The Renaissance of Irish Whiskey- March 2024

GREAT NORTHERN DISTILLERY

The GREAT NORTHERN DISTILLERY
Distilling History

The Great Northern Distillery (GND) is a private Irish owned company operating two distilleries in Dundalk, Ireland, one grain plant with 12 million capacity and a malt plant with 8 million litre capacity. It is the second largest distilling complex in Ireland and the largest Irish owned. One litre of pure alcohol (LPA) makes 3.57 bottles of standard whiskey of 70cl size and 40% alcohol strength.

GND:	Currently distils over 1 million bottles of whiskey a week. We supply over 300 customers who sell all over the world.
Mission:	To make good whiskey.
Strategy:	To supply both Mature and New Make Malt, Pot Still, Grain bulk whiskey to customers with their own brands of Irish whiskey. We supply from New Make to 18 year old.

GND is virtually a one stop shop. We work with brand owners / buyers to create their own unique whiskey. We blend, cask (supplying the wood) warehouse and can introduce to bottlers.

The GREAT NORTHERN — DISTILLERY — Distilling History

Introduction

- Private 100% Irish owned company owned by the extended Teeling Family, Jim Finn and David Hynes. The group revived Irish whiskey in 1986. They created and operated the Cooley Distillery and Lockes of Kilbeggan until they sold them to Beam Suntory in 2012.

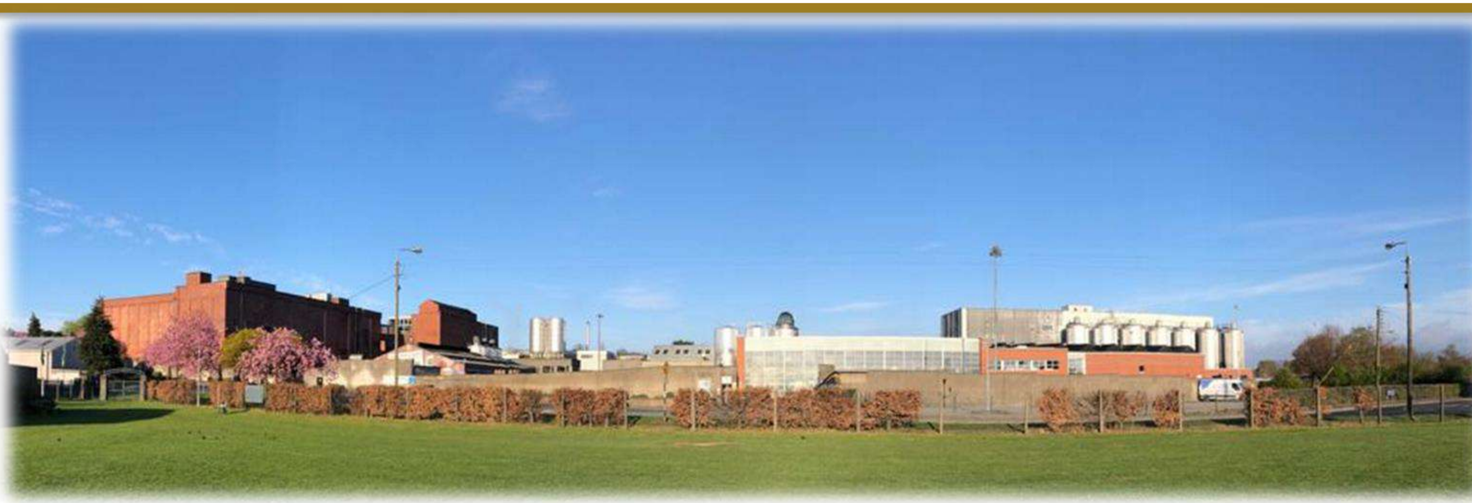
- The premium branded Teeling Whiskey Company Distillery in Dublin has separate ownership.

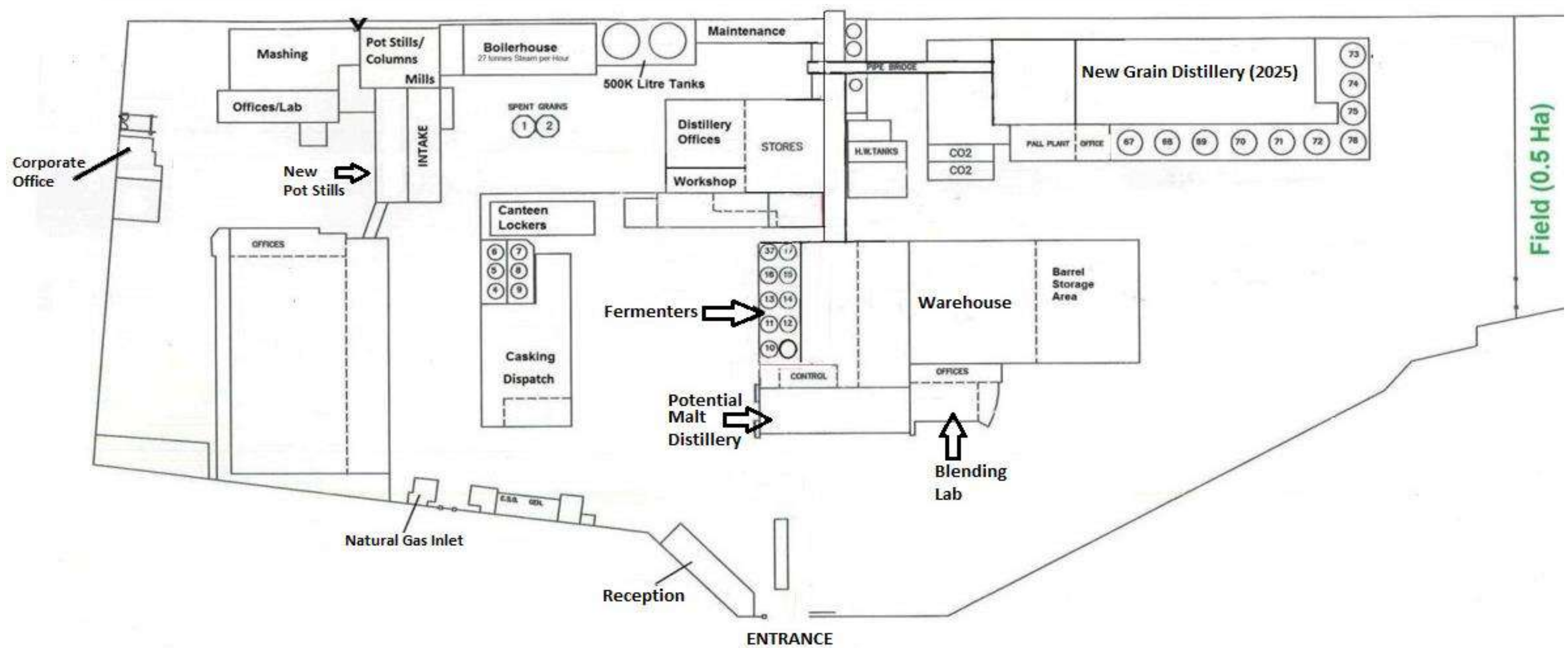
- Two distilleries, currently operate on the site of the former Harp Brewery in Dundalk (Exhibit 1), which is 90 km north of Dublin on the way to Belfast – 8 million litre pot still distillery with 9 pots and a 12 million litre column still distillery (both 24/7).

- Markets are Bulk and Own Label, Retail Own Label. 60% of sales are New Make.

The GREAT NORTHERN DISTILLERY Distilling History

Exhibit 1: Great Northern Distillery (GND), Dundalk, Co Louth





Market Opportunities in Irish

- Rapidly growing markets provide opportunities. Fastest growing brown spirit in the world.
- In newer world markets, whiskey is being introduced. Established brands are not embedded resulting in a level playing field for new entrants. Asia and Africa are growing fast.
- Pernod / Irish Distillers do not make malt, producing pot still whiskey instead.
- The bulk market is growing as entrants realise they do not need to own distilleries.
- The Retail Own-Label / Private Label segments. US and Africa , private label is growing but is poorly served.
- Almost all new Irish distilleries are pot still only. Most need grain whiskey to make blended products.
- Exhibit 2 shows producing and planned Distilleries.

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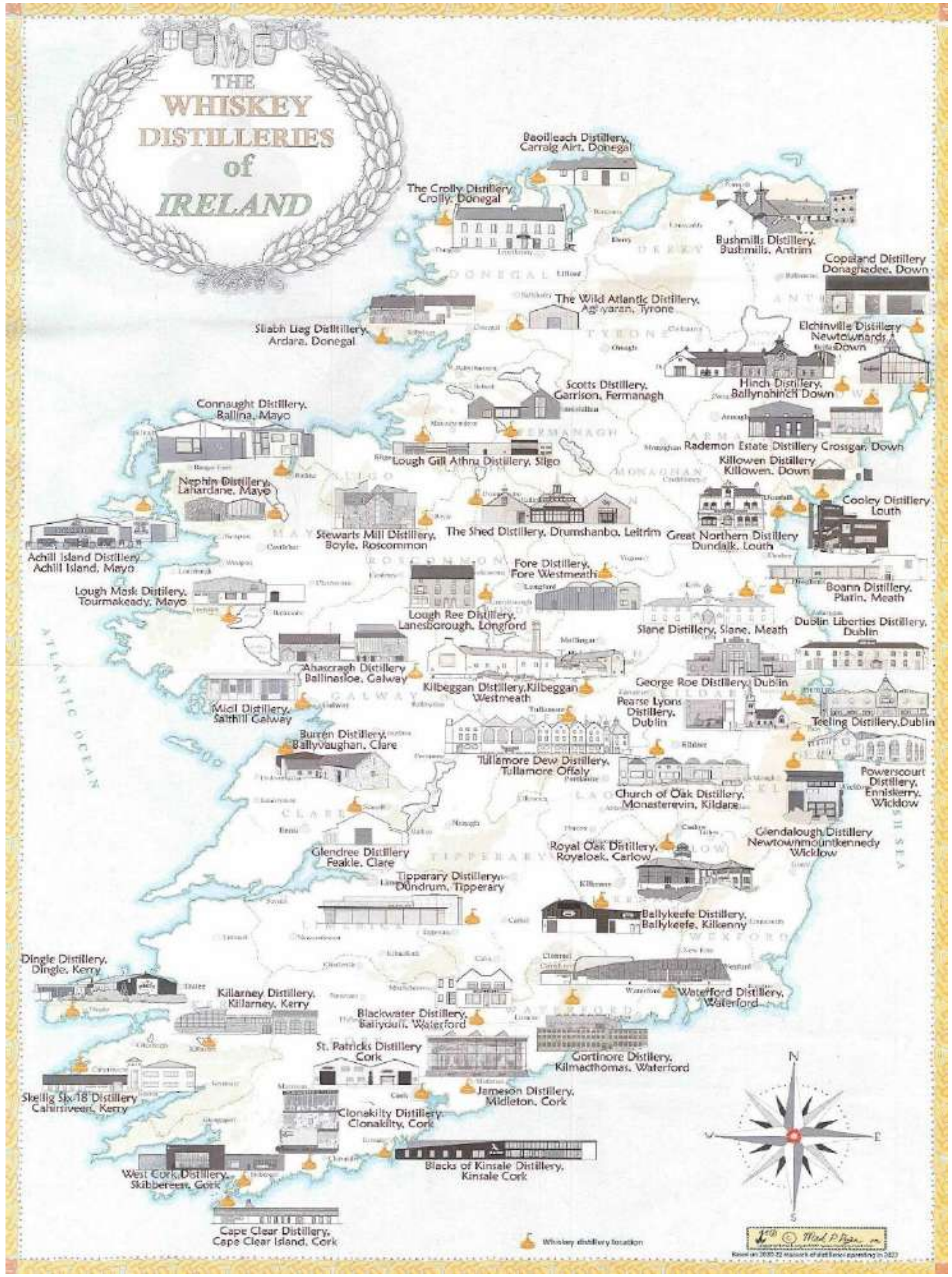
Exhibit 2: Map of Existing and Start-Up Distilleries 2023



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Directors

John Teeling – Chairman

Founder, in 1987, and former Chairman of Cooley Distillery, which was sold in early 2012 to Jim Beam for $95m. John Teeling holds degrees in Economics and Business from University College Dublin (UCD). He holds a doctorate from Harvard Business School in addition to an MBA from Wharton. He has extensive business experience and has set up numerous ventures in resources and manufacturing. He lectured on business and finance in University College Dublin for 20 years

Jim Finn- Finance

A former director at Cooley Distillery. He has worked with John Teeling for 30 years. Mr. Finn has extensive experience in administration, control and corporate finance. He holds a degree in Management from Trinity College Dublin (TCD) and an Accounting qualification. He has been responsible for listing several resource sector companies on AIM in London. He supervises the financial aspects of GND.

David Hynes

Holds a degree in Chemical Engineering from UCD and an MBA from Harvard. He worked in the chemical industry in the US for many years constructing new plants. After his MBA he worked in Business Development with Air Products and FMC. On his return to Ireland he was a marketing consultant before joining Cooley Distillery where he oversaw the construction of two distilleries and was managing director until 2010.

Jack Teeling

Co-founder the Teeling Whiskey Company (TWC) based in Newmarket, Dublin which is a premium branded pot still malt distillery. TWC buys grain for the Teeling brands and malt and grain for Third Party brands. Having worked in banking he joined Cooley Distillery in 2001 and rose to become Managing Director in 2010. He holds a degree in Commerce and a Masters in Finance from University College Dublin (UCD) and a Masters in International Business from Trinity College Dublin (TCD)

Stephen Teeling

Co-founder of the Teeling Whiskey Company where he is Commercial Director. Worked in banking prior to joining Cooley in marketing. After the sale to Jim Beam he was Global Marketing Manager Irish whiskey for Jim beam. He holds a business degree from TCD and a Masters in International Business from UCD.

The Story of Whiskey

- Whiskey is Irish not Scottish, American or Canadian.
- Ireland, with its mild island climate, fresh water and good barley, is the perfect location to make whiskey – which is why it developed in Ireland.
- The word derives from the Gaelic “uisce” meaning water and “beatha” meaning life, local dialect turned uisce to “fuisce” which became whiskey.
- In the early 19th century Ireland had about 60% of world whiskey sales and over 1,000 distilleries most tiny. A change in technology to column stills decimated the industry. The major Irish distillers dismissed the new technology. By 1886 there were only 28 large distilleries and by 1966 only 4.

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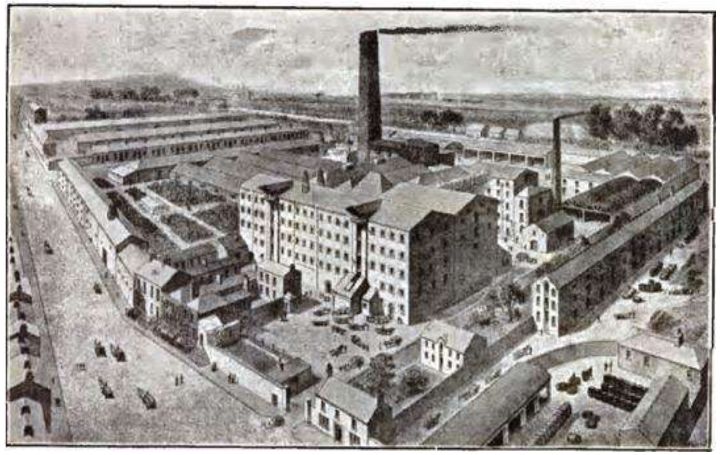
Whiskey Background (contd.)

- The decline which started in the 1850s, continued until finally in 1973 there was only one company, a monopoly, Irish Distillers, with three operating distilleries, two in Midleton and one in Bushmills.
- Irish sales fell by 1965 to 2% of Scotch sales – 2 million plus cases of Irish sold annually against 100 million cases of Scotch. In 1912 there were 12 million cases of Irish produced.
- The revival began in the mid 1980s with the establishment by the GND principals of the independent Cooley Distillery.
- In the late 1980's Irish Distillers was acquired by Pernod Ricard.
- A sea change took place around 2000 when young drinkers turned to brown spirits – bourbon and Irish.
- Irish whiskey is now the fastest growing brown spirit in the world with growth rates of 10.0% annually across 100 countries. Sales are now 15 million cases. Expected to double by 2032.
- There are now 43 working distilleries and more being built or planned. Most of the multinationals have entered the sector.

Distilling in Dundalk Location of GND



- The town of Dundalk has always been ideally suited to foster a distilling industry. It allowed easy access to water, grain, and yeast - the three essential ingredients for successful distilling.

- The rich agricultural hinterland supplied barley and the town boasted a skilled and varied workforce in the 17th century.

- The founders of GND have established a substantial distillery presence on the site of the former Diageo owned Harp Brewery which began operations in 1895. The site is 5.5 hectares.

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World Irish Whiskey Market

- From a low of 2 million case sales in the early 1980s, of which 50% was in the domestic Irish market, sales were 15 million cases of 12 x 70 cl in 2022.
- The top 40 Irish whiskey markets in 2022 are shown in Table 1.
- Sales are expected to rise to 30 million cases by the end of 2032.
- The market forces driving this are:
  - ➢ Young drinkers in the US where Irish sales are growing. over 10% a year.
  - ➢ The opening of Eastern Europe as the middle class grows. Substituting imported brown spirits for vodka.
  - ➢ Africa is now a rapidly growing market.
  - ➢ Asia is opening up. India growing fast and Japan reviving.
  - ➢ Emerging middle classes around the world turning to imported spirits. Over the next 20 years some 3 billion people are expected to become middle class.
  - ➢ As per capita income rises people turn to imported spirits.

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Table 1. Irish Whiskey Sales - (Top 40 Countries of 2022)

Position	Markets	2021	2022	2021-2022
1	United States	5,549.0	5848.3	5.4%
2	Ireland	619.8	686.9	10.8%
3	United Kingdom	643.4	682.3	6.0%
4	Poland	520.0	646.8	24.4%
5	South Africa	463.3	609.0	31.4%
6	Germany	580.0	574.0	-1.0%
7	Russia	715.9	462.1	-35.5%
8	Canada	369.7	417.6	13.0%
9	France	388.0	403.0	3.9%
10	India	175.0	317.0	81.1%
11	Australia	269.4	290.8	7.9%
12	Bulgaria	200.2	247.8	23.8%
13	Czech Republic	206.6	235.3	13.9%
14	Nigeria	204.3	200.0	-2.1%
15	Sweden	149.7	153.0	2.2%
16	Ukraine	231.4	149.7	-35.3%
17	Portugal	109.0	128.8	18.1%
18	Slovakia	100.1	124.9	24.8%
19	Greece	96.6	124.4	28.8%
20	Kazahhstan	78.2	98.9	26.5%
21	Netherlands	86.5	97.5	12.7%
22	Japan	60.1	92.3	53.6%
23	Zambia	78.0	91.5	17.3%
24	Lithuania	78.9	81.3	3.0%
25	Latvia	74.6	80.8	8.3%

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Table 2. Irish Whiskey Sales - (Top 40 Countries of 2022)

Position	Markets	2021	2022	2021-2022
26	Travel Retail United States	39.9	80.0	100.5%
27	Israel	71.5	79.8	11.6%
28	Denmark	87.5	79.1	-9.6%
29	Travel Retail UK	32.3	74.4	130.3%
30	Romania	49.8	73.9	48.4%
31	Turkey	46.1	67.7	46.9%
32	Spain	49.3	66.3	34.5%
33	New Zealand	63.2	61.1	-3.3%
34	Hungary	51.3	60.7	18.3%
35	Travel Retail Ireland	20.3	59.0	191.0%
36	Austria	49.3	55.0	11.5%
37	Italy	35.5	52.3	47.3%
38	Thailand	23.0	52.0	126.1%
39	South Korea	29.4	51.1	73.8%
40	China	37.3	46.8	25.5%
41	Kenya	39.5	46.0	16.5%
42	Norway	49.9	43.7	-8.8%
43	Mozambique	37.5	43.0	14.7%
44	Slovernia	35.8	41.8	16.8%
45	Finland	38.0	39.0	2.7%
46	Serbia	21.0	38.5	83.3%
47	Brazil	30.0	38.2	27.3%
48	Dem Republic of Congo	14.5	38.0	162.1%
49	Argentina	43.9	35.8	-18.5%
50	Indonesia	10.6	34.6	226.4%
	GLOBAL	**13,821.7**	**15,245.00**	**10.3%**

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Table 3. World Irish Whiskey Market Estimates 2025 (cases of 12 x 700cl)

US/Canada/Mexico Rest of Developed World	8 million
(Europe, Australia, Duty Free)	5 million
Russia / Eastern Europe	2 million
Asia	1 million
Africa	1.5 million
South America	1 million
Total	**18.5 million**

NB – A detailed breakdown is given in Appendix 3

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Irish Whiskey Market Shares

- Pernod blends, led mainly by the Jameson brand, currently control 70% plus of the total Irish sales (Table 3).
- Until the breakup of the monopoly by Cooley in 1987, Pernod controlled all brands.
- Diageo bought Bushmills in 2005 increased sales and sold out to Jose Cuervo in early 2015. Diageo re-entered the market in 2017 with the Roe brand. A pot still distillery is on stream in Dublin.
- Grants bought Tullamore Dew in 2009 and have built pot still and column still operations.
- Beam/Suntory bought Cooley in early 2012.
- Sazerac bought the Paddy brand in 2015 and have acquired Lough Gill Distillery in 2022.
- Brown Forman bought the Slane Castle Brand in 2017. Their distillery is on stream.
- Illva Sarrano bought Royal Oak Distillery which came on stream in 2017.
- Bacardi bought a majority stake in Teeling Whiskey in 2023.

Table 3. Irish Whiskey Market Shares 2022

	Cases(m)	%	
Pernod	11m	71	Mainly Jameson (10m plus)
Grants	1.3	8	Tullamore Dew – Almost all blend
Jose Cuervo	1.3	8	Bushmills – Proper no. 12
Others	1.9	13	
	15.5	100	

There are now 43 producers. Most are small pot still operations.

Market Characteristics of Irish

- Over 80% blended unaged – Jameson, Tullamore, Bushmills, Teeling Small Batch.
- Price – Premium, above comparable Scotch products.
- Single malt market small but growing fast. As are other aged and premium sectors. Irish Distillers does not make malt. Bushmills does not make grain or pot still.
- Pot Still category growing fast.
- Rapid growth in Buyers Own Label and Retail Own Label.
- Bulk supply to Buyers Own Labels was mainly Cooley now GND and West Cork.
- Retail Own Label market was served only by Cooley now GND and West Cork.

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Types of Whiskey

Ireland has three categories of whiskey, Scotland has two (no pot still whiskey).

- Grain whiskey – produced from un-malted cereals normally maize or wheat combined with up to 6% malted barley. Distilled in columns.
- Pot still whiskey – distilled from a combination of a minimum of 30% malted barley, the rest un-malted cereals, un-malted barley and distilled in pots.
- Malt whiskey – distilled from a mash of 100% malted barley and distilled in pots. May be peated.

Irish is often triple distilled. Pot sizes in Ireland vary more than in Scotland. Both Midleton and Dundalk have very large pots.

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Malt / Pot Still Distillery

Existing equipment on site was adapted to produce malt and pot still whiskey. Currently GND produce triple distilled, double distilled, peated malt and pot still in nine pots.

A further 6 stills were commissioned in April 2023.

Existing grain intake → existing mills → Mash Tun → 14 ton lauter tun → 16 fermenters, 9 pots 1 x 50,000 litre wash still 2 x 25,000 litre wash stills, 2 x 26,000 litre spirit stills and 4 x 12,500 litre spirit stills.

Capacity on a 24/7 day week = 8.0 m litres.

Current production 150,000 litres a week.

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Exhibit 3: Pot Stills in GND

Exhibit 4: Six New Pots

Exhibit 5: Lauter and Mash Tuns in GND for Malt

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Column Still / Grain Whiskey Distillery

3 columns installed by Frilli of Italy. Existing grain intake → new mills → existing cookers → 7 fermenters → 3 X 22 metre distilling columns. The stills are designed to enable flexible production rates.

Capacity 12 million litres 24/7. Exhibit 6 shows the existing column stills.

Current production 235,000 LPA a week on 24/7 operation.

Plans for a new grain distillery on the site are prepared. No decision to proceed has yet been made.

Exhibit 6: Column Stills

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GND – Brands

While GND is a bulk supplier buy also owns three brands, Burkes, Skylark and Castletown. These are not yet being produced or sold.

- Burkes is a famous old Irish Brand (Exhibits 7 & 8);
- We can offer 3, 5 and 10 year old Burkes, single malt pot still, peated and blend.
- Castletown (Exhibit 9)

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Exhibit 7: Burkes Brand Images

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EXHIBIT 8: BURKES OLD NEWSPAPER ADS

The Sphere - Saturday 24 January 1914

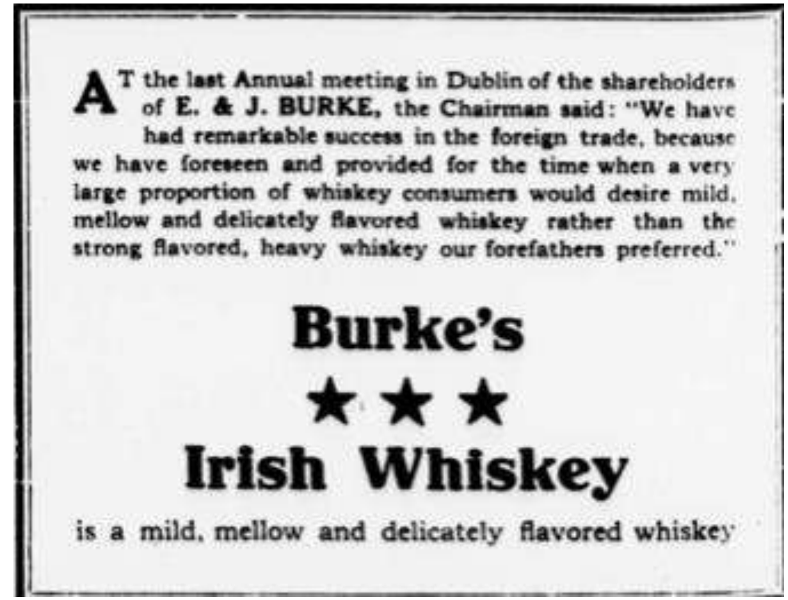

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Exhibit 9: Castletown Whiskey Brands

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Appendix 1 Irish Whiskey Sales Projections to 2024 By Area

Where will growth come from for the next 10/15 years. Two ways of estimation are given below – by area and by simple extrapolation.

1. The US - Currently growing at 12% plus. Sales 6 million plus. Stated objective of Pernod is to grow larger than Jack Daniels. It is not unreasonable to allow growth to continue at 10% for the next decade. By 2024 that would be total sales of 8 million cases plus a year including Canada and Mexico. The demographic is good

Appendix 1 Irish Whiskey Sales Projections to 2024 By Area (Contd.)

2. Rest of the Developing World – US trends spread out. We are seeing this in Canada, Mexico, Australia, the UK and even to a limited extent in Ireland – young drinkers, whiskey bars, speakeasies, cocktails. In 2019 Irish sales in the Developed World (Europe, Australia, Duty Free) were about 3.4 million. The growth rate here over the next decade should be faster than the US. This would mean sales of 5 million 6 million cases by 2024. If you have to pick markets you might suggest the following numbers:

• Ireland (all)	0.7	Million
• UK	1.0	Million
• Germany	0.5	Million
• France	0.5	Million
• Northern Europe	0.25	Million
• Spain	0.5	Million
• Benelux	0.3	Million
• Rest	0.4	Million
• Duty Free	0.8	Million
	4.8	Million

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Appendix 1 Irish Whiskey Sales Projections to 2024 By Area (Contd.)

3. Russia/Eastern Europe – Four positives in this area.

   a) Rapid trend from white to brown spirits.
   b) Growing middle class turning to imported products.
   c) Level playing field for Irish V Scotch, i.e. little embedded brand preference.
   d) Strong position of Irish in certain markets i.e. Tullamore Dew outsells all whisky/whiskey brands in a number of Eastern European Markets.

Europe could become a 2 million case Irish whiskey market within a few years. Russia was going to be 1 million plus. Other markets, all of Eastern Europe, all the "Stans" between them have significant potential. At a 10% growth rate this will be 2 million by 2024.

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Appendix 1 Irish Whiskey Sales Projections to 2024 By Area (Contd.)

4. Asia – This is largely untouched by Irish. It has a number of distinct segments.

   a) Japan – will follow US trends. Is already starting. Suntory distribution could greatly expand the market.
   b) India – from an Irish viewpoint the potential is limitless. Over 250 million cases of whiskey sold. Assume limited penetration by 2024.
   c) China – Rapid change to brown spirits.
   d) Emerging middle income countries – Korea, Thailand, Philippines, Vietnam, Taiwan. Some of these are already significant brown spirit markets. Some have Irish but only in a small way. There is significant potential as the supermajors add Irish to their portfolios.

The overall potential 10 years from now should be for 1 million to 2 million cases plus in the whole area.

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Appendix 1 Irish Whiskey Sales Projections to 2024 By Area (Contd.)

5. Africa – This is the "new frontier". Emerging middle classes in a number of big markets offers major potential. South Africa is already a 500,000 case market for Irish where Jameson is a leading spirit brand. Nigeria, West Africa, Ethiopia and Congo are familiar with whiskey. Given that South Africa is already 500,000 cases an estimate of 1 million is not wild.

6. South/Central America – Argentina was a significant market for Irish 100 years ago. Venezuela/Colombia were and remain substantial Scotch markets. Johnnie Walker is growing faster in Brazil than anywhere else. There is already a substantial whisky drinking middle class which will blossom over the next decade. South America could have 500 million people in the middle class by 2024. It is a new territory for Irish. Pernod are putting people on the ground. Given the distribution strengths of the players in the Irish space there should be significant advances by the main brands. Hard to estimate but you could see 1 million total.

Appendix 3 Distilling Capacity

By 2024 there is a need for 140 million LPA distilling capacity to supply 2030 sales estimates which should be at least 30 million cases:

Litres of Pure Alcohol (LPA)

Current Capacity	**Grain**	**Malt / Pot Still**
IDL	70.0 million max	6.0 million (plans to double)
Cooley	3.0 million	1.0 million
Bushmills		5.0 million
GND	12.0 million	4.0 million (expansion plans)
Grants	10.0 million	1.8 million to 3.6 million
Others	1.0 million	3.5 million
Total	**96 million**	**24.5 million**

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