

# BLACK HOPS BREWING PTY LTD

## CROWD-SOURCED FUNDING OFFER DOCUMENT

DATED 25TH JANUARY, 2022

Offer of fully-paid ordinary shares in BLACK HOPS BREWING PTY LTD at \$3.77 per share to raise a maximum of \$2,200,000.

This crowd-sourced funding (CSF) offer document relates to the Offer of fully-paid ordinary shares in BLACK HOPS BREWING PTY LTD (Black Hops). This Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Corporations Act).

ISSUER  
BLACK HOPS BREWING PTY LTD  
ACN 605 914 930

INTERMEDIARY  
BIRCHAL FINANCIAL SERVICES AFSL:  
AFSL 502618



671 Pine Ridge Rd Biggera Waters, QLD



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## SECTION 1

# Risk warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares. Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

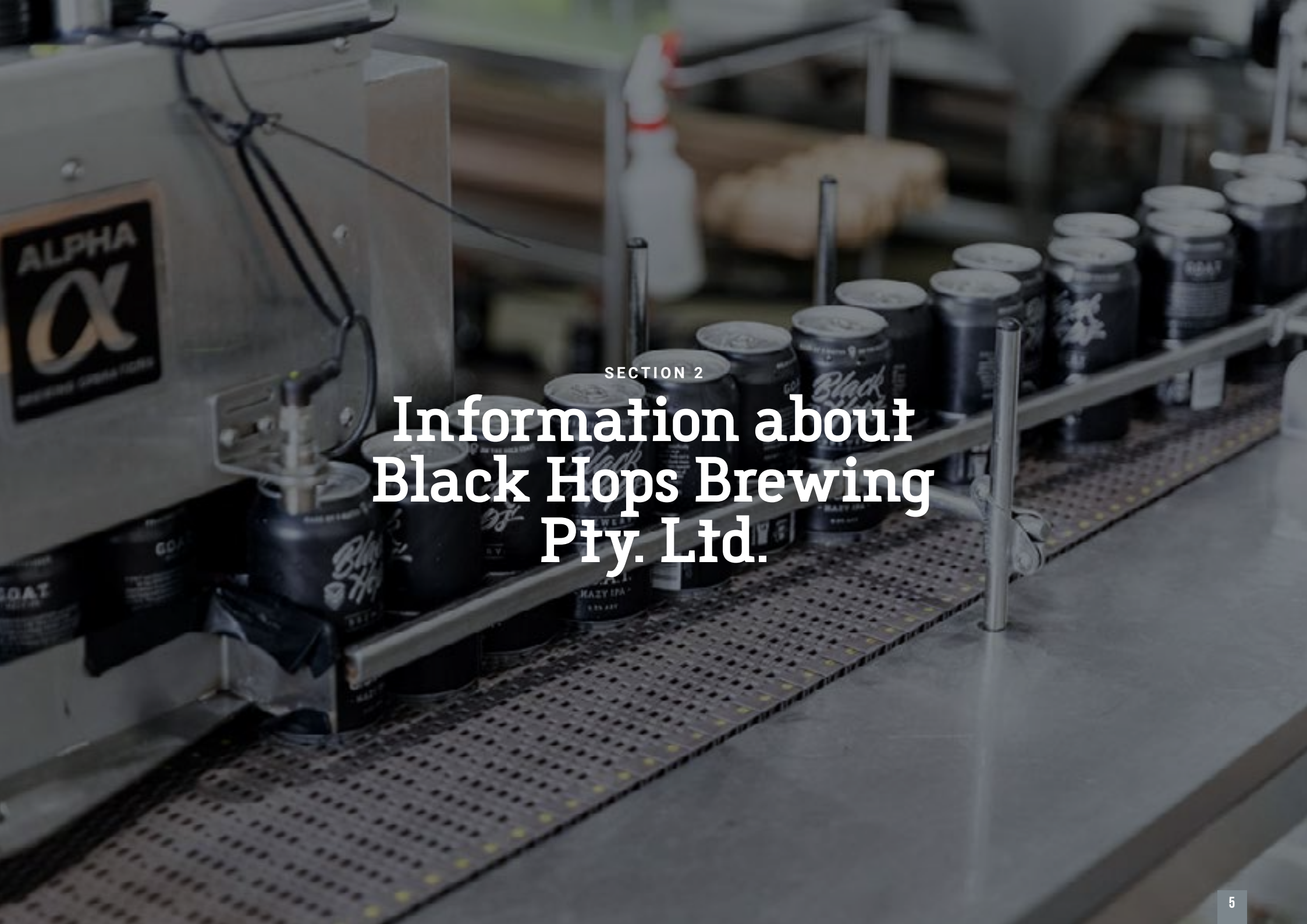
Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money; however, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.







SECTION 2

# Information about Black Hops Brewing Pty. Ltd.

## SECTION 2.1

# Letter from the founders

In January 2019 we closed the first Equity Crowdfunding campaign for a brewery in Australia and formed our “Alpha Team” investor group . Our campaign lasted just 6 days and broke a few other records along the way. This is what we’ve achieved since then.

- We opened Black Hops II, a brewery capable of increasing our volume from 500,000L to over 10,000,000L.
- Brewed 198 brand new recipe brews in 3 years.
- Increased our FY revenue from \$1.4m to \$13.5m (845%) making us one of Australia’s fastest growing companies.
- Expanded from mainly local sales to national distribution.
- Moved from losing money every year, navigated the brewery valley of death and into profitability reporting an EBITDA of \$1,762,657 for the last financial year.
- Increased our volume of production from 600,000 to around 2,200,000 litres.
- Continued our run of gold medals or trophies at every awards we’ve entered since our first full year of operation at HQ, including 2 Qld Champion Brewery trophies in 3 years.
- Released 2 new beers; G.O.A.T. & East Coast Haze that have gone on to equate to around a third of our total beer sales and become our 2 best-selling beers.
- Increased annual online sales from \$17k to \$275k, including the launch of our unique subscription membership, Home Guard.
- Acquired a brewery in Brisbane and turned it into a thriving Brisbane hub in 10 days.
- Built our team from 23 people to 83 (50 FTE) including some of the best production talent in Queensland.
- Went from #14 in the Hottest 100 with 3 beers in the list to #5 (the highest debut entry with G.O.A.T.) and 7 beers in the list.
- Went from 5th in the Beer Cartel annual Craft Beer Survey top Craft Breweries in Australia to 1st.
- Continued to build a thriving online community going from 14,700 followers across our social media channels to 54,000.
- Launched not 1 but 3 new taprooms including Queensland’s first dedicated barrel aged beer taproom and barrel room AWOL (open for events, tours and tastings).

We didn’t promise the world, only to build a second, much larger brewery up the north end of the Gold Coast and continue our expansion. Despite a hell of a lot of tough situations in that time, we achieved a lot more than that.

Now we’re ready for some new challenges:

1. Expand BHII to reach 4,400sqm and be able to support production output of 10m+ litres per year and become Queensland largest independent craft brewery and one of the largest in Australia.
2. Build the first Gin & Whiskey distillery up the north end of the Gold Coast and our 5th taproom.

This is what we said in the welcome letter of our last crowdfunding campaign:

*We are in a space where history has shown that building a brand that people love, and a business that nails all of the important components (brand, product, story, venue, people etc), has the potential to result in companies with extremely high revenues, valuations, external investments and exits. From day 1 we have believed we are on this path.*

Our belief remains as strong as ever and our results speak for themselves.

This offer document aims to give you all the information you need you decide whether to invest in Black Hops Brewing and join the Alpha Team. Please consider it carefully, in particular the general risk warning, and the description of main risks in Section 2.

Yours sincerely,

**Michael McGovern, Eddie Oldfield and Dan Norris**

Black Hops Brewing Founders







# Company Details

This offer of shares is made by BLACK HOPS BREWING PTY LTD Pty Ltd ACN 605 914 930. The Company was incorporated on 19/05/15.

Company Name	BLACK HOPS BREWING PTY LTD
ACN	605 914 930
Offer Type	Crowd-sourced funding
Offer Date	25th January 2022
Offer Details	Offer of fully-paid ordinary shares in BLACK HOPS BREWING PTY LTD at \$3.77 AUD per share to raise a maximum of \$2,200,000.
Registered office	C/- AIR ACCOUNTING, Level 5, 86-100 Market Street, SYDNEY NSW 2000
Principal place of business	15 Gardenia Grove, BURLEIGH HEADS QLD 4220





## SECTION 2.3

# Description of the business

### SECTION 2.3.1

## Who are we?

### ■ The Black Hops story

Black Hops Brewing started as 3 mates making beer and sharing everything we learned along the way. In 2014, us 3 founders made our first beer, Eggnog Stout, after discussing the concept at the pub. That led to opening up a brewery and taproom in Burleigh Heads in 2016, and to being awarded Australia's Champion Small Brewery at the 2018 AIBA Awards. These days Black Hops is one of Australia's favourite craft beer brands and fastest growing companies reaching the top 30 in the 2021 AFR Fast 100. With a team of 80+ staff, Black Hops makes and distributes beer to thousands of venues around Australia.

### ■ Key achievements to date

#### August 2014, home brew Eggnog Stout

We brewed a home brew pilot batch of Eddie's brainchild, Eggnog Stout and handed it out to bloggers and friends. Before long we were fielding questions about when the 'brewery' was opening.

#### November 2014, Black Hops' commercial launch

After a pilot batch of a handful of bottles, we brewed 13 kegs of the very first commercial beer, Eggnog Stout, and launched Black Hops officially at HooHa bar in Brisbane. It was a part time hobby at this time, but Black Hops was born.



## October 2015, the world's first Call of Duty beer

In October 2015 we partnered up with the largest entertainment franchise on earth and brewed an official Call of Duty beer. We didn't have a brewery at the time but that didn't stop us and the beer made national news and put Black Hops on the map.

## February 2016, first in Australia to launch via crowdfunding

In February 2016 Black Hops became the first brewery in Australia to launch via Crowdfunding hitting our \$10,000 goal on the first day and going onto exceed the target and raise over \$17k from 168 supporters.

## June 2016, HQ opens in Burleigh Heads

It felt like a long journey, but we finally opened the doors to Black Hops Brewery and taproom in Burleigh Heads. The taproom was 12sqm total and could comfortably hold around 6 or 7 people.

## August 2017, Operation Brewery book launch

In the spirit of being the 'least covert operation in brewing' we wrote a book on how to build a brewery. It sold thousands of copies and is being sold in book shops thanks to distribution deals in Australia and the US. It averages 4.5 stars on Amazon and remains as one of the only books written by a brewery in Australia.

## January 2018, 20th in GABS Hottest 100

In January 2018 we made the GABS Hottest 100 craft beers list for the first time in positions 55 (Hornet) and 20 (Pale Ale). We were the second highest ranked QLD brewery behind the winners Balter, and Pale Ale was the highest debut entry.





## May 2018, AIBA Champion Small Australian Brewery

In May 2018 we visited Melbourne for the most prestigious beer awards in Australia and came home with the biggest medal and prize-winning haul out of any brewery, 5 gold medals along with 2 trophies, one being Australia's Champion Small Brewery.

## July 2018, BHII build

In July 2018 we signed the lease on what we believed would be the perfect location for Black Hops II. We planned the layout, ordered the equipment and started prepping the site.

## October 2018, Gold Coast Young Entrepreneurs

In October we were awarded the Gold Coast Young Entrepreneurs of the year in the manufacturing category. This led to some positive press, meetings with Councilors and local members and the attention of larger press outlets and banks.

## January 2019, Pale Ale #14 in the Hottest 100

Black Hops Pale Ale jumped to #14 in the annual GABS Hottest 100 countdown with Hornet and Super Hornet also making the list.

## January 2019, Black Hops breaks crowdfunding records

In early 2019 we closed Australia's first brewery Equity Crowdfunding campaign and broke a few records in the process including the fastest campaign to hit the target (6 days).

## March 2019, BHII opens

In March we opened Black Hops II in Biggera Waters on the Gold Coast boasting a 65,000L brewhouse, 18,000L fermenters, 1,500sqm of floor space and a 200sqm taproom.



## March 2019, Black Hops is crowned Qld's Champion Brewery

In March the Royal Queensland beer awards were revived and Black Hops took out 4 trophies including Queensland's Champion Pale Ale (Hornet), Champion IPA (Code Red), Queensland Champion Brewery and Australian Champion Brewery.

## April 2019, Interstate expansion

In April 2019 we announced distribution deals in NSW, Vic and SA and officially launched interstate celebrating the milestone with a whirlwind 3 state / 3 day trip.

## May 2019, Mid Range wins AIBA Champion Mid Strength

Australia's most prestigious beer awards are held in Melbourne and we added to our trophy haul bringing home our 3rd AIBA in 2 years with Australia's Champion Mid Strength Beer.

## July 2019, new core range branding and 16 packs

In July 2019 Black Hops made the move to fully printed core range cans and 16 pack boxes, priced to compete with the bigger craft brewers. We started to take over full shelves in stores and the range started to move in cartons instead of just 4 packs.

## October 2019, #5 in the Beer Cartel Survey

In October we came in 5th in Australia in the annual Beer Cartel Craft Beer Survey and 2nd in Queensland for the favourite brewery taproom category. For the size of the brewery, this was a big achievement and a good boost in PR.

## December 2019, KatWinChar sets sail in the Sydney to Hobart

Thanks to a great relationship with the landlord at BHII, Bill Barry-Cotter entered his 100+ year old refurbished family yacht into the Sydney to Hobart race and offered to deck the spinnaker out with a big Black Hops logo. KatWinChar Pale Ale was launched as part of the collaboration and KatWinChar won the vintage boat category in that year's race.





## January 2020, 5 beers in the Hottest 100, Pale Ale #14

In January 2020 we beat our best ever Hottest 100 result with #14 for Pale Ale and 5 beers in the list, as well as the 5th most amount of votes out of any brewery in the country.

## March 2020, Covid-19 hits, Supply Drop launches

In response to the Covid pandemic we launched a direct delivery app built over a single weekend and in the month following shutdowns increased online revenue from \$20,000 to \$80,000, re-deploying the sales team as direct delivery drivers for the app. All permanent staff remained employed throughout the shutdowns.

## April 2020, Black Hops Reserves

With everyone at home, we launched the first homebrew competition of its kind in Australia to engage core fans. The entire core range was put into Fresh Wort Kits (FWKs) for homebrewers to make at home and 6 competitions were held to judge the best brewers. This continued throughout all of 2020 and we crowned a winner early 2021.

## June 2020, Pale and Hornet go national at Dan Murphy's

With retail beer sales souring through the pandemic, we picked up a range of extra stockists including national distribution for key lines Pale Ale and Hornet.

## September 2020, Moondancer top 10 can Design awards

The first annual GABS Can Design Awards were held in September 2020 and we were recognised for design excellence when Moondancer was awarded a top 10 position.



## November 2020, Black Hops acquires Semi Pro Brewing in Brisbane

In November we struck up a deal to acquire 100% of East-Brisbane's Semi Pro Brewing and in 10 days transformed it into Black Hops Brisbane, a brewery, taproom and home for the brand right amongst our strongest sales territory. From day 1 Brisbane trading has been on par with the other taprooms.

## November 2020, Black Hops voted #1 craft brewery in Australia

The rise of Black Hops as a favourite brand in the annual Beer Cartel Craft Beer Survey continued and Black Hops jumped to the top spot in the survey for the first time, beating out past favourites Stone & Wood, Balter and Bentspoke.

## March 2021, G.O.A.T. debuts at #5 in the Hottest 100, 7 beers in the list

The 2020 GABS Hottest 100 list was announced and Black Hops G.O.A.T. was listed at #5 representing the highest debut entry in the list and a 9 place jump from the previous highest performer (Pale Ale at #14). We had all of our 7 listed beers make the list equaling the most amount of beers in the list from any brewery that year.

## March 2021, Champion Large Brewery at the Royal Qld Beer Awards

We returned to the top spot in the Royal Queensland Beer Awards taking out Champion IPA for Code Red and Champion Large Brewery, making it 2 years out of the last 3 for both major trophies.

## April 2021, AWOL, QLD's first dedicated barrel room and taproom

Years in the making, we launched Queensland's first dedicated barrel aged beer taproom and barrel room under the brand AWOL. AWOL is a unique barrel-aged beer facility, stand-alone taproom and an entry into a new style of beer. We open AWOL for tours, beer launches and special events and it occupies a unique place in our portfolio of venues.

## April 2021, East Coast Haze lands with a bang

Noticing a shift to sessionable hazy's in the market, we launched East Coast Haze, our first distinctively different can and first brand new product into the core range since the first canned beer Pale Ale. The East Coast Haze launch was supported by a marketing campaign featuring bus shelters, billboards and more typically Black Hops organic methods which combined to drive East Coast Haze to the #2 spot in the Black Hops range within a few months.





## April 2021, Black Hops begins \$3m packaging line upgrade

In April we announced our biggest expansion ever with a \$3m packaging line upgrade planned for Black Hops II. The upgrade involved taking over 3 additional sheds and commissioning the build and installation of an industry-leading CFT 24 head rotary canning line and semi-automated canning line.

## May 2021, 5 Golds at the 2021 AIBA Awards

After a Covid-induced hiatus, the prestigious AIBA returned with all us 3 founders heading down for the occasion. Equaling the best Black Hops' haul, we returned with 5 gold medals including the 3rd gold medal for Pink Mist, Beach House and Code Red.

## October 2021, Home Guard beer club launches

In October we launched Home Guard, limiting the orders to 250 members. Despite some technical fails, we sold the memberships within the hour. We sent out the first boxes in November with kinks ironed out in preparation for further growing the subscriber base.

## October 2021, Murder Hornet rates 5th in the GABS Can Design Awards

After making the top 10 with Moondancer in 2020, we came in at 5th with Murder Hornet in 2021, making it 2 years in a row with 2 different designers.

## November 2021, Black Hops makes the AFR Fast 100

We realised a long term goal when we made the AFR Fast 100 at number 24, in our first year of eligibility. Our growth averaged 107% across the previous 3 years making Black Hops one of the fastest growing companies in the country.



# Products & Services

## Our Beers

Since dabbling around with the first home brew, we have brewed over 250 different beers. More than 7 years of selling commercially has taught us a lot about what the market wants and our ability to execute it quickly has enabled us to capitalise on the incoming trends that we believe will stick around for the long term. Here is our range.

## Flagship beers

Our flagship beers can be found in bars on tap and at independent and major bottle shops around the country.



### East Coast Haze - 4.5%

A cool coastal breeze in the golden sunshine, this refreshingly smooth hazy pale ale is like those perfect Aussie days. Gazing out on an aqua blue ocean as the waves greet you in the soft sand, you might find yourself lost in the haze. Launching in 2021 East Coast Haze ascended rapidly to become our second best-selling beer.



### Pale Ale - 4.8%

Defined by a balance of pale malted barley and tropical hop aromas, our Pale Ale is light in colour but big in flavour. But don't overthink it. It is what it says on the tin, a Pale Ale, the Black Hops beer for every occasion. Our Pale Ale was the highest voted debut entry on the 2018 GABS Hottest 100 list and has won multiple gold medals including at the AIBAs.



### G.O.A.T. - 6.0%

G.O.A.T. was first brewed as a small batch, specifically for the 2018 AIBA Awards. Brewed with high expectations & named accordingly, the beer took out a Gold Medal and became a favourite among Black Hops drinkers. This juice bomb features the signature opaque appearance of the style, paired with an explosion of tropical fruit flavours thanks to the generous late addition of Mosaic, Amarillo and El Dorado hops. G.O.A.T. is our best selling beer and sits at #5 in the GABS Hottest 100.



### Hornet IPA - 6.0%

Dry, angry and bitter, Hornet has some serious sting with a balancing aroma of stone and citrus fruits. This modern IPA drinks with a subtle sweetness and a sturdy presence of hop bitterness. Hornet won the Trophy for Best Strong Pale Ale at the 2019 Qld Beer Awards and came in at #17 in the 2020 GABS Hottest 100.



## Extended Core Range

In addition to our flagship beers, the following beers are available year round in cans from the brewery and in kegs to wholesale customers.



### Mid Range - Mid Strength Pale 3.5%

Our mid strength take on the classic hop-forward Pale Ale was recently awarded Australia's AIBA champion low alcohol beer. The punchy character from U.S. hops is balanced with a distinct malt base. At 3.5%, it's the Black Hops beer to keep you in the battle for longer.



### Lay Day - Lager - 4.4%

Lay Day Lager is perfect for those who enjoy a clean and crisp beer, brewed with Australian pale malted barley, lightly hopped and cool-fermented longer for a simply fresh finish. Whether you are planning a Summer BBQ or have just come in from a surf, Lay Day is the ideal refreshment.



### Send It Session Ale - 4.2%

Made by 3 mates in Burleigh Heads, at Australia's 2018 AIBA Champion Small Brewery, Send It is our Gold Coast-inspired session ale. It's light in colour and easy drinking; beer that tastes like beer.



### Super Hornet - Double IPA - 8.7%

The Super Hornet DIPA is an upgraded redesign of our Hornet IPA, fitted with extra ABV firepower and extended bitterness range, this bad boy is destined to establish flavour superiority. Loaded with an armament of fresh NATO hops, you will smell this beer before you even see it coming.

## ■ Extended Core Range



### Eggnog Stout - 5.8%

A dry Irish Stout with subtle notes of nutmeg, cinnamon, vanilla bean and French brandy. It showcases a mild bitterness through the use of roasted barley and a generous late hop addition. Eggnog Stout was the first beer we ever brewed and one that is close to our heart.



### Ginger Cider - 4.5%

This apple-based cider with a hearty ginger addition, is the Black Hops go-to for the non beer drinker. This easy drinker is the perfect palate cleanser or summer-time refresher.



## ■ Bi-monthly Releases

Every 2 months we release a special beer that is sold in a limited quantity into bars, bottle shops and even major distributors around the country. Here are some releases from 2021.



## ■ Black Hops Taprooms

Our Taprooms are where our customers are engaged with our story and receive the 'Black Hops Experience'.

Starting from a 12sqm taproom in Burleigh Heads in 2016, we built the business from the taproom out until surrounding people and venues knew about Black Hops and wanted the beer.

We continued this trend and now have 4 taprooms:

1. Black Hops HQ (Burleigh Heads)
2. BHII (Biggera Waters)
3. Black Hops Brisbane (East Brisbane)
4. AWOL Barrel Room (Burleigh Heads) - Events and tours only

We pride ourselves on the taproom experience and the results show it. In the 2020 Beer Cartel Craft Beer Survey we were voted as the best brewery venue in Queensland, gaining three times as many votes as the runner up and more than any other venue in the country.

On the Gold Coast there are 13 brewery taprooms currently open. The 3 highest rated taprooms across Google and Facebook are:

1. AWOL (5 out of 5)
2. Black Hops II (4.9)
3. Black Hops HQ (4.8)

### Black Hops HQ (Burleigh Heads)

HQ represents something unique on the Gold Coast, a place that is family and dog friendly, where you can enjoy up to 16 completely unique beers in a location that is walking distance to the beach and restaurant strip. Guests are spoilt for choice with Black Hops' ability to brew small batch, experimental beers on average at least one new one per week.





## Black Hops II (Biggera Waters)

In 2019 we took the bold step to open a massive brewery and taproom, the first of its kind on the north end of the Gold Coast. At 200sqm, it was 4 times the size of our HQ taproom in a brand new territory. It is now our best performing taproom.

## Black Hops Brisbane (East Brisbane)

Black Hops Brisbane is a good-sized taproom right in the heart of East Brisbane, only a few kilometres to the river, the Gabba and the city. The previous brewery (Semi Pro Brewing) was converted to Black Hops Brisbane in 10 days and has been performing on par with the other taprooms ever since.

## AWOL (Burleigh Heads)

AWOL is Queensland's first dedicated barrel aged brewery and taproom located adjacent to Black Hops HQ in Burleigh heads. Representing a new brand, fit out and experience, the AWOL taproom is truly unique. We currently have AWOL open for events, beer launches and tours.

## ■ The Black Hops Online Store

Our online store is growing, even more so than the rest of our business. For some context here are the online store revenues in August for the last 3 years: August 2019 - **\$3,888**, August 2020 - **\$27,111 (597% growth)**, August 2021 - **\$43,386 (60% growth)**

Since we completed the first Equity Crowdfunding we've increased our SKUs from around 10 to 60. On top of that, we recently launched our online beer club Home Guard where 250 signed up within an hour to a monthly subscription to enjoy fresh and limited Black Hops beers at home.







### SECTION 2.3.3

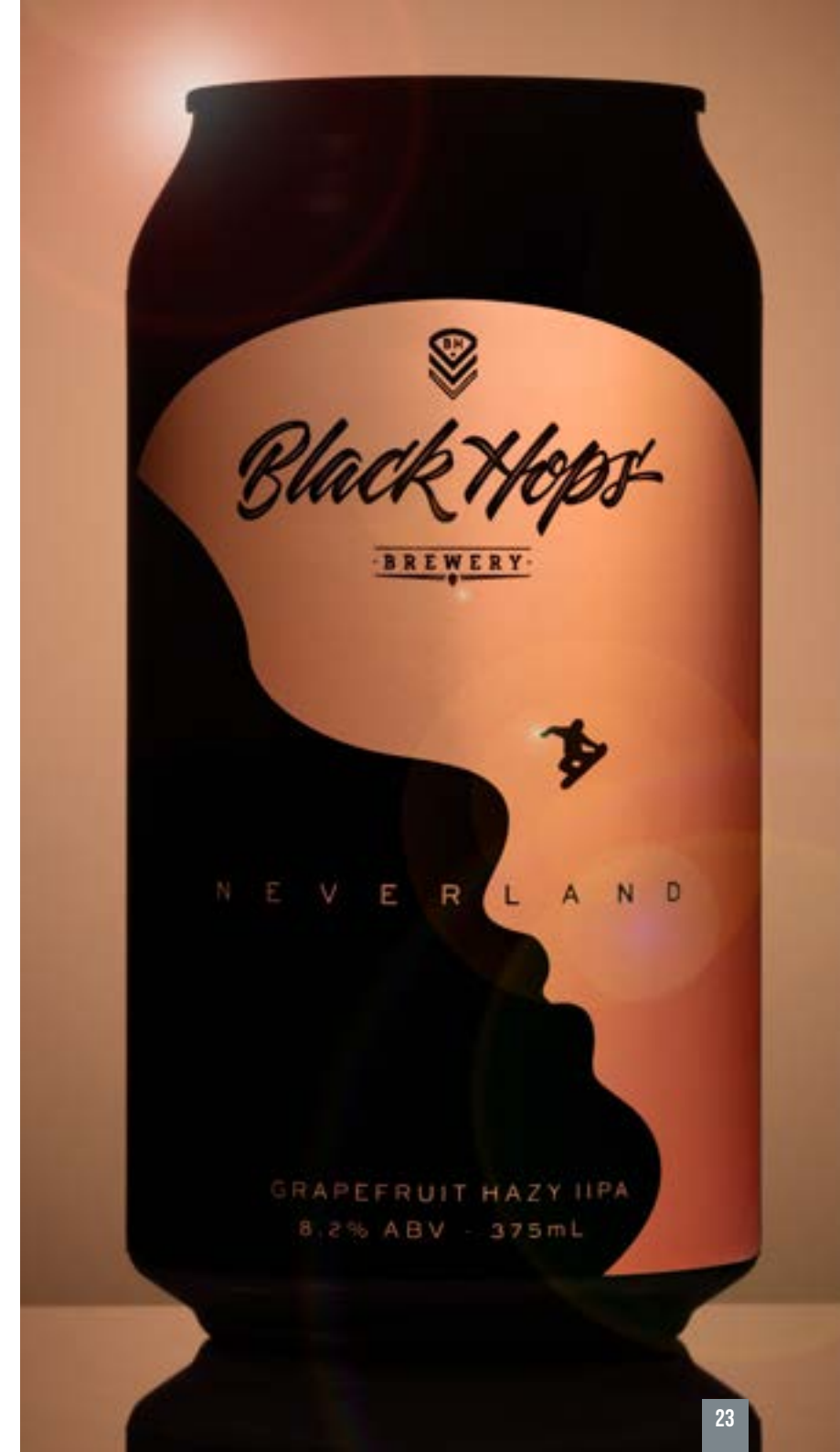
# Marketing & distribution

## ■ Our unique compounding marketing strategy

### Our approach to paid marketing

In this industry companies spend above 10% of their turnover on marketing. Black Hops spends way less than 1%. Instead, Black Hops focuses on 4 compounding pillars to build the value and awareness of our brand.

1. **Brand** - Black Hops invests heavily in our brand, working with the best designers and photographers to present our brand in an awesome light. Most of the time spent by our small marketing team is creating great looking beer labels and working on images to present them online. We treasure our brand and protect it fiercely.
2. **Story** - Black Hops is a story-driven brand, whether it be our founding story or small stories for each of the beers we've produced. We are constantly looking for ways to tell stories that capture people as opposed to pushing marketing messages onto people. Over time people see us as a brand they want to follow as opposed to a brand that is following and pushing product on them. This makes people love us instead of hate us.
3. **Content** - From day 1, Black Hops has been the brewery that has shared everything we learned along the way. Whether it be our podcast, our book, our blog, or our social media, we have always prioritised the creation of engaging content for our audience. In fact for the first 5 years of our operation we only employed 1 part time marketing person and that person's job was to create content. Our content gives us a point of difference and helps build a tribe of loyal fans who support us when we need them by purchasing our beers, investing in the company, voting for us and spreading the Black Hops story.
4. **Community** - We categorise our audience into different groups of people and we specifically aim to create value for those groups. Whether its our taproom regulars, our Alpha Team investors, our Black Hops Reserves homebrew crew,



our Black Hops Ambassadors or Home Guard beer club subscribers, we focus on creating value directly and independently for these groups. This makes people feel valued and helps spread the word about what we are doing. We create value for our community members, and our members do our marketing for us.

The outcome is a brand that people love and support, without requiring us to spend money on marketing. 2 prime examples of this in action are the 2020 GABS Hottest 100 where we got the highest debut beer #5 and the most amount of beers in the list, without any paid ads, and the 2020 Beer Cartel Craft Beer Survey where Black Hops was voted #1 in the country, beating many breweries much older and much bigger with much bigger marketing budgets.

Our aim is to create a brand that people discover organically through genuine stories and great content, not one that is forced on them by marketing gurus.

## Where Black Hops Fits

We can't have a discussion about the craft beer industry without outlining our place in the industry. We aren't in this just to make money, or just to have fun. We are in it because this is what we want to be doing and we think we can occupy a unique place in the industry on the Gold Coast and in Australia.

We have a legitimate story and a transparent brand, and we think that makes us unique. A real story. A story of 3 mates, sitting around at a bar talking about making beer, and then actually going on to do it. Going from home brew to commercial brew in months, then landing a deal with one of the largest entertainment franchises in the world to brew the official Call of Duty Beer; all the way to opening Australia's Champion Small Brewery and one of Australia's most loved craft beer brands.

For any craft beer to have a chance in this competitive space, it needs to have a story. But it's not enough to have a cool story, you have to actually work on it and





actively engage your audience. We aren't afraid to do that. Here are some of the ways we go about it.

## Product

The number one form of marketing for us is and always will be our product. Our award-winning core range beers, and our experimental releases are the ultimate reason why anyone would buy Black Hops, and tell their friends about it. Our challenge which we thrive on, is to always choose the right styles for the market, execute an award-winning level beer of that style and if we can, innovate on the style. For the beers we produce on a limited release schedule we have a more creative license and get a bit more experimental with ingredients and methods.

In the end, this is what Black Hops is about - making good beer and our record speaks for itself. In every beer competition we've entered since our first full year as a brewery, we have achieved either gold medals or trophies including the AIBA Australian Champion Small Brewery and Royal Queensland Champion Brewery 2 out of the last 3 years.

But technical brewing awards don't sum up the whole picture. Being relevant in the craft beer industry is something we are extremely focused on. We brew on average one new recipe beer per week and have brewed over 250 different beers. Our small batch beers sometimes sell out in hours.

## Press

Every business needs to get attention for what they are doing and we don't mind sharing our story. We leverage our story wherever possible to help spread the word about Black Hops and craft beer. We also push the fresh beer angle and educate people on the benefits of drinking locally-made fresh beer.

We don't put our competitors down, we aren't into that. We focus on telling our story and the craft beer story and we often do so in collaboration with other breweries of the same mindset.



We have been featured by many major local press outlets such as The Courier Mail, The Gold Coast Bulletin, 9 News, Channel 7 News etc as well as the major beer publications like Froth Beer Mag, Brews News and Crafty Pint.

We have great relationships with local journalists and make sure we are there to help them out any time they need information for beer-related stories. In return we always let them know when we have any newsworthy content.

We've also managed to get mentions and features in big international publications like IGN, AFR, Gamespot for projects we've worked on and our founders have been mentioned on major business sites like Forbes, Business News Australia, TechCrunch and INC. We aren't afraid to seek out and capitalise on opportunities to get attention for what we are doing. After all, we believe in what we are doing, and want to spread the word.

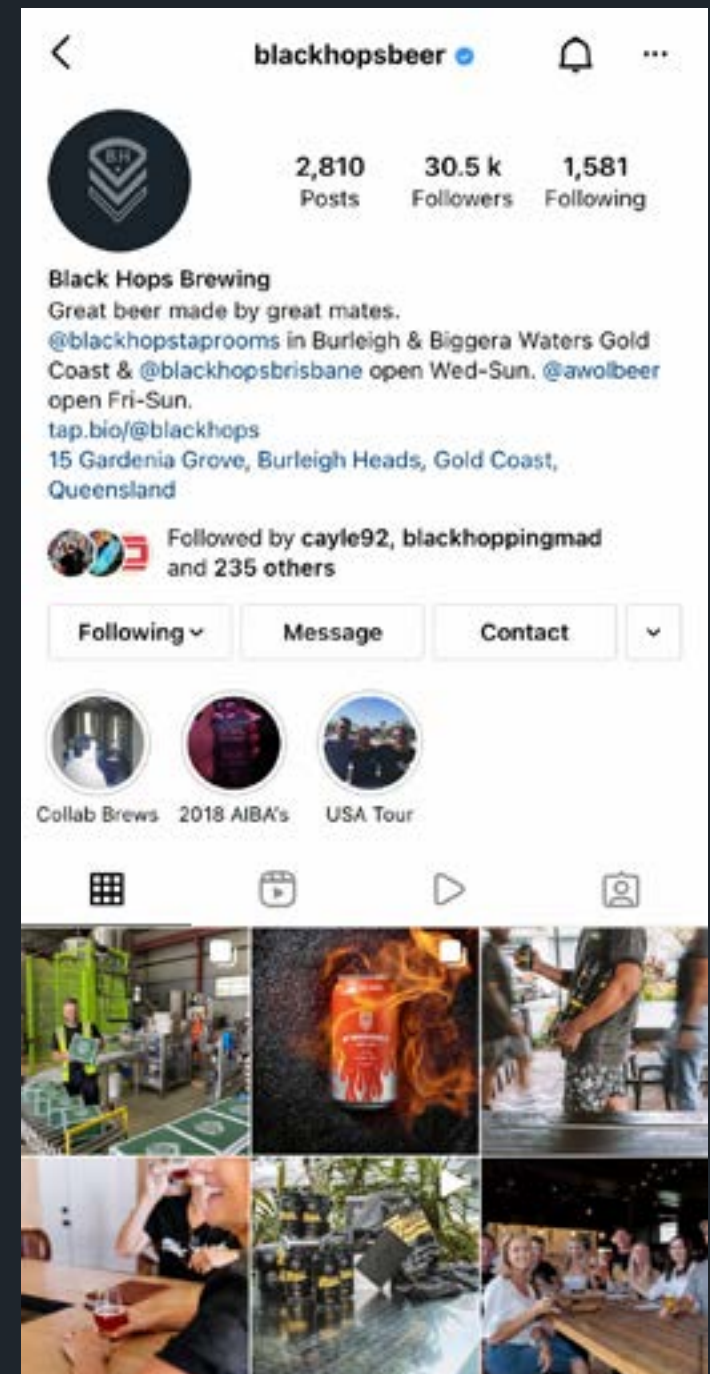
## Content

From day 1, we have had a big focus on content, especially when compared to other breweries. We've put out a best-selling book, 27 episodes of our podcast, over 140 articles on our blog and over 2,700 posts on social media, more than almost every other brewery in the country.

We average 20,000+ visitors a month to our website and rank on the front page of Google for a lot of major keywords. We are 1st in the Google Places listings (top of the page) for 'Gold Coast craft beer' and the only brewery on the front page of the natural listings (further down the page). For the keyword 'Gold Coast Brewery' we are 1st in the places listing with the most reviews and the highest rating, beating our competitors that are 10 years old.

We also have an email list of 16,000+ members and growing, with members tagged so we can send them the most relevant information based on the audiences they are part of.

## Community



We are strong with our focus on the community providing monthly donations and support to different causes, Karma Kegs for staff beers and support of the Independent Brewers Association and other similar community groups. We have been doing this actively since 2018 and have donated to hundreds of causes, even since before we were profitable. It's something we want to expand on as we grow into a decent sized, profitable business.

## Social media

Much like content, we have always been active and hands-on with social media, particularly Instagram and Facebook. We've built a solid following of 30,000+ on Instagram, growing rapidly and with great engagement. Our daily stories regularly get 1,000+ views and our best images get more than 1,000 likes. In addition we have dedicated Instagram accounts for Black Hops Brisbane, Black Hops Taprooms and AWOL.

On Facebook, our natural traction is also something we are proud of. While some businesses struggle for organic traction and need to focus on paid channels, we are the opposite. Our posts regularly reach thousands of people organically (tens of thousands for some). We then have the opportunity to use boosted posts to capitalise on the natural traction, instead of paying to try to get traction in the first place.

Our venues do incredibly well on Facebook as well, out of the 13 brewery taprooms on the Gold Coast currently open, we have the 1st, 2nd and 3rd highest rated venues.

Our Facebook Ambassador group, has over 3,000 active members who regularly help us out when we need it by promoting our content, buying our limited run beers and merch, or giving us quick feedback on ideas. We help them in return with brewing and business questions and exclusive access.

We get regular mentions on Twitter, LinkedIn and craft beer app Untappd, where we also keep an active presence. In addition to the core Black Hops account, founders and staff also have engaged audiences reaching tens of thousands of people regularly, as well as being active and respected in all the major online beer communities.

## Events

We have a regular presence at craft beer events and major festivals and have events or tastings on most weekends. We speak at beer and business events, organise and run beer degustation dinners and much more.

We don't have the budget of some of the big brewers, but we always try and make our presence felt and always support local community events and charity fundraisers, when we are in a position to. At our local Crafted Festival for example, we have been the highest selling beer stall at the event for the last 3 years straight, beating out the biggest brands in the industry.

The whole craft beer movement has been about consuming locally-made fresh product, and being an active part of the local community is a big part of that.



## SECTION 2.3.4

# Market and competitors

## ■ Industry overview

Beer production dates back over a thousand years. There are beer companies in Europe like Weihenstephan who still make great beer and have been around for almost a thousand years. Yuengling in the U.S. is a family-owned brewery that is 190 years old. Even in Australia we have Coopers who are still a force in craft beer, and are family-owned and have been in existence since 1862.

## The craft beer boom

The recent craft beer boom in Australia has been influenced by the 20+ year boom in the U.S. In America, the craft beer sector has been experiencing solid growth over that time to a point where there are almost 9,000 breweries with craft beer making up 24% of the market<sup>1</sup>.

In February 2018 us 3 founders visited the U.S. to get the full craft beer experience and we were blown away. We visited cities a fraction of the size of the Gold Coast with 10X as many breweries. Portland for example, with a population of 650,000 compared with 590,000 for the Gold Coast had around 60 breweries. At the time the Gold Coast had 5.

Black Hops was very early to the craft beer scene on the Gold Coast and in South East Queensland and was able to grab a lot of early market share.

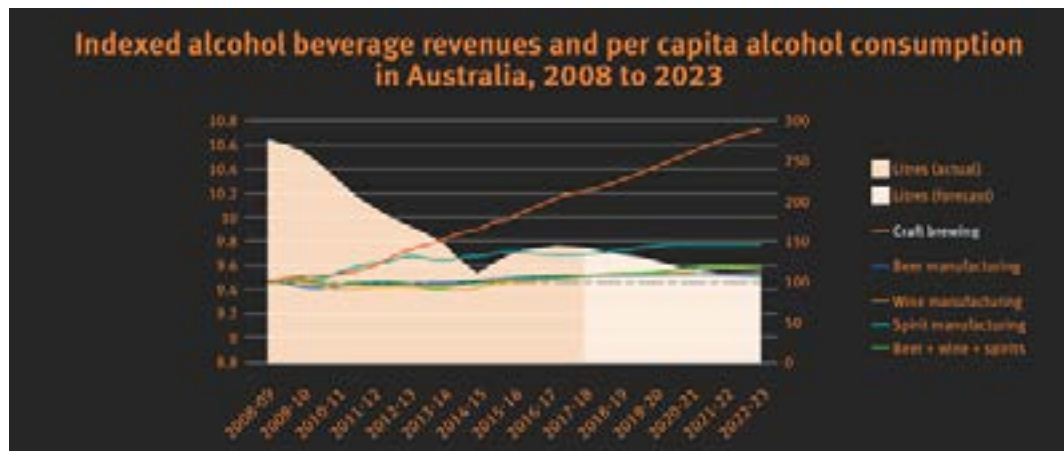
<sup>1</sup> <https://www.brewersassociation.org/statistics/national-beer-sales-production-data/>



## The Australian craft beer market

A few years ago there were 50 breweries in the country, now there are over 600. We think Australia is on a similar path to the United States where the craft beer market has grown from 3% to 24%<sup>2</sup> over the last 20 years.

Research agencies are predicting over 5% annual growth in the craft beer component of the broader Australian beer industry, which has a market size of \$5b<sup>3</sup>. Craft beer is one of the few growing mainstream alcohol categories both in Queensland and Australia.



Alcohol beverage revenues from the Queensland Craft Beer Strategy document.

Beer is big business, and we are excited to be a part of the change and feel like we have an early and unique position.

<sup>2</sup> <https://www.brewersassociation.org/statistics/national-beer-sales-production-data/>

<sup>3</sup> IBISWorld Industry Report OD5071, Craft Beer Production in Australia September 2018







#### SECTION 2.3.5

## Business strategy

At Black Hops our intention was always to build a recognised national brand, not just a small local brewpub. While it seemed like a dream when we were sending hand labeled bottles of Eggnog Stout out to bloggers in 2014, it has become a reality.

## SECTION 2.3.6

# Business and revenue model

## ■ Core business model

Black Hops' core business model is the manufacturing and wholesale distribution of craft beer. Our aim has always been to build a recognised national brand by starting small and local and offering something unique to the market.

Our taprooms offer great margins and give us the cash to fund our wholesale aspirations, and they are also a core part of what we are about. We believe the craft beer experience is more than just drinking better beer. Our taprooms enable us to provide an experience and educate new audiences and convert more people over to drinking craft beer.

Ultimately the growth in our business will come from wholesale beer sales throughout Australia.

## ■ Growth opportunities

Black Hops is one of Australia's fastest growing craft breweries. We sell the majority of our beer in South East Queensland but we also have distribution throughout the rest of Australia.

While our brand is strong, there is enormous opportunity for growth in an industry where other more established brands are making 5X more beer than we are.

Our revenue has grown at over 100% per year every year since we began which has put us in the sights of the AFR and their 2021 Fast 100 list this year landing at number 24.

Our approach to growth has and will continue to be to managed it organically, by creating great products, jumping on the trends that we think will be sustaining, engaging our audience and customers and gradually taking on distribution



Revenue and Operating Profit





opportunities as they arise.

What this means is we don't plan out specific growth targets, instead we actively seek and capitalise on growth around continuing to do what we aim to be good at. Some specific paths we can see for future growth are:

1. Firstly we believe the brand will continue growing organically due to our ongoing work on projects that engage our audience. Things like the AFR Fast 100, 2nd Equity Crowdfunding round, Hottest 100 and positive results in awards etc all help spread the word.
2. Interstate sales have been slow because of Covid-19, especially keg sales. We believe we will see some natural growth in our sales via distributors now that the country is opening up.
3. Our distribution is still very local, only one of our beers enjoys full national distribution, and it's only through one customer (G.O.A.T. in Endeavour Drinks). We believe we are in a great position to boost this ranging to other key products, especially East Coast Haze, which we believe has a good chance of becoming our highest selling beer.
4. Other than distributors, longer term we have the option of employing reps and direct distribution in other states. We currently have no directly-employed reps outside Brisbane and the Gold Coast, only commission reps and distributors. When volume and growth permit, it may make sense for us to expand in this way interstate and north directly.
5. We are seeing a lot of growth in our online sales, which we aim to continue to boost with a big focus on our Home Guard beer club subscription service. We believe thousands of customers is very achievable here and with a history of extreme experimentation and access to 5 brew houses, we believe we are in a better position than anyone to do something unique with this.
6. We currently have 4 taprooms and we love the model of building a taproom and using it to grow the brand and wholesale sales from the taproom out. We will likely look at more taprooms to continue down this path.

Sustaining 100% growth year on year will likely not be possible at our size forever. However we think solid growth is achievable and our aim and challenge is to grow strongly while maintaining a healthy and safe culture and profitable bottom line.

# FINANCIAL REVIEW

# LISTS 2021

# 100

## FAST

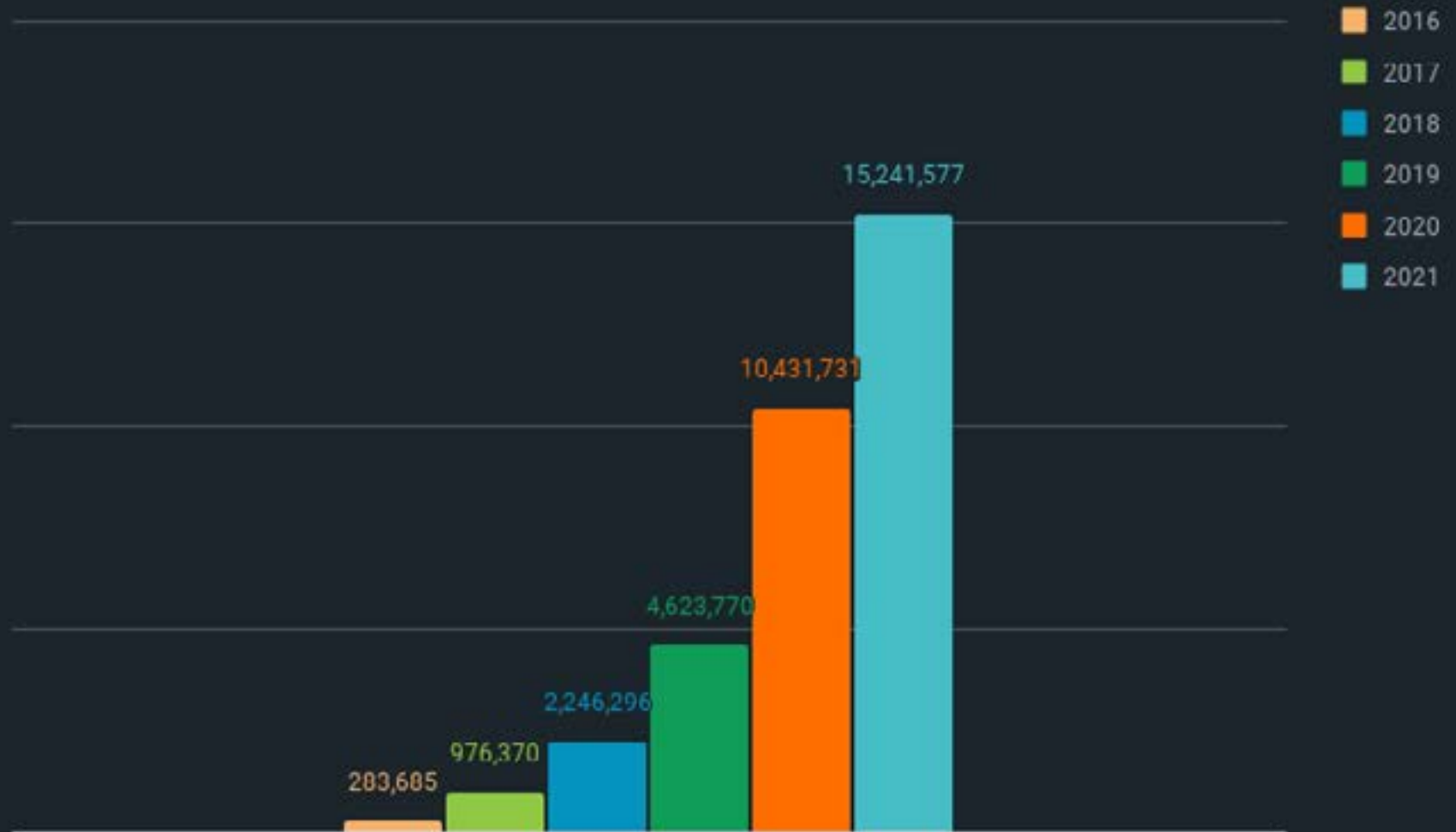
PRESENTED BY



**Pemba**  
Capital Partners



## Calendar Year Turnover





## ■ Profitability & gearing up for production scale

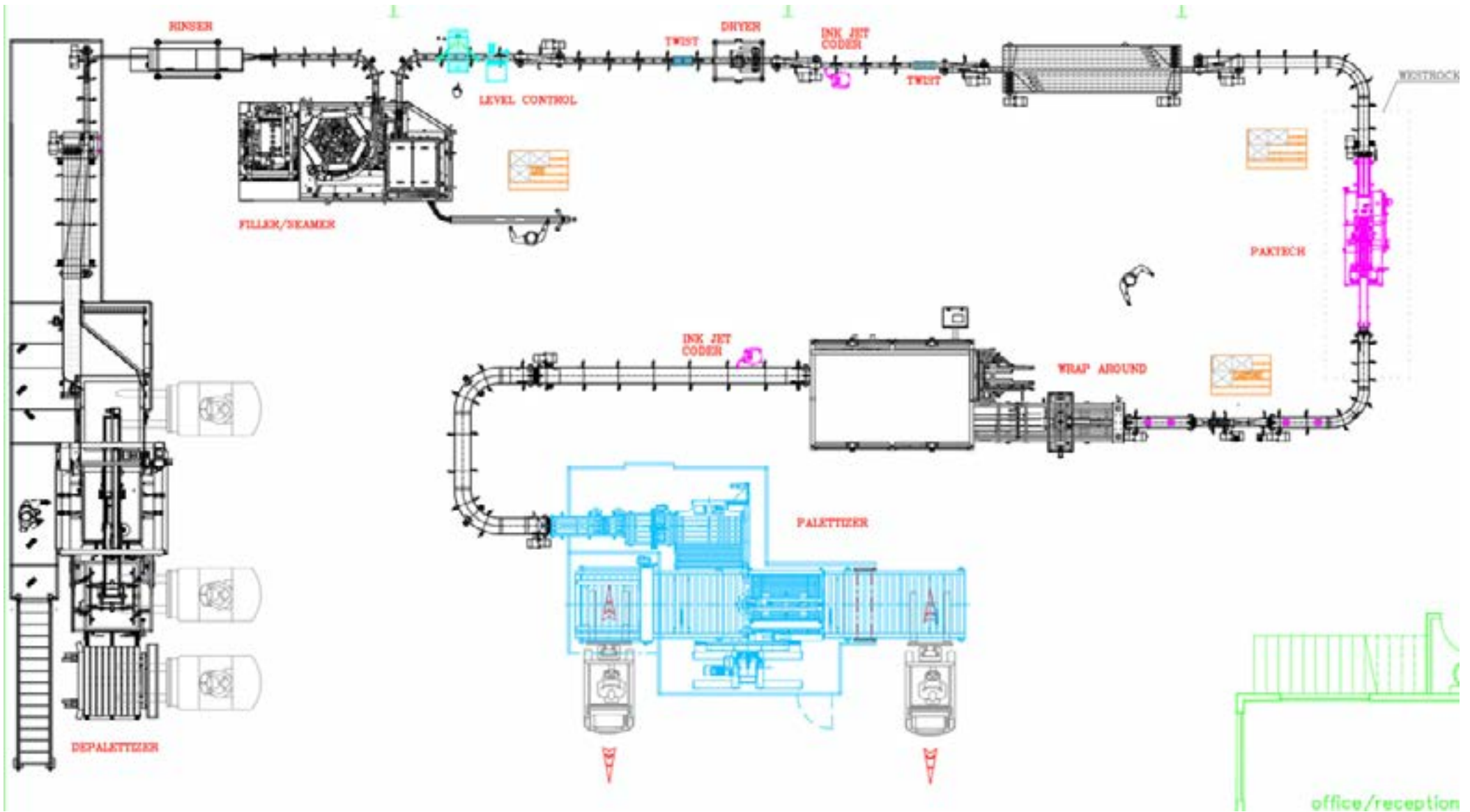
Growing from our small site at HQ to our large production facility at BHII was very challenging. It took us about a year to get to a profitable position, and then almost immediately, Covid-19 hit.

The giant leap from a site capable of 500,000 litres to multiple millions paid off, and we now have a platform to build out a very large craft brewery. We are currently producing around 2,500,000 litres of beer annually and we are gearing up to produce much more than that.

The plan involves 3 major components.

1. Upgrade our packaging line to a world class 24 head rotary CFT machine and semi-automated line. This is ordered and on the way and represents a big upgrade from a machine doing about 60 cans per minute to one capable of 200-250.
2. Re-arranging our production schedule to 4 days on, 4 days off, 7 days per week which involves recruiting a dream team of brewers to fill the slots.
3. Expanding into additional sheds to enable us to move our current packaging and warehousing out of the main shed and replace them with more large fermenters. This expansion is underway, we have six 18,000 litre tanks ordered, and room for many more as we continue to expand on the site. We started at BHII with 1,500sqm, we now occupy 4,315 sqm which we believe is the largest footprint out of any independent brewery in Queensland. Once we get the new sheds planned for this year and early next year, we will occupy 6,678 sqm. We may sub-let some of this space, but we will do so on short term leases so we can take them back as needed.

Making this happen has been a significant investment and for the short term will make it hard for us to stay in profitability. However once this is all in place, we are geared up for a huge run of growth from around 2M litres per year to 10M litres and potentially more.



New CFT Packaging Line Plan (currently under construction)



## ■ Equipment list

Here is a list of equipment purchases we have planned for 2022 to help gear up our production.

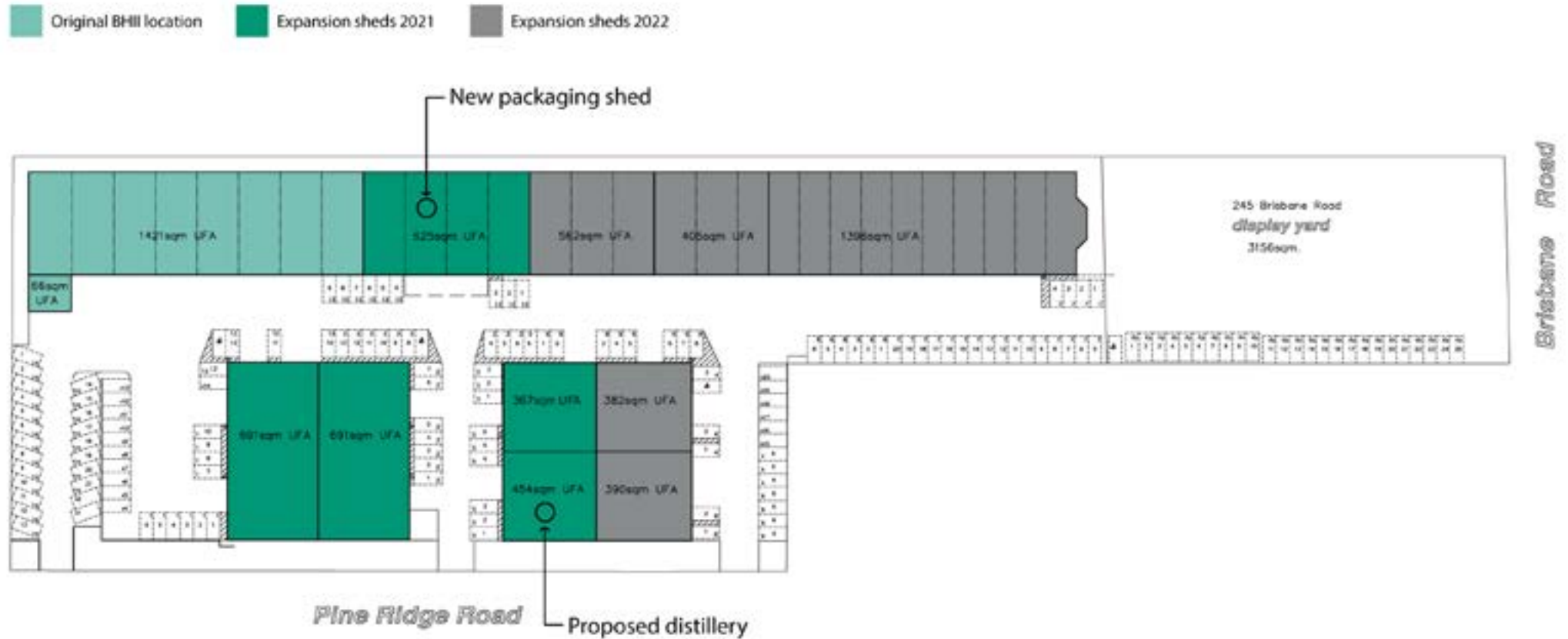
- Finalise the upgrade of our canning line. This project is well underway and includes a CFT 200 CPM 24 head rotary canning line and full packaging line, labeler, case packer and 4 pack applicator.
- 1 new 18,000L Bright Tank and 6 new 18,000L fermenters (ordered)
- 30 KPM keg washer
- Grain handling and silo upgrade
- Lauter tun upgrade making it 50% bigger allowing for up to 4 brews per day
- Upgraded DAW tanks
- Upgraded dry hop solution
- Engineering and factory upgrades for the new expansion

The major upgrades to the packaging line are well underway and we will kick off the other items using the crowdfunding funds.



## ■ BHII Floor plan

The following floor plan shows the entire site at BHII, shaded to show the original BHII occupancy, the sheds we've already expanded into and the new sheds we plan on expanding into. Leases are either in place or lined up for green and grey spaces.



## ■ Pine Ridge Distillers

One of the new sheds at BHII is destined for something a bit different. A brand new brand, one of the first distilleries on the north end of the Gold Coast, Pine Ridge Distillers.

Pine Ridge will be a gin and whiskey distillery and a 200sqm taproom.

We have been making pilot batches of gin and whiskey for a while now and we are ready to unleash our new brand (funds permitting).

Pine Ridge Gin will feature unique, local botanicals and a custom fabricated bottle, making it a truly unique offering.

For those willing to hang around for the long haul, we will also be putting down batches of whiskey under the brand name Black Malt.

We collaborated on a pilot batch of Black Malt in 2020 with Husk Distillers in Tumbulgum, that will provide us with our first barrel of whiskey in approximately 5 years. With our own whiskey making equipment and barrel-aging facility at Pine Ridge Road, we will be able to fully build out the Black Malt brand, an exclusive Queensland Whiskey produced by a champion brewery.

The costs are not insignificant so we have decided we will push ahead with this goal, if we raise more than \$1.5M. Enough people backing the project will bring Pine Ridge to reality.

We have our branding underway and our taproom and recipe design in progress.





# Organisational structure

## ■ Directors and management

When Black Hops started, it was 3 mates having a crack. Before too long it became clear that we all brought very different things to the table and we needed to have a clear definition of roles to take the company to the next level.

Towards the end of 2018 we realised that a lot of staff had 3 bosses and that wasn't going to work for us going forward. We implemented clear roles for the founders and a clear structure for all of our team. Our structure is based on putting our founders in the position where they are at their best, and giving our team clear lines of reporting.



# Directors and senior managers



**Dan Norris**

**FOUNDER / CEO / DIRECTOR**

Dan is an entrepreneur who has run his own businesses for over 15 years.

Dan's last business was a WordPress support business which he started from scratch in his garage with \$0 in funding and sold to one of the biggest Internet companies in the world, GoDaddy 2 years later.

Dan is a multiple best-selling author whose 6 books have sold 70,000+ copies. He has spoken at events around the world on business and marketing and has used his award-winning content marketing skills to build all of his businesses, including Black Hops.

At Black Hops, Dan is the CEO and works on business strategy, fundraising and finance, marketing, PR and content and manages the sales and office team (The Chair Force).



**Eddie Oldfield**

**FOUNDER / SUPPLY CHAIN MANAGER / DIRECTOR**

Eddie is the glue that holds Black Hops together. He's the founder who can understand every aspect of the business at a level of detail that the other founders can't. He is detail-oriented and an operational expert at Black Hops. He works across the beer supply chain from purchasing to production, distribution and everything in between.

Eddie is the reason Black Hops exists, after imagining our very first beer the Eggnog Stout. And he continues to work closely with Gavs on coming up with beer recipes, while still somehow staying on the pulse of everything that's happening at Black Hops.

Eddie's role as Supply Chain Manager see's him oversee every aspect of everything that comes and goes from the brewery. That includes looking after the distribution, warehouse and supply planning teams.



**Michael (Govs) McGovern**  
**FOUNDER / BREWMASTER**

Govs is an award-winning brewer with over 10 years' experience, working in most of Queensland's best early craft breweries.

As Brewmaster, Govs is ultimately responsible for every Black Hops beer. He oversees the recipe creation process for all beers and builds the quality program under which the brewery operates. He also looks after future brewery expansion projects.

Govs is the man who majestically crafted our most successful beers at critical times in our story (Eggnog Stout, Pale Ale and East Coast Haze), under extreme pressure, in his first attempt.

Govs is a constant presence in the industry, hanging out with locals, engaging onsite and speaking at events, not just hiding behind the tanks in the brewhouse. Govs is a one of a kind Brewmaster who can balance the need for scientific precision in the Brew House with crowd-pleasing charisma in the public eye. He's our not so secret weapon.



**Kris (Railo) Railton**  
**SALES MANAGER (ON PREM)**

Railo (The 4th Mate) started at Black Hops as our first employee back when not even all of the founders worked here full time. He came into the business with some sales experience (more than the founders) and hit the ground running getting our beers into local establishments.

In the years since, Railo has been instrumental in expanding our on premise network of customers and growing Black Hops into a loved on premise brand, despite a lot of challenges competing against the bigger breweries.

Railo is at the helm of the On Premise team and has been the driving force behind building and overseeing an epic On Premise sales team.





## Darren (Kearnsy) Kearns

### **SALES MANAGER (KEY ACCOUNTS & RETAIL)**

In a Craft Beer world where 5 years experience is considered a veteran, Kearnsy brings 20+ years experience to the market. Starting with Carlton & United Breweries in 2001 as a Rep and moving on to running sales teams and looking after National Accounts when Woolworths & Coles entered the retail liquor industry. He has also held senior roles with Coca Cola / Jim Beam & Independent Distillers (now Asahi Premium Beverages) before settling back into beer with Newstead Brewing & Murray's Brewing Co.

Originally linking up with Black Hops on a 3 month consulting contract in the early days, he made himself indispensable and now leads the Retail and Key Accounts component of the sales team which represents 80% of our business. He drives the retail business in QLD, manages the retail sales crew and was responsible for moving Black Hops beers into the Major retail chains and going National.



## Riley Edwards

### **TAPROOMS MANAGER**

Riley came to Black Hops with a decade of hospitality experience including roles as a Head Chef and Venue Manager around the world including recent roles at Brisbane Brewing Co and Alfred and Constance in the Valley.

At Black Hops he took on the challenging task of overseeing all taprooms including a brand new Black Hops Brisbane and AWOL Taprooms early in 2021.

Riley has built a great team of taproom supervisors around him and has navigated the 4 Black Hops taprooms through a challenging but prosperous 2021.



## Ian Watson

### **PRODUCTION MANAGER**

Ian Watson is a brewer and beer lover with 20 years industry experience. He has worked in many areas of the craft brewing industry from brewing to wholesale and retail sales and was Australia's first Beer Sommelier.

Ian has brewed across a wide range of systems for multiple breweries including Slipstream, Murray's, Green Beacon and Fortitude and is an active member of the Australian craft brewing community in both the professional and amateur brewing sectors.

Ian has been a judge and guest speaker at many beer, beverage and food events across the country and has written and contributed to books and magazines on the subject.

In the brewery Ian is driven by systems & data and has a love of Belgian inspired beer and good beer service, Ian believes that good living consists of good beer, good food and good company.

## SECTION 2.4.1

# Issued capital

As at the date of this Offer Document, BLACK HOPS BREWING PTY LTD has 17,063,406 ordinary shares on issue and 190,476 in convertible note set to convert in Feb 2022 (17,253,882 total). The table below sets out the issued capital of BLACK HOPS BREWING PTY LTD. Please note this presents the convertible notes as if they have already converted. These numbers are pre-raise.

Share Holder	Shares	% Equity
DNFT Holdings	4,002,812	23.20%
Edward Oldfield	3,394,508	19.67%
Michael McGovern	1,455,570	8.44%
Steven Marks	1,248,024	7.23%
Paul Simpson	1,247,631	7.23%
Claire Carlin	608,304	3.53%
2019 CSF Round Investors	336,512	1.95%
Colstone Super Pty Ltd	309,351	1.79%
Graham William Cleary	283,689	1.64%
Trimat Corporation Pty Ltd	272,685	1.58%
Andrew Poore	258,348	1.50%
Null Monkey Holdings Pty Ltd	250,000	1.45%
Bryant & Josephine Ackers	245,066	1.42%
Everest Hong Family Trust	225,066	1.30%
DAPK Hill Pty Ltd	218,685	1.27%
David & Rachel Ford	196,875	1.14%



Damajary Super Pty Ltd	175,066	1.01%
Craig Purdy	173,505	1.01%
Shulie Investments Pty Ltd	172,619	1.00%
Roger and Carrie Brandon	141,358	0.82%
Double H Super Pty Ltd	110,122	0.64%
David & Pauline Kuipers	104,726	0.61%
Brett Sounness Pty Ltd	100,426	0.58%
ADS Holdings (NSW) Pty Ltd	97,619	0.57%
Brighthelm Pty Ltd	97,415	0.56%
Wardlorn SMSF Pty Ltd	86,224	0.50%
Other investors with less than .5%	1,441,676	8.36%
TOTAL	17,253,882	100%

# Equity (pre and post offer)

Table 2: Issued capital of the Company following the Offer

Shares	Minimum Subscription	Maximum Subscription
Existing Shares	17,253,882 99.24%	17,253,882 96.73%
Offer Shares	132,625 .76%	583,554 3.27%
Total shares on issue	17,386,507 100%	17,837,436 100%

#### SECTION 2.4.3

## Rights and liabilities associated with securities

Set out below is a brief summary of the rights and liabilities associated with the Company's securities. For further information, including information relating to restrictions on transfer and drag along and tag along rights, please refer to the Constitution in the annexure to this Offer Document.

Under the Constitution, the Board has the discretion to approve a transfer of shares to a third party.

Immediately after issue and allotment, the shares offered under this Offer Document will be fully paid ordinary shares. All ordinary shares have the same voting rights (one

#### SECTION 2.4.4

## Debt funding and other sources of funding

Black Hops has been mostly funded through founder and investor equity investing.

Our HQ canning machine is provided on a lease arrangement through Barrel Finance & Logistics on the following terms: We pay \$3,283.50 per month on a 60 month rental agreement. Payments end on 1st November 2022 at which point we have the option to purchase the canning machine for \$1.

All other debt facilities are through Judo Bank and are listed on the balance sheet.

There is a Convertible Note in place dated 5 February 2019, for 4 investors featuring 210,000 shares, purchased for \$200,000 with an annual interest rate of 15%. This is set to convert in 5 February 2022 with no further interest payable.



## SECTION 2.5

# Risks facing the business

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

There's no investment without risks and in this section we will outline what we feel are the biggest risks we face in getting Black Hops to the next level and completing this expansion project.

Type / description of risk	Our approach
<b>Project risks</b>  The expansion of the Black Hops business into surrounding BHII sheds is a big project and as with any significant project there is always a risk that key parts of the project fall behind and the project falls behind as a result.  If the project falls behind, this could impact the business by increasing project costs and decreasing revenue and efficiency. This could affect the profitability and future prospects of the Black Hops business.	  This is the reality with any project like this, be it new or an expansion. This is particularly challenging given the scale of what we are building however, with the original brewery build and recent expansion under our belt, we are in a great position to understand exactly what is involved and we feel we have been realistic with the estimates of both time and money for completing the project.  Our production roster is in place, our new equipment has been specified and ordered and is on the way. Installation is planned to be complete early 2022.

Type / description of risk	Our approach
<p><b>Not hitting our targets</b></p> <p>We are gearing up the business for growth and there is always a risk we don't continue on the same growth trajectory.</p> <p>If we don't hit the targets we've set, this will impact management's plans for expansion of the business. Additionally, if the business expands too quickly, the quality of Black Hops' products may be affected. There is a risk we will over capitalise on the facility if we can't hit our sales targets.</p>	<p>We feel based on our existing growth, this is achievable. Our growth has not slowed down as we've continued to grow our brand and we show no signs of it slowing. Our brand is as strong as ever, and we have two new beers that we didn't even have in our core range last year, that are exploding in growth.</p> <p>We have a great sales team with a lot of great relationships with bars, bottle shops and major distributors around the country.</p> <p>We feel confident we can continue to grow our brand and our sales and keep up with the production potential of our facility.</p>
<p><b>Declining beer sales</b></p> <p>While craft beer sales are increasing year on year, beer consumption as a whole is decreasing.</p> <p>There is a risk that the trend of decreasing overall beer consumption continues, or accelerates, which could affect the revenue, profitability and future prospects of Black Hops.</p>	<p>Because there is now a huge range of beverages available, beer consumption on the whole is decreasing. We believe what is happening is consumers are becoming increasingly educated in beer and as a result they are choosing to move from the big brand generic beers to the specialised craft beverages.</p> <p>In other words, overall beer consumption is declining but craft beer consumption is achieving strong growth. The growth is coming from small craft breweries taking market share away from the big mainstream brewers.</p> <p>That said, regardless of what is happening in the industry as a whole, we are more concerned with our own trajectory and we are seeing very strong growth in our business and we feel that this growth is likely to continue.</p>

Type / description of risk	Our approach
<p><b>Cashflow</b></p> <p>There is always a risk of not having enough available cash or working capital to meet obligations, due to either poor sales or late paying customers.</p>	<p>This is something we deal with at Black Hops on a monthly basis, as do all breweries, it's just the nature of the business. There is a risk that we have late paying customers or poor sales for a month or two that puts us back into negative profitability and negative cash. The wholesale business is very challenging cashflow wise, but the onsite Taprooms help, and we are monitoring cashflow regularly to make sure it doesn't get out of hand. We are also working on relationships with our funding partners for additional funding options.</p>
<p><b>Being underfunded</b></p> <p>There is a risk with raising money that you can't raise the money or can't raise all of it.</p>	<p>We are in the process of raising funds to achieve our strategic business objectives and to cover our projected operating expenses for the next 12 to 24 months. We may not raise all of the required funding and therefore may not achieve our business objectives.</p> <p>We also may need to obtain additional funding to continue operations and execute our business strategy beyond the next 12 to 24 months.</p> <p>We cannot guarantee the availability of funds in the future, or that funds will be available on more favourable terms. If we are unable to raise these funds, it could adversely impact our business and its prospects. We have staggered this funding round in such a way that if we don't raise the maximum amount, we will not commit to undertaking all of the projects planned.</p>



## SECTION 2.6

# Financials and legals

Below are the financial statements of the Company for the financial years ended 30 June 2021 & 30 June 2020, which have been prepared in accordance with the Accounting Standards. Financial information for the 6 months ended 31 December 2021 have also been included, based on management accounts, and accordingly may be subject to change.

# Statement of Profit or Loss (and Comprehensive Income)

## Black Hops Brewing Pty Ltd

	JUL-DEC 2021	30 JUN 2021	30 JUNE 2020
<b>Income</b>			
Trading Income	8,519,930	13,509,643	6,523,307
Other Income	23,621	296,616	368,417
<b>Total Income</b>	<b>8,543,552</b>	<b>13,806,260</b>	<b>6,891,725</b>
<b>Expenses</b>			
Cost of sales	(5,725,999)	(8,465,901)	(4,046,387)
Employee benefit expense	(1,382,896)	(1,958,984)	(1,296,948)
Depreciation and amortisation	(320,000)	(765,417)	(523,158)
Equipment hire and maintenance	(199,031)	(338,891)	(133,728)
Finance costs	(82,263)	(271,500)	(233,082)
Occupancy expenses	(92,455)	(307,309)	(160,085)
General and administrative expenses	(606,327)	(1,031,536)	(600,518)
Currency gains/(losses)	(5,541)	59,016	7,542
<b>Total Expenses</b>	<b>(8,414,512)</b>	<b>(13,080,520)</b>	<b>(6,986,363)</b>
<b>Profit/(loss) before tax expense</b>	<b>129,040</b>	<b>725,740</b>	<b>(94,638)</b>
<b>Taxation</b>			
Income tax expense/(benefit)	66,600	(105,600)	15,896
<b>Total Taxation</b>	<b>66,600</b>	<b>(105,600)</b>	<b>15,896</b>
<b>Profit/(loss) after income tax for the financial year</b>	<b>195,640</b>	<b>620,140</b>	<b>(78,742)</b>
<b>Total comprehensive profit/(loss) for the financial year</b>	<b>195,640</b>	<b>620,140</b>	<b>(78,742)</b>

# Statement of Financial Position

## Black Hops Brewing Pty Ltd

	31 DEC 2021	30 JUN 2021	30 JUN 2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	311,108	1,474,522	524,881
Trade and other receivables	1,000,064	1,117,003	480,334
Inventories	1,156,519	521,851	290,467
Other current assets	559,369	522,446	29,877
Current tax assets	156,600	104,400	94,676
<b>Total Current assets</b>	<b>3,183,660</b>	<b>3,740,222</b>	<b>1,420,235</b>
<b>Non-current assets</b>			
Right of use assets	1,332,649	1,652,649	1,273,355
Property, plant and equipment	7,701,072	5,402,634	4,014,023
Financial assets	237,367	159,806	129,736
Intangible assets	338,422	338,422	3,540
Deferred tax assets	-	-	151,701
<b>Total Non-current assets</b>	<b>9,609,510</b>	<b>7,553,511</b>	<b>5,572,356</b>
<b>Total Assets</b>	<b>12,793,170</b>	<b>11,293,733</b>	<b>6,992,591</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Provisions	208,192	161,599	79,822
Trade and other payables	1,971,518	1,519,882	1,014,966
Financial Liabilities	88,625	-	-
<b>Total Current liabilities</b>	<b>2,268,335</b>	<b>1,681,480</b>	<b>1,094,788</b>
<b>Non-current liabilities</b>			
Financial liabilities	3,223,914	2,152,572	200,000
Payables	-	-	1,028,638
Deferred tax liabilities	43,899	58,299	-
Lease Liabilities	1,366,294	1,706,294	1,247,289
<b>Total Non-current liabilities</b>	<b>4,634,107</b>	<b>3,917,165</b>	<b>2,475,927</b>
<b>Total Liabilities</b>	<b>6,902,442</b>	<b>5,598,645</b>	<b>3,570,715</b>
<b>Net assets</b>	<b>5,890,728</b>	<b>5,695,089</b>	<b>3,421,876</b>
<b>Equity</b>			
Issued capital	5,846,158	5,846,158	4,193,085
Retained earnings/ (accumulated losses)	44,571	(151,069)	(771,209)
<b>Total Equity</b>	<b>5,890,728</b>	<b>5,695,089</b>	<b>3,421,876</b>



# Statement of Changes in Equity

## Black Hops Brewing Pty Ltd

	Share Capital	Retained Earnings	Total
<b>Balance at 1 July 2019</b>	<b>3,153,085</b>	<b>(692,467)</b>	<b>2,460,618</b>
Profit/(Loss) for the year	-	(78,742)	(78,742)
Ordinary shares issued for cash consideration	1,040,000	-	1,040,000
<b>Balance at 1 July 2020</b>	<b>4,193,085</b>	<b>(771,209)</b>	<b>3,421,876</b>
Profit/(Loss) for the year	-	620,140	620,140
Ordinary shares issued for cash consideration	1,555,573	-	1,555,573
Ordinary shares issued as script as part consideration for acquisition of Semi Pro Brewing	100,000	-	100,000
Direct costs of raising equity	(2,500)	-	(2,500)
<b>Balance at 30 June 2021</b>	<b>5,846,158</b>	<b>(151,069)</b>	<b>5,695,089</b>
Profit/(Loss) for the period	-	195,640	195,640
<b>Balance at 31 December 2021</b>	<b>5,846,158</b>	<b>44,571</b>	<b>5,890,728</b>

# Statement of Cash Flows

## Black Hops Brewing Pty Ltd

	JUL-DEC 2021	30 JUNE 2021	30 JUNE 2020
<b>Operating Activities</b>			
Receipts From Customers	9,502,922	14,135,098	7,061,126
Payments to Suppliers and Employees	(9,513,329)	(13,378,120)	(6,921,695)
Receipts From Grants	15,000	360,500	182,000
Receipts From Rental Income	7,934	16,378	10,289
Interest Received	1,409	2,358	1,257
Finance Costs	(39,556)	(64,390)	(81,990)
Income Tax Refunded/(Paid)	-	94,676	4,728
<b>Net Cash Flows from Operating Activities</b>	<b>(25,620)</b>	<b>1,166,500</b>	<b>255,715</b>
<b>Investing Activities</b>			
Payment for Property, Plant and Equipment	(2,297,760)	(1,985,189)	(580,088)
Payment for Intangible Assets	-	(49,944)	(3,540)
Payment for Business Acquisitions	-	(480,175)	-
<b>Net Cash Flows from Investing Activities</b>	<b>(2,297,760)</b>	<b>(2,515,308)</b>	<b>(583,628)</b>
<b>Financing Activities</b>			
Proceeds from Borrowing	1,440,240	2,289,956	-
Repayment of Founder Loans	-	(36)	(314)
Repayment of Borrowings	(368,898)	(1,544,545)	(281,181)
Proceeds from share issues	-	1,553,073	915,000
<b>Net Cash Flows from Financing Activities</b>	<b>1,071,342</b>	<b>2,298,448</b>	<b>633,504</b>
<b>Net Cash Flows</b>	<b>(1,252,039)</b>	<b>949,641</b>	<b>305,591</b>
<b>Cash and Cash Equivalents</b>			
Cash and cash equivalents at beginning of period	1,474,522	524,881	219,290
Cash and cash equivalents at end of period	222,483	1,474,522	524,881
<b>Net change in cash for period</b>	<b>(1,252,039)</b>	<b>949,641</b>	<b>305,591</b>

## SECTION 3

# Information about the Offer

## SECTION 3.1

### Terms of the Offer

BLACK HOPS BREWING PTY LTD is offering up to 583,554 shares at an issue price of AU \$3.77 per share to raise up to \$2,200,000.

The key terms and conditions of the Offer are set out in the Table on the right.

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](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.

A description of the rights associated with the shares is set out in Section 3.2 below.

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.

Term	Details
Shares	Fully-paid ordinary shares
Price	\$3.77 per share
Minimum investment parcel	\$200
Maximum investment parcel (Retail Investors)	\$10,000
Maximum investment parcel (Wholesale Investors)	\$500,000
Minimum Subscription	\$500,000
Maximum Subscription	\$2,200,000
Opening date	25 January 2022
Closing date	17 February 2022 unless closed earlier by the Intermediary

## SECTION 3.2

# Use of funds

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts. The Offer is not underwritten and there is no guarantee that these funds will be raised.

Intended use	Minimum subscription	Maximum subscription
Funds to finalise the canning line expansion	\$470,000	\$470,000
Additional tanks and associated equipment		\$1,130,000
Distillery fit out		\$450,000
Cost of the offer	\$30,000	\$150,000
Total	\$500,000	\$2,200,000

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

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.



### SECTION 3.3

# Rights associated with the shares

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

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

### SECTION 3.3.1

## Voting rights

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

### SECTION 3.3.2

## Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors). The directors note that the Company does not envisage paying any dividends in the short to medium terms (i.e. 2 - 3 years).

### SECTION 3.3.3

## General meetings and notices

Directors have the power to call meetings of all shareholders. 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.

### SECTION 3.3.4

## Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (50%). Additionally, shareholders holding more than 10% but less than 20% of the total issued share capital of the Company may appoint one director. Shareholders holding more than 20% of the total issued capital of the company may appoint two directors.

### SECTION 3.3.5

## Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to holders of ordinary shares.

### SECTION 3.3.6

## Restrictions on sale or transfer

We also draw your specific attention to the fact that 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 2001 (Cth) 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.

## SECTION 3.4

# Joining the Alpha Team

All Equity Crowdfunding investors become part of the exclusive Black Hops Alpha team. When you invest you will not be forgotten about, we are extremely passionate about having the happiest investor in the business and we are constantly working to keep the relationship with our investors as strong as possible.

One of the things we do is an annual survey to work out how happy our investors area.

We kicked this off in early 2021, some of the results are presented here.

The general investor satisfaction rate was **80%**. This was a good start but we want this to be higher, so we asked investors where we could improve. Here were some of the areas raised and how we are improving in those areas.

- Investors who weren't near the taprooms wanted more access to perks. We do offer online discounts and the annual Alpha Team beer for Alpha Team members who aren't local, but in this current round we are also going to going to include all Alpha Team members in our Insiders list so if you invest you can get first access to online releases.
- Some investors wanted more info on financials and company information. We do a quarterly investor update and an annual video / report. We also make financials available to any investors on request and Dan is contactable directly for all investors regardless of investment level. In a lot of cases where people wanted more of this, it was because these emails were going into spam.



- Some investors wanted bigger discounts, however we do not intend to offer bigger discounts, we believe investors should be wanting Black Hops to focus on profitability and we are not looking for more investors to invest for that reason.
- A few investors were interested in the idea of buying and selling shares. The unfortunate reality with investing in Pty Ltd companies in Australia, is it is not easy to re-sell shares. We are monitoring changes in legislation on this front.

One question we asked investors was if they could sell their shares, would they sell them. Only **1%** of investors said they would. **64%** said they would hold onto them, **34%** said they would sell depending on price. This was very encouraging.

## Alpha Team Testimonials

*I knew about Black Hops as a patron and their reputation among some of my friends and colleagues. From the outside, it seemed like an interesting business with an interest in being part of the local community, not just a “beer factory”.*

*COVID-19 hit Queensland just as I was contemplating initial investment (March 2020). I did think about withdrawing my interest for that reason, but instead chose to evaluate the opportunity as I would any other high risk (as opposed to medium/low risk) opportunity. Black Hops leadership response to COVID-19 was impressive - decisive and innovative - and communicated transparently with the Alpha team. The optimistic and collaborative nature of that early engagement was reassuring as a new investor.*

*I’m very happy with the decision and pleased to be given the opportunity to invest earlier in 2021 in the canning expansion project. One aspect that continues to impress me is the transparent communication with investors, including the aspects that did not go as well as had hoped. On occasion, I’ve had some follow-up questions for Dan and he’s answered every one promptly and directly. Also, there’s no shortage of ideas coming from the team, and they seem to be pretty good at deciding what not to do, or when the timing isn’t right. Not to say that everything is executed flawlessly, but way more hits than misses.*

*It feels good to be a small part of what Black Hops is achieving and where they are headed. I’ve learned a lot about the industry and met some great people inside the company and Alpha Team.*



**Neil Readshaw (A601)**



*Being a part of the Black Hops Alpha Team has been an awesome experience way beyond the discount I get on purchases at the taprooms. Who wouldn't want to be a 'part owner' of a brewery? Being on the Gold Coast has been beneficial as frequent visits to the taproom are easily achieved and it is always a pleasurable time, great core beers, interesting and always delicious limited release beers and a friendly, knowledge and enthusiastic brew crew.*

*The quarterly business updates keep me up to date with the happenings at the brewery and the special Alpha Team Brew day is the best experience. Updates on the brewery's business plan and progress, beer appreciation and the opportunity to be involved in brewing our own Alpha Team beer is really what makes the craft beer industry special. Other special initiatives such as the creation of the 'Home Guard' help build passion and keep you involved in the brewery, I certainly hope I can get signed up in the next round as I re-locate to Canberra in 2022.*

*I wouldn't hesitate to get involved in future expansion with this great group.*



**Wayne Wheatley (A164)**

*I initially reached out to Dan during their first investment round in April 2015. Back then Black Hops was a dream of 3 mates, to build a brewery on the Gold Coast with a valuation of under \$1m.*

*Their ability to build, achieve & surpass that initial goal has been outstanding over the last 5 years & gives me nothing but confidence of the future growth that lies ahead.*

*Black Hops have always focused on "good product" being the key, but they back that up with "solid brand" & "community interaction".*

*Black hops has also become a family, a family of friends, staff, investors, customers nationwide.*

*The levels of communication on business performance have always been both excellent & fully transparent continually providing me confidence in how our investment is tracking.*

*You can invest in property, you can invest in stocks but you can't drink either of those. For me investing in Black Hops has been a fun enjoyable & memorable investment.*



**Paul Simpson (A2.5)**

*All three individuals above have provided consent to these testimonials.*

SECTION 3.5

# Investor Rewards Black Hops Alpha Team

All Black Hops Alpha team members receive the following perks.

- Equity ownership in Black Hops Brewing Pty Ltd.
- Exclusive invites to Black Hops, AWOL and Pine Ridge pre-launch tastings.
- Invitation to the annual Black Hops Alpha Team Brew Day, and exclusive access to the A Team beer that gets brewed each year.
- Access to quarterly Black Hops investor CEO updates.
- Ability to purchase exclusive Alpha Team merch.
- Custom-numbered Alpha Team Bottle / Can Opener Keyring.
- Access to the 'Black Hops Insiders' list for early and exclusive access to online releases.

The table on the right sets out some additional discounts based on amount invested.

## BONUS REWARD

The first 100 backers at \$500 or more will get a free limited edition Pine Ridge Distillers OG T Shirt. The only way to get the shirt is to invest at this level.

Reward	+\$200	\$2,000	\$10,000
Discount on online store, Black Hops HQ, BHII, AWOL and Pine Ridge Taprooms	5%	7.5%	10%

## SECTION 3.6

# 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 the business. These include, but are not limited to:

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

There is no guarantee that any of the exit options will eventuate.

## SECTION 3.7

# Details of previous CSF offer

Black Hops closed a CSF offer on January 24 2019. 545 people invested and \$400,000 was raised in a 6 day period.







## SECTION 4

# Information about investor rights

## SECTION 4.1

# Cooling-off rights

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

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

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

## SECTION 4.2

# Communication facility for the Offer

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

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

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility. Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.

#### SECTION 4.3

## Proprietary company corporate governance obligations

#### SECTION 4.3.1

### Annual report

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

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

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

#### SECTION 4.3.2

### Distribution of annual report

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

### SECTION 4.3.3

## Related party transactions

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

### SECTION 4.3.4

## Takeovers

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

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

## SECTION 5

# Glossary

**Company** means BLACK HOPS BREWING PTY LTD ACN 605 914 930

**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

**Wholesale Investor** means an investor who satisfies the definition of a 'wholesale client' under Chapter 7 of the Corporations Act 2001 (Cth).



# Further information

If you would like to discuss anything in relation to the Black Hops equity crowdfunding round, please feel free to contact me below.

Dan Norris  
CEO / Co-founder  
[dan@blackhops.com.au](mailto:dan@blackhops.com.au)  
0493 376 534 (text or call)

