

24 July 2020

ASX Announcement

QUARTERLY REPORT – 30 JUNE 2020

HIGHLIGHTS:

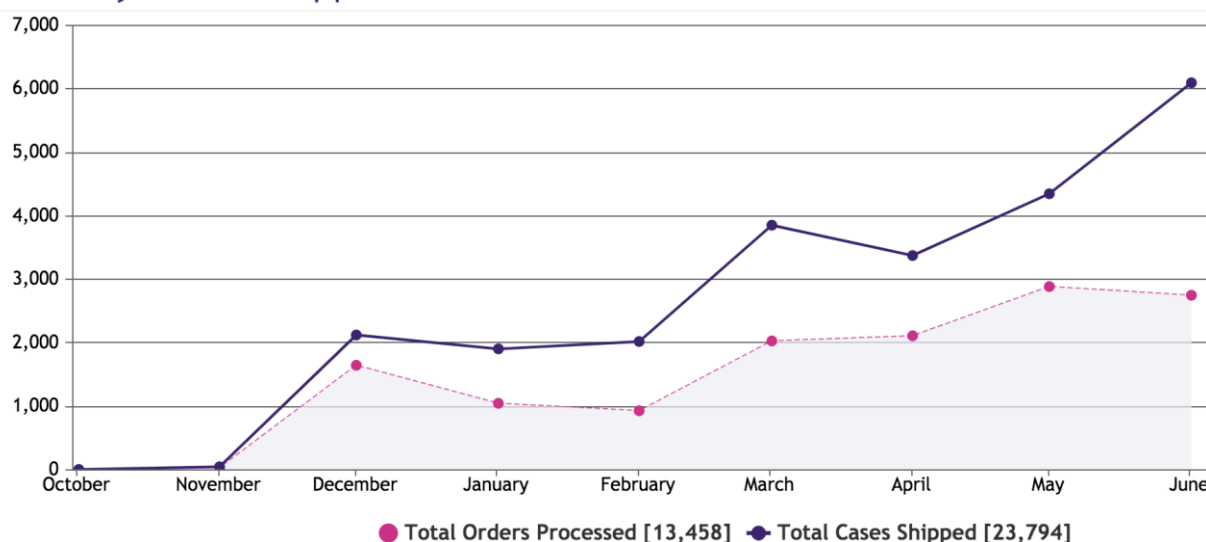
- **WINEDEPOT** enjoys 93% order and 98% cases processed volume growth for the quarter
- **WINEDEPOT** generates \$271k revenue for the quarter
- **WINEDEPOT** experiences 111% customer growth in the June quarter
- **WINEDEPOT** expands its sales and marketing team to accelerate customer growth
- **WINEDEPOT's** National Distribution Centre up and running
- **WINEDEPOT** signs up iconic Australian wine producers Henschke & Jim Barry Wines

Digital Wine Ventures Limited (ASX:DW8) (Company) is pleased to provide a summary of the activity undertaken in the three-month period ending 30 June 2020.

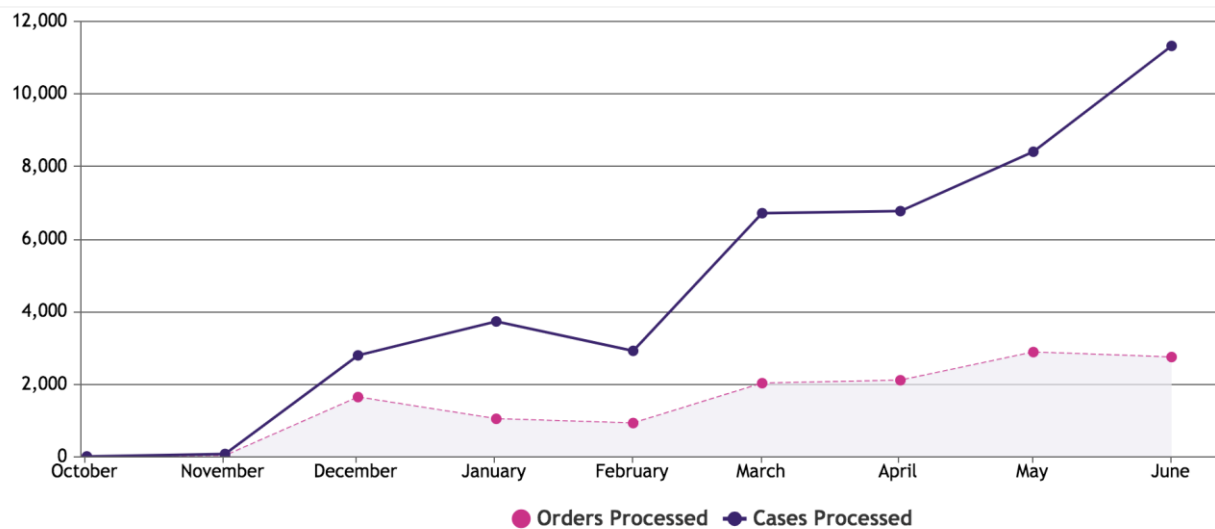
WINEDEPOT enjoys solid order and case volume growth for the quarter

The Company is pleased to advise that **WINEDEPOT** processed a total of 7,754 orders in the June quarter up 93% on the previous quarter. The total number of cases processed also grew strongly over the quarter up 98% from 13,371 to 26,507, while the total number of cases shipped in the quarter up 78% on the March quarter to a total of 13,825.

Monthly Orders Shipped



Monthly Orders Processed

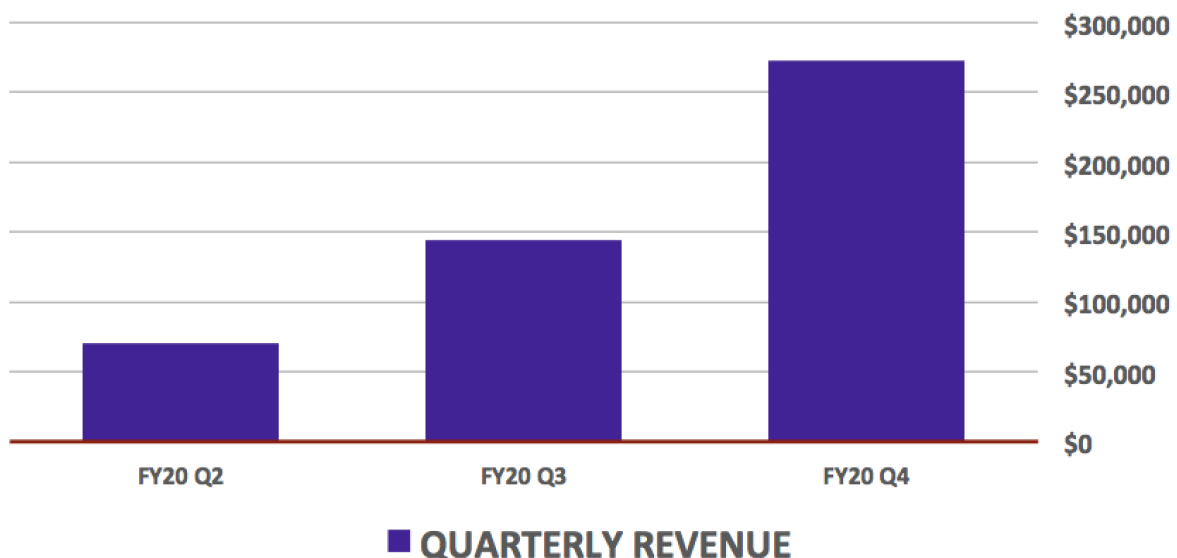


WINEDEPOT generates \$271k revenue for the quarter

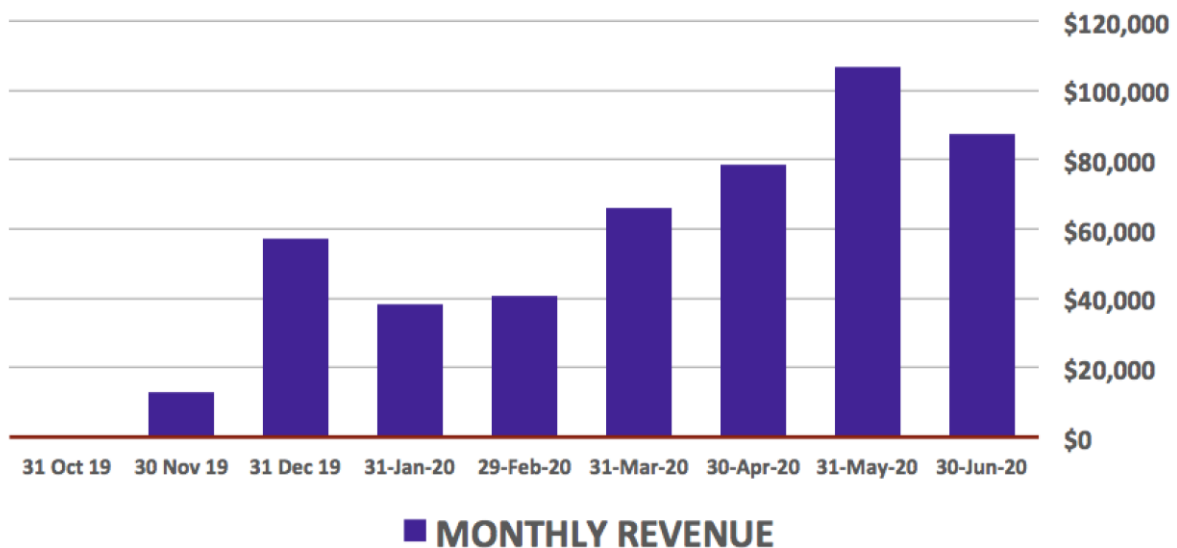
The Company is pleased to report that the **WINEDEPOT** business generated total revenue of **\$271k** for the quarter ending 30 June 2020, as increase of approximately 50% on the \$182k revenue reported in the previous quarterly report.

DW8 CEO, Dean Taylor was pleased with the result stating “While revenue generated for the quarter underperformed relative to other key metrics, this was predominantly due to the incentives that were offered to new customers as part of our DTC Support Package as announced on 24 March 2020. The Support Package offer has now expired with most of the incentives now utilised, so we should get a clearer picture of the businesses underlying revenue growth in next quarter’s results, which should start aligning with the growth we are seeing in new customer and order volume numbers.”

QUARTERLY REVENUE



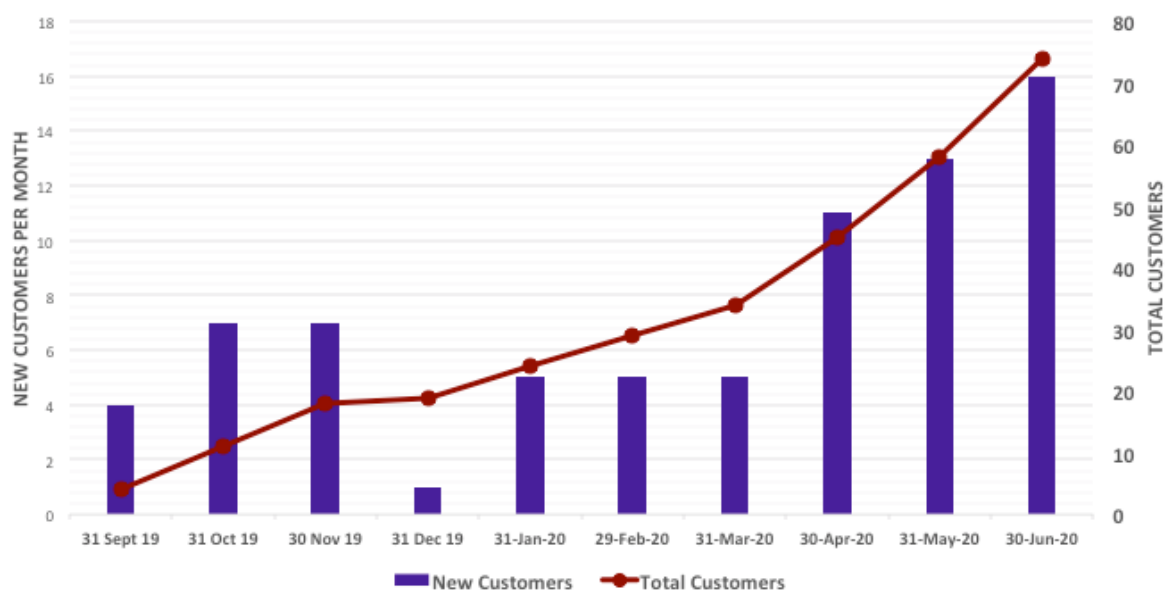
MONTHLY REVENUE



WINEDEPOT experiences 111% customer growth in June quarter

The Company is pleased to report that a total of **39 new customers** signed up to use WINEDEPOT's integrated trading and logistics platform over the quarter representing 111% customer growth compared to the number of customers at the end of last quarter.

This brings the total number of customers to 74 representing just 2.7% of the 2,500+ ¹ wineries, 0% of the 2,000+ ² distributors and 1% of the 250+ ³ craft spirits producers in Australia, showing that the business has still only just scratched the surface of the local addressable market.



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

² IBISWorld Industry Report F3606a Liquor Wholesaling in Australia April 2018

³ Obtained from the Australian Distillers Association

Customers acquired since last quarter include:

• Henschke	Eden Valley, SA
• Jim Barry Wines	Clare Valley, SA
• Brokenwood Wines	Hunter Valley, NSW
• Mollydooker Wines	McLaren Vale, SA
• Chalmers Wines	Mildura & Heathcote, VIC
• Chateau Picoron	Bordeaux, FR
• Delatite Wines	Upper Goulburn, VIC
• Koonara Wines	Coonawarra, SA
• Holm Oak Vineyards	Tamar Valley, TAS
• Patrick of Coonawarra	Coonawarra, SA
• Cirillo Estate Wines	Barossa Valley, SA
• Marri Wood Park	Margaret River, WA
• Oates Ends Wines	Margaret River, WA
• Passing Clouds	Macedon Ranges, VIC
• Silver Lining Wine	Adelaide Hills, SA
• Tynans View	Padthaway, SA
• Manna Gum Vineyard	Mornington Peninsula, VIC
• Wild Game Wine	Coonawarra, SA
• Watkins Family Wine	Adelaide Hills, SA
• Southern Artisans	Fleurieu Peninsula, SA
• McLaren Vale III Associates	McLaren Vale, SA
• Corang Estate	Southern Tablelands, NSW
• Adelaide Hills Wine Association	Adelaide Hills, SA
• Michelini Wines	King Valley, VIC
• Salena Estate	South Australia
• Stoney Hill Vineyard	Mornington Peninsula, VIC
• Dominic Wines	South Australia
• Ubertas Wines	Barossa Valley, SA
• BABO Wines	Italian Imported Wines
• The Nimble Vintner	South Australia

Amongst the new sign up were a growing number of other beverage producers including:

• Eagle Bay Brewing & Winery	Margaret River, WA
• Lord Howe Island Distilling Co	Lord Howe Island
• Old Young's Distillery	Henley Brook, WA
• Flying Winemaker	-
• Pure Vision	-
• Goone	-
• Drinkster	-
• ALTD Spirits	-
• HALO / NWBCo	

The addressable market has also been widened to include tens of thousands of international wineries after the business signed up **Chateau Picoron** its first French producer last month. Included in the expanded market opportunity are approximately 500 New Zealand wineries, which can fairly easily take advantage of the same benefits offered to Australian wineries by using the platform to service direct-to-consumer orders received from Australian consumers.

WINEDEPOT expands its sales & marketing team

Digital Wines CEO Dean Taylor expects customer growth to accelerate over coming months as the business expands its business development team in preparation for the launch of the Direct-to-Trade Marketplace later this year.

“To date we have managed to achieve what we have with just two business development managers, both located in South Australia and one of those only working 2 days per week. With the recent appointment of **Aaron Brasher** as Head of Marketplace and several other BDM’s likely to be recruited over the coming months, I’m very excited to think about what we’ll be able to achieve.”

“With over 25 years’ experience in the wine sector working for some of Australia’s most well-known brands including **Penfolds, Petaluma and Robert Oatley Vineyards** – Aaron adds yet another layer of credibility and talent to my senior executive team. Having spent most of the last two decades in senior roles within major wine distribution businesses, Aaron brings with him a wealth of knowledge, experience and deep industry relationships, which I expect we will be able to capitalize upon. I super excited to have him onboard.”

Aaron joins **WINEDEPOT** from his most recent role as Director Business Development for Robert Oatley Vineyards / Oatley Fine Wine Merchants, one of the countries largest and most respected wine distribution businesses. Prior to this he spent 4 years as the Regional Director for the peak industry body **Wine Australia** developing and implementing marketing strategy and championing the cause of Australian wine in the domestic and international marketplace.

CEO Dean Taylor is confident WINEDEPOT’s platform will be able to cope with the expected influx of new customers as the countdown to the Direct-to-Trade Marketplace launch commences.

“With over 6 months trading under our belt now, we have had the chance to iron out the bugs, refine our systems and processes and build up enough data to see how well each part of our business is performing. The trend lines across all key metrics are very encouraging and confirm that our technology and logistics platform is handling the compounding growth in customers, orders and cases shipped extremely well.”

“As with any new business it takes a bit of time to find your feet, but I feel that we are now ready to put our foot firmly on the accelerator and start scaling the business.”

“To date all of our growth has come from customers using our Smart Logistics Solution. While there appears to be plenty of latent demand for this proposition, the Direct-to-Trade Marketplace will appeal to a much broader audience. Given the current market conditions I expect an influx of wineries signing up to take advantage of our platform to reach trade buyers more cost effectively.”

WINEDEPOT’s National Distribution Centre up and running

The Company is pleased to report that **WINEDEPOT**’s 10,000 pallet climate-controlled National Distribution Centre (NDC) in Albury-Wodonga has been officially launched

Strategically located on the border of New South Wales and Victoria, **WINEDEPOT**’s NDC is centrally located within a large number of major wine producing regions. It also sits almost half way between Sydney and Melbourne on one of the countries busiest freight routes, which is expected to generate substantial efficiencies for **WINEDEPOT** by reducing storage and freight costs while improving depot replenishment times

Existing customer **Casella Family Brands** are one the first customers to embrace **WINEDEPOT's** National Distribution Centre and have relocated semi-trailer loads of inventory into the facility.

Digital Wines CEO Dean Taylor explains that the National Distribution Centre provides the business with an important resource to support the Direct-to-Trade Marketplace when it goes live later this year.

"Having this additional storage capacity will help us onboard customers and products much more quickly, particularly distributors with large portfolios. It also allows us to increase our presence in the bulk packaged wine storage market, at a time when Wine Australia is warning that the global over supply of wine will be its highest in at least 10 years."

The Company is pleased to report that the National Distribution Centre will not be affected by the recent border closures and orders for all markets including Victoria will continue to be processed from this facility.

WINEDEPOT signs up iconic wine producers Henschke and Jim Barry Wines

The Company was pleased to report during the quarter that **Henschke** and **Jim Barry Wines** had joined the list of esteemed brands using **WINEDEPOT's** integrated logistics, trading and order management platform.

Henschke is one of Australia's most iconic wine brands, famous for producing exceptional red and white wines from vineyards located in Eden Valley, Barossa Valley and the Adelaide Hills for over 150 years. With an impressive six-generation family winemaking history, the Henschkes are as close you can get to royalty in our industry.

Jim Barry Wines is an iconic Clare Valley winery, famous for producing a raft of highly-rated red and white wines with Riesling, Shiraz and Cabernet Sauvignon the long-term heroes of the range. They are also the current James Halliday's Winery of the Year.

CEO, Dean Taylor is extremely proud to have two members of Australia's First Families of Wine come onboard as a **WINEDEPOT** customers.

Related Party Payments

During the quarter, the Company made payments of \$107,563 to related parties and their associates. These payments relate to the existing remuneration agreements for the Executive and Non-Executive Directors.

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:

- **Direct-to-Trade Marketplace** (to be launched later this year)
- **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

TRADE BUYERS

Single Account Application
Streamlined Ordering
Broad Product Range
Single Invoice & Delivery
Flexible Payment Options
Early Payment 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 before expanding the platform into other key wine markets such as China, USA, UK, Canada, Hong Kong, Singapore and New Zealand.

Digital Wine Ventures overview

Digital Wine Ventures (ASX:DW8) is an Australian publicly listed company that invests in technology businesses servicing the \$300 billion global wine industry. **WINEDEPOT** is DW8's cornerstone investment.

To keep abreast of the companies latest developments please visit www.digitalwine.ventures/blog

To view our most 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 and www.winedepot.com or contact:

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