

29 April 2022

ASX Announcement

Amended Quarterly Report 31 March 2022

DW8 Limited (ASX: DW8), or the "Company", provides the attached amended Quarterly Report.

The Previous Quarter cash and cash equivalents listed at item 5.5 of the FY2022 Q3 Appendix 4C was presented consistent the previous quarterly 4C and did not reflect the revised accounting treatment whereby we are excluding cash held in term deposits as security against property lease guarantees from cash and cash equivalents, as disclosed in the Quarterly Report.

This re-submission amends this presentation so that the Item 5.5 – Cash and cash equivalents at the end of the previous quarter is presented in a consistent treatment as Item 4.1 – Cash and cash equivalents at beginning of period.

END

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

Dean Taylor

Chief Executive Officer

P: (02) 8363 3351

E: dean@dw8.com.au

For more information about DW8:

Website: www.dw8.com.au

Blog & Media: <https://www.dw8.com.au/insights>

29 April 2022

ASX Announcement

QUARTERLY REPORT – 31 MARCH 2022 (Q3 FY2022)

Step change in operating metrics following Kaddy acquisition; consolidation prepares platform for expected growth

HIGHLIGHTS

- **Operating revenue** of A\$4.6 million in Q3 FY2022, down 15% on the prior quarter Q2 FY2022 but up 497% on Q3 FY2021. This includes revenue contribution from Kaddy for the full quarter, acquired in December 2021. This reduction is explained below.
- **Trading backdrop** The March quarter is seasonally the liquor industry's lowest revenue quarter (with the December quarter being the highest). Expected beverage consumption volumes during the period were also negatively impacted by Covid and flooding on Australia's East Coast.
- **Kaddy acquisition** consolidated for the first time for a full quarter contributed to a significant structural increase in key operating metrics: trading GMV, revenue, new suppliers and customers.
- **Platform operating metrics (across combined platform):**
 - **Active Suppliers** of 1,178, up 8% on the prior quarter (up 321% on Q3 FY2021)
 - Overlap of suppliers now using both Fulfilment & Marketplace platforms at the end of March was just 4%, indicating considerable upside still available
 - **Marketplace:**
 - **GMV** of A\$4.3m, up 169% on the prior quarter
 - **Trade Buyers** of 1,646, up 13% on the prior quarter
 - **Brands** of 1,261, **Product SKUs** of 12,704
 - **Fulfilment:**
 - **Cases Shipped** of 313k, down 18% on the prior quarter but up 393% on Q3 FY2021
 - **Average number of cases shipped** per order was 4.13, up 10.5% on the prior quarter
- **Project One:** consolidation of all operations under a single brand 'Kaddy' simplifying business into two core divisions: **Kaddy Fulfilment** and **Kaddy Marketplace**.
 - **Kaddy Marketplace division:** Project One initiatives underway expected to generate cost savings of circa \$3m p.a. or \$750k per quarter.
 - **Kaddy Fulfilment division:** Project One initiatives underway expected to generate further cost savings.
 - Full benefits of cost savings are expected to be visible from the September quarter onwards, with the majority of one-off restructuring costs having already been taken this quarter.
- **Kaddy Fulfilment price increase:** to take effect from 1 July 2022, expected to increase fulfilment revenue by 4-5%. This is separate to a new Fuel Levy of 7%, introduced in mid-April, to recover 3rd party transport cost increases that the business has been absorbing.
- **Cash at bank** of A\$7.2m at 31 March 2022 (includes cash received in February of A\$4.3m from the purchase, sale and long-term leaseback of the National Distribution Centre (NDC)). Cash at bank excludes circa \$1.9m in term deposits as securities for property related bank guarantees.

- Sign-up to receive investor news [here](#) or visit the 'investors' tab on our new website

DW8 Limited (DW8: ASX), or the "Company", owns and operates **Kaddy**, an integrated marketplace & logistics platform that provides beverage suppliers an end-to-end supply chain solution that allows them to connect with buyers, simplify operations, streamline payments and deliver a superior fulfilment experience, is pleased to provide a summary of activity undertaken in the March quarter, Q3 FY2022.

'PROJECT ONE' – BRINGING ALL OPERATIONS UNDER A SINGLE BRAND 'KADDY'

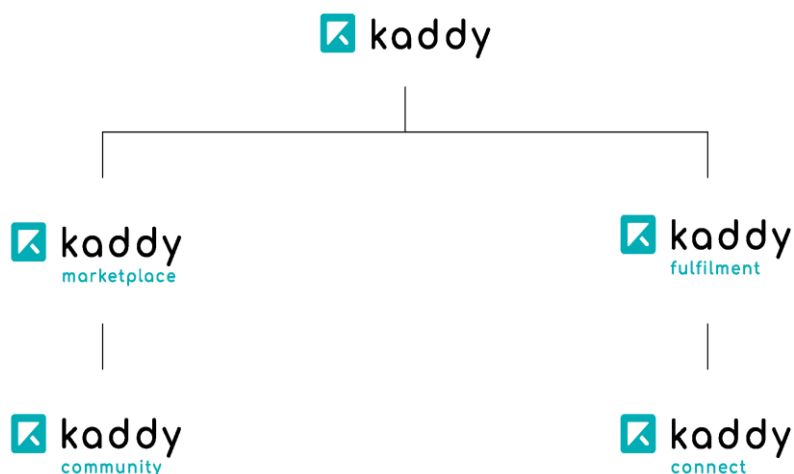
During the quarter, DW8 launched a company-wide initiative to consolidate four legacy brands and operating entities under a single brand '**Kaddy**', releasing operational efficiencies, material cost savings, new revenue generation opportunities and deeper levels of customer engagement while preparing the platform for the next phase of growth. This simplification has resulted in the creation of two core business divisions:

- **Kaddy Marketplace**
- **Kaddy Fulfilment** (formerly WINEDEPOT LOGISTICS)

Under **Project One**, DW8 will under a single brand umbrella, '**Kaddy**' take advantage of latent synergies available by integrating several strategic acquisitions the Company has made in the last two years (which include Kaddy, Parton Wine Distribution and Wine Delivery Australia). Bringing these businesses together into a single, brand-led, end-to-end solution compounds the value of the synergies and brand awareness while enhancing the customer value proposition and providing step changes in capability across both the Marketplace and Fulfilment divisions of the business. For further detail on Project One, see [ASX announcement dated 10 March](#).

Key points:

- **Consolidation of brands and business units** is expected to release material savings; generate additional revenues, prepare the platform for further scaling and develop a deeper level of engagement with the existing customer base.
- **Kaddy Marketplace cost savings:** cost-saving initiatives being rolled out across the Marketplace division are expected to reduce the current cost base by over \$3m p.a. or \$750k per quarter.
- **Kaddy Fulfilment cost savings:** a range of technology and operational integration projects that are expected to improve the profitability of this division will be undertaken during calendar 2022 (yet to be announced).
- The majority of the savings will take effect in the June ending quarter, with the full benefit of these cost savings visible from the September quarter onwards.

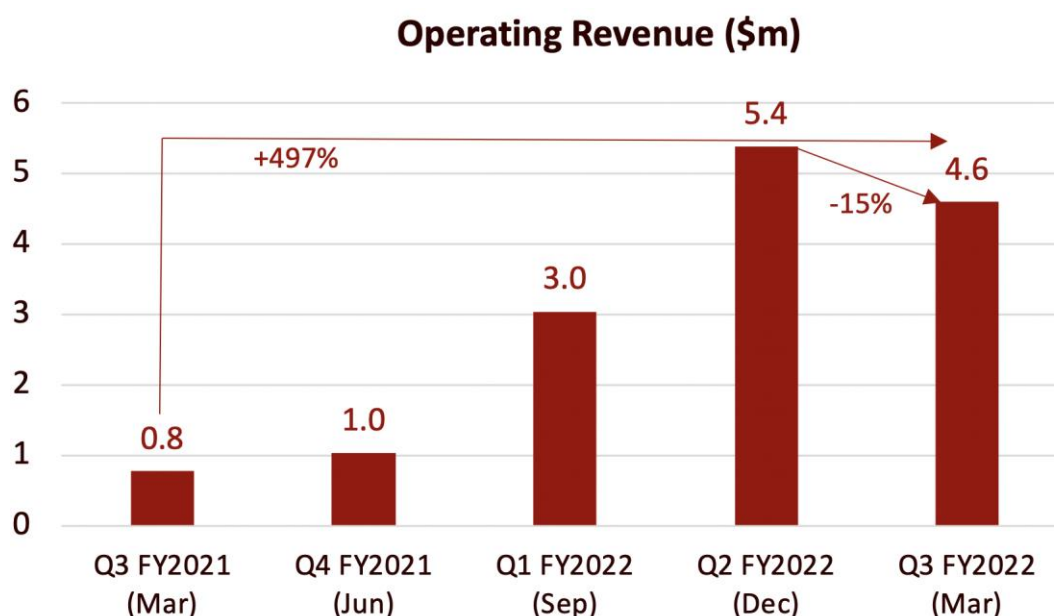


KEY FINANCIAL RESULTS

Operating Revenue: DW8 generated A\$4.6m in **Operating revenue** in Q3 FY2022, down 15% on the prior quarter Q2 FY2022 but up 497% on Q3 FY2021. Key factors impacting revenue during the quarter:

- March quarter is seasonally the liquor industry's lowest revenue quarter, with the December quarter being the highest
- Beverage consumption during the period was also negatively impacted by:
 - Major product supply issues (due to Covid)
 - On-premise venue closures and reduced trading hours (due to Covid)
 - Extensive flooding on Australia's East Coast

The impact from newly consolidated Kaddy on revenue and key operating metrics was seen for a full quarter for the first time.



Operating cashflows: The Appendix 4C accompanying this quarterly report reflects for the first time the contribution of the Kaddy acquisition for a full quarter. Please note that there have been some allocation changes made within the prior quarter balances in the attached Appendix 4C to align with the Company's independently audited H1 FY2022 Interim Report. These include:

1. The net proceeds of Kaddy Marketplace sales are now shown at Cash Receipts item 1.1. Previously Marketplace supplier payments were included in Product Manufacturing and Operating Costs item 1.2b and Marketplace buyer receipts in Cash Receipts item 1.1.
2. Cash outflows for leases are now identified on a separate line at item 1.2d. Previously these were included within Product Manufacturing and Operating Costs item 1.2b.
3. Cash outflows of \$3,804,619 relating to settlement of Parton pre-acquisition liabilities that were previously presented in the Section 2 Cash flows from investing activities have been reallocated to Section 1 Cash flows from operating activities within the Year to date total included at item 1.8.
4. Cash and cash equivalents at beginning of period item 4.1 differs from the previous Appendix 4C as it has been adjusted for cash held in term deposits as security against property lease bank guarantees.

OUTLOOK

DW8 CEO Dean Taylor said, “Given the difficult trading backdrop, the results and progress that DW8 and the Kaddy team has managed to achieve in the last three months is highly commendable.”

“Like many businesses, a large percentage of our workforce has been forced to take leave due to Covid. At the same time, we have seen a huge rebound in the number of orders being generated by our customers, with our case shipments in March finishing only just short of the record highs we saw in November.”

“We’ve also positively experienced a large influx of new suppliers who have moved across from competitors due to our superior service levels. The onboarding of these new accounts, together with the record order volumes from our existing customers and reduced labour force has placed unprecedented demand on our entire team.”

“Despite the intense workload the team has managed to maintain relatively high service levels and roll out many of the company building initiatives under Project One.”

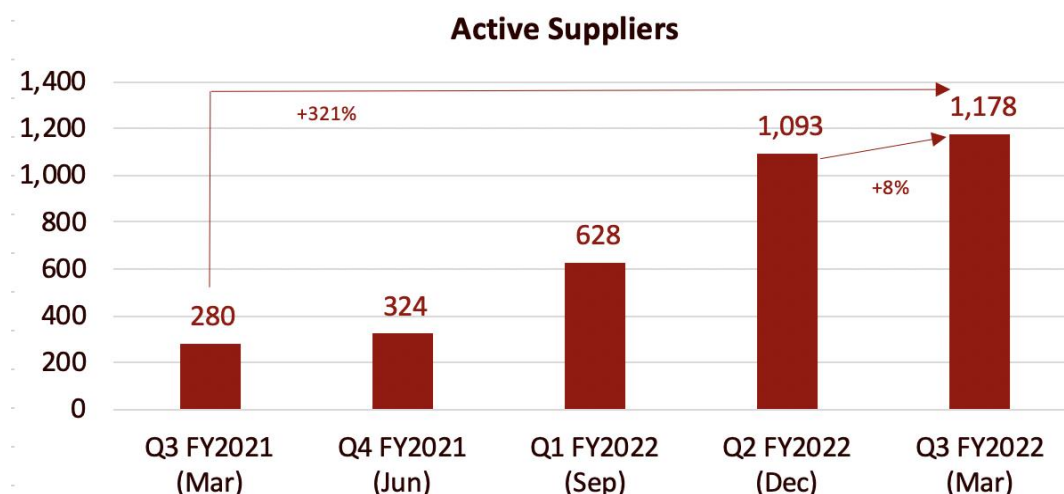
“While there’s still plenty of work to do, I’m confident that by the end of June we’ll have substantially worked through this consolidation phase and the investment made will not only release material cost savings and synergies but position us well for the next phase of expected growth.”

“The combination of the new fuel levy (introduced in April 2022), rate card increases (effective July 2022) and material cost savings are expected to improve both cashflow and profitability from the September quarter onwards.”

OPERATING METRICS – ACROSS PLATFORM’S TWO KEY COMPONENTS:

KADDY COMBINED PLATFORM

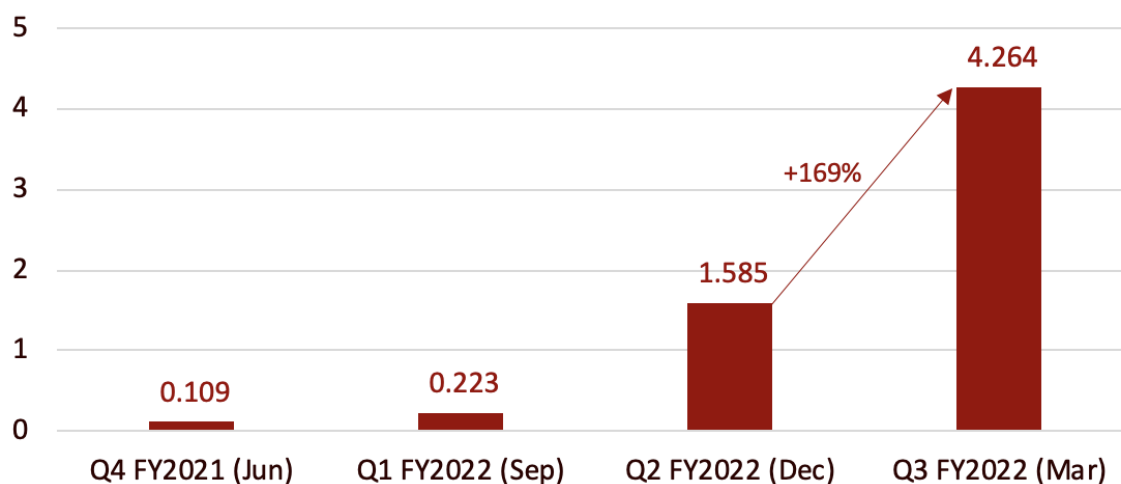
- **Active Suppliers** using the Company’s platform, increased to 1,178, up 8% on the prior quarter (up 321% on Q3 FY2021).
- The overlap of suppliers using both Fulfilment & Marketplace platforms at the end of March was just 4% indicating that there’s still considerable upside available to be released through the planned integration under Project One.



KADDY MARKETPLACE

- **GMV** of A\$4.3m was up 169% on the busy December quarter, as a full quarter's contribution from the recently acquired Kaddy marketplace flows through.
- **Trade Buyers** of 1,646 up 13% on the prior quarter.
- **Brands** of 1,261 up 19% on the prior quarter.
- **Product SKUs** of 12,704 up 5% on the prior quarter.

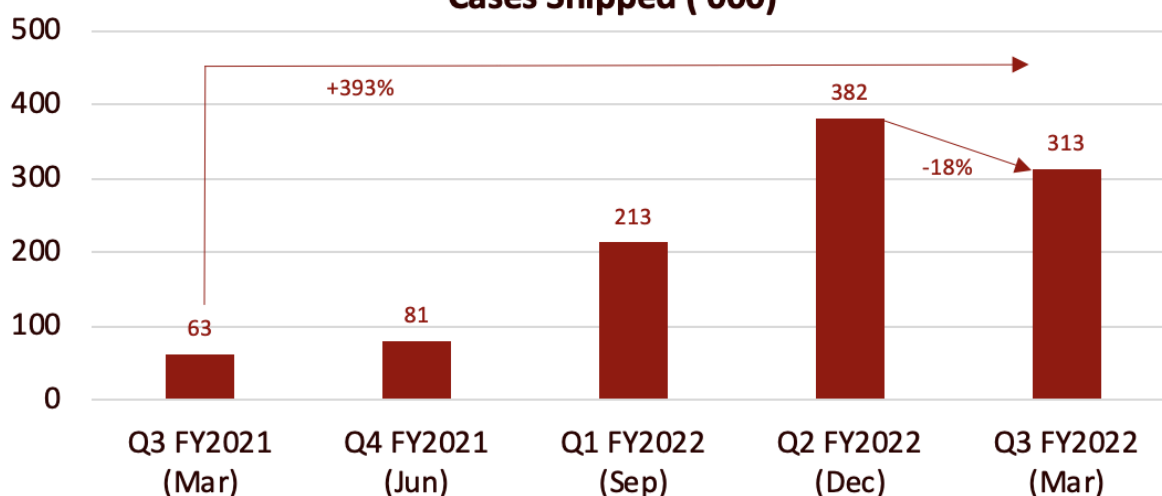
Total Market Place GMV (\$m)



KADDY FULFILMENT

- **Cases shipped** during the quarter was 313k, down 18% on the busy December quarter (up 393% on Q3 FY2021).
- **Average number of cases shipped** per order fulfilled was 4.13, up 10.5% on Q2 FY2022.

Cases Shipped ('000)



CORPORATE

Chief Financial Officer appointment: The Company appointed Mr Clinton Lander as Chief Financial Officer (CFO), effective 31 March 2022, following a short period as interim CFO of the Company. See [ASX announcement 7 April 2022](#).

Investor engagement: During the quarter, the Company undertook a number of activities including:

- **Coffee Microcaps webinar.** See [Investor Presentation dated 24 February 2022](#) lodged with the ASX platform ([webinar recording](#))
- **'Project One' Synergies investor webinar.** See [Investor Presentation dated 16 March 2022](#) lodged on the ASX platform ([webinar recording](#))

Related Party Payments: During the quarter, the Company made payments of A\$195k to related parties and their associates. These payments relate to the existing remuneration agreements for the Executive and Non-Executive Directors.

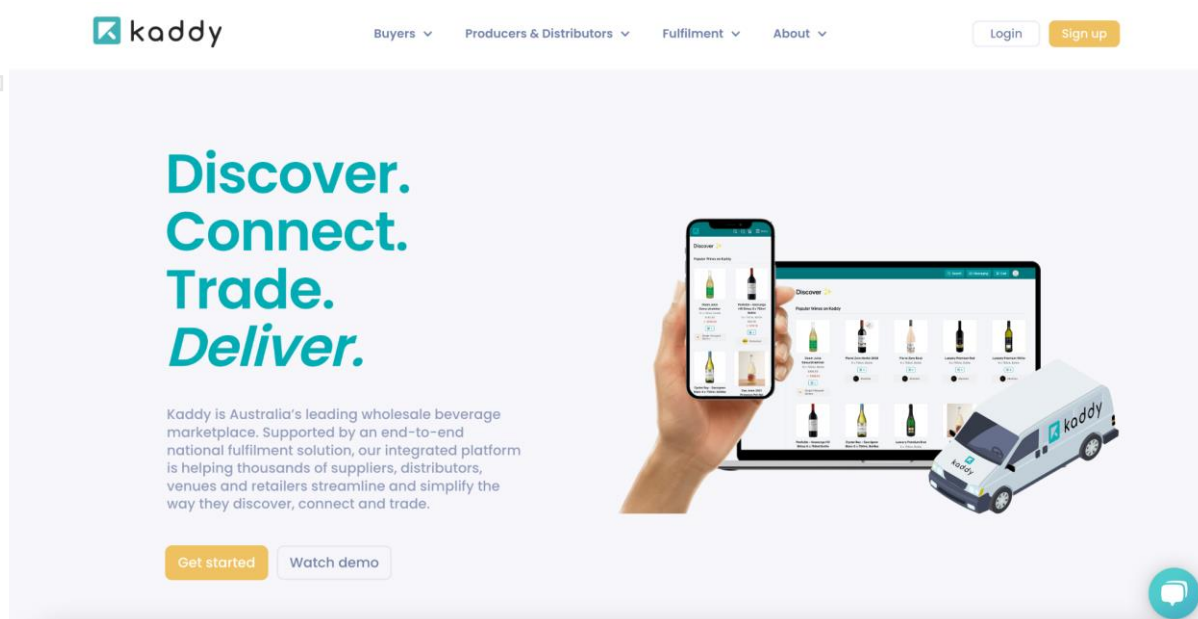
Cash position: DW8 held A\$7.2m cash at bank as at 31 March 2022. This includes cash received during the quarter (February) from the purchase, sale and long-term leaseback of the National Distribution Centre (NDC). Cash at bank excludes circa \$1.9m in term deposits held as securities for property related bank guarantees.

Operating expenditure: In Q3 FY2022, Net Cash from Operating Activities outflow was A\$2.99m (Section 1.9, Appendix 4C) and gross operating cash outflows were A\$7.90m (Section 1.2, Appendix 4C). See section on Key Financial Results for commentary.

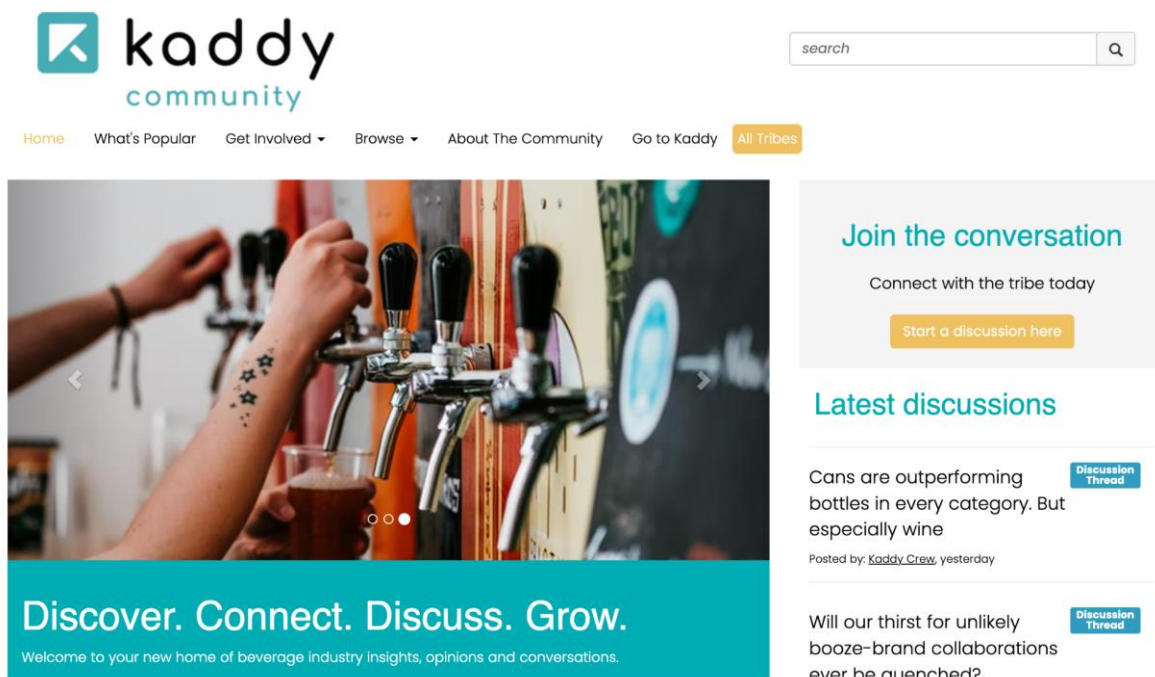
Financing activities: During the quarter, the Company repaid \$297k of borrowings related to finance agreements on warehouse equipment & motor vehicles.

NEW WEBSITE

kaddy.com.au: as part of Project One the Company has launched a new improved website, which will replace the three existing websites operated by Parton, Wine Delivery Australia and Wine Depot.



Kaddy Community: will also be launched in early May and will be available via the Kaddy website.



TRANSACTIONAL UPDATE - National Distribution Centre (NDC)

The Company completed the purchase, sale and long-term leaseback of its NDC in Barnawartha, Victoria (7,250 sqm warehouse with potential to expand by a further 10,770 sqm). Full receipt of funds were received during the March quarter totalling A\$4.3m (net of stamp duty). See [ASX announcement 15 February 2022](#).

END

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

Dean Taylor
Chief Executive Officer
P: (02) 8363 3351
E: dean@dw8.com.au

For more information about DW8:
Website: www.dw8.com.au
Blog & Media: <https://www.dw8.com.au/insights>

DW8 Limited (ASX: DW8)

DW8 is an Australian publicly listed technology company that operates **Kaddy**, an integrated marketplace & logistics platform that provides beverage suppliers an end-to-end supply chain solution that allows them to connect with buyers, simplify operations, streamline payments and deliver a superior fulfilment experience.

Our vision is to create a \$1+ billion GMV wholesale beverage marketplace in Australia, then look to expand our unique and innovative technology platform into other key markets.

Kaddy consists of two core divisions:

Kaddy Marketplace is the leading wholesale beverage marketplace in Australia based on monetised GMV, revenue generated and new customer growth. It provides a one-stop shop for wholesale beverage discovery, ordering, invoicing and payments. Buyers have access to a broader range of products, a streamlined ordering and invoicing process, and flexible payment options. Suppliers can also connect with a diverse range of venues and retailers, creating opportunities to simplify back-office functions, increase sales opportunities, distribution and reach while improving cash flow.

Kaddy Fulfilment is one of the leading and largest providers of logistics solutions to the beverage industry. It offers a suite of specialised fulfilment solutions, including warehousing, inventory management and nationwide delivery services. With a dedicated fleet servicing major capitals across Australia, it provides suppliers and their customers with a fast, efficient and reliable delivery solution.

Suppliers access our fulfilment platform via **Kaddy Connect**, a proprietary cloud-based inventory and order management system that can be integrated with their own technology so that orders flow through seamlessly.

We also operate a social networking platform called **Kaddy Community** which is designed to provide the beverage industry access to a forum where they can share their news, reviews, views, insights and latest announcements.

Kaddy generates revenue via:

- Marketplace fees (% of the GMV / transaction value)
- Fulfilment fees (storage, picking, packing, handling & freight)
- Connect subscription fees (charged per user accessing the platform)

To learn more about Kaddy, please visit:

Website: www.kaddy.com.au

Blog: <https://www.kaddy.com.au/insights>

Media: <https://www.kaddy.com.au/media-coverage>

APPENDIX – 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 and Kaddy marketplace businesses on a cash basis, before deducting incentives, cancellations and refunds, chargebacks, discounts. It excludes GST.
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
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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

DW8 LIMITED

ABN

59 086 435 136

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A	Year to date (9 months) \$
1. Cash flows from operating activities		
1.1 Receipts from customers	4,893,306	14,386,883
1.2 Payments for		
(a) research and development	(356,927)	(919,319)
(b) product manufacturing and operating costs	(1,936,333)	(7,173,092)
(c) advertising and marketing	(253,519)	(1,012,859)
(d) leased assets	(1,219,623)	(2,754,571)
(e) staff costs	(3,740,203)	(9,241,386)
(f) administration and corporate costs	(395,611)	(1,589,301)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	31,082	32,436
1.5 Interest and other costs of finance paid	(13,691)	(41,523)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (payments related to settlement of pre-acquisition liabilities of Partons)	-	(3,804,619)
1.9 Net cash from / (used in) operating activities	(2,991,519)	(12,117,351)

Please note there have been some allocation changes to the above, please refer to attached Quarterly Report for further detail.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(6,750,000)
(c) property, plant and equipment	(438,310)	(1,754,183)
(d) investments	-	-

	(e) intellectual property	-	-
	(f) other non-current assets	(909,238)	(1,947,824)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	58,583	58,583
	(d) investments	4,315,739	4,315,739
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	3,026,773	(6,077,685)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	22,008,520
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	271,440
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,258,531)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(296,966)	(1,973,804)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(296,966)	19,047,625

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,469,492	6,355,191
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,991,519)	(12,117,351)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	3,026,774	(6,077,685)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(296,967)	19,047,625

4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,207,780	7,207,780

Please refer to the attached Quarterly Report for details on adjustment to cash and cash equivalents at the beginning of period.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Previous quarter \$A
5.1	Bank balances	6,863,307	7,125,019
5.2	Call deposits	344,473	344,473
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,207,780	7,469,492

Please refer to the attached Quarterly Report for details on adjustment to cash and cash equivalents at end of quarter.

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A
195,000
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments:

During the quarter the entity paid \$195,000 in Director fees to Non-Executive and Executive Directors.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
-	-
-	-
1,686,098	1,152,843
1,686,098	1,152,843

7.5 **Unused financing facilities available at quarter end**

533,255

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

DW8 Limited has Hire Purchase loan arrangements with the several finance providers for warehouse and logistics equipment via the Partons and Wine Delivery Australia acquisitions :

Capital Finance with an interest rate 6.54%, a term of 60 months and expiry of April 22.

Crown Finance with an interest rate 6.84%, a term of 60 months and various expiries from of Feb 22 to May 26.

Energy Ease Finance with an interest rate 6.84%, a term of 84 months and expiry of Jan 25.

Get Capital Finance with an interest rate 19.13%, a term of 30-36 months and expiry of Sep 22.

Macquarie Finance with an interest rate 8.04%, a term of 60 months and various expiries from Mar 23 of Jun 23.

Metro Finance with an interest rate 6.91-7.18%, a term of 60 months and various expiries from Mar 23 of Jul 23.

Pepper Finance with an interest rate 8.3%, a term of 60 months and expiry of Mar 24.

Selfco Leasing with an interest rate 12.72, a term of 60 months and expiry of Jul 23.

Toyota Finance with an interest rate 3.99-7.01%, a term of 60 months and various expiries from Nov 21 to June 24.

All facilities are secured via a registered GSA over the equipment.

DW8 Limited also has a debtor finance facility with an interest rate of 8.75% with Earlypay secured against trade debtors via the Kaddy acquisition.

8. Estimated cash available for future operating activities

\$A

8.1 Net cash from / (used in) operating activities (Item 1.9)

(2,991,519)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

7,207,780

8.3 Unused finance facilities available at quarter end (Item 7.5)

533,255

8.4 Total available funding (Item 8.2 + Item 8.3)

7,741,035

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

2.59

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 April 2022

Date:

Authorised for release by the Board of DW8 Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.