

30 April 2024

## Activities Report for the Quarter ended 31 March 2024

### Key Highlights

- **Cash receipts from customers of \$1.45m:** Cash receipts up 77% on the prior corresponding period (pcp) and up 5% quarter-on-quarter (qoq). The pipeline of work is at record highs, however the revenue ramp-up has been slower than expected, due to a deliberate conservative scale-up of resources and a focus on retaining a healthy balance sheet through challenging market conditions. This internal scale-up of resources is now being actioned to deliver on the contracted work.
- **Initial roll-out of new AirPlus facility:** The AirPlus virtual card program was successfully rolled out to an initial 10 customers in March, with an expected ramp-up over time.
- **Payment volumes up 140% on pcp and down 16% qoq:** Q3 payment volumes through the Carpet Court network were down qoq, as January and February are seasonally weak months for carpet sales. Payment volumes increased in March, and we expect payment volumes to be stronger in Q4.
- **Strengthened balance sheet and cash balance:** The cornerstone investment by Capricorn Society (“Capricorn”) raised \$7.175 million via a private placement, taking the cash balance to \$10.5m at 31 March 2024.
- **Clear pathway to revenue growth:** Existing partnerships with Carpet Court, Capricorn, eBev and AirPlus remain on track, and the strong revenue growth trajectory is based on the current pipeline of contracted work.

Spenda Limited (ASX:SPX, “Spenda” or “the Company”), an innovative software company providing electronic payment solutions across supply chains and trading networks, is pleased to release its Quarterly Activities and Cash Flow report for the quarter ended 31 March 2024 (“Q3 FY24”).

### Scaling up to execute on the pipeline of contracted work

Spenda has signed partnerships with Carpet Court, Capricorn, eBev, and AirPlus and has a very strong pipeline of contracted work associated with these channel programs. In the March quarter (Q3 FY24), Spenda made significant progress across all programs, including onboarding new customers and launching new products. In addition, Spenda focused on implementing new structures and processes, as well as scaling up internal resources, to effectively execute on this strong pipeline of contracted work over the months and years ahead.

Across all partnerships, Spenda is focused on a ‘land and expand’ strategy whereby Spenda starts with an initial project to build trust and credibility and then moves into a long-term relationship to implement digital transformation throughout



the client's network. This strategy reduces competitive threats by embedding essential infrastructure throughout the whole supply chain, building sustainable recurring revenue over the long-term and generating positive ROI for the client through improved operational efficiency.

### ***Carpet Court Channel***

Spenda and Carpet Court commenced working together in late 2022 to transform the network's payments infrastructure, from end-consumer right through to suppliers, by digitizing the store invoice-to-payment processes and improving data integration and analysis throughout the network.

Spenda's Pay-Statement-By-Link ('Spenda PSBL') payments infrastructure is now used across the Carpet Court franchise network, where 100% of the payments flow from the 205 stores to Carpet Court's National Support Centre ('NCS') is processed through the Spenda platform. Spenda's Accounts Receivable ('SpendaAR') and PSBL solutions now deliver e-invoicing, dispute management and B2B payments to the Carpet Court network. Initial data shows that Spenda's payments infrastructure is saving each store up to 5 hours per week or the equivalent of 27 full-time employees across the network.

In the March quarter (Q3 FY24), Spenda continued to work with Carpet Court on four (4) programs of work:

1. Pay-Statement-By-Link Extensions – B2B Store to Head Office Engagement

- Extended store credit is now available across the network and several stores are now utilising this product;
- AirPlus facilities have been added to the store network with initial customers now utilising the facility and strong interest shown from the stores; and
- Upgrading the store network from PSBL to Spenda's Accounts Payable ('SpendaAP') services, generating additional monthly revenue for Spenda and greater business efficiencies for the stores.

If fully utilised, these services have the potential to generate an additional \$50k per month from the network from the June quarter (Q4 FY24) onwards.

2. Store Solutions – B2C engagement

- The standard operating environment ('SOE') project involves the delivery of additional Spenda software to the Carpet Court store network that enables them to manage their quote-to-install payment flow. This software is expected to be rolled out across the network from July 2024. When the rollout is complete, the expected revenue from this SOE implementation is expected to be approximately \$2m per annum. Importantly, this SOE software has broad application to many verticals.
- Consumer payment services were launched in the March quarter (Q3 FY24). Consumer payment services provide a range of payment services to the end-consumer, including digital payment options and POS terminals in-store. These services enable Spenda to capture an additional \$20m in annual payment flows from the end-consumer through the Spenda network. These additional capabilities are expected to be fully rolled out by June 2025, and are expected to generate approximately \$4m in annual revenue.



3. Supplier Solutions – Manufacturer engagement

- Spenda has commenced working with Carpet Court and its suppliers to digitise procurement and introduce early payment options to the suppliers. This initiative will integrate into the SOE and enable suppliers to publish their catalogues to the store network, receive digital orders, send digital invoices, and receive payment via the Spenda network. This project is likely to run over the next 18 months.

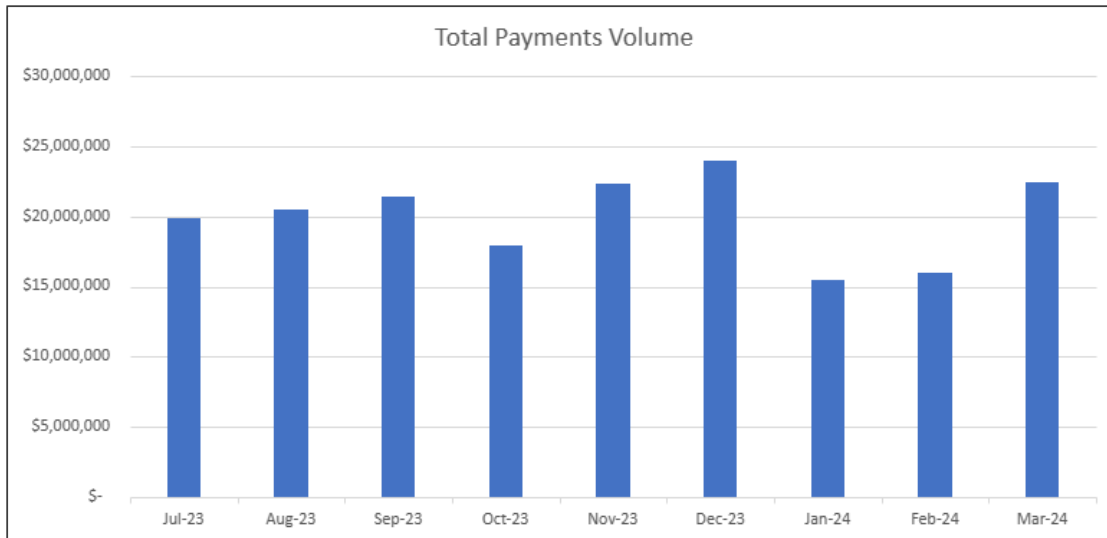
4. Building a trusted relationship

- Spenda is now the leading payments vendor to the Carpet Court store network with 16% market share acquired. In the past quarter, Carpet Court nominated Spenda as the ‘Franchise Supplier of the Year’.
- Spenda and Carpet Court have agreed to share the vision and value of the Spenda solution by jointly presenting at the Melbourne Finance Transformation summit in May 2024. The opportunity provides an educational framework for Carpet Court to share their experiences in working with Spenda and the impact of these digitisation projects.

Over the next year, Spenda is planning to release additional capabilities that include the SOE, online payments and 7-day settlement, and the automation of the quote-to-pay flow delivered via the SOE. The full program of work remains unchanged, however the B2C initiatives outlined above are behind schedule due to increased demand on resources across all partnerships.

Total payments volume in Q3 FY24 of \$54m, up 140% year-on-year driven primarily by increased payments volumes through the Carpet Court network. The quarter-on-quarter decline of 16% reflects a seasonally weak Q3, with low levels of carpet sales and payment flow through the Carpet Court network in January and February.





### Capricorn Channel

Following Capricorn’s cornerstone investment of \$7.175m in Spenda in January 2024, both parties continue to work together on the foundation infrastructure to build long-term sustainable revenues. Capricorn has engaged Spenda to transform its digital payments infrastructure for the next decade and beyond. Spenda’s Master Services Agreement (MSA), signed December 2024, enables the incorporation of multiple projects and revenue streams over the long-term, which reflects the land and expand strategy outlined above.

In the March quarter (Q3 FY24), Spenda and Capricorn worked on:

- Business-as-usual maintenance of the Capricorn supplier network utilising CAPlink;
- Progressing the Capricorn Digital Service Delivery (“DSD”) project, which is expected to move into production in the September quarter (“Q1 FY25”), which is on-time and on-track;
- Developing innovative solutions to deliver Pay-Statement-By-Link (PSBL) into the Member network improve e-invoice delivery and reconciliation outcomes; and
- Identification of new projects to further digitise and improve the Capricorn network engagement, wallet share and stickiness.

Recurring revenues from the Capricorn channel are expected to commence in the September quarter (“Q1 FY25”).

### AirPlus Strategic Partnership

In November 2023, Spenda signed a payment processing agreement with AirPlus to jointly offer a virtual card product. The AirPlus facility enables Spenda’s clients to access working capital funds with extended trade terms of up to 90 days, which will increase payments volumes on Spenda’s platform over time. The AirPlus product can be bundled with either



the Pay-Statement-By-Link (PSBL) or the Accounts Payment (AP) offering to replace traditional supply side credit. Spenda generates transactional revenue from these payments and settles NET amounts to suppliers.

In February 2024, Spenda received AirPlus certification to enable the market launch of a combined AirPlus solution that delivers customers workflow improvements coupled with embedded access to the AirPlus credit facility. In the March quarter (Q3 FY24), Spenda commenced rolling out the new AirPlus card facilities to an initial 10 customers, with approved limits of \$3.3m and a further 10 customers are currently in the onboarding stage. The product has been initially launched into current customer channels that include eBev and Carpet Court.

The virtual card has been well received with existing customers and is also attracting new customers to Spenda's platform. Spenda is focused on scaling this product as it effectively secures the payment flow, optimises the internal payment approval workflows of our customers, monetises the payment events and can be applied to multiple verticals. The continued rollout of AirPlus facilities is expected to continue in Q4 FY24 and into FY25.

#### **eBev Channel**

In December 2023, Spenda entered into a binding Memorandum of Understanding (MOU) with eBev to provide integrated payments solutions across the eBev marketplace, which covers the entire supply chain from the distributor, to licensed premises and through to the end-consumer.

In the March quarter (Q3 FY24), Spenda and eBev worked on three new initiatives:

- Delivery of B2C payment services to the eBev customer base of venues;
- Closer integration of the eBev and Spenda platforms that includes the implementation of Pay-Statement-By-Link and Spenda payment services that captures the payment flow between the buyers (venues) and eBev; and
- Roll out of AirPlus and early settlement discount solutions into eBev's producer and distributor networks.

In the March quarter, revenue from the eBev channel doubled year-on-year, with further potential to scale over time.



## Product Development Update

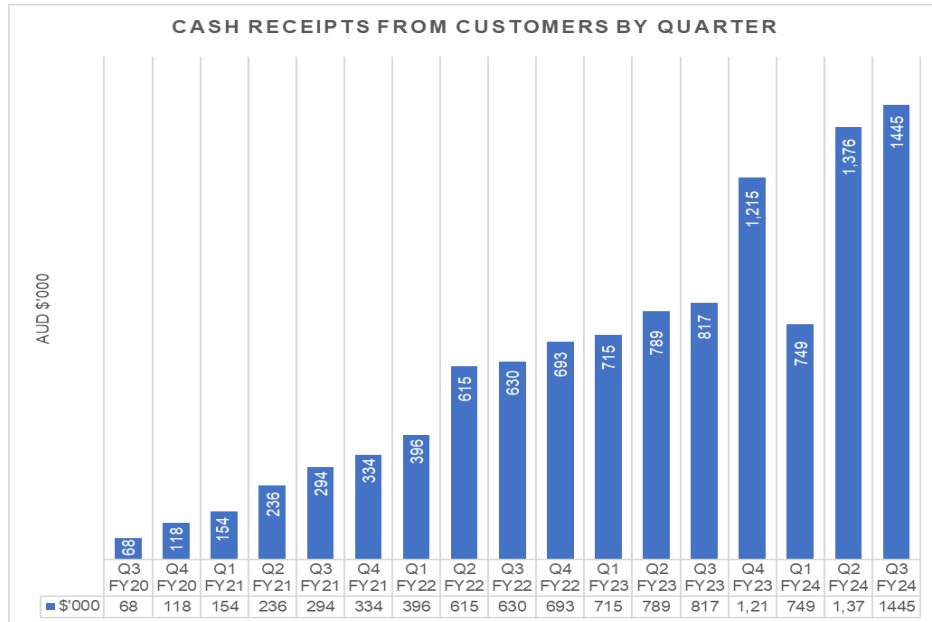
During the quarter, the development team focused on five key areas:

- **Successful launch of AirPlus virtual card facility:** Released the virtual card capability to customers via Spenda Accounts Payable or Pay by Link and the initial customers are now transacting using this service.
- **Spenda Wallet Release:** Released Spenda Wallet on the Apple Appstore and Google Play Store as a companion app to Spenda Accounts Payable service. This allows business owners to review and securely pay supplier invoices from a mobile phone. Once the payment batch has been set up by an accounts payable department, authorised approvers are notified of any pending payments via their mobile, removing cumbersome approval email and text chains.
- **Account Payable Onboarding Release:** Introduced new self-guided set up, enabling users to easily onboard themselves and quickly streamline their payables. The self-guided onboarding experience takes prospective customers through a tour of Spenda's software while assisting users to configure their account, add payment options, and connect their financial system.
- **Capricorn DSD Project:** Continued engagement with the Capricorn team on the completion of the build phase of the Capricorn DSD project, with expected completion in Q4 FY24.
- **Standard Operating Environment (SOE):** Continued development of the SOE with excellent customer feedback so far. The initial release of SOE will allow Spenda users to manage the end-to-end quote lifecycle improving lead conversion and customer engagement. Beta releases of the Spenda Quote-to-Pay functionality will be available for a select customer base in Q4 FY24.

## Financial position

Cash receipts from customers for the quarter totaled \$1.45m, up 5% on the prior quarter and up 77% on the prior corresponding period (pcp).





The Company had a cash position of \$10.5m as of 31 March 2024 plus \$12.4m in gross client loan book, representing loan capital deployed to multiple customers.

Net cash position	\$'m
Cash and cash equivalents (A)	10.5
Gross client loan book	12.4
Less: Finance facility	(14.0)
Net client loan book (B)	(1.6)
<b>Net cash position (A + B)</b>	<b>8.9</b>

**Table 1: Net cash position**



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## Operating expenditure

The operating expenditure for the March 2024 quarter is summarised as follows:

Category	\$'000
Product manufacturing and operating costs	82
Advertising and marketing	57
Staff costs	2,334
Administration and corporate costs	979

**Table 2: Summary of operating expenditure**

The staff costs of \$2.3m in Q3 FY24, were up by \$791k on the previous quarter, primarily due to one-off costs relating to bonus payments and changes to the company's ATO installment payments, with PAYGW on wages and salaries for the Sept and Dec 2023 quarters being paid in the March quarter. The increase in staff costs does not reflect an increase in headcount.

## Related party transactions

The Company made payments totaling \$171K to the Company's Managing Director and Non-Executive Directors, this amount includes director's remuneration, director's bonus, and director's superannuation.

## Key operational activities in the June quarter ( Q4 FY24)

In the current quarter, the focus is on:

- Continued work on the Capricorn DSD project and developing new projects under the Capricorn MSA.
- Continued roll out of B2C payments across Carpet Court store network.
- Continued collaboration with Carpet Court on the delivery of the SOE solution for the store network and on new B2B suppliers.
- Continued roll out of Airplus facilities across new and existing customer networks.
- Integrating payments solutions into the eBev platform and the capture of their B2B payment flow and initial roll out of B2C payments across the eBev customer network.
- Refining the customer acquisition strategy with focus on high ROI and ability to rapidly scale.





Managing Director Adrian Floate said: *“In the last quarter, we made significant progress on all the partnerships, as we scale up and establish the processes for sustainable revenue and earnings growth over time. The bigger picture potential remains unchanged, but the timelines for the delivery of some projects have been extended as we incrementally digest the substantial contracted pipeline of work. We are building strong relationships with all our clients and we continue to work collaboratively to identify opportunities for additional projects and capabilities over time. I would like to thank our hardworking team for their continued dedication and commitment over these busy few months in scaling up our operations.”*

- ENDS -

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## About Spenda

Spenda Limited (ASX:SPX) is an integrated business platform that enables businesses across the supply chain to sell better and get paid faster. Spenda is both a software solutions provider and a payment processor, delivering the essential infrastructure to streamline processes before, during and after the payment event.

Spenda's payments solution has three components – Software, Payments & Lending – and enables end-to-end e-invoicing integration, rapid ordering, digital trust and automated reconciliation. Spenda creates an industry standard operating environment (SOE) that enables the effective and seamless transfer of data from multiple, disparate software systems in one standardised technology solution. Spenda combines five vendors into one solution with end-to-end software integration as well as ledger-to-ledger integration to improve operational efficiency for all trading parties in the supply chain.

Spenda captures transactions and payments through the value chain, generating layered revenue streams from SaaS, both B2B and B2C payments and B2B supply chain finance. Spenda's ability to analyse and understand payment flows throughout these networks enables the Company to offer customised financing solutions to clients, in order to improve their working capital efficiency and cash utilisation throughout their operations.

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

**This announcement has been authorised by the Board.**

## Investor Enquiries

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



## Appendix 4C

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

**Name of entity**

Spenda Limited

**ABN**

67 099 084 143

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

31 March 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,445	3,570
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(82)	(270)
(c) advertising and marketing	(57)	(181)
(d) leased assets	-	-
(e) staff costs	(2,334)	(5,300)
(f) administration and corporate costs	(979)	(2,169)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	44	87
1.5 Interest and other costs of finance paid	(388)	(1,063)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,351)</b>	<b>(5,326)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(14)	(36)
	(d) investments	(200)	(400)
	(e) intellectual property	(444)	(329)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Net Cash flows from loans to other entities	295	941
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide detail if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(363)</b>	<b>176</b>

Note to support item 2.1(e)

The Company received an R&D rebate during the last quarter totalling \$1.4m.

As disclosed in note 14 of the Company's FY23 Annual Report, all eligible development expenditure is capitalised in the Company's balance sheet under Intangible Asset, which includes Software Assets that are a form of intellectual property.

Subsequent receipt of the R&D rebate is offset against the capitalised Software Assets.

Note to support item 2.3

The Company had a net inflow in respect to its loan book with external clients totalling \$295k for the quarter.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,175	7,662
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(21)	(37)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(370)
3.8	Dividends paid	-	-
3.9	Other (Listed Option entitlement issue)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>7,154</b>	<b>7,255</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	6,016	8,350
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,351)	(5,326)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(363)	176
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,154	7,255
4.5	Effect of movement in exchange rates on cash held	3	4
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,459</b>	<b>10,459</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalent</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	10,459	6,016
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,459</b>	<b>6,016</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	171
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	
Item 6.1 relates to payments to directors, including director's remuneration, director's bonus and director's superannuation.	

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	17,000	14,000
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>17,000</b>	<b>14,000</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>3,000</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
As announced on 1 August 2022, the Company entered into a debt facility agreement with a prominent Australian private credit fund and non-bank funder. Key terms are detailed below: <ul style="list-style-type: none"> <li>• Up to \$50m</li> <li>• Term of 36 months from date of draw down</li> <li>• Interest rate is fixed</li> </ul>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,351)
8.2 Cash and cash equivalents at quarter end (item 4.6)	10,459
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	10,459
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>4</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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## Compliance statement

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

Date: 30 April 2024

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

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

## Notes

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