

SYDNEY, Australia

28 February 2020

ASX Announcement

COMPANY UPDATE

HIGHLIGHTS

- **WINEDEPOT** secures liquor license, paving way for B2B Marketplace launch
- **WINEDEPOT** executive team bolstered by four senior recruits
- **WINEDEPOT** expects winery clubs to drive volume growth and underpin recurring revenue
- **WINEDEPOT** sees continued customer growth despite the bushfires
- **DW8** CEO Dean Taylor invited to join Retail Drinks Australia board

Digital Wine Ventures Limited (ASX: DW8) (Company) is pleased to provide a summary of the key events affecting the Company since 31 December 2019.

WINEDEPOT secures liquor license, paving way for B2B Marketplace launch

The Company is pleased to report **WINEDEPOT**'s application for a producer / wholesale liquor license was approved by the NSW Independent Liquor & Gaming Authority on 11 February 2020. This type of license allows **WINEDEPOT** to trade wine between businesses using its B2B Marketplace.

Digital Wine's CEO Dean Taylor explained the importance of this milestone saying "Right now our primary source of revenue is from our Logistics Solution, which is entirely volume driven. However, once the B2B marketplace goes live later this year we will also generate **Trading Fees** where we take a percentage of the transaction value processed."

"Over time Trading Fees should become our largest and most profitable revenue stream while allowing us to substantially increase the average yield generated from orders processed via our platform. The vertical integration of our trading, order management and logistics businesses is what makes our model unique and puts us in a very strong position to counter any potential competition" Taylor said.

WINEDEPOT executive team bolstered by four senior recruits

The Company is pleased to report that the following executives have joined the **WINEDEPOT** team since the start of the year.

MATTHEW JOHNSON – Finance Manager

Matthew is a Chartered Accountant with over 25 years of hands on accounting and financial management experience in a range of local and international businesses of various scales. Companies that 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 like **WINEDEPOT** including Maestrano, Inlogik and GeoOP (NZA:GEO). Matt's appointment has allowed us to bring the financial function back in house and establish the structures and systems required to support a rapidly scaling business and provide the real-time reporting regime, that is expected in a technology start-up.

RICHARD SMITH – Head of Product (Technology)

Richard joins **WINEDEPOT** with over 15 years of Product Leadership experience across many industries in both SME and large corporates. He has significant experience in B2B products and the Payment industry. His most recent role was as the Head of Product with Mint Payments, managing the deployment, maintenance and enhancement of 4 core products across 3 markets (AU, NZ and Singapore). Prior to that he was a Senior product manager at American Express Commercial Payments, responsible for products generating over \$2b billings per annum. He was also the founder and managing director of NZ Wine Online, an online wine retail business. Richard's key responsibility will be overseeing the product development roadmap for **WINEDEPOT** technology platform including the design, testing and launch of the B2B marketplace. Richard holds a Bachelor of Commerce and a Harvard Certificate in Leadership Excellence.

RON RAYMOND – Head of Customer Success

With over 10 years of hands on customer success experience in B2B / Online Marketplaces / PaaS companies, Ron brings a wealth of experience to **WINEDEPOT**. In his last role he managed over 350 customers, generated over \$5m in annual renewal revenue and was awarded CSM of the year for 5 years running. He also has online retail experience, having being involved in his own start-up called Webdeals Direct selling electric products, hardware and peripherals. His key responsibility is managing the team in charge of the onboarding new customers, retaining them and ensuring they are satisfied using our platform throughout their lifetime.

KAYA REEVES – Sales Manager

Kaya is a sales and marketing executive with over 12 years' experience in Sales, Account Management, Business and Brand Development, Partnerships and Communications. She also has a deep knowledge of the Australian wine industry after spending 7 years at Vinpac (owned by Pinnacle Drinks Group) managing over 50 key accounts whose wineries collectively produced over 2.2 million cases of wine per year. After a short stint at Westfield, she returned to her true passion taking a role at Accolade Wines, where she managed the Coles Liquor Group and Dan Murphy's accounts. Kaya will get plenty of opportunity to leverage these and other industry relationships as a core member of **WINEDEPOT**'s Sales and Marketing team.

WINEDEPOT expects winery clubs to drive volume growth and underpin recurring revenue

The Company is pleased to report that **WINEDEPOT** processed its first wine club order run earlier this month. CEO Dean Taylor is excited about the potential of the wine club orders along with seasonal promotions to drive considerable volume growth.

“Over the coming months, I expect we will see our total monthly order numbers rise significantly as many of our existing customers start processing their wine club runs. To date the majority of the orders that we have processed through our platform have come from ecommerce and adhoc cellar door sales. However that is just the tip of the iceberg.”

“Over the last decade or so there has been a strong push within the industry to capitalize on cellar door visitors and sign them up to plans where they get a set quantity of wine delivered every 3, 6 or 12 months. These plans are becoming more and more sophisticated, providing customers the ability to adjust to what goes into their deliveries by the bottle. Others even surprise and delight their customers by including a random bottle of wine that’s worth considerably more than what they have ordered.”

“Depending on the size of winery customer base, these club runs often generate thousands of unique orders at a time. All we need is for several wine plans to occur in the same quarter and the volume of cases being processed through our network jumps substantially.”

“Best of all for both the wineries and us, the wine clubs represent recurring revenue. Over time as our customer numbers grow, the orders generated by wine club runs will become a significant and stable driver of revenue for our logistics business.”

WINEDEPOT sees continued customer growth despite the bushfires

The Company is pleased to report a total of six new customers signed up to use **WINEDEPOT**’s services integrated trading and logistics platform in January. This brings the total number of customers to 25, representing just 1% of the 2,500¹ wineries and 0.4% of the 250 or so craft spirits producers in Australia.

CEO, Dean Taylor believes that this is a good result considering how badly bushfires, smoke taint and extreme weather events have affected the wine industry over the last few months.

“For many winemakers, the 2020 vintage will be one that they will want to forget. Almost everyone that I’ve spoken to has confirmed that they will be producing a lot less wine than normal. Fortunately for **WINEDEPOT** our platform caters predominantly for wineries selling through direct-to-consumer channels. Given that this is their most profitable route to market many wineries will try to push as much volume through the DtC channel as possible to help offset the reduced volumes.”

¹ <https://www.wineaustralia.com/market-insights/australian-wine-sector-at-a-glance>

DW8 CEO Dean Taylor invited to join Retail Drinks Australia board

The Company is pleased to report that Retail Drinks Australia (**Retail Drinks**) has recently appointed Digital Wine Ventures CEO Mr Dean Taylor to its board of directors.

Dean joins existing board members Darren Blackhurst CEO Coles Liquor, Shane Tremble GM Corporate Services Endeavour Drinks, Gavin Saunders CEO Liquor Marketing Group, John Carmody Managing Director Hotel & Tourism Management, Sharni Wise-Fenton Retail Operations Manager Vantage Group, Scott Towers Managing Director Red Bottle Group, Paul Heilman multi-store owner, John Wilson multi-store owner, David Smith Managing Director Diageo, Chris Baddock CEO ALM and Richard Kelsey co-founder Beer Cartel.

CEO Julie Ryan congratulated Dean on his appointment to the Board on behalf of Retail Drinks.

"I am delighted to welcome Dean as the newest appointment to the Board, as one of the representative directors for the Digital & Online membership category. Dean is a highly regarded wine technology entrepreneur, having previously been named one of the 50 Stars of Wine and TOP 50 People in Ecommerce. His significant experience in the digital and online retailing space over many years will be an enormous asset to the organisation and we look forward to his unique perspectives and insights on the sector," Ryan said.

Authorised by: Board of Digital Wine Ventures Limited

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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.

WINEDEPOT plans to prove out its integrated wine trading and smart logistics platform in Australia before expanding its depot network 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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