

**MANAGEMENT TEAM:**

CEO: David Jones  
(301) 481-8822

CFO:

COO: Josh Klitz

**INDUSTRY:**

Microbrewing

**INNOVATION:**

Brewtronix automated green hybrid brewing energy technology. Mash Filter Press / Grain Dryer.

Self-distribution growth model

A variety of signature beer recipes.

**FINANCING SOUGHT:**

\$1.5M

**USE OF FUNDS:**

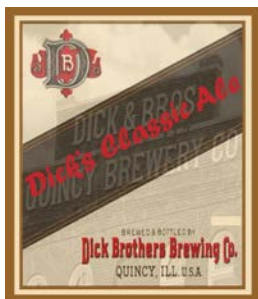
Capital purchases-equipment and site

**EMPLOYEES:**

Management team and 3-5 PTEs

**LEGAL:** Hubert Staff,

ph: (217) 228-8470



# Dick Brothers Brewing



Quincy, IL USA

**Dick Brothers Brewing, LLC.**

Experienced home brewer and former US Navy Project Manager, David Jones will use his unique, proprietary technology called “Brewtronix” to create a large variety of flavorful craft beers. Brewtronix is a fully automated, scalable and environmentally friendly or “green” hybrid brewing technology.

The microbrewery will feature on-site, self distributed and regional distributor sales. The company’s heart is based in the ability to self-distribute to local restaurants or businesses and create an array of diversified session beers, seasonal beers, and specialty beers specifically developed with the customer.

Our approach is to brew 6 flagship craft session beers, plus 6 seasonal varieties. In addition, the brewery will offer a “test kitchen” for new and developing recipes. This will allow us to keep a small, diversified production with R&D batches at ½ bbl or less and local production at 7 bbl batches. An offsite contract brewer will create 30 bbl or larger batches.

The proprietary hybrid brewing technology is also available for sale to small production breweries (i.e. brewpubs and microbreweries) that wish incorporate green energy technologies into their existing brewing applications and to larger breweries that wish to upgrade their technology or reduce their carbon footprint.

**Market Opportunity**

Interest in craft beer and home brewing is growing. Rapidly. The American Homebrewing Association estimates the growth rate of home brewers in 2013 is currently higher than 10%. But these creative homebrewers are often faced with the problem of distributing the final product. The State of Illinois does not allow self-distribution by home brewers. This means the thousands of great craft beer recipes are never seen outside of the home brewer’s garage.

The three-tiered distribution system (producers to distributors to retailers) favors larger established breweries and means entrance and success for small brewers is difficult unless an agreement with a large distribution company is attained. The recent legislation change in Maryland allows small craft brewers to self distribute which makes the business model easier for the small breweries to enter the market. The craft beer market has been growing strong for the last decade. We plan on using this to our advantage by creating small batch R&D beers (1/2 bbl batch), 7 bbl batches onsite, and contract 30 bbl and larger batches with an offsite contract brewer. We intend to keep our customers, restaurants, retail outlets, and onsite customers involved with the entire process of scaling the production of our craft and test beers.

To date there is only one brewpub in Adams county, O’Griffs, which has been established and operating for several years. Dick Brothers Brewing Company’s target market consists of beer connoisseurs, working professionals, college students, retail beer outlets and middle to high-end culinary restaurateurs. The restaurateur professionals and retail beer markets are looking for a way to strengthen their brand name and image by offering craft beer.

**Unique Approach.**

Dick Brothers Brewing Company’s microbrewery will provide a collaborative environment

**Venture history:**

1995- David Jones begins Homebrewing

1996- Begins entering home brew competitions

1998- Attends Copper Dragon brewing classes

1999- Design of Automated RIMS system

2002- Assembly and calibration of automated 3 keg RIMS system

2005- "Brewtronix System" - RIMS creates first batch of automated beer

2007- "Brewtronix" system and venture born. Business plan entered with University of MD Technology Enterprise Institute and Entrepreneurial office, SCORE and Small Business Development Centers.

2010- Recipe and product development

2012 Logo development

2013 LLC filed with State of IL; David Jones attends 6 month training with Craft Beer Cuisine Adventure Charters in Lesser Antilles; website design underway; marketing efforts commence;



where home brewers, local restaurants and organizations from around the Quincy area can participate in the design process and help create their own "signature" custom beers that Dick Brothers Brewing will provide via self-distribution routes.

The Brewtronix applications will reduce the energy required to brew beer and offset electrical costs. The Mash Filter Press and autonomous mash controls of Brewtronix will increase the mash and brewhouse extraction efficiency. The many varieties of beer will be distributed through Dick Brothers Brewing and serve as an opportunity to showcase the Dick Brothers brand as well as advertise the unique Brewtronix technology.

**Challenges.**

A site location remains a challenge. Multiple sites are being investigated for feasibility. Our business would like to locate in the historic brewery district but operational and fiscal restriction may not allow this to be economically viable. We plan to develop approximately 1,000 to 2,000 sq ft of building space with brewery equipment to include drains, ventilation, and grain storage.

The Dick Brothers Trademark has an unknown ownership and is considered inactive. In 1952 the Dick Brothers brewery was auctioned off under bankruptcy. Equipment was sold but it is unclear whether the rights to the Dick Brother's trademark were sold or left. Very few heirs and descendants to the family remain. DICK & BROTHERS QUINCY BREWERY CO trademark registration number 01251A, registered 04/14/1904, and registered by DICK & BROTHERS QUINCY BREWERY COMPANY is an inactive trademark. DICK BROS. QUINCY BREWING trademark registration number 000360, registered 06/29/1898, and registered by DICK BROTHER'S QUINCY BREWING COMPANY is an inactive trademark.

**Competitive Landscape (& Technology Position, Competitive Advantage)**

The Brewtronix applications will reduce the energy required to brew beer and will be able to pump energy back into the grid to offset electrical costs. The Mash Filter Press / Grain Dryer and autonomous mash controls of Brewtronix will increase the mash and brewhouse extraction efficiency. These technologies will be patented. Microbrewery process and green technology integration consulting will be offered to other micro to regional sized craft breweries. The Green Hybrid Brewing Energy technology incorporates small scale green energy technologies and brewery control applications into one unit. The Mash Filter Press is currently only marketed by one company in Belgium and we are incorporating a grain drying function into our design that allows spent grains to be used as biomass fuel in the hybrid brewing energy system. No company offers these technologies to the small craft breweries (i.e. brew pubs and microbreweries). Larger regional breweries have started incorporating these technologies into their plants but no one is offering these technologies to smaller craft breweries.

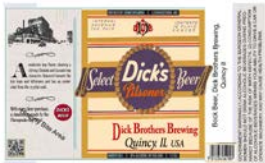
**Customers & Partners.**

Verbal agreements have been attained with local restaurants to incorporate our beers into their services but we have not written any formal contracts to provide our beer. This is awaiting site and capital purchases. We have had initial discussions with three distributors willing to distribute our product but no formal contracts have been written. We also have forged a relationship with a contract brewing company willing to brew our larger batches of beer.

**Business Model:**

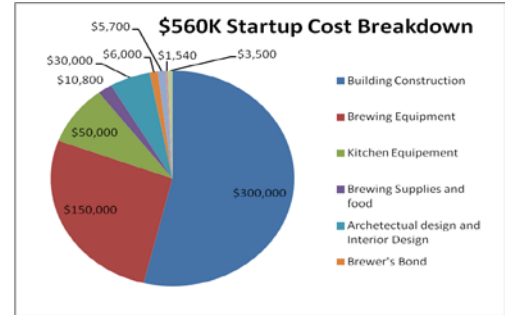
We will make money by buying ingredients (malted barley, hops, adjuncts, water, etc) for \$700 per 4 bbl batch and sell the finished beer for \$1,500 per 4 bbl batch in 1/2 barrel, 1/4 barrel, and 1/6 barrel sizes to the retail market. We will also have onsite pint sales we will sell for \$3,500 per 7 bbl batch. We will hire a contract brewery to make our beer for \$4,000 per 30 bbl batch and sell the finished beer for \$7,500 in 1/2 barrel, 1/4 barrel, and 1/6 barrel sizes. We will produce as much beer as the market demands in the first 3 years and then re-evaluate the size of our 7 bbl production and contract brewing capabilities.

We will offer our brewery engineering consulting services at \$145/hour. We will offer the Brewtronix Hybrid Brewery Energy System at \$20,000. The Brewtronix System can create an energy savings payback in 5 years.



**Venture Operations:**

To begin operations Dick Brothers Brewing will require \$560K of which \$300,000 for building construction, \$150,000 for brewing equipment, \$10,800 for brewing supplies, and \$50,000 for the kitchen equipment. The initial investment is to get the Dick Brothers Brewing Company operational as a brewpub. The remainder of the funds will be used for brewing supplies, marketing, licenses, permits, utilities, etc.



**Venture Financing:**

Dick Brothers Brewing Company is securing startup funds for the initial startup phase and plans to have \$200,000 secured in cash and capital equipment. Dick Brothers Brewing Company will seek additional capital to expand brewing operations with brewing equipment capacity upsizing and marketing to larger geographical areas and will seek the help of Angel investors. Dick Brothers Brewing will seek an exit strategy at the end of 10 years. Approximately \$65,000 has been initially invested in research and development, branding, and recipe testing. After the initial investment there are a few further capital investments anticipated to expand production capacity and distribution. Our pre-money valuation is \$65,000 and our post-money valuation is \$600,000 for the first year.

**Financial Projections:**

The projection of revenues and expenses from the business are based on assumptions of projected sales. We anticipate selling 60 barrels per month via self distribution, a distributor, and onsite sales. We anticipate producing 16 batches per month or 4 batches per week onsite as well as contract out for 30 bbl batches. We will also start consulting with our closest microbreweries to start gaining Brewtronix green hybrid energy system customers and consulting revenue streams.

We anticipate the fine tuning the Brewtronix system resultant from a year's worth of operating, testing, and improving on the Brewtronix prototype will result in a unit sale in the 2nd or 3rd year. Dick Brothers Brewing will become profitable in year one and will achieve a break-even event in year 2. Income in the year 2015, our third year of operations, will be \$426,000.



**Marketing/Funding efforts underway:**

- Brand logo and designs completed
- Merchandizing started: T-shirts, koozies, wooden nickels, etc.
- Formal website domain name procured and currently under design (www.DickBrothersBrewing.com)
- Company branding and search engine optimization underway
- Social media presence [Twitter (@DickBrothersBrewing), Facebook, Pinterest and Youtube]
- Dick Brothers Brewing "Brew Crew" program

**Outreach/events:**

Dick Brothers Brewing is targeting the following yearly events for marketing and outreach efforts: Annual Dogwood Festival May; Antique Auto show May; Blues in the District June – September; 4th of July, Riverfront; Adams County Fair, July; Smoke of the River BBQ Contest, Sept; Oktoberfest/Germanfest, October; Knights of Columbus BBQ, June; Chicago Festival of Wood and Barrel Aged Beer, July; West Loop Craft Beer Fest, May; Chicago Craft Beer Week, May, Beer Under Glass, May; St. Louis Microfest, May; St. Louis Brewers Heritage Festival, June; St. Louis Centennial Beer Festival, February; St. Louis Craft Beer Week, July; Savor, June; Great American Beer Festival, October;

**Investor Risk Reduction Options**

Private Placement Memorandum: Cost: \$20,000 to \$30,000 quoted by a law firms with SEC law expertise. Private Placement Memo is a legal document stating the objectives, risks and terms of investment involved with a private placement. This includes items such as the financial statements, management biographies, detailed description of the business, etc. An offering memorandum serves to provide buyers with information on the offering and to protect the sellers from the liability associated with selling unregistered securities.

Rework LLC, operating agreement and business plan: Cost \$5,000 to \$10,000. Operating agreement to outline the 3 managers, manager’s roles, who elects managers, and members roles. Percentage of ownership, investment, who gets paid out first, allocation of profits, annuities/dividends, liquidation of assets, etc...

Rework LLC, operating agreement, and business plan one member at a time. Original cost was \$700. Update assumed to be close to the same if done all at once and all investors are on board and changes are made and agreed upon prior to discussion with lawyer.

Company Valuation Scheme: \$205,000  
Managers: 51% - \$105,000  
Members: 49% - \$100,000