

19 December 2022

ASX Announcement

Strategic Investor Provides Kaddy Access of up to \$7m Funding to Accelerate Kaddy Platform Growth

Highlights

- Singapore based strategic investor **Triton Growth Management Pte Ltd** (Triton) has agreed to invest up to A\$7.0m (before costs) into Kaddy via a Convertible Note
- A\$0.7m has already been received by Kaddy with A\$1.3m to be received by the end of January, with an additional A\$5.0m available on the same terms, subject to mutual agreement from both parties
- Existing major shareholders and senior management are investing A\$0.974m in the Convertible Note, including A\$0.35m from the Directors and new CEO, Steve Voorma
- Total cash received to date under the Convertible Note totals A\$1.674m
- The strategic investment strengthens Kaddy's balance sheet and bolsters its cash reserves
- The funds will be used as working capital and to help scale the Kaddy platform
- The combination of additional funding with the significant cost reductions, driven by exiting the consumer segment and focusing solely on the Core B2B customers in Fulfilment and Marketplace, extends the Company's cash runway
- Cost savings target of A\$5.7m p.a. on track, of which A\$2.1m p.a. has already been realised

Kaddy Limited (ASX: KDY; “Kaddy” or the “Company”), formerly DW8, is 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 trade orders.

The Company is pleased to announce it has developed a relationship with a strategic investor, Triton Growth Management Pte Ltd (Triton), who has agreed to provide Kaddy up to A\$7.0m via a Convertible Note (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 Note, A\$0.7m has already been received, \$1.3m is to be received by the end of January 2023 and up to an additional A\$5.0m of funding available to Kaddy as per the attached terms, subject to mutual agreement from both parties.

Immediate funding to the Company under the Note totals A\$1.674m, of which A\$0.7m is from Triton, A\$0.974m is from existing shareholders and senior management. A\$0.25m from Kaddy's Directors is subject to shareholder approval which will be sought in due course.

The additional working capital will allow the Company to take advantage of the significant investment it has made over the last year consolidating the four legacy businesses developed and acquired over the last three years onto one platform 'Kaddy' and provide resources to allow the Company to execute on its stated strategy to reposition the fulfilment side of the business as a pure play B2B focused warehousing and logistics service provider for the beverages industry.

The funding extends the Company's cash runway and helps bridge the gap to when the Company expects the synergies and savings of \$5.7m p.a. (as announced on 7 November 2022) to start being released on a meaningful basis later this financial year.

Triton Growth Managing Director Richard Smith said:

“The Kaddy team have created a very valuable platform and under the new leadership of Steve Voorma we believe they will be successful in the local market, before then considering a move into other major beverage markets around 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.

Platform businesses have had an amazing impact in reshaping distribution in Asia. While liquor is a category that is exploding at a consumer level, at a business-to-business level it remains a green field opportunity.

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 our investment in Kaddy as a defensive play, due to its connection with the alcohol industry and also, the need for all businesses to find more efficient ways to grow their customer base while reducing their cost of service.

We also have renewed enthusiasm in the business’ potential following the appointment of CEO Steve Voorma and strategic reorientation out of the consumer business leading to a sole focus of Kaddy on the B2B segment.”

Kaddy CEO Steve Voorma said:

Having secured very significant staged funding runway, I am tremendously optimistic about the future of Kaddy and our ability to deliver the previously announced savings initiatives operationally, allowing the company to build a sustainable business where we see Kaddy Fulfilment and Kaddy Marketplace working together, maximising our service offering to our customers. I am pleased to say that our exit from consumer Fulfilment services is also progressing to schedule as per our new B2B only focused strategy, with \$2.1m of the \$5.7m in committed annualised cost savings (as announced on 7 November 2022) having already been achieved.

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

Triton Amount	\$A2.0m, face value drawn down (with ability to extend by up to an additional A\$5.0m on same terms subject to mutual agreement from both parties)
Rate	10% interest p.a. The interest is payable in shares if the Convertible Note is converted (subject to the receipt of prior shareholder approval, as noted below), or cash in the event the Convertible Note is redeemed.
Term	1 year from the issue date
Conversion price	\$0.05
Conversion	The conversion of the Convertible Note is subject to, and conditional on, the receipt of prior shareholder approval and any required ASX waivers. A notice of general meeting seeking the requisite shareholder approvals will be issued shortly.
Redemption	Redemption may occur any time prior to the end of the term if the note holder elects, or 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
Attaching Options	1 unlisted option will be issued for every 5 shares issued upon conversion of the convertible note. The options will expire on 30 June 2023 and have an exercise price of \$0.10. The issue of the options is subject to and conditional on the receipt of prior shareholder approval.
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.

In addition to the above the following key term relates only to the Triton Convertible Note:

Appoint a Director	On receipt of the first tranche of A\$2.0m Triton have the right but not the obligation to appoint one Non-Executive Director. This right will expire in the event that Triton's relevant interest in shares is less than 10% for more than 10 consecutive days.
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This ASX announcement was approved and authorised for release by the Board of Directors.

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

Investors and Media
Glen Zurcher
E: investor@kaddy.com.au

For more information about Kaddy
Website: <https://corporate.kaddy.com.au>

Sign-up to receive investor news [here](#).

Kaddy Limited (ASX: KDY)

Kaddy 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 trade 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 Kaddy 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 Kaddy 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.