

# Appendix 4D Half-Year Report

## Good Drinks Australia Limited ABN 22 103 014 320

For the half-year ended 31 December 2020

### Results for announcement to the market

Revenue from ordinary activities	up	47%	to	\$28,430,960
Earnings before interest, tax, depreciation and amortisation*	up	2013%	to	\$7,122,794
Net Profit from ordinary activities after tax attributable to members	up	597%	to	\$3,589,597
Net Profit attributable to members	up	597%	to	\$3,589,597

### Dividends (distributions)

There were no dividends declared for the period.  
The company does not have a dividend re-investment Plan.

<b>Net tangible assets per share</b>	<b>31 December</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	\$	\$
	<b>0.06</b>	<b>0.06</b>

### Details of controlled entities

There were no controlled entities acquired during the period.

There were no controlled entities disposed of during the period.

### Details of associates and joint venture entities

There were no associates and joint venture entities during the period.

### Reporting Periods

The current reporting period is the half-year ended 31 December 2020. The previous corresponding period is the half-year ended 31 December 2019.

Please refer to the attached Financial Report for the half-year ended 31 December 2020 for further information.

## Compliance statement

1. This report, and the accounts upon which this report is based, have been prepared in accordance with AASB Standards.
2. This report, and the accounts upon which the report is based, use the same accounting policies.
3. This report gives a true and fair view of the matters disclosed.
4. This report is based upon accounts to which one of the following applies:

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

5. The auditor's review report is attached.
6. The entity has a formally constituted audit committee.

Signed:

  
Company Secretary

Date: 23 February 2021

Name:

Marcel Brandenburg



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**GOOD DRINKS AUSTRALIA LIMITED  
FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**ABN 22 103 014 320**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual report for the year ended 30 June 2020, and any public announcements made by Good Drinks Australia Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**Good Drinks Australia Ltd**  
**Financial Report**  
**For the Half-Year Ended 31 December 2020**

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**Corporate Directory**

**Directors**

Graeme Wood  
Ian Olson (Chairman)  
John Hoedemaker  
Robert Gould

**Managing Director**

John Hoedemaker

**Company Secretary**

Marcel Brandenburg

**Principal Place of Business  
& Registered Office**

14 Absolon Street  
PALMYRA WA 6157  
Tel: (08)9314 0000  
Web: [www.gooddrinks.com.au](http://www.gooddrinks.com.au)

**Postal Address**

PO Box 2024  
PALMYRA WA 6961

**Auditor**

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

**Legal Adviser**

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Building  
16 Milligan Street  
PERTH WA 6000

**Stock Exchange Listing**

ASX Limited  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

ASX Code: GDA

**Share Registry**

Automic Registry Services  
PO Box 226,  
STRAWBERRY HILLS NSW 2012

*Registry Enquiries*

Within Australia: 1300 288 664  
Outside Australia: (+61 8) 9324 2099

**Good Drinks Australia Ltd  
Financial Report  
For the Half-Year Ended 31 December 2020**

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**Good Drinks Australia Ltd**  
**Review of Operations**  
**For the Half-Year Ended 31 December 2020**

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## Commentary on the results for the half-year ended 31 December 2020

### H1 FY21 CONSOLIDATED SUMMARY

- Good Drinks Volume up 46% to 6.1m Litres
- Total Volume up 41% to 8.6 m Litres
- Revenue up 47% to \$28.4m
- Gross Profit Margin up 2% to 71%
- Variable Production Costs down 30% to \$0.41 per Litre produced
- EBITDA up \$6.8m to \$7.1m
- Good Drinks is the #1 independent craft supplier in Australia
- Single Fin is now the #1 craft beer in WA
- Atomic Beer Project (Redfern NSW) open

Results are in comparison to H1FY20

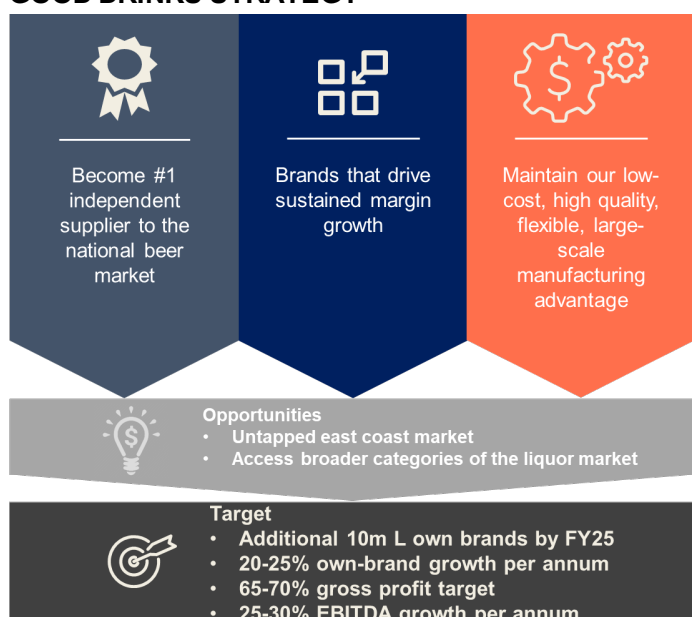
During first 6 months of FY21, Good Drinks gathered fantastic momentum delivering a strong \$7.1m EBITDA earnings result, up significantly over the previous year. This represents a record earnings result for the business, not only for a 6 month period, but also surpassing our original expectations for the full FY21. Total sales volume and revenues grew by over 40%, gross profit margins remained strong at 71%, efficiencies were achieved in our variable operating costs (down 30%) and the fixed cost structure was well controlled.

The results for this half-year validate the core of our financial model. As we deliver growth in own brand volumes and revenues, combined with maintained margins, efficient manufacturing costs and a controlled fixed cost structure, we can accelerate earnings growth well beyond revenue growth.

The results for this half also validate the broader Good Drinks strategy. Significant investment undertaken in prior years to build a professional and well-resourced sales and marketing capability with a national footprint, is starting to reach critical mass and we are starting to see earnings growth exceed revenue growth. The Good Drinks team is providing our business the platform and momentum to drive distributions, grow brand awareness and ultimately deliver earnings growth in all key markets of Australia.

We are confident that the momentum of the first half will continue for the full year and that the Good Drinks strategy is building a firm foundation for future growth of earnings and that the business is on track to achieve the strategy's longer-term targets.

### GOOD DRINKS STRATEGY



Our Good Drinks strategy is to develop and grow three core pillars that are delivering a sustainable competitive advantage for our business and our shareholders.

1. Australia's #1 Independent Sales Team provides Good Drinks the capability to maximise connections with our consumers via access and distributions to all channels of the market and to encourage and have meaningful strategic relationships with our key customers.

2. A best-in-class national marketing capability allows Good Drinks to create and grow a broader portfolio of high margin brands in a fast moving consumer environment and to develop our "brand-in-hand" and "Venues" marketing strategies.

3. Flexible manufacturing at scale allows Good Drinks to create high quality beers, ciders, alcoholic sodas and other new product developments and position them at appropriate retail prices to drive high sales volumes at reasonable margins.

**Good Drinks Australia Ltd**  
**Review of Operations**  
**For the Half-Year Ended 31 December 2020**

The strategy's core target is to drive 10m Litres of incremental Good Drinks brands over the next 5 years (FY21 to FY25 inclusive).

We see a clear path to an incremental 10m litres of Good Drinks brands by FY25. The continuing opportunity is to not only grow our brands in our strong home market of WA, but to develop significant growth in the untapped markets on the East Coast.

We continue to focus on developing our sales and marketing capabilities, driving distributions, building the relevance of our brands and positioning them correctly on a national basis. We are targeting a consistent 25% – 30% growth in earnings each year without significant capital expenditure and have our eyes firmly focused on the incremental shareholder value that represents.



**#1 INDEPENDENT SUPPLIER TO THE NATIONAL BEER MARKET**

The Good Drinks' sales team has delivered an outstanding performance with own brand total sales volume growing at 46%. All key states and markets have contributed significant growth to the revenue line.

Importantly, with the right key account team, field force and processes in place, the promotional programmes and shopper marketing activities for the key Christmas trading period were well executed and delivered a strong December result.

Good Drinks brands are now represented in 3,760 sales outlets both on and off premise with 13,000 distributions on a product by product basis. This represents 39% year on year growth in distributions since 2016.

We have shifted own brand proportion of our sales mix from 30% in 2016 to 72% in H1 FY21 and Good Drinks now sells 50% of our total production and 30% of our own brands on the east coast.

In the off-premise channel, we are proud to be positioned the #1 Independent Supplier by Value in the Australian Craft Beer Segment. Good Drinks creates more value for our retail customers in the craft category than any other independent supplier.

1		\$71m	2		\$65m	3		\$32m
4		\$23m	5		\$16m	6		\$8m
7		\$8m	8		\$6m	9		\$5m
10		\$5m	11		\$4m	12		\$4m
13		\$4m	14		\$4m	15		\$3m

Top 15 Retail Sales Value, Source: AZTEC Information Services, MAT 03/01/21

Good Drinks has also delivered extraordinary momentum in the on-premise channel with distributions in WA growing at 30% and on the East Coast growing at 16% year to date, driving a 47% uplift in Draught volumes. The team is securing key partnerships with high quality venues with the right consumers in the right areas.

During the last 6 months, an additional 450 tap points has delivered an incremental 3.6m schooners. Not only does a shift towards draught sales drive margin and profitability, it also represents an important part of our "Brand-in-hand" strategy. On- Premise provides a fantastic opportunity for consumers to trial and learn about our brands.

On the horizon in H2, we expect to continue to invest in our sales capability, with plans to bolster our sales team with additional resources including, additional roles in the national off-premise key account team, a national head of on-premise, on-premise key account management in Western Australia and the East Coast and additional brand ambassadors in each state.

**Good Drinks Australia Ltd**  
**Review of Operations**  
**For the Half-Year Ended 31 December 2020**



Brands that drive sustained margin growth

**BRAND GROWTH**

The re-naming of our company to Good Drinks Australia has been successfully executed and accepted by the capital markets and customers. During the last 6 months we have transitioned our business from a “branded house” to a “house of brands”.

The Good Drinks marketing team is tasked to build compelling brands, segmented to take advantage of different categories of the liquor market that are in strong growth. Each of our brand families has a specific role to play and they don't compete with each other.

The *Gage Roads* master brand re-refresh, rolled out during the half, has been successful and has delivered a more nationally recognisable brand essence, “a taste of coastal freedom”. New products *Side Track XPA* and *Pipe Dreams Coastal Lager*, both available at Optus Stadium, are in solid growth.

*Atomic* moving to Sydney provides an east coast anchor point and the Atomic Beer Project opening in Redfern is starting the journey of telling *Atomic's* gritty, inner city and beer innovation story.



The marketing team also successfully executed the Matso's master brand refresh which has also been extremely well received by customers and consumers. The new livery draws closer connections to the tropical north of Australia and has done a great job of strengthening Matso's “*Escape the Ordinary*” brand essence. The Matso's “*Hard Flavour*” range, *Matso's Hard Lemon*, *Matso's Hard Orange*, *Matso's Hard Berry* and *Matso's Hard Melon* are contributing to the growth of the emerging seltzer market segment and are currently gaining key national distributions and developing a strong consumer following. The *Matso's* master brand is in tremendous growth at over 46% per annum.

Annual Marketing expenditure is now expected to be \$10m and with a more experienced marketing team we are being more tactical about the way we deploy our marketing funds. To support the key trading period of Christmas we invested in a heavy traditional national outdoor campaigns from October onwards.

On the horizon, in H2, we expect to see growing distributions of new product *Pipe Dreams Coastal Lager* contributing to the emerging and fast growing craft lager market segment and also recently achieving core national ranging with a key national account representing a significant proportion of bottle shops in each state.







Brands that drive sustained margin growth

### **VENUE STRATEGY AND “BRAND-IN -HAND”**

The strategy to strengthen relevance of our brands in local markets through key strategic venues and “brand-in-hand” events is well underway. These strategies connects consumers with our brands, increasing awareness and driving retail sales.

*The Atomic Beer Project* in Redfern has been receiving fantastic consumer feedback since its opening in September and is providing a solid foundation to grow the *Atomic* brand in NSW. Although opened during non-ideal COVID restrictions, we took a strategic direction to pursue an operating model that delivers a fantastic consumer experience and at least maintains operating losses (\$0.4m loss for H1FY21) at a similar level that would have been incurred as “holding costs” had the venue not opened. The venue is expected to be profitable in up-coming months as the impact of COVID continues to reduce.

The development processes are well underway for the Gage Roads Brewery at A-Shed, Victoria Quay Fremantle. Recently we were pleased to receive the support of Fremantle City Council and we expect the planning stage to be finalised within the next few weeks. The A-Shed redevelopment is expected to cost \$10m and be complete and in time for summer trading during next summer.

The venue strategy considers creating a number of venues over the next few years in strategic markets including Queensland, Western Australia (A-Shed, Fremantle), New South Wales (*Atomic Beer Project*, Redfern) and Victoria. We are currently evaluating potential sites in Queensland and an additional site in New South Wales.

A big part of our growth strategy is sampling our products through “Brand-in-Hand” occasions. Although COVID-19 impacted on the ability to hold events we remained highly supportive of our event partners and have managed to extend our deals with many of our existing partners and added a wide range of important partnership and event assets which will drive “Brand-in-Hand” number in future years. National events are starting to come back online and we’ve had great consumer engagement at the recently held Fringe (Perth and Adelaide), Summersault and Wine Machine.

During the half we were pleased to announce that Good Drinks has secured a significant extension for its exclusive beer and cider supply contract to Optus Stadium, the 60,000-seat, world-class sport and entertainment venue and precinct in Western Australia. Optus Stadium is the first stadium in Australia to offer real consumer choice in beer styles as part of its “Fans-First” commitment. Good Drinks is delighted to support the stadium with its *Gage Roads*, *Atomic*, *Matso’s*, *Alby*, *Hello Sunshine* and *San Miguel* product ranges. The stadium partnership will continue to present an exciting and rare opportunity to achieve significant exposure for the Company’s brands and reinforces the “brand-in-hand” experience.

Under the new deal, the Company will remain the exclusive provider of draught and packaged products in the Stadium and Stadium Park to 31 December 2027.



Maintain our low-cost, high quality, flexible, large-scale manufacturing advantage

### **GOOD DRINKS MANUFACTURING CAPABILITIES**

Our flexible, efficient and high quality manufacturing capability is a core competitive advantage on which we have built a successfully growing national Good Drinks business and portfolio.

The business has produced 9m Litres in the last 6 months (a record for the business) and we expect to produce a further 8m Litres in the second half.

Aligned with our strategy to maintain our manufacturing advantage, maintenance capital expenditure continues to be targeted at \$2m per annum.

The high-speed canning line and the upgrade of our existing bottling line, completed approximately 12 month ago (at a cost of \$8m), and the development of our 5000 m2 cool-room and logistics facility (at a cost of \$0.5m) has delivered a reduction of our variable production cost structure by 30% to \$0.41 per Litre produced (H1 FY20: \$0.53 cents per litre) and well under our longer term target of \$0.50 per Litre produced.

During the last 12 months Good Drinks brands have made up 45% of our stated 20m Litre annual capacity, providing the headroom required to grow our brands and achieve our target of an

**Good Drinks Australia Ltd**  
**Review of Operations**  
**For the Half-Year Ended 31 December 2020**

additional 10m Litres of Good Drinks brands per annum by FY25, without significant further significant capital expenditure.

### H1 FY21 NATIONAL SALES RESULTS

Sales by channel (million Litres)	H1 FY21	H1 FY20	Growth
National Chains	2.1	1.0	106%
Independent Retailers	2.3	1.5	55%
Draught	1.3	0.9	47%
Brand-in-hand	0.4	0.8	-53%
<b>Total Good Drinks volume</b>	<b>6.1</b>	<b>4.2</b>	<b>46%</b>
Contract -Brewed Brands	2.4	1.9	27%
<b>Total Volume</b>	<b>8.5</b>	<b>6.1</b>	<b>40%</b>

With our focus on key account management sales to national chains grew strongly, up 106%.

The independent retail channel continues to deliver solid growth (up 55%). Both channels are out-performing the growth of the craft beer market (22%).

Despite COVID-19 restrictions affecting on-premise trade in parts of the country, draught volume has grown impressively, up 47% and has contributed to a growth in gross profit margins.

Not surprisingly, brand-in-hand volumes are down on prior year as stadiums and event operators were either unable to operate their events at all or at reduced capacity due to COVID-19 restrictions.

### CASHFLOW AND BALANCE SHEET

Cashflow Reconciliation	\$m
Opening Cash 1 July 20	5.2
Operating EBITDA	6.7
Increase in receivables	- 8.3
Increase in inventory	- 2.0
Increase in payables	1.7
Borrowing base facility	4.8
Cash advance facility	- 5.8
Issue of equities	4.9
CAPEX spend	- 1.9
<b>Closing Cash 31 December 20</b>	<b>5.3</b>

During the half-year, debtors have increased by \$8.3m as a result of both the seasonal cycle of beer sales towards the end of the calendar year as well as the growth in sales of Good Drinks brands. In order to manage this change in working capital we have drawn an additional \$4.8m from our borrowing base facility with the Commonwealth Bank which was drawn to \$9.0m at balance date and has a facility limit of \$12m.

Inventory increased by \$2.0m in order to build up stock to cover the increase in sales over the period.

We undertook a capital raising in July 2020 which raised \$4.9m. The funds were applied towards reducing its re-drawable cash advance facility which remains undrawn at balance date with a facility limit of \$5.8m.

Capital expenditure for the period amounted to \$1.9m relating to trailing payments for the packaging expansion program (\$0.8m) and on-going maintenance capital expenditure (\$1.1m).

As planning and development approvals are nearing completion for the A-Shed project in Fremantle, we expect construction to commence in Q4 FY21 and we estimate total development costs to be in the order of \$10m. The majority of those cash outflows are expected to fall into FY22. The project will be fully funded via extended debt facilities and the Company's cash reserves.

The Company ended the half-year with a cash position of \$5.1m. The unwinding of the both the debtor position as well as the inventory levels are expected to have a positive cash flow impact in H2 and with headroom in our facilities, the business remains fully funded through operating cash flows and existing facilities.

**Good Drinks Australia Ltd**  
**Review of Operations**  
**For the Half-Year Ended 31 December 2020**

**H1 EARNINGS RESULT**

Management P&L	Good Drinks		Good Drinks		Consolidated		Var (\$)	Var (%)
	Core	Hospitality	H1 FY21	H1 FY20	H1 FY21	H1 FY20		
Volume (million Litres)	8.5	0.1	8.6	6.1	2.5	41%		
Revenue	\$ 27.4	\$ 1.1	\$ 28.4	\$ 19.3	\$ 9.1	47%		
Cogs	(\$ 7.9 )	(\$ 0.3 )	(\$ 8.2 )	(\$ 6.0 )	(\$ 2.2 )	37%		
<b>Gross Profit</b>	<b>\$ 19.5</b>	<b>\$ 0.7</b>	<b>\$ 20.2</b>	<b>\$ 13.3</b>	<b>\$ 6.9</b>	<b>52%</b>		
GP%	71%	69%	71%	69%	2%			
Variable Costs	(\$ 3.7 )	(\$ 0.7 )	(\$ 4.4 )	(\$ 3.8 )	(\$ 0.6 )	15%		
<b>Gross Contribution</b>	<b>\$ 15.8</b>	<b>\$ 0.1</b>	<b>\$ 15.8</b>	<b>\$ 9.5</b>	<b>\$ 6.3</b>	<b>67%</b>		
Sales & Marketing	(\$ 6.0 )	\$ -	(\$ 6.0 )	(\$ 6.1 )	\$ 0.1	-2%		
Operating Costs	(\$ 3.9 )	(\$ 0.5 )	(\$ 4.4 )	(\$ 3.6 )	(\$ 0.8 )	23%		
<b>Operating EBITDA</b>	<b>\$ 5.9</b>	<b>(\$ 0.4)</b>	<b>\$ 5.4</b>	<b>(\$ 0.2)</b>	<b>\$ 5.6</b>	<b>2814%</b>		
<i>AASB 16 Lease Adjustment</i>	\$ 0.5	\$ 0.1	0.6	\$ 0.5	\$ 0.1	26%		
<i>JobKeeper Subsidy</i>	\$ 1.0	\$ -	1.0	\$ -	\$ 1.0	100%		
<b>Statutory EBITDA</b>	<b>\$ 7.4</b>	<b>(\$ 0.3)</b>	<b>\$ 7.1</b>	<b>\$ 0.3</b>	<b>\$ 6.8</b>	<b>2253%</b>		

The growth in sales combined with strong margins and improvements in operating costs on a per litre basis have resulted in a consolidated EBITDA of \$7.1m for the half-year, a significant improvement over H1 FY20 (\$0.3m loss).

The growth in sales of our own brands has resulted in revenues of \$27.4m for the half-year, an improvement of 47% over H1 FY20.

A mix-shift towards higher margin brands in our portfolio has delivered an uplift in gross profit to 71%.

When we embarked on our packaging expansion program last year, we were aiming for variable cost and labour efficiencies. These have been delivered, as we produced 9m Litres in H1 FY21 for the same amount of variable production costs as 6.1mL in the first half last year and brought down our overall variable production costs by up to 30%.

Our investment in sales and marketing continues to be a key competitive advantage for our business. This year we plan to spend up to \$10m in Sales and Marketing combined.

Operating costs have been well-controlled and have remained stable.

The *Atomic Beer Project* in Redfern has been hugely popular since its opening in September 2020. COVID-19 restrictions in NSW required the venue to operate at reduced capacity until mid-February 2021 and accordingly, it has not yet realised its full revenue potential. As restrictions ease and the venue operates closer to capacity, we expect its profitability to improve.

**OUTLOOK**

FY21 will be a significant year for the business. Our financial model has been validated and we look forward to adding to the H1 EBITDA result with an equally strong H2.

- H1 momentum expected to carry into H2
- Annual production expected to be in excess of 17m Litres
- Uplift in on-premise and key account capabilities
- A-Shed to commence construction
- Investigating further venue sites in QLD, NSW
- Strategy to deliver incremental 10m Litres by FY25 on track

John Hoedemaker  
**Managing Director**

**Good Drinks Australia Ltd  
Directors' Report  
For the Half-Year Ended 31 December 2020**

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**Directors' Report**

Your Directors present their report on Good Drinks Australia Limited for the half-year ended 31 December 2020.

**Directors**

The following persons were Directors of the Company during the whole of the financial half-year and up to the date of this report, unless otherwise stated.

Graeme Wood  
Ian Olson (Chairman)  
John Hoedemaker  
Robert Gould

**Managing Director**

John Hoedemaker

**Company Secretary**

Marcel Brandenburg

**Principal Activities**

During the half-year, the principal continuing activities of the Company were the brewing, packaging, marketing and selling of beverages.

**Dividends**

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

**Review and results of operations**

The profit/(loss) of the Company for the half-year ended 31 December 2020 after providing for income tax amounted to \$3,589,598 (2019: (\$722,721)).

A review of the Company's operations and its financial position, business strategies and prospects is located at page 4 of this report.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

This report is made in accordance with a resolution of Directors.



Ian Olson  
**Chairman**

Palmyra  
23 February 2021

**DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF GOOD DRINKS AUSTRALIA LIMITED**

As lead auditor for the review of Good Drinks Australia Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Good Drinks Australia Limited and the entities it controlled during the period.



**Phillip Murdoch**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 23 February 2021

**Good Drinks Australia Limited**  
**Directors' Declaration**  
**For the Half-Year ended 31 December 2020**

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The Directors of the Group declare that:

- (a) The financial statements and notes set out on pages 15 to 26 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the Directors by:



Ian Olson  
**Chairman**

Palmyra  
23 February 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Good Drinks Australia Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Good Drinks Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**



**Phillip Murdoch**

**Director**

Perth, 23 February 2021



**Good Drinks Australia Limited**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Half-Year ended 31 December 2020**

	Notes	31 December 2020 \$	31 December 2019 \$
<b>Revenue from continuing operations</b>			
Sales revenue		28,430,960	19,290,821
Interest revenue		4,462	8,474
	2	28,435,422	19,299,296
Other income	2	1,367,114	325,809
Raw materials, consumables & delivery		(8,995,309)	(6,831,061)
Operating expenses		(2,290,344)	(2,524,677)
Employee expense	3	(7,008,852)	(5,648,521)
Depreciation and amortisation expense		(1,888,735)	(1,211,715)
Sales and marketing expense		(3,436,288)	(3,819,223)
Administration costs		(795,753)	(447,612)
Occupancy costs		(153,196)	(16,877)
Finance costs		(310,967)	(180,093)
<b>Profit (loss) before income tax</b>		<b>4,923,092</b>	<b>(1,054,674)</b>
Income tax benefit (expense)		(1,333,495)	331,953
<b>Net Profit (loss) attributable to the members of Good Drinks Australia Limited</b>		<b>3,589,597</b>	<b>(722,721)</b>
<i>Comprehensive Income (Loss)</i>			
Items that may be reclassified to profit or loss:			
Cashflow Hedges		(795,816)	(388,591)
<i>Total Comprehensive Income (Loss) for the half year</i>		<b>2,793,782</b>	<b>(1,111,312)</b>
<b>Profit (loss) per share attributable to the members of Good Drinks Australia Limited</b>			
Basic and diluted profit (loss) per share (cents)		<b>0.29</b>	(0.06)
Diluted profit (loss) per share		<b>0.29</b>	(0.06)

*The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

**Good Drinks Australia Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2020**

	Notes	31 December 2020 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,290,150	5,215,605
Trade and other receivables	5	23,426,172	15,251,357
Inventories		6,040,461	3,937,107
<b>Total current assets</b>		<b>34,756,783</b>	<b>24,404,069</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	38,249,007	38,250,996
Right-of-use assets	11	13,182,330	13,278,204
Intangible assets	7	15,414,324	15,414,861
Deferred tax asset		1,551,152	1,876,049
<b>Total non-current assets</b>		<b>68,396,813</b>	<b>68,820,111</b>
<b>Total assets</b>		<b>103,153,596</b>	<b>93,224,180</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	19,204,389	13,810,664
Deferred consideration		-	1,200,000
Provisions		717,121	601,321
Lease liabilities	11	915,375	615,309
Current tax liability		1,472,907	686,078
Borrowings	9	8,763,266	5,172,000
<b>Total current liabilities</b>		<b>31,073,058</b>	<b>22,085,371</b>
<b>Non-current liabilities</b>			
Trade and other payables		-	1,940,770
Lease liabilities	11	12,524,187	12,830,409
Provisions		509,385	407,000
Borrowings	9	-	4,611,963
<b>Total non-current liabilities</b>		<b>13,033,572</b>	<b>19,790,142</b>
<b>Total liabilities</b>		<b>44,106,630</b>	<b>41,875,513</b>
<b>Net assets</b>		<b>59,046,966</b>	<b>51,348,668</b>
<b>EQUITY</b>			
Contributed equity	10	60,086,365	55,210,502
Hedge Reserve		(869,198)	(73,382)
Share options reserve		2,349,972	2,321,318
Accumulated losses		(2,520,173)	(6,109,770)
<b>Total equity</b>		<b>59,046,966</b>	<b>51,348,668</b>

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

**Good Drinks Australia Limited**  
**Consolidated Statement of Changes in Equity**  
**For the Half-Year ended 31 December 2020**

	Contributed equity \$	Accumulated Losses \$	Share Option reserve \$	Hedge Reserve \$	Total equity \$
<b>At 1 July 2019</b>	52,711,850	(3,972,999)	2,048,490	82,440	50,869,781
<b>Comprehensive Income (loss)</b>					
Total comprehensive income (loss) for the half-year	-	(722,721)	-	-	(722,721)
Other Comprehensive income (loss)	-	-	-	(388,591)	(388,591)
<b>Total comprehensive income (loss) for the half-year</b>	-	(722,721)	-	(388,591)	(1,111,312)
<b>Transactions with equity holders in their capacity as equity holders:</b>					
Issue of share capital, net of transaction costs	2,376,371	-	-	-	2,376,371
Employee and other share options expensed	-	-	180,000	-	180,000
<b>At 31 December 2019</b>	<b>55,088,221</b>	<b>(4,695,720)</b>	<b>2,228,490</b>	<b>(306,151)</b>	<b>52,314,840</b>
<b>At 1 July 2020</b>	<b>55,210,502</b>	<b>(6,109,770)</b>	<b>2,321,318</b>	<b>(73,382)</b>	<b>51,348,668</b>
<b>Comprehensive Income (loss)</b>					
Profit (loss) for the period	-	3,589,597	-	-	3,589,597
Other Comprehensive income (loss)	-	-	-	(795,816)	(795,816)
<b>Total comprehensive income (loss) for the half-year</b>	-	<b>3,589,597</b>	-	<b>(795,816)</b>	<b>2,793,782</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>					
Contributions of equity, net of transaction costs	-	-	-	-	-
Issue of share capital net of transaction costs and tax	4,875,862	-	-	-	4,875,862
Employee and other share options expensed	-	-	28,653	-	28,653
<b>At 31 December 2020</b>	<b>60,086,365</b>	<b>(2,520,173)</b>	<b>2,349,971</b>	<b>(869,198)</b>	<b>59,046,966</b>

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Good Drinks Australia Limited**  
**Consolidated Statement of Cash Flows**  
**For the Half-Year ended 31 December 2020**

	<b>31 December 2020</b>	31 December 2019
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inc. of GST, WET and Excise Tax)	<b>39,782,827</b>	26,555,938
Receipts from Government incentives (Excise Refund, Jobkeeper)	<b>1,096,500</b>	-
Payments to suppliers and employees (inc. of GST, WET and Excise Tax)	<b>(40,591,032)</b>	(28,369,478)
	<b>288,295</b>	(1,813,541)
Interest received	<b>4,462</b>	8,474
Interest paid	<b>(310,967)</b>	(180,093)
<b>Net cash (outflow) from operating activities</b>	<b>(18,210)</b>	(1,985,159)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<b>(3,556,245)</b>	(4,203,440)
Payments for intangibles	<b>(57,775)</b>	(42,143)
Proceeds from property, plant and equipment	-	150
<b>Net cash outflow from investing activities</b>	<b>(3,614,020)</b>	(4,245,432)
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	<b>5,200,000</b>	1,050,000
Share issue transaction costs	<b>(288,367)</b>	(44,970)
Proceeds from borrowings	<b>5,229,142</b>	2,343,196
Repayment of borrowings	<b>(5,992,389)</b>	(98,207)
Repayment of lease liabilities	<b>(780,518)</b>	(564,035)
<b>Net cash inflow from financing activities</b>	<b>3,367,868</b>	2,685,984
<b>Net decrease in cash and cash equivalents</b>	<b>(264,362)</b>	(3,544,608)
Effect of movement in exchange rates on cash held	<b>338,907</b>	(61,128)
Cash and cash equivalents at the beginning of the financial half-year	<b>5,215,605</b>	9,270,630
<b>Cash and cash equivalents at the end of the financial half-year</b>	<b>5,290,150</b>	5,664,894

*The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.*

**Good Drinks Australia Limited**  
**Notes to the Financial Statements**  
**For the Half-Year ended 31 December 2020**

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**Note 1 : Summary of significant accounting policies**

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**(a) Basis of preparation of half-year financial statements**

The general purpose financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001. The historical cost basis has been used as the basis of preparation.

These half-year financial statements do not include all the notes of the type normally included in the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by Good Drinks Australia Limited (formerly Gage Roads Brewing Co Ltd) during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in this half-year financial report as compared with the most recent annual financial report, with the exclusion of the new accounting standard and new accounting policies as adopted by the Group as disclosed below:

**(b) Accounting policies**

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2020.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

**(c) New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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**Note 2 : Revenue & Other Income**

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	<b>31 December 2020</b>	31 December 2019
	\$	\$
<i>Revenue</i>		
Sale of goods	<b>43,317,893</b>	29,291,877
Less: Excise tax & WET collected	<b>(14,886,933)</b>	(10,001,056)
Total sale of goods	<b>28,430,960</b>	19,290,821
Interest	<b>4,462</b>	8,474
	<b>28,435,422</b>	19,299,296
<i>Other income</i>		
ATO Micro-Brewery Excise Refund	<b>100,000</b>	-
Warehousing Services	<b>103,639</b>	-
Government Relief	<b>996,500</b>	-
Foreign Exchange Profit/(Loss)	<b>37,447</b>	(51,339)
Other	<b>129,528</b>	377,148
	<b>1,367,114</b>	325,809

**Good Drinks Australia Limited**  
**Notes to the Financial Statements**  
**For the Half-Year ended 31 December 2020**

**Note 3 : Expenses**

Profit (Loss) before income tax includes the following specific expenses that are distinct because of their nature, size or incidence:

	31 December 2020 \$	31 December 2019 \$
<i>Employee Expense</i>		
Employee and other share-based payment expense	<b>28,653</b>	180,000

**Note 4 : Share-based payments**

**(a) Executive and Employee Share Plan**

Shares issued pursuant to this Plan (Incentive Shares) are for services rendered by eligible employees and Directors to date and, going forward, for services rendered by existing and any new eligible employees and Directors who are appointed in the future. The Company feels that incentive shares are effective consideration to eligible employees and Directors for their ongoing commitment and contribution to the Company.

	Date shares granted	Loan Expiry date	Issue price	Balance at start of the period	Granted during the period	Forfeited during the period	Balance at end of the period	Vested at the end of the period
Employees and/or Senior Management	2-Oct-15	2-Oct-22	0.063	28,400,000	-	-	28,400,000	28,400,000
Employees and/or Senior Management	30-Jun-16	29-Sep-23	0.050	119,203,207	-	(980,776)	118,222,431	70,344,993
Employees and/or Senior Management	30-Aug-17	29-Aug-24	0.050	2,985,740	-	(1,225,970)	1,759,770	-
Employees and/or Senior Management	23-Apr-18	22-Apr-25	0.072	2,990,433	-	-	2,990,433	-
Employees and/or Senior Management	1-Mar-19	28-Feb-26	0.011	17,950,000	-	(9,250,000)	8,700,000	-
Employees and/or Senior Management	18-Jun-19	17-Jun-26	0.105	2,000,000	-	(2,000,000)	-	-
Employees and/or Senior Management	29-Nov-19	28-Nov-26	0.093	12,000,000	-	(12,000,000)	-	-
Employees and/or Senior Management	14-Jul-20	13-Jul-27	0.052	-	29,250,000	-	29,250,000	-
Employees and/or Senior Management	30-Nov-20	29-Nov-27	0.063	-	18,661,470	-	18,661,470	-
Director	19-Nov-20	29-Nov-27	0.063	-	3,000,000	-	3,000,000	-
<b>Total</b>				<b>185,529,380</b>	<b>50,911,470</b>	<b>(25,456,746)</b>	<b>210,984,104</b>	<b>98,744,993</b>

**(i) Employee and Executive Share Plan shares issued to key management personnel**

During the half-year 50,911,470 shares were issued to employees of the Company and corresponding non-recourse loans totalling \$2,852,673 were entered into in accordance with the Company's Employee and Executive Share Plan as part of their remuneration and having regard for their past and potential contribution to the Company.

**Good Drinks Australia Limited**  
**Notes to the Financial Statements**  
**For the Half-Year ended 31 December 2020**

**Note 4 : Share-based payments (continued)**

Summary of terms and model inputs:

Grant Date	14 July 2020	30 November 2020	19 November 2020	Total
<b>Key Terms</b>				
Amount of shares issued	29,250,000	18,661,470	3,000,000	<b>50,911,470</b>
Issue Price	\$ 0.052	\$ 0.063	\$ 0.052	
Loan Amount per share	\$ 0.052	\$ 0.063	\$ 0.052	
Total Loan Amount	\$ 1,521,000	\$ 1,175,673	\$ 156,000	<b>\$2,852,673</b>
Loan Interest Rate	0%	0%	0%	
Term of Loan	7 years	7 years	7 years	
Loan Expiry	13/07/27	29/11/27	29/11/27	
<b>Black Scholes Model Inputs</b>				
Exercise Price	\$ 0.052	\$ 0.063	0.052	
Market Price of Shares	\$ 0.052	\$ 0.063	0.063	
Expected Volatility	30%	30%	30%	
Risk-Free rate	0.04%	0.042%	0.042%	
Time to Maturity	5 years	5 years	5 years	
Dividend yield	0%	0%	0%	
Fair Value per share	\$ 0.0141	\$ 0.0170	\$ 0.0217	
Total Fair Value	\$ 411,382	\$ 317,982	\$ 65,157	<b>\$794,520</b>

The following conditions apply to all of the shares issued during the half-year:

- Tenure condition for 60%: remains eligible employee for 36 months after date of issue
- Tenure condition for further 20%: remains eligible employee for 48 months
- Tenure condition for the remaining 20% : remains eligible employee for 60 months
- The Earnings Condition will be satisfied for each year tranche if at least 95% of the current internal board approved expected earnings before interest tax depreciation and amortisation (EBITDA) for that year is achieved.
- Share Value Condition: Provided the Tenure Condition has been satisfied but the Earnings Condition has not been satisfied with regards to a particular tranche, if at any time after that year and during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Take Over Provision: Where a takeover bid for the Company's issued shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued shares, all restriction conditions applying to any Shares will be immediately waived, or
- Compromise or Arrangement: Where a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other Company, all restriction conditions applying to any Shares will be immediately waived, or
- Death and Permanent Disability: Where an Eligible Employee dies or as a result of a total and permanent disability fails to meet any Tenure Condition with regards to a particular tranche, the loan will remain in place and at any time during the term of the loan the 30-day ordinary share volume weighted average price (VWAP) provides an internal rate of return of at least 32% when compared to the issue price and date at which the shares were issued, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Good Leaver Exceptions: The approved Executive & Employee Share Plan provides the Board discretion to waive restriction conditions in certain circumstances.
- Subject to the terms and conditions of the Employee and Executive Share Plan as approved by shareholders on 19 November 2020.

**Good Drinks Australia Limited**  
**Notes to the Financial Statements**  
**For the Half-Year ended 31 December 2020**

**Note 4 : Share-based payments (continued)**

The loans are non-recourse except against the Shares held by the participant to which the Loan relates.

The fair values at grant date was calculated using the Black Scholes pricing model that took into account the term, the underlying value of the shares, the exercise price, the expected dividend yield, the impact of dilution and the risk-free interest rate.

The value of the instruments has been expensed to remuneration on a proportionate basis for each financial year from grant date to vesting date. The proportion of the value of the instrument which was expensed to remuneration and accounted for in the share option reserve was \$28,653 for the half-year ended 31 December 2020.

**(ii) Modification of previously issued employee shares**

A total of 23,250,000 Employee Shares (termed 'Series 1') were granted to employees in March, June and November 2019 .

Subsequent to the respective grant dates, these employee shares were voluntarily cancelled on 14 July 2020 and replaced with alternative employee shares (termed 'Series 2').

As a result of this arrangement, in accordance with the requirements of AASB 2 Share-Based Payments, modification accounting to the share based payment arrangement was applied. This required the fair value of the original series 1 to be determined on modification date in addition to determining the fair value of the new series 2. The fair value assessments formed the share-based payment expense recognised for the period ended 31 December 2020.

Grant Date	No of shares	Fair Value of Series 2	
		Fair Value of Series 1 (Modification Date)	shares (Modification Date)
Mar 2019	9,250,000	\$ 55,033	\$ 157,615
Jun 2019	2,000,000	\$ 18,836	\$ 34,079
November 2019	12,000,000	\$ 151,002	\$ 204,474
	<b>23,250,000</b>	<b>\$ 224,871</b>	<b>\$ 396,168</b>

A total share-based payment expense of \$63,903 was recognised for the half-year ended 31 December 2020 in relation to these modified shares.

	31 December 2020	31 December 2019
	\$	\$
<b>(b) Expenses arising from Share-based payments</b>		
Employee and Executive Share Plan shares	70,253	180,000
Modified shares as per (ii)	63,903	-
Forfeited shares*	(105,503)	-
	<u>28,653</u>	<u>180,000</u>

\* Shares forfeited by employees on cessation of employment

**Note 5 : Trade and other receivables**

	31 December 2020	30 June 2020
	\$	\$
Trade Receivables	20,468,007	12,473,973
Prepayments	2,958,165	2,777,384
Trade and other receivables	<u>23,426,172</u>	<u>15,251,357</u>



**Good Drinks Australia Limited**  
**Notes to the Financial Statements**  
**For the Half-Year ended 31 December 2020**

**Note 6 : Property, plant & equipment**

	Plant and equipment	Office equipment	Motor vehicles	Total
<b>At 30 June 2020</b>				
Cost	49,596,948	974,694	239,787	50,811,429
Accumulated depreciation	(11,693,456)	(643,584)	(223,393)	(12,560,433)
Net book amount	37,903,492	331,110	16,394	38,250,996
<b>Half-year ended 31 December 2020</b>				
Opening net book amount	37,903,492	331,110	16,394	38,250,996
Additions	1,062,387	149,151	33,594	1,245,131
Depreciation charge	(1,139,053)	(105,307)	(2,761)	(1,247,120)
Disposals	-	-	-	-
Closing net book amount	37,826,826	374,954	47,227	38,249,007
<b>At 31 December 2020</b>				
Cost	50,659,335	1,123,845	273,381	52,056,560
Accumulated depreciation	(12,832,509)	(748,891)	(226,154)	(13,807,553)
Disposals	-	-	-	-
Net book amount	37,826,826	374,954	47,227	38,249,007

**(a) Assets in the course of construction**

The carrying value of assets disclosed above include the following expenditure recognised in relation to plant and equipment which is in the course of construction. As it is not yet available for use this plant and equipment has not been depreciated.

	<b>31 December 2020</b>	30 June 2020
	<b>\$</b>	<b>\$</b>
Plant and equipment	<b>976,048</b>	654,155

**Note 7 : Non-current assets - intangibles**

	<b>31 December 2020</b>	30 June 2020
	<b>\$</b>	<b>\$</b>
Intellectual property	<b>588,362</b>	530,587
Accumulated amortisation of intellectual property	<b>(448,684)</b>	(390,372)
<b>Total intellectual property</b>	<b>139,678</b>	140,215
Matso's intangible brand asset	<b>15,274,646</b>	15,274,646
<b>Total Matso's Intangible assets</b>	<b>15,274,646</b>	15,274,646
<b>Total Intangible Assets</b>	<b>15,414,324</b>	15,414,861

**Good Drinks Australia Limited**  
**Notes to the Financial Statements**  
**For the Half-Year ended 31 December 2020**

**Note 7 : Non-current assets - intangibles (continued)**

As part of Matso's asset acquisition undertaken in 2018, the Group acquired an intangible brand asset to the value of \$15,274,646. The Group has recognised the intangible asset as having an indefinite useful life and will periodically assess the assets for indicators of impairment as disclosed within the critical accounting judgements, estimates and assumptions in the 30 June 2020 accounts.

In the event that certain pre-determined sales volumes of Matso's products are achieved by each milestone period, a contingent consideration of up to \$2,800,000 may be payable in cash or via the issue of Good Drinks Australia Ltd shares.

Year 1 Milestone Consideration: up to 15,000,000 shares or \$1.2 million cash based on sales volume targets

Year 2 Milestone Consideration: up to 15,000,000 shares or \$1.2 million cash based on sales volume targets

Year 3 Milestone Consideration: up to 5,000,000 shares based on sales volume targets

During the half-year, the year 2 milestone was reached and accordingly \$1.2m was paid in cash. The year 3 milestone consideration is considered possible. The sales volume position will be re-assessed as at 30 June 2021 to determine if the contingent consideration linked with the Year 3 milestone has become probable, at which time an estimated liability and corresponding increase to the intangible asset value would be recognised.

**Note 8 : Trade and other payables**

	<b>31 December 2020</b>	<b>30 June 2020</b>
<i>Current</i>	<b>\$</b>	<b>\$</b>
Trade and other payables from operations	<b>19,043,765</b>	12,884,823
Payables for capital equipment	<b>160,624</b>	185,071
	<b>19,204,389</b>	13,069,894
<i>Non-current liabilities</i>		
Trade and other payables from operations	-	1,940,770
	-	1,940,770

**Note 9 : Borrowings**

	<b>31 December 2020</b>	<b>30 June 2020</b>
<i>Current</i>	<b>\$</b>	<b>\$</b>
Borrowing Base Facility	<b>8,763,266</b>	4,172,000
Cash Advance Facility	-	1,000,000
	<b>8,763,266</b>	5,172,000
<i>Non-current liabilities</i>		
Cash Advance Facility	-	4,611,963
	-	4,611,963

- (a) The Company has a borrowing base facility with the Commonwealth Bank of Australia with the following terms:  
Facility Limit: \$12 million  
Interest Rate: BBSY + 1%  
Term: Revolving, subject to annual review with the next review being 31 November 2021.
- (b) The Company also has a cash advance facility (currently undrawn) with the Commonwealth Bank of Australia  
Facility Limit: \$4.8 million  
Interest Rate: BBSY + 1.55%  
Term: Up to 5 years, ending June 2025.
- (c) Assets pledged as security  
The carrying amounts of assets pledged as security for current and non-current borrowings are:

**Good Drinks Australia Limited**  
**Notes to the Financial Statements**  
**For the Half-Year ended 31 December 2020**

**Note 9 : Borrowings (continued)**

	<b>31 December 2020</b>	<b>30 June 2020</b>
<i>Fixed &amp; Floating charges</i>	<b>\$</b>	<b>\$</b>
Plant and equipment	38,201,780	38,234,602
Motor vehicles	47,227	16,394
Trade Receivables	20,468,007	12,473,973
Inventory	5,555,959	3,469,562
<i>Total Fixed &amp; Floating charges</i>	<u>64,272,973</u>	<u>54,194,531</u>
Total assets pledged as security	<u>64,272,973</u>	<u>54,194,531</u>

**Note 10 : Contributed equity**

	<b>31 December 2020 Shares</b>	<b>30 June 2020 Shares</b>	<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
<b>(a) Share Capital</b>				
Ordinary shares Fully paid	<u>1,261,267,579</u>	1,140,516,763	<u>60,086,365</u>	55,210,502
	<b>2020 Shares</b>	<b>2020 Shares</b>	<b>2020 \$</b>	<b>2020 \$</b>
<b>(b) Movement in contributed equity:</b>				
<b>1 July (opening balance)</b>	<b>1,140,516,763</b>	1,106,257,848	<b>55,210,502</b>	52,711,849
<b>New shares issued</b>				
<i>Issues of shares during the half-year</i>				
Ordinary shares issued (Employee loan Shares)	50,911,470	12,000,000	-	-
Ordinary shares issued	100,000,000	29,318,615	5,200,000	2,195,489
Shares cancelled	(30,160,654)	(7,059,700)	-	-
Capital Raising Costs	-	-	(288,367)	(44,970)
Current tax benefit	-	-	(35,770)	348,133
<b>31 December (closing balance)</b>	<u>1,261,267,579</u>	1,140,516,763	<u>60,086,365</u>	55,210,502

At 31 December 2020 there were 1,261,267,579 ordinary shares on issue.

**Note 11 : Leases**

	<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
Amounts recognised in the balance sheet:		
<b>Right of use assets</b>		
Property	14,165,605	13,935,514
Motor Vehicles	692,506	423,278
Equipment	32,811	35,086
Accumulated amortisation	( 1,708,592)	( 1,115,674)
<b>Total</b>	<u>13,182,330</u>	<u>13,278,204</u>
<b>Lease liabilities</b>		
Current	915,375	615,309
Non-current	12,524,187	12,830,409
<b>Total</b>	<u>13,439,562</u>	<u>13,445,718</u>

**Good Drinks Australia Limited**  
**Notes to the Financial Statements**  
**For the Half-Year ended 31 December 2020**

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**Note 12 : Contingencies**

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**Contingent liabilities and assets**

There have been no changes in contingent liabilities, contingent assets or commitments since the last annual reporting date being 30 June 2020. Refer to note 7 in relation to contingent liabilities pertaining to intangible assets.

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**Note 13 : Events occurring after reporting date**

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**Optus Stadium:**

On 1 February 2021, the Group announced that it has successfully extended its supply contract with Optus Stadium through to 31 December 2027.

No other matter or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

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**Note 14 : Fair Value Financial Instruments**

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*Recurring fair value measurements*

The Group has forward foreign exchange contracts as part of a hedging strategy against fluctuation in the USD foreign exchange rate. The fair value of these contracts at period end was \$865,197 and was based on level 2 valuation inputs.

*Fair values of financial instruments not measured at fair value*

The Group does not have any financial instruments that are not measured at fair value.

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**Note 15 : Segment Reporting**

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The consolidated entity is monitored and managed as one overall operating segment. The processes from brewing production to retailing are consistent for all products and as they exhibit similar economic characteristics, they meet the AASB 8 criteria for aggregation.

The Board and management monitors the group as one overall brewing segment based on overall net profit level and production volumes. This Group's internal reporting framework is considered the most relevant to assist the chief operating decision maker in assessing the allocation of group resources and overall operating activities.

There are no discrete corporate activities to the segments that would require reconciliation between segment expenses and total expenses.

	<b>31 December 2020</b>	31 December 2019
	<b>\$</b>	<b>\$</b>
Revenue from external sources	<b>28,430,960</b>	19,290,821
Net profit (loss) before tax	<b>4,923,092</b>	( 1,054,674)
	<b>31 December 2020</b>	30 June 2020
Reportable segment assets	<b>103,153,596</b>	93,224,180
Reportable segment liabilities	<b>44,106,630</b>	41,875,513

Endeavour Drinks Limited, Liquid Mix (WA) Pty Ltd and Metcash Ltd are major customers of the group as defined by AASB 8, as revenue from each customer exceeds 10% of total revenue from external sources.