

ASX Release

1 August 2022

## Activities Report for the Quarter ended 30 June 2022

### Key Highlights

- Cash receipts of \$693k for the quarter delivers full year FY22 cash receipts of \$2.3m, representing a +107% growth from full year FY21.
- 95% of cash receipts from customers represented recurring revenue, a further 11% growth from the previous quarter.
- Payment customer acquisitions grew sharply in the backend of the quarter, which is expected to deliver strong revenue growth in the future.
- \$3.5m growth in B2B payment flows, up 500% from the previous quarter. B2C merchant payment flows remained consistent for the last two quarters.
- Key Strategic customer payments flows reached \$4.2m for the quarter.
- Further efficiencies and reductions in operating costs were implemented in the quarter to deliver benefits in FY23.



- The Company's lending portfolio remained stable during the quarter, with further capital expected to be deployed moving forward now the debt warehouse is established.
- Closing cash and cash equivalents of \$7.6m as at 30 June 2022.
- Net cash position of \$12.5m as at 30 June 2022 (refer to Table 1).
- The Company released version 1.0 of its Spenda Accounts Payable product, a companion software solution to Spenda's Accounts Receivable product, to capture a greater proportion of B2B payments between businesses and their suppliers.
- The Company rebrand completed during the quarter to align with its product portfolio and to reflect the evolution and growth of the business.

Spenda Limited (**ASX: SPX, "Spenda" or "the Company"**) is pleased to release its quarterly Activities and Cash Flow report for the quarter ended 30 June 2022 (Q4 FY22).

As noted in its March 2022 quarterly, the Company focused efforts on delivering payment and lending flows to new customers in its sales pipeline and expanding services to existing customers.

During the quarter, the Company successfully delivered on the targets outlined in the 31 March 2022 Quarterly Activities Report, including:

- Delivering new payment and lending flows to new and existing customers - up 500%;



- Further converging the Company's payments and lending services;
- Releasing product improvements to Spenda's Accounts Receivable and Accounts Payable products; and
- Working with its debt advisor, Neu Capital Pty Ltd ("**Neu Capital**"), to (a) complete the structural work required to attract institutional debt capital and (b) source, negotiate and implement specific funding terms with suitable institutions.

Subsequent to the end of the quarter and as announced on 1 August 2022, the Company secured a \$50m debt warehouse facility to accelerate growth of its lending and payment services.

Securing the \$50m debt warehouse facility with a prominent Australian credit fund, follows an exhaustive process and extensive negotiations with multiple institutions and credit funds.

The facility will enable the Company to grow and scale revenue with greater velocity. This vital piece of capability expands the Company's available capital to lend to customers, which will also enable accelerated payments in the supply chain offering suppliers with capital on near real time terms.



## LENDING UPDATE

### Portfolio Highlights:

- Portfolio growth of +155% since the acquisition of Invigo in July 2021;
- Customer limits of \$19m;
- Lending portfolio balance of \$12.1m as at 30 June 2022 (\$11.9m as at 31 March 2022); and
- Delivering stable and consistent yields of circa 19% quarter on quarter.

As noted, the Company's current lending portfolio remained stable during the quarter, delivering steady and recurring revenue.

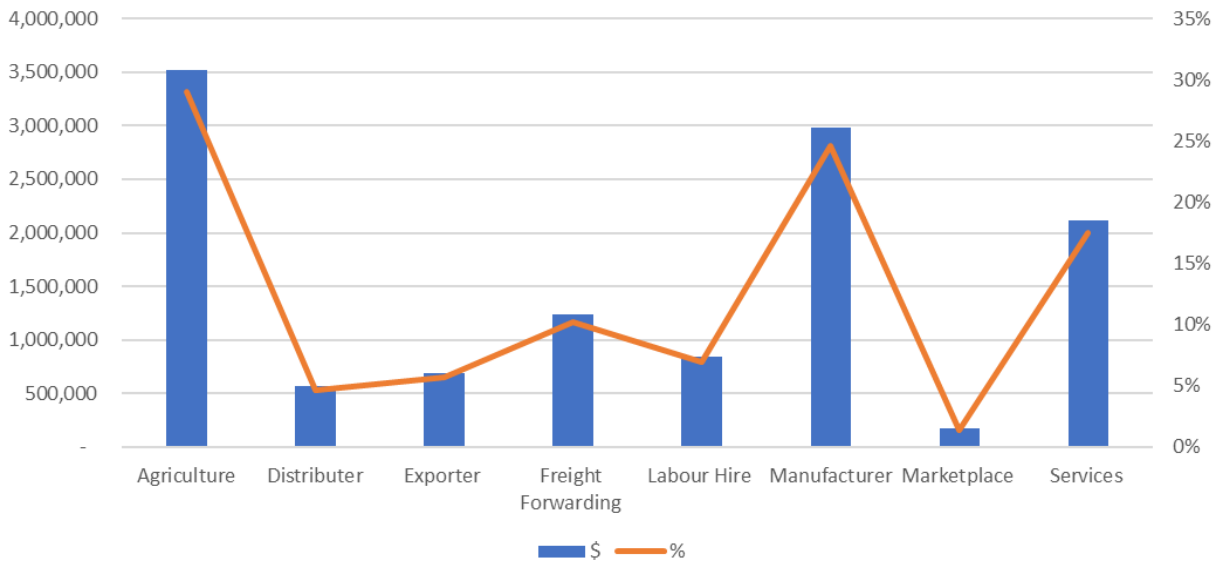
While the Company was in the process of establishing its debt warehouse facility it deployed its own capital to maximise returns. However, following the establishment of its \$50m debt warehouse facility, these funds will be repatriated back into the Company's cash reserves, instead leveraging off balance sheet financing to rapidly accelerate its lending portfolio.

The below graphs provide a snapshot of the Company's lending portfolio, quarter on quarter, by Industry Sector:



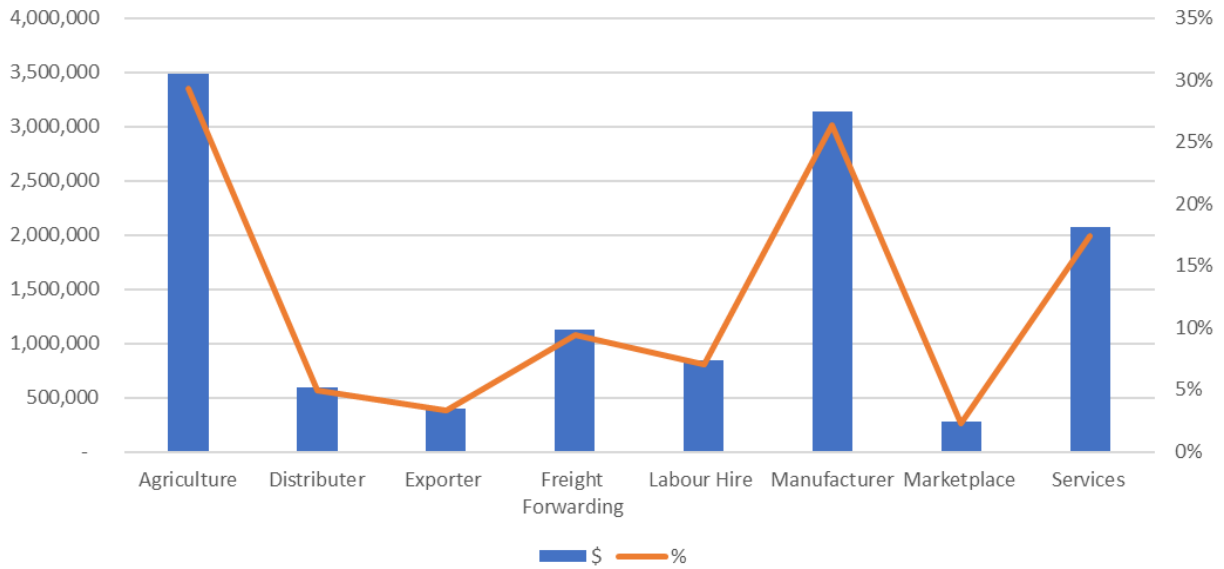
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Lending Portfolio by Industry Sector - 30 June 2022



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Lending Portfolio by Industry Sector - 31 March 2022



## PAYMENTS UPDATE

During the quarter the Company continued to facilitate payments to both its business to consumer (B2C) and business to business (B2B) customers, with key strategic customer payments flows reaching \$4.2m for the quarter.

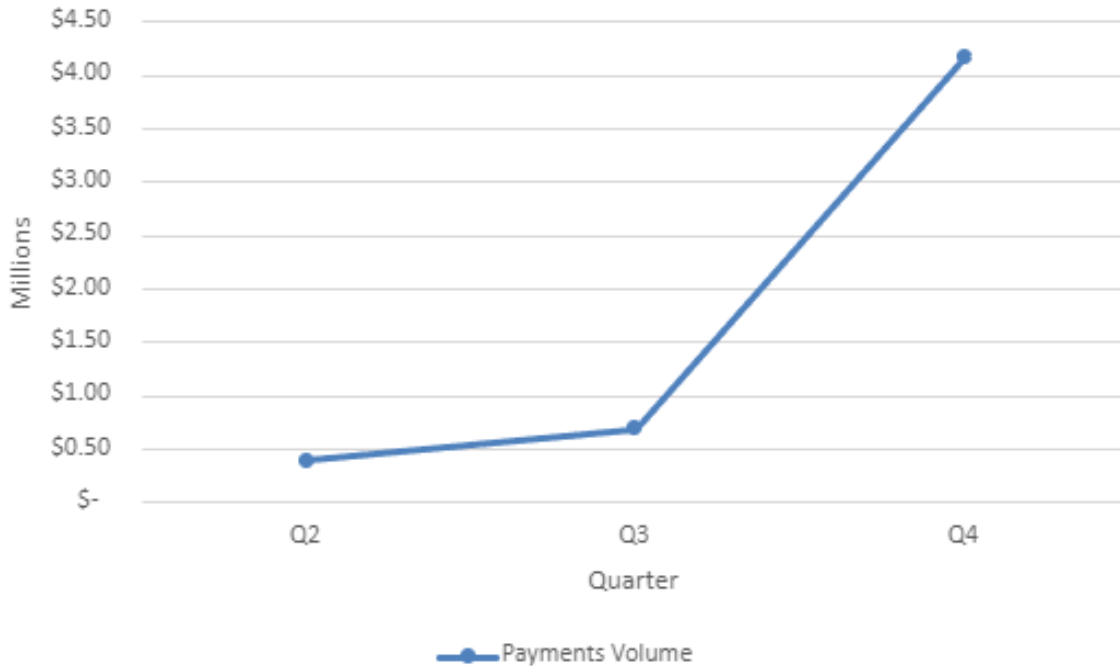
Delivering B2B payment services to both existing customers and to newly acquired businesses resulted in a 500% growth, compared to the prior quarter, adding \$3.5m in payment flows. Revenue generated from this growth in payments flow will be reflected in cash recipients in the coming quarters.



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21/22 Payments Volume from Key Strategics



Merchant payment flows supporting B2C transactions remained steady for the last two quarters, following a peak over the Christmas period. Additionally, the Company accelerated on-boarding of merchants through their ISO agreement, supported by a targeted marketing campaign to B2C merchants.

An increase in payment flow is expected in subsequent quarters once these terminals have been provisioned to customers.





Facilitating digital payments across the entire supply chain through Spenda's payment services enables the Company to take a clip of each transaction flowing between all parties in the supply chain - Wholesalers to Suppliers, Suppliers to Retailers, and Retailers to Consumers. Providing businesses with additional payment options, such as fast access to working capital within these existing payment flows (facilitated through the newly launched debt warehouse), is expected to accelerate the adoption of the Company's integrated (payments plus lending) services.

#### CORPORATE AND FINANCIAL UPDATE

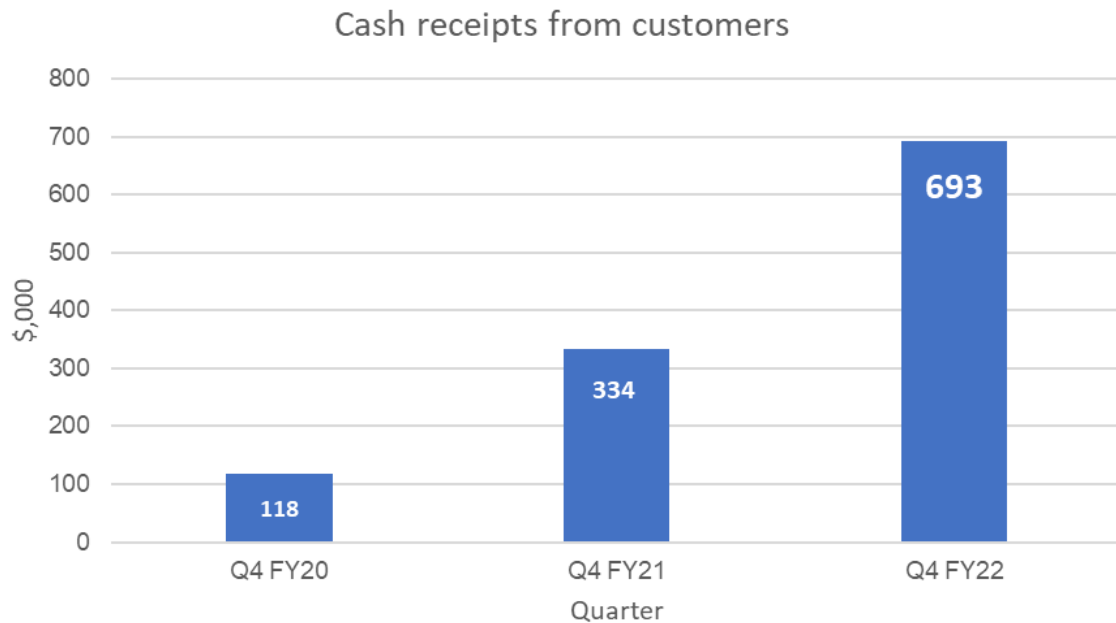
During the quarter the Company appointed a Head of Major Channels responsible for both providing a critical link between software, payments and lending to support the sales team to achieve their revenue targets, and to protect the Company's long-term viability and growth prospects by managing critical customer relationships.

#### Financial Position

Cash receipts from customers continue to increase, with cash receipts for the current quarter totalling \$693k, which delivers full year FY22 cash receipts of \$2.3m, representing a +107% growth from full year FY21 and a 10% increase compared to the prior quarter.

Annual Recurring Revenue (ARR) continued to grow and now comprises 95% of the Company's revenue.





The Company had a closing cash position of \$7.6m as of 30 June 2022 plus \$12.1m in gross client loan book, representing loan capital deployed to multiple customers.

Net cash position	\$'m
<b>Cash and cash equivalents (A)</b>	<b>7.6</b>
Gross client loan book	12.1
Less: Moneytech facility	(7.2)
<b>Net client loan book (B)</b>	<b>4.9</b>



**Net cash position (A + B)**

**12.5**

**Table 1:** Net cash position

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Payments totalling \$1,649 were paid directly to Mr Adrian Floate (Managing Director) in relation to superannuation. As approved by shareholders at the Company's 2021 Annual General Meeting, held on 31 January 2022, Mr Floate elected to receive his net salary (\$72,951) for the period 1 February 2022 to 30 June 2022 in Shares. On 30 June 2022, the Company issued 1,736,935 Shares at a deemed value of \$0.042 (4.2 cents) to settle this amount due.

Accrued costs of \$15,000 were recorded in relation to directors' fees for Mr Peter Richards for the quarter. On 30 June 2022, the Company issued 1,428,572 Shares at a deemed value of \$0.01 (1 cent), to settle, in part, director's fees payable to Mr Richards. These Shares were issued in accordance with resolutions passed by shareholders at the Company's 2021 Annual General Meeting, held on 31 January 2022.

Accrued costs of \$17,500 were recorded in relation to directors' fees for Mr Howard Digby for the quarter. On 30 June 2022, the Company issued 1,428,572 Shares at a deemed value of \$0.001 (1 cent), to settle, in part, director's fees payable to Mr Digby. These Shares were issued in accordance with resolutions passed by shareholders at the Company's 2021 Annual General Meeting, held on 31 January 2022.

Payments totalling \$35,750 (\$32,500 excl. GST) were paid directly to Mr Stephen Dale in relation to directors' fees accrued to 30 June 2022. No other related party transactions occurred during the quarter.

### **Summary of operating expenditure incurred on business activities**

The operating expenditure for the June 2022 quarter is summarised as follows:



Category	\$'000
Product manufacturing and operating costs	35
Advertising and marketing	7
Leased assets	3
Staff costs	1,573
Administration and corporate costs	705

**Table 2:** Summary of operating expenditure

## PRODUCT DEVELOPMENT

Development over the quarter was focused on releasing the Spenda Accounts Payable product (the companion to our Accounts Receivable software), upgrading the Spenda Accounts Receivable software to increase the versatility of the product in different market verticals, improving Spenda's Sales Order Management software and implementing integration to a new authentication platform that offers a more streamlined and secure login process for our customers.

To view an interactive walkthrough of the Spenda Accounts Receivable and Accounts Payable software, access this link - <http://tiny.cc/Spenda>

### Release of Spenda Accounts Payable V1.1 (AP)

- Earn points and extend credit
- Spenda calculates and collects processing fees as the transactions are processed



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- Lightweight integration utilising a standard ABA file making the service applicable for virtually any Australian Business
- Authority system supporting payment approval via multiple stakeholders
- Email payment remittances to your supplier for easy reconciliation

### **Spenda Sales Order Management**

- Centralised Sales Order management for all incoming Sales Orders
- Manage orders from ecommerce, Inside sales, field sales and retail stores in location
- Retail sales can be split between click and collect and delivery from warehouse
- Approve sales after confirming viability considering stock levels and customer's account health (Credit Limit & Overdue Invoices)
- Generate pick slips for warehouse staff to pick and pack goods
- Attach tracking reference and notify customer of shipment status
- Completed sales are then send to Spenda AR for collection

### **Integration with new Authentication Platform**

- Allows Spenda to broadly offer Single Sign On to Channel Partners & Franchise Groups
- Partners are now able to embed the Spenda Payment Widget in their portals and not require an additional login process
- Log in to the partner's website and access the Spenda Payment Widget without having to log in again



- Improved onboarding and authentication allowing login via Google, Apple & Microsoft accounts
- Greater security and account protection controls

### **FUTURE FOCUS**

As the new financial year begins, the Company expect the September Quarter to be anchored by:

- Continued focus on delivering to existing customers and realise the potential of current projects;
- Utilisation of the Debt Warehouse facility to scale lending programs in all target markets;
- Continued focus on major channels in Agriculture, Marketplaces, Buying Groups and Franchise;
- New focus on acceleration of our integration teams velocity to enable faster boarding of of new customers;
- Innovation in our card blended lending programs;
- Maximising the IP released from the Greenshoots acquisition;
- Functional expansion of Spenda's Accounts Receivable and Accounts Payable software stack; and
- ROI driven expenditure across the business.



Commenting on the quarter Managing Director Adrian Floate said “I am very happy with the results; not only has the Company continued to see growth at an annualised rate of 107% during a period of high economic volatility brought on by Covid-19, but we have delivered an average quarter-on-quarter growth of 22%.

“The Company’s strategy to tighten focus to our Accounts Receivable and Accounts Payable software has allowed the development team to provide clearer delivery milestones and really sharpen the product to international standards. The launch of the debt warehouse puts us in a fantastic position to weaponise our lending offerings through the AR/AP software in a way that I really believe is transforming the way businesses trade with each other.”

- ENDS -





## About Spenda

Spenda Limited (ASX: SPX) is a transaction services business supplying industries with a broad range of B2B payment services, digital trading software and integrated solutions. Our goal is to convert EFT payments to card payments utilising the BPSP engagement coupled with our payments collaboration framework. Our competitive advantages deliver customers end-to-end e-invoicing integration, rapid ordering, digital trust and automated reconciliation.

Spenda supplies its customers a recipe of integrated software to create a vertical market standard operating environment (SOE) that enables the effective and seamless transfer of data from multiple, disparate software systems in one standardised technology solution, such as SpendaRetail. Spenda has licensing agreements with third-party software vendors that enable it to provide integrated SOE solutions to its customers.

For investors seeking information on the Company's activities that relate to marketing, customer events and other acknowledgement of customer activities, this information will be posted to the Company's news section of the website and on social media channels with the handle #getSpenda, active on Twitter, LinkedIn, Instagram and Facebook.

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

This announcement has been authorised by the Board.



**Investor Enquiries**

Please email: [investors@spenda.co](mailto:investors@spenda.co)

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Spenda Limited

**ABN**

67 099 084 143

**Quarter ended ("current quarter")**

30 June 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	693	2,334
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(35)	(197)
(c) advertising and marketing	(7)	(182)
(d) leased assets	(3)	(11)
(e) staff costs	(1,573)	(6,127)
(f) administration and corporate costs	(705)	(3,703)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	28
1.5 Interest and other costs of finance paid	(173)	(522)
1.6 Income taxes paid	(860)	(2,480)
1.7 Government grants and tax incentives	313	1,487
1.8 Other (provide details if material)	-	(1,106)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,345)</b>	<b>(10,479)</b>

Note to support item 1.8

On receipt of a Research & Development rebate in the previous quarter, totalling \$1.174m (relating to the 11 months ended 31 May 2021), the Company utilised these funds to repay a historical tax debt of \$1.1m that was assumed on the acquisition of Appstablishment Software Group Pty Ltd.

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(1)	(95)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Net Cash flows from loans to other entities	262	(3,310)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide detail if material)	-	929
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>261</b>	<b>(2,476)</b>

Note to support item 2.3

The Company had a net inflow in respect to its loan book with external clients totalling \$262k for the quarter.

Note to support item 2.5

During the quarter ended 30 September 2021, the Company assumed \$929k cash and cash equivalents on the acquisition of Invigo Pty Ltd, as announced by the Company on 26 July 2021.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	(2)	183
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(1,000)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Listed Option entitlement issue)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(2)</b>	<b>(817)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	9,700	21,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,345)	(10,479)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	261	(2,476)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	(817)
4.5	Effect of movement in exchange rates on cash held	1	1
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,615</b>	<b>7,615</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	7,615	9,700
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7,615</b>	<b>9,700</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	37
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Item 6.1 relates to payments to directors, including director's remuneration, director bonus paid and director's superannuation</p>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	10,000,000	8,269,082
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	10,000,000	8,269,082
7.5	<b>Unused financing facilities available at quarter end</b>		1,730,918
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>\$10m facility with Moneytech Finance Pty Ltd with a margin rate of 1.51% per annum plus the base rate of 7.95%, and a monthly line fee of \$7,122 at a term of 36 months.</p> <p>\$999,975 funding from various Mezzanine holders with an interest rate of 15% per annum was repaid during the previous quarter and included under section 3.6.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,345)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,615
8.3	Unused finance facilities available at quarter end (item 7.5)	1,731
8.4	Total available funding (item 8.2 + item 8.3)	9,344
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	N/A	
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>		

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## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 1 August 2022

Authorised by: Justyn Stedwell, Company Secretary  
on behalf of the Board of Directors

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.