

ASX Release

19 December 2023

Spenda successfully completes final phase of the DSD initiative with Capricorn, with commercial launch expected in 2H FY24

Key Highlights

- **Commercial launch of payment solutions for Capricorn in 2H FY24:** Following the successful completion of the final phase of the Digital Services Delivery ('DSD') initiative (Foundation Stage), Spenda and Capricorn are in advanced discussions to finalise the 10-year service agreement for commercial launch in mid 2024.
- **Upfront and recurring revenue:** Spenda will receive \$443k for the successful completion of the final phase, as well as \$1.3m in initial development fees for commercial launch in mid 2024 and a recurring revenue of \$100k per month software licensing fees.
- **Significant market opportunity:** Spenda's potential to benefit from increased ecommerce volumes on its payments infrastructure, through Capricorn's 26,000 Members and 2,000 preferred Suppliers, is significant. Capricorn's Members purchase ~\$270m per month in parts from the approved Supplier network.

Spenda Limited (ASX: SPX, "Spenda" or "the Company"), a software and electronic solutions provider, is pleased to announce that it has successfully completed the final phase of the Digital Services Delivery ('DSD') initiative (Foundation Stage), with the Capricorn Society Limited ('Capricorn') for the provision of software and ecommerce payments infrastructure. Both parties are now in advanced discussions to finalise the 10-year service agreement for commercial launch in mid 2024.

Capricorn is a member-based organisation established in 1974 to primarily support businesses in the automotive industry. Its current network consists of over 26,000 Members and more than 2,000 preferred Suppliers in every State and Territory in Australia and New Zealand. Capricorn's Members purchase ~\$270 million per month in parts from the approved Supplier network.

The DSD initiative is a significant and strategic project that upgrades the payments infrastructure to Capricorn's Member and preferred Supplier network to increase productivity and create efficiencies for Members, preferred Suppliers and Capricorn. The new payments solutions will enable all Capricorn Members to access eCommerce payment solutions, that are powered by Spenda. The upgraded payments infrastructure will incorporate Spenda's Pay-Statement-by-Link and Payment Widget solutions. The Pay-Statement-by-Link technology will be tailored to enable Members to view their live



www.spenda.co

Spenda Limited

ASX:SPX

ACN 099 084 143

shareholders@spenda.co

605, 275 Alfred Street, North Sydney, NSW 2060

statement, integrate purchases into their financials and allow preferred Suppliers to process credits. The Payment Widget will be tailored to enable Member purchases to be charged to the Capricorn Trade Account via preferred Supplier ecommerce solutions.

In May 2023, Spenda announced that it was selected as Capricorn's preferred supplier to deliver the first phase of the DSD initiative (Foundation Stage) for works to be carried out over a 12-week period. On 31 August 2023, Spenda announced that the initial DSD project works were successfully completed and that negotiations had commenced to extend the foundational phase engagement. In October 2023, Spenda announced that it had entered into an 8-week contract to complete the final phase of the DSD initiative (Foundation Stage), which involved security and platform Proof of Concept ('PoC') that simulates the entire production solution including the creation of a mock supplier eCommerce site.

Spenda has successfully demonstrated PoC for multiple technical scenarios and achieved all acceptance criteria. The final phase of the DSD initiative has now been completed and accepted by Capricorn. Both parties are now in advanced discussions to finalise the 10-year service agreement for commercial launch in 2H FY24.

Spenda will receive \$443k for the successful completion of the final phase, as well as \$1.3m in initial development fees for commercial launch in 2H FY24 and a recurring revenue of \$100k per month software licensing fees. The parties have also agreed to a 5+5 year option, which if exercised, would extend the agreement to a 20 year term.

Spenda's Chief Executive Officer and Managing Director, Adrian Floate, said:

"The long term partnership with Capricorn is a transformational commercial opportunity for Spenda. We are thrilled to have successfully completed the Foundation phase to de-risk the solution implementation and provide the parties with further insight on final design before the build phase commences. Our payments infrastructure will significantly improve the cash utilisation and reduce the working capital requirements throughout Capricorn's network of Members and preferred Suppliers and the commercial potential of this partnership over the next decade and beyond is significant."

– ENDS –



About Spenda

Spenda Limited (ASX:SPX) offers a unique payments solution to remove friction across a closed loop and decentralised marketplace, such as franchise networks, member organisations or agricultural supply chain networks. Spenda's payments solution has three components - Software, Payments & Lending - and enables end-to-end e-invoicing integration, rapid ordering, digital trust and automated reconciliation.

Spenda creates an industry standard operating environment (SOE) that enables the effective and seamless transfer of data from multiple, disparate software systems in one standardised technology solution. Spenda's ability to analyse and understand payment flows throughout these networks enables the Company to offer customised financing solutions to clients, in order to improve their working capital efficiency and cash utilisation throughout their operations.

For more information, see <https://investors.spenda.co/>

This announcement has been authorised by the Board.

Investor Enquiries

Please email: investors@spenda.co



www.spenda.co

Spenda Limited

ASX:SPX

ACN 099 084 143

shareholders@spenda.co

605, 275 Alfred Street, North Sydney, NSW 2060