



mighty
craft

HALF YEAR RESULTS PRESENTATION
FEBRUARY 2021



ersonal use only



HALF YEAR HIGHLIGHTS

Growth accelerating, \$16.2 million cash on hand

- Total Income of \$12.9M¹ at +185% growth vs HY FY20
- EBITDA² in HY FY21 of \$(4.8)M vs \$(3.6)M in HY FY20 (Operating profit \$(3.9)M adjusting for one-offs)
- Net assets of \$35.3 million, cash on hand \$16.2 million

Growth Strategy gaining momentum:

- Spirit's business expanding significantly with whisky coming to market in H2
- Total Wholesale growth +103%³ made up of Beer growth +85% and Spirits / RTD's +190%
- Refurbished and launched 5 venues in H1 FY21, run rates returning to normal trading towards the end of H1
- New distributor operating model in place, partnership with Bevchain in place and digital transformation ongoing
- Path to profit initiative's underway, benefits to flow from H2

Core messages:

- Macro craft growth theme is strong, business model relevance is increasing. Industry consolidation is inevitable
- Growth trajectory to accelerate, venues returning to full capacity, disciplined acquisition strategy remains

¹ Group consolidated income including other Income

² Earnings before interest, tax, depreciation, and amortisation (EBITDA) is a non-GAAP measure. The company believes that it assists in providing an understanding of the underlying performance of the business

³ Wholesale sales growth represented on a 100% basis sourced from Mighty Craft / partner sales systems



HALF YEAR HIGHLIGHTS

SCALE

Brand Investments

11 (vs 9 PCP)

Licensed venues¹

13 (NC vs PCP)

Sales volume

0.9M Beer Litres (vs 0.5m PCP)
30k Spirits Bottles (vs 12k PCP)

GROWTH

Group Income growth

+185% reported

Wholesale Revenue growth²

+85% (beer)
+190% (spirits / RTD)

Wholesale growth relative to craft category³

~19 x category growth

KEY FINANCIAL METRICS

Net assets

\$35.3M (vs \$35.1M PCP)

Cash on Hand

\$16.2M (vs \$21.7M PCP)

EBITDA⁴

\$(4.8)M (vs (3.6)M PCP)

1. Includes venues across the portfolio of 11 brands including venues under construction

2. Wholesale sales growth represented on a 100% basis sourced from Mighty Craft / partner sales systems

3. Craft category sourced from IBISWorld report into Craft Beer Production in Australia – September 2020

4. Earnings before interest, tax, depreciation, and amortisation (EBITDA) is a non-GAAP measure. The company believes that it assists in providing an understanding of the underlying performance of the business



FINANCIAL SUMMARY – P&L

Profit & Loss

AU\$ million	H121	H120	% Change	
Total Income	12.9	4.5	185%	Strong Income growth driven by Wholesale Beer and Spirits / RTDs and new venue launches
Revenue from ordinary activities	11.1	4.5	150%	
Gross Profit	4.3	2.2	95%	
Gross margin	38.3%	49.1%	(10.8)pps	Impact of COVID on venues (Venue gross margin ~ 65% and keg mix reduced)
Operational expenses	(10.8)	(5.8)	-86%	
Employee costs	(6.8)	(2.8)	-144%	Includes venues and corporate / commercial overheads
Legal & Professional fees	(1.2)	(1.5)	17%	
Marketing	(0.6)	(0.3)	-80%	
G&A	(1.0)	(0.6)	-67%	Includes \$0.5M costs associated with the exit from South Melbourne
Other costs	(1.1)	(0.6)	-93%	Includes venues overheads
EBITDA	(4.8)	(3.6)	-36%	
Operating Profit / (Loss)	(3.9)	(2.7)	-47%	Remove costs associated with South Melbourne and share based payments
EBIT	(5.4)	(3.9)	-38%	
NPAT	(6.0)	(4.1)	-48%	
Loss attributable to MCL	(5.8)	(3.7)	-54%	



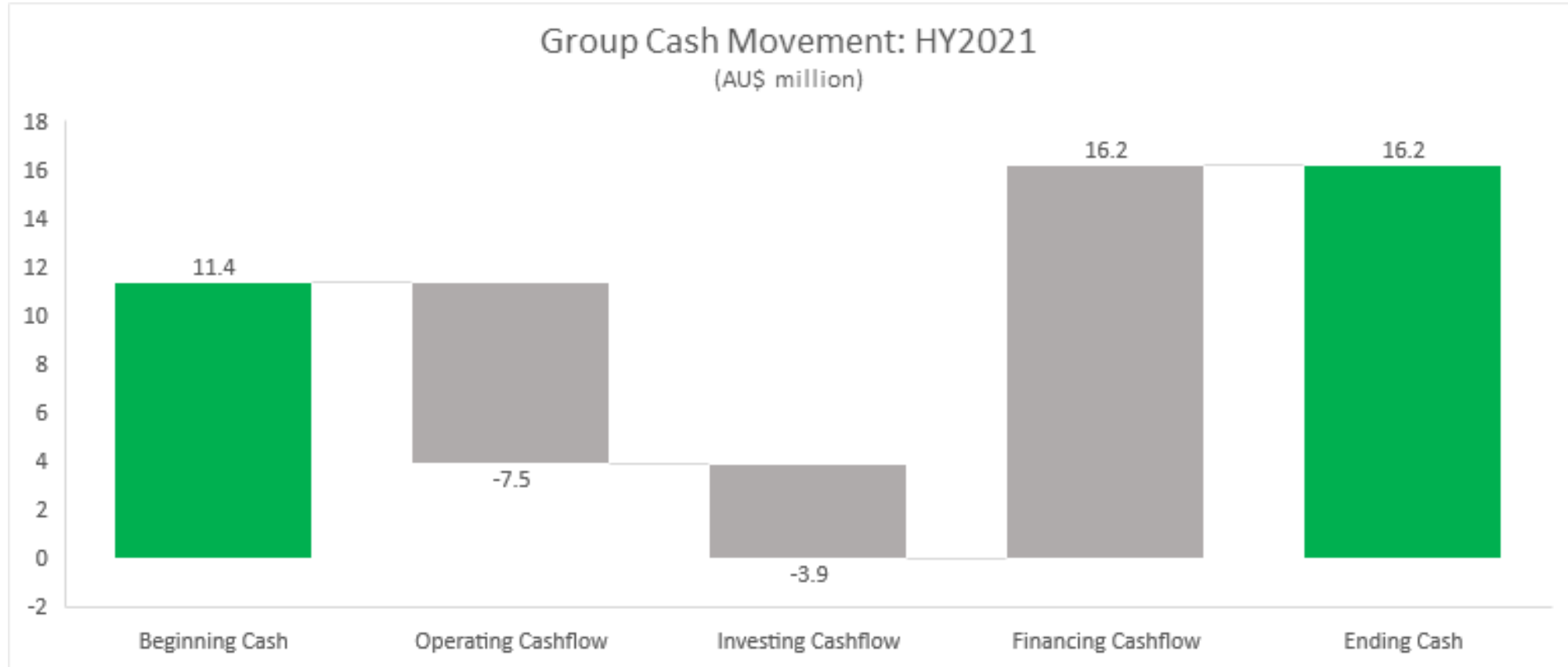
FINANCIAL SUMMARY – BALANCE SHEET

Balance sheet

AU\$ million	H121	H120	% change	
Current Assets	24.4	23.6	4%	
Cash and cash equivalents	16.2	21.7	-25%	Capital raise in September 2020
Trade receivables	3.5	0.6	512%	New operating model (MCL holds all receivables)
Inventory	3.9	0.8	378%	New operating model (MCL owns stock)
Other current assets	0.8	0.5	69%	
Non-Current Assets	39.0	19.7	98%	
Receivables	0.3	0.3	19%	
Investments	8.0	9.5	-15%	Investments in Branded businesses including financial assets
PP&E	9.3	4.1	127%	
Right-of-use assets	13.2	3.6	263%	
Intangible assets	7.8	2.0	286%	Goodwill from brand investments
Other non-current assets	0.3	0.1	94%	
TOTAL Assets	63.4	43.2	47%	
Current liabilities	7.7	4.3	79%	New Operating model (MCL holds payables for stock purchases)
Non-current liabilities	20.5	3.8	440%	PAM Finance, Lease accounting
TOTAL Liabilities	28.2	8.1	248%	
Net Assets	35.3	35.1	0%	
TOTAL Equity	35.3	35.1	0%	



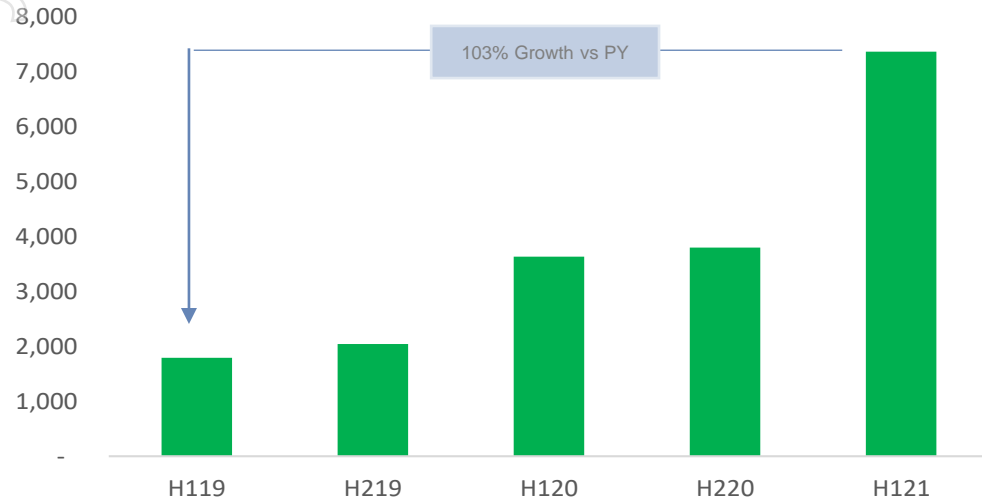
FINANCIAL SUMMARY - CASHFLOW



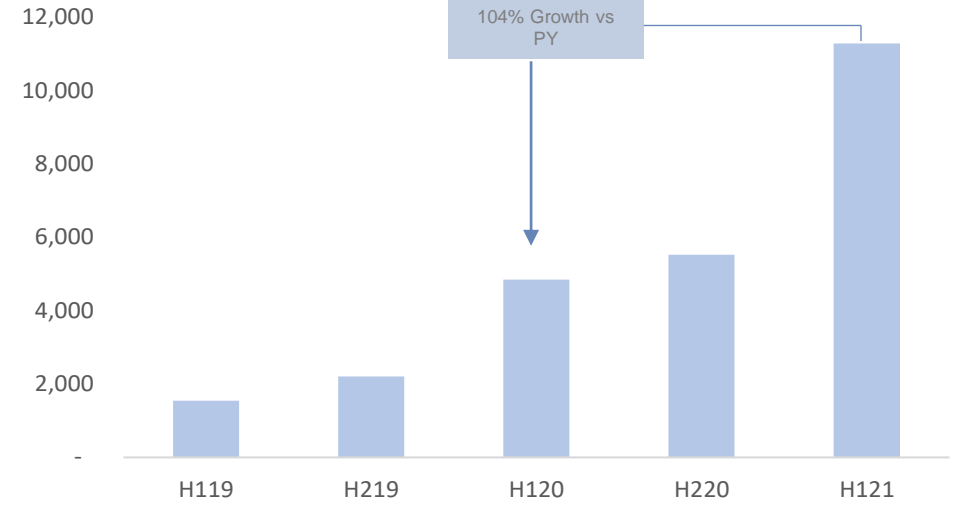


GROWTH STRATEGY GAINING MOMENTUM

WHOLESALE SALES ¹



DISTRIBUTION GROWTH ²



¹ Wholesale growth on a 100% basis sourced from MCL and partner sales order systems
² Unique points of distribution (one distribution point is one store sale for one product)





WHAT WE DO AND WHY

MIGHTY CRAFT SOLVES CRAFT INDUSTRY ISSUES







CRAFT OVERVIEW₁

**1000+ Independent
Breweries**

**700+ Independent
Distilleries**

- Fragmented
- Sub-optimal scale
- Inefficient
- Loss making

WE SOLVE THE FOLLOWING PROBLEMS

- Limited market access:  > 11,000 Distribution points, entrenched retail relationships
- Capital constraints:  > \$16M cash on hand
- High cost base:  Efficiency through scale, Bevchain partnership
- Limited category awareness:  Category leader, retail Joint Business Plans
- Supply chain vulnerabilities:  Investment and stock solutions
- Skills & knowledge gaps:  > 150 years of commercial experience

Source: (1) Frost & Sullivan, 'Market Report on Craft Beer and Craft Spirits Markets in Australia', (dated 24 October 2019), commissioned by Mighty Craft



THE MARKET OPPORTUNITY TAKING SHARE IN A GROWING MARKET

There is close to 2,000 Independent craft operators in the Australian market. It is fragmented with most operator's subscale.

BEER MARKET

- Craft beer sales were \$842m in 2020 and the category is expected to increase at a CAGR of 7% over the next five years to \$1.2B by 2025¹
- This equates to market share of 15.4% versus 25.2% in the US today.

SPIRITS MARKET

- Craft spirits sales were \$86m in 2020 and are expected to increase at a CAGR of 12.4% over the next five years to \$157m.
- This equates to market share of 4.7% versus over 5.8% in the US today.

Our job is to find and back the winners in this secular trend.

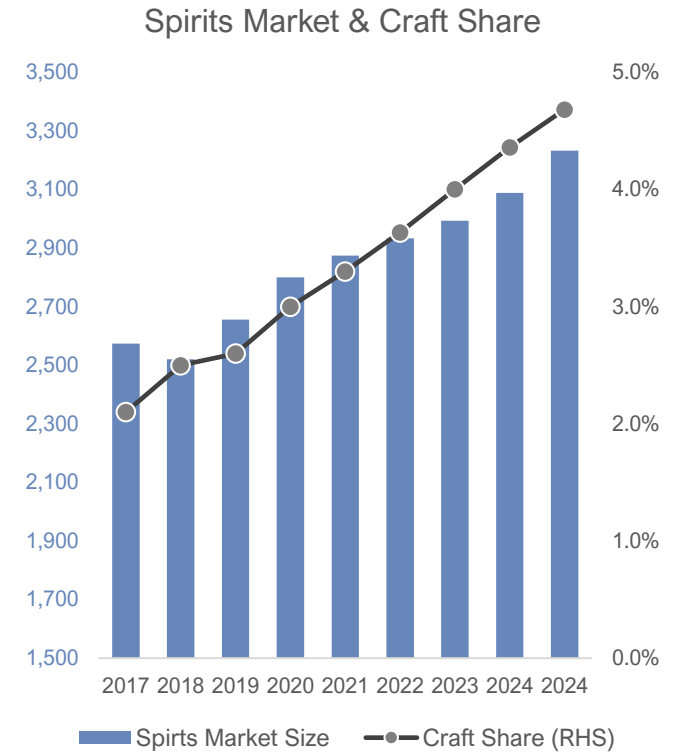
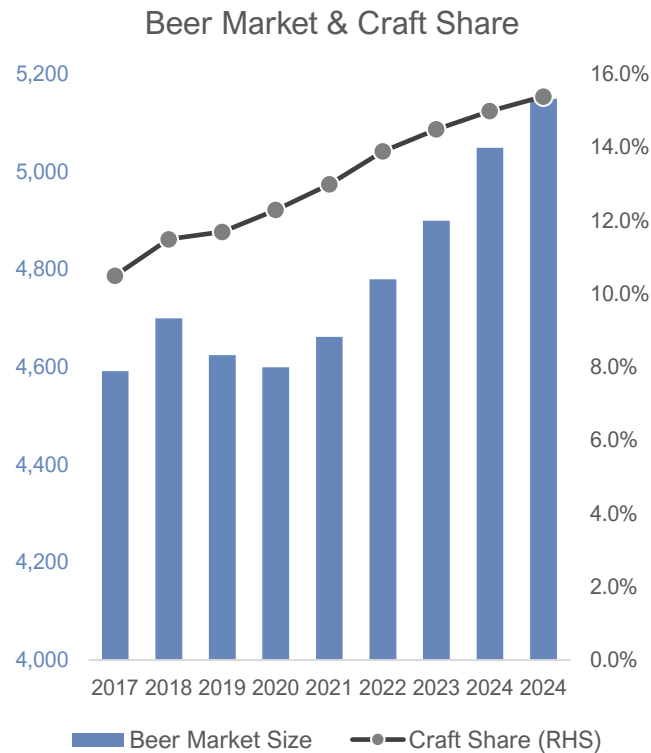


Chart - Sources: Frost & Sullivan; Roy Morgan; IBIS World; IWSR Alcohol Industry Report; American Craft Spirit Association; USA Craft Brewers Association Industry (note numbers exclude excise)
¹ IBISWorld Report – Craft Beer Production in Australia – September 2020 (numbers include excise)

Personal use only



THE COMPANY AMBITION

Breakeven Target – H2 2022

4M

Litres of beer

~7-8

Beer brands

150,000

Bottles of spirits

~5

Spirits / RTD brands

500+

Barrels of aged
whisky stock

~10

venues

2025 Ambition

12M

Litres of beer

10-12

Beer brands

500,000

Bottles of spirits

5-6

Spirits brands

2,000+

Barrels of aged
whisky stock

20+

venues

We aim to become Australia's strongest Independent Craft drinks collective.

Unleashing the growth of great local beer, spirits and ready to drink brands.

By providing leadership, growth capital and operational expertise.

Together we grow and thrive.



THE COMPANY'S BUSINESS MODEL

MULTIPLE PROFIT STREAMS AND ASSET VALUE APPRECIATION



PROPRIETARY ASSETS

Complimentary Brand Portfolio	Functional Expertise	Distribution Contracts	Licensed Venues	Data & Insights	National Logistics Network
Accessible Funding	Customer Relationships	Export Agency	Consumer Database	Supplier Agreements	Digital Technologies

Personal use only



THE COMPANY'S ECONOMIC MODEL

MULTIPLE PROFIT STREAMS AND ASSET VALUE APPRECIATION



Consolidated profit on sale of products

Scale fast and optimise – volume growth is key



Consolidated profit through licensed venue operations

Drive foot traffic and conversion - onsite & offsite consumption



Net revenue on delivery of industry solutions

Aggregate and leverage scale – wholesale, digital, venue



Appreciating market value of intangible assets

Balance risk/reward – prudential investment; industry multiples



PORTFOLIO

EXPANDING PORTFOLIO OF CONTEMPORARY CRAFT BEER

Lager / Pilsner		IPA / IIPA	
Pale Ale		NEIPA	
Sours		Darker Styles	
Amber / Red Ale		Session Ales (mid-strength)	
Summer Ale			
XPA			

ersona
use
only



SPIRITS PORTFOLIO

GROWING COLLECTION OF AWARD WINNING AUSTRALIAN BRANDS

Kangaroo Island Spirits



Brogan's Way



Green Ant Gin



Ready to Serve



Personal use only



PROOF OF CONCEPT

JETTY ROAD BUSINESS - PATH TO PROFIT



Background:

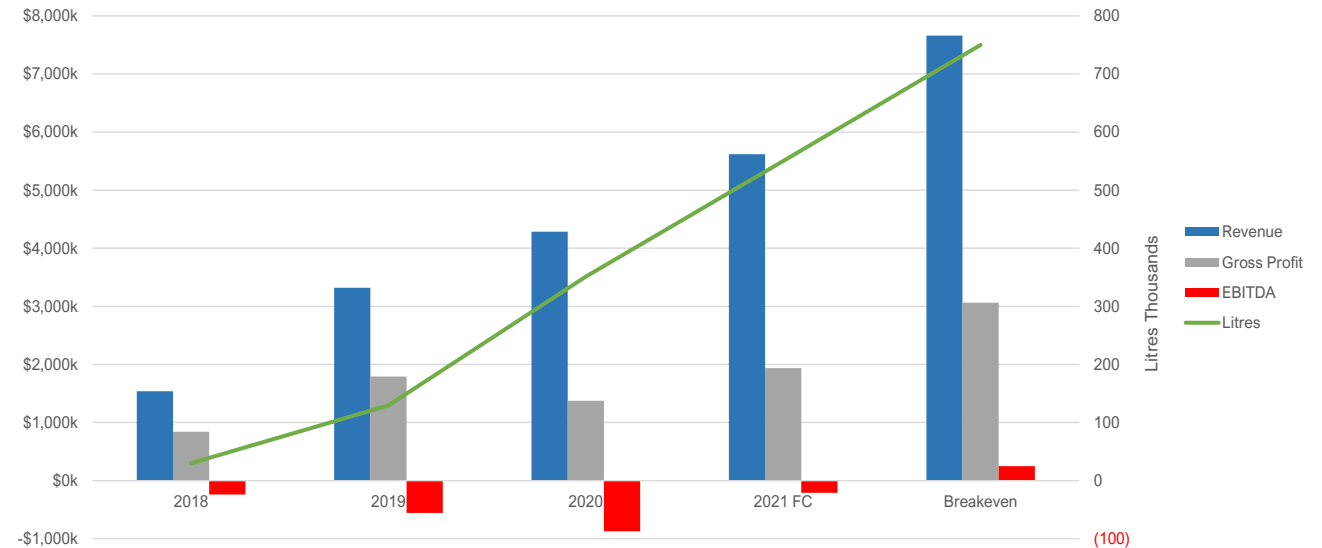
- First investment for Mighty Craft in December 2017
- Current equity stake 67% with all notes converted ~73%
- Brewpub in up-and-coming area in Dromana and venue in Lorne opened in November 2020
- Multi award winning beers brewed by Blake Bowden in Dromana

Mighty Craft Impact:

- Total Investment to date ~ \$4M
- Capacity at Dromana ~ 750k Litres funded by Mighty Craft Investment (all production in house) saving 25% in COGS
- Lorne venue opened in November through Mighty Craft funding and venue capability
- Growth CAGR +54% from 2018 to 2021
- Breakeven targeted for FY22 (~ 750,000 Litres)

Next:

- Breakeven FY22
- Pop up venue expansion (Brand awareness) to drive pull through (repeat Lorne – capital light marketing)
- Upweighted brand Investment from H221
- Further production upgrade back end of FY22 (unlock scale production)



P&L Trajectory

	2018A	2019A	2020A	HY 21A	FY21 FC
Volume (K Litres)	30k	129k	351k	235k	550k
Revenue	1,538	3,320	4,285	2,808	5,617
Gross Profit	839	1,792	1,376	968	1,936
EBITDA	(239)	(557)	(871)	(139)	(140)



PROOF OF CONCEPT

KANGAROO ISLAND SPIRITS – POISED FOR GROWTH



Background:

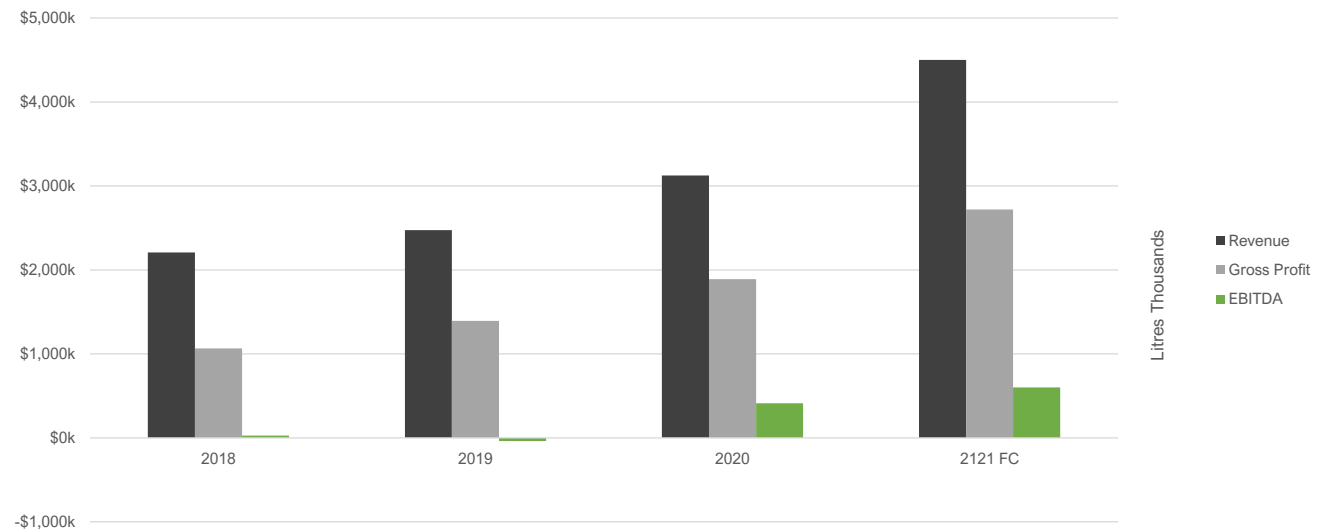
- Business purchased (100%) in March 2020
- Australia's first dedicated craft Gin Distillery established by John and Sarah Lark in 2002
- Finalist - International Gin Distillery of the year at the recent IWSC awards in London behind Four Pillars

Mighty Craft Impact:

- On track for +57% growth FY21 and ~ 600K EBITDA
- Eastern Seaboard distribution still untouched (pending capacity upgrade)
- \$3.5M to upgrade Island Distillery and Cellar Door (capacity to ~200,000 Bottles+)
- Whisky release planned for Q4 2021 (putting down 400 barrels a year)
- Brand relaunch due in market in April 2021

Next:

- Complete distillery development on the Island (Q222)
- Expand distribution along the eastern seaboard
- Brand relaunch Q3 FY21
- Export



P&L Trajectory	2018A	2019A	2020A	HY 21A	FY21 FC
Revenue	2,208	2,474	3,126	2,355	4,900
Gross Profit	1,065	1,393	1,889	1,624	3,200
EBITDA	26	(37)	411	292	600

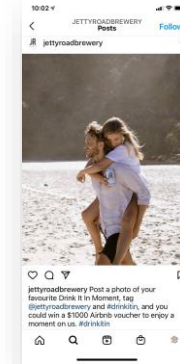


BRAND MARKETING NEXT PHASE OF GROWTH STRATEGY

1

Investment in brand communication to drive awareness and velocity and a shift to digital

Jetty Road integrated campaign on the Mornington Peninsula grew market share from 4.4% to 8.9% with targeted reach of outdoor at 6 million and digital focus



QMS Eastlink Billboard

2

Category Innovation and Brand renovation to accelerate growth

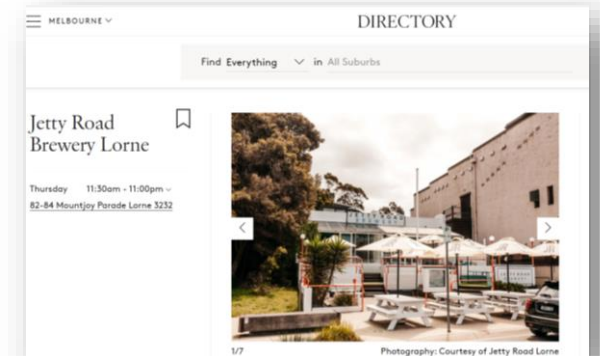
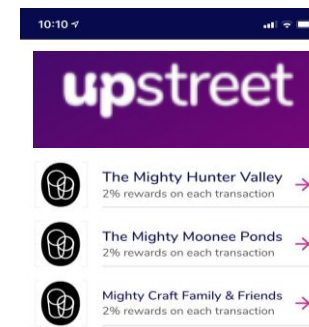
Nosh Boozy Seltzer, Spruce Nitro Coffee, Sparkke Full Circle range, Hawaiian Haze, Jetty Road Sour and Hazy Pale Ale, Brogan's Way small batch Vodka



3

Grow brand advocacy through experiential venues and focus on loyalty partnerships to drive first party data growth strategies –

Upstreet Partnership fractional shares partnership at Mighty Venues across the network



*Source: 12 weeks to 12/1/21 in Coles network Mornington Peninsula stores vs comp set in Indie craft segment - Coles Synergy data)



SALES ACTIVATION

A POINT OF DIFFERENCE FOR INDEPENDENT CRAFT

1 National Coverage

- Access to 30 strong sales team
- Presence in all states
- Channel specialists
- National cold store logistics

2 Customer led solutions

- One invoice, one delivery
- Functional expertise
- Portfolio and range breadth
- Simplify retailer's business and reduce cost

3

Trade activation

- Tailored customer solutions, JBPs
- Speed to market
- Balance sheet to Invest for growth
- Deep retail experience





CRAFT HUB

REVOLUTIONISING THE SUPPLY CHAIN FOR INDEPENDENT CRAFT

What:

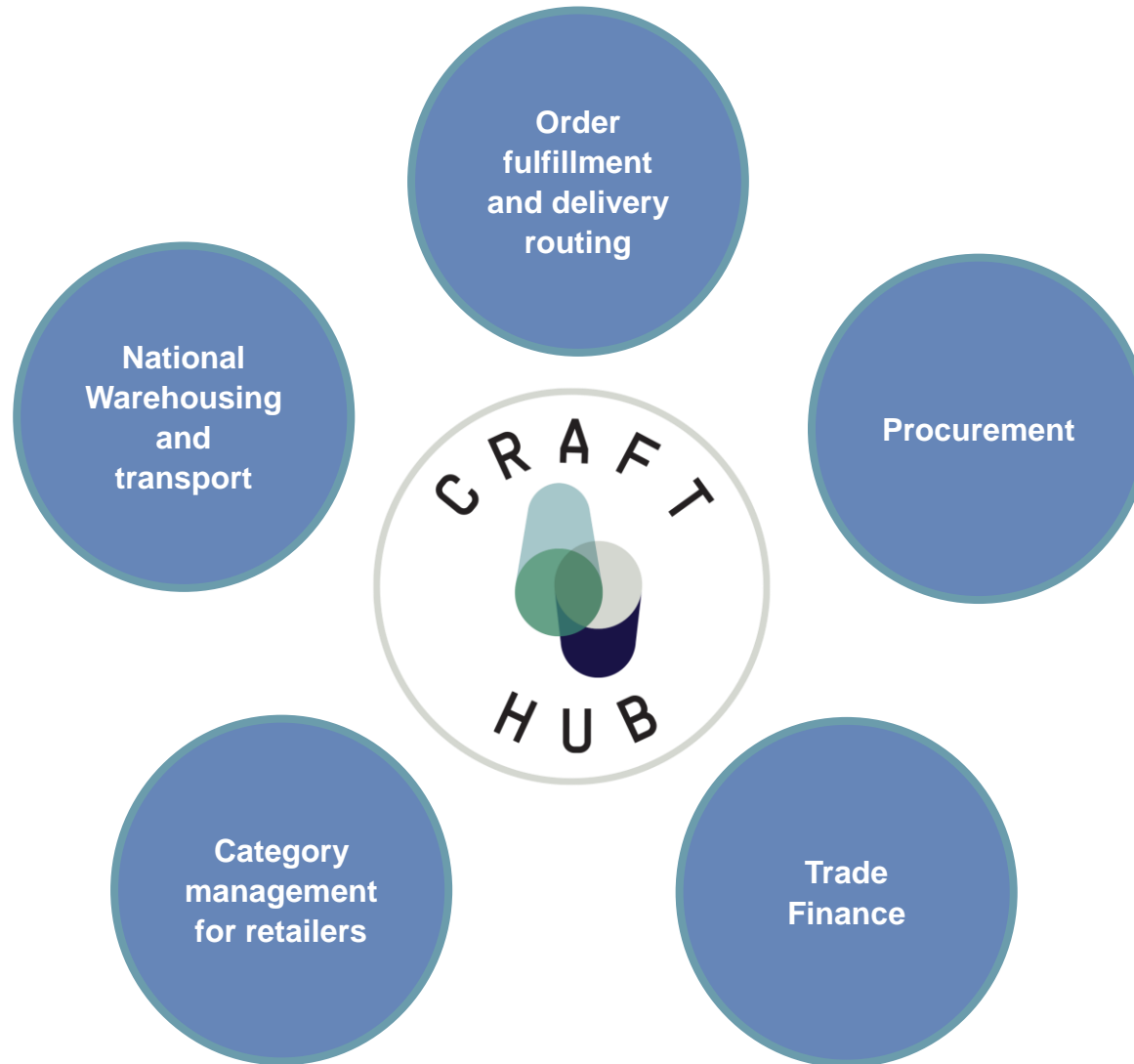
Revolutionising the “Independent” Craft Supply Chain

- Digitised supply chain solution
- Solving core supply chain issues for Independent Craft
- Owned by Mighty Craft leveraging Retailer networks and Bevchain

How:

Through cooperation & digital disruption

- Leveraging economies of scope and scale in Independent sector
- Focus on strategic procurement, National logistics, trade finance
- Fit for purpose digital technologies for frictionless experience



Why:

So our Craft community thrives

- A critical path to profit & sustained performance for own brands
- Optimises costs & working capital & assures customer service
- A diverse growth strategy for MCL – Independent Craft leader

Who:

In partnership with Industry

- Separately capitalised entity distinct from MCO
- Potential for strategic Investors
- Validated by Major retailers who are seeking sectoral simplification



OUTLOOK

GROWTH ACCELERATION TO CONTINUE

- **Growth acceleration to continue with strong commercial plans in H2**
 - Spirits distribution gains from March (Seven Seasons, Kangaroo Island Spirits and Brogans Way)
 - Torquay Beverage Company to accelerate (further distribution gains for NOSH and Spruce)
 - Relaunch of Kangaroo Island Spirits and official launch of Seven Seasons
 - \$3.5M development of the spiritual home for Kangaroo Island Spirits on the Island
 - Launch of a new “Tasmanian” Whisky brand along with Kangaroo Island’s first Whisky release
 - Brand led Investment in Jetty Road to fuel the next phase of growth
- **Venues** - difficult to predict given COVID-19, but strong plans to accelerate growth and drive cash flow
- **Launch of CraftHub** – transforming the supply chain for Independent Craft
- **Path to Profit** – Improving profit delivery due to Spirits mix, in house beer production and digital efficiencies

ersonal use only



mighty
craft





DISCLAIMER

The presentation dated 23rd February 2021 provides additional comment on the interim Report for the 6 months ended 31 December 2021 of Mighty Craft Limited (the “Company” or “MCL”) and accompanying information released to the market on the same date. As such it should be read in conjunction with the explanations and view in those documents.

This presentation is provided for general information purposes only. The information contained in this presentation is not intended to be relied upon as advice to investors and does not consider the investment objectives, financial situation or needs of any particular investor. Investors should assess their own individual and consider talking to a financial advisor or consultant before making any investment decision.

The presentation is not a prospectus, investment statement or disclosure document, or an offer of shares for subscription, or sale, in any jurisdiction.

While all reasonable care in relation to the preparation of this presentation, none of the Company, its subsidiaries, or their respective directors, officers, employees, contractors or agents accepts responsibility for any loss or damage resulting from the use or reliance on this presentation by any person.

Past performance is not indicative of future performance and no guarantee of future returns is implied or given.

Some of the information in this presentation is based on unaudited financial data which may be subject to change.

All intellectual property, proprietary and other rights and interests in this presentation are owned by the Company.