

SYDNEY, Australia

22 November 2019

ASX Announcement

## WINEDEPOT confirms orders are flowing and revenue generation has commenced

### HIGHLIGHTS:

- **WINEDEPOT** confirms first wave of orders have now been successfully processed
- **WINEDEPOT** confirms that its first invoices will be issued this month
- **WINEDEPOT** platform allows online retailers to extend their Christmas sales window

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

### WINEDEPOT confirms revenue generation has commenced

The Company is pleased to announce that **WINEDEPOT** has successfully processed its first wave of orders on behalf of paying customers and that revenue generation will commence this quarter in line with management’s expectations announced to shareholders in the ASX release dated 30 October 2019.

As it stands, **WINEDEPOT** currently generates a number of revenue streams per case of wine (depending on volume & size) by providing the wine industry with an end-to-end supply chain solution. These include:

- **Fulfillment fees** - includes receiving, picking, packing, next day delivery
- **Storage fees** – for holding and storing products within our network
- **Surcharges** – adhoc fees for various optional services

Each commercial agreement is subject to an agreed **Rate Card** that outlines the fees and charges payable for each of the services provided. A copy of **WINEDEPOT**’s standard Rate Card is available via the website at <https://winedepot.com/rate-card/>

Digital Wine’s CEO Dean Taylor explains this saying “Our vertically integrated platform provides us the ability to generate both transactional and logistical revenues. Right now our primary source of revenue is from **Logistics Fees**, which are entirely volume driven. The next phase of the platform will be to establish a B2B marketplace whereby the Company will also generate **Trading Fees** which are value driven with **WINEDEPOT** taking a percentage of the overall transaction value.”

Taylor goes on to explain:

“It’s important to remember that we are a technology company that uses a platform to connect and aggregate customers within an industry. As such we outsource 100% of the logistics services to our logistics partners under variable cost agreements. Putting the corporate overhead of the Company aside, we generate a profit on every case that flows through our platform from day one.”

“While over time **Trading Fees** should become our largest and most profitable revenue stream, in the interim we are leveraging our logistics solution to acquire suppliers and generate cash flow that is reinvested into the establishment of the B2B Marketplace.”

“What is really exciting is that our revenue and profitability is directly linked to the number of suppliers, products and orders processed everyday and we are experiencing growth across all of these metrics.”

Taylor has also confirmed that the amount of orders being processed through **WINEDEPOT**’s network of ‘depots’ is steadily increasing as more customers sign up to take advantage of its same and next day fulfillment service to extend their pre-Christmas selling period.

“In the eight week lead up to Christmas each year an enormous volume of goods are sold online. All this extra volume creates a backlog on the freight networks, forcing retailers to publish cut off dates to guarantee that their customer’s purchases are delivered before Christmas. Depending on the customer’s location, these cut offs can be weeks ahead. As a result, online retailers miss out on millions and millions of dollars of sales each year, especially in the liquor category where sales literally fall off a cliff from about mid December.”

“With **WINEDEPOT**’s local depot model our customers have the ability to continue taking orders right up until two days before Christmas with the confidence that they can be delivered in time. This allows businesses using our platform to increase their sales and provide a better customer experience over the festive season. We expect this will become a key selling point for **WINEDEPOT** in the future” says Taylor.

**ENDS**

## **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.

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