

31 January 2023

ASX Announcement

## Quarterly Report 31 December 2022 (Q2 FY2023)

### Trending Up - Additional Funding Secured, Record Revenue and GMV Quarter and Significant Cost Savings Underway Led by Management Changes

#### HIGHLIGHTS

- **Key management change implemented:** on 11 October 2022 internationally experienced executive Steve Voorma was appointed as CEO to bring leadership, renewed energy and focus. Significant initiatives are underway. Andrew Ong was appointed CFO on 23 December 2022 as part of a leadership team rebuild.
- **Funding:**
  - Capital raise in December 2022 raised \$1.724m of which Singaporean based strategic investor Triton Growth Management Pte Ltd (Triton) invested \$700k and \$1.024m came from existing major shareholders, senior management and directors (including CEO Steve Voorma);
  - Triton and Kaddy have amended the previously executed agreement to reflect the fact that it is not anticipated that Triton will invest further funds.
  - Singapore based strategic investor **J Oasis Port Services Pte Ltd** (J Oasis) has agreed to invest up to \$7.3m into Kaddy via a Convertible Note. \$2.3m will be subscribed within two weeks (or such later date as may be agreed between the parties). An additional \$5.0m is available on the same terms, subject to mutual agreement from both parties (total \$7.3m).
  - All three investments above in the Notes are on the same pricing terms.
- **Business model change:** Kaddy to focus solely on core B2B customers in Fulfilment and Marketplace; significant cost reductions driven by exit of consumer segment following strategic review
- **Operating Revenue:** of \$6.7 million in Q2 FY2023, up 13% on the prior quarter Q1 FY2023 and up 25% on Q2 FY2022; a record quarter
- **Cash Receipts:** of \$5.6m in Q2 FY2023 were up 17% on Q1 FY2023
- **Kaddy Marketplace:** GMV of \$7.03m, up 46% on the prior quarter of \$4.80m; a record quarter (up 384% on Q2 FY2022)
- **Company name and ASX ticker change to 'Kaddy Limited' (ASX: KDY);** unified operating brand solely in B2B
- **Cash at bank** of \$2.040m at 31 December 2022, additional funding announced today (see **Funding section**); significant **cost savings** have been identified and are being realised on a phased basis (to date \$2.3m p.a. have been realised from our announced target of \$5.7m p.a., full run rate is expected by the end of June)

**Kaddy Limited (ASX: KDY; "Kaddy" or the Company)** 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 provide a summary of activity undertaken in the December quarter, Q2 FY2023 (unaudited).

## **CEO UPDATE AND OUTLOOK**

**CEO Steve Voorma said** “Following three months in the business, I have completed a full review of the fulfilment side of the business which has resulted in the exit of the consumer business. Stage one of the exit was completed in December and stage two will be completed early February – two stages as a result of pre-existing contractual agreements requiring time to unwind.

“As a result, significant cost savings to the business have been identified and are being realised on a phased basis. To date \$2.3m p.a. have been realised from our announced target of \$5.7m p.a. (P&L basis). The savings run rate will increase exponentially post full exit of the consumer business in February, with the full run rate of savings expected to be achieved by the end of the June quarter 2023. The Company also had one off restructuring costs across the business (including paying out leave entitlements). We can see that cash costs in the month of December are trending lower than prior months and cash savings will become more visible on a monthly basis and continue to build as we approach June.

“As touched on in our September quarterly report, significant deficiencies were identified in our Kaddy fulfilment business, at a cost level:

- Improve our internal process and systems for enhanced operating efficiency
- Rapidly reduce our operating expenses, as seen in multiple duplications and inefficiencies that currently exist through our operating environments
- Foster an enhanced performance culture to drive accountability and learnings

“With multiple projects and initiatives implemented and now running through the business, including the implementation of a new Warehouse Management System, I expect the clean-up from previous leadership strategies to be completed by June, after which we are expecting faster, more profitable and scalable growth encompassing a greatly enhanced customer experience.

“A number of exciting initiatives are underway in Kaddy Marketplace. We will shortly begin beta testing a Supplier API that our largest suppliers can integrate with to automate inventory levels and SKU details as well as automate their order flows – this will create large time savings for these suppliers for the first time. Over the course of the year we will also be improving freight and inventory model flexibility for suppliers and working on a 3<sup>rd</sup> party API which will allow for integration with common accounting and inventory and software, a huge win for suppliers without developer resources. on top of this we will continually be making changes to improve the buyer experience.

“I am also excited by several ongoing business development discussions, some of which I hope to be able to announce in due course.

“While we are still in the recovery mode, early results are incredibly encouraging with our financial and operating metrics trending up with this quarter, attaining record revenue and GMV levels.

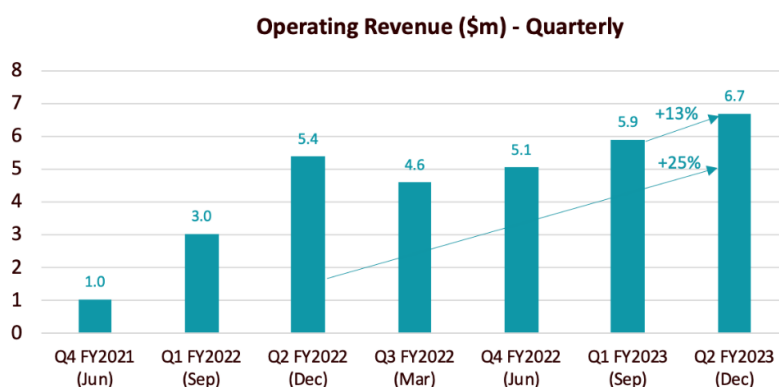
“On servicing our customers, we are very pleased with our rebranding exercise, now both fulfilment and marketplace operate under one unified brand “Kaddy” and only in B2B. Our teams are now focused and unified, our business complexity has been reduced and allows us to set a clear growth pathway around our core value B2B proposition; Kaddy is Australia’s leading wholesale beverage marketplace – ‘Less Work. More Business’

“Regarding funding, we have made significant progress leading to an inflow of funds of \$1.724m in December, and have reached an agreement with J Oasis to invest up to \$7.3m into Kaddy via a Convertible Note of which \$2.3m will be subscribed within two weeks (or such later date as may be agreed between the parties) which will provide further runway to the Company until such time that savings reach their full run rate.

“I am pleased with how the business is trending, however acknowledge that more work is still required to place us in a position of sustainability. I am confident that this will be achieved.”

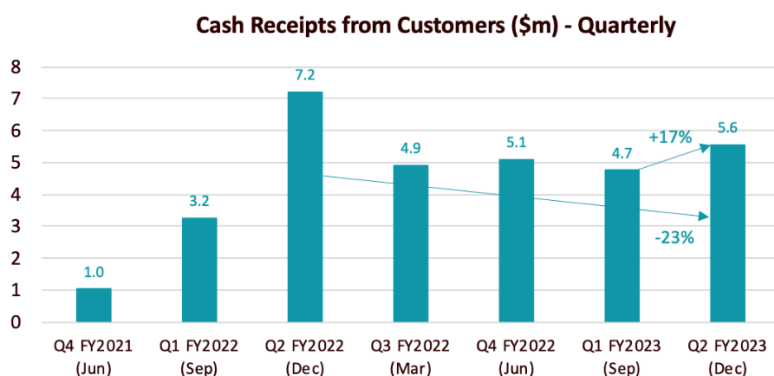
## **KEY FINANCIAL RESULTS**

**Operating Revenue:** Kaddy generated \$6.7m in Operating revenue in Q2 FY2023, up 13% on the prior quarter Q1 FY2023 and up 25% on Q2 FY2022. Kaddy Marketplace generated GMV of \$7.03m, up 46% on the prior quarter's GMV of \$4.80m (up 384% on Q2 FY2022). Note: Operating revenue consists of Revenue derived from Fulfilment and Marketplace (with Marketplace Revenue being net GMV earned, i.e. the margin).



**Operating cashflows:** Kaddy generated \$5.6m in Cash Receipts from Customers in Q2 FY2023, up 17% on the prior quarter Q1 FY2023.

Compared to Q2 FY2022, Operating cashflow was down 23%, however, this number is not directly comparable as Q2 FY2022 presented Marketplace GMV differently (on a gross rather than subsequently in future quarters on a net basis - see explanation; ASX announcement - [Investor Update, December Quarter Q2 FY2022, 3 February 2022](#) – slide 16). This led to a higher presented Q2 FY2022 number and in addition included, a one-off booking of \$1m in cash acquired relating to the acquisition of Parton (accounting treatment requirement).



## **BUSINESS MODEL**

The Company undertook a strategic review of the business model change in late calendar 2022. This resulted in a decision for Kaddy to exit the consumer business and to focus solely on core B2B customers in Fulfilment and Marketplace. See ASX announcement [7 November 2022](#).

Significant cost reductions are expected following this change which resulted in the Company announcing a cost savings target of \$5.7m p.a., of which to date \$2.3m p.a. have been realised (P&L basis). A number of savings are staged due to existing contractual agreements taking time to unwind, with stage completed in December and Stage two to take place in early February.

Stage one was completed in December and stage two will be completed in early February – the result of pre-existing contractual agreements requiring time to unwind.

The Company took some one off restructuring costs across the business. These costs include paying out one-off leave entitlements associated with reducing head count.

## **FUNDING**

### **Capital raise – J Oasis**

Singapore based strategic investor J Oasis has agreed to invest up to \$7.3m into Kaddy via a Convertible Note. \$2.3m will be subscribed within two weeks (or such later date as may be agreed between the parties). An additional \$5.0m is available on the same terms, subject to mutual agreement from both parties (total \$7.3m).

### **Capital raise – December 2022**

The Company raised \$1.724m in December 2022 via a convertible note (cash received). Singaporean based strategic investor Triton Growth Management Pte Ltd (Triton) invested \$700k and \$1.024m was raised from existing major shareholders, senior management and directors, including CEO Steve Voorma. See ASX announcement [19 December 2022](#). The Company separately announced a small investment of \$50k in Notes on the same terms in late December (see ASX announcement [23 December 2022](#)). Triton and Kaddy have amended the previously executed agreement to reflect the fact that it is not anticipated that Triton will invest further funds.

### **Cash position**

The Company held \$2.040m cash at bank as at 31 December 2022. Cash at bank excludes circa \$2.29m 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 1.09 quarters (based on historic cash flows, December quarter, Q2 FY2023) and notes the following key factors affecting cash flows from operating activities in the December quarter:

1. The Company has executed changes to reduce net operating cash outflows:
  - a. Cost savings target of \$5.7m – mainly focused on the fulfilment side of the business (reaching their full run rate by the end of the June quarter 2023)
  - b. Further cost savings are expected in Kaddy Marketplace, to be announced in due course
  - c. Revenue growth through Q2 has been strong and is expected to grow further in Q3.
2. R&D tax refunds to release circa \$1.0m in cash in Q3 FY2023 (March quarter).
3. Further capital will be sought to support growth. J Oasis has agreed to invest up to \$7.3m into Kaddy via a Convertible Note of which \$2.3m will be subscribed within two weeks (or such later date as may be agreed between the parties).

## **CORPORATE**

**Chief Executive Officer appointment:** The Company appointed Mr Steve Voorma on 11 October 2022. Steve is an internationally experienced executive with deep global consumer and digital media expertise working for blue chip brands. His most recent role was as CEO of the Active Display Group where he led a highly successful profit improvement strategy and ultimately sale to an ASX listed company. Prior to this Steve led three separate divisions of Sony in Europe and Australia, developing expertise in logistics, service delivery and operational transformation. See ASX announcement [11 October 2022](#).

**Chief Financial Offer appointment:** The Company appointed Mr Andrew Ong on 23 December 2022. Andrew brings extensive marketplace, logistics, and fulfilment experience leading finance and commercial roles. Most recently he was Head of Delivery Experience at WooliesX (focused on e-commerce and digital marketplace – part of Woolworths Group). See ASX announcement [23 December 2022](#).

**Name change and ASX ticker change:** The Company changed its name change to Kaddy Limited (ASX: KDY) which was approved at the Company's recent AGM on 29 November 2022. The Kaddy is now a unified operating brand across fulfilment and marketplace divisions and operates solely in B2B (exited B2C).

**Market engagement:** The Company presented at the Australian Microcap Investment Conference on Tuesday 19 October (Sofitel, Melbourne). View the investor presentation [here](#).

**Consolidation of capital:** The Company undertook a consolidation of capital in early December 2022 whereby every 25 shares were consolidated into 1 share. The initiative was carried at the Company's recent AGM on 29 November 2022. See ASX announcement [here](#).

**Operating expenditure:** In Q2 FY2023, Net Cash from Operating Activities outflow was \$2.798m (Section 1.9, Appendix 4C) and gross operating cash outflows were \$8.2m (Section 1.2, Appendix 4C). See section on Key Financial Results for commentary.

**Financing activities:** During the quarter the Company received funds of \$1.674m relating to the December 2022 announced convertible note funding agreement (Section 3.2, Appendix 4C). The Company also received proceeds from borrowings under debtor funding facilities of \$1,902m (Section 3.5, Appendix 4C; see also Section 7). Finally, the Company repaid \$618k (Section 3.6, Appendix 4C) of principal related to its finance agreements on warehouse equipment, motor vehicles and debtor finance.

**Related Party Payments:** During the quarter, the Company made payments of \$81k to related parties and their associates. These payments relate to the existing remuneration agreements for the Executive and Non-Executive Directors. Non-executive Chair Paul Evans waived his fee for the December quarter, having also done so in the September quarter.

**END**

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

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

## **Kaddy Limited** (ASX: KDY)

Kaddy is an Australian publicly listed technology company, 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.*

## Appendix 4C

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

**Name of entity**

KADDY LIMITED

**ABN**

59 086 435 136

**Quarter ended ("current quarter")**

31 December 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A</b>	<b>Year to date (6 months) \$</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,530,298	10,278,565
1.2 Payments for		
(a) research and development	(319,654)	(745,677)
(b) product manufacturing and operating costs	(2,647,383)	(5,415,682)
(c) advertising and marketing	(95,021)	(293,253)
(d) leased assets	(1,252,194)	(2,523,928)
(e) staff costs	(3,481,376)	(6,833,181)
(f) administration and corporate costs	(379,486)	(821,983)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1,925	2,023
1.5 Interest and other costs of finance paid	(152,852)	(229,908)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,795,743)</b>	<b>(6,583,024)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(259,216)	(265,284)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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

2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	273	273
	(d) investments	4,882	4,882
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(254,061)</b>	<b>(260,129)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	178,620	178,620
3.2	Proceeds from issue of convertible debt securities	1,673,500	3,169,500
3.3	Proceeds from exercise of options	-	4,262
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	1,902,333	3,280,915
3.6	Repayment of borrowings	(618,305)	(758,312)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (funds on term deposit as security for property lease bonds)	-	(344,473)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,136,148</b>	<b>5,530,512</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	1,955,428	3,354,413
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,797,632)	(6,584,913)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(254,061)	(260,129)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,136,148	5,530,513



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

4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,041,772</b>	<b>2,041,772</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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 \$A</b>	<b>Previous quarter \$A</b>
5.1	Bank balances	2,041,772	1,955,428
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,041,772</b>	<b>1,955,428</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**

80,991

-

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 \$80,991 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.

	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please see below table for detail) <sup>(1)</sup>	4,594,895	3,577,885
<b>7.4 Total financing facilities</b>	<b>4,594,895</b>	<b>3,577,885</b>

7.5 **Unused financing facilities available at quarter end** 1,017,011

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.

<sup>(1)</sup> Kaddy Limited Financing facilities

Kaddy Limited has Hire Purchase loan arrangements with the several finance providers for warehouse and logistics equipment:

- Crown Finance with an interest rate 11.25%, a term of 60 months and expiry Aug 27.
- 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 Jun 24.
- Crown Credit with an interest rate of 6.76-9.96%, a term of 60 months and expiry of Aug27

All facilities are secured via a registered GSA over the equipment.

Kaddy Limited also has 2 debtor finance facilities:

- EarlyPay for \$1m with an interest rate of 8.75% secured against Kaddy Marketplace debtors.
- Scottish Pacific Business Finance for \$3m with an interest rate based on 30 day bank bill rate (BBSY) plus 4% secured against Kaddy Fulfilment trade debtors.

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,795,743)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,041,772
8.3	Unused finance facilities available at quarter end (Item 7.5)	1,017,011
8.4	Total available funding (Item 8.2 + Item 8.3)	3,058,783
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	1.09
<small>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.</small>		

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 have reduced net operating cash outflows by \$1.0m in Q2 and will further reduce outflow in Q3. The company also expects R&D tax refunds initially forecasted for Q2 to release \$1.0m in cash in Q3.

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: The Company has reached agreement with J Oasis to invest up to \$7.3m into Kaddy via a Convertible Note of which \$2.3m will be subscribed within two weeks (or such later date as may be agreed between the parties) and an additional \$5.0m is available on the same terms subject to mutual agreement from both parties.

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 noted in question 8.6.1 and the additional funding noted in question 8.6.2, 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.

31 January 2023

Date: .....

Authorised for release by the Board of Kaddy 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.