Appendix 4D
Half-Year Report

Good Drinks Australia Limited
ABN 22 103 014 320

For the half-year ended 31 December 2021

Results for announcement to the market

Revenue from ordinary activities	up	16%	to	$32,874,967
Earnings before interest, tax, depreciation and amortisation*	down	16%	to	$6,001,958
Net Profit from ordinary activities after tax attributable to members*	down	30%	to	$2,527,793
Net Profit attributable to members*	down	30%	to	$2,527,793

*prior year comparative period contained $979,500 in Jobkeeper payments

Dividends (distributions)

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

Net tangible assets per share	**31 December 2021**	31 December 2020
	$	$
	0.37	0.06

Details of controlled entities

During the period the Group acquired Joe's Waterhole for which a newly created controlled entity Memorial Drive Hospitality Pty Ltd was created. The Group owns 100% of Memorial Drive Hospitality Pty Ltd.

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 2021. The previous corresponding period is the half-year ended 31 December 2020.

Please refer to the attached Financial Report for the half-year ended 31 December 2021 for further results commentary and 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: 25 February 2022

Name: Marcel Brandenburg

GOOD DRINKS AUSTRALIA LIMITED
FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

ABN 22 103 014 320

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 2021, 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*.

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
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PALMYRA WA 6961

Auditor
BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
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PERTH WA 6000

Legal Adviser
Steinepreis Paganin
Lawyers and Consultants
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Stock Exchange Listing
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152-158 St George's Terrace
PERTH WA 6000

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Registry Enquiries
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Commentary on the results for the half-year ended 31 December 2021

H1 FY22 CONSOLIDATED SUMMARY

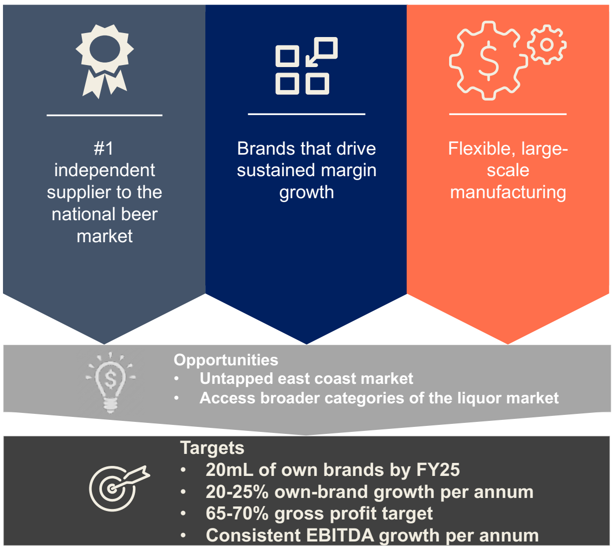
- Good Drinks Volume up 15% to 6.9m litres
- Total Volume up 26% to 10.6m litres
- Revenue up 16% to $32.9m
- Gross Profit up 10% to $22.2m
- H1 FY22 EBITDA $6.0m
- Acquired Sunshine Coast venue for *Matso's*
- Launched *Gage Roads Freo* venue

Results are in comparison to H1FY20

During first 6 months of FY22, Good Drinks gathered fantastic sales momentum delivering a strong $6.0m EBITDA earnings result in challenging trading conditions. Total sales volume and revenues grew by over 16%, gross profit margins remained strong at 67% and the operating cost structure was well controlled.

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. 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.

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 execute our "brand-in-hand" and "Venues" marketing strategies.

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

We see a clear path to 20m 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 and to access broader categories of the liquor market through new product development, acquisition and agency brands.

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 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

#1 INDEPENDENT SUPPLIER TO THE NATIONAL BEER MARKET

The 26% uplift in total volume over last year is particularly pleasing, given last year's first half was also very strong in light of the buy-up for the container deposit scheme introduction in our strongest market, Western Australia.

On the back of our investment in what is now one of Australia's best independent sales and marketing teams, our focus on on-premise draught distributions and relationships also delivered great results, growing draught sales by 15%.

On a national level, we also saw strong 14% growth in retail sales, driven primarily by the performance of WA, QLD, SA & NT. Even the COVID impacted eastern states provided incremental growth over last year on a 12-month basis.

During the period, promotional programming and distribution growth with our key retail partners was well executed and Good Drinks was the fastest growing of the top 10 craft beer suppliers in Australia, clearly winning the important Christmas key trading period.

From a whole-of-market perspective, trading conditions across the board have been slightly challenged with the total liquor market flat mainly due to the decline of the classic & premium beer categories. Without the stimulus measures in place consumers are reacting a little more conservatively with their spending.

With these trading conditions in mind we are clearly pleased with the H1 results. Our national strategy to develop our sales teams in all key states, to focus on building our key account capabilities and to develop a broader brand portfolio is paying dividends.

The craft category is continuing to grow at 9% and is now estimated to be worth $1.12 billion per annum. We are thrilled to see Good Drinks outperform the category across the board.

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	6.1	15%
Contract-Brewed Brands	3.7	2.4	54%
Total Volume	10.6	8.5	26%

Brands that drive sustained margin growth

BRANDS

The marketing team is also performing exceptionally well and continue to innovate, building a portfolio of brands well positioned to target fast-growing, high-value segments of the beer, cider and RTD markets as they emerge.

Good Drinks' growth continues to be driven by our leading brands *Gage Roads* and *Matso's* and *Atomic*. All three main master brands are performing well.

We have targeted our innovation in segments that are in strong growth: *Side Track XPA* is growing at 139% contributing to XPA (Extra Pale Ale) becoming the fastest growing style of beer in the market, at 53% category growth. *Side Track XPA* is now the #2 brand in the XPA category on a national level and #1 in WA with 55% WA market share in just 18 months.

The *Matso's* hard flavour range re-fresh into cans has accelerated sales and distributions. The shift of consumers towards cans continues to grow the can format at 36% in craft beer. Currently, our can throughput represents 30% of production profile. With our investment in our high-speed, high quality canning line paying off, we continue to innovate with new products in cans.

The Zero Alcohol category is now growing exponentially and is now representing a $7 million nation-wide category and opportunity. Our *Yeah Buoy Non Alcoholic XPA*, meeting the wellness and better-for-you trends, has just been launched and is seeing extraordinary consumer take up with strong initial ranging and trading results.

We feel the Good Drinks brand portfolio is in good health and well placed to take advantage of these growing segments into future.

The COVID pandemic has certainly slowed our "Brand-In-Hand" marketing strategy and opportunities to be seen at events have been limited over the last 12 months. However, we are pleased to report that recently events have started to re-emerge and we are again making inroads towards our target of 1 million "Brand-In-Hand" serves in FY22. With that limited brand in hand opportunity in mind, the Marketing team did pivot towards traditional outdoor campaigns and other above the line marketing and promotional activity and hopefully you have seen our *Gage Roads* "Find Your Free" and *Matso's* "Everyone Loves a Ginger" bus ads and billboard campaigns in key markets across the Country.

For FY22 we planned a marketing investment of approximately $6.0m and as we conclude the half we are on track and on budget.

Brands that drive sustained margin growth

VENUE STRATEGY

The strategy to strengthen relevance of our brands in local markets through key strategic venues is well underway. These venues connect consumers with our brands, increasing awareness and driving retail sales.

For consumer brands, being local to market has become increasingly important over recent years and COVID has further accelerated that trend. The Good Drinks venue strategy serves to create and maintain relevance for our brands and provide a profitable platform to market them.

Post year-end we have completed construction and opened the doors at our new 1,500 person capacity venue, *Gage Roads Freo.* The Venue was built within its budget of $10.0m and the launch has been an resounding success. It has attracted over 40,000 visitors in the first 2 weeks and the brand experience has been wonderful with great feedback from customers.

The popularity of the *Gage Roads* brand has also helped to recruit the required number of staff with the right cultural fit. The hospitality management team have assembled an amazing group of engaged people that share our level of passion and enthusiasm for *Gage Roads*. We expect the venue to continue to trade well and contribute to group earnings.

During the last year our venue in Redfern NSW, *Atomic* has been impacted by various trading restrictions from time to time however, we have had the opportunity to see venue operate in unrestricted periods and trade profitably in line with the intended business case. Although the *Atomic Beer Project* has delivered a small loss for the half-year, the venue's performance is rebounding quickly and as more restrictions lift in NSW, we expect it to return to profitability soon.

In Eumundi QLD, the team is now focusing on next steps in the planning phase of our newly acquired venue *Joes' Waterhole*. We plan to develop *Joes Waterhole* into an extraordinary *Matso's* brand experience to promote and strengthen the *Matso's* brand in QLD and, as domestic tourism increases, across the eastern seaboard. We are aiming to open the re-developed venue in the second half of 2023. In the meantime we operate *Joes' Waterhole* in a profitable manner as we're executing on our design and development stage.

Figure 1 Gage Roads Freo

Figures 2&3 Gage Roads Freo

Figure 4 Atomic Redfern

Figure 5 Atomic Redfern

Flexible, large-scale manufacturing

MANUFACTURING

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

Production has again been consistently efficient during the half-year and costs have been well controlled across the board. Whilst we note a general tightness in the labour market in WA, this has been focused on the mining sector and we haven't seen a significant increase in labour costs. Good Drinks has a strong legacy of high retention rates of our employees and as the largest brewing employer in WA we provide a safe, engaging and valued workplace for people in the brewing industry.

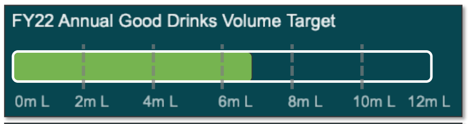
There has also been a lot of public attention being paid to recent supply chain disruptions. With regards to physical procurement, we're accustomed to complex and long supply chains in WA and have built capabilities to manage those. The procurement and production executed well in building up stock so as to not affect the production schedule.

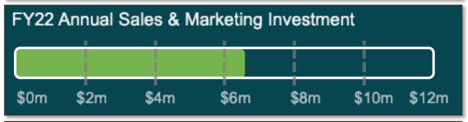
Railway logistics have been impacted by recent flooding events during January and February. Our preparations for COVID has helped us in this area. We immediately pivoted to road supply and with sufficient inventory on the east coast we did not experience a material sales impact.

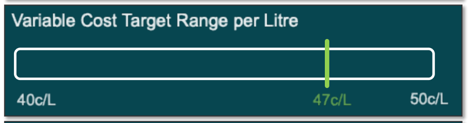
One of the more common questions we receive from our stakeholders is how we prepare for COVID. Our main response has been to increase inventory levels of finished goods as well as raw materials. We took that step a while ago and we expect to increase our inventory by a further $2m in the next 4 months. We also have protocols and contingency plans in place with regards to our shift structures to minimise any impact on production.

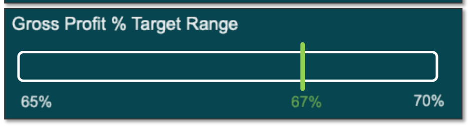
H1 EARNINGS RESULT

Management P&L	Good Drinks Core	Good Drinks Hospitality	Group H1FY22	H1 FY21	Var ($)	Var (%)
Volume (m L)	10.5	0.1	10.6	8.5	2.2	26%
Revenue	$31.6	$1.3	$32.9	$28.4	$4.5	16%
Cogs	($10.0)	($0.7)	($10.7)	($8.2)	($2.5)	30%
Gross Profit	**$21.6**	**$0.6**	**$22.2**	**$20.2**	**$2.0**	**10%**
GP%	68%	46%	67%	71%	-4%	-5%
Variable Costs	($4.3)	($0.3)	($4.6)	($3.4)	($1.2)	35%
Gross Contribution	**$17.3**	**$0.3**	**$17.6**	**$16.8**	**$0.8**	**5%**
Sales & Marketing	($6.7)	-	($6.7)	($6.0)	($0.7)	12%
Operating Costs	($4.4)	($0.5)	($4.9)	($3.7)	($1.2)	33%
EBITDA	**$6.2**	**($0.2)**	**$6.0**	**$7.1**	**($1.1)**	**-16%**









Total sales volume of 10.6m litres contained a high concentration of contract brewing volumes and whilst our Good Drinks strategy anticipates contract volumes to decrease over time, they grew during this half as we continued production while our contract customers transition to the new suppliers. The shift in the sales mix towards contract brewing during the half-year resulted in a shift in revenue from $3.30 per litre in H1 FY21 to $3.00 per litre in H1 FY22. This is expected to reverse as contract brewing volumes are expected to reduce materially in FY23.

Sales of 6.9m litres of Good Drinks brands for the half-year indicates we are on track to deliver our 12m litres FY22 sales target for Good Drinks brands.

Despite global supply challenges we were pleased with the COGS result of $0.95 per litre which is in line with our $1 per litre target and while we do expect to see some pressures as part of international freight increases, we maintain our $1 per litre target.

The resulting 67% GP is within the range that we articulated in our 5-year Good Drinks strategy of between 65-70%

Variable costs have also performed well, landing at 47c per litre produced which again, is within our declared target range of 40-50c per litre.

Consistent with our 5-year plan, we expect to increase our annual sales and marketing investment by $2m per annum with a target of $12.0m for FY22. The progress to date indicates that sales and marketing spend is well controlled and is expected to come in as budgeted.

We anticipate Group operating costs of just under $11.0m for FY22, so expenditure of $4.9m for the half-year is again an indicator that these costs are well controlled.

The resulting EBITDA of $6.0m for the Group is a strong result in the face of challenging trading conditions and inflationary cost pressures.

In reconciling the management P&L table above with the Consolidated Statement of Profit or Loss, it is worthwhile noting that:

- Distribution and logistics costs of $0.84m are captured as “Variable Costs” for management purposes but are captured as “Raw materials, consumables & delivery” in the accounts; and
- Sales & Marketing expenditure for management purposes includes labour costs which are captured under “Employee Expenses” in the accounts.

Cash Reconciliation H1 FY22	$m
Opening balance 1 July	5.4
Operating EBITDA	5.8
Increase in receivables	(7.8)
Decrease in inventory	2.2
Increase in payables	4.8
Proceeds from working capital facility	2.0
Proceeds from venue finance facility	9.9
Proceeds from issue of equities	-
Payments for Plant & Equipment	(13.2)
Closing cash balance 31 December	9.2

CASHFLOW AND BALANCE SHEET

During the half-year, debtors have increased by $7.8m 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. In order to manage this change in working capital we have drawn an additional $2.0m from our working capital facility which was drawn to $9.9m at balance date (facility limit: $12.0m). The cashflow impact of the increase in debtors was partially offset by an increase of $4.8m in payables.

Inventory decreased by $2.2m as we unwound large levels of raw materials and finished goods that was stockpiled at 30 June.

Capital expenditure for the period amounted to $13.2m relating to the acquisition of *Joe's Waterhole* ($5.4m, fully funded via venue finance facility) and the development of the *Gage Roads Freo* venue ($7.0m, $4.5m funded via venue finance facility, $2.5m funded via cash). The remainder of the budgeted $10.0m spend on the *Gage Roads Freo* venue will land in H2 FY22.

The Company ended the half-year with a strong cash position of $9.2m. The unwinding of the seasonally high debtor position is 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.

OUTLOOK

FY22 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 another strong H2.

- H1 momentum expected to carry into H2
- Annual production expected to be in excess of 18m Litres
- Development of *Matso's Sunshine Coast* progressing
- Investigating further venue sites in NSW
- Strategy to deliver 20m litres of Good Drinks brands by FY25 on track

John Hoedemaker
Managing Director

Directors' Report

Your Directors present their report on Good Drinks Australia Limited for the half-year ended 31 December 2021.

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 of the Company for the half-year ended 31 December 2021 after providing for income tax amounted to $2,527,793 (2020: $3,589,589).

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 12.

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

Ian Olson
Chairman

Palmyra
25 February 2022

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Australia

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 2021, 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, 25 February 2022

Good Drinks Australia Limited
Directors' Declaration
For the Half-Year ended 31 December 2021

The Directors of the Group declare that:

(a) The financial statements and notes set out on pages 16 to 28 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 2021 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
25 February 2022

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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 2021, 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 significant 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 2021 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 2021 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

BDO

Phillip Murdoch

Director

Perth, 25 February 2022

Good Drinks Australia Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year ended 31 December 2021

	Notes	**31 December 2021 $**	31 December 2020 $
Revenue from continuing operations			
Sales revenue		**32,874,967**	28,430,960
Interest revenue		**108**	4,462
	2	**32,875,075**	28,435,422
Other income	2	**524,530**	1,367,114
Raw materials, consumables & delivery		**(11,469,067)**	(8,995,309)
Operating expenses		**(2,961,892)**	(2,290,344)
Employee expense	3	**(8,705,910)**	(7,008,852)
Depreciation and amortisation expense		**(2,112,368)**	(1,888,735)
Sales and marketing expense		**(3,105,774)**	(3,436,288)
Administration costs		**(1,019,964)**	(795,753)
Occupancy costs		**(135,040)**	(153,196)
Finance costs		**(442,193)**	(310,967)
Profit before income tax		**3,447,396**	4,923,092
Income tax (expense)		**(919,603)**	(1,333,495)
Net Profit attributable to the members of Good Drinks Australia Limited		**2,527,793**	3,589,597
Comprehensive Income			
Items that may be reclassified to profit or loss:			
Cashflow Hedges		**365,218**	(795,816)
Total Comprehensive Income for the half year		**2,893,011**	2,793,782
Profit per share attributable to the members of Good Drinks Australia Limited			
Basic and diluted profit per share (cents)		**0.22**	0.29
Diluted profit per share		**0.22**	0.29

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 2021

	Notes	**31 December 2021 $**	30 June 2021 $
ASSETS			
Current assets			
Cash and cash equivalents		**9,197,799**	5,498,115
Trade and other receivables	5	**25,693,619**	17,933,016
Inventories		**6,583,677**	8,583,668
Total current assets		**41,475,095**	32,014,799
Non-current assets			
Property, plant and equipment	6	**50,479,452**	40,000,981
Right-of-use assets	11	**14,295,228**	13,955,592
Intangible assets	7	**17,486,770**	15,787,559
Deferred tax asset		**348,269**	496,324
Total non-current assets		**82,609,719**	70,240,457
Total assets		**124,084,814**	102,255,255
LIABILITIES			
Current liabilities			
Trade and other payables	8	**21,521,574**	16,372,225
Deferred consideration		**-**	400,000
Lease liabilities	11	**1,280,043**	1,123,110
Current tax liability		**1,345,537**	433,966
Provisions		**1,028,743**	844,043
Borrowings	9	**11,000,000**	8,972,000
Total current liabilities		**36,175,898**	28,145,344
Non-current liabilities			
Lease liabilities	11	**13,458,314**	13,159,005
Provisions		**652,843**	563,542
Borrowings	9	**9,931,272**	-
Total non-current liabilities		**24,042,430**	13,722,547
Total liabilities		**60,218,328**	41,867,890
Net assets		**63,866,485**	60,387,365
EQUITY			
Contributed equity	10	**60,372,703**	60,112,726
Hedge Reserve		**(35,480)**	(400,698)
Share options reserve		**2,808,415**	2,510,039
Accumulated earnings/(losses)		**720,847**	(1,834,702)
Total equity		**63,866,485**	60,387,365

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 2021

	Contributed equity $	Accumulated earnings / (losses) $	Share Option reserve $	Hedge reserve $	Total equity $
At 1 July 2020	55,210,502	(6,082,015)	2,321,318	(73,382)	51,376,423
Comprehensive Income (loss)					
Total comprehensive profit (loss) for the period	-	3,589,597	-	-	3,589,597
Other Comprehensive income (loss)	-	-	-	(795,816)	(795,816)
Total comprehensive income (loss) for the half-year	**-**	**3,589,597**	**-**	**(795,816)**	**2,793,782**
Transactions with equity holders in their capacity as equity holders:					
Issue of share capital, net of transaction costs	4,875,862	-	-	-	4,875,862
Employee and other share options expensed	-	-	28,653	-	28,653
At 31 December 2020	**60,086,365**	**(2,492,418)**	**2,349,971**	**(869,198)**	**59,074,721**
At 1 July 2021	**60,112,726**	**(1,806,947)**	**2,510,039**	**(400,698)**	**60,415,120**
Comprehensive Income (loss)					
Profit (loss) for the period	-	2,527,793	-	-	2,527,793
Other Comprehensive income (loss)	-	-	-	365,218	365,218
Total comprehensive income (loss) for the half-year	**-**	**2,527,793**	**-**	**365,218**	**2,893,011**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	259,977	-	-	-	259,977
Issue of share capital net of transaction costs and tax	-	-	-	-	0
Employee and other share options expensed	-	-	298,376	-	298,376
At 31 December 2021	**60,372,703**	**720,847**	**2,808,415**	**(35,480)**	**63,866,485**

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 2021

	Notes	**31 December 2021 $**	31 December 2020 $
Cash flows from operating activities			
Receipts from customers (inc. of GST, WET and Excise Tax)		**49,182,224**	39,782,827
Receipts from Government incentives (Excise Refund, Jobkeeper)		**350,000**	1,096,500
Payments to suppliers and employees (inc. of GST, WET and Excise Tax)		**(43,471,212)**	(40,591,032)
		6,061,013	288,295
Interest received		**108**	4,462
Interest paid		**(442,193)**	(310,967)
Net cash inflow (outflow) from operating activities		**5,618,927**	(18,210)
Cash flows from investing activities			
Payments for property, plant and equipment		**(7,962,347)**	(3,556,245)
Payments for acquisitions	17	**(5,102,026)**	-
Payments for intangibles		**(2,938)**	(57,775)
Proceeds from property, plant and equipment		**(47,894)**	-
Net cash outflow from investing activities		**(13,115,206)**	(3,614,020)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**-**	5,200,000
Share issue transaction costs		**-**	(288,367)
Proceeds from borrowings		**11,959,272**	5,229,142
Repayment of borrowings		**-**	(5,992,389)
Repayment of lease liabilities		**(795,918)**	(780,518)
Net cash inflow from financing activities		**11,163,354**	3,367,868
Net decrease in cash and cash equivalents		**3,667,076**	(264,362)
Effect of movement in exchange rates on cash held		**32,608**	338,907
Cash and cash equivalents at the beginning of the financial half-year		**5,498,115**	5,215,605
Cash and cash equivalents at the end of the financial half-year		**9,197,799**	5,290,150

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

Note 1 : Summary of significant accounting policies

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

The general purpose financial report for the half-year reporting period ended 31 December 2021 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 2021 and any public announcements made by Good Drinks Australia Limited 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 2021.

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

(c) New accounting policies

i) Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration for the acquisition of a business comprises the fair value of the assets transferred and liabilities assumed by the Group. The consideration transferred also includes the fair value of any asset of liability resulting from a contingent consideration agreement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

ii) Intangible Assets - Gaming Licences

Gaming licences are treated as having an indefinite useful life because they are expected to contribute to the net cashflows indefinitely. Therefore gaming licence costs will not be amortised until their useful life is determined to be finite. They would be individually tested for impairment in accordance with AASB 136 annually and whenever there is an indication that any of the gaming licences may be impaired. They are recognised at fair value upon initial recognition (refer note 17) and subsequently at cost.

(d) 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.

Note 1 : Summary of significant accounting policies (continued)

(e) New significant estimates and judgements

In addition to those significant estimates and judgements disclosed in the company's annual financial report for the financial year ended 30 June 2021, three additional significant estimates and judgments have been applied relating to new transactions and balances during the period ended 31 December 2021. These are detailed below:

Fair value of assets acquired and liabilities assumed in a business combination

Estimates and judgements were made in determing the fair value of assets acquired and liabilities assumed in a business combination. Assets and liabilities which judgement were made in determing fair value were:

Assets - Inventories, Plant and Equipment and Intangibles (Gaming Licences)

For the period ended 31 December 2021, the Group has elected to provisionally account for the acquisition of Joe's Waterhole in accordance with the provisions of AASB 3 Business Combinations.

Note 2 : Revenue & Other Income

	31 December 2021 $	31 December 2020 $
Revenue		
Sale of goods	**51,809,087**	43,317,893
Less: Excise tax & WET collected	**(18,934,121)**	(14,886,933)
Total sale of goods	**32,874,967**	28,430,960
Interest	**108**	4,462
	32,875,075	28,435,422
Other income		
ATO Micro-Brewery Excise Refund	**350,000**	100,000
Warehousing Services	**122,034**	103,639
Government Relief	**-**	996,500
Foreign Exchange Profit/(Loss)	**(99,584)**	37,447
Other	**152,080**	129,528
	524,530	1,367,114

Note 3 : Expenses

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

	31 December 2021 $	31 December 2020 $
Employee Expense		
Employee and other share-based payment expense	**286,644**	28,653

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 Group feels that incentive shares are effective consideration to eligible employees and Directors for their ongoing commitment and contribution to the Group.

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

During the half-year 100,000 shares were issued to employees of the Group and corresponding non-recourse loans totalling $93,000 were entered into in accordance with the Group's Employee and Executive Share Plan as part of their remuneration and having regard for their past and potential contribution to the Group.

Summary of terms and model inputs:

Grant Date	21 December 2021	Total
Key Terms		
Amount of shares issued	100,000	**$100,000**
Issue Price	$0.093	
Loan Amount per share	$0.093	
Total Loan Amount	$9,300	**$9,300**
Loan Interest Rate	0%	
Term of Loan	7 years	
Loan Expiry	20/12/2028	
Black Scholes Model Inputs		
Exercise Price	$0.093	
Market Price of Shares	$0.093	
Expected Voliatility	30%	
Risk-Free rate	1.520%	
Time to Maturity	3 years	
Dividend yield	0%	
Fair Value per share	$0.0059	
Total Fair Value	$590	**$590**

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

Note 4 : Share-based payments (continued)

- 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.

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 $286,644 for the half-year ended 31 December 2021.

	31 December 2021 $	31 December 2020 $
(b) Expenses arising from Share-based payments		
Employee and Executive Share Plan shares	**286,644**	70,253
Modified shares as per (ii)	**-**	63,903
Forfeited shares*	**-**	(105,503)
	286,644	28,653

* Shares forfeited by enmployees on cessation of employment

Note 5 : Trade and other receivables

	31 December 2021 $	30 June 2021 $
Trade Receivables	**21,509,909**	13,527,607
Prepayments	**4,183,710**	4,405,409
Trade and other receivables	**25,693,619**	17,933,016

Note 6 : Property, plant & equipment

	Plant and equipment	Office equipment	Motor vehicles	Total
At 30 June 2021				
Cost	53,532,257	1,308,160	291,056	55,131,474
Accumulated depreciation	(14,028,571)	(870,890)	(231,031)	(15,130,492)
Net book amount	39,503,687	437,270	60,025	40,000,981
Half-year ended 31 December 2021				
Opening net book amount	39,503,687	437,270	60,025	40,000,981
Additions	11,554,513	75,089	173,750	11,803,352
Depreciation charge	(1,225,425)	(88,731)	(10,726)	(1,324,881)
Disposals	-	-	-	-
Closing net book amount	49,832,775	423,628	223,049	50,479,452
At 31 December 2021				
Cost	65,086,770	1,383,249	464,806	66,934,826
Accumulated depreciation	(15,253,996)	(959,621)	(241,757)	(16,455,373)
Disposals	-	-	-	-
Net book amount	49,832,774	423,628	223,049	50,479,452

(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. The balance can be primarily atttributed to the construction and development of A Shed Hospitality Venue. As it is not yet available for use, this plant and equipment has not commenced depreciating.

	31 December 2021 $	30 June 2021 $
Plant and equipment	**8,979,071**	1,558,181

Note 7 : Non-current assets - intangibles

	31 December 2021 $	30 June 2021 $
Intellectual property	**675,213**	627,319
Accumulated amortisation of intellectual property	**(566,028)**	(514,406)
Total intellectual property	**109,185**	112,913
Matso's intangible brand asset	**15,677,584**	15,674,646
Total Matso's Intangible assets	**15,677,584**	15,674,646
Joe's Waterhole Gaming Licences (refer to note 17)	**1,700,000**	-
Total Joe's Waterhole Intangible assets	**1,700,000**	-
Total Intangible Assets	**17,486,770**	15,787,559

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

As part of Matso's asset acquisition undertaken in 2018, the Group acquired an intangible brand asset, which as at 31 December 2021 is carried at $15,677,584. The Group has recognised the intangible asset as having an indefinite useful life and periodically assess the assets for indicators of impairment as disclosed within the critical accounting judgements, estimates and assumptions in the 30 June 2021 accounts.

Note 8 : Trade and other payables

	31 December 2021	30 June 2021
Current	**$**	$
Trade and other payables from operations	**20,920,084**	16,188,939
Payables for capital equipment	**601,491**	183,316
	21,521,574	16,372,255

Note 9 : Borrowings

	31 December 2021	30 June 2021
Current	**$**	$
Borrowing Base Facility	**11,000,000**	8,972,000
	11,000,000	8,972,000
Non-current liabilities		
Cash Advance Facility	**9,931,272**	-
	9,931,272	-

(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 29 June 2022.

(b) The Company also has a cash advance facility (currently undrawn) with the Commonwealth Bank of Australia
Facility Limit: $12.5 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:

	31 December 2021	30 June 2021
Fixed & Floating charges	**$**	$
Plant and equipment	**50,256,403**	39,940,956
Motor vehicles	**223,049**	60,025
Trade Receivables	**21,509,909**	13,527,607
Inventory	**5,841,253**	7,955,809
Total Fixed & Floating charges	**77,830,615**	61,484,398
Total assets pledged as security	**77,830,615**	61,484,398

Note 10 : Contributed equity

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 $	30 June 2021 $
(a) Share Capital				
Ordinary shares				
Fully paid	**128,417,656**	1,278,167,579	**60,372,703**	60,112,726

	2021 Shares	2021 Shares	2021 $	2021 $
(b) Movement in contributed equity:				
1 July (opening balance)	**1,278,167,579**	1,140,516,763	**60,112,726**	55,210,502
New shares issued				
Issues of shares during the half-year				
Ordinary shares issued	**5,000,000**	167,811,470	**400,000**	5,231,500
Ordinary shares issued (Employee loan Shares)	**100,000**	-	**-**	-
Shares cancelled	**-**	(30,160,654)	**-**	-
Share consolidation	**(1,154,849,923)**		**-**	
Capital Raising Costs	**-**	-	**-**	(295,707)
Current tax benefit	**-**	-	**(140,023)**	(33,568)
31 December (closing balance)	**128,417,656**	1,278,167,579	**60,372,703**	60,112,726

At 31 December 2021 there were 128,417,656 ordinary shares on issue.

Note 11 : Leases

Amounts recognised in the Statement of Financial Position:	31 December 2021 $	30 June 2021 $
Right of use assets		
Property	**16,110,980**	15,187,829
Motor Vehicles	**1,142,859**	966,953
Equipment	**183,815**	183,815
Accumulated amortisation	**(3,142,426)**	(2,383,005)
Total	**14,295,228**	13,955,592
Lease liabilities		
Current	**1,280,043**	1,123,110
Non-current	**13,458,314**	13,159,005
Total	**14,738,357**	14,282,115

Note 12 : Contingencies

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 2021.

Note 13 : Events occurring after reporting date

No matter or circumstance has arisen since 31 December 2021, 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.

Note 14 : Fair Value Financial Instruments

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 $35,480 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.

Note 15 : Segment Reporting

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.

	31 December 2021 $	31 December 2020 $
Revenue from external sources	**32,874,967**	28,430,960
Net profit (loss) before tax	**3,447,396**	4,923,092

	31 December 2021	30 June 2021
Reportable segment assets	**124,084,814**	102,255,255
Reportable segment liabilities	**60,218,328**	41,867,890

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.

Note 16 : Related Party Transactions

The transactions with related parties are consistent with those disclosed in the 30 June 2021 financial report.

Note 17 : Business Combination

(a) Summary of acquisition

On 15th November 2021, Memorial Drive Hospitality Pty Ltd completed the acquisition of Joe's Waterhole for a total consideration of $5.1 million (excluding $0.3 million in transaction costs).

Details of the purchase consideration and the provisionally determined fair value of the net assets acquired are as follows:

Purchase consideration	**$**
Cash paid	**5,102,026**
Total purchase consideration	**5,102,026**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
	$
Land & Building	**3,300,000**
Gaming Licences	**1,700,000**
Cash & Inventory	**102,026**
	5,102,026

There were no further acquisitions in the period ending 31 December 2021.

Note that the Fair Values as presented have only been provisionally determined as at period end and will be finalised within 12 months of the acquisition date in accordance with applicable accounting standards.