



P. 08 9314 0000
hello@gooddrinks.com.au
14 Absolon St. Palmyra WA 6157

PO Box 2024 Palmyra DC
Western Australia 6169
ABN: 22 103 014 320

ASX:
GDA

ASX Announcement

28 November 2024

2024 AGM CHAIRMAN'S ADDRESS

Good morning,

My name is Ian Olson, I am the Chair of Good Drinks Australia Limited and, on behalf of your Board, I am pleased to address shareholders at today's 2024 AGM.

As previously announced, the Company delivered a solid performance for the 2024 financial year. The Group reported record revenue, reflecting expansion across all business units, including core operations, agency and hospitality, which our CEO John Hoedemaker will cover in more detail later in the meeting.

Throughout the year your Company has continued to prioritise investment in the essential value drivers of sales and marketing, as part of a clear and deliberate strategy to grow market share, which the Board believes will ultimately deliver a valuation of the Company not currently reflected by the prevailing share price. We believe this is particularly achievable in an unlisted environment, which I will expand on a little later.

This continued investment in sales and marketing, which by its nature is incurred ahead of expected growth in revenue, has created the country's largest independent national sales, distribution and marketing platform, making Good Drinks the country's fourth largest national brewer, and the fastest growing amongst this cohort.

Assisted by earnings contributions from our international partner brands and our large-format hospitality operations in Western Australia and Queensland, the Group has built a resilient, diversified cash generating business, capable of sustaining growth over the long-term.

The entire team at Good Drinks Australia is to be commended for their passion, professionalism and commitment to growing a world-class operation, with a mission to have a Good Drinks beverage in every fridge and pub in the country.

While the year was another strong performance for the Company, we remain of the view that the Company is not being fully valued by the market on the ASX, hence the announcement in late October of our decision to seek shareholder approval to delist and become an unlisted public Company.

This has not been a knee-jerk decision; rather the Board has been considering the next steps for the business for some time.

After undertaking thorough due diligence and reviewing comparable transactions within our industry, the Board is of the belief that the



Company is significantly undervalued on key industry metrics, hence we are confident that removing the Company from the ASX is a sensible move for Good Drinks and will be a positive step for the business and all shareholders.

One of the main reasons a company might list on a stock exchange is to provide it with the ability to raise money to fund its business and growth ambitions. That was Good Drinks' (then Gage Roads') initial imperative to list, however that was also 20+ years ago.

We no longer have a need to raise money via the public markets; we are in a strong financial position and the need for potential capital injections from investors is neither required nor anticipated in the foreseeable future, if ever.

We think we can create better value for all shareholders, and better opportunities for our staff, without the ASX listing, instead focusing on our business and growth strategy.

Maintaining an ASX listing is both time consuming and expensive. No longer being listed will allow the Company and Management to expend more energy on the core business as we continue to build on our success.

The proposed delisting requires the approval of you, our shareholders, as a part of this meeting today. We have endeavoured to provide as much relevant information to shareholders as possible with respect to the delisting process through our public disclosures, and hope you feel well-informed as a result.

Please also be aware that even as an unlisted public company, we have numerous ongoing obligations under the Corporations Act, to ensure our shareholders remain suitably updated on our financial and operational performance.

Good Drinks has a vested interest in maintaining strong engagement with its shareholders, which includes many of our staff, as well as other stakeholders (such as customers and agency brand partners) who have supported the Company over many years.

I can assure you that the Board is committed to maintaining strong governance and disclosure obligations as an unlisted public company. As part of this commitment, we are exploring a suitable mechanism for maintaining independent research and providing a regular independent valuation for the Company based on typical financial and industry metrics to disclose to shareholders on an annual basis.

Once the delisting process is completed, we look forward to communicating directly with our shareholders and developing and executing on strategy without constantly revealing our plans to competitors as required in a listed public company environment.

On behalf of your Board, I would also like to thank all shareholders for your patience and ongoing support as together we look forward to a time when the true value of Good Drinks Australia is finally reflected in our valuation.

Sincerely,

Ian Olson

Non-Executive Chairman



MANAGING DIRECTOR'S AGM COMPANY PRESENTATION

Please find attached a presentation held by Managing Director John Hoedemaker at the Company's AGM today.

-END-

This announcement has been authorised by the Board of Directors.

Marcel Brandenburg
Company Secretary
Good Drinks Australia Limited
investors@gooddrinks.com.au

John Gardner
VECTOR Advisors
M: +61 413 355 997



GOOD
DRINKS
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ANNUAL GENERAL MEETING

28 November 2024





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CIDER

Coors

Miller®



San Miguel®

Ian Olson

Non-Executive Chairman

PROXY SUMMARY

| | Resolution | For | Against | Discretionary |
|---|---|------------|-----------|---------------|
| 1 | Remuneration Report | 72,449,665 | 1,522,169 | 100,046 |
| | | 97.81% | 2.05% | 0.14% |
| 2 | Re-election of Mr Ian Olson as Director | 77,122,309 | 1,208,612 | 95,906 |
| | | 98.34% | 1.54% | 0.12% |
| 3 | Appointment of Auditor | 92,280,305 | 233,452 | 157,399 |
| | | 99.58% | 0.25% | 0.17% |
| 4 | Removal from the Official List of ASX | 91,016,328 | 1,684,630 | 121,118 |
| | | 98.05% | 1.81% | 0.13% |

RESOLUTIONS

| | Resolution | |
|---|--|--|
| 1 | Adoption of Remuneration Report | <i>"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2024."</i> |
| 2 | Re-election of Director –Ian Olson | <i>"That, pursuant to and in accordance with Listing Rule 14.4 and Article 13.2 and for all other purposes, Mr Ian Olson, Director, retires and being eligible, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."</i> |
| 3 | Appointment of Auditor | <i>"That, for the purposes of sections 327B(1)(b) of the Corporations Act and for all other purposes, BDO Audit Pty Ltd of Level 9, Mia Yellagonga Tower 2, Perth, Western Australia, having been nominated by a Shareholder and having consented in writing to act in the capacity as auditor of the Company, be appointed as auditor of the Company, effective immediately."</i> |
| 4 | Removal from the Official List of ASX | <i>"That, for the purposes of Listing Rule 17.11 and all other purposes, Shareholders approve the removal of the Company from the Official List on a date to be decided by ASX (being a date no earlier than one month after the date this resolution is passed), and that the Directors be authorised to do all things reasonably necessary to give effect to the delisting of the Company from the Official List."</i> |

John Hoedemaker

Managing Director





OUTLINE

1. FY24 in review
2. FY25 YTD
3. Delisting rationale
4. Maximising shareholder value

FY24 IN REVIEW

GROUP EBITDA¹

\$8.2m

▲ 16%

CORE BUSINESS EBITDA

\$3.7m

▲ 263%

HOSPITALITY BUSINESS EBITDA¹

\$4.5m

▲ -%

OWN-BRAND VOLUME

15m Litres

▲ 10%

PARTNER BRAND VOLUME

11.6m Litres

▲ 4%

TOTAL VOLUME

27.2m Litres

▲ 7%

¹ Underlying EBITDA (excludes \$4.5m impairment of Atomic Redfern)



FY24 RESULTS

Good Drinks Core Business

- 7% volume growth drove 7% revenue growth in Core business
- Improved gross contribution margin from 36% to 38%
- Appropriate levels of sales & marketing investment in FY24 (up \$0.5m), focused on key markets delivered maximum impact.
- Significant improvement in GDA Core EBITDA¹ ▲ 205% in FY24 to \$3.7m (FY23: \$1.2m)

Good Drinks Hospitality Business

- Hospitality business unit maintains strong, consistent cashflow and earnings.
- Matso's Sunshine Coast performing in line with business case expectations.
- Atomic Redfern \$4.5m write-down¹ (non-cash) to reflect asset divestment value.

| FY24 Summary (MILLIONS) | | GOOD DRINKS CORE | GOOD DRINKS HOSPITALITY | GROUP |
|----------------------------|---------------------------|------------------------|-------------------------------|------------|
| | Litres Sold | 27.2 | 0.4 | 27.6 |
| | Revenue | 83.3 | 26.3 | 109.6 |
| | Cogs & Variable Costs | (51.8) | (16.6) | (68.4) |
| | Gross Contribution | 31.5 | 9.7 | 41.2 |
| | GC % | 38% | 37% | 38% |
| | Sales | (9.0) | - | (9.0) |
| | Marketing | (9.9) | - | (9.9) |
| | Operating Costs | (8.8) | (5.2) | (14.1) |
| | UNDERLYING EBITDA | 3.7 | 4.5 | 8.2 |
| | Atomic Redfern Impairment | - | (4.5) | (4.6) |
| | STATUTORY EBITDA | 3.7 | (0.0) | 3.6 |

FY25 YEAR TO DATE

Good Drinks Core Business

- Q1 FY25 Total volume ▲ 9% vs PYCP¹.
- GDA own brands continued to outperform the beer market² up ▲ 12% vs PYCP.
- Partner brand volumes cycling well in competitive market segments.
- GDA recognised as Account Team of the Year with Endeavour Group³.

Good Drinks Hospitality Business

- Hospitality business unit maintains strong, consistent cashflow and earnings.
- Trading ahead of expectations

¹ Prior Year Comparative Period, being 3 months to 30 September 2023.

² Source: Circana MarketEdge Australia Liquor Weighted MAT to 1 September 2024, Retail Only.

³ EDG - Australia's largest liquor retailer trading as Dan Murphy's, BWS, ALH Hotels, Jimmy Brings.

| Million Litres | Q1 FY25 | Q1 FY24 | CHG % |
|---------------------------|-------------|-------------|-----------|
| Own-Brand Volume | 3.44 | 3.09 | 12% |
| Partner Brand Volume | 2.32 | 2.38 | -3% |
| Contract-Brewed Volume | 0.29 | 0.11 | 175% |
| Total Volume | 6.05 | 5.57 | 9% |

DELISTING RATIONALE

- Illiquidity and structural change in the small cap sector resulting in incorrect valuation.
- GDA's priority on market share over short-term earnings (market share strategy) is not suited to the ASX environment.
- Delisting positions our business to achieve a valuation more closely aligned with industry valuation metrics.
- Engage with shareholders directly without publicly revealing commercially sensitive information to competitors.
- Reduced costs of compliance.
- GDA does not require access to equity capital to pursue its market share strategy.



MAXIMISING SHAREHOLDER VALUE

- GDA is undertaking a market share strategy to grow own-brand volumes towards ~18-20m Litres.
- Accelerated investment in sales & marketing expenditure.
- Market share is the most appropriate metric to value brands and businesses in the beer industry.
- Comparable acquisitions by major brewers indicate valuations on a dollar-per-litre basis of \$18-\$20 per litre.
- GDA's balance sheet is appropriately geared and resilient.
- Additionally, GDA has options to unlock capital and reduce debt by:
 1. Optimising working capital
 2. Sale & Leaseback of property assets



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good company*

GDA™

