

18 August 2022

ASX Announcement

DW8 Secures Institutional Funding Arrangement and Launches Entitlement Offer, Totaling Up to \$9.85m, to Support Growth

Highlights

- Funding agreed with US-based institutional investor, New Technology Capital Group, LLC, for up to a maximum of \$5 million, replacing previously announced convertible note agreement with Singapore based investor Triton Growth.
- DW8 launches 1 for 6 non-renounceable entitlement offer to existing eligible shareholders to raise up to approximately \$4.85 million (before costs).
- Offer price of \$0.011 per share represents a 26.7% discount to the last closing share price of \$0.015 and a 35.5% discount to the 30-day VWAP, and free-attaching options offered on a 1-for-2 basis.
- Proceeds of the capital raising to be applied primarily towards the continued growth and maintenance of the Company's two key operating divisions: Kaddy Marketplace and Kaddy Fulfilment, and general working capital.

DW8 Limited (ASX: DW8 or the "Company"), the operator of **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, is pleased to announce a capital raising initiative to raise up to approximately \$9.85 million (before costs), comprising an institutional funding, and a non-renounceable entitlement offer to existing eligible shareholders.

Proceeds from the capital raising initiative will be primarily used to fund the continued growth and maintenance of the Company's two key operating divisions: Kaddy Marketplace and Kaddy Fulfilment, and the Company's general working capital requirements.

DW8 CEO Dean Taylor said, "Whilst our previously announced funding with Triton Growth has not eventuated, we are delighted to have secured an alternative funding pathway with an institutional anchor.

As the Company has assessed funding options over recent weeks, it is very clear to me that feedback has shown our technology and business model is extremely valuable and the inroads we have made are strongly recognised.

We have an extremely strong product market fit in our integrated marketplace and fulfilment platform, Kaddy. The recent external factors impacting the beverage industry and levels of consumption; Covid, ongoing bad weather events and macroeconomic uncertainty have proven difficult for us and have set us back, but only temporarily.

Equally, notwithstanding the team's focus to achieve growth, the task of onboarding larger suppliers and distributors has proven challenging, but we remain steadfast in our goal of widespread adoption of our unique platform.

Together with a lot of heavy lifting already completed consolidating multiple brands into one under "Project One" and implementation of further recent GMV growth initiatives, the Kaddy technology platform has never been better placed than today to play a leading role in simplifying and removing inefficiencies in the wholesale beverage industry.

We would like to extend an opportunity to existing shareholders to continue to back our story and welcome their participation in this capital raising.”

Entitlement Offer

DW8 is pleased to announce that it is offering eligible shareholders the opportunity to participate in a pro-rata non-renounceable entitlement offer to raise up to approximately \$4.85 million (before costs) (**Entitlement Offer**).

The issue price represents a discount of 26.7% to the last closing price of \$0.015, and a 35.5% discount to the 30-day VWAP.

Entitlement	1 new fully paid ordinary share (Share) for every 6 existing Shares held on the record date, with 1 free attaching New Option issued for every 2 New Shares issued.
Issue Price	\$0.011 per New Share.
New Options	New Options exercisable at \$0.015 each and expiring on 31 March 2023. It is intended that the New Options will be quoted, subject to satisfying the quotation conditions under the ASX Listing Rules.
Size	Up to 440,887,049 New Shares and 220,443,525 New Options.
Gross proceeds	Approximately \$4.85 million.

The Entitlement Offer will be available to shareholders with registered addresses in Australia or New Zealand on the record date of 23 August 2022 (**Eligible Shareholders**). Eligible Shareholders with a registered address outside Australia or New Zealand will not be eligible to participate in the Entitlement Offer.

As the Entitlement Offer is non-renounceable, Eligible Shareholders will not be able to sell or otherwise transfer their Entitlement.

Eligible Shareholders (other than Directors and related parties) may, in addition to taking up their Entitlements in full, apply for additional securities in excess of their Entitlements (**Shortfall Securities**). Shortfall Securities will only be available where there is a shortfall between valid applications received from Eligible Shareholders, and the number of New Shares and New Options proposed to be issued under the Entitlement Offer. Shortfall Securities will also be issued at the issue price of \$0.011 per New Share, with New Options issued on the same free-attaching basis as under the Entitlement Offer. The shortfall allocation policy is detailed in the Company’s prospectus, announced today.

The Entitlement Offer will be made under a Prospectus. DW8 has today lodged the Prospectus with ASX and ASIC and will despatch to Eligible Shareholders a copy of the Prospectus and the Entitlement and Acceptance Form.

Institutional Placement

DW8 is also pleased to announce that it has entered into an agreement for an institutional placement of Shares raising up to \$5 million (before costs) (**Institutional Placement**).

The Institutional Placement involves three investments by New Technology Capital Group, LLC (the **Investor**), a US-based institutional investor, with each investment being made by way of a prepayment of Shares (**Subscription Shares**) to be issued by the Company.

The initial investment will raise \$1,500,000 for \$1,690,000 worth of Subscription Shares, and is expected to be received in the next week. The second investment will raise \$1,500,000 for \$1,635,000 worth of Subscription Shares within seven months after the initial funding. A third investment raising up to \$2,000,000 for Subscription Shares worth an equivalent amount may be undertaken, if required by the Company, and only with the consent of both the Investor and the Company, within the next twelve months.

The Company will issue Subscription Shares, at the Investor's request, within twenty-four months of the date of the related prepayment. The number of Shares so issued by the Company will be determined by applying the Purchase Price (as set out below) to the subscription amount, but subject to the Floor Price (as set out below).

The Purchase Price of the Subscription Shares will be equal to \$0.03 per Share initially, representing a premium of approximately 100% to the closing price of the Company's Shares on 12 August 2022 and a premium of approximately 172.7% to the Issue Price in the Entitlement Offer. Subject to the Floor Price described below, the Purchase Price will reset after the initial month to the average of the five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue Shares, less an 8% discount (or a 10% discount if the Subscription Shares are issued later than twelve months after the initial investment) (rounded down to the nearest one tenth of a cent if the share price is at or below \$0.20, or whole cent otherwise). The Purchase Price will, nevertheless, be the subject of the Floor Price of \$0.01. If the Purchase Price formula results in a price that is less than the Floor Price, the Company may forego issuing Shares and instead opt to repay the applicable subscription amount in cash (with a 10% premium), subject to the Investor's right to receive Subscription Shares at the Floor Price in lieu of such cash repayment. The Purchase Price will not be the subject of a cap.

The Company will also have the right (but no obligation) to forego issuing Shares in relation to the Investor's request for issuance and instead opt to repay the subscription amount by making a payment to the Investor equal to the market value of the Shares that would have otherwise been issued.

The Investor will not be obligated to provide the second investment, if the market price of the Company's Shares is below \$0.01 and does not recover to above that level within three months after the Investor notifies the Company. The proceeds from the second investment will not exceed 3.75% of the Company's market capitalisation, without the Investor's consent. Finally, the Investor may postpone the funding of the second investment by up to two months from its seven-month deadline.

The Company will make an initial issuance of 22,000,000 Subscription Shares (**Initial Placement Shares**) to the Investor at the time of the funding of the initial investment, towards the ultimate number of Subscription Shares to be issued. Alternatively, in lieu of applying these Shares towards the aggregate number of the Subscription Shares to be issued by the Company, the Investor may make a further payment to the Company equal to the value of these Shares determined using the Purchase Price at the time of the payment.

The Company has agreed to issue 20,833,333 Shares in satisfaction of a fee payable to the Investor (**Fee Shares**).

Termination of Triton Growth convertible note agreement

The Company announced on 29 July 2022 that it had entered into an agreement with Triton Growth Management Pte Ltd (**Triton Growth**), pursuant to which Triton Growth agreed to provide DW8 up to \$10.0m via an issue of convertible notes.

Under the terms of the agreement, \$5.0m was to be drawn down at completion with up to an additional \$5.0m of funding available if agreed by both parties. Completion of the \$5.0m was due to occur on 4 August 2022, or such other date as agreed by the parties.

The parties have been negotiating in good faith an extension to the completion date, following Triton Growth experiencing delays in receiving the funding required to satisfy its obligations at completion. However, in light of the ongoing delay and DW8's requirement for certainty in its funding, DW8 has now terminated the convertible note agreement with Triton Growth. DW8 considers that Triton Growth continues to hold value as a potential strategic partner for DW8 in the future.

Indicative timetable

Event	Date
Announcement of Entitlement Offer, lodgement of Appendix 3B and Prospectus with ASX Announcement of Institutional Placement and lodgement of Appendix 3B with ASX	18 August 2022
“Ex” date	22 August 2022
Record Date for determining Entitlements	23 August 2022
Issue of Initial Placement Shares and Fee Shares under Institutional Placement	24 August 2022
Prospectus and personalised entitlement and acceptance forms sent to eligible shareholders and announcement that this has occurred. Offer opening date.	26 August 2022
Last day to extend the Entitlement Offer closing date. Note: At least 3 business days’ notice must be given to extend the offer closing date.	1 September 2022
Offer closes at 5pm (Sydney time).	6 September 2022
Unless otherwise determined by ASX, New Shares and New Options quoted on a deferred settlement basis from market open.	7 September 2022
Announcement of results of the Entitlement Offer and issue of New Shares	13 September 2022
Anticipated date for commencement of New Shares and New Options trading on a normal settlement basis	14 September 2022

The Company reserves the right to alter the timetable at its discretion and without notice, subject to ASX Listing Rules and the Corporations Act and other applicable law. In particular, the Company reserves the right to either generally or in particular cases extend the closing date of the Entitlement Offer, to accept late applications or to withdraw the Entitlement Offer without prior notice.

Indicative use of funds

The Company's present intention is to use the funds raised under the Entitlement Offer is as follows:

Use of funds	Allocation of funds	Percentage use of funds
Growing and maintaining Kaddy Marketplace	\$2,800,000	58%
Growing and maintaining Kaddy Fulfilment	\$450,000	9%
Kaddy shared services and general working capital	\$1,533,500	32%
Costs of the Entitlement Offer and Institutional Placement	\$66,500	1%
TOTAL	\$4,850,000	100%

Notes:

- The above table is a statement of current intentions as at the date of this announcement. Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including market conditions, the development of new opportunities and/or any number of other factors, and actual expenditure levels, may differ significantly from the above estimates.*

2. The above table is based on the assumption that the Entitlement Offer is fully subscribed. If the Entitlement Offer is not fully subscribed, and depending on the level of take up of the Entitlement Offer, the Company intends to scale back its proposed use of funds by reducing the expenditure undertaken on human resources across the Kaddy Marketplace division and shared services, as well as advertising and marketing expenses across the Kaddy Fulfilment and the Kaddy Marketplace divisions.
3. The above table includes does not include any funds raised pursuant to the Institutional Placement. The initial \$1.5 million to be raised in the first tranche of the Institutional Placement is intended to be applied towards the general working capital requirements of the Company, and shared across the Kaddy Marketplace and Kaddy Fulfilment divisions of the business. To the extent that additional funds are received under the second and third investments, such funds are also intended to be applied towards general working capital.

Indicative capital structure

The indicative capital structure upon completion of the Entitlement Offer and the commencement of the Institutional Placement is set out below:

	Shares	Unquoted Options	Quoted Options	Performance Rights
Currently on issue	2,645,322,294	56,250,000 ¹	37,366,977 ²	69,096,492 ³
Initial Placement Shares and Fee Shares	42,833,333 ⁴	-	-	-
To be issued pursuant to the Entitlement Offer	440,887,049 ⁵	-	220,443,525 ⁵	-
Total	3,129,042,676	56,250,000	257,810,502	69,096,492

Notes:

1. Unquoted options with exercise prices ranging from \$0.025 to \$0.0975 each and expiry dates ranging from 25 November 2022 to 15 December 2024.
2. Existing quoted options exercisable at \$0.015 each on or before 31 December 2022.
3. Performance rights subject to vesting conditions.
4. The above table includes the only shares being issued in the Institutional Placement as at the commencement of the Institutional Placement, being the Initial Placement Shares and the Fee Shares.
5. Assumes that the Entitlement Offer is fully subscribed. The actual number of New Shares and New Options issued will vary based on the participation in the Entitlement Offer. These numbers are also subject to rounding.

END

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

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For more information about DW8

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Blog: www.digitalwine.ventures/insights
Media: <https://winedepot.com/media-coverage/>

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.