

Crowd-sourced funding offer document



BAKERY HILL™

Offer of fully-paid Ordinary shares in D. Baker & Sons Pty Ltd T/A Bakery Hill Distillery at \$1 per share to raise a maximum of \$700,000

This crowd-sourced funding (CSF) offer relates to the offer (Offer) of fully-paid ordinary shares in D. Baker & Sons Pty Ltd T/A Bakery Hill Distillery (Bakery Hill). The Offer is made under the CSF regime in Part 6D.3A of the Corporations Act 2001 (Cth) (Corporations Act).

Issuer

D. Baker & Sons Pty Ltd T/A
Bakery Hill Distillery
(ACN 106 401 496)

Intermediary

Birchal Financial Services Pty Ltd
AFSL 502618

Always consider the offer document and the general CSF risk warning before investing

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Risk warning

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.





Information about the Company

Letter from the founders

Today marks a significant milestone in the story of Bakery Hill Distillery. We are incredibly proud to offer you the chance to join us as co-owners in our business, and to make Australian whisky history.

It was almost 25 years ago, when a crazy chemistry teacher had the idea of taking on one of the biggest Scottish traditions, whisky distilling. He believed that if you understood the chemistry and modified it for local conditions, you could make great whisky right here in Australia. So, David Baker set up the Bakery Hill Distillery to prove just that.

Today, Bakery Hill is one of Australia's most globally recognised and award-winning whisky distilleries, stocked in over 150 venues around the country. We've become so well known that we've had to pause export channels and reduce stocks in key local retailers, just to supply enough whisky to our loyal Bakery Hill customers.

In order to take Bakery Hill to the next level, we are moving from our beloved Bayswater home to a new, custom designed distillery in the inner Melbourne suburb of Kensington, just two train stops from the

CBD. Our new Kensington distillery will allow us to ramp up production volumes whilst running daily distillery tours, regular special events and a cellar door open to the public.

The local whisky market is growing, and Bakery Hill is perfectly positioned to take advantage of this opportunity. The goal is that after years of saying no to more retailers, no to export, and no to new opportunities, we can finally start to say YES to these opportunities.

And we want you to join us on the journey. On behalf of the Bakery Hill team, we are delighted to offer you the chance to own your own piece of an iconic whisky distillery and join one of Australia's most passionate and pioneering whisky families.

Your valued investment will assist us in:

- greatly increasing future whisky production
- fitting out the Cellar Door Bar, and
- building our front of house experience team.

We are not just looking for your capital investment, we want you to join our passionate band of whisky rebels and create a home for great times, and great whisky.

Whisky should be fun and enjoyed with friends. So, let's do it together with a community of whisky lovers!

Your soon to be fellow co-owners,
David and Andrew Baker

Company details

This offer of shares is made by D. Baker & Sons Pty Ltd T/A Bakery Hill Distillery ACN 106401496 (Company).

Company name	D. Baker & Sons Pty Ltd T/A Bakery Hill Distillery
ACN	106401496
Date of incorporation	22/9/2003
Registered office	1/18-20 Gatwick Rd, Bayswater North, VIC, 3153
Principal place of business	1/18-20 Gatwick Rd, Bayswater North, VIC, 3153

Introducing Bakery Hill Distillery

Bakery Hill Distillery is a family owned and operated distillery that has been producing world renowned single malt whiskies for over 20 years. In addition to producing and selling whisky products, the Bakery Hill team has a passion for educating Victorians and people from all over the world on how real whisky is made and how it can be enjoyed.

The distillery was founded by former chemistry teacher David Baker, who was tired of being told the only place where whisky could be made was Scotland, because of the 'special air and water'. David set out to prove a point, that exceptional whiskies could be made outside of Scotland and specifically in his hometown of Melbourne, Australia.

Over the following decades, Bakery Hill has done just that. The distillery has received widespread local and global recognition, including being named Southern Hemisphere Whisky of the Year 2020 and Best Small Distillery Whisky of the Year 2005 by Jim Murray's Whisky Bible.

Bakery Hill doesn't produce whiskies to be lauded in awards, however. The team produces single malts that can be enjoyed by its loyal and growing band of advocates, ideally amongst friends.



Our products & services



Over the last two decades, Bakery Hill's primary focus has been producing and selling high-end single malt whisky to boutique craft outlets and direct to loyal customers via its website.

Having perfected its 'signature range' of five whiskies - Classic Malt, Peated Malt, Double Wood plus two cask strength expressions, the distillery now offers limited release seasonal batches once

or twice per year. Its 'rare releases' range of extremely limited and ultra-premium 'once-off' whiskies is often less predictable in timing, but hugely popular – often selling out on pre-release.

As part of its expansion relocation plans, Bakery Hill is gearing up to offer even more and varied whisky products. The additional production space will support the distillery's research and development

capabilities and allow it to meet customer demand for more varied price points and extra 'special release' whiskies. This is likely to include whiskies made using different barrels and with extra-long maturation, as well as a range of merchandise and gift packs.

The team is also planning to further expand its direct-to-customer offering. The new Kensington location will support

world-class whisky education and tasting experiences, including comprehensive distillery tours where guests can touch, smell and taste all the elements of whisky production. The team will also offer corporate team-building events and guided masterclasses to enhance knowledge and skills in the broader craft distilling industry.

Our products



Signature

The Bakery Hill Signature range is available year round and showcases the whisky it is passionate about producing. Australian Single malt that can rival anything produced in Scotland.



Seasonal

The Bakery Hill Seasonal range explores different flavour profiles and unique stories - often as a result of unique barrel selections. The team is excited to showcase its close partnerships with local wineries and breweries in producing whiskies that highlight exquisite combinations of nose, flavour, and texture.



Rare

Bakery Hill's Rare releases celebrate the finest distillations, most celebrated casks, and enjoy extended maturation to produce truly stunning expressions of Australian Single Malt whisky. Available once for a brief moment and then gone.

Marketing & distribution

With Bakery Hill whisky already in high demand, the team has traditionally focused marketing efforts on supporting community engagement and ongoing customer loyalty. It has driven positive word-of-mouth and brand awareness via whisky appreciation events and tours, partnerships with craft bars and other independent outlets and businesses, and a growing social media presence across Instagram and Facebook.

The distillery has also achieved global recognition off the back of its awards and frequent appearances in internationally produced whisky books such as '101 Whiskies to Try Before you Die'.

Bakery Hill whisky volumes are expected to grow two to three times higher over the next two years, with more resources dedicated to sales and marketing activities, including supporting the launch of the new Kensington location. Social media

marketing and paid advertising will be key levers for growing brand awareness locally and domestically, with a focus on 18 to 40-year-old boutique craft spirit consumers. The distillery will also increase its participation in industry activities such as whisky shows and awards.

As part of its engagement strategy, Bakery Hill will collaborate directly with the City of Melbourne and complementary hospitality and retail businesses in the Kensington, Flemington and North Melbourne areas to become truly integrated into the local community. It will also host a range of targeted events specifically for existing customers in the new distillery, to maintain loyalty and leverage existing brand advocacy and word-of-mouth efforts.



Market, competitors & customers

Australian consumers are increasingly shifting towards a more responsible drinking mindset, with a focus on consuming fewer, but more premium beverages, particularly in the spirits category*. As Australia's food and drink culture evolves, premium and craft spirits are seeing both higher demand and higher expectations for in-venue and at-home consumption*.

Trends in craft spirits have generally followed those in the craft beer industry*, especially in terms of product development, customer demands and direct-to-consumer experiences. Small bars, brewery tap rooms and distillery doors have responded by offering a more diverse and premium hospitality experience, with highly engaged staff offering knowledgeable, but still accessible customer service.

*Source 2021 Spirits Industry Tax Reform – Pre Budget Submission



Market, competitors & customers



A unique spirits industry

The Australian whisky industry is unique in that most single malt whisky distilleries are working towards the same goal. They want to attract customers to 'try Australian' and educate them on the benefits and value of locally made whisky, breaking down traditional perceptions that the best and only 'real' whisky is Scottish. Bakery Hill is therefore competitive but also collegiate with other Australian distilleries.

Given the extensive growth potential across the market*, Bakery Hill welcomes new distilleries to find their own niche in

the market. It is currently exploring the potential of creating a 'Melbourne Whisky Trail', similar to the Tasmanian distillery tour model in support of this collaborative approach.

As the team says, 'whiskies are like wine, there are so many varieties available, and so it's exciting to see different distilleries targeting their own style of production'.

Bakery Hill Customers

Bakery Hill's current customer set is heavily weighted towards 25- to 50-year-old consumers, with sales data showing a 55/45 split between male and female customers. This is aligned to general industry trends over the last decade, with consumers in the 25- to 50-year age bracket having traditionally been early adopters of more boutique, smaller batch products.

Historically, 70% of Bakery Hill sales have been to Melbourne and Victorian customers, however national adoption has accelerated over the past few years.

Two years ago, one in ten bottles sold was into Sydney; now, three in ten bottles are being sent to Sydney customers, bars and outlets.

The distillery expects domestic sales growth to increase at least threefold over the next two years, off the back of increased production and growing brand awareness. The added convenience of an inner-city location in Kensington is also expected to drive much higher take-up of whisky experiences across both local, domestic and international markets.

*Source 2021 Spirits Industry Tax Reform – Pre Budget Submission

What makes us different

What sets Bakery Hill whisky apart from other Australian distilleries is the team's dedication to the craft of distillation and maturation. A rarity in the whisky world, Bakery Hill handcrafts each of its whiskies from single cask, to produce malt of outstanding character, consistency and detail.

The distillery's innovative products reflect its 100% independent business model and the rebellious nature of its founder and head distiller, David Baker.

"We don't apologise for maturing our whiskies longer than most other Australian distilleries. We do not blend barrels. We only bottle when the whisky in barrel is perfect. And we will only sell the whisky we have when it represents the best of what we can achieve."**

David Baker

The Bakery Hill team decides what to produce, when to produce it, and how – informed by the voice of their customers and driven by their own pursuit of excellence. And this approach extends to its sales experience. The distillery only partners with retail outlets that share its philosophies, including support for Australian craft products, superior customer service, and independence.

Unlike most distilleries around the world, which are based in regional areas, Bakery Hill's new inner-city location will reflect the best of Australia's cultural capital and become an integral part of Victoria's vibrant dining, entertaining and hospitality scene. It will be an asset for the city and become a central hub of distilling knowledge across the state, with everyone from whisky novices, whisky lovers and even fellow whisky producers having the opportunity to learn direct from the producers in a world-class distillery and bar setting.



**Individual has provided consent to inclusion of this statement

Business & revenue model

Overview

Bakery Hill is a family-owned Australian craft distillery that drives revenue from retail and wholesale whisky sales and whisky-based experiences. Its upcoming relocation to a bigger, custom-built distillery and cellar door in Kensington will significantly increase production and sales volumes and support more frequent distillery tours and special events.

While the distillery has focused heavily on maximising production to satisfy growing need, the size and setup of the current Bayswater location has limited its ability to do more than meet local demand. It has essentially run out of space to store more barrels. While export sales had already been scaled back to meet local demand, production has been dialed back further in preparation for the move to Kensington.

Business revenue model

Bakery Hill currently has three primary revenues streams:

- retail (business-to-customer) sales through its online store

- wholesale (business-to-business) sales to specially selected bars, restaurants and bottle shops
- event revenue from distillery tours, private and corporate functions, and special events.

Over the last 5 years, retail sales have constituted approximately 50% of total revenue; wholesale sales 45%; and event income 5%.

In the next 2-3 years, Bakery Hill expects moderate increases in retail sales and event income, with a reduction in the percentage of income from wholesale sales.

As production volumes increase over the next 5-10 years, wholesale and export opportunities can be re-prioritised.

Growth strategy

In preparation for and upon relocation to Kensington, Bakery Hill's business strategy will focus on two core streams - increasing whisky production and driving visitation to its Whisky Cellar Door.

Whisky Production

Once its current equipment is established in Kensington, Bakery Hill will be able to produce at least 15,000 bottles of whisky per year. This compares to approximately 8,000 bottles produced in 2021.

Within three years, Bakery Hill expects to be producing approximately 25,000 to 30,000 bottles of whisky per year. Whilst this is a large increase on current stock levels, Bakery Hill will still be considered (and wants to be considered) as a small, independent craft producer.

Whisky Cellar Door

Bakery Hill is currently running distillery tours one day per week at the Bayswater site. These tours bring in strong revenue from both ticket and subsequent product sales, with 70% of guests going on to purchase whisky at retail price on site.

Within 12 months of opening the Whisky Cellar Door at Kensington, Bakery Hill is planning to offer daily tours, with multiple timeslots available on weekends. It will also look to introduce new experience to complement the existing 90-minutes

comprehensive tour option, such as short tastings and masterclass-style premium tastings with vintage releases, hosted by the distillery founder.

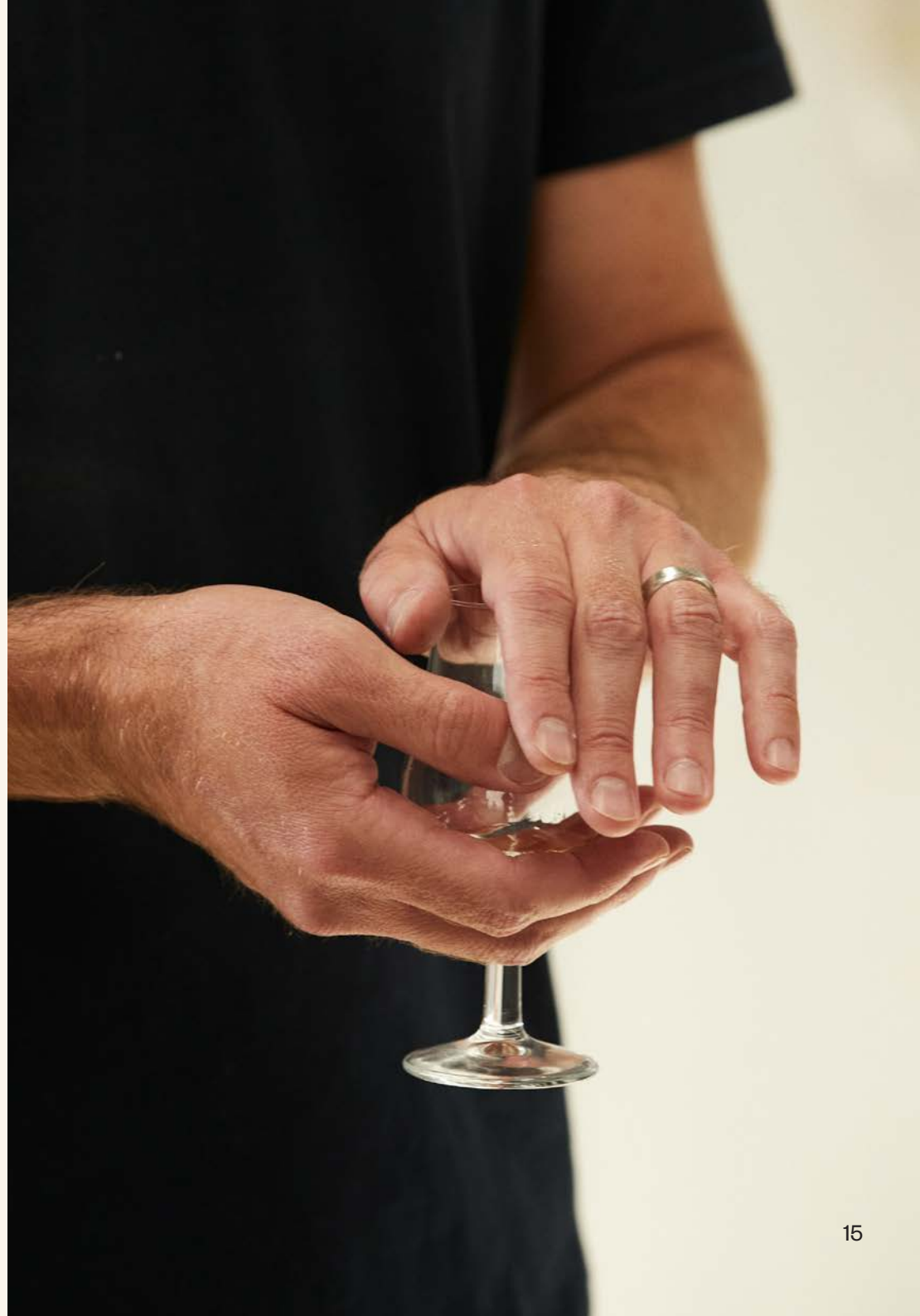
The Cellar Door will also be available for corporate bookings, end of year functions and other events, and offered as a third-party event space for local 'Whisky Clubs'. Within 12 months, Bakery Hill anticipates the Cellar Door being open for takeaway sales up to seven days per week, with the bar space open for up to four days per week for visitors plus special and private events.

In the short-term, the relocation is expected to increase direct retail sales and in-house event revenue. However, the volume of whisky available for wholesale purchase is expected to fall in the first one to 2 years to compensate. Wholesale and export market sales targets will be re-evaluated and re-prioritised as overall production increases in the medium to long-term.

Organisational structure

Bakery Hill's current organisational structure reflects its tight focus and efforts to prioritise resourcing around non-core activities related to the Kensington relocation and Equity Crowdfunding campaign. The team will grow to encompass additional operational and retail support staff once the Kensington distillery and cellar door is in the final stages of preparation.

David Baker	Founder/Head Distiller/ Director/Shareholder (Full Time)	Company strategy, lead production, quality control, tours and events
Andrew Baker	Operations Manager/Director/ Shareholder (Full Time)	Company, marketing and business development strategy, sales manager, consultant liaison, tours and events
Matthew Baker	Operations Support/Shareholder (Casual)	Production support, tours and events support
Jessica Taylor	Operations Support (Casual)	Production support
Simon Bent	Marketing/Promotion/Design (Consultant)	
Sara Patrick	Bookkeeper (Consultant)	
Paul Sharpe	Accountant (consultant)	
Lloyd Dewar	Legal Affairs (consultant)	
TBC (Pending Kensington move)	Front of House Manager (full time)	Customer service, retail sales, operations support
TBC (Pending Kensington move)	Production Support (full time)	Brewing/distilling support, operations, retail support



Capital structure

Issued capital (before and after the Offer)

As at the date of this Offer Document:

- The Company has 8,500,000 ordinary shares and nil options on issue.
- The majority of shares are held by the Company's founders/directors.

Table 1: Issued capital of the Company before the Offer

Shareholder	Share Type	Shares
David Ashleigh Baker	Ordinary	4,250,000 (50%)
Andrew Ian Baker	Ordinary	2,125,000 (25%)
Matthew Glenn Baker	Ordinary	2,125,000 (25%)
Total		8,500,000 (100%)

Table 2 sets out the issued capital of the Company following the Offer on a fully diluted basis.

Table 2: Issued capital of the Company following the Offer

Shares	Minimum Subscription (300,000)	Maximum Subscription (700,000)
Existing Shares (Ordinary Shares)	8,500,000 (96.59%)	8,500,000 (92.39%)
Offer Shares (Ordinary Shares)	300,000 (3.41%)	700,000 (7.61%)
Total Shares	8,800,000 (100%)	9,200,000 (100%)



Capital structure

Rights and liabilities associated with securities

As at the date of this Offer, the only class of shares on issue are:

- ordinary shares

There is no shareholders agreement between the existing shareholders and as such, the rights and liabilities associated with the shares are as set out in the Constitution ("Constitution").

Under the Constitution, the Board has the absolute discretion to approve or refuse a transfer of shares to a third party.

A more detailed description of the rights and liabilities associated with the shares

is set out in Section 3 below. A copy of the Constitution is available on the Intermediary's platform.

Sources of financing, including debt financing and other financing

Overview of Financing

Commencing the business in 1999, start up capital was provided personally by David Baker. Ongoing operating financing was provided for a short period of time by ANZ Bank, before a more collaborative approach was fostered with the Bendigo Bank.

Since commencing whisky sales in the early 2000's, all revenue/profits have been

re-invested into the business with the sole purpose of making more whisky.

To illustrate this point, Bakery Hill had approximately 2,500 bottles of whisky available for sale (all of which were sold) in 2021. However, the team produced the equivalent of 10,000 bottles of spirit and put into casks, which will be ready for sale in 2026-2029.

When reviewing the company financial documents, this scenario essentially translates to a modest ongoing operating profit. However, Bakery Hill is continually adding large volumes to its key asset 'Whisky in Barrels' in the Balance Sheet for future sales.

Debt Funding

Bendigo Bank - \$750,000*

*Current balance. Will be close to \$1.1M once Kensington distillery has been built

David Baker - \$358,759

These existing loans will not be repaid with financing from this share offer. They will be paid down via operating profit over the coming 3-5 years.

Directors & senior managers



David Ashleigh Baker

After many years of conducting his own childhood science experiments in the inner east of Melbourne, David not surprisingly threw himself into tertiary studies in the fields of biochemistry and organic chemistry.

Upon graduation he obtained a position at Kraft Foods in Port Melbourne within Research and Development. After holding this position for a number of years, he moved on to the production department as an assistant production manager before promotion to production manager. Although this was a very interesting position, it did not provide the science and chemistry he yearned for and therefore

returned to Melbourne University to study teaching in the fields of Science and Maths.

David enjoyed many fruitful years teaching Chemistry, Physics, Science and Maths to students at Wangaratta High School and subsequently Balwyn High School.

Perhaps as an inspiration to Walter White of acclaimed TV show 'Breaking Bad', in 1999, David decided his next move would not be to manufacture illicit drugs but to set his sights on becoming the only Single Malt Whisky producer on mainland Australia.

Spurred on by being constantly told (incorrectly), that Scotland was the only

place on earth that could make whisky because of 'special air and water' David said that if you understood the chemistry and could adapt to local conditions, it must be possible.

Over 20 years of successful production, thousands of loyal fans and a bucket load of awards and accolades has followed as a result of that bold decision.

David has two sons, Andrew and Matthew, and has had a busy 2 years welcoming 4 grandchildren into the world, who may one day become third generation whisky distillers.

Role

Company Founder/Head Distiller/CEO

Description of duties

Distilling and production lead, quality control, procurement, company strategy, tours and events

Skills and experience

Bachelor of Applied Science – Deakin University

Diploma of Education – University of Melbourne

Organic Chemist – Kraft Foods, CSL Limited

High School Teacher (Chemistry, Physics, Science, Maths) – Wangaratta High, Balwyn High

Directors & senior managers

Andrew Ian Baker

Andrew completed his tertiary Business studies and commenced his professional career in Financial Services in 2001. In his 15 years in superannuation, his experience included customer and stakeholder management, general financial advice, team management and business strategy. By 2013 Andrew was lead business analyst at Telstra Super, followed by lead roles in strategy and project and program management at Australian Super.

After so many years being a “cog in the large machine” of big business, Andrew decided his skills in business analysis and project management could have immediate practical application in the field of small family business.

Knowing such a business, and with the powerful drawcard of access to fine whisky, it did not take too much persuasion for him to join his father David in steering Bakery Hill Distillery to the next phase of its journey.

Andrew is an avid sports and music fan and is heavily involved in Melbourne Cricket Club XI. At the moment he is busy juggling work and life while raising two small kids

(Harley, 2 years and Louis, 2 months) with wife Amanda.

Role

Operations/Business Development Manager

Description of duties

Operations and marketing strategy, sales manager, consultant liaison, distilling and productions support, tours and events, business development and growth

Skills and experience

Bachelor of Commerce – Monash University

15 years in Financial Services (Lead Business Analyst and Project Manager) – UniSuper, Telstra Super, Australian Super



Risks facing the business

An investment in D. Baker & Sons Pty Ltd T/A Bakery Hill Distillery must be seen as high-risk and speculative. A description of the main risks that may impact the Company's business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (for example, risks relating to general economic conditions or the inability to quickly or easily sell your shares).

Cash flow risk

As whisky takes many years to mature before it can be sold, increasing production volumes necessarily means large investment today, for return revenue in 6-8 years' time.

Funding risk

The Company is in the process of raising funds to achieve its strategic business objectives and to cover its projected operating expenses. The Company may not raise all of the required funding and therefore not achieve all of its business objectives.

Key person risk

Currently, David Baker and Andrew Baker hold the majority of business skills and experience. Two to three new staff members will be onboarded in the next 1-2 years to learn the businesses and remediate this risk.

Brand risk

If Bakery Hill does not maintain consistent levels of quality and service in its offering, its brand and reputation could be damaged. In an increasingly connected world, damage to a company's brand and reputation can be catastrophic. The Company is acutely aware of this risk and is vigilant to ensure that it maintains a consistently high level of product quality and customer service.

Market

Bakery Hill currently benefits from a 'whisky boom' in the market. The business needs to ensure it is planning and ready to respond to a downturn in the global market.



Financial information

Balance sheet

	2022 (draft to 31/5/22)	2021	2020	2019
Assets				
Current Assets				
Cash On Hand				
Bendigo Bank Cheque Account	21,131	3,323	26,079	5,480
Pay Pal Balance account	743	517	455	3
Eventbrite account	382	1,696	0	0
Cash on Hand	12	12	12	12
Undeposited Funds	0	453	0	1,753
Total Cash On Hand	22,269	6,002	26,546	7,248
Trade Debtors				
Trade Debtors	22,478	7,817	9,449	15,605
Total Trade Debtors	22,478	7,817	9,449	15,605
Bond on Factory	41,022	22,606	12,193	12,193
Stock on Hand				
Stock on Hand Whisky - Barrels	728,534	728,534	728,534	701,045
Total Stock on Hand	728,534	728,534	728,534	701,045
Total Current Assets	814,303	764,959	776,723	736,093

Below are the financial statements of the Company for the financial years ended 30 June 2019, 30 June 2020 and 30 June 2021 which have been prepared in accordance with the Accounting Standards. Financial information for the 11 months ended 31 May 2022 have also been included, based on management accounts, and accordingly may be subject to change.

	2022 (draft to 31/5/22)	2021	2020	2019
Fixed Assets				
Motor Vehicles				
Motor Vehicles at Cost	12,882	12,882	12,882	5,000
Total Motor Vehicles	12,882	12,882	12,882	5,000
Office Equipment				
Office Equipment at Cost	9,308	9,308	9,308	9,308
Office Equipment Accum Dep'n	-8,726	-8,726	-8,726	-8,530
Total Office Equipment	582	582	582	778
Plant & Equipment				
Plant and Equipment	208,263	183,841	183,841	183,841
Plant and Equip accum depn	-181,227	-181,227	-181,227	-180,223
Total Plant & Equipment	27,036	2,614	2,614	3,618
Leasehold Improvements				
Improvements at Cost	64,430	0	0	0
Total Leasehold Improvements	64,430	0	0	0
Total Fixed Assets	104,933	16,079	16,079	9,397
Borrowing Costs	1,900	400	400	0
Total Assets	921,137	781,439	793,203	745,490

Financial information

Balance sheet

	2022 (draft to 31/5/22)	2021	2020	2019
Liabilities				
Current Liabilities				
Credit Cards				
Bendigo Bank Credit Card	1,536	1,780	597	1,119
Total Credit Cards	1,536	1,780	597	1,119
Directors Loan	-20,444	106,5857	237,513	153,417
Trade Creditors	87,978	8,844	4,370	10,092
Gift Certificates Issued	2,050	1,950	1,160	765
GST Liabilities				
GST Collected	8,301	8,929	15,108	6,171
GST Paid	-11,261	-5,413	-3,661	-2,204
Total GST Liabilities	-2,960	3,516	11,447	3,967
Payroll Liabilities				
Payroll Accruals Payable	583	2,929	0	393
PAYG Withholding Payable	176	1,733	0	587
Total Payroll Liabilities	759	4,662	0	980
Provision for Income Tax	-1,644	-1,644	-1,644	0
Total Current Liabilities	67,274	125,695	253,445	170,342

	2022 (draft to 31/5/22)	2021	2020	2019
Long Term Liabilities				
Loan Accounts				
Bendigo Bank Loan Account	678,371	514,272	506,519	589,401
Ben Bank Bus Loan		82,298	28,870	0
Total Loan Accounts	678,371	596,571	535,390	589,401
Total Long Term Liabilities	678,371	596,571	535,390	589,401
Total Liabilities	745,646	722,266	788,835	759,744
Net Assets	175,491	59,173	4,367	-14,253
Equity				
Issued Capital	12	12	12	12
Retained Earnings	59,161	4,355	-14,265	-47,945
Current Year Earnings	116,317	54,805	18,621	33,679
Total Equity	175,491	59,173	4,367	-14,253

Financial information

Profit and loss statement

	2022 (to 31/5/2022)	2021	2020	2019
<i>Income</i>				
Spirit Sales				
Total Spirit Sales	351,686	236,460	316,985	213,021
Other Retail Income				
Total Other Retail Income	10,173	1,949	3,339	2,250
Event Income				
Total Event Income	20,200	12,844	19,370	25,726
Other Income				
Total Other Income	5,699	3,629	2,923	3,520
<i>Total Income</i>	387,759	254,884	342,618	244,646
Cost of Sales				
Total Cost of Sales	61,913	83,831	36,886	42,413
<i>Gross Profit</i>	325,846	171,052	305,731	202,233
Expenses				
Total Expenses	198,703	132,241	268,669	139,834
Operating Profit	127,142	38,811	37,062	62,399
Other Income				
Total Other Income	15,775	24,727	10,000	0
Other Expenses				
Interest Expense	18,101	22,223	28,441	0
Total Other Expenses	18,101	22,223	28,441	0
Net Profit	124,816.74	41,314.77	18,621	62,398

Financial information

Cash flow statement

	YTD May 2022	2021	2020	2019
Income	388,002	285,282	342,618	244,646
Cost of Sales	61,913	87,813	36,886	42,413
Gross Profit	326,088	197,469	305,731	202,233
Expenses	199,012	146,560	268,669	139,834
Operating Profit	127,076	50,908	37,062	62,399
Other Income	15,775	28,252	10,000	0
Other Expenses	26,533	24,355	28,441	0
Net Profit	116,317	54,805	18,621	62,398
Assets	123,430	8,780	28,415	10,873
Liabilities	29,856	-58,637	21,611	-37,910
Equity	0	0	0	-114
GST Movement	-6,476	-7,931	7,480	593
Net Cash Movement in (Out)	16,267	-20,544	19,297	14,093
Opening Balance	6,002	26,546	7,248	8,684
Cash Movement	16,267	-20,544	19,297	14,093
Closing Balance	22,269	6,002	26,546	22,778
Opening Balance				
Cash Movement	382	21,026	1,728	-12,365
Bendigo Bank Cheque Account	17,807	-22,755	20,598	-4,106
Pay Pal Balance account	226	62	451	16,735
Undeposited Funds	-1,767	2,049	-1,753	1,465
Total Cash Movement	16,267	-20,644	19,297	14,093
Closing Balance	16,649	382	21,026	1,728

Statement of changes in equity

Description	31.5.2022	30.6.2021	30.6.2020	30.6.2019	30.6.2018
Equity at beginning of year	8,196	4,368	(14,253)	(47,933)	(81,910)
Profit before tax	(3,516)	3,828	18,621	33,680	33,977
Tax amount	-	-	-	-	-
Increase in issued capital	12	-	-	-	-
Equity at end of year	4,692	8,196	4,368	(14,253)	(47,933)

Financial information

Management comments on historical performance and outlook

To compliment and expand on the Balance Sheet data (explicitly the Total Stock on Hand line item), below is a table showing the increase holding of whisky assets over the last 5 years. The whisky in barrels is at various ages of maturity with the calculation assuming one third “mature”, one third “part mature” and one third “new make spirit”.

It is critical to understand the long financial ‘wait’ unique to whisky production. Money spent making whisky today, will not be realised in sales revenue for six to eight years due to the maturation lifetime of the product.

Whisky Holdings in barrel

		2022	2021	2020	2019	2018	2017
Litres	65%abv	15440	12955	11550	10300	9585	8374
Bottles	50%abv	39888	33468	29221	26059	24250	21186
*Stock Value		\$4,387,680	\$3,681,480	\$3,214,310	\$2,866,490	\$2,667,500	\$2,330,460
**Sale Value		\$6,382,080	\$5,354,880	\$4,675,360	\$4,169,440	\$3,880,000	\$3,389,760

**Stock value determined at one third fully matured, one third half matured, one third new make (see table below)*

100% mature	\$160 per bottle
50% mature	\$110 per bottle
New make	\$60 per bottle

***Sale value determined at 100% mature price*

Bakery Hill is projecting to increase whisky production by 2-3 times upon relocation to Kensington, therefore an expanded amount of whisky in barrels will be expected over the coming 5 years.

Comments on revenue outlook are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected

events, many of which cannot be controlled. Accordingly, actual results are likely to differ from the forecasts. No representation or assurance is or can be given that the forecasts will be achieved. Past performance is no guarantee of future performance. This revenue outlook has been prepared by D.Baker & Sons Pty Ltd T/A Bakery Hill Distillery and has not been validated by an independent third party.

Information about the Offer



Terms of the Offer

D. Baker & Sons Pty Ltd T/A Bakery Hill Distillery is offering up to 700,000 shares at an issue price of \$1 per share to raise up to \$700,000. The key terms and conditions of the Offer are set out below.

Term	Details
Shares	Fully-paid Ordinary shares
Price	\$1 per share
Minimum Subscription	\$300,000
Maximum Subscription	\$700,000
Minimum parcel size	\$250
Opening date	30/6/2022
Closing date	14/7/2022

A description of the rights associated with the shares is set out in Section 3.3.

To participate in the Offer, you must submit a completed application form together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer at www.birchal.com.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten and there is no guarantee that these funds will be raised.

This offer is subject to the terms and conditions in the Subscription Agreement including that, notwithstanding the Company accepting an application for

shares, the issue of shares pursuant to such application is subject to and condition upon:

- the Company achieving the Minimum Subscription amount; and
 - the otherwise successful completion of the Offer,
- by the closing date.

Use of funds

The table below sets out the intended use of funds raised under this Offer based on the minimum and maximum subscription amounts.

Intended use	Minimum Subscription	Maximum Subscription
Kensington Cellar Door Fit Out	\$150,000	\$200,000
Staffing	\$65,000	\$100,000
Increase Production of Whisky	\$64,200	\$355,200
Offer costs	\$20,800	\$44,800
Total	\$300,000	\$700,000

The Offer costs includes the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are up to 6% of all funds raised by the Company through Birchall Financial Services Pty Ltd (Intermediary), plus \$2,800 for administration and setup costs.

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.



Rights associated with the shares

The shares the subject of the Offer are fully-paid Ordinary shares.

There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with all shares are set out in the Constitution. These rights are described in summary below but an applicant should ensure that it has read, understood and, if necessary, received independent advice in relation to the Constitution.

A copy of the Constitution is available on the Intermediary's platform.

Voting rights

Holders of ordinary shares have a right to vote at Company general meetings.

Dividends

All holders of ordinary shares have a right to receive any dividends declared and paid by the Company.

The directors have a discretion and may resolve to pay or retain dividends, subject to their obligations under the Corporations Act (for example, they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares.

Shareholders who hold at least 15% of the votes which may be cast at a general meeting of the Company (only holders of ordinary shares at this time) have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.



Rights associated with the shares

Election and removal of directors

Shareholders holding 20% or more of the votes which may be cast at a general meeting of the Company (only holders of ordinary shares at this time) may vote to appoint and remove directors at all times.

The directors' may appoint additional directors from time to time.

Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, all holders of ordinary shares have the right to participate in the distribution of surplus Company assets or profits (after payment of secured and unsecured creditors of the Company).

Restrictions on sale and transfer

Right to sell/transfer

Under the Constitution, the Board has the absolute discretion to:

- accept or decline a proposed transfer of shares; and
- agree a Company policy in relation to accepting or declining a transfer of shares.

At this time, it is the Company's policy to decline a proposed transfer of shares to any person.

Drag-Along

Pursuant to the Constitution, where parties holding at least 66% of the issued ordinary shares in the Company intend to sell all of their shares to a third party, then they may also force all other shareholders to sell their shares to the third party at the same price.

A similar right applies to granting the third party an option to purchase shares.

Tag-Along

Similarly, where parties holding at least 66% of the issued share capital in the company intend to sell all of their shares to a third party, then any other shareholders



What can I do with my shares?

Shares in the Company are considered illiquid as they cannot easily be transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit their investment in the Company. These include, but are not limited to:

- A trade purchase of the Company
- A listing on a registered stock exchange (eg the ASX)
- A private equity investment in the Company
- A share buy-back by the Company

There is no guarantee that any of the exit options will eventuate.

Investor rewards

In addition to being a shareholder of D. Baker & Sons Pty Ltd T/A Bakery Hill Distillery a range of rewards are being offered for investors.

These include:

- Discounts from sales online and at the Kensington Cellar Door
- Access to special “owner only” events
- Bottles of the first whisky produced from Kensington.

The table below sets out the investor rewards based on the amount invested.

Reward	\$500 Classic Investor	\$1000 Blunderbuss Investor	\$2500 Eldorado Investor	\$10,000 High Seas Investor	Method of delivery
Pre-Release access to new limited edition whiskies	YES	YES	YES	YES	Online
Access to Kensington Opening Party	YES	YES	YES	YES	Instore
10% Discount (online or instore)	YES (for one order)	YES (until 31/12/2023)	YES (until 31/12/2024)	YES (until 31/12/2024)	Instore or Online
Access to two “Barrel Samples” once per year	NO	NO	YES	YES	Instore or Post
Access to a once a year dinner at the distillery for High Seas Investors	NO	NO	NO	YES	Instore
One bottle of the 1st Kensington Batch Limited Edition Whisky	NO	NO	NO	YES	Instore or Post
A behind the scenes personal tour and tasting with David Baker	NO	NO	NO	YES	Instore

Information about investor rights

Cooling-off rights

If you are a retail investor, you have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (Cooling-off Period).

You must withdraw your application via the Intermediary's platform. You will be able to withdraw your application within the Cooling-off Period by following the link and the instructions within your portfolio on the Intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as practicable.



Communication facility for the Offer

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.



Proprietary company corporate governance obligations

Annual report

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30 June year end and its financial reports must be lodged by 31 October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This means that the Company's financial reports will not be subject to auditor oversight and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers) or otherwise become a large proprietary company.

Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report [on the Company's website at the following address bakeryhill.com or can purchase the report from ASIC.

Related party transactions

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act

will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

Takeovers

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the Company in a very limited way. If someone wants to buy more than 20% of the voting shares in the Company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the Company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring shareholders have sufficient information and time to consider a change of control, and all have a reasonable and equal opportunity to participate in any benefits, will apply to the Company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the Company.

Company updates

The Company will provide regular updates to investors on the Company's website at the following address bakeryhill.com and via regular email updates.

Glossary

Company	Company means D. Baker & Sons Pty Ltd T/A Bakery Hill Distillery ACN 106401496
Cooling-off Period	Cooling-off Period means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money
CSF	CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act
Intermediary	Intermediary means Birchall Financial Services Pty Ltd AFSL 502618
Maximum Subscription	Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer
Minimum Subscription	Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer
Offer	Offer means an offer of fully-paid ordinary shares by the Company under this CSF offer document
Retail investor	Retail investor has the meaning given to the term “retail client” under the Corporations Act

