

Appendix 4D

Interim Report

DIGITAL WINE VENTURES LIMITED

ACN

086435136

Six Months Ended

31 DECEMBER 2020

Corresponding period was the six months ended 31 December 2019

Results for announcement to the market

RESULTS

		\$A	%		\$A
Revenues from ordinary activities	Up	86,823	1,042	to	991,333
Loss from ordinary activities after tax attributable to members	Up	(823,820)	186	to	(2,362,432)
Loss for the period attributable to members	Up	(823,820)	186	to	(2,362,432)

EPS

Earnings per Security (cents per share)	31 Dec 2020	31 Dec 2019
Basic loss per share (cents per share)	(0.2) cents	(0.1) cents
Diluted loss per share (cents per share)	(0.2) cents	(0.1) cents

Net Tangible Asset Backing

	31 Dec 2020	31 Dec 2019
Per Ordinary Security (cents per share)	0.6 cents	0.1 cents

Dividend Payable

No dividends have been paid or declared during the period.

Dividend Re-investment Plan

There is no dividend re-investment plan in operation.

Control gained over entities having material effect

	31 Dec 2020	31 Dec 2019
	Ownership interest (%)	Ownership interest (%)
Wine Delivery Australia Pty Ltd	100%	0%

Loss of control of entities having material effect

Name of entity (or group of entities)	NIL
---------------------------------------	-----

Details of associates and joint venture entities

Name of entity (or group of entities)	NIL
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This report is based on the Half Year Financial Report which has been subject to review by the Auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the Interim Financial Report for the Half Year Ended 31 December 2020 and the 30 June 2020 Annual Financial Report.

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DIGITAL WINE VENTURES LIMITED

ABN 59 086 435 136



INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

DIGITAL WINE VENTURES LIMITED
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



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DIRECTORS

Paul Evans – Non-Executive Chairman
Dean Taylor – Executive Director and Chief Executive Officer
James Walker – Non-Executive Director

COMPANY SECRETARY

Arron Canicais

REGISTERED AND PRINCIPAL OFFICE

Level 7, 61 York Street
Sydney NSW 2000
Telephone: (02) 8363 3351
Website: www.digitalwine.ventures/

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Advanced Share Registry Services
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Telephone: (08) 9389 8033
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AUDITORS

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, 216 St Georges Terrace
Perth WA 6000
Telephone: (08) 9226 4500

SOLICITORS

HWL Ebsworth Lawyers
Level 20,
240 St Georges Terrace
Perth WA 6000

SECURITIES EXCHANGE

Australian Securities Exchange Limited (ASX)
Home Exchange - Perth
ASX Code – DW8 (Ordinary Shares)
ASX Code – DW80 (Listed options with a \$0.015 exercise price and 31 December 2022 expiry date)

DIGITAL WINE VENTURES LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



Your Directors present their half year report for Digital Wine Ventures Limited (referred to hereafter as 'Digital Wine' or the 'Company') and its controlled entities ('Consolidated Entity' or 'Group') for the half year ended 31 December 2020.

1. DIRECTORS

The names of the Directors of the Company in office during the half year and up to the date of this report are as follows:

DIRECTORS	POSITION	APPOINTMENT / (RESIGNATION)
Mr Paul Evans	Non-Executive Chairman	Appointed 1 November 2019
Mr Dean Taylor	Executive Director / Chief Executive Officer	Appointed 1 February 2019
Mr James Walker	Non-Executive Director	Appointed 30 September 2019

Directors were in office from incorporation until the date of this report unless otherwise stated.

2. PRINCIPAL ACTIVITIES

Digital Wine Ventures Limited (referred to hereafter as 'Digital Wine' or the 'Company') and its controlled entities ('Consolidated Entity' or 'Group') aims to identify and invest in early stage technology-driven ventures that have the potential to disrupt and digitally transform segments within the global beverage market and support them by providing access to capital, expertise and shared services.

Digital Wine's core asset is WINEDEPOT, a cloud-based technology platform designed to streamline wine and beverage distribution.

Our technology platform provides an integrated supply chain solution that includes:

- **MARKET** – direct-to-trade marketplace
- **DIRECT** – direct-to-consumer sales channel manager
- **CONNECT** – multi-channel inventory & order management system
- **LIQUIDITY** – accelerated payment service
- **LOGISTICS** – end-to-end fulfillment solution

Our newest product, **MARKET** (due to be launched in March 2021) is set to revolutionise the wholesale liquor market by offering:

SUPPLIERS

Increased Reach & Incremental Sales
 Improved Profit Margins
 Guaranteed Payments
 Reduced Costs and Admin

TRADE BUYERS

Single Order, Invoice, Delivery & Payment
 Flexible Payment & Credit Options
 Broad Product Range
 Streamlined Delivery Service

Revenue will be generated from:

- **Wholesale Commissions** (% of the wholesale transaction value)
- **Retail Commissions** (% of the retail transactions generated)
- **Platform Fees** (monthly subscriptions, listing and integration fees)
- **Finance Fees** (% of the transaction value funded)
- **Logistics Fees** (storage, picking, packing, handling & freight)

WINEDEPOT plans to continue to grow and consolidate its Australasian presence then expand into other markets

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3. CORPORATE STRUCTURE

Digital Wine Ventures Limited is a Company limited by shares that is incorporated and domiciled in Australia. The Company is listed on the Australian Securities Exchange ('ASX') under ASX code DW8 and whose shares are publicly traded on the Australian Securities Exchange Limited. An overview of the ownership structure for Digital Wine is shown below:

Digital Wine Ventures Limited	- Parent Entity
Wine Depot Holdings Pty Ltd	- 100% owned controlled entity
CGWDH Pty Ltd	- 100% owned controlled entity
Wine Delivery Australia Pty Ltd	- 100% owned controlled entity
Dawine (HK) Limited	- 100% owned CGWDH Pty Ltd
Dawine Trading (Shanghai) Limited	- 100% owned Dawine (HK) Limited (In Liquidation)

4. REVIEW OF OPERATIONS

Digital Wine aims to identify and invest in early stage technology-driven ventures that have the potential to disrupt and digitally transform segments within the global beverage market.

Digital Wine's core asset is **WINEDEPOT**, a cloud-based technology platform that has been designed to connect wine industry stakeholders to reduce the time, margin and capital wasted in the existing supply chain.

Catering for **producers, distributors, importers and retailers** of all sizes, the vertically integrated trading, order management and logistics platform provides an end-to-end supply chain solution capable of servicing a wide variety of sales channels including the rapidly growing direct-to-consumer and online market segments.

Key milestones achieved over the last 6 months of operations include:

In July 2020 the Company announced that **WINEDEPOT**:

- had launched a 10,000 pallet National Distribution Centre (NDC). Strategically located on the border of New South Wales and Victoria, **WINEDEPOT's** NDC is centrally located within a large number of major wine producing regions. It also sits almost halfway between Sydney and Melbourne on one of the countries busiest freight routes, which is expected to generate substantial efficiencies for **WINEDEPOT** by reducing storage and freight costs while improving depot replenishment times;
- planned to expand its sales and marketing team, to accelerate customer growth in the lead up to the Direct-to-Trade Marketplace launch.;
- had appointed Aaron Brasher as Head of Marketplace. With over 25 years' experience in the wine sector working for some of Australia's most well-known brands including Penfolds, Petaluma and Robert Oatley Vineyards – Aaron added yet another layer of credibility and talent to the **WINEDEPOT** senior executive team;
- expected growth rates to accelerate once the Direct-to-Trade Marketplace was launched as it would make the platform more appealing to a broader audience and that all of **WINEDEPOT's** growth to date had been generated from demand for the Smart Logistics Solution.
Had signed up the first French winery to use the integrated trading and logistics platform, expanding the addressable market to include tens of thousands of international wineries.

In August 2020 the Company announced **WINEDEPOT** had processed a record number of orders in July, up 22% on June's previous record.

In September 2020 the Company announced that **WINEDEPOT**:

- had signed up another 17 brands and processed 8,488 cases in August, up 28% on July's previous record;
- that it was going to make Credit as a Service available within its Direct-to-Trade Marketplace and that it expected the product would both attract suppliers and introduce another revenue stream to the business model;

DIGITAL WINE VENTURES LIMITED
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



- had recruited several new executives to join its sales and marketing team, including one in New Zealand to help establish a beachhead presence for the business in that market.
- planned to roll out a national network of temperature-controlled depots and expand its delivery fleet to improve service levels and cater for expected growth.

In October 2020 the Company announced that **WINEDEPOT**:

- had generated \$400k revenue for the quarter up 48% on Q2.;
- had shipped a total of 22,470 cases in Q3, up 63% on the previous quarter; had signed up 50 new customers during Q3, bringing the total number of brands with products listing on the platform to 126;
- had signed a binding agreement to acquire **Wine Delivery Australia**, a South Australian based fourth-party logistics provider servicing the wine industry.
- expected the acquisition to increase the customer database by 186 wineries;
- expected the acquisition to enhance the customer value proposition and generate synergies that would help reduce operating costs and improve the gross margins generated in the logistics business.

In November 2020 the Company announced that **WINEDEPOT**:

- had shipped a total of 9,749 cases in October, up 34% on the 7,265 cases shipped in September;
- had welcomed a total of 14 new customers representing 57 new brands to the platform;
- had successfully the acquisition of **Wine Delivery Australia**;
- would allow DW8 shareholders to purchase wine and other products via **WINEDEPOT**'s Marketplace at preferential prices through a direct-to-consumer initiative called the 'Insider Trading' wine club.

At the AGM held on 25 November 2020, the CEO provided shareholders a presentation which outlined **WINEDEPOT**'s achievements over the previous 12 months together with an overview of the business's strategy for the 2021. This presentation was made available via the ASX.

In December 2020 the Company announced that **WINEDEPOT**:

- had signed up another 12 new customers to the platform and shipped over 10,000 cases in November, setting another record;
- had zero exposure to the trade tariffs introduced by the Chinese government on Australian wine;
- expected the surplus inventory from the slowdown in exports to China would provide strong support to the launch of the Direct-to-Trade Marketplace;
- would expand its addressable market by providing wineries the ability to list their products across a broad range of Direct-to-Consumer sales channels including online retailers and consumer marketplaces;
- would provide corporate, SME's and other registered businesses the ability to purchase wine and other products via the Marketplace on a 'Costco-like' membership model, which provides discounted pricing for larger purchases.

In January 2021 the Company announced that **WINEDEPOT**:

- had generated \$712k revenue in Q4 up 78% on the previous quarter;
- had shipped almost 25,000 cases in December, well above the 10,000 reported in November;
- processed 12,884 orders, up 113% on the number reported for November 2020;
- had welcomed a total of 16 new customers to the platform, with 7 of those being McLaren Vale based wineries, taking the total number of cellar doors serviced in the region to 65 of the estimated 74.

Corporate

During the period the company successfully closed a \$6m capital raising. Funds raised will be used towards additional human resources, technology research & development, marketing and advertising and general working capital for the expansion of the **WINEDEPOT** business. The new funding was provided via a Placement on the following terms:

- 249,509,560 new fully paid ordinary shares (split between 243,509,560 to sophisticated investors and 6,000,000 to directors after shareholder approval had been received at the 2020 AGM) at an issue price of \$0.025 per share

On 30 November 2020, the Company issued 40,660,807 shares to complete the acquisition of Wine Delivery Australia. Also 25,000,000 Performance Rights were issued to Mr James Munn who joined the management of the Company as part of the transaction.

During the period the Company converted a total of 1,059,330 DW8 listed options and 112,685,754 unlisted options.

PLACEMENT

249,509,560 new fully paid ordinary shares (split between 243,509,560 to sophisticated investors and 6,000,000 to directors) at an issue price of \$0.025 per share.

5. FINANCIAL POSITION & OPERATING RESULTS

The financial results of the Group for the half year ended 31 December 2020 are:

	31-Dec-20	30-Jun-20
Cash and cash equivalents (\$)	6,799,074	585,873
Net assets (\$)	9,322,325	503,947
	31-Dec-20	31-Dec-19
Revenue (\$)	991,333	86,823
Net loss after tax (\$)	(2,362,432)	(823,820)

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period the Group successfully completed the acquisition of 100% of the issued capital of Wine Delivery Australia Pty Limited (WDA), a South Australian based fourth-party logistics provider (4PL) servicing the wine industry. WDA was acquired for \$2.4m total consideration, being \$600,000 cash and the issue of 40,660,807 fully paid ordinary shares in DW8 at a deemed issue price of \$0.04426 each which is equal to the 30 day VWAP as at the date of the Non-Binding Term Sheet being signed. The acquisition delivered significantly increased in logistics volumes and brands which in turn will support the product available on the Wine Depot Marketplace being launched in early 2021.

7. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Based on market developments in China relating to wine imports from Australia, the Directors decided to liquidate the Chinese WOFE, to reduce ongoing related administration fees. Besides that no matters or circumstances have arisen, since the end of the year, which significantly affected, or may significantly affect, the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in subsequent financial years.

On 1 February 2021, 3,044 DW8O listed options and 52,101,917 unquoted options with an exercise price of \$0.03 and expiry date of 23 February 2021 were exercised into fully paid ordinary shares, 1,500,000 Class A Senior Management incentive options and 3,000,000 Class B senior Management incentive options were issued to senior management under the Group's Employee Securities Incentive Plan.

On 5 February 2021, 600,000 DW8O listed options and 12,000,000 unquoted options with an exercise price of \$0.03 and expiry date of 23 February 2021 were exercised into fully paid ordinary shares.

On 15 February 2021, 23,966,666 unquoted options with an exercise price of \$0.03 and expiry date of 23 February 2021 were exercised into fully paid ordinary shares.

On 24 February 2021, 12,245,663 unquoted options with an exercise price of \$0.03 and expiry date of 23 February 2021 were exercised into fully paid ordinary shares. The remaining 8,000,000 unquoted options lapsed due to not being exercised before their expiry date.

8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATION

The Company will continue to pursue its principal activity of expanding WINEDEPOT as outlined under the heading 'Review of Operations' of this Report.

9. ENVIRONMENTAL REGULATIONS

There have been no recorded incidents of non-compliance with any applicable international, national or local declarations, treaties, conventions or regulations associated with environmental issues during the year. There have not been any known significant breaches of any environmental regulations during the period under review and up until the date of this report.

10. DIVIDENDS

No dividends were paid during the period and no recommendation is made as to dividends.

11. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 8.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Paul Evans
Chairman

Sydney, New South Wales
Dated: 25 February 2021

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the review of the financial statements Digital Wine Ventures Limited for the period ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 25th day of February 2021

DIGITAL WINE VENTURES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME



FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	31-Dec-20 \$	31-Dec-19 \$
Revenue		991,333	86,823
Cost of sales		(1,051,649)	(72,620)
Gross profit		(60,316)	14,203
Other income		48,861	24,626
Expenses			
Administration, consulting and other expenses	5	(815,825)	(463,572)
Advertising and marketing expenses		(265,793)	(76,451)
Amortisation expense		(39,565)	-
Depreciation expense		(26,498)	(1,975)
Director fees		(75,903)	(238,805)
Foreign exchange gain / (loss)		12,910	1,878
Office and warehouse expenses		(17,256)	(7,733)
Performance based stock options expense		(139,898)	-
Salaries and wages		(948,245)	(65,882)
Travel expenses		(32,950)	(10,109)
Interest expenses		(1,954)	-
Loss from continuing operations before income tax		(2,362,432)	(823,820)
Income tax expense		-	-
Loss from continuing operations after income tax		(2,362,432)	(823,820)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		4,729	(8,672)
Other comprehensive income for the period, net of tax		4,729	(8,672)
Total comprehensive loss for the period		(2,357,703)	(832,492)
Loss per share attributable to ordinary equity holders			
- Basic loss per share		(0.002)	(0.001)
- Diluted loss per share		(0.002)	(0.001)

The accompanying notes form part of these financial statements.

DIGITAL WINE VENTURES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020



	Notes	31-Dec-20 \$	30-Jun-20 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,799,074	585,873
Trade and other receivables	6	498,036	246,141
Inventories		16,668	16,296
Total Current Assets		7,313,778	848,310
Non-Current Assets			
Plant and equipment	7	182,798	1,901
Right of use asset	11	301,254	-
Intangible asset	8	2,827,095	356,086
Other Asset		105,881	-
Total Non-Current Assets		3,417,028	357,987
TOTAL ASSETS		10,730,806	1,206,297
LIABILITIES			
Current Liabilities			
Trade and other payables	9	959,924	702,350
Provisions	10	87,885	-
Financial Liabilities		65,269	-
Lease Liabilities	11	110,336	-
Total Current Liabilities		1,223,414	702,350
Non-Current Liabilities			
Lease Liabilities	11	185,067	-
Total Non-Current Liabilities		185,067	-
TOTAL LIABILITIES		1,408,481	702,350
NET ASSETS		9,322,325	503,947
EQUITY			
Issued capital	13	20,581,661	9,545,478
Reserves	14	1,732,459	1,587,832
Accumulated losses		(12,991,795)	(10,629,363)
TOTAL EQUITY		9,322,325	503,947

The accompanying notes form part of these financial statements.

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DIGITAL WINE VENTURES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



	Issued Capital	Share-based Payment & Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2019	7,928,374	1,526,910	60,727	(8,615,893)	900,118
Comprehensive income:					
Loss for the period	-	-	-	(823,820)	(823,820)
Other comprehensive loss	-	-	(8,672)	-	(8,672)
Total comprehensive loss for the period	-	-	(8,672)	(823,820)	(832,492)
Transactions with owners in their capacity as owners:					
Securities issued during the year	1,716,041	-	-	-	1,716,041
Capital raising costs	(98,937)	-	-	-	(98,937)
Total equity transactions	1,617,104	-	-	-	1,617,104
At 31 December 2019	9,545,478	1,526,910	52,055	(9,439,713)	1,684,730
	Issued Capital	Share-based Payment & Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
At 1 July 2020	9,545,478	1,503,906	83,926	(10,629,363)	503,947
Comprehensive income:					
Loss for the period	-	-	-	(2,362,432)	(2,362,432)
Other comprehensive loss	-	-	4,729	-	4,729
Total comprehensive loss for the period	-	-	4,729	(2,362,432)	(2,357,703)
Transactions with owners in their capacity as owners:					
Securities issued during the year	11,446,349	-	-	-	11,446,349
Capital raising costs	(410,166)	-	-	-	(410,166)
Options Issue	-	139,898	-	-	139,898
Total equity transactions	11,036,183	139,898	-	-	11,176,081
At 31 December 2020	20,581,661	1,643,804	88,655	(12,991,795)	9,322,325

The accompanying notes form part of these financial statements.

DIGITAL WINE VENTURES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



	Notes	
	31-Dec-20	31-Dec-19
	\$	\$
Cash flows used in operating activities		
Receipts from customers	1,049,913	15,403
Payments to suppliers and employees	(3,196,862)	(819,266)
Interest received	1,361	389
Interest paid	(1,954)	-
Net cash flows used in operating activities	(2,147,542)	(803,474)
Cash flows used in investing activities		
Purchase of plant and equipment	(121,439)	(544)
Net cash outflow on acquisition of business	12 (505,201)	(56,648)
Purchase of intangible assets	(114,162)	-
Net cash flows used in investing activities	(740,802)	(57,192)
Cash flows from financing activities		
Proceeds from issue of securities and securities subscriptions, net of costs	9,127,926	1,563,753
Principal lease payments	(23,572)	-
Payments of financial liabilities	(2,809)	-
Net cash flows from financing activities	9,101,545	1,563,753
Net increase in cash and cash equivalents	6,213,201	703,087
Cash and cash equivalents at the beginning of the period	585,873	889,285
Cash and cash equivalents at the end of the period	6,799,074	1,592,372

The accompanying notes form part of these financial statements.

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1. REPORTING ENTITY

Digital Wine Ventures Limited (referred to hereafter as 'Digital Wine' or the 'Company') is a Company domiciled in Australia. The consolidated financial statements of the Company as at and for the period ended 31 December 2020 comprise the Company and its controlled entities ('Consolidated Entity' or 'Group'). The Group is a for profit entity and its principal business is providing software, logistics services and marketplace platform facilitating wine distribution.

The address of the Company's registered office is Level 7 61 York, Sydney NSW 2000.

2. BASIS OF PREPARATION

This interim financial report is intended to provide users with an update on the latest annual financial statements of Digital Wine Ventures Limited and controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 30 June 2020, together with any public announcements made during the half-year.

The consolidated financial statements were authorised for issue by the Board of Directors on 25 February 2020.

(a) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual report and shall be read in conjunction with the most recent annual financial report.

(b) Basis of Measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

(c) Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Consolidated Entity's last annual financial statements for the year ended 30 June 2020.

(d) Going Concern

The half year financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realization of the future potential of the Company's and the Group's assets and the discharge of their liabilities in the normal course of business.

As disclosed in the half year financial report, the Group recorded an operating loss for the period ended 31 December 2020 of \$2,362,432 (31 December 2019: \$823,820) and a cash outflow from operating activities of \$2,147,542 for the period ended 31 December 2020 (31 December 2019: \$803,474) and at reporting date, had a working capital surplus of \$6,090,364 (30 June 2020: \$145,960).

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the foreseeable future as at the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this report have been set out below.

(a) Accounting policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The accounting policies are consistent with the most recent annual financial statements.

(b) Accounting Standards that are mandatorily effective for the current reporting period

In the half-year ended 31 December 2020, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors.

The Group operates only in one reportable segment being predominately 'wine distribution'. The Board considers its business operations in wine distribution to be its primary reporting function. Results are analysed as a whole by the chief operating decision maker, this being the Board of Directors. Consequently revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

5. EXPENSES

	31-Dec-20	31-Dec-19
	\$	\$
Administration, consulting and other expenses		
Accounting and company secretary fees	183,275	132,630
ASX fees	52,509	29,054
Audit fees	12,002	11,303
Corporate consulting fees	179,911	113,786
Legal fees	50,585	39,680
Rent	41,207	21,654
Share Registry	44,373	24,972
Other expenses	251,963	90,493
Total Administration, consulting and other expenses	815,825	463,572

6. TRADE AND OTHER RECEIVABLES

	31-Dec-20	30-Jun-20
	\$	\$
Trade receivables	347,192	146,421
Provision for Doubtful Debts	(16,812)	(12,525)
GST recoverable	97,176	24,022
Prepayments	56,004	58,114
Other receivables	14,476	23,353
Deposit for office	-	6,756
	498,036	246,141

7. PROPERTY PLANT AND EQUIPMENT

	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	MOTOR VEHICLES	TOTAL
	\$	\$	\$	\$
<u>Half-Year Ended 31 December 2020</u>				
Opening net book amount	815	1,086	-	1,901
Additions	34,425	32,595	122,654	189,674
Depreciation expense	(2,166)	(2,272)	(4,339)	(8,777)
Impairment	-	-	-	-
Closing net book amount	33,074	31,409	118,315	182,798

At 31 December 2020

Cost	46,444	33,966	193,503	273,913
Accumulated depreciation and impairment	(13,370)	(2,557)	(75,188)	(91,116)
Net book amount	33,074	31,409	118,315	182,798

	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	MOTOR VEHICLES	TOTAL
	\$	\$	\$	\$
<u>Year Ended 30 June 2020</u>				
Opening net book amount	6,111	824	-	6,935
Additions	-	1,308	-	1,308
Depreciation expense	(592)	(1,046)	-	(1,638)
Impairment	(4,704)	-	-	(4,704)
Closing net book amount	815	1,086	-	1,901

Year Ended 30 June 2020

Cost	12,019	6,221	-	18,240
Accumulated depreciation and impairment	(11,204)	(5,135)	-	(16,339)
Net book amount	815	1,086	-	1,901

8. INTANGIBLE ASSETS

	WINE DEPOT PLATFORM		
	DEVELOPMENT	GOODWILL	TOTAL
	\$	\$	\$
Half-Year Ended 31 December 2020			
Opening net book amount	356,086	-	356,086
Business Combination - Wine Delivery Australia Pty Ltd	-	2,396,410	2,396,410
Additions	114,164	-	114,164
Amortisation expense	(39,565)	-	(39,565)
Closing net book amount	430,685	2,396,410	2,827,095
At 31 December 2020			
Cost	509,815	2,396,410	2,906,225
Accumulated amortisation and impairment	(79,130)	-	(79,130)
Net book amount	430,685	2,396,410	2,827,095
Year Ended 30 June 2020			
Opening net book amount	339,003	-	339,003
Additions	56,648	-	56,648
Amortisation expense	(39,565)	-	(39,565)
Closing net book amount	356,086	-	356,086
At 30 June 2020			
Cost	395,651	-	395,651
Accumulated amortisation and impairment	(39,565)	-	(39,565)
Net book amount	356,086	-	356,086

9. TRADE AND OTHER PAYABLES

	31-Dec-20	30-Jun-20
	\$	\$
Trade payables	587,898	263,026
Accruals	15,000	142,347
Other payables	357,026	296,977
	959,924	702,350

10. PROVISIONS

	31-Dec-20	30-Jun-20
	\$	\$
Annual Leave Liability	87,885	-
	87,885	-

DIGITAL WINE VENTURES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



11. LEASES

The Group leases an office in Sydney, the information for which is presented below:

a. Right-of-use Assets

	\$
2020	
Balance at 1 July	-
Additions	318,975
Depreciation charge for the year	(17,721)
Balance at 31 December	<u>301,254</u>

b. Lease Liabilities

	\$
Lease liabilities	
Current	110,336
Non Current	185,067
	<u>295,403</u>

c. Other Information

- Short term lease expense is \$37,524
- Interest expense on lease liabilities is \$1,787
- Total cash outflow from leases is \$62,882

12. BUSINESS COMBINATION

a. Acquisition of Subsidiary

On 30 November 2020 Wine Depot Holdings Pty Ltd purchased 100% of the issued share capital of Wine Delivery Australia Pty Limited, a sales and logistics operation. The acquisition greatly increased the number of wineries within the business. The Business Combination has been provisionally accounted for at reporting date.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration:	\$
Cash Paid	600,000
Ordinary Shares issued (i)	1,799,647
	<u>2,399,647</u>

- (i) The consideration included 40,660,807 fully paid ordinary shares in DW8 at a deemed issue price of \$0.04426 each (Consideration Shares). The share price used for the Consideration Shares is equal to the 30 day VWAP upon the date of the Non-Binding Term sheet for Acquisition was signed by the parties.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value
	\$
Cash	94,799
Trade and Other Receivables	198,723
Property Plant & Equipment	68,235
Trade and Other Payables	(256,156)
Provisions	(34,286)
Financial Liabilities	(68,078)
Net identifiable Assets Acquired	3,237
Add: Goodwill	2,396,410
Net Assets Acquired	<u>2,399,647</u>

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DIGITAL WINE VENTURES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



The goodwill is attributable to the future expected profitability of the acquired business. It will not be deductible for tax purposes.

13. ISSUED CAPITAL

	31-Dec-20		30-Jun-20	
	\$	No.	\$	No.
(a) Fully paid ordinary shares	20,581,661	1,562,382,013	9,545,478	1,158,074,574
(b) Movement in ordinary shares	\$	No.	Issue price	
Balance at 30 June 2020	9,545,478	1,158,074,574		
Shares issued on 4 August 20	19,949	796,375	0.030	
Shares issued on 6 August 20	5,000,000	200,000,000	0.025	
Shares issued on 1 September 20	1,000,000	40,000,000	0.025	
Shares issued on 4 September 20	123,466	4,475,418	0.030	
Shares issued on 10 September 20	1,192,734	39,782,269	0.030	
Shares issued on 29 September 20	707,667	23,594,445	0.030	
Shares issued on 16 October 20	500,007	16,666,896	0.030	
Shares issued on 9 November 20	180,000	6,000,000	0.030	
Shares issued on 30 November 20	1,799,647	40,660,807	0.044	
Shares issued on 30 November 20	150,000	6,000,000	0.025	
Shares issued on 23 December 20	672,640	22,429,681	0.030	
Employee Shares Issued	100,239	3,901,548	0.025	
Capital raising costs	-	(410,166)	-	-
Balance at 31 December 2020	20,581,661	1,562,382,013		

14. RESERVES

	31-Dec-20		30-Jun-20	
	\$	No.	\$	No.
Options reserve	1,643,804	160,564,246	1,503,906	221,000,000
Foreign currency translation reserve	88,655	-	83,926	-
	1,732,459	160,564,246	1,587,832	221,000,000

	31-Dec-20	30-Jun-20
	\$	\$
Movement reconciliation		
Options reserve		
Opening Balance	1,503,906	1,526,910
Issue of options	139,898	-
Expiry of options	-	(23,004)
Closing Balance	1,643,804	1,503,906
Foreign currency translation reserve		
Opening Balance	83,926	60,727
Effect of translation of foreign currency operations to group presentation	4,729	23,199
Closing Balance	88,655	83,926

15. OPTIONS AND PERFORMANCE RIGHTS

OPTIONS UNLISTED

	31-Dec-20	30-Jun-20
	Number of options	
Beginning Balance - Exercisable at 3c Expiry date 23 February 2021	221,000,000	237,000,000
Movements of options during the year		
Unlisted options Exercised	(112,685,754)	-
Unlisted Options issued, exercisable at 3.75 cents, expiring 6 August 2023	5,000,000	-
Unlisted Options issued, exercisable at 2.5 cents, expiring 25 November 2022	8,000,000	-
Unlisted Options issued, exercisable at 4.65 cents, expiring 25 November 2024	16,000,000	-
Unlisted Options issued, exercisable at 2.5 cents, expiring 1 July 2022	7,750,000	-
Unlisted Options issued, exercisable at 4.65 cents, expiring 1 July 2024	15,500,000	-
Expired during the year	-	16,000,000
Closing Balance	160,564,246	221,000,000

OPTIONS LISTED

	31-Dec-20	30-Jun-20
	Number of options	
Beginning Balance - Exercisable at 1.5c, expiry date 31 December 2022	50,788,339	41,859,019
Movements of options during the year		
Listed options Exercised	(1,059,330)	-
Granted during the year	-	8,929,320
Expired during the year	-	-
Closing Balance	49,729,009	50,788,339

PERFORMANCE RIGHTS (Class A & B)

	31-Dec-20	30-Jun-20
Beginning Balance	100,000,000	100,000,000
Movements of Performance rights during the year		
Performance rights issued *	25,000,000	-
Closing Balance	125,000,000	100,000,000

*These rights relate to the performance rights issued to James Munn as part of the Wine Delivery Australia acquisition

These Performance Rights have the following vesting conditions (**Vesting Condition**) and expiry dates (**Expiry Date**) specified below:

Class	A	B
Number	12,500,000	12,500,000
Vesting Condition	The following conditions being satisfied: <ul style="list-style-type: none"> • At least \$2.5 million of Revenue in the 2021 calendar year; and • the WDA Business Model being expanded into at least a second Australian state. 	The following conditions being satisfied: <ul style="list-style-type: none"> • At least \$5 million of Revenue in the 2022 calendar year; and • the WDA Business Model being expanded into at least a third Australian state.
Expiry Date	31 December 2021	31 December 2022

As at 31 December 2020, the amount recognised as a share based payment expense is \$nil.

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16. COMMITMENTS

There have been no material changes in commitments since the last annual reporting date.

17. CONTINGENT ASSETS AND LIABILITIES

There have been no material changes in contingent assets or contingent liabilities since the last annual reporting date.

18. DIVIDENDS

There were no dividends paid or declared during the half year ended 31 December 2020.

19. EVENTS SUBSEQUENT TO REPORTING DATE

Based on market developments in China relating to wine imports from Australia, the Directors decided to liquidate the Chinese WOFE, to reduce ongoing related administration fees. Besides that no matters or circumstances have arisen, since the end of the year, which significantly affected, or may significantly affect, the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in subsequent financial years.

On 1 February 2021, 3,044 DW80 listed options and 52,101,917 unquoted options with an exercise price of \$0.03 and expiry date of 23 February 2021 were exercised into fully paid ordinary shares, 1,500,000 Class A Senior Management incentive options and 3,000,000 Class B senior Management incentive options were issued to senior management under the Group's Employee Securities Incentive Plan.

On 5 February 2021, 600,000 DW80 listed options and 12,000,000 unquoted options with an exercise price of \$0.03 and expiry date of 23 February 2021 were exercised into fully paid ordinary shares.

On 15 February 2021, 23,966,666 unquoted options with an exercise price of \$0.03 and expiry date of 23 February 2021 were exercised into fully paid ordinary shares.

On 24 February 2021, 12,245,663 unquoted options with an exercise price of \$0.03 and expiry date of 23 February 2021 were exercised into fully paid ordinary shares. The remaining 8,000,000 unquoted options lapsed due to not being exercised before their expiry date.

DIGITAL WINE VENTURES LIMITED
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020



The Directors of the company declare that:

- 1) The financial statements, comprising the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001; and
 - (a) comply with Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the period ended on that date.
- 2) In the Directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 3) The Consolidated Entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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

A handwritten signature in black ink, appearing to be "PE", written over a faint horizontal line.

Paul Evans
Chairman

Sydney, New South Wales
Dated: 25 February 2021

Independent Auditor's Review Report

To the Members of Digital Wine Ventures Limited

Conclusion

We have reviewed the accompanying half-year financial report of Digital Wine Ventures Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Digital Wine Ventures Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Digital Wine Ventures Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting and Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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* that are relevant to our audit of the annual 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 review report.

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Independent Auditor's Review Report

To the Members of Digital Wine Ventures Limited (Continued)



Responsibility of the Directors for the Financial Report

The directors of the Digital Wine Ventures Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


BENTLEYS
Chartered Accountants


MARK DELAURENTIS CA
Partner

Dated at Perth this 25th day of February 2021

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