

Appendix 4E

Preliminary Final Report

Good Drinks Australia Limited

ABN 22 103 014 320

For the financial year ended 30 June 2022

Results for announcement to the market

				\$
Revenue from continuing activities	Up	29%	to	70,029,497
Earnings before interest, tax, depreciation and amortisation	Down	22%	to	8,365,415
Profit from ordinary activities after tax attributable to members	Down	54%	to	1,985,028
Net profit attributable to members	Down	54%	to	1,985,028

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

30 June 2022	30 June 2021
\$	\$
0.36	0.35

Statement of accumulated losses

	30 June 2022	30 June 2021
	\$	\$
Balance 1 July	(1,806,947)	(6,081,986)
Net profit for the year	1,985,028	4,275,039
Balance 30 June	<u>178,082</u>	<u>(1,806,947)</u>

Details of controlled entities

During the year 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. The Group also established Good Drinks Agency Pty Ltd as a 100% owned subsidiary.

Details of associates and joint venture entities

There were no associates or joint venture entities associated with the company for the period.

Reporting Periods

The current reporting period is the financial year ended 30 June 2022. The previous corresponding period is the year ended 30 June 2021.

Financial statements

The Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and associated notes are contained in the attached Annual Report for the year ended 30 June 2022.

Further detailed commentary on the results for the year ended 30 June 2022 is provided in the Chairman's Letter, Review of Operations and Directors' Report sections of the attached Annual Report.

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 entity has a formally constituted audit committee.



Signed:

Date: 30 August 2022
Company Secretary

Name:

Marcel Brandenburg



GOOD DRINKS AUSTRALIA LIMITED
ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

ABN 22 103 014 320



MATSO'S
BROOME BREWERY

Miller
CHILL

Coors



ATOMIC

ALBY
LAGER

San Miguel

Hello
Sunshine

**Good Drinks Australia Limited
Annual Report
For the Year Ended 30 June 2022**

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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PERTH WA 6000

Legal Adviser

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

Stock Exchange Listing

ASX Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code: GDA

Share Registry

Automic Registry Services
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STRAWBERRY HILLS NSW 2012

Registry Enquiries

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**Good Drinks Australia Limited
Financial Report
For the Year Ended 30 June 2022**

Contents

Chairman’s Letter	4
Review of Operations	5
Directors’ Report.....	11
Corporate Governance Statement.....	20
Auditor’s Independence Declaration.....	21
Directors’ Declaration	22
Consolidated Statement of Profit or Loss and Other Comprehensive Income	23
Consolidated Statement of Financial Position	24
Consolidated Statement of Changes in Equity	25
Consolidated Statement of Cash Flows	26
Notes to the Financial Statements.....	27
Independent Auditor’s Report	57
ASX Additional Information	62

Good Drinks Australia Limited
Chairman's Letter
For the Year Ended 30 June 2022

Dear Shareholder

On behalf of your Board and Company I am pleased to report on a successful year for Good Drinks Australia that saw the Company deliver strong results across all key business metrics, whilst also fundamentally expanding the nature and scale of operations across the country.

Important milestones achieved during FY22 included industry leading health, safety, environment and quality outcomes, which reflects the incredible depth and quality of the entire Good Drinks team.

During FY22 The Good Drinks team oversaw construction and commissioning of the world-class Gage Roads Freo venue on the waterfront in Fremantle and secured material distribution agreements with Molson Coors and Magners, whilst successfully navigating the volatile wind-down of COVID restrictions across the country.

These achievements were delivered despite significant headwinds and will generate material outcomes for shareholders in coming years.

The business generated an EBITDA of \$8.4 million in FY22, down from FY21's record \$10.7 million EBITDA result. On face value the FY22 result appears disappointing given that the Company grew revenue 29% and also christened the fantastic new Gage Roads venue in Fremantle, which is contributing strongly to earnings as part of the hospitality business unit.

Closer analysis between FY22 and FY21 reveals that a combination of higher investment in sales and marketing, a trail-off in government COVID stimulus payments and investments in market share were a drag on otherwise strong headline growth in revenue.

Importantly for FY23 this additional investment in sales and marketing is expected to underwrite further growth in Good Drinks core brand sales and margins, whilst the new Hospitality and Agency Brands business units are also expected to generate material contributions to group earnings into FY23 and beyond.

Once again, the entire team at Good Drinks Australia is to be commended for their passion, professionalism and commitment to growing a world-class operation and on behalf of your Board, I would also like to thank all shareholders for your ongoing support of our great Company.



Ian Olson

Chairman

Good Drinks Australia Limited
Review of Operations
For the Year Ended 30 June 2022

Commentary on the results for the year ended 30 June 2022

REVIEW OF OPERATIONS

FY22 Highlights

- Revenue: \$70.0m, up 29%
- Total Sales Volume: 19.3m Litres, up 13%
- Good Drinks Brand Volume: 13.2m Litres, up 16%
- Gross Profit: 67%
- EBITDA \$8.4m
- Hospitality EBITDA: \$1m
- Agency Brands: Molson Coors, Magners +15m Litres in FY23

Results are in comparison to FY21

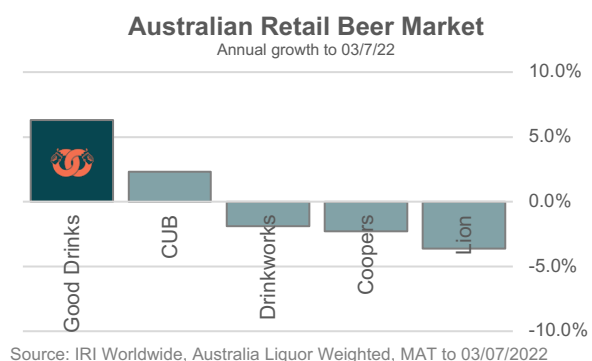
The past financial year saw Good Drinks deliver a great operational performance enabled a strong financial result, while we bedded down key strategic initiatives that set us up to realise our ambition of being Australia's leading independent drinks company.

During FY22 Good Drinks generated a robust \$8.4m in EBITDA, including \$7.4m from our core business, the national sale and manufacture of beer, cider and RTD (ready to drink) brands. Our hospitality business, which is driving our brand penetration in our key markets, also generated a \$1m EBITDA result. Revenues grew 29% to \$70.0m, while total sales volume grew 13% to 19.3m litres and with the cost of goods sold maintained at our targeted \$1 per litre, gross profit margins remained strong at 67%. We also delivered efficiencies in our variable operating costs (48c/L: targeting under 50c/L) and our fixed cost structure was well controlled.

Sales

FY22 has been a transformational year for Good Drinks, with the continued growth of our core brands, and the addition of two new material revenue and earnings streams in agency brands and hospitality. We see FY23 shaping up to deliver a significant acceleration of the earnings potential of the Group.

Sales by channel (million Litres)	FY22	FY21	Growth
National Chains	4.3	3.7	16%
Independent Retailers	4.9	4.4	11%
Draught	3.0	2.4	25%
Brand-in-hand	1.0	0.9	11%
Total Good Drinks volume	13.2	11.4	16%
Contract -Brewed Brands	6.1	5.7	7%
Total Volume	19.3	17.1	13%



I'm proud of the entire Good Drinks team, maintaining the momentum of our core brands during what was a disrupted year for the drinks industry. By delivering total volume of 13%, including own-brand growth of 16%, Good Drinks finished the year positioned as the 4th largest brewing business in Australia behind Asahi (CUB), Kirin (Lion), and Coopers. We are proud to be the fastest growing, full scale brewing business in Australia.

AGENCY BRANDS

In Q4 we completed and announced distribution agreements with leading international beverage businesses, **Molson Coors** (USA) and **Magners** (Ireland). Complementing our existing distribution agreement with **San Miguel** (Philippines), our now expanded agency business is expected to add 15m litres of incremental sales volume and \$40m in incremental revenues to the top line in FY23. Importantly, this sales volume and associated revenue comes at a very low capital cost, and significantly improves our value proposition in the Australian drinks market.

**Good Drinks Australia Limited
Review of Operations
For the Year Ended 30 June 2022**



These brands will continue to be brewed by the brand's owners, either domestically or internationally, leaving us to continue to devote our brewing capacity to our owned brands. The more than 50% expected growth of revenues from these agency brands will leverage Good Drinks' respected and capable national sales and marketing teams.

The expected \$3m to \$4m in incremental EBITDA is clearly earnings per share accretive and represents a significant up-lift in potential shareholder value.

Strategically, the addition of these well distributed and well-liked brands in segments that do not compete with our existing brands broadens the Good Drinks portfolio, provides further scale to the Good Drinks Sales and Marketing teams, continues to develop Good Drinks as a full solution provider for our customers and importantly adds an incremental 2,000 new customers to our existing customer base (FY22: 3,000 customers).

We expect to leverage this expanded access to customers to accelerate the distribution and growth of our core Gage Roads, Matso's and Atomic brands.

HOSPITALITY



In January we opened our cornerstone venue and home of the Gage Roads brand, Gage Roads Freo, an iconic 1,500-person hospitality venue on Fremantle's Walyalup waterfront. Gage Roads Freo is a testament to the team that completed the project on time and within the \$10m budget. The enthusiastic hospitality operations team is helping to deliver a truly exceptional consumer and brand experience. The venue has been an immediate success, with over 300,000 visitors during the first six months, and is an exciting addition to our hospitality business as well as being an iconic new destination in Fremantle.

**Good Drinks Australia Limited
Review of Operations
For the Year Ended 30 June 2022**

Gage Roads Freo complements our existing hospitality venues, Atomic Brewery (Redfern, NSW) and Joe's Waterhole (Sunshine Coast, QLD).

Originally designed to provide direct touch points for consumers and relevance for our brands in key strategic markets, the hospitality business has transformed from a purely consumer marketing-driven strategy to now delivering material earnings for our business. Contribution from the hospitality businesses amounted to \$1m EBITDA in FY22, from 6 months of trading.

With unrestricted trading and the return of domestic and international tourism, we are expecting our hospitality businesses to contribute a meaningful \$3m in EBITDA in FY23.

We look forward to completing the development of Joe's Waterhole into Matso's Sunshine Coast during FY23, at an expected cost of \$5m, and we are working to secure an iconic location for a Gage Roads branded venue on the east coast.

STOMPING GROUND



In August we announced the planned acquisition of leading Victorian brewer Stomping Ground. Stomping Ground provides a great opportunity to accelerate our strategy of driving improved margins and sustained earnings growth through the production and sale of higher-margin products. It also improves Good Drinks national reach, while adding key venues to our growing hospitality business. Sharing skills, experience and resources across the Group will benefit all of our brands, while Good Drinks' sales and marketing force will fast-track Stomping Ground's sales growth and goal to become the number one independent craft beer brand in Victoria. Both Good Drinks and Stomping Ground share the key values of independence, with a vision to provide great quality beer for every fridge across the country.

Stomping Ground founders Steve Jeffares, Guy Greenstone and Justin Joiner will remain key leaders within the business, joining Good Drinks Australia as shareholders. Their continued involvement will provide operational continuity for Stomping Ground and further knowledge and expertise to the Good Drinks management team.

Good Drinks Australia Limited
Review of Operations
For the Year Ended 30 June 2022

FINANCIAL RESULT

Management P&L	Good Drinks Core	Good Drinks Hospitality	Total Group FY22	Group FY21	Var (\$)	Var (%)
Volume (million L)	19.3	0.2	19.5	17.2	2.3	13%
Revenue	\$ 57.2	\$ 12.9	\$ 70.1	\$ 54.4	\$ 15.7	29%
Cogs	(\$ 19.1)	(\$ 4.5)	(\$ 23.6)	(\$ 17.1)	(\$ 6.5)	-38%
Gross Profit	\$ 38.1	\$ 8.4	\$ 46.5	\$ 37.3	\$ 9.2	25%
GP%	67%	65%	66%	69%		-2%
Variable Costs	(\$ 8.7)	(\$ 3.6)	(\$ 12.3)	(\$ 9.5)	(\$ 2.8)	-29%
Gross Contribution	\$ 29.4	\$ 4.8	\$ 34.2	\$ 27.8	\$ 6.4	23%
Sales & Marketing	(\$ 13.4)	\$ -	(\$ 13.4)	(\$ 9.9)	(\$ 3.5)	-35%
Operating Costs	(\$ 8.6)	(\$ 3.8)	(\$ 12.4)	(\$ 7.2)	(\$ 5.2)	-72%
EBITDA	\$ 7.4	\$ 1.0	\$ 8.4	\$ 10.7	(\$ 2.3)	-21%

We are very pleased with our FY22 result, delivering strong progress on the key leading indicators of our strategy. We did concede some volume during Q3 and Q4, when COVID-19 and associated restrictions impacted key markets and trading periods. Despite this volume impact, we continued to execute on our longer-term strategy, choosing not to slow down our marketing and sales investments, resulting in a core business EBITDA of \$7.4m (FY21 \$10.7m). With fewer disruptions expected in FY23, we look forward to a year of normal trading conditions.

Revenue per litre in our core business reduced from \$3.16 per litre in FY21 to \$3.00 in response to competitive pressures on Single Fin and Matso's Ginger Beer. With lower-priced contract brewing expected to reduce to approximately 1m litres in FY23, we expect revenue per litre to track closer to \$3.50 in future.

Cost of goods sold* landed at \$1 per litre, in line with our target. We do expect some inflationary pressures in this area of our business and have conservatively estimated a peak of up to \$1.20 per litre. Longer-term inflationary pressures can be managed through price increases to avoid margin compression.

Based on 18m Litres of production in our core business, variable costs remained well-controlled and amounted to 48c per Litre, within our declared range of 45-50c per litre as a result of our efficient manufacturing operations. We maintain our target range of 50c per litre or below for FY23.

On the back of a strong FY21, we continued to increase our investment in sales and marketing. The impact of our cost-neutral brand-in-hand marketing strategy using stadiums and other events was limited by COVID-related cancellations during FY22. We actively pivoted to more traditional marketing mediums which resulted in an additional \$3.5m in sales and marketing investments in FY23.

We are pleased to report on our hospitality segment for the first time. The addition of Atomic Redfern, Gage Roads Freo and Joe's Waterhole have added meaningful revenues and \$1m in earnings to our business.

With a full year of uninterrupted trading we expect the existing venues will be capable of generating approximately \$3m in EBITDA per annum. The three Stomping Ground venues in Victoria are expected to add further to the potential of this segment.

*Note that "Raw Materials, Consumables and Delivery" on the face of the Income Statement in the Financial Statements includes distribution costs, which is captured under "Variable Costs" in the above table.

Good Drinks Australia Limited
Review of Operations
For the Year Ended 30 June 2022

CASHFLOW AND BALANCE SHEET

Cash Reconciliation FY22	\$m
Opening balance 1 July	5.4
Operating EBITDA	7.8
Increase in receivables	(2.3)
Increase in inventory	(2.4)
Increase in payables	0.4
Proceeds from working capital facility	2.0
Proceeds from venue finance facility	10.9
Payments for Plant & Equipment	(16.4)
Closing cash balance 30 June	5.6

During the year the Group invested in working capital to support significant growth in sales and to mitigate supply chain risks. Accordingly, debtors increased by \$2.3m and inventory increased by \$2.4m.

To manage the working capital changes the business drew \$2m from its working capital facility.

Capital expenditure for the period amounted to \$16.4m 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 (\$10.5m). \$10.9m was funded using the dedicated venue finance facility with the remaining \$5.5m funded via operating cashflow.

	Working capital facility		Venue Finance facility	
	Old	New	Old	New
Limit (\$m)	15.0	35.0	12.5	20.0
Drawn to (\$m)	10.9	10.9	11.0	11.0
Funds remaining (\$m)	4.1	24.1	1.5	9.0

Post year-end, the Group has increased its facility limits to facilitate both the onboarding of the Molson Coors brands (announced 24 May 2022) as well as the funding to acquire Stomping Ground (announced 22 August 2022).

With a strong cash balance of \$5.6m and headroom and flexibility in our credit facilities, the Group is well funded to execute its strategic goals.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

Good Drinks has a strong focus on developing a business that is sustainable for the long term. Our commitments include:

- the significant investment in an efficient manufacturing process enabling the reduction of waste;
- water usage that is best-in-class in Australia;
- the use of sustainable and recyclable fibreboard, glass and aluminium packaging materials;
- a clear governance platform; and
- strong values aligned with respecting our people, our business partners, and our community, including the responsible consumption of our products.

During FY22 we engaged BDO Advisory to assist in developing our sustainability ambitions and goals, so we can clearly and concisely identify and measure measuring our leading ESG indicators.

The process involves a three-phase approach:

1. Defining the reporting plan,
2. Analyse and measure
3. Reporting and improvements.

We have completed the first phase and are in the process of collecting key data to enable meaningful analysis.

As we progress further and move to the third phase, we look forward to drafting our first sustainability report in FY23.

OUTLOOK

FY22 has been an exciting year for Good Drinks that has confirmed our capability to execute our plans.

In FY23 we expect to continue to grow our core brand volumes and earnings in the range of 20 to 25%. We look forward to incorporating an incremental \$6m to \$7m in full-year earnings from our agency and hospitality

Good Drinks Australia Limited
Review of Operations
For the Year Ended 30 June 2022

businesses, and we are excited to grow our footprint in Victoria with the integration and acceleration of the Stomping Ground business and brands.

The Good Drinks Strategy, to invest in and develop our three core competitive advantages - the number one independent national sales team to widely distribute our brands to all key markets of Australia, the number one independent marketing capability to grow existing and create new brands that drive sustained margin growth; and the continued investment in maintenance and efficiency of our large-scale, low-cost brewing capability, has largely been completed. We are in a strong financial position, with the foundations in place to execute on our ambition to grow own brand volumes to 20m Litres by FY25.

The recent addition of new meaningful revenue and earnings streams from the hospitality and agency businesses further strengthens our financial position, and along with the acquisition of the Stomping Ground business, accelerates Good Drinks towards our goals and provides us with the opportunity to re-shape our strategy and re-set our targets so we can continue to deliver for our shareholders, our customers, our consumers and our people.

We look forward to sharing with you our revised longer-term strategy in the coming months.



John Hoedemaker

Managing Director

Good Drinks Australia Limited
Directors' Report
For the Year Ended 30 June 2022

Directors' Report

Your Directors present their report on Good Drinks Australia Limited (the Group) for the year ended 30 June 2022.

Directors

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

Graeme Wood	(Non-Executive Director)
Ian Olson	(Chairman)
John Hoedemaker	(Managing Director)
Robert Gould	(Non-Executive Director)

Company Secretary

Marcel Brandenburg

Principal activities

During the year the principal continuing activities of the Group were the brewing, packaging, marketing and selling of beer, cider and other beverages.

During the year, the Group added hospitality to its list of continuing activities.

No other significant change in the nature of these activities occurred during the year.

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 Group for the financial year after providing for income tax amounted to \$1,985,028 (2021: \$4,275,039). A review of the Group's operations and its financial position, business strategies and prospects is located at page 5 of this report.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- (a) **Revenue and Volume** – This year saw an improvement in Revenue for FY22 to \$70m, an increase of 29% in comparison with the corresponding full year period (2021: \$54.4m). The combined proprietary brand sales and contract brewing volumes resulted in a total throughput of 19.5m Litres and generated an EBITDA of \$7.4m for FY22.
- (b) **Hospitality earnings** – During the year, the Group opened its flagship venue Gage Roads Freo in Western Australia, complementing its existing branded venue Atomic Redfern. The Group also acquired a venue on the Sunshine Coast. The three venues combined contributed \$1m to the Group's EBITDA result.

Matters subsequent to the end of the financial year

- a) **Acquisition of Stomping Ground** – The Group announced on 25 August 2022 that it had entered into a binding agreement to acquire leading Victorian brewer Stomping Ground.
- b) **Molson Coors & Magners distribution** – From 1 July, the Group commenced distribution of Miller Chill, Miller Draught, Molson Canadian and Magners Irish Cider.

No further matter or circumstance has arisen since 30 June 2022, 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.

Likely developments and expected results of operations

The Group will continue to brew, sell and market beer, cider and other beverages and continue to expand its distribution.

Information on Directors

Graeme Wood

(Non-Executive, appointed 5 April 2017)

Experience and expertise - Graeme Wood has significant experience as a senior executive with both Foster's Australia and Treasury Wine Estates. Graeme spent 18 years at Foster's Australia – including as General Manager of Sales at Matilda Bay Brewing Company – where he developed a deep knowledge of the beer landscape in Australia. More recently, he spent four years at Treasury Wine Estates as Regional Manager responsible for WA, SA and NT, further enhancing his liquor retail experience.

Other current public directorships – None.

Former directorships in listed companies within last 3 years - None.

Special responsibilities - Member of the Remuneration Committee, Chairman of the Risk Committee.

Interests (direct and indirect) in shares and options – 300,000 shares and nil options in the Group.

Ian Olson CA, BCom, MAICD

(Non-Executive Chairman, appointed 12 November 2007)

Experience and expertise - An experienced Chartered Accountant, Ian Olson brings extensive knowledge in corporate advisory, audit and assurance to the Board. Ian is a professional public company director with a 25-year career in finance and the capital markets. Ian is also the Managing Director of Pointerra Limited and former executive chairman of WKC Spatial. Prior to his involvement in WKC Spatial, Ian was Managing Partner of PKF Chartered Accountants in Western Australia.

Other current public directorships – Pointerra Ltd.

Former directorships in listed companies within last 3 years – None.

Special responsibilities - Chairman of the Board, Chairman of the Remuneration Committee, Member of the Audit Committee.

Interests (direct and indirect) in shares and options – 1,325,823 shares and nil options in the Group.

John Hoedemaker BCom

(Director, appointed 3 December 2002, Managing Director, appointed 17 August 2011)

Experience and expertise - John Hoedemaker is a founding Shareholder and Director of Gage Roads since 2002. He has played a key role in achieving profitability by developing and implementing the growth and cost reduction strategies for the business. John has an acute understanding of both the Group's operational needs and financial requirements. John is responsible for the strategic planning, leadership and management of the operations of the Group. Prior to his involvement with Good Drinks, John was a Shareholder, General Manager and Chief Financial Officer of a successful building products manufacturing business, Architectural & Structural Adhesives (WA), which he managed from a start-up operation through to a trade sale to a multi-national conglomerate.

Other current public directorships - None.

Former public directorships within last 3 years - None.

Special responsibilities - None.

Interest (direct and indirect) in shares and options – 6,905,400 shares and nil options in the Group.

Robert Gould FAICD

(Non-Executive, appointed 12 November 2007)

Experience and expertise - Robert Gould has held a number of roles in finance and the management and guidance of start-up, early stage and fast growing companies. His experience includes international mergers

Good Drinks Australia Limited
Directors' Report
For the Year Ended 30 June 2022

and acquisition activity and previous management of a venture capital fund with \$113m under management. Robert was a seed capital investor in Good Drinks in 2003.

Other current public directorships - None.

Former directorships in listed companies within last 3 years - None.

Special responsibilities - Chairman of the Audit Committee, Member of the Remuneration Committee, Member of the Risk Committee.

Interests (direct and indirect) in shares and options – 2,033,679 shares and nil options in the Group.

Information on Company Secretary

Marcel Brandenburg CA, FGIA, FCIS, MAcc, BCom
(Company Secretary and Chief Financial Officer)

Experience and expertise - Marcel Brandenburg has been with the Group since October 2011 in the capacity of Financial Controller and is responsible for the areas of financial accounting, governance and administration aspects of the business. He was appointed Chief Financial Officer on 30 June 2014.

Marcel has extensive experience in dealing with ASX-listed companies, having spent a significant part of his career auditing publicly listed entities. As a Chartered Accountant and Fellow of the Governance Institute of Australia, he has an excellent understanding of financial markets, market compliance and governance. Marcel has also holds company secretarial roles in a number of unlisted companies.

Other current public directorships - None.

Former public directorships within last 3 years - None.

Special responsibilities – Chief Financial Officer.

Interest (direct and indirect) in shares and options – 1,095,686 shares and nil options in the Group.

Meetings of Directors

The number of meetings of the Group's Board of Directors and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each Director, were as follows:

Directors	Full Meeting of Directors		Meetings of Audit Committee		Meetings of Remuneration Committee		Meetings of Risk Committee	
	A	B	A	B	A	B	A	B
Graeme Wood (Non-Executive)	11	11	n/a	n/a	1	1	1	1
Ian Olson (Non-Executive)	11	11	2	2	1	1	n/a	n/a
Robert Gould (Non-Executive)	11	11	2	2	1	1	1	1
John Hoedemaker (Executive)	11	11	n/a	n/a	n/a	n/a	n/a	n/a

A = number of meetings held during the time the Director held office or was a member of the committee during the year.

B = number of meetings attended.

n/a = not a member of the relevant committee.

Total shares under options

There were no unissued ordinary shares under option at the date of this report (2021: Nil).

Shares issued on the exercise of options

There were no shares issued on the exercise of options during the year ended 30 June 2022 (2021: Nil).

Options granted to Directors

No options over unissued ordinary shares were granted to Directors during the year ended 30 June 2022 (2021: Nil).

**Good Drinks Australia Limited
Directors' Report
For the Year Ended 30 June 2022**

Options granted to Key Management Executives and other employees

No options over unissued ordinary shares were granted to Key Management Executives or other employees during the year ended 30 June 2022 (2021: Nil).

Options cancelled, forfeited or lapsed

No options were voluntarily forfeited or cancelled during the year ended 30 June 2022 (2021: Nil).

Shares issued to Directors

No shares were issued to directors during the year ended 30 June 2022 (2021: 3,000,000).

Shares issued to Employees

100,000 employee shares were issued and 50,000 employee shares were cancelled during the year.

**Good Drinks Australia Limited
Remuneration Report
For the Year Ended 30 June 2022**

Audited Remuneration Report

The information provided in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The Remuneration Committee is responsible for determining and reviewing remuneration packages of all Directors and Key Management Personnel (“KMP”) on an annual basis. The Remuneration Committee currently consists of Non-Executive Directors Ian Olson, Robert Gould and Graeme Wood.

The committee’s reward policy reflects its obligation to align Director and Executive remuneration with Shareholders’ interests and to retain appropriately qualified talent for the benefit of the Group. The main principles of the policy are:

- (a) the reward considers comparative industry benchmarks and reflects the competitive market in which the Group operates;
- (b) individual reward should be linked to performance criteria if appropriate;
- (c) Executives should be rewarded for both financial and non-financial performance; and
- (d) the committee shall have access to external professional advice if required to assist in determining appropriate remuneration.

Statutory Indicators

We aim, where practicable, to align our executive remuneration to our strategic and business objectives and the creation of shareholder wealth.

Non-Executive Directors - The Remuneration Committee is responsible for recommending individual Non-Executive Directors’ fees within the limit approved by Shareholders. The current aggregate Directors’ fee limit is \$400,000. Directors are entitled to have premiums paid for Directors’ & Officers’ insurance.

Executives and Executive Directors - The total remuneration of the Key Management Personnel and Executive Directors consists of the following:

- (a) *salary* - the Key Management Personnel and Executive Directors receive a fixed sum payable monthly in cash;
- (b) *cash at risk component* - Key Management Personnel and Executive Directors are eligible to participate in a Short-Term Incentive (STI) cash bonus plan if deemed appropriate;
- (c) *share and option at risk component* - Key Management Personnel and Executive Directors may participate in share and option schemes generally being made in accordance with thresholds set in plans approved by Shareholders if deemed appropriate. The Board, however, considers it appropriate to retain the flexibility to issue shares and options to Key Management Executives and Executive Directors outside of an approved option scheme in exceptional circumstances; and
- (d) *other benefits* - Key Management Personnel and Executive Directors are eligible to participate in superannuation schemes, may be entitled to have loss of income insurance paid by the Group, be provided a fully expensed company car or company car allowance and be provided a fully expensed mobile phone and other forms of remuneration if deemed appropriate.

There is no Group policy in place at this point in time in relation to prohibiting margin lending against financial instruments granted to Directors or Key Management Personnel.

The objective of the Group’s remuneration policy for Directors and other Key Management Personnel is to ensure reward for performance is adequate and appropriate for the results delivered, taking into account competitiveness, reasonableness, acceptability to Shareholders and transparency. Equity instruments issued may be 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.

An Employee and Executive Share Plan provides some senior executives with incentive over and above their base salary. The allocation of shares under the Employee and Executive Share Plan may not be subject to performance conditions of the Group. The reasons for establishing the Employee and Executive Share Plan were:

**Good Drinks Australia Limited
Remuneration Report
For the Year Ended 30 June 2022**

- (a) To align the interests of senior management with Shareholders. The Employee and Executive Share Plan provides employees with incentive to strive for long term profitability which is in line with Shareholder objectives; and
- (b) To provide an incentive for employees to extend their employment terms with the Group. The experience of senior employees is an important factor in the long term success of the Group.

Details of remuneration

Details of the remuneration of the Directors and Key Management Personnel (as defined in AASB 124 Related Party Disclosures) of the Group for the financial year are set out in the following tables. The Key Management Personnel of the Group are the following Non-Executive and Executive Directors and officers of the Group:

Executive Directors

John Hoedemaker Managing Director

Non-Executive Directors

Graeme Wood
Ian Olson Chairman
Robert Gould

Executive Officers

Aaron Heary Chief Operating Officer and Chief Strategy Officer
Marcel Brandenburg Chief Financial Officer and Company Secretary

No other employee had authority or responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, during the financial year.

2022 Remuneration - Key Management Personnel

Name	Short term benefits			Long term benefits	Post employment benefits	Share based benefits		Performance Based
	Cash salary & fees	*Cash bonus	Non-monetary Benefits	Long Service Leave	Super-annuation	Shares	Total	
	\$	\$	\$	\$	\$	\$	\$	%
<i>Non-Executive Directors</i>								
Graeme Wood	82,500	0.00	5,003	-	8,250	18,896	114,649	16%
Ian Olson	132,000	0.00	5,003	-	0.00	601	137,604	0%
Robert C Gould	112,668	0.00	5,003	-	11,267	601	129,539	0%
<i>Sub-total Non-Exec Directors</i>	<i>327,168</i>	<i>0.00</i>	<i>15,010</i>	<i>-</i>	<i>19,517</i>	<i>20,098</i>	<i>381,792</i>	<i>5%</i>
<i>Executive Key Management</i>								
Aaron Heary	319,000	-	3,596	-	37,150	1,502	361,248	0%
John Hoedemaker (MD)	429,000	-	26,430	-	42,900	1,502	499,832	0%
Marcel Brandenburg	303,264	-	1,488	-	35,576	300	340,628	0%
<i>Sub-total Executive</i>	<i>1,051,264</i>	<i>-</i>	<i>31,513</i>	<i>-</i>	<i>115,626</i>	<i>3,304</i>	<i>1,201,708</i>	<i>0%</i>
Totals	1,378,432	-	46,523	-	135,143	23,402	1,583,500	1%

FY22 increase in Robert Gould's cash salary is a one-off correction of underpayments from prior years.

**Good Drinks Australia Limited
Remuneration Report
For the Year Ended 30 June 2022**

2021 Remuneration - Key Management Personnel

Name	Short term benefits			Long term benefits	Post employment benefits	Share based benefits	Total
	Cash salary & fees	* Cash bonus	Non-monetary Benefits	Long Service Leave	Super-annuation	Shares	
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors</i>							
Graeme Wood	75,000	-	3,531	-	7,125	13,031	98,687
Ian Olson	120,000	-	3,531	-	-	12,223	135,753
Robert C Gould	68,493	-	3,531	-	6,507	12,223	90,753
<i>Sub-total Non-Exec Directors</i>	<i>263,493</i>	<i>-</i>	<i>10,592</i>	<i>-</i>	<i>13,632</i>	<i>37,477</i>	<i>325,193</i>
<i>Executive Key Management</i>							
Aaron Heary	290,000	52,500	2,937	-	27,550	30,556	403,543
John Hoedemaker (MD)	390,000	52,500	25,517	-	37,050	30,556	535,624
Marcel Brandenburg	270,000	52,500	2,496	-	25,650	6,111	356,757
<i>Sub-total Executive</i>	<i>950,000</i>	<i>157,500</i>	<i>30,950</i>	<i>-</i>	<i>90,250</i>	<i>67,224</i>	<i>1,295,924</i>
Totals	1,213,493	157,500	41,542	-	103,882	104,701	1,621,117

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2022	2021	2022	2021	2022	2021
<i>Non-Executive Directors</i>						
Graeme Wood	84%	87%	-	-	16%	12%
Ian Olson	100%	92%	-	-	-	8%
Robert C Gould	100%	92%	-	-	-	9%
<i>Executive Key Management</i>						
Aaron Heary	100%	92%	-	-	-	8%
John Hoedemaker (MD)	100%	95%	-	-	-	6%
Marcel Brandenburg	100%	98%	-	-	-	2%

Short-Term Incentive (STI) Cash Bonus Plan

The Remuneration Committee ratified a Short-Term Incentive (STI) Plan for executives and key management personnel. 25% of any earnings in excess of the board approved EBITDA target is available to be distributed to eligible participants.

For the year ended 30 June 2022, the Group did not exceed the EBITDA target. Accordingly, no bonus was payable.

Service agreements

Remuneration and other terms of employment for the following Key Management Personnel are formalised in employment agreements. The significant terms of employment at the date of this report are set out below:

Aaron Heary – Chief Operating Officer & Chief Strategy Officer

- Term of agreement: No fixed term
- Base salary: \$319,000 pa, plus 10% statutory superannuation contribution, reviewed annually by the Remuneration Committee
- Termination notice period: 8 month notice (without cause)
- Termination notice period: 4 month notice (with cause)

John Hoedemaker – Managing Director

- Term of agreement: No fixed term
- Base salary: \$429,000 pa, plus 10% statutory superannuation contribution, reviewed annually by the Remuneration Committee
- Termination notice period: 8 month notice (without cause)
- Termination notice period: 4 month notice (with cause)

Marcel Brandenburg – Chief Financial Officer and Company Secretary

- Term of agreement: No fixed term
- Base salary: \$302,400 pa, plus 10% statutory superannuation contribution, reviewed annually by the Remuneration Committee
- Termination notice period: 8 month notice (without cause)

**Good Drinks Australia Limited
Remuneration Report
For the Year Ended 30 June 2022**

- Termination notice period: 4 month notice (with cause)

No Director or Executive is entitled to any termination payments apart from payment in lieu of the notice periods outlined above, remuneration payable up to and including the date of termination and payments due by way of accrued leave entitlements. There are no service agreements in respect of non-executive directors.

Equity instruments held by Key Management Personnel

Shares issued to key management personnel

The following tables show the number of ordinary shares in the Group that were held during the financial year by key management personnel of the Group, including their close family members and entities related to them.

There were no options over unissued ordinary shares granted to Key Management Personnel in existence at the date of this report (2021: Nil).

(i) *Ordinary shares in the Group*

	Nominally Held	Balance at start of the year	Share Consolidation	Net Purchase (Disposal) of shares	Employee Share Plan Shares Received	Balance at end of the year
2022						
Directors						
Ian Olson	5%	13,258,225	(11,932,402)	-	-	1,325,823
John Hoedemaker	0%	69,053,994	(62,148,594)	-	-	6,905,400
Robert Gould	0%	20,336,771	(18,303,092)	-	-	2,033,679
Graeme Wood	100%	3,000,000	(2,700,000)	-	-	300,000
Executive Key Management						
Marcel Brandenburg	100%	10,956,845	(9,861,159)	-	-	1,095,686
Aaron Heary	0%	46,477,601	(41,829,839)	-	-	4,647,762
		163,083,436	(146,775,086)	-	-	16,308,350

No shares were issued to Key management personnel during the year 30 June 2022 (2021: Nil).

Shares issued to Key Management Personnel on the exercise of options

No ordinary shares were issued during the financial year on the exercise of options granted to Key Management Personnel (2021: Nil).

Loan instruments to Key Management Personnel

The following tables show the non-recourse loan balances provided to Key Management Personnel that are linked to shares issued as part of its Employee and Executive Share Plan.

	Balance at the start of the year	Loans provided during the year	Loans paid back by the Employee	Interest paid and payable for the year	Interest not charged	Balance at the end of the year
2022						
Directors						
Ian Olson	612,986	-	-	-	-	612,986
John Hoedemaker	1,904,466	-	-	-	-	1,904,466
Robert Gould	612,986	-	-	-	-	612,986
Graeme Wood	189,000	-	-	-	-	189,000
Executive Key Management						
Marcel Brandenburg	558,493	-	-	-	-	558,493
Aaron Heary	1,780,466	-	-	-	-	1,780,466
Total	5,658,397	-	-	-	-	5,658,397

Use of remuneration consultants

The Group did not engage in remuneration consultants during the financial year ended 30 June 2022.

Voting and comments made at the Group's 2021 Annual General Meeting

Good Drinks Australia Ltd received more than 99.3% of "Yes" votes on its remuneration report for the 2021 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the audited remuneration report.

Good Drinks Australia Limited
Directors' Report
For the Year Ended 30 June 2022

Loans to Directors and Executives

No loans have been made to Directors or Executives during the year.

Environmental regulation

The Directors have not been notified and are not aware of any breach of any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2021 to 30 June 2022 the Directors have assessed that there are no current reporting requirements, but the Group may be required to do so in the future.

Insurance of officers

During the financial year the Group paid a premium of \$20,013 (2021: \$14,122) to insure the Directors and Officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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 24.

Non-Audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

During the year the Group engaged BDO Advisory to implement a sustainability reporting program plan for Good Drinks Australia. Costs incurred to date amount to \$12,051.

The Board of Directors, in conjunction with the Audit Committee, has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and did not compromise these auditor's independence requirements because they did not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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



Ian Olson - **Chairman**
Palmyra, dated this 30th August 2022

**Good Drinks Australia Limited
Corporate Governance Statement
For the Year Ended 30 June 2022**

Corporate Governance Statement

The Board is committed to achieving and demonstrating high standards of corporate governance. As such Good Drinks Australia Ltd has adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council and became effective for financial years beginning on or after 1 July 2014.

The Group's Corporate Governance Statement for the financial year ending 30 June 2022 was approved by the Board on 30th August 2022. The Corporate Governance Statement can be located on the Group's website: <https://gooddrinks.com.au/investor/governance/>

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

As lead auditor of Good Drinks Australia Limited for the year ended 30 June 2022, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 30 August 2022

Good Drinks Australia Limited
Directors' Declaration
30 June 2022

The Directors of the Group declare that:

- (a) the financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements, and;
 - (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (ii) give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial 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.
- (c) the Group has included in the notes to the financial statements an explicit and unreserved Statement of Compliance with International Financial Reporting Standards.
- (d) the Directors have been given the declarations by the Managing Director and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Ian Olson
Chairman

Palmyra
Dated this 30th day of August 2022

Good Drinks Australia Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenue from continuing operations			
Sales revenue		70,029,497	54,400,929
Interest revenue		212	8,279
	3	<u>70,029,710</u>	<u>54,409,207</u>
Other income	3	1,301,806	1,579,411
Foreign Exchange Profit/(Loss)		(145,293)	(272,850)
Raw materials, consumables & delivery		(25,463,597)	(18,467,071)
Operating expenses		(5,733,661)	(4,445,947)
Employee benefit expenses		(23,360,768)	(16,598,123)
Depreciation, amortisation & impairment expenses	4	(4,480,140)	(3,990,614)
Sales and marketing expenses		(5,182,527)	(3,531,636)
Administration expenses		(2,767,396)	(1,717,412)
Occupancy expenses	4	(312,857)	(259,581)
Finance costs	4	(972,123)	(650,222)
Profit before income tax		<u>2,913,152</u>	<u>6,055,162</u>
Income tax benefit/(expense)	5	(928,124)	(1,780,123)
Net Profit attributable to the members of Good Drinks Australia Ltd		<u>1,985,028</u>	<u>4,275,039</u>
<i>Other Comprehensive Income/(Loss)</i>			
Items that may be reclassified to profit or loss:			
Change in the fair value of Cashflow Hedges		418,786	(327,316)
Total Other Comprehensive Income for the year		<u>418,786</u>	<u>(327,316)</u>

Profit/(Loss) per share attributable to the members of Good Drinks Australia Ltd

Basic Profit per share (cents)	16	1.55	3.41
Diluted Profit per share (cents)	16	1.55	3.41

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 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	5,682,764	5,498,115
Trade and other receivables	7	21,791,231	17,933,016
Inventories	8	11,534,057	8,583,668
Total current assets		39,008,052	32,014,799
Non-current assets			
Property, plant and equipment	9	51,555,287	40,000,981
Right-of-use assets	10	16,211,130	13,955,592
Intangible assets	11	17,496,831	15,787,559
Deferred tax assets	5	163,176	496,324
Total non-current assets		85,426,424	70,240,457
Total assets		124,434,475	102,255,255
LIABILITIES			
Current liabilities			
Trade and other payables	12	19,103,598	16,372,225
Deferred consideration		-	400,000
Lease liabilities	10	1,351,472	1,123,110
Current tax liability	12	880,559	433,966
Provisions	13	1,308,150	844,043
Borrowings	13	11,000,000	8,972,000
Total current liabilities		33,643,779	28,145,344
Non-current liabilities			
Lease liabilities	10	15,352,933	13,159,005
Provisions	13	755,904	563,542
Borrowings	13	10,931,272	-
Total non-current liabilities		27,040,109	13,722,547
Total liabilities		60,683,888	41,867,890
Net assets		63,750,587	60,387,365
EQUITY			
Contributed equity	14	60,372,703	60,112,726
Hedge reserve	15	18,088	(400,698)
Share options reserve	15	3,181,714	2,510,039
Accumulated losses	15	178,082	(1,834,702)
Total equity		63,750,587	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 year ended 30 June 2022

	Contributed equity	Accumulated losses	Share based payment reserve	Hedge Reserve	Total equity
Notes	\$	\$	\$	\$	\$
At 1 July 2020	55,210,502	(6,081,986)	2,321,318	(73,382)	51,376,451
Comprehensive Income					
Profit for the year		4,275,039			4,275,039
Other Comprehensive income/(loss)				(327,316)	(327,316)
Total comprehensive income/(loss) for the year	-	4,275,039	-	(327,316)	3,947,723
Transactions with equity holders in their capacity as equity holders:					
Issue of share capital, net of transaction costs	4,902,225				4,902,225
Employee and other share options expensed 18			188,721		188,721
At 30 June 2021	60,112,726	(1,806,947)	2,510,039	(400,698)	60,415,119
Comprehensive Income					
Profit for the year	-	1,985,028	-	-	1,985,028
Other Comprehensive income/(loss)	-	-	-	418,786	418,786
Total comprehensive income/(loss) for the year	-	1,985,028	-	418,786	2,403,815
Transactions with equity holders in their capacity as equity holders:					
Issue of share capital, net of transaction costs	259,977	-	-	-	259,977
Employee and other share options expensed 18	-	-	671,675	-	671,675
Balance at 30 June 2022	60,372,703	178,082	3,181,714	18,088	63,750,587

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 year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		113,454,674	92,851,519
Receipts from Government incentives (Excise Refund)		350,000	100,000
Payments to suppliers and employees (inclusive of GST)		<u>(105,302,002)</u>	<u>(85,989,975)</u>
		8,502,673	6,961,544
Interest received		212	8,279
Interest paid		(972,123)	(650,279)
Income tax paid		(433,966)	(686,078)
Net cash inflow from operating activities	16	<u>7,096,796</u>	<u>5,633,466</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(11,792,659)	(7,631,714)
Payments for intangibles		(1,807,453)	(96,731)
Payments for acquisitions	27	(5,102,026)	-
Net cash (outflow) from investing activities		<u>(18,702,138)</u>	<u>(7,728,446)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		605,030	5,231,500
Share issue transaction costs		-	(295,707)
Proceeds from borrowings		12,959,272	4,800,000
Repayment of borrowings		-	(5,800,000)
Borrowing transaction costs		(55,662)	(64,612)
Repayment of lease liabilities		(1,677,165)	(1,386,321)
Net cash inflow from financing activities		<u>11,831,475</u>	<u>2,484,860</u>
Net increase in cash and cash equivalents		226,133	389,880
Effect of movement in exchange rates on cash held		(41,484)	(107,370)
Cash and cash equivalents at the beginning of the financial year		5,498,115	5,215,605
Cash and cash equivalents at the end of the financial year	6	<u>5,682,764</u>	<u>5,498,115</u>

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

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001. This Group is a for-profit Group for the purpose of preparing the Financial Statements.

Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Good Drinks Australia Limited at the end of the reporting period. A controlled entity is any entity over which Good Drinks Australia Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the period, the financial performance of those entities are included only for the period that they were controlled. A list of controlled entities is listed below:

- Matso's Broome Brewing Pty Ltd
- Regent Street Hospitality Pty Ltd
- Cliff Street Hospitality Pty Ltd
- Memorial Drive Hospitality Pty Ltd
- Good Drinks Agency Pty Ltd

In preparing the consolidated financial statements, all inter-Group balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the Equity section of the Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at amortised cost in the Group's financial statements.

Transactions eliminated on consolidation

Intra-Group balances, and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

Identifiable intangible assets

Intangible assets acquired separately or in a business combination are initially measured at the lower of cost or fair value cost at the time of acquisition when it is probable that the future economic benefits arising as a result of the costs incurred will flow to the Group. The Group assesses identifiable intangible assets as having either finite or indefinite useful lives.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment at least twice a year or whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least each financial year end.

Asset acquisition

Where an acquisition does not meet the definition of a business combination the transactions is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured initially at cost and if not available their fair values at the acquisition date.

Compliance with IFRS

The financial statements of Good Drinks Australis Limited also complies with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These Financial Statements have been prepared under the historical cost convention.

Critical Accounting Estimates and Significant Judgements

The preparation of Financial Statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

i) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. For details of share-based payments made during the year, see Note 18.

ii) Going concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

iii) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimates lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

iv) Indefinite life intangible assets

As part of the asset acquisition the Group acquired an intangible asset being the Matso's Brand. Consideration and significant judgement has been applied by the Group in determining that the Matso's brand has an indefinite useful life in accordance with AASB 138 Intangible Assets. The Group will assess the useful life of this asset at least every reporting date or more frequently if events or changes in circumstances indicate a finite useful life.

v) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

vi) Impairment of non-financial assets and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use and fair value less cost of disposal. These calculations require the use of assumptions and judgements (refer to impairment note).

During the year, there were no impairment triggers that would suggest that the carrying value of these assets exceeded its recoverable amount.

vii) Trade receivables

The Group has a credit risk concentration in trade receivables with respect to national wholesalers and Endeavour Group, through their purchasing of large quantities of goods. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history.

The Group has applied the simplified approach to measuring expected credit losses, which uses an expected lifetime expected loss allowance, the Group's expected credit loss assessment as at 30 June 2022 was considered to be immaterial to the balance of Trade and Other Receivables as disclosed in Note 7.

viii) Lease identification

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception.

The arrangement is assessed to determine whether the fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets are) not explicitly specific in an arrangement.

ix) Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

x) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

xi) 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 liability assumed by the Group. The consideration transferred also includes the fair value of any asset or 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.

xii) 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.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and members of the Board of Management.

(c) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

The Group primarily generates revenue from the sale of alcoholic beverages.

Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer. Control is generally considered to have passed when:

- physical possession and inventory risk is transferred (including via a third-party transport provider);
- payment terms for the sale of goods can be clearly identified through invoices issued to customers; and
- the customer has no practical ability to reject the product where it is within contractually specified limits.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(f) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid instruments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group considers a financial asset in default when contractual payment are > 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

On the above basis, the loss allowance was deemed insignificant for trade receivables.

(i) Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials for work-in-progress and finished goods. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade receivables in the Consolidated Statement of Financial Position (Note 7).

Regular purchases and sales of financial assets are recognised on trade-date, i.e. when committed. Financial assets are de-recognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(l) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Depreciation is calculated using both the straight line and reducing balance methods to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Brewery, plant & equipment	3.33% - 30%
Office equipment	7.50% - 50%
Motor vehicles	13.64% - 18.75%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Financial Performance.

(m) Intangible assets

Trademarks

Trademarks are treated as having an indefinite useful life because they are expected to contribute to the net cash flows indefinitely. Therefore, the trademarks would 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 trademarks may be impaired. They are carried at cost.

Brand

Brand costs are treated as having an indefinite useful life because they are expected to contribute to the net cashflows indefinitely. Therefore brand 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 brands may be impaired. They are carried at cost.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

Product Development

Product Development costs are carried at cost less amortisation. Amortisation is calculated on a straight-line basis over the assets estimated useful life of 2 years.

Costs incurred in developing products will contribute to future period revenue generation. Costs capitalised include external direct costs of materials and services.

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.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(q) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experiences of employee departures and periods of service.

(iii) Share-based payments

The fair value of options at grant date is determined using a Black-Scholes or Binomial option pricing model that takes into account the exercise price, term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of the options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received are credited to share capital.

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(t) Foreign currency

The functional and presentational currency of the Group is the Australian dollar. Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(u) Earnings per share

Basic earnings per share

This is calculated by dividing the profit or loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(v) Excise Tax

As of the 1 July 2008 the Group has adopted an accounting treatment which accounts for Excise Tax as monies received on behalf of a third party and not as revenue. Excise tax collected is accounted for as a current liability until it is paid on a weekly basis.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

(w) Provisions

Provisions for legal claims and other obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(x) Share based payment transactions

Employees and Directors

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted with the recognition of the expense accounted for over the vesting period. The fair value is determined by an internal valuation using Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

Key inputs to the Black Scholes options pricing model include the expected price volatility and risk free interest rate. The expected price volatility is based on the historical volatility adjusted for any expected changes to future volatility due to publicly available information. The risk interest is the risk free rate of securities with comparable terms to maturity.

(y) Government Grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(z) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Good Drinks Australia Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

Note 1 Summary of Significant Accounting Policies

a) 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.

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.

b) 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.

c) New significant estimates and judgements

Three new significant estimates and judgments have been applied relating to new transactions and balances during the year ended 30 June 2022. These are detailed below:

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

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

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

For the year ended 30 June 2022, the Group has elected to provisionally account for the acquisition of Joe's Waterhole in accordance with the provisions of AASB 3 Business Combinations.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 2 : Financial Risk Management

The Company's activities expose it to a variety of financial risks, market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the management team under policies approved by the Board of Directors. Details of policies for each risk are detailed below.

Fair Value Measurement

The Carrying Value and Fair Value of financial assets and financial liabilities, both recognised and unrecognised at reporting date, are as follows:

	2022 \$	2022 \$	2021 \$	2021 \$
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Cash and cash equivalents	5,682,764	5,682,764	5,498,115	5,498,115
Trade and other receivables	21,791,231	21,791,231	17,933,016	17,933,016
	27,473,995	27,473,995	23,431,130	23,431,130
Financial liabilities at amortised cost				
Trade and other payables	19,984,157	19,984,157	16,806,191	16,806,191
Lease Liability	16,704,404	16,704,404	14,282,115	14,282,115
Borrowings	21,931,272	21,931,272	8,972,000	8,972,000
	58,619,833	58,619,833	40,060,305	40,060,305

(a) Market risk

(i) Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts. Management has a risk management policy to hedge approx. 80% of anticipated foreign currency transactions for the subsequent 18 months.

Buy US Dollars	AUD	USD	Average Rate	Through to
Hedge 1	138,464	107,951	0.780	30 Mar 2023
Hedge 2	6,685,714	4,855,200	0.737	30 Jun 2023

(ii) Price risk

The Group does not have any investments classified as available-for-sale or at fair value through profit or loss and therefore does not have any exposure to price risk.

(iii) Cash flow interest rate risk

Refer to (d) over page.

(b) Credit risk

Credit risk arises in relation to cash and cash equivalents and deposits with financial institutions (Credit Rating: AA-). Cash transactions are limited to high credit quality financial institutions.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 2 : Financial Risk Management (continued)

Credit risk also arises in relation to trade receivables. The Group only has a credit risk concentration in trade receivables with respect to national wholesalers and Endeavour Group, through their purchasing of large quantities of goods. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Refer to Note 8 for the Group's assessment of past due trade receivables. The maximum exposure to credit risk is the carrying amount of the financial assets as disclosed above.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities or Shareholder support. The Group has a committed cash advance facility of \$12.5m with the Commonwealth Bank of Australia which is drawn to \$10.9m at 30 June 2022. Furthermore, the Group has a \$15m revolving credit facility with Commonwealth Bank of Australia which is drawn to \$11m at 30 June 2022. The Group has relied on equity raising and prudent management to manage this risk.

2022	< 1 year	1 - 2 years	2 - 5 years	Total	
				Cash flows	Carrying Value
Trade payables	7,483,452	-	-	7,483,452	7,483,452
Other payables	11,620,146	-	-	11,620,146	11,620,146
Lease Liability	1,351,472	1,248,960	14,103,973	16,704,404	16,704,404
Borrowings	11,542,938	-	10,931,272	22,474,210	21,931,272
Total Payable	31,998,008	1,248,960	25,035,245	58,282,213	57,739,275

2021	< 1 year	1 - 2 years	2 - 5 years	Total	
				Cash flows	Carrying Value
Trade payables	6,947,079	-	-	6,947,079	6,947,079
Other payables	9,859,112	-	-	9,859,112	9,859,112
Lease Liability	1,123,110	1,201,338	11,957,667	14,282,115	14,282,115
Borrowings	9,068,787	-	-	9,068,787	8,972,000
Total Payable	26,998,088	1,201,338	11,957,667	40,157,093	40,060,306

(d) Cash flow interest rate risk

The Group's interest-bearing assets are at floating interest rates, thereby exposing the Group to cash flow interest-rate risk through changes in market interest rates. The Group policy is to accept this risk by linking in deposit terms with funding requirements and market interest rates available for different terms.

As at 30 June 2022, if interest rates had changed by 100 basis points (based on indicative forward cash rates) from the year-end rates and all other variables held constant, the profit for the year would have been \$42,460 higher/lower (2021: \$40,517 higher/lower) from interest income on cash and cash equivalents, based upon the average cash on hand balance of \$4,245,962 (2021: \$4,151,655).

All of the Group's long term borrowings are at a fixed interest rate and as such there is no risk to the Group's interest payments and operational cash flows arising from those liabilities.

As at 30 June 2022, if interest rates had changed by 100 basis points (based on indicative forward cash rates) from the year-end rates and all other variables held constant, the profit for the year would have been \$177,782 higher/lower (2021: \$105,092) from interest expense on borrowings, based upon the average loan balance of \$17,778,182 (2021: \$10,509,246).

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 3 : Revenue

	2022 \$	2021 \$
<i>Revenue</i>		
Sale of goods*	104,492,885	84,271,446
Less: Excise tax collected	(34,169,660)	(29,277,007)
Less: Wine Equalisation Tax Collected	(293,727)	(593,510)
Interest	212	8,279
	<u>70,029,710</u>	<u>54,409,207</u>
<i>Other income</i>		
ATO Micro-Brewery Excise Refund	350,000	100,000
Warehousing Services	247,399	228,059
Jobkeeper Subsidy	-	946,500
Other	704,406	304,852
	<u>1,301,806</u>	<u>1,579,411</u>

**Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control over the inventory has transferred to the customer.

Note 4 : Expenses

	2022 \$	2021 \$
Profit (loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	2,643,176	2,335,115
Office equipment	161,173	227,306
Motor vehicles	32,612	7,638
Amortisation of intangible assets	98,181	124,034
Amortisation of lease assets	1,544,998	1,267,331
Impairment of plant & equipment	-	29,190
Total Depreciation, Amortisation & Impairment	<u>4,480,140</u>	<u>3,990,614</u>
<i>Bad Debt Expense</i>		
Bad debts written off	21,589	142,463
Bad Debts Expensed	<u>21,589</u>	<u>142,463</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	972,123	650,222
Finance costs expensed	<u>972,123</u>	<u>650,222</u>
<i>Occupancy expense relating to operating leases</i>		
Minimum lease payments	112,131	128,466
Variable outgoings	200,727	131,116
Total occupancy expense relating to operating leases	<u>312,857</u>	<u>259,582</u>
<i>Defined contribution superannuation expense</i>		
Defined contribution superannuation expense	1,719,354	1,061,055
Total defined contribution superannuation expense	<u>1,719,354</u>	<u>1,061,055</u>
<i>Share-based payments expense (Note 18)</i>		
Non-recourse loan-funded shares	466,644	188,721
Total share-based payments expense	<u>466,644</u>	<u>188,721</u>

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 5 : Income tax expense

	2022 \$	2021 \$
(a) Income tax expense/(benefit)		
Current tax	928,124	1,780,123
Income Tax Expense	<u>928,124</u>	<u>1,780,123</u>
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or (credited) to equity.		
Current Tax	90,083	140,023
Net Deferred Tax	<u>84,458</u>	<u>174,542</u>
	<u>174,542</u>	<u>314,564</u>
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	<u>2,913,152</u>	<u>6,055,162</u>
Tax at the Australian tax rate of 30% (2021 - 30%)	873,946	1,816,549
Tax effect of amounts which are not deductible (taxable) in		
Share-based payments	139,993	56,616
Fines and entertaining	25,719	32,361
Cash Flow Boost Payments	(16,938)	(15,000)
Sundry	<u>(94,597)</u>	<u>(110,403)</u>
	<u>928,124</u>	<u>1,780,123</u>
Income tax expense	<u>928,124</u>	<u>1,780,123</u>
Movement in Deferred tax asset		
Carried forward balance of DTL/(DTA) at 30 June 2021	496,324	1,876,049
Deferred Tax Asset @ 30%	5,909,851	5,211,369
Deferred Tax Asset in Equity @ 30%	84,458	174,542
Deferred Tax Liability @ 30%	<u>(5,831,134)</u>	<u>(4,889,587)</u>
Closing DTA/(DTL) at 30 June 2022	<u>163,176</u>	<u>496,324</u>
Recognition of deferred tax asset - prior year losses	-	-
- current year profit/(loss)	<u>333,148</u>	<u>1,379,725</u>
	<u>333,148</u>	<u>1,379,725</u>

Deferred tax assets and liabilities have previously been brought to account after considering the level of tax losses carried forward and available to the Group against future taxable profits and the probability within the future that taxable profits will be available against which the benefit of the deductible temporary differences can be claimed.

Note 6 : Current assets - Cash and cash equivalents

	2022 \$	2021 \$
Cash at bank and in hand	<u>5,682,764</u>	<u>5,498,115</u>
	<u>5,682,764</u>	<u>5,498,115</u>

(a) Reconciliation to cash at the end of the year

The above figure agrees to cash at the end of the financial year as shown in the statement of cash flows.

(b) Cash at bank and on hand

The cash at bank and in hand balances above bear interest rates of between 0% and 1%.

Refer Note 2 for assessment of Group risk management policy.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 7 : Current assets - Trade and other receivables

	2022 \$	2021 \$
Trade receivables	16,481,133	13,527,607
Prepayments	5,310,098	4,405,409
	<u>21,791,231</u>	<u>17,933,016</u>

(a) Impaired trade receivables

Due to their short-term nature, the fair value of receivables approximates their carrying value. The maximum exposure to credit risk is their carrying value above. The Group only has a credit risk concentration with respect to its major customers. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. See Note 2 for more information on the risk management policy of the Group.

The Group has applied the simplified approach to measuring expected credit losses, which uses an expected lifetime expected loss allowance.

(b) Interest rate risk

There are no interest-bearing balances in receivables, therefore the Group has no interest rate risk.

(c) Past due but not impaired

As of 30 June 2022, trade receivables of \$1,231,833 (2021: \$1,555,718) were past due but not impaired. These relate to a number of unrelated customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2022 \$	2021 \$
Up to 3 months	835,769	1,035,109
3 to 6 months	396,064	520,609
	<u>1,231,833</u>	<u>1,555,718</u>

(d) Fair value and credit risk

Due to their short-term nature, the fair value of receivables approximates their carrying value. The maximum exposure to credit risk is their carrying value above. The Group only has a credit risk concentration with respect to its major customers. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. See Note 2 for more information on the risk management policy of the Group.

Note 8 : Current assets - Inventories

	2022 \$	2021 \$
Raw material and stores - at cost	6,397,949	3,672,437
Work-in-progress - at cost	254,355	195,398
Finished goods - at cost	4,058,953	4,087,973
Other	822,799	627,859
	<u>11,534,057</u>	<u>8,583,668</u>

Inventory expense

Inventories recognised as an expense (cost of goods sold) during the year ended 30 June 2022 amounted to \$23,585,134 (2021: \$17,078,025). Inventories written off during the year as new product development costs, obsolete stock and operational waste amounted to \$404,146 (2021: \$227,584).

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 9 : Non-current assets - Property, plant and equipment

	Plant and equipment	Office equipment	Motor vehicles	Total
Year ended 30 June 2021				
Opening net book amount	37,903,492	331,109	16,394	38,250,996
Additions	3,935,309	333,466	51,269	4,320,045
Depreciation charge	(2,335,115)	(227,306)	(7,638)	(2,570,059)
Impairment Charge on obsolete equipment	-	-	-	-
Disposals	-	-	-	-
Closing net book amount	39,503,687	437,270	60,025	40,000,981
At 30 June 2021				
Cost or fair value	53,532,257	1,308,160	291,056	55,131,473
Accumulated depreciation	(14,028,571)	(870,890)	(231,031)	(15,130,492)
Net book amount	39,503,686	437,270	60,025	40,000,981
Year ended 30 June 2022				
Opening net book amount	39,503,686	437,270	60,025	40,000,981
Additions	13,999,120	169,584	246,120	14,414,823
Depreciation charge	(2,666,733)	(161,173)	(32,612)	(2,860,518)
Impairment charge on obsolete equipment	-	-	-	-
Disposals	-	-	-	-
Closing net book amount	50,836,073	445,681	273,533	51,555,286
At 30 June 2022				
Cost or fair value	67,531,377	1,477,744	537,176	69,546,296
Accumulated depreciation	(16,695,304)	(1,032,063)	(263,643)	(17,991,010)
Net book amount	50,836,073	445,681	273,533	51,555,287

(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 attributed to the construction and development of the A Shed Hospitality Venue & acquisition of Joe's Waterhole Hospitality Venue.

	2022 \$	2021 \$
Plant and equipment	675,102	1,558,181

(b) Non-current assets pledged as security.

Refer to note 13 for information on non-current assets pledged as security by the Group.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 10 : Leases

Amounts recognised in the balance sheet:	2022	2021
	\$	\$
Right of use assets		
Property	18,786,733	15,187,829
Motor Vehicles	1,168,584	966,953
Equipment	183,815	183,815
Accumulated amortisation	<u>(3,928,003)</u>	<u>(2,383,005)</u>
Total	<u>16,211,130</u>	<u>13,955,592</u>
Lease liabilities		
Current	1,351,472	1,123,110
Non-current	<u>15,352,933</u>	<u>13,159,005</u>
Total	<u>16,704,404</u>	<u>14,282,115</u>

The Group leases land and buildings for its operations under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

For impairment testing, the right-of-use assets have been allocated to the identified cash-generating unit. Refer to note 11 for further information on the impairment testing key assumptions and sensitivity analysis.

Note 11 : Non-current assets - Intangible assets

	2022	2021
	\$	\$
Intellectual Property Assets		
Intellectual property	731,834	627,319
Accumulated amortisation of intellectual property	<u>(612,587)</u>	<u>(514,406)</u>
Total intellectual property	<u>119,246</u>	<u>112,913</u>
Intangible Brand Asset	\$	\$
Matso's intangible brand asset	<u>15,677,584</u>	<u>15,674,646</u>
Total Intangible Brand Assets	<u>15,677,584</u>	<u>15,674,646</u>
Joe's Waterhole Gaming Licences (refer to note 27)	<u>1,700,000</u>	-
Total Joe's Waterhole Intangible Assets	<u>1,700,000</u>	-
Total Intangible Assets	<u>17,496,831</u>	<u>15,787,559</u>

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 11 : Non-current assets - Intangible assets (continued)

As part of the Matso's asset acquisition occurring in September 2018, the Group acquired an intangible brand asset, which as at 30 June 2022 is carried at \$15,677,584. The Group has recognised the intangible asset as having an indefinite useful life and accordingly tests the Group's Cash Generating Unit ("CGU") for impairment annually, or more frequently if events or changes in circumstances indicate impairment, as disclosed within the critical accounting judgements, estimates and assumptions note 1.

The recoverable amount of the CGU which was tested for impairment has been assessed using the higher of the fair value less cost to sell and the value in use method.

Value in use has been derived by calculating the discounted value of net cash flows expected to be delivered from the CGU. The fair value less cost to sell has been assessed using a market approach based upon the market capitalisation of the Group as at 30 June 2022 on the Australian Securities Exchange (ASX).

Value in use has been based on a 1 year budget approved by the Board and extrapolated for a further 4 years using a steady growth rate, together with a terminal value.

The value in use model used the following key assumptions:

	2022	2021
Short term growth rate	13.1%	7%
Capital expenditure invested to sustain operational growth	20%	20%
Discount rate	10%	10%

Management have considered and assessed the sensitivities associated with the assumptions and rates used above and note all key assumptions would have to be adversely affected by 13.99% (2021: 25.01%) for the carrying value to exceed the recoverable value or for an impairment to arise.

Note 12 : Liabilities - Trade, other payables, and current tax liability

	2022	2021
Trade and other payables		
Current	\$	\$
Trade payables	7,483,452	6,947,079
Payables for capital purchases	138,604	183,316
GST payable	1,802,087	902,093
Current tax liability	880,559	433,966
Other payables (a)	9,679,455	8,339,737
	<u>19,984,157</u>	<u>16,806,191</u>
Non-Current		
Other payables (b)	-	-

(a) Amounts expected to be settled within one year

Movement in other payables relate primarily to timing of excise tax payments (\$3.2m), timing of operational accruals (\$0.5m) offset by Kronos payments (\$2.4m).

(b) Risk exposure

Information about associated liquidity and fair value risk is set out in Note 2.

Note 13 : Provisions & borrowings

	2022	2021
Current	\$	\$
Provision for annual leave	1,185,708	844,043
Provision for obsolete stock	122,442	
	<u>1,308,150</u>	<u>844,043</u>
Secured		
Bank loans	11,000,000	8,972,000
Total current borrowings	<u>11,000,000</u>	<u>8,972,000</u>

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 13 : Provisions & borrowings (continued)

	2022	2021
	\$	\$
Non Current		
Provision for long service leave	705,607	563,542
Provision for parental leave	50,297	-
	<u>755,904</u>	<u>563,542</u>
Secured		
Bank loans	10,931,272	-
Total non-current borrowings	<u>10,931,272</u>	<u>-</u>

(a) Amounts not expected to be settled within one year

The entire obligation for annual leave is expressed as a current liability as the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The estimated leave that is not expected to be taken in the next twelve months is \$500,000 (2021: \$250,000). This is considered to be immaterial.

(b) Facilities

Facility	Limit	Drawn	Term	Base rate	Margin	Line Fee
Borrowing Base Facility	up to \$15,000,000 based on 80% Eligible Debtors + 65% Eligible Finished Inventory + 40% Eligible Unfinished Inventory	\$ 11,000,000	Revolving subject to annual review	BBSY	1%	1.25%
Cash Advance facility	\$12,500,000	\$ 10,931,272	4 years	BBSY	1.55%	1.25%

(c) Covenants

Covenant	Ratio/Condition	Start Date	End Date	Period
Interest Cover Ratio	ICR>4.0	1/07/2021	Termination date	Quarterly for preceeding 12 months rolling
Gross Leverage Ratio	Gross Leverage <2.00	1/07/2021	Termination date	Quarterly for preceeding 12 months rolling
Net Tangible Assets	NTA>\$35m	1/07/2021	Termination date	Quarterly

(d) Risk exposure

Details of the Groups exposure to risks arising from current and non-current borrowings are set out in note 2. The Group is currently in compliance with all covenants.

(e) Fair value disclosures

The fair value of borrowings for the Group are consistent with their carrying values above due to their short term nature.

(f) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2022	2021
	\$	\$
<i>Fixed & Floating charges</i>		
Plant and equipment	51,281,754	39,940,956
Motor vehicles	273,533	60,025
Trade Receivables	16,481,133	13,527,607
Inventory	10,711,258	7,955,809
<i>Total Fixed & Floating charges</i>	<u>78,747,677</u>	<u>61,484,398</u>
Total assets pledged as security	<u>78,747,677</u>	<u>61,484,398</u>

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 14 : Contributed equity

	2022 Shares	2021 Shares	2022 \$	2021 \$
(a) Share Capital				
Fully paid ordinary shares	128,417,656	1,278,167,579	60,372,703	1,140,516,763
	128,417,656	1,278,167,579	60,372,703	1,140,516,763
(b) Movement in contributed equity:				
1 July (opening balance)	1,278,167,579	1,140,516,763	60,112,726	55,210,502
<i>Issues of shares during the year</i>				
Ordinary shares issued	5,000,000	167,811,470	400,000	5,231,500
Ordinary shares issued (Employee 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)
30 June (closing balance)	128,417,656	1,278,167,579	60,372,703	60,112,726

At 30 June 2022 there were 128,417,656 ordinary shares on issue.

Ordinary shares

Ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote.

Share Consolidation

During the year, Shareholders voted in favour of a 1-for-10 share consolidation which was completed on 2 December 2021.

Capital risk management

The Group's objectives when managing capital is to maintain an ability to trade profitably, so that they can provide returns for shareholders and benefits for other stakeholders and to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may seek to issue new shares and/or debt. Capital is monitored on its ability to fund the Group's objectives. Capital ratios monitored by management are those reported to the Group's financiers as part of its facility agreements (interest coverage, net tangible assets).

Note 15 : Reserves and accumulated losses

	2022 \$	2021 \$
(a) Share based payment reserve		
Movements in share based payment reserve were as follows:		
Balance 1 July	2,510,039	2,321,318
Share based payment expense	466,644	188,721
Balance 30 June	2,976,684	2,510,039

The share based payment reserve is used to recognise the fair value of shares issued.

	2022 \$	2021 \$
(b) Hedge Reserve		
Recognised in accordance with AASB9 - refer note 1	18,088	(400,698)

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 15 : Reserves and accumulated losses (continued)

(c) Accumulated losses

Movements in accumulated losses were as follows:

Balance 1 July	(1,806,947)	(6,081,986)
Net profit for the year	1,985,028	4,275,039
Balance 30 June	<u>178,082</u>	<u>(1,806,947)</u>

Note 16 : Cash Flow Information

a) Reconciliation of profit after income tax to net cash

	2022	2021
outflow from operating activities	\$	\$
Profit/(loss) for the year	1,985,028	4,275,039
Depreciation, amortisation and impairment	4,480,140	3,990,614
Employee share issue expense	466,644	188,721
Changes in operating assets and liabilities		
(Increase)/decrease in trade debtors	(2,953,525)	(1,053,634)
(Increase)/decrease in other debtors	(904,690)	(2,133,411)
(Increase)/decrease in inventories	(2,755,449)	(4,486,247)
(Increase)/decrease in deferred tax asset	333,148	1,379,725
Increase/(decrease) in trade creditors	536,372	(1,381,142)
Increase/(decrease) in current tax liability	880,559	433,966
Increase/(decrease) in current tax benefit (equity)	(140,023)	(33,568)
Increase/(decrease) in other operating liabilities	4,753,331	4,018,862
Increase/(decrease) in other provisions	142,065	156,542
Increase/(decrease) from effect of AASB 16 adjustments	247,470	277,999
Net cash inflow from operating activities	<u>7,071,071</u>	<u>5,633,466</u>

b) Non-Cash Financing and Investing Activities

	2022	2021
	\$	\$
Deferred Consideration - Matso's Acquisition	-	400,000
	<u>-</u>	<u>400,000</u>

c) Changes in Liabilities arising from Financing Activities

	Bank loans	Lease liability	Total
	\$	\$	\$
Balance at 1 July 2021	9,742,955	13,445,718	23,188,673
Net cash from/(used in) financing activities	(1,064,612)	(1,386,321)	(2,450,933)
Acquisition of leases	-	1,944,719	1,944,719
Balance at 1 July 2021	8,678,343	14,004,116	22,682,459
Net cash from/(used in) financing activities	12,903,610	(1,677,165)	11,226,445
Acquisition of leases	-	3,800,535	3,800,535
Balance at 30 June 2022	<u>21,581,953</u>	<u>16,127,486</u>	<u>37,709,439</u>

Lease liabilities were first recognised during FY20 as part of the adoption of AASB 16. As allowed under the standard the Group elected not to restate prior year comparatives.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 16 : Earnings Per Share

	2022	2021
Basic earnings per share ("EPS") (cents)	1.55	3.41
Diluted earnings per share (cents)	1.55	3.41

	\$	\$
(a) Basic earnings (loss) per share		
Profit used in calculating basic EPS	1,985,028	4,275,039
Weighted average number of ordinary shares used in calculating basic EPS	128,394,796	125,445,455

The profit used in the calculation of basic earnings per share equates to the net profit in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The weighted average number of ordinary shares used in calculating basic earnings per share does not include potential ordinary shares such as shares under option.

	2022	2021
	\$	\$
(b) Diluted earnings profit/(loss) per share		
Profit used in calculating diluted EPS	1,985,028	4,275,039
Weighted average number of ordinary shares used in calculating diluted EPS	128,394,796	125,445,455

The profit used in the calculation of basic earnings per share equates to the net profit in the Statement of Profit or Loss and Other Comprehensive Income.

The weighted average number of ordinary shares used in calculating diluted earnings per share does include potential ordinary shares such as shares under option.

Note 17 : 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. Where the Group offers to issue Incentive Shares to a Director, the Group may offer to provide the Director a limited recourse, interest free loan to be used for the purposes of subscribing for the Incentive Shares in the Group (refer Note 1: Significant Estimates and Judgements).

	Date Shares Granted	Loan Expiry Date	Issue Price	Balance at the start of the year	Granted during the year	Forfeited during the year	Balance at the end of the year	Vested at the end of the year
Employees and Management	2-Oct-15	2-Oct-22	0.063	2,840,000	-	-	2,840,000	2,840,000
Employees and Management	30-Jun-16	29-Sep-23	0.050	11,810,511	-	-	11,810,511	11,810,511
Employees and Management	30-Aug-17	29-Aug-24	0.050	117,318	-	-	117,318	93,854
Employees and Management	23-Apr-18	22-Apr-25	0.072	299,043	-	-	299,043	179,426
Employees and Management	1-Mar-19	28-Feb-26	0.011	470,000	-	-	470,000	282,000
Employees and Management	14-Jul-20	13-Jul-27	0.052	2,925,000	-	-	2,925,000	-
Non-Executive Director	19-Nov-20	29-Nov-27	0.063	300,000	-	-	300,000	-
Employees and Management	30-Nov-20	29-Nov-27	0.063	1,866,147	-	-	1,866,147	-
Employees and Management	3-May-21	5-May-28	0.090	1,690,000	-	-	1,690,000	-
Employees and Management	21-Dec-21	20-Dec-28	0.093	-	100,000	-	100,000	-
Total				22,318,020	100,000	-	22,418,020	15,205,792

The shares in this table are being presented on a post-consolidation basis.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 17 : Share-based payments (continued)

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

During the year 10,000 shares were issued to employees of the Group and corresponding non-recourse loans totalling \$930 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:

	21 December 2021	Total
Grant Date		
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 Volatility	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 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 in accordance with the most recent entitlements issue offer to Shareholders, all restriction conditions with regards to that particular tranche will be immediately waived, or
- Take Over Provision: Where a takeover bid for the Group's issued shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Group'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 Group or its amalgamation with any other Group, all restriction conditions applying to any Shares will be immediately waived, or

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 17 : 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 in accordance with the most recent entitlements issue offer to Shareholders, 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 value 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 \$466,644 for the year ended 30 June 2022.

	2022 \$	2021 \$
(b) Expenses arising from Share-based payments		
Employee and Executive Share Plan shares	466,644	175,759
Modified shares as per (ii)	-	118,465
Forfeited shares*	-	(105,503)
	466,644	175,759

* Shares forfeited by employees on cessation of employment

Note 18 : Related party transactions

(a) Key Management Personnel

Key Management Personnel as defined by AASB 124 Related Party Transactions are listed as follows:

(i) Executive Officers

Aaron Heary	Chief Operating Officer and Chief Strategy Officer
Marcel Brandenburg	Chief Financial Officer and Company Secretary

(ii) Executive Directors

John Hoedemaker	Managing Director
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(iii) Non-Executive Directors

Ian Olson	Chairman
Robert Gould	
Graeme Wood	

Directors have been in office from the start of the financial year to the date of this report unless otherwise stated.

No other employee had authority or responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly, during the financial year.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 18 : Related party transactions (continued)

<i>Key Management Personnel compensation</i>	2022	2021
	\$	\$
Short-term employment benefits		
- Executives & Executive Directors	1,082,778	1,138,450
- Non-Executive Directors	342,178	274,085
Long-term employment benefits		
- Executives & Executive Directors	-	-
Post-employment benefits	135,143	103,882
Share-based payments	23,402	104,701
	<u>1,583,500</u>	<u>1,621,117</u>

(b) Loans to key management personnel

Details of loans made to directors of the Group and other Key Management Personnel, including their personally related parties are set out below.

Key Management Personnel with loans during the financial year:

	Balance at the start of the year	Loans provided during the year	Loans paid back by the Employee	Interest paid and payable for the year	Interest not charged	Balance at the end of the year
2022						
Directors						
Ian Olson	612,986	-	-	-	-	612,986
John Hoedemaker	1,904,466	-	-	-	-	1,904,466
Robert Gould	612,986	-	-	-	-	612,986
Graeme Wood	189,000	-	-	-	-	189,000
Executive Key Management						
Marcel Brandenburg	558,493	-	-	-	-	558,493
Aaron Heary	1,780,466	-	-	-	-	1,780,466
Total	<u>5,658,397</u>	-	-	-	-	<u>5,658,397</u>

All loans to key management personnel are under the terms and conditions as set out in remuneration report relating to the incentive share plan.

Note 19 : Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	2022	2021
	\$	\$
Audit Services		
Audit and review of financial report		
BDO Audit (WA) Pty Ltd	109,923	88,019
Non-audit services		
BDO Corporate Finance (WA) Pty Ltd	-	5,000
BDO Advisory (WA) Pty Ltd	12,051	-
	<u>121,974</u>	<u>93,019</u>

Note 20 : Commitments

	2022	2021
	\$	\$
(a) Commitments		
The Group has the following commitments:		
	2022	2021
	\$	\$
Within one year	23,329,358	10,661,755
Later than one year but not later than five years	95,840,880	-
	<u>119,170,238</u>	<u>10,661,755</u>

These commitments relate to the purchase of products from distribution partners as part of distribution agreements.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 21 : Events occurring after the reporting date

Acquisition of Stomping Ground – The Group announced on 25 August 2022 that it had entered into a binding agreement to acquire leading Victorian brewer Stomping Ground.

Molson Coors & Magners distribution – From 1 July, the Group commenced distribution of Miller Chill, Miller Draught, Molson Canadian and Magners Irish Cider.

No further matter or circumstance has arise since 30 June 2022, 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 22 : Segment reporting

The consolidated entity is organised into two operating segments based on differences in products and services provided: Core Business and Hospitality.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors and management in assessing the performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Board and management reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting are consistent with those adopted in the financial statements.

The information reported to the Board is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Core	the manufacturing, marketing and selling of own branded beer, cider and other beverages
Hospitality	the operating of hospitality venues

Intersegment transactions

Intersegment transactions were made at market rates. The hospitality operating segment purchases finished goods from the core manufacturing operating segment. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that bear or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

Endeavour Group, Liquid Mix (WA) Pty Ltd and Australian Liquor Marketers Pty 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.

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 22 : Segment reporting (continued)

Operating segment information

Consolidated - 2022	Core \$	Hospitality \$	Total \$
Revenue			
Sales to external customers	57,141,714	12,887,783	70,029,497
Intersegment sales	689,060	39,602	728,662
Total sales revenue	57,830,774	12,927,385	70,758,159
Other revenue	1,065,069	236,861	1,301,930
Total segment revenue	58,895,843	13,164,246	72,060,089
Intersegment eliminations	-	-	(728,662)
Total revenue	58,895,843	13,164,246	71,331,427
EBITDA			
	7,416,667	948,760	8,365,427
Depreciation and amortisation	(4,000,876)	(479,264)	(4,480,140)
Finance costs	(972,123)	-	(972,123)
Profit before income tax expense	2,443,668	469,496	2,913,164
Income tax expense	(928,124)	-	(928,124)
Profit after income tax expense	1,515,544	469,496	1,985,040
Assets			
Segment assets	121,525,240	14,802,300	136,327,540
Intersegment eliminations	(12,056,241)	-	(12,056,241)
<i>Unallocated assets:</i>			
Deferred tax asset	163,176	-	163,176
Total assets	109,632,175	14,802,300	124,434,475
Liabilities			
Segment liabilities	56,590,853	15,268,806	71,859,658
Intersegment liabilities	(12,056,329)	-	(12,056,329)
<i>Unallocated liabilities:</i>			
Provision for income tax	880,559	-	880,559
Total liabilities	45,415,082	15,268,806	60,683,888

Note 23 : Contingencies and Guarantees

(a) Contingent assets or liabilities

The Group had no other contingent assets or liabilities as at 30 June 2022 or 2021.

(b) Guarantees

The Group has the following bank guarantees as at 30 June 2022 in respect to its leased commercial properties:

	2022 \$	2021 \$
Brewery - 14 Absolon Street, Palmyra 6057	193,430	193,430
Warehousing facility	148,000	148,000
Redfern Brewery Property	100,000	100,000
A Shed Brewery Property	-	500,000
	441,430	941,430

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 24 : Parent Entity Financial Information

The financial information for Good Drinks Australia Limited has been extracted from the books and records of the parent and has been prepared on the same basis as the consolidated financial statements except as described below:

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

Tax consolidation legislation

Good Drinks Australia Ltd and its wholly owned Australian subsidiary, Matsos Broome Brewing Pty Ltd, have formed an income tax consolidated Group.

For additional information, please refer to the Income Tax Expense details set out in note 5.

Guarantees entered into by the parent entity

Good Drinks Australia Limited has provided bank guarantees of \$441,430 (2021: \$941,430). Please refer to note 24 for additional information on Group guarantees.

Contingent liabilities of the parent entity

Good Drinks Australia Limited did not have any contingent liabilities as at 30 June 2022. Please refer to note 24 (a) for details of Group contingencies.

The individual statements for the parent entity show the following aggregate amounts:

	2022	2021
	\$	\$
Balance Sheet		
Current assets	34,925,191	31,662,391
Non-current assets	86,245,358	63,919,493
Total assets	121,170,549	95,581,884
Current Liabilities	31,187,206	27,885,315
Non-current liabilities	26,232,755	7,337,026
Total liabilities	57,419,961	35,222,341
Net assets	63,750,588	60,359,544
Contributed equity	60,372,703	60,112,726
Hedge reserve	18,088	(400,698)
Share options reserve	3,181,714	2,510,039
Accumulated profit/losses	178,082	(1,862,525)
Total Shareholders Equity	63,750,587	60,359,543
Profit for the year	1,985,028	4,275,039
Total comprehensive income for the year	2,403,815	3,947,723

Note 25 : Interest in subsidiaries

(a) Parent and ultimate controlling entity

The parent and ultimate controlling entity is Good Drinks Australia Limited, incorporated in Australia.

(b) Controlled entities

The investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

Subsidiary	Country of Incorporation	Holding %	
		2022	2021
Matso's Broome Brewing Pty Ltd	Australia	100	100
Regent Street Hospitality Pty Ltd	Australia	100	100
Cliff Street Hospitality Pty Ltd	Australia	100	100
Memorial Drive Hospitality Pty Ltd	Australia	100	-
Good Drinks Agency Pty Ltd	Australia	100	-

Good Drinks Australia Limited
Notes to the Financial Statements
For the year ended 30 June 2022

Note 26 : 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). The purpose of the acquisition was to add a strategically located venue to the Group's hospitality portfolio with a view to developing it into a branded Matso's experience.

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 30 June 2022.

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

INDEPENDENT AUDITOR'S REPORT

To the members of Good Drinks Australia Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Good Drinks Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Intangible Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Note 11 to the financial report discloses the individual intangible assets and the assumptions used by the Group in testing these assets for impairment.</p> <p>As required by Australian Accounting Standards, the Group performs an annual impairment test for its cash generating unit (“CGU”) to which indefinite life intangible assets have been allocated to determine whether the recoverable amount is below the carrying amount at reporting date.</p> <p>This was determined to be a key audit matter as management’s assessment of the recoverable value of intangible assets requires the use of estimates and judgements.</p> <p>These include estimates and judgements regarding CGU determination, expectation of possible future revenues, growth rates and the associated discount rate applied as disclosed in Note 1 and Note 11 to the financial report</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the CGU identified and the allocable assets and liabilities; • Evaluating forecast cash flows by assessing the accuracy of historic forecasts against actual results; • Challenging key inputs used in management’s impairment assessment including the following: <ul style="list-style-type: none"> ○ Assessing the discount rate used by management for reasonableness; ○ Comparing the future growth rate with economic and industry forecasts; ○ Assessing the Group’s forecast cash flows is consistent with our knowledge of the business and board approved budgets; ○ Performing sensitivity analysis on the revenue, growth rates, gross profit margins, discount rates; and ○ Assessing the reasonableness of management’s value in use model by comparing the recoverable value to the market capitalisation of the group. • Assessing the adequacy of the related disclosures in Note 1 and Note 11 of the financial report.

Acquisition of Joes Waterhole

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the financial year ended 30 June 2022, the Group acquired Joes Waterhole as disclosed in Note 26 of the financial report.</p> <p>The accounting for this acquisition is a key audit matter as it involved estimation and judgement in determining the consideration paid and the fair value of net assets acquired.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing the acquisition agreement to understand the key terms and conditions of the transaction; • Obtaining a copy of the external valuation report to assess the determination of the fair value of property, plant and equipment acquired; • Assessing the independence and competence of management’s specialist who valued the property, plant and equipment • Assessing the identification of net assets acquired for completeness; • Assessing the fair value of intangible assets acquired to publicly available external sales price information; • Challenging management’s methodology and assumptions used to identify and determine the fair value of assets acquired and liabilities assumed; and • Assessing the appropriateness of the related disclosures in Note 26 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Good Drinks Australia Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 30 August 2022

Good Drinks Australia Limited
Additional ASX Information
As at 29 August 2022

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in the annual report is as follows. This information is as at 29 August 2022.

Substantial Shareholders (holding more than 5%)

Shareholder	Fully Paid Ordinary Shares	
	Ordinary Shares	Percentage
Citicorp Nominees Pty Limited	20,627,143	16.07%
National Nominees Limited	15,213,882	11.85%
J P Morgan Nominees Australia Pty Limited	9,933,633	7.74%

Top 20 Shareholders

(a) Fully Paid Ordinary Shares

Shareholder	Fully Paid Ordinary Shares	
	Ordinary Shares	Percentage
Citicorp Nominees Pty Limited	20,627,143	16.07%
National Nominees Limited	15,213,882	11.85%
J P Morgan Nominees Australia Pty Limited	9,933,633	7.74%
Mr Shimin Song	5,188,142	4.04%
Smooth Seas Pty Ltd	4,825,400	3.76%
Heytesbury Pty Ltd	4,320,944	3.37%
Nice Day For A Walk Pty Ltd	3,068,784	2.39%
Broadgate Investments Pty Ltd	2,762,337	2.15%
Nice Day For A Walk Pty Ltd	1,415,125	1.10%
Robert Gould	1,229,826	0.96%
Jennifer Madeline Olson	1,225,973	0.96%
Giromol Pty Ltd	1,083,853	0.84%
Mr Marcel Brandenburg	1,012,986	0.79%
Mr Matthew Lloyd Morisey	1,012,986	0.79%
Mintox Investments Pty Ltd	880,000	0.69%
Surplus Pty Ltd	803,853	0.63%
Mr Lee Behan	800,000	0.62%
Mr John-Paul Murphy	800,000	0.62%
Mr Richard Spicer	800,000	0.62%
Ms Linda Suzanne Hoedemaker	800,000	0.62%
	77,804,867	60.63%

Distribution of Holders of Ordinary Fully Paid Shares

Range	Total Holders	Units	Percentage
1-1,000	1,168	729,260	0.57%
1,001-5,000	1,711	4,182,971	3.26%
5,001-10,000	526	3,999,767	3.12%
10,001-100,000	699	21,198,015	16.52%
100,001 and above	102	98,228,313	76.54%
Total	4,206	128,338,326	100.00%

Number of holders with an unmarketable holding: 635, with total 255,875, amounting to 0.2% of Issued Capital

Voting rights

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and upon a poll each share is entitled to one vote. Options have no voting rights.

Shares and Options subject to escrow

As at 29 August 2022 there are nil ordinary shares and options held in escrow.