

**Lark Distilling Co. Ltd**  
**Appendix 4E**  
**Preliminary Final Report**

**1. Company details**

Name of entity:	Lark Distilling Co. Ltd
ABN:	62 104 600 544
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	47.1% to	24,337,904
Loss from ordinary activities after tax attributable to the owners of Lark Distilling Co. Ltd	down	113.7% to	(470,398)
Loss for the year attributable to the owners of Lark Distilling Co. Ltd	down	113.7% to	(470,398)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

Refer to attached review of operations for commentary over the results for the period.

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>114.89</u>	<u>59.51</u>

Net tangible assets excludes intangible assets, and right-of-use assets recognised under AASB 16 Leases.

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**4. Control gained/lost over entities**

Name of entities (or group of entities)	Kernke Family Shene Estate Pty Ltd, Shene Distillery Pty Ltd
Date control gained	2 February 2022

	\$
Contribution of such entities to the reporting entity's profit / (loss) from ordinary activities before income tax during the period (where material)	-
Profit / (loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

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**5. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**6. Dividend reinvestment plans**

Not applicable.

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**7. Details of associates and joint venture entities**

Not applicable.

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**8. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

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**9. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements are in the process of being audited.

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**10. Attachments**

*Details of attachments (if any):*

The Preliminary Final Report of Lark Distilling Co. Ltd for the year ended 30 June 2022 is attached.

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**11. Signed**

Signed  \_\_\_\_\_

David Dearie  
Non-Executive Chairman

Date: 29 August 2022

**Lark Distilling Co. Ltd**  
**Corporate directory**  
**30 June 2022**

Directors	Mr David Dearie (Non-Executive Chairman) Mr Warren Randall (Non-Executive Director) Ms Laura McBain (Non-Executive Director) - appointed interim Managing Director on 16 February 2022 Mr Domenic Panaccio (Non-Executive Director) - appointed on 1 March 2022 Mr Geoff Bainbridge (Managing Director) - resigned on 16 February 2022
Company secretary	Ms Melanie Leydin
Registered office and principal place of business	Level 1 91-93 Macquarie Street Hobart TAS 7000
Auditor	Deloitte Level 8 22 Elizabeth Street Hobart TAS 7000
Stock exchange listing	Lark Distilling Co. Ltd shares are listed on the Australian Securities Exchange (ASX code: LRK)

**Lark Distilling Co. Ltd**  
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**30 June 2022**

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**Lark Distilling Co. Ltd**  
**Review of operations**  
**30 June 2022**

**Review of operations**

The loss for the Group after providing for income tax amounted to \$470,398 (30 June 2021: profit of \$3,441,475).

*Key Highlights:*

- Lark delivered a record gross revenue from ordinary activities for the year ended 30 June 2022 of \$24.3 million, up 47% compared to last year
- Net Sales (revenue after excise) for the year was \$20.3 million, up 57% compared to last year
- Lark achieved an average Whisky Net Sales Revenue per Litre of \$269, up 25% Year on year from \$216 per litre
- Gross profit came in at \$13.5 million, reflecting gross margins of 66.5% (% of net sales), broadly in line with FY21 despite lingering COVID impacts.
- Encouragingly, all sales channels observed considerable growth during FY22 and while the strength across eCommerce moderated somewhat during H2, Lark-owned hospitality venues and business-to-business both grew in excess of 60% year on year. H2 margins also strengthened as a result.
- Normalised FY22 EBITDA was \$1.4 million, adjusting for: (i) costs relating to the acquisition of Pontville Distillery & Estate and the associate equity raise (FY22); and (ii) JobKeeper & cashflow boost (FY21).
- Operating expenses increased during the year due to:
  - Lark's brand remains core to the Company's ongoing strategy, and efforts to showcase the brand at Lark-owned hospitality venues continued during the year, positively driving new customers and leveraging the retail sales opportunity. This includes the new Tasmanian Whisky Bar "The Still", which successfully opened during the December quarter, and the newly acquired site at Pontville, which opened its freshly branded Lark Cellar Door during the June quarter.
  - Critical in enabling the Company to expand channels and markets both domestically and overseas, Lark expanded its headcount and capabilities meaningfully enough to support future strategy and sales growth. Beyond solidifying Lark's executive team, considerable progress was also made across key functions, including expanding the sales team.

*Financial Position*

- In February 2022, the Group completed the acquisition of Kernke Family Shene Estate Pty Ltd, the owner of the Pontville Distillery and Estate. The acquisition expanded the Group's Whisky holdings, and increased production capacity to underpin future sales growth.
- The acquisition was funded through the successful capital raise of \$56.6m completed during the year.
- Balance sheet flexibility maintained with solid cash position of \$16.1 million, in addition to an undrawn bank facility of \$10.0 million, as at 30 June 2022

**Lark Distilling Co. Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**

	Note	Consolidated 2022 \$	2021 \$
<b>Revenue</b>			
Revenue	2	24,337,904	16,542,984
Cost of sales		<u>(10,856,197)</u>	<u>(7,888,608)</u>
Gross profit		<u>13,481,707</u>	<u>8,654,376</u>
Other income	3	633,147	723,022
<b>Expenses</b>			
Selling and distribution expenses		(3,122,808)	(1,889,273)
Administration expenses		(5,067,103)	(2,981,975)
Employee benefit expense		(4,525,751)	(2,985,221)
Depreciation and amortisation	4	(466,274)	(205,798)
Costs relating to acquisition and equity raise		<u>(598,706)</u>	<u>-</u>
<b>Operating profit</b>		334,212	1,315,131
Finance costs	5	(326,473)	(271,343)
Finance income		<u>3,378</u>	<u>2,167</u>
<b>Profit before income tax (expense) / benefit</b>		11,117	1,045,955
Income tax (expense) / benefit		<u>(481,515)</u>	<u>2,395,520</u>
<b>Profit / (loss) after income tax (expense) / benefit for the year attributable to the owners of Lark Distilling Co. Ltd</b>		(470,398)	3,441,475
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>2</u>	<u>376</u>
Other comprehensive income for the year, net of tax		<u>2</u>	<u>376</u>
<b>Total comprehensive income / (loss) for the year attributable to the owners of Lark Distilling Co. Ltd</b>		<u><u>(470,396)</u></u>	<u><u>3,441,851</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(0.66)	5.66
Diluted earnings per share		(0.64)	5.35

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Lark Distilling Co. Ltd**  
**Statement of financial position**  
**As at 30 June 2022**

	Note	Consolidated 2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	16,096,404	7,645,874
Trade and other receivables	7	4,110,428	2,394,945
Inventories	8	20,430,247	7,840,235
Prepaid assets		180,591	708,089
Total current assets		<u>40,817,670</u>	<u>18,589,143</u>
<b>Non-current assets</b>			
Inventories	8	39,741,486	17,981,665
Property, plant and equipment	9	15,271,786	8,434,320
Right-of-use assets		1,631,574	1,643,857
Intangibles	10	20,602,426	11,224,514
Deferred tax		2,525,040	2,501,104
Total non-current assets		<u>79,772,312</u>	<u>41,785,460</u>
<b>Total assets</b>		<u>120,589,982</u>	<u>60,374,603</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	4,676,914	2,927,061
Financial liabilities	13	420,191	214,427
Employee benefits		448,789	262,594
Total current liabilities		<u>5,545,894</u>	<u>3,404,082</u>
<b>Non-current liabilities</b>			
Borrowings	12	5,000,000	5,000,000
Financial liabilities	13	1,255,513	1,534,163
Employee benefits		34,647	38,092
Total non-current liabilities		<u>6,290,160</u>	<u>6,572,255</u>
<b>Total liabilities</b>		<u>11,836,054</u>	<u>9,976,337</u>
<b>Net assets</b>		<u>108,753,928</u>	<u>50,398,266</u>
<b>Equity</b>			
Issued capital	14	116,448,720	58,498,886
Reserves		1,976,730	1,100,504
Accumulated losses		<u>(9,671,522)</u>	<u>(9,201,124)</u>
<b>Total equity</b>		<u>108,753,928</u>	<u>50,398,266</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Lark Distilling Co. Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2022**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Retained profits</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2020	49,475,985	543,712	(12,642,599)	37,377,098
Profit after income tax benefit for the year	-	-	3,441,475	3,441,475
Other comprehensive income for the year, net of tax	-	376	-	376
Total comprehensive income for the year	-	376	3,441,475	3,441,851
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs and tax (note 14)	8,556,996	-	-	8,556,996
Share-based payments	-	556,416	-	556,416
Issue of shares on exercise of unlisted options	465,905	-	-	465,905
Balance at 30 June 2021	<u>58,498,886</u>	<u>1,100,504</u>	<u>(9,201,124)</u>	<u>50,398,266</u>
<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Retained profits</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2021	58,498,886	1,100,504	(9,201,124)	50,398,266
Loss after income tax benefit for the year	-	-	(470,398)	(470,398)
Other comprehensive income for the year, net of tax	-	2	-	2
Total comprehensive income / (loss) for the year	-	2	(470,398)	(470,396)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 14)	56,571,214	-	-	56,571,214
Share-based payments	-	876,224	-	876,224
Shares issued as Consideration for business acquisition (note 15)	1,378,620	-	-	1,378,620
Balance at 30 June 2022	<u>116,448,720</u>	<u>1,976,730</u>	<u>(9,671,522)</u>	<u>108,753,928</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Lark Distilling Co. Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2022**

	<b>Note</b>	<b>Consolidated</b>	<b>Consolidated</b>
		<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		25,087,220	17,589,777
Payments to suppliers and employees (inclusive of GST)		(17,344,696)	(8,669,289)
Purchase of inventory		(15,835,380)	(15,778,286)
Interest paid		(260,715)	(271,343)
Interest received		3,378	2,167
Government grants and tax incentives received		634,861	751,878
		<u>                    </u>	<u>                    </u>
Net cash used in operating activities		<u>(7,715,332)</u>	<u>(6,375,096)</u>
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	15	(37,230,693)	-
Payments for property, plant and equipment		(2,212,694)	(774,007)
Payments for intangibles		-	(13,094)
Proceeds from sale of property, plant and equipment		-	150,000
		<u>                    </u>	<u>                    </u>
Net cash used in investing activities		<u>(39,443,387)</u>	<u>(637,101)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		57,860,000	8,857,503
Proceeds from the exercise of options		-	465,905
Proceeds from borrowings		5,000,000	-
Repayment of borrowings		(5,081,892)	-
Repayment of financial liabilities		-	(296,915)
Payment of lease liabilities under AASB 16		(264,339)	(81,693)
Share issue transaction costs		(1,904,520)	(406,091)
		<u>                    </u>	<u>                    </u>
Net cash from financing activities		<u>55,609,249</u>	<u>8,538,709</u>
Net increase in cash and cash equivalents		8,450,530	1,526,512
Cash and cash equivalents at the beginning of the financial year		<u>7,645,874</u>	<u>6,119,362</u>
		<u>                    </u>	<u>                    </u>
Cash and cash equivalents at the end of the financial year	6	<u><u>16,096,404</u></u>	<u><u>7,645,874</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Lark Distilling Co. Ltd**  
**Notes to the Preliminary Final Report**  
**30 June 2022**

**Note 1. Basis of preparation**

The Preliminary Final Report cover Lark Distilling Co. Ltd as a Group consisting of Lark Distilling Co. Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Lark Distilling Co. Ltd's functional and presentation currency.

The Preliminary Final Report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

This Preliminary Final Report has been prepared in accordance with ASX Listing Rules as they relate to the Appendix 4E and in accordance with the recognition and measurement requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. As such, this preliminary final report does not include all the notes of the type included in an annual financial report and accordingly, should be read in conjunction with the annual report for the year ended 30 June 2021 and any ASX announcements made by the Company during the year. The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year.

The Preliminary Final Report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the year, the Group earned a profit before tax of \$11,117 (FY21: profit of \$1,045,955) and had net cash outflows from operating activities of \$7,715,332 (FY21: outflow of \$6,375,096). As at 30 June 2022, the entity had cash and cash equivalents of \$16,096,404 (FY21: \$6,119,362). At the date of this report and having considered the current cash balance, working capital position and cash flow forecasts, the directors are confident that the Group will be able to continue as a going concern.

**Note 2. Revenue**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Whisky revenue	19,567,444	11,705,953
Gin revenue	3,716,413	3,764,285
Other revenue	1,054,047	1,072,746
	<u>24,337,904</u>	<u>16,542,984</u>

**Note 3. Other income**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Other income	118,203	79,144
R&D grant income	164,938	92,878
Government grant income	-	451,000
Excise rebates	350,006	100,000
Other income	<u>633,147</u>	<u>723,022</u>

**Note 4. Depreciation and amortisation**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Depreciation of property, plant and equipment	268,695	97,304
Depreciation of right-of-use assets	178,924	90,599
Amortisation of intangibles	18,655	17,895
	<u>466,274</u>	<u>205,798</u>
Depreciation capitalised into inventory	<u>379,307</u>	<u>235,785</u>

**Note 5. Finance costs**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Interest expense	193,538	259,563
Bank and other fees	132,935	11,780
	<u>326,473</u>	<u>271,343</u>

**Note 6. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash on hand	2,313	2,410
Cash at bank	16,094,091	7,643,464
	<u>16,096,404</u>	<u>7,645,874</u>

**Note 7. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	3,998,130	2,306,857
Other receivables	36,978	40,609
Expected future credit losses	-	(8,082)
Deposits paid	75,320	55,561
	<u>4,110,428</u>	<u>2,394,945</u>

**Lark Distilling Co. Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 8. Inventories**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Raw materials - at cost	3,843,114	1,736,215
Work in progress - at cost	1,737,390	2,299,983
Finished goods - at cost	3,793,620	1,163,852
Inventory in casks	11,222,598	2,801,691
Provision for obsolescence	(166,475)	(161,506)
	<u>20,430,247</u>	<u>7,840,235</u>
<i>Non-current assets</i>		
Inventory in casks	39,519,561	17,981,665
Finished goods at cost	221,925	-
	<u>39,741,486</u>	<u>17,981,665</u>

**Note 9. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Land - at cost	9,364,644	4,564,644
Impairment	(529,683)	(529,683)
	<u>8,834,961</u>	<u>4,034,961</u>
Building improvements - at cost	1,514,502	515,743
Less: Accumulated depreciation	(261,109)	(66,265)
	<u>1,253,393</u>	<u>449,478</u>
Plant, equipment & production assets - at cost	5,819,243	4,345,421
Less: Accumulated depreciation	(1,553,472)	(1,097,433)
	<u>4,265,771</u>	<u>3,247,988</u>
Motor vehicles - at cost	154,044	154,044
Less: Accumulated depreciation	(102,525)	(92,800)
	<u>51,519</u>	<u>61,244</u>
Capital work in progress	866,142	640,649
	<u>15,271,786</u>	<u>8,434,320</u>

**Lark Distilling Co. Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 9. Property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Land and building \$</b>	<b>Building improvement \$</b>	<b>Plant, equipment and production assets \$</b>	<b>Motor vehicle \$</b>	<b>Capital WIP \$</b>	<b>Total \$</b>
Balance at 1 July 2020	4,034,961	155,464	2,800,537	71,405	845,250	7,907,617
Additions	-	2,360	241,089	-	616,343	859,792
Capitalised to inventory	-	-	(229,401)	(6,384)	-	(235,785)
Transfers in/(out)	-	346,142	474,802	-	(820,944)	-
Depreciation expense	-	(54,488)	(39,039)	(3,777)	-	(97,304)
Balance at 30 June 2021	4,034,961	449,478	3,247,988	61,244	640,649	8,434,320
Additions	4,800,000	18,999	1,057,447	-	1,612,128	7,488,574
Disposals	-	-	(3,113)	-	-	(3,113)
Capitalised to inventory	-	-	(371,541)	(7,766)	-	(379,307)
Transfers in/(out)	-	972,486	414,150	-	(1,386,635)	1
Depreciation expense	-	(187,570)	(79,160)	(1,959)	-	(268,689)
Balance at 30 June 2022	<u>8,834,961</u>	<u>1,253,393</u>	<u>4,265,771</u>	<u>51,519</u>	<u>866,142</u>	<u>15,271,786</u>

**Note 10. Intangibles**

	<b>Consolidated</b>	
	<b>2022 \$</b>	<b>2021 \$</b>
<i>Non-current assets</i>		
Goodwill - at cost	20,231,628	10,934,839
Intangible assets - at cost	534,810	474,845
Less: Accumulated amortisation	(164,012)	(185,170)
	<u>370,798</u>	<u>289,675</u>
	<u>20,602,426</u>	<u>11,224,514</u>

**Lark Distilling Co. Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 10. Intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Goodwill</b> \$	<b>Other intangibles</b> \$	<b>Total</b> \$
Balance at 1 July 2020	10,934,839	294,476	11,229,315
Additions	-	30,000	30,000
Disposals	-	(15,957)	(15,957)
Amortisation expense	-	(18,844)	(18,844)
Balance at 30 June 2021	10,934,839	289,675	11,224,514
Additions	-	78,506	78,506
Additions through business combinations (note 15)	9,296,789	21,272	9,318,061
Amortisation expense	-	(18,655)	(18,655)
Balance at 30 June 2022	<u>20,231,628</u>	<u>370,798</u>	<u>20,602,426</u>

**Note 11. Trade and other payables**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	2,161,743	1,825,198
Sundry creditors and accrued expenses	210,784	488,299
Other payables	<u>2,304,387</u>	<u>613,564</u>
	<u>4,676,914</u>	<u>2,927,061</u>

**Note 12. Borrowings**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Non-current liabilities</i>		
Loan- National Australia Bank	5,000,000	-
Loan - Quality Life Pty Ltd	-	<u>5,000,000</u>
	<u>5,000,000</u>	<u>5,000,000</u>

**Lark Distilling Co. Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 13. Financial liabilities**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Barrel Finance and Logistics	-	48,877
Motor vehicles lease	-	30,794
Lease liability	420,191	134,756
	<u>420,191</u>	<u>214,427</u>
<i>Non-current liabilities</i>		
Lease liability	<u>1,255,513</u>	<u>1,534,163</u>

**Note 14. Issued capital**

	<b>Consolidated</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>75,306,377</u>	<u>63,069,350</u>	<u>116,448,720</u>	<u>58,498,886</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2020	54,452,878		49,475,985
Issue of shares	23 September 2020	8,052,334	\$1.100	8,857,567
Issue of shares on conversion of Performance Rights	7 January 2021	150,000	\$0.000	-
Issue of shares on exercise of unlisted options	12 March 2021	138,046	\$0.900	124,241
Issue of shares on exercise of unlisted options	26 March 2021	138,046	\$1.125	155,302
Issue of shares on exercise of unlisted options	15 April 2021	138,046	\$1.350	186,362
Transactions costs for period		-	\$0.000	(300,571)
Balance	30 June 2021	63,069,350		58,498,886
Exercise of options	12 July 2021	20,000	\$3.230	64,600
Exercise of options	12 July 2021	8,334	\$2.250	18,752
Exercise of options	1 September 2021	8,334	\$2.250	18,752
Placement of shares	22 October 2021	9,300,000	\$5.000	46,500,000
Share purchase plan	22 November 2021	1,000,000	\$5.000	5,000,000
Placement of shares to the Directors	23 December 2021	1,272,000	\$5.000	6,360,000
Conversion of vested performance rights	6 January 2022	293,332	\$0.000	-
Consideration shares in relation to the acquisition of the Pontville Distillery	1 February 2022	306,360	\$4.896	1,378,620
Exercise of options	18 March 2022	12,000	\$3.590	19,950
Exercise of options	25 March 2022	16,667	\$0.000	17,549
Transactions costs for period		-	\$0.000	(1,428,389)
Balance	30 June 2022	<u>75,306,377</u>		<u>116,448,720</u>

**Note 15. Business combinations**

On 2 February 2022, the Group acquired 100% of the ordinary shares of Kernke Family Shene Estate Pty Ltd, the owner of the Pontville Distillery and Estate, for the total consideration of \$38,998,469. The business is a whisky producer business and was acquired to increase the whisky production capacity of the Group. The goodwill of \$9.26 million is the fair value of consideration paid in excess of the fair value of acquired assets and liabilities, and represents the residual value of the inputs, processes and outputs acquired as part of the business combination.

Details of the acquisition are as follows:

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	248,035
Trade receivables	111,437
Inventories	23,948,174
Raw materials	45,993
Finished goods	100,001
Land and buildings	4,800,000
Property, Plant and equipment	574,267
Patents and trademarks	21,272
Trade and other payables	(176,821)
Deferred tax asset	<u>29,322</u>
<b>Net assets acquired</b>	<b>29,701,680</b>
Goodwill	<u>9,296,789</u>
<b>Acquisition-date fair value of the total consideration transferred</b>	<b><u>38,998,469</u></b>
Representing:	
Cash paid or payable to vendor	37,619,849
Lark Distilling Co. Ltd shares issued to vendor	<u>1,378,620</u>
	<b><u>38,998,469</u></b>

*Accounting policy for business combinations*

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

**Note 15. Business combinations (continued)**

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**Note 16. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
Australian Whisky Holdings Bothwell Pty Ltd	Level 1, 91-93 Macquarie Street 7000	100.00%	100.00%
Australian Whisky Holdings Services Pty Ltd	Level 1, 91-93 Macquarie Street 7000	100.00%	100.00%
Australian Whisky Holdings Management Pty Ltd	Level 1, 91-93 Macquarie Street 7000	100.00%	100.00%
Aowei Liquor Industries Beijing Limited	Beijing PRC 100022	100.00%	100.00%
Australian Whisky Holdings (HK) Limited	Kowloon, Hong Kong	100.00%	100.00%
Lark Distillery Pty Ltd	40 Denholms Road, Cambridge, TAS 7170	100.00%	100.00%
Kernke Family Shene Estate Pty Ltd	76 Shene Rd, Pontville TAS 7030	100.00%	-
Shene Distillery Pty Ltd	76 Shene Rd, Pontville TAS 7030	100.00%	-