

Appendix 4C
Quarterly cash flow report for entities
subject to Listing Rule 4.7B

Name of entity

MIGHTY CRAFT LIMITED

ABN

13 622 810 897

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	11,407	11,407
1.2 Payments for	-	-
(a) research and development	-	-
(b) product manufacturing and operating costs	(9,086)	(9,086)
(c) advertising and marketing	(783)	(783)
(d) leased assets	(156)	(156)
(e) staff costs	(5,237)	(5,237)
(f) administration and corporate costs	(1,530)	(1,530)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	23	23
1.5 Interest and other costs of finance paid	(244)	(244)
1.6 Income taxes paid	(94)	(94)
1.7 Government grants and tax incentives	181	181
1.8 Other (provide details if material)	65	65
1.9 Net cash from / (used in) operating activities	(5,454)	(5,454)
2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	(25,567)	(25,567)
(b) businesses	-	-
(c) property, plant and equipment	(807)	(807)
(d) investments	-	-
(e) intellectual property	(152)	(152)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	500	500
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other - cash acquired pursuant to business combinations	-	-
2.6 Net cash from / (used in) investing activities	(26,026)	(26,026)

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
3 Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	28,843	28,843
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(2,496)	(2,496)
3.5 Proceeds from borrowings	5,810	5,810
3.6 Repayment of borrowings	(87)	(87)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	32,070	32,070
4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,255	4,255
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(5,454)	(5,454)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(26,026)	(26,026)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	32,070	32,070
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	4,845	4,845
5 Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1 Bank balances	4,845	4,255
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,845	4,255
6 Payments to related parties of the entity and their associates	Current quarter \$A'000	
6.1 Aggregate amount of payments to related parties and their associates included in item 1	485	
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7 Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

- 7.1 Loan facilities
7.2 Credit standby arrangements
7.3 Other (please specify)
7.4 **Total financing facilities**

Total facility amount at quarter end	Amount drawn at quarter end
\$A'000	\$A'000
(13,464)	(13,464)
	-
(238)	(238)
(13,702)	(13,702)

7.5 Unused financing facilities available at quarter end

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- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Loan Facility is with Pure Asset Management, \$7.5m Facility, 4 year term, 9.75% interest rate, Pure Asset Management have first ranking security over assets of company and subsidiaries, Financial covenants include cash balance measurement on quarterly basis and 6 months trailing adjusted EBIT.

8 Estimated cash available for future operating activities

\$A'000

- | | |
|---|------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (5,454) |
| 8.2 Cash and cash equivalents at quarter end (Item 4.6) | 4,845 |
| 8.3 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 Total available funding (Item 8.2 + Item 8.3) | 4,845 |
| 8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | (1) |
- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

COVID lockdowns have had a material impact on operating cashflow with all venues in Victoria and NSW closed for Q1. The company expects restrictions to lift from November based on the latest government guidelines. In addition, Q1 contains material spend on costs relating to acquisition of Adelaide Hills Group (as announced to ASX on 10th Jun 2021). That spend will not continue into the future. Furthermore, the Group expects synergies from the combination to contribute to cost reductions, including the in-housing of Adelaide Hills Distillery distribution (as announced to ASX on 26th Oct 2021).

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes, MCL has recently completed the sale and leaseback of the land and buildings at Dromana (as announced to ASX on 18th Oct 2021). The freehold was successfully auctioned for a sale price of \$3.55mil, which will flow into the group between Oct and Dec 2021. In addition, the remaining \$0.5mil Note B on issue to Sparkke will be returned by the end of Oct 2021.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, given expected reduction in operating cash outflows outlined in 8.6.1, coupled with expected cash inflows from investing and financing activities outlined in 8.6.2

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27/10/2021

Authorised by: The Board

Notes

- 1 This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- 2 If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.