



mighty
craft

FY21 RESULTS PRESENTATION

AUGUST 2021





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Section 4	Financial performance
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KEY PERFORMANCE METRICS

FINANCIAL PERFORMANCE

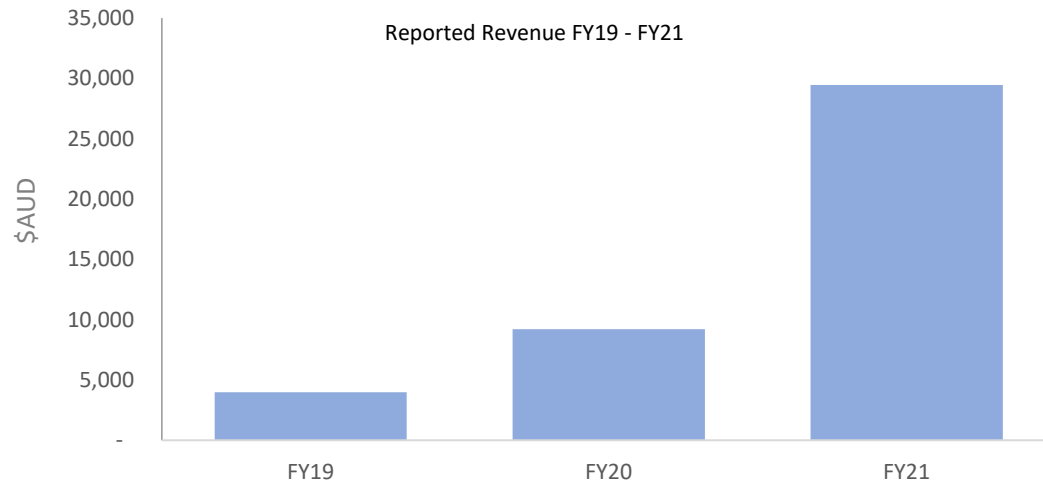
	FY21 RESULTS	vs FY20
Total Income	\$31.3m	+200%
Revenue ¹	\$29.3m	+218%
EBITDA ²	\$(12.2)m	\$(4.4)m
Underlying EBITDA ³	\$(9.8)m	\$(3.9)m
Cash ⁴	\$4.3m	\$(7.1)m

SCALE

	FY21 Performance	vs FY20
Bottles of Spirits	96,181	+290%
Litres of Beer	1.7m	+60%
Distribution Points	14,065	+153%
Venues ⁵	7	+1

GROWTH

Reported Revenue FY19 - FY21



SHARE PRICE⁶



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 acquisition costs relating to the AHG acquisition and one-off impacts like South Melbourne exit)
4. Undrawn debt facility of \$6m as at 30/6/21 & cash versus FY20 represents the movement in cash year on year
5. Venues include majority owned only
6. Share price from 1/7/20 to 30/6/21

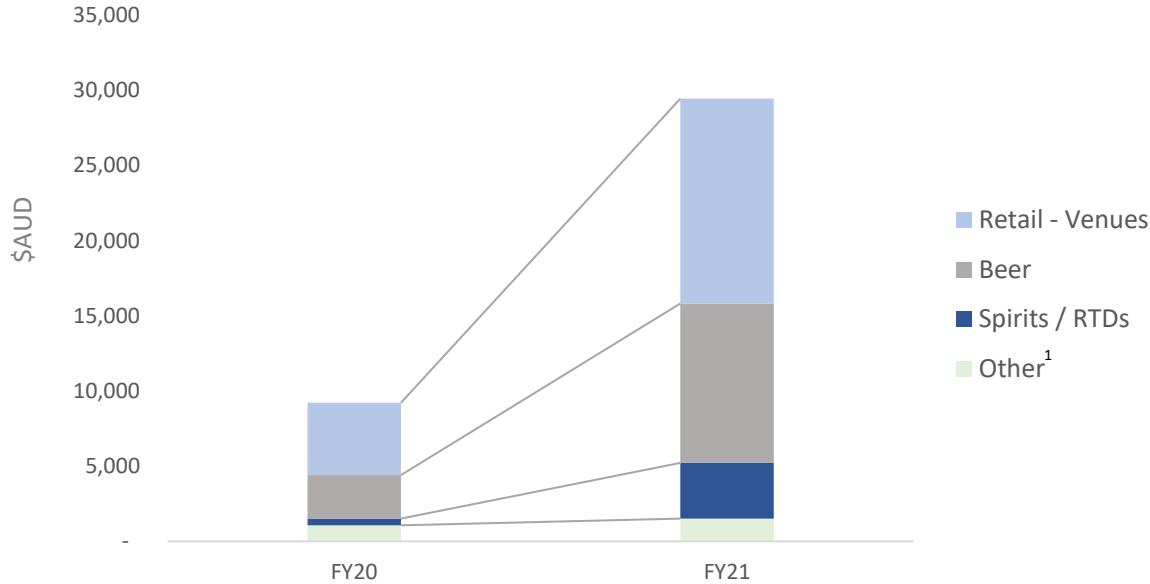
Stronger together. For the love of Craft.



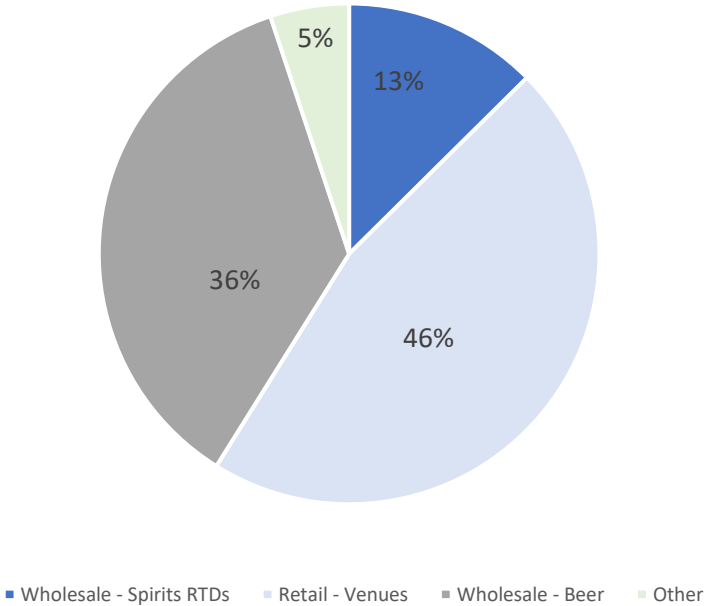
GROWTH DRIVERS

PUSH INTO SPIRITS / RTD's WITH VENUES A KEY REVENUE AND PROFIT DRIVER

Revenue Growth Year on Year
+218% Growth vs FY20



FY21 Sales Breakdown



- Revenue growth driven by expansion into Spirits / RTDs and new venues in Victoria and Queensland
- Spirits / RTDs increasing share of revenue
- Retail venues make up 46% of group sales with venues in Victoria (3) NSW (2) South Australia (1) and Queensland (1)

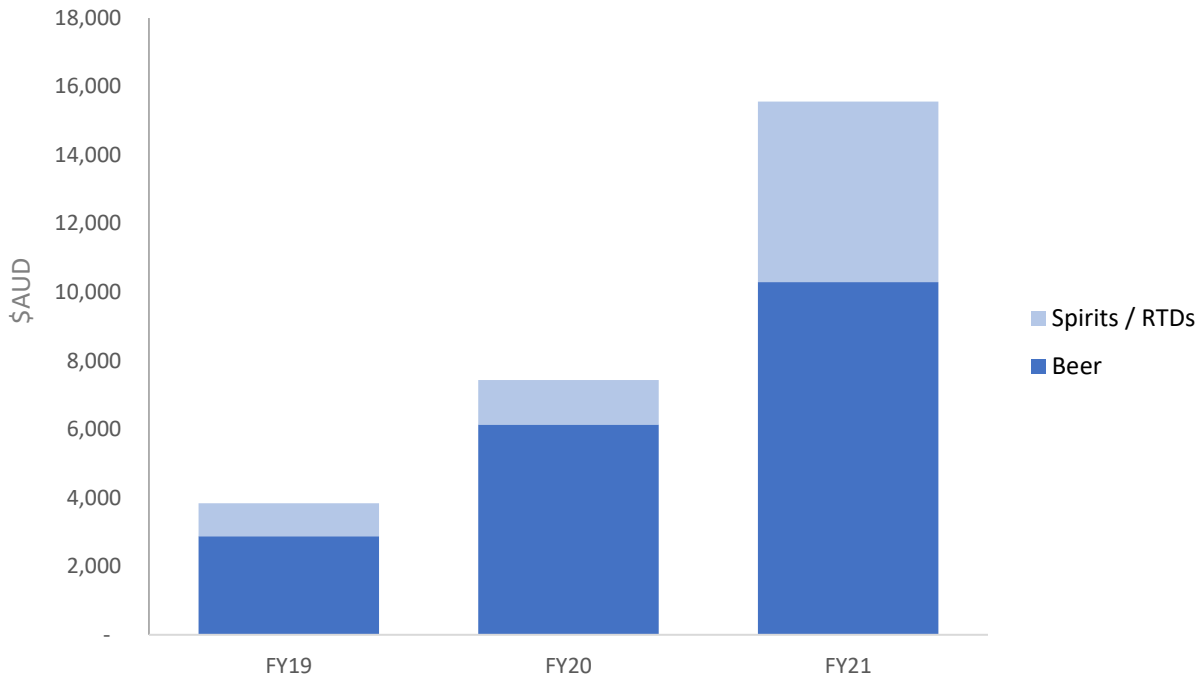
1. Mighty Craft service charges



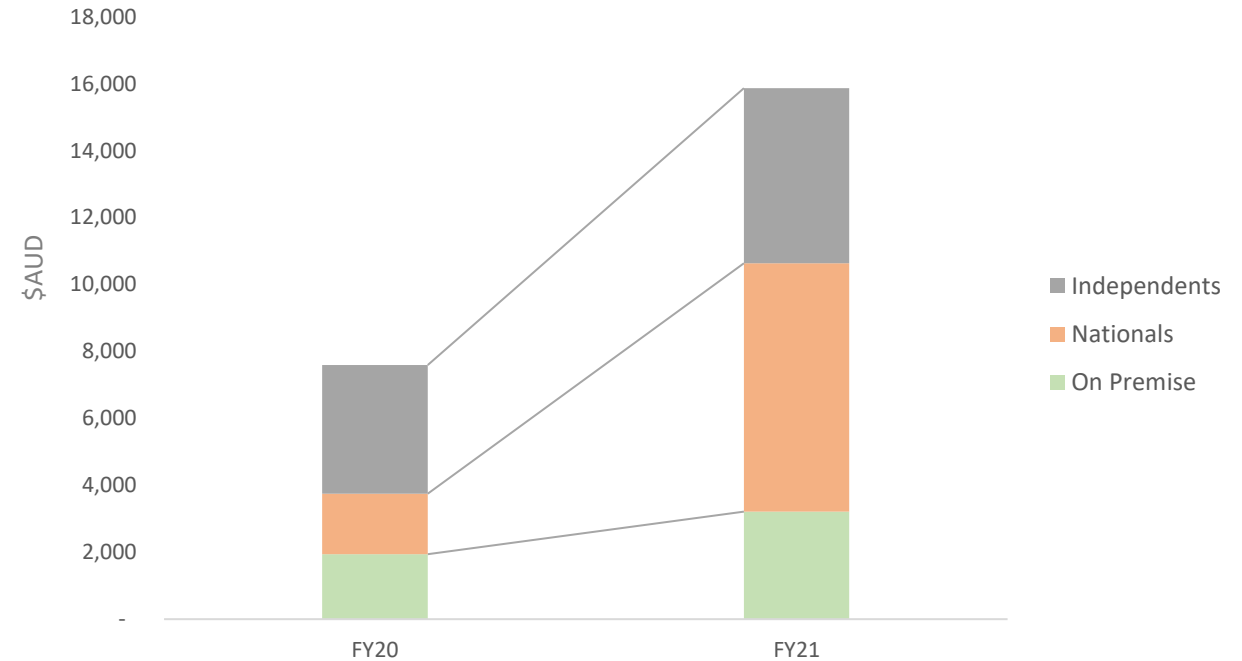
GROWTH DRIVERS - WHOLESALE PERFORMANCE

SPIRITS / RTD's SHARE INCREASING WITH NATIONAL RETAILERS DRIVING GROWTH

Wholesale Revenue (100% Basis)¹



Channel Growth
FY21 vs FY20



- Wholesale growth driven by higher margin Spirits / RTD business
- Beer growth driven by Jetty Road, Ballistic and Slipstream
- National retailers driving growth reflecting MCL strength with key national retailer's
- COVID impact driving growth in sales through national retailers ahead of on-premise



1. 100% basis reflects MCL acting as a distributor in both the current year and previous year (i.e.. organic growth)



SPIRITS / RTD's ACCELERATION

- The Spirits category in Australia continues to experience strong growth (53.9% category growth in FY21¹ across national retailers)
- Spirits / RTD growth strong at +305% vs PY accounting for 34% of wholesale sales (48% in FY21Q4)
 - Seven Seasons official launch in Mar / April FY21
 - NoSH Boozy Seltzer growth accelerating (launched in November 2020)
 - Kangaroo Island Distillery upgrade ~ 65% complete which, when combined with the Adelaide Hills Distillery, will increase production capacity to 1.5m bottles per annum
 - Kangaroo Island Spirits brand refresh complete for launch in October 2021
 - Accretive gross margins (46% in FY21 vs 41% company average)



**FY21 spirit sales volume
vs FY22 production
capacity (000's bottles)**

FY22 Production
Capacity >6 x FY21
sales volume

220

FY21 Sales
Volume²

1,500

FY22 Production
Capacity



1. Spirit category growth sourced from national retail scan data
2. FY21 sales volume includes AHG to ensure like for like with production capacity
3. Kangaroo Island branding is illustrative and may change for launch



WHISKY ACCELERATION

- Whisky acceleration team appointed comprising Chris Malcolm, George Campbell and more recently Sacha La Forgia following the acquisition of AHG
- 425,000 bottles of whisky capacity per annum from completion of Kangaroo Island project in H1 FY22
- Whisky expansion focused on:
 - Hidden Lake – October 2022 launch
 - 78 Degrees – award winning whisky out of the Hills Distillery
 - Kangaroo Island Whisky – 4,500 litre Whisky Still commissioned in H1 FY22
- FY22 Target - 200,000 litre increase in whisky inventory at 44% ABV**

Mature Litres of whisky (44% ABV equivalent)			
Maturity	Hidden Lake / KIS	AHD	Total
CY21		78,487	78,487
CY22	2,339	42,784	45,123
CY23	6,172	20,300	26,472
CY24-26	14,053	13,504	27,557
Total	22,563	155,075	177,638

78 Degrees Whiskey Scores Major International Awards August 2021
2021 American Distilling Institute (ADI)

Adelaide Hills Distillery, 78 Degrees Australian Whisky, 44% ABV, 700 ml, is the winner in the Best in Category International Whisky. Historically, Australian whisky was based on a Scotch whisky template. This is starting to change as Australian distillers began developing uniquely Australian whiskies.

Forbes, Editors Pick 25th August 2021



Premium range



Super Premium range



Luxury range



- World Whiskies Awards 2021 - Category Winner awarded to Adelaide Hills Distillery Australian Whiskey and Worlds Best Grain Whiskey and Category Winner awarded to Adelaide Hills Distillery Native Grain Whiskey.
- 2021 San Francisco World Spirits Competition - Double Gold awarded to Adelaide Hills Distillery Native Grain Whiskey and Gold Medal awarded to Adelaide Hills Distillery 78Degrees Australian Whiskey.



FINANCIAL PERFORMANCE



FY21 PROFIT & LOSS

Profit & Loss

AU\$ million	FY21	FY20	% Change	
Revenue	29.3	9.2	218%	Strong growth across wholesale Spirits, Beer and retail (venues)
Other income	2.0	1.2	64%	
Total Income	31.3	10.4	200%	
Gross margin	11.9	4.0	194%	Sales & Distribution model + COVID impact on Venues
<i>Gross margin %</i>	<i>40.6%</i>	<i>43.8%</i>		
Operational expenses	(26.1)	(13.1)	-99%	
Employee Costs (Venues & Partners)	(8.6)	(3.9)	-46%	Includes new Venues (Moonee Ponds, Slipstream, Jetty Road Lorne) and growth in partner businesses
Employee costs (Sales & Corporate)	(8.0)	(3.2)	-40%	Cost of the sales, marketing and corporate teams (note – partially recovered by commissions)
Legal and professional fees	(3.1)	(2.8)	-8%	Increased fees associated with acquisitions and integration of new entities along with professional fees for accounting services
Selling and marketing expenses	(1.9)	(0.8)	-154%	Increase in brand marketing investment
G&A	(2.2)	(1.3)	-69%	
Other costs	(2.4)	(1.1)	-120%	
EBITDA	(12.2)	(7.8)	-56%	
EBIT	(13.9)	(8.8)	-59%	
NPAT	(15.5)	(9.2)	-68%	
Loss attributable to MCL	(15.0)	(8.5)	-76%	
Underlying EBITDA	(9.8)	(5.9)	-65%	Removing one off costs associated with AHG acquisition, JR South Melbourne, CraftHub



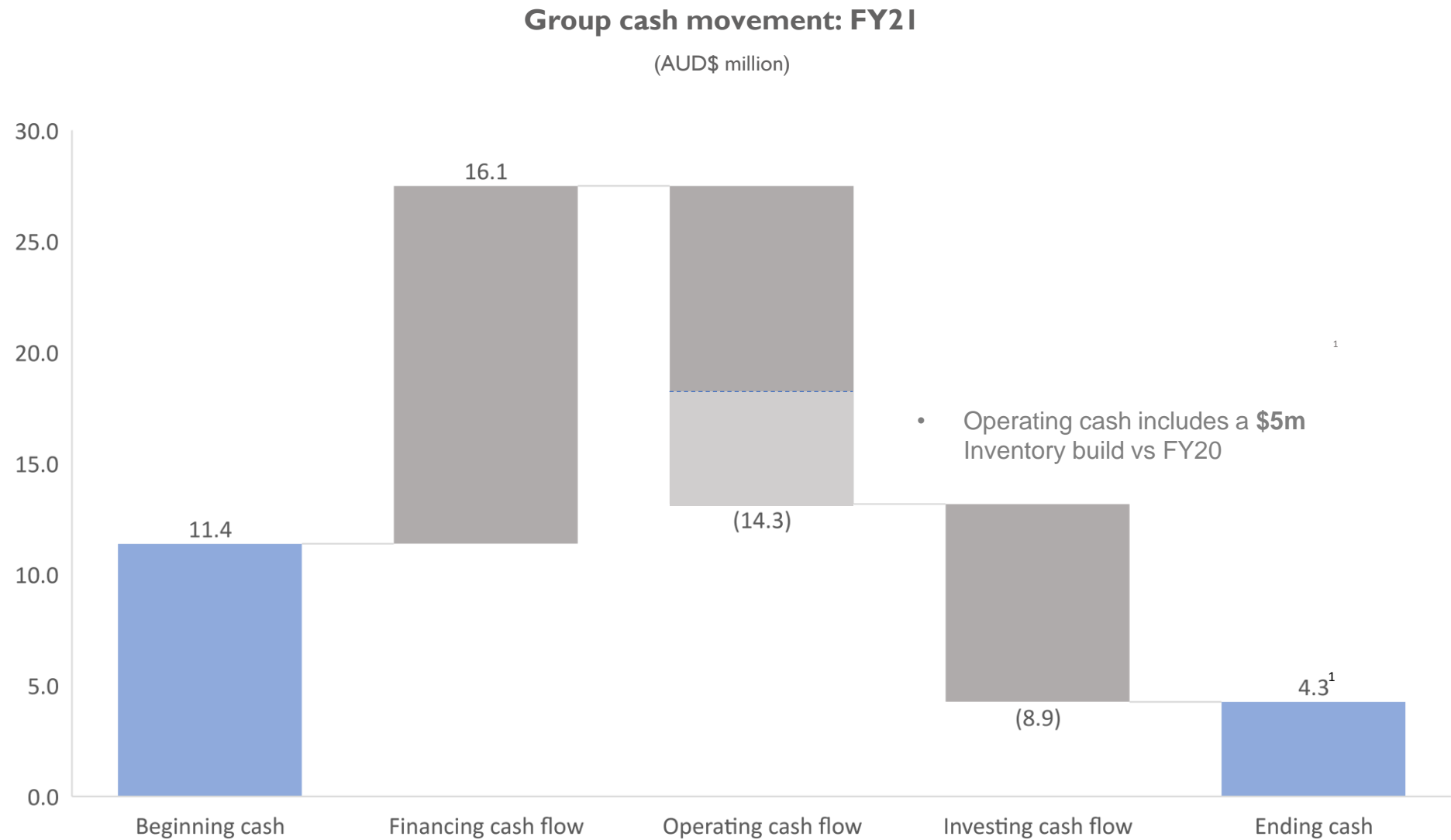
FY21 BALANCE SHEET

Balance sheet

AU\$ million	FY21	FY20	% Change	
Current Assets	14.3	14.1	1%	
Cash and cash equivalents	4.3	11.4	-63%	\$6M undrawn facility at 30/6/21
Trade receivables	3.2	1.3	143%	Growth driving increased AR
Inventory	5.9	1.1	437%	Increased investment in inventory levels due to growth and new operating model
Other current assets	1.0	0.3	208%	
Non-Current Assets	43.4	33.2	31%	
Receivables	0.3	0.4	-14%	
Investments	8.7	9.6	-10%	Represented at cost
Property, Plant & Equipment	12.5	5.8	115%	KI Development, KI land and Brewery assets
Right-of-use assets	13.6	11.2	22%	New leases (Lorne, Slipstream, Torquay etc.)
Intangible assets	7.9	5.9	32%	
Other non-current assets	0.4	0.3	13%	
TOTAL Assets	57.7	47.3	22%	
Accounts Payable	9.3	3.5	159%	Impacted by acquisition related costs and excise on unbonded stock
Other Current Liabilities	1.9	2.0	-10%	Payables, employee benefits and deferred Investment payments
Non-current liabilities	20.6	11.5	79%	Lease liabilities
TOTAL Liabilities	31.8	17.0	87%	
Net Assets	25.8	30.3	-15%	
TOTAL Equity	25.8	30.3	-15%	



FY21 CASH FLOW BRIDGE



1. \$6m undrawn facility in place at year end
Stronger together. For the love of Craft.



FY22 OUTLOOK



- | | | | Impact by month | | | | |
|----------------------------|--------------------------------|------------------------|-----------------|-----|-----|------|--------|
| Venue | Location | Current Status | Apr | May | Jun | July | August |
| Mighty Hunter | NSW - regional | Closed | | | | | |
| Mighty Moonee Ponds | Vic - metro | Closed | | | | | |
| Jetty Road Dromana | Vic - metro | Closed | | | | | |
| Jetty Road Lorne | Vic - regional | Closed for Winter | | | | | |
| Foghorn Newcastle | NSW - Newcastle | Closed | | | | | |
| Slipstream Brisbane | QLD - metro | Open with restrictions | | | | | |
| Kangaroo Island Distillery | SA - regional | Open | | | | | |
| Lot 100 (AHG acquisitions) | SA - regional | Open | | | | | |
| | | | | | | | |
| | Full Capacity | | | | | | |
| | Limited Capacity | | | | | | |
| | Lock downs (all or part month) | | | | | | |

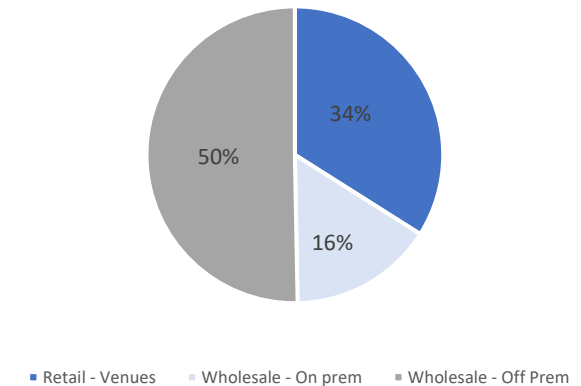


COVID EXPOSURE

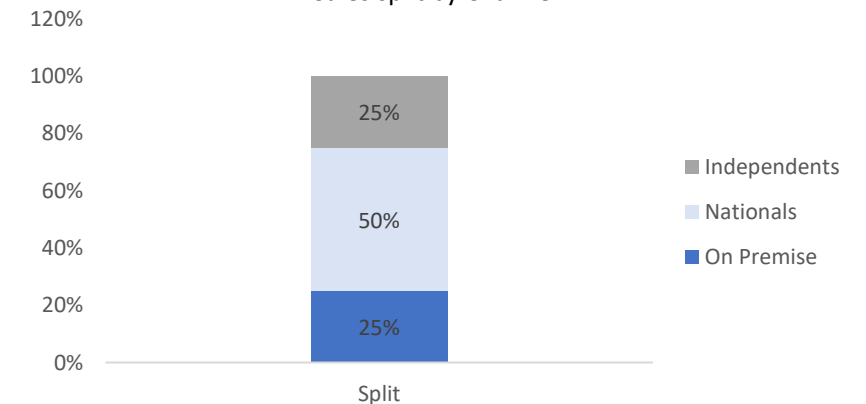
EXPOSURE TO CURRENT LOCKDOWNS THROUGH RETAIL VENUES AND ON PREMISE WHOLESALE

- Two key areas that are impacted by COVID are:
- Retail – venues were forecast to account for approximately **34%** of group revenue in FY22. These venues are largely concentrated in Victoria and New South Wales with five venues in these two states currently closed. South Australia and Queensland are rebounding with sales **~65%** of capacity after lockdowns ease
- On-premise wholesale – this channel accounts for approximately **16%** of group revenue.
- The on-premise business is largely concentrated in Victoria and New South Wales with approximately **50%** of the on-premise trade in these states.
- Given the state based nature of lock downs and the speed at which they are enforced it is not possible for management to estimate the impact, as such outlining the exposure is deemed the most useful information for investors.
- While there is material exposure across the business, there are a number of near term initiatives listed over the page that the business is focussed on

Forecast FY22 Sales split by Channel
(Unadjusted for COVID impact)



FY22 Forecast Wholesale
Sales split by Channel













FOCUS AREAS THROUGH COVID, RECOVERY AND BEYOND

- **Commercial focus areas - we will continue to deliver on our Strategy**
 - **People** – We will continue to focus on the health and safety of our People
 - **Better Beer** – off-premise launch in October focussed largely on national off premise retailers (1,500 distribution points)
 - **Kangaroo Island Spirits** relaunch planned for October
 - **Whisky acceleration** – the company is targeting 300,000 litres of whisky stock on the balance sheet by the end of FY22
 - Integration of **Adelaide Hills Group** into the Mighty Craft model – this is on track
 - Deliver acquisition synergies of **\$2m**
- **Capital & management – unlocking balance sheet flexibility**
 - Staff reductions across venues and corporate, all venue staff currently stood down (~ 100 staff)
 - Drive improvements in working capital
 - Undrawn working capital facility (~**\$2m**)
 - Sparkke Investment (**\$1m** returned to Mighty Craft in H1 FY22)
 - Jetty Road freehold – sale and Lease back (~**\$3m - \$3.5m** planned for October)



ADELAIDE HILLS GROUP INTEGRATION

TRANSFORMATIONAL ACQUISITION INTEGRATION WELL UNDERWAY

Business / Brand	Core Range	Key growth drivers ⁵
Adelaide Hills Distillery 		<ul style="list-style-type: none"> Substantial whisky stock coming to market Growth into eastern states
Mismatch Brewing Company 		<ul style="list-style-type: none"> Growth into Eastern states via new tap contracts & increased ranging in national retailers
The Hills Cider Company 		<ul style="list-style-type: none"> Extensive new product range Growth into eastern states
Lot.100³ 		<ul style="list-style-type: none"> COVID impacted through Jul / Aug
Adelaide Hills Group		

Integration on track

- Transformational acquisition completed on the 19th July in line with expectations
- Sales and Logistics ready for customer ordering 1 September
- Annual plans aligned and growth opportunities agreed
- Integration team established & synergy plans being developed
- Whisky production ongoing with 177,000 litres on the balance sheet upon completion

Adelaide Hills Distillery, 78 Degrees Australian Whisky, 44% ABV, 700 ml, is the winner in the Best in Category International Whisky. Historically, Australian whisky was based on a Scotch whisky template. This is starting to change as Australian distillers began developing uniquely Australian whiskies.

Forbes, Editors Pick 25th August 2021



KEY FOCUS AREAS FOR FY22

WELL PLACED TO REBOUND STRONGLY AS ECONOMY RECOVERS

Whisky acceleration –
increased investment
in whisky Inventory
and production
capacity

Accelerate Spirits / RTD's
– ongoing portfolio shift
to higher margin spirits /
RTD categories

FY22 ROADMAP

Integrate Adelaide
Hills Group –
integrate businesses
and realise synergy
benefits

Digital strategy –
integrate and optimise
B2B and D2C digital
environment

Financial efficiencies –
ongoing capital
management and cost
efficiencies



END



KEY RISKS

COVID (Delta strain)	COVID Presents an immediate and material risk across the business given the impact to venues and on premise wholesale trade. Since the advent of the Delta variant of COVID, there has been great uncertainty about the duration of lockdowns and the imposition of other Government related restrictions. The Mighty Craft Group, including the Adelaide Hills group of companies are materially affected by these lock downs and restrictions, with the closure of Venues and the impact to wholesale sales to on-premise channel, with ~34% of group revenue directly from venues and another ~16% from the on-premise trade. The extent and duration of Government stimulus and relief measures also directly affects discretionary household spending and this can also impact other revenue streams of Mighty Craft including on- line and wholesale sales generally. Mighty Craft has withdrawn its FY22 Guidance as a result of this uncertainty.
Mighty Craft risks	The existing Mighty Craft portfolio and business model has inherent risks within it. The Company was established in 2017 and therefore has only a limited operating history and is not profitable. It has invested in some early-stage businesses, some of which are unprofitable. It is therefore not possible to evaluate the Company's future prospects based on past performance. An investment in the Company should be considered speculative. Other risks face the Mighty Craft group, including safety, failure to scale up to meet its strategic objectives, failure to keep overhead costs in line with its growth trajectory, failure to execute its strategy, counterparty risks, financing and liquidity risks, loss of key customers, reliance on key personnel, cyber risk, regulatory compliance risk, product recall risk and other general risks such as fluctuating share price, taxation risks and exposure to global economic conditions. Many of the risks are more fully described in Section 4 of the Company's replacement prospectus dated 26 November 2019.
Integration of Large Acquisition	The existing Mighty Craft portfolio and business model differs from the recently acquired Adelaide Hills Group businesses in operating structure, nature, size and personnel. Optimisation of the combined business model post-acquisition is key to realising transaction and synergy value. Risks include potential delays or additional costs in implementing necessary changes, difficulties or unexpected costs in integrating systems or operations and costs relating to retention of key staff.
Achievement of Synergies	Based on the information provided by AHG and the Company's reasonable assumptions, Mighty Craft expects to deliver some cost synergies will be achieved as a result of the acquisition. There is a risk that the quantum of synergies actually achieved is lower than expected and/or timing to achieve those synergies is longer and/or cost to extract those synergies is higher than expected.
Adelaide Hills Group Forecast Performance	The assumption of significant future growth of AHG is subject to a risk that revenue and/or earnings growth will not be achieved; or will be delayed (especially in penetration by AHG into the eastern states and the roll out or expansion of recent and new product initiatives), and such circumstances may have a significant adverse impact on Mighty Craft's financial performance. The AHG businesses are also affected by COVID. Certain assumptions have also been made regarding a third party provider of sales and distribution services to
Industry Competition	The craft alcohol industry is forecast to remain highly fragmented with low barriers to entry. This level of competition may result in the financial performance of Mighty Craft not being met.
Management Retention and Structure	Successful integration of AHG management with Mighty Craft management and the proposed restructure of the combined Group is critical to achieving synergies and efficiencies, especially relating to the production of craft beer and spirits. Further, while management and founders are likely to be retained (through employment and/or scrip consideration), a clear operating and management structure is required for successful integration between the two management teams. Any failure to retain key AHG personnel or implement an effective operating and management structure is likely to have a material adverse effect on the financial performance of the combined Group.
Transition post-Acquisition	The legal, financial and accounting structure of AHG is complex and may require a significant amount of time to transition and bring into alignment with Mighty Craft's internal policies and procedures. This includes consideration of reporting segments and intangibles value (i.e. ability to incorporate within a single cash generating unit). These are risks which could affect the financial performance of the Mighty Craft Group.
Other Risks	Other risks applicable to the Mighty Craft Group were set out in Section 5 of the Investor Presentation released to the ASX on 10 June 2021.

