

TRADING UPDATE

Mighty Craft Limited (ASX:MCL) (**Mighty Craft** or the **Company**), a craft beverage accelerator with a nationally diversified portfolio of craft beverages, is pleased to provide an market update in relation to its October and November trading, the first two months of Q2 FY23.

HIGHLIGHTS:

- **Strong trading performance during October and November, across channels**
- **Total group sales of \$20.0 million¹, representing +138% growth versus prior corresponding period (“pcp”)**
- **Venues continue to improve, operating profitably, generating free cashflow**
- **Wholesale performance robust, across beer, cider and spirits**
- **Strength of Better Beer continues to highlight unique asset potential**
- **Better Beer’s “Day for it Day” materially exceeds expectations**
- **Pleasing progress around non-core divestments, at least two expected to close imminently**
- **Ongoing focus on capital management amidst simplified strategy**

Managing Director and CEO, Mark Haysman commented:

“Our trading and forward expectations remain encouraging as our customers are reengaging in social activities in a pre-COVID manner, resulting in favourable trading conditions. The ongoing and consistent growth of Better Beer adds to our confidence overall, reinforcing our long-standing view of the potential of this brand, in addition to our strategy of creating a portfolio of brands capable of delivering considerable shareholder value over time.”

Encouraging group performance

The Company delivered strong trading performance across October and November, with momentum expected to continue through December. Total sales for this period were \$20.0 million, representing +138% growth versus pcp.

Ongoing improvements across flagship venues

As the company continues to cycle disruptions experienced in Q2 FY22, namely the impacts of COVID, performance during October and November across key venues has improved.

Following it’s opening in October, early trading conditions at the new Mismatch Brewpub in Adelaide have been in line with Company expectations. Since opening, weekly sales improvements see the venue operating on an EBITDA profitable basis. Across the Group, the Company has observed a return of profitability and free cash flow generation from it’s venues.

¹ All Revenue numbers includes both continuing and discontinued operations – estimated at \$1.8m in the QTD number.

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Continued performance within wholesale channel

Notwithstanding the strength in on-premise, the Company’s wholesale channel also continues to strengthen, notably Beer and Cider litres sold grew 262% versus pcp, with Better Beer +1,734% and Mismatch +38%. Elsewhere, spirits bottles sold grew +30% versus pcp, lead by Kangaroo Island Spirits +72% and 78 Degrees +47%.

Better Beer performance continues to highlight unique asset potential

Ongoing strength in performance of Better Beer continues to exceed Company expectations. During October and November, Better Beer scan sales continued to trend upwards while considerable focus during November in preparation for the inaugural launch of Better Beer’s “Day for it Day” on Saturday 3rd December. A key marketing initiative, *Day for it Day* celebrates Australia’s unofficial first day of the Summer, being the first Saturday of every Summer season.

The week ending Sunday 4th December 2022 (inclusive of *Day for it Day*) represented the largest week since Better Beer’s launch (refer Chart 1). The Company estimates ~300,000 litres of Better Beer were sold during the day, delivering ahead of expectations, driven by a trade wide activation through digital and retail channels, including price support.

Ongoing product innovation is planned with two incremental products confirmed for launch by March 2023.

Chart 1 – Better Beer scan sales, since launch



Ongoing focus on capital management amidst simplified strategy

The Company continues to actively manage its cash position, as working capital requirements during Mighty Craft’s peak trading season remain a key focus of the Management Team.

During October & November, pleasing progress has been made across several planned divestments, with at least two expected to close prior to Q3 FY23.

The Company continues to prioritise its focus on key brands with investment centred around business-critical activities.

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This announcement has been authorised and approved for release by the Board of Directors of Mighty Craft Limited

ABOUT MIGHTY CRAFT

Mighty Craft (ASX:MCL) is a craft beverage accelerator with a nationally diversified portfolio of craft beverages. It has built a unique infrastructure and distribution offering that enables the Company to scale production, distribution and sales as it seeks to become Australia's leading premium craft beverage Company. Mighty Craft is achieving its vision by strategically investing in craft beverage producers, with celebrated local brands, and providing them with leadership, growth capital and industry solutions to maximise brand awareness and accelerate growth, whilst achieving scale. Mighty Craft is proud to be taking local Australian craft beer and spirits brands to customers Australia wide and abroad.

mightycraft.com.au