

11 December 2020

ASX Announcement

## COMPANY UPDATE

### HIGHLIGHTS:

- **WINEDEPOT** confirms that it has zero exposure to China trade tariffs
- **WINEDEPOT** expects surplus inventory to provide strong support for B2B Marketplace launch
- **WINEDEPOT** expands its addressable market, servicing corporate and business buyers
- **WINEDEPOT** to launch 'Insider Trading' wine club

**Digital Wine Ventures (DW8 ASX)**, or the "**Company**", is pleased to provide an update on the progress of the Company and its **WINEDEPOT** business.

### **WINEDEPOT confirms it has zero exposure to China trade tariffs**

The Company is pleased to advise investors that its principal operating business, **WINEDEPOT** has zero exposure to Australian wine exports to China, following the Chinese government's recent decision to impose tariffs of between 107% and 212% on Australian wine.

Given the material uncertainty and sovereign risk posed by recent developments in China, market, the Company will prioritise its international expansion focus in other major markets for Australian wine such as the UK, USA, Canada, Europe, New Zealand and Singapore and close its wholly owned Chinese subsidiary.

Digital Wines CEO Dean Taylor is concerned about the impact that these tariffs will have on the Australian wine industry but believes that the need for affected producers to clear excess inventory within the local market will provide further tailwinds for the Company.

*"China currently imports about \$1.2 billion of Australia wine each year. One of the key drivers of the growth of this market was the China-Australia Free Trade Agreement, which provided Australian producers a significant competitive advantage over other wine producing nations through reduced taxes and duties."*

*"The tariffs now imposed will triple the price of some Australian wines, which undoubtedly have a significant impact on their competitiveness in that market. As a result, there's going to be millions of litres of wine that will need to be sold in other markets."*

*"This should be extremely beneficial for **WINEDEPOT** as the affected producers look for new routes to market. Along with the rapid switch to online buying due to COVID-19, this oversupply of inventory provides the perfect storm to launch our Direct-to-Trade marketplace."*

## **WINEDEPOT expands its addressable market, offering wine producers access to a range of Direct-to-Consumer sales channels**

The Company is pleased to announce the **WINEDEPOT** will be expanding its addressable market, by providing wineries the ability to not only list their products for sale on the Direct-to-Trade Marketplace, but also across a broad range of Direct-to-Consumer channels including online retailers and consumer marketplaces.

In addition **WINEDEPOT** will open its Marketplace up to corporate, SMEs and other registered businesses – on a “Costco-like” membership model, that provides discounted pricing for larger purchases.

Digital Wines CEO Dean Taylor explains the rationale for opening the Marketplace up to businesses.

*“Up until now, the focus of our Marketplace has been servicing trade buyers such as restaurants, bars, hotels, bottle shops and other licensed venues who often have very particular delivery requirements. However we’ve recognized that the platform and fulfillment infrastructure that we have developed is also well suited to servicing corporates and businesses that purchase in larger volumes as well. Especially as our customer base now includes beer, cider and craft spirits producers as well.”*

*“We see the push into this segment as an excellent way to provide the producers that we are working with another way to help clear the expected oversupply of inventory stemming from the overnight collapse of the Chinese wine export market.”*

## **WINEDEPOT to launch ‘Insider Trading’ wine club**

As announced at the recent AGM, DW8 Shareholders will soon be able to purchase wine and other products via **WINEDEPOT**’s Marketplace at preferential prices through a direct-to-consumer initiative called the ‘Insider Trading’ wine club.

The invitation only membership program will extend to staff employed by suppliers and or the trade buyers using **WINEDEPOT**’s Direct-to-Trade Marketplace.

Members, called ‘Insiders’, will have access to a range of benefits including invitations to private wine dinners, master classes and other events in due course.

For more details about the ‘Insider Trading’ wine club, please register your details on the company website at [digitalwine.ventures](http://digitalwine.ventures)

**END**

This ASX announcement was approved and authorised for release by the Board of Directors.

## WINEDEPOT overview

WINEDEPOT is a cloud-based SaaS technology platform that empowers direct-to-market sales. It provides users value by removing layers of inefficiency in the supply chain.

The platform consists of three key components:

- **'Market' online marketplace**
- **'Connect' order management system**
- **Smart Logistics Solution**

Key benefits for users include:

### SUPPLIERS

Increased Customer Reach  
Improved Profit Margins  
Quicker & Guaranteed Payments  
Reduced Costs and Admin  
Reduced Shipping Times  
Incremental Sales

### BUYERS

Single Account Application  
Single Streamlined Order  
Single Invoice & Single Delivery  
Flexible Payment & Credit Options  
Broad Product Range  
Discounts

Revenue is generated from:

- **Trading Fees** (% of the overall transaction)
- **Fulfillment Fees** (storage, picking, packing, handling & freight)
- **Subscription Fees** (platform access fees based on number of users and products)

WINEDEPOT plans to solidify its presence in Australia and New Zealand before expanding the platform into other key wine markets such as USA, UK, Canada, Europe, New Zealand and Singapore.

## Digital Wine Ventures overview

**Digital Wine Ventures** (ASX DW8) is an Australian Publicly listed company that 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. **WINEDEPOT** is DW8's cornerstone investment.

To keep abreast of the Company's latest developments and special offers available to investors please register on our mailing list at [www.digitalwine.ventures](http://www.digitalwine.ventures)

**To view our extensive recent media coverage please visit:**

- <https://www.digitalwine.ventures/media-coverage.php>
- <https://winedepot.com/media-coverage/>

**For more information** please visit [www.digitalwine.ventures](http://www.digitalwine.ventures) and [www.winedepot.com](http://www.winedepot.com) or contact:

**Dean Taylor, Chief Executive Officer**  
**Digital Wine Ventures Limited**  
P: (02) 8363 3351

E: [dean.taylor@digitalwine.ventures](mailto:dean.taylor@digitalwine.ventures)