

Spenda Executes Sale Agreement for Invoice Finance Portfolio

Key Highlights:

- **Sale of Invoice Finance Portfolio:** Spenda has agreed to sell its Invoice Financing portfolio to Grapple for \$2m, subject to portfolio performance.
- **Return of \$2.3m first loss capital:** Completion of the sale will release \$2.3m in first-loss capital, in addition to the \$2m in sale proceeds.
- **Balance sheet recapitalisation** – the sale of the invoice finance portfolio recapitalises the balance sheet providing an additional \$4.3m in available working capital and associated operational savings of ~\$600k per annum.
- **Spenda and Grapple to enter into referral agreement:** Spenda will generate revenue for any new customers referred to Grapple by Spenda.
- **Increases margins and reduces risk:** Sale of the invoice finance portfolio will increase margin as the Company's income stream moves to bundled SaaS and payment services, importantly removing lending / credit risk.

Spenda Limited (**ASX:SPX**, "**Spenda**" or "**the Company**"), an innovative software company providing software and electronic payment solutions across supply chains and trading networks, is pleased to announce the execution of an Asset Sale Agreement ("**Transaction**") with Grapple Invoice Finance Fund Pty Ltd ("**Grapple**") for the sale of the Company's invoice finance loan book ("**the Asset**") via its subsidiary Spenda Cash Flow Pty Ltd ("**SCF**"), the entity servicing the Company's invoice finance loan book.

Key Terms of the Agreement

The Agreement will see Grapple acquire SCFs assets for a total consideration of \$2m, on the following terms:

- On the completion date, Grapple to pay Spenda the sum of \$500,000 ("**initial consideration**"); and
- Grapple shall pay an additional consideration of \$1,500,000 ("**deferred consideration**") as follows:
 - o 10 equal monthly instalments in the sum of \$75,000 commencing on 14 April 2025, and then on the 14th day of each calendar month thereafter; and
 - o a sum of \$750,000 on or before 31 March 2026 subject to portfolio performance ("**Balloon Payment**").
- The deferred consideration may be adjusted if any Customers leave or are terminated from the completion date to 28 February 2026.





The sale will also result in a reduction of ~\$50,000 p.m. in gross profit, the impact of which is offset by cost reductions associated with the operations portfolio. Continuing growth in other product lines are expected to increase the overall operating margin of the business. Further, the sale of the loan book to Grapple will result in the return of the Company's committed first loss capital of ~\$2.3m, a precondition requirement at the time of the establishment of the loan facility.

Completion of the transaction is expected to occur on 28 February 2025.

Referral Agreement

The Company and Grapple are executing a referral agreement for an initial period of 24 months under which Grapple will pay the Company a referral commission equal to 100% of the Net Interest Margin ("**NIM**") for year 1 and 50% of the NIM for year 2, in respect of all deals successfully referred to Grapple by the Company from November 2024.

Additionally, as part of the sale of the loan book to Grapple, certain Spenda employees key to the ongoing management and servicing of the loan book as a going concern will transfer across to Grapple on completion.

As a result of the sale, the Company will pay a break-fee of \$170,000 (1% of facility limit) to the Company's credit provider for the early termination of the facility.

Managing Director Adrian Floate commented *"The sale of the loan book is the first step in the Company's restructuring its balance sheet and releasing capital whilst realizing value through bringing forward future cashflows. With the software now capable and proven in managing financing flows, credit processes, risk management and payment reconciliation, the Company can now enable third party lending products to be onboarded on to the platform via revenue sharing agreements as executed with Grapple. Further, the Company has removed the capital constraints associated with being the counterparty to loan / financing related product offerings. We look forward to working with Grapple in growing the invoice finance loan book to the benefit of both parties."*

Grapple CEO and Founder Stephen T. Dawson commented, *"This transaction allows both businesses to concentrate on respective core competencies and further drive the uptake of Grapple's market leading digital and real-time invoice financing platform. We look forward to working with Spenda to ensure a smooth transition of the invoice financing portfolio and taking advantage of the synergies offered by the deal."*



www.spenda.co
Spenda Limited
ASX:SPX
ACN 099 084 143
investors@spenda.co

Part G, Building B, The Garden' Office Park, 355 Scarborough Beach Road, Osborne Park, WA, 6017



About Spenda

Spenda Limited (ASX:SPX) is an innovative software company providing software and electronic payment solutions across supply chains and trading networks enabling them 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.

This announcement has been authorised by the Board.

Investor Enquiries

Please email: investors@spenda.co

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



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