



ASX Announcement

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ASX:
GDA

Proposed Voluntary Delisting from the ASX

Good Drinks Australia Ltd (**Good Drinks** or the **Company**) (ASX: **GDA**) advises that it has submitted a formal request to the Australian Securities Exchange (**ASX**) to be removed from the official list of the ASX (**Official List**) in accordance with ASX Listing Rule 17.11 (**Delisting**).

The ASX has subsequently confirmed it will remove Good Drinks from the Official List, subject to certain conditions being satisfied, including Good Drinks obtaining shareholder approval for the Delisting, which will be sought at the Company's upcoming Annual General Meeting (**AGM**), to be held on 28 November 2024. Refer to the Notice of Meeting for the AGM which will be released shortly for further details.

Background and Rationale for the Delisting

The Company has seen continued growth in GDA proprietary brands, market share, and earnings (as detailed in the recent Q1 FY25 Quarterly Update, dated 22 October 2024). However, the Company's Board of Directors (**Board**) believes the Company remains significantly undervalued by the market when compared to typical industry metrics such as sales volume, revenue, market share, and brand positioning.

In seeking shareholder support for the Company's delisting, the Board is confident that operating as an unlisted public company, and continuing to focus on growing market share, will allow the Company to achieve a valuation more closely aligned with industry metrics. This could be realised through a potential trade sale or asset sale.

Over the past 5 years, the Company has successfully implemented a strategy focused on growing the market share of its proprietary brands by consistently reinvesting gross contributions into sales, marketing, and other brand growth initiatives. This deliberate approach has resulted in sales of the Company's GDA brands growing to more than 15 million litres per annum, establishing GDA as the fourth largest, fastest-growing brewing business in Australia.

The strategy, although impacting short-term earnings, underwrites future years' market share growth, and the Board has strong conviction that GDA brand market share is ultimately the determinant of maximum value for shareholders.

In addition to the substantial growth in GDA owned brands, the Company has doubled the revenue of its core business through the successful onboarding of leading international partner brands, in line with its broader portfolio strategy. The successful launch of a significant hospitality division has further contributed annual sales of \$29 million and



\$4.5 million in EBITDA, further strengthening the Company's financial position. However, GDA's continued market share and own brand growth is not, in the Board's view, reflected in the Company's share price.

The relative undervaluation is evident when comparing GDA's enterprise value - which reflects a value of approximately \$4 per litre for GDA's core business (excluding hospitality) - to typical industry valuation metrics, which range between \$18 to \$20 per litre based on factors such as sales volume, market share, brand growth and brand margins.

Considering these factors, the Board has determined that the Company will pursue a strategy designed to further accelerate growth in market share, which it views as being the ultimate determinant of shareholder value. This strategy aims to aggressively increase GDA's proprietary brand sales volumes from the current 15 million litres per annum to approximately 18–20 million litres.

As part of the implementation of this strategy, the Board is proposing (subject to shareholder approval) to delist from ASX. The Board considers that an unlisted status will provide the Company with the greatest flexibility to execute its market share strategy and in turn, explore other potential value-enhancing opportunities, including corporate and asset-level transactions.

With well established, strong performing brands, consistent growth profile and robust financial position, GDA is ideally placed to take this next step on the path to delivering value to shareholders.

Managing Director, John Hoedemaker, said the listed company environment was "simply no longer fit for purpose" if Good Drinks is to fulfil its true potential as one of Australia's largest independent brewers.

"Good Drinks' share price performance in recent years has not reflected the inherent value of the business for some time and, as a listed company, remains at the mercy of macro-economic and capital market factors that are unrelated to us, as well as being beyond our control.

"We believe that aggressively pursuing a strategy to grow GDA proprietary brand sales volumes and market share is a more effective way to create value for Good Drinks shareholders. Prioritising this strategic investment in sales and marketing to grow volumes, rather than a focus on bottom-line earnings, is more suited to an unlisted company environment.

"In pursuing the Delisting strategy, the Board is committed to maintaining strong governance and continuous disclosure obligations as an unlisted public company. Importantly, we look forward to communicating directly with our shareholders, developing and executing on our strategy without continually revealing our plans to competitors in a listed company environment.

"We have enjoyed a positive relationship with the ASX, and success as a listed public company. With a long history of positive operating cashflows and a sustainable underlying business that no longer requires access to equity capital as a listed public company, we feel that the



timing is right for Good Drinks to pursue the next phase of its growth in an unlisted public company structure."

In determining to pursue the Delisting, the following matters were relevant to the Board's considerations:

Share trading prices undervalue the Company:

The prices at which the Company's shares are (and have been) trading on the ASX, and by extension, the Company's market capitalisation (being approximately \$45 million as at 24 October 2024), are materially lower than the value of its net assets of approximately \$61.7 million (as at 30 June 2024).

Further, the Board believes that the current and recent market capitalisation of the Company does not accurately reflect the underlying value of the Company's business and brands, including any future prospects.

Following the Delisting, the Board believes that, instead of an undervalued public market capitalisation being the primary reference of value, future valuations will be based on an appraisal of the Company's business, brand value, operational fundamentals and future prospects.

Limited trading and liquidity:

There has been a significant lack of liquidity in the trading of the Company's shares on the ASX, and historical trading history over the past 12 months shows very low trading volume in the Company's shares.

Recent monthly trading volumes of GDA shares				
Month	Monthly Volume	Monthly volume / Issued Shares	Average Daily Volume Traded	Average Daily Value traded in month
September	394,997	0.30%	18,809	\$ 5,166
August	1,538,145	1.16%	69,916	\$ 19,167
July	4,849,671	3.67%	220,440	\$ 65,354
June	16,539,158	12.52%	870,482	\$ 247,693
May	4,445,789	3.36%	193,295	\$ 59,065
April	1,276,956	0.97%	63,848	\$ 20,481
March	1,180,880	0.89%	59,044	\$ 19,737
February	1,860,004	1.41%	88,572	\$ 31,643
January	562,783	0.43%	26,799	\$ 10,976
December	358,431	0.27%	18,865	\$ 8,868
November	907,610	0.69%	41,255	\$ 20,812
October	830,917	0.63%	37,769	\$ 15,171

In the 12 months to August 2024, the average monthly trading volume of GDA shares was only 2.19% of the register.

Removing June 2024, which was an outlier month due to the facilitation of block-trades to transition some institutional investors into new holders (including Board and Management and other long-term holders), that average falls to just 1.25% of the register.



Customer, Strategic and Corporate Opportunities:

The Board believes that following the Delisting, the Company will have greater flexibility to pursue and execute its market share strategy, as well as pursue other potential value-enhancing strategic opportunities and potential corporate and/or asset level transactions, which the Board considers will create enhanced value to shareholders in an unlisted public company environment.

Costs:

Following the Delisting, the Company will reduce its financial, administrative and compliance obligations and costs associated with maintaining an ASX listing, freeing up working capital for investment in brand growth strategies.

Management Time and Effort:

A significant portion of the Company's management time is dedicated to matters, directly and indirectly, relating to the Company's ASX listing and obligations.

Following the Delisting, the Company's key management personnel's time can be spent on other business and operational matters that would add value to the Company and better benefit its shareholders, with a laser-focus on executing the Company's market share strategy.

Market Share Strategy:

The Company is committed to undertaking a strategy over the medium-term to increase its market share as measured by sales volume.

This strategy is less conducive to the listed company environment, where certain stakeholders are often more focused on the shorter term (half year and annual) earnings performance of the Company.

GDA's pursuit of its Market Share Strategy will require continual reinvestment of gross contributions in the short-term to drive future year volume and market share growth across its portfolio of brands.

Conditions for the Delisting

ASX's decision to approve the Delisting is subject to the Company's compliance with the following conditions:

- (a) The request for removal of the Company from the Official List of ASX is approved by way of a special resolution of the shareholders of the Company.
- (b) The notice of meeting seeking shareholder approval for the Company's removal from the Official List must include, in form and substance satisfactory to ASX, setting out:
 - i. a timetable of key dates, including the time and date at which the Company will be removed from ASX if that approval is given;
 - ii. a statement to the effect that the removal will take place no earlier than one month after approval is granted;
 - iii. a statement to the effect that if shareholders wish to sell their securities on ASX, they will need to do so before the Company is removed from the Official List, and if they do not, details of



the processes that will exist after the Company is removed from the Official List to allow holders to dispose of their holdings and how they can access those processes; and

- iv. to the satisfaction of ASX, the information prescribed in section 2.11 of ASX Guidance Note 33.
- (c) The removal of the Company from the Official List must not take place any earlier than one month after security holder approval has been obtained so that security holders have at least that period to sell their securities on ASX should they wish to do so.
- (d) The Company must apply for its securities to be suspended from quotation at least two (2) business days before its proposed removal date.
- (e) The Company releases the full terms of this decision to the market upon making a formal application to ASX to remove the Company from ASX.

The Company intends to fully comply with the above conditions.

The Company has obtained approval from the ASX in respect to the Delisting and the full text of ASX's approval is detailed in the Annexure to this announcement.

Delisting Timetable

The proposed timetable for the Delisting is as follows:

Event	Key Dates*
Formal Delisting Application Submitted to ASX	29 October 2024
Notice of AGM seeking shareholder approval for the Delisting dispatched to shareholders	29 October 2024
AGM held to approve Delisting	28 November 2024
Results of Meeting	28 November 2024
Suspension Date	23 December 2024
Anticipated Delisting Date (date on which Delisting is expected to take effect)	30 December 2024

*All dates in the above timetable are Indicative only and may be subject to change by the Company or ASX. The key dates above are linked to the resolutions included in the Notice of AGM and accordingly are conditional on approval by shareholders. Any material changes to the timetable will be announced by the Company to the ASX.

Shareholders are advised that the purpose of the condition that the Delisting must not take place any earlier than one month after shareholder approval has been obtained is so that shareholders have a period of time to sell their Good Drinks shares on ASX should they wish to do so.

Consequences of the Delisting for the Company and its Shareholders

If the Delisting proceeds, the key consequences for the Company and its shareholders are as follows:

- (a) The Company's shares will cease to be quoted and traded on the ASX and shareholders will no longer be able to trade their Good Drinks shares on the ASX.



- (b) The Company's shares will only be capable of sale via off-market private transactions which will require shareholders of the Company to identify and agree terms with potential purchasers of the Company's shares in accordance with the Company's constitution and the *Corporations Act 2001* (Cth) (**Corporations Act**).
- (c) As a public unlisted company, the Company will no longer be able to raise capital from the issue of securities to the public by means of limited disclosure fundraising documents and associated cleansing notice regime. If the Company intends to undertake an equity capital raising following the Delisting, it will be required to either offer securities pursuant to a full form prospectus or via a placement to sophisticated and/or professional investors (to whom a prospectus is not required).
- (d) The Company will no longer be required to comply with the ASX Listing Rules or adopt the ASX Corporate Governance Principles and Recommendations on an "if not why not" basis. Further, shareholders will no longer be required to provide notices of Initial substantial holding notices (ASIC Form 603) and substantial holding movements (ASIC Form 604) and directors will no longer have to notify ASX of their dealings in securities of the Company.
- (e) The Company will continue to be governed by its constitution and the Corporations Act, including in respect to:
- i. for as long as the Company has more than 50 members, the takeover provisions under Chapter 6 of the Corporations Act;
 - ii. for as long as the Company has at least 100 members, the Company will remain an "unlisted disclosing entity" and will be subject to the continuous disclosure obligations in section 675 of the Corporations Act (which require the lodgement of certain material information with ASIC);
 - iii. the preparation and lodgement of audited annual and, so long as the Company remains an "unlisted disclosing entity", audited or reviewed half-year financial statements under Part 2M.3 of the Corporations Act; and
 - iv. the requirement to hold an annual general meeting each year.

Arrangements for Shareholders to sell Shares

If Shareholders wish to sell their Good Drink shares, they may either do so on the ASX prior to the Delisting or through off-market private transactions post Delisting.

Further, in parallel with the Delisting, the Company intends to establish a non-marketable parcel share sale facility under which shareholders holding shares with a market value of less than \$500 as at 24 October 2024 (being the **Record Date**) will have their shares sold without having to act through a broker or pay brokerage or handling fees. The Company will pay the costs associated with the sale and transfer of shares through the non-marketable parcel sale facility (excluding any tax consequences on the sale). Refer to the ASX announcement in respect to the non-marketable parcel sale facility which will be released shortly for further details.



Eligible shareholders will have the ability to elect to "opt out" of the facility by completing and submitting a retention form to the Company in accordance with the instructions detailed in the announcement. Shareholders are advised that the non-marketable parcel sale facility is separate to, and independent of, the Delisting and will be completed irrespective of whether the Delisting proceeds.

Remedies Available to Shareholders

Part 2F.1 of the Corporations Act:

In the circumstances whereby a shareholder considers the Delisting to be contrary to the interest of shareholders as a whole, or oppressive to, unfairly prejudicial to, or discriminatory against a shareholder or shareholders, that shareholder may apply to the court for an order under Part 2F.1 of the Corporations Act.

The Court can make any order under section 233 of the Corporations Act that it considers appropriate in relation to the Company. This may include an order that the Company be wound up or an order regulating the conduct of the Company's affairs in the future.

Part 6.10 Division 2 Subdivision B of the Corporations Act

In the circumstances whereby a shareholder considers that the Delisting involves "unacceptable circumstances" that shareholder may apply to the Takeovers Panel for a declaration of unacceptable circumstances or orders under Part 6.10 Division 2 Subdivision B of the Corporations Act (refer to Guidance Note 1: Unacceptable Circumstances issued by the Takeovers Panel).

Pursuant to section 657D of the Corporations Act, If the Takeovers Panel has declared circumstances to be unacceptable under section 657A of the Corporations Act, it may make an order that it thinks appropriate to (amongst other matters) protect the rights or interests of any person or group of persons where it is satisfied that those rights or interests have been or are affected, or will be or are likely to be affected, by the circumstances.

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This announcement has been authorised by the Board of Directors.

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Annexure - ASX Decision

- 1 Based solely on the information provided, ASX Limited ('ASX') agrees to the removal of Good Drinks Australia Ltd (the 'Company') from the Official List of ASX Limited on a date to be determined by ASX in consultation with the Company, subject to compliance with the following conditions:
 - 1.1 The request for removal of the Company from the Official List of ASX is approved by way of a special resolution of the shareholders of the Company.
 - 1.2 The notice of meeting seeking shareholder approval for the Company's removal from the Official List of ASX must include, in form and substance satisfactory to ASX, setting out:
 - 1.2.1 a timetable of key dates, including the time and date at which the Company will be removed from ASX if that approval is given;
 - 1.2.2 a statement to the effect that the removal will take place no earlier than one month after approval is granted;
 - 1.2.3 a statement to the effect that if shareholders wish to sell their securities on ASX, they will need to do so before the Company is removed from the Official List of ASX, and if they do not, details of the processes that will exist after the Company is removed from the Official List to allow holders to dispose of their holdings and how they can access those processes; and
 - 1.2.4 to the satisfaction of ASX, the information prescribed in section 2.11 of ASX Guidance Note 33.
 - 1.3 The removal of the Company from the Official List must not take place any earlier than one month after security holder approval has been obtained so that security holders have at least that period to sell their securities on ASX should they wish to do so.
 - 1.4 The Company must apply for its securities to be suspended from quotation at least two (2) business days before its proposed removal date.
 - 1.5 The Company releases the full terms of this decision to the market upon making a formal application to ASX to remove the Company from ASX.
2. ASX has considered Listing Rule 17.11 only and makes no statement as to the Company's compliance with other Listing Rules.



Basis for Confirmation Decision

Listing Rule 17.11

4. ASX may remove an entity from the Official List of ASX at the request of an entity. Removal from the Official List at an entity's request recognises that remaining listed may no longer be suitable for a listed entity at a particular stage in its existence. There is no requirement for ASX to act on the request. ASX's power not to agree to requests for delisting enables it to ensure that delisting is not sought for inappropriate reasons or conducted in a way that is clearly harmful to the market or to shareholders' legitimate interests. ASX may impose conditions on granting the request. The power to impose conditions enables ASX to ensure that an orderly market is maintained in the period leading up to the delisting, and that the listed entity makes appropriate arrangements in connection with its delisting. These conditions may include: (i) seeking shareholder approval for delisting by way of a special resolution; (ii) giving advanced notice of an amount of time which is adequate to the particular circumstances; or (iii) providing alternative arrangements for shareholders to exit their investment before or after delisting.

Facts/Reasons for providing the Confirmation

5. The circumstances faced by the Company are those to which 2.7 of Guidance Note 33 applies. Where an entity requests removal from the Official List of ASX and its ordinary securities are not readily able to be traded on another exchange, ASX will usually require the entity to obtain shareholder approval for removal from the Official List by way of a special resolution.

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