



**ASX:DW8**

Investor Presentation

**Presented by Dean Taylor, CEO**

July 2021

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## Investment Mandate

**DW8 is an Australian publicly listed company that invests in technology businesses servicing the USD\$300 billion global wine industry. <sup>(1)</sup>**

**WINEDEPOT** is our cornerstone investment.

- **Cloud-based SaaS technology platform**
- **Designed to streamline wine & beverage distribution**
- **Releases value, time & resources for users**
- **Multiple proven revenue streams**
- **Application in other markets, verticals and product categories**
- **Fintech Credit-as-a-Solution upside**

1. Source: Zion Market 'Global Wine Market' Research Report April 2019



## Cornerstone Investment

**WINEDEPOT is a cloud-based technology platform designed to streamline wine and beverage distribution.**

It provides producers, distributors and importers with an integrated trading, logistics and payment management solution that allows them to grow and service their trade and consumer markets.

**The platform consists of five key components:**

- **MARKET** - direct-to-trade marketplace
- **DIRECT** - direct-to-consumer sales channel manager
- **LOGISTICS** - fulfilment and delivery solution
- **CONNECT** - order, inventory & technology integration manager
- **LIQUIDITY** - payment management solution

***we let drinks flow***



## WINEDEPOT Logistics Solution

**WINEDEPOT's smart logistics platform was launched in November 2019.**

In the 18 months that have since passed, the product has experienced strong growth across all key metrics, driven primarily by latent demand for such a service and the benefits that it offers users.

To supplement this rapid organic growth, DW8 acquired an emerging competitor, **Wine Delivery Australia Pty Ltd (WDA)**, in December 2020. This drove a step change across all key metrics, including customers, order and cases shipped.

Now, having successfully merged WDA into its existing operations, the board believes the Company is well positioned to accelerate growth further through strategic acquisitions and in particular targets that have the potential to stimulate growth across multiple parts of its platform.

**Parton Wine Group** is exactly that sort of acquisition opportunity.



## Parton Wine Group (PWG)

[www.partonwinedist.com.au](http://www.partonwinedist.com.au)





# Parton Wine Group (PWG)

## ACQUISITION OVERVIEW

With over 23,000 sqm of warehousing in Sydney, Melbourne and Perth, the Parton Wine Group has grown organically over the last 14 years to establish itself as one of Australia's largest specialist wine and beverage logistics service providers.

Their approach of providing a personalised, highly responsive and flexible service, has allowed them to amass about 290 accounts across their 4 sites, representing about 225 unique customers.

**WINEDEPOT** has a rare opportunity to acquire this unique business and merge it with its existing **LOGISTICS** operation to create the market leading independent wine logistics provider.

This asset will underpin the growth of the other components of our technology platform (**MARKET**, **DIRECT** & **CONNECT**) while creating significant differentiation between us and potential competitors.



## PWG - Founder:

**Founder, Richard Raddon is a highly experienced supply chain professional, with almost four decades of hands-on experience within the wine warehousing and logistics sector.**

**His entrepreneurial journey is as follows:**

- **2007**            **Parton Wine Distribution launched in Perth**
- **2009**            **PWG expanded into Melbourne**
- **2017**            **PWG expanded into Sydney**
- **2018**            **PWG expanded to a second site in Perth**

Prior to founding Parton Wine Group, Richard spent 21 years working as a Warehouse and Distribution Manager for Southcorp Wines (now Treasury Wine Estates). He also spent a year working as a Business Manager at TOLL Logistics, helping them to develop specialist capability within the wine and beverage sector.

Richard has agreed to remain on for an initial period of two years, assisting in the merger of his business with WINEDEPOT and also with strategic projects such as the expansion of the group's logistics infrastructure in markets such as Adelaide, Brisbane and New Zealand.





## PWG - Operational Footprint:

### Offering includes:

- Order pick & pack
- Local distribution
- Intra & interstate logistics
- Container cartage
- Container handling
- Palletised storage
- Temp controlled storage
- Cold storage
- Bonded storage
- Keg collections / storage
- Inventory management
- Bottle labelling

Location	Suppliers	Warehouse	Occupancy	Vehicles	Staff
<b>SYDNEY</b> Ambient only	65	~ 4,350 sqm Lease expires * 30/04/27	95%	6	20
<b>MELBOURNE</b> Ambient Temp controlled Cold storage	106	~ 9,150 sqm Lease expires 07/10/24	85%	12	33
<b>PERTH 1</b> Temp controlled only	62	~ 5,500 sqm Lease expires * 30/06/28	60%	6	19
<b>PERTH 2</b> Ambient Temp controlled Cold storage	54	~ 4,000 sqm Lease expires * 31/12/27	85%	9	22
<b>Total</b>	287 ~225 unique	~ 23,000 sqm	~ 81%	33	96

\* These leases can be extended by 5+5 years via options

## PWG - Historical Financials:

PROFIT & LOSS	FY19	FY20	FY21
<b>Total Sales</b>	\$ 11.644m	\$ 12.304m	\$ 13.248m
<b>Total Expenses</b>	\$ 12.102m	\$ 12.921m	\$ 14.143m
<b>Normalised EBITDA</b>	(\$0.458m)	(\$0.617m)	(\$0.895m)
+ COVID-19 relief	\$ -	\$ 0.564m	\$ 0.756m
+ Other normalisations	\$ 0.407m	\$ 0.822m	\$ 0.413m
<b>Reported EBITDA</b>	<b>(\$0.051m)</b>	<b>\$ 0.769m</b>	<b>\$ 0.274m</b>

### NOTES:

1. All figures noted above are unaudited.
2. Parton claimed COVID-19 Relief in FY20 and FY21 on the basis of revenue reduction.
3. Revenue grew strongly in the second half of FY21 due to an increase in customers and number of orders being processed.
4. FY19, FY20 & FY21 normalisations include approx \$400k wages PA for key staff, a trust distribution of \$385k in FY20 and some other minor items
5. An increase of 3.65% across all of Partons rates becomes effective 1 July 2021. This is the first rate increase applied in two years.



# PWG Acquisition - Key Drivers

## 1. TRANSFORMATIONAL

- a. Improves value proposition & expands addressable market
- b. Reduces reliance on 3rd party networks, improving service levels
- c. Generates upside from existing customers via cross selling of products & services

## 2. MARKET POSITIONING

- a. Helps position WINEDEPOT as market leader in 3PL wine logistics
- b. Provides the scale & capability to win key accounts
- c. Enhances competitive moat

## 3. SCALE & PROFITABILITY

- a. Provides a step change in all key performance metrics
- b. Reduces time & capital required for existing logistics business to become profitable
- c. Releases synergies & improves margins



# 1. Transformational:

- **Improves value proposition:**

- **LOGISTICS**

- Substantial increase in B2B capability and base load capacity
- Ability to control and improve service level being offered
- Opportunity to leverage mutual customer bases to grow business
- Ability to expand same day / on demand delivery services in metro locations

- **MARKETPLACE**

- 150+ new suppliers, thousands of products
- Millions of dollars of inventory at our fingertips
- Allows beers, spirits and ciders to be added to range (via bonded storage)
- Dedicated trade delivery fleet capability in SYD, MLB and PTH



# 1. Transformational:

- **Expands addressable market:**
  - Increased capacity and value proposition improvements allow us to:
    - Acquire and service distributors of any scale
    - Acquire and service major accounts
    - Manage beer, cider and spirits accounts requiring bonded storage
    - Service and support the keg market
- **Removes reliance on 3rd party providers:**
  - Customer service level improved by having end-to-end control of operating procedures
  - Limits exposure to network delays during peak season
  - Full control over our input prices so we can be more competitive in all markets
  - Less issues with IT system integrations / upgrades
  - No middlemen means higher profit margins for us
- **Generates upside from existing customers via cross selling of products & services**



## 2. Market Positioning:

- **Helps to position WINEDEPOT as market leader in 3PL wine logistics:**
  - Service offering
  - Geographical footprint
  - Operation scale
  - IT systems
- **Provides us the scale & capability required to win key accounts:**
  - Operational experience in the sector
  - National warehouse footprint
  - Offering ambient, climate-controlled, cold chain and bonded storage
  - 100+ experienced staff
- **Enhances our competitive moat**



### 3. Scale & Profitability:

- Provides a step change across all key performance metrics:

Metric	Wine Depot	PWG	Combined	Increase
Revenue / mth	~ \$0.5m	~ \$1.25m	~ \$1.75m	~ 250%
Orders / mth	~ 11,600	~ 18,000	~ 29,600	~ 155%
Cases (items) shipped / mth	~ 27,000	~ 60,000	~ 87,000	~ 220%
Suppliers	~ 375	~ 225	~ 600	~ 60%

1. All numbers shown are unaudited rounded estimates based on the businesses respective trading performances during June 2021

2. The June 2021 figures for PWG are broadly consistent with the businesses performance over the past 6 months based on its unaudited accounts

3. The combined numbers and percentage increases shown assume that both businesses maintain at least the same number of suppliers, who collectively generate at least the same volume of orders and cases shipped per month as they did during June 2021.

4. The combined numbers may be affected, positively or negatively, by changes in demand associated with seasonal activity.

5. The combined numbers may be affected, positively or negatively, by the various lockdown restrictions associated with COVID-19



### 3. Scale & Profitability:

- **Reduces time and capital required for existing logistics business to break even**
- **Releases synergies & improves margins:**
  - **FINANCIAL**
    - Reduce rental costs by consolidating existing warehouses in SYD, MLB and PTH
    - Harness combined buying power to negotiate better supply terms
    - Cross sell products & services to existing customers
  - **OPERATIONAL**
    - Leverage our investment in state-of-the-art IT systems across Parton
    - Better utilization of existing resources and assets
    - Consolidate functions across businesses





## PWG Acquisition - Potential Post Merger Synergies:

- **The potential synergies generated through the merger of Parton with Wine Depot's existing logistics business include:**
  - **Reduction in corporate overhead costs**
  - **Reduction in third party warehousing & freight costs:**
    - through improved utilisation of existing capacity and resources
    - by leveraging combined capacity to negotiate better costs
  - **Revenue growth, by leveraging WINEDEPOT's:**
    - Investment in state-of-the-art IT systems
    - sales & marketing resources
    - supply chain analytics resources
    - existing customer relationships to generate sales across other products and services
    - Industry relationships to attract new customers



## PWG Acquisition - Proposed Management Team:

- **Head of Logistics - James Munn** (WINEDEPOT COO / 22 years logistics experience)
  - Incentivised to grow and expand logistics business
- **General Manager - Richard Raddon (PWG Founder)** (36 years logistics experience)
  - Incentivised to effect comprehensive handover / Bound by non-compete and non-solicitation terms for 5 years
- **National Operations Manager - David Raddon (Founder's son)** (25 years logistics experience)
  - Incentivised to drive operational efficiency & profitability / Groomed to become General Manager
- **Supported by Wine Depot's existing operations team:**
  - Riste Stanovski - National Freight Manager (29 years logistics experience)
  - David Travers - National Sales Manager
  - Blake Linford - Supply Chain Analyst
  - Anna Donald - Key Accounts Manager
- **Parton management team & staff retained**
  - All other staff to be moved onto new employment agreements & provided vesting options under DW8 ESIP



## PWG Acquisition - Transaction Structure:

- **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 achievement of the following milestones:**

	Relevant Period	Minimum Annual Revenue	Minimum Annual EBITDA
<b>Milestone 1</b>	FY 2022	\$15,000,000	\$350,000
<b>Milestone 2</b>	FY 2023	\$15,000,000	\$350,000

- 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 shares eligible under the Acquisition agreement under its Listing Rule 7.1 capacity
- The number of DW8 Shares to be issued upon 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.



## PWG Acquisition - Earn Out Securities calculation

EBITDA from	EBITDA to	Earnout Ratio	Earnout Value	DW8 Shares
\$ 950,000	any number	150%	<b>\$ 1,650,000</b>	<b>19,298,246</b>
\$ 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
<b>\$ 650,000</b>	<b>\$ 699,999</b>	<b>100%</b>	<b>\$ 1,100,000</b>	<b>12,865,497</b>
\$ 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
<b>\$ 350,000</b>	\$ 399,999	14%	\$ 157,143	1,837,928
\$ 300,000	\$ 349,999	0%	\$ -	0 -

← **Maximum  
Earnout per year**

← **Minimum  
EBITDA threshold**



## PWG Acquisition - Earn Out Securities

- **The Earn Out structure & value of the Earn Out Securities has been determined by considering PWG'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 million based on the business generating:**
  - **\$15m+ revenue per annum in FY 2022 and FY2023**
  - **\$950,000 EBITDA per annum in FY 2022 and FY2023**
- If the Annual Revenue is below \$15 million or the Annual EBITDA remains below \$350,000 each year, then no Earn Out Securities will vest.
- The Minimum Annual Revenue Target and the Annual EBITDA Target excludes any revenue contributions from WINEDEPOT's existing logistics business
- Earn Out Securities expire 5 years after the date of issue.

## Capital Requirement & Use



- **The total amount raised is \$7.5 million**
- **\$5.0 million of this will be used to**
  - **Clear PWG existing liabilities** **\$2.8m**
  - **Repay PWG debtor finance** **\$1.2m**
  - **Fund PWG planned capital expenditure** **\$1.0m**
- **\$2.5m will be used to fund expansion of merged logistics business:**
  - Establishing warehouses in Adelaide & Brisbane
  - Expand existing warehouses to cater for growth
  - Expand same day & on-demand fleet capabilities
  - Expand temperature controlled storage capabilities
  - Instal solar power to reduce operating costs & carbon footprint

# Corporate Overview



## Snapshot @ 15 July 2021

Share price	\$0.091
Shares on Issue	1,668m
Listed options on Issue @ \$0.015	46.6m
Unlisted options on issue @ various prices	52.75m
Performance Rights	125m
Market Capitalisation	\$151.8m
Enterprise Value	\$143.43m
Cash at 31 March 2021	\$8.37m
<b>Register</b>	
Number of shareholders	10,230
% owned by Top 5 holders	14%
% owned by Top 20 holders	27%
% owned by Board	7.7%

## Top 5 Shareholders

Whodeanie Pty Ltd (Dean Taylor)	5.8%
BNP Paribas Nominees	3.2%
National Nominees	1.9%
Mr George Lontos	1.6%
Rorty Crankle Pty Ltd (Paul Evans)	1.6%

## Share Price Performance



## DW8 CEO's Closing Statement

**“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.”**

“The challenge is, that up until now, we have relied heavily on 3<sup>rd</sup> party warehousing and freight providers to support our national logistics network. This model worked reasonably well in serving our customers, but as our business continues to scale, we need more control over how our supply chain is operated. Particularly during peak periods, when 3rd party networks become slow and congested.”

“Having our own dedicated fleet of delivery vans and drivers will also ensure we provide an exceptional experience for trade buyers using **MARKET** our recently launched direct-to-trade online marketplace. Having direct control over our warehouses, with the ability to offer temperature controlled, cold chain and bonded storage will also help us to acquire major accounts which have eluded us to date. Importantly, moving to a closed loop network provides the physical foundations required to underpin the other products we offer through our technology platform.

“Along with an immediate lift in key metrics, the PWG acquisition provides us with another 225 customers that can be leveraged to drive further growth across our platform. The scale of the merged operation, overlaid with our investment in state-of-the-art technology, will undoubtedly help position **WINEDEPOT** as the market leading supply chain solution, focused on supporting the eCommerce shift in the wine industry.”

**“For all of these reasons I am confident that this acquisition will accelerate our market penetration in Australia and generate a lot of value for both customers and DW8 shareholders alike.”**

**Dean Taylor CEO**



# Senior Executive Team



**DEAN TAYLOR**

CHIEF EXECUTIVE OFFICER

With over 27 years of industry experience and seven successful ventures under his belt, Dean's a start-up veteran with deep domain experience in ecommerce, marketplaces, digital transformation & platform businesses. Named one of the 50 Stars of Wine and TOP 50 People in E-commerce, he is well known and highly regarded within the wine industry, online retail and entrepreneur communities. All of his ventures have been disruptive and technology focused putting him in an ideal position to lead this venture.



**MATT JOHNSON**

CHIEF FINANCE OFFICER

Matthew is a Chartered Accountant with over 25 years of accounting and financial management experience in a range of local and international businesses. Companies he has worked for include PBL, British Telecom, Westfield, George Patts, Fairfax and DMG World Media. Over the last 5 years, Matt's focus has been mostly helping fast-growing SaaS and Fintech businesses including Maestrano, Inlogik and GeoOP (NZA:GEO).



**DAVIDE DEFENDI**

CHIEF TECHNOLOGY OFFICER

Davide is a technology leader experienced in advancing companies from inception through to sale, across several industries. From a start-up perspective Davide has been involved with/founded two digital agencies, a technology recycling & service business, an instant messaging business similar to WhatsApp with more than 15 million users and an IOT based enterprise. He's served on the boards of both public ASX listed and private companies.

# Senior Executive Team



**JAMES MUNN**

HEAD OF LOGISTICS

James is a highly experienced supply chain professional, with over two decades of experience. He joined WINEDEPOT after his business Wine Delivery Australia (WDA) was acquired in 2020. Prior to founding WDA, he spent 5 years with Collaborators Pty Ltd, a corporate management and advisory service offering logistics advice. Before that he spent 14 years as the MD of Restore (Eastcoast) Pty Ltd, a company offering an end-to-end logistics solution for their Point of Sale (POS) merchandise, collateral, and technology systems.



**AARON BRASHER**

HEAD OF MARKETPLACE

Aaron has over 25 years' industry experience, working for some of Australia's best known brands. His most recent role was leading BDM at Robert Oatley. Prior to this he was at Wine Australia developing and implementing marketing strategy for Australian wine both domestically & internationally. A Roseworthy graduate, Len Evans Tutorial Scholar, panel judge of the AWRI Advanced Assessment Course, accredited WSET educator and certified sommelier – it's no wonder he's been named a top 50 Young Leader of the Australian Wine Industry.



**RICHARD SMITH**

HEAD OF PRODUCT

Richard has over 15 years of Product experience across many industries in both SME and large corporates – with key strengths in B2B and Payments. His most recent role was as the Head of Product with Mint Payments, managing the deployment, maintenance and enhancement of 4 core products across AU, NZ and Singapore. Prior to that he was Senior Product Manager at American Express Commercial Payments, responsible for generating over \$2b billings per annum. He was also the founder of NZ Wine Online, an online wine retail business.

## Board of Directors



**PAUL EVANS**

NON-EXECUTIVE CHAIRMAN

Paul has 27 years of private equity experience with 3i in the United Kingdom and with AMP, Gresham and Ironbridge in Australia. In 2003 Paul became one of the Founding Partners of Ironbridge and has represented Ironbridge on the Boards of Barbeques Galore, iNova Pharmaceuticals and Amart Furniture. Since 2017, Paul has been Director, Operations for Pacific Road Capital. He is also a keen wine collector and the current Chairman of the Advisory Board at Elderton Wines.



**MICHELE ANDERSON**

NON-EXECUTIVE DIRECTOR

Michele is a highly experienced executive with a strong background in growth, digital transformation & operational leadership. She also has considerable wine industry expertise, having been GM (US & Canada) at Australian Vintage (ASX: AVG). Michele is also a Master of Wine and sits on the board of Baron Philippe de Rothschild. She holds an MBA from the Wharton Business School, a BComm/LLB from UNSW, is an AICD graduate and has been recognised as one of the most influential women in Silicon Valley.



**JAMES WALKER**

NON-EXECUTIVE DIRECTOR

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 as CEO of DroneShield (ASX:DRO) and CFO of Seeing Machines (AIM: SEE). James is currently Executive Chair of Bluglass (ASX:BLG) and Native Mineral Resources (ASX:NMR) as well as joint CEO of Scalare Partners Pty Ltd.



## Thank you

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