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2022 Annual General Meeting

25 November 2022

Spenda Limited (the Company)

ASX:SPX



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- Risks associated with reliance on key personnel;
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- General economic conditions and levels of economic activity;
- Global financial conditions;
- Financing risks;
- Degree of competition in the industry;
- Risks associated with the development of projects;
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All references to currency are in AUD unless otherwise specified.

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FY22 year in review



FY22 year in review

JULY 2021
ACQUIRED INVIGO
Enabled the Company to further monetise our software and fully integrate a range of funding options into our platform.

JULY 2021
5-YEAR MASTERCARD AGREEMENT
Signed a five-year referral agreement with Mastercard in 2021 to deliver trade finance services. We continue to grow this relationship.

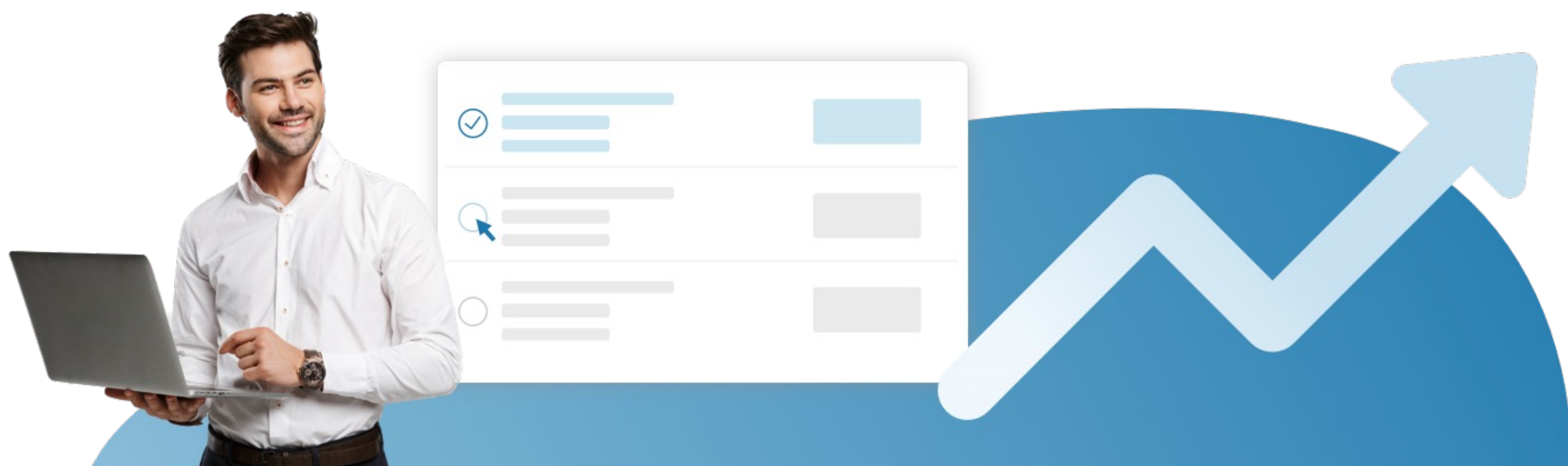
NOVEMBER 2021
ACQUIRED GREENSHOOTS
Completing our retail solutions capabilities and enabling the business to natively offer Spenda payment services to eCommerce merchants.

2022
FIRST CROSS-BORDER TRADE FINANCE FACILITY
Which will act as a blueprint for future international opportunities.

JUNE 2021
ACQUIRED APPSTABLISHMENT
Gaining ownership of key proprietary IP software and allowing us to control the software development roadmap.

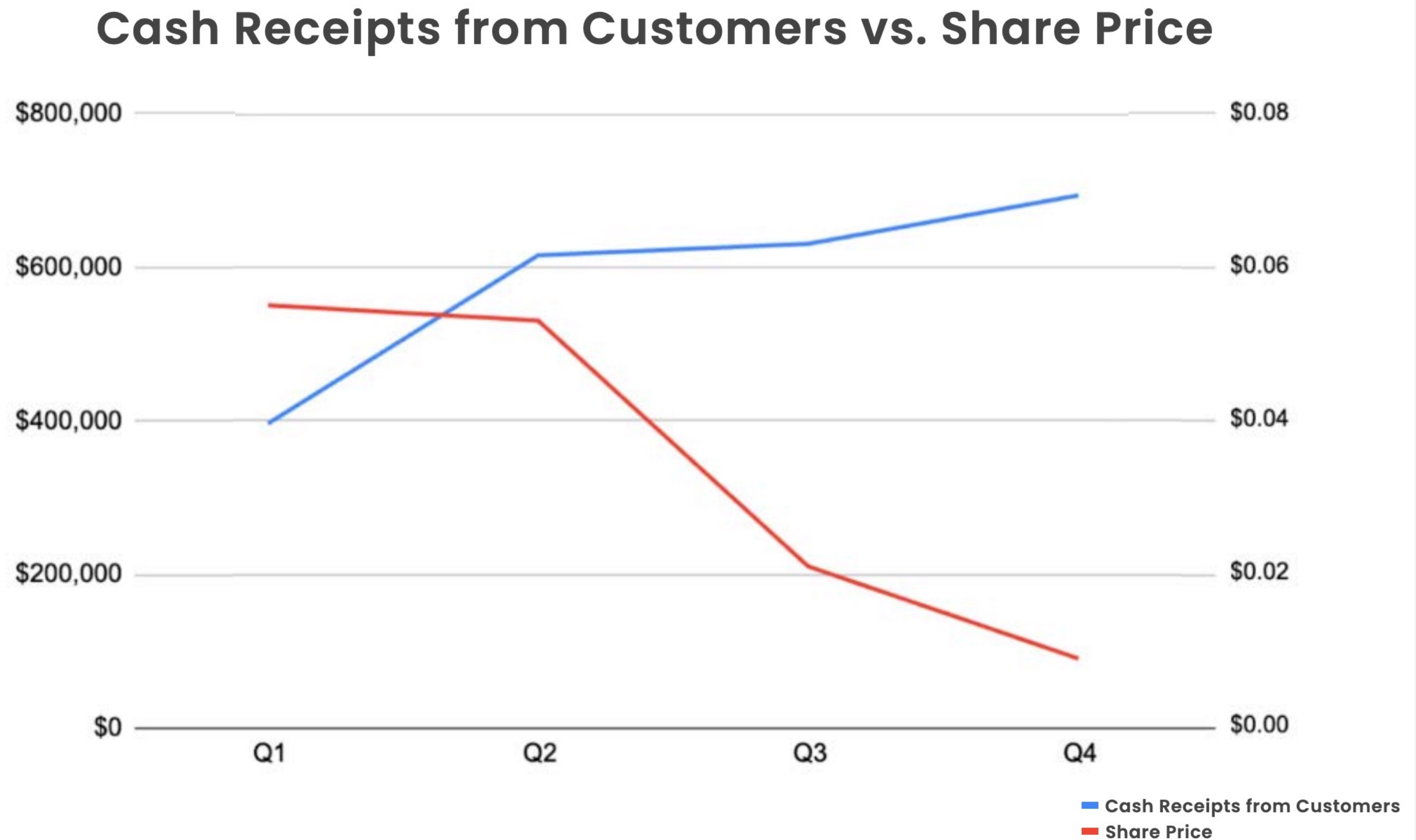
The last 12 months have de-risked our future operations as the Company has secured both the technology, people, capital and customer acquisition channels to accelerate in 2023 and beyond.

AUGUST 2022
SECURED \$50M DEBT WAREHOUSE
The debt warehouse expands the Company's available credit to lend to customers enabling growth and revenue scale with greater velocity.



Disparity between share price and increase in cash receipts

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There is a disparity between the share price and the Company's increase in cash receipts from customers over the second half of the financial year, where cash receipts continued to increase.

Key drivers to profitability

Following the year of consolidation that was FY22, the Company is focusing on three key drivers, as it strives towards becoming a profitable company.

**CONTINUED
GROWTH**

1

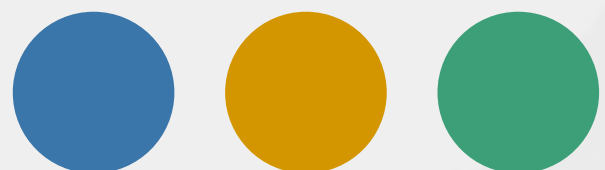
**DEVELOPING
FUTURE-PROOF
PRODUCT**

2

**DEPLOY
FUNDS**

3

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Delivering on customer growth goals and driving revenue

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- Customer acquisition and retention:
 - We have consistently delivered growth in revenue quarter on quarter, year on year. The Company's revenue increased 156% from \$878k in 2021 to \$2,246k in 2022.
 - Delivering steady increases in cash receipts from customers, up 128% in 2022.
- Increasing the number of transactions and payment/lending flows through the Spenda platform.
- Trend towards stabilised income through recurring revenue. Annual recurring revenue now makes up 95% of our income stream.



CONTINUED GROWTH



Predicting customer trends and developing future-proof products



- Developing software to leverage the trend in increased adoption of digital payment methods for B2B commerce.
- Utilising best practice development principles to increase software delivery and overall performance, including A/B testing to gauge user preference.
- Implementing leading edge technologies like modern cloud content delivery to offer a better and more secure user experience allowing us to stay ahead of our competition.
- Protecting customers' data remains at the forefront of all development choices; we work hard to ensure all our systems and processes are secure so customers can trade with confidence.

● ● ● **FUTURE-PROOF PRODUCT**

2

Deploy funds to execute on our growth strategy

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- Securitisation style debt warehouse secured with prominent Australian private credit fund on the term of 36 months at a fixed rate of interest.
- Utilising the \$50m debt warehouse facility to provide capital to accelerate its ongoing business growth.
- The purpose of the facility is to provide both Buyer and Supplier finance, subject to credit policy/eligibility criteria and will enable the Group to grow and scale revenue with greater velocity.



DEPLOY FUNDS





FY22 financial results

2

FY22 financial results - snapshot

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Revenue

\$2.2m

+156%



FY21: \$0.9m

Cash Receipts

\$2.3m

+128%



FY21: \$1.0m

Closing Gross Loans

\$12.1m



FY21: \$0

Market Cap

\$28.6m

Cash on Hand

\$7.6m*

* Includes Restricted Cash of \$1.8m

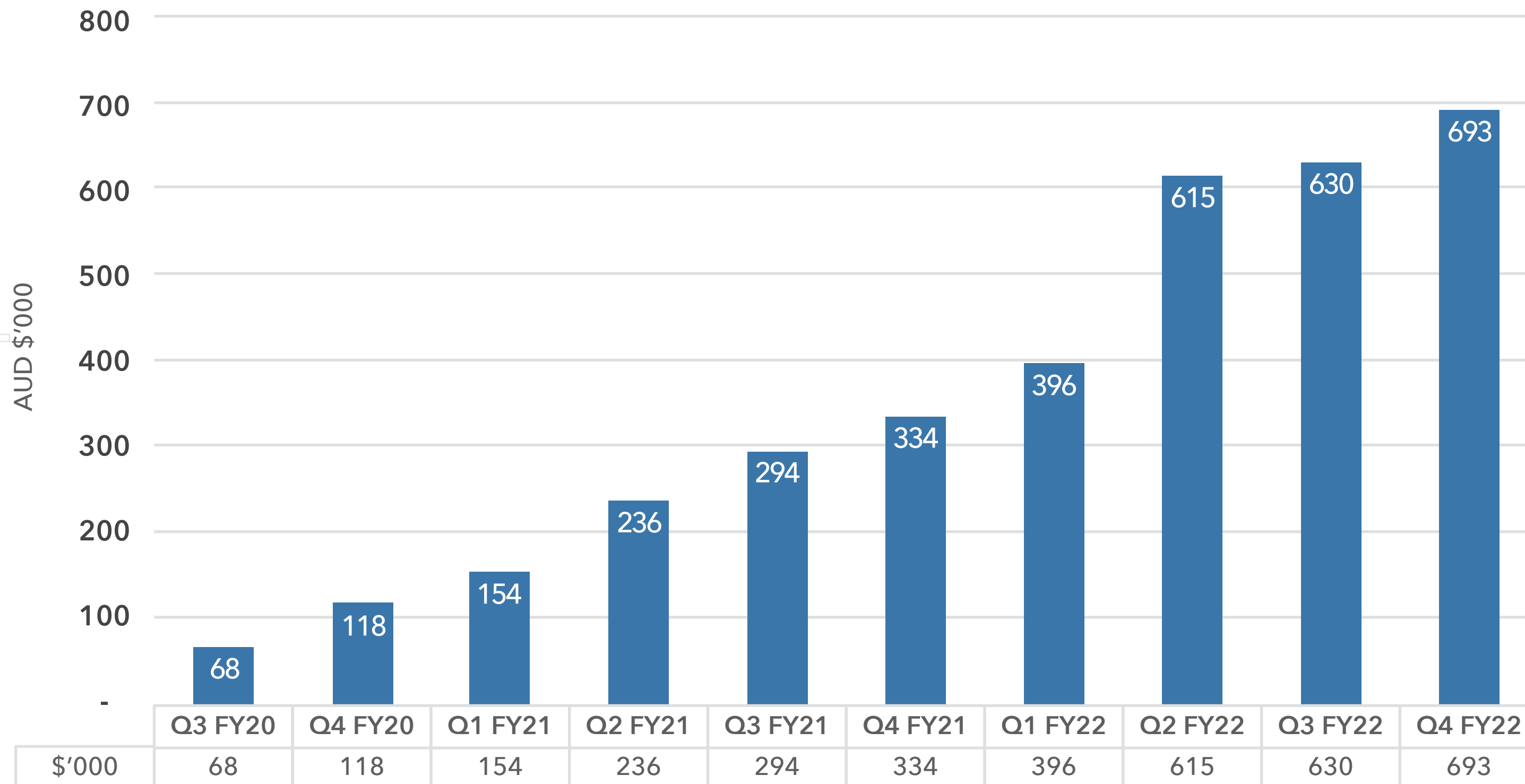
FY22 financial results - snapshot

	FY22	FY21	Variance	Variance
	\$'000	\$'000	\$'000	%
Consolidated statement of profit and loss - extract				
01 Total Revenue	2,246	878	1,368	156%
02 Other income	1,828	120	1,708	1423%
Expenses				
03 Employee and directors' benefits expenses	7,449	1,954	5,495	281%
04 Impairment of Goodwill	41,533	-	41,533	n/a
05 Other expenses	10,052	10,457	405	-4%
Loss before income tax from continuing operations	54,960	11,413	43,547	382%
Consolidated statement of profit and loss - extract				
Cash and cash equivalents	7,615	21,385	13,770	-64%
06 Closing gross loans	12,123	-	12,123	n/a
Consolidated statement of cash flows - extract				
07 Cash Receipts from customers	2,334	1,023	1,311	128%

- 01 Revenue increase of 156% to \$2.2m for FY22, leveraging the Company's diversified and blended revenue model.
- 02 Primarily relates to Research and Development tax incentive.
- 03 Wages and associated costs represent circa 65% of the Company's budget, with total headcount growing to 70 as at 30 June 2022.
- 04 Impairment of goodwill that arose on the acquisition of Appstabliment Software Group Pty Ltd (refer to note 13 of the Annual Report for a detailed analysis).
- 05 Other operating expenses incurred in running the Company, including depreciation and amortisation, consulting fees, legal and regulatory and compliance fees.
- 06 Closing gross loans of \$12.1m in FY22, representing a 155% increase in loan funds deployed since the acquisition of Invigo in July 2021.
- 07 Cash receipts from customer increase of 128% to \$2.3m for FY22, representing 10 quarters of consecutive growth.

Ten quarters of consecutive growth

Spenda Limited
Cash Receipts from Customers



- Consecutive growth achieved in the last 10 quarters.
- Annual recurring revenue now makes up 95% of our income stream.
- 128% increase in FY22 compared to FY21.






Case Study

Unpacking the Revenue Model

3

Case Study: Overview

Spenda's software, payments and lending products positions it as a differentiated intermediary and service provider to businesses with significant SME customer bases and transaction volumes, such as Franchise Groups.

Product	Proposition	Revenue model
 Business Software Bundle - SaaS	<p>Supply of business software bundle that combines the operational systems to run a franchise store, including POS, eCommerce, Service Management, Procurement, Inventory Management and Payments</p> <p>The SOE will be integrated with accounting software (XERO, MYOB, QBO) used by the store</p>	<p>Fixed rate per franchisor / franchisee (c.\$1,000 p.a.)</p>
 Payment Processing	<p>Rolling out Spenda AR to assist in franchisee invoicing, which will also enable stores to pay via credit card or via their linked bank account (Products utilised: Payments, Trade Finance and SaaS, Spenda AR).</p>	<p>Average rate charged on the value of payments processed is 1.25%</p> <p>If \$10m in payments were processed over the Spenda Platform this would equate to \$125,000 in annual payment revenue</p>
 Trade Finance	<p>Each franchise store will have the opportunity to turn on a Spenda trade finance product and borrow up to 100% of the store's monthly procurement spend</p> <p>Store lending will commence following the successful rollout of the Spenda payments solution</p>	<p>Average yield earned on capital deployed is 18.9%</p> <p>If \$10m in capital was deployed to clients within the loan portfolio this would equate to \$1,890,000 in annual lending revenue</p>

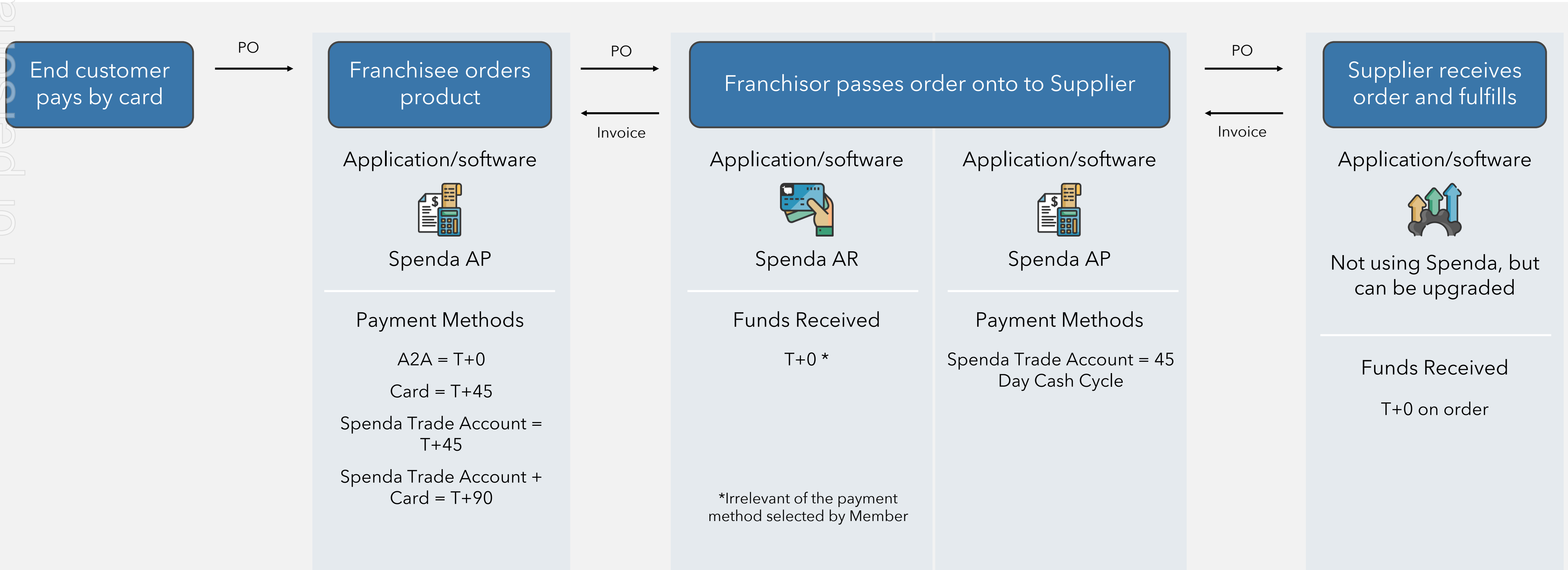
Spenda Objectives

- Simplify the administration of procurement, franchisee invoicing and accounts receivable management
- Offer flexible payment terms and lending options
- Promote ledger to ledger reconciliation
- Standardise technology utilised by store network to create savings and competitive advantage for the franchisee

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Payment Flow

Spenda is pursuing a 'node and spoke' strategy, focusing on the acquisition of conduit partners (i.e. Franchisor) who sit in the value chain aggregating procurement and demand. Spenda payments services collect fees in most circumstances regardless of the Franchisor / Franchisee's decision to borrow or pay by existing means.





Development Update

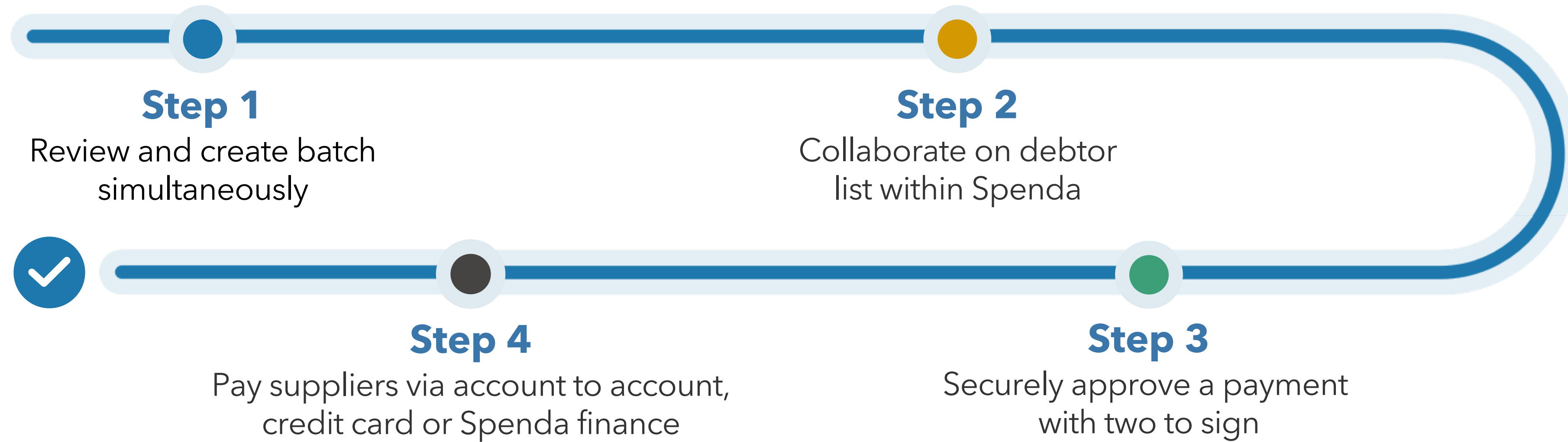
4

Typical Accounts Payable workflow



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Accounts Payable workflow with Spenda



Spenda consolidates 11 steps into four, simplifying the accounts payable workflow and delivering business efficiencies.

Wins

✓ **Process**





✓ **Security**

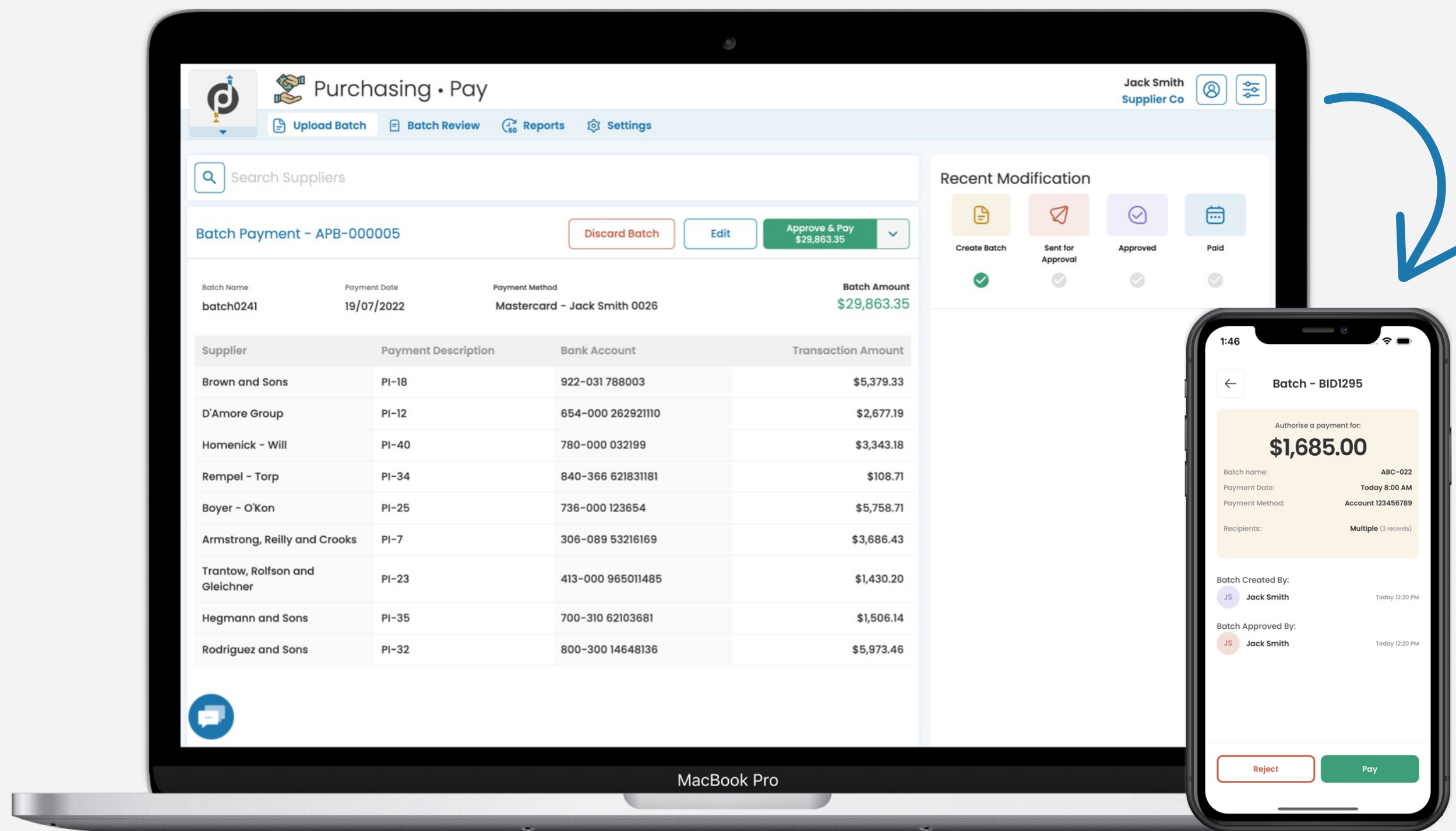
✓ **Payment flexibility**

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Product demo

Accounts Payable + Spend Wallet (authorisation)

-  Create Batch
-  Sent For Approval
-  Approved
-  Set Payment Date



Purchasing • Pay Jack Smith Supplier Co

Upload Batch Batch Review Reports Settings

Search Suppliers

Batch Payment - APB-000005 Discard Batch Edit Approve & Pay \$29,863.35

Batch Name: batch0241 | Payment Date: 19/07/2022 | Payment Method: Mastercard - Jack Smith 0026 | Batch Amount: \$29,863.35

Supplier	Payment Description	Bank Account	Transaction Amount
Brown and Sons	PI-18	922-031 788003	\$5,379.33
D'Amore Group	PI-12	654-000 26292110	\$2,677.19
Homenick - Will	PI-40	780-000 032199	\$3,343.18
Rempel - Torp	PI-34	840-366 621831181	\$108.71
Boyer - O'Kon	PI-25	736-000 123654	\$5,758.71
Armstrong, Reilly and Crooks	PI-7	306-089 53216169	\$3,686.43
Trantow, Rolfsen and Gleichner	PI-23	413-000 965011485	\$1,430.20
Hegmann and Sons	PI-35	700-310 62103681	\$1,506.14
Rodriguez and Sons	PI-32	800-300 14648136	\$5,973.46

Recent Modification: Create Batch Sent for Approval Approved Paid

Batch - BID1295


Authorise a payment for: **\$1,685.00**

Batch name: ABC-022 | Payment Date: Today 8:00 AM | Payment Method: Account 123456789 | Recipients: Multiple (2 records)

Batch Created By: JS Jack Smith Today 12:20 PM

Batch Approved By: JS Jack Smith Today 12:20 PM

Reject Pay


Payment Scheduled



FEATURE-RICH DEVELOPMENT THAT ENHANCES OUR COMPETITIVE ADVANTAGE

INTEGRATING PAYMENTS AND LENDING

The release of Spenda's payment services was a large focus for the development team and delivers:

- ✓ Greater payment flexibility to customers.
 - ✓ Creating additional revenue streams for the Company in the form of payment processing fees.
-

INTEGRATION AS A SERVICE

Maturing our integration services and evolving from a business that integrates into other software vendors through in-house integration adaptors, to an 'integrate to' model where a third-party developer utilises our API, documentation and sample code to build integrations into our software.

- ✓ More scalable and attractive to large integration partners.
-





ENHANCED SECURITY AND COMPLIANCE

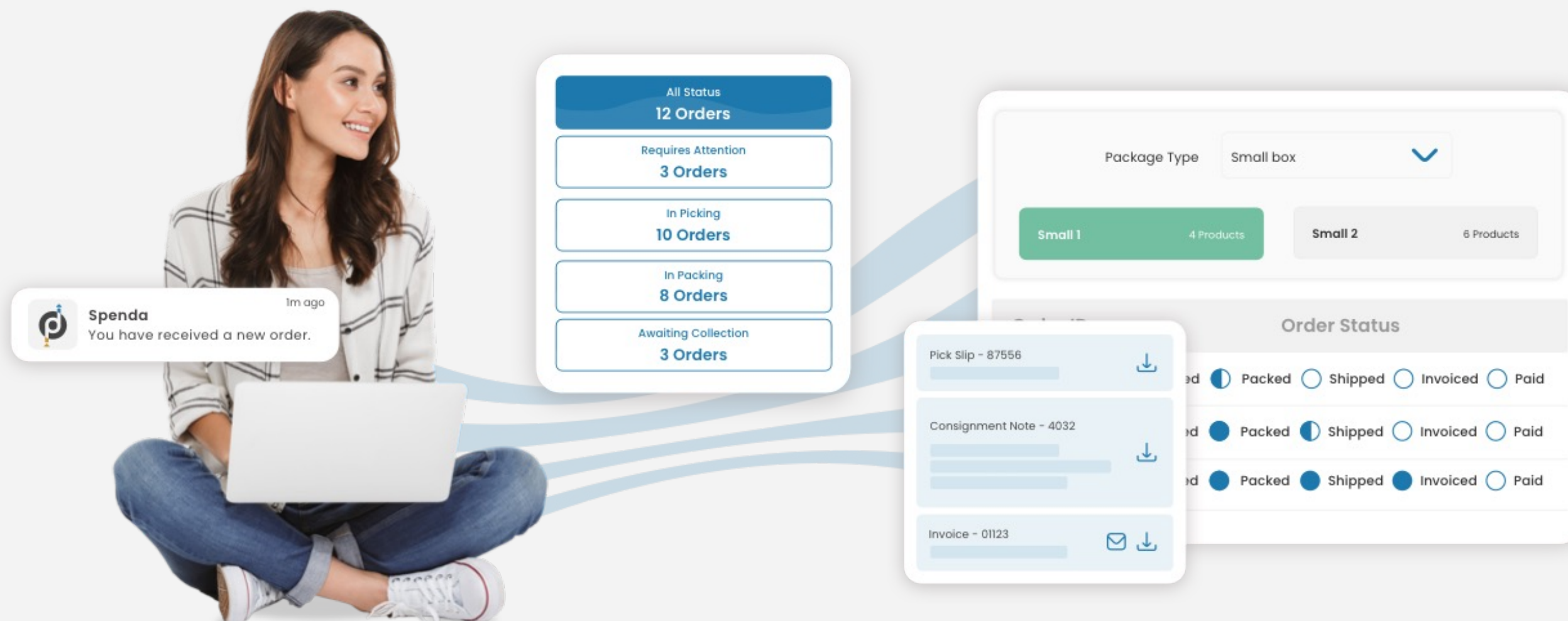
Protecting our customers' data remains at the forefront of all development choices; we work hard to ensure all our systems and processes are secure so customers can trade with confidence.

- ✓ Outsourced third-party penetration testing.
- ✓ Mandatory 2FA.
- ✓ Partnered with world leading authenticator provider.






Driving growth through product development

RELEASED FY22

-  Enhanced functionality into Spenda Accounts Receivable
-  Release of Spenda Accounts Payable (a companion product to Spenda AR)
-  Release of our Sales Order Management product - an extension of our POS and eCommerce solutions
-  Enhancement of the Payment Widget



COMING SOON

-  The first release of Spenda Wallet - focused on payment authorisation.
-  Introduction of dispute resolution management into the Spenda solution.
-  Open banking integration with our payment services.
-  Automated credit assessment and AML / KYC checks for a low-touch onboarding experience.
-  Early Settlement Discount functionality within Spenda.

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Future Focus

5

Strategy on a page - key business objectives FY23

SCALING PAYMENT FLOWS - Achieved through delivering sticky software solutions that enhance the workflow for all parties in the transaction. Challenging the status quo of traditional labour-intensive performed in internet banking and accounting software.

HARNESSING THE VIRAL NATURE OF SPENDA - To grow our customer base through our Node/Spoke strategy, converting and retaining customers and leveraging business transactional relationships to grow adoption of the Spenda ecosystem.

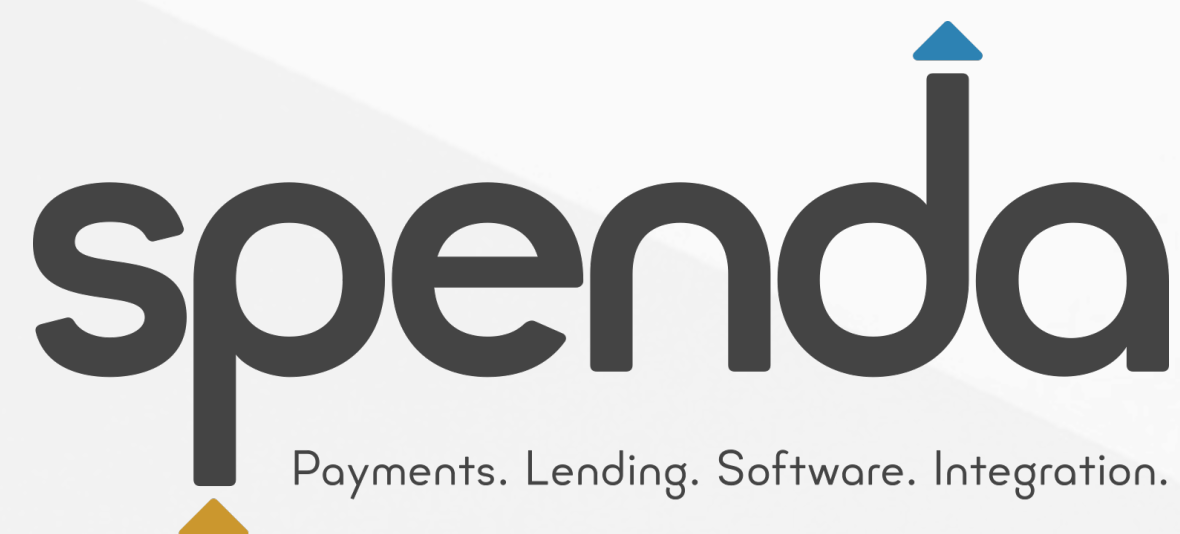
DELIVERING CUSTOMER VALUE - Continue to deliver value to our customers to increase acquisition and product advocacy. Building improved functionality into the Spenda system to further drive business efficiencies.

REALIGNING SHAREHOLDER VALUE WITH COMPANY PERFORMANCE - Addressing market concerns and building investor confidence in the business is a top priority moving forward.

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Thank you.

Approved by the Board of Directors



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