mighty craft

2021
Annual Report

Who we are

We're a powerful collection of brands, people and places – with one mighty love of Craft.

Craft to us is more about an ethos than a category.

It's a celebration of authenticity, creativity, enterprise and local connection.

Supporting the little guys, we're combining our strengths to create a thriving Independent Craft community.

A mighty Independent network of great brands, people and places.

Strong together. For the love of Craft.

Content

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Company Overview

GROWTH	$29.3m	Revenue from Ordinary Activities
	$31.3m	Total Income
	+109%	Wholesale (Organic) Growth[1]
	+305%	Spirits/RTDs
	+68%	Beer
INVESTMENT	$4.3m	Cash on hand

SCALE	96,181	Spirits Bottles on a 100% Basis
	1.7M	Beer Litres on a 100% Basis
INVESTMENT	$25.8m	Net Assets

1 Wholesale growth on a 100% basis represents organic growth.

The Company Ambition 2025

By 2025 the Australian beer industry is expected to generate revenues of $5.2 Billion[1] per annum and spirits $3.2 Billion[2].

Mighty Craft

12M	Litres of Beer	10-12	Beer / Cider Businesses
500,000	Bottles of Spirits	5-6	Spirits / RTD Businesses
5000+[3]	Barrels of aging whisky stock	20+	Venues

1 IBIS World Beer Manufacturing in Australia, May 2020 and Craft Beer Production in Australia November 2019.
2 IBIS World Spirit Manufacturing in Australia, April 2020.
3 To be updated further on receipt of recommendation from whisky acceleration committee in H1 FY22.

Chairman's Letter

Dear Shareholder,

Welcome to Mighty Craft's Annual Report for 2021. The 2021 financial year was another year filled with significant achievements for our young, yet rapidly growing company. Significant progress was made during the year and importantly we ended the year with the announcement of the acquisition of Adelaide Hills Group, which is set to transform Mighty Craft and significantly accelerate our ambition to become a scaled and profitable craft beverage company.

Despite the continued challenges of COVID, in particular the emergence of the Delta strain, I am proud that we delivered consistent triple figure revenue growth in each subsequent quarter of this financial year and remained focused on delivering strategic initiatives across the business, whilst also executing on a successful capital raising program. We received overwhelming support from existing and new institutional shareholders to underpin our continuing growth trajectory.

Key achievements

The 2021 financial year has been one of substantial progress and I would like to take a moment to acknowledge several key achievements throughout the year (including the abovementioned), as spearheaded by our MD/CEO Mark Haysman and his executive team:

- Delivered strong headline sales growth with revenue increasing by +218% driven by a shift in sales to the higher margin, higher growth spirits/RTD category, growth in distribution points across the portfolio and a 184% increase in retail revenues, as new venues were opened during the year as part of a strategy to drive brand engagement and loyalty by providing consumers with tangible experiences and connections to our craft brands;
- Announced the transformational acquisition of Adelaide Hills Group which will bring scale to the Mighty Craft business by significantly expanding our geographic and product footprint, improving production quality and efficiency of our beer portfolio through the low-cost Mismatch brewing facility and increasing production capacity across beer and spirits. We are very pleased to welcome aboard the talented and highly specialised Adelaide Hills Group production and management team who will help drive the integration process in early FY22;
- Raised over $38m[1] in capital through equity raisings and negotiated a $13.5m debt facility, largely to fund the Adelaide Hills Group acquisition as well as fund growth initiatives and working capital;
- Appointed the whisky acceleration team comprising whisky industry expert, Chris Malcolm and world class distillers, George Campbell and Sacha La Forgia, with priorities being laying down and building whisky inventory to support the creation of a uniquely differentiated premium whisky portfolio to meet consumers growing local and international demand for high end whisky products and more imminently, preparing for the launch of Hidden Lake, our Tasmanian high-end whisky label;
- Launched Seven Seasons nationally, a range of spirits products featuring native Australian ingredients harvested by the Larrakia people in the Northern Territory, to help drive revenue growth in spirits, with sales already off to a strong start in Q4; and,
- Invested in strategic asset upgrades and digital strategy, such as the Kangaroo Island Distillery redevelopment and the development of Craft Hub, a digital supply chain solution bespoke to craft producers.

1. Includes $7.94m raised through a retail entitlement offer which was completed on the 14th of July 2021.

Financial results

Group revenue followed a strong growth trajectory throughout the year, recording an overall result of $29.3m, a +218% increase on the prior financial year. This reflects a robust result, despite our retail and on-premise businesses, which represented approximately 46% of our revenue for the period, being heavily impacted by COVID lockdowns.

COVID has presented many challenges across the year, and this has continued into H1 FY22 with further lockdowns across Victoria and New South Wales. We see this impact as short term and continue to be very confident of the tailwinds in craft beverages through the recent acquisition of the Adelaide Hills Group and Mighty Crafts unique business model.

The wholesale business was the key driver of growth with the spirits and RTD category experiencing excellent levels of growth, with beer sales also performing well, and both categories outperforming the market as well as significant growth in retail revenue. The retail growth was driven by a number of new venues opening in Victoria and Queensland. As was the case last year, I would like to acknowledge that the group reported a group loss after tax of $15.5m which is a result of the group investing in a new sophisticated online order, delivery and invoicing platform that does not yet have the scale to recover its greater than expected set-up costs. The distribution business and supply chain capability faced challenges and the fact that the venues were not able to trade at full capacity, due to COVID-19, exacerbated this loss. We are however, continuing to invest in a growth platform and brands that will deliver significant value over the coming years and the team is focussed on executing the growth strategy. We are confident this will return significant value to shareholders over the coming years.

Our CEO/MD, Mark Haysman, discusses the financial and operating performance in more detail in his report.

Capital raisings

To support growth plans, the executive team undertook several successful capital raisings throughout the year. Earlier in the year $9.2m was raised through an institutional placement and an oversubscribed share purchase plan. The team also increased the existing debt facility with PURE Asset Management to fund growth, working capital and the Adelaide Hills Group acquisition. PURE have a strong track record of backing small cap companies in their journey to profitability and we view them as investors first and foremost.

To further facilitate the funding of the transformative Adelaide Hills Group acquisition, an institutional capital raise of $21.1m was also undertaken during the period and completed after the close of the financial year. This received strong support from existing and new institutional shareholders, and another $7.9m was successfully raised through a retail entitlement offer, which also completed subsequent to the FY21 year end.

Strategy

We are now two years into our life as an ASX-listed company and our resolve to become Australia's leading premium craft beverage player remains steadfast. We are setting the bar higher, with the aim to be one of Australia's largest craft spirit producers and a leading player in the rapidly growing, premium whisky market. While the transformative acquisition of the Adelaide Hills Group takes us significantly closer to realising this vision, we will continue to invest in our high growth brands, growing our geographic and product footprint and be disciplined and targeted with regards to any further acquisitions that will accelerate our growth plans.

We continue to monitor macro industry trends and capitalise on those trends. Key trends we are seeing are consumers increasing preference for spirits, especially gin, whisky and vodka, and "ready to drink" ("RTDs"), the emerging popularity of NOLO (no or low alcohol) drinks and increasing "at home" consumption as consumers look for higher quality, authentic local brands. We continue to respond to these trends by increasing supply and tailoring our range of products to cater to changing consumer preferences, as demonstrated by several product launches during the year, namely, Seven Seasons gin and vodka, NoSh Boozy Seltzer range, Kangaroo Island Spirits and the list goes on.

A particular focus going forward is our whisky acceleration program, led by whisky industry experts and distillers as we continue building whisky inventory stock and curating a uniquely differentiated, premium whisky portfolio, to meet rapidly increasing demand for premium Australian whisky product, both domestically and internationally.

People and performance

We consider the Mighty Craft team as our greatest asset. We are committed to a robust safety culture and provide a safe and healthy workplace across all brands and venues. Investing in talent development is a priority across the business and leadership training is provided to Mighty Craft venues and the corporate team.

In terms of safety, the company has implemented Donesafe to ensure we can more effectively report safety issues and train our people. In this challenging time of COVID our number one priority continues to be ensuring the safety of our customers and employees and to this date we have achieved this and will continue to place the safety of people above all else. The Board takes its responsibility to provide a safe environment for customers and employees very seriously and has a zero-tolerance mindset.

We have implemented BambooHR to provide a better employee experience via performance reviews and onboarding and improved people metrics to inform our hiring and performance strategy. The roll out of the Digital commerce mobile sales Business to Business (B2B) platform goes live in August. In October we are also expanding our Direct to Consumer (D2C) offering to provide a seamless experience for our Spirits consumers.

Board and governance

Remuneration

Remuneration of executives, including Mark Haysman, Stuart Morton and Daniel Wales, is determined by the non-executive members of the board, having consideration of relevant market practices and the circumstances of the Company on an annual basis. It is the view of the non-executive directors on the board that is in the interests of shareholders for the executive directors to receive part of their remuneration package in the form of variable remunerations that is based on equity.

In line with this view, the board sought to grant FY20 and FY21 performance rights to the Executive Directors in a revised LTI structure. The board engaged Godfrey Remuneration Group ("GRG"), an independent expert consulting firm, specialising in board and executive remuneration for both listed and unlisted companies, to provide advice on the LTI revised structure. The board took the view, after a thorough review of GRG's advice and the Company's circumstances, that the LTI revised structure was reasonable for Mark Haysman, given his total remuneration and position as the Managing Director and CEO and Daniel Wales and Stuart Morton, given their proportionate roles and responsibilities and their respective remuneration packages. The revised LTI structures were also approved by shareholders at the General Meeting on the 12th of July 2021.

Board renewal

Board renewal remains a priority and we continue to consider candidates whose skills and capabilities are aligned with the Company's strategy and who can deliver greater value for shareholders. The board values diversity and is committed to ensuring the right level of diversity of thought, experience and gender on the board.

The board of Mighty Craft was very pleased to announce the appointment of Sean Ebert to the board following the acquisition of the Adelaide Hills Group. Sean brings 25 years of experience across high growth companies, in both public and private sectors, including FMCG, engineering and emerging technologies.

The Mighty Craft board and management team support high standards of corporate governance, recognising that good governance not only protects and enhances shareholder value but it is critical to our ongoing success.

As an ASX-listed company we respect and support the integrity of the market where investors trade in Mighty Craft shares and from which we access capital.

Going forward

We are facing immediate, albeit transitory, COVID related challenges to our business. The emergence of the Delta COVID variant has provided us with some immediate challenges with lockdowns across most states in the country. Our retail (venues) business along with our on-premise business represent a significant revenue and profit stream for the Group so continued lockdowns will negatively impact the Group's performance. However, given the uncertainty with regards to the timing and duration of lockdowns, it is extremely difficult to accurately forecast the impact of COVID lockdowns.

On a positive note, we are looking forward to progressing the integration of the Adelaide Hills Group into the Mighty Craft business, bringing us even closer to being a scaled craft alcohol producer, one of Australia's largest craft spirit producers and a leading player in the whisky market. In line with our strategy to shift sales to higher margin, higher growth spirits, we will be increasing our production capacity through the onboarding of the Adelaide Hills Distillery and the redeveloped Kangaroo Island Distillery. We will continue to target opportunities to capitalise on emerging macro industry trends and further consolidate the fragmented and inefficient craft sector, however we will remain disciplined in our approach.

We are confident that the combination of our brands, our business model, and our people, will allow us to navigate the challenges ahead, realise opportunities and continue to grow the business successfully.

Thank you

In closing, I pay tribute to our dedicated team members, led by Managing Director Mark Haysman. It was a challenging year and the progress we achieved is testament to their hard work, commitment and energy. The last year has thrown up enormous and unique challenges to all of them and they have responded in a truly outstanding way, with great dedication and effort.

And finally, to our shareholders – we thank you for your loyalty and patience as we continue our path to transform Mighty Craft into a scaled and profitable craft alcohol producer, wholesaler and retailer and a leading player in the Australian premium craft beverage market.

Robin Levison
Non-Executive Chairman

CEO and Managing Director's Report

Since our successful listing on the ASX in the 2020 financial year, Mighty Craft has been executing on its strategy to establish itself as a scaled craft alcohol producer, wholesaler and retailer and lay the foundations to become one of Australia's largest craft spirit producers and a leading player in the rapidly growing Australian craft whisky market, all the while adjusting our operations in response to the ever-changing challenges arising from COVID.

I am pleased to present our 2021 full year annual report, our first under our new name, Mighty Craft, a name that better reflects our vision, purpose and strategic direction, and provide an update on our substantial progress throughout the 2021 financial year.

Firstly, I would like to acknowledge and say how proud I am of the Mighty Craft team and their efforts to navigate what has been another year fraught with COVID related challenges. I want to thank our employees, brand partners, distribution partners, retailers and suppliers for being agile and responsive during this difficult period, whilst always providing quality service and products in a COVID safe manner.

This agile approach to the COVID operating environment has meant Mighty Craft has been able to not only maintain, but significantly grow distribution of our national craft beverage portfolio and meet the increasing demands of customers as "at home" consumption grew, whilst also managing the stop and start cycle of our retail business through various lockdowns, as smoothly as possible.

The 2021 financial year has seen Mighty Craft, as a craft beverage brand accelerator, focus on creating a nationally diversified craft beverage portfolio with targeted growth in the beer, spirits and ready to drink ("RTD") categories achieved. The significant sales growth throughout the year has been driven by strategic investment in our brands, including several new brand launches, securing retail distribution and marketing partnerships to drive sales growth nationally, and investing in cost efficient production capacity to ensure we have the inventory to meet demand.

An exciting trend that has emerged over the period is a surge in demand by consumers for spirits and RTDs, in particular premium whisky. Mighty Craft has identified and responded to this change in consumer preferences by accelerating and increasing supply, and expanding our range, of spirit and RTD offerings. Notable new brands and product launches were the Seven Seasons range and NoSh Boozy Seltzer with further products to be launched in the second half of the 2022 calendar year such as NoSh Cola, Hidden Lake whisky and the relaunch of Kangaroo Island Spirits, with Adelaide Hills Distillery products also broadening the Mighty Craft spirits range.

In terms of supply, we have invested in significantly increasing our whisky/gin production capacity through the Kangaroo Island Distillery re-development and the acquisition of the Adelaide Hills Distillery facility, with production to be led by two world class distillers.

Our craft beer portfolio also continues to enjoy double digit growth with Mighty Craft continuing to gain market share through its focus brands Jetty Road, Slipstream, Foghorn and Ballistic. All the above has been underpinned by a disciplined capital management program which saw the business execute successful capital raises, as well as a renegotiation of debt facilities, throughout the year.

Group Results

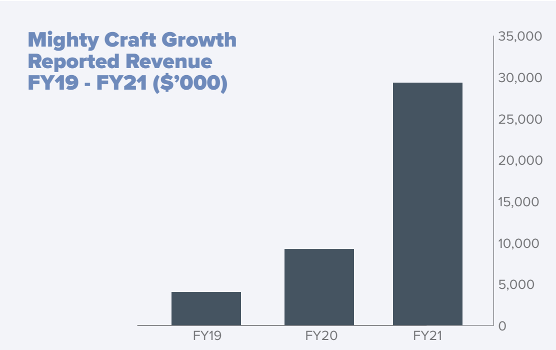
Group revenue increased by +218% to $29.3m, with growth in spirits/RTD sales volume driving a large portion of this revenue growth, with beer sales also performing strongly and retail delivering +184% revenue growth. A strong result given a significant revenue and profit generator, retail (venues), was not able to trade at full capacity at multiple points during the financial year due to COVID lockdowns. Group EBITDA was a loss of $(12.2)m, with a corresponding group loss after tax attributable to MCL of $(15.0)m. The main drivers of the EBIT loss were a combination of venues not returning the cashflow and EBIT that was expected due to COVID lockdowns, the cost of the Mighty Craft infrastructure (sales, marketing and management team) and the greater than planned set-up costs of the national logistics network that will support Craft Hub. As a high growth business, we are investing ahead of the curve in our brands, people, processes, supply chain and technology so we can create a platform from which to drive growth and profit, at scale, and to efficiently consolidate a fragmented craft beverage industry. The loss is significant however I would like to assure investors our investment decisions are carefully planned and executed and support our ambition to become a scaled and profitable beverage business.

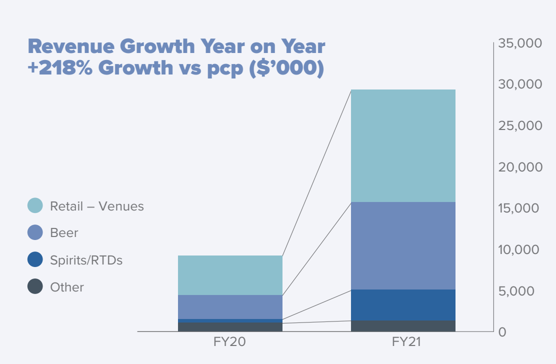
Group operating cash flow was an outflow of $(14.3)m (FY20: $(6.8)m), with customer receipts increasing by +216% to $30.8m. The cash flow reflects considerable sales volume growth but also a significant investment in inventory to underpin future revenue streams, organisational and commercial capability and our new operating model with Mighty Craft operating as the distributor.

Investment in the Kangaroo Island Distillery redevelopment, a new venue attached to the Slipstream brewery and participation in capital raises for the Ballistic and Sparkke brands largely accounts for the net cash used in investing activities of $(8.9)m (FY20: $(14.1)m). The Group continues to be in a sound financial position with net cash of $4.3m at the end of the financial year.

Financial and Operational Performance[2]

The below charts demonstrate total revenue growth from FY20 to FY21 and growth across retail, beer and spirits/ RTDs. This demonstrates the ongoing shift to spirits/RTDs given the attractive profit profile in particular across the later parts of the year (spirits / RTDs made up 48% of the wholesale revenue delivery in Q4 FY21).

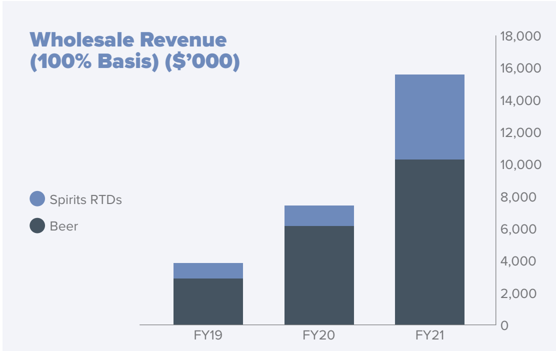


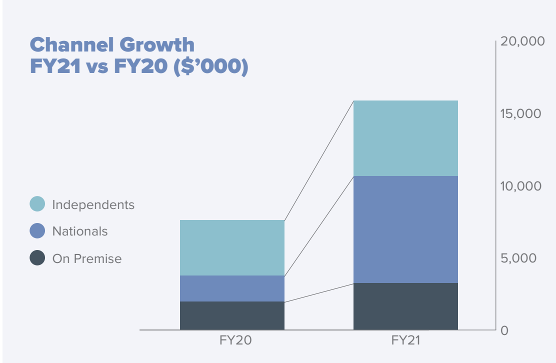


Wholesale

Our wholesale business performed very well with our total portfolio delivering +109%[3] growth in sales, reflecting the Group's organic growth. This level of growth demonstrates the benefit of Mighty Craft's balanced and diversified sales channels across on-premises, off-premise, national retailers and venues. We also note that 'at home' consumption has continued to increase, driven by the current COVID environment, and we have capitalised on this trend given craft beer sales are traditionally stronger through off-premises channels, with the big multinationals dominating the on-premise channel. These consumption trends have seen a shift towards national off-premise retailers, as demonstrated in the chart below, with this channel making up 47% of the wholesale business.

Further supporting sales was our 153% distribution growth for the period, growing the number of distribution points by 8,510 to 14,065[4], which is a key leading indicator for future growth, but also a testament to our sales and marketing team that have expanded the ranging of Mighty Craft's products nationally, through strengthening relations with national retailers. Mighty Craft has joint business plans with a number of national retailers/key groups in which retailers are incentivised on total portfolio growth with these incentives being highly effective at driving sales of Mighty Craft products. Our wholesale business has two key categories: beer and spirits/RTDs and both categories continued to grow well ahead of market with spirits/RTD enjoying 305% growth compared to +53.9%[5] industry growth and beer achieving 68% growth compared +17.6% industry growth for FY21. The category growth rates clearly illustrate the strong macro theme in the off-premise channel.





Spirits and 'Ready to Drink'

We are pleased to see the results of our strategy to shift our sales mix towards the spirits/RTD category, which are typically higher margin, higher growth products, as demonstrated by FY21 growth in spirits/RTD sales of 305% and this category now accounting for 34% of FY21 wholesale sales, versus just 17% in FY20.

The average gross margins on the spirit/RTDs category were 44% during FY21, versus 36% for beer. The stand-out performers have been Torquay Beverage Co, with their increasingly popular NoSh Boozy Seltzer range, Kangaroo Island Spirits range and Seven Seasons, with the increased range enjoying impressive sales having only launched in the last quarter of FY21.

Beer

The beer category proved to be a reliable and strong performer during the period, delivering a solid 68% in sales growth, with Jetty Road, Ballistic and Slipstream being the key brands driving sales.

2. Revenue numbers represent group audited results as released to the ASX for FY19, FY20 and FY21.
3. All wholesale revenue numbers represent organic revenue reflected on a 100% basis.
4. Distribution represents unique distribution points by product (for example 3 products in one retail outlet represents 3 distribution points).
5. Industry category growth rates are sourced from key national retailer scan data.

Retail – Venues and Hospitality

Mighty Craft had 16 venues in the network in FY21, seven through its majority owned businesses, and nine through its minority investments, with retail being an important revenue stream for Mighty Craft, accounting for 46% revenue over the period. Several venues have been either closed or have been operating at reduced capacity throughout the financial year and this, has in turn, impacted performance.

Mighty Craft considers venues and hospitality to be an integral driver of brand awareness and loyalty and an important investment in our brands. Venues give customers the opportunity to enjoy the Mighty Craft experience and gives us the opportunity to showcase our craft beverage brands in a relaxed setting. Despite the impact of COVID, retail still generated $13.6m in revenue (FY20: $4.8m), representing +184% growth year on year. This was approximately 46% of group revenue in FY21 illustrating the importance of the brand halo impact that venues provide. Through FY21 there were several new venues opened that contributed to the growth. Jetty Road Lorne opened in November 2020, Slipstream in Brisbane opened in January 2021 and the Mighty Moonee Ponds opened in November 2020. Long term we view Venues as an integral part of the business, with a view that the impact of COVID is transitory and a confidence that, when the time comes, our strategy to return the venues to full trading capacity will be efficient and timely.

Brand Accelerator Model at Work

The growth achieved in key Mighty Craft brands demonstrates the power of the Mighty Craft brand accelerator model. We are seeing similar success of this model at work in other brands such as Kangaroo Island Spirits, Torquay Beverage Co and Seven Seasons proving that local, premium craft brands can be scaled efficiently if backed by a team that can provide sales brand marketing expertise, finance solutions and a distribution and supply chain network which Mighty Craft is in a unique position to provide. The growth trajectory of the brands are forecast to continue and more importantly all these businesses are expected to be profitable, in the coming year.

Whisky Acceleration Program

Mighty Craft is poised to become a leading player in the Australian craft whisky market and to achieve this we appointed a highly credentialed whisky acceleration team, comprising Chris Malcolm and George Campbell (distiller), having a combined 60 years of whisky industry experience, with the team focusing on whisky production under our Kangaroo Island, Sparkke, Seven Seasons and Hidden Lake brands. Further strengthening this team is Sacha La Forgia, who will join as part of Adelaide Hills Distillery, having won International Distiller of the Year in 2020, meaning Mighty Craft will have two world-class distillers on board, in George and Sacha, to drive production and curate a uniquely differentiated, premium whisky portfolio.

Whisky stock accumulation is well underway, with 177,638 litres on hand at the end of FY21 (including the recently acquired whisky as part of the Adelaide Hills Distillery acquisition). The below table outlines the volume of our whisky stock under maturation, both for whisky maturing during the 2021 calendar year as well as a cumulation of whisky maturing through the 2021 to 2026 calendar years. There will be further news on our whisky acceleration program over the coming months.

	Mature Litres of whisky (44% ABV equivalent)		
Maturity	**Hidden Lake/KIS**	**AHD**	**TOTAL**
CY21	–	78,487	78,487
CY22	2,339	42,784	45,123
CY23	6,172	20,300	26,472
CY24-26	14,053	13,504	27,557
Total	**22,563**	**155,075**	**177,638**

Further accelerating this program will be the Kangaroo Island Distillery upgrade which is due to be completed and operational in the first half of the 2022 financial year, and the launch of Hidden Lake, a super-premium

Tasmanian whisky brand, at a similar time. The Group's whisky production, with Adelaide Hills Distillery integrated into Mighty Craft and Kangaroo Island Distillery operational, has the capacity to produce up to 425,000 bottles per year from 2022.

Adelaide Hills Group Acquisition

The acquisition of Adelaide Hills Group, as announced late FY21 and closing subsequent to the FY21 year end, will transform Mighty Craft into a scaled craft beverage producer, wholesaler and retailer, providing economies of scale across white spirits, dark spirits and beer. As outlined above, the acquisition is a key step towards becoming a leading player in the Australian whisky market, but also one of Australia's largest craft spirit producers.

The integration of Adelaide Hills into Mighty Craft will provide greater national geographic and product diversity across the broader spirits category, with Group production capacity of 1.5 million bottles per annum. In terms of beer manufacturing, the acquisition of Mismatch, the high-quality, low-cost production facility, enables us to reduce production costs and improve consistency of quality across our existing beer portfolio. This transaction is also important as a catalyst to unlock value in our existing platform by expanding utilisation of our infrastructure and allowing additional businesses to be integrated with minimal fixed cost growth, utilising and expanding significant distribution capabilities and providing critical mass across all product categories.

Looking ahead

Going forward our immediate priorities are to navigate the current COVID situation and ensure a smooth integration of the Adelaide Hills Group into the Mighty Craft business, with a focus on realising the acquisition synergies and moving the Group to profitability in the coming financial year. As recently announced, we have been building inventory stocks in anticipation of a strong start to FY22 and are looking forward to bringing to market a number of exciting new products in the first of half of FY22. We are particularly excited about the relaunch of Kangaroo Island Spirits, the launch of Better Beer and the launch of Hidden Lake, Mighty Craft's super premium whisky label.

Another priority is the completion of the Kangaroo Island Distillery redevelopment which is on track to finish in H1 FY22. This development will significantly boost our production capacity and combined with the Adelaide Hills Distillery capacity, puts us in a strong position to capture more share of this rapidly growing whisky market, both in the domestic and export market. We are also focused on proactively managing the challenge that COVID presents to our retail business and adjusting our operations and safety protocols to ensure the safety of our employees, and minimise the financial impact to the business.

Longer term, we will continue to capitalise on shifting consumer preferences to spirits, particularly gin, vodka and whisky, premium craft beer and cider and emerging categories such as seltzers and NOLO, no or low alcohol. Another focus will be the expansion of the whisky portfolio and banking whisky stocks with a vision to ultimately create a uniquely differentiated, premium whisky portfolio, with both domestic and export appeal.

On a macro level, we expect industry consolidation to continue, if not accelerate, and we plan to participate in this, as part of our previously communicated growth strategy, but we will be very targeted. We will continue to improve the Mighty Craft brand accelerator model and deliver on our strategy to grow organically, but also through targeted, earnings accretive and strategic acquisitions, such as the Adelaide Hills Group.

Thank you

I would like to thank all our shareholders and particularly welcome the new shareholders that supported the recent capital raise to fund the transformative Adelaide Hills Group acquisition. We are in a sound financial position, and the combined group offers an incredibly exciting future. As we transform to a profitable scaled alcohol producer, with strong long term macro trends, we are very well placed to deliver strong shareholder returns over the coming years.

I would also like to extend my sincere thanks to our employees, partners and the Board for their support and encouragement throughout the year. I am very proud of the Mighty Craft team and what we have achieved throughout another challenging, but successful, year. Our future is exciting as we move to profitability for the first time, and I am privileged to be leading the Mighty Craft team.

Mark Haysman
CEO & Managing Director

Board Members

Robin Levison

Chairman and Non-Executive Director

More than 15 years' experience in small to mid-cap corporate finance and restructure. Currently Executive Chairman of PPK Group. Previously Managing Director and CEO of Industrea Limited. Former Global Director of M&A at GE Mining. Board experience across ASX and NZX listed companies.

Mark Haysman

CEO and Managing Director

Over 25 years' experience in the beverages, retail and hospitality industries. Previously with Carlton & United Breweries (AB InBev) as the National Sales Director, SAB Miller, Lion, Port Adelaide FC and Deloitte. Director experience includes the Moseley Bar & Kitchen, the RD Jones Group, the University of SA Business School, Starlight Foundation, and Marine Stores Pty Ltd.

John Hood

Non-Executive Director

Significant experience in accounting and finance. Currently holds a number of directorships including Flinders University and Intersect. Previously director of Port Adelaide Football Club and Foodbank (SA). Held senior roles with PwC and was a Partner at Deloitte.

Daniel Wales

Founder and Director – Business Unit Operations

Over 20 years' experience in senior sales, marketing and strategy roles with the largest Global FMCG Food and Beverage Multinationals. Previously Head of Category Strategy in beverages industry.

Stuart Morton

Founder and Investment Director

Co-founder of AIM-listed Empresaria Group plc which developed a similar investment model. Experienced corporate finance professional with extensive experience within the property industry.

Management Team

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Jess Lyons

General Counsel

An experienced General Counsel and Executive Leader, with deep beverage industry knowledge. Over 20 years' experience in mergers & acquisitions, project management, corporate governance, risk management and legal compliance.

Andrew Syme

CFO and Company Secretary

Certified Practising Accountant with over 20 years' experience in finance and strategy. Held senior finance and governance roles with a number of entities including Mondelez International, Kraft Foods Group and Cadbury.

Ash Cranston

Venue and Hospitality Director

Experienced Marketing Manager in the Food & Beverage, Hospitality and FMCG industries, including leadership roles working with local and national brewers. Skilled in Management, Sales, Strategic Planning, and Business and Venue Development.

Cameron Buckland

Sales Director

Experienced Sales leader with over 20 years' of industry experience with the alcoholic beverage category across FMCG, Retail & Manufacturing. Experience includes senior sales and business management roles with Carlton & United Breweries and Dan Murphy's.

Ben Adams

General Manager Supply Operations

A Mechanical Engineer and experienced leader including founding and leading EY Oceania's Global Investment Incentives practice, and multiple leadership roles across both corporate and non-profit entities.

Directors' Report

The directors of Mighty Craft Limited ("the Company") present their report, together with the financial statements, on the Company and its controlled entities ("the Group") for the year ended 30 June 2021.

Directors
The following persons were directors of Mighty Craft Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robin Levison	Non-Executive Chairman
Mark Haysman	Chief Executive Officer & Managing Director
Stuart Morton	Executive Director
Daniel Wales	Executive Director
John Hood	Non-Executive Director
Sean Ebert	Non-Executive Director (appointed 19 July 2021)

Company secretary
The following person was the Company Secretary of Mighty Craft Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Andrew Syme

Principal activities
Founded in 2017, Mighty Craft (ASX:MCL) is aiming to build the world's strongest craft beverage collective through supporting and growing independent craft brewery and distillery businesses. MCL has invested in select craft beverages and is accelerating the brands' growth through equity and debt funding whilst providing access to MCL's leading team of liquor industry professionals providing functional excellence to craft operators. Mighty Craft's focus is on allowing founders to play to their strengths while the MCL team of industry experts supports by covering the gaps constraining growth and profitability.

The principal activities of the Group during the financial year were the acquisition and operation of various breweries, distilleries, bars and restaurant businesses throughout Australia.

During the financial year there were no significant changes in the nature of those activities.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
The consolidated loss of the Group after providing for income tax amounted to $15,501,091 (30 June 2020: $9,235,655). The loss attributable to the owners of Mighty Craft Limited after providing for income tax amounted to $15,001,102 (30 June 2020: $8,516,682).

The Group achieved significant top line sales growth through the acceleration of wholesale sales across all brand partners in particular in the Spirits / RTD, coupled with the launch of two new venues. Revenue from ordinary activities was $29,283,943, which is up 218% on the prior year. Overall total income closed at $31,270,236, up 200% on the prior year.

The loss attributable to the owners of Mighty Craft Limited of $15,001,102 was another year of investment as the Group undertook several projects to support the further scaling of the business, including investment in the Mighty Craft platform including sales and marketing capability, an ERP implementation, development of the digital commerce platform, launches of new brands and products, and investment in stock-holdings to ensure reliable supply. This activity will secure stability and customer engagement as the scale and volume of our distribution footprint continues to grow.

The launch of the Group's consolidated wholesale operation was a key focus during the year, requiring significant application of our staff's expertise in manufacturing, logistics and supply chain management, IT and commercial finance to launch successfully in November 2020. There was also significant activity in the lead-up to the acquisition of the 'Adelaide Hills Group' which completed shortly after the end of the year (19 July 2021), including expenses relating to the deal in the order of $1.0 Million.

Mighty Craft took a controlling stake in Slipstream Brewing Pty Ltd and Torquay Beverage Company Pty Ltd, which were consolidated into the Group for the first time, and contributed to the top-line growth. The existing controlling interests in other brands across the Group also saw considerable revenue growth, underpinned by the new wholesale model. The opening of Mighty Moonee Ponds in November 2020 also contributed to the growth of the Group's revenue from venues, in spite of intermittent restrictions across the country in response to outbreaks of COVID-19.

Review of operations (continued)
The impact of the Coronavirus (COVID-19) pandemic up to 30 June 2021 continues to be a challenge and the emergence of the Delta variant represents on ongoing challenge particularly for our venues and on premise wholesale business. The Group experienced intermittent venue closures across the country throughout the year, which had a significant impact on sales and profit as well as people (employees and customers).

The Group's primary concern in the face of the pandemic continues to be the safety of its employees and customers. It is important to acknowledge the impact to people with many of our employees stood down or on leave for extended periods. The Group continued to access all available government stimulus to support our hospitality staff throughout the closures. The Board notes that the short term outlook with respect to COVID is challenging and at the time of this Annual report Victoria and New South Wales remain in lockdown. This had a signifcant impact on revenue and profit in FY21 and is expected to continue given the current lockdowns are likely to continue well into H1 FY22.

The financial position of the Group is strong with net assets totalling $25.8 Million. This is predominately made up of inventory, investments made in to our portfolio of brands, goodwill relating to these acquisitions, and a growing portfolio of fixed assets across the country. The Group also has access to a further $6 Million in cash through undrawn finance facilities at 30 June 2021.

Significant changes in the state of affairs
During the year, Mighty Craft Ltd raised $7.5 Million through Share Placement and an additional $1.7 Million through a Share Purchase Plan at $0.35 per share.

During the year, Mighty Craft Ltd secured a total of $13.5 Million of debt finance from PURE Asset Management Pty Ltd. At 30 June 2021, $7.5 Million of this facility has been drawn.

During the year, Mighty Craft Beer Pty Ltd, a subsidiary of Mighty Craft Ltd, completed a transaction to acquire 45% of the issued capital of Slipstream Brewing Company Pty Ltd, for a total consideration of $1,500,000. In addition, on 11 November 2020 Slipstream Brewing Company Pty Ltd issued convertible notes to Mighty Craft Ltd for consideration of $1,000,000. As part of the convertible note subscription, Mighty Craft Ltd acquired a majority board position, giving the Group control over Slipstream Brewing Company Pty Ltd as at 11 November 2020. The company is a craft beer producer, and has its own cellar door attached to its production facility in Brisbane.

During the year, Mighty Spirits Plus Pty Ltd, a subsidiary of Mighty Craft Ltd, converted existing loans to equity in Torquay Beverage Company Pty Ltd, giving the Group a 50% shareholding and effective control over Torquay Beverage Company Pty Ltd. Torquay Beverage Company Pty Ltd is a producer of ready-to-drink beverages based in Torquay.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Post 30 June 2021, the following significant events occurred:

a) On 19 July 2021, the Company completed the acquisition of the 'Adelaide Hills Group' (AHG), comprising Mismatch Brewing Company Pty Ltd (acquired 100%), MK Wine Solutions Pty Ltd (acquired 100%), The Hills Distillery Pty Ltd (acquired 100%) and Lot 100 Pty Ltd (acquired 75%). Total consideration was $47 Million, comprising $27 Million in cash and $20 Million in MCL shares. To facilitate the transaction, the Company successfully completed a capital raise, comprising an Institutional Placement & Entitlement Offer of a total of 90,625,000 shares at $0.32 per share, which raised $29 Million in cash, and $27 Million of this was used to fund the acquisition. The remaining $20 Million of the consideration on acquisition was 57,142,859 shares issued to the vendors at a price of $0.35 per share.

b) On 19 July 2021, the Company granted performance rights to the following members of key management personnel:
(i) 2,815,205 performance rights granted to Mark Haysman;
(ii) 200,000 performance rights granted to Stuart Morton;
(iii) 273,684 performance rights granted to Daniel Wales

The performance rights have an expiry date 15 years from grant date, and an exercise price of $0. The performance rights are tied to certain market and non-market conditions.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, having had an impact on forced closure of venues partially offset by an increase in demand through off-premise channels up to 30 June 2021. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. Likely restrictions on maximum capacities at the Group's venues will impact sales performance.

Apart from the above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in the report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Robin Levison
Title:	Non-Executive Chairman
Qualifications:	Masters of Business Administration from the University of Queensland, Member of Chartered Accountants Australia & New Zealand, Graduate and Fellow of the Australian Institute of Company Directors.
Experience and expertise:	Currently Chairman of PPK Group ($300m+ market capitalisation). Previously Managing Director and CEO of Industrea Limited and Global Director of M&A at GE Mining. Has held senior roles at KPMG, Barclays Bank and Merrill Lynch.
Current directorships:	PPK Group (ASX: PPK)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Board
Interests in shares:	3,804,461
Interests in performance rights:	Nil
Contractual rights to shares:	Nil

Name:	Mark Haysman
Title:	Chief Executive Officer and Managing Director
Qualifications:	Bachelor of Economics (Accounting) from the University of Adelaide, Member of Chartered Accountants Australia & New Zealand, Member of the Australian Institute of Company Directors.
Experience and expertise:	Over 25 years' experience in the beverages, retail and hospitality industries. Previously with Carlton & United Breweries (AB InBev) as the National Sales Director, SAB Miller, Lion, Port Adelaide FC and Deloitte. Director experience includes the Moseley Bar & Kitchen, the RD Jones Group, the University of SA Business School, Starlight Foundation, and Marine Stores Pty Ltd.
Current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,581,618
Interests in performance rights:	Nil
Contractual rights to shares:	Nil

Name:	Stuart Morton
Title:	Executive Director
Qualifications:	Masters of Business Administration and Masters of Finance from Bond University, Member of the Australian Institute of Company Directors.
Experience and expertise:	Co-founder of AIM-listed Empresaria Group plc which developed a similar investment model; Extensive experience within the property industry and currently on the Board of Mighty Crafts investments in Jetty Road Brewery and Foghorn Brewery.
Current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	7,067,558
Interests in performance rights:	Nil
Contractual rights to shares:	Nil

Name:	Daniel Wales
Title:	Executive Director
Qualifications:	Bachelor of Commerce (Marketing) from the University of Wollongong
Experience and expertise:	Over 20 years' experience in senior sales, marketing and strategy roles with the largest Global FMCG Food and Beverage Multinationals. Previously Head of Category Strategy in beverages industry.
Current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	5,689,468
Interests in performance rights:	Nil
Contractual rights to shares:	Nil

Name:	John Hood
Title:	Non-Executive Director
Qualifications:	Bachelor of Economics, Dip Accounting from Flinders University in South Australia, Fellow of the Australian Institute of Company Directors, Fellow of Chartered Accountants Australia & New Zealand
Experience and expertise:	Significant experience in accounting and finance. Currently holds a number of directorships including Flinders University. Previously held directorships with Port Adelaide FC, Foodbank SA, and held senior role at PwC and Partner at Deloitte.
Current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	3,158,209
Interests in performance rights:	500,000
Contractual rights to shares:	Nil

Name:	Sean Ebert
Title:	Non-Executive Director
Qualifications:	Bachelor of Engineering with honours from the University of South Australia, Master Business Administration, Member of the Australian Institute of Company Directors
Experience and expertise:	Over 25 years executive experience in public and private sectors. Currently holds a number of directorships including AML3D, FCT Holdings and International Fashion Labels. Previously CEO of Beston Pacific Asset Management, Camms Pty Ltd and Profit Impact Pty Ltd.
Current directorships:	AML3D Ltd (ASX: AL3)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	Nil
Interests in performance rights:	Nil
Contractual rights to shares:	Nil

'Current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Andrew Syme (CPA) currently serves as the Company Secretary. He has over 20 years experience and has held senior finance and governance roles with a number of entities including Mondelez International, Kraft Foods Group and Cadbury. Andrew is a Certified Practising Accountant.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Robin Levison	12	13
Mark Haysman	13	13
Stuart Morton	13	13
Daniel Wales	13	13
John Hood	13	13

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Post listing on the ASX, board meetings were held monthly.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness with respect to the scale of the Group's business, the executive's core performance requirements, and industry labour market conditions
- acceptability to shareholders
- alignment of executive compensation with individual and corporate performance

The Board is currently not of a relevant size to justify the formation of separate committees. However, the Board has adopted a Remuneration and Nominations Charter. Until such time that a separate Remuneration and Nomination Committee is constituted, the Board remains responsible for such matters and will discharge its responsibilities in accordance with the Committee Charter (to the extent applicable). The Board recognises that the performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors generally do not receive share options or other incentives linked to performance.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- fixed remuneration
- performance-based remuneration
- equity-based remuneration
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

Performance-based remuneration, or short-term incentives ('STI') are designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, leadership contribution and other strategic contributions.

Equity-based remuneration, or long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period of two or more years based on long-term incentive measures. These include increases in shareholders value relative to the entire market and the increase compared to the Group's direct competitors.

Group performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group, or the performance of specific subsidiaries. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of key metrics considered for the last three years.

The Board is of the opinion that the continued growth and progress toward the Group's strategy can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
During the financial year ended 30 June 2021, the Group, through the Board, engaged an external remuneration consultant to review its existing remuneration policies. The Board retains its right to use external remuneration consultants in the future.

Voting and comments made at the company's 2020 Annual General Meeting ('AGM')
At the 2020 AGM, 99.88% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Mighty Craft Limited:
- Robin Levison - Non-Executive Chairman
- John Hood - Non-Executive Director
- Mark Haysman - Managing Director and Chief Executive Officer
- Stuart Morton - Executive Director
- Daniel Wales - Executive Director

And the following person:
- Andrew Syme - Chief Financial Officer and Company Secretary

Changes since the end of the reporting period:
- Sean Ebert - Non-Executive Director (commenced as key management personnel on 19 July 2021)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled performance rights	Total
2021	$	$	$	$	$	$	$	$
Non-Executive Directors:								
Robin Levison (Chairman)	80,000	-	-	-	-	-	-	80,000
John Hood	39,996	-	-	-	-	-	-	39,996
Executive Directors:								
Mark Haysman	380,340	-	-	36,100	-	-	-	416,440
Stuart Morton	190,340	-	-	18,050	-	-	-	208,390
Daniel Wales	261,000	-	-	24,432	-	-	-	285,432
Other Key Management Personnel:								
Andrew Syme	276,000	-	-	22,802	-	-	62,379	361,181
	1,227,676	-	-	101,384	-	-	62,379	1,391,439

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares *	Equity-settled performance rights	Total
2020	$	$	$	$	$	$	$	$
Non-Executive Directors:								
Robin Levison (Chairman)	44,086	-	-	-	-	-	-	44,086
John Hood	23,331	-	-	-	-	-	-	23,331
Executive Directors:								
Mark Haysman *	309,301	-	-	29,384	-	44,029	-	382,714
Stuart Morton	162,686	-	-	15,455	-	-	-	178,141
Daniel Wales	194,547	-	-	18,346	-	-	-	212,893
Other Key Management Personnel:								
Andrew Syme **	136,518	-	-	12,873	-	-	39,485	188,876
	870,469	-	-	76,058	-	44,029	39,485	1,030,041

* $44,029 represents the fair value of the limited recourse loan under Mr Haysman's Employee Incentive Plan Loan Agreement for 4,062,500 shares at $0.40 each.

** Represents remuneration from 2 December 2019 to 30 June 2020

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2021	2020	2021	2020	2021	2020
Non-Executive Directors:						
Robin Levison (Chairman)	100%	100%	-	-	-	-
John Hood	100%	100%	-	-	-	-
Executive Directors:						
Mark Haysman	100%	88%	-	-	-	12%
Stuart Morton	100%	100%	-	-	-	-
Daniel Wales	100%	100%	-	-	-	-
Other Key Management Personnel:						
Andrew Syme	83%	79%	-	-	17%	21%

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section 'Group performance and link to remuneration'. The maximum bonus values are established at the start of each financial year and amounts payable are determined in the final month of the financial year by the Board.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mark Haysman
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	19 November 2018
Term of agreement:	Ongoing (until termination by either party)
Details:	Base salary of $380,000 plus superannuation, to be reviewed annually by the Board. 6 month termination notice by either party, cash bonus of 50% as per Board approval and KPI achievement, non-solicitation and non-compete clauses. Limited recourse loan agreement for $1,625,000 to fund acquisition of shares under Employee Incentive Plan, repayable on disposal of shares, recourse limited to buying back or selling Plan Shares.

Name:	Stuart Morton
Title:	Executive Director
Agreement commenced:	1 March 2019
Term of agreement:	Ongoing (until termination by either party)
Details:	Base salary of $190,000 plus superannuation, to be reviewed annually by the Board. 6 month termination notice by either party, cash bonus of 30% as per Board approval and KPI achievement, non-solicitation and non-compete clauses.

Name:	Daniel Wales
Title:	Executive Director
Agreement commenced:	2 September 2019
Term of agreement:	Ongoing (until termination by either party)
Details:	Base salary of $260,000 plus superannuation, to be reviewed annually by the Board. 6 month termination notice by either party, cash bonus of 30% as per Board approval and KPI achievement, non-solicitation and non-compete clauses.

Name:	Andrew Syme
Title:	Chief Financial Officer
Agreement commenced:	2 December 2019
Term of agreement:	Ongoing (until termination by either party)
Details:	Base salary of $275,000 plus superannuation, to be reviewed annually by the Board. 3 month termination notice by either party, cash bonus of 30% as per Board approval and KPI achievement, non-solicitation and non-compete clauses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

No shares have been issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options
There were no options on issue during the year ended 30 June 2021.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Grant date	Vesting date	Expiry date	Fair value per right at grant date	Number of rights granted	Value of rights granted ($)
Andrew Syme	12/11/2019	12/11/2021	1/01/2022	$0.16	800,000	125,121

Additional information
The earnings of the Group for the three years to 30 June 2021 are summarised below:

	2021 $	2020 $	2019 $
Sales revenue from ordinary activities	29,283,943	9,221,807	3,994,332
Total income	31,270,236	10,434,747	4,002,956
EBITDA	(12,246,297)	(7,835,194)	(1,437,850)
EBIT	(13,925,097)	(8,774,473)	(1,676,188)
Profit/(loss) after income tax attributable to owners of Mighty Craft Ltd	(15,001,102)	(8,516,682)	(1,526,159)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019
Share price at financial year end ($)	0.350	0.255	-
Total dividends declared (cents per share)	-	-	-
Basic earnings per share (cents per share)	(10.44)	(8.76)	(6.19)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Share Purchase Plan	On-Market Trade	Received as part of remuneration	Disposal / Transfer	Balance at the end of the year
Ordinary shares						
Robin Levison	3,602,261	114,287	87,913	-	-	3,804,461
John Hood	3,072,494	85,715	-	-	-	3,158,209
Mark Haysman	4,564,473	17,145	-	-	-	4,581,618
Stuart Morton	7,047,557	20,001	-	-	-	7,067,558
Daniel Wales	5,660,896	28,572	-	-	-	5,689,468
Andrew Syme	80,000	-	-	-	-	80,000
	24,027,681	265,720	87,913	-	-	24,381,314

Performance rights
The number of performance rights in the company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Performance rights					
Andrew Syme	800,000	-	-	-	800,000
	800,000	-	-	-	800,000

Other transactions with key management personnel and their related parties
During the financial year, the Group incurred costs of $224,000 for financial management & strategic planning services from Catalyst Pty Ltd (director-related entity of Mr Haysman). This included strategic and business planning, digital commerce platform project and roll out, and ERP design and implementation. The current trade payable balance as at 30 June 2021 was $39,600. The contract expired in July 2021 and all transactions were made on normal commercial terms and conditions and at market rates.

During the financial year, the Group incurred costs of $385,317, for financial and management accounting services, and administrative and back-office support from Drua & Harroberg Pty Ltd, trading as Humanee (director-related entity of Mr Hood). This included assistance with statutory and management reporting, transactional accounting services, integration work on acquisitions made by the Group, as well as work on the ERP roll out. The current trade payable balance as at 30 June 2021 was $20,964. All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the remuneration report, which has been audited.

Shares under performance rights
Unissued ordinary shares of Mighty Craft Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
23/09/2019	16/10/2022	$0.40	120,000
12/11/2019	01/01/2022	$0.50	800,000
11/02/2020	11/02/2031	$0.50	700,000
11/02/2020	11/02/2031	$0.50	20,000
20/02/2020	20/02/2031	$0.50	100,000
20/7/2020	20/08/2022	$0.28	75,000
30/11/2020	31/12/2022	$0.37	150,000
20/07/2020	20/08/2022	$0.27	100,000
			2,065,000
19/07/2021*	19/07/2036	$0.00	2,815,205
19/07/2021*	19/07/2036	$0.00	200,000
19/07/2021*	19/07/2036	$0.00	273,684
			5,353,889

*Performance rights granted after 30 June 2021

No person entitled to exercise the performance rights had or has any right by virtue of performance rights to participate in any share issue of the Group.

Shares issued on the exercise of performance rights
There were 2,250,000 ordinary shares of Mighty Craft Limited issued on the exercise of performance rights during the year ended 30 June 2021 (2020: 240,000) and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001* . The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 34 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in Note 34 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of RSM Australia Partners
There are no officers of the company who are former partners of RSM Australia Partners.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Auditor
RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001* .

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001* .

On behalf of the directors

____
Robin Levison
Chairman

27 August 2021
Melbourne

Auditor’s Independence Declaration

RSM

RSM Australia Partners

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AUDITOR’S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Mighty Craft Limited and its controlled entities for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 27 August 2021
Melbourne, Victoria

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Note	30-Jun-21	30-Jun-20
		$	$
Revenue	5	29,283,943	9,221,807
Share of profits/(losses) of associates accounted for using the equity method	6	(147,338)	(128,130)
Interest revenue calculated using the effective interest method		24,016	58,232
Other income	7	2,109,615	1,282,838
		31,270,236	**10,434,747**
Expenses			
Cost of sales		(17,406,869)	(5,181,898)
Employee benefits expense	8	(16,551,941)	(7,116,637)
Equipment hire and maintenance		(469,232)	(191,717)
Legal and professional fees		(3,052,214)	(2,830,469)
Selling and marketing expenses		(1,939,826)	(765,172)
Depreciation and amortisation expenses	8	(1,678,800)	(939,279)
Occupancy expenses		(1,340,740)	(362,044)
Travelling and conveyance		(288,611)	(265,352)
Share-based payments expense		(256,118)	(250,692)
General and administration expenses	8	(2,210,982)	(1,305,960)
Finance costs	8	(1,575,994)	(461,182)
Loss before income tax expense		**(15,501,091)**	**(9,235,655)**
Income tax expense	9	-	-
Loss after income tax expense for the financial year		**(15,501,091)**	**(9,235,655)**
Other comprehensive income:			
Other comprehensive income for the financial year (net of tax)		-	-
Total comprehensive loss for financial year		**(15,501,091)**	**(9,235,655)**
Loss for the financial year is attributable to:			
Non-controlling interest		(499,989)	(718,973)
Owners of Mighty Craft Ltd		(15,001,102)	(8,516,682)
		(15,501,091)	**(9,235,655)**
Total comprehensive loss for the financial year is attributable to:			
Non-controlling interest		(499,989)	(718,973)
Owners of Mighty Craft Ltd		(15,001,102)	(8,516,682)
		(15,501,091)	**(9,235,655)**
Earnings per share - basic and diluted (cents)	42	**(10.44)**	**(8.76)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2021

	Note	30-Jun-21 $	30-Jun-20 $
Current assets			
Cash and cash equivalents	**10**	4,255,052	11,378,552
Trade and other receivables	**11**	3,183,191	1,312,298
Inventories	**12**	5,859,360	1,091,606
Other current assets	**13**	960,739	312,383
		14,258,342	14,094,839
Non-current assets			
Receivables	**14**	305,000	354,328
Investments accounted for under the equity method	**15**	3,089,147	2,871,871
Financial assets at fair value through profit and loss	**16**	2,500,000	4,000,000
Financial assets at fair value through other comprehensive income	**17**	3,146,761	2,750,253
Property, plant and equipment	**18**	12,522,140	5,812,924
Right-of-use assets	**19**	13,591,279	11,170,231
Intangible assets	**20**	7,873,018	5,946,096
Other non-current assets	**21**	350,192	309,431
		43,377,537	33,215,134
Total assets		**57,635,879**	**47,309,973**
Current liabilities			
Trade and other payables	**22**	9,270,791	3,572,724
Borrowings	**23**	143,760	55,156
Employee benefits	**24**	1,157,891	682,042
Lease liabilities	**25**	405,724	153,401
Other current liabilities	**26**	200,775	1,073,840
		11,178,941	5,537,163
Non-current liabilities			
Borrowings	**23**	6,666,513	73,770
Employee benefits	**24**	97,195	50,127
Lease liabilities	**25**	13,880,405	11,383,683
		20,644,113	11,507,580
Total Liabilities		**31,823,054**	**17,044,743**
Net assets		**25,812,825**	**30,265,230**
Equity			
Issued capital	**27**	48,942,676	39,174,270
Retained earnings / (accumulated losses)	**28**	(25,657,416)	(10,401,912)
Share-based payments reserve	**29**	2,003,716	1,230,710
Equity attributable to the owners of Mighty Craft Ltd		25,288,976	30,003,068
Non-controlling interest	**30**	523,849	262,162
Total equity		**25,812,825**	**30,265,230**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Issued Capital	Retained profits / (accumulated losses)	Share-based payments reserve	Non-controlling interest	Total
	$	$	$	$	$
Balance at 1 July 2019	10,885,941	(1,650,744)	-	733,250	9,968,447
Adjustment for change in accounting policy	-	(234,486)	-	-	(234,486)
Balance at 1 July 2019 - restated	10,885,941	(1,885,230)	-	733,250	9,733,961
Loss after income tax expense for the year	-	(8,516,682)	-	(718,973)	**(9,235,655)**
Other comprehensive income for the year, net of tax	-	-	-	-	**-**
Total comprehensive income / (loss) for the year	-	(8,516,682)	-	(718,973)	**(9,235,655)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	28,288,329	-	-	247,885	**28,536,214**
Share-based payments	-	-	1,230,710	-	**1,230,710**
Balance at 30 June 2020	**39,174,270**	**(10,401,912)**	**1,230,710**	**262,162**	**30,265,230**
Balance at 1 July 2020	39,174,270	(10,401,912)	1,230,710	262,162	30,265,230
Loss after income tax expense for the year	-	(15,001,102)	-	(499,989)	**(15,501,091)**
Other comprehensive income for the year, net of tax	-	-	-	-	**-**
Total comprehensive income / (loss) for the year	-	(15,001,102)	-	(499,989)	**(15,501,091)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	9,768,406	-	(900,000)	507,274	**9,375,680**
Transfer (to) / from minority interests	-	(254,402)	-	254,402	**-**
Share-based payments	-	-	1,673,006	-	**1,673,006**
Balance at 30 June 2021	**48,942,676**	**(25,657,416)**	**2,003,716**	**523,849**	**25,812,825**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	Note	30-Jun-21 $	30-Jun-20 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		30,812,311	9,747,708
Payments to suppliers and employees (inclusive of GST)		(45,307,220)	(16,932,789)
Interest received		24,016	58,232
Job Keeper received		1,108,958	566,885
Other revenue		505,567	267,306
Interest and other finance charges paid		(1,475,842)	(461,182)
Net cash used in operating activities	**43**	**(14,332,210)**	**(6,753,840)**
Cash flows from investing activities			
Payments for purchase of business, net of cash acquired		908,702	(3,635,455)
Payments for property, plant and equipment		(7,115,876)	(1,953,534)
Payments for intangibles		(595,897)	(279,745)
Loans to related parties		(200,000)	(209,328)
Payments for investments in associates - ordinary shares		(500,000)	(2,999,951)
Payments for investments in other entities - ordinary shares		(1,450,009)	(796,752)
Payments for investments - convertible notes		-	(4,000,000)
Security deposits paid		(165,236)	(195,278)
Security deposits released		136,545	-
Proceeds from disposal of property, plant and equipment		28,175	-
Proceeds from disposal of investments		61,076	-
Net cash used in investing activities		**(8,892,520)**	**(14,070,043)**
Cash flows from financing activities			
Proceeds from issue of shares		9,337,414	28,981,100
Proceeds from issue of shares to non-controlling interests in subsidiaries		82,623	32,500
Transaction costs related to issue of shares		(374,069)	(1,447,753)
Proceeds from borrowings		7,526,456	-
Repayment of borrowings		(210,147)	(32,422)
Repayment of lease liabilities		(261,047)	(320,341)
Net cash from financing activities		**16,101,230**	**27,213,084**
Net increase / (decrease) in cash and cash equivalents		(7,123,500)	6,389,201
Cash and cash equivalents at beginning of the financial year		11,378,552	4,989,351
Cash and cash equivalents at end of the financial year	**10**	**4,255,052**	**11,378,552**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 General Information

(a) Reporting entity

The consolidated financial statements cover both Mighty Craft Limited ("the Company" or "the parent entity") as a consolidated entity consisting of Mighty Craft Ltd and the entities it controlled at the end of, or during, the year ("the Group").

Mighty Craft Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is :

Level 1, 123 Camberwell Road
Hawthorn East
Victoria 3123
Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the consolidated financial statements.

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* , as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

The consolidated financial statements are presented in Australian dollars, which is Mighty Craft Ltd's functional and presentation currency, and are rounded to the nearest whole dollar.

(c) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(d) Parent entity information

In accordance with the *Corporations Act 2001* , these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 38.

(e) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. As disclosed in the financial statements, the Group incurred a loss of $15,501,091 and had net cash outflows from operating activities of $14,332,210 for the year ended 30 June 2021.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group has an available cash balance of $4,255,052, and $6,000,000 in undrawn debt facilities with Pure Asset Management as at 30 June 2021;
- As disclosed in Note 45 Events after the reporting period, on 19 July 2021 the Group successfully completed a capital raise, comprising an Institutional Placement & entitlement offer of a total of 90,625,000 shares at $0.32 per share, which raised $29 million. $27 million was used to fund the acquisition of Adelaide Hills Group, with the remaining $2 million used to support working capital requirements;
- A budget and cash flow forecast for the twelve-month period from the date of signing the financial statements, which has been prepared based on assumptions about certain economic, operating and trading performance achievement supports the directors' assertion;
- The Group has the potential to raise further capital via sale/leaseback of its land and buildings; and
- The Directors believe the Group would be able to access additional funds from existing shareholders and new investors to support working capital and execute its strategic growth initiatives should additional capital be required.

2 Critical accounting estimates, assumptions and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in the specific notes, there does not appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

2 Critical accounting estimates, assumptions and judgements (continued)

Business combinations
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were granted. The fair value is determined by using either a Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions related to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 46 for further information.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create and economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonable certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant changes in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

3 Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mighty Craft Ltd ("the company" or "the parent entity") as at 30 June 2021 and the results of all subsidiaries for the year then ended. Mighty Craft Ltd and its subsidiaries together are referred to in these financial statements as the "Group".

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

3 Significant accounting policies (continued)

(b) Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenues are stated net of the amount of goods and services tax (GST).

(c) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

3 Significant accounting policies (continued)

(c) Income tax (continued)

Tax consolidation
Mighty Craft Limited (the 'head entity') and its wholly-owned subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(d) Current and non-current classification
Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the consolidated statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the consolidated statement of financial position.

(f) Trade and other receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any provision for expected credit loss.

Expected credit loss
The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowances. To measure expected credit losses, trade receivables have been grouped based on days overdue.

3 Significant accounting policies (continued)

(g) Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the company is yet to establish an unconditional right to considerations. Contract assets are treated as financial assets for impairment purposes.

(h) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(j) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

3 Significant accounting policies (continued)

(k) Property, plant and equipment

Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the profit or loss as incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Asset class	*Useful lives*
Buildings	30 years
Leasehold improvements	5 to 30 years
Plant and equipment	3 to 20 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to the profit or loss as incurred.

(l) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(m) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Intellectual property and trademarks

Significant costs associated with intellectual property and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life ranging from 3 to 5 years.

3 Significant accounting policies (continued)

(n) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(q) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(r) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(s) Employee benefits

Provision is made for the Group's liability for employee entitlements arising from services rendered by employees to reporting date. Employee entitlements that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long service leave liabilities payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave plus on costs. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the consolidated statement of financial position.

3 Significant accounting policies (continued)

(s) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its consolidated statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares / options / performance rights are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the parent entity.

3 Significant accounting policies (continued)

(v) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the Consolidated Statement of Financial Position.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

3 Significant accounting policies (continued)

(x) Foreign currency

Functional and presentation currency

The functional currency of the Company is measured using the currency of the primary economic environment in which the company operates. The consolidated financial statements are presented in Australian dollars which is the functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in Other Comprehensive Income.

(y) Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

(z) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(aa) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Mighty Craft Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Disclosure of consolidation in earnings per share

Where the number of ordinary shares outstanding is reduced by consolidation of shares during the reporting period, the number of ordinary shares outstanding before the event is adjusted for the proportionate change in the number of ordinary shares outstanding as if the event had occurred at the beginning of the earliest period presented.

3 Significant accounting policies (continued)

(ab) Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(ac) New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, is that none will impact the Group.

AASB 2020-1 Amendments to Australian Accounting Standards - Classifications of Liabilities as Current or Non-current
This standard is applicable for annual reporting periods beginning on or after 1 January 2022. This standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. The Group has assessed that there is unlikely to be any impact on the financial statements when these amendments will be first adopted.

4 Operating segments

Operating segments are reported in a manner that is consistent with the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The Group has identified one reportable segment, being Beverages, which is based wholly in Australia. The segment details are therefore fully reflected in the body of the financial statements.

5 Revenue

	30-Jun-21	30-Jun-20
	$	$
Revenue from contracts with customers		
Sale of goods	27,980,899	8,723,631
Rendering of services	1,303,044	498,176
	29,283,943	**9,221,807**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Wholesale beverage sales	14,095,542	3,712,911
Retail food and beverage sales	13,885,357	5,010,720
Rendering of services	1,303,044	498,176
	29,283,943	**9,221,807**

Timing of revenue recognition		
Goods transferred at a point in time	27,980,899	8,723,631
Services transferred over time	1,303,044	498,176
	29,283,943	**9,221,807**

6 Share of profits/(losses) of associates accounted for using the equity method

	30-Jun-21	30-Jun-20
	$	$
Share of profits/(losses) of associates	(147,338)	(128,130)
	(147,338)	**(128,130)**

7 Other income

Job Keeper	1,108,958	829,500
Other government grants	546,491	279,806
Gain on lease modification	241,285	-
Rent concessions arising from COVID-19	-	119,926
Other income	212,881	53,606
	2,109,615	**1,282,838**

Job Keeper Subsidy

During the COVID-19 pandemic, the Group has accessed various economic support packages from the Australian Government including JobKeeper (which is passed on to eligible employees). These support packages have been recognised as other income in the financial statements. The Group is eligible for JobKeeper support from the government on the condition that employee benefits continue to be paid.

8 Expenses

	30-Jun-21 $	30-Jun-20 $
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Buildings	22,404	50,345
Leasehold improvements	178,563	-
Plant and equipment	555,620	316,300
Right-of-use assets - buildings	790,338	567,737
Right-of-use assets - plant and equipment	20,206	4,897
Intellectual property	81,430	-
Software development costs	30,239	-
Total depreciation and amortisation expenses	**1,678,800**	**939,279**
General and administration expenses		
Insurances	584,376	236,674
Loss on disposal of fixed assets	333,592	-
Other general and administrative expenses	1,293,014	1,069,286
Total general and administration expenses	**2,210,982**	**1,305,960**
Superannuation expense		
Defined contribution superannuation expense	1,263,065	535,919
Leases		
Short-term lease payments	48,305	24,726
Finance costs		
Interest and finance charges paid/payable on borrowings	791,544	29,227
Interest and finance charges paid/payable on lease liabilities	784,450	431,955
Total finance costs	**1,575,994**	**461,182**

9 Income tax expense

	30-Jun-21 $	30-Jun-20 $
The components of income tax expense are :		
- Current tax	-	-
- Deferred tax - origination and reversal of temporary differences	-	-
Total income tax expense	**-**	**-**

Numerical reconciliation of income tax expense and tax at the statutory rate

	30-Jun-21 $	30-Jun-20 $
Loss before income tax for the year	(15,501,091)	(9,235,655)
The prima facie tax on loss from ordinary activities before income tax at 26% (2020: 27.5%)	(4,030,284)	(2,539,805)
Tax effect of :		
- Share-based payments expense	66,591	68,940
- Other non-deductible expenses	28,905	4,892
- Non-assessable income - specific COVID-19 related government grants	(56,821)	(50,326)
- Temporary differences not recognised	119,129	230,088
- Deferred taxes on tax losses not recognised	3,872,480	2,286,211
Current income tax expense	**-**	**-**

Deferred tax assets have not been recognised in the statement of financial position for the following items:

	30-Jun-21 $	30-Jun-20 $
Unused tax losses	24,720,511	9,997,039
Deductible temporary differences	3,846,596	2,593,675
	28,567,107	**12,590,714**
Potential tax benefit at 26% (2020: 27.5%)	7,427,448	3,462,446

The deferred tax asset has not been brought to account on the basis that it is not expected that sufficient taxable income will be generated within the next twelve months to utilise the losses or to offset the temporary differences.

The deferred tax asset relating to carry forward losses and other temporary differences will only be recognised if:
a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
c) the consolidated entity is able to meet the continuity of business and / or continuity of ownership tests.

10 Cash and cash equivalents

	30-Jun-21	30-Jun-20
	$	$
Cash on hand	27,495	9,107
Cash at bank	4,227,557	11,314,815
Cash on deposit	-	54,630
	4,255,052	**11,378,552**

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures agree to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows.

11 Trade and other receivables

	30-Jun-21	30-Jun-20
	$	$
Current		
Trade receivables	2,618,378	1,006,497
Less: Allowance for expected credit losses	(7,653)	(22,269)
	2,610,725	984,228
Other receivables	572,466	328,070
	3,183,191	**1,312,298**

Allowance for expected credit losses

The Group has recognised a loss of $0 (2020: $13,119) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021. The Group does not believe the recovery of its trade receivables will be materially impacted by COVID-19.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit loss	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Consolidated	%	%	$	$	$	$
Not overdue	-	-	79,369	164,861	-	-
0 to 3 months overdue	-	-	1,473,433	698,257	-	-
3 to 6 months overdue	-	11%	665,047	76,946	-	8,699
Over 6 months overdue	2%	20%	400,529	66,433	7,653	13,570
			2,618,378	**1,006,497**	**7,653**	**22,269**

Movements in the allowance for expected credit losses are as follows:

	2021	2020
	$	$
Opening balance	22,269	9,150
Provision utilised during the year	(14,616)	-
Additional provisions recognised	-	13,119
Closing balance	**7,653**	**22,269**

12 Inventories

	30-Jun-21	30-Jun-20
	$	$
Raw materials	258,755	103,760
Work in progress	316,094	33,408
Finished goods	5,284,511	954,438
	5,859,360	**1,091,606**

13 Other current assets

	30-Jun-21	30-Jun-20
	$	$
Prepayments	960,739	307,020
Deposits paid to vendors	-	5,363
	960,739	**312,383**

14 Non-current assets - Receivables

	30-Jun-21	30-Jun-20
	$	$
Loans receivable from related parties	305,000	354,328
	305,000	**354,328**

Loan to director of subsidiary of $105,000 (2020: $105,000) is interest-free and is repayable no later than 28 February 2029.

Loan to associate of $200,000 is interest-free, with the balance of the loan repayable no later than 5 October 2027. In the prior year, loan to associate of $249,328 was subject to interest at the small business fixed 3 year interest rate, plus 1.5%. Interest accrues daily, and was payable quarterly. The associate was subsequently consolidated into the group during the current financial year.

The impact of discounting of the loans is not material.

15 Investments accounted for under the equity method

	30-Jun-21	30-Jun-20
	$	$
Non-current		
Investment in associates:		
Slipstream Brewing Co. Pty Ltd	-	1,485,319
Poison Creek Distillery Pty Ltd (Brogan's Way)	962,043	901,358
Torquay Beverage Company Pty Ltd (formerly K.Booch Alcoholic Kombucha Co Pty Ltd)	-	204,109
SauceCo (FNQLD) Pty Ltd	222,370	281,085
Sparkke Group Holdings Pty Ltd	1,904,734	-
	3,089,147	**2,871,871**

During the current period, the Group acquired control over Slipstream Brewing Company Pty Ltd and Torquay Beverage Company Pty Ltd. Accordingly, at 30 June 2021 the equity held in these entities is no longer presented as an investment in associate. Instead, the entities' results and financial positions are consolidated into the group pursuant to AASB3.

Also during the current period, the Group acquired a 34.14% stake in Sparkke Group Holdings Pty Ltd (through conversion of 50,000,000 Convertible Notes at $0.03 each, plus participation in a Rights Issue where the Group acquired an additional 25,000,000 shares at $0.02 each). This equity shareholding is presented as an Investment in associate.

Refer to Note 41 for further information on interests in associates.

16 Financial assets at fair value through profit and loss

	30-Jun-21	30-Jun-20
	$	$
Investment in Convertible Notes issued by Sparkke Group Holdings Pty Ltd	2,500,000	4,000,000
	2,500,000	**4,000,000**

During May 2021, the Group converted 50,000,000 Convertible Notes at a price of $0.03 per Note, giving rise to an equity investment valued at $1,500,000. The remaining Convertible Notes issued by Sparkke Group Holdings Pty Ltd represent 16,666,666 Notes at a price of $0.03 per Note (maturing on 1 September 2021), and 100,000,000 Notes at a price of $0.02 per Note (maturing on 30 September 2021). All Notes are convertible before maturity for an equivalent number of ordinary shares, representing 61% of issued capital in Sparkke Group Holdings Pty Ltd on a fully diluted basis.

Refer to Note 15 for further information about the Notes converted to Equity. Also, refer to Note 32 for further information on fair value measureme

17 Financial assets at fair value through other comprehensive income

	30-Jun-21	30-Jun-20
	$	$
Represents investments in ordinary shares of:		
SauceCo Pty Ltd	1,050,002	1,050,002
Ballistic Beer Company Pty Ltd	1,988,009	1,588,000
Something Wild Beverages Pty Ltd	58,750	58,750
ESC Operations Pty Ltd (Upstreet)	50,000	-
Top Shelf International Holdings Ltd	-	53,501
	3,146,761	**2,750,253**

Refer to Note 32 for further information on fair value measurement.

18 Property, plant and equipment

	30-Jun-21	30-Jun-20
	$	$
Land and buildings		
At cost	2,761,849	1,910,581
Accumulated depreciation	(130,136)	(107,732)
	2,631,713	1,802,849
Leasehold improvements		
At cost	3,957,651	93,676
Accumulated depreciation	(178,564)	-
	3,779,087	93,676
Plant and equipment		
At cost	5,749,324	3,311,034
Accumulated depreciation	(1,148,620)	(624,673)
	4,600,704	2,686,361
Capital work-in-progress - at cost	1,510,636	1,230,038
	12,522,140	**5,812,924**

18 Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings	Leasehold improveme-nts	Plant and equipment	Capital work-in-progress	Total
	$	$	$	$	$
Balance as at 30 June 2019	1,250,025	-	2,440,424	-	3,690,449
Additions	556,238	-	419,176	1,230,038	2,205,452
Additions through business combinations	46,931	93,676	146,105	-	286,712
Disposals	-	-	(3,044)	-	(3,044)
Depreciation expense	(50,345)	-	(316,300)	-	(366,645)
Balance as at 30 June 2020	**1,802,849**	**93,676**	**2,686,361**	**1,230,038**	**5,812,924**
Additions	851,268	3,123,978	1,684,107	1,510,636	7,169,989
Additions through business combinations (Note 39)	-	253,644	460,177	-	713,821
Transfers	-	486,352	386,372	(872,724)	-
Disposals	-	-	(60,693)	(357,314)	(418,007)
Depreciation expense	(22,404)	(178,563)	(555,620)	-	(756,587)
Balance at 30 June 2021	**2,631,713**	**3,779,087**	**4,600,704**	**1,510,636**	**12,522,140**

19 Right-of-use assets

	30-Jun-21	30-Jun-20
	$	$
Land and buildings - right-of-use	14,750,446	11,844,747
Less: Accumulated depreciation on Buildings	(1,206,898)	(725,387)
Plant and equipment - right-of-use	72,834	55,769
Less: Accumulated depreciation on Plant and equipment	(25,103)	(4,898)
	13,591,279	**11,170,231**

Reconciliations of the right-of-use assets at the beginning and end of the current financial year are set out below:

	Land and buildings	Plant and equipment	Total
	$	$	$
Balance on adoption of new standard (1 July 2019)	3,776,990	-	3,776,990
Additions through business combinations	7,876,110	-	7,876,110
Additions	33,996	55,769	89,765
Disposals	-	-	-
Depreciation expense	(567,737)	(4,897)	(572,634)
Balance as at 30 June 2020	11,119,359	50,872	11,170,231
Additions through business combinations (Note 39)	3,480,929	-	3,480,929
Additions	1,081,032	17,066	1,098,098
Disposals	(1,347,435)	-	(1,347,435)
Depreciation expense	(790,338)	(20,206)	(810,544)
Balance as at 30 June 2021	**13,543,547**	**47,732**	**13,591,279**

The Group leases land and buildings for its offices, brewery and venues under agreements of between one to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between two to five years.

20 Intangible assets

	30-Jun-21	30-Jun-20
	$	$
Goodwill	6,842,200	5,452,575
Less: Impairment of Goodwill	-	-
	6,842,200	5,452,575
Intellectual Property and Trademarks	426,917	367,105
Less: Amortisation of Intellectual Property and Trademarks	(81,430)	-
	345,487	367,105
IT Development Costs	715,570	126,416
Less: Amortisation of IT Development Costs	(30,239)	-
	685,331	126,416
	7,873,018	**5,946,096**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Goodwill	Intellectual Property and Trademarks	IT Development Costs	Total
				$
Balance as at 30 June 2019	1,230,730	-	-	1,230,730
Additions through business combinations	4,221,845	-	-	4,221,845
Additions	-	367,105	126,416	493,521
Balance as at 30 June 2020	5,452,575	367,105	126,416	5,946,096
Additions through business combinations (Note 39)	1,389,625	-	-	1,389,625
Additions	-	59,812	589,154	648,966
Amortisation	-	(81,430)	(30,239)	(111,669)
Balance as at 30 June 2021	**6,842,200**	**345,487**	**685,331**	**7,873,018**

Impairment testing

Goodwill acquired through business combinations has been allocated to the following cash-generating units:

	30-Jun-21	30-Jun-20
	$	$
Jetty Road Brewery business ("JRB")	264,726	264,726
Foghorn Brewery business ("FHB")	966,004	966,004
Mighty Craft Operations business (formerly Momentum Food & Wine) ("MCO")	797,210	797,210
Kangaroo Island Distillery business ("KIS")	1,156,341	1,087,629
Hunter Valley Brewery business ("HVB")	1,526,402	1,526,402
Moonee Ponds Venue business ("MPV")	810,604	810,604
Slipstream Brewing Company Pty Ltd ("SBC")	993,295	-
Torquay Beverage Company Pty Ltd ("TBC")	327,618	-
	6,842,200	**5,452,575**

With the exception of the Moonee Ponds venue business, the recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1 year budget period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value.

The recoverable amount of the Moonee Ponds venue business has been determined using the fair value less costs of disposal approach, based on revenue multiples of comparable restaurant / venue business sale transactions.

20 Intangible assets (continued)

Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive. The following key assumptions were used in the discounted cash flow model for each of the cash-generating units listed above:

	Pre-tax discount rate	Revenue growth rate over forecast period	Increase in operating costs and overheads over the forecast	Terminal growth rate	Revenue Multiple
JRB	27.7%	10.0%	8.0%	2.0%	-
FHB	24.3%	6.0%	5.0%	2.0%	-
MCO	28.4%	5.0%	5.0%	2.0%	-
KIS	24.3%	10.0%	10.0%	2.0%	-
HVB	25.7%	5.0%	5.0%	2.0%	-
MPV	-	-	-	-	1.2x
SBC	28.4%	10.0%	9.0%	2.0%	-
TBC	27.0%	5.0%	5.0%	2.0%	-

Discount rate
The discount rates reflect management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for each CGU, being determined as the factor of the risk-free rate, historical market risk premiums, the volatility of the share prices of comparable listed companies relative to market movements, the performance of comparable listed companies relative to the benchmark index and the indicator lending rates for similar businesses.

Revenue growth rate
Management believes the projected revenue growth rates are prudent and justified based on a growing craft market and the businesses strategic growth plans in future years.

Increase in costs
Management believes the projected operating cost and overheads growth rates are prudent and justified based on the businesses operating model to achieve economies of scale as the business accelerates revenue growth.

Terminal Growth Rate
Management believes that the terminal value growth rate to be reasonable and consistent with Reserve Bank of Australia's target inflation rates and the long-term average growth rates of the businesses.

Results
Based on the above, the recoverable amounts of all CGUs exceeded their carrying amount. The amount of headroom is given below:

Recoverable amount in excess of carrying amount:

JRB	345,805
FHB	1,066,602
MCO	7,149,960
KIS	407,576
HVB	270,642
MPV	141,671
SBC	350,708
TBC	170,638

Sensitivity
As disclosed in Note 2 the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur, the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

	% of reduction in revenue to result in an impairment, ceteris paribus	Increase in pre-tax discount rate to result in an impairment, ceteris paribus	Decrease in revenue multiple applied to result in an impairment, ceteris paribus
JRB	0.40%	4.60%	-
FHB	2.40%	16.50%	-
MCO	2.10%	33.30%	-
KIS	0.40%	2.00%	-
HVB	0.60%	2.60%	-
MPV	-	-	0.1x
SBC	0.50%	3.80%	-
TBC	0.20%	10.40%	-

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating units' carrying amounts to exceed their recoverable amounts. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in an impairment charge.

21 Other non-current assets

	30-Jun-21	30-Jun-20
	$	$
Security deposits	338,904	287,626
Other	11,288	21,805
	350,192	**309,431**

22 Trade and other payables

	30-Jun-21	30-Jun-20
	$	$
Trade payables	4,721,855	1,201,488
GST payable (net)	156,122	359,008
Accrued expenses and other payables	2,017,980	904,034
Employee related payables	2,374,834	1,108,194
	9,270,791	**3,572,724**

Refer to Note 31 for further information on financial instruments.

23 Borrowings

	30-Jun-21	30-Jun-20
	$	$
Current		
Chattel mortgage	104,144	55,156
Other borrowings	39,616	-
	143,760	**55,156**
Non-current		
Financing facility (PURE Asset Management)	6,078,694	-
Chattel mortgage	153,566	73,770
Other borrowings	434,253	-
	6,666,513	**73,770**

The break down of the financing facility is set out below:

Loan received	7,500,000	-
Fair value of warrants issued treated as arrangement fee*	(1,478,554)	-
Unwinding of interest on warrants issued	207,248	-
Transaction fee	(150,000)	-
	6,078,694	**-**

* Warrants issued to PURE Asset Management as consideration for entering into the loan facility. The warrants have been fair valued using an option model.

Refer to Note 31 for further information on financial instruments.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	30-Jun-21	30-Jun-20
	$	$
Total facilities		
Loans	12,552,563	-
	12,552,563	**-**
Used at the reporting date		
Loans	6,552,563	-
	6,552,563	**-**
Unused at the reporting date		
Loans	6,000,000	-
	6,000,000	**-**

23 Borrowings (continued)

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	30-Jun-21 $	30-Jun-20 $
Loans	7,859,066	-
Chattel mortgage	257,710	128,926
	8,116,776	**128,926**

Assets pledged as security

The loan from Pure Asset Management is secured by first-ranking security over the Group's property, present and future. Financial covenants include:

a) a minimum cash balance requirement, measured quarterly; and
b) six-months trailing adjusted EBIT requirement, measured quarterly.

24 Employee benefits

	30-Jun-21 $	30-Jun-20 $
Current		
Employee benefits	1,157,891	682,042
	1,157,891	**682,042**
Non-current		
Employee benefits	97,195	50,127
	97,195	**50,127**

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

25 Lease liabilities

	30-Jun-21 $	30-Jun-20 $
Current		
Lease liability	405,724	153,401
	405,724	**153,401**
Non-current		
Lease liability	13,880,405	11,383,683
	13,880,405	**11,383,683**

Refer to Note 31 for further information on financial instruments.

26 Other current liabilities

	30-Jun-21 $	30-Jun-20 $
Deferred investment consideration - Slipstream Brewing Co. Pty Ltd	-	1,000,000
Deferred revenue	44,170	73,840
Share capital received in advance	156,605	-
	200,775	**1,073,840**

27 Equity - Issued capital

	30-Jun-21 Shares	30-Jun-20 Shares	30-Jun-21 $	30-Jun-20 $
Ordinary Shares - fully paid	152,238,834	123,591,084	48,942,676	39,174,270
Total issued capital			**48,942,676**	**39,174,270**

27 Equity - Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	30-Jun-19	129,296,942		10,885,941
Issue of shares to vendors of Momentum Food & Wine Pty Ltd (since renamed Mighty Craft Operations Pty Ltd) (First tranche)	14-Aug-19	1,350,000	$ 0.160	216,000
Issue of shares - Series B Capital (First tranche)	7-Oct-19	62,720,000	$ 0.160	10,035,200
Issue of shares - Series B Capital (Second tranche)	4-Nov-19	19,781,250	$ 0.160	3,165,000
Issue of shares to vendors of Momentum Food & Wine Pty Ltd (since renamed Mighty Craft Operations Pty Ltd) (Second tranche)	4-Nov-19	3,337,500	$ 0.160	534,000
Issue of shares under Employee Incentive Plans	4-Nov-19	13,487,500	$ -	-
Share Consolidation (2 shares for every 5 shares held)	11-Nov-19	(137,983,908)		-
Issue of shares - Initial Public Offer	17-Dec-19	31,561,800	$ 0.500	15,780,900
Issue of shares under Employee Incentive Plans	16-Jan-20	40,000	$ 0.125	4,982
Transaction costs on issue of capital		-		(1,447,753)
Balance	30-Jun-20	123,591,084		39,174,270
Issue of shares - Placement (First tranche)	15-Sep-20	13,465,721	$ 0.350	4,713,000
Issue of shares under Share Purchase Plan	20-Oct-20	4,765,361	$ 0.350	1,667,849
Issue of shares - Post AGM Allotment	13-Nov-20	8,000,002	$ 0.350	2,800,000
Issue of shares under Employee Incentive Plans	17-Nov-20	166,666	$ 0.370	61,666
Transaction costs on issue of capital				(374,109)
Conversion of performance shares	3-Feb-21	2,250,000	$ 0.400	900,000
Balance	30-Jun-21	**152,238,834**		**48,942,676**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

28 Equity - Retained earnings / (accumulated losses)

	30-Jun-21 $	30-Jun-20 $
(Accumulated losses) at the beginning of the financial year	(10,401,912)	(1,650,744)
Adjustment for change in accounting policy (AASB 16 Leases)	-	(234,486)
(Accumulated losses) at the beginning of the financial year - restated	(10,401,912)	(1,885,230)
(Loss) after income tax expense for the year	(15,001,102)	(8,516,682)
Transfer (to) / from minority interests	(254,402)	-
(Accumulated losses) at the end of the financial year	**(25,657,416)**	**(10,401,912)**

29 Equity - Reserves

	30-Jun-21 $	30-Jun-20 $
Share-based payments reserve	2,003,716	1,230,710
	2,003,716	**1,230,710**

30 Equity - Non-controlling interest

	30-Jun-21 $	30-Jun-20 $
Issued capital	2,048,639	1,550,285
Reserves	(214,726)	(214,726)
(Accumulated losses)	(1,310,064)	(1,073,397)
	523,849	**262,162**

Refer to Note 40 for further information on non-controlling interests in subsidiaries.

31 Financial Instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The Group is not exposed to any significant foreign currency risk.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value risk.

The Group has bank & other financial institution loans outstanding as at 30 June 2021 of $8,008,669 (2020: nil). The loans are subject to interest-only payments, with fixed interest per annum, meaning there is no significant interest rate risk to the Group. The loan with Pure Asset Management is for a four year fixed-term, and is secured by Warrants issued to the lender, which may be exercised any time up to the week prior to maturity date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Refer to Note 23 for unused borrowing facilities at the reporting date.

31 Financial Instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Consolidated - 2021						
Non-derivatives						
Non-interest bearing						
Trade payables	-	4,721,855	-	-	-	4,721,855
Other payables	-	4,392,814	-	-	-	4,392,814
Interest-bearing - fixed rate						
Chattel mortgage liabilities	5.05%	113,377	68,534	93,933	-	275,844
Lease liability	6.07%	1,244,121	1,280,944	3,925,744	18,812,128	25,262,937
Loan facility - fixed rate	9.39%	39,616	152,876	7,614,248	388,132	8,194,873
Total non-derivatives		**10,511,782**	**1,502,354**	**11,633,925**	**19,200,260**	**42,848,323**

Consolidated - 2020	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,201,488	-	-	-	1,201,488
Other payables	-	2,012,228	-	-	-	2,012,228
Deferred investment consideration	-	1,000,000	-	-	-	1,000,000
Interest-bearing - fixed rate						
Chattel mortgage liabilities	8.36%	62,526	27,553	54,718	-	144,797
Lease liability	6.00%	876,426	985,670	3,041,301	15,777,149	20,680,546
Total non-derivatives		**5,152,668**	**1,013,223**	**3,096,019**	**15,777,149**	**25,039,059**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

32 Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Consolidated - 30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Convertible notes at fair value through profit and loss	-	-	2,500,000	2,500,000
Ordinary shares at fair value through other comprehensive income	-	-	3,146,761	3,146,761
Total	**-**	**-**	**5,646,761**	**5,646,761**

Consolidated - 30 June 2020	Level 1 $	Level 2 $	Level 3 $	Total $
Convertible notes at fair value through profit and loss	-	-	4,000,000	4,000,000
Ordinary shares at fair value through other comprehensive income	-	-	2,750,253	2,750,253
Total	**-**	**-**	**6,750,253**	**6,750,253**

There were no transfers between levels during the current and previous financial years.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments and investments in convertible notes have first been valued with reference to recent equity transactions. In the absence of reliable and recent equity transactions, investments have been valued using a "market approach". Under this valuation technique, the Group has used market multiples derived from a set of comparable transactions, considering qualitative and quantitative factors specific to the measurement.

32 Fair value measurement (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Convertible notes at fair value through P&L $	Ordinary shares at fair value through OCI $	Total $
Balance at 1 July 2019	-	53,501	53,501
Additions	4,000,000	2,696,752	6,696,752
Balance at 30 June 2020	4,000,000	2,750,253	6,750,253
Additions	-	450,009	450,009
Disposals	-	(53,501)	(53,501)
Convertible Notes converted into Equity	(1,500,000)	-	(1,500,000)
Balance at 30 June 2021	**2,500,000**	**3,146,761**	**5,646,761**

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair value through OCI	Revenue multiple of comparable early stage craft brewery businesses	1.1 times to 2.23 times (1.87 times)	0.5 times change in multiple would increase / decrease fair value by $270,000
Convertible notes at fair value through P&L	Revenue multiple of comparable early stage craft brewery businesses	1.1 times to 2.23 times (1.54 times)	0.5 times change in multiple would increase / decrease fair value by $700,000

33 Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	30-Jun-21 $	30-Jun-20 $
Short-term employee benefits	1,227,676	870,469
Post-employment benefits	101,384	76,058
Share-based payments	62,379	83,514
	1,391,439	**1,030,041**

34 Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia, the auditor of the Group.

	30-Jun-21	30-Jun-20
	$	$
Audit services - RSM Australia		
Audit or review of financial statements - Mighty Craft Group	111,530	110,000
Audit or review of financial statements - subsidiaries and acquisitions	-	128,000
Other services - RSM Australia		
Tax compliance and related services	36,944	89,750
Investigating accountant's report and financial due diligence for acquisitions	-	76,750
	148,474	**404,500**

Note: Significant fees were incurred in FY20 in relation to work performed in preparation for the IPO and due-diligence on acquisitions undertaken during the year.

35 Contingent liabilities / assets

The group has given bank guarantees as at 30 June 2021 of $237,978 (2020: $328,455) to various landlords.

During the financial year, the parent entity issued equity incentive plans to eligible employees. These plans may give rise to a limited recourse loan equal to the amount of the issue price of shares issued under the plan. Shares vest upon certain conditions being met. The Group's recourse to these loans on vested shares is contingent upon the shares being disposed at a price less than issue price. Accordingly, no provision has been provided within these financial statements.

The company has been approached regarding a potential intellectual property infringement on one of its brands. The matter is in its preliminary stages and no formal claim has been lodged. As at the date of this report, it is not possible to reliably measure an estimate of the potential financial effect.

The group has no contingent assets as at 30 June 2021 (2020: $nil).

36 Commitments

	30-Jun-21	30-Jun-20
	$	$
Capital commitments		
The Group had the following capital commitments as at the reporting date:		
Property, plant and equipment	315,568	-
	315,568	-
Chattel mortgage commitments		
Committed at the reporting date and recognised as liabilities, payable		
Within one year	113,377	62,526
One to five years	162,467	82,271
Total commitment	275,844	144,797
Less: Future finance charges	(18,134)	(15,871)
Net commitment recognised as liabilities	257,710	128,926
Representing borrowings		
Current	104,144	55,156
Non-current	153,566	73,770
	257,710	128,926

37 Related party transactions

Parent Entity
Mighty Craft Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 40.

Associates
Interests in associates are set out in Note 41.

Key management personnel
Disclosures relating to key management personnel are set out in Note 33.

Transactions with related parties
The following transactions occurred with related parties:

	30-Jun-21 $	30-Jun-20 $
Product sales to associates	21,968	-
Product purchases from associates *	943,293	-
Reimbursement of costs charged to associates	23,073	35,000
Interest earned on loans to associates	6,458	1,498
Commissions charged to associates	48,376	39,158
Professional fees paid to director-related entities **	609,318	502,195
Equity and performance rights issued to vendors of Momentum (Director related entity)	-	835,000

* Purchases with associates are disclosed for the period in which the business was an associate during the financial year.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30-Jun-21	30-Jun-20
Trade receivable from associates	58,095	16,346
Trade payable to associates	116,528	38,056
Trade payable to director-related entities **	60,564	170,081
Loan to director of subsidiary	105,000	105,000
Loan to associate	200,000	249,328

** Refer to the Remuneration Report for details on transactions with key management personnel and their related parties.

Terms and conditions
Loan to director of subsidiary is interest-free and is repayable no later than 28 February 2029.

Loan to associate is to SauceCo (FNQLD) Pty Ltd. The loan is interest free, and the balance of the loan is repayable no later than 5 October 2027.

Loan to associate in the prior financial year was to Torquay Beverage Company Pty Ltd (formerly K.Booch Alcoholic Kombucha Co Pty Ltd). The loan was subject to interest at the small business fixed 3 year interest rate, plus 1.5%. Interest accrues daily, and was payable quarterly. During the financial year, Torquay Beverage Company Pty Ltd was consolidated into the group. See Note 39 for further details.

38 Parent entity information

Set out below is the supplementary information about the parent entity.

	30-Jun-21 $	30-Jun-20 $
Statement of profit or loss and other comprehensive income		
Loss after income tax	(3,753,804)	(1,997,404)
Total comprehensive income / (loss)	(3,753,804)	(1,997,404)
Statement of financial position		
Total current assets	565,869	8,943,762
Total assets	50,884,170	37,824,344
Total current liabilities	819,291	224,417
Total liabilities	6,092,815	233,960
Equity		
Issued capital	48,935,176	39,174,270
Accumulated losses	(6,147,537)	(2,814,596)
Reserves	2,003,716	1,230,710
Total Equity	44,791,355	37,590,384

Contingent liabilities / assets

Refer to Note 35 for details of the contingent liabilities and assets of the parent entity.

Capital commitments

The parent entity had no capital commitments for expenditure as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 3, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

39 Business combinations

Slipstream Brewing Company Business Acquisition
Between November 2019 and October 2020, Mighty Craft Beer Pty Ltd, a subsidiary of Mighty Craft Ltd, acquired 45% of the ordinary shares of Slipstream Brewing Company Pty Ltd, for a total consideration of $1,500,000. In addition, on 11 November 2020 Slipstream Brewing Company Pty Ltd issued convertible notes to Mighty Craft Ltd for consideration of $1,000,000. As part of the convertible note subscription, Mighty Craft Ltd acquired a majority board position, giving the Group control over Slipstream Brewing Company Pty Ltd as at 11 November 2020. The company is a craft beer producer, and has its own cellar door attached to its production facility in Brisbane.

The goodwill of $993,295 represents the expected growth through production, logistics and cost synergies arising from the acquisition. The acquired business contributed revenues of $2,890,508, and loss after tax of $37,291 to the Group for the financial year.

The business combination has now been finalised and detailed below are the final values as at 30 June 2021. There has been no change in goodwill from the provisional figures disclosed at 31 December 2020.

Details of acquisition are as follows:

	Fair value $
Cash and cash equivalents	976,171
Inventories	80,549
Intangible assets	49,548
Trade and other receivables	242,161
Right of use assets	3,322,898
Property, plant & equipment	713,821
Other non-current assets	85,129
Trade and other payables	(466,679)
Lease liability	(3,335,651)
Borrowings	(656,045)
Net identifiable assets and liabilities	1,011,902
Mighty Craft interest (45%)	455,356
Goodwill	993,295
Acquisition-date fair value of the total consideration transferred	1,448,651
Representing:	
Fair value of previously held equity interest	1,448,651
	1,448,651
Acquisition costs expensed to profit and loss	35,222

Cash and cash equivalents of $976,171 was acquired pursuant to consolidation of the entity. The business combination resulted from arrangements which did not involve transfer of any additional consideration.

39 Business combinations (continued)

Torquay Beverage Company Business Acquisition
On 31 August 2020, Mighty Craft Spirits Plus Pty Ltd, a subsidiary of Mighty Craft Ltd, acquired 50% of the ordinary shares of Torquay Beverage Company Pty Ltd for a total consideration of $300,000. The Board of Directors of Mighty Craft Ltd have determined that on this date, Mighty Craft Ltd has control over Torquay Beverage Company Pty Ltd and as such has consolidated their financial information as per AASB 10 *'Consolidated Financial Statements'*. Torquay Beverage Company Pty Ltd is a craft alcohol producer, focusing on ready-to-drink beverages, including seltzers.

The goodwill of $327,618 represents the expected growth arising from the acquisition. The acquired business contributed revenues of $1,692,624, and loss after tax of $281,997 to the Group for the financial year.

The business combination has now been finalised and detailed below are the final values as at 30 June 2021. There has been no change in goodwill from the provisional figures disclosed at 31 December 2020.

Details of acquisition are as follows:

	Fair value $
Cash and cash equivalents	4,764
Inventories	61,500
Trade and other receivables	12,145
Other current assets	3,638
Right-of-use asset	158,031
Other non-current assets	9,490
Trade and other payables	(29,548)
Borrowings	(84,535)
Loan from Mighty Craft Limited	(252,188)
Lease liability	(165,063)
Net identifiable assets and liabilities	(281,766)
Mighty Craft interest (50%)	(140,883)
Goodwill	327,618
Acquisition-date fair value of the total consideration transferred	186,735
Representing:	
Cash	186,735
	186,735
Acquisition costs expensed to profit and loss	16,252
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	186,735
Less: Cash and cash equivalents acquired	(4,764)
Less: Intercompany loan eliminated	(252,188)
Net cash used / (acquired)	(70,217)

39 Business combinations (continued)

Kangaroo Island Distillery Business Acquisition
During February 2020, Mighty Craft Spirits Plus Pty Ltd (formerly Founders First Global Pty Ltd), a subsidiary of Mighty Craft Ltd, acquired 100% of the ordinary shares of Kangaroo Island Distillery Pty Ltd (also known as Kangaroo Island Spirits - KIS) (with effective acquisition date of 28 February 2020) for a total consideration of $1,568,713. KIS produces a range of award winning gin and other spirits at the cellar door on Kangaroo Island, in South Australia. The acquisition is the cornerstone in the Group's Spirits category, contributing significant turnover as a stand-alone business. As a new 100% owned subsidiary, Mighty Craft can further inject capital to support production efficiencies to drive volume.

The business combination has now been finalised and detailed below are the final values as at 30 June 2021. The finalisation of business combination accounting in accordance with AASB 3 'Business Combinations' has resulted in an increase of $68,712 to goodwill.

Details of acquisition are as follows:

	Fair value $
Cash and cash equivalents	246,632
Inventories	369,764
Trade and other receivables	249,432
Property, plant and equipment	97,316
Trade and other payables	(417,680)
Borrowings	(37,343)
Employee benefits	(95,750)
Net identifiable assets and liabilities	412,371
Goodwill	1,156,341
Acquisition-date fair value of the total consideration transferred	1,568,712
Representing:	
Cash	1,568,712
	1,568,712
Acquisition costs expensed to profit and loss	48,478
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,568,712
Less: Cash and cash equivalents acquired	(246,632)
Net cash used / (acquired)	1,322,080

39 Business combinations (continued)

Hunter Valley Business Acquisition
During February 2020, Mighty Hunter Valley Pty Ltd (formerly Founders First Hunter Valley Pty Ltd), a subsidiary of Mighty Craft Ltd, acquired the leasehold and business assets of the venue formerly known as Potters Brewery (with effective acquisition date of 4 February 2020) for a total consideration of $1,500,000. The acquisition is the result of a targeted approach to building engagement with consumers through venues, and providing the public with tangible experiences and connections to craft brands.

The business combination has now been finalised and detailed below are the final values as at 30 June 2021. There has been no change in goodwill from the provisional figures disclosed at 30 June 2020.

Details of acquisition are as follows:

	Fair value
	$
Right-of-use assets	6,468,853
Employee benefits	(26,402)
Lease liabilities	(6,468,853)
Net identifiable assets and liabilities	(26,402)
Goodwill	1,526,402
Acquisition-date fair value of the total consideration transferred	1,500,000
Representing:	
Cash	1,500,000
	1,500,000
Acquisition costs expensed to profit and loss	50,800
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,500,000
Less: Cash and cash equivalents acquired	-
Net cash used / (acquired)	1,500,000

39 Business combinations (continued)

Moonee Ponds Business Acquisition

During January 2020, Mighty Moonee Ponds Pty Ltd (formerly Founders First Moonee Ponds Pty Ltd), a subsidiary of Mighty Craft Ltd, acquired the leasehold and business assets of the venue at 690-694 Mt Alexander Rd, Moonee Ponds (with effective acquisition date of 31 January 2020) for a total consideration of $1,000,000 (excl GST). The acquisition is the result of a targeted approach to building engagement with consumers through venues, and providing the public with tangible experiences and connections to craft brands.

The business combination has now been finalised and detailed below are the final values as at 30 June 2021. There has been no change in goodwill from the provisional figures disclosed at 30 June 2020.

Details of acquisition are as follows:

	Fair value $
Property, plant and equipment	189,396
Right-of-use assets	1,278,945
Lease liabilities	(1,278,945)
Net identifiable assets and liabilities	189,396
Goodwill	810,604
Acquisition-date fair value of the total consideration transferred	1,000,000
Representing:	
Cash	1,000,000
	1,000,000
Acquisition costs expensed to profit and loss	46,123
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,000,000
Less: Cash and cash equivalents acquired	-
Net cash used / (acquired)	1,000,000

39 Business combinations (continued)

Adelaide Hills Group Acquisition (Post balance sheet)

In June 2021, Mighty Craft Nominees, a subsidiary of Mighty Craft Ltd, acquired four entities based in the Adelaide Hills of South Australia (referred to here as the Adelaide Hills Group, or AHG). The acquired entities include Mismatch Brewing Company Pty Ltd (100%), MK Wine Solutions Pty Ltd (100%), The Hills Distillery Pty Ltd (100%), and Lot 100 Pty Ltd (75%). The effective acquisition date is 19 July 2021, so the entities are not consolidated into the Group in the financial statements - however, the details of the expected combination is included here given the impact in future periods.

This is a strategic and transformative acquisition, which will drive a significant increase in capacity and scale of production, as well as securing several well established and respected brands which are already trading profitably.

The provisional goodwill of $41,045,654 represents the expected growth arising from the acquisition, including increased capacity to significantly increase scale of production across the Mighty Craft portfolio of brands. The acquired business was not consolidated before 30 June 2021, so contributed nil revenues and profit to the Group for the financial year. The values identified in relation to this acquisition are provisional as at 30 June 2021.

Details of acquisition are as follows:

	Mismatch Brewing Company Pty Ltd	MK Wine Solutions Pty Ltd	The Hills Distillery Pty Ltd	Lot 100 Pty Ltd	Total Group
	Fair value	**Fair value**	**Fair value**	**Fair value**	**Fair value**
	$	**$**	**$**	**$**	**$**
Cash and cash equivalents	174,176	871,716	9,954	394,271	1,450,117
Inventories	530,812	1,188,759	1,681,673	81,468	3,482,712
Trade and other receivables	1,169,844	713,920	403,939	97,326	2,385,030
Property, plant and equipment	1,964,909	281,706	662,096	500,776	3,409,488
Other non-current assets	34,370	10,098	34,937	-	79,405
Trade and other payables	(829,458)	(1,568,049)	(860,904)	(767,627)	(4,026,038)
Borrowings	(309,321)	(322,018)	(193,636)	(1,392)	(826,368)
Net identifiable assets and liabilities					5,954,346
Goodwill					41,045,654
Acquisition-date fair value of the total consideration transferred					47,000,000
Representing:					
Cash					27,000,000
Ordinary Shares					20,000,000
					47,000,000
Acquisition costs expensed to profit and loss					1,592,462
Cash used to acquire business, net of cash acquired:					
Acquisition-date fair value of the total consideration transferred					47,000,000
Less: Non-cash consideration					(20,000,000)
Less: Cash and cash equivalents acquired					(1,450,117)
Net cash used / (acquired)					25,549,883

40 Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 3:

Name	Principal place of business/ Country of incorporation	Ownership interest 30-Jun-21 %	30-Jun-20 %
Mighty Craft Nominees Pty Ltd (formerly Founders First Nominees Pty Ltd)	Australia	100%	100%
Mighty Craft People & Services Pty Ltd (formerly Founders First Operations Pty Ltd)	Australia	100%	100%
Mighty Craft Investments Pty Ltd (formerly Founders First Properties Pty Ltd)	Australia	100%	100%
Mighty Craft Beer Pty Ltd (formerly Founders First Jetty Road Pty Ltd)	Australia	100%	100%
Founders First Foghorn Brewery Pty Ltd	Australia	100%	100%
Founders First Ballistic Pty Ltd	Australia	100%	100%
Founders First Brogans Way Pty Ltd	Australia	100%	100%
Mighty Craft Spirits Plus Pty Ltd (formerly Founders First Global Pty Ltd)	Australia	100%	100%
Mighty Hunter Valley Pty Ltd (formerly Founders First Hunter Valley Pty Ltd)	Australia	100%	100%
Founders First K.Booch Pty Ltd	Australia	100%	100%
Craft Hub Pty Ltd (formerly Founders First Momentum Pty Ltd)	Australia	100%	100%
Mighty Moonee Ponds Pty Ltd (formerly Founders First Moonee Ponds Pty Ltd)	Australia	100%	100%
Founders First SWB Pty Ltd	Australia	100%	100%
Founders First SauceCo Pty Ltd	Australia	100%	100%
Founders First Slipstream Pty Ltd	Australia	100%	100%
Founders First Sparkke Pty Ltd	Australia	100%	100%
Mighty Craft Venues Pty Ltd (formerly Founders First Venues Pty Ltd)	Australia	100%	100%
Mighty Craft Export Pty Ltd (formerly Founders Momentum International Pty Ltd)	Australia	100%	100%
Mighty Craft Operations Pty Ltd (formerly Momentum Food and Wine Pty Ltd)	Australia	100%	100%
Kangaroo Island Distillery Pty Ltd	Australia	100%	100%

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in Note 3:

Name	Principal place of business/ Country of incorporation	Ownership interest 30-Jun-21 %	30-Jun-20 %
Jetty Road Brewery Pty Ltd	Australia	67.5%	55.6%
Foghorn Brewery Pty Ltd	Australia	75.0%	75.0%
JR South Melbourne Pty Ltd *	Australia	67.5%	55.6%
Founders Road Pty Ltd ***	Australia	-	77.8%
Seven Seasons Pty Ltd (formerly Australian Native Spirits Pty Ltd)	Australia	65.0%	65.0%
Slipstream Brewing Company Pty Ltd **	Australia	45.0%	15.0%
Torquay Beverage Company Pty Ltd **	Australia	50.0%	38.5%

** through Jetty Road Brewery Pty Ltd*
*** was an associate at 30 June 2020*
**** was deregistered during the year ended 30 June 2021*

40 Interest in subsidiaries (continued)

Summarised financial information
Summarised financial information of the subsidiaries with non-controlling interests that are material to the Group are set out below:

30 June 2021 ($)

	Jetty Road Brewery Pty Ltd	Foghorn Brewery Pty Ltd	JR South Melbourne Pty Ltd	Seven Seasons Pty Ltd	Slipstream Brewing Company Pty Ltd	Torquay Beverage Company Pty Ltd
Summarised statement of financial position						
Current assets	1,436,530	674,342	-	2,007,243	706,970	692,474
Non-current assets	3,453,474	3,301,258	-	328,882	5,526,877	138,147
Total assets	4,890,004	3,975,600	-	2,336,125	6,233,847	830,621
Current liabilities	942,521	610,596	-	546,545	426,492	502,441
Non-current liabilities	2,225,366	2,856,795	-	430,967	4,833,372	918,096
Total liabilities	3,167,887	3,467,391	-	977,512	5,259,864	1,420,537
Net assets	**1,722,117**	**508,209**	**-**	**1,358,613**	**973,983**	**(589,916)**
Summarised statement of profit or loss and other comprehensive income						
Revenue & other income	6,493,180	3,548,248	1,227,167	2,162,262	3,009,742	1,711,062
Expenses	7,483,575	3,645,690	710,353	1,151,791	3,090,059	2,019,214
Loss before income tax expense	(990,395)	(97,442)	516,814	1,010,471	(80,317)	(308,152)
Income tax expense	-	-	-	-	-	-
Loss after income tax expense	(990,395)	(97,442)	516,814	1,010,471	(80,317)	(308,152)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**(990,395)**	**(97,442)**	**516,814**	**1,010,471**	**(80,317)**	**(308,152)**
Other financial information						
Loss attributable to non-controlling interests	(422,950)	(31,030)	168,223	45,817	(105,885)	(154,164)
Accumulated non-controlling interests at the end of reporting period	(66,498)	125,881	65,835	243,016	450,662	(295,047)

30 June 2020 ($)

	Jetty Road Brewery Pty Ltd	Foghorn Brewery Pty Ltd	JR South Melbourne Pty Ltd	Seven Seasons Pty Ltd
Summarised statement of financial position				
Current assets	820,254	344,783	77,719	491,460
Non-current assets	2,453,140	3,541,874	1,808,706	323,022
Total assets	3,273,394	3,886,657	1,886,425	814,482
Current liabilities	1,060,472	362,859	176,769	49,820
Non-current liabilities	73,770	2,917,989	2,226,469	201,138
Total liabilities	1,134,242	3,280,848	2,403,238	250,958
Net assets	**2,139,152**	**605,809**	**(516,813)**	**563,524**
Summarised statement of profit or loss and other comprehensive income				
Revenue	4,324,735	2,531,501	-	-
Expenses	5,380,919	2,864,543	314,555	51,961
Loss before income tax expense	(1,056,184)	(333,042)	(314,555)	(51,961)
Income tax expense	-	-	-	-
Loss after income tax expense	(1,056,184)	(333,042)	(314,555)	(51,961)
Other comprehensive income	-	-	-	-
Total comprehensive income	**(1,056,184)**	**(333,042)**	**(314,555)**	**(51,961)**
Other financial information				
Loss attributable to non-controlling interests	(468,946)	(83,261)	(139,663)	(18,186)
Accumulated non-controlling interests at the end of reporting period	47,715	156,912	(139,663)	197,198

41 Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business/ Country of incorporation	Ownership interest 30-Jun-21 %	Ownership interest 30-Jun-20 %
Slipstream Brewing Co. Pty Ltd *	Australia	45.0%	15.0%
Poison Creek Distillery Pty Ltd (Brogan's Way)	Australia	45.0%	45.0%
Torquay Beverage Company Pty Ltd (formerly K.Booch Alcoholic Kombucha Co Pty Ltd) **	Australia	50.0%	38.5%
SauceCo (FNQLD) Pty Ltd	Australia	25.0%	50.0%
Sparkke Group Holdings Pty Ltd (Sparkke)	Australia	34.1%	-

** was classified as associate at 30 June 2020, but through the accumulation of Board seats, this entity became a subsidiary during the current year, and forms part of the Group at 30 June 2021.*

*** was classified as associate at 30 June 2020, but through increase in percentage holding, this entity became a subsidiary during the current year, and forms part of the Group at 30 June 2021.*

Summarised financial information

	Sparkke 30-Jun-21 $	Brogan's Way 30-Jun-21 $	SauceCo (FNQLD) Pty Ltd 30-Jun-21 $
Summarised statement of financial position			
Current assets	1,642,650	907,150	232,005
Non-current assets	2,792,291	811,630	1,449,984
Total assets	4,434,941	1,718,780	1,681,989
Current liabilities	957,326	92,518	203,241
Non-current liabilities	2,630,345	354,594	950,000
Total liabilities	3,587,671	447,112	1,153,241
Net assets	847,270	1,271,668	528,748
Summarised statement of profit or loss and other comprehensive income			
Income	4,237,748	1,670,970	1,000,547
Expenses	(4,956,799)	(1,314,878)	(1,235,409)
Profit / (loss) before income tax	(719,051)	356,092	(234,862)
Income tax expense	-	-	-
Profit / (loss) after income tax	(719,051)	356,092	(234,862)
Other comprehensive income	-	-	-
Total comprehensive income	(719,051)	356,092	(234,862)
Reconciliation of the Group's carrying amount			
Opening carrying amount	2,000,000	901,358	281,085
Share of profit / (loss) after income tax	(95,266)	60,685	(58,715)
Closing carrying amount	1,904,734	962,043	222,370
Contingent liabilities	-	-	-

41 Interests in associates (continued)

Summarised financial information

	Slipstream Brewing Co. Pty Ltd	Brogan's Way	Torquay Beverage Co. Pty Ltd	SauceCo (FNQLD) Pty Ltd
	30-Jun-20 $	30-Jun-20 $	30-Jun-20 $	30-Jun-20 $
Summarised statement of financial position				
Current assets	480,878	499,561	120,617	197,585
Non-current assets	530,252	877,135	3,538	373,725
Total assets	1,011,130	1,376,696	124,155	571,310
Current liabilities	179,989	64,825	23,593	7,700
Non-current liabilities	710,868	367,353	365,707	-
Total liabilities	890,857	432,178	389,300	7,700
Net assets	120,273	944,518	(265,145)	563,610
Summarised statement of profit or loss and other comprehensive income				
Income	1,623,236	673,217	213,116	4
Expenses	(1,778,317)	(668,594)	(688,397)	(36,394)
Profit / (loss) before income tax	(155,081)	4,623	(475,281)	(36,390)
Income tax expense	-	-	-	-
Profit / (loss) after income tax	(155,081)	4,623	(475,281)	(36,390)
Other comprehensive income	-	-	-	-
Total comprehensive income	(155,081)	4,623	(475,281)	(36,390)
Reconciliation of the Group's carrying amount				
Opening carrying amount	1,500,001	900,000	300,000	300,000
Share of profit / (loss) after income tax	(14,682)	1,358	(95,891)	(18,915)
Closing carrying amount	1,485,319	901,358	204,109	281,085
Contingent liabilities	-	-	-	-

42 Earnings per share

	30-Jun-21 $	30-Jun-20 $
Loss after income taxes	(15,501,091)	(9,235,655)
Non-controlling interest	499,989	718,973
Loss after income tax attributable to the owners of Mighty Craft Limited	(15,001,102)	(8,516,682)
Weighted average number of ordinary shares		
	Number	Number
Weighted average number of ordinary shares used for calculating both basic and diluted earnings per share	143,625,775	97,172,387
	Cents	Cents
Earnings per share - basic and diluted	(10.44)	(8.76)

Note: Potential shares comprising options over ordinary shares and performance rights have not been considered in the calculation of weighted average number of ordinary shares for diluted earnings per share as they are anti-dilutive in nature.

43 Reconciliation of profit / (loss) after income tax to net cash from operating activities

	30-Jun-21	30-Jun-20
	$	$
Loss after income tax expense for the year	(15,501,091)	(9,235,655)
Adjustments for:		
Depreciation and amortisation expense	1,678,800	939,279
Share of profits/(losses) of associates	147,338	128,130
Allowance for expected credit loss	-	22,269
Bad debts written off	6,423	21,451
Share-based payments expense	256,118	250,692
Unwinding of interest on warrants issued	100,152	-
Rent concession income	-	(119,926)
Gain on lease modification	(241,285)	-
Loss on disposal of fixed assets	333,592	-
Gain on disposal of shares	(7,575)	-
Changes in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,623,010)	(790,577)
Decrease/(increase) in inventories	(4,625,705)	(256,718)
Decrease/(increase) in other assets	(562,169)	(17,266)
Increase/(decrease) in trade and other payables	5,212,956	1,746,244
Increase/(decrease) in employee benefits	522,917	484,397
Increase/(decrease) in other liabilities	(29,670)	73,840
Net cash from / (used in) operating activities	**(14,332,210)**	**(6,753,840)**

44 Changes in liabilities arising from financing activities

Consolidated	Business loan $	Chattel mortgage $	Lease liability $	Total $
Balance at 30 June 2019	-	124,005	-	124,005
Acquisition of plant and equipment by means of leases	-	-	89,765	89,765
Leases recognised on the adoption of AASB 16	-	-	4,011,476	4,011,476
Liabilities arising from business combinations	-	37,343	7,876,110	7,913,453
Net cash from / (used in) financing activities	-	(32,422)	(320,341)	(352,763)
Reduction to lease liabilities through rent concessions	-	-	(119,926)	(119,926)
Balance at 30 June 2020	-	128,926	11,537,084	11,666,010
Liabilities arising from business combinations	561,276	179,304	3,500,714	4,241,294
Net cash from / (used in) financing activities	7,369,689	(50,520)	(261,047)	7,058,122
Fair value of warrants treated as arrangement fee	(1,478,554)	-	-	(1,478,554)
Unwinding of interest on warrants issued	100,152	-	-	100,152
Reduction to lease liabilities through lease modifications	-	-	(490,622)	(490,622)
Balance at 30 June 2021	**6,552,563**	**257,710**	**14,286,129**	**21,096,402**

45 Events after the reporting period

Post 30 June 2021, the following significant events occurred:

a) On 19 July 2021, the Company completed the acquisition of the 'Adelaide Hills Group' (AHG), comprising Mismatch Brewing Company Pty Ltd (acquired 100%), MK Wine Solutions Pty Ltd (acquired 100%), The Hills Distillery Pty Ltd (acquired 100%) and Lot 100 Pty Ltd (acquired 75%). Total consideration was $47 Million, comprising $27 Million in cash and $20 Million in MCL shares. To facilitate the transaction, the Company successfully completed a capital raise, comprising an Institutional Placement & Entitlement Offer of a total of 90,625,000 shares at $0.32 per share, which raised $29 Million in cash, and $27 Million of this was used to fund the acquisition. The remaining $20 Million of the consideration on acquisition was 57,142,859 shares issued to the vendors at a price of $0.35 per share. For additional information, see the ASX announcement dated 19 July 2021. Refer to note 39 for disclosures in relation to AASB 3 Business Combinations.

b) On 19 July 2021, the Company granted performance rights to the following members of key management personnel:
(i) 2,815,205 performance rights granted to Mark Haysman;
(ii) 200,000 performance rights granted to Stuart Morton;
(iii) 273,684 performance rights granted to Daniel Wales

The performance rights have an expiry date 15 years from grant date, and an exercise price of $0. The performance rights are tied to certain market and non-market conditions.

The impact of the Coronavirus (COVID-19) pandemic is ongoing, having had an impact on forced closure of venues partially offset by an increase in demand through off-premise channels up to 30 June 2021. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to evolve and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. Likely restrictions on maximum capacities at the Group's venues will impact sales performance.

Apart from the above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

46 Share-based payments

The Group has adopted an employee incentive plan to reward, retain and attract certain employees, consultants and directors of the Group.

Carefully designed, performance linked, equity plans are widely considered to be effective in providing long term incentives to staff. They are also used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Group's strategy, the Board wishes to be in a position to grant Employee Incentives under the Employee Incentive Plan to employees to achieve the objectives outlined above.

The Board is aware of general Shareholder concern that long-term equity based rewards for staff should be linked to achievements by the Group. Employee Incentives granted under the Employee Incentive Plan to eligible participants may be subject to exercise conditions or performance criteria for each participating employee as determined by the Board from time to time.

Pursuant to the Employee Incentive Plan, the Group may offer Plan Shares, Employee Options or Performance Rights on the terms and conditions summarised below.

Eligibility
Any employee, consultant or Director of the Company may be declared by the Board, in its sole and absolute discretion, to be eligible to participate in the Employee Incentive Plan (Eligible Employee). While all Directors are eligible to participate in the Employee Incentive Plan, such future participation will be subject to the Company obtaining all requisite shareholder approvals.

Offer
The Board may from time to time in its absolute discretion make a written offer to Eligible Employees to apply for or be issued a specific number of Employee Incentives, upon the terms set out in the Employee Incentive Plan and upon such additional terms and conditions as the Board determines.

Consideration
An Eligible Employee may be required to pay an issue price in consideration for the grant of an Employee Incentive under the Employee Incentive Plan.

46 Share-based payments (continued)

Maximum allocation

The Employee Incentive Plan provides a limit on the number of Employee Incentives that can be issued under the plan such that an issue of an Employee Incentive must not result in the number of Plan Shares, Employee Options or Employee Performance Rights issued under the Employee Incentive Plan, in aggregate, exceeding 8.5% of the total number of Shares on issue as at the date of the proposed issue of Employee Incentives.

Employee loans

The Employee Incentive Plan also provides that the Board may, in its discretion, elect to provide an Eligible Employee with a limited recourse, interest-free loan for an amount equal to the issue price of any Employee Incentives to enable the Eligible Employee to subscribe for Employee Incentives. These loans are repayable on the earlier of:

i. the Employee ceasing to be employed by the Company;
ii. 30 days after the date the Employee sells, transfers or otherwise deals with the Shares.

In the event that a loan is repayable by the Eligible Employee to the Company, the Company's sole recourse in the event that the Eligible Employee defaults on their obligation to repay the loan will be limited to the Employee Incentives to which the loan relates and the Company may deal with those Employee Incentives by treating the Employee Incentives as having been forfeited or lapsed.

Minimum holding period

A legal or a beneficial interest in a Share issued under the Employee Incentive Plan may not be disposed of until the Share has vested.

The Board may specify, in its absolute discretion, a specific holding period and/or Restrictions that apply to some or all of the Shares, Plan Shares, Employee Options or Employee Performance Rights offered to a person in any Offer (Holding Period).

Shares issued on exercise

Shares issued upon exercise of an Employee Option or an Employee Performance Right will rank equally with the Shares of the Company and third party interests and the Company will apply to ASX for quotation of the Shares.

Participation in new issues, voting rights and dividends

There are no participation rights or entitlements inherent in the Employee Options nor the Employee Performance Rights and Employee Option Holders and Performance Rights Holders will not be entitled to vote, receive any dividends or participate in new issues of capital offered to Shareholders during the currency of the Employee Options and the Employee Performance Rights unless and until the Employee Options have been exercised or the Performance Criteria have been satisfied and the Performance Rights Holder is issued Shares.

Employee performance rights

Each Employee Performance Right entitles an Eligible Employee (Performance Rights Holder) to be issued one Share upon the satisfaction of the Performance Criteria and the exercise of that Performance Right. The Employee Performance Rights will be subject to performance criteria (Performance Criteria) which must be satisfied during the period specified by the Board of the Company (Performance Period). At the end of the Performance Period the Board will determine and notify the Performance Rights Holder if a Performance Criteria has been satisfied.

46 Share-based payments (continued)

Set out below are the summaries of employee performance rights granted under the plan:

2021

Grant date	Vesting date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Balance at the end of the year	Vested and exercisable at the end of the year	Not exercisable at the end of the year
23/09/2019	23/09/2022	16/10/2022	$0.40	120,000	-	-	120,000	-	120,000
12/11/2019	12/11/2021	1/01/2022	$0.50	800,000	-	-	800,000	-	800,000
11/02/2020	11/02/2021	11/02/2031	$0.50	700,000	-	-	700,000	700,000	-
11/02/2020	11/02/2021	11/02/2031	$0.50	20,000	-	-	20,000	20,000	-
20/02/2020	20/02/2021	20/02/2031	$0.50	100,000	-	-	100,000	100,000	-
20/07/2020	20/07/2022	20/08/2022	$0.28	-	75,000	-	75,000	-	75,000
30/11/2020	30/11/2022	31/12/2022	$0.37	-	150,000	-	150,000	-	150,000
20/07/2020	20/07/2022	20/08/2022	$0.27	-	100,000	-	100,000	-	100,000
				1,740,000	**325,000**	**-**	**2,065,000**	**820,000**	**1,245,000**
Weighted average exercise price				-	$0.32	-	$0.47		

The Group has agreed to offer 40,000 performance rights under the Employee Incentive Plan to the managing director of Sparkke Group Holdings Pty Ltd (Sparkke), Andrew Buttery, on the later of:

(i) the date on which Andrew Buttery has been continuously employed by Sparkke for 2 years;

(ii) the date on which Sparkke or a company that has a 100% holding in Sparkke lists on the ASX or other recognised stock exchange;

(iii) the date on which the Group sells at least 50% of its shares in Sparkke or Sparkke's holding company (as applicable) to a purchaser for consideration which results in at least 80% uplift in the value of those shares from the value paid for those shares by the Group.

These performance rights have not been issued as at 30 June 2021.

2020

Grant date	Vesting date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Balance at the end of the year	Vested and exercisable at the end of the year	Not exercisable at the end of the year
30/07/2019	1/11/2019	23/05/2029	$0.50	-	200,000	200,000	-	-	-
23/09/2019	23/09/2022	16/10/2022	$0.40	-	120,000	-	120,000	-	120,000
16/10/2019	17/12/2019	16/01/2020	$0.50	-	40,000	40,000	-	-	-
12/11/2019	12/11/2021	1/01/2022	$0.50	-	800,000	-	800,000	-	800,000
11/02/2020	11/02/2021	11/02/2031	$0.50	-	700,000	-	700,000	-	700,000
11/02/2020	11/02/2021	11/02/2031	$0.50	-	20,000	-	20,000	-	20,000
20/02/2020	20/02/2021	20/02/2031	$0.50	-	100,000	-	100,000	-	100,000
				-	**1,980,000**	**240,000**	**1,740,000**	**-**	**1,740,000**
Weighted average exercise price				-	$0.49	$0.50	$0.49		

* The number of Performance Rights / Shares granted and the exercise price are on a post-consolidation basis (2 shares for every 5 shares issued)

The weighted average share price during the financial year was $0.34 (2020: $0.28).

The weighted average remaining contractual life of employee performance rights outstanding at the end of the financial year was 4 years and 6 months (2020: 6 years and 2 months).

46 Share-based payments (continued)

For the employee performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

2021

Grant Date	Expiry Date	Share price at grant date	Exercise Price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Performance Rights Granted
20/07/2020	20/08/2022	$0.29	$0.28	70%	0.00%	0.89%	$0.16	75,000
30/11/2020	31/12/2022	$0.40	$0.37	70%	0.00%	0.90%	$0.23	150,000
20/07/2020	20/08/2022	$0.29	$0.27	70%	0.00%	0.89%	$0.16	100,000
								325,000

2020

Grant Date	Expiry Date	Share price at grant date	Exercise Price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Performance Rights Granted *
30/07/2019	23/05/2029	NA	$0.50	50%	0.00%	1.25%	$0.10	200,000
23/09/2019	16/10/2022	NA	$0.40	50%	0.00%	1.25%	$0.18	120,000
16/10/2019	16/01/2020	NA	$0.50	50%	0.00%	1.25%	$0.12	40,000
12/11/2019	1/01/2022	NA	$0.50	50%	0.00%	1.25%	$0.16	800,000
11/02/2020	11/02/2031	$0.39	$0.50	70%	0.00%	1.02%	$0.18	700,000
11/02/2020	11/02/2031	$0.39	$0.50	70%	0.00%	1.02%	$0.18	20,000
20/02/2020	20/02/2031	$0.37	$0.50	70%	0.00%	0.99%	$0.17	100,000
								1,980,000

* The number of Performance Rights / Shares granted and the exercise price are on a post-consolidation basis (2 shares for every 5 shares issued)

Vendor performance rights
Set out below are summaries of vendor performance rights granted during the current financial year:

2021

Grant Date	Expiry Date	Exercise Price	Balance at the start of the year	Granted	Exercised	Balance at the end of the year	Vested and exercisable at the end of the year	Not Exercisable at the end of the year
28/10/2019	31/03/2021	-	2,250,000	-	2,250,000	-	-	-
3/11/2019	30/11/2022	-	500,000	-	-	500,000	-	500,000
			2,750,000	**-**	**2,250,000**	**500,000**	**-**	**500,000**

1) Brogan's Way
In the prior financial year, the Company issued 2,250,000 performance rights to the vendor in consideration for the sale of shares in Brogan's Way held by the Vendor to the Company's wholly owned subsidiary.

On 3rd February 2021, the performance rights were exercised and converted into ordinary shares in Mighty Craft Ltd.

46 Share-based payments (continued)

2) Momentum Food & Wine

The company issued 500,000 performance rights to the vendor as part of the consideration for the acquisition of 100% of the shares in Founders Momentum International Pty Ltd (subsequently renamed Mighty Craft Export Pty Ltd). The terms of the performance rights to be issued to the vendor are as follows:

(a) the Mighty Craft Export Performance Rights will only vest and become eligible to be converted into Shares upon Mighty Craft Export achieving an average EBIT of $400,000 per year over FY21 and FY22 (Vesting Criteria);

(b) if the Vesting Criteria is achieved, for nil consideration, all Mighty Craft Export Performance Rights will, in aggregate, convert into that number of Shares calculated as follows:

(i) 250,000 Shares; plus

(ii) for every $0.10 that the Share Price exceeds $1.00, the vendor will receive an additional 50,000 Shares, capped at a maximum of 500,000 Shares. “Share Price” means the volume weighted average price of Shares over the 30 days on which trades in Shares were recorded on the ASX immediately preceding 30 June 2022.

(c) following the satisfaction of the Vesting Criteria and by the date being no later than 3 months after the release of the Company’s unaudited or audited financial results for the full year ending 30 June 2022 (Performance Right Expiry Date), the vendor may serve a notice on the Company (Conversion Notice) to exercise its right to convert the Mighty Craft Export Performance Rights into Shares;

(d) all unvested Mighty Craft Export Performance Rights will automatically lapse on the date of the release of the Company’s audited financial results for the full year ending 30 June 2022;

(e) all vested Mighty Craft Export Performance Rights will automatically lapse on expiry of the Performance Right Expiry Date;

(f) the Mighty Craft Export Performance Rights will not be quoted on the ASX and will not otherwise be transferable;

The weighted average remaining contractual life of vendor performance rights outstanding at the end of the financial year was 1 year and 5 months (2020: 11 months).

No vendor performance rights were granted during the current financial year.

For the vendor performance rights granted during the previous financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

2020

Grant Date	Expiry Date	Share price at grant date	Exercise Price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Performance Rights Granted
28/10/2019	31/03/2021	NA	$0.00	50%	0.00%	1.25%	$0.40	2,250,000
3/11/2019	30/11/2022	NA	$0.00	50%	0.00%	1.25%	$0.17	500,000
								2,750,000

Warrants

In consideration of the grant of $7,500,000 financing facility, the Group issued 15,000,000 warrants over ordinary shares in two tranches during the financial year ended 30 June 2021.

For the warrants granted during the current financial year, the binomial valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise Price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date	Performance Rights Granted
26/08/2020	17/08/2022	$0.48	$0.60	70%	0.00%	0.26%	$0.15	5,000,000
4/11/2020	17/08/2022	$0.36	$0.60	70%	0.00%	0.07%	$0.07	10,000,000
								15,000,000

Directors' Declaration

In the directors' opinion:

(a) the attached financial statements and notes comply with the *Corporations Act 2001* , the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

(c) the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

(d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001.*

On behalf of the directors

Robin Levison
Chairman

Melbourne, Victoria
Dated this 27th day of August 2021

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
To the Members of Mighty Craft Limited

Opinion

We have audited the financial report of Mighty Craft Limited ("the Company") and its subsidiaries (together referred to as "the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RSM

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Revenue Recognition Refer to Note 5 in the financial statements	
The Group's revenue for the year ended 30 June 2021 was $29,283,943. The primary revenue streams are: • Wholesale beverage sales; • Retail food and beverages sales; and • Rendering of services. Whilst revenue recognition does not involve significant management estimates or judgements, it is considered a Key Audit Matter because of its significance to the Group's reported financial performance.	Our audit procedures in relation to revenue recognition included: • Assessing whether the Group's revenue recognition policies were in compliance with the requirements of AASB 15 *Revenues from Contracts with Customers;* • Evaluating and testing the operating effectiveness of key controls related to revenue recognition; • Performing cut-off testing over transactions recorded either side of the year end, to ensure that revenues were recorded in the correct period; and • Conducting a combination of tests of controls, substantive analytical procedures and tests of details in respect of revenue transactions.
Accounting for Business Combinations Refer to Note 39 in the financial statements	
The Group completed two acquisitions during the current financial year and has also completed an acquisition post 30 June 2021. Management has determined these acquisitions to be business combinations under AASB 3 *Business Combinations.* These acquisitions were considered a Key Audit Matter as the accounting for the transactions is complex and involves significant judgements in applying the accounting standards. This includes the recognition and valuation of consideration paid and payable, the determination of the fair value of the tangible assets acquired and liabilities assumed, and the identification and valuation of intangible assets.	Our audit procedures included, among others: • Obtaining the share purchase agreements and other associated documents to understand the key terms and conditions, and ensuring that the transactions had been accounted for in compliance with AASB 3; • Testing the cash consideration paid to bank statements; • Assessing the valuation of share-based consideration paid including shares and performance rights issued; • Assessing the Group's determination of the fair value of the assets and liabilities acquired, having regard to the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations, including useful lives of the tangible assets acquired; and • Reviewing the adequacy of the relevant disclosures in the financial report in compliance with the requirements of AASB 3.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Impairment of Goodwill Refer to Note 20 in the financial statements	
As at 30 June 2021, the Group had goodwill with a carrying amount of $6,842,200 relating to its numerous acquisitions in the current and previous financial years. As required under AASB 136 *Impairment of Assets,* management have tested goodwill for impairment. As goodwill does not generate cashflows that are largely independent from other assets, its recoverable amount was determined by calculating the recoverable amount of the cash generating unit ("CGU") to which it belongs. This recoverable amount was then compared to the CGU's carrying amount. The recoverable amount of seven CGUs was determined to be its value-in-use (VIU) and the recoverable amount of one CGU was determined to be its fair value less costs of disposal (FVLCD) at reporting date. Management have performed an impairment assessment over the goodwill balance by: • Calculating the VIU for each identified CGU using a discounted cash flow model. These models used cash flow projections for the CGU for 5 years, with a terminal growth rate applied to the 5th year. These cash flow projections were then discounted to net present value using the CGU's weighted average cost of capital ("WACC"); • Calculating the FVLCD of the CGU at reporting date; and • Comparing the resulting recoverable amount of the CGU to the CGU's carrying amount. Management also performed a sensitivity analysis over the VIU and FVLCD calculations, by varying the assumptions used (growth rates, revenue multiples, terminal growth rate and WACC) to assess the impact on the valuations. We determined the impairment review of goodwill to be a Key Audit Matter because of the materiality of the Goodwill balance, and because of the significant management judgments and assumptions used to determine the value-in-use / fair value less costs of disposal of the CGU which contains it.	Our audit procedures in relation to management's impairment assessment involved the assistance of our Corporate Finance team where required, and included: • Holding discussions with senior management, reviewing the Group's ASX Announcements and reading minutes of the directors' meetings to gather sufficient information regarding the operations for the current reporting period, as well as expectations in the future; • Assessing management's determination that the goodwill should be allocated to eight CGUs based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions, including fair value determination, revenue multiples, cash flow projections, revenue growth rates, discount rates, and sensitivities used; • Checking the mathematical accuracy of the fair value calculation and cash flow models, and reconciling input data to supporting evidence such as approved budgets, and considering the reasonableness of these budgets; • Reviewing management's sensitivity analysis over the key assumptions in the models, including the consideration of the available headroom and assessing whether the assumptions have been applied on a consistent basis across each scenario; and • Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial statements in relation to the valuation methodologies.

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Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Fair value of financial investments Refer to Note 16 and 17 in the financial statements	
As at 30 June 2021, the Group had investments held at fair value of $5,646,761. These comprise investments in ordinary shares and convertible notes of privately held entities. The Group has applied valuation techniques to determine the fair value of these financial instruments that are not quoted in active markets These valuation techniques, particularly those requiring significant unobservable inputs, usually involve subjective judgement and assumptions. Valuation results can vary significantly when different valuation techniques and assumptions are applied. We considered the valuation of financial instruments a Key Audit Matter as the valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied such growth rate, profitability and revenue multiples.	We evaluated the valuation techniques, inputs and assumptions through comparison with the valuation techniques commonly used in the markets, validation of observable inputs using external market data, and comparison with valuation outcomes obtained from various pricing sources. For valuations which used significant unobservable inputs, we assessing the models used, re-performed the calculations, and analysed the sensitivities of valuation results to key inputs and assumptions; and We compared these to the Group's calculations of fair value to assess individual material valuation differences or systemic bias.
Accounting for Leases Refer to Note 19 and 25 in the financial statements	
As at 30 June 2021, right-of-use assets ("ROU") of $13,591,279 and corresponding lease liabilities of $14,286,129 has been recognised in the consolidated statement of financial position of the Group. We considered leases as a Key Audit Matter due to : • The material nature of ROU assets and leases liabilities on the financial report; • The significance of judgments applied in determining the inputs into the calculations; • The estimates made by the management, including the lease term and incremental borrowing rates; and • The extent of disclosures required in the financial report.	Our audit procedures in relation to the implementation of AASB 16 *Leases* included: • Obtaining an understanding of the processes undertaken by the management and controls implemented in relation to identification of leases; • Verifying the accuracy and completeness of the key inputs used in the underlying lease data, including the inception date, lease payments, lease term by reviewing the lease documentation; • Verifying the mathematical accuracy of the underlying calculations by recalculating the resulting lease liability and right-of-use assets recognised, and the interest and depreciation charges recognised in the consolidated statement of profit or loss for the year; • Critically evaluating the key assumptions applied by the management including the discount rate and the likelihood of exercise of options to extend the leases; and • Reviewing the adequacy of the relevant disclosures in the financial report.

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Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Mighty Craft Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 27 August 2021
Melbourne, Victoria

Corporate Governance Statement

The Board is committed to achieving and demonstrating high standards of Corporate Governance. The Company has complied with the Principles and Recommendations released by the ASX Corporate Governance Council in February 2019 and any subsequent amendments.

The Company's Corporate Governance Statement for the financial year ended 30 June 2021 is accurate and is up to date as at 27 August 2021 and has been approved by the Board. The Company’s Corporate Governance Statement can be found on the Company’s website at www.mightycraft.com.au/investor/corporate-governance.

Shareholders' Information

as at 13th August 2021

(a) The distribution of shareholding was as follows:

Size of Shareholding	Shareholders
1 - 1000	14
1001 - 5000	468
5001 - 10,000	228
10,001 - 100,000	544
100,001 and over	268

(b) 119 shareholders hold less than a marketable parcel of shares, being a market value of less than $500.

(c) Substantial shareholders based on notifications to the Company were

Shareholder	Number	% Held
STEVEN CHRISTOPHER DORMAN <DORMAN FAMILY A/C>	17,285,712	5.76%
MR TOBIAS LEE KLINE <KLINE FAMILY A/C>	17,285,712	5.76%
CITICORP NOMINEES PTY LIMITED	16,318,535	5.44%
CHRISTOPHER HASTINGS MALCOLM	15,510,554	5.17%

(d) The fully paid issued capital of the Company consisted of 300,006,685 shares held by 1,522 shareholders. Each share entitles the holder to one vote.

(e) Unquoted Equity Securities

Plan	Number on Issue	Number of Holders
PERFORMANCE RIGHTS ESCROWED (PR2)	500,000	1
PERFORMANCE RIGHTS ESCROWED (PR3)	1,740,000	5
PERFORMANCE RIGHTS ESCROWED (PR4)	325,000	3
WARRANTS EXPIRING 04/09/2024 AT $0.60	15,000,000	1

(f) Twenty largest shareholders

Shareholder	Number	% Held
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,641,811	8.88%
STEVEN CHRISTOPHER DORMAN <DORMAN FAMILY A/C>	17,285,712	5.76%
MR TOBIAS LEE KLINE <KLINE FAMILY A/C>	17,285,712	5.76%
CITICORP NOMINEES PTY LIMITED	16,318,535	5.44%
MALCOLM MANOR PTY LTD <CHRISTOPHER MALCOLM FAM A/C>	10,036,526	3.35%
SACHA LA FORGIA <LA FORGIA FAMILY A/C>	8,571,427	2.86%
NATIONAL NOMINEES LIMITED	8,545,675	2.85%
DISCOVERY INVESTMENTS PTY LTD <RASCOL FAMILY A/C>	8,103,874	2.70%
SEPPELTSFIELD PTY LTD <SEPPELTSFIELD ESTATE A/C>	7,680,000	2.56%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,653,218	2.55%
NEVERN SQUARE PTY LTD <THE AP A/C>	7,077,730	2.36%
MALCOLM PROPERTY PTY LTD <MALCOLM PROPERTY A/C>	5,474,028	1.82%
SANDHURST TRUSTEES LTD <CYAN C3G FUND A/C>	5,380,984	1.79%
DANIEL JAMES WALES + JAKLINA WALES <THE JALUKA FAMILY A/C>	5,300,000	1.77%
SEACHANGE AUSTRALIA ENTERPRISES PTY LTD <FF INVESTMENT A/C>	3,780,938	1.26%
MUTUAL TRUST PTY LTD	3,540,585	1.18%
1074 HOLDINGS PTY LTD <URBAN CAPITAL NO 2 A/C>	3,331,250	1.11%
IGNITION CAPITAL PTY LTD <IGNITION SUPER FUND A/C>	3,279,726	1.09%
BODHI INVESTMENT LIMITED	3,085,715	1.03%
BREWERTON LIQUID VENTURES PTY LTD <BREWERTON FAMILY A/C>	3,000,000	1.00%
HJLM INVESTMENTS PTY LTD <HLJM INVESTMENT A/C>	3,000,000	1.00%
MR MARC JEREMY HUBER <M HUBER FAMILY A/C>	3,000,000	1.00%
LAND SECURITIES PTY LTD <LAND SECURITIES GROUP SF A/C>	3,000,000	1.00%

The twenty members holding the largest number of shares together held a total of 60.12% of the issued capital.

(g) Restricted Shares

Share Class	Number
ASX Escrowed for 24 months	22,798,075
Escrowed Shares to 19/07/2023	28,571,425
Escrowed Shares to August 2022	28,571,426
Volume Escrowed to 17/12/2021	5,087,379

There are no other restricted shares on issue.

Corporate Directory

Mighty Craft Limited	ABN: 13 622 810 897 and subsidiaries	
Directors	Robin Levison	Non-Executive Chairman
	Mark Haysman	Chief Executive Officer & Managing Director
	Stuart Morton	Executive Director
	Daniel Wales	Executive Director
	John Hood	Non-Executive Director
	Sean Ebert	Non-Executive Director
Company secretary	Andrew Syme	
Notice of annual general meeting	The annual general meeting of Mighty Craft Limited will be held via webcast on 9th November 2021 at 11:00am (AEDT).	
Principal Registered Office	Level 1, 123 Camberwell Road Hawthorn East VIC 3123 Telephone: +61 3 9811 9974 (within Australia) Web: www.mightycraft.com.au	
Share registry	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford VIC 3067 Telephone: 1300 850 505 Web: www.computershare.com.au E-mail: webqueries@computershare.com.au	
Auditors	RSM Australia Partners Level 21, 55 Collins Street Melbourne VIC 3000	
Legal Advisors	Coghlan Duffy & Co Lawyers Level 42, Rialto South Tower 525 Collins Street Melbourne VIC 3000	
Stock exchange listing	Mighty Craft Limited shares are listed on the Australian Securities Exchange (ASX code: MCL)	
Corporate Governance Statement	https://www.mightycraft.com.au/investor/corporate-governance	

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