

19 January 2021

**ASX Announcement**

## QUARTERLY REPORT – 31 DECEMBER 2020

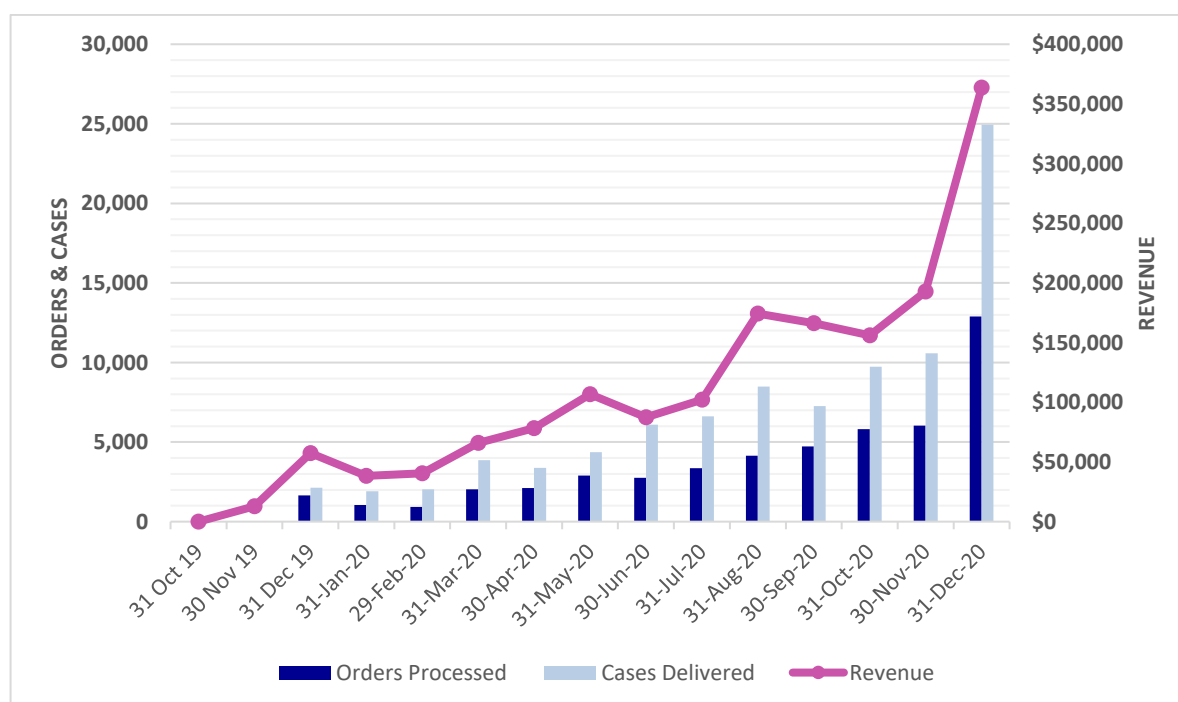
### HIGHLIGHTS:

- **WINEDEPOT** enjoys 100% plus case and order volume growth
- **WINEDEPOT** generates \$712k revenue in Q2 FY2021, up 78% on last quarter
- **WINEDEPOT** welcomes 239 new customers and 300 new brands to the platform
- **WINEDEPOT** expects China tariffs to accelerate domestic growth
- **WINEDEPOT** expands its offering to cater for Consumers and Corporates
- **WINEDEPOT** to launch 'INSIDER TRADING' wine club
- **DW8** completes acquisition of Wine Delivery Australia Pty Ltd (**WDA**)
- During the quarter 45,079,910 unlisted and 16,667 listed **DW8** options were converted

**Digital Wine Ventures Limited (ASX:DW8) (Company)** is pleased to provide a summary of the activity undertaken in the three-month period ending 31 December 2020.

### WINEDEPOT enjoys 100% plus case and order volume growth

The Company is pleased to advise that **WINEDEPOT** processed a total of 24,738 orders in the December quarter up 102% on the previous quarter's total of 12,230. The total number of cases shipped in the quarter was 45,252 up 101% on the September quarter of 22,470.

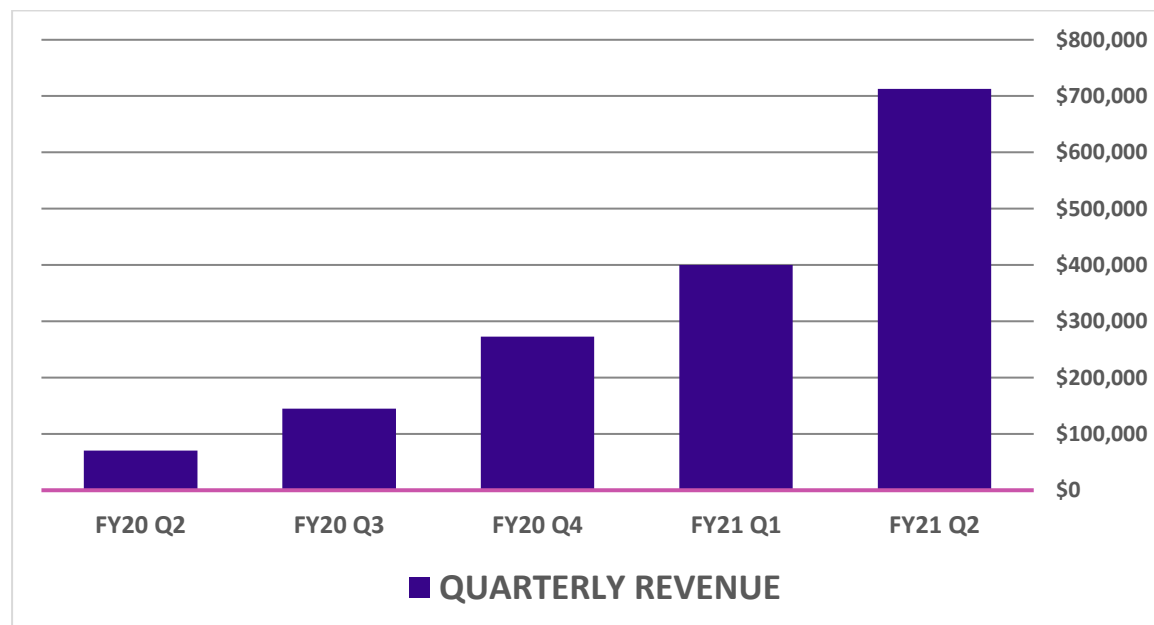


## WINEDEPOT generates \$712k revenue for the quarter

The Company is pleased to report that the **WINEDEPOT** business generated total revenue of **\$712,498** for the quarter ending 31 December 2020, an increase of 78% on the revenue of **\$400,277** generated in FY2021 Q1. This includes just one month of revenue from the WDA business, with the acquisition being completed only at the end of November 2020.

DW8 CEO, Dean Taylor is extremely pleased with the result stating:

*"We've had an amazing start to this financial year with significant growth being seen across all key metrics. While the WDA acquisition has certainly helped to lift customer, order and case volume growth rates from double to triple digits, it's important to note that our underlying organic growth is still very strong and highly likely to be bolstered again by the launch of the Marketplace in March this year."*



## WINEDEPOT welcomes 239 new customers and 300 new brands to the platform

The Company is pleased to report that a total of 239 new customers were welcomed by **WINEDEPOT** over the December quarter. As some of these new customers were distributors representing several brands, the total number of unique brands added was 300, significantly higher than the 52 new brands added in Q1 FY2021. The WDA acquisition was a key driver of this customer increase.

Included amongst the new customers were several producers from New Zealand, after the Company established a beachhead presence in the country through the appointment of Ashton Ireland as Business Development Manager. Many of these are still in the process of being onboarded due the time it takes to consolidate, ship, land and clear their inventory through customs.

## **WINEDEPOT expects China tariffs to accelerate growth**

On 11 December 2020, the Company announced that it expected the Chinese government's decision to impose tariffs of between 107% and 212% on Australian wine, will provide further tailwinds for **WINEDEPOT** as Australian wineries look for alternative channels to sell over \$1.2 billion of inventory that would normally be destined for that market each year.

Digital Wines CEO Dean Taylor stated:

*"The tariffs that the Chinese government has imposed will have a significant impact on the competitiveness of Australian wine within that market. As a result, there's going to be hundreds of millions of litres of wine that will need to be sold in other channels and markets."*

*"This should be extremely beneficial for **WINEDEPOT's** Marketplace and Direct-to-consumer sales platforms as the affected producers look for new routes to market. Along with the rapid switch to online buying due to COVID-19, this oversupply of inventory provides the perfect storm to support our new product launches."*

## **WINEDEPOT expands its offering to cater for Consumers & Corporates**

On 11 December 2020, the Company announced **WINEDEPOT** intends to expand its addressable market, by providing wineries the ability to list their products for sale across a broad range of Direct-to-Consumer channels including online retailers and marketplaces such as Amazon, eBay and Vivino.

Separately **WINEDEPOT** will launch a "Costco-like" model that provides Corporates, SMEs and other registered businesses discounted pricing for larger purchases.

Digital Wines CEO Dean Taylor explains the rationale for opening the Marketplace up to businesses.

*"Up until now, the focus of our Marketplace has been servicing trade buyers such as restaurants, bars, hotels, bottle shops and other licensed venues who often have very particular delivery requirements. However we've recognized that the platform and fulfillment infrastructure that we have developed is also well suited to servicing corporates and businesses that purchase in larger volumes as well. Especially as our customer base now includes beer, cider and craft spirits producers as well. We see the push into this segment as an excellent way to provide the producers that we are working with another way to help clear the expected oversupply of inventory stemming from the overnight collapse of the Chinese wine export market."*

## **WINEDEPOT to launch 'INSIDER TRADING' wine club**

As announced at the recent AGM, DW8 Shareholders will soon be able to purchase wine and other products via **WINEDEPOT's** Marketplace at preferential prices through a direct-to-consumer initiative called the 'Insider Trading' wine club. The invitation only membership program will extend to staff employed by suppliers and or the trade buyers using **WINEDEPOT's** Direct-to-Trade Marketplace. Members, called 'Insiders', will have access to a range of benefits including invitations to private wine dinners, master classes and other events in due course.

For more details about the 'Insider Trading' wine club, please register your details on the company website at [www.digitalwine.ventures](http://www.digitalwine.ventures) and [www.winedepot.com](http://www.winedepot.com)

## DW8 successfully acquires WINE DELIVERY AUSTRALIA

On 30 November 2020, the Company announced that it had completed the acquisition of Wine Delivery Australia Pty Ltd (**WDA**), a fourth-party logistics provider (4PL) servicing the wine industry

The primary benefit of this acquisition was accelerating **WINEDEPOT's** market presence by welcoming another 180 new customers to its integrated trading, logistics and order management platform.

In addition, the combined freight volumes will allow **WINEDEPOT** to optimize its existing infrastructure, resources and supply relationships, which very quickly will lead to a reduction in operating costs and improve the profitability of each order.

Other benefits include:

- ***WINEDEPOT's** proposition is enhanced by adding two new fulfillment services*
- ***WINEDEPOT** ability to leverage WDA's investment in technology services such as POS systems, Loyalty programs, Business Intelligence and Direct Marketing*
- ***WINEDEPOT** will enjoy further upside from WDA's winePod business, which provides interstate and international tourists an alternative freight solution that allows them to consolidate and ship wines purchased from multiple wineries*
- ***WINEDEPOT** will benefit from other synergies across the business including sales & marketing, customer service, account management, merchandise procurement and general operations*

While currently only operating in South Australia, **WINEDEPOT** intends to expand WDA's *door-to-door* model into other Australian and New Zealand wine.

## DW8 converts 45,079,901 unlisted and 16,667 listed options over the quarter

During the quarter the Company received applications and proceeded to convert 45,079,910 unlisted and 16,667 listed options to shares at a strike price of \$0.03 and \$0.015 respectively, raising a total of \$1,352,647.

The Company currently expects a significant proportion of the remaining 108,314,246 unlisted options to be converted before 23 February 2021, when they expire.

## Related Party Payments

During the quarter, the Company made payments of \$80,364 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 designed to streamline wine distribution. Our mission is to *let it flow*.

The platform consists of five key solutions:

- **MARKET** – direct-to-trade marketplace
- **DIRECT** – direct-to-consumer sales channel manager
- **LOGISTICS** – national fulfillment solution
- **CONNECT** – order management system
- **LIQUIDITY** - accelerated payment service

Due to go live in March 2021, **MARKET** is set to revolutionise the wholesale liquor market by allowing suppliers to connect directly with thousands of trade buyers. Benefits include:

### SUPPLIERS

Increased Reach & Incremental Sales  
Improved Profit Margins  
Guaranteed Payments  
Reduced Costs and Admin

\* Selected locations only

### TRADE BUYERS

Single Order, Invoice, Delivery & Payment  
Flexible Payment & Credit Options  
Broad Product Range  
3pm cutoff for next day metro delivery \*

The business generates revenue via:

- **Market Trading Fees** (% of the wholesale transaction value)
- **Channel Management Fees** (% of the retail transactions generated)
- **Logistics Fees** (storage, picking, packing, handling & freight)
- **Connect Platform Fees** (monthly subscriptions, listing and integration fees)
- **Liquidity Fees** (% of the transaction value funded)

WINEDEPOT plans to solidify its presence in Australasia before expanding into other key markets for Australian wine such as USA, UK, Europe, Canada, Hong Kong and Singapore.

## Digital Wine Ventures overview

**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.

To keep abreast of the Company's latest developments and special offers and discounts available to investors please visit our blog at [www.digitalwine.ventures/blog](http://www.digitalwine.ventures/blog)

To view 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](http://www.digitalwine.ventures) and [www.winedepot.com](http://www.winedepot.com) or contact:

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