

29 July 2022

ASX Announcement

Strategic investor provides DW8 access of up to A\$10m funding to accelerate Kaddy platform growth

Highlights

- Singapore based strategic investor **Triton Growth** (Triton) has agreed to invest up to A\$10.0m (before costs) into DW8 via Convertible Note (Note)
- A\$5.0m will be drawn down at completion with up to an additional A\$5.0m available on the same terms, subject to mutual agreement from both parties
- The strategic investment strengthens DW8's balance sheet and bolsters its cash reserves
- The majority of the funds will be used as working capital to help scale the Kaddy platform in Australia and investigate opportunities to expand the platform into other markets
- The combination of additional funding with the significantly reduced cost base from 'Project One' extends the Company's cash runway
- Completion of the A\$5m is expected to occur on or about 4 August 2022

DW8 Limited (ASX: DW8 or the "Company"), operates **Kaddy**, a unique and innovative technology platform which provides beverage suppliers an end-to-end supply chain solution that allows them to connect with buyers, simplify operations, streamline payments and fulfill both trade and consumer orders.

The Company is pleased to announce it has developed a relationship with a strategic investor, Triton Growth Management Pte Ltd, who has agreed to provide DW8 up to A\$10.0m via a Convertible Note, for working capital and to take advantage of opportunities to accelerate the growth of the Kaddy platform both locally and internationally.

Under the terms of the Convertible Note, A\$5.0m will be drawn down at completion with up to an additional A\$5.0m of funding available to DW8 as per the attached terms. Completion of the A\$5m is due to occur on 4 August 2022 (or such other date as agreed by the parties).

The additional working capital will allow the Company to take advantage of the significant investment it has made over the last 6 months consolidating its four legacy businesses acquired and developed over the last 2 years onto one platform 'Kaddy' via Project One. The funding bridges the gap to when the Company expects the synergies and savings to start being released on a meaningful basis later this calendar year.

As previously announced (see [ASX announcement](#) 9 June 2022), Project One initiatives, when fully implemented, are expected to deliver savings of at least A\$4.0m p.a., to become visible in Q1 FY2023 (September quarter). Further savings initiatives are currently being worked through and are expected to be announced in the June Quarterly Report.

These initiatives together with the new rate card that becomes effective on 1 July 2022 and underlying growth, is expected to propel Kaddy Fulfilment, as a stand alone division, into profitability in FY2023 (ex corporate overheads).

As the Fulfilment division becomes profitable, the Company plans to direct the majority of working capital available into accelerating the scaling of the Kaddy Marketplace division.

Triton Growth Managing Director Richard Smith said:

“The DW8 team have created a very valuable platform which we believe has an application in every major beverage market in the world. Kaddy’s vertically integrated marketplace and fulfilment technology is simple, easy to use and releases an enormous amount of value for users, particularly around the provision of credit to buyers and guaranteed payments for suppliers. Their end-to-end supply chain solution is powerful, highly scalable and has the potential to be highly disruptive.”

Our thesis is that wholesale liquor distribution is a category that simply has to move to platform. Kaddy is a unique platform with proven product market fit, multiple revenue streams and a large addressable market that is ready to scale.

With the growing threat of a global recession, we also view Kaddy as a defensive play, due to its connection with the alcohol industry and need for all businesses to find more efficient ways to grow their customer base while reducing their cost of service.”

DW8 CEO Dean Taylor said:

“We are super excited to have developed a strategic partnership with Triton Growth. Through the injection of additional working capital and by leveraging their strong relationships with major players in the Asian beverage industry, we believe Triton will add a lot of value for DW8 shareholders.

Not only have they recognised our potential to create a significant national beverage marketplace here in Australia, but also the ability to create something significantly larger by taking the unique platform that we have developed into other major markets, which has been part of our long-term vision and will mark an important step in our journey.”

About Triton Growth

Triton Growth Management Group (Triton Growth) operates across Southeast Asia undertaking proprietary investment and working with our investment partners over a number of sectors. Core activities include managing large scale acquisitions and mergers, corporate restructures, company & business sales and assisting family offices making Investments in early stage companies and distressed debt. Triton Growth operates out of offices in Singapore.

Richard Smith is a Director at Triton who has over 22 years of experience working in Southeast Asia. Investment sectors include, coal, oil, gas, property, agricultural production, banking and finance and more recently wholesale beverage distribution.

Convertible Note - Key Terms Summary

Amount	\$A5.0m, face value drawn down (with ability to extend by up to A\$5.0m on same terms subject to mutual agreement from both parties)
Rate	12% interest p.a., payment in kind upon conversion or redemption
Term	2 years ending 1 July 2024 (minimum 9 months interest payable) Ability to extend the term with consent from Triton Growth
Conversion price	Within first 90 days, 25% premium to 30 day VWAP of DW8 ordinary fully paid shares, ending on the trading day before the issue date (minimum conversion price) After first 90 days, the higher of the minimum conversion price or 10% discount to the 30 day VWA,, ending on the trading day before notice of conversion
Redemption	Redemption may only occur upon an event of default or change of control event, or at maturity if the note has not been converted for any reason.
Security	Unsecured
Fee	Establishment fee of 5.0% of face value
ASX Listing Rules	The issue of the convertible notes is made pursuant to the Company's placement capacity under ASX Listing Rule 7.1
Additional terms	The agreement contains such other provisions considered customary for agreements of its nature, including representations and warranties, covenants, undertakings and events of default

The funding bears a reasonable borrowing cost with conversion rights at a premium to the current share price, potentially limiting dilution. DW8 considered alternatives including an equity placement, rights issue and sourcing loans from alternative debt providers. The funding with Triton Growth was selected due to its certainty in respect of the initial A\$5.0m and efficiency of completion; relatively low potential dilutionary impact; its relatively low cost of funds; and that upon conversion the underlying shares are anticipated to be held by a long term strategic partner. Overall, as compared to the alternative sources of finance, the Board considered the arrangement to be in the best interests of DW8 shareholders.

END

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

Dean Taylor

Chief Executive Officer

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DW8 Limited (ASX: DW8)

DW8 is an Australian publicly listed technology company that operates **Kaddy**, a unique and innovative technology platform which provides beverage suppliers an end-to-end supply chain solution that allows them to connect with buyers, simplify operations, streamline payments and fulfill both trade and consumer orders.

Our platform consists of the following divisions:

Kaddy Marketplace is a one-stop shop for wholesale beverages 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 offers the beverages industry 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 with a fast, efficient and reliable delivery solution.

Kaddy Community is a social networking platform designed to provide like-minded beverage industry professionals access to a forum to share their news, reviews, views, insights and latest announcements.

Kaddy plans to solidify its presence in Australasia before expanding the platform into other key markets such as the UK, Europe, USA, Canada and Asia

Kaddy generates revenue via:

- Order processing fees (% of the order value)
- Accelerated payment fees (% of the order value)
- Fulfilment fees (storage, picking, packing, handling & freight)
- Membership fees (SaaS subscriptions)
- Advertising fees (promotions, branding & corporate display)

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning DW8 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 DW8 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.