



mighty
craft

H1 FY22 RESULTS PRESENTATION

FEBRUARY 2022





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OUR AMBITION IS TO BECOME AUSTRALIA'S STRONGEST CRAFT DRINKS BUSINESS

Latest FY22 Outlook

8 million

Litres of beer / cider / RTDs

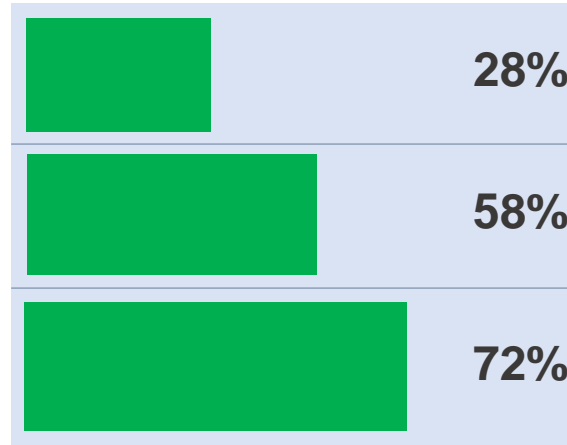
250,000

Bottles of spirits

300k

Litres of whisky under maturation
43% ABV Equivalent

H1 Progress



2025 Ambition²

12M p.a.

Litres of beer / cider / RTDs

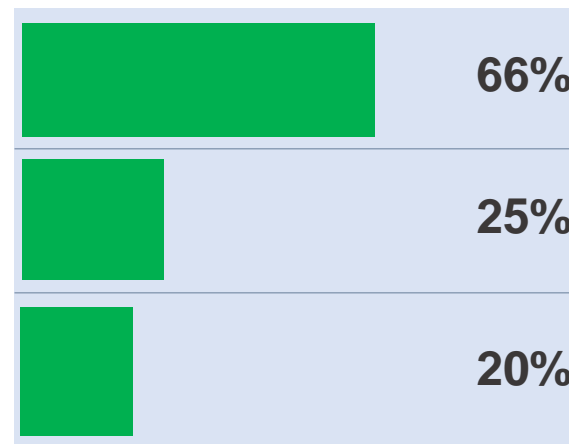
1M p.a.

Bottles of spirits

1.5M

Litres of whisky under maturation
43% ABV Equivalent

Progress to FY25



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

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

By providing leadership, growth capital and operational expertise.

Together we grow and thrive.

1. As released to the ASX in June 2021 as part of the Adelaide Hills Group acquisition ("AHG")
2. As released to the ASX in November 2021 as part of the Whisky Acceleration Strategy in October 2021



BUSINESS HIGHLIGHTS

- Increasing scale with **\$29.6m of** total Income in H1 FY22 reflecting **+130%** growth versus H1 FY21 (“pcp”)
- Improving profit trend with the **first quarterly EBITDA¹ profit** since the company was incorporated in Q2 FY22
- Successful acquisition and integration of the Adelaide Hills Group of companies (“AHG”)
- Whisky acceleration strategy released and approximately **220,000 Litres of Whisky** under maturation at the end of H1 FY22
- Hugely successful launch of Better Beer in November 2021 with **\$1.8 million of sales** in H1 FY22
- Strong D2C performance with **+65% growth** vs pcp
- Health and safety focus ensuring staff and customers remained safe during ongoing COVID related challenges across venues
- Strong momentum heading into H2 FY22

¹ EBITDA is a non-GAAP measure and management view it as an important indicator of performance





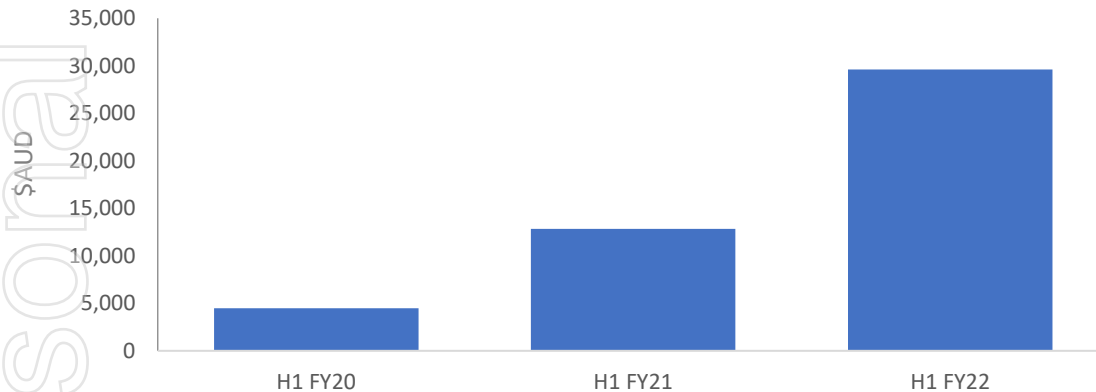
KEY PERFORMANCE METRICS

FINANCIAL PERFORMANCE

	H1 FY22 RESULTS	vs H1 FY21
Total Income	\$29.6m	+130%
Revenue ¹	\$25.9m	+132%
EBITDA ²	\$(2.4)m	+\$2.4m
Underlying EBITDA ³	\$(2.0)m	+\$1.9m
Cash	\$10.7m	+\$6.4m

GROWTH

Total Income H1 FY20 – H1 FY22



1. Revenue from ordinary activities
2. EBITDA is a non-GAAP measure and management view it as an important indicator of performance
3. Underlying EBITDA removes one off impacts (including but not limited to costs relating to the AHG acquisition and the sale and lease back of Jetty Road Dromana) Venue
4. Wholesale growth is illustrated on a Like for Like ("lfl") basis including historical sales for the AHG group of companies to give investors a consistent view versus prior year excluding the impact of acquisitions
5. Venue sales are reported on a statutory basis

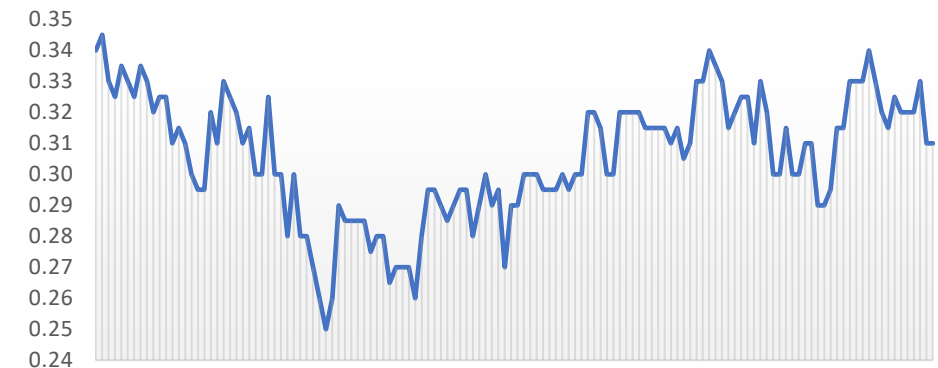
Stronger together. For the love of Craft.

SCALE

	H1 FY22 Performance	vs H1 FY21
Bottles of Spirits ⁴	149k	+44%
Litres of Beer / Cider ⁴	2.2m	+23%
Venue Sales ⁵	\$7.3m	+35%
Number of Venues	9	+2

SHARE PRICE

Period: 6 months (1 July to 31 December 2021)

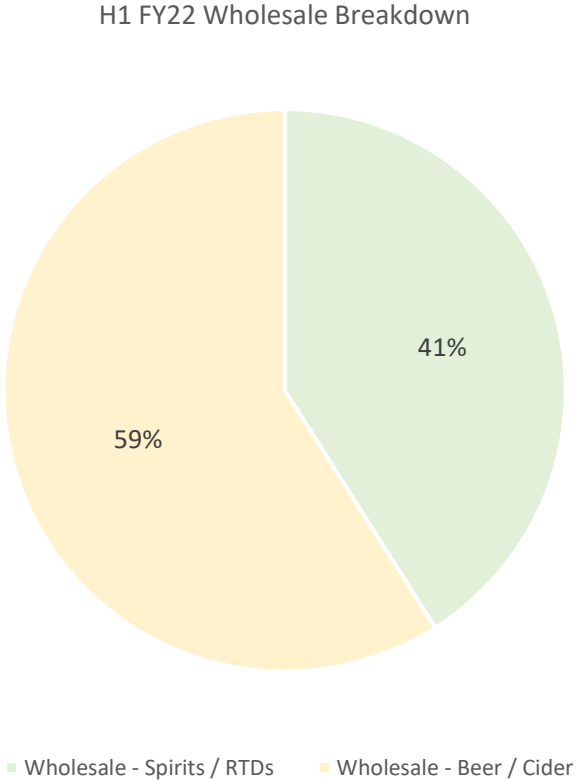
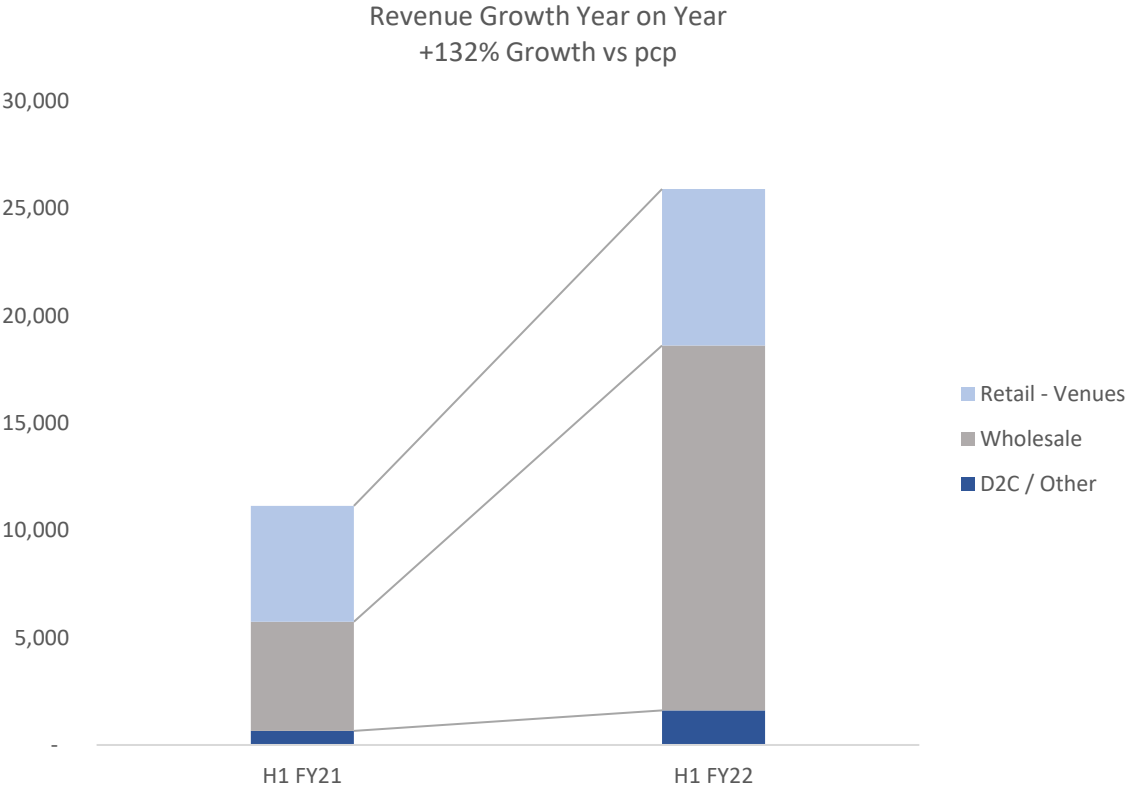


— Price (AUD)



GROWTH DRIVERS

WHOLESALE GROWTH INCREASING AND VENUE MIX DECREASING DUE TO COVID AND AHG INTEGRATION

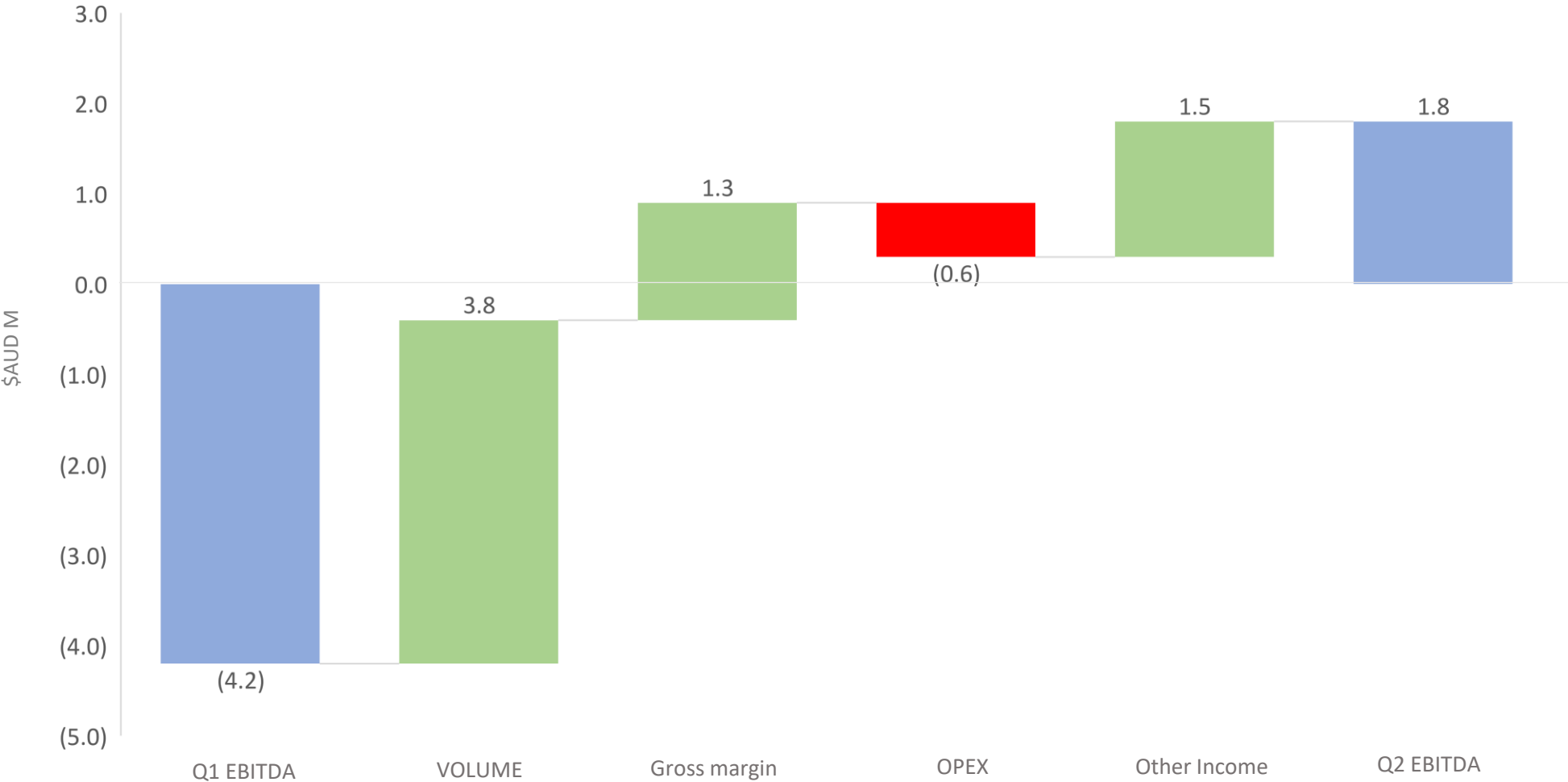


- Mix of sales through venues down to 29% versus 46% as reported in FY21 reflecting the impact of COVID and acquisition of AHG and growth of Better Beer
- Diversified exposure across Wholesale Beer, Cider, Wholesale Spirits / RTDs and Venues
- Strong D2C in H1 FY22 with growth +65% vs pcp



QUARTERLY TREND IMPROVING

SCALE IN Q2 FY22 RESULTED IMPROVING QUARTERLY PROFIT TREND





BETTER BEER OPPORTUNITY

Highlights:

- **\$3.2 million** of sales from launch in November (to end of January 2022) with **\$2.5 million** of sales expected in February
- #6 in the GABS Hottest 100 Craft Beer competition
- Two new products confirmed for launch in H2 FY22
- Approximately 60 on premise venues secured in the first 6 weeks of launch in some of Australia's most iconic venues / hospitality groups
- Efficient, profitable business model

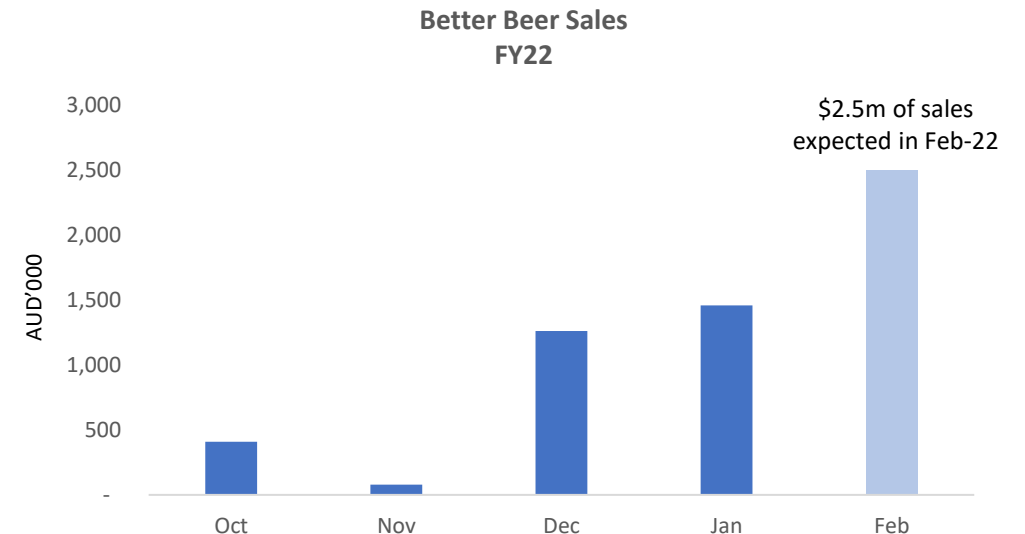
Focus Areas:

- Build stock levels to ensure consistent national supply of product
- Targeting 1,000 on premise tap points by the end of FY22
- Strategic marketing plan (partnering with EDG)
- Innovation pipeline
- Export opportunities



“Better Beer is the biggest new beer brand launch we have seen in the beer category for a number of years – we think this brand has the potential to become a significant national brand and are working closely with Mighty Craft, Torquay Bev Co and the Inspired Unemployed to disrupt the beer category and create a national beer brand of scale”

Harriet Wischer – Category Manager - Commercial Range & Pinnacle Beer/Cider
Endeavour Drinks Group (EDG)





MIGHTY CRAFT WHISKY ACCELERATION

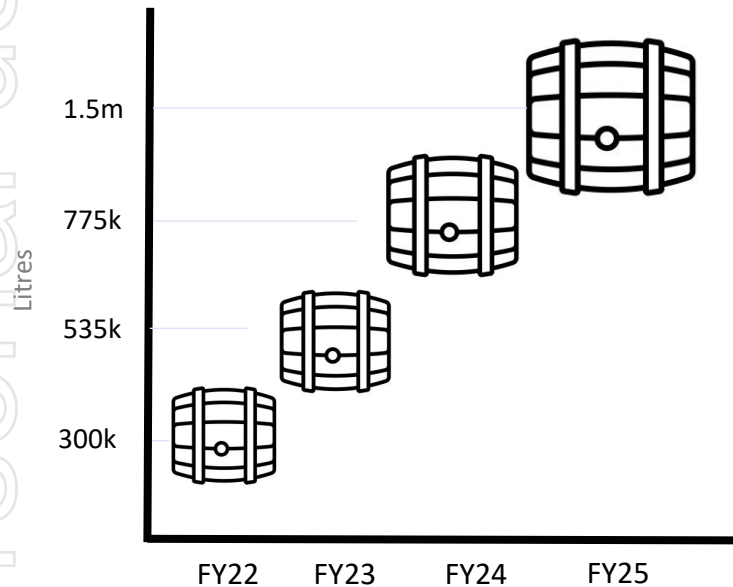
Whisky Bank¹

Whisky Bank ¹	Litres
CY21	78,487
CY22	45,123
CY23	26,472
CY24 – 26	68,662
Total in barrel as at Dec 2021	218,743

- Ongoing Investment in Whisky Inventory
- Brand marketing of Whisky portfolio including launch of Hidden Lake in H2 FY22
- Build credibility through awards



1 Build the bank



2 Build the brands



3 Build credibility

American Distillers Institute - 2021



World Whiskey awards 2021 & 2022



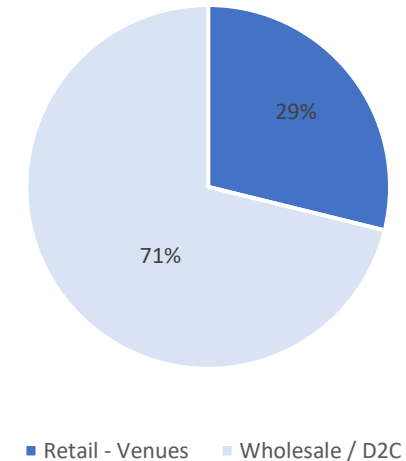
1. CY represents expected maturity date – this is an estimate and may change over time



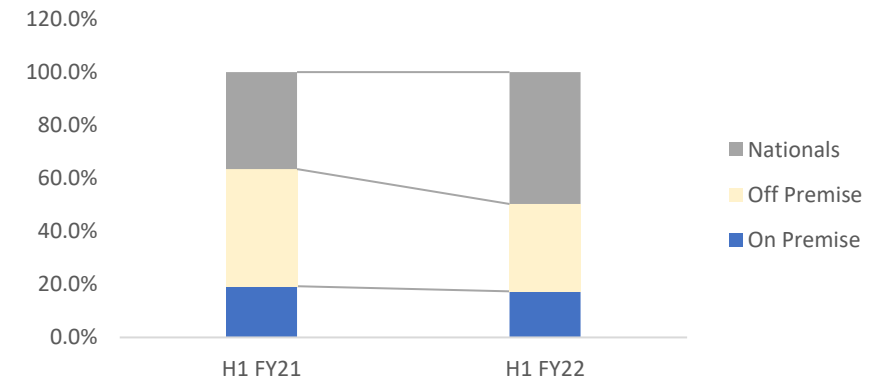
COVID IMPACT – ONGOING INTERRUPTIONS

- COVID continued to cause disruption across H1 FY22 with lockdowns, staffing issues and reduced patronage impacting venue performance.
- The Company has prioritised the health and safety of staff and customers and will continue to do so while COVID continues to circulate in the community.
- Direct Venues mix of business declined to 29% in H1 FY22 versus 46% as reported in FY21.
- On premise mix of business declined to 15% of total business (from 21% in FY21)
- While trading in venues is expected to improve in H2 FY22 it is very difficult to predict and the company will continue to update the market on a regular basis

H1 FY22 Sales
Retail venues vs wholesale















Channel Mix
H1 FY22 vs H1 FY21





ADELAIDE HILLS GROUP ACQUISITION

				
Performance	Sales growth +23%  Gross Margin 55% 	Sales growth +12%  Gross Margin 32.5% 	Sales growth (12)%  Gross Margin 41% 	Sales growth (8.1)%  Gross Margin 67% 
Integration	<ul style="list-style-type: none"> • Distribution back in house • Sales and marketing • Back office 			
Synergies	<ul style="list-style-type: none"> • Sales and marketing • Back office 			
Focus areas	<ul style="list-style-type: none"> • Sales and marketing • Back office 			



FINANCIAL PERFORMANCE



H1 FY22 PROFIT & LOSS

Profit & Loss

AU\$ million	H122	H121	% Change	
Revenue	25.9	11.1	132%	Strong growth across wholesale Spirits, Beer and retail (venues)
Other income	3.7	1.7	118%	Jetty Road Sale & Leaseback transaction and rebates
Total Income	29.6	12.8	130%	
Gross margin	10.1	4.3	135%	
Gross margin %	38.9%	38.3%		
Operational expenses	(16.2)	(10.8)	-50%	
Employee Costs (Venues & Partners)	(4.4)	(3.1)	-42%	
Employee costs (Sales & Corporate)	(5.7)	(3.8)	-50%	Cost of the sales, marketing and corporate teams
Legal and professional fees	(1.7)	(1.2)	-42%	Acquisition costs, audit fees and 3 rd party legal fees
Selling and marketing expenses	(1.4)	(0.6)	-133%	Increase in brand marketing investment
G&A	(1.6)	(1.0)	-60%	
Other costs	(1.4)	(1.1)	-27%	
EBITDA	(2.4)	(4.8)	50%	
EBIT	(4.2)	(5.4)	22%	
NPAT	(5.6)	(6.0)	7%	
Loss attributable to MCL	(5.1)	(5.8)	12%	
Underlying EBITDA	(2.0)	(3.9)	48%	Removing one off costs associated with AHG acquisition, JR Dromana land sale and other one offs



H1 FY22 BALANCE SHEET

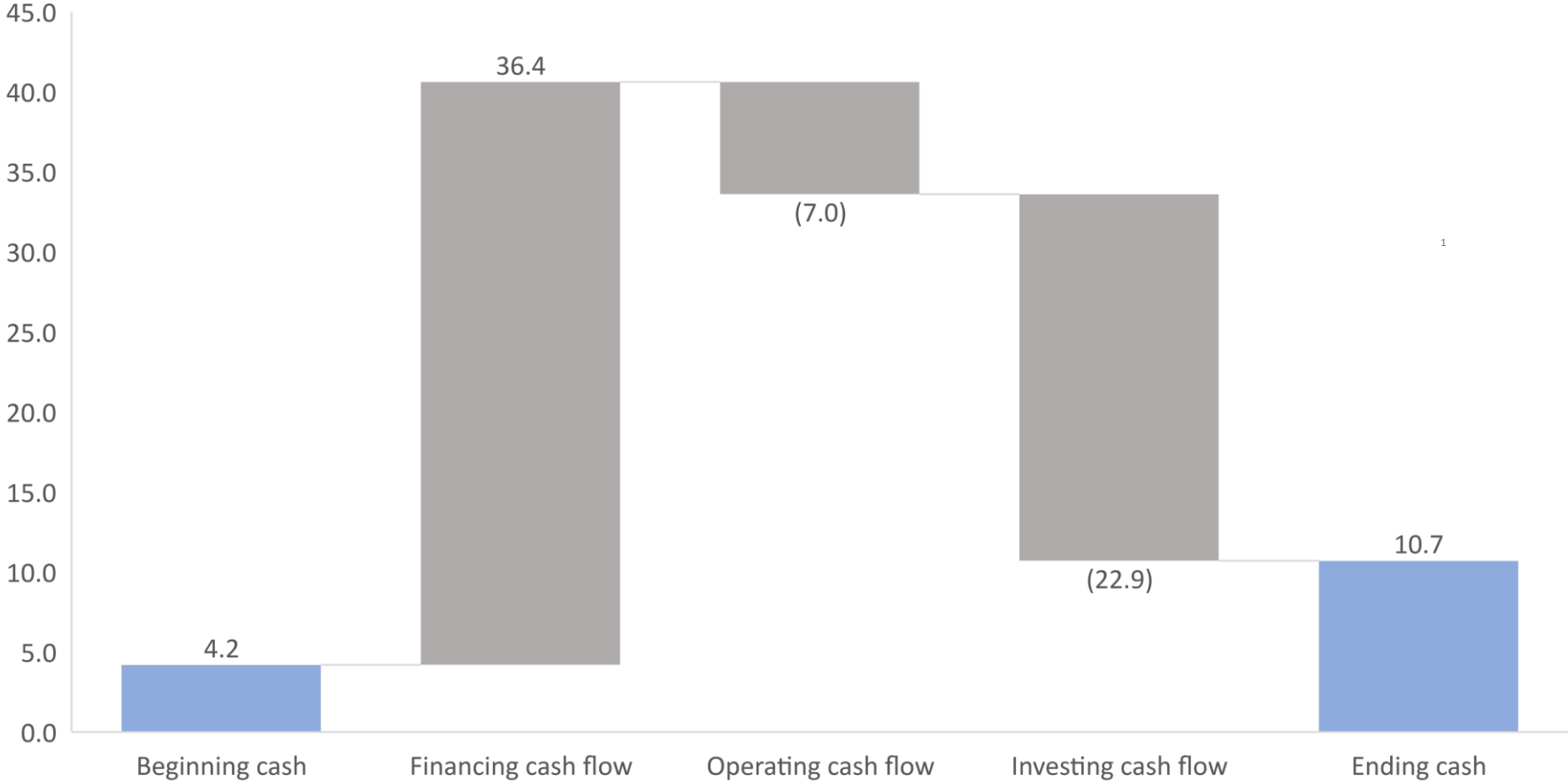
Balance sheet

AU\$ million	Dec21	June21	% Change	
Current Assets	27.7	14.3	94%	
Cash and cash equivalents	10.7	4.2	155%	
Trade receivables	4.5	3.2	41%	
Inventory	11.7	5.9	98%	Increased investment in inventory levels due to growth and whisky
Other current assets	0.8	1.0	-20%	
Non-Current Assets	89.6	43.4	106%	
Receivables	0.3	0.3	-	
Investments	8.0	8.7	-8%	
Property, Plant & Equipment	16.2	12.5	30%	Acquired PPE from Adelaide Hills Group
Right-of-use assets	14.9	13.6	10%	Acquired leases from Adelaide Hills Group
Intangible assets	49.4	7.9	525%	Provisional goodwill on Adelaide Hills Group
Other non-current assets	0.8	0.4	100%	
TOTAL Assets	117.3	57.7	103%	
Accounts Payable	12.4	9.3	33%	
Other Current Liabilities	3.8	2.0	90%	
Non-current liabilities	28.5	20.6	38%	
TOTAL Liabilities	44.7	31.9	40%	
Net Assets	72.6	25.8	181%	
TOTAL Equity	72.6	25.8	181%	



H1 FY22 CASH FLOW BRIDGE

Group cash movement: H1 FY22
(AUD\$ million)





FY22 OUTLOOK



KEY H2 FOCUS AREAS

- **Continue to execute against strategy to become Australia's leading premium craft beverage company**
- Drive Beer / Cider portfolio to scale led by Better Beer in the short term. **Full Year target of 8 million litres**
- Accelerate Spirits growth through Kangaroo Island Spirits relaunch and ongoing Seven Seasons growth. **Full year target of 250,000 Bottles**
- Execute Whisky program (led by 78 Degrees and Hidden Lake in the short term) and **deliver 300,000 litres of Whisky under maturation** by the end of FY22
- Ensure venues are ready to deliver improved top line performance and cashflow gains coming out of COVID
- Rollout long term incentive program designed to retain key staff for the coming years.
- Drive focus on **sustainable profit delivery** across H2 FY22
- Strategy update and roadshow planned for late March FY22

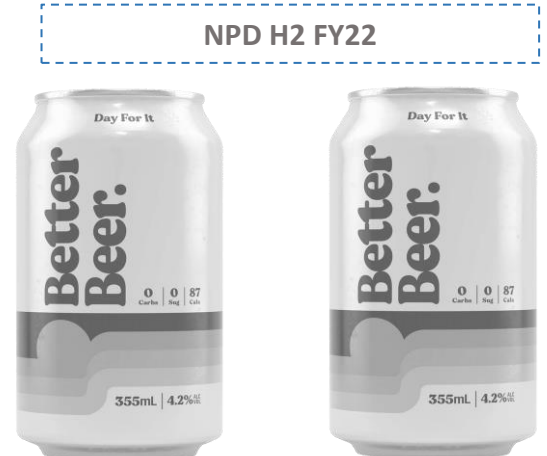
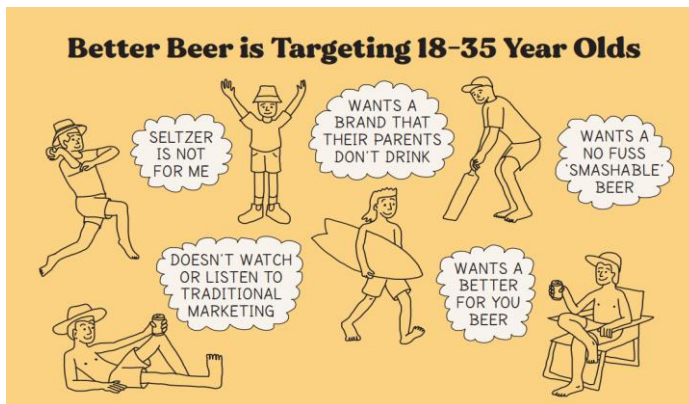




BETTER BEER ACCELERATION



- Better Beer represents a material opportunity across H2 FY22 and FY23 for MCL shareholders
- The company estimates that the Beer category is approximately 1.3 billion – 1.6 billion litres
- The outlook for **FY22 is 4 million litres**. Important to note this is from a November 2021 launch and impacted by stock shortages
- The aim is to drive production and increase stock levels to ensure that the sales outcome is maximized across FY22 and FY23
- **Two new products** are planned to launch in H2 FY22
- On Premise opportunity is significant – targeting **1,000 taps** by the end of FY22
- **Export opportunities** in H2 FY22





KANGAROO ISLAND SPIRITS RELAUNCH

- **Australia's first dedicated Gin distillery located on Kangaroo Island**
- Upgraded distillery opened 18th February 2022 by the Hon Steven Marshall MP, Premier of South Australia
- \$3.5m total investment in the upgraded production facility capable of producing 500,000 Bottles of spirits per annum
- 4,500 Litre Whisky still to be commissioned in March / April 2022
- New branding, packaging and refined product range
- New brand and trade marketing campaign kicking off in March 2022
- Eastern seaboard expansion from Q3 / Q4 FY22





THE END





END



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