

Mighty Craft Limited (MCL)
Investor Presentation
March 2022



mighty
craft

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Past performance

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

We aim to become Australia's leading craft drinks business by providing leadership, growth capital and operational excellence.

Mighty Craft timeline.

2019

FogHorn Brewery

Ballistic Beer Co.

Slipstream Brewing Co.

Sauce Brewing Co.

Brogan's Way

Jetty Road

Torquay Beverage Company

- Listed on the ASX as Founders First Limited (ASX:FFL)

2020

- Acquires Kangaroo Island Distillery
- **Increases investment and ownership in Jetty Road and Slipstream**
- Launches two Mighty Venues (Mighty Moonee Ponds and Mighty Hunter Valley)
- **Launched Seven Seasons in partnership with Daniel Motlop**
- Launched premium whisky business, Hidden Lake, in partnership with Chris Malcolm
- **Increases ownership of Torquay Beverage Company and launches seltzer brand Nosh**
- Changed name to Mighty Craft (ASX: MCL)








2021

- **Transformational acquisition of the Adelaide Hills Group of companies (Mismatch Brewery, Adelaide Hills Distillery, Hills Cider and Lot 100)**
- Better Beer launched in November 2021 in Partnership with the Inspired Unemployed and Torquay Beverage Company
- **Acquires 100% of Jetty Road**

2022

- Announces maiden quarterly profit for Q2 FY22
- **Total distribution points reach >33,000 across the portfolio**
- Announces Whisky Syndicate partnership to accelerate and fund whisky production

Snapshot of Mighty Craft.

Vision	Australia's leading craft drinks business		
Purpose	Combining our strengths, so our craft community thrives. Stronger together.		
Our Business	Beer/ Cider/ RTD		Spirits
	Australia's #1 locally owned beer/ cider business.    		Australia's leading premium spirits company, globally.   
Our Assets	Our Brands	Customer Relationships	Customer Database
	Our People	National Distribution	Scalable Production
Strategic Priorities	<ul style="list-style-type: none"> • Drive brand awareness and consumer trial across the portfolio • Accelerate globally relevant spirits portfolio • Drive group efficiency, synergies and sustainable profit • Retain industry leading team industry experts • Simplify and focus the business model • Long term shareholder value creation 		
Enablers	Shared Services	Venues	Digital Assets

Key management team.



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 Field Sales.
- Director, CEO of Port Adelaide FC.
- Chartered accountant for 30 years - ex Deloitte, Lion Nathan.



Stuart Morton
Co-founder & Investment Director

- Has co-founded and listed three public companies including AIM-listed Empresaria Group plc. Has extensive corporate finance experience, having been involved in early-stage equity investments in over 40 companies both in Australia and the United Kingdom.
- Masters of Business Administration and Masters of Finance from Bond University, Member of the Australian Institute of Company Directors.



Andrew Syme
CFO & Company Secretary

- 20+ years experience in finance, accounting and strategy roles in the FMCG sector.
- Bachelor of Commerce degree, certified practicing accountant and member of the AICD.
- Key leadership roles at Mondelez, Cadbury and Kraft Foods.



Jane Wecker
Marketing Director

- Over 15 years experience as a strategic marketer and commercial business leader growing globally renowned FMCG with particular expertise in brand management and digital marketing.
- Previously with Procter & Gamble, as well as building brands at Unilever, Brown Forman and Alberto Culver.



Cameron Buckland
Sales Director

- Over 20 years' experience in the alcoholic drinks category across FMCG, retail and manufacturing.
- Previously held senior sales and business management roles with Carlton & United Breweries, Brown Forman and Dan Murphy's.



What we do.

Mighty Craft aims to become Australia's leading craft drinks business.

We are consolidating a portfolio of local craft brands enabling them to scale their production, distribution and sales through expert industry leadership, access to growth capital and unrivalled operational excellence.

How we do it.

Acquire and integrate great brands

We look for brands with:

- ambitious founders and cultural fit
- geographic spread (beer)
- provenance
- national and global appeal
- premium positioning (spirits)
- scalable operations

Accelerate growth and efficiency through scale

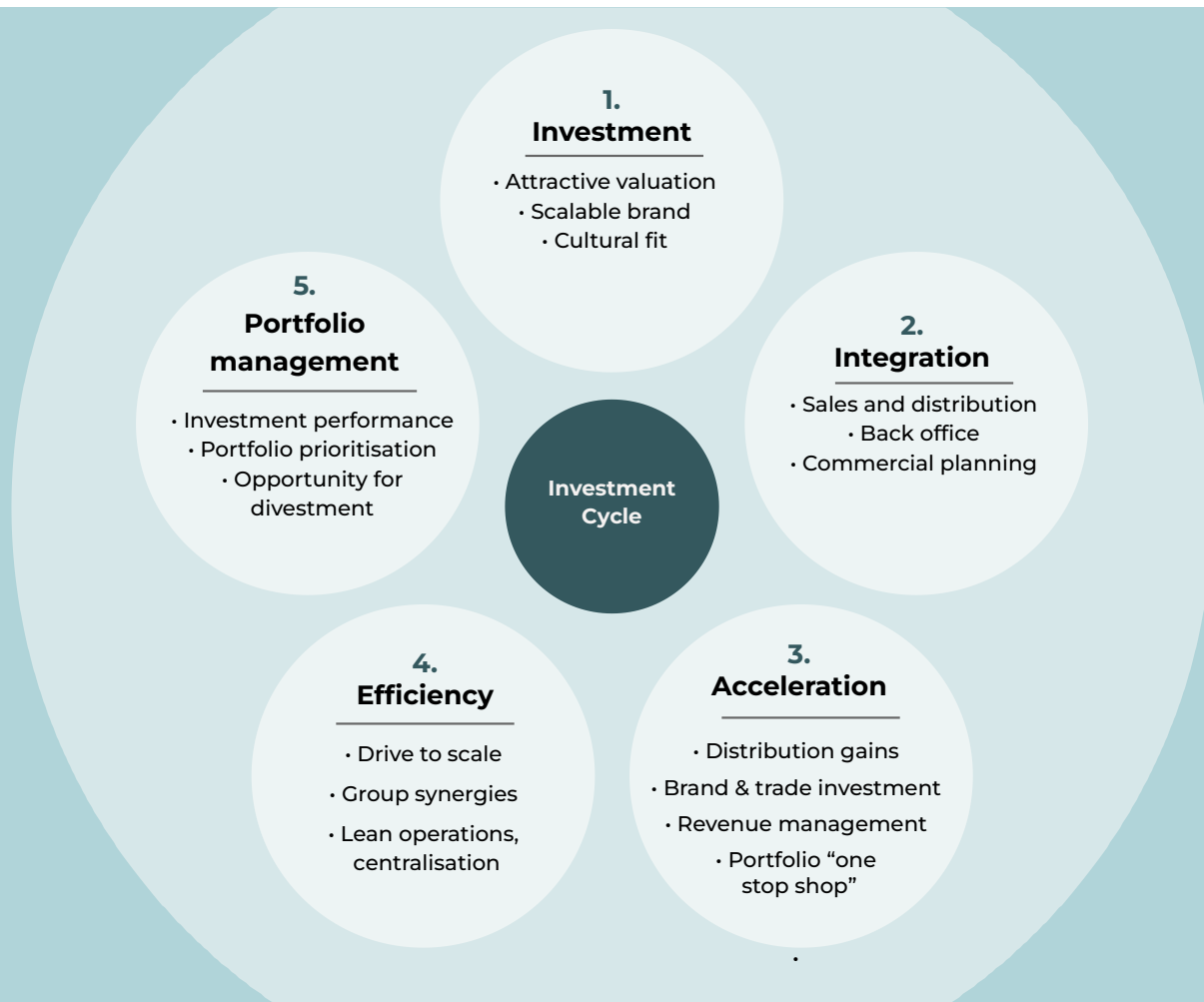
- National sales reach, industry experts
- Efficient national distribution
- Entrenched retail relationships – top to top approach
- Brand marketing expertise and investment

Capital solutions and business planning

- Growth capital and working capital solutions
- Back office, finance and strategy support
- Entrepreneurial bespoke corporate structures
- Structured commercial planning

Our investment cycle.

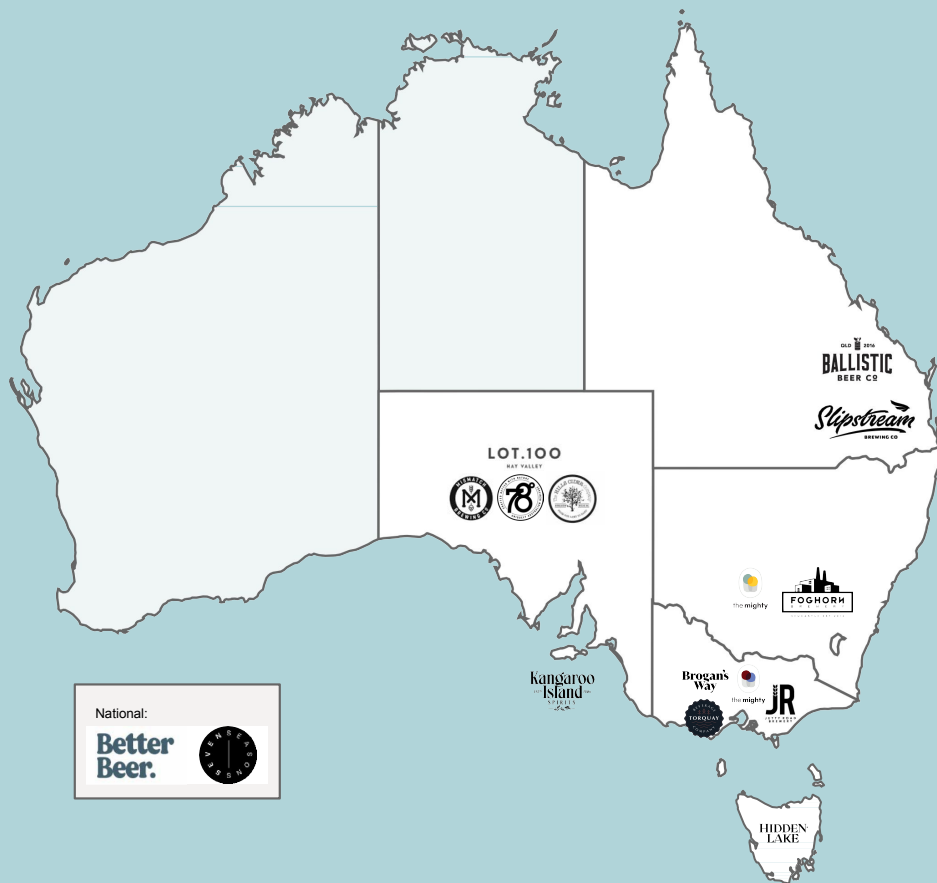
Disciplined investment, integration and acceleration cycle.



Our brand portfolio.

We have a diverse geographic portfolio of great local beer, spirits and ready to drink brands.

- 6 beer brands
- 5 spirits brands
- 1 incubator
- 1 cider brand
- 1 seltzer brand
- 8 venues



















Note – Only brands that Mighty Craft does the Sales & Distribution for are represented.



Mighty Craft investments.

Assets include brands, manufacturing and venues.

Note
Table represents brands that MCL manages the sales and distribution
*Current annual volume as at March 2022

Beer/ Cider /RTD	Litres*	Equity	Capability
Better Beer.	4.0m	37%	
JR	0.7m	100%	 
MIDCOTE	1.1m	100%	
BALLISTIC BEER CO	0.7m	10%	 
THE COUNTRY BREWERY	1.1m	100%	
Slipstream	0.2m	45%	 
NO-SH	0.2m	60%	
FOGHORN	0.1m	70%	 
Total	8.0m		

Spirits	Bottles*	Equity	Capability
	119k	100%	
Kangaroo Island	50k	100%	 
	70k	65%	
HIDDEN LAKE	1k	60%	
Brogan's Way	10k	45%	 
Total	250k		

Other Venues	PAX
 Moonee	500
 Hunter	700
LOT.100	900

Key:



Manufacturing



Hospitality

Our brand portfolio has won more than 300 awards locally and globally.

In 2022 the Mighty Craft spirits portfolio was acclaimed with 15 awards across the gin, whisky and vodka categories at the IWSC Awards.

The beer portfolio has won more than 200 awards over the last 3 years.



Kangaroo Island
ESTD 1974
SPIRITS

Kangaroo Island Spirits, as Australia's first dedicated gin distillery, is the most decorated brand in our portfolio having received more than 150 awards across gin and vodka.



Seven Seasons has collected an array of awards across gin and vodka categories including the Double Gold for Native Yam Vodka at the 2021 San Francisco Spirits Awards.



78 Degrees has collected global accolades for its spirits portfolio, while founder and head distiller Sacha La Forgia was recognised as the world's Best Gin Distiller at the Icons of Gin in 2020.



Mismatch Brewing Co continues to be recognised as the champion South Australian brewery 3 years in a row.



Better Beer.

BALLISTIC
BEER CO

JR
JETT ROAD



This year, our beer brands continued to be recognised by consumers, voting Better Beer (6th), Ballistic (8th), Jetty Road (70th) and Mismatch (88th) into the GABS Top 100 best beers in Australia.

Our wholesale distribution partners.

"While the growth in local craft is exciting and we expect will continue to grow share – we want to partner with businesses like Mighty Craft that can provide the customer service we demand and leverage efficiencies of scale"

- Key National Retailer

MCL's portfolio model simplifies business and **reduces costs for our customers**

Deliberate investment in **channel specialisation** has deepened our partnerships and Joint Business Plans with **Australia's largest** retail & on-premise groups

Scale of MCL sales team allows us to service in excess of

5,000

outlets nationally with over

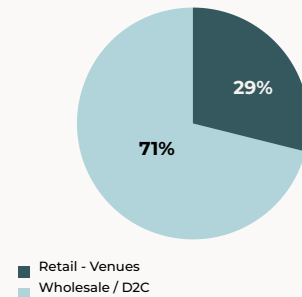
+33,000

individual distribution points

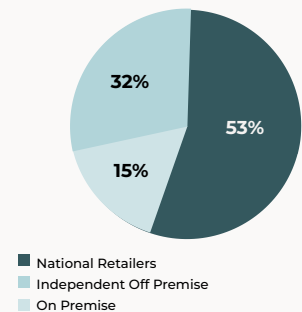
Key partners



H1 FY22 Sales
Retail venues vs wholesale



H1 FY22 Channel Splits



We have made a significant increase to our FY25 ambition for beer, cider and RTD.

These are the company's ambitions only and are not provided as forecasts. No reliance should be made on these statements.

	FY22 Ambition	FY25 Upweighted Ambition
Beer, Cider & RTD	8m LITRES	12m _{p.a.} LITRES ► 24m _{p.a.} LITRES
Spirits	250k BOTTLES	1m _{p.a.} BOTTLES
Maturing Whisky	300k BOTTLES	1.5m LITRES OF WHISKY UNDER MATURATION 43% ABV EQUIVALENT

Spirits overview.



The market.

The spirits market is

\$5.26b¹

growing at

15.7%²

The opportunity.

Locally made spirits
category is small but

**high
growth**

The insight.

8%³

of spirits consumed
in Australia are
manufactured in
Australia

1. Rising Spirits: Unpicking the growth of spirit based liquor –

A presentation for the Bloody Big Drinks summit Oct 2021

2. The Australian 2022 FMCG Outlook – IRI report

3. Euromonitor Alcohol in Australia May 2021

Spirits.

The vision

Australia's leading premium spirits company, globally

The ambition

	FY22 AMBITION	FY25 AMBITION
BOTTLES	250,000 bottles	1m bottles
WHISKY BANK	300,000 litres	1.5 litres

The brands



Strategic priorities

Increase brand investment to build brand awareness and footprint.
Accelerate whisky sales through national distribution and export.
Whisky Development Syndicate to fund whisky expansion.
Export - take our unique brands to the world.

Mighty Craft whisky acceleration strategy.

1. Build the bank through ongoing investment in whisky inventory



2. Build the brands through marketing of whisky portfolio including launch of Hidden Lake in H2 FY22

HIDDEN
LAKE



Kangaroo
Island
Spirits



3. Build credibility through awards

American Distillers
Institute - 2021



World Whiskies
Awards - 2021 & 2022



Funding the Whisky ambition.

Mighty Craft has announced a unique partnership with the Whisky Development Syndicate to fund the Whisky ambition.

The Whisky Development Syndicate (WDS), will be set up as a separate legal entity and will seek to raise up to **\$10 million**, which will be used to accelerate the production of whisky using Mighty Craft's industry leading capability and production capacity.

This funding mechanism helps mitigate the working capital challenge that whisky presents, due to the three to five year maturation period.

Additionally, this funding initiative will allow Mighty Craft to increase its asset utilisation, recover overheads and build its whisky bank.

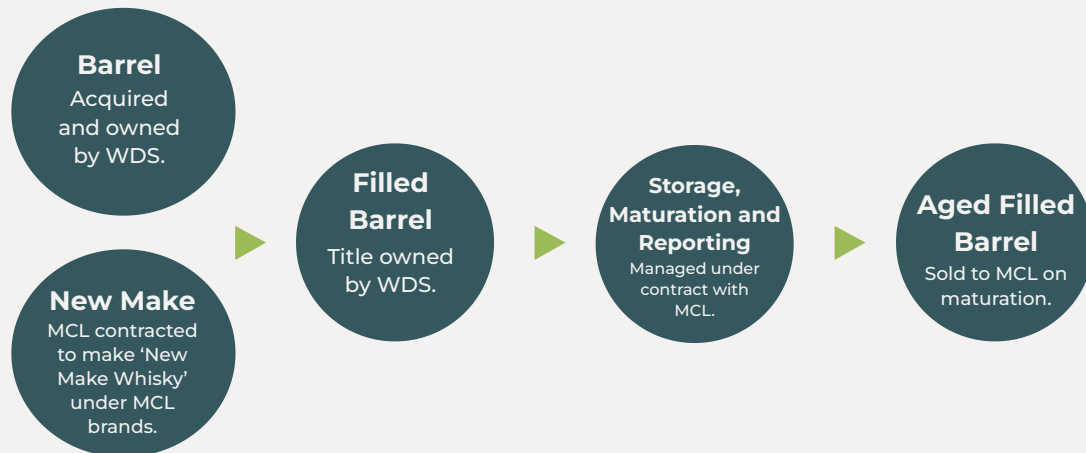


Figure 1: Illustration of the partnership with WDS.

Beer/Cider/ RTD overview.



The market.

The total
beer/ cider/ RTD
market is

>\$10b¹

The opportunity.

Craft beer continues to
gain share, expected to
grow at

7% CAGR²

and mainstream is ripe
for disruption

The insight.

Internationally owned
beer brands accounts
for approximately

80%³

of the Australian
market

1. Rising Spirits: Unpicking the growth of spirit based liquor – A presentation for the Bloody Big Drinks summit

Oct 2021, ALSA and IRI State of the Industry report 2018

2. IBISWorld – Craft Beer production in Australia Industry report Sep 2021

3. IBISWorld – Beer manufacturing in Australia May 2020

Beer Cider RTD.

The vision

Australia's #1 locally owned beer/ cider/ RTD Business

The ambition

FY22 AMBITION

LITRES 8 million

FY25 AMBITION

LITRES 24 million

The brands

Better Beer.



OLD 2016
BALLISTIC
BEER CO

Strategic priorities

Build Better Beer into a top 10 beer brand.
Dominate local markets with JR, Mismatch and Ballistic.
Drive improvement in gross margins.
Innovate and reposition Hills Cider at the #1 locally owned, better for you cider brand.

Better Beer opportunity.



*IBISWorld - Beer manufacturing in Australia May 2020

The company estimates that the total beer category is between 1.3 billion and 1.6 billion litres per annum

The Australian market hasn't been meaningfully disrupted with international companies commanding ~90% of market share.*

Better Beer is a unique brand backed by the Inspired Unemployed that is shaking up the old guard.

Focus Areas:

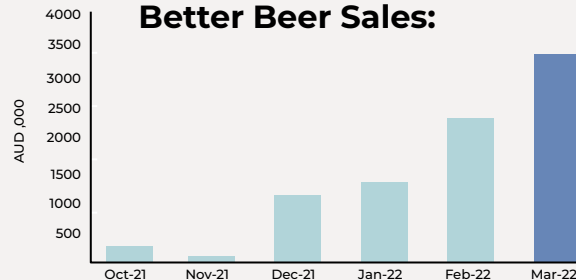
- Deliver 4 million litre commitment for FY22
- Targeting 1,000 on premise tap points by the end of FY22
- Build stock levels to ensure consistent national supply of product
- Strategic marketing plan (partnering with EDG)
- Innovation pipeline
- Export opportunities

"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)

Better Beer Sales:



1H FY22 Performance

The COVID Impact.

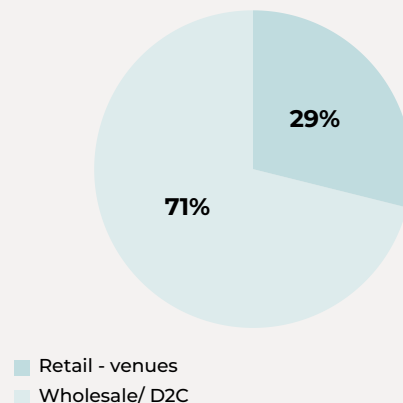
COVID-19 has continued to cause disruption across H1 FY22 with lockdowns, staffing issues and reduced patronage impacting venue performance.

This has continued through the early parts of H2 FY22 with venue performance and on premise sales remaining below pre-COVID capacity.

Performance in these channels is expected to gradually improve over the course of Q4 FY22.

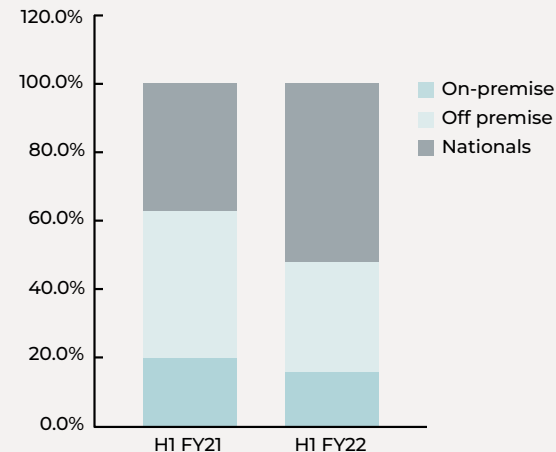
Direct venues mix of business declined to 29% in H1 FY22 versus 46% as reported in FY21.

H1 FY22 Sales
Retail venues vs wholesale



On premise mix of business declined to 15% versus 21% in FY21.

Channel Mix
H1 FY22 vs H1 FY21



Improving financial performance.

H1 FY22 key metrics

Revenue

\$25.9m

▲ +132% pcp

Gross margin

38.9%

▲ +60 bp

EBITDA

(\$2.4m)

▲ +50% pcp

Cash

\$10.7m

▲ +\$6.4m

H1 FY22 key metrics

Beers/ Cider/ RTDs

2.2m litres

to

8m litres

FY22 target

Spirits bottles

149k

to

250k

FY22 target

Whisky under maturation

220k litres

to

300k litres

FY22 target

Reasons to invest.



Investment highlights.



Unique brand acceleration model providing growth capital and **cost effective business solutions**



Locally owned, nationally diversified portfolio of craft and premium beverages, featuring local celebrated brands



Economies of scope and scale to capture synergistic value across the group



Industry leading team, with combined **100+ years experience** in the beverage and hospitality industries



Opportunity for **high value divestments**



Multiple revenue streams, strong balance sheet, growth assets

Focus areas.



**Profitable growth
focus and cost
management**

**Better
Beer.**

Better Beer
acceleration
and stock
availability



**Spirits gains
through 78 Degrees,
Kangaroo Island
Spirits and
Seven Seasons**



**Execute whisky
program**



**Prudent capital
management**



**Readiness for
COVID rebound**

mal use only

