



FOUNDERS FIRST

ANNUAL GENERAL MEETING

4TH November 2020

Robin Levison
Chairman

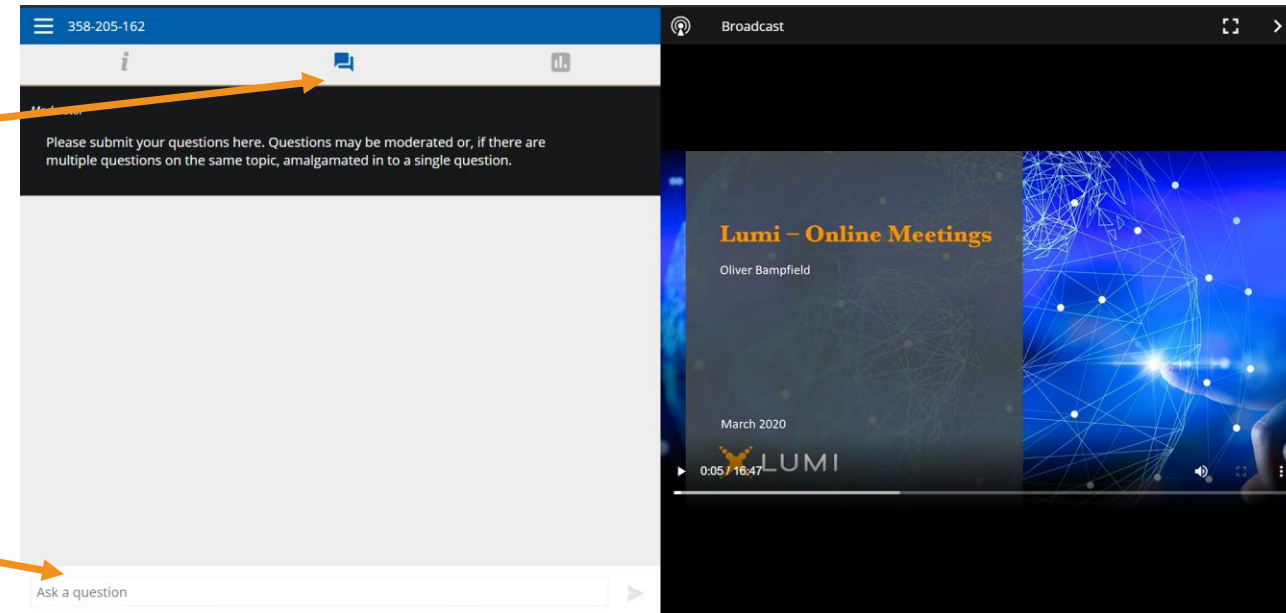


ONLINE ATTENDEES – QUESTION PROCESS

- When the Question function is available, the Q&A icon will appear at the top of the app.



- To send in a question, simply click in the 'Ask a question' box, type your question and then press the send arrow
- Your question will be sent immediately for review

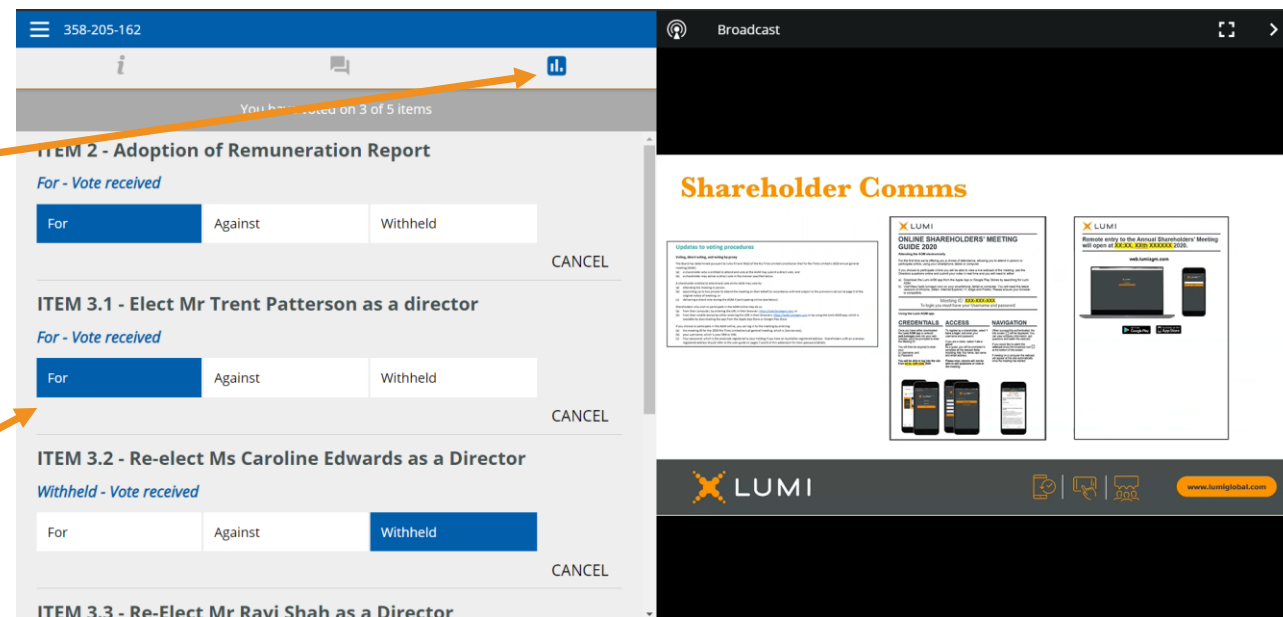


ONLINE ATTENDEES – VOTING PROCESS

- When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen



- To vote simply select the direction in which you would like to cast your vote, the selected option will change colour.
- There is no submit or send button, your selection is automatically recorded.



CHAIRMAN'S COMMENTS

- First year as an ASX Listed business
- Macro theme in Craft is strong and a significant opportunity exists to aggregate and accelerate craft businesses
- Highly capable Management team in place
- Growth trajectory on track
- COVID will accelerate consolidation of Craft
- **FY21 Focus areas**
 - Accelerate growth
 - Path to profit
 - Consolidation opportunities





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Mark Haysman
CEO & Managing
Director



THE COMPANY TODAY

GROWTH

\$9.2m	Revenue from Ordinary activities +131%
\$10.4m	Total Income +160%
<hr/>	
+113%	<u>Wholesale growth</u> Total Portfolio 100% Basis ⁽¹⁾
+260%	Majority Owned
<hr/>	
7x	wholesale growth relative to craft category ⁽²⁾
<hr/>	

INVESTMENT

\$11.4m	cash on hand
<hr/>	
\$30.3m	net assets
<hr/>	

SCALE

45,000	estimated spirits bottles sold (annualised)
<hr/>	
1.4m	estimated beer litres (annualised)
<hr/>	
10	brand investments
<hr/>	
14	licensed venues
<hr/>	
5,555	Distribution points
<hr/>	
80	Barrels of maturing whisky stock ⁽³⁾
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1 Sourced from partner Sales Order systems.

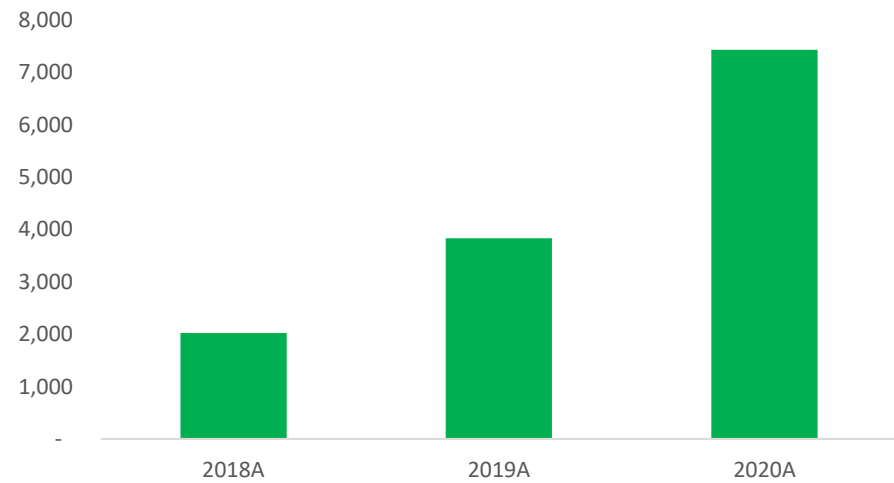
2 Retailer scan data

3 Sourced from stocktake data from Kangaroo Island Distillery and Tasmanian Whisky term sheet
All other numbers per audited F20 Financial Statements



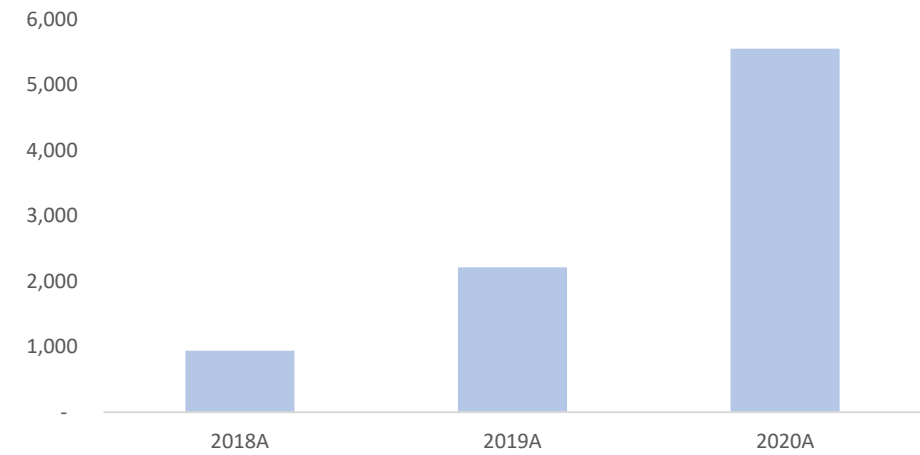
DEMONSTRATING GROWTH

WHOLESALE SALES ¹



1 On a 100% basis - Beer sales dollars (Pack and Keg) + KIS sales dollars over time (Invoiced sales via sales order system)
2 Unique distribution points (unique stores that have placed an order)

DISTRIBUTION GROWTH ²



TRADING UPDATE – Q1 FY21¹

A\$ million	Q1 21	Q1 20	% Change
Revenue	4.4	1.8	133%
Gross Profit	2.3	1.0	130%
EBIT	(1.9)	(1.2)	-58%
NPAT attributable to FFL	(1.9)	(1.2)	-46%

- Growth continues to accelerate driven by wholesale performance
- Both Beer and Spirits accelerating
- Venues returning to 60-80% of pre COVID levels
- H2 Profit drivers:
 - In house production at Jetty Road
 - Venues returning to profitability
 - Operating model efficiencies
 - Digital environment in place

¹ – Financial results are unaudited management accounts

THE COMPANY AMBITION 2025

BY 2025 THE AUSTRALIAN BEER INDUSTRY IS EXPECTED TO GENERATE REVENUES OF \$5.2 BILLION⁽¹⁾ PER ANNUM AND SPIRITS \$3.2 BILLION⁽²⁾

Founders First

12 M Litres of beer

10-12 Beer brands

500,000 Bottles of spirits

5-6 Spirits brands

2,000+ Barrels of aged whisky stock

20+ venues

We aim to become Australia’s strongest Independent Craft drinks collective.

Unleashing the growth of great local beer, spirits and ready to drink brands.

By providing leadership, growth capital and operational expertise.

Together we grow and thrive.

Sources 1) IBIS World Beer Manufacturing in Australia, May 2020 and Craft Beer Production in Australian Nov 2019.
2) BIS World Spirit Manufacturing in Australia, April 2020

MIGHTY CRAFT

STRONG POSITIVE RESPONSE TO THE MIGHTY CRAFT BRAND INDICATED WE SHOULD CHANGE THE COMPANY NAME



Craft to us is an ethos.

We will always be pro Founder.

But more than one person, we stand for what the industry represents.

A celebration of authenticity, creativity, enterprise and local connection.

In this way we are for the craft industry, the founders, the makers, the passionate people we each employ and everyone who loves craft out there.

A powerful collection of people, products and places. With one mighty love of Craft.

**Stronger together.
For the love of Craft.**



FY21 STRATEGY – INVESTING FOR SCALE AND GROWTH

Increased **brand investment** to drive awareness and consumer demand

E-commerce and **digital investment** to drive efficiencies and expand brand reach

Supply chain investments and partnerships to enhance capability and optimise costs

12 MONTH ROADMAP

Further portfolio expansion across beer, spirits and ready to drink categories

Channel expansion to grow distribution points and brand penetration

Venue investments to increase local footprint, drive brand trial and conversion and generate free cashflows

Resource and infrastructure investments to enhance operations and governance

OUTLOOK

- Growth acceleration to continue
- Spirits growing to scale, venues returning to pre COVID levels and Beer distribution increases to continue
- New Mighty Craft distribution model & Bevchain partnership
- Whisky release for both Tasmanian Whisky and KIS in market in H2
- **Profit outlook**
 - Embed digital environment – benefits in H2
 - Increased Investment in Brands and Commercial capability to drive growth
 - Q1 trading ahead of target with continued acceleration of growth



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Order of business



ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the Annual Report of the Company for the financial year ended 30 June 2020, including the financial statements, Directors' Report, the Remuneration Report and the auditor's report.

RESOLUTION 1

1

Adoption of the remuneration report

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

*“**THAT**, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 30 June 2020.”*

VOTE

FOR

AGAINST

RESOLUTION 2

2

Re-election of Director – Mr Daniel Wales

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

***“THAT** Mr Daniel Wales, having retired from his office as Director in accordance with Article 10.2(b) of the Constitution and ASX Listing Rule 14.5, and being eligible, having offered himself for election, be elected as a Director of the Company.”*

VOTE

FOR

AGAINST

RESOLUTION 3

3 Ratification of prior issue of placement shares issued under listing rule 7.1

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 13,465,721 Tranche 1 Placement Shares under ASX Listing Rule 7.1 on 15 September 2020 on the terms and conditions as set out in the Explanatory Memorandum.”

VOTE

FOR

AGAINST

RESOLUTION 4

4

Ratification of prior issue of placement shares issued under listing rule 7.1

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 13,465,721 Tranche 1 Placement Shares under ASX Listing Rule 7.1 on 15 September 2020 on the terms and conditions as set out in the Explanatory Memorandum.”

VOTE

FOR

AGAINST

RESOLUTION 5

5 Ratification of prior issue of warrants issued under listing rule 7.1

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“THAT, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of 8,000,002 Tranche 2 Placement Shares on the terms and conditions as set out in the Explanatory Memorandum.”

VOTE

FOR

AGAINST

RESOLUTION 6

6

Approval of issue of warrants under ASX listing rule 7.1

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 5,000,000 Warrants to Pure Asset Management under ASX Listing Rule 7.1 on 25 September 2020 on the terms and conditions as set out in the Explanatory Memorandum.”

VOTE

FOR

AGAINST

RESOLUTION 7

7

Change of Name

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **Special Resolution**:

*"**THAT**, for the purposes of Sections 136(2) and 157(1) of the Corporations Act and for all other purposes, approval is given for:*

- *the name of the Company to be changed to Mighty Craft Limited; and*
- *all references to the Company's name in the Constitution be replaced with references to Mighty Craft Limited, with effect from the date on which the Australian Securities & Investments Commission alters the details of the Company's registration to reflect the change in name."*

VOTE

FOR

AGAINST

RESOLUTION 8

8

Approval of 10% Placement capacity

*To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **Special Resolution**:*

*“**THAT**, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12 month period from the date of the Annual General Meeting, at a price no less than that determined pursuant to ASX Listing Rule 7.1A.3 and otherwise on the terms and conditions set out in the Explanatory Memorandum.”*

VOTE	FOR	AGAINST
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RESOLUTION 9

9

Appointment of Auditor

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“**THAT**, pursuant to and in accordance with section 327B(1)(a) of the Corporations Act and for all other purposes, RSM Australia Partners, having been nominated by the Board upon the Company becoming a public company and consented in writing to act in the capacity of auditor, be appointed as auditor of the Company on the terms and conditions in the Explanatory Memorandum.”*

VOTE

FOR

AGAINST

OTHER BUSINESS

Other Business

To transact any other business which may legally be brought before the Meeting.



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MEETING CLOSE





APPENDIX

2020 PROFIT & LOSS

Profit & Loss

AU\$ million	FY20	FY19	% Change	
Revenue	9.2	4.0	131%	Strong growth despite COVID Impact
Other income	1.3	-	100%	
	10.4	4.0	160%	
Gross margin	4.0	2.3	77%	
Gross margin %	43.8%	57.0%		Gross Margin % impacted by contract brewing & COVID-19 imposed venue closure
Operational expenses	(13.1)	(3.7)	(253%)	
Employee costs	(7.1)	(2.2)	(224%)	Investing ahead of the curve in commercial capability to drive growth
Legal and professional fees	(2.8)	(0.5)	(438%)	Increased fees associated with deal flow and acquisitions / ASX listing / COVID
Marketing	(0.8)	(0.3)	(184%)	8% of revenue, scale up further in FY21
G&A	(1.3)	(0.3)	(325%)	
Other costs	(1.1)	(0.4)	(171%)	
EBITDA	(7.8)	(1.4)	(442%)	
EBIT	(8.8)	(1.7)	(421%)	
NPAT	(9.2)	(1.9)	(391%)	
Loss attributable to FFL	(8.5)	(1.5)	(458%)	
Operating Profit	(5.9)	(1.4)	(311%)	Removing one off costs associated with listing, acquisitions and integration

2020 BALANCE SHEET

Balance sheet

AU\$ million	FY20	FY19	% Change	
Current Assets	14.1	6.1	132%	
Cash and cash equivalents	11.4	5.0	128%	Well funded to expand growth in FY21
Trade receivables	1.3	0.2	753%	
Inventory	1.1	0.4	207%	Increased working capital due to acquisitions and pace of growth
Other current assets	0.3	0.5	(47%)	
Non-Current Assets	33.2	5.2	541%	
Receivables	0.4	0.1	237%	
Investments	9.6	0.1	17868%	Business investments at cost
Land	1.8	1.3	43%	
Plant & Equipment	4.0	2.4	65%	Increase due to acquisitions and investments in production equipment
Intangible assets	5.9	1.2	383%	
Right of use asset	11.2	0.0	100%	Lease liabilities
Other non-current assets	0.3	0.1	193%	
TOTAL Assets	47.3	11.3	320%	
Current liabilities	5.5	1.2	360%	Payables, employee benefits and deferred Investment payments
Non-current liabilities	11.5	0.1	11418%	Lease liabilities
TOTAL Liabilities	17.0	1.3	1208%	
Net Assets	30.3	10.0	204%	Strong balance sheet position
TOTAL Equity	30.3	10.0	204%	

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