

Deleveraging update

Mighty Craft Limited (ASX:MCL) (“**Mighty Craft**”, “**MCL**” or the “**Company**”) wishes to announce it has entered into an agreement with its senior debt provider, PURE Asset Management Pty Ltd (**PURE**), to buy out the royalty with PURE for a portion of Mighty Craft’s shareholding in Better Beer Holdings Pty Ltd (**Better Beer**).

As previously announced on 2 August 2023, Mighty Craft and PURE are parties to a Royalty Deed in relation to the Company’s wholesale revenue in Australia (**Royalty Deed**). Under the Royalty Deed, either party may elect that the royalty payable to PURE be paid out in accordance with the buyout mechanism (equal to 2.0% of the trailing 12 months Gross Product Sales multiplied by 5.5).

As part of the transaction:

- Mighty Craft has agreed to sell 7.5% of the shares in Better Beer to PURE as consideration for the buyout price of approximately \$6.1 million under the Royalty Deed. The completion of the sale will occur on 12 June 2024, or earlier as agreed by the parties.
- Mighty Craft and PURE have agreed that the Royalty Deed will be terminated and all obligations of the parties under the Royalty Deed will be fully released.
- The shareholders of Better Beer have agreed to waive their pre-emptive rights with respect to the sale of Mighty Craft’s shares and welcome PURE onto the Better Beer register.

Katie McNamara, Managing Director of Mighty Craft, said: “the royalty swap represents further meaningful debt reduction, which is a key focus of the MCL Board. This, combined with the \$2.3 million debt reduction announced in Q3 FY24 and the proposed flow of funds from the settlement of the 78 Degrees and Mismatch sale, will represent over \$10 million of debt reduction across H2 FY24.”

PURE and all stakeholders are working constructively to achieve the potential merger between Mighty Craft and Better Beer, which was announced on 30 April 2024 in the Quarterly Report, and this transaction ensures all three parties’ interests are aligned towards achieving this outcome.

* * *

Katie McNamara
Managing Director
investors@mightycraft.com.au

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

mightycraft.com.au