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ASX ANNOUNCEMENT

13 October 2020

PROGRESS UPDATE – Q1 FY21

Gage Roads Brewing Co Ltd (“**Gage Roads**” or “**The Company**”) (ASX: **GRB**) is pleased to report to the market on the ongoing progress of the business.

Q1 FY21 Highlights (3 months)

- Total Good Drinks volume up 118% on Q1 last year
- Excellent momentum to continue growth in upcoming summer months
- Strong execution in retail and on-premise
- Atomic Beer Project in Redfern open and trading above expectations

The significant momentum generated in Q1 provides us confidence that the Company is well on track to deliver on its H1 and full year volume, margin and earnings expectations.

Q1 Sales Results (3 months)

Our response to COVID-19, including maintaining production, continuity of supply and our Good Drinks team engaged with customers has paid off and has set the business up for success in Q1. Sales of Good Drinks brands have increased by 118% compared to the same quarter in the previous year. The uplift in sales was driven by a 250% increase in sales to the national retail chains, a 140% increase in sales to the independent retail channel and a 25% increase in draught keg sales. Brand-in-hand volumes were down on Q1 prior year as there were fewer events being held due to COVID restrictions.

The Good Drinks team’s focus on meticulous planning, best in class activations and execution mindset has been instrumental in delivering the successful Q1 result and the team continues to perform strongly. The promotional programming in place for Q2 is expected to continue the sales momentum.

Gage Roads Brewing Co Limited is one of Australia’s leading craft breweries.

Since commencing brewing operations in 2004, Gage Roads Brewing Co Limited has been at the forefront of the thriving craft beer industry, producing some of Australia’s most popular beer and cider brands including Alby, Atomic Beer Project, Hello Sunshine, Matso’s Broome Brewery and the Gage Roads range of craft beers.

Gage Roads Brewing Co’s distribution extends across Australia through its national sales and marketing team, Good Drinks Australia, providing its portfolio of award-winning beer and cider to Australia’s leading retailers and hospitality venues.

Sales by channel (million Litres)	Q1 FY21	Q1 FY20	Growth
National Chains	0.7	0.2	250%
Independent Retailers	1.2	0.5	140%
Draught	0.5	0.4	25%
Brand-in-hand	0.2	0.4	-50%
Total Good Drinks volume	2.6	1.5	73%
Contract -Brewed Brands	1.1	0.9	22%
Total Volume	3.7	2.4	54%

Sales by category (million Litres)	Q1 FY21	Q1 FY20	Growth
Good Drinks Brands	2.4	1.1	118%
Contract -Brewed Brands	1.1	0.9	22%
Total Underlying Volume	3.5	2.0	75%
Good Drinks "Brand-in-hand" volume	0.2	0.4	-50%
Total Volume	3.7	2.4	54%

Venues

Atomic Beer Project

We have successfully opened the *Atomic Beer Project* in Redfern (www.atomic.beer). Trading in the first few weeks has been very strong and has exceeded our internal revenue expectations. Visitor feedback has also been very positive and the social media engagement has been great.

We are happy with our decision to open the venue almost 4 weeks ago and look forward to hospitality restrictions easing further in NSW over the next few months.

A Shed

During the quarter, we announced our plans to establish a flagship venue for Gage Roads by securing the rights to lease the iconic A-Shed in Victoria Quay at Fremantle Harbour.

We are currently in the process of obtaining the required approvals and expect to commence construction early in 2021 with a view to opening the doors prior to Christmas 2021.

We continue to investigate opportunities for additional venues to drive brand awareness in other key markets in Australia.

The creation of microbreweries and hospitality operations is a well-established strategy to build touch-points with our consumers and enhance brand awareness whilst delivering a standalone financial return.

Outlook

- Q1 performance has built a good foundation to deliver a strong H1.
- FY21 on track
- Strong on-premise focus on the east coast

- Effective engagement with key trading partners, promotional programming set for success in H1

Managing Director John Hoedemaker commented on the sales results, noting

“The first quarter of the financial year has historically been a slow sales period for us, so to see this much momentum and growth early on gives us great confidence that we will deliver on our FY21 expectations.

“We’ve got a big summer ahead of us and we expect to continue to see strong growth into the remainder of the financial year.”

-ENDS-

This announcement has been authorized by the Board of Directors.

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