

**Digital
Wine
Ventures
Limited**

Annual
Report
30 June
2021





Digital Wine Ventures

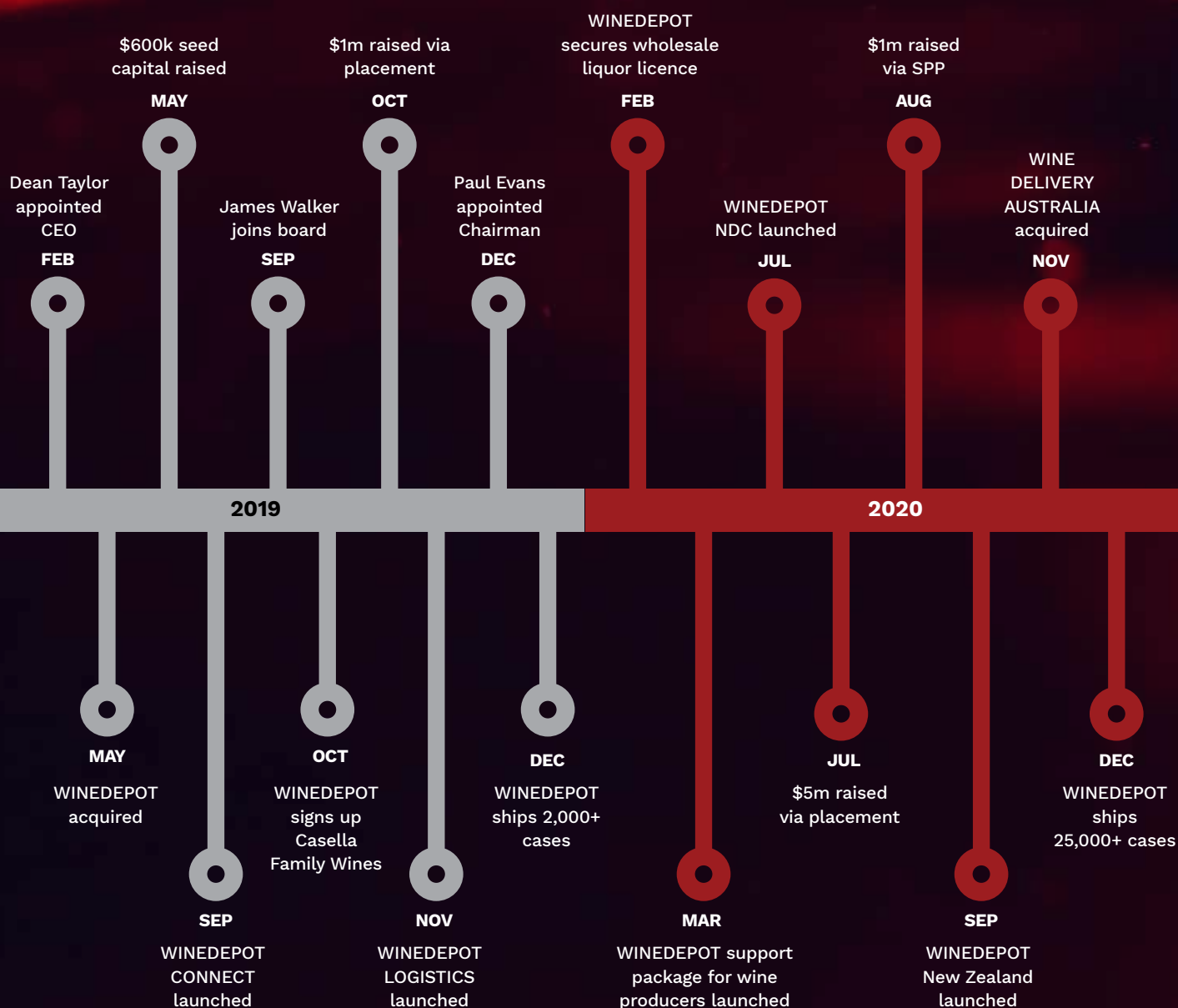
(ASX:**DW8**) is an Australian based publicly listed company that invests in technology-driven businesses servicing the global wine and beverage industry.

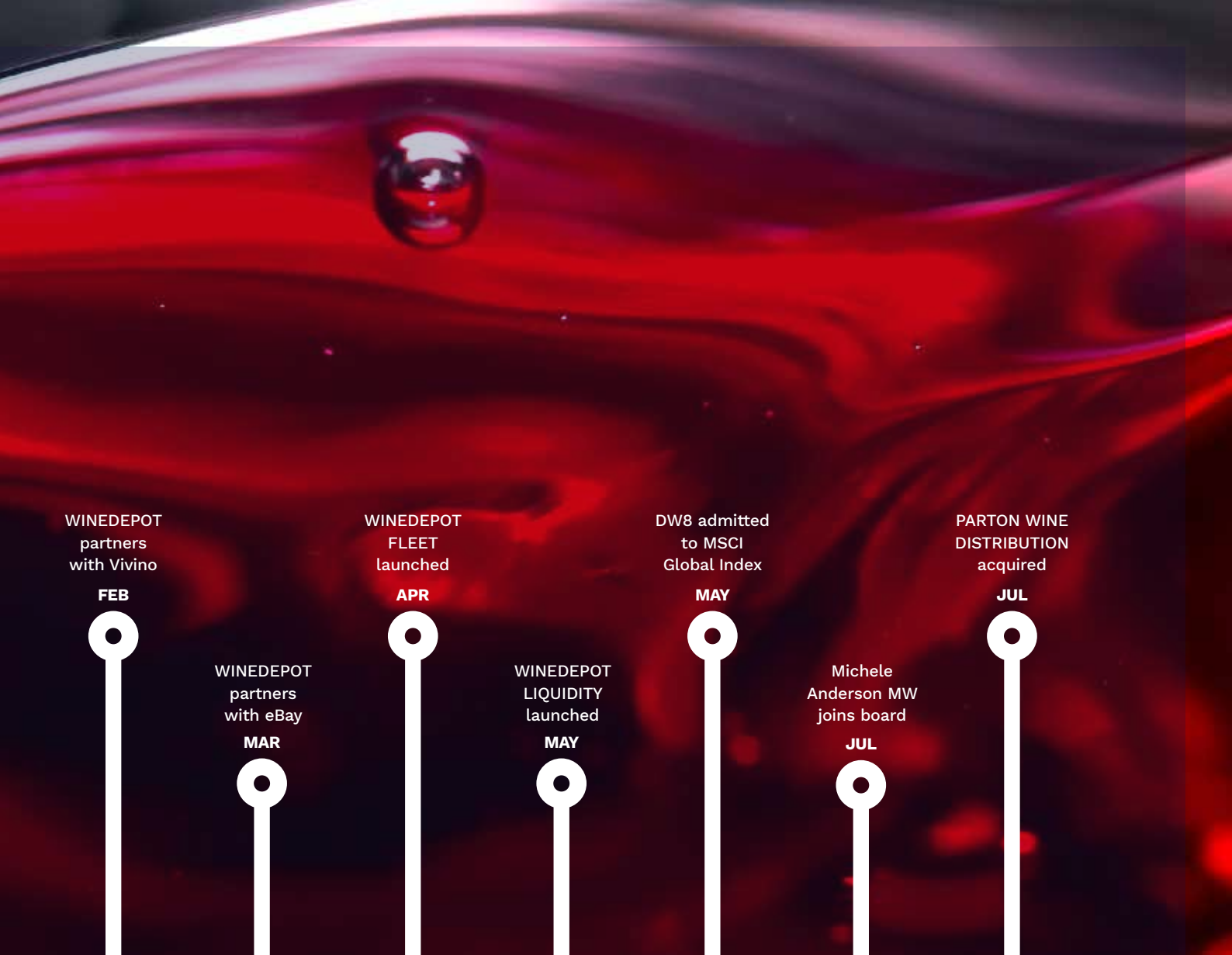
**Welcome to
Digital Wine
Ventures
Limited**

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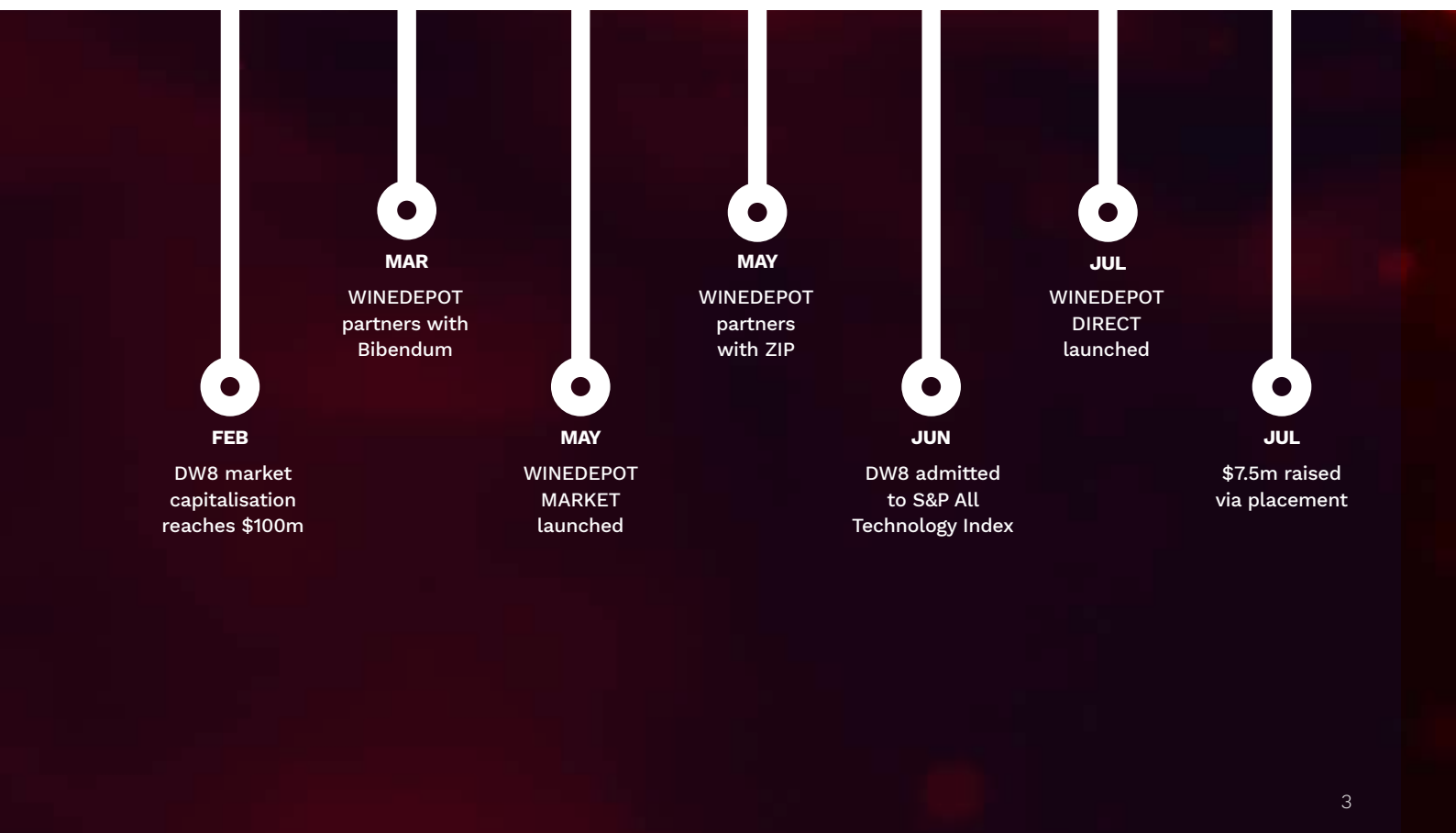


WINEDEPOT Timeline





2021

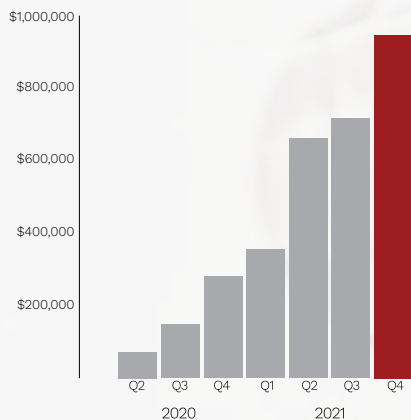


Strong **growth** & metrics in FY21



\$A2.6m

REVENUE FY2021



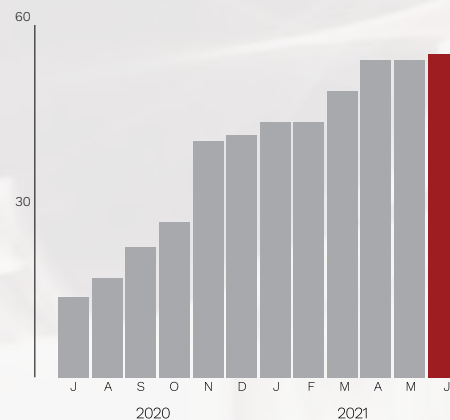
UP BY

410%



52

ORGANISATIONAL HEADCOUNT



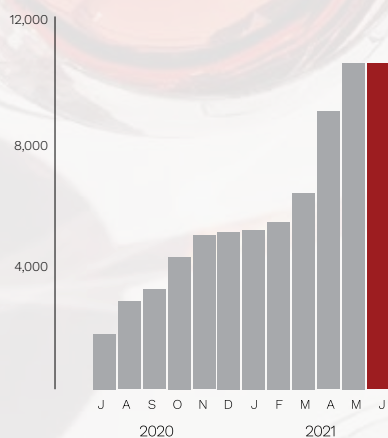
UP BY

333%



10,320

SHAREHOLDERS



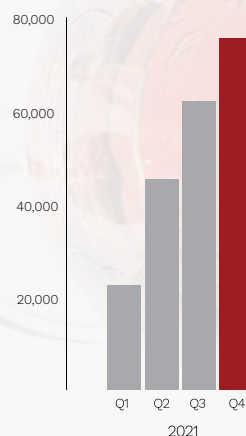
UP BY

477%



204,962

CASES SHIPPED



UP BY

761%

Cloud-based
SaaS technology
platform

Designed to
streamline
wine & beverage
distribution

Releases
value, time
& resources
for users

WINEDEPOT **is** DW8'S **cornerstone investment**

Multiple
proven
revenue
streams

Application in
other markets,
verticals
and product
categories

Fintech Credit-
as-a-Solution
upside



The Pillars



Connect

sellers with millions of consumers and trade buyers across Australia



Deliver

a smarter and faster logistics solution



Simplify

technology through a well-integrated platform



Share

leverage our combined buying power and share the value released

WINEDEPOT

provides producers, distributors and importers with an integrated trading, logistics and payment management solution to help service both trade and consumer markets.

WINEDEPOT'S

5

COMPONENTS





WINEDEPOT MARKET

is a wholesale marketplace that allows suppliers to connect directly with trade buyers across the country



WINEDEPOT DIRECT

expands suppliers' reach by listing brands and products across a broad range of online consumer sales channels



WINEDEPOT LOGISTICS

provides access to an extensive range of reliable, fast and cost-effective logistics and order fulfillment solutions



WINEDEPOT CONNECT

integrates existing technologies to our suite of logistics solution, allowing for easy and simple inventory, order, and payment management



WINEDEPOT LIQUIDITY

helps accelerate cash flow for suppliers and offers generous credit and payment terms to buyers.



**Let the
drinks
flow.**

W WINE
DEPOT

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CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors of Digital Wine Ventures Limited, I am pleased to present our annual report for the financial year ending 30 June 2021.

It has been a year of further strong growth. We have accelerated organic growth in our **WINEDEPOT LOGISTICS** platform, both establishing our National Distribution Centre in Barnawartha in regional Victoria and completing two complementary and synergistic acquisitions that build out our national logistics capability and grow our customer base materially.

In June, we launched **WINEDEPOT MARKET**, our B2B marketplace platform. In parallel, we have created a range of significant partnerships with Bibendum, eBay and Vivino that meaningfully extend our product coverage and make it possible for the suppliers on our platform to sell wine directly to consumers at scale. These milestones have advanced our development from a promising business plan two years ago to a technology-enabled operating business that is generating consistent revenue growth and demonstrating product market fit.

Our sales pipeline remains strong, notwithstanding a challenging environment for many of our customers stemming from the COVID-19 pandemic, specifically the constraints on winery visitation and forced closures for on-premise operations.

I was pleased to welcome Michele Anderson to your Board in July. She will contribute considerable relevant domain and business scaling experience from senior roles she has held both in the wine industry and in leading digital growth and transformation for major corporations.

Together, your Board has continued to support CEO Dean Taylor and ensure that he has the necessary human, financial, strategic and tactical resources to achieve our ambitions.

Our team has grown from 12 colleagues on 1 July 2020 to 149 today and we extend a particularly warm welcome to the new team members from Wine Delivery Australia and Parton's Wine Group. I would like to thank the whole Digital Wine Ventures team for their consistent hard work in the challenging personal circumstances created by the pandemic.

The Company in a strong liquidity position and has the resources to execute its vision. We continue to consider a range of merger and acquisition opportunities. The key principles that must drive these is that they will either add value to our customer experience and/or drive efficiencies and scale in our core business.

As the Company has grown, we have also been pleased to see significant expansion in our shareholder base which has grown from 1,790 shareholders on 1 July 2020 to 10,320 today. We are truly grateful for this support.

As fellow shareholders in the company, your Board is pleased with what has been achieved in the past twelve months and is looking forward to what we can achieve in the next twelve months as we accelerate the growth of our **WINEDEPOT LOGISTICS** and **WINEDEPOT MARKET** platforms.

Warm Regards



Non Executive Chairman



PAUL EVANS
NON EXECUTIVE
CHAIRMAN

CEO'S LETTER

Dear Shareholder,

Firstly, let me start by saying it's been another massive year for DW8, **WINEDEPOT** and our ever-growing executive and operational teams. As I reflect on the last 12 months, I can't help but feel proud of just how much we have accomplished and how much closer we are to bringing our vision to reality.

For example, in FY2021 we shipped 204,962 cases – up from 23,801 in the year before. Based on our current run rate, we expect to ship more than 1,000,000 cases this financial year. Not a bad effort for a fledgling micro-cap during a global pandemic.

But such rapid growth doesn't come easily. It requires a team effort and that's what I'd like to focus on.

Despite having been involved in eight start-ups, I have never had the honour of leading a team that has delivered as many strategic goals as this one has. What's more exciting is that we are just getting started, with most of the team having joined DW8 less than a year ago and some never having had the opportunity to meet each other in person due to COVID-19 related travel restrictions. I thank you all for your dedication, commitment and passion.

While our Annual Report provides shareholders a glimpse of what we are achieving, it does not show how much progress is being made behind the scenes creating a platform and embedding it into what is regarded by most as a very conservative industry. To achieve this in such a short amount of time requires not just an incredible product market fit, but also early adopters prepared to embrace something new. I thank all of our customers for your leap of faith and courage to try something new.

Together we have built a robust and highly scalable platform that releases an incredible amount of value for the industry we serve. A powerful engine designed to

let everything flow. An engine capable of connecting buyers and sellers and simplifying wine and beverage distribution, not just here in Australia but all around the world. An engine capable of generating multiple revenue streams by not adding cost but by releasing layers and layers of inefficiency trapped in the existing supply chain.

None of this could have been achieved without the support of a board, who provide me and other members of the executive team with the framework, controls and diligence required to drive and sustain such exponential growth. I thank you for the layer of accountability, mindfulness and risk management that you provide to the venture.

Nor could it be realised without the 10,000 plus passionate shareholders who share our vision and have supported DW8 so early on its journey.

Last but not least, I thank my partner, family and friends who have given me the space and support to bring my vision to life. Your patience, acceptance and encouragement is most appreciated. I could not do this without you.

In summary, I'd like to thank all of you who have been part of this exciting journey to date -our staff, contractors, advisors, consultants, directors, company secretary, auditor, shareholders, friends and family and most importantly our customers.

I thank you all and look forward to celebrating many more milestones over the coming years. Here's to another amazing 12 months.

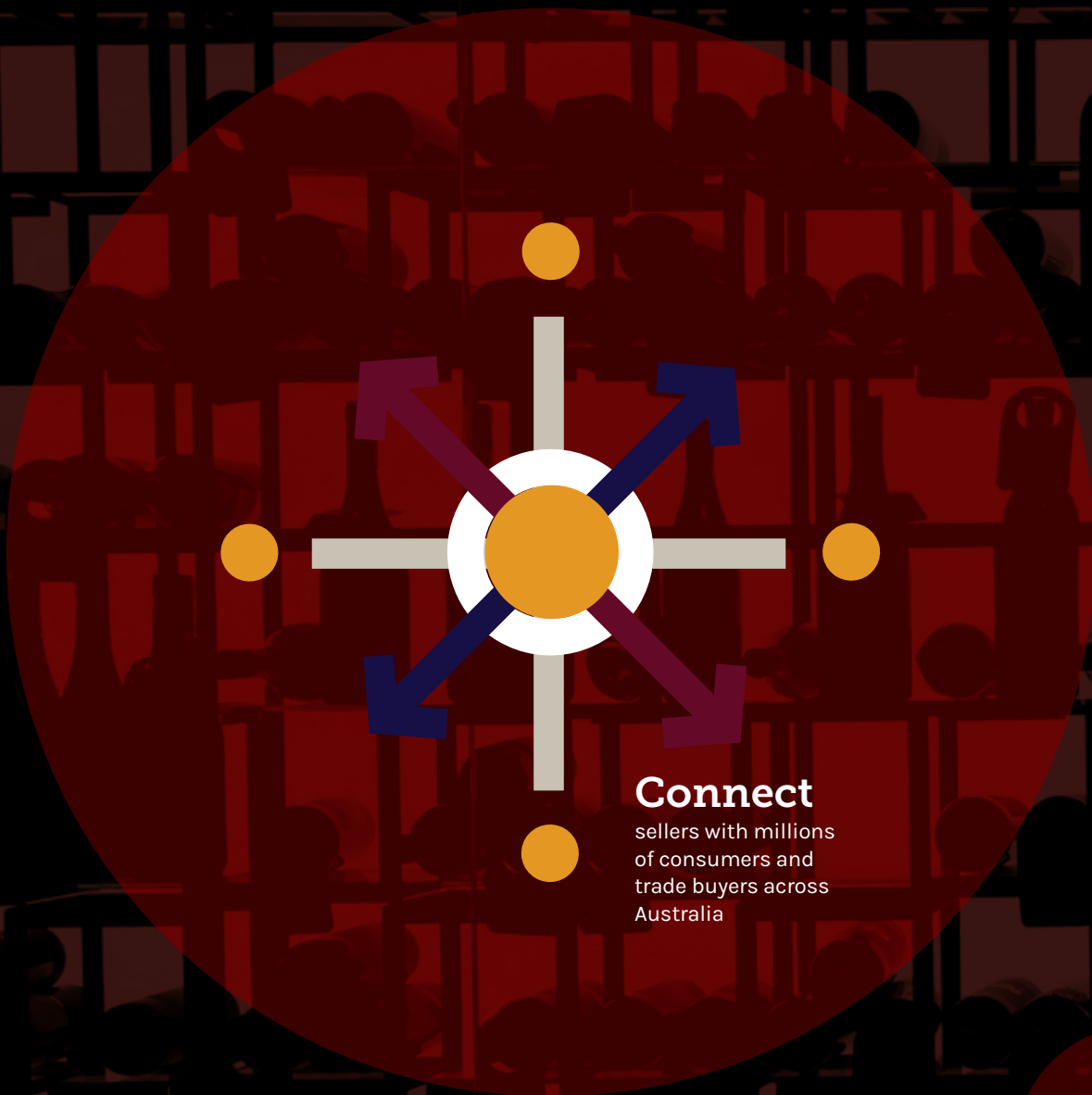
Yours faithfully



Dean Taylor
Chief Executive Officer



DEAN TAYLOR
CHIEF EXECUTIVE OFFICER





REVIEW OF OPERATIONS

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 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.

The integrated trading, logistics and payment solution consists of five key components:

- **MARKET** – direct-to-trade marketplace
- **DIRECT** – direct-to-consumer sales manager
- **CONNECT** – order, inventory & technology integration manager
- **LIQUIDITY** – payment management solution
- **LOGISTICS** – fulfillment solutions

The platform generates multiple revenue streams including:

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

WINEDEPOT plans to develop a strong presence in Australia and New Zealand before expanding the platform into other key markets such as USA, UK, Europe, Canada, Hong Kong and Singapore.

SUMMARY OF STATUTORY FINANCIAL PERFORMANCE

The financial results of the Group for the year ended 30 June 2021 are:

	30-Jun-21	30-Jun-20	Change (\$)	Change %
Revenue (\$)	2,795,892	566,141	2,229,751	394%
Net loss after tax (\$)	(6,931,632)	(2,036,474)	(4,895,158)	240%
Cash and cash equivalents (\$)	6,355,191	585,873	5,769,318	985%
Net assets (\$)	8,796,137	503,947	8,292,190	1645%

Operating Results

Digital Wine's net loss after income tax for the year ended 30 June 2021 totalled \$6,931,632, which compared with a loss of \$2,036,474 in the previous financial year.

The operating loss in the current year was a result of the net loss incurred in the expansion of the **WINEDEPOT** business and employee based share payments.

Financial Position

During the financial year, net assets of the Company and its controlled entities increased by \$8,292,190 to \$8,796,137 at 30 June 2021. The increase was as a result of the capital raised during the year partially offset by the operating loss for the year.

KEY OPERATIONAL MILESTONES FY21

Key milestones achieved over the last 12 months of operations include:

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

- had shipped 6,098 cases in June, up 40% on May 2020;
- had processed 2,752 orders in June;
- had signed up another 16 customers in June;
- had signed up the first French winery, expanding the addressable market;
- had launched a 10,000 pallet National Distribution Centre (NDC);
- planned to expand its sales and marketing team; and
- had appointed Aaron Brasher as Head of BDM;

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

- had shipped 6,612 cases in July; and
- had processed 3,353 orders in July, up 22% on June.

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

- had shipped 8,488 cases in August, up 28% on July;

- had signed up another 17 brands;
- would make Credit as a Service available within its Direct-to-Trade Marketplace;
- had recruited several new executives to join its sales and marketing team;
- 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 shipped a total of 7,265 cases in September;
- had generated \$400k revenue for Q1 FY2021 up 48% on Q4 FY2020;
- had processed 4,726 orders in September, up 14% on August.
- had signed up 17 new customers to the platform;
- had signed up its first national distributor to the platform; and
- had signed a binding agreement to acquire **Wine Delivery Australia (WDA)** which was expected to increase the customer database by 186 suppliers;

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 completed the acquisition of **Wine Delivery Australia**;
- would allow DW8 shareholders to purchase wine and other products at preferential prices through 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 shipped almost 25,000 cases in December, well above the 10,000 reported in November;
- had 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.

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

- had shipped 15,764 cases in January;
- had processed 7,408 orders, up 605% on the number reported for January 2020;
- had welcomed a total of 11 new customers to the platform; and
- had partnered with Vivino, the world's largest wine app and marketplace;

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

- had shipped 20,864 cases in February up 32% on January;
- had processed 9,494 orders, up 918% on the number reported for February 2020;
- had welcomed a total of 26 new customers to the platform;
- had signed a MOU with eBay, Australia's number one shopping site;
- had partnered with leading fine wine and beverage distributor Bibendum;
- had entered into a partnership with Direct Couriers (Aust) Pty Ltd to develop a dedicated delivery fleet; and
- had obtained official climate neutral status from Leaders for Climate Action.

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

- had shipped 25,311 cases in March;
- had processed 12,272 orders, up 504% on the number reported for March 2020;
- had welcomed a total of 27 new customers to the platform; and
- had appointed James Munn as COO

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

- had shipped 23,006 cases in April;
- had processed over 9,500 orders, up 350% on the number reported for April 2020;
- had welcomed a total of 19 new customers to the platform; and
- had secured the liquor license to launch INSIDER TRADING wine club; and
- had officially launched **WINEDEPOT MARKET** in Sydney;
- had partnered with Earlypay (ASX:EPY) to launch **WINEDEPOT LIQUIDITY** a payment management solution for the wholesale beverage market; and
- had partnered with ZIP (ASX:Z1P) to provide **WINEDEPOT MARKET** users access to a buy now pay later solution with credit lines of up to \$150,000;

On 19 May 2021, the Company also confirmed that DW8 had been admitted to the MSCI Global Index.

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

- had shipped 25,284 cases in May up 480% on the same month in 2020;
- had processed 11,736 orders;
- had welcomed a total of 24 new customers to the platform with another 9 from New Zealand; and
- had added Amazon to the list of DTC channels serviced by **WINEDEPOT DIRECT**;

On 11 June 2021, S&P confirmed that DW8 had been admitted to the S&P/ ASX All Technology Index

EVENTS SUBSEQUENT TO BALANCE DATE

On the 1st of July Digital Wine announced the appointment of Ms Michele Anderson as an independent Non-Executive Director.

Michele Anderson is a business executive focused on growth, digital transformation and operational leadership, with considerable wine industry expertise. Michele is recognized as one of the most influential women in Silicon Valley and in the global wine business and was awarded the Master of Wine in 2011

Michele holds an MBA from Wharton Business School, a BComm / LLB from the University of New South Wales and is a graduate of the Australian Institute of Company Directors. Michele returned to Sydney in March 2021 after a 30-year international career. She joins Digital Wine Ventures as a non-executive director role and is also an independent director of Baron Philippe de Rothschild S.A., a leading French wine business.

On the 10th of August Digital Wine announced the successful completion of the purchase of 100% of the Parton Wine Group. The consideration for the acquisition is entirely performance based via an Earn Out through the issue of performance securities. The details of the acquisition are set out at Note 29 (b).

Pursuant to the Acquisition the Company received firm commitments to raise gross proceeds of \$7,500,000 via a share placement to institutional and sophisticated investors of \$7,375,000 and DW8 director participation of \$125,000, subject to shareholder approval. The details of the Placement are set out at Note 29 (c).

No other 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.



REMUNERATION REPORT

This report for the year ended 30 June 2021 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ('the Act') and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ('KMP') who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

Other than the directors, the Company does not currently have any other executives.

This Remuneration Report covers the following Key Management Personnel:

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

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

- | | | | |
|---|--|---|---|
| A | Remuneration Philosophy | E | Contractual Arrangements |
| B | Remuneration Governance, structure and Approvals | F | Share-based Compensation |
| C | Remuneration and Performance | G | Equity Instruments Issued on Exercise of Remuneration Options |
| D | Details of Remuneration | H | Voting and comments made at the Company's 2020 Annual General Meeting |
| | | I | Other transactions with KMP |

A - REMUNERATION PHILOSOPHY

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of Digital Wine comprise the Board of Directors.

The performance of the Group depends upon the quality of its KMP. To prosper the Company must attract, motivate and retain appropriately skilled Directors and Executives.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B-REMUNERATION GOVERNANCE, STRUCTURE AND APPROVALS

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives (the executive team), including key performance indicators and performance hurdles;
- Remuneration levels of executives, and
- Non-executive director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

Non-Executive Remuneration

The remuneration of Non-Executive Directors consists of Directors' fees. The Company's constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. Digital Wine's constitution sets the payment of fees to the Non-Executive Directors, which in aggregate cannot exceed \$500,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting. The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

Non-Executive Directors do not receive retirement benefits but are able to participate in share-based incentive programmes in accordance with Company policy.

The remuneration of Non-Executives is detailed in Table 1, and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

Executive Remuneration

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Executives.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1, and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and, where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and the performance of executives.

C - REMUNERATION AND PERFORMANCE

The following table shows the gross revenue, losses and share price of the Group as at 30 June for the last five financial years:

	30-Jun-21	30-Jun-20	30-Jun-19	30-Jun-18	30-Jun-17
Revenue (\$)	2,795,892	566,141	237,288	231,333	136,470
Net loss after tax (\$)	(6,931,632)	(2,036,474)	(1,655,517)	(2,108,315)	(4,506,480)
Share Price (\$)	0.08	0.02	0.005	0.005	0.015

It is to be noted that the WINEDEPOT business was acquired in May 2019 and didn't commence trading until September 2019. The net losses accumulated by the Company prior to 20 Jun 2019 relate primarily to the launch and operation of a direct-to-consumer wine business in China called Dawine, which has since ceased trading.

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development the Board does not consider earnings during the current and previous financial years when determining, and in relation to, the nature and amount of remuneration of KMP.

Short Term Incentive Package

Dean Taylor was awarded \$40,625 in short term incentive relating to his performance against agreed KPIs for the current financial year (2020: \$65,625).

Long Term Incentive Package

OPTIONS HOLDINGS OF KMP:

The Board considers that for each KMP who receive options, their experience in the Wine industry will greatly assist the Company in achieving its strategy and objectives.

The Board is of the opinion that the expiry date and exercise price of the options currently on issue to the Directors, other KMP and its Executives is a sufficient, long term incentive to reward Executives in a manner which aligns the element of remuneration with the creation of

shareholder wealth. Subsequently, the issue of options is not linked to performance conditions because by setting the option price at a level above the current share price at the time the options are granted, provides incentive for management to improve the Group's performance.

Currently, 52,750,000 unlisted options are on issue, of which 32,929,320 are held by KMP:

CEO SHARES AND PERFORMANCE RIGHTS:

In FY19 As part of his appointment in February 2019 as CEO, Mr Dean Taylor was issued 16,666,667 shares and 100,000,000 performance rights.

The terms of the performance rights issued to Mr Taylor are as follows:

Class	A	B
Number	50,000,000	50,000,000
Vesting Condition	Both of the following conditions being satisfied: <ul style="list-style-type: none"> the Company generating at least \$1.25 million of revenue over any consecutive three month period (equating to annualised revenue of at least \$5 million); and a volume weighted average price of the Company's Shares over any consecutive three month period of at least \$0.015. 	Both of the following conditions being satisfied: <ul style="list-style-type: none"> the Company generating at least \$2 million of revenue over any consecutive three month period (equating to annualised revenue of at least \$8 million); and a volume weighted average price of the Company's Shares over any consecutive three month period of at least \$0.025.
Expiry Date	3 years after the date Dean Taylor commences employment with the Company	5 years after the date Dean Taylor commences employment with the Company

The Board is of the opinion that the nature of the performance conditions of the performances rights provide a sufficient, long term incentive to reward Mr Taylor in a manner which aligns the element of remuneration with the creation of shareholder wealth. During the period \$350,000 expense was recognised in the Profit and Loss in relation to Mr Taylor's performance rights.

D - DETAILS OF REMUNERATION

The table below details the various components of remuneration for each member of the key management personnel of the Group. The term “Key Management Personnel” (or “KMP”) refers to those persons having authority and responsibility for planning, directing and controlling the activities of the group directly or indirectly including any Director (whether executive or otherwise) of the Group.

TABLE 1: REMUNERATION OF KMP OF THE GROUP FOR THE YEAR ENDED 30 JUNE 2021 IS SET OUT BELOW:

	Short-term employee benefits			Post-employment benefits	Share-based payments	
	Salary & fees	Non-monetary	Other	Super-annuation	Shares	Total
	\$	\$	\$	\$	\$	\$
30-Jun-21						
Directors						
Mr Paul Evans	91,667	-	-	-	66,559	158,226
Mr Dean Taylor	319,176	-	40,625	-	483,118	842,919
James Walker	66,200	-	-	5,302	66,559	138,061
Total	477,043	-	40,625	5,302	616,236	1,139,206
30-Jun-20						
Directors						
Mr Paul Evans	51,875	-	-	-	-	51,875
Mr Dean Taylor	275,000	-	65,625	-	-	340,625
Mr James Walker	34,833	-	-	-	-	34,833
Mr Piers Lewis	25,000	-	-	-	-	25,000
Mr Michael Edwards	9,000	-	-	-	-	9,000
Mr Sam Atkins	12,000	-	-	-	-	12,000
Total	407,708	-	65,625	-	-	473,333

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed remuneration		At risk - STI (%)		At risk - LTI (%)	
	2020	2019	2020	2019	2020	2019
Directors						
Mr Paul Evans	100%	100%	-	-	-	-
Mr Dean Taylor	89%	81%	11%	19%	-	-
Mr James Walker	100%	100%	-	-	-	-
Mr Piers Lewis	-	100%	-	-	-	-
Mr Michael Edwards	-	100%	-	-	-	-
Mr Sam Atkins	-	100%	-	-	-	-

TABLE 2: SHAREHOLDINGS OF KMP (DIRECT AND INDIRECT HOLDINGS)

30-Jun-21	Balance at 1/07/2020	Other changes during the year	Purchased on market	Balance at 30/06/2021
Directors				
Mr Paul Evans	23,076,923	-	3,625,000	26,701,923
Mr Dean Taylor	95,274,196	-	1,725,804	97,000,000
Mr James Walker	3,846,154	-	1,000,000	4,846,154
Total	122,197,273	-	6,350,804	128,548,077

30-Jun-20	Balance at 1/07/2019	Other changes during the year	Purchased on market	Balance at 30/06/2020
Directors				
Mr Paul Evans	-	23,076,923	-	23,076,923
Mr Dean Taylor	100,000,000	(6,725,804)	2,000,000	95,274,196
Mr James Walker	-	3,846,154	-	3,846,154
Mr Piers Lewis ¹	37,900,000	-	-	37,900,000
Mr Michael Edwards ²	-	-	-	-
Mr Sam Atkins ²	476,814	-	-	476,814
Total	138,376,814	20,197,273	2,000,000	160,574,087

1 The closing balance represents Mr Lewis' final interests as at the date of his resignation as a director on the 29 November 2019.

2 The closing balance represents Mr Edwards' and Mr Atkins' final interests as at the date of their resignations as directors on the 30 September 2019.

TABLE 3: OPTION HOLDINGS OF KMP (DIRECT AND INDIRECT HOLDINGS)

30-Jun-21	Balance at 1/07/2020	Granted	Expired	Balance at 30/06/2021	Vested & exercisable
Directors					
Mr Paul Evans	5,769,231	6,000,000	-	11,769,231	5,769,231
Mr Dean Taylor	2,198,551	12,000,000	-	14,198,551	2,198,551
Mr James Walker	961,538	6,000,000	-	6,961,538	961,538
Total	8,929,320	24,000,000	-	32,929,320	8,929,320

30-Jun-20	Balance at 1/07/2019	Granted as Part of Rights Issue	Expired Options	Balance at 30/06/2020	Vested & exercisable
Directors					
Mr Paul Evans	-	5,769,231	-	5,769,231	5,769,231
Mr Dean Taylor	-	2,198,551	-	2,198,551	2,198,551
Mr James Walker	-	961,538	-	961,538	961,538
Mr Piers Lewis 1	12,000,000	-	-	12,000,000	12,000,000
Mr Michael Edwards 2	12,000,000	-	-	12,000,000	12,000,000
Mr Sam Atkins 2	12,000,000	-	-	12,000,000	12,000,000
Total	36,000,000	8,929,320	-	44,929,320	44,929,320

1 The closing balance represents Mr Lewis' final interests as at the date of his resignation as a director on the 29 November 2019.

2 The closing balance represents Mr Edwards' and Mr Atkins' final interests as at the date of their resignations as directors on the 30 September 2019.

TABLE 4: PERFORMANCE RIGHTS OF KMP (DIRECT AND INDIRECT HOLDINGS)

30-Jun-21	Balance at 1/07/2020	Granted as remuneration	Expired Options	Balance at 30/06/2021	Vested & exercisable
Directors					
Mr Paul Evans	-	-	-	-	-
Mr Dean Taylor	100,000,000	-	-	100,000,000	-
Mr James Walker	-	-	-	-	-
Total	100,000,000	-	-	100,000,000	-

30-Jun-20	Balance at 1/07/2019	Granted as remuneration	Expired Options	Balance at 30/06/2020	Vested & exercisable
Directors					
Mr Paul Evans	-	-	-	-	-
Mr Dean Taylor	100,000,000	-	-	100,000,000	-
Mr James Walker	-	-	-	-	-
Mr Piers Lewis	-	-	-	-	-
Mr Michael Edwards	-	-	-	-	-
Mr Sam Atkins	-	-	-	-	-
Total	100,000,000	-	-	100,000,000	-

E - CONTRACTUAL ARRANGEMENTS

Mr Paul Evans Non-Executive Chairman

- Contract: The Company and Mr Evans entered into an director services agreement dated 1 November 2019, pursuant to which Mr Evans was appointed as Non-Executive Chairman.
- Director Fees: \$100,000 per annum payable by the Company to Mr Evans during the period Mr Evans serves as a Non-Executive Chairman of the Company.
- Director Options: 5,769,231 Director Options, as approved by shareholders at the 2019 AGM.

- Director Incentive Options: 2,000,000 Class A and 4,000,000 Class B incentive options approved by shareholders at the 2020 AGM

Mr Dean Taylor – Executive Director / Chief Executive Officer

- Contract: The Company and Mr Taylor entered into a Senior Executive Employment Agreement ("SEEA") on 16 August 2018, pursuant to which Mr Taylor was appointed as Executive Director on 1 February 2019.
- Sign-on bonus: \$100,000 to be settled by the issue of shares at a deemed issue price of \$0.006 per share
- Remuneration: \$325,000 per annum

- Short term incentive: At the absolute discretion of the Board, an annual bonus up to an amount equal to 25% of the base salary
- Director Options: 2,198,551 Director Options, as approved by shareholders at the 2019 AGM.
- Performance rights: 100,000,000 performance right as approved by shareholders at the 2018 AGM
- Termination: The Company may terminate the SEEA:
 - (i) Without cause by giving not less than three months' written notice; or

- (ii) Summarily without notice if Mr Taylor is removed as a director, is of unsound mind, bankrupt, commits any serious breach of the SEEA, commits or is guilty of gross misconduct or is convicted of a criminal offence.
- Director Incentive Options: 4,000,000 Class A and 8,000,000 Class B incentive options approved by shareholders at the 2020 AGM

Mr James Walker Non-Executive Director

- Contract: The Company and Mr Walker entered into an director services agreement dated 30 September 2019, pursuant to which Mr Walker was appointed as Non-Executive Director.
- Director Fees: \$75,000 inclusive of Superannuation per annum payable by the Company to Mr Walker during the period Mr Walker serves as a Non-Executive Director of the Company.
- Director Options: 961,538 Director Options, as approved by shareholders at the 2019 AGM.
- Director Incentive Options: 2,000,000 Class A and 4,000,000 Class B incentive options approved by shareholders at the 2020 AGM

F - SHARE-BASED COMPENSATION

The Company rewards Directors and senior management for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and or shares. Share-based compensation is at the discretion of the Board and no individual has a contractual right to participate in any share-based plan or to receive any guaranteed benefits.

Shares

There were no other shares issued as share-based compensation issued to Directors during the year.

Options

The current directors were issued Class A and Class B Incentive Options as approved by shareholders on 25th of November 2020. These are noted in table 3.

At the date of this report, the unissued ordinary shares of Digital Wine under option carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Performance rights

During FY19, 100,000,000 performance rights were issued to Mr Dean Taylor under the Senior Executive Employment Agreement and approved by shareholders at the 2018 AGM.

At the date of this report, the performance rights have not vested, however during the year it was assessed that it was considered probable that the non-market vesting conditions will be achieved resulting in a share based payment expenses of \$350,000.

G - EQUITY INSTRUMENTS ISSUED ON EXERCISE OF REMUNERATION OPTIONS

No remuneration options were exercised during the financial year (2020: nil).

H - VOTING AND COMMENTS MADE AT THE COMPANY'S 2020 AGM

The adoption of the Remuneration Report for the financial year ended 30 June 2020 was put to the shareholders of the Company at the AGM held 25 November 2020. The resolution was passed without amendment. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

I - OTHER TRANSACTIONS WITH KMP

There were no transactions with related parties in the current financial period.

	30-Jun-21 \$	30-Jun-20 \$
Accounting / Company Secretary Services - Smallcap Corporate Pty Ltd (a Company which Piers Lewis is a Director)	-	121,921
	-	121,921

THE BOARD



MR PAUL EVANS

**Non-Executive Chairman
(appointed 1 November 2019)**

MA

Mr Evans has 29 years of private equity experience with 3i in the United Kingdom and with AMP, Gresham, Ironbridge and Pacific Road in Australia. After six years as a Director of AMP Private Equity, where he led several of Australia's leading management buyouts, Paul left to join Gresham in 2001 as a director. There he led the A\$252 million buyout of car parts group Repco in 2001.

In 2003 Paul became one of the Founding Partners of Ironbridge and has represented Ironbridge Funds on the Boards of Barbeques Galore, iNova Pharmaceuticals and Amart Furniture. From 2017 to 2021, Paul was Director, Operations for Pacific Road Capital.

Paul obtained a first class Honours degree in Modern Languages from Cambridge University. He is also a keen wine collector and the current Chairman of the Advisory Board at Elderton Wines.

During the past three years, Mr Evans has not held directorships in any other ASX listed companies.



MR DEAN TAYLOR

**Executive Director and
Chief Executive Officer
(appointed 1 February 2019)**

B'ARCH HONS

Originally an architect, Dean established Wine Ark in 2000 a climate-controlled storage business which now manages over \$100m of wine across over a dozen sites around the country. Wine Ark was acquired by National Storage (ASX: NSR) in 2007.

In 2003 he launched Wine Exchange an online wine trading platform and The Cellar Club an ultra premium wine club, which were acquired by Cellarmasters in 2009 and latter sold onto Woolworths in 2011 as part of a \$340m transaction.

In 2010 he founded Crackawines.com.au a direct-to-consumer marketplace that became one of Australia's top 50 online retailers. Catering for niche market segments, he also launched Winegrowers Direct and My Wine Guy, before merging those businesses with The Wine Society to form The Wine Collective. Mr Taylor is a digital pioneer and start-up veteran with seven successful wine ventures under his belt.

During the past three years, Mr Taylor has not held directorships in any other ASX listed companies.

THE BOARD

(CONTINUED)



MR JAMES WALKER

**Non-Executive Director
(appointed 30 September 2019)**

B.Com (UNSW), FCA., GAICD

James is a seasoned executive, with a track record in successfully commercialising cutting-edge technology in emerging markets. He has headed a number of Australian and international technology companies, including Chief Executive at DroneShield (ASX:DRO), Chief Financial Officer of Seeing Machines (AIM: SEE) and held leadership positions in a number of growth technology companies.

During the past three years, Mr Walker held the following directorships in other ASX listed companies:

- Non-Executive Chairman of thedocyard Limited (resigned August 2020),
- Non-Executive Director of Bluglass Limited (current).
- Non-Executive Chair of Native Mineral Resources Holding Limited (current)



MS MICHELE ANDERSON

**Non-Executive Director
(appointed 1 July 2021)**

Michele Anderson is a business executive focused on growth, digital transformation and operational leadership, with considerable wine industry expertise. Michele is recognised as one of the most influential women in Silicon Valley and in the global wine business and was awarded the Master of Wine in 2011.

Michele holds an MBA from the Wharton Business School, a BComm/LLB from the University of New South Wales and is a graduate of the Australian Institute of Company Directors. Michele returned to Sydney in March 2021 after a 30-year international career. She joins Digital Wine Ventures in a non-executive director role and is also an independent director of Baron Philippe de Rothschild S.A., a leading French wine business.

DIRECTORS' REPORT



Your Directors present their 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 year ended 30 June 2021.

BOARD OF DIRECTORS

The names of the Directors of the Company in office during the 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

The qualifications, experience and special responsibilities of the Directors, including details of other listed company directorships held during the last three years, are detailed on page 27 and 28 of this report.

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

COMPANY SECRETARY

Mr Arron Canica is a Corporate Advisory Executive of corporate advisory firm Smallcap Corporate Pty Ltd, which specialises in corporate advice and compliance administration to public companies. Mr Canica has been involved in financial reporting and corporate compliance for over 14 years. Mr Canica is an associate member of the Institute of Chartered Accountants and an associate member of the Governance Institute of Australia.

CORPORATE STRUCTURE

Digital Wine 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
Dawine (HK) Limited	100% owned CGWDH Pty Ltd
Dawine Trading (Shanghai) Limited (Liquidated during the year)	100% owned Dawine (HK) Limited
Wine Delivery Australia Pty Limited	100% owned controlled entity

REVIEW OF OPERATIONS

Information on the principal activities, operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on pages 16 to 18 of this report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the year under review not otherwise disclosed in this report or in the financial report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATION

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

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.

MEETINGS OF DIRECTORS

The number of Director's meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

	Number eligible to attend	Number attended
Mr Dean Taylor	13	13
Mr Paul Evans	13	13
Mr James Walker	13	13

DIRECTORS' SHAREHOLDINGS (DIRECT AND INDIRECT HOLDINGS)

The following table sets out each current Director's relevant interest in shares and options to acquire shares of the Company or a related body corporate as at the date of this report.

Directors	Fully Paid	Listed Share Options	Incentive Options	Performance rights
Mr Paul Evans	26,701,923	5,769,231	6,000,000	-
Mr Dean Taylor	97,000,000	2,198,551	12,000,000	100,000,000
Mr James Walker	4,846,154	961,538	6,000,000	-
Total	128,548,077	8,929,320	24,000,000	100,000,000

DIVIDENDS

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

OPTIONS

During the year the Company issued 52,750,000 free attaching options pursuant to capital raises and incentive schemes, of which the directors were issued 24,000,000 free attaching options under their entitlement. (2020: 50,788,339 unlisted options were issued to consultants and advisors)

No ordinary shares have been issued as a result of the exercise of options during or since the end of the financial year.

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year, the Company paid a premium in respect of a contract insuring all its Directors and current and former executive officers against a liability incurred as such a Director or executive officer to the extent permitted by the Corporation Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditors of the Company against a liability incurred as such an officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

There were no non-audit services provided by the auditor (Hall Chadwick WA Audit Pty Ltd) during the year.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviours and accountability, the directors of Digital Wine support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing corporate governance. The Company's detailed Corporate Governance Statement is lodged with ASX and available from the Company's website.

LEAD AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 33.

REMUNERATION REPORT

Information on Digital Wine's remuneration framework and the outcomes for FY21 for Key management personnel and the proposed framework for FY21, is included in the remuneration report on pages 19 to 26 of this report.

CORPORATE GOVERNANCE

Our Corporate Governance Plan is available from our website:

<http://www.digitalwine.ventures/corporate-governance/>

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



Paul Evans
Non-Executive Chairman
Sydney, Australia
Dated: 31 August 2021



To the Board of Directors

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

As lead audit partner for the audit of the financial statements Digital Wine Ventures Limited for the financial year ended 30 June 2021, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

A handwritten signature in black ink that reads "Hall Chadwick".

HALL CHADWICK
Chartered Accountants

A handwritten signature in black ink that reads "Bell".

DOUG BELL CA
Partner

Dated at Perth this 31st day of August 2021



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	30-Jun-21 \$	30-Jun-20 \$
Revenue		2,603,810	510,195
Cost of sales		(2,584,396)	(492,515)
Gross profit		19,414	17,680
Other income	8	192,082	55,946
Expenses			
Administration, consulting and other expenses	10	(1,641,116)	(891,614)
Advertising and marketing expenses		(479,307)	(118,853)
Amortisation expense	19	(79,130)	(39,565)
Depreciation expense	17 & 18	(256,488)	(1,638)
Director fees		(163,168)	(473,333)
Share based payments	23	(1,180,654)	-
Foreign exchange gain / (loss)		12,910	2,325
Office and warehouse expenses		(97,294)	(8,005)
Salaries and wages		(2,970,761)	(504,386)
Travel expenses		(81,323)	(27,260)
Website expenses		(183,955)	(300)
Provision for Doubtful Debts		(22,842)	(47,471)
Loss from continuing operations before income tax		(6,931,632)	(2,036,474)
Income tax expense	12	-	-
Loss from continuing operations after income tax		(6,931,632)	(2,036,474)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(23,275)	23,199
Other comprehensive income for the period, net of tax		(23,275)	23,199
Total comprehensive loss for the period		(6,954,907)	(2,013,275)
Loss per share attributable to ordinary equity holders			
- Basic loss per share	13	(0.005)	(0.002)
- Diluted loss per share	13	(0.005)	(0.002)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	30-Jun-21 \$	30-Jun-20 \$
Assets			
CURRENT ASSETS			
Cash and cash equivalents	14	6,355,191	585,873
Trade and other receivables	15	680,270	246,141
Inventories	16	89,956	16,296
Total Current Assets		7,125,417	848,310
NON-CURRENT ASSETS			
Plant and equipment	17	366,077	1,901
Right of use asset	18	2,282,260	-
Intangible asset	19	2,673,369	356,086
Other Asset		430,033	-
Total Non-Current Assets		5,751,739	357,987
TOTAL ASSETS		12,877,156	1,206,297
Liabilities			
CURRENT LIABILITIES			
Trade and other payables	20	1,292,996	686,221
Provisions	21	198,340	16,129
Financial Liabilities		143,148	-
Lease Liabilities	18	431,883	-
Total Current Liabilities		2,066,367	702,350
NON-CURRENT LIABILITIES			
Lease Liabilities	18	2,014,652	-
Total Non-Current Liabilities		2,014,652	-
TOTAL LIABILITIES		4,081,019	702,350
NET ASSETS		8,796,137	503,947
Equity			
Issued capital	22	23,712,158	9,545,478
Reserves	23	2,644,974	1,587,832
Accumulated losses	24	(17,560,995)	(10,629,363)
TOTAL EQUITY		8,796,137	503,947

The accompanying notes form part of these financial statements.

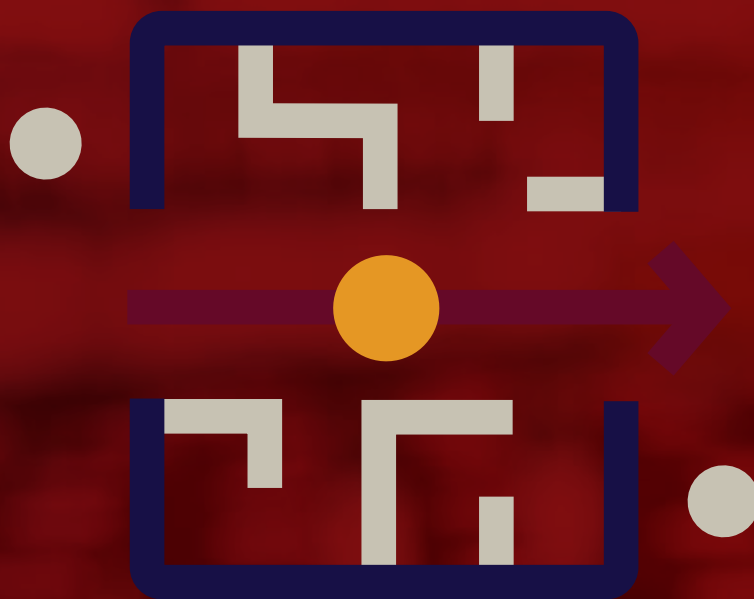
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2021

	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	-	-	-	(2,036,474)	(2,036,474)
Other comprehensive loss	-	-	23,199	-	23,199
Total comprehensive loss for the period	-	-	23,199	(2,036,474)	(2,013,275)
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)
Options issues	-	(23,004)	-	23,004	
Total equity transactions	1,617,104	(23,004)	-	23,004	1,617,104
At 30 June 2020	9,545,478	1,503,906	83,926	(10,629,363)	503,947
At 1 July 2020	9,545,478	1,503,906	83,926	(10,629,363)	503,947
Comprehensive income:					
Loss for the period	-	-	-	(6,931,632)	(6,931,632)
Other comprehensive loss	-	-	(23,275)	-	(23,275)
Total comprehensive loss for the period	-	-	(23,275)	(6,931,632)	(6,954,907)
Transactions with owners in their capacity as owners:					
Securities issued during the year	14,585,469	-	-	-	14,585,469
Capital raising costs	(418,789)	-	-	-	(418,789)
Options Issue	-	730,417	-	-	730,417
Rights	-	350,000	-	-	350,000
Total equity transactions	14,166,680	1,080,417	-	-	15,247,097
At 30 June 2021	23,712,158	2,584,323	60,651	(17,560,995)	8,796,137

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2021

	Notes	30-Jun-21 \$	30-Jun-20 \$
Cash flows used in operating activities			
Receipts from customers		2,306,798	406,966
Payments to suppliers and employees		(8,090,174)	(2,218,430)
Interest received		3,318	946
Net cash flows used in operating activities		(5,780,058)	(1,810,518)
Cash flows used in investing activities			
Purchase of plant and equipment		(220,924)	-
Acquisition of subsidiary net of cash acquired		(506,169)	(56,648)
Net cash flows used in investing activities		(727,093)	(56,648)
Cash flows from financing activities			
Proceeds from issue of securities and securities subscriptions, net of costs		12,276,469	1,563,754
Net cash flows from financing activities		12,276,469	1,563,754
Net increase in cash and cash equivalents		(303,412)	(129,830)
Cash and cash equivalents at the beginning of the period		585,873	889,285
Cash and cash equivalents at the end of the period		6,355,191	585,873



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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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 year ended 30 June 2021 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 and logistics services related to wine distribution.

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

2. BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Digital Wine is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements were authorised for issue by the Board of Directors on 31 August 2021.

(a) Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

(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) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of \$6,931,632 (2020: \$2,036,474) and net cash outflows from operating activities of \$5,780,058 (2020: \$1,810,518).

As at 30 June 2021, the Group has a working capital position of \$5,059,050 (2020: \$145,960).

As disclosed in note 29c, subsequent to the year end the Group raised \$7,500,000 (before costs) via share placement.

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 from 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. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year ended 30 June 2021. Digital Wine Ventures Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated entity' or 'Group'.

(i) Business combination

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquire; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- The net recognised amount of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit and loss.

(ii) Subsidiaries

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

(iii) Loss of control

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

4. FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars. The functional and presentation currency of the Company is Australian dollars (AUD). The functional currency of the subsidiaries include AUD, Hong Kong Dollars (HKD) and Chinese Yuan Renminbi (CNY).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investments in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a net basis within other income or other expenses.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position,
- Income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

5. KEY JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share Based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share based payments transactions would have no impact on the carrying amounts of assets or liabilities within the next annual reporting period but may impact profit or loss or equity.

Income Tax Expenses

Judgment is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. Refer to Note 12 for further details.

6. OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

7. 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' in Australia. During the period, the Group acquired the Wine Depot Platform (refer Note 11) as part of a changed strategy to service the industry. 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.

8. REVENUE FROM CONTINUING OPERATIONS

	30 June 2021 \$	30 June 2020 \$
Other income		
Interest income	3,318	946
Miscellaneous income	-	10,000
Government Grants and assistance	188,764	45,000
	192,082	55,946

9. RECOGNITION AND MEASUREMENT**Wine Sales revenue**

The Group recognises revenue from two major sources:

- **Wine storage:** Revenue for wine storage services are recognised over the period of time that the service is provided.
- **Wine distribution:** Revenue for wine distribution is recognised at the point of time that wine is picked from storage by the distributor.

Government Grants and Assistance

Revenue related to Jobkeeper payment is recognised over the period that the associated wages are paid.

Interest Income

Interest income is recognised when the Company gains control of the right to receive the interest payment.

All revenue is stated net of the amount of goods and services tax.

10. EXPENSES

	30 June 2021 \$	30 June 2020 \$
Administration, consulting and other expenses		
Accounting and company secretary fees	435,067	132,630
ASX fees	110,967	29,054
Audit fees	21,190	11,303
Corporate consulting fees	573,572	113,786
Legal fees	114,686	39,680
Rent	63,303	21,654
Share Registry	44,373	24,972
Other expenses	277,958	90,493
Total Administration, consulting and other expenses	1,641,116	463,572

11. 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 ¹	1,799,647
	2,399,647

1 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 Paid	94,799
Trade and Other Receivable	198,723
Property Plant & Equipment	68,235
Trade and Other Payable	(256,156)
Provisions	(34,286)
Financial Liabilities	(68,078)
Net identifiable Assets Acquired	3,237
Add: Goodwill	2,396,410
Net Assets Acquired	2,399,647

12. INCOME TAX EXPENSE

	30 June 2021 \$	30 June 2020 \$
(a) Income Tax Expense		
RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE:		
Loss before income tax expense	(6,931,632)	(2,036,474)
Prima facie income tax at 27.5% (2020: 27.5%)	(1,906,199)	(560,030)
Tax effect of amounts not deductible (taxable) in calculating taxable income	334,351	11,483
Deferred tax asset not brought to account on temporary differences & tax losses	21,761	19,336
Tax losses carried forward	1,550,087	529,211
Income tax effect	-	-
(b) Deferred tax assets not recognised		
Timing differences	183,826	175,008
Tax losses - revenue	17,288,961	13,576,685
Tax losses - capital	5,643,444	5,643,444
Deferred tax assets not brought to account	23,116,231	19,395,137

RECOGNITION AND MEASUREMENT

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

CURRENT TAXES

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

DEFERRED TAXES

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit and loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurements also reflect the manner in which management expects to recover or settle that carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in the future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

13. EARNINGS PER SHARE

	30 June 2021 \$	30 June 2020 \$
Net loss attributable to the ordinary holders of the group (\$)	(6,931,632)	(2,036,474)
Weighted average number of ordinary shares for the basis per share (No)	1,521,077,299	1,047,674,215
CONTINUING OPERATIONS		
- Basic loss per share (\$)	(0.005)	(0.002)

At the end of the 2021 financial year, the Group has 52,750,000 (2020: 221,000,000) unissued shares under option. The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2021 financial year the Group's unissued shares under option were anti-dilutive.

14. CASH AND CASH EQUIVALENTS

	30 June 2021 \$	30 June 2020 \$
CASH AT BANK AND ON HAND	6,355,191	585,873
Cash at bank earns interest at floating rates based on daily bank deposit rates.		
RECONCILIATION OF NET LOSS AFTER INCOME TAX TO NET CASH FLOWS USED IN OPERATING ACTIVITIES:		
Net loss after income tax:	(6,931,632)	(2,036,474)
ADJUSTMENTS FOR:		
Amortisation expense	79,130	39,565
Depreciation expense	256,488	1,638
Profit on sale of investments	-	(946)
Share based payments	1,180,654	-
Provision for Doubtful Debts	22,842	47,471
Investing related costs recognised in profit or loss	-	-
CHANGE IN ASSETS AND LIABILITIES:		
(Increase) / decrease in trade and other receivables	(434,129)	(192,913)
(Increase) / decrease in inventories	(73,660)	(16,296)
(Increase) / decrease in other assets	(430,034)	-
Increase / (decrease) in trade and other payables	550,283	347,437
Net cash flows used in operating activities	(5,780,058)	(1,810,519)

Recognition and Measurement

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Statement of Cash Flows.

15. TRADE AND OTHER RECEIVABLES

	30 June 2021 \$	30 June 2020 \$
Trade receivables	572,049	146,421
Provision for Doubtful Debts	(34,771)	(12,525)
GST / VAT recoverable	40,362	24,022
Prepayments	59,232	58,114
Other receivables	21,398	23,353
Deposit for office	22,000	6,756
	680,270	246,141

Recognition and Measurement**TRADE RECEIVABLES**

Trade receivables, which generally have 7 day terms, are recognised and carried at original invoice amount less an allowance for lifetime expected credit losses using the simplified approach in accordance with AASB 9: Financial Instruments. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

GOODS AND SERVICES TAX ('GST')

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

OTHER RECEIVABLES

Other receivables are recognised at amortised cost, less any provision for impairment. Other receivables do not contain impaired assets and are not past due. Based on the credit history, it is expected that these other balances will be received when due.

IMPAIRMENT OF ASSETS

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

16. INVENTORIES

	30 June 2021 \$	30 June 2020 \$
Inventories	89,956	16,296
	89,956	16,296

Recognition and Measurement

Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell. Costs incurred in bringing each product to its present

location and condition are accounted for as follows:

- Retail and wholesale merchandise finished goods: purchase cost on a weighted average basis, after deducting any settlement discounts, supplier's

rebates and including logistics expenses incurred in bringing the inventories to their present location and condition.

17. PLANT AND EQUIPMENT

	Office Equipment \$	Computer Equipment \$	Motor Vehicles \$	Total \$
Year Ended 30 June 2021				
Opening net book amount	815	1,086	-	1,901
Additions	115,243	53,424	317,875	486,542
Depreciation expense	(18,268)	(11,428)	(92,670)	(122,366)
Impairment	-	-	-	-
Closing net book amount	97,790	43,082	225,205	366,077
AT 30 JUNE 2021				
Cost	116,058	54,510	317,875	488,443
Accumulated depreciation and impairment	(18,268)	(11,428)	(92,670)	(122,366)
Net book amount	97,790	43,082	225,206	366,077
Year Ended 30 June 2020				
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
AT 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

Recognition and Measurement

OWNED ASSETS

Items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a work condition for its intended use, and the costs of dismantling and removing the items and

restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

SUBSEQUENT COSTS

The Group recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense as incurred.

Depreciation

Depreciation is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income using a straight-line method over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- Office equipment: 5 years
- Computer equipment: 3 years

The residual value, the useful life and the depreciation method applied to an asset are reviewed at each financial year end and if appropriate, adjusted.

18. LEASES

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

a. Right-of-use Assets

	\$
Balance July 2020	
Additions	-
Depreciation charge for the year	2,498,411
Balance at 20 June 2021	(216,181)
	2,282,260

b. Lease Liabilities

	\$
Maturity Analysis - contractual undiscovered cash flows	
Less than one year	431,883
One to Five years	2,014,652
	2,446,535

c. Other Information

- Short term lease expense is \$37,524
- Interest expense on lease liabilities is \$9,311
- Total cash outflow from leases is \$101,430

19. INTANGIBLE ASSETS

	Wine Depot Platform Development	Goodwill	Total \$
Year Ended 30 June 2021			
OPENING NET BOOK AMOUNT	356,086	-	356,086
Business Combination - Wine Delivery Australia Pty Ltd	-	2,396,412	2,396,412
Additions	-	-	-
Amortisation expense	(79,129)	-	(79,129)
Closing net book amount	276,957	2,396,412	2,673,369
AT 30 JUNE 2021			
Cost	395,651	2,396,412	2,792,063
Accumulated depreciation and impairment	(118,694)	-	(118,694)
Net book amount	276,957	2,396,412	2,673,369
YEAR ENDED 30 JUNE 2020			
Opening net book amount	356,086	-	356,086
Additions	-	-	-
Amortisation expense	-	-	-
Closing net book amount	356,086	-	356,086
AT 30 JUNE 2020			
Cost	395,651	-	395,651
Accumulated depreciation and impairment	(39,565)	-	(39,565)
Net book amount	356,086	-	356,086

Wine Depot Platform:

The Group acquired the rights to the Wine Depot Platform intellectual property as a result of its acquisition of Wine Depot Holdings Pty Ltd. The Wine Depot Platform is an integrated trading and logistics platform which has been delivered to market and has begun generating revenues.

Recognition and Measurement

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are only recognised when there is technical feasibility of completing the intangible asset, where there is an intention and ability to use the asset and the intangible asset is expected to deliver future economic benefits and these benefits can be measured reliably.

Intangible assets include the Wine Depot Platform Development. Costs capitalised include only those costs directly attributable to the development of the asset.

Amortisation

Amortisation is charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income using a straight-line method over the estimated useful lives of the intangible asset.

The estimated useful lives in the current and comparative periods are as follows:

- Software Development: 5 years
- The residual value, the useful life and the depreciation method applied to an asset are reviewed at each financial year end and if appropriate, adjusted.

20. TRADE AND OTHER PAYABLES

	30 June 2021 \$	30 June 2020 \$
Trade and other payables	986,141	263,026
Accruals	307,116	142,347
Other payables ¹	(261)	296,977
	1,292,996	702,350

¹ Included in other payables in FY20 is an amount of \$196,010 that is the outcome of a sale return and owed to the customer. In line with the Company's strategy to reduce costs in China, it was mutually agreed with the customer to cancel the sale under the previous contract as the wine was left stored at the Group's premises. The Group sold the stock to other third parties in the period, clearing the stock in order to action cost reductions in relation to the Group's China operations.

Recognition and Measurement

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

For trade and other payables, the fair value is approximate to their carrying value amount, due to their short-term nature.

21. PROVISIONS

	30 June 2021 \$	30 June 2020 \$
Annual Leave Liability	198,340	16,129
	198,340	16,129

22. ISSUED CAPITAL

	30 June 2021		30 June 2020	
	\$	No.	\$	No.
(a) Fully paid ordinary shares	23,712,158	1,667,592,407	9,545,478	1,158,074,574

	\$	No.	Issued Price
(b) Movement in ordinary shares			
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
Shares issued on 1 February 21	1,563,103	52,104,961	0.030
Shares issued on 5 February 21	369,000	12,600,000	0.030
Shares issued on 16 February 21	719,000	23,966,666	0.030
Shares issued on 23 February 21	367,370	12,245,663	0.030
Shares issued on 30 March 21	98,386	2,809,068	0.038
Shares issued on 28 April 21	7,261	484,036	0.015
SHARES ISSUED ON 26 MAY 21	15,000	1,000,000	0.015
Employee Shares Issued	100,239	3,901,548	0.025
Capital raising costs	(418,789)	-	-
Balance at 30 June 2021	23,712,158	1,667,592,407	

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(c) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange.

Recognition and Measurement

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

23. RESERVES

	30 June 2021		30 June 2020	
	\$	No.	\$	No.
Options reserve	2,584,323	52,750,000	1,503,906	221,000,000
Foreign currency translation reserve	60,651	-	83,926	-
	2,644,974	52,750,000	1,587,832	221,000,000

	30 June 2021 \$	30 June 2020 \$
Movement reconciliation		
Options Reserve		
Opening Balance	1,503,906	1,526,910
Issue of options	730,417	(23,004)
Performance Right recognition	350,000	-
Closing Balance	2,584,323	1,503,906

Foreign currency translation reserve

Opening Balance	83,926	60,727
Effect of translation of foreign currency operations to group presentation	(23,275)	23,199
Closing Balance	60,651	83,926

(i) Issue of options recognised as a share based payment expense with respect to options is \$730,415

During the financial year, the following options were issued to Directors and Employees:

Unlisted Options issued, exercisable at 3.75 cents, expiring 6 August 2023	2,500,000
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 25 November 2022	9,750,000
Unlisted Options issued, exercisable at 4.65 cents, expiring 25 November 2024	16,500,000

As at 30 June 2021, the amount recognised as a share based payment expense with respect to options is \$730,417.

(ii) Issue of Performance Rights

As part of his appointment as CEO, Mr Dean Taylor was issued 100,000,000 performance rights as approved at the Annual General Meeting held on 30 November 2018.

The terms of the performance rights issued to Mr Taylor are as follows:

Class	A	B
Number	50,000,000	50,000,000
Vesting Condition	Both of the following conditions being satisfied: <ul style="list-style-type: none"> the Company generating at least \$1.25 million of revenue over any consecutive three month period (equating to annualised revenue of at least \$5 million); and a volume weighted average price of the Company's Shares over any consecutive three month period of at least \$0.015. 	Both of the following conditions being satisfied: <ul style="list-style-type: none"> the Company generating at least \$2 million of revenue over any consecutive three month period (equating to annualised revenue of at least \$8 million); and a volume weighted average price of the Company's Shares over any consecutive three month period of at least \$0.025.
Expiry Date	3 years after the date Dean Taylor commences employment with the Company	5 years after the date Dean Taylor commences employment with the Company

As at 30 June 2021, the amount recognised as a share based payment expense with respect to Performance Rights is \$350,000, this is based on a Monte Carlo valuation due to the market-based conditions, see below the inputs used for the model;

Dean Taylor Performance Shares	Class A	Class B
Dividend Yield (%)	0	0
Volatility (%)	110	110
Risk-free rate (%)	2.06	2.26
Expected Life (years)	3	5
Value per performance right (\$)	0.003	0.004
Number of Performance rights	50,000,000	50,000,000
Total value per tranche (\$)	\$150,000	\$200,000

The board have considered it likely that the non-market conditions will be met.

As part of the acquisition of Wine Delivery Australia Pty Limited, James Munn was issued 25,000,000 performance rights.

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	<p>The following conditions being satisfied:</p> <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. 	<p>The following conditions being satisfied:</p> <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 2021

As at 30 June 2021, the amount recognised as a share based payment expense is \$nil on the basis it is not currently probable all vesting conditions will be met.

Total share based payment expense during the year was \$1,180,654, consisting of shares, options and performance rights.

Share-Based Payment Transactions

EQUITY SETTLED TRANSACTIONS:

The Group provides benefits to executive directors, employees and consultants of the Group in the form of share-based payments, whereby those individuals render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

24. ACCUMULATED LOSSES

	30 June 2021 \$	30 June 2020 \$
Balance at the beginning of the year	(10,629,363)	(8,615,893)
Net loss attributable to members	(6,931,632)	(2,036,474)
Expiry of options	-	23,004
Balance at the end of the year	(17,560,995)	(10,629,363)

25. AUDITOR'S REMUNERATION

	30 June 2021 \$	30 June 2020 \$
Amounts received / receivable by Hall Chadwick WA Audit Pty Ltd for:		
An audit or review of the financial report of the entity	21,190	25,478
Total auditor remuneration	21,190	25,478

26. COMMITMENTS

There are no operating lease or commitments as at 30 June 2021.

27. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities as at 30 June 2021.

28. DIVIDENDS

There were no dividends paid or declared during the year ended 30 June 2021.

29. EVENTS SUBSEQUENT TO REPORTING DATE**a. New Director - Michele Anderson**

On the 1st of July Digital Wine announced the appointment of Ms Michele Anderson as an independent Non-Executive Director. Michele's background and credentials are set out in detail in the Operating and Financial Review

b. Parton Wine Group Acquisition

On the 10th of August Digital Wine announced the successful completion of the purchase of 100% of the Parton Wine Group. The terms were as follows:

The consideration for the acquisition is entirely performance based via an Earn Out through the issue of performance securities ("**Earn Out Securities**"), vesting in two tranches upon the achievement of the following milestones:

	Relevant Period	Minimum Annual Revenue	Minimum Annual EBITDA
Milestone 1	FY 2022	\$15 million	\$350,000
Milestone 2	FY 2023	\$15 million	\$350,000

The number of DW8 Shares to be issued upon the vesting and exercise of achievement of the Earn Out Securities will rise and fall depending on the Annual Revenue and EBITDA generated by PWG in each of the next 2 financial years, as set out in the following table.

EBITDA FROM	EBITDA TO	EARNOUT RATIO	EARNOUT VALUE	DW8 SHARES
\$950,000	ANY NUMBER	150%	\$1,650,000	19,298,246
\$900,000	\$949,999	142%	\$1,558,333	18,226,121
\$850,000	\$899,999	133%	\$1,466,667	17,153,996
\$800,000	\$849,999	125%	\$1,375,000	16,081,871
\$750,000	\$799,999	117%	\$1,283,333	15,009,747
\$700,000	\$749,999	108%	\$1,191,667	13,937,622
\$650,000	\$699,999	100%	\$1,100,000	12,865,497
\$600,000	\$649,999	86%	\$942,857	11,027,569
\$550,000	\$599,999	71%	\$785,714	9,189,641
\$500,000	\$549,999	57%	\$628,571	7,351,713
\$450,000	\$499,999	43%	\$471,429	5,513,784
\$400,000	\$449,999	29%	\$314,286	3,675,856
\$350,000	\$399,999	14%	\$157,143	1,837,928
\$300,000	\$349,999	0%	\$-	-

The share price used to calculate the number of DW8 Shares to be issued upon the vesting and exercise of the Earn Out Securities is \$0.0855, which is equal to the 30-day VWAP upon the date the Non-Binding Term Sheet for the Acquisition was signed by the parties. The Company will issue the Earn Out Securities under the Acquisition agreement under its Listing Rule 7.1 capacity. The Earn Out structure and value of the Earn Out Securities has been determined by considering Parton's:

- Trading performance in Q3 & Q4 FY2021;
- Historical growth rate; and
- Recent rate increase of 3.65% across all the services it offers customers effective 1 July 2021

The maximum number of DW8 Shares that may be issued over two years is 38,596,492 based on the business generating: \$15 million revenue per annum and \$950,000 EBITDA per annum in FY2022 and FY2023.

If the Annual Revenue is below \$15 million or the EBITDA remains below \$350,000 each year, then no Earn Out Securities will vest.

The Earn Out Securities expire 5 years after the date of issue.

The Minimum Annual Revenue Target and the Annual EBITDA Target excludes any revenue contributions from WINEDEPOT's existing logistics business.

As part of the sale agreement, PWG Founder, Richard Raddon will be employed as General Manager (3PL Logistics). The Key Terms of his Senior Executive Employment Agreement are as follows:

- Base Salary of \$250,000 exclusive of superannuation
- Three-month notice period for termination by either party
- Short term incentives at the Company's discretion
- Long term incentives released as part of the Company's ESIP program at the Company's discretion

Other terms considered standard for an agreement of this nature.

c. Placement

Pursuant to the Acquisition the Company received firm commitments to raise gross proceeds of \$7,500,000 via a share placement to institutional and sophisticated investors of \$7,375,000 and DW8 director participation of \$125,000, subject to shareholder approval.

The share placement comprised the issue of 113,461,540 new fully paid ordinary shares ("**Placement Shares**") at an issue price of \$0.065 per share ("**Placement**"). In addition to the Placement, all of DW8's directors have committed to subscribe for 1,923,076 new fully paid ordinary shares ("**Director Shares**") at an issue price of \$0.065 per share to contribute \$125,000 on the same terms as the Placement, subject to the receipt of prior shareholder approval.

113,461,540 of the Placement Shares have been agreed to be issued pursuant to the Company's 10% capacity under Listing Rule 7.1A. The 1,923,076 Director Shares will be issued subject to the receipt of prior shareholder approval to be sought at a General Meeting to be held on a date yet to be announced.

Blue Ocean Equities Pty Limited was appointed to act as Lead Manager to the Share Placement. A 6% management and selling fee of the total proceeds raised under the Placement is payable to the Lead Manager and 7.5 million unquoted options with an expiry date that is 3 years from date of issue and an exercise price of \$0.0975. The unquoted Lead Manager options will be issued using the Company's 15% capacity under Listing Rule 7.1.

Funds raised under the Placement will be applied to complete the acquisition of Parton, clear liabilities and debtor finance, fund planned capital expenditure projects and expansion of the merged logistics business.

No other 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.

30. RELATED PARTIES

a. Subsidiary companies

Interests in subsidiaries are set out on page 30 of the Directors Report.

b. KMP compensation

	30 June 2021 \$	30 June 2020 \$
Short-term employee benefits	517,668	323,883
Post-employment benefits	5,302	-
Equity compensation benefits	616,236	100,000
	1,139,206	423,883

Information regarding individual Directors and Executive compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

c. Transactions with other related parties

	30 June 2021 \$	30 June 2020 \$
Accounting / Company Secretary Services - Smallcap Corporate Pty Ltd (a Company which Piers Lewis is a Director)	-	121,921
	-	121,921

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short-term deposits, receivables and payables. The Group manages its exposure to key financial risks in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity

risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

Risk Exposures and Responses

FOREIGN EXCHANGE RISK

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. In FY21 the Group liquidated its Chinese WOFE.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Group's functional currency. The Group's main exposure to foreign currency is its cash & cash equivalents and trade & other receivables which it holds in Chinese Yuan Renminbi (CNY).

At reporting date, the Group had the following financial assets exposed to foreign exchange risk:

	30 June 2021 CYN	30 June 2020 CYN
Cash and cash equivalents	-	72,442
Trade and other receivables	-	811
Trade and other payables	-	(978,248)
	-	(904,995)

Interest Rate Risk

The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Group has no interest-bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	30 June 2021		30 June 2020	
	Interest bearing \$	Non-interest bearing \$	Interest bearing \$	Non-interest bearing \$
Financial Assets				
Cash and cash equivalents	5,842,137	513,054	450,193	135,680
Net exposure	5,842,137	513,054	450,193	135,680

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 0.5% (2020: 0.5%) sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical LIBOR movements over the last 3 years.

At 30 June 2021, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity relating to financial assets of the Group would have been affected as follows:

	30 June 2021 \$	30 June 2020 \$
Judgements of reasonably possible movements		
Post tax profit - higher / (lower)		
Increase 0.5%	29,211	2,251
Decrease 0.5%	(29,211)	(2,251)

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business and an amount owing pursuant to a contract of sale. Trade payables were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 month	1-3 months	3 months 1 year	1-5 years	5+ years	Total	Carrying amount of liabilities
	\$	\$	\$	\$	\$	\$	\$
30-Jun-21							
Trade and other payables	1,292,996	-	-	-	-	1,292,996	1,292,996
	1,292,996	-	-	-	-	1,292,996	1,292,996
30-Jun-20							
Trade and other payables	686,221	-	-	-	-	686,221	686,221
	686,221	-	-	-	-	686,221	686,221

Credit risk

Credit risk arises from the financial assets of the Group, which comprise deposits with banks and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to those assets.

The Group does not hold any credit derivatives to offset its credit exposure.

Except for the above mentioned, the Group trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts. Trade and other receivables are expected to have a maturity of less than 6 months, for both year ends.

There are no significant concentrations of credit risk within the Group.

RECOGNITION AND MEASUREMENT – FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

FINANCIAL ASSETS

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and

- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

DERECOGNITION OF FINANCIAL LIABILITIES

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for: financial assets measured at fair value through profit or loss; or equity instruments measured at fair value through other comprehensive income.

The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments:

SIMPLIFIED APPROACH

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groups of historical loss experience, etc).

RECOGNITION OF EXPECTED CREDIT LOSSES IN FINANCIAL STATEMENTS

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

DIRECTORS' DECLARATION

The Directors of the company declare that:

- 1 The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, 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 30 June 2021 and of its performance for the year 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:



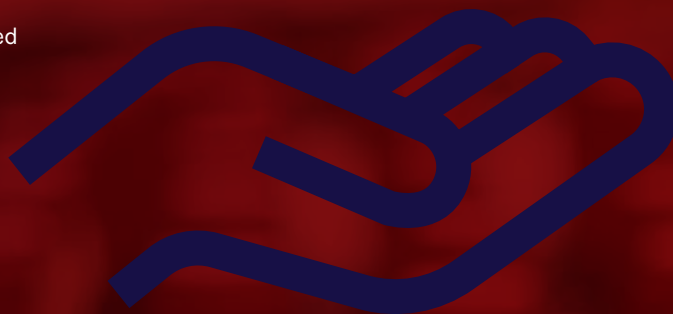
Paul Evans
Non-Executive Chairman
Sydney, Australia
Dated: 31 August 2021

“ Similar to the world’s most successful marketplaces, we believe fast, cost-effective and reliable order fulfilment is the most powerful way to differentiate your customer value proposition and propel sales growth. Investing in this capability is good for both us and our customers. ”



Share

leverage our
combined buying
power and share
the value released







INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL WINE VENTURES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Digital Wine Ventures Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

To the Members of Digital Wine Ventures Limited (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue Recognition</p> <p>During the year, the consolidated entity generated revenue of \$2,603,810.</p> <p>The recognition of revenue was considered a key audit matter due to the judgement and estimates involved in determining when performance obligations are met and revenue is recognised.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the processes relating to revenue recognition; • Reviewing the revenue recognition policy for compliance with <i>AASB 15 Revenue from Contracts with Customers</i>; • Testing revenue on a sample basis to supporting documentation; • Assessing cut-off of revenue at year end to ensure revenue has been recorded in the correct reporting period; and • Assessing the adequacy of the Consolidated Entity's revenue disclosures within the financial statements.
<p>Share-Based Payments</p> <p>During the year the company issued shares, options and performance rights resulting in share based payment expense of \$1,180,654.</p> <p>Share-based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of the balances to the Consolidated Entity's financial position and performance; • The level of judgement required in evaluating management's application of the requirements of <i>AASB 2 Share-based Payment</i> ("AASB 2"); • Use of the Black-Scholes valuation model to determine the fair value of the options granted; and use of the Monte-Carlo valuation model to determine the 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Analysed contractual agreement to identify key terms and conditions of the share-based payments issued and relevant vesting conditions in accordance with <i>AASB 2</i>; • Evaluated management's valuation methods and assess the assumptions and inputs used; • Assessed the amount recognised during the period against relevant vesting conditions; and • Assessed the appropriateness of the disclosures included in the relevant notes to the financial statements.

Independent Auditor's Report

To the Members of Digital Wine Ventures Limited (Continued)

<p>fair value of the performance rights granted with market based conditions.</p>	
<p>Business Combination (Wine Delivery Australia Pty Ltd)</p> <p>On 30 November 2020 the Consolidated Entity acquired Wine Delivery Australia Pty Ltd.</p> <p>As at 30 June 2021, the acquisition has been provisionally accounted in accordance with AASB 3 <i>Business Combinations</i>.</p> <p>Given the significance of the transaction and the complexity of accounting for business combinations we consider this to be a key audit matter.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none"> – We reviewed the Share Sale and Purchase Agreement, assessing the key terms and considered whether the acquisition constituted a business combination; – We assessed the fair value of consideration paid for the acquisition; – We performed audit procedures on the Balance Sheet at acquisition date and checked management's calculation for the determination of goodwill; and – We assessed the appropriateness of the related disclosures in Note 11 of the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To the Members of Digital Wine Ventures Limited (Continued)

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

To the Members of Digital Wine Ventures Limited (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Independent Auditor's Report

To the Members of Digital Wine Ventures Limited *(Continued)*

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.



HALL CHADWICK
Chartered Accountants



DOUG BELL CA
Partner

Dated at Perth this 31st day of August 2021

ADDITIONAL ASX INFORMATION

NUMBER OF SECURITY HOLDERS AND DISTRIBUTION OF QUOTED SECURITIES IN THE COMPANY AS AT 25 AUGUST 2021

Ordinary Shares				Quoted Options			
1	—	1,000	155	1	—	1,000	36
1,001	—	5,000	922	1,001	—	5,000	52
5,001	—	10,000	1,698	5,001	—	10,000	21
10,001	—	100,000	5,538	10,001	—	100,000	64
100,001	—	and over	2,089	100,001	—	and over	49
Total number of holders			10,472	Total number of holders			222
Holdings of less than a marketable parcel			2,055	Holdings of less than a marketable parcel			149

REGISTERED OFFICE OF THE COMPANY

Level 7/61 York Street
Sydney NSW 2000
Tel: (02) 8002 1991
Fax: (+61) 8 9262 3723

ADVANCED SHARE REGISTRY LIMITED

110 Stirling HWY
Nedlands WA 6009
Tel: +61 1300 113 258
Fax: +61 (8) 6370 4203

COMPANY SECRETARY

The name of the Company Secretary is Arron Canicaïs.

TAXATION STATUS

Digital Wine Ventures Limited is taxed as a public company.

SHARE REGISTRY

The registers of shares and options of the Company are maintained by:-

20 LARGEST HOLDERS OF ORDINARY SHARES AS AT 25 AUGUST 2021

Registered Holder	No. of Shares	Percentage of Total
WHODEANIE PTY LTD <TAYLOR SUPER NO2 FUND A/C>	55,000,000	3.09%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	54,768,973	3.07%
WHODEANIE PTY LTD <THE TAYLOR FAMILY A/C>	42,000,000	2.36%
MR GEORGE LIONTOS + MRS CRISTINA LIONTOS <FRANCIS ALEXANDRA S/F A/C>	27,000,000	1.52%
RORTY CRANKLE PTY LIMITED	26,701,923	1.5%
NATIONAL NOMINEES LIMITED	22,472,395	1.26%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,128,255	1.19%
CITICORP NOMINEES PTY LIMITED	20,333,042	1.14%
RAWUMBER LIMITED	20,000,000	1.12%
MR JOHN ANDREW VENARDOS	19,961,538	1.12%
LEAPER AND SLOBIN FAMILY SUPERANNUATION FUND P/L <MONEY BOX PRIVATE SF A/C>	19,764,245	1.11%
MR GREGORY MILTS	17,924,463	1.01%
MR LUKE GEORGE SLOBIN + MISS JOY FLORENCE LEAPER	16,500,000	0.93%
JAMES MUNN <JDM FAMILY A/C>	13,723,022	0.77%
DR DAVID JEFFREY SIMMONS	13,500,000	0.76%
KMC AUTOMATION PTY LTD	13,200,000	0.74%
MR DANIEL ALEXANDER HALBHERR	12,790,420	0.72%
MS MAYA PRANOTO + MR NORMAN KA-MENG LIP <MANOR VENTURES A/C>	12,000,000	0.67%
MR CARMELO CANNAVO	11,587,538	0.65%
MR GAYENDRA SHARMA SHANDIL <THE SHANDIL FAMILY A/C>	10,723,002	0.6%
ALL OTHER SHAREHOLDERS	1,330,727,533	74.68%
Total	1,781,806,349	100.00%

20 LARGEST LISTED OPTIONS HOLDERS AS AT 25 AUGUST 2021

Registered Holder	No. of quoted Options	Percentage of Total
RORTY CRANKLE PTY LIMITED	5,769,231	12.39%
MR GREGORY MILTS	4,113,609	8.83%
MR MICHAEL HILTON HOLBROOK	4,003,056	8.59%
MRS GIOVANNA PURCHASE	3,174,000	6.81%
MR MATTHEW STUART DIXON	2,500,000	5.37%
FTM SHARE INVESTMENTS PTY LTD	2,008,516	4.31%
MAD JAMLYD PTY LTD <H & S ALEXANDER SMSF A/C>	2,000,000	4.29%
MR JOSHUA DAVID ADAMS	1,601,929	3.44%
WHODEANIE PTY LTD <TAYLOR SUPER NO2 FUND A/C>	1,510,318	3.24%
MR ANTHONY JOHN CORRIGAN	1,066,812	2.29%
MACKAY GROUP PTY LTD <THE MACKAY FAMILY A/C>	1,000,000	2.15%
KIRRI COVE PTY LIMITED <KIRRI COVE SUPER FUND A/C>	961,538	2.06%
MR SIMON GILBERT ESLER <ESLER FAMILY A/C>	800,000	1.72%
BRETT ROBERT CLARK + MARIA LISA CLARK	769,231	1.65%
WHODEANIE PTY LTD <THE TAYLOR FAMILY A/C>	688,233	1.48%
MR JEFFREY ROBERT DAVEY + MISS MELISSA LEE SIMMONS	683,691	1.47%
MR ROWAN PHILIP MCDONALD	666,667	1.43%
MR PHANAT IENG	650,334	1.4%
ACUERDO PTY LTD	635,355	1.36%
MRS KATHRYN VALERIE VAN DER ZWAN <HARLESTON FAMILY A/C>	600,000	1.29%
ALL OTHER SHAREHOLDERS	11,377,939	24.43%
Total	46,580,459	100.00%

SUBSTANTIAL SHAREHOLDER AS AT 25 AUGUST 2021

Date	Name	Number of Shares
6 June 2019	Dean Taylor and associated entities	97,000,000 ¹

1. As lodged with ASX on 6 June 2019.

**RESTRICTED SECURITIES
AS AT 25 AUGUST 2021**

The Company has the following restricted securities as at 25 August 2021;

- 3,430,755 ordinary shares escrowed until 30 November 2021
- 3,430,755 ordinary shares escrowed until 31 May 2022
- 3,430,755 ordinary shares escrowed until 30 November 2022

Voting Rights**ORDINARY SHARES**

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote, and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held.

Securities Exchange Quotation

Quotation has been granted for 1,781,806,349 ordinary shares and on the Australian Stock Exchange Ltd (Code: DW8). The Home Exchange is Perth.

BUY-BACK

There is no current on-market buy-back.

**CORPORATE GOVERNANCE
STATEMENT**

The directors of Digital Wine Ventures Limited support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement and the Appendix 4G released to ASX and posted on the Company website at <https://www.digitalwine.ventures/corporate-governance/>.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enables it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate.



CORPORATE DIRECTORY

DIRECTORS

Paul Evans (Non-Executive Chairman)
Dean Taylor (Executive Director)
James Walker (Non-Executive Director)
Michele Anderson (Non-Executive Director)

COMPANY SECRETARY

Arron Canicaïs

ABN

59 086 435 136

REGISTERED & PRINCIPAL OFFICE

Level 7/61 York Street
Sydney NSW 2000
Tel: (02) 8002 1991
Fax: (+61) 8 9262 3723
Website: www.digitalwine.ventures/

SHARE REGISTRY

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Nedlands WA 6009
Tel: +61 1300 113 258
Fax: +61 (8) 6370 4203

AUDITORS

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008
Tel: +61 8 9426 0666
Fax: +61 8 9481 1947

SOLICITORS

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000
Tel: (+61) 8 6559 6627

SECURITIES EXCHANGE

Australian Securities Exchange Limited (ASX)
Home Exchange - Perth
ASX Code - **DW8** (Ordinary Shares)

