
7 November 2022

ASX Announcement

DW8 to Focus Solely on Core B2B Customers in Fulfilment and Marketplace Significant Cost Reductions Driven by Exit of Consumer Segment Follows Strategic Review by New CEO Steve Voorma

Highlights:

- DW8 to exit loss-making Consumer Fulfilment Services
- Significant reduction in operating costs targeted
- Enables business to focus on its core B2B customers
- Operating expenses of \$5.7m p.a. to be removed from the business; impact from corresponding lost Fulfilment revenue also expected
- Impacts to be realised progressively in the balance of the financial year through to June 2023 weighted towards June quarter, Q4 FY2023
- Follows bottom up review of all operating sites, discussions with customers and strategic review led by new CEO Steve Voorma
- Repositions Kaddy as a pure play B2B provider of end-to-end beverage services operating two divisions: Kaddy Marketplace and Kaddy Fulfilment
- Reduces business complexity and sets a clear growth pathway, able to attract and service new B2B customers
- Warehouse capacity to be freed up for B2B orders; National Distribution Centre in Albury repositioned as bulk warehousing facility for larger customers and the South Australia warehouse repositioned as a B2B Fulfilment centre
- Strong new strategy buy-in by Executive Leadership team; to include trimming remuneration
- Other measures and follow-on effects expected to improve productivity and lead to additional material savings over coming quarters

DW8 Limited (DW8: ASX), or the “**Company**”, is an integrated B2B Marketplace, payment & Fulfilment platform operating under the brand name ‘Kaddy’ that provides beverage suppliers an end-to-end supply chain solution which allows them to connect with buyers, simplify operations, streamline payments and deliver a superior delivery experience.

The Company is pleased to announce that it will solely focus on B2B and exit from all Consumer Fulfilment services following a strategic review by new CEO Steve Voorma.

Operating expense reduction: As a result of exiting Consumer Fulfilment services, \$5.7m p.a. in operating expenses are expected to be removed. Two elements within this business area will drive this change with ‘Collect’ pick up services being exited in early November and ‘Consumer’ bound despatches being exited in early February 2023. Accordingly, realisation of the full reduction in expenses will be weighted towards the June quarter, Q4 FY2023.

Strategic refocus: Kaddy Fulfilment will be re-positioned as a pure play B2B focused warehousing and logistics service provider for the beverages industry. The exit from the Consumer segment will significantly reduce operating costs.

Importantly, the strategic refocus will allow the business to target, attract and service its core customers in the B2B beverage segment. There will be no impact to Kaddy Marketplace GMV (which is 100% B2B).

These changes will significantly reduce operational complexity, enable the business to champion its B2B customers, improve customer service levels and free up capacity, remove duplications and inefficiencies, and to focus on B2B opportunities that better align with Kaddy Marketplace.

DW8 CEO Steve Voorma said, “A review of our financial position, deep dive of the operations of the business, and discussions with customers has quickly led me to conclude that we require a significant refocus of the business on its core offering and an exit from consumer fulfilment services. Our business has huge potential and there’s a real market opportunity for us to scale in the B2B segment however this requires significant change at multiple levels through the business.”

“Drawing on my deep supply chain experience, I can see material cost savings that can be realised through exiting the consumer side but also by addressing challenges in the remaining B2B side of the business which will very quickly lead to significant improvements in efficiency as we move to solely focus on trade buyers and suppliers. We expect additional savings from follow on effects, and in parallel to implementing these changes, we will continue to review other measures that include optimising our operational footprint and 3rd party supplier network to drive further efficiencies and ongoing operational savings.”

“In financial terms, the \$5.7m in annualised operating expense reduction will provide DW8 with a significantly lower cost base from which we will be well positioned to grow the solely B2B focused business. While we will see revenue loss from exiting the loss-making consumer side of the business, we expect significant growth in our B2B offering over the same time period to June.

DW8 Chairman, Paul Evans said, “Steve’s expertise and energy has brought a different level of focus and transparency to DW8. The Board has full confidence in new plans to refocus the business purely on B2B. This will enable us to operate on a materially lower cost base while also scaling the core business. These changes will affect the whole of our business and I am pleased to see strong buy-in by our executive team which will also involve trimming remuneration.”

Kaddy Fulfilment operational changes: With 35,000m² of warehousing across depots in Sydney, Melbourne, Adelaide and Perth, as well as a National Distribution Centre (NDC) in Albury, all warehousing will be aligned to the B2B business model.

Customers: Our exit from the consumer Fulfilment business will take effect immediately with last consumer deliveries being made by 7 February 2023.

END

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



1300 933 768 Level 7 61 York St
www.dw8.com.au Sydney NSW 2000

ABN 59 086 435 136

Steve Voorma

Chief Executive Officer
E: steve@kaddy.com.au

For more information about DW8:

Website: www.dw8.com.au

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

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

DW8 Limited (ASX: DW8)

DW8 is an Australian publicly listed company that operates **Kaddy**, a unique and innovative cloud-based technology platform that is helping to digitally transform the wholesale beverage industry.

Operating under the tag line ‘Less work. **More business.**’ our vertically integrated platform 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.

Kaddy consists of the following components:

Kaddy Marketplace - Australia’s leading wholesale beverage marketplace, provides a simple and highly cost-effective way for suppliers to connect with thousands of licensed venues creating opportunities to build their brands, acquire new customers, increase sales, simplify back-office functions, and improve cash flow.

Kaddy Community - an online social network platform designed to bring like-minded beverage and hospitality professionals together. At its core is a content-rich forum that provides a platform for community members to share news, views, reviews, awards, insights, and media announcements.

Kaddy Fulfilment - one of the leading and largest providers of specialised beverage logistics solutions in Australia, offering suppliers access to a national network of strategically located warehouses to fulfil orders generated via any sales channel including Kaddy Marketplace.

Our vision is to establish Kaddy as the market dominating wholesale beverage marketplace in Australia, then look to expand our integrated platform into other markets and verticals.

Kaddy generates revenue via:

- Marketplace fees (% of the order value)
- Membership fees (SaaS subscriptions)
- Marketing & advertising fees (promotions, branding & corporate display)
- Fulfilment fees (storage, picking, packing, handling & freight)

For more information about Kaddy:

Website: www.kaddy.com.au

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

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

Forward-Looking Statements

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