



ASX ANNOUNCEMENT

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GAGE ROADS COMPLETES ACQUISITION OF MATSO'S BROOME BREWING

Gage Roads Brewing Co Ltd ("Gage Roads" or the "Company" or "We") is pleased to announce it has completed the acquisition of Matso's Broome Brewing Pty Ltd ("Matso's") as announced to the market on 8 June 2018.

Transaction Summary:

- GRB acquires 100% of the shares of Matso's Broome Brewing Pty Ltd.
- Consideration:
 - \$13.25 million cash consideration.
 - Year 1: 15,000,000 shares or \$1.2 million based on sales volume targets.
 - Year 2: 15,000,000 shares or \$1.2 million based on sales volume targets.
 - Year 3: 5,000,000 shares based on sales volume targets.
- As part of the acquisition, Gage Roads retains a three-year option to acquire the brewery venue in Broome.
- The Matso's brands currently generate in excess of \$2.5 million EBITDA per annum.
- Transaction value (assuming performance hurdles are met) represents circa 7 X incremental EBITDA.

Acquiring the Matso's brands is a natural accelerant of the 5-year proprietary brand strategy. At its core, this strategy seeks to deliver further improved margins and sustained earnings growth through the shift in sales mix towards higher-margin Gage Roads owned products.

The acquisition represents a major expansion of the Gage Roads brand portfolio. The additional Matso's brands at current volumes and strong profit margins provide Gage Roads the opportunity to leverage its existing national sales, marketing and distribution capability and deliver sustained earnings growth. Our history and knowledge of the Matso's brands and existing production capability minimises integration and sales risks allowing the incremental margins to truly flow through to and complement existing earnings in full.

From today, the completion of the transaction is expected to contribute positively towards Gage Roads current year revenue and earnings.

The \$13.25 million cash settlement was fully funded through a \$10 million placement, a \$2 million Share Purchase Plan as well as the Company's existing cash reserves.

LAUNCH OF GOOD DRINKS

The Company is also pleased to announce that it has rebranded its expanding sales and marketing team to Good Drinks.

The Company's various brands including *ALBY*, *Hello Sunshine*, the *Gage Roads craft range* as well as *Matso's* products will be represented by Good Drinks in the retail and on-premise trade. As the Company's portfolio of brands expands, this

Gage Roads Brewing Co Limited has been one of Australia's leading craft breweries for over 14 years.

The Gage Roads craft range includes Atomic Pale Ale, Sleeping Giant IPA, Little Dove New World Pale Ale, Narrow Neck Session Ale, Breakwater Australian Pale Ale, Single Fin Summer Ale, Pils 3.5% and Small Batch Lager which have grown to become one of Australia's most popular suite of brands.

Through its contract brewing services division, Australian Quality Beverages, the Company also provides specialist contract brewing and packaging services to brand owners throughout Australia.

structure will provide a framework that can house and represent these brands, maintaining each brand's meaningful and unique characteristics.

With an expanding experienced sales force across Australia, Good Drinks will be a platform that allows Gage Roads to bring new or additional brands into the portfolio in the future.

The Company is firmly committed to growing our brand presence nationally, and Good Drinks is well placed to deliver on the strong growth in consumer demand.



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Further information:

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