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ASX Release **28 December 2022**

Spenda Limited ("Spenda") and First Data Merchant Solutions Australia Pty Ltd ("Fiserv") enter into a two-year Payment Facilitator Agreement

Key Highlights

- Spenda Limited ("Spenda") and First Data Merchant Services ("Fiserv") have entered a new two-year Payment Facilitator Agreement
- The Payment Facilitator model will replace the existing ISO model for the delivery of direct merchant facilities and will be run in parallel to Spenda's Merchant on Record services agreements (BPSP & BPA Agreements with Fiserv), to provide holistic card processing services to Spenda's customers
- Currently there is no change to existing security held by Fiserv, based on Spenda's existing turnover and 2023 projections, for both the Payment Facilitator and Merchant on Record models
- Spenda and Fiserv will operate under a new Delegated Credit Authority Agreement. The Delegated Credit Authority Agreement will enable Spenda to consolidate credit, which is a key objective for Spenda in order to meet the objectives required in the acquisition of Invigo
- The agreement results in a reduction to Spenda's acquiring costs which translates into an increase in the Company's NET payment margins by as much as 30 – 50%

Customer Agreement Impact

Spenda and Fiserv have entered into a Payment Facilitator agreement for the provision of direct merchant facilities to Spenda's customers. The direct merchant facilities can be deployed for payment terminals, online payments and integrated with Spenda's Payment products. The ISO Agreement will remain in place until such time as existing Spenda customers within the current ISO model are migrated to the Payment Facilitator model.

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The new Payment Facilitator model will enable Spenda to improve its Customer boarding experience and simplify AML / KYC and credit processes. In practical terms this will:

- Reduce duplicate sharing of compliance data;
- Enable credit approval for both payments and lending in the same process (assuming customer eligibility);
- Reduce Spenda's compliance costs;
- Reduce Spenda's risk of data breach; and
- Reduce the cost of issuing and enable standardisation of customer statements.

Commercial Agreement Impact

The new Payment Facilitator Agreement will have a material commercial impact on Spenda as it introduces new income, in the form of volume-based rebates and costs reduction from the current acquiring fees charged. In turn, Spenda takes on responsibilities for all merchant settlements and the credit risk attached to facility creation.

The impact of these commercial changes is expected to deliver Spenda an increased NET margin of 30 – 50% when processing card-based payments. These savings, coupled with improved customer service, will enable Spenda to deliver superior product bundling and enable Spenda to pursue larger volume clients that require more competitive pricing.

Currently, there is no change to existing security held by Fiserv, based on Spenda's existing turnover and 2023 projections, for both the Payment Facilitator and Merchant on Record models. Fiserv will continue to review the portfolio of merchants onboarded to the Payment Facilitator model and if there is an increase in turnover or change to the risk portfolio, additional security may be required in the future.

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Managing Director Adrian Floate said *"Getting to this point and becoming aPayment Facilitator under this agreement with Fiserv is a significant achievement for the Company. Becoming PayFac certified involves a complex underwriting process, a demonstrated capacity to scale payment volume and sponsorship from Fiserv.*

The PayFac agreement delivers Spenda significant benefits that will help us go to market faster, increase margin and continue to aggressively scale our business. This is a great launchpad for us in 2023 and fitting end to 2022 which has seen us substantially de-risk our business and take great strides forwards with customers and the fintech industry."

- ENDS -

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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