



DRIFTER

2019

# Drifter Spirits

*Unique spirits for the modern bar.*





# Our mission is simple:

We scour the world for historically relevant, uniquely crafted products for the modern bar.

# Our story

It has been an honor to join the bar community in the journey with Avuá Cachaça starting in 2012 with a chance encounter with Sasha Petraske in a coffee shop in NYC. Since then, Nate and I have separately been to 100's of different cities and dozens of countries on foot with backpacks, on trains, in rental cars, and in late night airports to share our passion for cachaça, and Avuá, with the world.

In the process, we have been inspired by and made friends with bartenders, managers and owners from all around the world that have kept our passion alive through the late nights and early mornings. We have grown to a team of nine people around the world dedicated to growing this niche category, many of whom you have worked with.

Now we are excited to announce the next phase of the mission: Drifter. Inspired by our vagabond life, we will add to Avuá a group of niche products and continue to build out a team to educate on a range of amazing products across the United States and Western Europe.

Our brands will be niche spirits focused on the bartender that we discovered or developed in our travels.

Pete & the Drifter Team

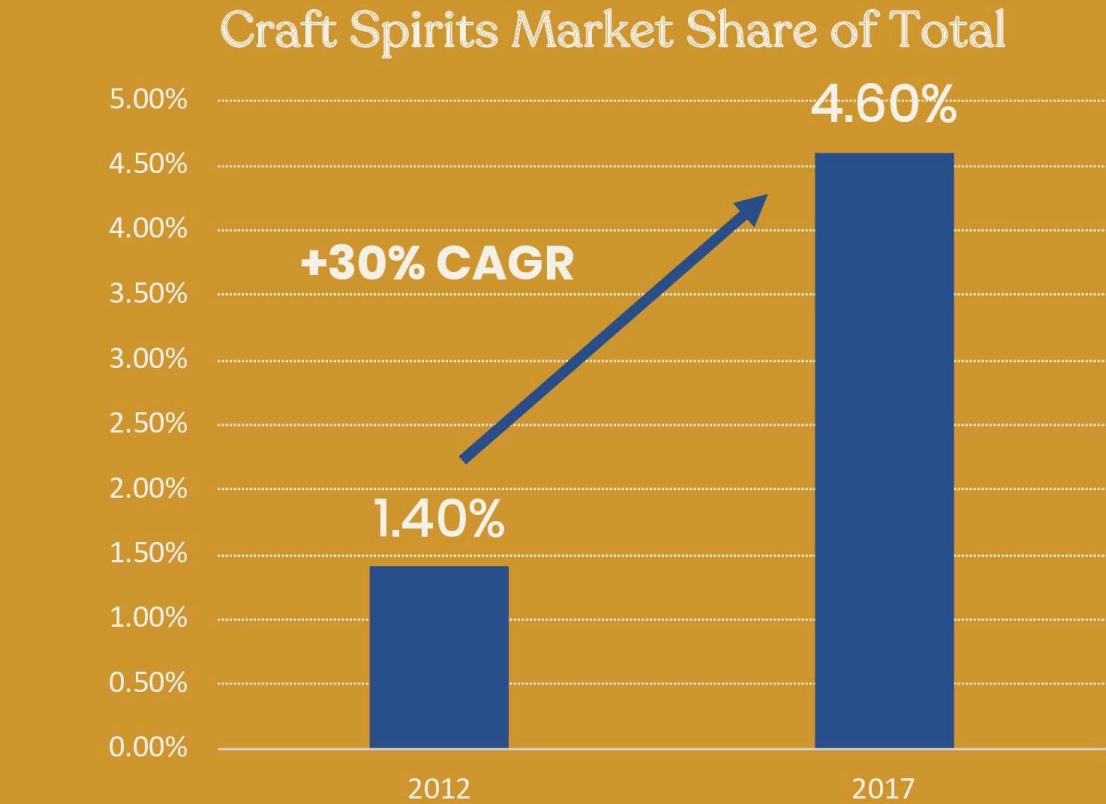


# Unique spirits beloved by the cocktail community



# The US Spirits Market is Rapidly Evolving

- Massive market of \$189B US total liquor that is largely recession proof
- Overall still growing – up 5.1% in 2018, ninth straight year of growth up \$1.3B
- Dominated by large players with difficulty adapting in the world of craft spirits leaving opening for more agile players
- The U.S. craft spirits market volume (cases) reached nearly 7.2m cases in retail sales in 2017, growing at an annual growth rate of 23.7%. In value terms, the market reached \$3.7 billion in sales, growing at an annual growth rate of 29.9%.



# Spirits landscape ripe for innovation

*Craft is booming with room to grow*

Spirits are following beer with breakout  
innovation challenging traditional brands – Craft  
beer has 14%+ share of total beer category

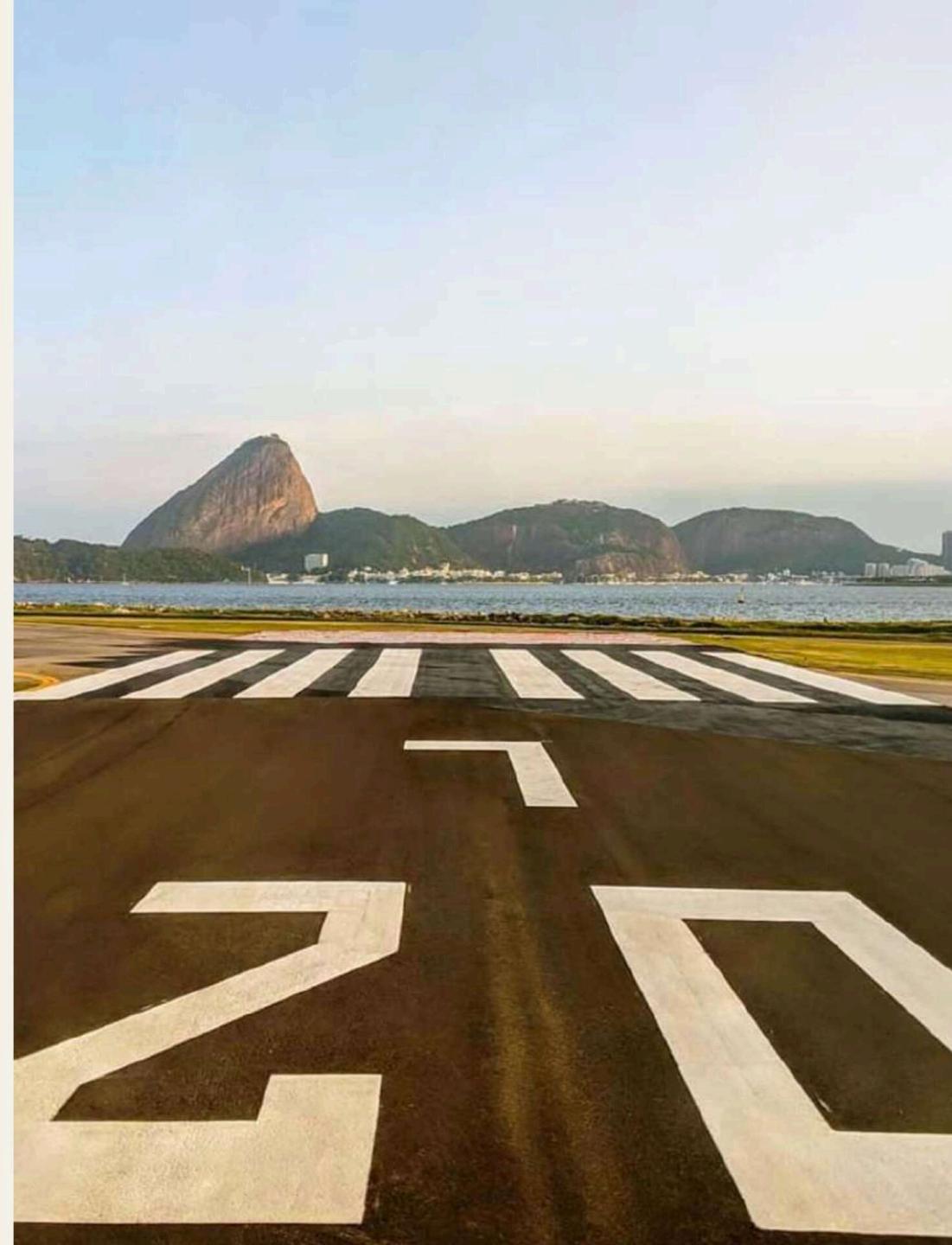


# Spirits landscape ripe for innovation

*But routes to market for craft  
brands are challenged*

Distributors have massive power and limit market  
access for new products

Sales & marketing expenses drag launch efficiency



# Spirits landscape ripe for innovation

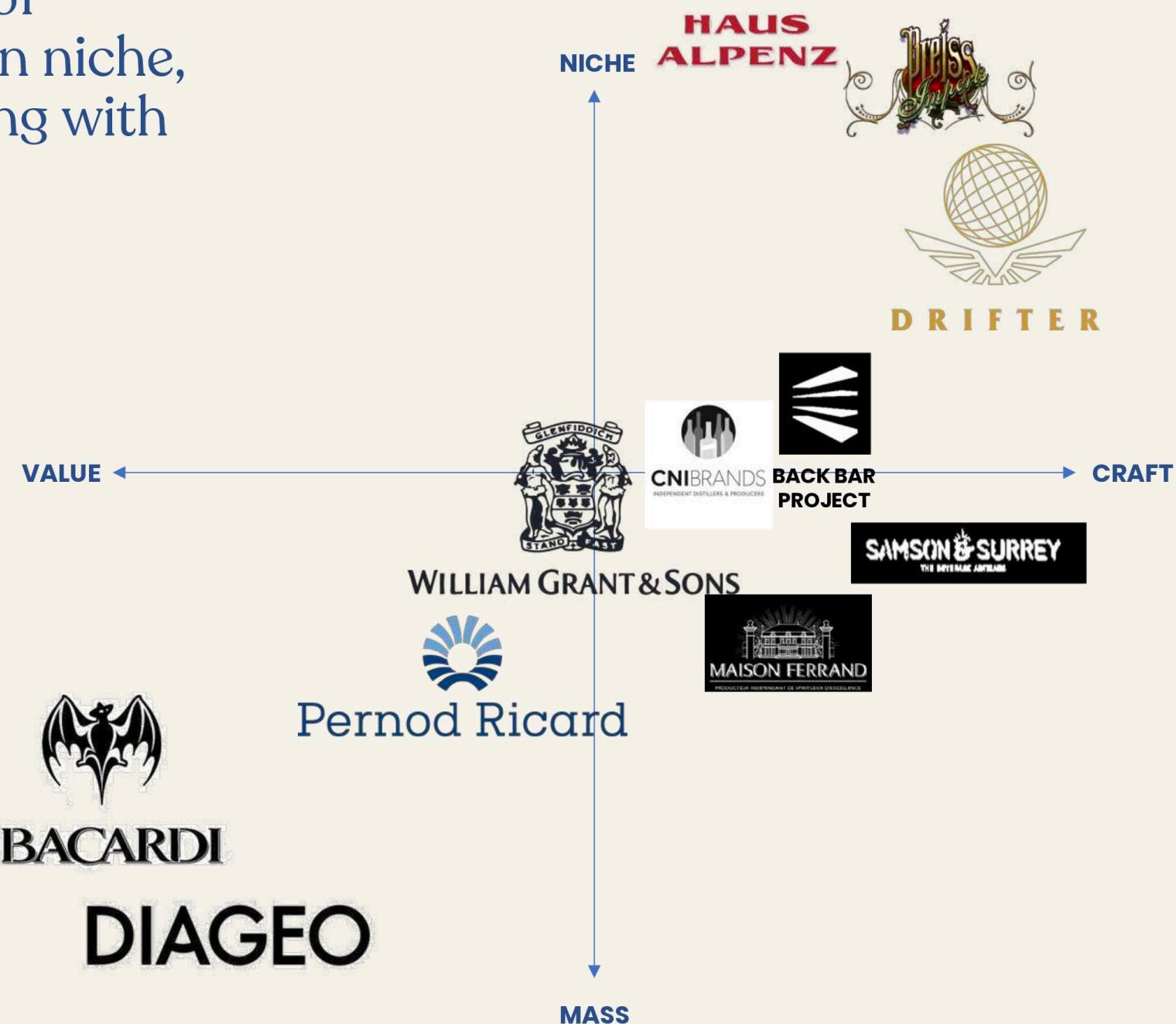
*Drifter owns an efficient route to on premise market*

We work with some of the largest distributors in the country with unique craft channel access

We have deep relationships at opinion leading on premise accounts



There is lots of opportunity in niche, craft importing with few players



# Our team & model



## GREAT BRANDS



## EFFICIENT SALES

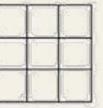
Sales reps & brokers placed in high volume & visibility metros



Partnerships with large, powerful distributors with a craft focus



## KEY ACCOUNTS

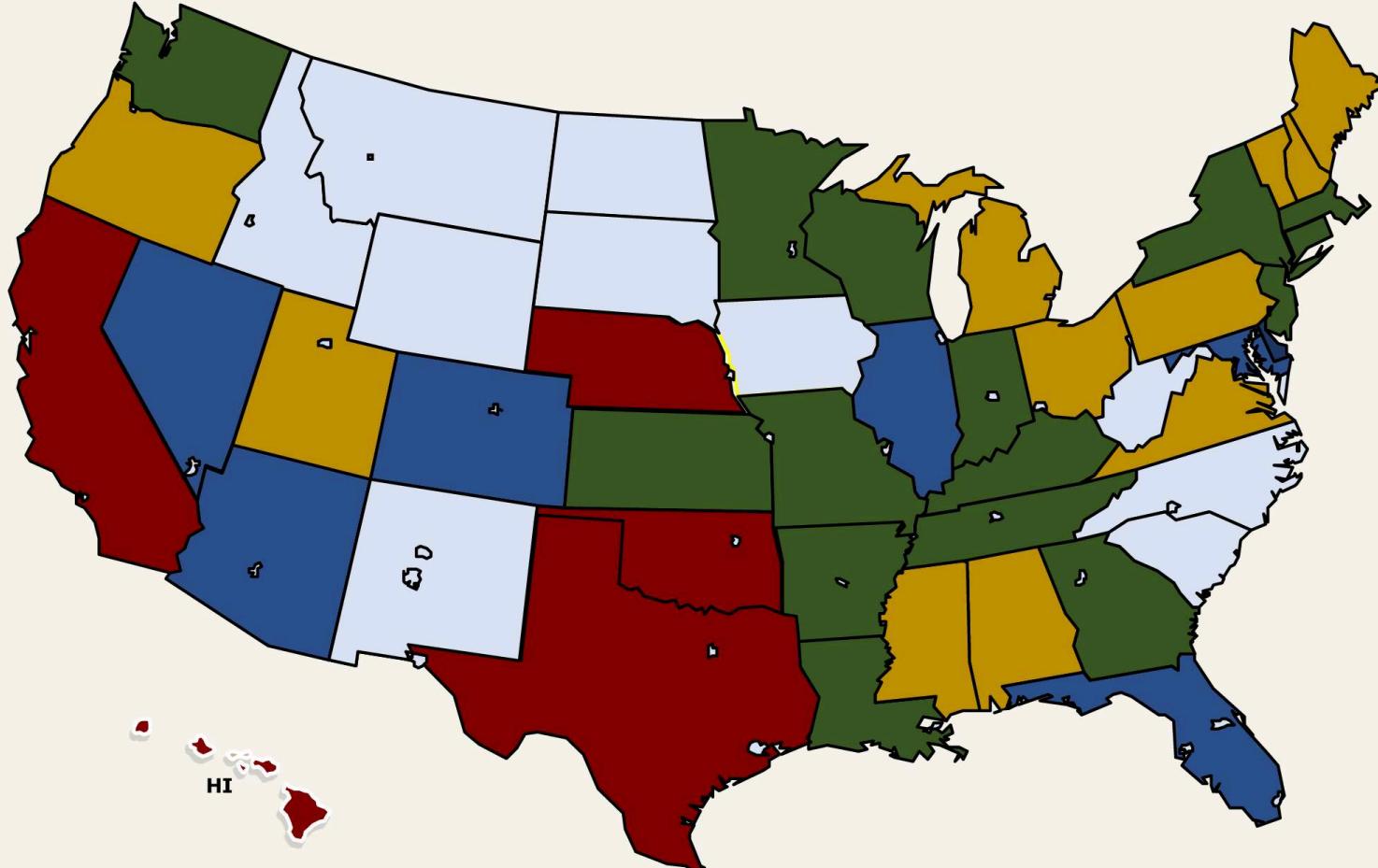


SOHO HOUSE



MGM RESORTS  
INTERNATIONAL™

# Strategic partners with massive distribution network focused on craft



| DISTRIBUTOR          | # STATES |
|----------------------|----------|
| BREAKTHRU            | 8        |
| RNDC / YOUNGS        | 5        |
| CONTROL              | 12       |
| OTHER                |          |
| AR – DE NUX          |          |
| CT – WORLDWIDE       |          |
| GA / WA – PRIME      |          |
| IN – CARROLL         |          |
| KS / MO – VINTEGRTY  |          |
| KY – RIVER CITY      |          |
| LA – WINES UNLIMITED |          |
| MA / RI – MS WALKER  |          |
| MN – SOUTHERN        |          |
| NJ – ALLIED          |          |
| NY – EMPIRE          |          |

# Our current brands and more to come...



Coming March 2020



# Avuá Cachaça is the market leader in craft in the US



- \$1.3MM revenue in 2019, 11,000 4.5L cases
- Distributed in 42 US states, Canada, UK, German, Italy & Brazil
- Market leader in the craft segment of cachaça with the highest penetration of top cocktail bar placements in leading markets like NY, CA, IL, and FL
- Gross margins of 55% driven by large business in the aged segment (approx. 50% of total business)
- 500+ million media impressions in the history of the brand including Wall Street Journal, NBC television, and many more.



# Svöl launch year is a huge success



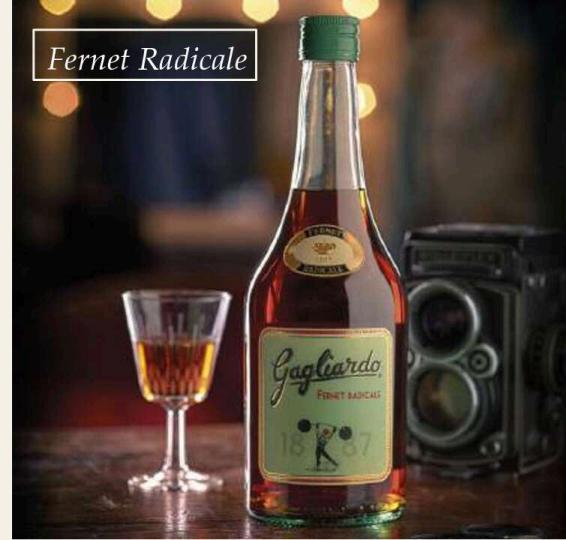
- Launched 2 initial products (Danish- and Swedish-Styles) May 2019
- \$153K revenue in 2019 (67% over goal), 1,300 4.5L cases
- Distributed in 20 US states, Canada, UK, and Germany
- Strong sell-through demand: 65% of 2019 sales are re-order
- 116 million media impressions in publications including The New York Times, Imbibe, and The Daily Beast.
- On menu at opinion leading cocktail bars in NYC, LA and SF including: Nomad, MGM, Maison Premiere, & the Hoxton.



# Introducing the Gagliardo Liqueur Range



- A 5th Generation grappa distiller who re-discovered old family recipes
- A Campari fighter in the Bitter Radicale with a long and strong bitter taste and aftertaste using the least sugar quantity as possible.
- Italian Orange liqueur is the only of its kind in the market
- Fernet Radicale which is a lighter more round version of the style
- Planned launch in Q2 of 2020 in key markets in the US – already approved by our two biggest distributors for launch.



# New projects in the pipeline



**Vermouth**  
2020-2021



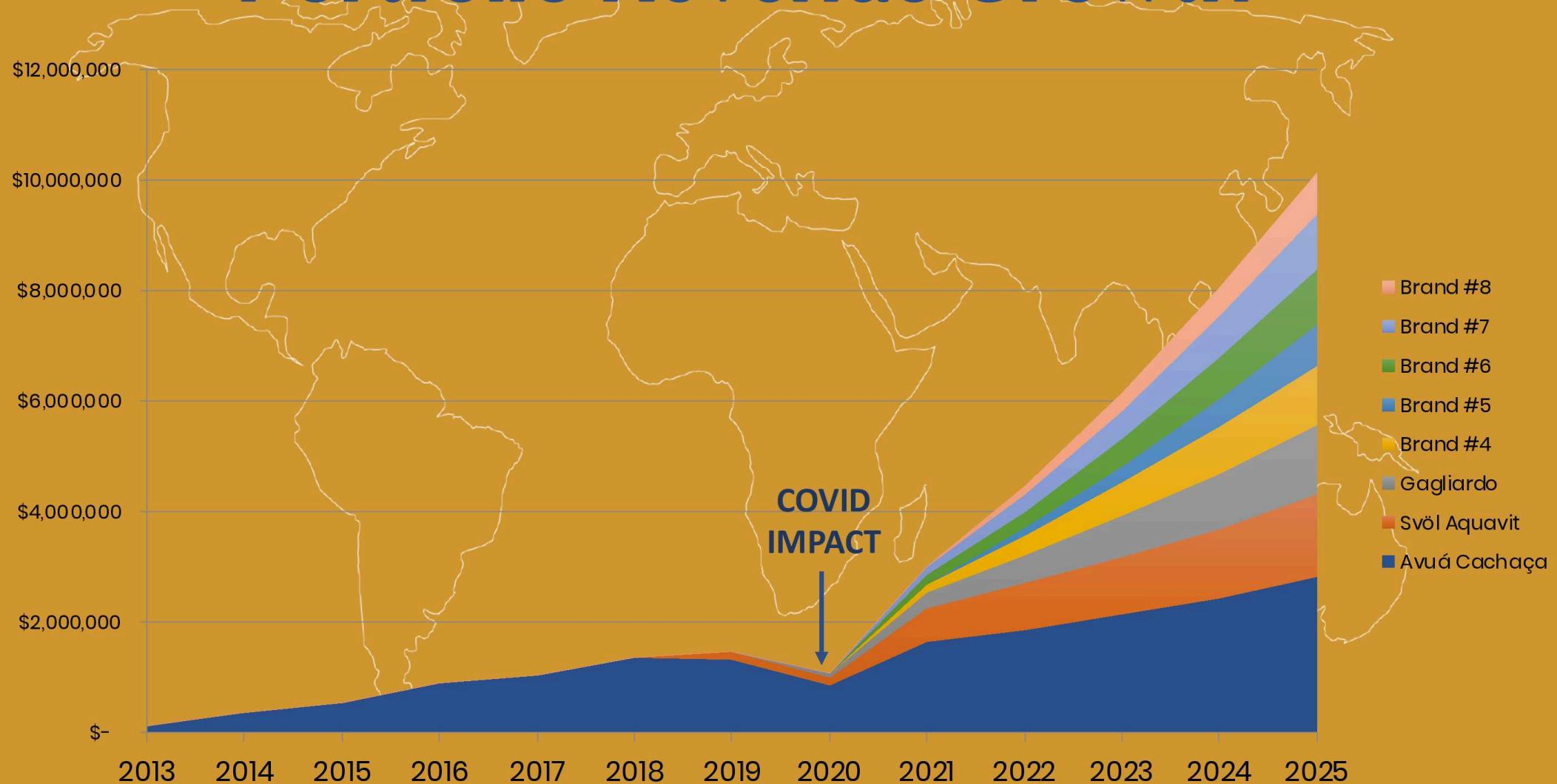
**Geographically  
Specific Gin**  
2021



**Agave  
Spirits**  
202s



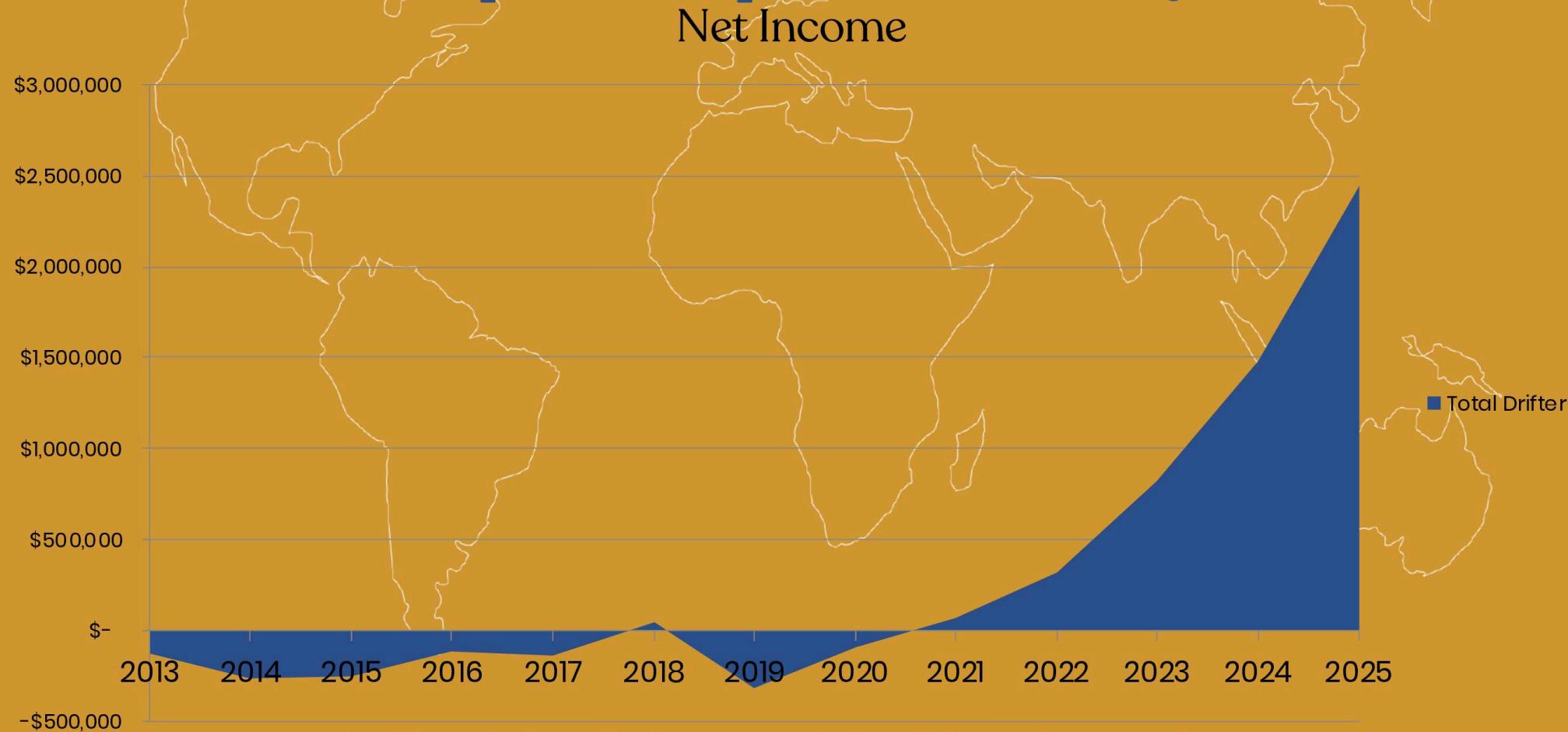
# Portfolio Revenue Growth



This slide contains forward looking revenue projections which cannot be guaranteed



# Efficiency & scale will dramatically improve profitability



This slide contains forward looking revenue projections which cannot be guaranteed

# Stage 1: An Efficient Sales Machine Shedding Cash



We plan to lay the groundwork for efficient, solid portfolio growth by investing in our team and distributor relationships. This foundation will allow us to layer on agency brands to drive profit and optionality in the future.

## Layering on Agency Brands in Open Niche Segments



## Adding Distributor Leverage & Building up Sales Team



## Rapidly scaled revenues with strong EBITDA

- Niche on-premise brands increasing revenues to \$10.8MM in 2025 with \$2.1MM in EBITDA
- Begins spinning off cash soon with \$257k in 2022 and \$751k in 2023

# Stage I: Investment Target: \$100,000



**Objective:** We are targeting a raise of \$100,000

**Structure:** Convertible Debt with 8% PIK interest with Avuá Corporation then Non-Participating Preferred Stock with preferred Return of 12% with dividends beginning in 2022 or conversion into common stock with upside

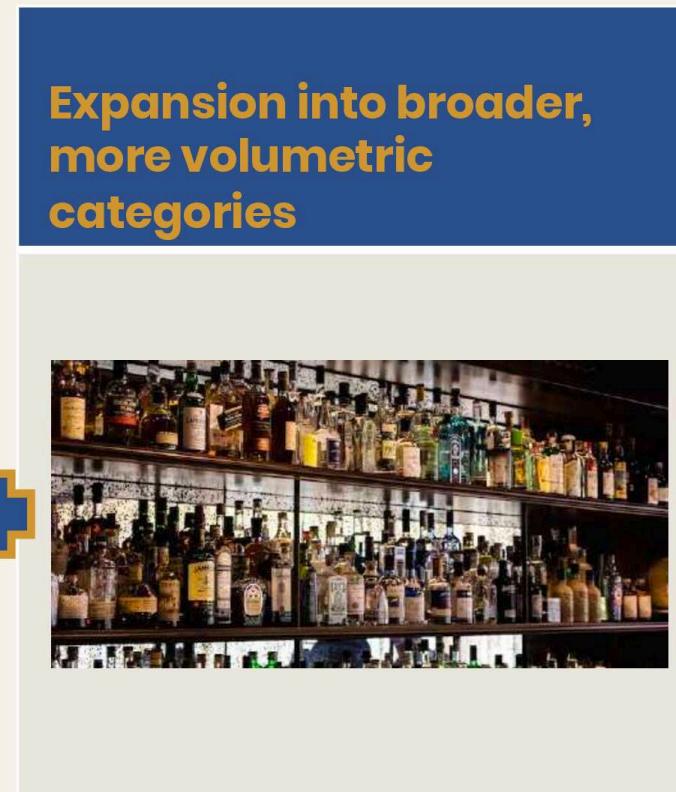
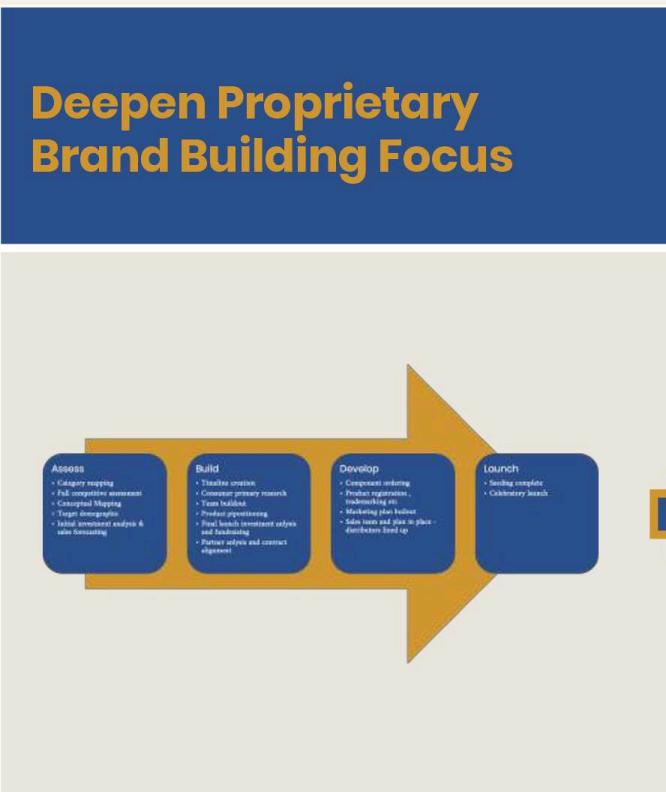
## Sources & Uses:

| Category                    | Amount (USD) |
|-----------------------------|--------------|
| Human Resources             | \$50,000     |
| Inventory & Working Capital | \$30,000     |
| Sales Materials             | \$10,000     |
| Innovation                  | \$10,000     |

# Stage 2: Building the Innovation Machine



Once we have established the backbone of the sales system in Stage 1 we will seek a larger investment to amplify our capabilities in proprietary brand building and expand into broader categories with higher volumetric upside potential.



# Stage 2: We will roll-up the current businesses in Drifter



Avuá Corporation

Svöl, LLC

WF Spirits Trading UG

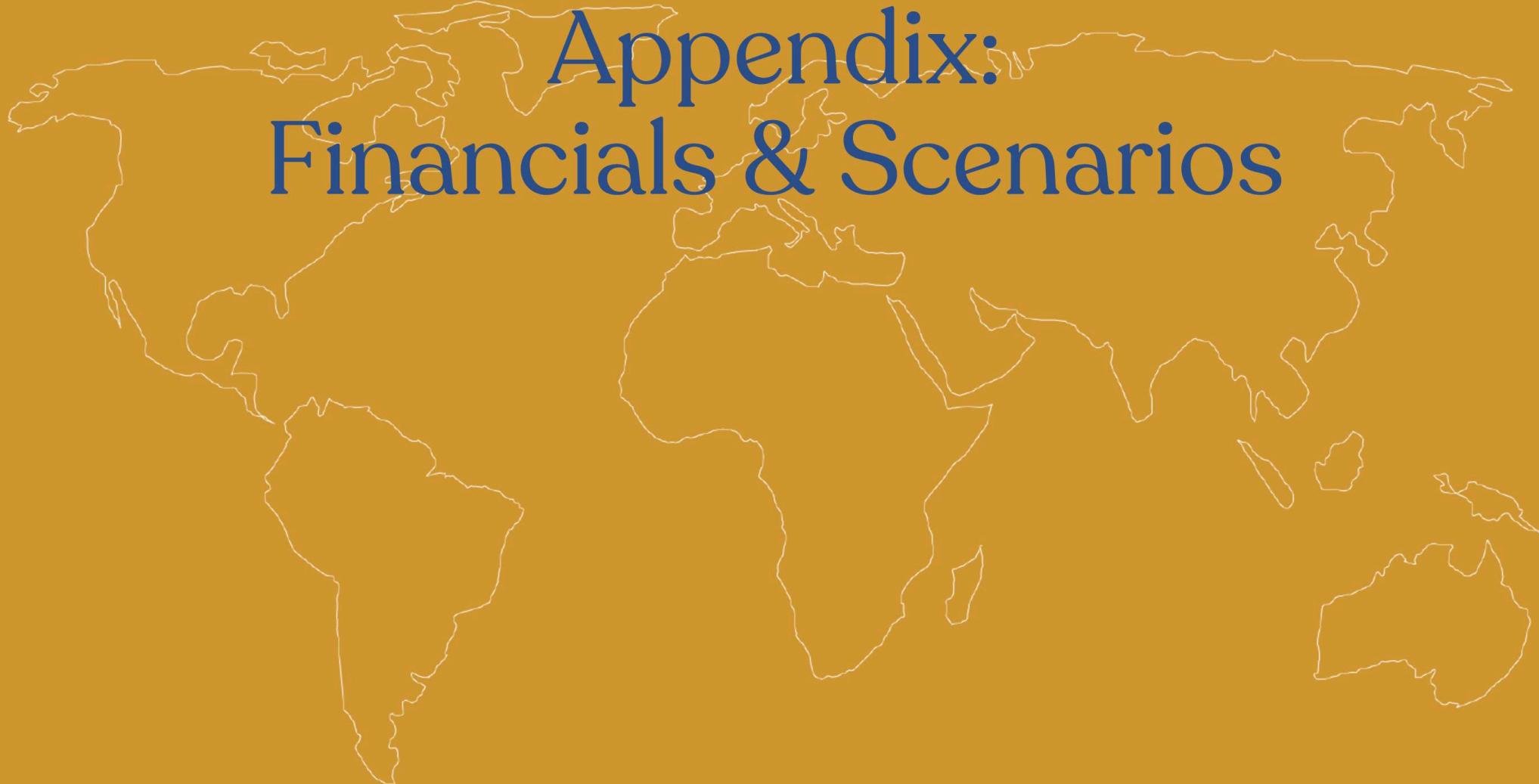
New Innovation







# Appendix: Financials & Scenarios



# Valuation

## Our proposed valuation

- Pre Money: \$5.74MM
- Post Money: \$6.5MM

## Ownership

- \$750k = **11.5%** of Drifter post money
- A \$50k investment = **0.77%** of Drifter post money

