



2023 Annual Report

▶ Spenda Limited ABN 67 099 084 143



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“Enabling businesses to transact with fast, error-free digital efficiency and boost cash flow across the entire supply chain.”



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Improving the way your business trades and gets paid

Spenda is a next generation integrated payment and lending platform that provides solutions to any business that needs to make or receive payments. The Company's services a real-time views of cash movements, providing businesses cost-saving benefits that automate tasks and take the burden out of chasing late payments, sending quotes and invoices, and collecting payments.



Payments

Spenda has transformed from a pure software business to a transactional fee-based SaaS business that allows the company gain a greater share of customer transaction values at both B2B and B2C levels.



Lending

Utilising the ledger-to-ledger dataset provided by these transactions, Spenda has a clear view of its customers underlying cash flow which facilitates more efficient delivery of on-demand lending, early settlement discounts, advanced payment programs and trade finance for further revenue growth.



Software

Spenda operates a SaaS model for licensing of the components of the Spenda platform. Businesses have several ways to take up the service with the ability to choose which modules will be turned on.



Integration

Spenda can easily plug into commonly used applications to deliver smooth transactions, help businesses reduce manual data entry, and provide one centralised source of data truth.

Shareholder letter

From the Managing Director

To my fellow shareholders,

It is a pleasure to provide all our shareholders with an update on Spenda's performance and our strategic direction over the past year. We commenced FY23 with a clear focus to scale our payments volume through the delivery of Spenda as a business transactional service that provides real benefit to our customers. Throughout the period we received very positive feedback from our customers, with monthly payments volume increasing 481% from July 2022 to June 2023. Reflecting on the year that's been, it's pleasing to see that we achieved this outcome.



The year also saw us deliver a healthy 39% growth in revenue, from \$2.2m in FY22 to \$3.1m in FY23, which demonstrates not only the business's dedication to success, but the hard work of our committed and dedicated team. I made a commitment last year to keep shareholders more informed and would like to acknowledge that our primary objective to achieve cash flow positivity and to establish the foundations for sustainable long-term growth remain unchanged.

To achieve these objectives lies in the execution of strategic decisions that ultimately create a solution that is truly unique. Our mission is to fundamentally change the way people do business by providing one product ecosystem designed to support every part of running a business. Delivering to this vision naturally requires time and effort compared to accepting what already exists in the market and conforming to established norms. Each step in the development and commercialisation of the Spenda product suite has required careful consideration, problem solving, and innovation.

The growth we achieved in FY23 builds upon the success achieved in FY22, where the Company underwent a significant consolidation process, bringing together four complementary businesses.

It is only the tip of what Spenda can deliver and has been predominantly attributed to the successful delivery of services to a handful of customer networks. Following the crowd and maintaining the status quo is a quicker path and may seem less risky, but it rarely leads to a product that leaves an indelible mark on an industry.

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The year in review

Taking a journey through the past 12 months at our key achievements and milestones I am very proud of what the team has achieved. I have highlighted below valuable insight into the decisions that have shaped our business this year and the impact of these achievements.

Key strategic achievements delivered through the past year include:

- **Secured a \$50m debt warehouse facility** to accelerate growth. Funds from the debt warehouse have been used to fund a range of non-bank lending products and on-demand lending services, delivered through the Spenda solution. Since the debt warehouse was established in August 2022, we have built our lending book to \$14m across a range of satisfied customers. Spenda intends to further enhance its ability to deliver capital to businesses through expansion of the warehouse structure.
- **Established a partnership with Carpet Court**, a prominent national flooring franchise and successfully completed the roll out of Spenda's core services to Carpet Court's National Support Centre (NSC) and their 205 connected retail businesses. The delivery of the Carpet Court solution, on time and in budget, was an important metric for the business as it showcased several strategies in action.
 - That our go-to-market Node to Spoke strategy is effective, through winning one aggregator (in this case to Carpet Court's National Support Centre) and rolling out Spenda services across the supply chain (in this case into the 205 franchise stores and back up to the businesses who supply CC NSC);
 - That our solution addresses a genuine need within businesses;
 - That our software can handle high-level increases in data and transactions across its infrastructure; and
 - That our software facilitates quick onboarding and is easy to use.
- **Entered into a Payment Facilitator (PayFac) Agreement with Fiserv** in December 2022 and in September 2023 launched these services. Becoming a PayFac certified business is a significant achievement for us as a business. Not only are there less than 20 certified Australian Payment Facilitators, but this certification provides significant uplift to the revenue we are able to earn from our payment services and allows us to provide better customer services to our valued clients. It also serves as a strong endorsement to Spenda's internal processes to have passed the strict certification process. Additionally, as a PayFac we can better study transaction flows and identify new opportunities to scale revenue from a single customer.
- **Secured a strategic investment with Fresh Supply Co** to increase our presence in the agriculture sector. This investment has allowed us to internally resource our sales team with specialists from within the sector. Spenda has developed a comprehensive agriculture strategy, and we expect to announce progress on this in the near term.
- **Extended our relationship with long term partner the Capricorn Society** in May 2023, expanding the services we deliver into eCommerce through a Direct Service Delivery initiative (DSD). Spenda was selected to deliver the DSD to the Capricorn Society after a strict and competitive proposal process. The DSD proposal, which was successfully taken to the next phase of the project by Capricorn in August 2023, folds in much of the capability native to the Spenda ecosystem and is expected to generate significant opportunities for future growth.

Product innovation

Spenda is a business ecosystem that facilitates the transfer of both operational and financial data between businesses as they buy and sell from each other. We own an integrated application, payments and lending platform used by aggregator networks, buying groups and SMEs.

During FY23 we continued to enhance this product offering and introduced new features and services while also improving the performance of our core services. These innovations have had fast uptake from our customers and the positive feedback received is testament to our ability to meet the evolving needs of our customers.

A key achievement during the FY23 period was the continued improvement of our tenant-to-tenant infrastructure, the backbone that drives true B2B collaboration.

Tenant-to-tenant (or ledger-to-ledger) integration is the ability to pass data securely between two separate businesses, combatting the increasing threat of data tampering, fraud, and security risks. For businesses within the Spenda ecosystem it means we can take a transaction, like an invoice, and securely send it from the seller's ecosystem into the buyer's tenant. Each business can collaborate in real time on the same document, requesting amendments or substitutions to purchase orders for example, before completing payment for goods and/or services. Upon the successful completion of a transaction the relevant data and respective documentation is sent back to each business automatically and fed into their accounting software (ERP or small business accounting solutions) to streamline reconciliation.



Tenant-to-tenant integration is often overlooked by software companies, however, it offers significant benefits to B2B businesses. It is a key element in Spenda's vision to provide true collaboration between businesses, removing the barriers created by siloed software and instead providing an ecosystem that delivers real value to both parties in a transaction. Doing this not only improves business efficiencies, saves on administration costs and delivers better transparency for the buyer and seller, but it also cements Spenda between every transaction as the facilitator of trade.

During the year we achieved positive momentum on our market entry into the Asia-Pacific region by taking advantage of emerging opportunities and relationships cultivated in Singapore. In time, this expansion will be instrumental in diversifying our customer base and growing our revenue to support international trade.

To support our international ambitions, the team has been developing key relationships to expand our card issuing and international settlement rails to support both cross boarder and multi-country domestic settlements, expand our card financing capabilities, and finally regionally focus our external software relationships.



Customer satisfaction

We have always had a strong commitment to our customers success and see them as symbiotic long-term partners; as they achieve success, so too do we. This year we were able to accurately measure our customer satisfaction and engagement levels, both with the usability of our products and the tangible impact our services have had on their business. Using Carpet Court as a case study, we are thrilled to report high levels of satisfaction with our software from both to Carpet Court’s National Support Centre and the store level, customer success, responsive support, and a commitment to tailoring future solutions to their evolving business needs.



Every month Carpet Court processes 13,000 invoices between member stores and the National Support Centre. Through the implementation of Spenda’s accounts receivable and accounts payable software solution, Carpet Court has enhanced efficiency by transitioning to e-Invoicing and reducing the number of human touchpoints required across the invoice payment cycle, improving month-end allocation processes by 40%.

13,000

Invoices processed every month

40%

Improvement in month-end allocation processes

40%

Boost in team productivity

“

By partnering with Spenda, we have been able to achieve improved payment and cash flow transparency across our network and significantly enhance team productivity.

Mark Hogan, Chief Financial Officer at Carpet Court

Employee engagement

At Spenda we are very lucky to have a strong team of not only dedicated, but talented individuals working together to deliver our vision. We know that our people are the driving force behind our success, and we take our commitment to their wellbeing and growth very seriously. We are pleased to report that this year our employee engagement survey showed a 39% increase in employee sentiment within the business.

In 2023 our Employee Net Promotor score, the industry standard for measuring how an employee feels about a company, was at an impressive 60. To put this into perspective the global benchmark sat between 10-20 in 2022.

This is a clear indicator that the investment we have made in professional development, supporting work-life balance, and creating a supportive work environment is delivering an environment where staff want to work and are empowered to excel in their roles.

39%

Increase in employee sentiment within the business

60

Employee Net Promotor score



Focus for FY24 and beyond

As we embark on a new financial year, we enter a period we expect to be defined by strong and consistent growth. We intend to build upon the positive momentum achieved this year and continue to scale payments volume with the delivery of Spenda as a transactional service.

We plan to sustain and expand our current partner agreements, build new relationships that support our network growth model, and create opportunities for us to enter new industries and markets. Through these global partnerships we will continue to extend the services available in the Spenda ecosystem to meet the changing needs of our client base.

We operate in a constantly evolving landscape, driven by shifting market dynamics, advancements in security and technological requirements, and changing societal expectations. Working in such a fast-paced industry is both exciting and humbling. For Spenda to remain competitive and relevant we must continue to adapt and innovate, a challenge I am confident our team is capable of meeting.

FY23 has been a year of great challenges but of even greater successes. As we look ahead, we remain committed to delivering value to our current and future shareholders while pursuing innovation and sustainable growth. We are excited about the opportunities that lie ahead for the business and are confident that Spenda is well-positioned for continued success.

Thank you for your trust and continued support,

Adrian Floate



Executive Leadership Team



Adrian Floate
Managing Director

Adrian Floate has founded, built and sold technology businesses and worked in Asia, Australia, the UK and US over the past 20 years. He is the founder of the Cirralto business originally acquired by Motopia in 2016.



Richard Jarvis
Chief Financial Officer

Richard Jarvis is a qualified Chartered Certified Accountant and has over 20 years experience in professional accountancy and financial leadership roles with both private and publicly listed companies.



Andy Hilton
Chief Commercial Officer

Andy Hilton has spent nearly 30 years in traditional lending and established three lending businesses. He has a background in accounting and engineering and managed the 20x growth of an IT distribution business. Prior to joining the executive team at Spenda, Andy was the co-founder and Managing Director of Australian fintech, Invigo. Spenda acquired Invigo in 2021.

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David Wood
Chief Product Officer

David Wood has over 20 years of experience in Software and Systems Design, Dave is the driving force behind bringing Spenda's vision to life and works closely with his team to deliver a seamless experience for Spenda's customers.



Corrie Hassan
Chief Operating Officer

With over two decades of international business finance experience, Corrie provides vital risk and operational management insights. She founded an Australian SME lending business and co-founded Invigo, acquired by Spenda in 2021. As a crucial member of Spenda's Executive Leadership Team, Corrie influences strategy, oversees operations and project management, and manages lending portfolio risk.



Olivia Johnson
Chief Revenue Officer

Bringing more than ten years of marketing, communications and sales experience in roles across public and private sectors in Australia, India, South Korea, and Myanmar, Olivia plays a key role in the Executive Team. She oversees Spenda's shareholder communications and leads the company's sales and marketing initiatives to achieve strategic growth objectives.



Raghav Jain
Chief Executive Officer Spenda India

As an entrepreneur and global business leader, Raghav holds over 20 years of experience in technology services and digital transformation solutions. Prior to joining Spenda, he co-founded MintWorx, a tech startup in India which eventually led to setting up Spenda India in 2021. As a member of the Executive Team, Raghav spearheads Spenda's Asian entry and plays a key role in driving the overall company's strategic direction.

Corporate directory

Directors	Peter Richards (Non-Executive Chairman) Adrian Floate (Managing Director and Chief Executive Officer) Howard Digby (Non-Executive Director) Stephen Dale (Non-Executive Director)
Company secretary	Justyn Stedwell
Registered office	Suite 605, 275 Alfred Street North Sydney, New South Wales 2060
Principal place of business	Building B, The Garden Park 355 Scarborough Beach Road Osborne Park, Perth, Western Australia 6017
Share registry	Automic Registry Services Level 5, 126 Philip Street Sydney, New South Wales 2000 Phone (local): 1300 288 664 Phone (international): +61 (2) 9698 5414 www.automic.com.au
Auditor	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth, Western Australia 6000
Lawyers	Murcia Pestell Hillard Pty Ltd Suite 183, Level 6 580 Hay Street Perth, Western Australia 6000
Bankers	Australia & New Zealand Banking Group Limited 833 Collins Street, Melbourne VIC 3000
Stock exchange listing	Spenda Limited's shares are listed on the Australian Securities Exchange (ASX code: SPX)
Website	www.spenda.co

Corporate governance statement

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of Corporate Governance. Where deemed appropriate, the Company follows the best practice recommendations as set out by the ASX Corporate Governance Council. Where the Company has not followed best practice for any recommendation, an explanation is given in the Corporate Governance Statement.

The Company's Corporate Governance Statement is available on the Company's website at www.spenda.co

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Directors' report

The Directors present their report together with the financial report of the consolidated entity (referred to hereafter as the '**Group**') consisting of Spenda Limited ('**Spenda**' or '**the Company**') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

The following persons were directors of the Company during the whole financial year and up to the date of this report, unless stated otherwise:

- Peter Richards
- Adrian Floate
- Howard Digby
- Stephen Dale

Principal activities

The Group's principal activities during the financial year were the development and commercialisation of technology assets that enable modernisation of business IT systems via conversion, migration, and management of server-based legacy data and systems to the cloud, as well as providing customers with tailored payment and lending solutions.

Spenda has developed into a transaction services business supplying industries with a broad range of Business- to-Business ('**B2B**') payment services, digital trading software and integrated solutions. The Group's goal is to convert EFT payments to card payments utilising the BPSP engagement coupled with its payments collaboration framework. The Group's competitive advantages deliver customers end-to-end e-invoicing, integration, rapid ordering, digital trust and automated reconciliation.

Dividends

The Company did not pay any dividends during the 2023 financial year (2022: \$nil). The Directors do not recommend the payment of a dividend in respect to the 2023 financial year.

Directors report (continued)

Review of results and operations

Results summary

The below table details key financial information for the year ended 30 June 2023 (FY23), with FY22 comparative:

	30 June 2023	30 June 2022	Movement
	\$	\$	\$
Revenue - including SaaS and Payments	938,790	593,794	344,996
Revenue - loan interest	2,172,723	1,652,177	520,546
Other income	250,643	1,827,838	(1,577,195)
Total income	3,362,156	4,073,809	(711,653)
Cost of services rendered	(1,417,929)	(976,510)	(441,419)
Employee and directors' benefits expense	(5,254,173)	(7,448,706)	2,194,533
Loss on extinguished liability	-	(2,387)	2,387
Other expenses	(2,331,633)	(3,458,857)	1,127,224
<i>Less: non-cash expenses/benefits</i>			
Share-based payment expense	(1,498,960)	(2,008,212)	509,252
Impairment of goodwill	-	(41,533,263)	41,533,263
Depreciation and amortisation expense	(3,854,967)	(3,606,591)	(248,376)
Income tax benefit	(7,408)	4,719,508	(4,726,916)
Statutory net loss after income tax	(11,002,914)	(50,241,209)	39,238,295

Revenue for FY23 was \$3.1m compared to FY22 revenue of \$2.2m, representing an increase of \$866k or 39%. This increase was predominantly driven by the blending of SaaS, payments and lending services offered.

The statutory net loss after tax for FY23 was \$11m compared to a FY22 loss of \$50.2m. The FY23 results included the following non-cash items:

- \$1.5m share-based payments expense; and
- \$3.8m depreciation and amortisation expense.

Operating costs have decreased from the prior year, which is mainly attributable to the recognition of eligible wages and salaries to software develop intangible assets and a decrease in consulting fees relating to the establishment of the debt warehouse. During the year the Company has decreased its total headcount to 71 personnel (FY22: 73).

The Group had a closing cash and cash equivalents position of \$8.3m (restricted \$3.4m) as of 30 June 2023 and a client loan portfolio of \$12m, representing loan capital deployed to multiple customers.

Directors report (continued)

The Group's net cash position of \$7.8m as at 30 June 2023 is represented in the below table:

Net cash position	\$
Cash and cash equivalents (A)	8,349,186
Gross client loan book	12,022,652
Less: Debt Warehouse facility	(12,600,000)
Net client loan book (B)	(577,348)
Net cash position (A + B)	7,771,838

Operations summary

In FY23, the Company continued to build upon the strategic decisions made in FY22. The primary objective was to establish the foundations for sustainable long-term growth.

In FY22, the Company underwent a significant consolidation process, bringing together four complementary businesses. By integrating the capabilities of these businesses, the Company developed a robust payments and lending software solution, which sets the Company apart from competitors in the market.

As announced in the FY22 Annual Report, on 1 August 2022, following an exhaustive process and extensive negotiations, the Group secured a \$50m debt facility with a prominent Australian private credit fund, whose lending proposal and strategy was most aligned with Group's future direction.

The debt warehouse was a vital piece of capability and extended the Group's available capital to lend to customers, also enabling accelerated payments offering suppliers on near real time terms, freeing up valuable working capital.

Throughout FY23, the Company successfully:

- established a \$50m debt warehouse facility to accelerate growth;
- received commitment from Carpet Court Australia Ltd ('**Carpet Court**') to integrate the Spenda platform into its standard operating environment;
- secured a Payment Facilitator Agreement ('**PayFac**') with Fiserv Inc ('**Fiserv**'), to leverage greater returns from this increased transaction flow;
- concluded a strategic investment in Fresh Supply Co Pty Ltd ('**FSC**'), to leverage customers in the Agribusiness sector;
- secured a new contract in the automotive industry with long-time partner Capricorn Society Ltd ('**Capricorn**');
- reduced implementation times by 50%;
- successfully achieved commitments to raise \$3.9m from a private placement;
- substantially increased payment flows processed through the Spenda system;
- expanded its product and lending services;
- boarded new strategic customer networks; and
- matured integration services, including the release of a developer portal to provide access to third-party developers.

Directors report (continued)

The Company was focused on executing its go-to-market strategy and validating the product-market fit for Spenda's services, being a business platform that combines **SaaS, Payments and Lending**, via a fully integrated software platform.

As announced on 7 December 2022, delivering this solution into the Carpet Court franchise network allowed the Company to deploy its unique **Node-to-Spoke** strategy, as depicted in the example in Figure 1 below.

Carpet Court, the largest retail floor covering specialist in Australia, engaged Spenda to deliver an optimised payment solution to its 205 franchised stores. The roll-out of the Carpet Court solution, which originally involved delivering Spenda's Accounts Receivable software to the Carpet Court National Support Centre (Node) and Pay- Statement-By-Link services to the franchise store network (Spokes), was completed on schedule in June 2023.

Building off this positive momentum the Company is on track to deliver extended credit on store payments, which leverages funds from the debt warehouse, as well as capturing terminal payments between stores and consumers.

The successful roll-out of Spenda into a franchise network and the appetite from the network for additional Spenda services successfully demonstrated how Spenda's products effectively address market demands.

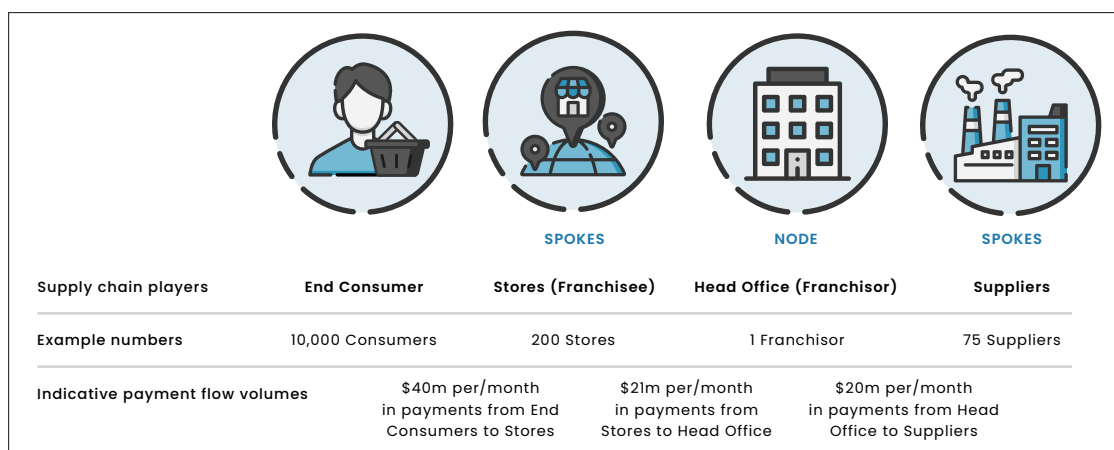


Figure 1: Case Study depicting the Company's Node-to-Spoke strategy

By proving this product fit, the Company has established a strong value proposition for future customers. This validation has not only enhanced future customer confidence and credibility in delivering into complex business networks but has also provided insights for further product improvements and refinements. Additionally, this success has allowed the Company to refine its marketing and sales strategies to target franchise groups and closed business networks and maximize revenue generation from this segment.

Throughout the year, the Company experienced sustained growth in payment volumes as it expanded the rollout of the Spenda platform to its contracted customer networks. This growth was a result of the unique features and capabilities offered by the platform, which challenge conventional business payment methods mainly one-way billing platforms, EFT payment processes, and direct debit services.

Directors report (continued)

To leverage greater returns from these increased payment flows, the Company entered into a two-year PayFac agreement with Fiserv, as announced 28 December 2022. This agreement marked a significant shift from the existing Independent Sales Organisation ('ISO') model for the delivery of direct merchant facilitates. Once fully executed, it will run in parallel to Spendas merchant on record agreements, Business Payments Solutions Provider ('BPSP') and Bank Payment Automation ('BPA') agreements with Fiserv, to provide a holistic card processing service to Spenda customers.

One of the key benefits of entering into a PayFac agreement is a reduction in acquiring costs for Spenda. This reduction will have a direct and positive impact on the Company's net payment margins, potentially increasing margins as much as 30-50%.

Becoming PayFac certified involved a complex underwriting process, an ability to demonstrate capacity to scale payment volume efficiently and effectively handle the associated risks. Meeting these requirements and gaining sponsorship from Fiserv, as the Company's referring partner, is a significant achievement and allows Spenda to operate as a trusted intermediary, managing the payment processing needs of its customers.

Throughout FY23, the Group has also demonstrated consistent growth in its lending portfolio, capitalising on established referral agreements with Mastercard Asia/Pacific (Australia) Pty Ltd ('**Mastercard**') and FSC to attract new customers in invoice and trade finance. These referral partnerships have proven valuable in expanding the Group's customer base and facilitating access to a diverse range of industries.

The capital deployed within the Group's lending portfolio is strategically allocated across multiple industry sectors, including Agriculture, Manufacturing and Business Services. By diversifying lending activities across these sectors, the Group mitigates risk and takes advantage of opportunities for growth in different segments of the economy.

As announced on 6 February 2023 and as part of the Company's Agribusiness strategy, the Company made a strategic investment in FSC, investing \$1.025m for a 5% equity interest in FSC through the conversion of an existing debt facility. This investment not only strengthened the partnership between Spenda and FSC but also provided Spenda with exposure to FSC's extensive networks and substantial credibility in the Agribusiness sector.

The Agribusiness sector is an attractive segment for Spenda, as it's a natural fit for its **Node-to-Spoke** strategy within a supply chain (see Figure 2) and the substantially large transactions and payment flows involved, surpassing those seen in many other industries. By aligning Spenda and FSC more closely, the Company has the ability to gain access to a vast ecosystem of Agribusiness participants, enabling it to provide liquidity and financial services at various levels of the value chain.

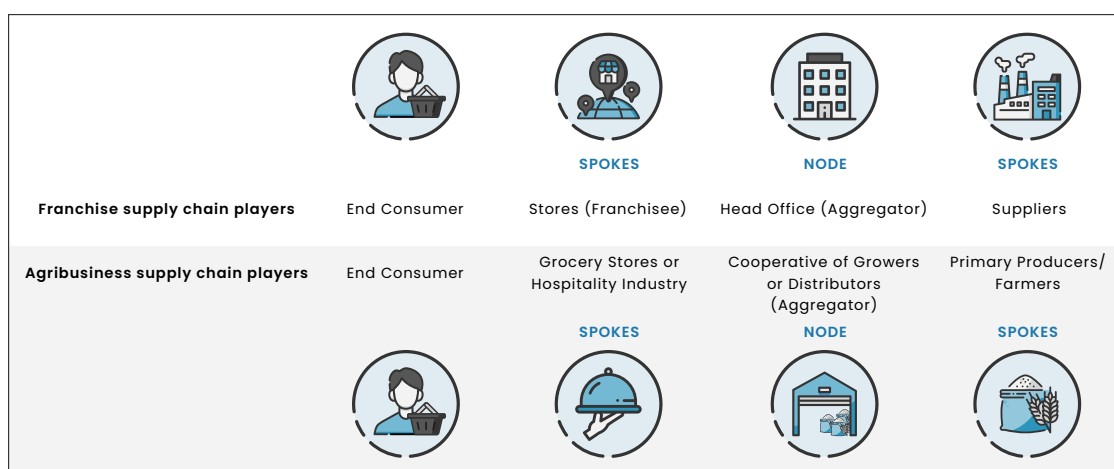


Figure 2: Agribusiness Node-to-Spoke strategy

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Directors report (continued)

This investment has already provided inroads with two large agricultural networks, with whom the Company is in active negotiations to deliver improved business efficiencies and cash flow solutions to Australian agribusinesses, that are expected to be commercialised in FY24.

Furthermore, during FY23, the Company converged its lending and payment services, establishing itself as the industry standard for trade credit and Accounts Receivable/Payable services. This strategic direction involved a transitional period where the Company gradually eliminated traditional lending products, in favour of the Spenda platform being utilised as a comprehensive working capital solution.

By integrating lending and payment services within the Spenda platform, the Company is streamlining financial processes for its customers, simplifying cash flow management and improving overall operational efficiency. This convergence will allow businesses to access a comprehensive suite of financial tools and services and consolidate their payment and lending activities into a single platform. By offering flexible and user-centric payment processing events and eliminating traditional lending products in favour of the Spenda platform, the Company has positioned itself as a leading provider of working capital solutions for businesses.

As announced on 16 May 2023, the Company built on and leveraged its expertise in the automotive industry by expanding its 20-year partnership with Capricorn, to include eCommerce capabilities, where Capricorn selected Spenda as its preferred vendor to deliver the first phase of its Digital Service Delivery (DSD) initiative.

The DSD initiative builds upon Capricorn's existing CAPLink infrastructure, which forms part of the services currently delivered by Spenda to Capricorn under the existing Software Services and Maintenance agreement. Spenda will substantially increase its services provided to Capricorn under the agreement to commence delivery of the DSD project.

The first phase of the DSD is to deliver CAPCharge to Capricorn's member and supplier network. CAPCharge incorporates various components of the Spenda product suite including Pay-Statement-By-Link (PSBL), the payment widget and Spenda's inside sales capabilities. The agreement with Capricorn further emphasises the strength of the Company's **Node-to-Spoke go-to-market** strategy and cornerstones its involvement in the automotive sector in Australia and New Zealand.

Throughout FY23 the Company also embarked on a strategic initiative to expand its presence and enhance brand awareness into Asia through a series of non-deal roadshows to engage various stakeholders in Singapore and across the broader Asian region. In line with this objective, the Company exhibited at the Singapore Fintech Festival in November 2022 with Austrade alongside other Australian businesses as part of its strategic relationship with Fintech Australia. The combination of these initiatives has created strong relationships in the region, where the Company will continue to nurture these relationships and explore avenues for growth into the Asian market.

Significant changes in the state of affairs

Other than as referred to elsewhere in this report, there have been no other significant changes in the state of affairs.

Matters subsequent to the end of the financial year

As announced on 10 July 2023, the Group signed a five-year exclusive agreement to offer lending services to Carpet Court franchise network.

Likely developments and expected results

The likely developments in the economic entity's operations, to the extent that such matters can be commented upon, are covered in the Review and Results of Operations.

Directors report (continued)

Environmental regulation

The Group is currently not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Key Business Risks & Challenges

The Group effectively manages risks and will continue to strengthen and invest in risk resources and capability to proactively identify and manage risks as operations expand. The principal risks and business challenges for the Group include:

1. Loss or failure
2. e to attract or retain key management personnel.
 - Risks associated with a challenging employment market and the Company's ability to attract new talent and retain existing talent with a tightening labour market.
3. Ability for the Company to continue to drive customer and merchant growth.
 - Ability to increase transaction volume, merchant and customer numbers;
 - Increased competition and new sector entrants;
 - Ability for the Group's technology to integrate with third party platform's; and
 - Risks associated with macro-economic factors.
4. Risks related to technology infrastructure and intellectual property.
 - Failures or disruptions to technology systems;
 - Third party banking or processing performance;
 - Exposure to security breaches and data protection issues; and
 - Risks of superseded technology by market competitors.
5. Credit risk, fraud and other related risks.
 - Risk of Spenda customers not repaying their loans as they become due;
 - Risk of fraud, both internal and external;
 - Risk of merchants unable to fulfil delivery of goods; and
 - Risk of merchants/customers business failures resultant projected revenue shortfall.
6. Access to funding to support growth.
 - Access to sufficient equity funding sources; and
 - Access to sufficient debt funding sources.
7. Risks associated with compliance and changes to regulatory environment that may impact the Group's operations.
 - Changes to payment system regulations;
 - Anti-Money Laundering/Know Your Customer(AML/KYC) laws;
 - Privacy laws; and
 - Financial product regulations.

Directors report (continued)

Information on directors

Name:	Peter Richards
Title:	Non-Executive Chairman
Qualifications:	B Com from University of Western Australia
Experience and expertise:	Peter is an experienced independent director with over 40 years of international business experience with global companies including British Petroleum, Wesfarmers Limited, Dyno Nobel Limited and Norfolk Holdings Limited. During his time at Dyno Nobel, he held several senior positions within the North American and Asia Pacific businesses, before being appointed as Chief Executive Officer based in Australia (2005 to 2008). Chairman of GrainCorp Limited (ASX: GNC) Chairman of Emeco Holdings Limited (ASX: EHL)
Other current directorships:	Elmore Limited (retired December 2021)
Former directorships (last 3 years):	Chairman of the Board and Member of the Remuneration Committee
Special responsibilities:	
Interests in shares:	38,289,454
Interests in options:	40,000,000

Name:	Adrian Floate
Title:	Managing Director and Chief Executive Officer
Qualifications:	B Com from Curtin University
Experience and expertise:	Adrian is an IT innovator who has been building software for 20 years. He has founded, built, and sold several technology businesses and worked in Asia, Australia, the UK and US. Adrian has both private and public company experience at an executive level. He is a business strategist that looks to overcome complex problems with software automation solutions. Adrian has worked in supply chain management systems since 1997 and has experience in manufacturing, wholesale distribution, retail and eCommerce. Adrian's career includes designing and developing Bunning's BITS system EDI over IP network, the development and commercialisation of Australia's first SET payments gateway, the development and commercialisation of a Windows Mobile based email platform that pre-dated the Blackberry equivalent technology, designed the CAPLink EDI network for the automotive industry in conjunction with the Capricorn Society, co-founding the CLANG online car service portal and in more recent times leading the Appstablishment software team to create award-winning mobile App's for business collaboration. He has also been instrumental in providing the online portal to utilise Spenda's conversion software to provide a global online service.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director
Interests in shares:	307,110,077
Interests in options:	Nil

Directors report (continued)

Information on directors

Name:	Howard Digby
Title:	Non-Executive Director
Qualifications:	Bachelor of Engineering (Hons), Mechanical Major from the University of Western Australia
Experience and expertise:	Howard is a professional business leader with wide ranging international experience across a variety of industries and markets. He has a proven track record in starting and growing businesses. Howard's recent director experience includes exposure to disruptive early-stage technology, Israeli based provision of high security and bandwidth data voice and video communications technology, IT services, including cloud migration and cybersecurity, cloud-based application software in the healthcare sector, and a Silicon Valley based next generation memory technology.
Other current directorships:	Non-Executive Director of Elight Limited (ASX: ELS) Non-Executive Director of 4DS Limited (ASX: 4DS)
Former directorships (last 3 years):	Non-Executive Chairman of Singular Health Group Ltd (ASX: SHG) Non-Executive Chairman of Vortiv Limited (ASX: VOR)(Resigned on 19 April 2021)
Special responsibilities:	Chairman of the Remuneration Committee
Interests in shares:	16,516,434
Interests in options:	10,000,000

Name:	Stephen Dale
Title:	Non-Executive Director
Experience and expertise:	Stephen has successfully started, developed, managed and sold businesses across diverse sectors including telecommunications, logistics, retail furniture and equestrian ventures. Since 2003 he was a Board member of Saddleworld Australia, a franchised retail group, having served as chairman or deputy chairman for 15 years. He also served as a founding member of Assumption College Kilmore advisory board for 14 years. His current activities include paddock to plate retail of heritage beef and pork and development of a beef cattle breeding stud.
Other current directorships:	None
Former directorships (last 3 years):	Member of the Remuneration Committee
Special responsibilities:	1,694,444
Interests in shares:	10,000,000
Interests in options:	

Other current directorships quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years) quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Directors report (continued)

Company secretary

Justyn Stedwell has a Bachelor of Business & Commerce (Management and Economics) from Monash University, a Graduate Diploma of Accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia and a Graduate Certificate of Applied Finance with Kaplan Professional.

Justyn has over seventeen years' experience acting as a Company Secretary of ASX listed companies in a wide range of industries. He has also acted as a director of several ASX listed companies.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full board		Remuneration Committee	
	Attended	Held	Attended	Held
Peter Richards ¹	15	15	2	2
Stephen Dale ¹	15	15	2	2
Adrian Floate	15	15	-	-
Howard Digby ¹	14	15	2	2

¹ Members of the Remuneration Committee

Remuneration report (audited)

The Directors present the Group's Remuneration Report for the financial year ended 30 June 2023 ('FY23 Report').

The FY23 Report has been prepared in accordance with the disclosure requirement of the *Corporations Act 2001 (Cth)*, the regulations made under the Act and Australian Accounting Standard AASB 124: *Related Party Disclosures* and outlines the remuneration arrangements for the Key Management Personnel ('KMP') of the Group during FY23. KMP are those persons who directly or indirectly had authority and responsibility for planning, directing and controlling the Group's activities during the reporting period.

The Report contains the following sections:

- a. KMP covered in this report
- b. Remuneration policy and link to performance
- c. Elements of executive remuneration
- d. Link between executive remuneration and performance
- e. Overview of non-executive director remuneration
- f. Remuneration expenses for KMP
- g. Contractual arrangement with KMP
- h. Use of remuneration consultants
- i. Voting and comments made at the Company's 2022 Annual General Meeting

a. KMP covered in this report

Name	Position	Term as KMP
Non-Executive Directors		
Peter Richards	Non-Executive Chairman	Full financial year
Howard Digby	Non-Executive Director	Full financial year
Stephen Dale	Non-Executive Director	Full financial year
Executive Directors		
Mr Adrian Floate	Chief Executive Officer and Managing Director	Full financial year
Executives		
Mr Richard Jarvis	Chief Financial Officer	Full financial year
Mr David Wood	Chief Product Officer	Full financial year
Mr Olly Speed	Chief Technology Officer	Ceased 28 February 2022
Mr Andy Hilton	Chief Commercial Officer	Full financial year
Mrs Corrie Hassan	Chief Credit and Risk Officer	Full financial year

b. Remuneration policy and link to performance

Remuneration Policy

The remuneration of all Executives and Non-Executive Directors, Officers and Employees of the Group is determined by the Board.

The Group is committed to remunerating Senior Executives and Executive Directors in a manner that is market- competitive and consistent with best practice, including in the interests of shareholders. From time to time, the Board may engage external remuneration consultants to assist with this review.

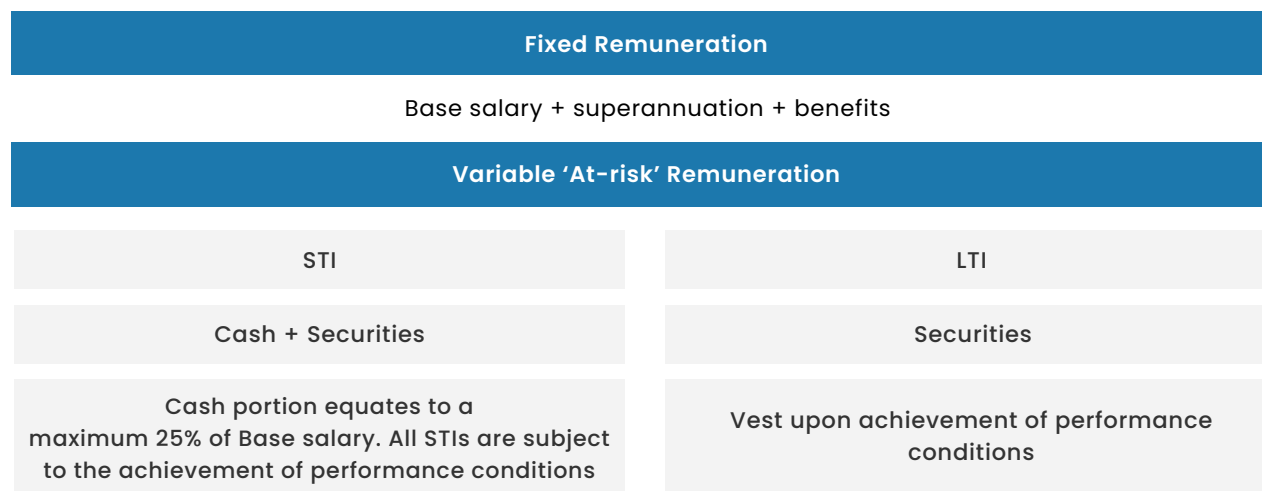
Directors report (continued)

Executive Remuneration policies and framework

The Group rewards Executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy. Executives receive fixed remuneration and variable remuneration consisting of short-term incentive ('STI') and long-term incentive ('LTI') opportunities.

The chart below provides a summary of the structure of executive remuneration in FY23:

Structure of Executive Remuneration FY23



c. Elements of executive remuneration

Fixed remuneration

Executives may receive their fixed remuneration as cash. Fixed remuneration is reviewed annually or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The Board aims to position Executives at or near the median, with flexibility to take into account capability, experience, and value to the Group and performance of the individual.

Superannuation is included in fixed remuneration. There were no increases to fixed remuneration during this financial year.

Short-term incentives

The purpose of a short-term performance-based incentives are to reward individuals and teams based on performance in line with Group's objectives. Consequently, performance-based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Group. This is regularly measured by Key Performance Indicators ('KPIs').

Long-term incentives

Similarly, the purpose of a long-term performance-based incentives are to reward individuals and teams based on performance in line with Group's vision. Consequently, performance-based remuneration is paid to an individual where the individual's performance clearly contributes to a successful trend for the Group.

Directors report (continued)

The Group uses several KPIs to determine achievement, depending on the role of the Executive being assessed. These include activities relating to:

- successful acquisitions of synergistic businesses;
- successful contract negotiation and execution;
- growth in revenue;
- successful achievement of project milestones within budget and on time; and
- successful achievement of software launch milestones.

Incentive Plans

The Company established an Employee Securities Incentive Plan ('ESIP'), that was approved by shareholders at the Company's general meeting held on 20 May 2021. The ESIP is designed to assist the Group to attract and retain key staff, whether employees or contractors. The Board believes that grants made to eligible participants under the plan will provide a powerful tool to underpin the Group's employment and engagement strategy. The key terms of the ESIP are outlined below:

- **Eligibility**
The ESIP is open to all employees of the Group, or other person (eligible employees) declared by the Board to be eligible.
- **Instrument**
Grant of securities under the ESIP may comprise of ordinary shares of the Company, options (listed or unlisted), performance rights or other convertible security.
- **Terms and conditions applicable to an offer under the ESIP**
The Board has absolute discretion to determine the terms and conditions applicable to an offer under the ESIP including:
 - any conditions to be satisfied before a securities will be granted;
 - any vesting, performance or other conditions required to be satisfied before securities vest and/or may be exercised;
 - securities exercise period;
 - any applicable issue price or exercise price; and
 - the closing date and expiry date.
- **Forfeiture and termination**
Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- i. any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- ii. any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

Directors report (continued)

d. Link between executive remuneration and performance

Statutory performance indicators

The Group aims to align the Executive remuneration to the strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years, as required by the *Corporations Act 2001*.

Company Performance	2023	2022	2021	2020	2019
Revenue (\$)	3,111,513	2,245,971	877,777	341,332	670,732
Net loss before tax (\$)	(10,995,506)	(54,960,717)	(11,412,797)	(7,437,947)	(6,037,037)
Net loss after tax (\$)	(11,002,914)	(50,241,209)	(11,412,797)	(7,437,947)	(6,037,037)
Key management remuneration (\$)	(2,858,738)	(2,928,043)	(4,688,076)	(558,426)	(1,258,769)
Share price at the end of year (\$)	0.008	0.009	0.05	0.01	0.01
Dividend (\$)	-	-	-	-	-
Basic loss per share (cents per share)	(0.34)	(1.62)	(0.65)	(1.01)	(0.013)
Diluted loss per share (cents per share)	(0.34)	(1.62)	(0.65)	(1.01)	(0.013)

e. Overview of non-executive director remuneration

Non-Executive Directors are remunerated out of the maximum aggregated amount approved by shareholders and at a level that is consistent with industry standards. In determining non-executive fees, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Group to attract and retain key talent;
- aligned to the Group's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The maximum annual Non-Executive Directors fee pool limit is \$500,000, which was approved by shareholders at the Company's Annual General Meeting, held on 31 January 2022.

The table below summarises Board fees payable to Non-Executive Directors, effective from 1 November 2021 (exclusive of superannuation, where applicable):

Board fees	\$
Chairman	60,000
Non-Executive Directors	60,000
Chairman of Remuneration Committee	10,000

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. Non- Executive Directors may be reimbursed for expenses reasonably incurred in attending to the Group's affairs. Non- Executive Directors may receive performance-based bonuses but not retirement allowances. Prior shareholder approval is required to participate in any issue of equity.

Directors report (continued)

f. Remuneration expenses for KMP

The following table sets out the details of the remuneration of the Directors and the KMP of the Group for the financial year ended 30 June 2023.

KMP	Salary & Fees		Fixed Remuneration			Variable Remuneration			Total	% Linked to Performance
	settled in cash or accrued	settled in equity	Post-employment benefits	Other	Sub Total	Cash Bonus	Share-based payments	Total		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Non-Executive Directors										
Peter Richards	17,472	30,863	6,300	-	54,635	-	358,926	413,561	-	-
Howard Digby	60,000	-	6,300	-	66,300	-	89,729	156,029	-	-
Stephen Dale	45,476	17,796	7,350	-	70,622	-	89,729	160,351	-	-
Executive Directors										
Adrian Floate	107,176	146,668	25,292	-	279,136	120,000	74,500	473,636	25%	
Executive Management										
Richard Jarvis	88,188	155,071	28,350	-	271,609	20,000	185,810	477,419	4%	
David Wood	70,246	129,625	22,099	-	221,970	20,000	166,560	408,530	5%	
Andrew Hilton	115,426	129,625	25,292	-	270,343	20,000	166,560	456,904	4%	
Corrie Hassan	179,600	-	20,104	-	199,704	20,000	92,605	312,309	6%	
TOTAL	683,584	609,648	141,087	-	1,434,319	200,000	1,224,419	2,858,738		

Directors report (continued)

f. Remuneration expenses for KMP

The following table sets out the details of the remuneration of the Directors and the KMP of the Group for the financial year ended 30 June 2022.

KMP	Salary & Fees settled in cash or accrued		Salary & Fees settled in equity		Post-employment benefits		Other		Sub Total		Variable Remuneration			% Linked to Performance	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	Cash Bonus	Share-based payments	Total	\$	%
Non-Executive Directors															
Peter Richards	35,714	14,286	5,000	-	55,000	-	-	385,502	-	-	-	96,376	440,502	-	-
Howard Digby	50,000	-	-	-	50,000	-	-	-	-	-	-	96,376	146,376	-	-
Stephen Dale	41,548	14,286	5,583	-	61,417	-	-	-	-	-	-	-	157,793	-	-
Executive Directors															
Adrian Floate	167,645	72,951	23,568	-	264,164	-	-	100,000	337,500	701,664	-	-	701,664	14%	-
Executive Management															
Richard Jarvis	128,641	94,390	25,000	40,000	288,031	-	-	6,250	279,422	573,703	-	-	573,703	12%	-
David Wood	75,017	98,618	20,000	-	193,635	-	-	-	63,172	256,807	-	-	256,807	-	-
Olly Speed ²	75,283	78,895	11,762	61,229	227,169	-	-	-	-	227,169	-	-	227,169	-	-
Andrew Hilton ¹	106,742	61,270	19,173	-	187,185	-	-	-	63,171	250,356	-	-	250,356	-	-
Corrie Hassan ¹	139,095	-	13,909	-	153,004	-	-	-	20,669	173,673	-	-	173,673	-	-
TOTAL	819,685	434,696	123,995	101,229	1,479,605	106,250	1,342,188	2,928,043							

¹ Mr Hilton and Mrs Hassan became KMP on the acquisition of Invigo.

² Mr Olly Speed ceased with the Company on 28 February 2022.

Directors report (continued)

Other transactions with key management personnel and their related parties

During FY23, related interests of Adrian Floate were paid a total of \$nil (2022: \$81,625) in relation to website development on normal terms and conditions. As at 30 June 2023, \$nil was payable.

During FY22, Mr Richard Jarvis was initially engaged by the Company on a consultancy basis for a fixed term of one (1) year, from 1 November 2020 to 31 October 2021. Effective from 1 July 2021 he became a permanent full-time employee, resigning from all other consulting positions he held to work exclusively for the Group. As part of this transition, he received a total of \$nil for FY23 (FY22: \$40,000) in consulting fees paid to his consultancy company, Nion Business Solutions Pty Ltd. Mr Jarvis was an employee for the full financial year ended 30 June 2023.

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Directors report (continued)

KMP interests in Spenda Limited shares and options

The table below details the movements in the number of shares held by KMP during FY23 and the comparative year FY22. Up until the date of this report, there have been changes to the interests held which have been shown in the tables below:

2023 Options	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year	Balance at the date of this report
	No	No		No	No	No
Directors:						
Peter Richards	46,659,131	-	-	-	46,659,131	40,000,000
Stephen Dale	10,375,000	-	-	-	10,375,000	10,000,000
Adrian Floate	21,204,000	8,750,000	-	-	29,954,000	-
Howard Digby	17,091,666	-	-	-	17,091,666	10,000,000
Executives:						
Richard Jarvis	43,000,000	8,000,000	-	-	51,000,000	37,777,778
David Wood	43,392,110	6,750,000	-	(1,168,545)	48,973,565	35,000,000
Andrew Hilton	41,750,000	6,750,000	-	-	48,500,000	35,000,000
Corrie Hassan	20,000,000	-	-	-	20,000,000	20,000,000
Total	243,471,907	30,250,000	-	(1,168,545)	272,553,362	187,777,778

2022 Options	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
	No	No		No	No
Directors:					
Peter Richards	6,659,131	40,000,000	-	-	46,659,131
Stephen Dale	375,000	10,000,000	-	-	10,375,000
Adrian Floate	27,650,000	13,500,000	-	(19,946,000) ³	21,204,000
Howard Digby	7,091,666	10,000,000	-	-	17,091,666
Executives:					
Richard Jarvis	-	43,000,000	-	-	43,000,000
David Wood	1,642,110	41,750,000	-	-	43,392,110
Olly Speed ¹	970,786	-	-	(970,786)	-
Andrew Hilton ²	-	41,750,000	-	-	41,750,000
Corrie Hassan ²	-	20,000,000	-	-	20,000,000
Total	44,388,693	220,000,000	-	(20,916,786)	243,471,907

¹ Mr Olly Speed ceased with the Company on 28 February 2022.

² Balance at 26 July 2021 when Mr Hilton and Mrs Hassan became KMP of the Group.

³ Included in this balance are options with a value of \$484,271 that expired on 30 June 2022.

Directors report (continued)

2023 Ordinary Shares	Balance at the start of the year	Received as part of remuneration/ debt settlement	Additions	Disposals/ other	Balance at the end of the year	Balance at the date of this report
	No	No	No	No	No	No
Directors:						
Peter Richards	29,815,099	5,416,145	3,058,210	-	38,289,454	38,289,454
Stephen Dale	1,694,444	-	-	-	1,694,444	1,694,444
Adrian Floate	285,671,360	21,438,717	-	-	307,110,077	307,110,077
Howard Digby	12,095,238	4,421,196	-	-	16,516,434	16,516,434
Executives:						
Richard Jarvis	25,766,933	10,180,415	5,555,556	-	41,502,904	43,002,904
David Wood	106,319,184	8,166,260	-	(10,860,354)	103,625,090	105,312,590
Andrew Hilton	53,324,629	8,166,260	1,629,563	-	63,120,452	64,245,452
Corrie Hassan	18,452,966	3,000,000	-	-	21,452,966	23,140,466
Total	533,139,853	60,788,993	10,243,329	(10,860,354)	593,311,821	599,311,821

2022 Ordinary Shares	Balance at the start of the year	Received as part of remuneration/ debt settlement	Additions	Disposals/ other	Balance at the end of the year
	No	No	No	No	No
Directors:					
Peter Richards	28,386,527	1,428,572	-	-	29,815,099
Stephen Dale	1,694,444	-	-	-	1,694,444
Adrian Floate	282,856,614	1,736,935	12,153,812	(11,076,001)	285,671,360
Howard Digby	10,616,666	1,428,572	50,000	-	12,095,238
Executives:					
Richard Jarvis	6,600,000	16,666,933	2,500,000	-	25,766,933
David Wood	186,719,728	8,775,620	-	(89,176,164)	106,319,184
Olly Speed ¹	3,883,147	1,610,095	-	(5,493,242)	-
Andrew Hilton ²	-	8,013,401	45,311,228	-	53,324,629
Corrie Hassan ²	-	-	18,452,966	-	18,452,966
Total	520,757,126	39,660,128	78,468,006	(105,745,407)	533,139,853

¹ Balance at 28 February 2022, when Mr Olly Speed ceased employment with the Group.

² Balance at 26 July 2021 when Mr Hilton and Mrs Hassan became KMP of the Group.

Directors report (continued)

Terms and conditions of listed and unlisted options granted over ordinary shares during the financial year impacting remuneration:

2023 Name	Number of Options Granted	Grant Date	Vested and exercisable	Fair Value \$	Exercise Price	Expiry Date	Fair Value per Option
Directors:							
Adrian Floate	8,750,000	27 September 2022	8,750,000	17,500	\$0.025	28 July 2023	\$0.002
Executives:							
Richard Jarvis	8,000,000	27 September 2022	8,000,000	40,000	\$0.025	28 July 2023	\$0.005
David Wood	6,750,000	27 September 2022	6,750,000	33,750	\$0.025	28 July 2023	\$0.005
Andrew Hilton	6,750,000	27 September 2022	6,750,000	33,750	\$0.025	28 July 2023	\$0.005
Total	30,250,000		30,250,000	125,000			

Name	Number of Options	Service Conditions
Directors:		
Adrian Floate	8,750,000	No service conditions, vest immediately.
Executives:		
Richard Jarvis	8,000,000	No service conditions, vest immediately.
David Wood	6,750,000	No service conditions, vest immediately.
Andrew Hilton	6,750,000	No service conditions, vest immediately.

2022 Name	Number of Options Granted	Grant Date	Vested and exercisable	Fair Value \$	Exercise Price	Expiry Date	Fair Value per Option
Directors:							
Peter Richards	40,000,000	2 March 2022	10,000,000	957,109	\$0.084	2 March 2026	\$0.024
Stephen Dale	10,000,000	2 March 2022	2,500,000	239,277	\$0.084	2 March 2027	\$0.024
Adrian Floate	13,500,000	28 February 2022	13,500,000	324,000	\$0.025	28 July 2023	\$0.024
Howard Digby	10,000,000	2 March 2022	2,500,000	239,277	\$0.084	2 March 2026	\$0.024
Executives:							
Richard Jarvis	35,000,000	30 June 2022	8,750,000	191,781	\$0.0175	15 June 2027	\$0.005
Richard Jarvis	8,000,000	30 June 2022	8,000,000	32,000	\$0.025	28 July 2023	\$0.004
David Wood	35,000,000	30 June 2022	8,750,000	191,781	\$0.0175	15 June 2027	\$0.005
David Wood	6,750,000	30 June 2022	6,750,000	27,000	\$0.025	28 July 2023	\$0.004
Andrew Hilton	35,000,000	30 June 2022	8,750,000	191,781	\$0.0175	15 June 2027	\$0.005
Andrew Hilton	6,750,000	30 June 2022	6,750,000	27,000	\$0.025	28 July 2023	\$0.004
Corrie Hassan	20,000,000	30 June 2022	-	109,589	\$0.0175	15 June 2027	\$0.005
Total	220,000,000		76,250,000	2,530,595			

Directors report (continued)

Service criteria of all unlisted options issued in FY22 have service criteria that must be met in order for these options to vest. The service criteria are summarised below:

Name	Number of Options	Service Conditions
Directors:		
Peter Richards	40,000,000	25% vest immediately. 25% vest 1 year after grant date. 25% vest 2 years after grant date. 25% vest 3 years after grant date.
Stephen Dale	10,000,000	25% vest immediately. 25% vest 1 year after grant date. 25% vest 2 years after grant date. 25% vest 3 years after grant date.
Adrian Floate	13,500,000	No service conditions apply, vest immediately.
Howard Digby	10,000,000	25% vest immediately. 25% vest 1 year after grant date. 25% vest 2 years after grant date. 25% vest 3 years after grant date.
Executives:		
Richard Jarvis	35,000,000	25% vest immediately. 25% vest 1 year after grant date. 25% vest 2 years after grant date. 25% vest 3 years after grant date.
Richard Jarvis	8,000,000	No service conditions apply, vest immediately.
David Wood	35,000,000	25% vest immediately. 25% vest 1 year after grant date. 25% vest 2 years after grant date. 25% vest 3 years after grant date.
David Wood	6,750,000	No service conditions apply, vest immediately.
Andrew Hilton	35,000,000	25% vest immediately. 25% vest 1 year after grant date. 25% vest 2 years after grant date. 25% vest 3 years after grant date.
Andrew Hilton	6,750,000	No service conditions apply, vest immediately.
Corrie Hassan	20,000,000	25% vest immediately. 25% vest 1 year after grant date. 25% vest 2 years after grant date. 25% vest 3 years after grant date.

Directors report (continued)

g. Contractual arrangement with KMPs

The following directors and KMP were under contract for the financial year ended 30 June 2023.

Name: Peter Richards
Title: Non-Executive Chairman
Commencement date: 13 December 2017
Details: Director's fee of \$60,000 per annum, effective from 1 November 2021
Duration: No fixed term
Notice period: 2 months

Name: Adrian Floate
Title: Managing Director and Chief Executive officer
Commencement date: 21 September 2018
Details: Base salary for the year ended 30 June 2023 of \$275,000 plus superannuation, to be reviewed annually by the Remuneration Committee. Short-term and long-term incentives that include cash and equity components, payable on the achievement of specific performance milestones. Non-solicitation and non-compete clauses
Duration: No fixed term
Notice period: 2 months

Name: Howard Digby
Title: Non-Executive Director
Commencement date: 1 August 2019
Details: Director's fee of \$60,000 per annum plus superannuation, effective from 1 November 2021
Fee of \$10,000 per annum plus superannuation, as Chairman of the Remuneration Committee, effective from 1 November 2021
Duration: No fixed term
Notice period: 2 months

Name: Stephen Dale
Title: Non-Executive Director
Commencement date: 5 April 2014
Details: Director's fee of \$60,000 per annum plus superannuation, effective from 1 November 2021
Duration: No fixed term
Notice period: 2 months

Name: Richard Jarvis
Title: Chief Financial Officer
Commencement date: 1 July 2021
Details: Base salary for the year ended 30 June 2023 of \$250,000 plus superannuation, to be reviewed annually by the Remuneration Committee. Short term and long-term incentives that include cash and equity components, payable on the achievement of specific performance milestones. Non-solicitation and non-compete clauses No fixed term
Duration: No fixed term
Notice period: 1 week for not more than 1 year of service, 2 weeks for not more than 3 years, 3 weeks for not more than 5 years and 4 weeks for more than 5 years

Directors report (continued)

Name: David Wood
Title: Chief Product Officer
Commencement date: 21 May 2021
Details: Base salary for the year ended 30 June 2023 of \$200,000 plus superannuation, to be reviewed annually by the Remuneration Committee. Short term and long-term incentives that include cash and equity components, payable on the achievement of specific performance milestones. Non-solicitation and non-compete clauses
Duration: No fixed term
Notice period: 1 week for not more than 1 year of service, 2 weeks for not more than 3 years, 3 weeks for not more than 5 years and 4 weeks for more than 5 years

Name: Andrew Hilton
Title: Chief Commercial Officer
Commencement date: 26 July 2021
Details: Base salary for the year ended 30 June 2023 of \$200,000 plus superannuation, to be reviewed annually by the Remuneration Committee. Short term and long-term incentives that include cash and equity components, payable on the achievement of specific performance milestones. Non-solicitation and non-compete clauses
Duration: No fixed term
Notice period: 1 week for not more than 1 year of service, 2 weeks for not more than 3 years, 3 weeks for not more than 5 years and 4 weeks for more than 5 years

Name: Corrie Hassan
Title: Chief Credit and Risk Officer
Commencement date: 26 July 2021
Details: Base salary for the year ended 30 June 2023 of \$175,000 plus superannuation, to be reviewed annually by the Remuneration Committee. Short term and long-term incentives that include cash and equity components, payable on the achievement of specific performance milestones. Non-solicitation and non-compete clauses
Duration: No fixed term
Notice period: 1 week for not more than 1 year of service, 2 weeks for not more than 3 years, 3 weeks for not more than 5 years and 4 weeks for more than 5 years

h. Use of remuneration consultants

The Group did not engage the services of a remuneration consultant during the current financial year.

i. Voting and comments made at the Company's 2021 Annual General Meeting

The Company received 60.74% of votes 'against' in relation to its remuneration report for the year ended 30 June 2022, resulting in a first strike as the 'against' vote exceeded 25%. The feedback received from shareholders in relation to remuneration practices of the Company related to the objection of the proposed issue of 60,000,000 options with an exercise price of \$0.0175 per option to Managing Director, Adrian Floate, which received an against vote of 52.22% at the 2022 AGM and accordingly the issue of options to Adrian Floate did not proceed.

The agreement to issue the 60,000,000 options to Adrian Floate as part of his performance-based remuneration package has since been renegotiated and it is proposed that he now be issued 100,000,000 options with an exercise price of \$0.10 per option, subject to shareholder approval. The Board considers its current remuneration practices are appropriate for a Company of its size.

End of Remuneration Report (Audited)

Directors report (continued)

Shares under option

Unissued ordinary shares of Spenda Limited under option at the date of this report are as follows:

Grant date	Expiry Date	Exercise Price	Number under Option	Vested & Exercisable
<i>Unlisted Options</i>				
2 March 2021	28 July 2024	\$0.135	50,000,000	50,000,000
2 March 2022	25 Feb 2026	\$0.084	60,000,000	30,000,000
30 June 2022	15 Jun 2027	\$0.0175	156,000,000	65,250,000
30 June 2022	15 Jun 2027	\$0.0175	17,850,000	8,925,000
15 August 2022	15 August 2025	\$0.042	40,273,698	40,273,698
7 October 2022	15 August 2025	\$0.042	805,474	805,474
11 January 2023	15 August 2025	\$0.042	2,416,422	2,416,422
6 April 2023	15 August 2025	\$0.042	3,221,896	3,221,896
15 May 2023	15 May 2027	\$0.0175	23,500,000	16,000,000
16 May 2023	16 May 2027	\$0.020	24,500,000	-
19 June 2023	15 May 2027	\$0.0175	16,000,000	16,000,000
19 June 2023	15 June 2027	\$0.0175	2,000,000	2,000,000
15 August 2023	15 August 2025	\$0.042	2,577,517	2,577,517
<i>Listed options</i>				
4 August 2023	4 August 2025	\$0.0175	210,344,167	196,666,667
			609,489,174	434,136,674

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of Spenda Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Date option exercised	Exercise price	Number of shares issued
6 December 2022	\$0.025	12,500
		12,500

Indemnification and Insurance of Directors and Officers

During the financial year, the Company held an insurance policy to indemnify Directors and Officers against certain liabilities incurred as a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the Directors or Officers of the Company or any related body corporate against any liability incurred as such a Director or Officer. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of premium.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Directors report (continued)

Proceedings on behalf of the Company

No proceedings have been brought or intervened on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Corporate Governance

The Company has reviewed its corporate governance practices against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) and the Company's corporate governance. The Corporate Governance Statement is available at www.spenda.co.

Audit services

During the year the following fees were paid or payable for services provided by the auditor. Non-audit services are detailed in note 26 to the financial statements:

	2023	2022
	\$	\$
<i>HLB Mann Judd</i>		
Audit and review of financial statements	83,835	97,448
Non-audit services (taxation compliance)	71,150	61,100
	<u>154,985</u>	<u>158,548</u>

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services, as disclosed in note 26 of the financial statement, do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 39.

This report is made in accordance with a resolution of directors.



Adrian Floate
Managing Director and Chief Executive Officer
31 August 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Spenda Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
31st August 2023



D I Buckley
Partner

hlb.com.au

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Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

		Consolidated	
	Note	30 June 2023	30 June 2022
		\$	\$
Revenue from continuing operations			
Revenue – including SaaS and Payments		938,790	593,794
Revenue – loan interest		2,172,723	1,652,177
Total revenue	4a	3,111,513	2,245,971
Other Income	4b	250,643	1,827,838
Expenses			
Cost of services rendered		(1,417,929)	(976,510)
Employee and directors' benefits expense	5a	(5,254,173)	(7,448,706)
Depreciation expense and amortisation charge	5b	(3,854,967)	(3,606,591)
Impairment of goodwill	5c/14	-	(41,533,263)
Consulting fees	5d	(251,774)	(981,772)
Legal and other professional fees		(612,011)	(550,160)
Regulatory listing fees		(138,033)	(207,380)
Occupancy expenses		(165,688)	(123,318)
Share-based payment expense	20	(1,498,960)	(2,008,212)
Other expenses		(910,075)	(1,596,721)
Finance (costs)/forgiveness	5e	(254,052)	494
Loss on extinguished liability		-	(2,387)
Loss before income tax from continuing operations		(10,995,506)	(54,960,717)
Income tax (expense)/benefit	6	(7,408)	4,719,50
Loss after income tax for the year		(11,002,914)	(50,241,209)
Loss after income tax for the year attributable to owners of Spenda Limited		(11,002,914)	(50,241,209)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign subsidiaries		10,628	(7,591)
Total comprehensive loss for the year attributable to owners of Spenda Limited		(10,992,286)	(50,248,800)
Loss per share for the year ended attributable to the members of Spenda Limited			
- Basic loss per share (cents per share)	7	(0.34)	(1.62)
- Diluted loss per share (cents per share)	7	(0.34)	(1.62)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position
As at 30 June 2023

		Consolidated	
	Note	30 June 2023	30 June 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	8,349,186	7,614,814
Trade and other receivables	9	199,659	3,038,257
Inventories		40,574	76,535
Other current assets	10	476,975	12,122,549
Financial assets	11	12,022,652	789,297
Total current assets		21,089,046	23,641,452
Non-current assets			
Plant and equipment		53,934	68,166
Trade and other receivables	9	500,000	-
Financial assets	11	1,025,000	-
Right-of-use assets	12	479,194	-
Intangible assets	14	30,236,786	30,616,774
Total non-current assets		32,294,914	30,684,940
Total assets		53,383,960	54,326,392
Liabilities			
Current liabilities			
Trade and other payables	15	2,142,425	2,139,481
Lease liabilities	16	95,528	-
Financial liabilities	17	-	8,269,083
Provisions	18	657,298	466,131
Total current liabilities		2,895,251	10,874,695
Non-current liabilities			
Lease liabilities	16	453,523	-
Financial liabilities	17	11,706,755	-
Provisions	18	140,405	52,693
Total non-current liabilities		12,300,683	52,693
Total liabilities		15,195,934	10,927,388
Net assets		38,188,026	43,399,004
Equity			
Issued capital	19	165,030,603	160,933,168
Reserves	20	10,564,142	8,869,641
Accumulated losses		(137,406,719)	(126,403,805)
Total equity		38,188,026	43,399,004

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity
For the year ended 30 June 2023

							Consolidated
	Note	Issued capital	Option Premium Reserve	Share Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		\$	\$	\$	\$	\$	\$
Balance as at 1 July 2021		149,739,425	407,158	8,313,480	-	(77,158,975)	81,301,088
Loss for the year		-	-	-	-	(50,241,209)	(50,241,209)
Other comprehensive loss		-	-	-	(7,591)	-	(7,591)
Total Comprehensive loss for the year		-	-	-	(7,591)	(50,241,209)	(50,248,800)
Transactions with owners in their capacity as owners:							
Issue of share capital	19	11,243,977	-	-	-	-	11,243,977
Transactions costs related to share issue	19	(50,234)	-	-	-	-	(50,234)
Lapsed options	20	-	-	(996,379)	-	996,379	-
Share-based payment transactions	20	-	-	1,152,973	-	-	1,152,973
Balance as at 30 June 2022		160,933,168	407,158	8,470,074	(7,591)	(126,403,805)	43,399,004
Balance as at 1 July 2022		160,933,168	407,158	8,470,074	(7,591)	(126,403,805)	43,399,004
Loss for the year		-	-	-	-	(11,002,914)	(11,002,914)
Other comprehensive loss		-	-	-	10,628	-	10,628
Total Comprehensive loss for the year		-	-	-	10,628	(11,002,914)	(10,992,286)
Transactions with owners in their capacity as owners:							
Issue of share capital	19	4,414,625	-	-	-	-	4,414,625
Transactions costs related to share issue	19	(317,503)	-	-	-	-	(317,503)
Options exercised	20	313	-	-	-	-	313
Share-based payment transactions	20	-	-	1,683,873	-	-	1,683,873
Balance as at 30 June 2023		165,030,603	407,158	10,153,947	3,037	(137,406,719)	38,188,026

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows
For the year ended 30 June 2023

		Consolidated	
	Note	30 June 2023	30 June 2022
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,538,061	2,334,001
Payments to suppliers and employees (inclusive of GST)		(6,611,569)	(10,219,985)
Interest received		79,999	28,000
Interest and other finance costs paid		(873,625)	(521,987)
Income taxes paid		(67,411)	(2,480,000)
Settlement of historical PAYG assumed on acquisition of ASG		-	(1,106,000)
Proceeds from government grants and tax incentives		1,608,099	1,487,000
Net cash used in operating activities	24c	(2,326,446)	(10,478,971)
Cash flows from investing activities			
Purchase of plant and equipment		(21,422)	(94,996)
Net client loans and debt warehouse inflow/(outflow)		4,184,564	(3,309,996)
Cash acquired on the acquisition of a business	27	-	928,503
Payment for intangible assets		(66,100)	-
Payment for research and development activities		(3,309,250)	-
Net cash from/(used) in investing activities		787,792	(2,476,489)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		3,182,797	-
Proceeds from exercise of options		-	183,000
Payment of borrowings costs	24b	(909,771)	(997,743)
Net cash inflows/(outflows) from financing activities		2,273,026	(814,743)
Net increase/(decrease) in cash and cash equivalents		734,372	(13,770,203)
Cash at beginning of financial year		7,614,814	21,385,017
Cash at end of financial year	8	8,349,186	7,614,814

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements For the year ended 30 June 2023

Note 1 Corporate Information

Spenda Limited (referred to as '**Spenda**' or the '**Company**') is a listed public company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: SPX). The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (collectively referred to as the '**Group**').

A description of the nature of the Group's operations and its principal activities is included in the 'Review of results and operations' in the Directors' Report, which does not form part of this financial report.

Note 2 Summary of Significant Accounting Policies

a. Basis of preparation

These general-purpose financial statements for the year ended 30 June 2023 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Spenda is a for-profit entity for the purpose of preparing the financial statements.

i. **Compliance with IFRS**

The consolidated financial statements and notes of the Group also comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

ii. **Historical cost convention**

The financial statements have been prepared on a historical cost basis, except for financial assets and liabilities at fair value through profit or loss, which have been measured at fair value. The financial report is presented in Australian dollars.

iii. **New and amended standards adopted by the Group**

The Group had adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. There was no material impact on the Group's financial statements on adoption.

iv. **New Accounting standards and interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

v. **Going concern**

For the year ended 30 June 2023, the Group recorded a net loss after tax of \$11m including non-cash items of \$5.3m and had operating cash outflows of \$2.3m. As at 30 June 2023, the Group's cash and cash equivalents amounted to \$8.3m with a restricted cash balance of \$3.5m. The Group has implemented several measures to improve its revenue and margins, as well as to lower costs.

The directors have reviewed the Group's cash flow projections which cover a period of not less than twelve months from the date of approval of these consolidated financial statements and are of the opinion that the Group will have sufficient financial resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of the consolidated financial statements for the year ended 30 June 2023.

Note 2 Summary of Significant Accounting Policies (continued)

a) Basis of preparation (continued)

The directors believe that the Group can continue to access debt and equity funding to meet its working capital requirements. Accordingly, the directors consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

Notwithstanding the above, there remains material uncertainty as to whether the Group can raise sufficient funding as outlined above which may cast doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the consolidated financial statements.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of the Group's assets or to the amounts and classification of liabilities which might be necessary should the Group not continue as a going concern.

b) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

c) Principles of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of Spenda and its subsidiaries as at 30 June each year. Control is achieved where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Company are allocated their share of net profit after tax in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and are presented within equity in the Consolidated Statement of Financial Position, separately from parent shareholders' equity.

d) Operating segments

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Board of Directors and the Executive Leadership Team (the chief operating decision maker).

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with any of the Company's other components) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments, assess its performance and for which discrete financial information is available.

A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different to those of segments operating in other economic environments.

Note 2 Summary of Significant Accounting Policies (continued)

e) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Consolidated Statement of Financial Position.

f) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which were classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

g) Financial assets

Financial assets are measured at either fair value through profit or loss or amortised cost as appropriate. The non listed investment asset is measured at fair value, and any changes in fair value are recognised in the profit and loss.

The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

The debtor finance loans, trade and term loans and buy now pay later loans are financial assets that are initially measured at fair value. Transactions costs are included as part of the initial measurement. These financial assets are subsequently measured at amortised cost. These financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carry value is written off.

The Group recognises a loss allowance for expected credit losses through the statement of profit or loss and other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Note 2 Summary of Significant Accounting Policies (continued)

h) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their estimated useful lives. All property plant equipment is depreciated over a 3-year period.

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised through profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Profit or Loss in the year the asset is derecognised.

i) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments, as disclosed in note 21.

Note 2 Summary of Significant Accounting Policies (continued)

ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria in (ii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Recovered tax benefits on development are offset against the intangible asset as allowed by AASB 120.

iii) Customer contracts

Customer contracts acquired in a business combination are amortised on an attrition rate of customers from acquisition reviewed at each reporting period and amortisation adjusted as required.

iv) Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- | | |
|-------------------------------|-------------|
| • IT Development and software | 3 – 5 years |
| • Customer list and contracts | 2 – 3 years |

j) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short-term nature and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

k) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised and as well as through the amortisation process.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in statement of profit or loss and other comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Note 2 Summary of Significant Accounting Policies (continued)

Convertible notes are recorded as equity where the Group has no contractual obligation to deliver cash to the note holder.

Where convertible notes are redeemable for a fixed number of equity instruments the fair value of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note.

The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Where convertible notes are redeemable for a variable number of equity instruments, the embedded derivative being the conversion options is recognised at fair value. Movements in fair value are recorded in the statement of profit or loss or other comprehensive income. The host debt is recognised at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1) Share-based payment transactions

The Company provides benefits in the form of share-based payments to all employees. The establishment of the Spenda Employee Securities Incentive Plan ('ESIP') was approved by shareholders at the 2021 Annual General Meeting. The ESIP is designed to provide long-term incentives to eligible employees and executive directors of the Group to assist in the motivation, retention and reward of participants. Under these plans, eligible participants may be offered options which may be subject to vesting conditions set by the Board. Details of the Plan rules are set out in the Remuneration Report, within the Directors' Report and also within note 20.

The cost of these equity-settled transactions to employees is measured by reference to the fair value of the equity instruments at the date at which they are granted and to suppliers at the fair value of goods and services received. Where equity is issued to settle liabilities, it is measured at the value on the date of settlement and gains or losses on settlement are recorded in the statement of profit and loss and other comprehensive income. The estimation of the fair value of the awards requires judgement with respect to the appropriate valuation methodology. The choice of valuation methodology is determined by the structure of the awards, particularly the vesting conditions. The estimation of any market-based performance conditions is incorporated into the valuation model used to determine the fair value of the awards whereas non-market-based performance conditions are not included in the determination of fair value. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting date has expired and
- the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The Profit or Loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

Note 2 Summary of Significant Accounting Policies (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

m) Foreign currency

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of profit or loss and other comprehensive income.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

n) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised for a contract with a customer when certain criteria are met:

- a signed contract is in place;
- each party's rights and obligations can be determined;
- payment terms are identified;
- the transaction has commercial substance; and
- it is probable that the consideration will be collectable.

At contract inception, Spenda will assess the goods or services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer. Spenda provides the following services under contracts with customers:

- Hardware supply;
- Data migration and implementation services;
- Fees for the provision of payment services;
- Integration services (SaaS) and licence fees; and
- Support services.

Revenue is recognised when the performance obligation is satisfied either over time or at a point in time. Revenue regarding hardware supply is recognised at the point in time the product is delivered to the customer. Revenue from data migration and implementation services, integration services and licence fees are recognised at the point in time that the services are provided. Revenue from support services is recognised over time, spread over the period to which the services relate.

Note 2 Summary of Significant Accounting Policies (continued)

(ii) Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(iii) Other income

Other income is recognised when it is received.

(iv) Research and development tax refund

The research and development tax refund is not recognised until there is a reasonable assurance that the Company will comply with the conditions attaching to the refund and that the refund will be received.

(v) Government Grants

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

p) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Note 2 Summary of Significant Accounting Policies (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Spenda and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006.

The head entity, Spenda Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Company has applied the "separate taxpayer within the group approach" in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

q) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 2 Summary of Significant Accounting Policies (continued)

s) Right of use assets

A right of use asset is recognised at commencement date of a lease. It is measured at cost, which comprises the initial amount of lease liability and adjusted for lease payments, incentives and any direct costs incurred. They are depreciated on a straight-line basis over the unexpired period of the lease.

Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right of use asset and any corresponding lease liability for short term leases with terms of 12 months or less. Lease payments on these assets are expensed to profit or loss as incurred.

t) Lease liabilities

A lease liability is recognised at commencement date of a lease. The liability is initially recognised at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit on the lease. Lease payments comprise fixed payments less any lease incentives receivable.

Lease liabilities are measured at amortised cost using the effective interest rate method. The carrying amounts are remeasured if there is a change in future lease payments or lease term. When an adjustment is made, this is also made to the corresponding right of use asset.

u) Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred and/or liabilities incurred by the acquirer. All acquisition costs are expensed as incurred to the statement of profit or loss and other comprehensive income.

On acquisition of a business, the Group assesses the assets acquired and liabilities assumed for appropriate classification in accordance with the contractual terms, economic conditions, the Company's accounting policies and other pertinent conditions in existence at the acquisition date.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets and liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date.

The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

v) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

Note 2 Summary of Significant Accounting Policies (continued)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Any impairment on goodwill however is not reversed.

w) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to continually make judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and Intangible assets

At the end of each reporting period, an assessment is made as to whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including market conditions and asset specific matters. If such an indication exists, an impairment test is carried out on the asset by comparing the asset's carrying amount to its estimated recoverable amount, being the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the expected net cashflows that will be received from the assets employment and subsequent disposal discounted to their present value.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite useful lives.

(ii) Estimation of useful lives of assets

Estimated useful lives of depreciable property, plant and equipment assets and intangible assets are reviewed on a regular basis and at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

(iii) Share-based payments

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes or tri-nomial valuation method, taking into account the terms and conditions upon which the equity instruments were granted.

Note 2 Summary of Significant Accounting Policies (continued)

The fair value in relation to the valuation of the equity instruments are detailed in Note 20. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

(iv) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the activities and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(v) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue and makes assumptions to allocate an overall expected loss for each group. These assumptions include recent experience, historical collection rates, the impact of COVID-19 and forward-looking information that is available. As at the year ended and based on available information, an allowance of \$66,776 has been recorded. The actual credit losses in future years may be higher.

Note 3 Financial risk management objectives and policies

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets		Liabilities	
	2023 \$	2022 \$	2023 \$	2022 \$
Singapore dollars	100,959	94,848	-	-
Indian rupee	126,048	20,107	(69,489)	(30,394)

The Group had net assets denominated in foreign currencies of \$157,518 as at 30 June 2023 (2022: \$84,561). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2022: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been impacted by \$7,876 (2022: nil). The actual foreign exchange loss for the year ended 30 June 2023 was \$24,502 (2022: gain of \$5,295).

Note 3 Financial risk management objectives and policies (continued)

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables and other financial assets using a probability or default approach. This approach is considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. A loss allowance of \$66,775 has been recognised as at 30 June 2023.

Generally, trade receivables and other financial assets are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements and contractual maturities

Unused borrowing facilities at the reporting date amount to \$2,400,000 (of an initial \$15m facility) (2022: \$1,730,917). The facility is for the use of funding of invoice finance clients only and cannot be used for working capital. As at 30 June 2023 the present liability under the loan was \$12,600,000. The following table details the Group's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted and discounted cash flows. The table include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 2 & 5 years	Over 5 years
Consolidated - 2023	%	\$	\$	\$
<i>Non-interest bearing</i>				
Trade payables	-	475,837	-	-
Other payables	-	1,666,588	-	-
<i>Interest-bearing – fixed rate</i>				
Lease liability	5%	95,528	566,903	-
Third party loans	9%	98,807	13,987,707	-
		2,336,760	14,544,610	-

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 3 Financial risk management objectives and policies (continued)

	Weighted average interest rate	1 year or less	Between 2 & 5 years	Over 5 years
Consolidated – 2022	%	\$	\$	\$
<i>Non-interest bearing</i>				
Trade payables	-	562,731	-	-
Other payables	-	1,319,637	-	-
<i>Interest-bearing – fixed rate</i>				
Third party loans	9%	8,269,083	-	-
Income tax payable	7%	257,113	-	-
		10,408,564	-	-

Note 4 Revenue and other income

	Consolidated	
	2023	2022
	\$	\$
4a Revenue		
Recognised over time		
Software as a Service	65,820	106,788
Loan interest	2,172,723	1,652,177
Recognised at point in time		
Hardware revenue	20,628	6,763
Carpet Court – SaaS & Implementation	146,413	-
Capricorn – Labour	266,000	-
Website development	414	75,414
Support services	107,345	112,377
Payments revenue	110,889	57,739
Service charges and other fees	221,281	234,713
	3,111,513	2,245,971
4b Other Income		
Interest income	59,327	36,524
Interest income	-	1,788,637
Research and Development tax incentive ¹	191,316	2,677
Other income	250,643	1,827,838

¹ Effective from 1 July 2023, the Company capitalised all eligible development ('R&D') expenditure as an addition to its software assets (refer to note 14). Consequently, on receipt of the R&D tax incentive rebate it will be credited against the software asset, rather than to Other Income.

The aggregate amount of contracted revenue for which performance obligations have not been met as at 30 June 2023 is \$439,728 (2022: \$156,100). This revenue is expected to be recognised in FY24. All revenue was derived in Australia.

Note 5 Expenses

	Consolidated	
	2023 \$	2022 \$
5a Employee and directors' benefits expense		
Directors' remuneration ¹	633,236	530,581
Employee and company secretary fees ¹	4,620,937	6,918,125
	<u>5,254,173</u>	<u>7,448,706</u>
<p>¹ A total of \$1,224,419 (FY22: \$915,754) of directors' remuneration and key management personnel is included as a share-based payment expense. Additionally, a total of \$609,648 of salaries to directors and key management personnel were settled by shares in lieu of salary.</p>		
5b Depreciation expense and amortisation charge		
Depreciation expense	147,675	51,276
Amortisation charge	3,707,292	3,555,315
	<u>3,854,967</u>	<u>3,606,591</u>
5c Impairment charge		
Impairment of goodwill (note 14)	-	41,533,263
5d Consulting fees		
Other consulting services	<u>251,774</u>	<u>981,772</u>
5e Finance Costs		
Interest on tax debt	-	(5,768)
Amortisation of borrowing costs	355,310	-
Forgiveness on general interest charge	(107,409)	-
Bank fees	6,151	5,274
	<u>254,052</u>	<u>(494)</u>

Note 6 Income tax

The Company has not recognised any deferred tax assets or liabilities in respect to the current year (2022: \$nil).

At 30 June 2023, the net deferred tax assets have not been brought to account as realisation is not currently regarded as probable. Deferred tax assets on losses will only be available for recoupment if:

- (i) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised; and
- (ii) The Company continues to comply with the conditions for deductibility imposed by the tax law.

Tax consolidation

Spenda and its wholly owned Australian subsidiaries have formed an income tax consolidated group.

	Consolidated	
	2023 \$	2022 \$
Loss before income tax expense from continuing operations	(10,995,506)	(54,960,717)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 25% (2022: 25%)	(2,748,877)	(13,740,179)
Tax effect of:		
Add:		
Non-deductible expenses	662,815	11,107,066
Research and Development tax incentive	-	(447,160)
Tax losses not previously recognised	-	(1,494,895)
Deferred tax assets on tax losses not recognised	1,681,511	1,870
Other deferred tax assets and deferred tax liabilities not recognised	472,243	654,530
Less:		
Non-assessable income	(68,209)	-
Adjustment in relation to tax of prior years	-	(785,941)
Difference in tax rate of subsidiaries in different jurisdictions	(6,891)	(14,799)
Income tax (benefit)/expense	7,408	(4,719,508)

The tax losses identified have been estimated on the basis of available information.

In addition to the current year tax loss and other net future income tax deductions on which deferred tax assets have not been recognised at 30 June 2023 as set out in the reconciliation above, the Company also has estimated accumulated tax losses of \$12,396,114 on which deferred tax asset has not been recognised.

Unrecognised deferred tax assets and liabilities as at 30 June 2023 comprise:	Deferred tax assets \$	Deferred tax liabilities \$
Losses available for offset against future taxable income	12,396,114	-
Depreciating/Intangible assets	174,080	801,339
Accrued expenditure	16,250	-
Employee entitlements	181,306	-
Superannuation payable	39,006	-
Other	34,158	-
Deferred tax assets not recognised	(12,840,914)	(801,339)
Net unrecognised deferred tax asset/liability	-	-

Note 7 Loss per share

Basic loss per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The diluted loss per share is calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Share options are considered to be anti-dilutive.

	Consolidated	
	2023 \$	2022 \$
The following reflects the income and share data used in the basic and diluted loss per share computations:		
Loss after income tax expense from continuing operations	(11,002,914)	(50,241,209)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	3,238,776,493	3,103,492,317
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	3,238,776,493	3,103,942,317
Basic loss per share (cents per share)	(0.34)	(1.62)
Diluted loss per share (cents per share)	(0.34)	(1.62)

Note 8 Cash and cash equivalents

	Consolidated	
	2023 \$	2022 \$
Cash at bank and in hand	4,893,112	5,843,640
Restricted cash - invoice finance client accounts ¹	3,456,074	1,598,174
Restricted cash - finance facility mezzanine funding ²	-	173,000
	8,349,186	7,614,814

¹ Restricted cash of \$3,456,074 relates to monies held by the Group as at 30 June 2023 for use with its invoice finance clients. These monies are not available for use by the Group.

² As at 30 June 2022, the Group had a finance facility with a limit of \$10m. 10% of the facility limit (\$1m) is restricted in nature and is either held by the financier in a reserve account (equating to 10% of the drawn facility) or earmarked by the Group as restricted cash. As at 30 June 2022, this is split as follows:

- Reserve account \$827,000 (refer to note 9)
- Mezzanine funding \$173,000

On 1 August 2022, the Company entered into a \$50m debt facility agreement with a prominent Australian private credit fund to replace its existing Moneytech facility. Refer to note 17(a) for further details.

Note 9 Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
Current		
Trade receivables	171,813	34,511
Other receivables	27,846	68,247
Research and Development tax incentive rebate ¹	-	1,608,499
Finance facility reserve	-	827,000
Refundable bond	-	500,000
	199,659	3,038,257
Non-current		
Refundable bond	500,00	-

¹ As disclosed in note 4b, the Company is capitalising all development expenditure as an addition to its software asset. On receipt of the R&D tax incentive rebate, it will be credited against the software asset.

(a) Fair value and credit risk

Due to the short-term nature of the receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(b) Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 3.

Note 10 Other current assets

	Consolidated	
	2023	2022
	\$	\$
Prepayments	356,155	669,579
Bank guarantees	95,628	94,526
Rental bonds	25,192	25,192
	476,975	789,297

Note 11 Financial Assets

	Consolidated	
	2023	2022
	\$	\$
Loans carried at amortised cost:		
Current		
Client loans – invoice finance	10,743,684	6,799,578
Client loans – trade, term and other loans	1,278,968	5,322,971
	12,022,652	12,122,549
Non-current		
Investment in non-listed company	1,025,000	-

Note 11 Financial assets (continued)

Fair value and credit risk

The non-listed investment asset is classified as a level 3 asset. The Company utilised the price of its most recent third-party transaction to support the fair value carried for the financial year ended 30 June 2023.

Due to the short-term nature of the financial assets, their carrying value is assumed to approximate their fair value. The Company made an assessment at the year end and based on available information, an allowance for credit loss of \$66,775 has been recorded. The actual credit losses in future years may be higher.

Note 12 Right of use asset

	Consolidated	
	2023 \$	2022 \$
Non-current		
Office space – right of use	575,032	-
Less: accumulated depreciation	(95,838)	-
	<u>479,194</u>	<u>-</u>

On 15 March 2022, the Company signed a Heads of Agreement to commence a new office lease from 1 July 2022 for its Perth based operations. Refer to note 16 for further details.

The Company leases an office located in Perth over a 6-year period. The lease has annual fixed escalation clauses. On renewal, the terms of the lease are renegotiated.

A right of use asset is recognised at the commencement date of the lease. It is measured at cost, adjusted for any lease payments made. They are depreciated on a straight-line basis.

Note 13 Controlled entities

The consolidated financial statements incorporate the assets, accordance with the accounting policy described in note 2:

	Country of Incorporation	Percentage Owned (%)	
		2023 %	2022 %
Parent Entity:			
Spenda Limited	Australia	100%	100%
Subsidiaries of Spenda Limited:			
Spenda Business Services Pty Ltd	Australia	100%	100%
Anthem Software Group Pty Ltd	Australia	100%	100%
Spenda Cash Flow Pty Ltd	Australia	100%	100%
Spenda Finance Pty Ltd	Australia	100%	100%
Spenda India Technologies Private Limited	India	100%	100%
Spenda Singapore Pte Ltd	Singapore	100%	100%
Spenda Software Group Pty Ltd ¹	Australia	-	100%

¹ Spenda Software Group Pty Ltd was deregistered during the 30 June 2023 financial year.

Note 14 Intangible assets

	Consolidated	
	2023 \$	2022 \$
Software development (note a)		
Software development costs	20,063,132	16,738,642
Less: Accumulated amortisation	(6,825,484)	(3,521,393)
	<u>13,237,648</u>	<u>13,217,249</u>
Customer contracts		
Customer contracts	611,889	611,889
Less: Accumulated amortisation	(434,309)	(33,922)
	<u>177,580</u>	<u>577,967</u>
Goodwill (note b)		
Goodwill on acquisition of ASG	50,908,765	50,908,765
Less: Accumulated impairment charge	(41,533,263)	(41,533,263)
Goodwill on acquisition of Invigo (note 27)	7,446,056	7,446,056
Total Goodwill	<u>16,821,558</u>	<u>16,821,558</u>
Total Intangible assets	<u>30,236,786</u>	<u>30,616,774</u>

a) Software development costs

Software development costs relate to various forms of Intellectual Property, collectively referred to as the Spenda Product Suite. It comprises of customised applications that integrate data using cloud enabled technologies, payments infrastructure and various other technologies.

(b) Goodwill

Goodwill represents other intangible assets of the business not explicitly recognised on the statement of financial position and includes assembled workforce, technical expertise, distribution channels, customer service capability, product and service support and geographic presence. It will not be deductible for tax purposes. The Group tests whether goodwill has suffered any impairment on an annual basis.

Note 14 Intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are detailed below:

	Goodwill ASG	Goodwill Invigo	Software Assets	Customer Contracts	Total
	\$	\$	\$	\$	\$
Opening balance as at 1 July 2021	63,507,863	-	-	-	63,507,863
ASG Purchase Price Allocation	(12,599,098)	-	15,000,000	-	2,400,902
Invigo Purchase Price Allocation (note 27)	-	7,446,056	305,416	611,889	8,363,361
Acquisition of Greenshoots (note 28)	-	-	1,403,226	-	1,403,226
Additions	-	-	30,000	-	30,000
Amortisation charge	-	-	(3,521,393)	(33,922)	(3,555,315)
Impairment of goodwill	(41,533,263)	-	-	-	(41,533,263)
Closing balance as at 30 June 2022	9,375,502	7,446,056	13,217,249	577,967	30,616,774
Opening balance as at 1 July 2022	9,375,502	7,446,056	13,217,249	577,967	30,616,774
Additions	-	-	3,327,304 ¹	-	3,327,304
Amortisation charge	-	-	(3,306,905)	(400,387)	(3,707,292)
Closing balance as at 30 June 2023	9,375,502	7,446,056	13,237,648	177,580	30,236,786

¹ Predominantly relates to capitalised development expenditure for FY23. In FY22, development expenditure was expensed as incurred and a corresponding receivable recognised as disclosed in note 9 and note 4b to recognise the recoverability of those costs against the companies R&D tax rebate. In FY23 and in subsequent periods, the R&D tax rebate will be offset against the capitalised software asset.

Assessment of Impairment

The Group is required to assess the recoverable value for the goodwill that has arisen on the acquisition of Appstablishment Software Group ('ASG') and Invigo Pty Ltd ('Invigo'). These are each considered separate Cash Generating Units ('CGU'). The ASG goodwill balance is in the SaaS and Payments CGU, which is distinguished by its cash flows derived from its software as a service and merchant payments income. The SaaS and payments CGU has a carrying value of \$21,924,504 and includes the goodwill of \$9,375,922 and intangible assets of \$13,020,038 at balance date. Refer to note 21.

The Invigo goodwill, software asset and customer list are included in the lending CGU, which is distinguished by its cash flows derived predominantly through loan interest income on lending products the Group offers. The lending CGU has a carrying value of \$8,088,723 and includes the goodwill of \$7,446,056 and intangible assets of \$395,190 at balance date.

Note 14 Intangible assets (continued)

Impairment testing

SaaS and Payments CGU

The recoverable amount of the Group's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5-year projection period approved by management, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following key assumptions were used in the discounted cash flow model for the SaaS and Payments CGU:

- 25.4% low pre-tax discount rate and 27.1% high pre-tax discount rate;
- 1.5% per annum projected long term revenue growth rate used in calculating the terminal value;
- 1.5% per annum increase in operating costs and overhead used in calculating the terminal value; and
- Growth rates of 114% in 2024, 0% in 2025, 0% in 2026, 0% in 2027 and an increase of 1.5% in 2028.

The discount rate reflects management's estimate of the time value of money and the Group's weighted average cost of capital, adjusted for the SaaS and payments division, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue growth rates are prudent and justified, based on the activity and its current deal flow.

There were no other key assumptions for the SaaS and payments CGU.

Based on the above, no impairment charge has been applied as the recoverable amount exceeded its carrying amount for the SaaS and payments CGU.

Lending CGU

The following key assumptions were used in the discounted cash flow model for the lending CGU:

- 21.5% low pre-tax discount rate and 23.1% high pre-tax discount rate;
- 5% per annum projected long term revenue growth rate used in calculating the terminal value; and
- 5% per annum increase in operating costs and overhead used in calculating the terminal value.
- Growth rates of 51% in 2024, 10% in 2025, 10% in 2026 and 10% in 2027.

The discount rate reflects management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for the lending division, the risk-free rate and the volatility of the share price relative to market movements.

Management believes the projected revenue growth rate is prudent and justified, based on the activity and its current deal flow.

There were no other key assumptions for the lending CGU.

Based on the above, no impairment charge has been applied as the recoverable amount exceeded its carrying amount for the lending CGU.

Note 15 Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
Current		
Trade payables	475,837	562,731
Income tax payable	578	257,113
PAYG withholding	447,890	449,557
Deferred income	439,728	156,100
Superannuation payable	156,022	153,975
Sundry payables and accrued expenses	622,370	560,005
	<u>2,142,425</u>	<u>2,139,481</u>

Note 16 Lease liabilities

	Consolidated	
	2023	2022
	\$	\$
Current		
Lease liabilities	95,528	-
	<u>95,528</u>	<u>-</u>
Non-current		
Lease liabilities	453,523	-
	<u>453,523</u>	<u>-</u>

The remaining lease liability on this as at 30 June 2023 is \$549,051 spread over 5 years.

Note 17 Financial Liabilities

2023	Consolidated		
	At Amortised Cost	At Fair Value	Total
	\$	\$	\$
Debt warehouse facility (17a)	12,600,000	-	12,600,000
Debt warehouse facility - capitalised set up costs	(992,052)	-	(992,052)
	11,607,948	-	11,607,948
Premium funding loan balance	98,807	-	98,807
	<u>11,706,755</u>	<u>-</u>	<u>11,706,755</u>

2022	Consolidated		
	At Amortised Cost	At Fair Value	Total
	\$	\$	\$
Moneytech facility (17b)	8,269,083	-	8,269,083
	<u>8,269,083</u>	<u>-</u>	<u>8,269,083</u>

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Note 17 Financial Liabilities (continued)

17a Debt warehouse facility

As announced on 1 August 2022, the Group secured a \$50m debt warehouse facility (with an initial \$15m corporate facility) with a prominent Australian private credit fund ('the Financier'), to provide capital to accelerate its ongoing business growth.

The Group has been working with its debt advisor, Neu Capital, during FY22 & FY23, to (a) complete the structural work required to attract institutional debt capital; and (b) source, negotiate and implement specific funding terms with suitable institutions.

The Financier is an Australian credit fund and non-bank funder, focussing on short and medium-term private debt investment to corporate borrowers.

The initial \$15m corporate facility is secured, has a term of 36 months from 1 August 2022 and a fixed rate of 9.75%. The purpose of the facility is to provide invoice finance, subject to credit policy/eligibility criteria.

17b Moneytech facility

A loan facility of \$10m was previously entered into with Moneytech Finance Pty Ltd. The purpose of this loan was to provide funding to debtor finance clients.

In respect of funds advanced, under the facility a margin rate of 1.5% per annum was due in interest. Additionally, a base rate (variable) of 7.95% is due and a monthly line fee of \$7,122 at a term of 36 months.

The facility matured on 5 August 2022 as the Company was successful in negotiating a new financier, as detailed in note 17a above.

Note 18 Provisions

	Consolidated	
	2023	2022
	\$	\$
Current		
Annual leave	541,906	407,892
Long service leave	48,617	48,272
Provision for credit losses	66,775	9,967
	657,298	466,131
Non-current		
Long service leave	140,405	52,693

Note 19 Contributed equity

	Consolidated	
	2023 \$	2022 \$
Ordinary shares	165,030,603	160,933,168

Ordinary shares

Holders of ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and moneys paid up on shares held. The fully paid ordinary shares have no par value. Holders of ordinary shares are entitled to one vote, either in person or by proxy at a meeting of the Company.

Ordinary shares	Consolidated			
	2023		2022	
	No. Shares	\$	No. Shares	\$
Opening balance	3,181,661,739	160,933,168	2,951,078,504	149,739,425
Private placement	379,222,324	3,413,001	-	-
Exercise of unlisted and listed options	12,500	313	7,952,675	198,817
Employee share option plan/incentive plan	23,666,667	274,167	12,186,680	416,073
Issued in lieu of fees	12,391,158	151,866	47,898,592	791,705
Issued in settlement of debt	-	-	5,400,000	324,000
Issued as part of business combination	-	-	132,951,740	8,110,156
Issued as part of asset acquisition	-	-	24,193,548	1,403,226
Issued as part of salary sacrifice arrangement	53,231,777	575,591	-	-
Transactions costs related to share issue	-	(317,503)	-	(50,234)
Closing balance	3,650,186,165	165,030,603	3,181,661,739	160,933,168

Shares issued as part of salary sacrifice arrangements and under the ESIP are valued at the date they were issued. The expense is recognised as part of the salaries and wages balance for the salary sacrificed shares and share based payment expense for ESIP shares issued.

Note 20 Option Reserves and Share Based Payments

Reserves	Consolidated	
	2023 \$	2022 \$
Share Based Payment Reserves	10,153,947	8,470,074
Option Premium Reserve	407,158	407,158
Foreign Currency Translation Reserve	3,037	(7,591)
Closing balance	10,564,142	8,869,641

Share based payment reserve relates to the cumulative amount charged to the profit and loss in respect of listed and unlisted options granted.

Option premium reserve relates to the monies received for its options over and above their nominal value.

Foreign currency reserve is used to recognise exchange differences arising from the translation of financial statements of foreign operations to Australian dollars.

Note 20 Option Reserves and Share Based Payments (continued)

Share Based Payment Reserves

	Consolidated	
Share Based Payment and Option Premium Reserve	2023 \$	2022 \$
Opening Balance	8,470,074	8,313,480
Unlisted options issued during the year	489,282	137,583
Options (expired)/exercised	313	(996,379)
Listed options issued during the year	195,799	410,000
Vesting charge on issued options	998,479	605,390
Closing balance	10,153,947	8,470,074

The Company established an Employee Securities Incentive Plan ('ESIP'), that was approved by shareholders at the Company's general meeting held on 20 May 2021. The ESIP is designed to assist the Group to attract and retain key staff, whether employees or contractors. The Board believes that grants made to eligible participants under the plan will provide a powerful tool to underpin the Group's employment and engagement strategy.

The following table represents the various securities issued by the Company as share-based payments during the year and their fair value:

Class	Grant date	Aware type	Vesting date	Vesting condition	Expiry date	Number of options	Fair value	Exercise price
A	15 August 2022	Grant to debt financier	15 August 2022	None	15 August 2025	40,273,698	\$0.008	\$0.042
B	27 September 2022	Grant to KMP	27 September 2022	None	28 July 2023	25,500,000	\$0.005	\$0.025
C	27 September 2022	Grant to advisors	27 September 2022	None	28 July 2023	22,000,000	\$0.001	\$0.025
D	7 October 2022	Grant to debt financier	7 October 2022	None	15 August 2025	805,474	\$0.008	\$0.042
E	6 December 2022	Grant to Managing Director	6 December 2022	None	28 July 2023	8,750,000	\$0.004	\$0.025
F	11 January 2023	Grant to debt financier	11 January 2023	None	15 August 2025	2,416,422	\$0.008	\$0.042
G	6 April 2023	Grant to debt financier	6 April 2023	None	15 August 2025	3,221,896	\$0.008	\$0.042
H	15 May 2023	Granted to employees	15 May 2024	1 year after issue date	16 May 2027	48,000,000	\$0.008	\$0.02
I	19 June 2023	Granted to employees	19 June 2024	1 year after issue date	15 June 2027	18,000,000	\$0.007	\$0.0175
Total						168,967,490		

The cost of equity transactions is determined by using the fair value of the options at the grant date using either the black scholes or binomial model. The fair value is determined in accordance with the fair market value of the shares available at the grant date and identified above.

Note 20 Option Reserves and Share Based Payments (continued)

Some inputs to the models require the application of judgement. The fair value of unlisted options granted during the period were estimated on the grant date using the assumptions set out below:

Class	Number	Detail	Vesting date	Underlying share price	Volatility	Risk-free rate	Dividend Yield	Exercise price
A	40,273,698	Grant to debt financier	15 August 2022	\$0.0170	104%	2.7%	Nil	\$0.043
D	805,474	Grant to debt financier	7 October 2022	\$0.0170	104%	2.7%	Nil	\$0.043
F	2,416,422	Grant to debt financier	11 January 2023	\$0.0170	104%	2.7%	Nil	\$0.043
G	3,221,896	Granted to debt financier	6 April 2023	\$0.0170	104%	2.7%	Nil	\$0.043
H	48,000,000	Granted to employees under the ESIP	15 May 2024	\$0.0110	124%	3.14%	Nil	\$0.0175
I	18,000,000	Granted to employees under the ESIP	19 June 2024	\$0.009	110%	3.14%	Nil	\$0.0175
Total	112,717,490							

The cost of listed options used the last day of trading prior to the issue of these options, or consideration paid for these options.

Class	Number	Detail	Vesting date	Underlying share price	Volatility	Risk-free rate	Dividend Yield	Exercise price
B	25,500,000	Incentive options granted to KMP	27 September 2022	\$0.013	N/A	N/A	Nil	\$0.025
C	22,000,000	Incentive options issued to advisors	27 September 2022	\$0.013	N/A	N/A	Nil	\$0.025
E	8,750,000	Incentive options granted to Managing Director	6 December 2022	\$0.0095	N/A	N/A	Nil	\$0.025

Furthermore, several shares were issued as share based payments in lieu of fees and to employees and key management personnel in lieu of salary and under the ESIP.

Shares	Rationale	Date Issued	Share Price at grant date	Number of Shares
Shares A	Shares issued in lieu of fees	12 August 2022	\$0.010	3,073,100
Shares B	Shares issued to KMP as part of STI	19 August 2022	\$0.013	13,000,000
Shares C	Shares issued to employees in lieu of salary	23 September 2022	\$0.012	27,955,719
Shares D	Shares issued in lieu of fees	27 September 2022	\$0.013	6,000,000
Shares E	Shares issued to Managing director in lieu of salary	31 December 2022	\$0.010	15,438,717
Shares F	Shares issued to Managing Director as part of STI	31 December 2022	\$0.010	6,000,000
Shares G	Shares issued to Non-Executive Director in lieu of salary	31 December 2022	\$0.010	9,837,341
Shares H	Shares issued in lieu of fees	14 February 2023	\$0.013	3,318,053
Shares I	Shares issued to Employees under the ESIP	16 February 2023	\$0.013	166,672
Shares J	Shares issued to Employees under the ESIP	15 May 2023	\$0.012	2,500,000
Shares K	Shares issued to Employees under the ESIP	29 June 2023	\$0.008	2,500,000
Total				89,289,602

The total share-based payment expense of \$1,498,959 (FY22: \$2,008,212) in the statement of profit or loss and other comprehensive income consists of \$1,270,793 of options (FY22 \$1,152,973), \$228,167 of ESIP shares (FY22 \$416,073), and \$nil of vesting expense relating to prepaid shares (FY22 \$352,550). The amounts noted above issued in lieu of salary include \$609,648 issued to directors and key management personnel as disclosed in note 5(a).

Note 20 Option Reserves and Share Based Payments (continued)

The estimation of the fair value of the awards requires judgement with respect to the appropriate methodology. The fair value for the options granted was determined by using the Black-Scholes model or Binomial model as appropriate. Set out below are summaries of options granted during the year:

Consolidated				
	2023		2022	
	Average exercise price per share option \$	Number of options	Average exercise price per share option \$	Number of options
As at 1 July	\$0.04	517,797,325	0.046	285,533,333
Granted during the year	\$0.03	168,967,490	0.032	271,050,000
Expired during the year	-	-	0.044	(30,833,333)
Exercised during the year	\$0.025	(12,500)	0.025	(7,952,675)
As at 30 June	\$0.03	686,752,315	0.040	517,797,325

At 30 June 2023 the weighted average contractual life of the above options was 2.32 years (2022: 2.68 years).

Note 21 Segment reporting

The Group's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Maker ('CODM') in assessing performance and in determining the allocation of resources. The Group operates predominantly in the IT software, payments and non-bank lending industry sectors.

During the first half of 2022 financial year and as a result of the acquisition of Invigo, the CODM requested revised reporting segments, being the SaaS and Payments and Lending segments, to reflect how the Group is managed.

Segment	Principal Activities
SaaS and Payments	Provision of software as a service to business customers and merchant payment services.
Lending	Provision of lending services to business customers.
Unallocated	Unallocated includes certain head office costs and costs not directly attributable to either segment.

	SaaS & Payments \$	Lending \$	Unallocated \$	Total \$
For the year ended 30 June 2023				
Revenue	776,404	2,335,109	-	3,111,513
Other income	-	-	250,643	250,643
Cost of goods sold	(274,933)	(1,142,996)	-	(1,417,929)
Other	-	-	(8,830,714)	(8,830,714)
EBITDA	501,471	1,192,113	(8,580,071)	(6,886,487)
Depreciation and amortisation	(3,669,583)	(137,853)	(47,531)	(3,854,967)
Finance costs	-	(355,310)	101,258	(254,052)
Profit/(Loss) before income tax	(3,168,112)	698,950	(8,526,344)	(10,995,506)
Income tax benefit	-	-	(7,408)	(7,408)
Profit/(Loss) after income tax	(3,168,112)	698,950	(8,533,752)	(11,002,914)

All of the Group's revenues are derived from Australian based entities, and no single customer generates revenue greater than 10% of the Group's total revenue.

Note 21 Segment reporting (continued)

	SaaS & Payments \$	Lending \$	Unallocated \$	Total \$
For the year ended 30 June 2023				
Current Assets				
Cash and cash equivalents	415,386	3,594,577	4,339,223	8,349,186
Trade & other receivables	179,532	-	272,161	451,693
Financial assets	-	12,022,652	-	12,022,652
Unallocated current assets	-	-	265,515	265,515
Total current assets	594,918	15,617,229	4,876,899	21,089,046
Non-Current Assets				
Goodwill	9,375,502	7,446,056	-	16,821,558
Intangible asset	13,020,038	395,190	-	13,415,228
Unallocated non-current assets	-	-	2,058,128	2,058,128
Total non-current asset	22,395,540	7,841,246	2,058,128	32,294,914
Liabilities				
Financial liabilities	-	11,706,755	549,051	12,255,806
Trade and other payables	650,988	68,420	1,423,017	2,142,425
Unallocated liabilities	-	-	797,703	797,703
Total liabilities	650,988	11,775,175	2,769,771	15,195,934

	SaaS & Payments \$	Lending \$	Unallocated \$	Total \$
For the year ended 30 June 2022				
Current Assets				
Revenue	452,993	1,792,978	-	2,245,971
Other income	1,788,637	-	39,201	1,827,838
Cost of goods sold	(279,801)	(696,709)	-	(976,510)
Other	-	-	(12,918,656)	(12,918,656)
EBITDA	1,961,829	1,096,269	(12,879,455)	(9,821,357)
Depreciation and amortisation	(3,288,190)	(131,315)	(187,086)	(3,606,591)
Finance costs	-	-	494	494
Impairment	(41,533,263)	-	-	(41,533,263)
Loss before income tax	(42,859,624)	964,954	(13,066,047)	(54,960,717)
Income tax benefit	-	-	4,719,508	4,719,508
Loss after income tax	(42,859,624)	964,954	(8,346,539)	(50,241,209)

Note 21 Segment reporting (continued)

	SaaS & Payments \$	Lending \$	Unallocated \$	Total \$
For the year ended 30 June 2022				
Current Assets				
Cash and cash equivalents	89,331	2,654,655	4,870,828	7,614,814
Trade & other receivables	2,056,183	851,289	-	2,907,472
Financial assets	-	12,122,549	-	12,122,549
Unallocated current assets	-	-	996,617	996,617
Total current assets	2,145,514	15,628,493	5,867,445	23,641,452
Non-Current Assets				
Goodwill	9,375,502	7,446,056	-	16,821,558
Intangible asset	12,992,771	802,445	-	13,795,216
Unallocated non-current assets	-	-	68,166	68,166
Total non-current asset	22,368,273	8,248,501	68,166	30,684,940
Liabilities				
Financial liabilities	-	8,269,083	-	8,269,083
Trade and other payables	552,960	69,116	-	622,076
Unallocated liabilities	-	-	2,036,229	2,036,229
Total liabilities	552,960	8,338,199	2,036,229	10,927,388

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Note 22 Related party disclosure

Director and key management personnel related entities

The following entities have been determined to be related party entities:

Entity	Director/Key Management Personnel
Tikitbook AU Pty Ltd	Tikitbook Au Pty Ltd ('Tikitbook') is a related party entity. Mr Adrian Floate was a shareholder and director of both Spenda Limited and Tikitbook.
Nion Business Consulting Pty Ltd	Nion Business Consulting Pty Ltd ('Nion') is a related party entity. Mr Richard Jarvis is a KMP of Spenda Limited and a Director of Nion.

Shares Issued to Related Entities

A number of shares were issued to related entities as disclosed in the remuneration report.

Directors and key management personnel

Disclosures relating to directors and key management personnel are set out in the remuneration report in the directors' report and note 23.

Transactions with related parties

During the year, services have been provided by or to directors' and key management personnel related entities as follows:

Director	Entity	Nature	2023 \$	2022 \$
<u>Services provided by directors' & KMP related entities</u>				
Mr Richard Jarvis	Nion Business Consulting Pty Ltd	Financial Advisory	-	40,000
<u>Services provided to directors' related entities</u>				
Mr Adrian Floate	Tikitbook Pty Ltd	Website Development	-	81,625
Total payable as at year end			-	-

Parent entity

Spenda Limited is the ultimate parent entity.

As at 30 June 2023, Spenda Limited had intercompany loans with subsidiaries of \$25,084,040 (2022: \$23,946,385). These loans carry no interest charge and have no set date for repayment. All intercompany transactions are eliminated on consolidation. Parent entity information is disclosed in note 25.

Subsidiaries & associates

Interests in subsidiaries and associates are set out in note 13.

Note 23 Key management personnel disclosures

The aggregate compensation made to directors and other KMP of the Group is set out below:

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits:		
Cash salary, fees and short-term compensation	1,634,319	1,585,857
Long-term employee benefits		
Share-based payments	1,224,419	1,342,186
	2,858,738	2,928,043

Shareholding

Refer to the Remuneration Report which contains the number of ordinary shares in the parent entity held during FY23 and FY22 by each director and other KMP of the Company, including their personally related parties.

Option holding

Refer to the Remuneration Report which contains the number of options granted to KMP during FY23 and FY22.

Note 24 Cash flow information

a) Non-cash investing activities

	2023	2022
	\$	\$
Shares issued as part of business combination (Invigo)	-	8,110,156
Shares issued as part of asset acquisition	-	1,403,226
Right of use asset	479,194	-

b) Changes in liabilities arising from financing activities

	2023	2022
	\$	\$
Opening balance	8,269,083	-
Acquisition of mezzanine debt business combinations (note 27)	-	997,743
Acquisition of loan liabilities through business combinations (note 27)	-	3,833,180
Net drawdown on loan from Moneytech Finance Pty Ltd	-	4,435,903
Net drawdown on loan from debt financier ¹	4,347,443	-
Transaction costs related to establishment of debt facility	(909,771)	-
Lease liabilities	610,468	-
Repayments on lease liabilities	(61,417)	-
Repayment of Mezzanine Debt	-	(997,743)
Closing balance	12,255,806	8,269,083

¹ In the statement of cashflows the net drawdown of the debt warehouse (note 17a), the net repayment of the moneytech facility (note 17b) and client loans (note 11) have been included within investing activities. The net movement above excludes movements from client loans.

Note 24 Cash flow information (continued)

c) Reconciliation of Cash Flow from Operations with Loss before Income Tax

	Consolidated	
	2023 \$	2022 \$
Loss after Income Tax	(11,002,914)	50,241,209)
<i>Cash flows excluded from loss attributable to operating activities</i>		
<i>Non-cash Flows in Loss</i>		
Depreciation charge and amortisation expense	3,854,967	3,606,591
Amortisation of borrowing costs	355,310	
Impairment expense	-	41,533,263
Share-based payments expense	1,498,960	2,008,212
Loss on extinguished liability	-	(2,387)
Shares issued in lieu of salary	773,458	55,478
Reversal of general interest charges	(107,409)	(785,941)
Foreign exchange movements	10,628	(7,591)
Impairment on receivables	66,775	187,865
<i>Changes in assets and liabilities:</i>		
(Increase)/Decrease in trade and other receivables	1,532,802	(513,509)
(Increase)/Decrease in other current assets	312,322	(492,308)
(Increase)/Decrease in loan receivable	99,897	1,116,062
(Increase)/(Decrease) in trade payables, provisions and accruals	278,758	(6,943,497)
Net cash used in operating activities	(2,326,446)	(10,478,971)

Note 25 Parent entity information

Spenda Limited was the parent company of the consolidated entity throughout the financial year ended 30 June 2023. The results and financial position of the parent entity are detailed below:

	Consolidated	
	2023	2022
	\$	\$
Statement of profit or loss and other comprehensive income		
Loss after income tax	(10,995,323)	(50,275,800)
Total comprehensive loss	(10,995,323)	(50,275,800)
Statement of financial position		
Current assets	4,346,558	5,454,142
Non-current assets	34,593,530	38,505,467
Total assets	38,940,088	43,959,609
Current liabilities	752,062	560,605
Non-current liabilities	-	-
Total liabilities	752,062	560,605
Net Assets	38,188,026	43,399,004
Equity		
Contributed equity	165,030,603	160,933,168
Share-based payment reserve	10,564,142	8,877,232
Accumulated losses	(137,406,719)	(126,411,396)
Total Equity	38,188,026	43,399,004

Note 26 Auditor's remuneration

	Consolidated	
	2023	2022
	\$	\$
<i>HLB Mann Judd</i>		
Audit and review of financial statements	83,835	97,448
Non-audit services (taxation compliance)	71,150	61,100
	154,985	158,548

Note 27 Business Combination

Invigo Pty Ltd (Invigo)

On 5 July 2021, the Group announced a binding share sale agreement had been signed to acquire 100% of the Sydney based Fintech Invigo Pty Ltd, for a total consideration of \$8,110,156, via the issue of 132,951,740 ordinary shares. This was completed and shares were issued on 26 July 2021.

The business holds an established debt book and adds to the service offering that Spenda can provide its clients. The goodwill of \$7,446,056 represents the expected synergies and opportunity that the Company now has with its ability to offer debt as a service offering, and the inclusion of significant experience in the operations team.

In relation to the business acquisition, the Group has finalised its assessment of the fair value of the assets and liabilities as at the date of the acquisition. For the purposes of the statement of financial position, the assets and liabilities have been recorded at their final fair values.

Details of the acquisition are as follows:

Fair Value	2022
\$	\$
Cash and cash equivalents	928,503
Financial Assets	4,708,643
Plant and equipment	7,741
Other current assets	459,471
Customer contracts	611,889
Software Intangible	305,416
Mezzanine Debt	(997,743)
Trade and other payables	(5,147,463)
Deferred tax liabilities	(183,567)
Provisions	(28,790)
Net Assets acquired	664,100
Excess consideration recorded as goodwill (note 14)	7,446,056
Acquisition Date Fair Value of Total Consideration Transferred	8,110,156
Representing:	
Cash Paid or payable to vendor	-
Share based consideration	8,110,156

Note 28 Asset Acquisition

On 4 November 2021, the Company acquired all of the issued capital in Greenshoots. The consideration for the acquisition was 100% scrip based, with Spenda agreeing to issue in aggregate 24,193,548 fully paid shares in the capital of Spenda ('Consideration Shares') to the shareholders of Greenshoots at completion, with the consideration shares having:

- A deemed issue price of approximately \$0.062 per Consideration Share; and
- A total aggregate value of approximately \$1.5m

Following the completion, Greenshoots may, subject to various milestones, also potentially be issued with up to 58,064,515 additional fully paid ordinary shares in the capital of Spenda ('Deferred Consideration Shares') on the following basis:

- Subject to the Company obtaining ASX approval and/or shareholder approval (if applicable), within 14 days following the product launch of the Company's Spenda Pay and Desk product, the Company will issue Vendors (in aggregate) a total of 24,193,548 Deferred Consideration Shares;
- Subject to the Company obtaining ASX approval and/or shareholder approval (if applicable), within 14 days following the product launch of the Company's Spenda eCommerce product, the Company will issue Vendors (in aggregate) a total of 24,193,548 Deferred Consideration Shares; and
- Subject to the Company obtaining ASX approval and/or shareholder approval (if applicable), within 14 days following the satisfaction by Greenshoots of at least \$600,000 in revenue in any measurement period, the Company will issue to the vendors (in aggregate) a total of 9,677,419 Deferred Consideration Shares.

For the purposes of the above, the measurement period means any 12-month period which either:

- Commences on 1 January and expires on 31 December; or
- Commences on 1 July and expires on 30 June; and

The fair value attributable to the technology was \$1,403,226. During the financial year, the former Directors of Greenshoots waived their rights to the deferred consideration shares and therefore no value has been recorded.

Note 29 Contingent assets and liabilities

The Group has no contingent assets or liabilities as at 30 June 2023 (30 June 2022: \$nil).

Note 30 Commitments

The Group has no commitments as at 30 June 2023.

Note 31 Matters subsequent to the end of the financial year

As announced on 10 July 2023, the Group successfully rolled out the Spenda platform across the entire Carpet Court store network and signed an exclusive five-year agreement to offer lending services.

Directors' declaration

The Directors of Spenda Limited declare that:

- a) in the Directors' opinion the financial statements and notes and the Remuneration Report in the Directors' Report set out on pages 14 to 80 are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory financial reporting requirements; and
- b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2(a); and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Board.



Adrian Floate
Chief Executive Officer and Managing Director
31 August 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Spenda Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Spenda Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (a)(v) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying amount of intangibles including goodwill Refer to Note 14</p> <p>The Group has intangible assets including goodwill of \$30,236,786.</p> <p>AASB 136 <i>Impairment of Assets</i> requires goodwill to be assessed for impairment annually. The impairment assessment involves a comparison of the recoverable amount of the cash generating unit to which the goodwill was allocated to the carrying amount of the related items in the balance sheet. The recoverable amount is the higher of fair value less costs of disposal and value-in-use. Management employed the traditional approach to the value-in-use model.</p> <p>The evaluation of carrying value of goodwill is considered a key audit matter as it was based upon a value-in-use calculation which required significant judgement and estimation. In addition, the balance is material to the users of the financial statements and involved the most communication with management.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We critically evaluated management's methodology in the value-in-use model and the basis for key assumptions; - We reviewed the mathematical accuracy of the value-in-use model; - We performed sensitivity analysis around the key inputs used in the model; - We considered the appropriateness of the discount rate used; - We compared value-in-use to the carrying amount of the cash-generating unit and ensured the necessary impairment expense was recorded; and - We assessed the adequacy of the disclosures included in the relevant notes to the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Spenda Limited for the year ended 30 June 2023 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31st August 2023



D I Buckley
Partner

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Additional stock exchange information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 17 August 2023.

Substantial shareholders

The Company has been notified of the following substantial shareholding:

	No of Shares	% Held of Issued Ordinary Capital
Rare Air Nominees Pty Ltd and Mr. Adrian Floate	307,110,077	8.36%

Top 20 Shareholders

Name of Shareholder	No of Shares	% Held of Issued Ordinary Capital
FAAF PTY LTD <FLOATING ASSETS A/C>	129,968,757	3.54%
RARE AIR HOLDINGS PTY LTD	89,292,947	2.43%
A RAZAK GROUP PTY LTD <A RAZAK GROUP FAMILY A/C>	74,078,429	2.02%
DAVY CORP PTY LTD <DAVY INVESTMENT A/C>	65,676,998	1.79%
ANDREW HILTON<HILTON FAMILY A/C>	54,314,581	1.48%
MR ASHLEY MALCOLM STUART CARTER	51,751,800	1.41%
BAGA RIVER INVESTMENTS PTY LTD <THE DE SOUZA FAMILY A/C>	49,000,000	1.33%
MR ADRIAN JASON FLOATE & MRS ASHLEIGH ANN FLOATE <FAAF SF A/C>	47,500,000	1.29%
TEMOREX P/L <NITRAM FAMILY A/C>	39,986,701	1.09%
MR ADRIAN FLOATE	35,828,178	0.98%
ELITE SKY INVESTMENT LIMITED	33,811,608	0.92%
DHILLON ENTERPRISES PTY LTD	30,000,000	0.82%
MR RICHARD ALAN JARVIS & MRS LINDA FRANCES JARVIS <THE JARVIS FAMILY A/C>	27,948,793	0.76%
MRS VALERIA MARTINEZ VIADEMONTTE	27,154,861	0.74%
MR ASHLEY ROBERT STENT	26,013,097	0.71%
ASHRIN FAMILY PTY LTD <ASHRIN FAMILY A/C>	25,000,000	0.68%
CITICORP NOMINEES PTY LIMITED	24,046,754	0.66%
MR LEE FRANCIS TAYLOR	23,299,664	0.63%
SPARK PLUS PTE LTD	22,222,222	0.61%
MR KEIRAN JAMES SLEE	22,200,000	0.60%
Total	899,095,390	24.49%

Top 20 Listed option holders

Name of Option holder	No of Options	% Held of Issued CROO
ASHRIN FAMILY PTY LTD <ASHRIN FAMILY A/C>	12,500,000	5.94%
MS SIHOL MARITO GULTOM	12,000,000	5.70%
A RAZAK GROUP PTY LTD <A RAZAK GROUP FAMILY A/C>	11,111,111	5.28%
SPARK PLUS PTE LTD	11,111,111	5.28%
MR TIMOTHY JAMES POLI	11,111,111	5.28%
MRS VALERIA MARTINEZ VIADEMONTE	10,935,556	5.20%
MR ASHLEY MALCOLM STUART CARTER	10,000,000	4.75%
MR PETER ANDREW PROKSA	7,500,000	3.57%
EVOLUTION CAPITAL PTY LTD	6,838,750	3.25%
ROSHERVILLE CAPITAL PTY LTD <ROSHERVILLE FUND A/C>	6,666,666	3.17%
DAVY CORP PTY LTD <DAVY INVESTMENT A/C>	5,555,556	2.64%
GOLDFIRE ENTERPRISES PTY LTD	5,500,000	2.61%
MR MARK DAMION KAWECKI	5,000,000	2.38%
DHILLON ENTERPRISES PTY LTD	4,905,000	2.33%
RED LEAF SECURITIES PTY LTD	4,535,750	2.16%
MR JUSTYN PETER STEDWELL	4,055,546	1.93%
MR DRAGOSLAV JEVTCIC & MRS NICOLE JEVTCIC	4,000,000	1.90%
ELITE SKY INVESTMENT LIMITED	4,000,000	1.90%
THE MARKET BULL PTY LTD	3,888,889	1.85%
MR MARK ANDREW LINNEY <THE M A LINNEY FAMILY A/C>	3,000,000	1.43%
Total	244,215,045	68.55%

Range of Shareholders

Range	Total Holders	Units	% of Issued CROO
1 - 1,000	46	6,707	0.00%
1,001 - 5,000	41	149,823	0.10%
5,001 - 10,000	140	1,090,327	0.003%
10,001 - 100,000	2,718	164,058,322	4.47%
100,001 - 9,999,999,999	2,885	3,506,116,994	95.5%
Totals	1,469	3,671,422,173	100%

Based on the price per security of \$0.007 being the closing price of securities on 16 August 2023, the number of holders with an unmarketable holding is 2,063 with total 85,854,951 Shares, amounting to 2.24% of Issued Capital.

Range of Listed option holders

Range	Total Holders	Units	% of Issued CROO
1 - 1,000	1	1	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	84	210,344,166	100%
Totals	85	210,344,167	100%

Unlisted options

50,000,000 unlisted options with an exercise price of \$0.135 per option are held by 25 individual option holders.
60,000,000 unlisted options with an exercise price of \$0.084 per option are held by 3 individual option holders.
17,850,000 unlisted options with an exercise price of \$0.0175 per option are held by 46 individual option holders.
158,000,000 unlisted options with an exercise price of \$0.0175 per option are held by 9 individual option holders.
49,295,007 unlisted options with an exercise price of \$0.042 per option are held by 1 individual option holder.
39,500,000 unlisted options with an exercise price of \$0.0175 per option are held by 3 individual option holders.
24,500,000 unlisted options with an exercise price of \$0.02 per option are held by 39 individual option holders.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Shareholder Enquiries

Shareholders with enquiries about their shareholdings should contact the share registry.

For change of address, change of name, consolidation of shareholdings, shareholders should contact the Share registry to obtain details of the procedure required for any of these changes.

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