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WINEDEPOT ACQUIRES 100% OF KADDY

WineDepot has dramatically strengthened its position at the forefront of the digital alcoholic beverages market, announcing the acquisition of Kaddy and the merger of the two businesses to form Australia's largest alcohol-focused cloud-based logistics and marketplace platform.

WineDepot CEO Dean Taylor said that uniting with another leading innovator that strongly complements the business would substantially accelerate WineDepot's growth trajectory and create an unrivalled offering for the \$17 billion Australian wholesale liquor market.

"Our vision to bring about the digital transformation of the alcohol beverages market has always been predicated on our ability to create an integrated technology platform that the industry can use to connect, simplify, deliver and share the value released. A platform that incorporates the next generation B2B marketplace supported by a logistics, order management and payment solution, allowing our ecosystem of suppliers to service their own customers.

"This merger represents a quantum leap forward in delivering that vision and providing the ability to scale rapidly, both here in Australia and in overseas markets. We're so excited to be joining forces with Mike, Rich and the rest of the Kaddy team. We have watched the Kaddy team grow over the last two and a half years and it's become evident that they have built a market-leading B2B beverage marketplace that has been embraced by the industry," Mr. Taylor said.

Since their foundation (coincidentally, both in September 2019), both WineDepot and Kaddy have been developing technology solutions to tackle the growing fragmentation of the liquor industry. They have both grown to prominence in their respective markets. WineDepot is now the industry's leading integrated trading, logistics and payment management technology platform, operating mainly in the wine industry. At the same time, Kaddy is the leading B2B wholesale beverage marketplace operating primarily in the craft beer, spirits, cider and seltzer sectors.

Both companies enjoy rapid growth trajectories. Together, the combined operation will immediately account for over 1,900 buyers across the on and off-premise segments, along with over 1,000 suppliers of alcoholic beverages accounting for more than 10,000 products.



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The key benefits for buyers are wider choice through a much broader range of products and suppliers, lower costs, improved convenience, and a superior fulfilment experience thanks to the two businesses' integration.

"The depth, variety and diversity of our combined product range will be impressive, with a strong differentiating focus on craft, independent, boutique, and emerging brands not currently available through mainstream distribution.

"For suppliers, we'll deliver access to an increased pool of qualified buyers, lower customer acquisition costs, seamless entry to new markets and simplification of back-office functions, including invoicing and guaranteed payments.

"The technology deployed by each company can be easily and quickly integrated to unlock synergies that benefit suppliers, retailers and distributors alike, a process that we anticipate will start releasing value within a few months," Mr. Taylor said.

To fund the acquisition and its associated costs, and provide expansion capital for Kaddy's marketplace development, WineDepot's parent company, ASX-listed Digital Wine Ventures (DW8: ASX), has raised \$12.75 million via a placement to institutional and sophisticated investors. The company has also announced it will invite its existing 10,000+ retail investors to participate in the capital raising via a \$2 million Share Purchase Plan (SPP) on the same terms.

Subject to DW8 shareholder approval, Kaddy shareholders will receive total consideration of \$6.75 million in cash and 484.9 million DW8 shares. Approximately \$5.3m of the funds raised will be used to accelerate the expansion of Kaddy's B2B marketplace. Currently, the pre-merger combined annualised run rate of revenue of the combined entities is estimated at approximately \$21 million and the pre-merger estimated annualised Gross Marketplace Value (GMV) of the marketplace business is \$18 million.

Mike Abbott, Co-Founder of Kaddy, will join the board of Digital Wine Ventures and head the platforms division of the combined WineDepot/Kaddy business and Rich Coombes, Kaddy's other Co-Founder, will join as head of Commercial. Dean Taylor, who founded WineDepot, continues as CEO of the combined entity.

Digital Wine Ventures will seek shareholder approval to change the holding company's name at the upcoming annual general meeting to reflect the fact that its total addressable market now goes well beyond just wine.

"Our whole team is pumped to be joining forces with WineDepot. For our existing customers, it will allow them to immediately enjoy even greater value across a wider range of products on the same order, invoice and delivery, and that's only the start of what promises to be a real revolution in the wholesale beverage industry," Mr. Abbott said.

A number of strategic investors will also join the DW8 share register as part of the capital raise and acquisition including John Szangolies, founder of the Urban Purveyor Group and the founders of Four Pillars distillery.

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For further information

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