

ASX Announcement

29 January 2024

Cornerstone investment by Capricorn raises \$7.175m in private placement

Key Terms

- New cornerstone investment by Capricorn, following extensive due diligence
- \$7.175m raised via private placement
- Issue of 592,975,206 shares at an issue price of \$0.0121 per share
- Upon completion, Capricorn will own 13.75% of Spenda's issued share capital

Spenda Limited (**ASX: SPX, "Spenda" or "the Company"**), an innovative software company providing electronic payment solutions across a supply chain or trading networks, is pleased to announce a binding agreement for a new cornerstone investment by Capricorn Society Ltd ("**Capricorn**") raising \$7.175 million via private placement. The Company is now sufficiently funded to achieve its commercial ambitions.

Capricorn has undergone an extensive due diligence process and this cornerstone investment reflects their confidence in Spenda's unique payments software and the Company's earnings potential over time.

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.

In December, Spenda announced a 10-year Master Services and License Agreement (MSLA) with 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.



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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. Capricorn and Spenda have identified an array of opportunities, under this MSLA, each of which will have additional contracted revenue potential. This cornerstone investment ensures that Capricorn and Spenda are aligned in their desire to accelerate Spenda's growth.

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.

Pursuant to the new agreement, the Company will issue 592,975,206 shares at an issue price of \$0.0121 per share representing 13.75% of the Company's issued share capital upon completion of the new share placement. The issue price of \$0.0121 represents a discount of approximately 9.97% to the 15-day VWAP and a discount of approximately 7.7% to the 30-day VWAP. The Company intends to issue the shares on or around 31 January 2024, without prior shareholder approval, utilising all of the Company's current 10% placement capacity and part of the Company's 15% placement capacity, namely 371,018,745 shares under its 10% placement capacity and 221,956,461 shares under its 15% placement capacity.

The proceeds from the placement will be principally used for investment in further product development and general working capital. There was no broker or lead manager to the placement and no capital raising fees were incurred.

In addition, upon completion of the placement:

- (a) Capricorn will have a right to nominate a director to the Spenda Board;
- (b) subject to certain exceptions, Spenda will use reasonable endeavours to allow Capricorn to participate in any future new issues of securities to maintain its interest in Spenda; and
- (c) Capricorn will have matching rights in relation to certain change of control proposals received by the Company.

The agreement also contains additional terms that are considered customary and usual for an agreement of this nature, including certain representations and warranties.



Previously proposed investment terms announced on 17 October 2023, which were subject to Capricorn Board approval by 31 January 2024, were renegotiated.

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

“This is a significant and important investment for Capricorn. Our investment reflects the importance of our relationship with Spenda, the long history in which we have worked together and our confidence in the future success of Spenda as it further grows its client base.”

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

“After 21 years of collaboration and joint technology initiatives we have developed a very close trusted relationship. This investment is built on a solid foundation of past execution and belief in the future potential the Spenda platform represents to Capricorn, its network of members and suppliers and the wider opportunity to enable suppliers to get paid faster. I am delighted to be in business with Capricorn and I am looking forwards to the many things we can do together in the coming years. ”

-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 enablesthe 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

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