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ASX: GDA

ASX ANNOUNCEMENT

8 February 2022

H1 FY22 SALES AND RESULTS UPDATE

Please find attached an investor presentation in relation to the Group's sales and financial results for the first half of FY22.

SHAREHOLDER BROADCAST

A recording of Managing Director John Hoedemaker and Chief Financial Officer Marcel Brandenburg presenting the results can be found on the Group's website under <https://gooddrinks.com.au/media/#>

-END-

This announcement has been authorised by the Board of Directors.

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H1 FY22 SALES AND RESULTS UPDATE

GOOD DRINKS AUSTRALIA | ASX: GDA

Highlights

- \$6.0m EBITDA, a strong result given disrupted COVID trading conditions
- H1 FY22 sales results (up 26%) compared to similarly strong comparative period last year
- *Gage Roads Freo* venue opened on time and on budget, 40,000 visitors during the first 2 weeks
- Excellent momentum to continue growth in H2 for a strong FY22 result

Sales by Channel (m L)	H1 FY22	H1 FY21	Growth
National Chains	2.4	2.1	14%
Independent Retailers	2.6	2.3	13%
Draught	1.5	1.3	15%
Brand-in-hand	0.4	0.4	0%
Total Good Drinks Volume	6.9	6.0	15%
Contract-Brewed Brands	3.7	2.4	54%
Total Volume	10.6	8.4	26%

Total Revenue¹

\$32.7m

▲ 15%

Total Volume

10.6m Litres

▲ 26%

Gross Profit Margin¹

\$22.2m

▲ 10%

Total Good Drinks Volume

6.9m Litres

▲ 15%

EBITDA¹

\$6.0m

– 0%²

Total Contract-brewed Volume

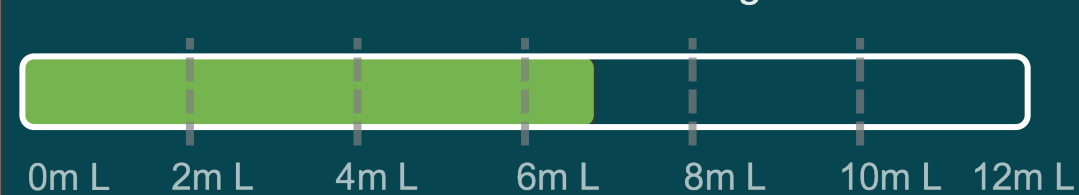
3.7m Litres

▲ 54%

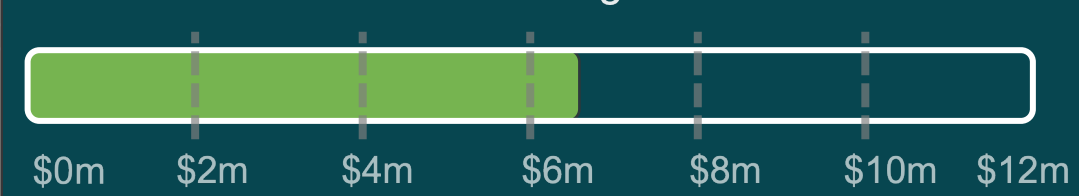
Key Metrics

Unaudited Management P&L	Good Drinks Core	Good Drinks Hospitality	Group Earnings
Volume (m L)	10.5	0.1	10.6
Revenue	\$31.6	\$1.1	\$32.7
Cogs	(\$10.0)	(\$0.5)	(\$10.5)
Gross Profit	\$21.6	\$0.6	\$22.2
GP%	68%	55%	68%
Variable Costs	(\$4.3)	(\$0.3)	(\$4.6)
Gross Contribution	\$17.3	\$0.3	\$17.6
Sales & Marketing	(\$6.7)	-	(\$6.7)
Operating Costs	(\$4.4)	(\$0.5)	(\$4.9)
EBITDA	\$6.2	(\$0.2)	\$6.0

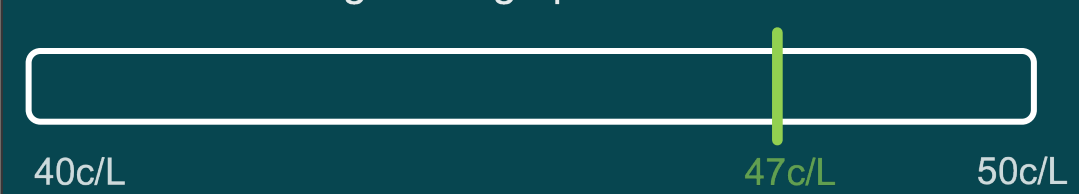
FY22 Annual Good Drinks Volume Target



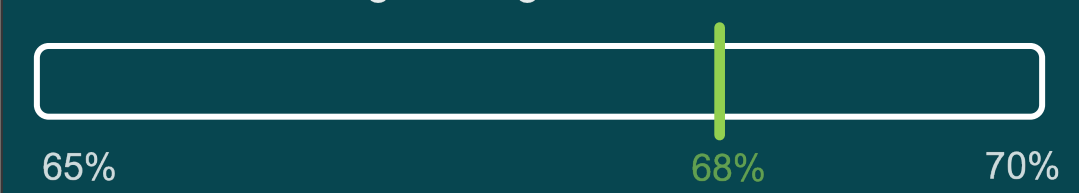
FY22 Annual Sales & Marketing Investment



Variable Cost Target Range per Litre



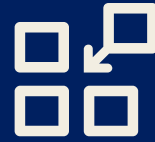
Gross Profit % Target Range



The Good Drinks Strategy (20m Good Drinks Litres By FY25)



#1
independent
supplier to the
national beer
market



Brands that drive
sustained margin
growth



Flexible, large-
scale
manufacturing



Opportunities

- Untapped east coast market
- Access broader categories of the liquor market



Targets

- 20mL of own brands by FY25
- 20-25% own-brand growth per annum
- 65-70% gross profit target
- Consistent EBITDA growth per annum

Good Drinks Sales Snapshot

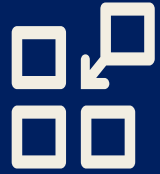


#1
independent
supplier to the
national beer
market

- Good Drinks brands sales up 15%
- Christmas key trading period executed well
- East coast impacted by COVID, offset by strong WA/QLD retail and draught sales
- Despite challenges, GDA brands achieved growth on last year in COVID-affected states
- GP margin maintained
 - Brands positioned for volume and growth
 - Efficient scale protects margin
 - Broad portfolio in different segments diversifies margin risk
- Sales team right-sized for FY22,
- FY22 sales investment \$6M, on budget



Good Drinks Marketing Snapshot



Brands that drive sustained margin growth

- Portfolio is on track and delivering results
 - *Gage Roads* Masterbrand up 25%
 - *Sidetrack XPA* up 139%
 - *Pipe Dreams Coastal Lager* up 50%
 - Non-alcoholic *Yeah Buoy XPA* just launched with great ranging
- Attractive brands in high-value growth segments
- Innovation sold in, ranged successfully
- Targeting 1 million brand-in-hand serves in FY22
 - Fringe World (WA)
 - For The Love Festivals (National)
 - Summer Salt (National)
- Outdoor campaigns - \$1.5m invested
 - Gage Roads “Find Your Free”
 - Matso’s “Everyone Loves a Ginger”
- Atomic rebrand and introduction of Hazy driving performance
- FY22 marketing investment \$6M, on budget



Good Drinks Venue Snapshot



Brands that drive
sustained margin
growth

- *Gage Roads Freo:*
 - Doors opened 20th January
 - 40,000 people visited in the first 2 weeks
 - Early revenues exceeding expectations
 - Great consumer feedback and brand experience
- *Atomic Beer Project Redfern:*
 - Starting to rebound from impact of Omicron outbreaks
 - Revenues growing
 - Business model proven during normal trading conditions
- *Matso's Queensland:*
 - Operating as is and trading profitably
 - Redeveloping into exciting Matso's experience



Good Drinks Manufacturing and Supply Chain Snapshot



Flexible, large-scale manufacturing

- Total production volume of 8.9m Litres during H1 FY22, targeting 19m Litres for FY22
- Variable production costs 47 c/Litre within target range
- 100% order fulfilment
- Good Drinks production unaffected by supply chain and labour concerns during H1
- Inventory upsized to mitigate supply chain and production risk
 - Raw Materials
 - Finished goods
 - East coast buffer stock
- COVID protocols in place to mitigate potential production facility exposure risks



Outlook

- Global challenges continue into H2, mitigation strategies in place
- Inflation
 - Some COGS will increase in H2 due to international freight but GDA maintain COGS target of \$1/Litre
 - Longer-term inflationary pressures can be managed through sales price and sales mix
 - GDA unaffected by labour supply shortages and labour costs have been well controlled
- Supply chain
 - Inventory build has worked in mitigating risks, buffer stock to be maintained in H2
 - Current east/west rail disruption not impacting on east coast fulfilment, provides opportunities in WA
- COVID
 - Fewer drinking occasions in December reduced pull-through, expecting lower replenishments in January and February
 - When COVID impacts WA, on-premise expected to be temporarily disrupted, potentially mitigated by pack sales in off-premise
 - Key states impacted at different times provides flexibility to manage COVID impact to earnings
- Contract brewing maintained in H2, planned to reduce significantly in FY23 in line with Good Drinks strategy
- Mitigation strategies have built resilience into our model and we maintain a positive outlook for FY22

