

## Funding update

Mighty Craft Limited (ASX:MCL) (“**Mighty Craft**”, “**MCL**” or the “**Company**”) is pleased to provide a funding update with regard to binding terms agreed with senior lender Pure Asset Management.

### Key points:

- **Key terms agreed which will allow the company flexibility and time to execute the key pillars of the strategic review in an orderly manner. These terms include:**
  - Covenant relief for H1 FY24 (both earnings and cash balance) including a waiver on any penalty interest due as part of the existing facility agreement.
  - 75% of interest charges relating to H1 FY24 to be capitalised onto the loan balance.
  - Proceeds from near term divestments to remain in the business to support ongoing liquidity and growth.
  - Flexibility to allow \$5m of bridging finance within the existing security pool if required (as announced to the ASX on 31<sup>st</sup> July 2023, the Company has received a non-binding terms sheet for a six month \$5m bridging loan).
- **Cost of finance – in return for the increased flexibility and liquidity support the company has agreed to an increase in the cost of funding:**
  - Increased base interest rate on the facility from 8.5% to 11.5% from H1 FY24.
  - Royalty – there is an existing royalty in place on the company’s wholesale revenue in Australia of approximately 1% of sales (as previously announced) This increases the overall cost of debt to approximately 15% (depending on the wholesale revenue and the amount of the royalty).
  - There is an exit cost in the royalty agreement of 5.5 times the trailing 12 months of royalty payments. For the purposes of the royalty buy-out, the trailing royalty will be calculated at 2% of trailing 12 months of sales. The royalty deed expires in 2029.

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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.

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