



## ASX ANNOUNCEMENT

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ASX: GDA

## Q1 FY23 SALES UPDATE

Please find attached an investor presentation in relation to the Group's sales results for the first quarter of FY23.

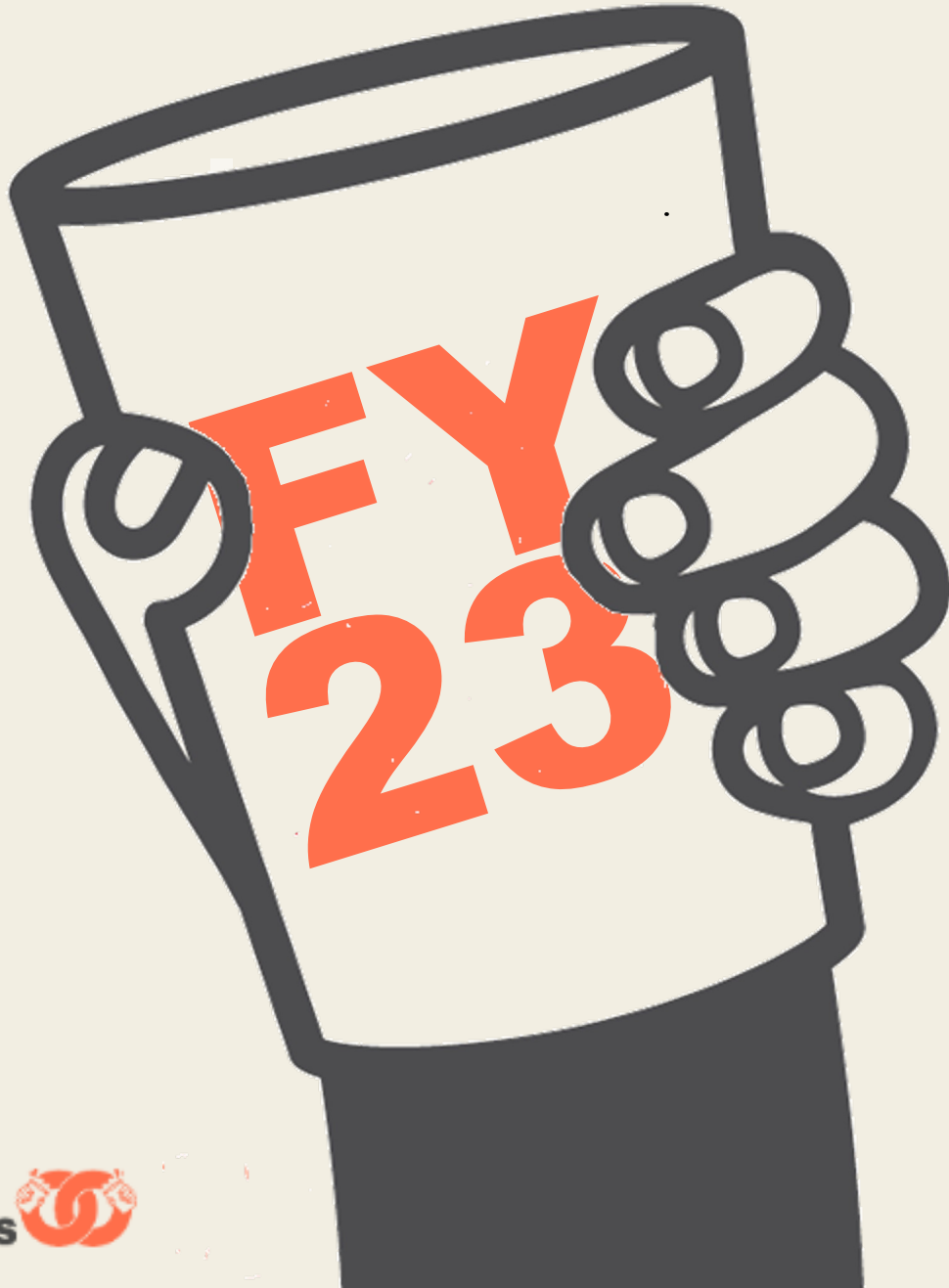
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This announcement has been authorised by the Board of Directors.

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# Q1 FY23 UPDATE

GOOD DRINKS AUSTRALIA | ASX : GDA

# Q1 SUMMARY

- Q1 delivered record GDA revenue growth, ▲157%,
- National expansion on track with record sales growth in key markets QLD, NSW, VIC & WA.
- Own brands ▲11%, outperforming the Australian beer market (▼9.4%<sup>1</sup>).
- New categories entered with Molson Coors (Lager) and Magners (Cider) successfully integrated during the quarter.
- Newly onboarded Molson Coors and Magners agency brands are opening doors to new customers, doubling distributions nationally (to 25,000+ distributions), providing accelerated platform to grow all GDA brands.
- GDA Venues trading strongly, delivering on expectations with room for upside.
- Contract brewing reduced, in line with GDA strategy.
- Growing market share in an increasingly competitive beer and ginger beer market.
- We expect a record Q2, traditionally the strongest quarter. October 2022 results already indicating solid growth on last October.

	Q1 FY23	Q1 FY22	Change
	\$M	\$M	%
Own Brands Revenue	\$ 9.2	\$ 8.3	▲ 11%
Agency Brands Revenue	\$ 6.5	\$ 0.3	▲ 2,067%
Venues Revenue	\$ 6.6	\$ 0.1	▲ 11,723%
<b>Total GDA Revenue</b>	<b>\$ 22.3</b>	<b>\$ 8.7</b>	<b>▲ 157%</b>
Contract Brewing Revenue	\$ 0.3	\$ 3.5	▼ -91%
<b>Total Revenue</b>	<b>\$ 22.6</b>	<b>\$ 12.2</b>	<b>▲ 86%</b>

Revenue by region	Q1 FY23	Q1 FY22	Change
	\$M	\$M	%
QLD	\$ 4.3	\$ 0.8	▲ 451%
NSW / ACT	\$ 1.6	\$ 0.4	▲ 317%
VIC / TAS	\$ 2.3	\$ 0.7	▲ 229%
SA / NT	\$ 0.9	\$ 0.3	▲ 199%
WA	\$ 13.0	\$ 6.4	▲ 103%
EXPORT	\$ 0.1	\$ 0.0	▲ 13%
<b>Total GDA Revenue</b>	<b>\$ 22.3</b>	<b>\$ 8.6</b>	<b>▲ 157%</b>

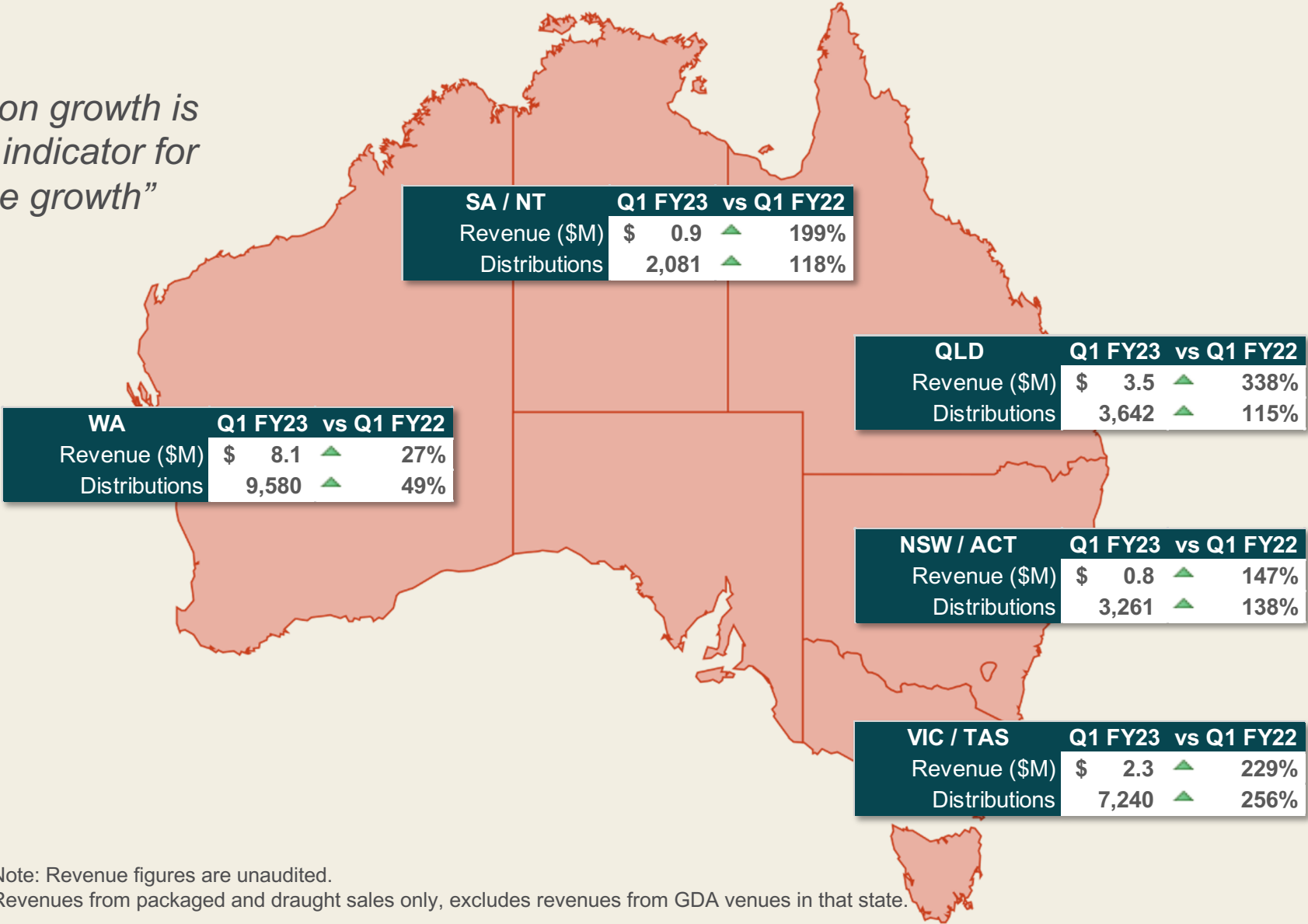
Note: Revenue figures are unaudited.

Revenue by region includes revenues from GDA venues in that state

<sup>1</sup>Source: IRI MarketEdge Australia Liquor Weighted MAT To 02/10/22

# NATIONAL PLATFORM DELIVERING GROWTH IN ALL STATES

*“Distribution growth is a leading indicator for revenue growth”*



Note: Revenue figures are unaudited.  
Revenues from packaged and draught sales only, excludes revenues from GDA venues in that state.

# GOOD DRINKS SALES SNAPSHOT

Sales & Distribution platform achieving critical scale, delivering record distribution and revenue growth.

## ■ Own brands

- ▲ 11% growth of own-brand sales a great result, outperforming the beer market (▼ 9.4%<sup>1</sup>).
- Draught beer sale growing strongly (▲ 31%) providing trial for brand-building at high margins.

## ■ Agency brands

- Molson Coors and Magners brands onboarded successfully. Sales to independent channel commenced 1 July, sales to national chains commenced 1 October.
- Agency brands deliver national distribution growth ▲ 104%, providing opportunities for incremental own-brand sales to new customers.

## ■ Contract-brewed brands

- Reduction in contract brewing in line with expectations, overall variable costs maintained at 50c/L.
- Reduction creates capacity to meet higher-margin own-brand growth with no additional capital expenditure.



<sup>1</sup>Source: IRI MarketEdge Australia Liquor Weighted MAT To 02/10/22





# GOOD DRINKS MARKETING SNAPSHOT

- **Awareness:** Exciting high visibility sponsorship & brand in hand opportunities emerging
  - Stadiums
  - Sports teams
  - High profile influencers
- **Marketing investment:**
  - Consistently strong investment in marketing to drive long-term brand health and consumer awareness.
  - Growing consumer awareness demonstrated by improved sales per distribution in Q1.
- **Broad portfolio:** New agency brands as well as proposed Stomping Ground acquisition broadening portfolio, increasing GDA's relevance to customers.
- **NEW products:**
  - Higher alcohol "Nightlife" range launched for Matso's targeting fast-growing RTD segment. Strong demand from retailers.
  - Seltzer range launched under "Hello Sunshine" masterbrand, another high-growth segment.

*"Creating brands in high-value, high-growth segments of the liquor market"*



# GOOD DRINKS VENUE SNAPSHOT

Venues are a profitable long-term awareness driver in key markets.

- **Gage Roads Freo**
  - Venue earnings exceeding expectations.
  - Indicates potential for \$4m+ in contribution to FY23 earnings.
- **Atomic Redfern**
  - Currently trading profitably, hospitality conditions improving in NSW.
  - Continues to provide an excellent brand platform for the Atomic brand.
- **Matso's Queensland**
  - Operating as is and trading profitably.
  - Re-development progressing with planning and council approvals in progress.
  - Expected to complete in FY24.
  - Development will be funded via sale of gaming licenses and dedicated debt facility.





# GOOD DRINKS MANUFACTURING & SUPPLY CHAIN SNAPSHOT

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- **Capacity expansion:** secured tenure to adjoining land next to main manufacturing site in Palmyra, enabling future cost-effective capacity expansion to 30m Litres per annum (from 20m Litres currently).
- **Volume:** Expected FY23 production volume 16m Litres
- **COGS:**
  - Currently cycling higher-cost materials obtained during supply chain disruption (Covid).
  - Indications are material pricing has peaked, shipping and aluminium price trending down (20%-30% down vs peak), savings expected to be realised in H2.
- **Production costs:** Variable production costs for Q1 within target range (50c/L)
- **Inflation:** other inflationary pressures managed with GDA price increases passed through 1 August.



*“Good Drinks’ large-scale flexible manufacturing efficiencies are a key competitive advantage.”*



# OUTLOOK

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- Leading indicators of distributions and revenue growth are securing the future success of the Good Drinks platform.
- Short-term margin compression expected in H1
  - Lower sales revenue per Litre expected in response to competitive market forces to defend and continue to grow market share. Recovered through new higher-margin products launch this year.
  - Currently cycling through higher raw materials obtained during recent supply chain disruption (Covid), expected to normalise in Q3.
- H1 earnings expected to be similar to prior year as we maintain sales & marketing investment to grow market share.
- Uninterrupted hospitality and retail channels allow for planned execution during key trading periods (Christmas, Easter).
- Venues and agency brands to contribute material earnings and cash flows in FY23 and beyond.
- A stronger H2 compared to prior year to deliver step-change in earnings and shareholder value in FY23.



# DISCLAIMER

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Disclaimer on forward-looking statements:

Certain statements contained in this Announcement, including information as to the future financial or operating performance of the Company and its projects, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Group and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

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