

Spenda announces strategic acquisition of Limepay to accelerate growth trajectory in all-scrip transaction

Key Highlights:

- **Signed binding term sheet:** Spenda has executed a binding term sheet to acquire 100% of the issued capital of Limepay for up to \$8m, in an all-scrip transaction. The acquisition is comprised of four tranches, with the last three tranches contingent on the achievement of specific performance milestones. If all milestones are achieved it will add a minimum of \$7.2m in Annual Recurring Revenue to Spenda.
- **Limepay is an embedded finance and card-not-present payment as service provider:** Limepay is a B2B SaaS company providing embedded finance services to Australian businesses.
- **Strategic advantages:** Limepay presents the Company with significant strategic advantages that are unlocked by maximizing the impact of consolidating a complementary roadmap, a cohesive culturally aligned development team and additional product capabilities. The Limepay team comprises banking software professionals that will significantly expand Spenda's product development resources and capability.
- **Together Limepay and Spenda have a strong pipeline for growth:** Limepay generated \$2.8m in revenue (unaudited) and a gross profit of \$1.4m (unaudited) in FY24, with a strong pipeline of new customer acquisitions. The addition of the Limepay capabilities aligns with Spenda's core strategy and will enhance the speed the Company can execute on its existing key customer contracts including Carpet Court and Capricorn while also scaling payment flows across the combined entity.

Spenda Limited (**ASX:SPX**, "**Spenda**" or "**the Company**"), an innovative software company providing electronic payment solutions across supply chains and trading networks, is pleased to announce that it has signed a binding term sheet to acquire 100% of the issued shares in Limepay Pty Ltd ("**Limepay**"). The acquisition is an all-scrip transaction for a total purchase price of up to \$8m, payable in four tranches, three of which are performance based.



Overview of Limepay

Limepay, established in 2019, is trusted by over 200 businesses to provide payment process and embedded finance services. Limepay provides a robust and scalable cloud-based platform comprising a portfolio of software tools to enable corporates and financial institutions to provide white-labeled embedded finance solutions to their customers. These include a suite of leading payment technologies to fuel business growth, encompassing payment acceptance, instalment options, lending, working capital, marketplace solutions and SaaS offerings.

Limepay's technology has been developed in-house, with all Intellectual Property (IP) and copyright over the platform. The team of eight experienced fintech developers have extensive experience in the payments technology space, providing a valuable upskilled resource pool to complement Spenda's development team.

In FY24, Limepay generated \$2.8m in revenue (unaudited) and a gross profit of \$1.4m (unaudited).

Limepay has a robust pipeline of enterprise level clients at various stages in the sales cycle, that are expected to contract to use Limepay's products, as well as take up Spenda's products suite. As such, the Company has linked Tranche 3 and 4 of the Deferred Consideration Shares to specific revenue milestones based on Limepay's internal company forecasts, detailed below.

Limepay Pty Ltd rebranded in 2022 and trades as April Solutions.

Acquisition Strategy & Rationale

The acquisition of Limepay will enable Spenda to accelerate its current projects, expand its product suite, and enter new verticals. with immediate deployment and revenue generating opportunities.

The acquisition of specific payments IP that is commercial and has no deployment risk is expected to deliver an immediate benefit for Spenda's existing customers, enabling them to readily deploy in market solutions that provide whole of business end to end payment solutions and services.

Both businesses have identified immediate revenue generating opportunities in each business' customer requirements that will allow the merged business to maximise the payment and software revenue wallet share. This will enable Spenda to leverage the merged business' revenue generating capabilities and provide economies of scale benefits in improved operating margin.



Limepay's Card Not Present ("CNP") as-a-service solution and their ability to deliver Platform on Record services to customers is in strong demand.

With growth expected through efficiency and integrated capabilities, the focus of the combined group will rationalise the roadmap enabling us to bring products to market faster and accelerate revenue from existing contracted key customer networks.

Limepay's experienced team of financial and payments technology developers will significantly expand Spenda's product development resources and capability. The integration of the Limepay team with the Spenda team in the overall development team will provide an immediate resource and product release cycle benefit, whilst also removing payments and product capability bottlenecks within the current resource pool, bolstering the overall capabilities of the combined team, enhancing our East Coast presence and providing continuity in services to existing customers.

The merged software suite will enable the Company to better compete in the digital payments segment with a much more robust product suite with an almost end to end service offering.

The Company expects to provide investors with more detail on the acquisition and merged entity once the Company is in receipt of requisite Limepay shareholder approval.

Acquisition Consideration

As consideration for the acquisition of Limepay shares, the all-scrip transaction is structured as follows:

Completion Shares:

- **Tranche 1:** Spenda will pay \$2.48m through the issue of 204,958,678 shares at an issue price of \$0.0121 upon completion, expected in September 2024;

Deferred Consideration Shares:

- **Tranche 2:** Spenda will pay up to \$0.72m through the issue of up to 59,504,132 Spenda shares at an issue price of \$0.0121, upon Limepay's receiving its FY24 R&D refund of circa \$0.72m which is expected before the end of 2024;
- **Tranche 3:** Spenda will pay \$2.4m, through the issue of Spenda shares at an issue price of the greater of \$0.0175 or a 10% discount to the 90-day volume weighted average price for Spenda shares ("**VWAP**"), upon Limepay achieving Annualized Rolling 3-month average revenue ("**ARR**") of at least \$4.8m for three consecutive months; and



- **Tranche 4:** Spenda will pay \$2.4m, through the issue of Spenda shares at an issue price of the greater of \$0.0225 or a 10% discount to the 90-day VWAP, upon Limepay achieving ARR of at least \$7.2m for three consecutive months.

All consideration shares will be issued subject to shareholder approval for the purpose of ASX listing rule 7.1.

Voluntary Escrow

For the first 12 months following milestone achievement, the following shares will be held in escrow:

- 100% of the Consideration Shares issued with respect to Tranche 1 and Tranche 2
- 50% of the Consideration Shares to be issued with respect to Tranche 3 and Tranche 4

Managing Director Adrian Floate said, *“This is a high value acquisition for Spenda that brings product capability, exceptional people, great customers and many opportunities to work together to drive revenue growth. The combined entity will have an expanded product suite that will enhance its competitive positioning in market and enable access to new customers and market verticals. From an operational perspective, the addition of a high-quality team of banking software engineers will accelerate our current project pipeline and improve our operational efficiency. We have complementary product roadmaps, and the ability to scale payment flows across the combined entity which we expect will increase our wallet share per customer.”*

Tim Dwyer, Founder and Director of Limepay said, *“We are extremely excited about the opportunity to create a leader in the embedded finance space by integrating with Spenda and its management team led by Adrian. I believe it will be a great cultural fit for both our organisations and we’re excited to be part of Spenda’s next chapter, I believe the transaction will position us to execute significant business opportunities and create a leading payments company for enterprise customers.”*

Indicative Timetable and Next Steps

Subject to the receipt of requisite Spenda and Limepay shareholder approvals, board approvals, the execution of a share purchase agreement, the granting by ASX of a waiver from ASX Listing Rule 7.3.4 and satisfaction or waiver of the other standard and LimePay specific conditions precedents to closing, Spenda expects to complete the acquisition by the end of the third quarter CY24.



About Spenda

Spenda Limited (ASX:SPX) is an integrated business platform that enables businesses across the supply chain to sell better and get paid faster. Spenda is both a software solutions provider and a payment processor, delivering the essential infrastructure to streamline processes before, during and after the payment event.

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 combines five vendors into one solution with end-to-end software integration as well as ledger-to-ledger integration to improve operational efficiency for all trading parties in the supply chain.

Spenda captures transactions and payments through the value chain, generating layered revenue streams from SaaS, both B2B and B2C payments and B2B supply chain finance. 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://spenda.co/investor-centre/>

This announcement has been authorised by the Board.

Investor Enquiries

Please email: investors@spenda.co

