

ASX Release

22 December 2023

Spenda signs 10-year Master Services and License Agreement with Capricorn

Key Highlights

- **10-year service agreement:** Spenda signs a 10-year Master Services and License Agreement (MSLA) with Capricorn for the provision of software and ecommerce payments infrastructure.
- **Commercial launch in 2H FY24:** Spenda will work closely with Capricorn to customise its payments infrastructure for use by Capricorn's Members and preferred supplier network over the next six months, with the onboarding of Capricorn's network expected from mid 2024.
- **Minimum revenue of \$2m in 2024:** Spenda expects to generate a minimum \$2m in revenue from software and services in calendar year 2024.
- **Long-term partnership:** The parties have also agreed to a 5+5 year option, which if exercised, would extend the agreement to a 20-year term. The MSLA lays a foundation for both parties to build further joint initiatives that can improve the digitisation of the automotive industry over a decades long horizon.

Spenda Limited (**ASX: SPX, "Spenda" or "the Company"**), a software and electronic solutions provider, is pleased to announce that it has signed a 10-year Master Services and License Agreement (MSLA) with Capricorn Society Limited ('Capricorn') for the provision of software and ecommerce payments infrastructure, following the successful completion of the Foundation Stage of the Digital Services Delivery ('DSD') initiative (see ASX release 19 December 2023).

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.

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



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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. In December, Spenda announced that it had successfully completed the final phase of the DSD initiative with Capricorn.

Spenda will work closely with Capricorn to customise its payments infrastructure for use by Capricorn's Members and preferred Supplier network over the next six months, with the onboarding of the network expected in mid 2024.

Spenda will generate at least \$2m in revenue from software and services in calendar year 2024. Software revenues are expected to significantly exceed the minimum \$100k monthly revenue as Spenda's software is rolled out to Capricorn's 26,000 Members.

The parties have also agreed to a 5+5 year option, which if exercised, would extend the agreement to a 20-year term. The MSLA lays a foundation for both parties to build further joint initiatives that can improve the digitisation of the automotive industry over a decades long horizon.

Bradley Gannon, Chief Executive Officer (Automotive) of Capricorn, said:

"This long-term agreement with Spenda is the end result of a comprehensive project to trial the new digital payments infrastructure. We now have full confidence to proceed with the commercial launch to our Member network in 2024 which will improve the flow of funds through the large network of buyers and suppliers in the automotive industry. We expect the Digital Services Delivery initiative and new payments infrastructure will deliver substantial value to our Member network for decades into the future."

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

"We are delighted to partner with Capricorn over the long term under this Master Services and License Agreement, which is an important milestone for both Spenda and Capricorn. We are working towards the onboarding of customers in 2H FY24 and we expect our revenues to scale significantly over the years ahead as the solutions are rolled out to the Capricorn Member network."

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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.

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