

29 July 2022

ASX Announcement

## QUARTERLY REPORT – 30 JUNE 2022 (Q4 FY2022)

**Business structural consolidation and reset nears completion.  
Strategic funding secured to accelerate growth.**

### HIGHLIGHTS

- Strategic funding of up to A\$10.0m (before costs), announced post quarter end
- Operating Revenue of A\$5.1 million in Q4 FY2022, up 11% on the prior quarter Q3 FY2022 (up 399% on Q4 FY2021) and for FY2022 were up 596% v FY2021
- Cash Receipts were up 4% on Q3 FY2022, up 394% on Q4 FY2021 and up 744% for FY2022 v FY2021
- Trading backdrop: June quarter was much softer than expected due to macroeconomic uncertainty, Covid, poor weather events and seasonality
- Platform operating metrics and key initiatives:
  - Activated Suppliers of 1,211 up 3% on the prior quarter (up 274% on Q4 FY2021)
  - Overlap of suppliers using both Fulfilment & Marketplace platforms 6% (up 50% on Q3 FY2022)
  - Kaddy Marketplace:
    - **GMV** of A\$4.02m, down 4% on the prior quarter's restated GMV of \$4.18m
    - **Total Trade Buyers** of 2,848, up 13% on the prior quarter. Total Lifetime Active buyers of 1,480, up 15% on the prior quarter
    - **Brands** of 2,034 (up 61% on prior quarter), Product SKUs of 17,390 (up 37% on prior quarter) with the majority of the increase in these metrics occurring in mid to late June.
    - **Initiatives:** Bibendum partnership refreshed, new SaaS membership subscription program and tiered pricing model for Kaddy Marketplace suppliers launched
  - Kaddy Fulfilment:
    - **Cases Shipped** of 304k down 3% on the prior quarter but up 277% on Q4 FY2021
    - **Initiatives:** new Fuel Levy introduced in mid-April, increasing freight prices and new fulfilment price increases effective 1 July expected to increase divisional revenue by 10%
    - Division (ex-corporate overheads) expected to generate a profit in FY2023
- Project One: consolidation of all operations under a single brand – 'Kaddy' and a simplification of customer value proposition resulting in two divisions: Kaddy Fulfilment and Kaddy Marketplace
  - Savings and synergies of A\$4.0m p.a. expected across both divisions (previously announced) to be delivered in full from Q1 FY2023 (September quarter) onwards
  - One-off restructuring costs impacted the Company this quarter
- Cash at bank of A\$3.4m at 30 June 2022, noting that
  - Appendix 4C Section 8.5 shows a cash runway of 1.1 quarters
  - Adjusting for post quarter end drawn down funding of A\$5.0m would increase cash runway to 2.5 quarters and adjusting for full A\$10.0m drawn down would increase cash runway to 3.8 quarters
  - A number of cash generating/saving initiatives are outlined on page 5 on this report

DW8 Limited (DW8: ASX), 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 fulfil both trade and consumer orders, is pleased to provide a summary of activity undertaken in the June quarter, Q4 FY2022 and for the full financial year FY2022 (unaudited).

## STRATEGIC FUNDING

A strategic funding facility was put in place post quarter end to provide DW8 access to up to A\$10.0m (before costs) of funding to accelerate Kaddy platform growth. See ASX announcement [29 July 2022](#) for key terms.

The funding comes from Singapore based strategic investor Triton Growth (Triton) who will invest into DW8 via Convertible Note (Note).

A\$5.0m has been drawn down with 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.

## 'PROJECT ONE' INITIATIVE – RELEASES FURTHER SAVINGS

As previously announced, the Project One initiative has proved successful with A\$4.0m p.a. of cost savings, synergies already achieved. While once-off restructuring and redundancy costs reduced the noticeable impact in this quarter's results, the full amount will become evident from Q1 FY2023 (September quarter) onwards.

Project One is a Company-wide initiative launched in the March quarter 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)

Project One takes 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, Kaddy 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. Project One importantly also positions the platform for growth.

For further detail on Project One, see ASX announcements dated [10 March 2022](#) and [9 June 2022](#).

## OTHER INITIATIVES

### Kaddy Marketplace:

- **New Kaddy membership program** launched in July 2022, provides the Company with a recurring SaaS subscription-based revenue stream, which will be gradually expanded across the business and offer both suppliers and buyers benefits
- **Kaddy Marketplace pricing model** introduced that provides suppliers access to a tiered commission rate that starts at 5% and drops to as low as 1.25%, which makes the platform more attractive to larger beverage producers, distributors, wholesalers and importers, is expected to materially lift GMV growth over time
- **The Bibendum foundation partnership agreement** was modified and relaunched across Kaddy Marketplace. The partnership brings marketing growth initiatives to Kaddy's entire database of thousands of trade buyers thereby expecting to accelerate GMV (see ASX announcement [29 June 2022](#)).

## KEY FINANCIAL RESULTS

Financial results should be read in the context of a combination of impacts on trading volume;

- Industry wide seasonality across the financial year
- One-off external factors: seasonality, recent acquisitions, Covid impacts, bad weather events and macroeconomic uncertainty

**Macroeconomic uncertainty:** Feedback across the liquor industry is that the level of trading activity declined in Q4 FY2022 as many business owners and operators brace for the impact of higher interest rates accelerating inflation, pressure on wage costs, softening consumer confidence, less discretionary spend and declining foot traffic.

**Covid and poor weather events:** During the last financial year, significant negative impacts to the business arose due to Covid (forced closure of venues and lower patronage at venues during the reopening phase), resulting in a material drop in sales volume. Kaddy Fulfilment was impacted by widespread logistics supply chain issues that led to inventory, driver and warehouse labour shortages that capped the maximum order throughout parts of our network. In addition, abnormally cold and bad weather events subdued consumer beverage consumption during recent months. Covid and weather factors are however abating and improvement is underway.

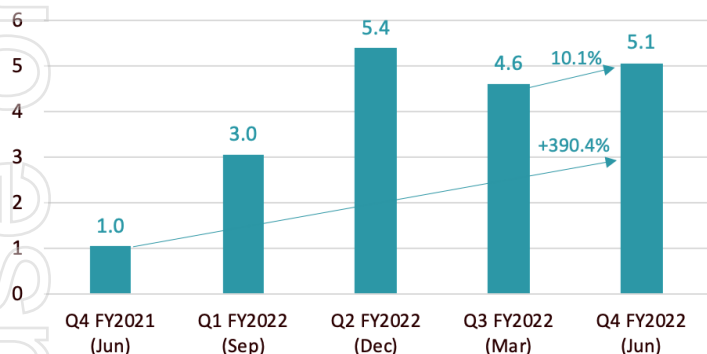
**Seasonality:** The June quarter is traditionally seasonally the liquor industry's second lowest revenue quarter, with the December quarter being the highest, however, the June calendar quarter this year, was abnormally soft due to other combining factors including as explained in this section.

**Acquisitions:** DW8 undertook a number of acquisitions (Kaddy and Parton), resulting in a structural uplift from consolidation of acquired businesses, when looking over the full year FY2022, impacting both topline revenue and operating costs.

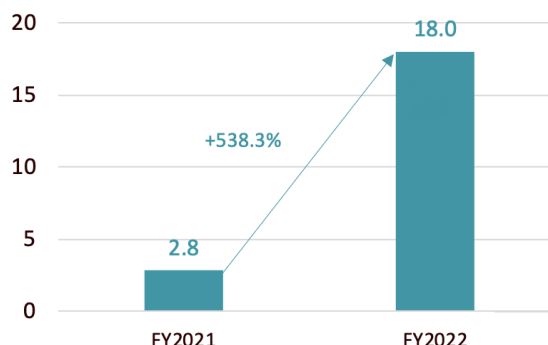
As mentioned earlier in this report, Project One was initiated in March of this year having multiple objectives including initiatives to grow top line revenue and savings to reduce ongoing costs in the business, with the full amount of previously announced benefits arriving in Q1 FY2023 (September quarter) onwards.

**Operating Revenue:** DW8 generated A\$5.1m in **Operating revenue** in Q4 FY2022, up 11% on the prior quarter Q3 FY2022 and up 399% on Q4 FY2021. FY2022 was up 596% on F2021.

**Operating Revenue (\$m) - Quarterly**

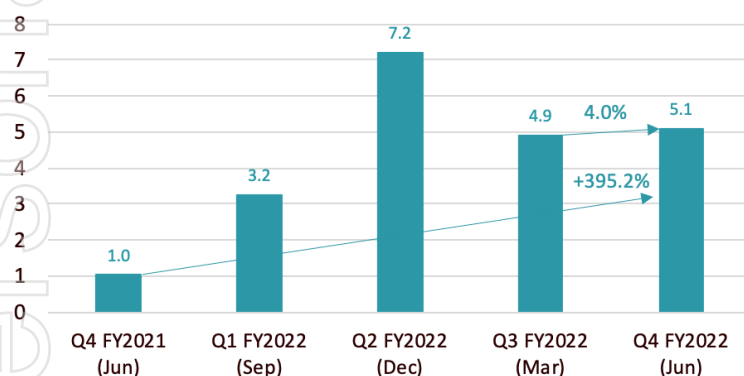


**Operating Revenue (\$m) - Annual**

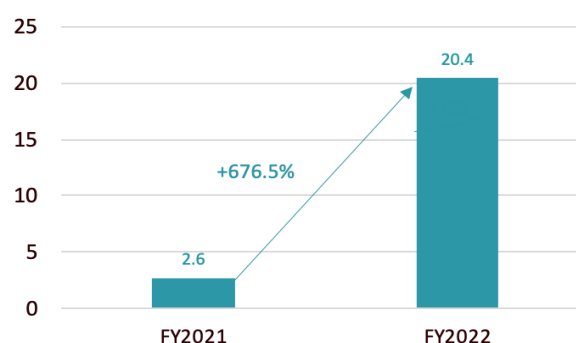


**Operating cashflows:** DW8 generated A\$5.08m in **Cash Receipts from Customers** in Q4 FY2022, up 4% on the prior quarter Q3 FY2022 and up 394% on Q4 FY2021. FY2022 was up 744% on F2021.

**Cash Receipts from Customers (\$m) - Quarterly**



**Cash Receipts from Customers (\$m) - Annual**



The Appendix 4C accompanying this quarterly report reflects the following key factors affecting cash flows from operating activities in the June quarter:

1. Kaddy consolidated in the last two quarters impacting the cost base
2. Project One roll-out - cost savings and one off restructuring costs, including relating to the consolidation of pre-existing marketplaces
  - a. Only limited cost savings have been realised in the June quarter, with the full level of savings previously mentioned in this report to be visible in the September quarter
  - b. One off restructuring costs impacted the June quarter, required to complete the consolidation and rebranding activities to achieve material cost savings
3. New fuel levy (introduced in April 2022)
4. A material increase in 3rd party transport costs, mostly due to network congestion, fuel surcharges and Covid related operational issues

**Future operating cash flows:** In addition to the above factors, the September quarter, Q1 FY2023 is expected to see:

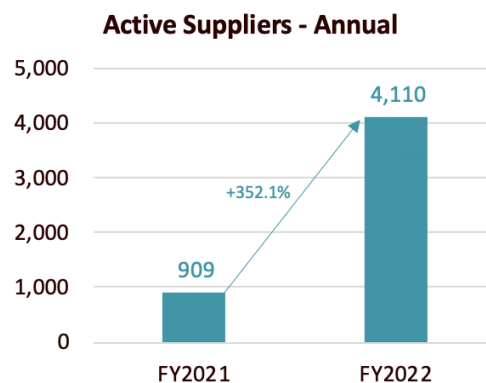
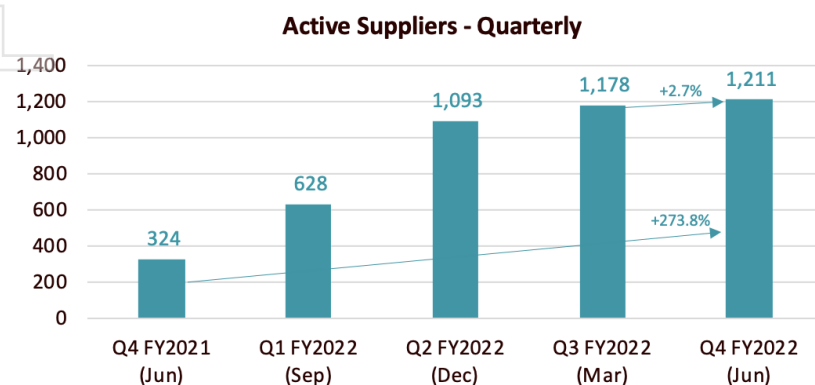
1. A\$4.0m p.a. (A\$1.0m per quarter) of cost savings and synergies, partially realised in Q4 FY2022, should become fully apparent
2. Fulfilment rate card increases (effective 1 July 2022) lifting divisional revenues by circa 10%
3. Significantly higher GMV being generated from:
  - a. Significant lift in the total number of brands (2,000+) and products (17,000+) available including a wide range of more commercial products at highly competitive prices
  - b. Increased supplier growth as Kaddy Marketplace tiered rate structure comes into effect
  - c. Bibendum partnership relaunch is expected to increase the number of active Trade Buyers using the platform
  - d. Seasonal beverage consumption increases in traditionally stronger September and December quarters of the year
  - e. Improvements to Marketplace functionality including enhanced search capability, pricing visibility, enhanced technology integrations
  - f. Increased overlap of suppliers using both Kaddy Fulfilment and Kaddy Marketplace as they are migrated to the Kaddy CONNECT platform
4. New SaaS membership subscription program revenues are introduced
5. Introduction of a new accounts receivable collections policy
6. Drawdown of A\$5.0m (cash inflow to DW8) out of the A\$10.0m available funding facility
7. The expected placement of a \$3.0m debtor finance facility across Kaddy Fulfilment (resulting in accessing these one-off funds earlier in DW8's trade receivables collection cycle)

## OPERATING METRICS – ACROSS PLATFORM'S TWO KEY COMPONENTS:

See 'Key Financial Results' section for key factors impacting operating results.

### KADDY COMBINED PLATFORM

- **Active Suppliers** using the Company's platform, increased to 1,211, up 3% on the prior quarter (up 274% on Q4 FY2021). FY2022 was up 352% on FY2021.
- **Overlap of suppliers** using both the Fulfilment and Marketplace platforms at the end of June was 6% (up 50% on Q3 FY2022). This metric is expected to grow strongly now that all Fulfilment businesses have been migrated onto the Connect platform as part of Project One has been completed, making it much easier for suppliers to use our Marketplace.



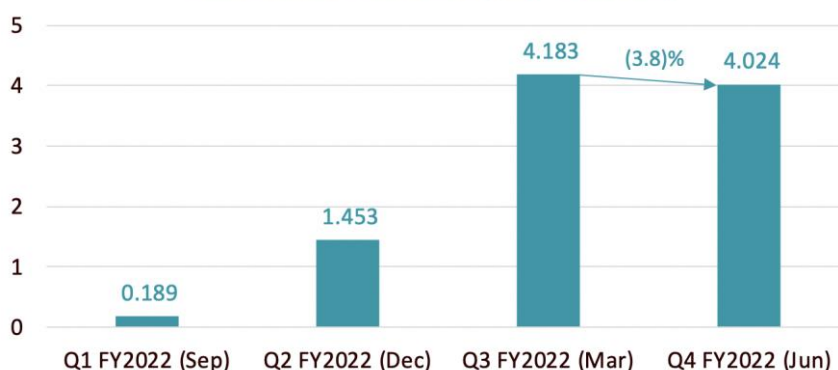
## KADDY MARKETPLACE

- **GMV** of A\$4.02m, down 3.8% on the prior quarter's GMV of \$4.18m (restated from \$4.3m\*)
- **Total Trade Buyers** of 2,848, up 12.7% on the prior quarter (up 110% on total as at 30 June 2021)
- **Total Active Trade Buyers** of 904 up 10% on the prior quarter (up 70% on total as at 30 June 2021)
- **Brands** of 2,034 up 61% on prior quarter (up 413% on total as at 30 June 2021)
- **Product SKUs** of 17,390 up 37% on the prior quarter (up 197% on total as at 30 June 2021)

### Notes\*:

1. The GMV for previous quarters have been restated in this report to align with the new GMV definition (see Appendix), which accounts for end or month timing differences between an order being placed and the order's invoice being raised.
2. The GMV shown for both Q4 and Q3 includes a small contribution from Wine Depot Market
3. All other key metrics presented above relate only to Kaddy Marketplace and do not include Wine Depot Market, which was officially retired on 30 June 2022.

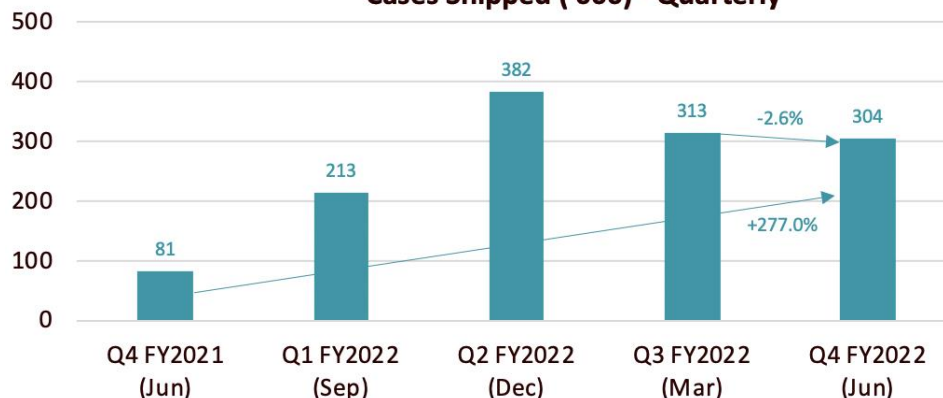
Total Market Place GMV (\$m) - Quarterly



## KADDY FULFILMENT

- **Cases shipped** of 304k down 3% on the prior quarter but up 277% on Q4 FY2021. FY2022 was up 473% on FY2021.
- Average cases shipped per order was 3.7, down 10.6% on Q3 FY2022. FY2022 was up 70% on FY2021.

Cases Shipped ('000) - Quarterly





## OUTLOOK

DW8 CEO Dean Taylor said, “Over the last 6 months our focus has been on completing the integration of our four legacy brands and businesses. It’s been a massive task, but I am pleased to say that we have completed the major components of this project preparing our integrated marketplace and fulfillment platform for the next phase of growth, under a single brand, Kaddy.

We have also demonstrated our ability to successfully acquire and integrate businesses, using innovative technology-based solutions to extract synergies and release material savings. Strong structural growth in our operating metrics have been achieved.

Now that this consolidation phase is complete, our attention will turn to rightsizing and sustainably managing our cost base, taking advantage of having our combined customer base on one platform to drive the network effect, maximise growth and increase our revenue generated per customer by increasing the overlap of suppliers using both Marketplace and Fulfilment solutions. At a divisional level we will also turn our attention back to strategies that support strong organic growth.

At a Marketplace level, we have had strong key metric growth across brands, products and trade buyers which was mostly delivered towards the end of Q4 FY2022, which bodes well for Q1 and Q2 FY2023. While seasonality, extreme weather events, supply chain challenges, Covid and more recently macroeconomic uncertainty has impacted growth in this division over the last two quarters, we have also identified that there has been a material amount of GMV leakage where transactions between suppliers and buyers that were introduced by Kaddy have been processed off platform.

After consulting with both suppliers and buyers, we have identified the friction points that have led to this and are in the process of addressing these, starting with the introduction of the new pricing model (which includes separated order processing and payment accelerator fees) along with a range of platform functionality improvements including the development of a much wider set of technology integration tools.

We have also made strong inroads bringing a number of national wholesalers onto the platform. Together they bring a broad range of the more popular products on the platform at highly competitive prices, which we expect to increase buyer engagement, basket size and order values.

Bibendum has also recently migrated across to the Kaddy platform and are helping us to acquire new buyers, particularly within the high end on-premise market.

At a Fulfilment level, volume growth has also been stunted by two things. The first is reduced consumer consumption levels that are directly related to poor weather conditions. The second is extreme labour shortages, which has led to a lack of capacity to process a higher volume of orders across most parts of our network. To address this, we are pushing forward with a range of system and process improvements that should improve the efficiency rates at all sites, releasing the productivity required to support volume growth.”

**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](#).

**Related Party Payments:** During the quarter, the Company made payments of A\$175k 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\$3.4m cash at bank as at 30 June 2022. Cash at bank excludes circa A\$1.95M in term deposits held as securities for property related bank guarantees.

The Company notes the Appendix 4C Section 8.5 shows a cash runway of 1.1 quarters (based on historic cash flows, Q4 FY2022) and advises of additional forward-looking factors to take into consideration when viewing the Company's expected future cash runway:

- After adjusting for post quarter end announced funding put in place of A\$10.0m, if fully drawn, after fees this has the potential to increase to 3.8 quarters
- The cash runway calculation also excludes any of the A\$4.0m p.a. savings benefits expected under Project One and the expected uplift in revenue as explained in the section '**Future operating cash flows**' in this report

**Operating expenditure:** In Q4 FY2022, Net Cash from Operating Activities outflow was A\$3.5m (Section 1.9, Appendix 4C) and gross operating cash outflows were A\$8.6m (Section 1.2, Appendix 4C). See section on Key Financial Results for commentary.

**Financing activities:** During the quarter the Company repaid A\$143k of principal related to finance agreements on warehouse equipment and motor vehicles.

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**END**

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

**APPENDIX – Glossary**

| Term               | Definition  | Calculation/Comment   |
|--------------------|---|---|
| GMV                | Gross Merchandise Value   | GMV is a non-IFRS measure, it represents the total value of transactions <b>processed and invoiced</b> by Kaddy Marketplace 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.  |



## 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)

For more information about Kaddy:

Website: [www.kaddy.com.au](http://www.kaddy.com.au)

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

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

### 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.*

### Dean Taylor

Chief Executive Officer

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### For more information about DW8:

Website: [www.dw8.com.au](http://www.dw8.com.au)

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

Media: <https://www.dw8.com.au/media-coverage>

## 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")**

30 June 2022

| <b>Consolidated statement of cash flows</b>  | <b>Current quarter<br/>\$A</b> | <b>Year to date (12<br/>months)<br/>\$</b> |
|--|--------------------------------|--|
| <b>1. Cash flows from operating activities</b>                                       |                                |  |
| 1.1 Receipts from customers  | 5,079,142                      | 19,466,025                                 |
| 1.2 Payments for   |                                |  |
| (a) research and development   | (503,319)                      | (1,422,638)                                |
| (b) product manufacturing and operating costs  | (2,576,353)                    | (9,749,444)                                |
| (c) advertising and marketing  | (378,020)                      | (1,390,880)                                |
| (d) leased assets  | (1,191,596)                    | (3,946,167)                                |
| (e) staff costs  | (3,577,718)                    | (12,819,104)                               |
| (f) administration and corporate costs   | (324,674)                      | (1,913,975)                                |
| 1.3 Dividends received (see note 3)  | -                              | -  |
| 1.4 Interest received  | 75                             | 32,512                                     |
| 1.5 Interest and other costs of finance paid   | (35,782)                       | (77,305)                                   |
| 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)                                |
| <b>1.9 Net cash from / (used in) operating activities</b>                            | <b>(3,508,245)</b>             | <b>(15,625,595)</b>                        |
| <b>2. Cash flows from investing activities</b>                                       |                                |  |
| 2.1 Payments to acquire:   |                                |  |
| (a) entities   | -                              | -  |
| (b) businesses   | -                              | (6,750,000)                                |
| (c) property, plant and equipment  | (195,549)                      | (1,949,732)                                |
| (d) investments  | -                              | -  |
| (e) intellectual property  | -                              | -  |

|     |   |                    |                    |
|-----|---|--------------------|--------------------|
|     | (f) other non-current assets                          | -                  | (1,947,824)        |
| 2.2 | Proceeds from disposal of:                            |                    |                    |
|     | (a) entities  | -                  | -                  |
|     | (b) businesses  | -                  | -                  |
|     | (c) property, plant and equipment                     | 30,533             | 89,115             |
|     | (d) investments                                       | (1,095,438)        | 3,220,301          |
|     | (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 | <b>Net cash from / (used in) investing activities</b> | <b>(1,260,454)</b> | <b>(7,338,140)</b> |

|           |   |                |                   |
|-----------|---|----------------|-------------------|
| <b>3.</b> | <b>Cash flows from financing activities</b>   |                |                   |
| 3.1       | Proceeds from issues of equity securities (excluding convertible debt securities)       | 9,291          | 22,017,811        |
| 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  | 1,095,438      | 1,095,438         |
| 3.6       | Repayment of borrowings   | (189,397)      | (2,163,201)       |
| 3.7       | Transaction costs related to loans and borrowings                                       | -              | -                 |
| 3.8       | Dividends paid  | -              | -                 |
| 3.9       | Other (provide details if material)   | -              | -                 |
| 3.10      | <b>Net cash from / (used in) financing activities</b>                                   | <b>915,332</b> | <b>19,962,957</b> |

|           |  |             |              |
|-----------|--|-------------|--------------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |             |              |
| 4.1       | Cash and cash equivalents at beginning of period                             | 7,207,780   | 6,355,191    |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (3,508,245) | (15,625,595) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (1,260,454) | (7,338,140)  |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | 915,332     | 19,962,957   |

|     |   |                  |                  |
|-----|---|------------------|------------------|
| 4.5 | Effect of movement in exchange rates on cash held | -                | -                |
| 4.6 | <b>Cash and cash equivalents at end of period</b> | <b>3,354,413</b> | <b>3,354,413</b> |

| 5.  | <b>Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A</b> | <b>Previous quarter<br/>\$A</b> |
|-----|---|--------------------------------|---------------------------------|
| 5.1 | Bank balances   | 3,009,940                      | 6,863,307                       |
| 5.2 | Call deposits   | 344,473                        | 344,473                         |
| 5.3 | Bank overdrafts   | -                              | -                               |
| 5.4 | Other (provide details)   | -                              | -                               |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>  | <b>3,354,413</b>               | <b>7,207,780</b>                |

**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**

174,688

-

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 \$174,688 in Director fees to Non-Executive and Executive Directors.

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

**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 |
|--|---------------------------------|
| -  | -                               |
| -  | -                               |
| 1,585,664                                | 1,009,639                       |
| 1,585,664                                | 1,009,639                       |

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

576,025

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)

(3,508,245)

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

3,354,413

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

576,025

8.4 Total available funding (Item 8.2 + Item 8.3)

3,930,438

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

1.12

*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: No, the company has executed changes that we expect will reduce net operating cash outflows by approximately \$4m per annum. Refer to the accompanying Quarterly Report and previous announcements for further details.

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: Yes, as announced on 29 July 2022 the company has reached agreement with a strategic investor to invest up to \$10m via Convertible Note. \$5m has been drawn down and is due to be received on or before 4 August 2022 with an additional \$5m in funding available on the same terms as the initial \$5m, subject to shareholder approval. Based on the net cash used in operating activities of \$3.5m at item 8.1 the initial \$5m draw down will extend the estimated quarters of funding available to 2.5 quarters and draw down of the full \$10m would extend this to 3.8 quarters.

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: Yes, given the actions taken to reduce operating cash outflows by \$4m per annum and the additional funding announced via a Convertible Note, the company expects to be able to continue its operations and to meet its business objectives.

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 July 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.