

DOVER13 WINES
& SPIRITS LTD.

THE ULTIMATE

LIQUID INVESTMENT

FOR ACCREDITED INVESTORS ONLY—SEE SECTION ON QUALIFIED INVESTORS

SOLID RETURNS THROUGH WINERY OWNERSHIP

This offer represents an ability to participate in a continually evolving, exciting and tasteful industry.

Located near Port Dover, Ontario, operations and market reach have been accelerating since inception through innovation, creativity, and years of experience and support. It is an industry that has experienced resilience in challenging times while maintaining impressive returns.

Funding of \$1 Million is now required to achieve the following:

1. Expand production capacity.
2. Increase sales penetration and expand marketing reach.
3. Extend supply arrangements.

Investment shall be made by way of convertible loan instruments with a fixed rate of annual return, convertible into equity at the discretion of the holder after 3 years, along with other benefits uniquely attributable to the wine industry.



PORT DOVER, NORFOLK, ONTARIO
WINERY INVESTMENT OPPORTUNITY



Frisky Beaver, Smoke&Gamble, Crappy Wine and Crappy Beer are the wines, beers and spirits of Dover13 Wines & Spirits.

INTRODUCTION

Dover13 Wines & Spirits Ltd. (the “Company”) was incorporated in May 2018 based on years of experienced leadership by the current shareholders. Prior to the grand opening on November 30, 2019, a long term lease was negotiated, land prepared for planting of Vidal, Riesling and Baco Noir, acquisition of winemaking equipment including a full compliment of production and cellar capacity of 5,000 cases, and the construction of a new processing and sales building.

The first round of financing in 2020 provided for further expansion of production and storage, improvement of production processes yielding improved consistency, introduction of new varietals, a new socially-distanced patio and our “Crystal Cellar” event space. Essentially, our location is now a recognized stop on the wine trail, with a growing number of consumers considering it a destination stop as expanded brands gain momentum. This was accomplished with a working group of shareholders and a very flexible team of employees that have committed to the success of the Company.

THE WINERY



THE BRANDS

The Company is a winery blending its own grapes with acquired supply from other regions. The primary labels are Frisky Beaver and Smoke&Gamble which are on the path of strong growth and market acceptance. Frisky Beaver has been our mainstay product, crossing many varietals, whereas Smoke&Gamble is more the premium wine and has shown very strong sales in the upper price segments.



Attraction to these labels have grown primarily due to creative branding, blending and taste profiles. The Company has not been afraid of trying new challenges, whether it be one of the only velvet or metal labels currently being sold, a new paper bottle (discussed later) or the introduction of a third line called Crappy Wine.



Originally Crappy Wine was a way to blend away wine that didn’t have the correct flavour profile, however, Crappy Wine has become a top seller in retail. Crappy White has been approved for limited release in the Grocery channel, with applications in process for direct liquor board listings. Our sales team arranged a test in one LCBO store and had sales of over 60 cases in 4 months—according to the manager the best sales of any wine he had seen in his 20 years at LCBO. Our goal is to break through the barriers and obtain Liquor Board listings for both Crappy Red and Crappy White.



MARKET TRENDS AND SALES CHANNELS

INNOVATION AND BRAND EXTENSION

The key element of the Company’s success to date has been the willingness to try new ideas, built on the platform of continuous portfolio growth and the exceptional talent of our winemaking team. In-house winemaker Adria Howe (Niagara College Winery and Viticulture) works with consulting winemaker Marc Pistor (Professor of Oenology Viticulture at Brock University) and sparkling wine master Mauro Salvador (Villa Romana, Vieni) to craft our diverse portfolio.

As with many companies, we have focused activities on the product inside the bottle and expanding potential methods and capacities around different varietals and blending. Our greatest success, however, has been outside the “product”—we have focused on exceptional labeling to attract the attention of consumers, innovative names for our products including new brand extensions Crappy Beer and Crappy Vodka, and most importantly, packaging.

Not only are we the first Ontario winery to feature a velvet label, the first with a hand-made solid copper label, and the first with cherry and birch wood labels, we are also the first to introduce the paper wine bottle to the Canadian market, focused on the environmentally invested consumer to a rousing success.

There was a time when consumers were unconcerned with the uncorking of a heavy glass bottle. Not anymore. Wine drinkers are asking questions about how grapes are grown, workers are treated, and wine is packaged... they want wines that align with their values, and their values are focused on a sustainable future. To lead this charge, our Frisky Beaver brand is the first wine in Canada to introduce a paper bottle; fully recyclable, 5 times lighter than glass, carbon footprint up to 6 times lower, made from 94% recycled paper-board, and up to 77% less plastic than a plastic bottle.

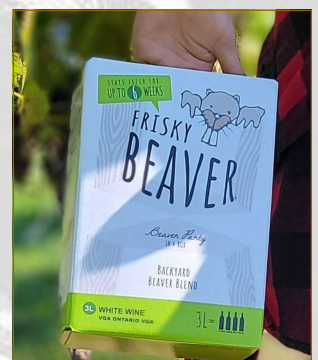
Alcohol free wines are appearing as an increasing number of wine consumers are exploring this option. It’s not just twentysomethings that are thirsty for no or low alcohol options, there is an increase from all age ranges. Again Frisky Beaver leads in this area, with our 0% alcohol Virgin Beaver a growing sub-brand showing promising sales.

Despite the winds of change, the luxury wine market remains vibrant. At the more expensive price points, price increases have been well-received. With inflation, consumers are drinking less but drinking better. We are poised to benefit from change, with Smoke&Gamble Appassimento having the largest LCBO Direct Delivery distribution in the \$50+ price range, while Smoke&Gamble Cabernet exceeds 150 LCBO Direct Delivery listings at the \$20 price range.

We have strong brands, and strong brands are required to excel in these changing times.



Our wines lead the industry in the adoption of environmentally friendly packaging.



SALES CHANNELS

Current markets are limited to retail, online, and Direct Delivery LCBO sales channels. With the limitations of supply and capital, our most direct route of sales has driven most of our growth to date. The addition of patio and music space has spurred tourism driven retail sales, allowing us to convert occasional sales to individuals into regular online customers. LCBO Direct Delivery has allowed entry into a selection of stores which represent “local” plus a selection of stores in Ottawa, Kingston, Windsor, and the GTA region.

With a more consistent supply of grapes and juice we will be able to target two additional key sales channels in Ontario—LCBO General List and restaurant/licensee sales.

LCBO General List requires a consistent supply. As our Direct Delivery listings are proving to be successful, further capitalization will allow the inventory levels to aggressively expand sales through the pursuit of General List opportunities.

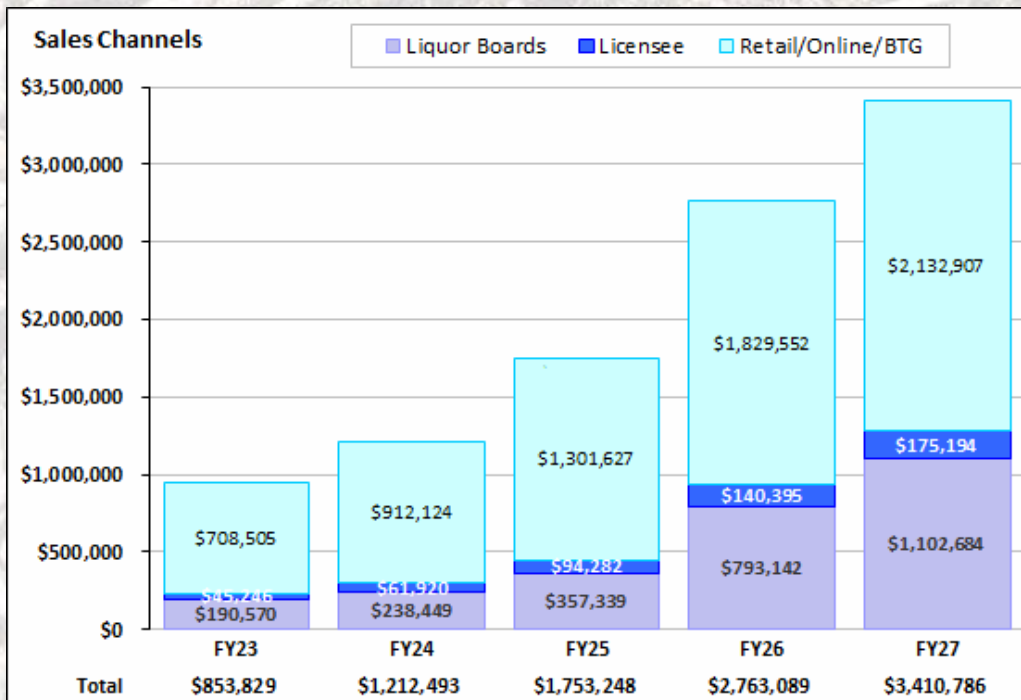
Restaurant/licensee sales are a long-term sales cycle by the very nature of the business as menu changes and drink listings are often fixed in quarterly or annual cycles. While the sales cycle is long, retention is also very good as a result of the long sales cycle. Aggressive restaurant/licensee sales are forecasted to begin 3rd quarter 2024.

Further expansion of the market to allow sales in corner stores commencing in 2025 should assist in expanding the reach of local product, not limited by LCBO shelf space.

Extra-Provincial markets also require capitalization as the agency/liquor board relationship typically spreads out payment terms to 90+ days. Contracts with Provincial agents are to commence 3rd quarter 2024.



Sales Channels:
Retail/Online
Ontario liquor board
Restaurant/Licensee
Extra-Provincial



Figures exclude merchandise, food, event, and grant revenue.

MARKET TRENDS

The global growth in interest in wine has created a whole new breed of Wine Tourist. Tourists traveling to the Napa Valley now outnumber visitors to Disneyland California each year. Now that the world has been waking up to the dramatic improvement of the quality of wines from Canada we see a huge opportunity for local wineries.

Wine Tourism is a growing segment of the global tourism industry, driven by increasing interest in wine and unique travel experience. It has a significant economic impact contributing to local business growth.

Global Wine Tourism revenue is expected to be US\$85,145 million in 2023 and US\$292,538 million in 2033 (Future Market Insights).

People are looking for sharing a good time when they visit a winery. This word-of-mouth marketing is one of the best ways for wineries to develop their renown and gain people’s trust (Wine Tourism Global, Niklas Ridoff).

Social networks allow tourists to stay in touch and share their experiences on the different social medias used by wineries. Visual mediums are used to attract and retain; for example, the power of Instagram attracts those who influenced by visual communication.

Part of our strategy has been to expand our social networks, increasing our mailing list 3x to nearly 9,000 since April 2022, while simultaneously increasing our Facebook and Instagram following by a factor of 4x to 12,000.

There has also been a significant improvement in the quality of wine coming from Ontario, as witnessed by the numerous awards won internationally. Higher quality wine means higher willingness of consumers to pay higher prices.

In tandem with the internet revolution, a whole new generation of consumers buy directly from their favourite wineries to be shipped directly to their home in Canada. This has resulted in wineries enjoying higher than historical margins through this sales channel.

... “It’s a difficult, fascinating time, providing a once-in-a-lifetime shift,” notes Lisa Komara, beverage director at Blackfoot Hospitality in New York City. “As regions become warmer, Sancerres and Burgundies, among others, are drinking differently. This is forcing us to focus on new regions. That’s one of the silver linings: New regions that were struggling can succeed in these new temperate patterns.”

Marquee locations like Burgundy and Napa have seen fires, frost, and drought. With prices high and supplies limited in those areas, younger winemakers are turning elsewhere. Buyers seeking value will find them in unsung regions, and consumers will follow pros to new parts of the wine world.



Market Trends:
Wine Tourism
Social Networks
Quality Improvements
New World Regions



The objective of the Series A financing is to fully support the Company's next 3 years growth.

FINANCIAL SUMMARY AND PROJECTIONS

Investments to date have focused on establishing and marketing the brands, penetration into the LCBO regulated markets and creatively investing in local market initiatives. Production has been consistent and is developing as further supply is achieved and the facilities are expanded. Increased attention will focus on marketing and delivery of the product. As a result, the focus has not been on establishing high levels of profit but rather expediting the development of the Brands and facilities.

A summary of the past results are included for reference, however, the key focus is on the targets of growth as forecasted. The 2024 fiscal year reflects somewhat of a holding pattern due to supply constraints, but new channels were explored, new varietals tested, and experimentation with market testing in beer and whiskey was completed. Preparations were made to better manage the impact of changing issues, resulting in better plans for the needed expansions.

FORECAST ASSUMPTIONS

In the past fiscal year the winery has experienced stock-outs with core LCBO listings Smoke&Gamble Cabernet, Smoke&Gamble Pit Boss (Appassimento), and Grocery listings Pinot Party, Badass Baco, Crappy White, and Velvety Cabernet. These stock-outs have resulted in lost sales for periods of up to 3 months.

Normally the timeline from start of season to the bottle sale is a minimum of 12 months, beginning in the winter after harvest with financial investment in pruning, spraying, and vineyard maintenance up to harvest. In our case we contract with several farms, in those cases the investment begins in late September / early October.

Production requires investment in raw materials (yeasts, fining agents, labour, tank space) and in the case of barrel aged wines the cost of barrels with a 3-year life span. The wine must then be aged, for example we purchased 23,400 litres of Riesling in February 2023 which was only ready for bottling in September. Bottling costs are most significant, including glass, labels, closures and bottling line costs averaging \$2.10/btl.

It is only then that the wine may be sold, with sales spread out over several months. Our targeted Series A financing will fully finance the growth requirements of our strong performing wine listings.

CELLAR-DOOR SALES

Two core hospitality enhancements will help maximize highly profitable cellar-door sales (sales made directly at the winery). The first priority is to develop food service in-house, modeled after the highly successful wineries of Prince Edward County with a core focus on wood-oven and stone-oven pizza offerings. Bringing this in-house will not only complement our wine and beer offerings, but will also be a profit centre in its own right.



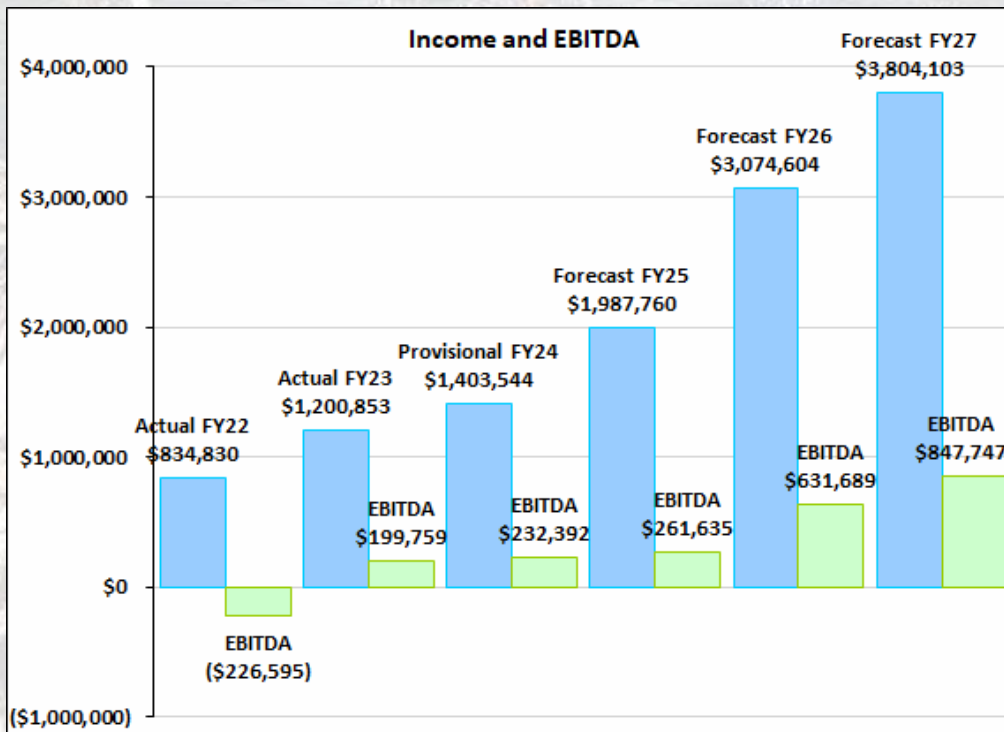
The second priority is to complete façade improvements to the front of the building, including driveway re-surfacing. Our brands deserve a strong home base, especially with the upcoming Smoke&Gamble Whisky offering. The cost-effective façade improvement and driveway re-surfacing will complement our brands and allow us to host exotic car clubs and car rallies, a high-end demographic which we are currently missing.

SALES AND PROFIT

FORECASTED GROWTH

Total revenue will grow consistently over the next several fiscal periods driven by inventory fulfillment, product diversification, and reaching other Provincial markets.

The addition of complementary products including profitable Beer offerings, Vodka, and Ready-to-Drink Vodka Seltzers will expand our brands into alcohol growth sectors. Supplementary licensing will allow the non-wine brand extensions (Crappy Beer, Smoke&Gamble Whisky, Frisky Seltzers and Crappy Vodka) to be listed with Liquor Boards across Canada, supplementing sales and profits.



Consistent sales growth is based on strong brands with effective distribution and consistent supply.



PROJECTED PROFITS

Cellar door sales (direct from winery) deliver profits of 55-75% depending on price range. LCBO sales deliver net profits of 15-25% combined with an annual VQA grant of 35% leading to an overall profit on LCBO sales exceeding 40%. With the company reaching break-even in profits, economies of scale kick in to accelerate profits.



\$50,000 per unit. \$1,000,000 Maximum Offering. Each unit is convertible into approximately 1% of company.

INVESTMENT OPPORTUNITY

Subscriptions, in minimum increments of \$50,000, can only be received from an “Accredited Investor” as defined by applicable securities legislation and regulations within your jurisdiction, or from close friends, family and associates of the principals involved.

QUALIFIED INVESTORS

USE OF PROCEEDS

Proceeds will be primarily dedicated to growth of sales and profits, allocated as follows:

- Inventory Supply
- Product Extensions
- Provincial Expansion
- Hospitality Improvements

INVESTMENT STRUCTURE

Investment will be made into convertible loans, repayable in 5 years or convertible into non-voting common shares at the investor’s option, during years 2 and 3. Loans will bear interest at 8% commencing in year 2, with the first year being interest-free.

WHAT DOES THIS GET YOU?

Based on management’s current valuation of \$4,000,000 on the business and assets:

- Each \$50,000 will be convertible into such number of non-voting common shares as shall be calculated once the total investment has been determined, but which is expected to be no less than shares representing 1% of the equity participating shares at the time of conversion.
- 8% interest commencing in year 2, until the end of term, or until conversion to equity participation.
- Seat on the Advisory Board, with the Advisory Board being entitled to send one (1) delegate to observe at the quarterly meetings of the executive board.

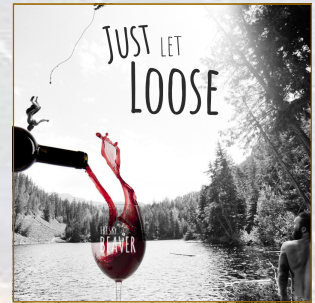
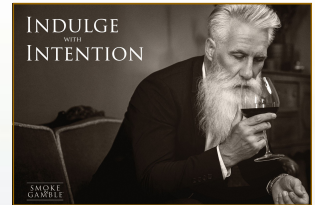
PERKS AND BENEFITS

Partners receive memorable experiences combined with long-term financial returns. To that end, our Partner Rewards program includes exclusive fringe benefits, such as:

1. “Partner’s Privilege” including one case of wine each quarter.
2. “Front Of The Line Privilege” to receive in advance a new case of each major release.
3. The opportunity for those so inclined to participate in the wine making experience, helping to master upcoming blends through taste-testing the wines as they are blended.
4. Member’s discount on all merchandise and services sold through the winery.

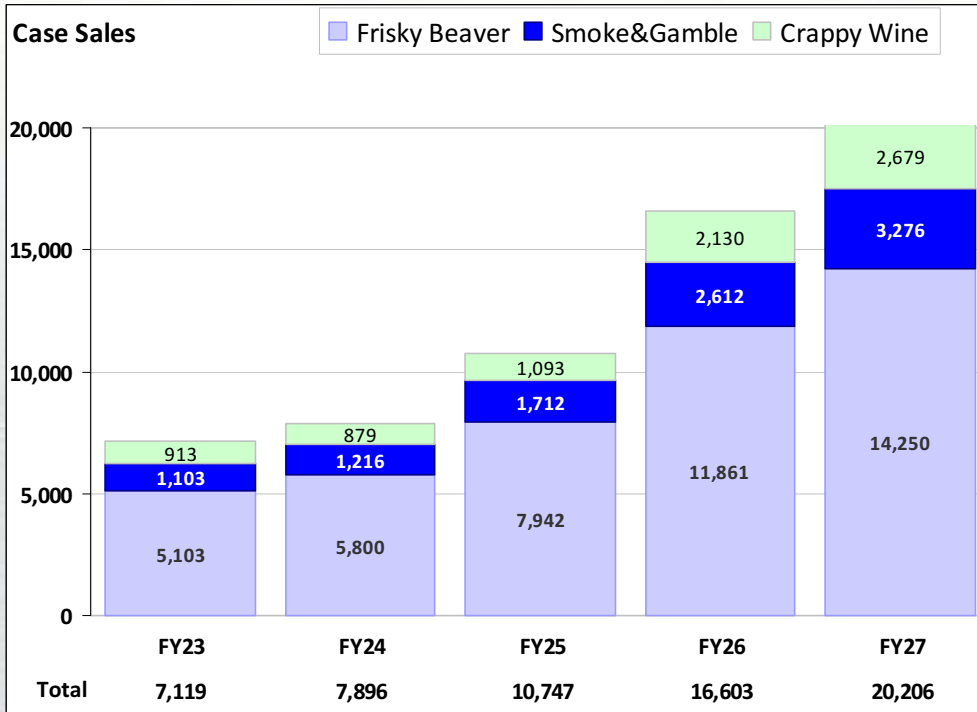
Thank You.

Frisky Beaver Smoke&Gamble | Richard Czerlau 519-410-8788 | rc@fbsg.ca

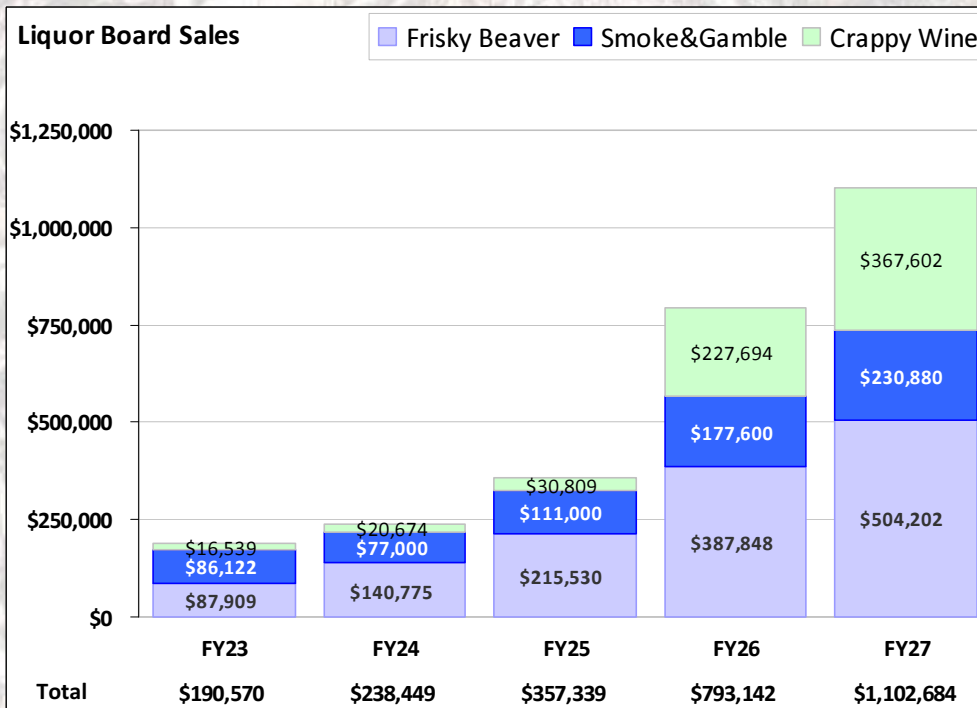


SALES GROWTH BY CHANNEL

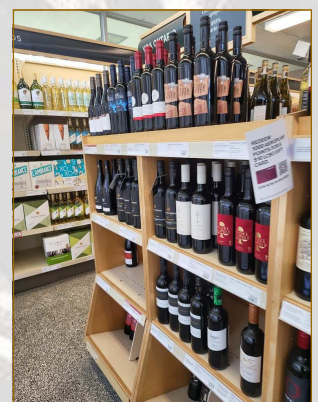
CASE SALES



LIQUOR BOARD SALES

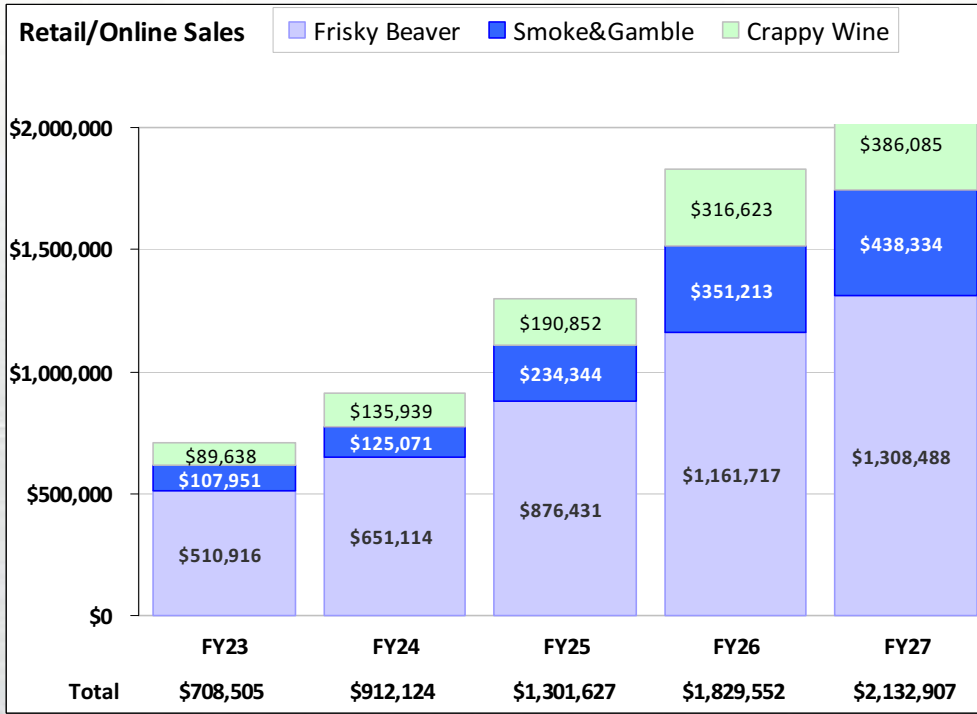


Figures exclude merchandise, food, event, and grant revenue.



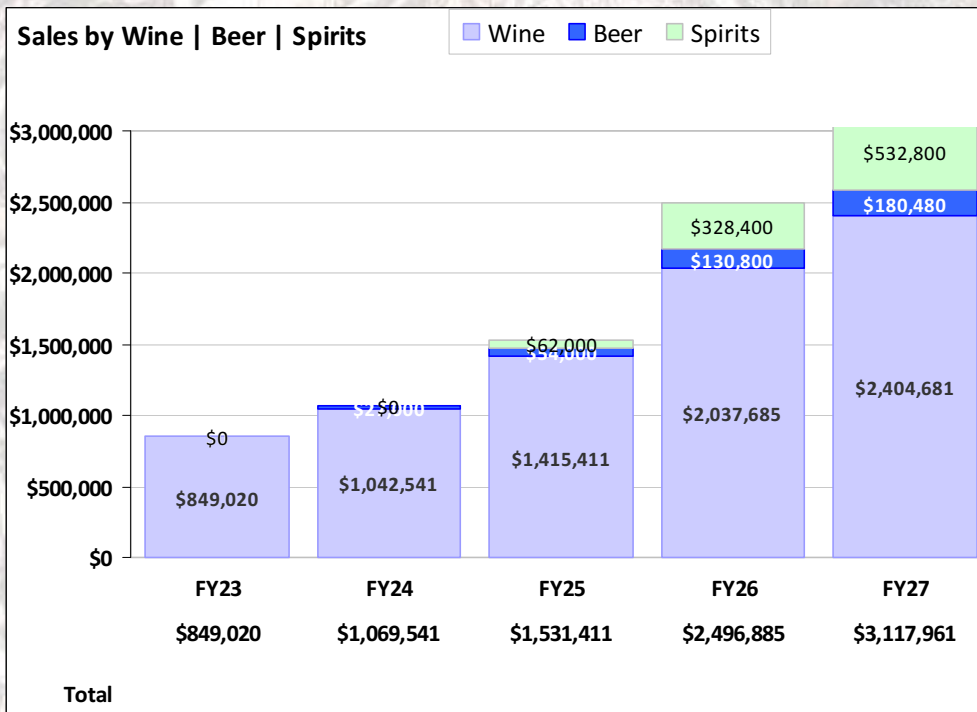
SALES GROWTH BY CHANNEL

RETAIL/ONLINE SALES



Figures exclude merchandise, food, event, and grant revenue.

BREAKOUT OF BEER | WINE | SPIRITS SALES



Figures exclude merchandise, food, event, and grant revenue.

