

29 October 2021

ASX Announcement

QUARTERLY REPORT – 30 SEPTEMBER 2021

HIGHLIGHTS:

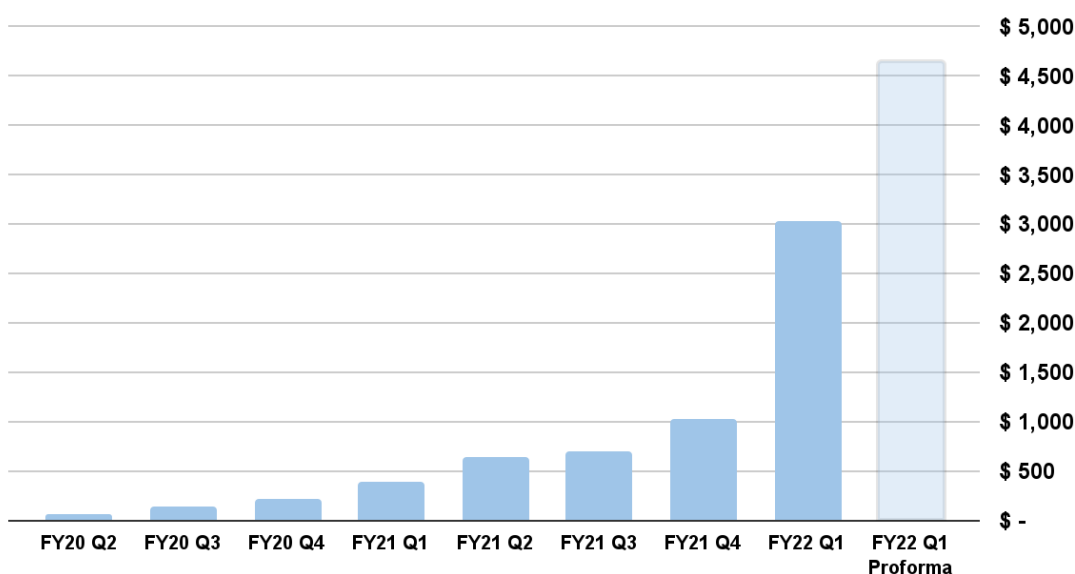
- **WINEDEPOT** generates \$3.04 million revenue in Q1 FY2022, up 195% QoQ
- **WINEDEPOT LOGISTICS** sets new record shipping over 213,000 cases during the quarter
- **WINEDEPOT** welcomes 304 new Active Suppliers up 94% QoQ
- **WINEDEPOT MARKET GMV** up 89% QoQ
- **WINEDEPOT** expands Adelaide presence
- **WINEDEPOT DIRECT** launched
- **WINEDEPOT** to launch INSIDER
- Acquisition of **Kaddy** announced
- **Parton Wine Distribution** acquisition completed
- Plans for Purchase, Sale & Leaseback of National Distribution Centre announced

Digital Wine Ventures Limited (ASX:DW8) (Company) is pleased to provide a summary of the activity undertaken in the three-month period ending 30 September 2021.

WINEDEPOT generates \$3.04m revenue in Q1 FY2022 up 195% QoQ

The Company is pleased to report that **WINEDEPOT** generated total revenue of **\$3.04 million** for the quarter ending 30 September 2021, 195% higher than last quarter and up 685% on Q1 FY2021

Revenue Performance QoQ ('000)



Notes:

FY22 Q1 shows our actual results with Parton's numbers being included from the 9 August 2021 completion date. FY22 Q1 Proforma shows what the result would have been if Parton's full quarter numbers are included.

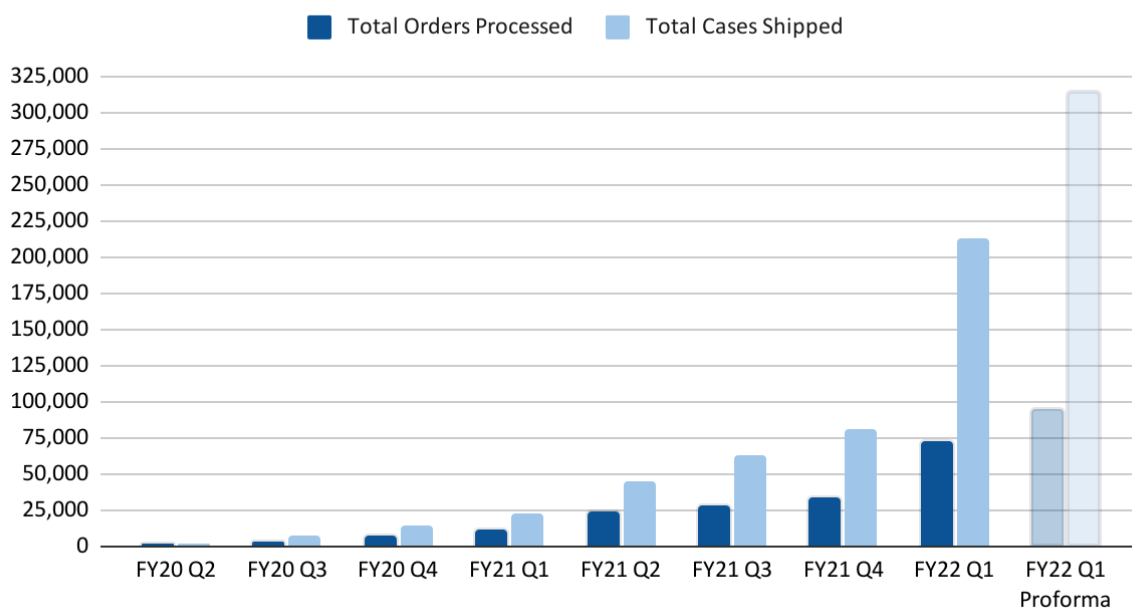


WINEDEPOT LOGISTICS sets new record shipping over 213,000 cases

The Company is pleased to advise that WINEDEPOT shipped a total of **213,159 cases** in Q1 FY2022 up 289% QoQ. This was on the back of **72,920 orders** in Q1 FY2022 up 117% on Q1 FY2021 total of 33,489 increasing the average number of cases shipped per order to 2.92 in line with previous guidance.

The acquisition of Parton Wine Distribution was a key contributor to the lift in orders processed & cases shipped during the quarter.

Logistics Performance QoQ



NOTES:

FY22 Q1 shows our actual results with Parton's numbers being included from the 9 August 2021 completion date. FY22 Q1 Proforma includes Parton's numbers for the full quarter and provides a more accurate depiction of the company's underlying performance going forward

WINEDEPOT welcomes 304 new suppliers during Q1 FY2022

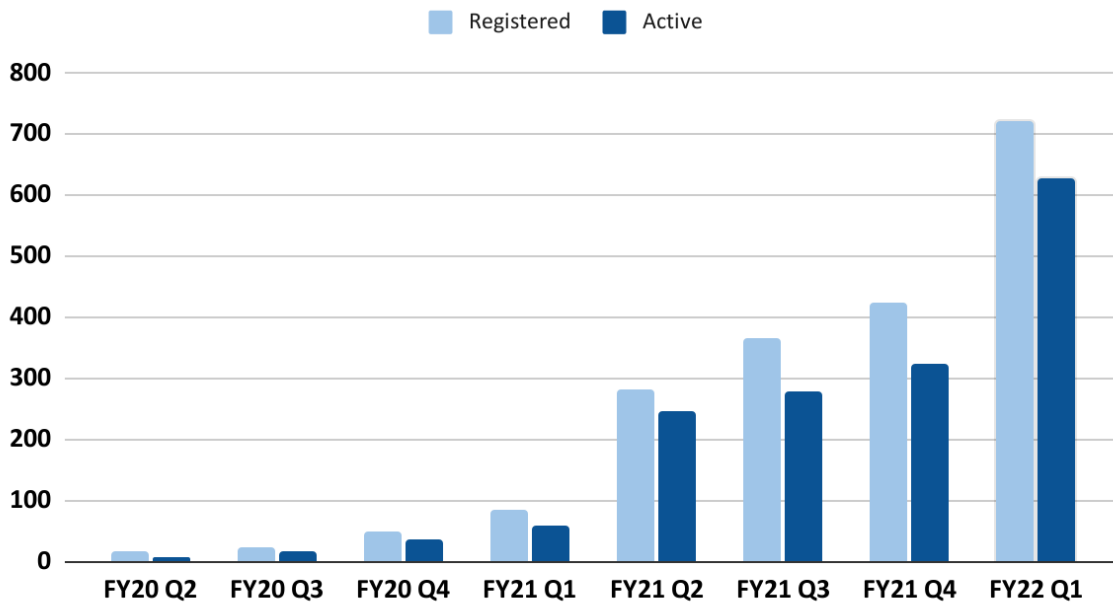
The Company was pleased to welcome a total of **304** new Active Suppliers during the September quarter, an increase of 94% on the previous quarter. Of these 225 were added through the Parton Wine Distribution acquisition and 79 were acquired organically.

This brings the total number of Active Suppliers using WINEDEPOT's integrated sales, logistics and payment management platform to 628. As of 30 September 2021, the number of Registered Suppliers sits at 723.

84% of the Active Suppliers used products and services during the quarter.

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Total Suppliers

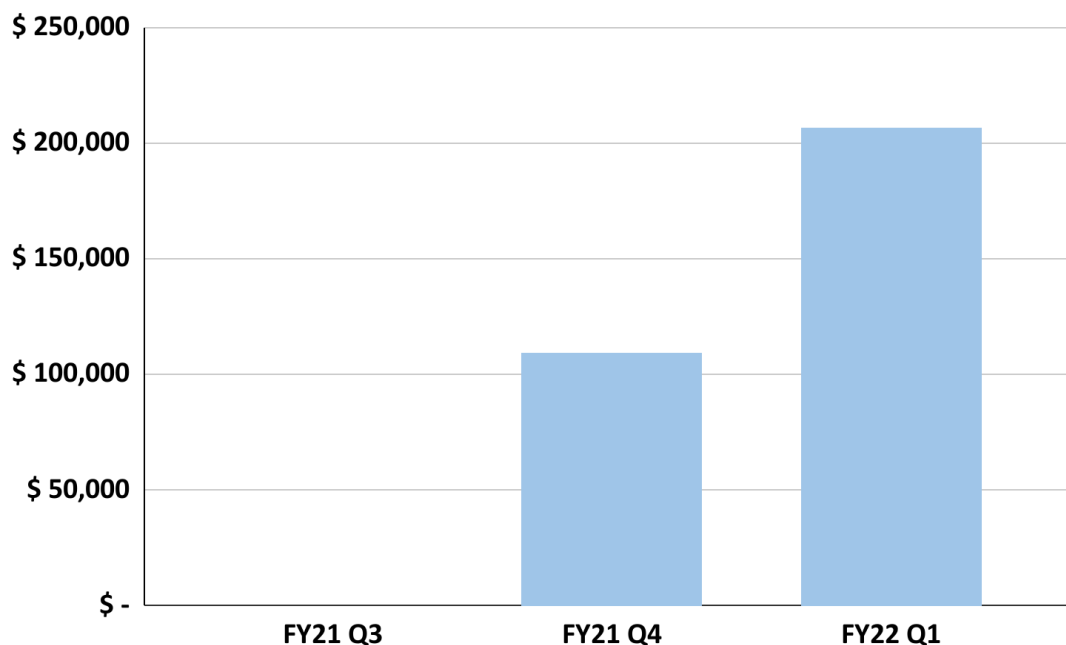


NOTE: Please see the glossary for the company's revised supplier definitions.

WINEDEPOT MARKET GMV up 89%

The Company is pleased to report that **WINEDEPOT MARKET** generated a total of \$206,827 of GMV during the quarter up 89% on the previous quarter. Lockdowns in key markets throughout the quarter temporarily stalled revenue growth and led the Company prudently to halt expansion of the platform into other geographic locations.

Total Marketplace GMV ('000)



WINEDEPOT expands Adelaide presence

On 10 August 2021, the Company was pleased to report that **WINEDEPOT**'s LOGISTICS division was opening a warehouse in Adelaide within a 9,000 sqm purpose-built wine bottling, storage and distribution facility located in Edinburgh Parks. The expansion of the business into this new facility will allow **WINEDEPOT** to consolidate its South Australian operations which were spread across two sites after the acquisition of Wine Delivery Australia late last year and service customers from the recently acquired Parton Wine Distribution business that are looking for a logistics solution in that market.

WINEDEPOT DIRECT launched

On 10 August 2021, the Company was pleased to report that **WINEDEPOT DIRECT** was live and generating sales. Its growing list of integrations will allow **WINEDEPOT** customers to increase their exposure to the online wine market, which has grown substantially over the last 12 months due mostly to changes in consumer buying behaviour as they respond to COVID-19 restrictions.

WINEDEPOT to launch INSIDER

The Company is pleased to announce that **WINEDEPOT**'s 'INSIDER' membership program will be launched in the first week of November. In short INSIDER is staff drinks program for people employed in the food, wine and beverage industry. As an embedded benefit, DW8 shareholders will also have access to the invitation only programme which provides members access to:

- wine and other beverages at highly competitive prices,
- tastings, dinners, educational programmes and other events,
- a news feed and rich information resource to members covering everything going on in the industry

Shareholders who have provided us with their email contact details will be sent an invitation next week with details on how to access the programme. To register in the membership programme, you will need to provide us with your HIN or SRN number.

Shareholders wishing to take advantage of this benefit should update their email contact details via the investor log in page at Advanced Share Registry at <https://www.advancedshare.com.au/Investor-Login>

Acquisition of Kaddy announced

On 15 October 2021, the Company announced that it has entered into a binding term sheet to acquire 100% of Kaddy Australia Pty Limited (**Kaddy**), a Sydney-based technology company which operates Australia's leading B2B beverage marketplace. The Company believes that the Kaddy acquisition is a transformational opportunity to bring together two high-growth technology businesses to create the market leading online marketplace servicing Australia's \$17 billion wholesale liquor market¹

¹ Company estimate based on a. 60% of the \$22.1 billion Total Retail Liquor Market cost of goods (Retail Drinks Australia, Category Insights - Liquor projections for FY21 and beyond presented by IRI - May 2021); and b. 25% of the \$15.1 billion on-premise cost of goods, the difference between the Total Retail Liquor Market and Total Liquor Market <https://www.statista.com/outlook/cmo/alcoholic-drinks/australia>

Parton Wine Distribution Acquired

On 19 July 2021, the Company was pleased to report that it had entered into an agreement to acquire 100% of **Parton Wine Distribution (Parton)**. The acquisition completed on 9 August 2021.

Since taking control of Parton, **WINEDEPOT** has successfully stabilised the business, retaining all key customers, has consolidated its own Sydney, Melbourne and Perth depots into Parton sites reducing costs by circa \$1 million per annum and has undertaken several capital expenditure projects to generate ongoing operational efficiencies. A business integration plan is being executed on and is already producing synergies.

As expected, the Parton acquisition has provided a significant lift across **WINEDEPOT**'s key performance metrics. Further capital expenditure projects and technology improvements will be completed in the new year to improve the operating efficiency and margins.

Plans for Purchase, Sale & Leaseback of National Distribution Centre

As part of its national logistics network, **WINEDEPOT** leases a 7,250 sqm warehouse in Barnawartha, Victoria, located on a 40,000 sqm site on the outskirts of Albury-Wodonga which it uses as its National Distribution Centre.

This site on the border of NSW and Victoria was specifically selected to allow orders processed to be delivered next day to 85% of Australia's population.

Under the lease agreement, **WINEDEPOT** has the option to purchase the site from the current owners. Recognising the potential both to generate a one-off gain by exercising the option then immediately selling the property under a new long-term lease agreement, and to identify a new owner willing and able to develop the site to cater for **WINEDEPOT**'s future growth requirements, the Company has initiated a sales campaign for the property.

This public campaign is now underway with expressions of interest due to close on 29 October 2021. Provided a buyer is found on terms acceptable to the Company, a sale is expected to be completed towards the end of FY2022 Q2.

It is possible that a buyer does not materialise in which case the Company would continue to lease the premises from the current owner.

Details in respect of the property are available at:

<https://www.commercialrealestate.com.au/property/10-albertson-road-barnawartha-north-vic-3691-2017289442>

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Operating Cashflow Update

In FY2022 Q1, there was a significant one-off investment in accordance with the Company's acquisition plan for Parton Wine Distribution. This investment totalled \$3.6m during the quarter, and comprised payments to bring trade creditors and tax liabilities up to date. In addition, the Company temporarily repaid an invoice discounting facility pending a restructure of Parton's borrowings. The Company notes that Parton is operating profitably and on a cashflow positive basis as at September 2021.

Related Party Payments

During the quarter, the Company made payments of \$176,918 to related parties and their associates. These payments relate to the existing remuneration agreements for the Executive and Non-Executive Directors.

Glossary

Term	Definition	Calculation/Comment
GMV	Gross Merchandise Value	GMV is a non-IFRS measure, it represents the total value of transactions processed by WINEDEPOT marketplace businesses on a cash basis, before deducting incentives, cancellations and refunds, chargebacks, discounts. It excludes GST
NPS	Net Promoter Score	NPS is a widely used market research metric that typically takes the form of a single survey question asking respondents to rate the likelihood that they would recommend a company, product or service.
Operating Revenue	Management's core measure of revenue	Operating Revenue is revenue recognised in accordance with AASB15. It does not include any incentives or discounts offered to new suppliers. It excludes GST
QoQ	Quarter on Quarter	QoQ is a measuring technique that calculates the change between one fiscal quarter and the previous fiscal quarter.
Revenue Run Rate	An indication of what 12 months revenue would total based upon the company's most recent financial results.	Revenue Run Rate refers to the financial performance of a company based on using current financial information as a predictor of future performance assuming the current trading conditions will continue.
Suppliers - Active	Management's leading indicator of the number of active suppliers that are now generating revenue.	Active Suppliers are suppliers that have registered on our platform/s and started to use products and services offered by the company.
Suppliers - Registered	Management's leading indicator of growth in suppliers	Registered Suppliers are suppliers that have registered on our platform/s but have not utilised any products or services offered by the company as yet. The lag between registering and activity can vary between days and months. There is no guarantee that all Registered Suppliers will become Active Suppliers. Registered Suppliers who confirm that they are not proceeding to become Active are deleted from the database.

END

This ASX announcement was approved and authorised for release by the Board of Directors.

WINEDEPOT (winedepot.com)

is a tech enabled logistics platform designed to streamline wine & beverage distribution. It consists of five key components:

- **MARKET** – direct-to-trade marketplace
- **DIRECT** – direct-to-consumer sales manager
- **CONNECT** – order, inventory & technology integration manager
- **LIQUIDITY** – payment management solution
- **LOGISTICS** – fulfillment solution

Revenue is generated via:

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

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

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 or digitally transform segments within the global beverage market.

To keep abreast of DW8's latest developments please visit www.digitalwine.ventures/blog

To view recent media coverage please visit:

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

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Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Digital Wine Ventures Limited's planned operations and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should", and similar expressions are forward-looking statements. Although Digital Wine Ventures Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.