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30 October 2019

ASX Announcement

QUARTERLY REPORT – 30 SEPTEMBER 2019

HIGHLIGHTS

- **WINEDEPOT** partners with Australia Post
- **WINEDEPOT** partners with Wine Storage & Logistics
- **WINEDEPOT** officially launched
- **WINEDEPOT** confirms strong pipeline of potential customers
- **WINEDEPOT** onboards Australia's largest family owned winery
- **WINEDEPOT** confirms other wineries using its services
- **WINEDEPOT** announces strategic partnerships
- **WINEDEPOT** to start generating revenue in Q2 FY 2020
- **WINEDEPOT** bolsters its executive team

Digital Wine Ventures Limited (ASX: DW8) (Company) is pleased to provide a summary of the activities undertaken in the three-month period ending 30 September 2019 and up to the issue date of this report.

WINEDEPOT partners with Australia Post

The Company got off to a great start for the quarter, announcing on the 1st July 2019 that it had partnered with **Australia Post**.

Digital Wine Ventures CEO, Dean Taylor explains "Our partnership with Australia Post is a massive achievement that allows us to establish a network of depots in Australia by the end of this year well ahead of our original schedule. That's a massive saving in both time and capital expenditure that will allow us to start looking at ways to expand the platform into other markets such as China, UK, Singapore, New Zealand and USA, as early as next year".

Mr. Paul Hersbach, Head of Growth Products at Australia Post was extremely positive about the partnership and pointed out the potential for **WINEDEPOT** to transform the existing wine supply chain.

"Our partnership with **WINEDEPOT** provides the wine industry with a specialised distribution service that will not only save money but also improve the consumer delivery experience. We believe that it will help many wine businesses increase their online sales as they place their inventory closer to end consumers and offer same day evening delivery as a standard service."

WINEDEPOT partners with Wine Storage & Logistics Pty Ltd

On the 10th July 2019, the company announced it had partnered with **Wine Storage and Logistics Pty Ltd (WSL)**, a privately owned Australian company that provides logistics services to the global wine and beverage industry.

Under the agreement, WSL will establish a dedicated central storage and distribution facility, which will serve as **WINEDEPOT**'s main depository for supplier's inventory used to support an expanding network of 'depots'. The facility will also serve as **WINEDEPOT**'s local depot servicing the Adelaide market.

Digital Wine Ventures CEO, Dean Taylor explains "To support our depot network we needed a flexible and dynamic operator who was prepared to embrace and invest in new technology. In this regard WSL are the perfect fit for **WINEDEPOT**. With four sites and tens of thousands of pallets of wine under management for global clients like Treasury Wines, Pernod Ricard, Constellation Brands and Accolade, they certainly have the scale, capability and experience we required."

Mr. Simon Byrne, Commercial Manager at WSL is also positive about the partnership and sees enormous potential for **WINEDEPOT**'s model to revolutionise the existing wine supply chain both here in Australia and Internationally.

"This partnership provides wineries and distributors a solution that will significantly reduce their delivery times, freight costs and administration. We work with over 200 wine producers and I am confident that most of them will embrace the end-to-end logistics solution offered through this partnership. It is exactly what the industry has been waiting for."

WINEDEPOT officially launched

On the 17th September 2019, **WINEDEPOT** was officially launched at a major wine industry event held in Orange NSW.

Digital Wine Ventures CEO Dean Taylor believes that "The industry's national direct-to-consumer (DTC) conference was the perfect event and the right audience to launch **WINEDEPOT**. We're committed to the industry and our principal partnership for the conference provides us the opportunity to share our knowledge and improve the outcomes for the thousands of wineries out there that rely on DTC to remain profitable and sustainable."

CEO Dean Taylor presented the breakthrough platform in front of 150 senior wine industry leaders. Mr Taylor described the direct-to-consumer market as a "Sleeping Giant" worth over \$1 billion per year that is allowing wine producers to claw back the margin lost to retailers over the last decade.

He went on to describe the key catalysts for the shift being the end of a global wine glut which has lasted almost 15 years and the emergence of technology and marketing platforms that allow producers to connect directly with consumers very cost-effectively.

According to Mr Taylor the only issue holding the direct-to-consumer market back from growing faster is the existing supply chain, which is not only inefficient and expensive but incapable of meeting the needs of modern consumers who expect deliveries to be completed in less than 2 days and preferably for free.

The **Wine Industry IMPACT Conference** was hosted by Wine Industry Suppliers Australia (WISA) and the associations CEO, Matthew Moate, couldn't have been happier with **WINEDEPOT**'s principle sponsorship of the direct-to-consumer themed event.

"WISA has a long and proud history of supporting innovation in the wine industry and our partnership with **WINEDEPOT** for this year's conference is another great example. The wine world is changing and innovators like Dean and the **WINEDEPOT** team are adding a new level of competitiveness and capability to our industry" Said Moate.

WINEDEPOT confirms strong pipeline of potential customers

On the 26th September the Company announced that over 150 suppliers had expressed their interest in utilising **WINEDEPOT**'s smart logistics platform. Since then the number has grown to over 200.

"The interest that we have received to date has been absolutely amazing. What's really exciting is that its not just small and medium wineries registering their interest but also some of the largest wine businesses in the world. It shows that there's a lot of latent demand for a fulfillment solution that caters for the direct-to-consumer market, as more and more brands embrace ecommerce as a powerful brand building and sales channel" stated Mr Taylor.

"As expected, we have also received enquiries from online retailers and marketplaces looking to utilise the **WINEDEPOT** platform to improve their customer service levels. Our platform provides them the ability to deliver to 85% of orders nationally within 24 hours at cost that they easily absorb into their margins."

WINEDEPOT onboards Australia's largest family owned winery

On the 21st October 2019 the Company announced that Casella Family Brands had signed up as a customer of **WINEDEPOT**'s integrated logistics, trading and order management platform.

Casella Family Brands is Australia's largest and most successful family owned wine business. Each year the group crushes between 160,000 and 200,000 tonnes of fruit making them the second largest wine producer in Australia¹. Casella Family Brands also operates a number of regional wineries throughout Australia.

Under the agreement **WINEDEPOT** will manage the fulfillment of Casella Family Brands' entire product portfolio across a range of domestic channels. The portfolio includes a number of iconic Australian wine brands including [yellow tail] Wine, Casella Family Wines, Peter Lehmann Wines, Brand's Laira Coonawarra, The Magic Box Wine Collection, Morris of Rutherglen and Baileys of Glenrowan.

Digital Wines CEO Dean Taylor believes that the agreement with Casella Family Brands validates the need for a disruptive supply chain solution such as **WINEDEPOT**.

"Casella's Yenda winery site covers a working area of 95 acres and can store over 260 million litres of wine. At the other end of the spectrum, we also work with micro producers who hand make just a few hundred cases of wine per year. What this shows is that our platform caters for wine businesses

¹ Australia's largest wine companies by total production volume – The Australian and New Zealand Wine Industry Directory 2019

of almost any scale. Having that degree of product market fit at this stage in our business cycle is very exciting.” says Taylor.

Flaminio Dondina, Casella Family Brands’ General Manager of Procurement/Distribution/Strategy, believes that **WINEDEPOT** will provide several important measurable benefits to the company.

“**WINEDEPOT**’s network and technology offering perfectly complements our domestic distribution model with a reliable solution for small deliveries. Due to the scale of our business and the number of regional wineries under the Casella Family Brands’ umbrella, this partnership will add significant value to our organisation by reducing complexity, increasing operational efficiencies and improving delivery times. We look forward to a successful and long-term partnership with **WINEDEPOT**.”

WINEDEPOT confirms several other wineries using their services

On the 21st October 2019 the Company also announced that several smaller scale wineries had been signed up as customers of **WINEDEPOT**’s integrated logistics, trading and order management platform. Early adopters include wineries from leading Australian wine regions such as the Adelaide Hills, Coonawarra, McLaren Vale and include:

- **Redman Wines**
- **Brown Hill Wines**
- **Gatch Wine**
- **Maan Wines**

WINEDEPOT announces strategic partnerships

On the 26th September the Company announced that **WINEDEPOT** had entered into strategic partnerships with a number of leading software providers and consultants servicing the global wine industry including:

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| • Commerce 7 | https://commerce7.com/ |
| • CRU | https://cru.io/ |
| • Troly | https://troly.io/en/ |
| • VinCreative | https://www.vincreative.com/ |
| • WithWine | http://www.withwine.com/ |

Each of these companies provides software applications that wineries use to operate their cellar doors. Typically these applications offer wineries CRM, Point-of-sale, Ecommerce, E-marketing and wine club management functionality.

Under the Strategic Partnership agreements, the parties will develop and promote a technical integration between their respective software platforms. Once completed the software integrations with these software providers will allow hundreds of Australian wineries using the software applications direct access to the **WINEDEPOT** platform. These integrations will also provide the perfect springboard for **WINEDEPOT** to expand its integrated logistics and trading platform into other major wine markets such as the USA, Canada, New Zealand & South Africa.

The Company is excited about the partnerships and believes that it demonstrates the immense potential that the **WINEDEPOT** platform has to unlock the value, time and resources lost in the existing supply chain by connecting the wine industry using technology.

“Our partners applications are used by some of the largest and most powerful wine brands in the world. By developing these strategic partnerships we are able to expose our products and services directly to all the wineries that they work with. Importantly the integrations will dramatically reduce our new customer onboarding time from weeks to days, removing a significant barrier to entry and providing us with a highly cost-effective way to rapidly scale the platform” Mr Taylor commented.

WINEDEPOT to start generating revenue in Q2 FY 2020

During the quarter, Digital Wine Ventures CEO, Dean Taylor confirmed that **WINEDEPOT** expects to start onboarding customers and generating revenue in the 2nd quarter of FY 2020.

Mr Taylor also explained that the Company expects to generate revenue by providing wine producers, distributors, importers and retailers access to an end-to-end supply chain solution that incorporates a range of services including:

- **Fulfillment fees** - includes receiving, picking, packing, next day delivery
- **Storage and slot fees** - for holding and storing products within our network
- **Surcharges** – adhoc fees for various optional services
- **SaaS fees** – for using our cloud-based ERP application/s

Upon the B2B marketplace being launched, additional revenue is expected from **Trading fees** for processing orders via our B2B Marketplace. This will be charged as a percentage of the transaction value and vary between sales channels and the different market segments serviced.

Key drivers of revenue for the **WINEDEPOT** business are therefore:

- **Number of suppliers** – using our platform
- **Number of products** – distributed in our network
- **Quantity of inventory** – stored in our network
- **Volume of orders** – processed and fulfilled
- **Number of sales channels** – connected to our platform

WINEDEPOT bolsters its executive team

On the 9th October 2019, the Company announced that it had appointed two well-respected and highly experienced and wine industry professionals to the **WINEDEPOT** executive team.

CEO Dean Taylor is excited about the experience, knowledge and industry relationships that the new recruits bring to **WINEDEPOT** and believes that these will be the first of many new staff based upon the number of wineries that have already signed up to use the companies services.

The new appointments include:

RICHARD VAN RUTH – BUSINESS DEVELOPMENT MANAGER

Richard is a seasoned wine professional with over 25 years of experience across facets of the industry. He is a passionate advocate for the Australian wine sector and has served on the McLaren Vale Grape Wine & Tourism Board and South Australian Wine Industry Executive Committee. His diverse experience and extensive industry network make him a valuable addition to the **WINEDEPOT** team.

ANNA DONALD – INVENTORY & OPERATIONS MANAGER

With more than 10 years' experience across operations, account management, buying, customer service and supply chain management within wine and FMCG industries - Anna is a great addition to the **WINEDEPOT** team. Passionate about wine and innovation for the industry, Anna has a track record of optimising and solving complex operational and business functions through the use of technology. She is a creative out of the box thinker who is no stranger to both start-ups and listed corporations.

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To view our most recent media coverage please visit:

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

WINEDEPOT business overview

WINEDEPOT is 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.

Key benefits the cloud-based technology platform provides stakeholders include:

- Reduced freight costs & shipping times;
- Reduced paperwork & administration;
- Reduced working capital requirement;
- Reduced errors & breakages;
- Increased customer reach;
- Increased customer satisfaction and repeat sales.



WINEDEPOT's integrated wine trading and smart logistics platform is being launched in Australia before being expanded into other key markets for Australian wine such as China, USA, UK, Canada, Hong Kong, Singapore and New Zealand.

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 share services.

For more information please visit www.digitalwine.ventures and www.winedepot.com or contact:

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