

**Beer Cartel Pty Ltd**

# Crowd-sourced Funding Offer Document.

**Dated 22 June 2021**

**Offer of fully-paid ordinary shares in Beer Cartel Pty Ltd at \$1.00 per share to raise a maximum of \$2,000,000**

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

**Issuer** Beer Cartel Pty Ltd ACN 603 309 922

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





## 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.

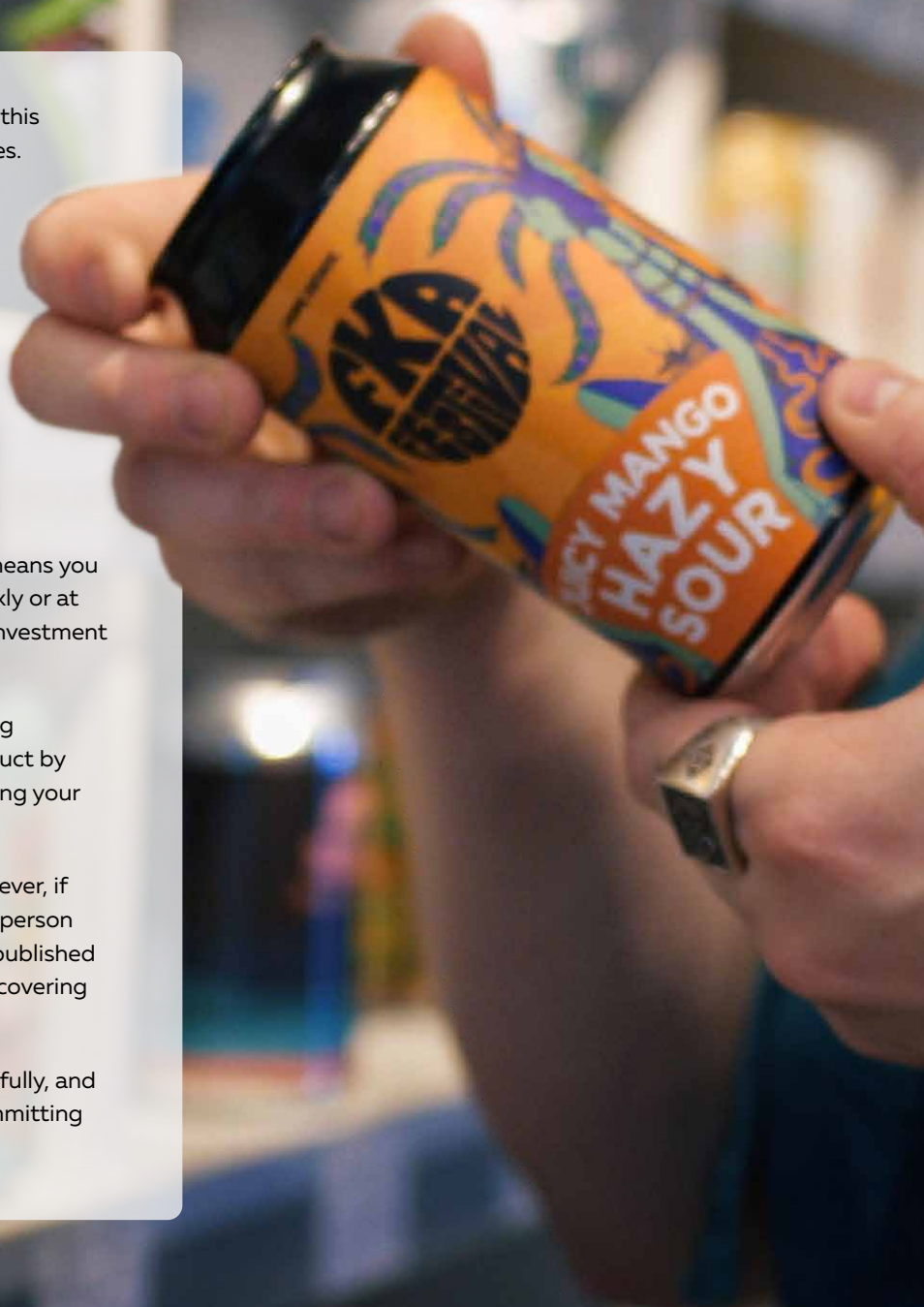
Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

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.



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## Section 2

# Information About The Company.

### Letter from the founders

Dear prospective Beer Cartel shareholder,

Firstly, a big thanks for taking your time to explore this unique investment opportunity.

We started Beer Cartel back in 2009 with a vision to introduce beer drinkers to the amazing craft beers being produced in Australia and overseas.

Back then there was little you could find outside the same beers at every pub and bottleshop. But we knew there was a whole world beyond this, beer with amazing flavour that could thrill the senses. We wanted to make these available to consumers throughout the country.

Starting online, even before the likes of Dan Murphys, we have now served over 100,000 thirsty customers. We have Australia's largest online range of craft beer, complemented by a great range of beer gifts and glassware, and Australia's longest running beer subscription. Not to mention our hugely popular Beer Advent Calendar.

Beer Cartel has been on a strong upward trajectory for the last 5 years, with an average annualised growth rate of approximately 25%. This was enhanced by the rapid movement to online shopping last year. This financial year sales are expected to be in excess of \$5 million.

We have great systems, a strong team and a forward focused strategy to take Beer Cartel and its subsidiary Brewquets into the future.

As part of this we'd love to welcome you to the family and offer you the opportunity to be part of the Beer Cartel story. We are in two growth categories (craft beer and online retail) and are already performing strongly. With your investment we can accelerate this and remain at the forefront of beer online.

**Richard Kelsey and Geoff Huens**  
Founders



## 2.1 Company details

This offer of shares is made by Beer Cartel Pty Ltd ACN 603 309 922 (Company).

<b>Company name</b>	Beer Cartel Pty Ltd
<b>ACN</b>	603 309 922
<b>Date of incorporation</b>	10.12.2014
<b>Registered office</b>	9/87 Reserve Rd, Artarmon NSW 2064 AUSTRALIA
<b>Principal place of business</b>	9/87 Reserve Rd, Artarmon NSW 2064 AUSTRALIA
<b>Offer date</b>	22.06.2021
<b>Offer type</b>	Crowd-sourced funding
<b>Subsidiaries</b>	Brewquet Co Pty Ltd (100% wholly-owned)



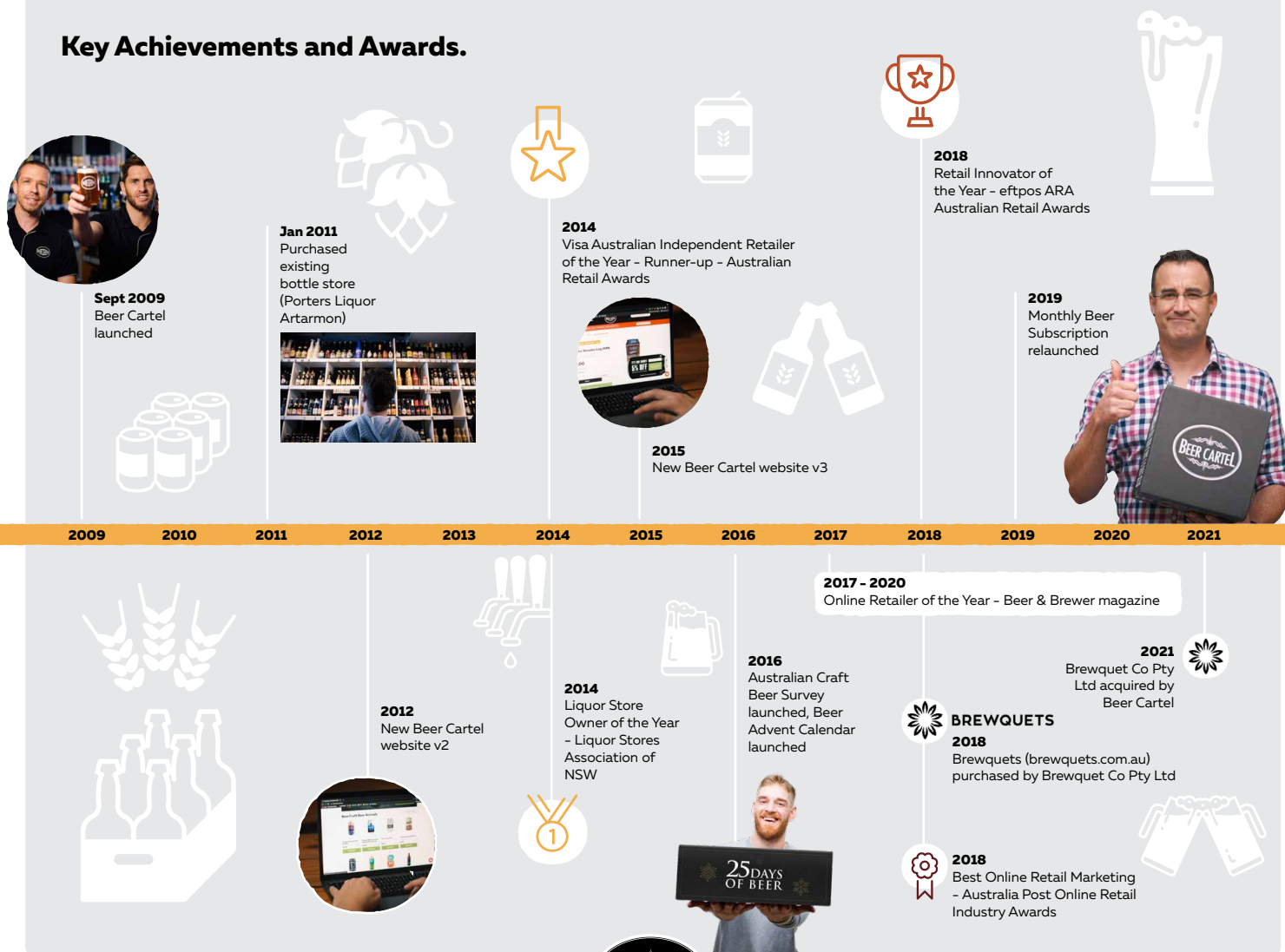
## 2.2 Description of the business

### 2.2.1 About the Company – Beer Cartel

Beer Cartel is an online craft beer store selling the best beers from Australia and overseas. Started in 2009 it has served over 100,000 customers across its great range of craft beer, glassware, gifts and monthly beer subscription.

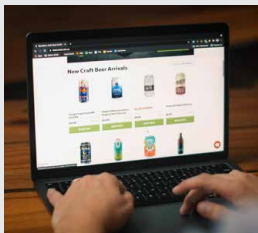


### Key Achievements and Awards.



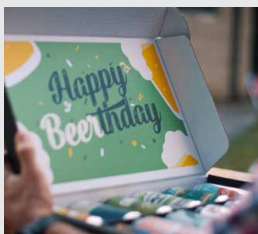


### 2.2.3 Products and Services



#### Australia's largest range of craft beer online

Beer Cartel has around 1,000 different beers, with 20-30 new beers arriving each week. Our beer purchasers curate our range to ensure we have the very best from Australia and overseas. While our core focus is on craft beer we also have a big focus on the traditional beers from Germany, Belgium and the UK.



#### Perfect beer gifts

The perfect gift for the perfect occasion, whether it is Valentine's, Father's Day, Christmas, corporate gifting, a birthday, or any other occasion - we have a beer gift to match the moment. Sold through Beer Cartel and its subsidiary Brewquets.



#### Great beer glassware

We've got Australia's best range of branded and unbranded glasses. After all, beer tastes best from a glass.



#### Australia's longest running beer subscription

First established in 2009, our beer subscription has served 1000s of customers Australia-wide with our curated monthly beer subscription packs.



#### Beer Advent Calendar

The perfect way to count down the days to Christmas with an exclusive limited release beer everyday from 1st to 25th December. We have sold 20,000+ to date.



#### Exclusive Products

We're proud to have partnered with some of Australia's best craft brewers to create products we know customers will love. Whether it is an exclusive beer or an exclusive pack like our partnership with Hop Products Australia for the commercial launch of their new hop Eclipse.



#### Brewquets

A play on the concept of a 'bouquet of beer', Brewquets offers a great range of beer and alcohol gifts for every moment. The products are sold through Beer Cartel's subsidiary website, Brewquets.



## Sales Channels

### Beer Cartel Website ([www.beercartel.com.au](http://www.beercartel.com.au))

Beer Cartel's market leading website has been in operation since 2009. Having been replatformed twice it now sits on BigCommerce's Enterprise platform. This architecture is flexible enough to handle millions of orders, while being simple enough that it doesn't require a large team of in-house developers to maintain.

### Sydney Store

Located on Sydney's North Shore, approximately 10 minutes from Sydney's CBD it is home to the warehouse of Beer Cartel which services all online orders. The store includes the ever changing range of beers found online, servicing those customers who would prefer to purchase from a retail store, or buy online and choose click & collect. It is also a gateway to helping people find out about Beer Cartel and interact with the staff behind it.

### Brewquets Website ([www.brewquets.com.au](http://www.brewquets.com.au))

First established in 2016, and acquired by the Beer Cartel team in 2018, the Brewquets website offers a simple and quick way to find the perfect gift. Utilising Shopify's ecommerce platform, the website is easy to manage while also converting strongly.





## 2.2.4 Marketing and distribution

### Marketing Strategy

Ever since Beer Cartel first began it has aimed to not only lead the market through its range but also through its knowledge and passion for the industry.

This position reflects our reason for existing: **to open the eyes of more people to the amazing world of craft beer and take them on a journey into that world.** Whether they're starting out, or have been immersed in craft beer for sometime, we have products that will appeal.

**Our marketing reflects this positioning: we want to educate and celebrate the world of craft beer.**

It is the reason we created the Australian Craft Beer Survey. Beer Cartel's founders, Richard Kelsey and Geoff Huens had significant experience in market research prior to launching Beer Cartel and saw it as their way of giving back. The survey produced by Beer Cartel is completed by around 20,000 people each year<sup>1</sup>, with the results published as a public report on the Beer Cartel website. Over the past 5 years it has helped to generate significant media attention for Beer Cartel, been used by breweries to inform business decisions, driven sales for Beer Cartel and won a number of awards both in Australia and globally.

Alongside the survey Beer Cartel also has its Facebook Group of which there are 6,700 members. It seeks to use this channel, its blog and its podcast as ways to help educate consumers about craft beer, while also providing a medium for others to share their passion for craft beer.

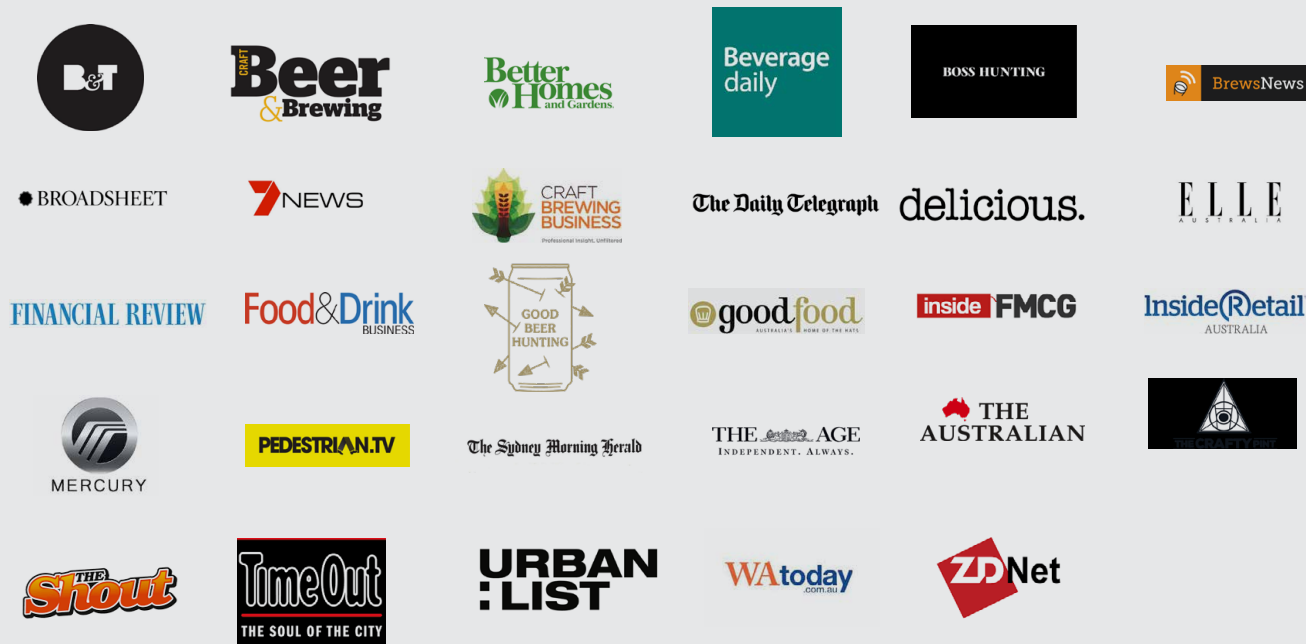
In terms of positioning within the market, our beer expertise, passion for the industry, coupled with the size of our range sets us apart from our closest competitors Dan Murphy's and Boozebud.

<sup>1</sup> Beer Cartel. 2020. 2020 Australian Craft Beer Survey Results. [online] Available at: <<https://www.beercartel.com.au/blog/2020-australian-craft-beer-survey-results/>> [Accessed 19 June 2021].



## Press

Over the years Beer Cartel has had significant press. We have been featured in:



## Social Media and Email Marketing

Beer Cartel has a strong online following and email database:



## Community

Throughout Beer Cartel's time in operation we have looked to not only use the business as a way to support the craft beer industry and provide employment to those passionate about beer, but also to give back to the community.

We are a supporter of both BeyondBlue and Movember through our yearly raffle as well as a beer merch festival we've previously run.





## 2.3 Business and revenue model

Beer Cartel services two key customer types:

### Craft Beer Buyers

Those looking to buy craft beer for themselves, whether searching for a selection of beer, or wanting to subscribe to our monthly beer subscription – we have a great range of products to suit every taste. Our offer resonates most strongly with those who have tried early stage craft beers e.g. James Squire, Fat Yak, Furphy etc and are looking to progress further on their craft beer journey.

These customers can vary significantly: there are those who are still very green and need a lot of hand holding and education to help them on their beer journey; and then there are those who are very advanced, consuming all the beer media they can, they have significant beer knowledge and are on a constant search for the next beer to try.

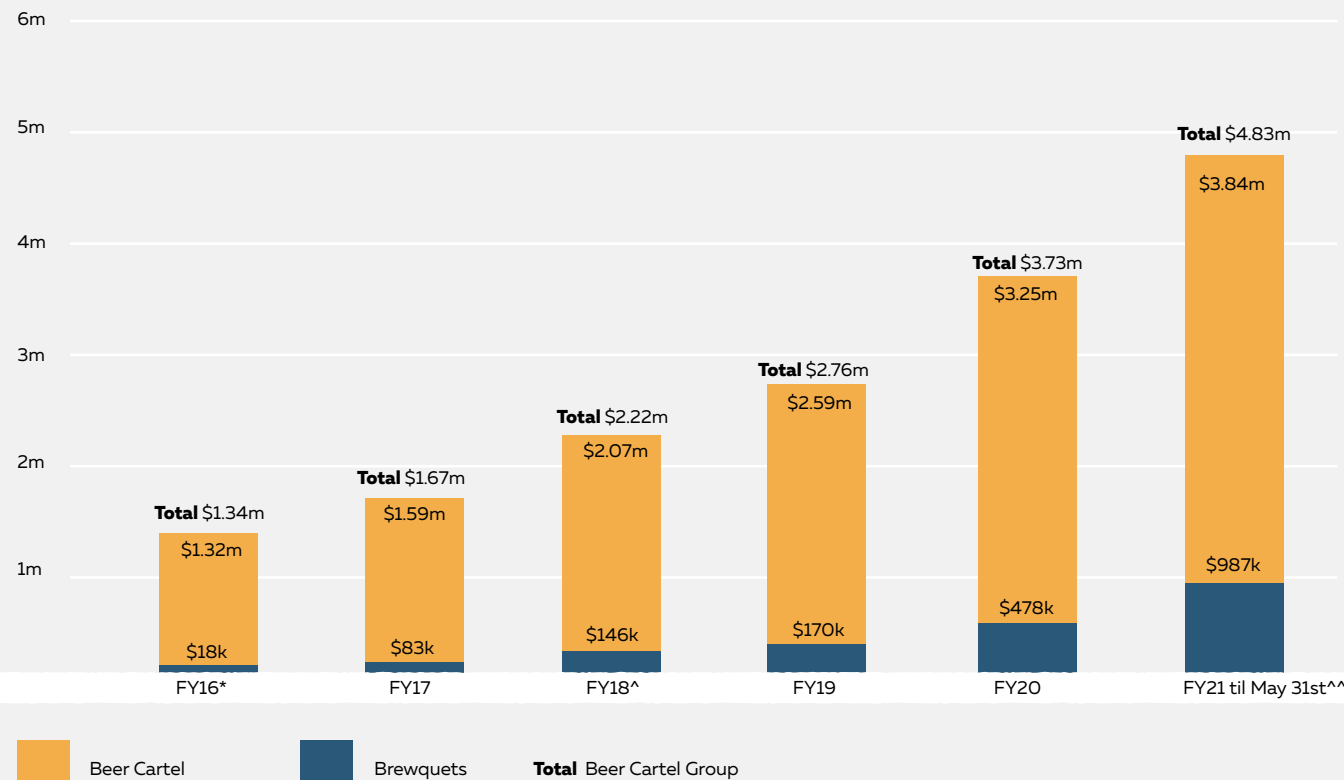
### Gift Givers

Those looking to buy a great gift where delicious beer is the perfect solution. It involves two streams:

1. Those buying gifts for a loved one or someone else in their life e.g. to celebrate a birthday, anniversary, Father's Day, Valentine's Day, Christmas or to simply say thanks.
2. Corporate gifters – those looking to buy a gift for an employee or client to say thank you, congratulations, or Merry Christmas.

These two streams are served through both the Beer Cartel and Brewquets website.

### Revenue Growth to Date



^^ Beer Cartel group restructured to include Brewquets as a subsidiary (100% shares of Brewquet Co Pty Ltd acquired by Beer Cartel Pty Ltd).

^ Brewquets first acquired by the Beer Cartel team as a separate business.

\* Brewquets started by third party.



## 2.4 Business strategy

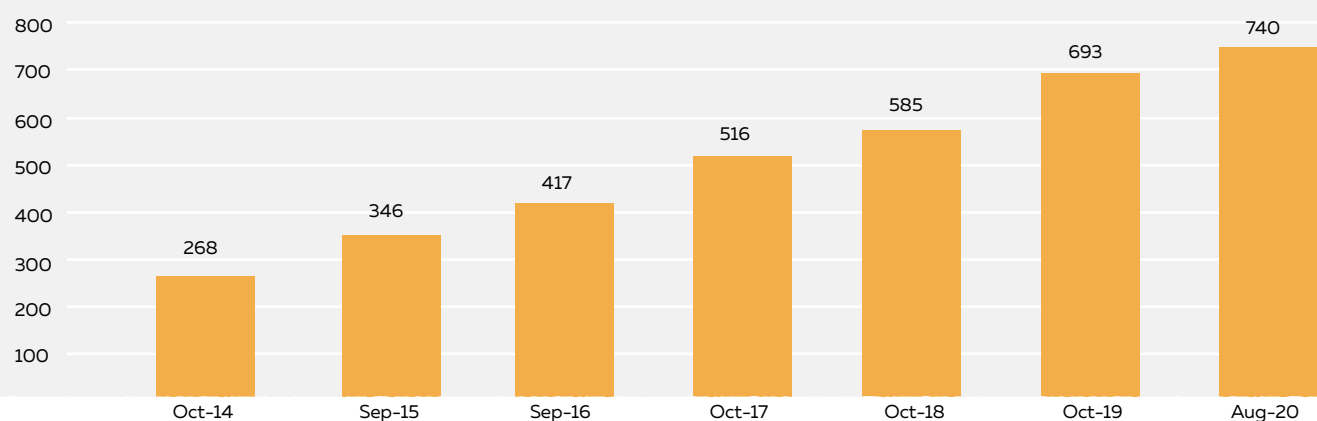
### Industry Overview

#### The Australian Craft Beer Market

The Australian craft beer industry has been in steady growth over the past decade, driven by new brewery openings and a consumer shift in drinking preference from mainstream to craft beer.

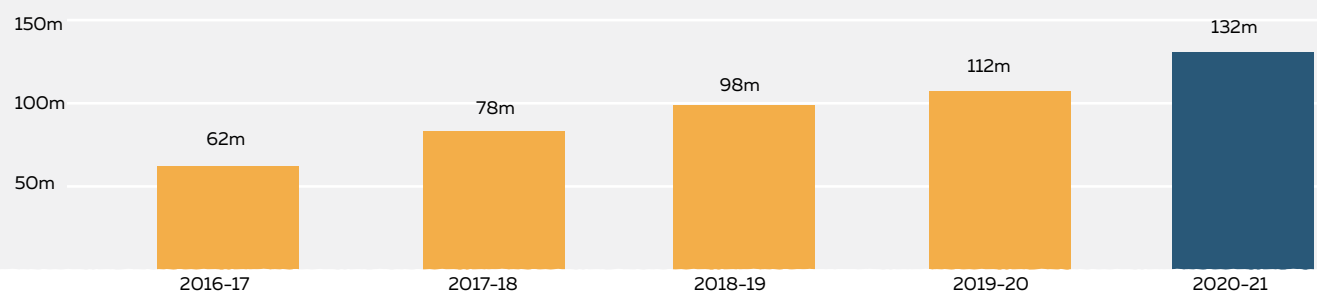
According to CraftBeerReviwer.com there were 268<sup>2</sup> breweries, brew pubs, brewing companies, contract brewers and labels/marketing companies in Australia in 2014. By August 2020 this had exploded to 740<sup>3</sup>.

#### F1. Number of Australian Breweries



Alongside the rapid growth of craft breweries, total craft beer produced by independent breweries has also increased significantly. Production growth since 2016-17 has been at an average of 22% per year<sup>4</sup> increasing from 62 million litres in 2016-17 to a forecasted 132 million litres in 2020-21 (see figure F2). For FY2020 the independent brewing industry contributed \$1.93 billion in inputs (direct & indirect) to the economy overall<sup>5</sup>.

#### F2. Independent Brewing Industry Production FY2017-20 + Forecast for 2021 (Litres)



While independent craft beer in Australia is growing at a high rate (22%)<sup>7</sup>, there is still plenty of opportunity for future growth. Independent breweries account for 8%<sup>7</sup> industry production in Australia compared to 12.3% share in the United States<sup>8</sup>.

Alongside the consumer shift towards craft beer, the government has also provided added incentive to grow the Australian craft beer industry, increasing the excise tax rebate from \$100,000 to \$350,000. For every dollar in excise tax paid, 60% of this can be claimed as a rebate up to \$350,000<sup>9</sup>. This represents an additional \$150,000 each brewer can now redirect to the growth of their business which is likely to positively shape the industry.

<sup>2</sup> Craftbeerreviewer.com. 2021. Brewery List: Update No. 1 (Oct 2014). [online] Available at: <<http://craftbeerreviewer.com/brewery-list-update-1/>> [Accessed 18 June 2021].

<sup>3</sup> Craftbeerreviewer.com. 2021. Brewery List: Update No. 25 (August 2020) - [online] Available at: <<http://craftbeerreviewer.com/brewery-list-update-no-25-august-2020/>> [Accessed 18 June 2021].

<sup>4</sup> Ruzzene, M., 2021. Independent Brewers Association Research and Economic Impact Assessment. Independent Brewers Association, p.6.

<sup>5</sup> Ruzzene, M., 2021. Independent Brewers Association Research and Economic Impact Assessment. Independent Brewers Association, p.5.

<sup>6</sup> Independent Brewers Association Research and Economic Impact Assessment 2021

<sup>7</sup> Independent Brewers Association Research and Economic Impact Assessment 2021

<sup>8</sup> Watson, B., 2021. National Beer Sales & Production Data | Brewers Association. [online] Brewers Association. Available at: <<https://www.brewersassociation.org/statistics-and-data/national-beer-stats/>> [Accessed 18 June 2021].

<sup>9</sup> Harris, R., 2021. Budget 2021: Craft beer, spirit producers in line for boost. [online] Smh.com.au. Available at: <<https://www.smh.com.au/politics/federal/the-difference-between-surviving-or-giving-up-craft-beer-spirit-producers-in-line-for-budget-boost-20210430-p57nui.html>> [Accessed 18 June 2021].





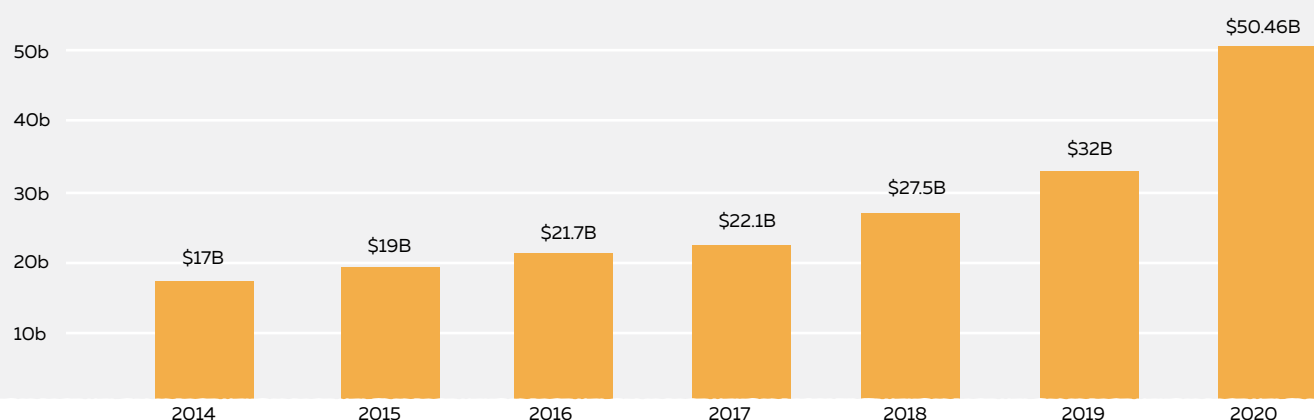
## Online Retail

Australia has been in constant growth from an online retail perspective over the past few years (figure F3).

In 2020, almost 9 million households shopped online<sup>10</sup> spending a total of \$50.46 billion<sup>11</sup>. This represented 50.7% growth on the year prior, with online representing 16.3% of all retail sales – a figure Australia Post had not expected the nation to reach until 2023<sup>12</sup>. While this rapid acceleration was largely driven by COVID and its associated impacts, even in the years prior ecommerce growth was double digit (17.5%, 2019<sup>13</sup> and 20.2%<sup>14</sup>, 2018).

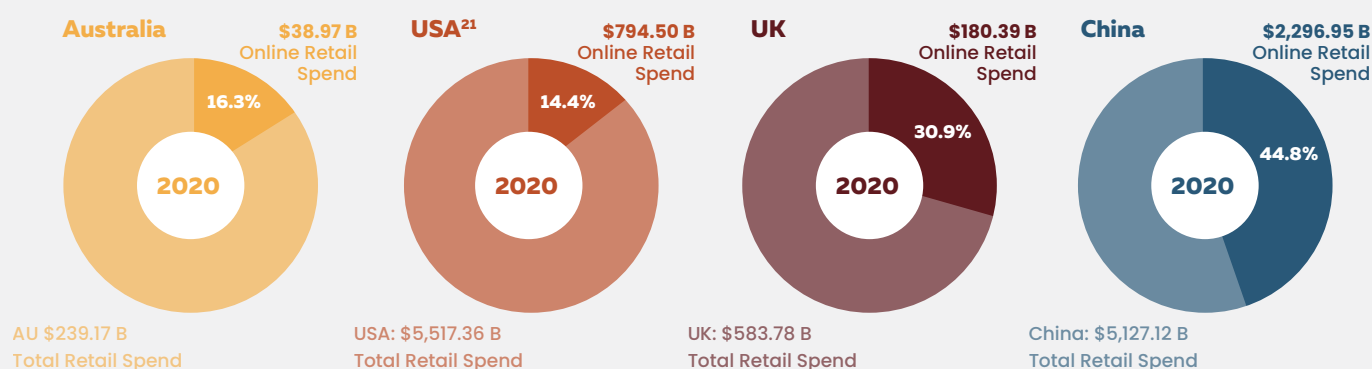
For the Specialty Food and Liquor sector it's online sales have increased from just under \$1 billion in 2018<sup>15</sup>, to three times this, at \$2.98 billion in 2020<sup>16</sup>. This reflects an annualised growth rate of 105%.

### F3. Australian Online Retail Spend Per Year (\$ Billion)



While Australia's online share of retail sales continues to grow, it still lags many nations which may provide an indication of how this will change in the years to come. In the past year while Australian online shopping grew to represent 16.3%<sup>17</sup> of all retail sales from 11.3%<sup>18</sup> the year prior, other countries also experienced significant growth. In the United Kingdom ecommerce in 2020 accounted for 30.9%<sup>19</sup> all retail sales (up from 21.8% in 2019), while in China ecommerce accounted for 44.8% of all sales (up from 34.1% in 2019)<sup>20</sup>.

### F4. Retail Ecommerce Sales by Country 2020 (US Dollars)



<sup>10</sup> 2021 eCommerce Industry Report. Australia Post, p.4.

<sup>11</sup> 2021 eCommerce Industry Report. p.8.

<sup>12</sup> 2021 eCommerce Industry Report. p.4.

<sup>13</sup> 2020. 2020 eCommerce Industry Report. Australia Post, p.16.

<sup>14</sup> 2019. 2019 eCommerce Industry Report. Australia Post, p.7.

<sup>15</sup> 2019. 2019 eCommerce Industry Report. Australia Post, p.20.

<sup>16</sup> 2021 eCommerce Industry Report. Australia Post, p.47.

<sup>17</sup> 2021 eCommerce Industry Report. p.4.

<sup>18</sup> 2020. 2020 eCommerce Industry Report. p.7.

<sup>19</sup> Fisher, B., 2020. Pandemic Pushes UK Retail Ecommerce Past 30% of Total Retail Sales in 2020. [online] eMarketer. Available at:

<<https://www.emarketer.com/content/pandemic-pushes-uk-retail-ecommerce-past-30-of-total-retail-sales-2020>> [Accessed 17 June 2021].

<sup>20</sup> Cramer-Flood, E., 2021. In global historic first, ecommerce in China will account for more than 50% of retail sales. [online] eMarketer. Available at: <<https://www.emarketer.com/content/global-historic-first-ecommerce-china-will-account-more-than-50-of-retail-sales>> [Accessed 17 June 2021].

<sup>21</sup> emarketer.com. 2021. US Ecommerce Growth Jumps to More than 30%, Accelerating Online Shopping Shift by Nearly 2 Years. [online] Available at: <<https://www.emarketer.com/content/us-ecommerce-growth-jumps-more-than-30-accelerating-online-shopping-shift-by-nearly-2-years>> [Accessed 18 June 2021].



## Business Strengths

### Track Record

Beer Cartel has been operating successfully since 2009. During that time it has navigated the evolving market as competition has increased, demand for craft beer has grown, packaged beer has shifted to cans, social media has developed as a marketing platform, and preference for online purchasing has increased.

Throughout these changes in the retail landscape Beer Cartel has been able to recognise these market effects and reframe its strategy to carve out a growing market share.

### Industry Expertise

Across the Beer Cartel team there exists over 40 years of industry experience, understanding consumer preferences and the drivers to why people buy craft beer. This knowledge is used to help shape Beer Cartel's product range, as well as inform marketing messaging.

### Industry Relationships and Partnerships

A cornerstone of Beer Cartel's approach is developing great relationships and supporting the industry as a whole. It is this philosophy that led to the creation of the Australian Craft Beer Survey, and the reason Beer Cartel regularly features new craft breweries in its range. This focus on driving the industry has helped enable closer working relationships with our suppliers and provided opportunities that other competitors do not receive.

### Process Focus

A core competency at Beer Cartel has been the development of systems and the documentation of standardised operating procedures. The rationale behind this is to ensure the knowledge within the business is shared across the entire team, rather than the individual. In doing so it helps to minimise the potential future loss of key personnel.

### Product Range

Beer Cartel is well loved for its great range of beer and beer gifts. Significant time is invested by the team researching trends, suppliers and individual beers to stock to ensure it has the best product offering around.

### Marketing

A strength of Beer Cartel has been its marketing centric approach to retail, uncovering ways to elevate products from simply being a commodity to something in high demand. It is an area the business is continually investing in as it can significantly influence purchasing.

### Scalability

Throughout Beer Cartel's evolution it has always sought to build the business in a way that is highly scalable. This includes selecting digital infrastructure partners whose platforms can accommodate increasing demand; developing documented systems and processes; and utilising 3rd party logistics partners to assist with fulfillment challenges at peak periods. Beer Cartel is continually developing the business in a manner that will ensure as it goes through significant growth, there are minimal bottlenecks.





## Objectives of the Crowdfunding raise:

Our objectives of the crowdfunding raise are multifaceted and designed to grow Beer Cartel both now and into the future. These are listed in order of priority.



### 1. Driving Conversions

Operating online, conversion rate – the rate at which you convert those who visit and buy from a website is critical. Beer Cartel has a 2% conversion rate which means for every 100 visitors to its website, two sales would result. When we consider the number of visitors to the Beer Cartel website over the last calendar year, 955,119, a 50% change in its overall conversion rate (from 2% to 3%) would have resulted in an additional 9,551 sales.

With the conversion rate such a significant determinant in the success of an ecommerce business, it makes sense to have a big focus on conversion rate optimisation (CRO). Through the crowdfunding raise Beer Cartel will invest in its CRO program to drive conversion rate across all stages of the website, from when a customer first visits the Beer Cartel website, through to when they checkout, or look to abandon without purchasing. The CRO program will seek to drive conversion rate higher, not just with a 1% target in mind, but through an online improvement program that will continuously drive Beer Cartel's online conversion rate.



### 2. Launching a Membership Model

As the ecommerce industry has evolved over time, so too have new membership models. This includes the likes of Amazon Prime and Kogan First which reward customers with discounted offers, member benefits and free shipping. The aim of these programs is to increase individual customer spend and they have been extremely successful.

As an example, a 2018 study by Consumer Intelligence Research Partners<sup>22</sup> found that in the US Prime members spend an average of \$1,400 per year vs. \$600 for non-Prime customers. At that point Prime had 97 million US members.

Beer Cartel will look to take these insights to develop a membership model that takes industry best practices and applies them to the online craft beer segment, with the aim of driving individual customer spend higher. This is a huge transformational opportunity for Beer Cartel, converting infrequent customers to those where Beer Cartel is their number one beer retailer of choice.



### 3. Increasing Visitors and Driving Interest in Beer Cartel's Offer

Alongside improvements to conversion rate, driving more targeted traffic to the Beer Cartel website and building its marketing database will continue to grow the business overall. While Beer Cartel is present in many channels including Google Search, Google Shopping and Facebook, there exists significant opportunity to continue to refine and enhance these with a focus on return on ad spend (ROAS), as well as introduce additional marketing channels to drive Beer Cartel's website traffic, particularly SMS.

We want to build on the marketing success Beer Cartel has had to date and invest further in this area, both through our internal team and external resources. We will seek to enhance Beer Cartel's presence and visitation rate, as well as improve the conversion of abandoned shopper baskets. This activity will be highly targeted to not only grow Beer Cartel's traffic, but ensure that those that do visit reflect our buying demographic and are active potential buyers.



### 4. Logistics Enhancements

While Beer Cartel's logistics capabilities are well suited for its current level of demand, we know that as the amount of customer orders increase, refinements will be required to maintain the business' efficient dispatch process. To achieve this investment will be made in automating more stages of the fulfillment process, identifying bottlenecks and building additional systems to ensure customers can get their purchases as quickly as possible.



### 5. Building Beer Cartel's Beer Subscription Base

Beer Cartel's Monthly Beer Subscription is Australia's longest running beer subscription, which has served 1000's of customers over its life. We know we have a subscription offer that strongly resonates, the opportunity for the subscription lies in finding more potential customers to sign up to the subscription.

Through additional marketing investment focused on Beer Cartel's subscription offer it will drive the subscription base which has the potential to be significantly expanded.

<sup>22</sup> G Sterling, 'Shy of 100MM, survey finds Amazon Prime membership growth has flattened in US', in Marctech. October 18, 2018, viewed on 17 June 2021, <https://martech.org/shy-of-100mm-survey-finds-amazon-prime-membership-growth-has-flattened-in-us/>





## 6. Increasing Traffic to Brewquets

For the current financial year Brewquets growth has been extremely strong, increasing to a forecasted \$1 million revenue, up from \$478,000 the year before. The Brewquets website is already a high converting website – as a result growth of Brewquets will be centered around increasing overall traffic which can then drive further sales. Funds will be allocated to build traffic to the Brewquets website through search engine optimisation (bringing more people to Brewquets through Google search), as well as paid marketing to drive awareness and conversions of the Brewquets brand.



## 7. Importing Beer

While a large portion of the beer sold through Beer Cartel is from Australia's leading breweries, there is also a significant percentage that comes from overseas breweries, particularly from five key countries: Germany, Belgium, England, USA and New Zealand. To date those overseas beers that have been sold through Beer Cartel have been imported from Australian wholesalers, rather than by Beer Cartel directly.

Aware of both the opportunities, but also the challenges of importing stock, Beer Cartel will use part of the funds from the crowdfunding campaign to support importing its own stock. This will be applied to products where we face ongoing shortfalls from our existing suppliers and cannot keep up with customer demand, as well as select opportunities for additional lines that do not currently make it into Australia.



## 8. New Products

One of the strengths of Beer Cartel's business model to date has been product innovation, which is reflected in the evolution of our Beer Advent Calendar, alongside unique packs such as our mixed pack collaboration with Hop Products Australia.

Knowing online retail is in many ways quite different from traditional bricks and mortar retail, Beer Cartel will look to build on its past success with unique products and mixed packs. We will continue to invest in new product development, looking to create new products that will resonate with our target market, be it gifters or those looking to buy great tasting beers for themselves.



## 9. Development of a Beer Cartel Mobile App

Over the past 5 years mobile apps among ecommerce retailers have become commonplace. The strength of these from an ecommerce perspective is that it helps ensure a retailer remains top of mind, while also providing an additional channel to communicate with customers, ensuring they are aware of the latest and greatest products to that retailer.

While mobile apps were previously quite cost prohibitive and resource intensive, they have evolved significantly over the past few years to be a simple and cost effective medium to remain relevant with customers and keep engaged and drive sales.

As part of the funds used from Crowdfunding Beer Cartel will look to develop its own app, that can be used across Android and Apple IOS phones and tablets.





## Beer Cartel's Beer Advent Calendar

Beer Advent Calendars in Australia are a relatively new phenomenon that in a short space of time have evolved into Beer Cartel's number one selling product. The concept behind the Beer Advent Calendar is similar to traditional advent calendars; from the first of December onward you open a door to reveal a new beer to enjoy each day as you countdown the days to Christmas.

In 2016 we began our first ever Advent Calendar, after selling Bridge Road's Brewers & Friends Christmas Advent Calendar the year prior. Our first foray exceeded expectations in a big way, as we struggled to keep up with demand. Packing of these was constant - for every additional hundred calendars that were added online, they were sold out in a matter of days.

### **This trend has continued each year since with the 2020 version selling out in just 23 days!**

The initial Advent Calendar design used a standard Beer Cartel branded box, which was upgraded to a branded Christmas design the following year. For the first few editions the beers featured in each calendar were bottles of core range beers from some of Australia's best craft breweries. In 2018 five exclusive beers were added into the mix before a move to 100% cans and 100% new/exclusive beers from 2019 onward.

In the space of five years Beer Cartel has sold over 20,000 of its Advent Calendar at Christmas, while also introducing an Isolation version during Covid lockdown in 2020 and a Christmas in July version in 2021.

The Beer Advent Calendar is a loved product by many and draws a huge amount of excitement, particularly the wait until the first of December and the opening of the first beer.

We have aimed to not just make it about the beers, but also the whole experience. Tasting notes are emailed each day, our Facebook group has a daily post where drinkers are encouraged to share their beers and experience, with professionally shot images shared to our social channels each day.



# COVID Lockdown and the Impact on Sales

2020 was a year like no other in the online space and Beer Cartel was definitely no exception to this. On Tuesday 24th March we decided to close our store front for the protection of our staff and online business. It was a great decision as in no time at all daily online orders were spiking to peak levels normally experienced at Christmas.

We also split our team in half so that if a staff member in one team became ill, the business could still function without everyone having to go into forced isolation. The move, while putting significant pressure on the business at the time, drove innovation and forced us to reimagine our processes to become significantly more efficient.

From a product point of view we developed our Isolation Beer Advent Calendar and Support Your Local Tinnie Packs which were very well received alongside a stack of other concepts. We also had to significantly increase the amount of stock we were ordering from suppliers to cater for the increased demand.

From a customer order management point of view, we doubled our team and gave a number of hospitality workers who had lost employment during COVID jobs. We also reimaged our entire fulfillment process for online orders so that we could continue to ensure all orders were processed within one business day despite the large increase in demand.

The impact of these changes on the business since the peak COVID sales period has meant that Beer Cartel now has systems and processes in place that can handle even bigger sales volumes without putting significant strain on our existing team and structure.

As an example, at the end of 2020 during the peak sales period of Christmas, orders were being rapidly picked and packed the day they were received.

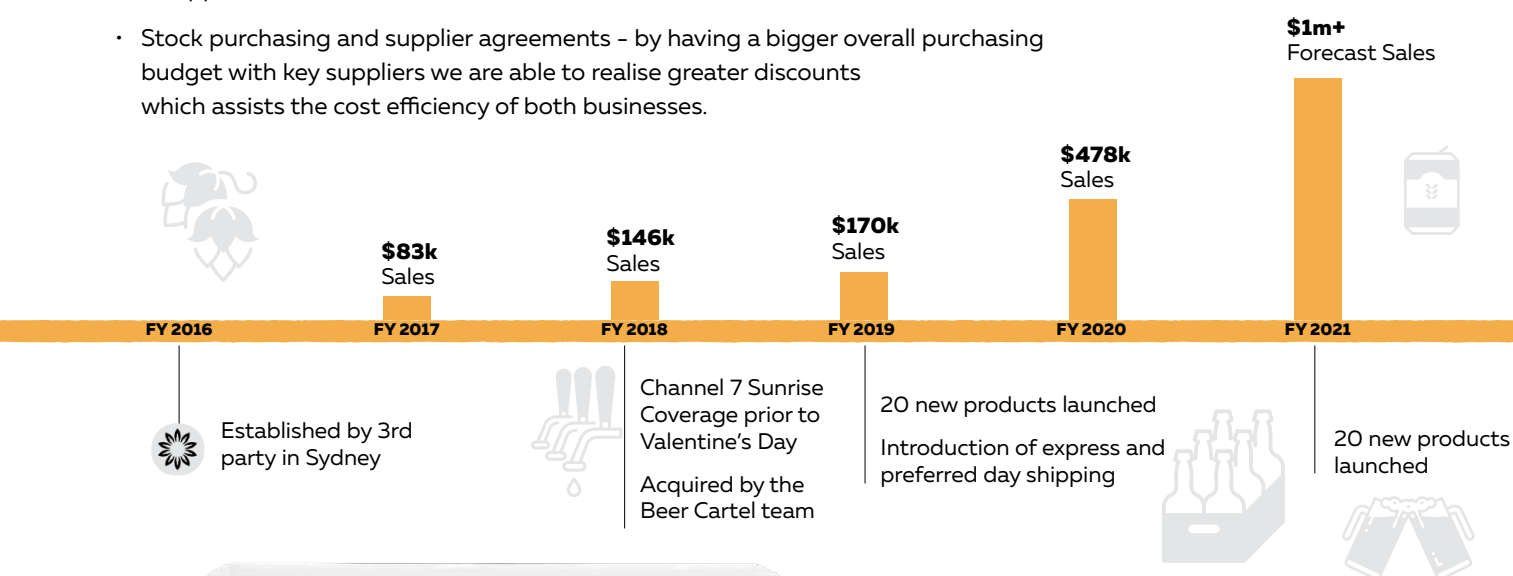


## Brewquets

**Brewquets is a gifting website specialising in beer gifting for general occasions as well as key events such as Valentine's Day, Father's Day and Christmas. The business was acquired by Beer Cartel's founders as a separate entity in 2018. In 2021 it became a wholly owned subsidiary of Beer Cartel (100% shares of Brewquet Co Pty Ltd acquired by Beer Cartel Pty Ltd).**

Operating solely in the gifting space it complements and supports Beer Cartel's gift offering and allows the two businesses to realise synergies across key functions including:

- Staffing and fulfillment - utilising very similar processes across both businesses it allows our warehouse team to be agile, with resources allocated based on where the greatest demand exists.
- Marketing messaging and execution - both businesses employ the same marketing platforms and we have found similar messaging in the gifting space can resonate equally for Beer Cartel as it does for Brewquets, allowing shared insights to be applied to both.
- Stock purchasing and supplier agreements - by having a bigger overall purchasing budget with key suppliers we are able to realise greater discounts which assists the cost efficiency of both businesses.



### Key Strengths of Brewquets

Focused on gifting only  
(website designed exclusively for gifters)

High conversion rate /  
simplicity of gift offering  
(less than 100 products)

Delivery options include:  
express delivery /  
preferred day delivery

Higher margin products  
with lower overheads





## 2.5 Directors and senior managers

### 2.5.1 Our directors and management



#### **Richard Kelsey, Director and Co Founder**

Richard Kelsey has over 12 years retail management experience in the liquor industry. Prior to this he worked in market research consulting to Australia's leading brands including Commonwealth Bank, Optus, American Express, James Squire and many more.

Richard has a true passion for celebrating and helping grow craft beer in Australia. In 2016 he created the Australian Craft Beer Survey for Beer Cartel. This has quickly become the most influential annual report on craft beer trends in Australia and has had over 80,000 people take part. He is also a board member of Retail Drinks Australia, a national industry body created to support the retail of liquor in Australia.

In 2019 and 2021 Richard was ranked among the Top 50 people in E-Commerce in Australia by Inside Retail.

Richard is responsible for driving the marketing, systems and finance aspects of the business.



#### **Geoff Huens, Director and Co Founder**

After a 9 month trip around the world in 2007 and a burning desire to launch his own business, Geoff Huens co-founded Beer Cartel. Geoff is a firm believer that innovation is a vital part for continued business growth and sustainability. Combining this with a love for identifying new market opportunities, new product development (NPD) and marketing, the results have assisted in driving the business forward.

In 2016 Geoff designed and launched the Beer Cartel Beer Advent Calendar which sold 10x its original forecast. Every year since it has been Beer Cartel's number one selling product. It is reconceptualised each year to continue to drive consumer engagement and offer a unique experience year after year.

Prior to starting Beer Cartel Geoff led teams in consumer market research, utilising data to drive consumer centric marketing strategies within large organisations, including for Westpac, Virgin and Tabcorp.

Geoff oversees the operations and customer experience aspects of the business, as well as driving new product development and the Brewquets business.





### **Lachlan McLean, General Manager**

Lachlan first joined Beer Cartel in 2016 and has evolved his role significantly as the business itself has grown, moving from Events Manager to General Manager. He has a strong passion for both craft beer and eCommerce, with a deep seated interest in using data and insights to inform business decisions, alongside a passion for managing teams for performance. Lachlan is currently undertaking a MBA with Southern Cross University

Lachlan's role encompasses supporting the day to day running of the business, alongside working on key business growth and development initiatives.



### **Conor Sherry, Purchasing Manager**

Conor Sherry is Beer Cartel's Purchasing Manager, responsible for the curation of its product range, managing the purchasing team and ensuring that stock is managed in an efficient manner. Conor has a huge passion for great beer, particularly traditional beers from Belgium and Germany. He is currently completing his beer Cicerone qualification as he continues to further his beer education.



### **Marc Griffiths, Warehouse Manager**

Marc Griffiths joined Beer Cartel following on from roles managing a number of Sydney bars. He is a committed member and is responsible for the successful management and coordination of Beer Cartel's warehouse and of its warehouse picking and packing team.





## 2.5.2 Advisors



### **Alita Harvey-Rodriguez, Managing Director, MI Academy**

Alita Harvey-Rodriguez is Managing Director of MI Academy, Australia's multi-award-winning leading provider in Project Based Training. Specialising in Omni Channel Marketing Performance, CRM, Customer Loyalty, Customer Experience, Organisational Change & innovation training programs to optimise the performance & grow the capabilities of teams.

Alita provides mentoring and advanced training to Beer Cartel on the growth of the business from a marketing standpoint.



### **Graeme Bellach, Partner at CIB Accountants and Advisers**

Graeme Bellach is a Partner at CIB Accountants & Advisers. He has over 20 years experience mentoring business managers, advising on start-ups and valuing businesses. Graeme provides advice and mentorship on the financial management and growth of Beer Cartel.



### **Scott Lovett, Solutions Architect, Kobe Creations and Founder, My Integrator**

Scott's skill set is based around enabling organisations to accelerate cost savings and innovation through digital transformation. He has worked on a number of projects to enhance Beer Cartel's online capabilities and will assist in further levelling up the business as it moves into its next cycle of growth.

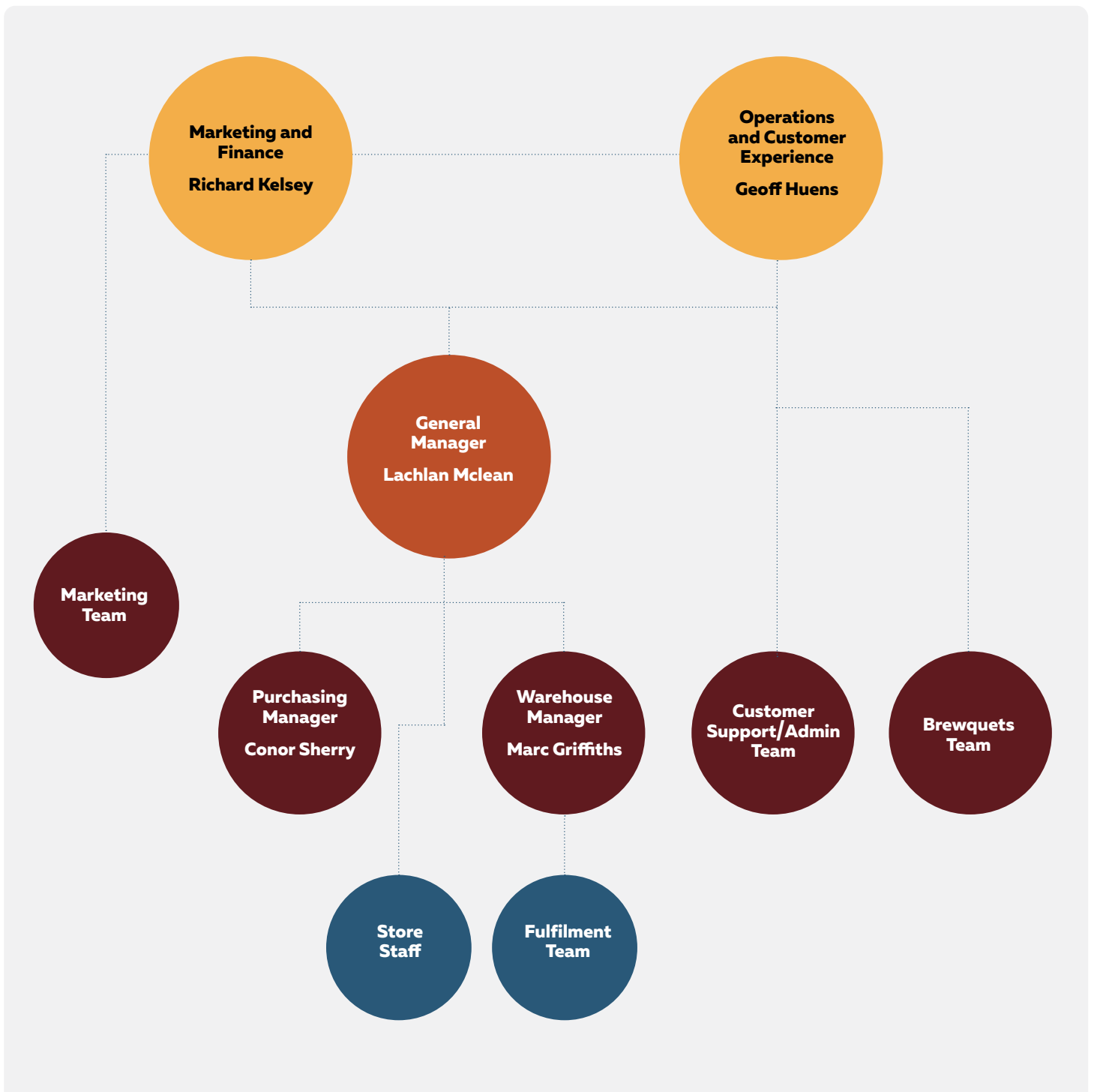
## 2.5.3 Partners

Beer Cartel has partnered with ecommerce industry leaders to support and drive the growth of the business.





## 2.5.4 Organisational Structure



## 2.6 Capital structure

### 2.6.1 Issued capital

As at the date of this Offer Document, the Company has 20,000,000 ordinary shares on issue.

Issued capital of the Company before the Offer

Shareholder	Share Type	Shares
Huens Holdings Pty Ltd as trustee for the Huens Family Trust (Geoff Huens)	Ordinary	10,000,000 (50%)
Kelsey Corporation Pty Ltd as trustee for the Kelsey Family Trust (Richard Kelsey)	Ordinary	10,000,000 (50%)
<b>Total</b>		<b>20,000,000</b> <b>(100%)</b>

Issued capital of the Company following the Offer

Shares	Minimum Subscription	Maximum Subscription
Existing Shares	20,000,000 (98.8%)	20,000,000 (90.9%)
Offer Shares	250,000 (1.2%)	2,000,000 (9.1%)
<b>Total Shares</b>	<b>20,250,000</b> <b>(100%)</b>	<b>22,000,000</b> <b>(100%)</b>

### 2.6.2 Significant Shareholders

Significant shareholders own 50% or more of the business. As at the date of this offer Beer Cartel Pty Ltd has two significant shareholders:

- Huens Holdings Pty Ltd as trustee for the Huens Family Trust holds 50% of the business (Geoff Huens)
- Kelsey Corporation Pty Ltd as trustee for the Kelsey Family Trust holds 50% of the business (Richard Kelsey)



### 2.6.3 Rights and liabilities associated with securities

An investor subscribing for shares is bound by the Constitution (available on the Intermediary's platform).

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

#### ORDINARY SHARES

As at the date of this Offer, the only class of shares on issue are Ordinary Shares.

The shares issued pursuant to this Offer Document will be fully paid Ordinary Shares. All Ordinary Shares have the same voting rights and the same rights to receive dividends.

Under the Constitution, the Board may from time to time refuse to register a transfer of shares.

The Constitution (available on the Intermediary's platform) sets out the details of each of the rights and liabilities associated with Ordinary Shares.

#### OPTIONS

As at the date of this Offer Document, there are no vested, unvested or unexercised options on issue.

The Company intends to implement an Employee Share Options Plan (ESOP) in the future. The Constitution of the Company (available on the Intermediary's platform) includes provisions that allow the Board to implement the contemplated ESOP in the future.

#### SHAREHOLDERS AGREEMENT

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.

#### OTHER RIGHTS

A more detailed description of the rights and liabilities associated with the shares is set out in Section 3.3 below. A copy of the Company's Constitution is available on the Intermediary's platform.

### 2.6.3 Sources of financing

To date, Beer Cartel's activities have been primarily funded by the Company's founding shareholders. The founding shareholders have loaned funds of \$270,986 in total to the Company. The founder loans will not be repaid with the funds raised under the Offer.

### 2.6.4 Group structure

Beer Cartel Pty Ltd consists of itself as the parent company which trades under the name Beer Cartel and its subsidiary Brewquet Co Pty Ltd which trades under Brewquets.





## 2.7 Risks facing the business

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

Risk	Description
Funding risk	<p>The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all of the required funding and therefore not achieve all of its business objectives. This means that the current cash reserves (plus any proceeds of the Offer) may not provide the Company with sufficient cash or working capital. Accordingly, the Company may need to obtain additional funding in the future.</p> <p>There is no assurance that the Company will be able to obtain additional rounds of funding on substantially the same terms as outlined in this Offer Document or at all. The Company's value may be materially affected if the required additional funding is not available.</p>
Market and competition risk	<p>The Company operates in the liquor retail industry which is a highly competitive space. Some of the Company's competitors are significantly larger than the Company and have greater access to capital, economies of scale, resources and distribution compared to the Company.</p> <p>There is no assurance that the Company will be able to compete effectively with existing and new competitors in the future and this may have an adverse impact on the Company's financial performance and growth prospects.</p>
Cashflow risk	<p>The Company needs working capital to achieve its objectives. 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.</p>
Retention of staff	<p>The business is susceptible to the untimely loss of key personnel who are considered critical to the success of the Company. If key personnel were to leave the organisation, they would need to be replaced in a timely fashion in order for the Company to achieve its business objectives.</p>
Technology/ cyber security risk	<p>The Company utilises technology across all aspects of its business. If any technologies were to fail without notice, or a data breach were to occur it could interrupt the Company's ability to sell or communicate with customers, which could impact revenue, profitability and/or adversely impact its reputation.</p>
Regulatory changes	<p>Changes to legal and/or regulatory instruments may impact upon the Company's operations and management. If such changes are unfavourable, the Company may need to make changes to the way it conducts its business and such changes may impact upon the Company's ability to generate revenue.</p>
Brand risk	<p>If the Company does not maintain consistent customer service, the Company's brand and reputation could be damaged. Similarly, bad public relations could impact the Company's brand.</p>
Suppliers and Customers	<p>The Company is aware that it is reliant on maintaining existing supplier and customer relationships and that failure to maintain such relationships may reduce revenue.</p> <p>The Company is also aware that it will need to secure new suppliers and customers. If the Company is unable to do so, there is a risk that the Company will not be able to grow and may not maintain its current level of financial performance.</p>
Dilution risk	<p>If, in the future, the Company undertakes further funding activities, a shareholder's interest may be diluted (if they do not participate in future fundraising).</p>



## 2.8 Financial information

Below are the financial statements of the Company for the financial year ended 30 June 2020, which have been prepared in accordance with the Accounting Standards. The financial statements have been prepared to year end 30 June 2020 based solely on Beer Cartel Pty Ltd and excludes Brewquet Co Pty Ltd which was a separate entity.

Financial information for the 11 months ended 31st May 2021 have also been included, based on management accounts, and accordingly may be subject to change. These statements show the consolidated business Beer Cartel Pty Ltd and its subsidiary Brewquet Co Pty Ltd (100% of shares acquired from associates by Beer Cartel Pty Ltd in FY 2021 for \$140,000). Brewquets contribution to consolidated accounts to 31st May 2021: \$98,636 inventory to Balance Sheet, \$987,000 revenue to Profit and Loss Statement.

### 2.8.1 Balance sheet

Balance Sheet As at 30 June 2020

A\$	2020	2019
<b>Current Assets</b>		
Cash and Cash Equivalents	140,034	89,619
Trade and Other Receivables	242,097	86,382
Inventories	221,632	137,554
<b>Total Current Assets</b>	<b>603,763</b>	<b>313,555</b>
<b>Non-Current Assets</b>		
Property, Plant and Equipment	-	-
Intangibles	11,388	11,388
<b>Total Non-Current Assets</b>	<b>11,388</b>	<b>11,388</b>
<b>Total Assets</b>	<b>615,151</b>	<b>324,943</b>
<b>Current Liabilities</b>		
Trade and Other Payables	261,762	190,896
Borrowings	336,830	345,307
Provisions	-	-
<b>Total Current Liabilities</b>	<b>598,592</b>	<b>536,203</b>
<b>Total Liabilities</b>	<b>598,592</b>	<b>536,203</b>
<b>Net Assets</b>	<b>16,559</b>	<b>(211,260)</b>

Consolidated Balance Sheet As at 31 May 2021

A\$	2021
<b>Current Assets</b>	
Cash and Cash Equivalents	379,201
Trade and Other Receivables	-
Inventories	337,517
<b>Total Current Assets</b>	<b>716,718</b>
<b>Non-Current Assets</b>	
Property, Plant and Equipment	49,567
Intangibles	30,125
<b>Total Non-Current Assets</b>	<b>79,692</b>
<b>Total Assets</b>	<b>796,410</b>
<b>Current Liabilities</b>	
Trade and Other Payables	388,246
Borrowings	270,986
Provisions	(32,782)
<b>Total Current Liabilities</b>	<b>626,450</b>
<b>Total Liabilities</b>	<b>626,450</b>
<b>Net Assets</b>	<b>169,960</b>



## 2.8.2 Profit and loss statement

Profit & Loss Statement As at 30 June 2020

A\$	FY 20	FY 19
<b>Sales</b>	3,253,578	2,593,677
<b>Less: Cost of Sales</b>		
Purchases	2,185,818	1,799,761
<b>Gross profit from trading</b>	<b>1,067,760</b>	<b>793,916</b>
<b>Expenses</b>		
Advertising	111,514	114,125
Employment Expenses	552,373	445,192
Merchant Fees	34,000	34,163
Rent	131,643	124,548
Other Expenses	57,425	67,259
	<b>886,955</b>	<b>785,287</b>
<b>Other Income</b>	47,014	1,503
	47,014	1,503
<b>Net Profit</b>	<b>227,819</b>	<b>10,132</b>

Consolidated Profit & Loss Statement  
For the period ended 31 May 2021

A\$	2021
<b>Sales</b>	4,833,267
<b>Less: Cost of Sales</b>	
Purchases	3,192,862
<b>Gross profit from trading</b>	<b>1,640,405</b>
<b>Expenses</b>	
Advertising	342,227
Employment Expenses	666,661
Merchant Fees	68,439
Rent	163,533
Other Expenses	161,533
	<b>1,402,393</b>
<b>Other Income</b>	56,646
	56,646
<b>Net Profit</b>	<b>294,658</b>





## 2.8.3 Cash flow statement

Statement of Cash Flows  
Beer Cartel Pty Ltd  
For the year ended 30 June 2020

Account	2020	2019
<b>Operating Activities</b>		
Receipts From Customers	3,417,260	2,801,779
Payments to Suppliers and Employees	(3,352,944)	(2,802,233)
Interest Received	270	1,503
Cash Receipts From Other Operating Activities	46,744	0
Cash Payments From Other Operating Activities	(52,957)	(41,968)
<b>Net Cash Flows from Operating Activities</b>	<b>58,373</b>	<b>(40,919)</b>
<b>Investing Activities</b>		
Payment for Property, Plant and Equipment	(8,985)	0
Payment for Purchase of Subsidiary	-	-
<b>Net Cash Flows from Investing Activities</b>	<b>(8,985)</b>	<b>0</b>
<b>Financing Activities</b>		
Other cash items from financing activities	(8,476)	9,562
<b>Net Cash Flows from Financing Activities</b>	<b>(8,476)</b>	<b>9,562</b>
<b>Net Cash Flows</b>	<b>49,896</b>	<b>(31,357)</b>
<b>Cash and Cash Equivalents</b>		
Cash and Cash Equivalents at Beginning of Period	89,619	120,976
Net Change in Cash for Period	49,896	(31,357)
Effect of Exchange Rate Changes on Cash	519	0
<b>Cash and Cash Equivalents at End of Period</b>	<b>140,034</b>	<b>89,619</b>

Consolidated Statement of Cash Flows  
Beer Cartel Pty Ltd  
For the 11 months ended 31 May 2021

Account	Jul 2020–May 2021
<b>Operating Activities</b>	
Receipts From Customers	5,316,867
Payments to Suppliers and Employees	(5,025,705)
Interest Received	674
Cash Receipts From Other Operating Activities	56,256
Cash Payments From Other Operating Activities	(42,130)
<b>Net Cash Flows from Operating Activities</b>	<b>305,962</b>
<b>Investing Activities</b>	
Payment for Property, Plant and Equipment	(51,464)
Payment for Purchase of Subsidiary	(140,000)
<b>Net Cash Flows from Investing Activities</b>	<b>(191,464)</b>
<b>Financing Activities</b>	
Other Cash Items From Financing Activities	(79,128)
<b>Net Cash Flows from Financing Activities</b>	<b>(79,128)</b>
<b>Net Cash Flows</b>	<b>35,370</b>
<b>Cash and Cash Equivalents</b>	
Cash and Cash Equivalents at Beginning of Period	345,919
Net Change in Cash for Period	35,370
Effect of Exchange Rate Changes on Cash	(2,088)
<b>Cash and Cash Equivalents at End of Period</b>	<b>379,201</b>



## 2.8.4 Statement of changes in equity

Statement of Changes in Equity  
Beer Cartel Pty Ltd  
For the year ended 30 June 2020

Account	2020	2019
<b>Equity</b>		
Opening Balance	(211,260)	(221,392)
Current Year Earnings	227,819	10,132
<b>Total Equity</b>	<b>16,559</b>	<b>(211,260)</b>

Consolidated Statement of Changes in Equity  
Beer Cartel Pty Ltd  
For the period ended 31 May 2021

Account	Jul 2020–May 2021
<b>Equity</b>	
Opening Balance	15,302
Current Year Earnings	294,658
Pre-acquisition equity of subsidiary	(140,000)
<b>Total Equity</b>	<b>169,960</b>



## Section 3

# Information About The Offer

### 3.1 Terms of the Offer

Beer Cartel Pty Ltd is offering up to 2,000,000 shares at an issue price of \$1.00 per share to raise up to \$2,000,000.

The key terms and conditions of the Offer are set out below.

Term	Details
<b>Shares</b>	Fully-paid ordinary shares
<b>Price</b>	\$1.00 per share
<b>Minimum Subscription</b>	\$250,000
<b>Maximum Subscription</b>	\$2,000,000
<b>Minimum parcel size</b>	\$100
<b>Opening date</b>	22.06.2021
<b>Closing date</b>	15.07.2021

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](http://www.birchal.com).

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.





## 3.2 Use of funds

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

Intended use	Minimum Subscription	Maximum Subscription
<b>Website Development</b>	\$30,000	\$200,000
<b>Membership Model</b>	\$20,000	\$80,000
<b>Marketing and Customer Acquisition</b>	\$60,000	\$380,000
<b>Logistics Enhancements</b>	\$20,000	\$100,000
<b>Brewquets Investment</b>	\$20,000	\$480,000
<b>Beer Importation</b>	-	\$150,000
<b>Beer Cartel App</b>	-	\$50,000
<b>Cost of the offer</b>	\$60,000	\$190,000
<b>Working Capital</b>	\$40,000	\$370,000
<b>Total</b>	<b>\$250,000</b>	<b>\$2,000,000</b>

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.



## 3.3 Rights associated with the shares

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

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

### 3.3.1 Voting rights

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

### 3.3.2 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion under clause 18 of the Company's Constitution and may resolve to pay dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

### 3.3.3 General meetings and notices

Clause 7.1 of the Constitution sets out when and how general meetings may be called.

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares.

Shareholders may requisition the holding of a general meeting in accordance with the Corporations Act 2001 (and the Directors must call that general meeting as soon as practicable after receiving that requisition).

### 3.3.4 Election and removal of directors

Pursuant to clause 4.2(c) of the Constitution, shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (above 50%).

The Constitution also provides certain other special director appointment rights. These are set out in clause 4.2(a) and 4.2(b) of the Constitution and include special appointment rights for Major Members (as defined in the Constitution) and Founder Shareholders (as defined in the Constitution).

### 3.3.5 Winding-up

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

### 3.3.6 Restrictions on sale and transfer

Shares may only be transferred by a Member in accordance with the Company's Constitution. This means that, except in respect of certain Permitted Transfers (as described in the Constitution) and other permissible disposals (such as pursuant to a drag along or tag along event), Member's wishing to sell shares must offer those shares to Eligible Members (as defined in the Constitution) before those shares can be sold to third parties.

Permitted Transfers include, a transfer of shares:

- to a buyer which is Controlled (as defined in the Constitution) by the same person that controls the Member;
- to a buyer who is an Affiliate (as defined in the Constitution) of the Member.
- to a trust of which the trustee is the same person that Controls the Member or is an entity which is Controlled by that person;
- to a wholly-owned Subsidiary (as defined in the Constitution) of the Member or a wholly-owned Subsidiary (as defined in the Constitution) of the ultimate holding company of the Member; or
- following an Ordinary Resolution of the Directors approving such a transfer.



### Restrictions On Sale Or Transfer Under The Corporations Act And Constitution

By entering into the Subscription Agreement you are taken to acknowledge that any CSF Shares acquired under the Offer must not be on-sold 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.

The Company's Constitution also outlines certain rules and processes pursuant to which you may dispose of your CSF Shares.

#### Drag Along

Pursuant to clause 11.6 of the Constitution, where Members holding more than 65% of the Shares in the Company receive an offer from a third party to acquire all of the issued shares in the Company, those Members may require all other Members of the Company to sell their Shares to that third party.

#### Tag Along

Similarly, where parties holding at least 65% of the issued Share capital in the Company intend to sell all of their Shares to a third party, then any Members (other than those who intend to sell) will have the right to tag along pursuant to clause 11.5 of the Constitution.

### Director's Discretion To Refuse To Register A Transfer Of Shares

Under the Constitution, the Board may from time to time refuse to register a transfer of shares. The details of the Board's power to do so are set out in clause 13(e) of the Constitution. Where the Board determines to do so, the Board must notify the person who deposited the instrument of transfer within five Business Days from the date the instrument of transfer was delivered to the Company by the Member.

### 3.3.7 Pre-emptive rights on issue of shares

Shares may only be issued by the Company in accordance with clause 15 of the Constitution. This means that, except in respect of certain Excluded Issues (as described in the Constitution), where the Company wishes to issue New Securities (as defined in the Constitution), the Company must follow the procedure set out in clause 15 of the Constitution, including by offering each Eligible Member (as defined in the Constitution) the right to acquire the New Securities.

## 3.4 What can I do with my shares?

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

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

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





### 3.7 Investor rewards

In addition to being a shareholder of Beer Cartel Pty Ltd, a range of rewards are being offered for investors.

Reward	\$100 Black	\$500 Bronze	\$1,000 Silver	\$2,500 Gold	\$5,000 Platinum	\$10,000 Diamond
<b>Credit</b>				\$100 credit online	\$200 credit online	\$500 credit online
<b>Discount<sup>^</sup></b>		5% off all items for 1 year	5% off all items for life <sup>^^</sup>	10% off all items for life <sup>^^</sup>	12.5% off all items for life <sup>^^</sup>	15% off all items for life <sup>^^</sup>
<b>Free Shipping<sup>*</sup></b>	On 1 order	For 1 year	For life <sup>^^</sup>	For life <sup>^^</sup>	For life <sup>^^</sup>	For life <sup>^^</sup>
<b>Beer Cartel Glass</b>		✓	✓	✓	✓	✓
<b>Beer Cartel Bottle opener</b>	✓	✓	✓	✓	✓	✓
<b>First notification on new arrivals</b>	✓	✓	✓	✓	✓	✓

\*Free Shipping valid for orders with \$50 minimum spend. Valid for all states of Australia excluding TAS, WA and NT. Excludes beer subscriptions and purchases on Brewquets.com.au.

<sup>^</sup>Discount applies online only to full price items only. This excludes bulk discounts or sale items. Discounts cannot be used in conjunction with any other offer.

<sup>^^</sup>Life in this case refers to the period in which the original purchaser holds the shares.

In the event of sale or transfer of shares this discount will no longer apply to the previous shareholder or the next shareholder (i.e. discount is non-transferable). Fair use policy applies, cannot be used for commercial purposes. Rewards are subject to change at the Directors' discretion.



## Section 4

# Information About Investor Rights.

### 4.1 Cooling-off rights

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

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

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



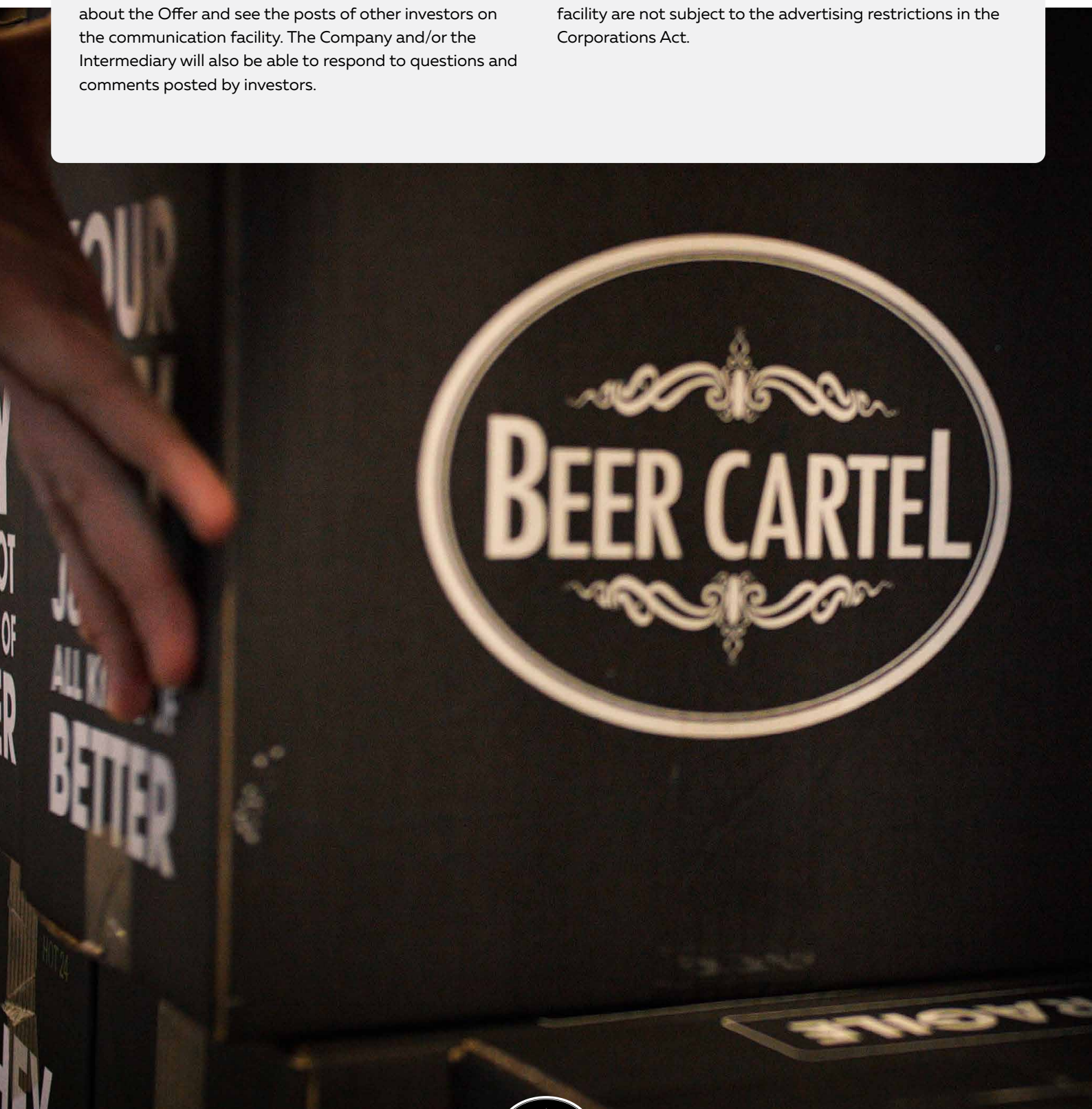
## 4.2 Communication facility for the Offer

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

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

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

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





## 4.3 Proprietary company corporate governance obligations

### 4.3.1 Annual report

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

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

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

### 4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's website at the following address [www.beercartel.com.au/shareholders](http://www.beercartel.com.au/shareholders) (free of charge) and may be able to access the reports via any electronic share registry established by the Company from time to time. Alternatively, shareholders can purchase the report from ASIC.

### 4.3.3 Related party transactions

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

### 4.3.4 Takeovers

This subsection is for small and large proprietary companies.

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

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



# Glossary.

## Company

means Beer Cartel Pty Ltd ACN 603 309 922

## 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





# Thank You.

Any questions, please contact  
[invest@beercartel.com.au](mailto:invest@beercartel.com.au)

