

Founders First Limited (ASX: FFL) Investor Update – Impact of COVID-19**19th March 2020****ASX Announcement**

With so much uncertainty surrounding the evolving COVID19 outbreak, the resultant disruption to financial markets and with reference to the Prime Minister’s speech yesterday morning, we provide you with an update on how Founders First Limited (ASX: FFL) (“the Company”) will face the challenges, and the opportunities this disruption may provide based on the relative strength of our balance sheet.

Our priority will be the safety of our people, our customers and our business partners while maintaining value for our company shareholders. We will of course be focussed on ensuring that we follow the Government’s guidelines to protect all people associated with Founders First, including remote working arrangements.

At this early stage in Australia, it is difficult to predict the duration or extent of future impacts on business performance. The Company’s scenario plans now as far as possible factor in the impact of COVID19 and these plans will inform the Company’s sequencing of balanced growth and business resilience strategies.

FFL remains in a strong position from a balance sheet position. At the end of H1 the business had \$21.7m of cash on hand and \$35.1m of Net Assets. Since then the business has made two acquisitions (Potters in the Hunter Valley and Kangaroo Island Distillery) and is investing for growth as articulated in the half year commentary. Given its strong balance sheet position FFL remains well positioned to see out the current challenging times, and in time to seek out attractive and value accretive opportunities that will no doubt present to the market in the medium term.

Based on current information, our expectations as to business impacts are as follows:

Partnership Investments

- We expect industry consolidation and acquisitive opportunity.
- We have the balance sheet strength and cash reserves to capitalise on this opportunity at the right time.
- We are proactively seeking out government grants and opportunities afforded by government stimulus packages to support existing businesses and create new business activities and jobs.

Commercial Planning & Acceleration

- Following the Federal Government’s announcement on the ban on non-essential internal gatherings of more than 100 people, we note that our venues and brew-pubs intend to continue to trade and stay open for business. However, we have advised the venues and brew-pubs to ensure that they meet this new limit, as well as implement other health measures, including spacing of tables for social distancing purposes;

- This will impact on-premise consumption of our brands. We have already seen some disruption in the on-premise channel commencing this week and at this stage expect this to remain an ongoing challenge.
- We expect consumer demand through off premise and digital channels to remain steady throughout these temporary business closures, notwithstanding we have seen strong retail uplift in the past week.
- We have shifted our distribution focus during this period to off premise stock-weight and online retailers and we have stepped up the development of direct to consumer digital solutions.

In-Venue Consumer Engagement

- The potential disruption to our venues and brew-pubs due to the Federal Government's recent announcement re internal gatherings of more than 100 people will impact trade in our own venues (as outlined above), however we fully intend to stay open for business.
- We have suspended all FFL led venue property development projects in order to preserve our cash balance and deliver these venues when conditions improve.
- We will continue to monitor this closely and manage building and trade risk.
- This presents opportunity for alternate investment in brands and digital growth platforms.

As a board and management team we are prepared for multiple scenario's and are ready to enact various measures as and when required to ensure we continue to be cost conscious and preserve cash over the coming months.

We remain confident in the growth opportunities for our business. We are strongly positioned to continue to execute our plans and meet increased consumer demand for our local products. We will continue leverage the strength of our balance sheet and our competitive position to ensure growth within our portfolio for long-term value.

For further information please contact:

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Note: Founders First (and its Restricted Persons) remain in blackout as it is currently engaged in confidential discussions for further investments in ventures which are consistent with the stated strategy and use of funds in the Replacement Prospectus dated 24 November 2019. Whilst some of the discussions are advanced, they are currently non-binding, incomplete and insufficiently definite. A detailed announcement will be made if and when such negotiations become binding and complete in accordance with the company's continuous disclosure obligation

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