

ASX Release

10 July 2023

## **Spenda Platform successfully rolled out to the Carpet Court store network and five-year exclusive agreement signed to offer lending services**

### **Key Highlights**

- CC Spenda Platform ('Platform') successfully rolled out across Carpet Court's store network, as envisioned under the CC Spenda Platform agreement <sup>1</sup>
- Carpet Court is the largest retail floor covering specialist in Australia, with a growing network of 205 franchised stores (referred to as 'stores' or 'members'), with a presence in every State and Territory and annual retail sales of circa \$500m
- Payments currently processed via the Platform, represent payments between the store network and Carpet Court's National Support Centre ('NSC') and equate to approximately \$20m per month
- Payments processed via the Platform increase productivity and create efficiencies for both individual stores and the NSC, by automatically allocating and reconciling payments in the Accounts Payable ledger and Accounts Receivable ledger of the store and NSC, respectively
- Contemporaneous with completion of the roll out, the parties have signed a five-year exclusive agreement for Spenda to provide working capital finance (extended credit) to Carpet Court's stores

<sup>1</sup> See ASX announcement, dated 7 December 2022



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- Spenda will receive the following revenue streams under its current agreements:
  - Software as a Service ('SaaS') fees;
  - Transaction-related Payment processing fees, calculated on payments volume processed.
  - Payments processed between stores and the NSC offer 'last mile integration', enabling full end automated reconciliation for both the store and the NSC; and
  - Funding fees on extended credit for stores, on their payments to the NSC, which will leverage funds from Spenda's debt warehouse facility and utilise Spenda's Pay-Statement-Link product.
- The parties are also collaborating on a pilot program for individual stores, incorporating the following products and services, that are offered by Spenda as part of their suite of services for customers:
  - Standard Operating Environment ('SOE')
  - Spenda Point of Sale ('SpendaPOS')
  - Spenda Service ('Service')
  - Supplier Early Settlement Discounts ('Supplier ESD')
- Under these initiatives, Spenda may receive additional revenue streams including one-off implementation fees, ongoing monthly SaaS fees and Payment Processing fees, calculated on B2C payments volume processed

Spenda Limited (ASX: SPX, “Spenda” or “the Company”) is pleased to announce that CC Spenda Platform (‘Platform’) has been successfully rolled out to Carpet Court store network and contemporaneously, the parties have entered into a five-year exclusive agreement to offer lending services to the store network.

Following the successful completion of a pilot program, that involved the integration of the Platform into the operating environment of select Carpet Court stores, using a bespoke iteration of the Spenda Platform, Spenda and Carpet Court Australia Limited (‘Carpet Court’) have successfully completed the roll-out of the Platform across Carpet Court’s entire franchise network, that consists of approximately 205 member stores across Australia.

This phase of the program is in line with the Company’s **Node-to-Spoke** execution strategy, through the roll-out of services to Carpet Court’s NSC (the ‘Node’) and its 205 connected stores (the ‘Spokes’), to deliver business efficiencies through software and payment services.

Having this software infrastructure in place further enables Spenda to offer lending services across the entire Carpet Court network. In this regard and contemporaneously to the successful rollout, the parties have executed a five-year exclusive Relationship Framework Deed (‘Agreement’) to offer working capital finance (extended credit) to all stores.

Under the terms of the Agreement, Spenda will act as the Lender and Carpet Court will act as the Business Partner, with an initial term of five years. The parties will provide working capital finance to Carpet Court’s stores on a 30-day term for a fixed funding fee, calculated on a percentage of funds advanced to the store. During the initial term, either party may terminate the Agreement immediately for cause, in the event of a breach of any material terms, if the breach is not capable of remedy within 14 days.

The amount of revenue to be generated by the Company under this Agreement is unable to be determined at this stage as revenue generated will depend on several factors, including the number of members that apply for and qualify for a working capital facility. However, Spenda’s potential revenue is up to \$30,000 per store, per annum.



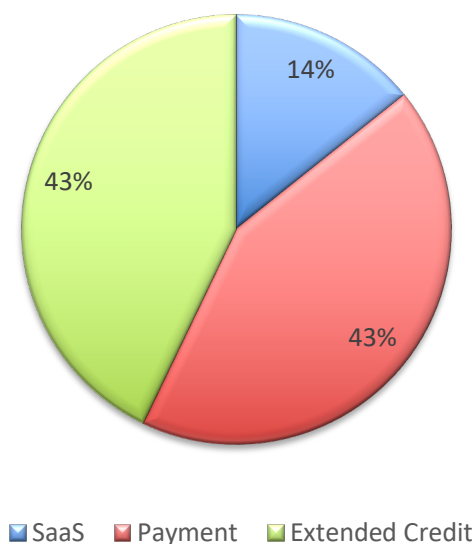
In addition to the above, the parties are also collaborating on a Pilot Program for individual stores across the following products and services:

- Standard Operating Environment ('SOE')
  - A Retail SOE across all stores is beneficial to both NSC and the individual stores themselves;
  - An SOE would assist the NSC to build a stronger more resilient franchise group that attracts more industry participants and optimised both business operations and time management for the stores;
  - For new franchisors looking to buy into the Carpet Court network, a SOE provides a compelling reason to join the franchise and delivers new stores with a predictable, repeatable and reliable software and payments stack;
  - This bespoke solution will bundle Spenda's Procurement, Service Management, and Centralised Range Management software into a Retail SOE tailored to the flooring industry; and
  - An initial pilot program is anticipated to commence, and the first store implemented in Q1 FY24.
- Spenda Point of Sale ('SpendaPOS')
  - The parties have undertaken an initial marketing campaign to all stores, offering SpendaPOS as an alternative solution to the stores existing merchant facility;
  - Spenda's terminals in store, include Pay-By-Link, to process payments between the individual member store and end consumer (B2C); and
  - Spenda's addressable market is circa \$500m, representing Carpet Court's total retail sales.

Under these initiatives, Spenda may receive additional revenue streams including one-off implementation fees, ongoing monthly SaaS fees and Payment Processing fees, calculated on B2C payments volume processed. However, at this stage the amount of revenue to be generated by the Company is unable to be determined and is subject to entering into legally binding agreements in respect to each initiative.

Assuming full adoption of each program and initiative, the Company's layered revenue stream is expected to be as follows:

### Expected Revenue Make Up by Source



Commenting on the Agreement and the parties' associated partnership, Mark Hogan, Chief Financial Officer of Carpet Court, said: *"The Spenda platform is delivering efficient end-to-end payment services for the NSC and members. The extended terms facility continues our digital transition and provides a flexible funding solution for members. We look forward to, building on these initiatives with the SOE pilot in coming months."*

Spenda Managing Director Adrian Floate added: *"The Spenda solution is rich in functionality and as such it can often be difficult to showcase the full capabilities of our software in a way that our investors can easily digest. The Carpet Court roll out has allowed us to show how we phase an implementation and monetise Spenda's services in clear stages, from acquiring a Node and delivering initial services to the connected Spoke network, and now further upgrading the Spokes with a working capital financing solution, retail software and additional payment infrastructure."*

– ENDS –



## About Spenda

Spenda Limited (ASX: SPX) is a transaction services business supplying industries with a broad range of B2B payment services, digital trading software and integrated solutions. Our goal is to convert EFT payments to card payments utilising the BPSP engagement coupled with our payments collaboration framework. Our competitive advantages deliver customers end-to-end e-invoicing integration, rapid ordering, digital trust and automated reconciliation.

Spenda supplies its customers a recipe of integrated software to create a vertical market standard operating environment (SOE) that enables the effective and seamless transfer of data from multiple, disparate software systems in one standardised technology solution, such as SpendaRetail. Spenda has licensing agreements with third-party software vendors that enable it to provide integrated SOE solutions to its customers.

For investors seeking information on the Company's activities that relate to marketing, customer events and other acknowledgement of customer activities, this information will be posted to the Company's news section of the website and on social media channels with the handle #getSpenda, active on Twitter, LinkedIn, Instagram and Facebook.

For more information, see <https://spenda.co/investor-centre/>

**This announcement has been authorised by the Board.**

## Investor Enquiries

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