



VALHALLA

B R E W I N G

LOTUS BEER CO PTY LTD

CROWD-SOURCED FUNDING OFFER DOCUMENT

DATED: 25 OCTOBER 2022

Offer of fully-paid ordinary shares in Lotus Beer Co Pty Ltd at \$4.00 per share to raise a maximum of \$750,000.

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

ISSUER: Lotus Beer Co Pty Ltd ACN 625 578 109 **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.



Letter from the founder

Thank you for taking the time to consider investing in Valhalla Brewing. We are humbled and incredibly proud that so many people share the same passion for the Valhalla brand and our beers as we do.

When my wife Ange and I started Valhalla Brewing in 2016, we never imagined being at this exciting juncture in our company's history. For the 15 years prior to starting Valhalla, we had launched, grown and sold a number of business in other industries. For us, Valhalla was a passion project pure and simple. It was an opportunity for me to take 25 years of home brewing experience and mix in my small business experience and the creative spark I was craving.

For us Valhalla was not just about the beer, it was about everything that makes life so precious; music, art, literature and, of course, family and friends.

In the past 6 years since launching our first beer, Obsidian Black Ale, we have grown from producing ad-hoc batches on a 600L brew system, to a \$1 million annual turnover company producing around 70,000 litres of beer a year. In December 2018 we opened Valhalla Taproom in Geelong's CBD giving us a permanent home to pour our beers and welcome our growing band of loyal customers. The taproom has become a key to our brand experience, with live music, classic vinyl played on turntables and a friendly, knowledgeable team that ensures we do justice to the Valhalla name.

Our success was recognised at the 2021 Australian International Beer Awards when Obsidian Black Ale was recognised as the best stout or porter in Australia and we were crowned Champion Gypsy Brewer.

(CONTINUED OVER)



Letter from the founder

(CONTINUED)

To say we are ready to finally build our own brewery is an understatement indeed. Under our current gypsy brewing arrangements we have been struggling to keep up with demand. This year we were ranged in Dan Murphy's and BWS and expect to be ranged in Vintage Cellars and First Choice Liquor very soon. Our focus has therefore been on keeping up with our core range beers. A side-effect of this has been that we've been unable to develop any new beers or try to capitalise on the growth in hard seltzers and low-alc beers. Our own brewing capabilities will not only allow us to explore and release new and exciting beers, it will give us enormous capacity to grow and to completely control our own destiny.

Our vision now is to build a state-of-the-art brewing facility in Geelong with 300 capacity taproom that rivals any craft beers experience in the Geelong region. We have recently signed a lease at the historic Federal Woollen Mills site in North Geelong and we believe this is an important turning point in our company's history as this site provides the perfect opportunity for us to realise this vision.

It is beyond exciting to know that we are welcoming passionate people to join us on Valhalla's journey. We have always known that we wanted to create a business that was for local people and equity crowdfunding is the perfect vehicle for us to do that. We knew that back in 2016 when we launched our first batch of Obsidian on the back of a \$5000 crowdfund campaign!

We look forward to sharing the Valhalla journey with you.

Cheers and beers,

Scott Hunt
Founding Director



SECTION 2 : INFORMATION ABOUT THE COMPANY

Company details

THIS OFFER OF SHARES IS MADE BY LOTUS BEER CO PTY LTD ACN 625 578 109 (COMPANY).

Company name	Lotus Beer Co Pty Ltd trading as Valhalla Brewing
ACN	625 578 109
Date of incorporation	14th April 2018
Registered office	57 Gheringhap Street, Geelong Vic 3220
Principal place of business	54 Anomaly Street, Moolap Vic 3224



About Valhalla

Valhalla is a vertically integrated craft beer business that includes production, wholesale and retail sales of high quality, independent craft beer.

Valhalla sits within Lotus Beer Co Pty Ltd which includes four business streams under four registered business names: Lotus Beer Collective (wholesale), Valhalla Brewing (production), Valhalla Taproom (retail/hospitality) and Beermoth (online).

Founded in 2016, originally under the Lotus Collective Trust by husband and wife team Scott Hunt and Ange Tydd, Valhalla has grown to become a highly recognisable and respected craft beer brand locally and nationally. Valhalla now operates entirely under Lotus Beer Co Pty Ltd with all assets transferred across.

Valhalla's released their first beer, Obsidian Black Ale, on the back of a \$5000 crowd fund campaign in May 2016. In 2021 Obsidian Black Ale was crowned Champion Stout or Porter at the Australian International Beer Awards (AIBAs) and Valhalla was crowned Champion Australian Gypsy Brewer. In 2022 the Valhalla company turned over \$1 million in revenue. We continue to grow at a rapid rate.

In December 2018 Valhalla opened its first retail venue, Valhalla Taproom in Geelong. Featuring 10 taps, vinyl records playing on turntables, and live music on Friday nights, Valhalla taproom has become a much loved home for the Valhalla faithful. It has become a key component of the Valhalla experience where we can showcase our beers in an environment that reinforces the Valhalla brand.

Valhalla is the great hall of Odin where Viking warriors go after they die to be reunited with their friends and loved ones. In essence it is the Viking's heaven, where they feast, fight and drink beer for eternity. Although, today, we think ourselves as lovers rather than fighters.



About Valhalla

The missing ingredient in Valhalla's future growth is owning its own brewing facilities. While the gypsy brewing model (whereby we do not own our own brewing facilities, rather pay other breweries to brew on their facilities) has served Valhalla well to this point, it hinders future growth and reduces profit margins. Owning its own brewing facilities will give Valhalla more flexibility, more control and improve margins.

Valhalla recently scored a major win when it secured a lease on a 670sqm, heritage listed building within Geelong's Federal Mills business park precinct. With over 1000 employees of 50 businesses on site, including complimentary businesses 1915 Restaurant and Anther Distillery, the Federal Mills precinct is a hub of activity and prime location for a craft brewery. The new Spirit of Tasmania ferry terminal is only 600m away and Geelong Tourism have plans to include the Federal Mills site as a major activity centre linked to the ferry terminal.

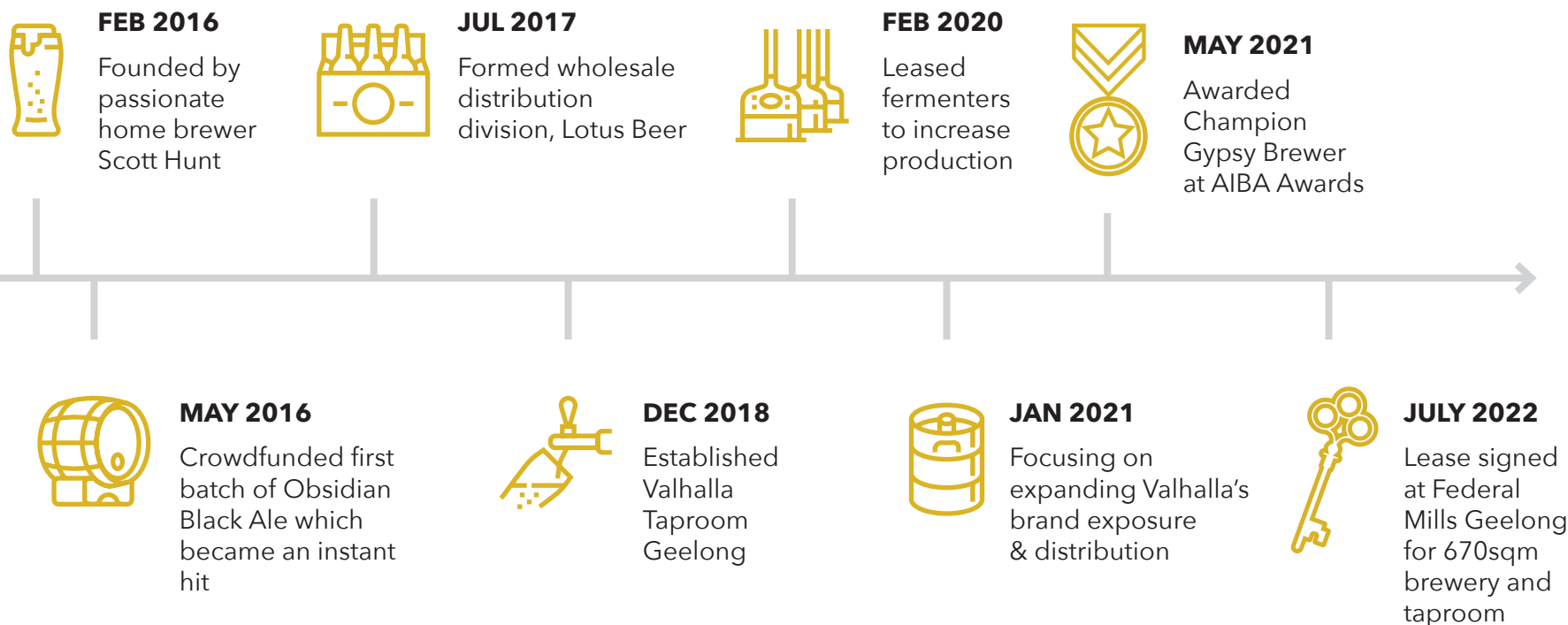
Valhalla has plans for a 300 capacity taproom and 1500 litre, automated brewery capable of producing 500,000 litres of beer per year. It intends to create one of the premium craft beer destinations in the entire Geelong and Surf Coast region.

Valhalla's future is bright. An increasing retail network, state-of-the-art brewing facilities, a growing army of loyal supporters, and a passionate band of staff members, all add up to a rising star in Australia's independent craft beer scene.



Key Events

Established in 2016, Vahalla has grown to become a vertically integrated craft beer business that manufactures, distributes and markets its own and third party brands. To complete the vision, and final piece of the puzzle, we are now investing in our own brewing capabilities.



Our Beers

Since establishment, we have developed, refined and produced a comprehensive range of beers under our Valhalla, Union Street Draught, and Torquay Beer Co brands.

Whilst honing our range, we continue to adapt to the changing demands of the market and, with our own brewing facilities will have greater flexibility to explore emerging trends such as low and no-alc beers.

Valhalla Core Range

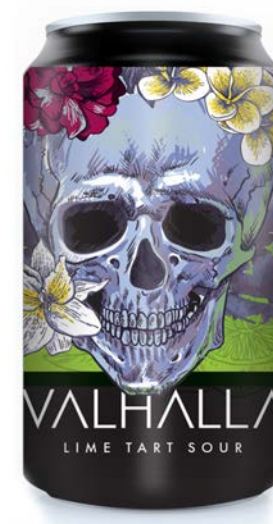
- ✓ Golden Ale
- ✓ Pale Ale
- ✓ Lime Tart Sour
- ✓ Tropical IPA

Regular Seasonal Range

- ✓ Obsidian - Black IPA
- ✓ Aragon - West Coast IPA
- ✓ Ziggy - Red IPA
- ✓ Gallowtree - Oatmeal Stout
- ✓ Loose Joose - Juicy IPA

Portfolio Brands

- ✓ Union Street Draught
- ✓ Torquay Beer Co Golden Ale



Award Winning

In May 2021 Valhalla Brewing was recognised at Australia's largest beer awards, the Australian International Beer Awards, as one of Australia's premier craft beer brands, taking home trophies for Champion Australian Gypsy Brewer and Champion Australian Stout or Porter for our Obsidian Black Ale.

Valhalla's Pale Ale was also recognised as one of the best in the country, taking home a gold medal.

In 2022 Obsidian was again awarded a gold medal and Union Street Draught was awarded silver.



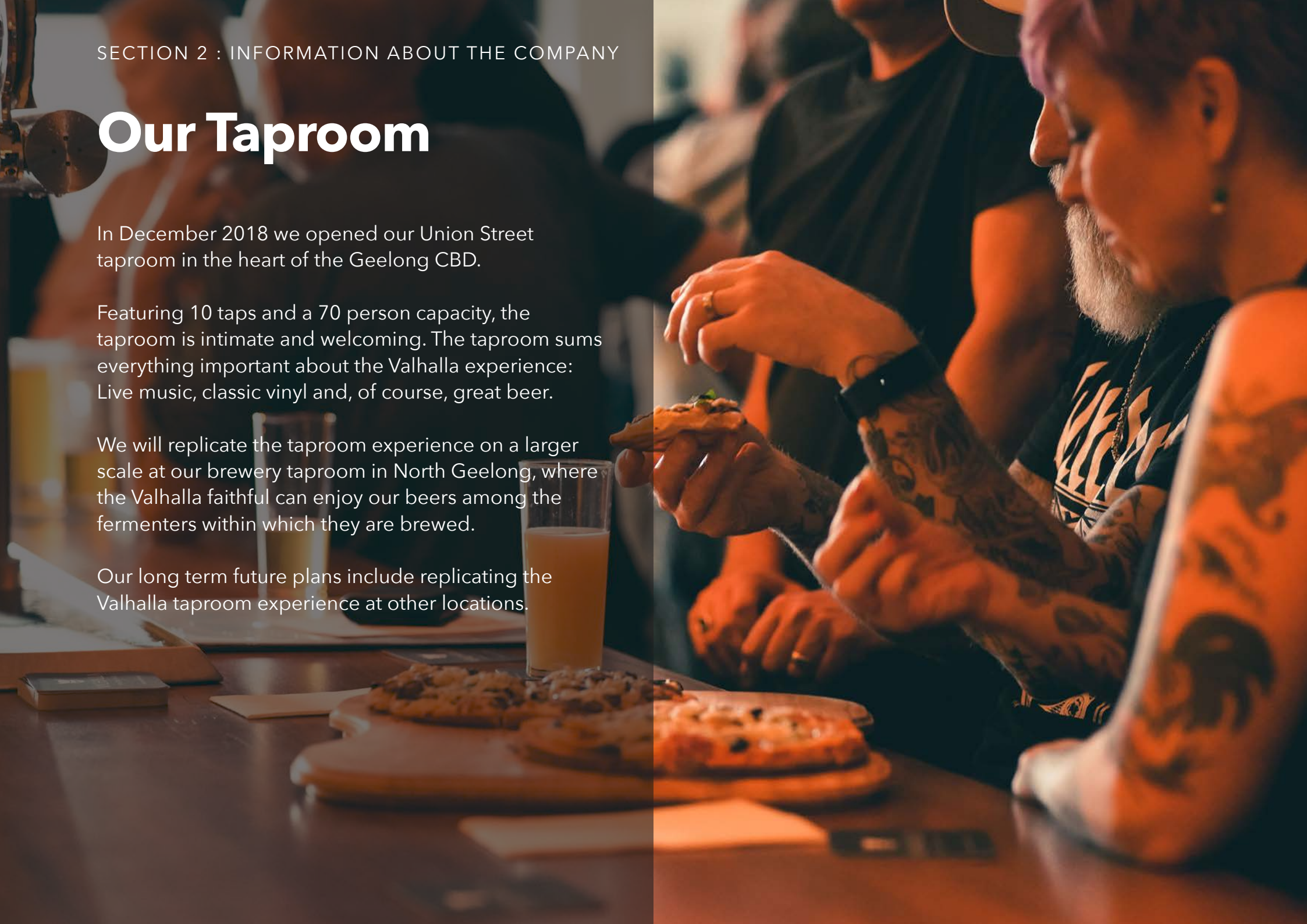
Our Taproom

In December 2018 we opened our Union Street taproom in the heart of the Geelong CBD.

Featuring 10 taps and a 70 person capacity, the taproom is intimate and welcoming. The taproom sums everything important about the Valhalla experience: Live music, classic vinyl and, of course, great beer.

We will replicate the taproom experience on a larger scale at our brewery taproom in North Geelong, where the Valhalla faithful can enjoy our beers among the fermenters within which they are brewed.

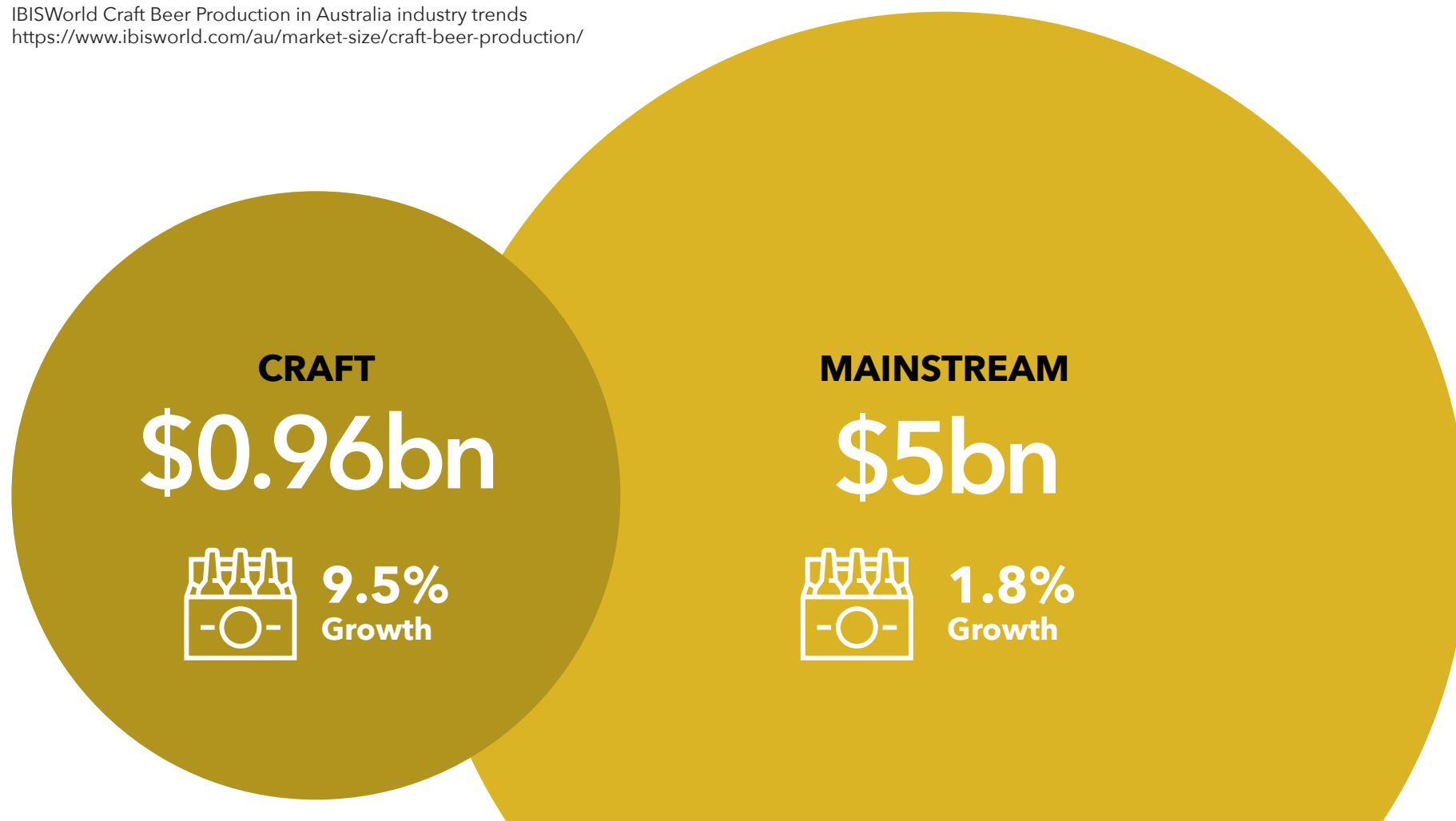
Our long term future plans include replicating the Valhalla taproom experience at other locations.



Growing Market

The craft beer market has expanded significantly as a share of the overall beer market in the past six years. This is driven by changing consumer tastes and growing emphasis on quality and supporting local producers across the liquor industry.

IBISWorld Craft Beer Production in Australia industry trends
<https://www.ibisworld.com/au/market-size/craft-beer-production/>



Business & Revenue Model

CORE BUSINESS MODEL

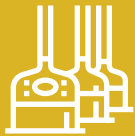
We drive our sales through the following primary business channels:

- Valhalla Union St taproom and future brewery taproom
- Off premise wholesale (retail chains, independent bottleshops, liquor stores)
- On premise wholesale (pubs, bars, clubs and restaurants)
- Online sales through www.valhallabrewing.com.au and www.beermoth.com.au
- Beer Club membership
- Contract brewing revenue (future)



Growth Strategy

Over the past few years the business has experienced growth through retail and wholesale channels. To capitalise on these foundations and accelerate business growth, the business will now focus on the following three key growth opportunities.

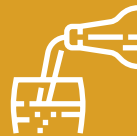


Brewing Facilities

Establish state-of-the-art-brewing facility in North Geelong.

Increase profit margins.

Gain more control.



Brand Exposure

Online advertising campaigns.

Venue brand activation.

Targeted publicity.



Distribution Network

Recruit National Sales Manager.

Attract recognised brands.

Increase retail network.



Brand Strategy

The Valhalla brand is designed to be bold, memorable and to stand out in a crowded marketplace. Our unofficial motto is "Be Bold, Be Brave, Bend the rules."

Key points in our brand strategy:

- ✓ Edgy, urban brand design
- ✓ Visually bold and memorable
- ✓ Be relevant and engaging
- ✓ Align brand with rock music
- ✓ Proudly independent
- ✓ The Valhalla experience: A great time with mates



Marketing Channels

Our marketing strategy is focused on 3 key marketing channels. Highlights include:

- ✓ Our online and social media presence is growing with almost 8000 followers across Instagram and facebook, and an email database of around 2000 and growing
- ✓ Our taproom experience continues to be a key marketing opportunity with consistent visitor growth since opening
- ✓ We are working hard to establish beneficial partnerships that reinforce our brand strategy. For example, our collaboration beer with Aussie rock legends Tumbleweed has proven a winner

Retail experience

Valhalla taproom experience
Off premise shelf presence,
POS and tastings
On premise POS,
tap takeovers and meet the
brewer events
Events and festivals
Online retail

Advertising & Media

Social media
Database e-newsletters
Media including print, online
and podcasts

Key partnerships

Collaborations
Key retail partners
Sponsorships
Local tourism



Our Customer

Our punters love beer, music, sharing stories with friends and are interested in trying new things.

Typical characteristics:

- ✓ 30-50 year old
- ✓ Middle income earners
- ✓ Socially active
- ✓ Beer explorers
- ✓ Rock music lovers
- ✓ Social media users



Distribution

Valhalla controls its own distribution through the Lotus Beer Collective stream and has distribution at independent bottle shops and hospitality venues throughout Victoria, New South Wales, Queensland and South Australia.

Valhalla also distributes locally through Dan Murphy's and BWS and are in the process of ranging in Vintage Cellars and First Choice Liquor.

Our beers are also available directly through Valhalla taproom, the Valhalla website and our online craft beer store Beermoth.

Lotus Beer also distributes third party independent craft beer brands generating significant income for the Valhalla business.



The Valhalla team

Our small, efficient team are passionate about providing our customers with the Valhalla experience, whether it be at our Geelong taproom or enjoying a beer with friends at home.



Scott
Founder

Financial Management
Product Development
Brand Development
Business Development
Brewing Operations
Inventory Management
Product Distribution



Trinity
Marketing

Database Management
Media Management
Online Retail



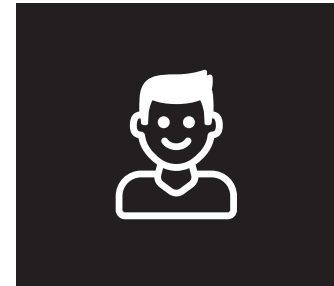
Dylan
Hospitality

Taproom Operations
Hospitality Experience
Staff Management



Lachie
Sales

Account Management
Sales Management



Future
Brewing

Brewing Operations
Inventory Management
Product Development



Our Directors

Scott Hunt Managing Director

Scott has been a small business owner operator for over 20 years. In that time he successfully launched, grown and sold businesses in the design and marketing, and real estate industries prior to launching Valhalla Brewing in 2016.

As a home brewer since his Uni days, Scott was drawn to the growing craft beer industry, leading him to launch Valhalla Brewing as a passion project which, in 6 years, has become a \$1M+ turnover business.

Scott's role at Valhalla includes overseeing the sales, brewing and distribution sides of the business. He also occasionally DJs at Valhalla Taproom's monthly metal night, dusting off his collection of 80's thrash metal classics.

Trinity Hunt Marketing Director

Trinity possessed a creative and entrepreneurial spirit from a very early age, showing a passion for music, the arts and fashion, as well as a drive to build her own businesses, even while still at school.

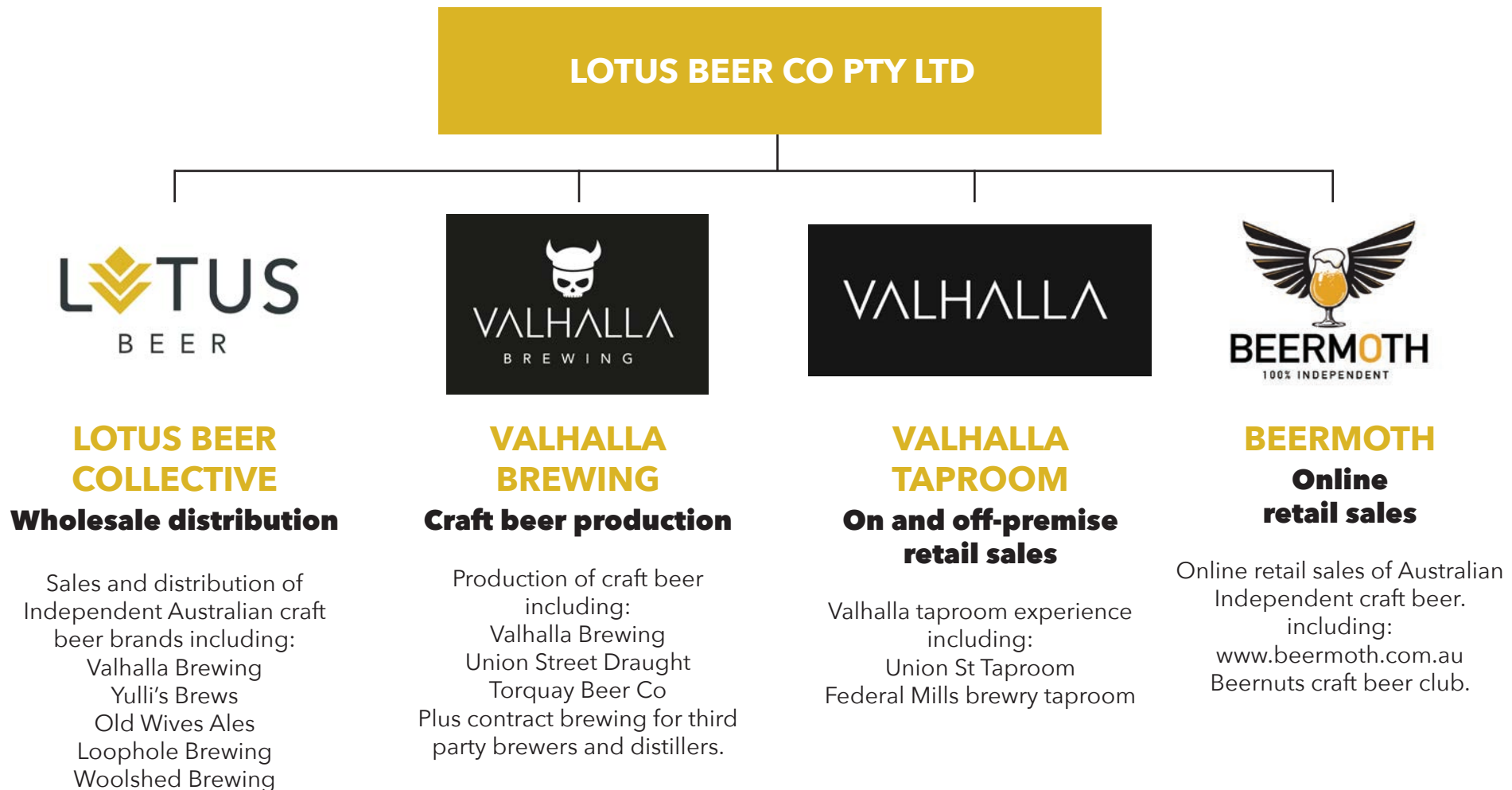
A former Geelong Youth Awards winner, Trinity has been a local arts community leader and a driver of local music and arts projects for many years. In addition to her role at Valhalla, Trinity owns and runs a successful online clothing store and manages a number of music projects. She also manages Valhalla's sister bar Medusa.

Trinity drives the marketing and media behind the Valhalla brand.



Corporate structure

Under the Lotus Beer Co Pty Ltd “umbrella” there exists four registered business names representing the four distinct business streams.



Capital Structure

ISSUED CAPITAL (BEFORE AND AFTER THE OFFER)

As at the date of this Offer Document, the Company has 1,000,000 ordinary shares on issue. The majority of shares are held by the Company's founder. 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	% OF SHARES HELD
Scott Graeme Hunt as trustee for The Lotus Collective Trust	Ordinary	933,400	93.34%
Robert James McIvor and Jacinta Therese McIvor	Ordinary	33,300	3.33%
Bryalee Pearless and Michael Pearless as trustees for The Pearless Family Trust	Ordinary	33,300	3.33%
TOTAL SHARES		1,000,000	100%

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

Table 2: Issued capital of the Company following the Offer

SHARES	MINIMUM RAISE	MAXIMUM RAISE
Existing shares	1,000,000	1,000,000
Convertible note shares to Angelia Jane Tydd	133,330	133,330
Offer shares	62,500	187,500
Total Shares	1,195,830	1,320,890



Capital Structure

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 Board has the discretion to refuse 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 below. A copy of the Company Constitution is available on the Intermediary's platform.

SOURCE OF FUNDING

To date, our activities have been primarily funded by the Company's founders Scott Hunt and Angelia Tydd.

The repayments of these loans will be met from earnings from normal operations. The founder loans will not be repaid with the funds raised under the Offer.

In addition to the loans provided by the founders, a convertible note deed exists between Ms Angelia Tydd and Lotus Beer Co Pty Ltd for 200 notes at a value of \$1000 each. Conversion rate for shares is \$1.50 per share. Each note accrues interest in arrears of 7.5% per annum. Notes have a maturity date of 12th August 2024. The noteholder may redeem their notes at any time prior to the maturity date.

These notes will be converted to company shares following a conversion event. Specifically a conversion event means "the successful completion of an equity financing round that exceeds \$1,000,000 over a period no more than 4 months".

BENEFICIARY	LOAN AMOUNT	INTEREST	PAYMENT TERMS
Scott Hunt	\$78,197	NA	NA
Angelia Tydd	\$71,903	9% PA	5 YEARS (ENDS 8/10/24)



Risks

An investment in Lotus Beer Co 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).

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.

FUNDING RISK

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.

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.

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.

KEY PERSON RISK

As a small business, the Company is susceptible to the loss of key team members as they are considered critical to the continued success of the Company. If a key team member was lost, due to illness for example, this could significantly affect the Company's ability to continue its operations or achieve its business objectives as the case may be.

TECHNOLOGY RISK

The Company uses a number of sales, marketing and member communication technology solutions. 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.



Risks

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.

DILUTION OF SHARES

If the Company chooses to raise further revenue via additional future equity releases, shareholder's interest may be diluted if they do not participate in such future fundraisings



Financial information



Financial information

Below are the financial statements of the Company for the financial years ended 30 June 2019, 30 June 2020, 30 June 2021 and 30 June 2022 which have been prepared in accordance with the Accounting Standards.

HISTORICAL PROFIT AND LOSS

	FOR THE 12 MONTHS ENDED 30 JUNE 2019	FOR THE 12 MONTHS ENDED 30 JUNE 2020	FOR THE 12 MONTHS ENDED 30 JUNE 2021	FOR THE 12 MONTHS ENDED 30 JUNE 2022
TRADING REVENUE				
Wholesale income	\$761,459	\$709,932	\$630,053	\$614,394
Taproom income	\$93,600	\$38,491*	\$6,816*	\$379,058
Online/events income	\$7,898	\$12,561	\$7,228	\$22,569
TOTAL TRADING INCOME	\$862,957	\$760,914	\$648,899	\$1,016,021
Cost of sales	\$760,119	\$600,214	\$514,722	\$659,078
GROSS PROFIT	\$102,838	\$160,699	\$134,177	\$356,943
Other income	\$35,015	\$21,000	\$68,550	\$70,978
TOTAL INCOME	\$136,908	\$181,699	\$202,727	\$427,921
Expenses	\$274,229	\$268,243*	\$241,137*	\$436,452

*Prior to 2022 Financial Year, the Valhalla Taproom in Union Street Geelong and Valhalla Brewing were operating under a separate trading entity, The Lotus Collective Trust. Valhalla Brewing and Valhalla Taproom began trading under Lotus Beer Co Pty Ltd from 1st July 2021. This is also reflected in the lower expenses in FY20 and FY21 when compared to FY22.

TRADING REVENUE FOR THE TAPROOM	FOR THE 12 MONTHS ENDED 30 JUNE 2020	FOR THE 12 MONTHS ENDED 30 JUNE 2021
Taproom Income	\$148,887	\$256,865
MINUS COST OF SALES	\$56,171	\$78,262
GROSS PROFIT OF TAPROOM SALES	\$92,716	\$178,603



Financial information

BALANCE SHEET

	FOR THE 12 MONTHS ENDED 30 JUNE 2019	FOR THE 12 MONTHS ENDED 30 JUNE 2020	FOR THE 12 MONTHS ENDED 30 JUNE 2021	FOR THE 12 MONTHS ENDED 30 JUNE 2022
CURRENT ASSETS				
Bank accounts	7,677	3,801	15,136	3,250
Accounts receivable	89,655	40,404	18,866	42,157
Inventory	106,860	0	0	56,101
TOTAL CURRENT ASSETS	241,113	98,642	34,002	101,417
NON-CURRENT ASSETS	35,985	64,109	53,354	44,875
TOTAL ASSETS	284,777	166,583	87,356	146,292
CURRENT LIABILITIES				
Accounts payable	353,180	132,379	147,040	150,617
Other current liabilities	25,608	101,012	89,141	100,503
TOTAL CURRENT LIABILITIES	378,788	233,391	236,181	251,120
NON-CURRENT LIABILITIES	43,353	157,101	113,493	166,022
TOTAL LIABILITIES	422,142	390,493	349,675	417,172
NET ASSETS	(137,365)	(223,909)	(262,319)	(270,850)
EQUITY				
Issued Capital	10	10	10	10
Retained Earnings	(137,375)	(223,919)	(262,329)	(270,860)
TOTAL EQUITY	(137,365)	(223,909)	(262,319)	(270,850)



Financial information

STATEMENT OF CASH FLOWS

	AS AT 30 JUNE 2019	AS AT 30 JUNE 2020	AS AT 30 JUNE 2021	AS AT 30 JUNE 2022
OPERATING ACTIVITIES				
Receipts from customers	856,024.22	887,759.91	738,387.46	1,094,797.82
Payments to suppliers and employees	(1,020,761.01)	(1,335,657.39)	(1,194,513.23)	(1,201,591.40)
Cash receipts from other operating activities	(25,602.57)	(13,622.89)	66,670.14	51,881.71
Cash payments from other operating activities	(619.69)	(443.05)	0.00	0.00
Net Cash Flows from Operating Activities	(190,959.05)	(461,963.42)	(389,455.63)	(54,911.87)
INVESTING ACTIVITIES				
Payment for property, plant and equipment	(36,494.42)	(45,469.56)	0.00	0.00
Other cash items from investing activities	143,432.13	326,332.69	423,554.76	16,958.61
Net Cash Flows from Investing Activities	106,937.71	280,863.13	423,554.76	16,958.61
FINANCING ACTIVITIES				
Other cash items from financing activities	81,570.82	154,520.70	(19,985.69)	33,796.82
Net cash flows from financing activities	81,570.82	154,520.70	(19,985.69)	33,796.82
Net Cash Flows	(2,450.52)	(26,579.59)	14,113.44	(4,156.44)
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	0.00	(2,450.52)	(29,030.11)	(14,916.67)
Net change in cash for period	(2,450.52)	(26,579.59)	14,113.44	(4,156.44)
Cash and cash equivalents at end of period	(2,450.52)	(29,030.11)	(14,916.67)	(19,073.11)



Financial information

STATEMENT OF CHANGE IN EQUITY

	AS AT 30 JUNE 2019	AS AT 30 JUNE 2020	AS AT 30 JUNE 2021	AS AT 30 JUNE 2022
EQUITY				
Opening Balance	0	(137,366)	(223,909)	(262,319)
Current Year Earnings	(137,376)	(86,544)	(38,410)	(12,317)
Issued Capital	10	0	0	0
Total Equity	(137,366)	(223,909)	(262,319)	(274,636)



Financial information

COMMENTARY ON FINANCIAL PERFORMANCE

2022 Financial Year saw an overall income increase of 11% on FY21 despite the obvious challenges faced by our industry following government imposed lockdown restrictions. Taproom sales dipped in FY21 from FY20 due to the restrictions but recovered strongly with a 200% increase in taproom sales from FY21 to FY22.

In addition to the 11% growth, profit margin on wholesale sales increased as we made deliberate moves toward focusing on selling Valhalla's beers which have a gross margin of approximately 35% as opposed to 15% on third party brands. Since COVID lockdowns ended, we have seen a strong shift in the market favouring local brands and Valhalla has sought to capitalise on that shift.

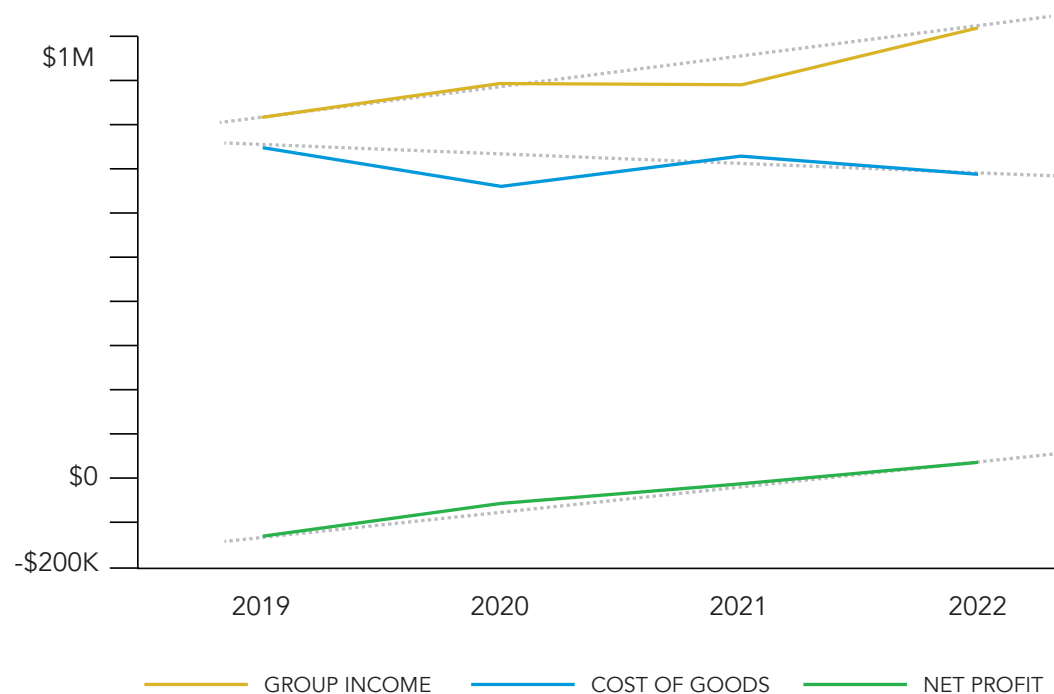
Lotus Beer Collective has been run as a "loss leader" with low margins but high sales volumes in order to build up a strong distribution network upon which we can build the Valhalla brand. It was always our intention to shift more toward Valhalla sales when our production capabilities increased.

The graph to the right illustrates the decrease in Cost of Goods Sold (COGS) as opposed to the increase in income.

While Lotus Beer Co Pty Ltd is yet to realise a profit, the climb towards profitability has been steady. With increasing sales and decreasing COGS, it is expected that we should see an increase in Net Profit over the next few years.

Note on the commentary

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 Lotus Beer Co Pty Ltd and has not been validated by an independent third party.



Financial information

COMMENTARY ON FINANCIAL PERFORMANCE

(CONTINUED)

With the addition of our 300 capacity taproom at the Federal Mills site in North Geelong, we have the potential to increase combined taproom sales by 300% with a significantly higher profit margin than wholesale sales. The addition of our own brewing facilities will also allow us to increase margins significantly as well as increase wholesale sales as we have struggled to keep up with demand under the current gypsy brewing model.

Interestingly online sales increased by 300% in FY22. This is despite minimal financial investment by the company in this area. This is an area that can be further explored and developed with some financial investment in FY23.

KEY HIGHLIGHTS AND ASSUMPTIONS

- 11% increase in group income from FY21 to FY22
- Increase in wholesale sales margins due to deliberate shift away from third party brand sales
- 30% increase in taproom sales from FY21 to FY22 following the end of lockdown restrictions
- 300% increase in online sales in FY22 despite minimal financial investment
- Addition of 300 capacity taproom at Federal Mills site in North Geelong could see further 300% increase in taproom sales
- Our own brewing facilities to increase profit margins on Valhalla beer sales
- Valhalla wholesale sales to increase with increased brewing capacity as inability to brew enough beer has restricted our ability to grow sales
- Valhalla beers ranged in local Dan Murphys and BWS stores since June 2022. Process now underway to be ranged in Vintage Cellars and First Choice Liquor

Note on the commentary

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 Lotus Beer Co Pty Ltd and has not been validated by an independent third party.



Information About the Offer



About the Offer

TERMS OF THE OFFER

Lotus Beer Co Pty Ltd is offering up to 187,500 shares at an issue price of \$4.00 per share to raise up to \$750,000. The key terms and conditions of the Offer are set out below.

TERM	DETAILS
Shares	Fully-paid ordinary shares
Price	\$4.00 per share
Minimum Subscription	\$250,000
Maximum Subscription	\$750,000
Opening date	25th October 2022
Closing date	10th November 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.



About the Offer

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

USE OF FUNDS

INTENDED USE	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
Purchase and installation of brewery	\$175,000	\$250,000
Brewery taproom fit out	\$57,200	\$102,200
Purchase and installation of canning line	\$0	\$250,000
Staff expansion	\$0	\$80,000
Development/upgrade of online retail	\$0	\$20,000
Offer costs	\$17,800	\$47,800
TOTAL	\$250,000	\$750,000

Funds raised by this CSF offer will allow us to complete the installation of our 15 hectolitre brewhouse and create a taproom experience unrivalled in the Geelong region.

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.

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

If only the Minimum Subscription amount is raised, the Company will require further funding to be able to carry out our intended activities over the next 12-18 months. In such circumstances, the Company may consider undertaking a further CSF offer under the CSF regime.



About the Offer

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.

Voting rights

Each shareholder has one vote on a show of hands or by poll if the meeting is conducted by online means. Unless a separate poll is demanded, the chairman's declaration of a decision on a show of hands is final.

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).

General meetings and notices

All shareholders that are entitled to vote at a general meeting have the right to call a general meeting provided those members hold at least 5% of the voting rights for that meeting.

At least 21 days' written notice of a meeting of members must be given individually to each member entitled to vote at the meeting.

Election and removal of directors

The Founders may appoint one Director for so long as a Founder hold 10% or more of the Shares. Shareholders holding 33% or more may appoint one Director for so long as they hold 33% shares.

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.

Restrictions on sale and transfer

Under the Constitution, the Company has the power to refuse a transfer or sale of shares to a third party. A copy of the Company's Constitution is available on the Intermediary's platform.



About the Offer

Drag along rights

If Shareholders who together are the holders of at least 60% of the Shares on issue propose to transfer all of their Shares to a Third Party Buyer the Sellers may require the other Shareholders to sell and transfer all of their Shares to the Buyer.

Tag along rights

If Shareholders who together are the holders of at least 75% of the Shares on issue propose to transfer their Shares to a Third Party Buyer under one transaction (or a series of related transactions) and a Drag Along Notice has not been issued in respect of that sale, the Sellers must give each other Shareholder a notice inviting them to sell their shares to the Buyer.

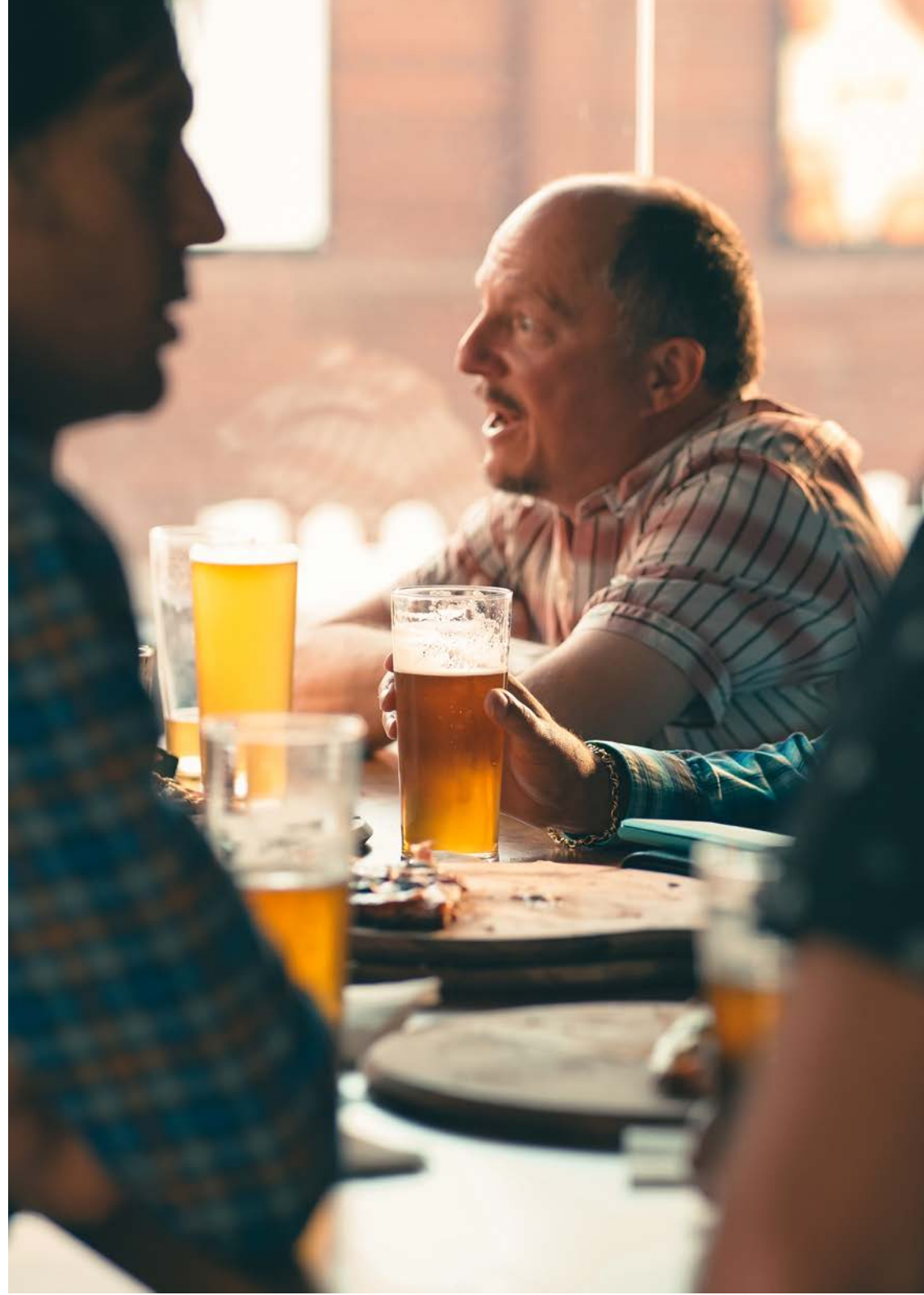
What can I do with my shares?

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.



Investor rewards

In addition to the shares on offer, investors will receive the following rewards.

	\$340+	\$1K+	\$5K+	\$10K+
Odin's Table exclusive badge and t-shirt	✓	✓	✓	✓
Your name listed on the Odin's Table honour board	✓	✓	✓	✓
Invitation to brewery launch party	✓	✓	✓	✓
Discount on all future taproom and online purchases	5%	7.5%	10%	15%
Birthday voucher every year		\$20	\$50	\$100
Free case of annual Odin's Table special release beer		✓	✓	✓
Name a fermenter (first 5 x \$10K+ investors only)				✓
One-time collaboration beer with Valhalla Brewing				✓
EARLY BIRD BONUS* Free 440mL limited release Brewery Launch beer		4	8	16

*Early bird bonus only available to investors who register during EOI and commit their investment during initial private investment raise.

OUR TREE PLANTING COMMITMENT

FOR EVERY NEW INVESTOR WE WILL PLANT ONE TREE IN THE GEELONG/ SURF COAST REGION. WE BELIEVE THIS WILL OFFSET ANY SHORT TERM ENVIRONMENTAL IMPACT CAUSED BY OUR BREWERY DEVELOPMENT.



Your Investor Rights



Your 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 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.



Your Investor Rights

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.valhallabrewing.com.au on the Company's share registry website at the following address www.valhallabrewing.com.au (free of charge) or can purchase the report from ASIC.

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.

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.



Glossary

COMPANY OR VALHALLA OR VALHALLA BREWING OR LOTUS BEER COLLECTIVE means LOTUS BEER CO PTY. LTD. ACN 625578 109

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