



ASX Release

30 April 2019

Australian Whisky Holdings Limited
31 March 2019 quarterly and year to date cashflow report

Australian Whisky Holdings Ltd (ASX: AWY) ("**AWY or Company**") provides the following commentary with the release of the quarter and year to date cashflow report (Appendix 4C) for the period ended 31 March 2019.

Highlights

- Continued investment in inventory to support future revenue streams
- Reduction of debt with repayment of \$4.810 million of secured loans in December 2018
- Expansion of revenue channels through three distribution agreements in Australia and Hong Kong, resulting in cash received from operating activities of over \$4 million during the 9 months ended 31 March 2019

Quarterly cashflows

During the quarter, AWY's cash balance decreased by \$1.249 million from \$9.341 million to \$8.092 million as at 31 March 2019.

Cash resources for the quarter were primarily used in operating activities, continuing with the Company's strategy of investing in its inventory to support future revenue streams. During the quarter, \$1.1 million was utilised in inventory related payments out of the total \$2.3 million operating payments (excluding finance related charges)

The remaining payments during the quarter included investments in the Company's property plant and equipment and systems of \$48,000 and repayment of borrowings of \$362,000 involving loan, finance lease, insurance funding and barrel finance repayment obligations. Ongoing loan repayment cashflows have significantly reduced following the Company's repayment of \$4.810 million of secured loans in December 2018. In addition, the Company will benefit from reduced interest payments of over \$350,000 per annum from the early repayment of loans.





Year to date cashflows

Cash resources for the Company have increased from \$6.860 million as at 30 June 2018 to \$8.092 million as at the end of March 2019.

The Company has strengthened its cash resources and ongoing cashflow management through a substantial capital raising in November 2018 of \$11.946 million and repayment of \$6.139 million of borrowings. Both the Bothwell and Cambridge distillery sites are free of secured debt. A net \$5.382 million has been received through financing activities, after allowing for borrowing repayments and capital raising costs.

A significant investment has been made in the Company's property plant and equipment with over \$500,000 paid to expand the production capacity of the distilleries and \$100,000 on manufacturing plant and equipment and operating systems. The Company also acquired the remaining shares in Lark Distillery Pty Ltd and its subsidiary Overeem Whisky Pty Ltd.

The Company continues to expand its revenue channels through three distribution agreements announced in mainland Australia and in Hong Kong, resulting in cash received from operating activities of over \$4 million during the 9 months ended 31 March 2019.

On 14 March 2019, AWY received a notice under section 249D of the Corporations Act 2001 from Quality Life Pty Ltd, requesting a general meeting at which resolutions will be moved to replace four of the five current directors of AWY, with two directors nominated by the requisitioning shareholder. The proposal is opportunistic as it seeks control of AWY, without premium, on the basis of the requisitioning shareholder owning only 9.4 per cent of the shares. The requisition notice is disrupting the business at such a critical time in its development, and represents considerable diversion of AWY's sales strategy in Asia, which has been delayed due to these uncertainties.

Cashflows used in operating activities during the 9 months was \$3.486 million. This included finance charges of \$389,000, with future finance obligations reduced with the repayment of debt in December 2018. Included in the net operating cash payments was an investment in the Group's inventory of \$3.9 million (of which \$0.9 million was paid to buy back barrels from investors who were involved in the former





Nant owner's barrel investment scheme). These payments underpin the growth of future revenue streams of the business.

The Company continues to invest in its inventory as part of its core strategy to build a premium whisky "bank" with a maturation cycle of 5-6 years in order to fulfil further expansion demand from new international markets into the future.

For further information, please contact Gary Stewart, Company Secretary.

Yours sincerely,

Company Secretary
Gary Stewart

