the ground up brands that are improving Australia's healthy options.



# Kommunity Brew



## Authentic Kombucha

Our signature range offers a uniquely delicious blend of organic and botanical ingredients designed to promote gut health.

Our kombucha is herbal-infused through a trade-secret process and is unpasteurised, containing zero preservatives and is genuinely low in sugar, making it the perfect, guilt-free drink.

Available in 5 signature flavours - Ginger Turmeric, Tropical Hops, Jasmine Green Tea, Raspberry Blossom and Passionfruit Elixir.

Packed in 375ml and 750ml glass bottles.



## Herbal Health Shots

Our Herbal Health Shots deliver a powerful boost, blending traditional and functional ingredients to support specific health goals.

Crafted with all-natural ingredients, these shots are designed to be convenient, supporting busy lifestyles while delivering nutritional potency.

Available in 4 desirable functions - Immunity Boost, Metabolism Boost, Energy Boost, and Collagen Boost.

Packed in 100ml glass bottles.



## Sparkling Probiotic Water

Our unique to-market Sparkling Water with a probiotic twist is bringing functional qualities to a rapidly growing category. We have added live dairy-free cultures to a range of light and refreshing flavoured waters. Each bottle is a probiotic powerhouse, boasting over 1 billion probiotics per serve. In line with our health-conscious ethos, they are low in sugar.

Available in 4 refreshing flavours - Lavender Chamomile, Hibiscus Rose, Elderflower and Lemon Myrtle.

Packed in 330ml glass bottles.

# Cold Matter



## Cold Brew Coffee

Cold Matter cold brew coffees stand out from other sugary cold coffee beverages in the market by offering a dairy-free, zero-sugar option with a high caffeine content. Our coffee is sourced from a specialist roastery granting our cold brew a natural hazelnut and chocolate flavour.

We disrupted the flavoured milk category by introducing cold brew coffee products that are free from dairy, sugar, and colourings.

Available in 2 delicious flavours - Long Black and Caramel

Packed in 330ml glass bottles.



## Cold Brew Tea

Cold brew tea is a disruptor in the Iced Tea space.

In line with our drive to offer functional points of difference, our cold brew tea introduces fresh flavours, zero sugar formulas, focus-boosting L-Theanine and 100mg of Vitamin C.

Available in four fruity flavours - Passionfruit, Watermelon, Mango and Peach.

Packed in 330ml glass bottles.

# Sips Sparkling & Liberty Kombucha



## Sips Sparkling

Sips Sparkling offers sessionable, sparkling waters, infused with all-natural and classic fruit flavours, with a Native Australian botanical twist.

These zero-calorie, refreshing drinks are delicious casual refreshers or the perfect alcohol alternative.

Available in 6 thirst-quenching flavours - Blood Orange, Raspberry, Pink Grapefruit, Pineapple Yuzu, Cucumber Mint and Lemon.

Packed in 330ml can singles and four-pack clusters.



## Liberty Kombucha

Our soda-alternative, kombucha-based Liberty range adds convenience and stability to the category by being shelf-stable and long life, with unique flavours.

Designed as a zero-sugar refreshment, Liberty Kombucha comes in an array of fruity flavours.

Available in 4 delicious flavours - Pomegranate, Blood Orange, Ginger Kakadu Plum and Black Cherry.

Packed in 330ml cans.

## Section 2.3.6

# Business & Revenue Model

Our products are retailed in independent-owned businesses and major supermarket chains such as Coles and Woolworths, reaching every state and capital city in Australia. Our team of Perth locals oversees the management of our products, servicing over 1,000 stores across the country.

As a vertically integrated producer, we have specialised capability in the manufacturing of Kombucha, Probiotic Drinks, Sugar-free beverages, Cold Brewed Coffee, and Sparkling Water.

Operating from our purpose-built 610 sqm facility, we have ample room for expansion, with projected production capacity estimated to increase up to five times from current levels. Our team comprises marketers, food technologists, sales managers, and warehousing assistants, who adeptly manage our supply chain from procurement to distribution, employing a lean and resourceful approach to problem-solving.

Maintaining control over these supply chain elements adds inherent value to our company, enabling swift introduction of new proprietary products to the market. Collaborating closely with partners who extend our capabilities in distribution and brand activation, we ensure comprehensive coverage across the nation. Through key distributors, in addition to our own fleet, we achieve complete market availability,

demonstrating our commitment to delivering quality goods throughout Australia.

This supply chain and product development expertise is utilised to reach opportunities across the following channels.

## Direct Grocery Wholesale

Our company operates direct account management with over 200 Perth-based retailers. This allows large market share acquisition and ranging of our core and secondary brands. These relationships have developed over 8 years with an unbroken record of year on year growth.

## Direct Hospitality Wholesale

Our company operates direct account management with over 80 Perth-based cafes. These relationships range from destination tourism venues such as Rottneest Bakery, Como Treasury and South Camp Dunsborough to high-end cafes and restaurants.

## Partnered Wholesale

To achieve brand expansion into all states of Australia, we have partnered with growth-minded distributors on a three year deal, to ensure our products are prioritised and our customers are serviced in line with our own direct management principles. By operating a sales team internally, we form direct relationships

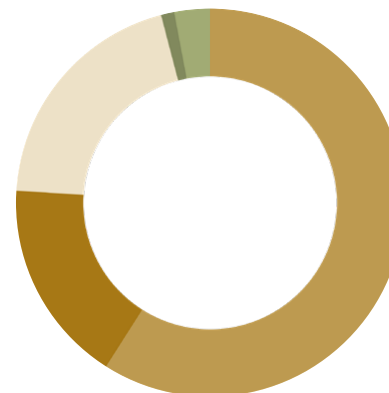
with major retailers such as Harris Farms, Flannery's, Supabarn, IGA/Metcash, with the logistical support of distribution partners.

## eCommerce

All branded websites are eCommerce ready, with email direct marketing strategies in place to capture trade from web traffic. Equally important is our Amazon portal, where shelf-stable products such as Sips Sparkling can be distributed across the country.

## Export

Sips Sparkling and Liberty Kombucha brands are export ready, with small quantities entering the UAE and Southeast Asia already. While not a significant contributor to revenue, it is a growth channel of the business.



# Growth Strategy

## Section 2.4.1

### Growth Summary

In 2020, we built a growth strategy to transform from a hobby business to a commercial operation. The strategy had three horizons, and after advancing Phase 1 and 2 we now prioritise Phase 3.



#### Phase 1

Brand and Innovation



#### Phase 2

Operational Efficiency



#### Phase 3

Brand Distribution and Awareness



## Section 2.4.2

## Brand Distribution & Awareness Strategy

Growth opportunities in alignment with Phase 3 of our business strategy focus on increasing the value generated through prior investments into capability, product development and supply chain resilience. **Key pillars for growth are detailed below.**

### 1. Grow Distribution

This involves pitching and negotiating sales and merchandising agreements with major retailers and portfolio managers nationwide to expand our product offerings or target untapped market opportunities. Currently, the focus is on food-service distribution, following a 2023 emphasis on grocery retailers. A key goal is achieving national distribution in major supermarkets like Woolworths and Coles, such as launching a new product into over 500 stores. Additionally, cross-selling brands during retailer negotiations presents a significant growth opportunity; for example, a win for Sips Sparkling can also introduce Cold Matter or Kommunity Brew to the same customer.

### 2. Innovate From the Core

To fully benefit from prior range success, innovation is directed into products and improvements that best influence the bottom line. In our case, launching products that utilise our kombucha processes or intellectual property has a faster return on investment than completely new categories (such as plant-based milk products). Our innovation is laser focussed, to build new products in a way that uses existing capabilities while generating higher profits or point of differentiation.

### 3. Brand Building

Long-term equity and value are built through brand admiration and loyalty. We invest in developing brand personality and memory, enhancing customer conversion and lifetime value. By managing our own sales and marketing teams, we create retailer-specific content to engage their audiences and strengthen our brand message. Additionally, we participate in exhibitions and public events to connect with buyers and consumers, fostering an emotional connection. It's the community in Kommunity Brew.

#### Efforts under this pillar include:

- Demonstrative installations
- Exhibitions
- User-generated content marketing
- Email direct marketing
- Blog writing
- Publicity generation

### Future Opportunities

Our domestic market is far from developed, our products fit into categories which have rapid growth trajectories over the next four years and our task is to acquire market share to a very large marketplace.

Our domestic market is still developing, with our products in high-growth categories. Our goal is to acquire market share in this expanding market. With vertically integrated brands, we control manufacturing costs, enabling export and future product development.

#### Key opportunities include:

- Develop ambient lines for greater market share
- Invest in eCommerce partnership with Amazon to expand domestic reach
- Investing in third-party logistics infrastructure in New South Wales to serve major markets and export needs



## Section 2.5.1

# Marketing Strategy

Our marketing strategy balances the need for a combination of top of the funnel brand building with sales activation to generate trial and repeat purchase.

## Brand Building & Awareness



### Public Relations

Generating brand awareness and consideration through media and influencers that speak to our target audience.

### Digital Marketing

Leveraging social content creation to build our brand image and paid advertising to drive awareness and build our audience.

## Conversion



### Shopper Activation

In-store tastings to encourage trial of our brands.

### Trade Marketing

Promotional activities with selected retail partners through co-marketing and in-store discounts.

## Section 2.5.2

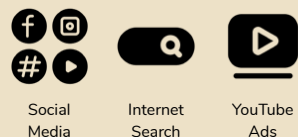
# Customer & Consumer Trends

## Gen Z (Aged 18–24)

Top social media apps:



Ways in which Gen Z discover new products:



**33%** of Gen Z have bought a product based on an influencer's recommendation in the past 3 months.

**50%** of Gen Z'ers want companies to advocate for social issues, specifically racial justice, LGBTQ+ rights, gender inequality, and climate change. Advocacy for these issues has a strong impact on Gen Z purchase decisions.

Ads on streaming services beat TV for reaching Gen Z. Retail discovery is still relevant, but less frequent than digital channels.

\*According to US Data

References:

[Oberlo: Generation X Lifestyle and Buying Habits, 2024](#)

[Oberlo: Consumer Spending by Generation, 2023](#)

[Hubspot: How Each Generation Shops in 2023](#)

[ClearVoice: Consumer Spending by Generation](#)

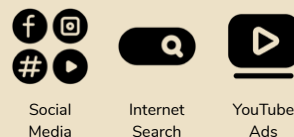
[Who Spends the Most and What Are They Buying? 2024](#)

## Millennial (Aged 25–35)

Top social media apps:



Ways in which Millennials discover new products:



**26%** in the last three months have bought based on an influencer's recommendation.

**41%** of Millennials want companies to advocate for social issues, specifically racial justice, income inequality, climate change, affordable healthcare, and LGBTQ+ rights. Advocacy for these issues has a strong impact on Millennial purchase decisions.

**Cable TV ads** beat streaming services for reaching Millennials by a small margin. Retail discovery is still relevant but less frequent than digital channels.

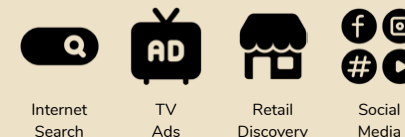
Recent statistics on consumer spending by generation show that Millennial's annual expenditure is the second highest across all age groups\*.

## Gen X (Aged 35–54)

Top social media apps:



Ways in which Gen X discover new products:



Gen X does thorough internet research via search engines before buying new products.

Gen X discovers new products on social media more frequently than any other channel, though it isn't preferred.

**90%** of Gen X use social media.

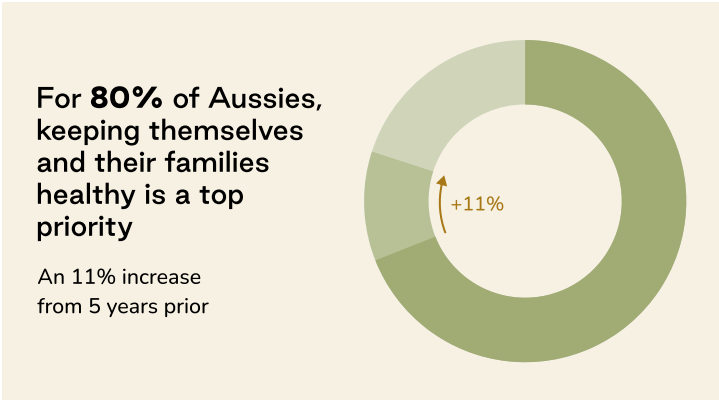
**35%** of Gen Xers say companies should take a stance on social issues, specifically climate change, affordable healthcare, racial justice, and income inequality.

Recent statistics on consumer spending by generation show that Generation X's annual expenditure is the highest across all age groups\*.

**90% of all generations still shop for groceries in-store**

# Drivers in the Health Market

## Consumer Trends



### How much sugar are we consuming?

The level of sugar we actually consume is 11% of daily kilojoules among adults and 13% for children. Over half of Australians exceed the recommended 10% daily limit. Most concerning, the bulk of added sugars (81%) Australians consumed in 2011-12 were from sugary drinks and discretionary food. That is, unhealthy food, often packed with cheap sugar.

The worldwide diabetes prevalence in adults has increased from 4.3% to 9.0% in men, and 5.0% to 7.9% in women, with between 85% and 95% of this likely attributed to type 2 diabetes mellitus (T2DM).

Research suggests that T2DM, a multifactorial condition influenced by various factors including lifestyle choices like smoking, sedentary behaviour, and unhealthy eating habits, can be mitigated by reducing sugar intake relative to energy expenditure. Consequently, there's a growing emphasis on developing low-sugar or zero-sugar beverages to address issues of excessive sugar consumption in refreshments.



A study by the University of South Australia of more than 1000 consumers from Australia and NZ were surveyed, revealing that those who ate out at least once per week were inclined to pay more for healthy drinks, and those who ate out more often, were willing to pay a larger premium.

References:  
[Lifestyle profiles help market healthy eating to young Australian adults, 2021](#)  
[The role of dietary sugars, overweight, and obesity in type 2 diabetes mellitus: a narrative review, 2022](#)  
[Roy Morgan Australian Report on Wellbeing, 2020](#)  
[Nielsen: Aussies are eager to master health-conscious lifestyles, 2021](#)  
[Australia ranked as 10th largest wellness market in the world by Elisabeth King, 2022](#)  
[Australian Health Survey: Consumption of added sugars, 2011-12](#)  
[UNISA: Cheers! Here's to the health-conscious youth: an untapped drinks market for restaurants 28 June 2022](#)



# Size of Opportunity

## Growth Markets



The **global wellness economy** is currently worth USD \$4.4 trillion in 2024 and is projected to reach USD \$7.0 trillion by 2025

Australia ranks **10th** in the global wellness economy with a total spend of USD \$84 billion.



Australian yearly spend on wellness products, including food & beverage, on a per capita basis.

References:  
[Statista: Lifestyle Market Insights Australia, 2022.](#)  
[WorldData: Country Comparison Australia and United States, 2024.](#)  
[Markets and Markets: Kombucha Market Report, 2024.](#)  
[Jones et. al. 2010. Do Australian and American consumers differ in their perceived shopping experiences? A bi-cultural analysis.](#)  
[Statista: Ready-To-Drink Tea Market Insights Australia, 2023.](#)  
[Statista: Ready-To-Drink Coffee & Tea Market Insights Australia, 2023.](#)  
[Statista: Carbonated Soft Drinks Market Insights Australia, 2024.](#)

The **global kombucha market** is estimated at USD \$2.4 billion in 2024 and is projected to reach USD \$5.9 billion by 2029, at a CAGR of 19.4% from 2024 to 2029



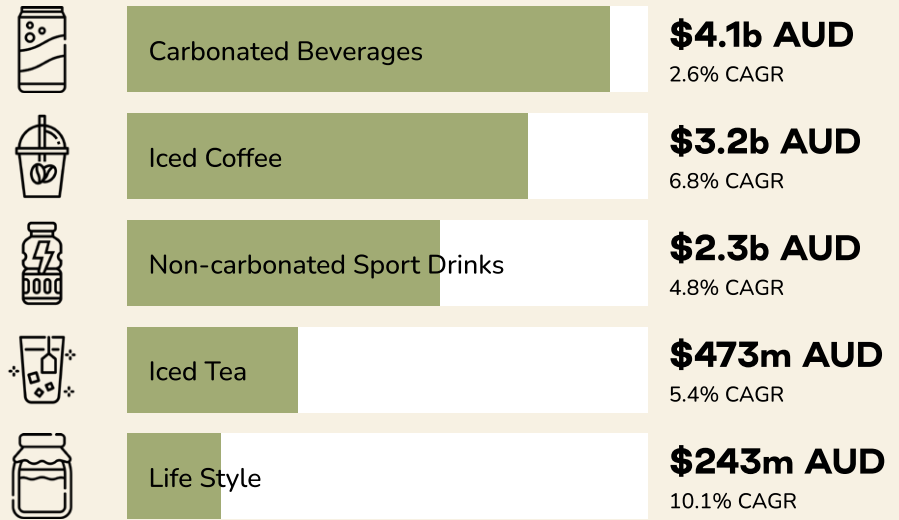
Australia has 9% of the population of the US. Consumer trends closely mirror that of the US, though delayed.

Across our Iced Tea and Kombucha products we see significant room for growth in Australia. On a per capita basis should Australian trends follow the US, our active categories would grow to 14bn AUD\*

Specific categories we are targeting with high CAGR such as RTD iced teas in the US produced \$67m of revenue per million of population. Applying this to Australia's population indicates on a like for like basis Australia's RTD Iced Tea market could reach \$1.76bn alone.\*

\*Calculation: market size divided by population (million) of US market, multiplied by population (million) of AUS.

### Size and potential growth of markets we operate in



\*Figures are not to scale

# Innovation Framework

We make products that have a unique position in the market, that advance categories towards the shopper trends and ultimately offer a point of difference. Our product principles are based on a six-factor criteria:



**Sugar avoidance**

All products are either low sugar (when fermented) or no-added/zero-sugar when not fermented



**No artificial ingredients**

Artificial ingredients are not present in any products



**Allergen friendly**

All products are free from allergens, including gluten and animal products



**Pure**

Natural ingredients that are simple and easy to understand



**Flavourful**

All flavours come from nature



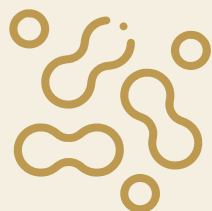
**Functional**

All products are made with functional lifestyle outcomes in mind



## Section 2.5.6

# Innovation Pipeline



## Probiotic Tonics

Probiotic Tonics are designed to be supplemental to the gut and as effective as contemporary probiotics in a convenient, ready-to-drink format.

- » 2 billion probiotics per serve
- » Containing prebiotic fibre
- » Low-sugar
- » Fruity flavours

### Project 1



## Hydration Formulas

The next generation disruptor to hydration. Our hydration brand applies electrolyte, b-vitamin and nootropic complexes to the E-sports and casual-gamer demographics. By creating a drink that suits desk stations and mental acuity. We aim to take hydration away from the football field and open it up to next-generation athletes with niche interests.

- » Free from artificial sweeteners, colours and flavours
- » Contemporary and inclusive branding
- » Unique nootropic and B-vitamin complex
- » Unique hydration complex

### Project 2



## Cannabis Infused Drinks

CBD, CBG, and low-THC are gaining recognition for potential benefits like relaxation, stress relief, sleep support, and anti-inflammatory effects. Ongoing research continues to explore their full impact.

Our R&D pipeline regularly reviews legislation, suppliers, and product stability to ensure readiness for cannabis-infused beverages when legal. Our vision includes:

- » Natural therapeutic products, tonics, and edibles
- » Alcohol alternatives for social settings
- » Nutraceuticals for targeted use

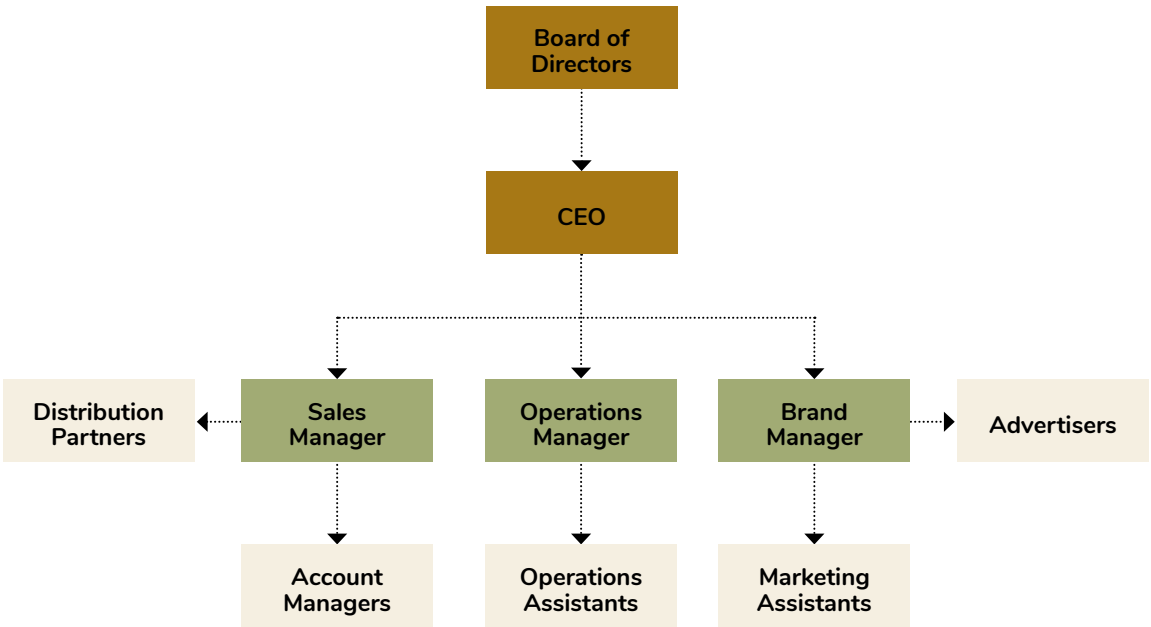
### Pending legislation

# Our Team

We operate on a people first approach.

One part of the secret sauce of Kommunity Brewing Co is the mixture of highly creative and industry-experienced professionals who seek to go beyond the norm and deliver the exceptional.

# Organisational Chart



## Section 2.6.2

# Founders



## Mason Bagios

### Managing Director and CEO

As the esteemed leader of the company, Mason Bagios meticulously oversees all facets of business operations while spearheading major new business development initiatives. With a robust educational background encompassing health science, supply chain management, and human change management, Mason brings a unique blend of expertise to his role at Kommunity Brew.

In his capacity, Mason leads pivotal negotiations with major supermarkets and key partners, deftly fostering new commercial relationships with distributors. His unwavering commitment to fostering win-win outcomes has resulted in deeply loyal and strategic partnerships, propelling the growth trajectory of Kommunity Brew to new heights.

Outside the boardroom, Mason cherishes his role as a devoted father, caring for several animals, and is supported by his loving wife.



## Jarred Dickie

### Co-Founder

Jarred Dickie serves as the resident machinist at Kommunity Brew, entrusted with overseeing all aspects of new equipment installation and maintenance. Renowned for his innate ability to discern value in equipment and apply innovative solutions to enhance facility operations, Jarred consistently delivers substantial cost savings and operational efficiencies.

With a hands-on approach that knows no bounds, Jarred led the construction of the current Kommunity Brew brewery in Lathlain, showcasing his exceptional skill set and dedication to excellence. His academic background in natural medicine, coupled with expertise in operational health and safety, underscores his commitment to holistic business practices.

Beyond his professional endeavors, Jarred finds fulfillment in his role as a loving and caring father.

## Section 2.6.3

# Directors



## Marquis Pohla

### Non-Executive Director, Strategy & Marketing

As the visionary Founder of Metrix Consulting, Marquis Pohla specialises in empowering the public and private sectors to make informed decisions through potent marketing insights and strategy. With a remarkable journey from a humble home-based business to a Fast 100 company, Marquis brings invaluable expertise to the table, shaping Kommunity Brew's growth strategy.

Acknowledged as one of the Top 100 young entrepreneurs in the nation by Business News Australia and a recipient of prestigious accolades including 40 Under 40 by WA Business News, Marquis' stellar achievements underscore his profound impact on the business landscape. His academic credentials include a Bachelor of Commerce from Curtin University and a Specialisation in Design Thinking and Innovation from the University of Virginia.

In addition to his illustrious career, Marquis has served as a Past President of Entrepreneurs Organisation (EO) Perth, further demonstrating his commitment to fostering entrepreneurial excellence.



## Nathan Hood

### Non-Executive Director, Finance & Accounting

Nathan Hood epitomises the spirit of entrepreneurship as the Co-Founder of Carbon Group. Under his visionary leadership, Carbon Group has ascended to become the 39th largest accounting firm in Australia, a remarkable feat within a fiercely competitive industry. Nathan's forward-thinking approach and prestigious recognition as a 40 Under 40 winner in Western Australia have been instrumental in Carbon Group's meteoric rise.

Apart from his exemplary achievements at Carbon Group, Nathan actively contributes to the entrepreneurial community as a mentor within the Entrepreneurs' Organisation (EO), generously sharing his insights to nurture the growth of budding businesses.

Furthermore, Nathan plays a pivotal role on multiple fast-growing company boards, leveraging his strategic acumen to drive success. His involvement in expanding Life Ready Physio, among other ventures, underscores his commitment to fostering business excellence.

Amidst this busy schedule, Nathan finds joy in spending quality time with his wife and three daughters, as well as pursuing his passion for snowboarding and sports. His genuine dedication to supporting small business owners has cemented his status as a respected and inspirational leader.

## Section 2.6.4

# Management



## Nathaniel Oldmeadow

### Operations and Innovation Manager

As our Operations and Research Manager, Nat oversees all production efforts, while spearheading the development of innovative new products.

With a background as a food scientist at D'Orsogna, Western Australia's premier food manufacturer, Nat brings a wealth of expertise to our team.

His commitment to excellence and relentless pursuit of improvement embody our grit and hustle culture. Nat is always seeking improvements to our core range production methods, and innovations that serve as the entry point into new categories.

Nat also oversees our HACCP and supplier excellence programs, whereby Kommunity Brew is becoming a manufacturer of renown.

Nat routinely offers internships to Curtin University students to learn the ropes of food technology in a practical and hands placement.



## Sam Waters

### National Sales Manager

Sam Waters, our National Sales Manager, is a seasoned professional with over 12 years of experience in FMCG. Throughout his career, Sam has collaborated with some of the biggest names in the industry, including Cocobella, Nutty Bruce, and Nutrient Water.

His partnership with Mason spans nearly a decade, a testament to his dedication and reliability.

As the driving force behind our sales strategy, Sam brings creativity and determination to account management.

Sam is a hands-on manager, personally developing the account management team at Kommunity Brew, being the direct mentor to our Account Managers, Kacey and Brodie, taking young professionals and training them to be high quality professionals.



## Alex Morton

### Brand Manager

As Brand Manager, Alex leads the marketing and creative team in delivering a high quality user experience across our portfolio of brands.

With a background in eCommerce and web development, Alex has crafted stunning branded websites that showcase our products with unparalleled commercial appeal.

Embracing a local-first approach to design, Alex collaborates with passionate contractors to produce captivating content for a variety of platforms.

Alex has expanded the marketing team at Kommunity Brew through the use of internships with Curtin Universities school of business & law, where students complete a practical placement spanning analysis through to content creation.

Section 2.6.5

# Team



**Jacob Wilson-Galeotti**

Operations Supervisor



**Paul Harms**

Operations Officer



**Kacey McCartney**

Account Manager



**Brodie Poga-Smith**

Account Manager



**Andrew Macliver**

Operations Assistant



**Jacob Dean**

Operations Assistant



**Mia Dal Molin**

Marketing Assistant

# Group Structure

All Group companies are shown in the following table

Entity	ACN	Trading Names	Role
Kommunity Brewing Company Pty Ltd	604 905 115	Cannabliss Beverages, Hi-def Drinks, Higher Minds Beverages, Liquid Drip Hydration, Cold Matter, Altered Cultures, Kommunity Brew	Primary trading company
Cool Cool Beverage Co Pty Ltd	166 669 334	Paradise Cold Brew, Liberty Kombucha, Sips Sparkling	Subsidiary



# Capital Structure

## Section 2.7.1

### Issued Capital

As at the date of this offer document, the Company has 18,516,148 shares on issue.

**Table 1: Issued capital of the Company before the Offer**

Issued Shares before the offer		
	No. of shares	%
Founders & Directors	17,376,540	94%
Equity Crowdfunded Investors	1,002,146	5%
Managers	137,462	1%
ESOP*	-	0%
<b>Total</b>	<b>18,516,148</b>	<b>100%</b>

\*Employee share ownership program

**Table 2: Issued capital of the Company following the offer (on a fully diluted basis)**

	Minimum Subscription (\$120k)		Maximum Subscription (\$900k)	
	No. of shares	%	No. of shares	%
Existing Ordinary Shares	18,516,148	98%	18,516,148	92.5%
Offer Shares	200,000	2%	1,500,000	7.5%
<b>Total</b>	<b>18,716,148</b>	<b>100%</b>	<b>20,016,148</b>	<b>100%</b>

## Section 2.7.2

# Rights and Liabilities Associated with Securities

An investor subscribing for shares is bound by the Company's Constitution. A full copy of which is available on the Intermediary's platform.

## Ordinary Shares

As of the date of this Offer, the only class of shares in the Company on issue are ordinary shares. The shares issued pursuant to this Offer Document will be fully paid ordinary shares. The Constitution sets out the rights and liabilities associated with ordinary shares.

## Shareholders' Agreement

The shareholders' agreement between the existing shareholders has been terminated and, as such, the rights and liabilities associated with the shares are as set out in the Company's Constitution.

## Share Transfers

The Constitution contains detailed provisions relating to the rights of shareholders to transfer shares and the applicable processes that must be followed for any such transfers. Under the Constitution, the Board may from time to time refuse to register a transfer of shares. A more detailed description of the relevant share transfer provisions (including in the context of drag along and tag along events) is set out in Section 3 "Rights associated with shares".

## Other Rights

The Constitution contains a series of other rights and liabilities associated with shares in the Company (including with respect to voting rights, dividends, new securities issues and winding up of the Company). The Constitution also sets out a number of other important provisions for shareholders. A more detailed description of these rights, liabilities and other provisions is set out in Section 3 "Rights associated with shares".

## Employee Bonus Plan Options

As at the date of this Offer Document, no employee share ownership plan (ESOP) has been established and there are no vested, unvested or unexercised options on issue. However, the Constitution of the Company includes provisions that allow the Board to implement an ESOP in the future (which may allow the Board to issue share options under the ESOP representing up to a maximum of 10% of the fully diluted share capital of the Company). The Company intends to implement an ESOP in the future.



## Section 2.7

### Section 2.7.3

## Sources of Financing

Borrowings	Balance	InterestRate	Maturity	Security
Current Liabilities				
Loan - Prospa	42,244	24%	March, 2025	Unsecured
Loan - Radium Capital	76,255	15%	December, 2025	Secured against R&D Grant
Equipment Finance	10,122	9%	November, 2024	Secured against Equipment
Non-Current Liabilities				
Chattel Mortgage - ASX	11,458	9%	April, 2025	Secured against Vehicle
Chattel Mortgage - Prius	11,046	9%	August, 2025	Secured against Vehicle
Chattel Mortgage - Equipment	10,861	9%	August, 2026	Secured against Equipment
Founders*	35,493	15%	April, 2026	Unsecured
Shareholder Loans	269,853	9%	March, 2028	Unsecured

All borrowings are as at 31st of March, 2024

\*Founder and shareholder loans will not be repaid with the funds raised under the Offer



# Financial Information

Kommunity Brewing Co Pty Ltd was incorporated in 2015 and acquired all shares in Cool Cool Beverage Co Pty Ltd in 2023.

The Company operates as a beverage manufacturing business located in Lathlain, Western Australia. The company manages the sales and marketing for all brands in this document and it owns all intellectual property in its entirety.

The following pages are the consolidated financial statements of the Company and its controlled subsidiary for the financial years ended 30 June 2022 and 2023, which have been prepared in accordance with the Accounting Standards.

These accounts are a summarised version of consolidated financial statements prepared by Carbon Group. Financial information for the 9 months ended 31st March 2024 has also been included, based on management accounts, and accordingly may be subject to change



## Section 2.8.1

# Balance Sheet

Assets	As at 31st March 2024	As at 30th June 2023	As at 30th June 2022
<b>Current Assets</b>			
Cash and cash equivalents	82,487	240,612	19,074
Trade and other receivables	481,879	359,831	305,049
Inventories	362,857	217,554	154,953
Prepayments	2,980	23,840	29,065
<b>Total Current Assets</b>	930,203	841,837	508,141
<b>Non-Current Assets</b>			
Trade and other receivables	10,978	10,978	10,959
Property, plant and equipment	239,657	223,612	244,136
Right-of-use assets	219,570	233,294	260,740
Goodwill	443,789	-	-
Intangibles	19,107	12,048	5,986
<b>Total Non-Current Assets</b>	933,102	479,932	521,821
<b>Total Assets</b>	1,863,305	1,321,769	1,029,962



## Section 2.8

Liabilities	As at 31st March 2024	As at 30th June 2023	As at 30th June 2022
<b>Current Liabilities</b>			
Trade and other payables	511,170	192,319	153,438
Borrowings	128,621	330,038	218,842
Lease liabilities	17,273	15,779	13,011
Provisions	48,447	89,090	118,761
Contract liabilities	1,435	1,435	4,117
<b>Total Current Liabilities</b>	<b>706,947</b>	<b>628,661</b>	<b>508,169</b>
<b>Non-Current Liabilities</b>			
Borrowings	338,713	101,511	200,327
Lease liabilities	235,869	244,699	260,478
Provisions	22,528	22,528	15,851
<b>Total Non-Current Liabilities</b>	<b>597,110</b>	<b>368,738</b>	<b>476,656</b>
<b>Total Liabilities</b>	<b>1,304,057</b>	<b>997,399</b>	<b>984,825</b>
<b>Net Assets</b>	<b>559,248</b>	<b>324,370</b>	<b>45,137</b>
<b>Equity</b>			
Issued Capital	1,012,197	1,012,196	500,390
Accumulated Losses	(452,949)	(687,826)	(455,253)
<b>Total Equity</b>	<b>559,248</b>	<b>324,370</b>	<b>45,137</b>



## Section 2.8.2

# Profit & Loss

	JUL TO MAR 24 <sup>1</sup>	FY23 <sup>2</sup>	FY22 <sup>2</sup>
<b>Revenue</b>	1,552,243	1,150,344	864,062
Other income	201,242	320,225	243,482
<b>Expenses</b>			
Cost of sales	(646,129)	(619,363)	(329,112)
Distribution	(578,795)	(763,487)	(673,320)
Marketing	(89,900)	(124,853)	(48,805)
Administration	(137,023)	(91,204)	(97,511)
Other expenses	(33,628)	(4,889)	(9,461)
Finance costs	(33,130)	(99,346)	(53,852)
<b>Profit (Loss) before income tax expense</b>	234,878	(232,573)	(104,517)
Income tax expense	-	-	-
<b>Profit (Loss) after income tax expense</b>	234,878	(232,573)	(104,517)

1. Company Management Accounts
2. Extract from Annual Report – 30 June 2023. A copy of the Annual Report is available on the Intermediary's platform

# Statement of Cash Flows

Note: Extract from Annual Report – 30 June 2023. A copy of the Annual Report is available on the Intermediary’s platform.

	As at 31st March 2024	As at 30th June 2023	As at 30th June 2022
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)	1,552,261	1,279,488	896,600
Payments to suppliers (inclusive of GST)	(1,326,054)	(939,702)	(777,491)
Payments to employees (inclusive of GST)	(345,033)	(588,717)	(378,285)
Government grants and subsidies received	110,071	139,931	169,285
Interest and other finance costs paid	45,126	(4,473)	(4,696)
<b>Net cash used in operating activities</b>	<b>36,373</b>	<b>(113,473)</b>	<b>(94,587)</b>

<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	(16,045)	(7,067)	(6,489)
Payments for intangibles	-	(7,477)	-
Proceeds from disposal of property, plant and equipment	17,676	-	10,000
Payment for Acquisition of Subsidiaries	(146,321)	-	-
<b>Net cash from/(used in) investing activities</b>	<b>(144,690)</b>	<b>(14,544)</b>	<b>3,511</b>



## Section 2.8

	As at 31st March 2024	As at 30th June 2023	As at 30th June 2022
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	-	501,073	110,000
Share issue transaction costs	-	(37,636)	-
Proceeds from borrowings	77,690	164,070	154,234
Repayment of borrowings	(127,768)	(256,102)	147,711
<b>Net cash from financing activities</b>	<b>(49,807)</b>	<b>349,555</b>	<b>115,523</b>

<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(158,125)</b>	<b>221,538</b>	<b>24,447</b>
Cash and cash equivalents at the beginning of the financial year	240,612	19,074	(5,373)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>82,487</b>	<b>240,612</b>	<b>19,074</b>



Section 2.8.4

# Statement of Changes in Equity

Note: Extract from Annual Report – 30 June 2023. A copy of the Annual Report is available on the Intermediary’s platform.

Assets	Issued Capital	Retained Profits	Total Equity
Balance at 1 July 2021	243,000	(350,736)	(107,736)
Loss after income tax expense for the year	-	(104,517)	(104,517)
Other comprehensive income for the year, net of tax	-		
Total comprehensive income for the year	-	(104,517)	(104,517)
Transactions with owners in their capacity as owners: Net contributions of equity	257,390	-	257,390
Balance at 30 June 2022	500,390	(455,253)	45,137





Assets	Issued Capital	Retained Profits	Total Equity
Balance at 1 July 2022	500,390	(455,253)	45,137
Loss after income tax expense for the year	-	(232,573)	(232,573)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(232,573)	(232,573)
Transactions with owners in their capacity as owners: Net contributions of equity	511,806	-	511,806
<b>Balance at 30 June 2023</b>	<b>1,012,196</b>	<b>(687,826)</b>	<b>324,370</b>

Assets	Issued Capital	Retained Profits	Total Equity
Balance at 1 July 2023	1,012,196	(687,826)	324,370
Loss after income tax expense for the year	-	234,878	234,878
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	234,877	234,877
Transactions with owners in their capacity as owners: Net contributions of equity	-	-	-
<b>Balance at 31 March 2024</b>	<b>1,012,197</b>	<b>(452,949)</b>	<b>559,248</b>

## Section 2.8.5

# Management Comments on Historical Performance and Outlook

## Revenue Growth

Revenue growth, cash flow and profitability are the top priorities of our financial goals every year.

Over the past two years, we have grown wholesale revenue by 33% from \$0.9M in FY22 to FY23 and by 90% from the first half of FY23 to the first half of FY24. This has occurred through the strategic marketing efforts in newly established markets Queensland, Victoria and New South Wales where the company is trading for the first time.

In July 2023 we acquired Cool Cool Bev Co (CCBC), a Melbourne-based company with substantial trading agreements with Woolworths Metro and Coles Local across Queensland, New South Wales and Victoria. Brands associated with CCBC include Liberty Kombucha, Sips Sparkling Water and Paradise Cold Brew which generate just over \$0.4M in revenue. CCBC provides unique and complimentary distribution relationships for cross-selling products.

Consolidated revenues for the first 9 months of FY 24 are approximately \$1.55M, compared to the \$1.15M recorded for the entirety of FY23.

Current export revenues are minor and represent a significant new market to propel further revenue growth, profitability and cash flow.

## Gross Margins

As a priority, we source Australian produced packaging materials from sources that have environmentally responsible production.

Since the 2020 pandemic, commodity prices have been unusually elevated affecting transport and input costs affecting sand for glass manufacturing and fuel for logistics. As such over the years FY20- 23 we witnessed significant increases in base components. Now, as the impact of fuel levies on transportation normalise and overseas markets create a more competitive local market for component suppliers, we have seen an 14% drop in raw component cost over the last six months.

Equally, prices for our products have been able to rise in an otherwise cost sensitive market, however, to encourage brand adoption, the level of discount offered through distribution partners and

ranging deals has led to lower gross profit margins of 46% for FY22-23. As brand adoption moves toward a maintenance phase, we expect gross margin to improve year on year. Our trade and more profit driven approach to retailers for the first nine months of FY24 resulted in an 58% gross profit margin.

Due to the formidable nature of the brands in the premium beverage space, we have deployed annual wholesale price increases of 4% for FY23, and 6% FY24 and expect a price increase of 5% during FY25.

Research and development costs increased during FY22-23 to address the rapidly changing landscape since the pandemic. Part of our research and development has included the consideration of our new trends in packaging, product qualities and shrinkflation. The term shrinkflation, relates to the reduction of consumer serving size or adapting packaging formats to meet high gross profit margin objectives. Inversely, our sales data for the first half of FY24 indicates a 53% increase in large, 750ml format products, indicating a higher confidence amongst shoppers to purchase larger-sized products, which

also attracts a higher gross profit margin of 65% on a per unit basis.

Consumer products have substantial research and development expenses, which are meaningfully offset by the Research and Development incentive provided by the federal government. Research and development costs are associated with approximately 35% of capital expenditure during FY22 and 30% during FY23. This expenditure as a portion of revenue is expected to fall during future years FY25 and FY26, returning operational profitability to the company.

Gross margin for the group is expected to increase in FY25 by 7% which demonstrates a balanced approach from growing high gross margin products kombucha and RTD tea while also expanding our lower margin, higher volume sparkling water market share.

### Profit and Scale

The first nine months of trading for FY24 have seen substantial investment in our East Coast marketing strategy, the acquisition of CCBC and the launch of key lines through our East Coast distribution partners.

Q1 and Q2 of each financial year are constructive for future revenues and are subject to growing inventory figures in preparation for the Christmas trade.

Equally important is the timing of pricing promotional calendars to convert winter shoppers into summer shoppers.

For Kommunity Brew the nine months of FY24 showed:

- » Revenue increased by 34% over FY23 financial year
- » Gross profit increased to 58% from 46% during FY23
- » Distribution expenditure improved by 24% over FY23
- » Net profits were \$234,878

Profits for the nine months of FY24 were attributed to investment activities, namely:

- » Improvement in marketing efficiency
- » Sales velocity improvement within the wholesale channel
- » Improvement in production input costs through supplier negotiations

While we continue to secure our key managers for long-term positions and have a low degree of key employee risk, through closer management of our casual and part-time workforce, gross wages including superannuation dropped by 11% indicating a strong performance by the team to balance workload with operational objectives and satisfaction.

### Cashflow

FY23 saw cash inflows of 463,437 from the 2023 Equity Crowdfunding Round 1. This cash was then deployed in the following strategic activities for company growth:

- » Sales & Marketing
- » New Product Development
- » Acquisition

One-third of cash inflows was deployed to acquire CCBC and all of its associated intellectual property and commercial contracts with the plan to generate positive free cash flow from the acquisition expected in late FY24.

One-third of cash flows was set aside for market development to penetrate the brands into brand-new markets. This was achieved in that East Coast revenue has enjoyed a 7x multiple.

Free cash flow in FY24 was wholly committed to business growth with profitable returns expected over the next 1-3 years.

### Internal Control Management

Kommunity Brew has founded on the premise that a group of diverse individuals make better decisions than a single savant. This has rung true from its original founding by three friends to its management style today of multiple experienced directors and multiple experienced managers.

Making world-class health beverages



takes the scrutiny of multiple disciplines, from marketing to financial to medical and operational. To produce products with any benefits whatsoever let alone deliciousness and satisfaction is difficult and we pride ourselves on the selection of diversity amongst our decision-making team.

By delivering on the core competencies of the company, the production and sales of healthy beverages we also deliver value to shareholders. This has been demonstrated from the ultra-low cost of relocation, and commissioning of our new facility to the acquisition of market share and brands themselves at a keen value that promises rapid return on investment.

Our assembled board is committed to managing the balance between innovation and brand building with commercial return and value generation.

### Outlook

Competition is feeling the pain of formidable emerging brands. The Australian beverage industry across alcoholic and non-alcoholic beverages are not generally reporting a growth year.

However, this is contrarian to how our company has performed. Not only have we been able to grow through the COVID pandemic and lay little blame to this world event, but we have also been able to grow volume and price per unit during a tight consumer market.

It is important to acknowledge how trends in the market are macroeconomic and do

not reflect the performance of individual companies. Many are struggling to make any sales let alone gain significant market share, almost no consumer brands in the drink space would be reporting such strong growth figures as Kommunity Brew. We see it as our responsibility and advantage to present these facts to retailers, showing how the category is in growth if attention and share is given to the true performers within the industry.

This is working, and so long as our figures continue to perform, this will continue to work.

Key factors contributing to this outlook are:

1. Consumer demand for health promotion and lifestyle products continues to grow.
2. Aging populations have an increased need for healthy products and have higher disposable incomes than lower age groups.
3. Younger demographics are increasingly non-drinkers and health enthusiasts.
4. Proportion of household spend on healthy products continues to increase.
5. Demand for non-alcoholic beverages affects not just beer and wine consumption, but increases consumption of all healthy beverages.

Overall, our position in a competitive market is unique and formidable. We are brands with strong year-on-year growth and clear avenues for investment that generate a return to company performance.

To this end, our recent acquisition investment is expected to realise revenue and margin gains domestically and internationally in the next 1-3 years while also opening crosssale opportunities

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 the Company and has not been validated by an independent third party.

### References

[Mickinsey & Company: The trends defining the \\$1.8 trillion global wellness market in 2024, 2024](#)  
[AIHW: Older Australians, 2023](#)  
[AIHW: Young people's consumption of alcohol, 2024](#)  
[AIHW: Health expenditure, 2023](#)  
[Pattern Inc: Analysis: The Resurgence of Non-Alcoholic Drinks, 2021](#)



# Risk Matrix

Risk	Description
<b>Cash flow risk</b>	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.
<b>Funding risk</b>	<p>The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all of the required funding and therefore not achieve all of its business objectives.</p> <p>The Company may also need to raise additional funds in the future from investors or third parties. There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available.</p>
<b>Startup risk</b>	As an early stage business, 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. The commercial success of the business will depend on many factors including the Company's ability to attract and retain quality staff and loyal customers.
<b>Competition risk</b>	The beverage market in which the Company operates is highly competitive with numerous 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 the future prospects of the business.
<b>Product and brand risk</b>	If the Company does not maintain consistent levels of quality and service in its product 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.
<b>Legal risk</b>	The Company routinely enters contractual agreements, which results in potential exposure to possible litigation risks including, but not limited to, intellectual property ownership disputes, contractual claims, environmental claims, occupational health and safety claims and employee claims. Further, the Company may from time to time be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The company mitigates this risk through the use of preventative legal advice and relevant insurances.

Risk	Description
<b>Supplier risk</b>	<p>The Company sources certain important products, materials and inputs from various third party suppliers.</p> <p>If one of the Company's suppliers ceases to supply its product(s) to the Company, or alters the price of any product(s) supplied, the Company's production capabilities and / or profitability may be adversely impacted.</p>
<b>Talent risk</b>	<p>As an early stage business, the Company is susceptible to the loss of key team members that are considered critical to the continued success of the Company. If a key team member was to leave the organisation, or was absent for an extended period of time, they would need to be replaced in a timely fashion in order for the Company to achieve its business objectives.</p> <p>As the Company continues to grow, the Company may also need to hire additional key personnel. A delay or inability to recruit such key personnel may have an adverse effect on the management and financial performance of the Company.</p>
<b>Technology risk</b>	<p>The Company uses a number of platforms, IT services and other technology solutions in conducting the business. Despite the Company's measures to effectively manage these systems and risks, if any of these technologies were to fail without notice, it could interrupt the Company's ability to sell or communicate with customers, which could have a direct impact on revenue and profitability.</p>
<b>Business model risk</b>	<p>The Company is at an early stage and, as such, it carries the risks of a start-up business. Given the limited trading history of the company, no assurance can be given that the Company will achieve sustained commercial viability through the implementation of its business plan.</p>
<b>Intellectual property risk</b>	<p>The protection of the Company's intellectual property is critical to its business and commercial success. If the Company is unable to protect or enforce its intellectual property rights, there is a risk that other companies will copy its product range and / or intellectual property, which could adversely affect the Company's ability to compete in the market.</p>
<b>Insolvency risk</b>	<p>The Company is seeking to obtain further funding to achieve its commercial objectives. There is no guarantee that funding will be available on favourable terms or that the Company will receive any level of funding at all.</p> <p>If the Company's financial performance deteriorates and / or the Company requires further funding in the future and is unable to source such funding, there is a risk that the Company may become insolvent.</p>
<b>Dilution</b>	<p>A shareholder's interest in the Company will be diluted if they do not participate in future equity fundraisings. The Company expects to undertake additional fundraising initiatives in the future to enable future expansion.</p>



# Information About the Offer

# Offer Terms

Kommunity Brewing Company Pty Ltd is offering up to 1,500,000 shares at an issue price of \$0.60 per share to raise up to \$900,000. The key terms and conditions of the Offer are set out below.

A description of the rights associated with the shares is set out in Section 3 “Rights associated with shares”.

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

Shares	Fully-paid ordinary shares
Price	\$0.60
Minimum Subscription	\$120,000
Maximum Subscription	\$900,000
Opening Date	28/05/2024
Closing Date	27/06/2024



# 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.

Sales & Distribution	44,400	275,000
Marketing, Branding & Communications	31,200	336,100
Brewery Expansion	14,400	90,000
Working Capital <sup>2</sup>	15,600	95,000
New Product Development	5,600	48,000
Cost of Offer <sup>1</sup>	8,800	55,900
<b>Total</b>	<b>120,000</b>	<b>900,000</b>

1. The Costs of offer 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 \$1,900 for administration and setup costs.
2. Working capital includes overhead expenses and employee wages.

Other than as specified, 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 36 months.

If this CSF Offer is unsuccessful, or 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 24 months. In such circumstances, the Company may consider alternative sources of funding, such as undertaking a further CSF offer under the CSF regime or other debt or equity funding. Until additional funding is obtained, we will scale back venue/brewery expansion, updates or acquisitions and continue to focus our cash resources on sales & distribution.

# Rights Associated with 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 key rights associated with the shares are set out in the Company's Constitution. These rights, as well as certain other important provisions of the Constitution, are summarised below. A copy of the Constitution is available on the Intermediary's platform. In addition to reading this Section, we recommend that you read and consider the Constitution in full.

## Voting Rights

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

As discussed in section Election and removal of Directors below, shareholders will not be entitled to vote on some important decisions of the Company (for example, those matters which are reserved for resolution by the board of directors of the Company).

## 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 in accordance with the Corporations Act.

## Election and Removal of Directors

The Company must have at least two directors and no more than five directors (unless otherwise determined by the Board in accordance with the Constitution).

The following shareholders have the power to appoint and remove a director of the Company:

- Each Founder Shareholder (being, at the date of this Offer Document, each of Mason Bagios and Jarred Dickie); and
- Each Major Member (being each shareholder, other than a Founder Shareholder, that holds at least 12.5% of the issued equity in the Company).

In all other cases, shareholders will not have the power to appoint or remove directors.

Under the Company's Constitution, the directors of the Company have significant decision-making power with respect to the business of the Company. In many cases where decisions are reserved for resolution by the directors of the Company under the Constitution, shareholders will not have the opportunity

or ability to vote on such matters. In addition to approval by the Board, a number of key decisions also require Major Shareholder Approval (as that term is defined in the Constitution).

## Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. While the directors have a discretion and may resolve to pay dividends, the Company is under no obligation to pay any dividend. The payment of any dividends is subject to the provisions of the Corporations Act (for example, the directors / Company 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).

## 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 will be distributed to shareholders after secured and unsecured creditors of the Company. If the Company issues preference shares (i.e. shares with preferential rights) in the future, holders of such preference shares may rank ahead of ordinary shareholders in a distribution of assets on winding up.



### Restrictions on Sale and Transfer

Any CSF Shares acquired under the Offer must not be onsold within 12 months of their issue without a prospectus or other disclosure document, unless an exemption under section 708 of the Corporations Act applies (e.g. sales 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 processes pursuant to which shareholders may dispose of their shares. Under these provisions, a shareholder wishing to dispose of some or all of its shares must give the Board written notice that specifies the number of shares to be transferred, the proposed transfer price and any other relevant terms.

Except in the case of Permitted Transfers (as described in the Constitution) and other permissible disposals (such as pursuant to a drag along or tag along event), shareholders wishing to sell shares must first offer those shares to Eligible Members (as defined in the Constitution) before those shares can be sold to third parties. Where a proposed sale is in respect of less than 0.5% of the total number of shares on issue in the Company at the relevant time, the Board may offer the relevant shares to any existing shareholder or third party in a manner and at a time as the Board determines, in its discretion.

The directors may refuse to register a transfer of shares under certain conditions

which are set out 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 Corporations Act, the sale may only occur in accordance with clause 12.5 of the Constitution.

### Drag Along Rights

Pursuant to clause 15 of the Constitution, where shareholders holding at least 65% of the issued share capital of the Company (Majority Sellers) receive an offer from a third party to acquire all of the issued shares in the Company, the Majority Sellers may require all other shareholders to sell their shares to that third party (or to another Eligible Member, if the Board implements an Alternate Offer Process pursuant to clause 15.3 of the Constitution). The 65% threshold required to effect a sale under this provision must include the approval of at least one Founder Shareholder and one Major Member (as each of these terms are described in the Constitution).

### Tag Along Rights

Similarly, where the transfer by a shareholder (or group of shareholders) would result in a third party acquiring at least 50% of the issued share capital in the Company, then shareholders (other than those who intend to sell to that third party) will have the right to tag along to the transfer in accordance with clause 14 of the Constitution.

### IPO

Pursuant to clause 20.3 of the Constitution, if an IPO of the Company is approved in accordance with the Company's Constitution, shareholders may be restricted from selling their shares for a certain period of time after the IPO as part of an escrow / lock-up arrangement.

### Preemptive Rights on Issue of Shares

The Company may only issue new securities (including shares) in accordance with the Constitution. Under the Constitution, where the Company wishes to issue new securities in the Company, other than in the case of certain Excluded Issues (as described in the Constitution), the Company must first offer the new securities to any existing shareholders who hold at least 1% of the total issued share capital of the Company at the time of issue in accordance with the process in clause 5 of the Constitution.



### Defaulting shareholders

If an Event of Default (as that term is defined in clause 1.1 of the Constitution) occurs in respect of a shareholder, the defaulting shareholder may be required to sell its shares in accordance with the process, and at the price, set out in clause 19 of the Constitution. A full list of Events of Default are set out in the Company's Constitution. Shares which are the subject of an Event of Default may, if determined by the Board, be transferred in accordance with the transfer process set out in clause 13 of the Constitution.

### Competition Restriction

Clause 35 of the Company's Constitution sets out a range of Restricted Activities (as described in the Constitution) which must not be undertaken by shareholders.

The Constitution contains a Competition Restriction, which relates to activities that compete with the business of the Company. Shareholders who hold less than 1% of the share capital of the Company or who are Professional Investors (as described in the Constitution) will not be subject to the Competition Restriction. All other shareholders are subject to the Competition Restriction (subject to certain exceptions specified in clause 35.8 of the Constitution). A full description of the Competition Restriction and other Restricted Activities is set out in clause 35 of the Constitution.

### 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 (e.g. the ASX);
- » a private equity investment in the Company; and
- » a share buy-back by the Company.

There is no guarantee that any of the exit options will eventuate. The likelihood or availability of any of the possible exit options may be impacted by a number of factors, including but not limited to, macroeconomic factors, the growth and financial performance of the Company and the availability of interested potential acquirers of the Company. Shareholders should, therefore, consider this investment as illiquid and be prepared to hold their investment for an extended period of time.

### Details of previous CSF offers

On the 21st of February, 2023 the Company made a CSF Offer on the Intermediary's platform.

Under that CSF Offer, the Company offered up to 1,500,000 ordinary shares at a \$0.50 share price. The CSF Offer was successfully completed and the amount of \$524,573 was raised.

Under that CSF Offer, the directors of the Company were Mason George Bagios and Jarred George Dickie.



# Information About Investor Rights

# Information about Investor Rights

## 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.

## 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.

## Proprietary company corporate governance obligations

### » 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



## Section 4

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.

### » 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 <https://app.cakeequity.com/investor/> documents (free of charge) or can purchase the report from ASIC.

### » 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).

### » 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.

### » Company updates

The Company will provide regular updates to investors on the Company's share registry website <https://app.cakeequity.com/investor/> documents and via the Intermediary's platform.



# Glossary

**Company** means Kommunity Brewing Company Pty Ltd ACN 604 905 115

**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 Birchal Financial Services Pty Ltd AFSL 502618

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

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

**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



# Further Information

If you would like to discuss anything in relation to the Kommunity Brew crowd-sourced funding campaign, please feel free to contact me below.

## Mason Bagios

### Managing Director and CEO

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