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Your Creative Financial Partner

Drinks Capital is an alternative finance company that was established to address the cash flow needs of producers and importers in the beverage alcohol industry exclusively. Based on the considerable industry experience of our principals as well as extensive market research, we have found that many small and mid-sized wine, spirit and beer producers have a very difficult time obtaining financing for their working capital needs. Even if they have superior products and a good distribution platform, it is often very difficult for producers to fund monthly operations given that:

1 working capital is tied up in accounts receivable and inventory.

2 payment schedules of distributors do not match the expense schedules of producers.

Traditional financial institutions are virtually frozen and usually will not lend to businesses such as these. DC offers an alternative financing option:

Accounts receivable financing (factoring). Factoring differs from traditional bank loans in that bank loans involve two parties while factoring involves three parties. Banks base their decisions on a producer’s credit worthiness, whereas factoring is based on the value of receivables and the credit worthiness of the distributor.

How Accounts Receivable Financing Works

DC buys accounts receivables from producers, evidenced by invoices for sales. We will promptly advance the producer a high percentage of the face value of the invoice upon its issuance to the distributor. When the distributor pays the invoice in full, DC will then pay the producer the balance of the invoice less a fee. In this way, the producer receives most of the cash from the sale up front and can put these funds to work to accelerate growth. Many companies need additional cash flow to support seasonal demands, growth or new business opportunities.

Account receivable financing provides the producer with flexible and immediate cash that will give its business the opportunity to grow, take advantage of supplier discounts, purchase more inventory or even hire additional employees. With DC’s account receivable financing option, a producer can access cash without having to give up equity in its company, and it is less restrictive and expensive than equity financing. We offer customized facilities that can increase based on a producer’s current business size and needs.

Our clients typically have the following profile:

-Revenues of between $500k-$10mm

-A growing demand for their product

-A/R from top-tier US distributors with a record of consistent payment

-Weekly factoring of A/R

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While each term sheet is customized to meet our client’s specific needs, we separate our clients into two distinct categories based on the payment terms of distributors in the industry.

Spirits and Wine

Distributors typically pay on net 45-day terms and as a result we price our facility with a floor of 30 days and additional charges every 10 days up to a 90-day default rate.

Beer

Distributors typically pay on net 15-day terms and as a result we price our facility with a floor of 10 days and additional charges every 5 days up to a 45-day default rate.

Industry Landscape

While there are many alternative finance companies engaged in the factoring business, there are very few that have the ability to serve the beverage alcohol industry specifically. Finance businesses typically shy away from the beverage alcohol sector for four reasons:

-High concentration of counterparties because of significant consolidation of distributors over the last decade

-Extensive federal and state-by-state industry regulations

-Extensive permits and “know-how” are required to do business in the industry

-The flow of funds often is very different than in other, less regulated, consumer products

Contact Us

For more information please contact:

Mark Andrews IV at [mark@drinkscap.com](mailto:mark@drinkscap.com)

Or

Reyn duPont at [reyn@drinkscap.com](mailto:reyn@drinkscap.com)

Mark Andrews

Managing Director mea@drinkscap.com

212-336-2830

Mr. Andrews is a founder and managing director of Drinks Capital overseeing business development efforts, strategic planning, and financing activities. Mr. Andrews also serves as chairman of Castle Brands, a publicly traded beverage alcohol producer and supplier based in New York City. Before that, he was chairman and CEO of American Exploration, a publicly traded oil and gas company with operations across the US and abroad. Mr. Andrews holds an MBA from Harvard University and a BA from Harvard College. He is a Life Trustee of New York Presbyterian Hospital.

Mark Andrews IV

Managing Director mark@drinkscap.com

212-336-2550

Mr. Andrews is a founder and managing director of Drinks Capital. He is responsible for client relations, operations, systems control and overseeing accounting activities. Mr. Andrews is also a managing member of ABD3 LLC, a social media networking company. Before founding Drinks Capital, Mr. Andrews was responsible for tracking and analyzing sales for a publicly traded spirits company with operations in all 50 states. Mr. Andrews holds a BA from Harvard College.

Reyn duPont

Managing Director reyn@drinkscap.com

212-336-2586

Mr. duPont is a founder and managing director of Drinks Capital, leading business development efforts, strategic planning, and operations. Previous to Drinks Capital, Mr. duPont was the managing member of a real estate development firm in CT, specializing in high-end residential renovations. Prior to that, he spent six years working for a publically traded liquor company where he worked in the sales and operations department. Mr. duPont holds a BA from The University of Vermont.