

## **FOUNDERS FIRST EXPANDS INTO WHISKY**

Founders First Limited (ASX: FFL) (“the Company”) is pleased to announce a partnership agreement with Mr Chris Malcolm, former CEO of ASX listed Australian Whisky Holdings and former Chairman of Lark Distillery, to develop and co-invest in a new whisky business currently named NewCo Pty Ltd.

The agreement includes the purchase and rebranding of 68 barrels (just over 7,400 litres) of maturing “new make” whisky stock which was originally distilled at Nant Distillery in the Tasmanian Highlands. Each barrel has been inspected, weighed and checked for alcohol content, and is of high quality. The first small batch release of this stock is planned for December 2020.

Earlier this year the Company also acquired Kangaroo Island Distillery one of Australia’s first dedicated gin distilleries, which has plans to further extend its product portfolio including a much-anticipated release of its first batch of single malt whisky, also planned for December this year.

Founders First CEO and Managing Director Mr Mark Haysman says “Whisky is the largest spirits category in Australia and growing in popularity globally. Our combined position with NewCo and Kangaroo Island Distillery along with our sales and distribution capability places us in a strong position to scale and grow in this exciting category in both domestic and export markets. Both businesses have strong whisky credentials and capabilities to barrel age premium offerings that originate in two of the most respected craft provenances in Australia - the pristine altitudes of the Tasmanian highlands and unspoilt natural surrounds of Kangaroo Island. Few people know the business of whisky better than Chris. We look forward to working with him to bring our new Whisky vision to life.”

Mr Chris Malcolm says “Having a passion and long-term association with the whisky industry I am looking forward to working with the Founders First team to realise our shared vision of building a high quality globally recognised whisky brand. It’s exciting to be part of building a new brand which already has access to such high quality whisky in barrels, some of which will be ready for release as early as December this year. We are fortunate to have 12 Barrels in Virgin White Oak which were part of the Nant exclusive program, the only one of its kind in Australia using Virgin White Oak. A 500ml bottle of this whisky retails for around \$400 a bottle.

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Principal terms of the agreement:

1. The incorporation of a new entity which will own assets (including all recipes and intellectual property) relating to the production, sale and distribution of a new Brand of whisky (Whisky Brand);
2. The issuance of 100,000 shares in NewCo Pty Ltd to the following parties:
  - a. 60,000 ordinary shares to Founders First via a wholly owned subsidiary; and
  - b. 40,000 ordinary shares to Chris Malcolm.
3. The Consideration payable for the issuance of the above shares shall be:
  - a. In respect of Founders First, payment of \$8.75 cash per share or 525,000 to NewCo Pty Ltd; and
  - b. In respect to Chris Malcolm:
    - i. transfer of ownership of 68 barrels (valued at approximately \$350,000 plus GST) ("**Whisky Stocks**")
      1. 68 barrels of whisky (7465.06 litres) with virtually all of it at maturity (only 7 barrels still to mature at 31 October 2020 and the final maturity date being 25 February 2021)
      2. Packaged valuation at maturity circa \$1.64M based on business update from Australian Whisky Holdings Ltd in March 2018 which provided a wholesale value of \$22,000 for 100 litres of whisky at maturity (\$220 per litre).
    - ii. Payment by NewCo Pty Ltd of an amount of \$35,000 plus GST cash to Chris Malcolm in consideration for the transfer of the Whisky Stocks.
  - c. The parties agree that Founders First shall have an option at the conclusion of year 5 after Completion to purchase Chris Malcolm's shares and become a 100% owner of NewCo Pty Ltd in consideration for paying a purchase consideration by mutual agreement of :
    - i. shares in Founders First Limited;
    - ii. all or part cash and part shares in Founders First Limited.
4. Founders First investment of \$525,000 for a 60% equity stake in NewCo Pty Ltd as set out above is conditional on the following conditions being satisfied:
  - a. Due diligence confirmation of the volume, age profile and quality of the Whisky Products;
  - b. Final due diligence being satisfactory to the Board of Founders First Limited and the Board resolving to approve entry into this Term Sheet.

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This announcement has been authorised and released by Managing Director, Mark Haysman

**About Founders First**

Founded in 2017, Founders First (ASX:FFL) is aiming to build the world's strongest craft beverage collective through supporting and growing independent craft brewery and distillery businesses. FFL has invested in select craft beverages and is accelerating the brands growth through equity and debt funding whilst providing access to FFL's leading team of liquor industry professionals providing functional excellence to craft operators. Founders First focus is on allowing founders to play to their strengths while the FF team of industry experts supports by covering their gaps constraining growth and profitability.

[foundersfirst.group/](http://foundersfirst.group/)

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