

ASX Release

22 July 2024

Activities Report for the Quarter ended 30 June 2024

Key Highlights

- **Q4 cash receipts from customers hit \$1.81m up 26% quarter-on-quarter (QoQ) whilst the annual result saw cash receipts up ~52% in FY24 to \$5.4m:** Continued execution in the key strategic channels across the significant pipeline of work.
- **Total FY24 payment volumes up 161% on pcip:** Total payment volume on Spenda's platform of \$250m in FY24, up from \$96m in FY23.
- **Acquisition of Limepay to accelerate growth trajectory:** The addition of Limepay capabilities aligns with Spenda's core strategy and will enhance the speed of execution of existing customer contracts, while also scaling payment flows across the combined entity.
- **Cash and cash equivalent:** \$9.8m as at 30 June 2024 (\$10.5m as at 31 March 2024, NET cash movement (\$700k)).
- **Growth trend to continue in FY25:** The rollout of Spenda AP, Payment Widget and Pay Statement By Link (PSBL) services are expected to accelerate and the revenue contribution from Spenda SOE is expected to increase in FY25.

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 30 June 2024 ("**Q4 FY24**").



www.spenda.co

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Building a strong foundation for long-term sustainable revenue growth

In the past quarter, continued progress was made on the significant pipeline of work from existing partnerships with Carpet Court, Capricorn, eBev and AirPlus.

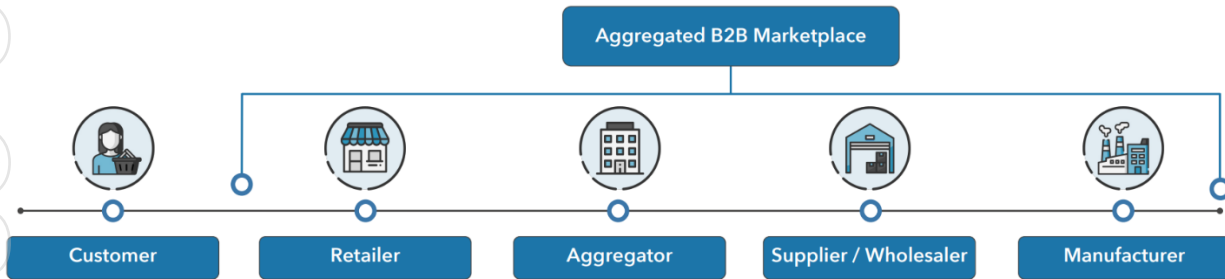
All programs of work are tracking to plan, with the key highlights being:

- Stable payment B2B volume of approximately \$20m per month on Spenda's platform from roll out of Spenda AR to Carpet Court Head Office, in line with expectations, and we expect continued roll of B2C payments ahead of the planned SOE roll out in September quarter.
- Successful completion of the 2nd performance milestone in respect of Capricorn DSD project, with commercial launch of the new payment infrastructure for Capricorn on track for 1H FY25. Over half of the \$1.3m in initial development fees now received, in line with the ASX release on 19 December 2023.
- Continuing strong growth in AirPlus facilities with both new and existing clients, with total approved limits of \$6.5m as at 30 June 2024, with a further \$2.6m in the application phase, generating over \$200k in revenue in Q4 FY24, up from \$35k (474% growth) in Q3 FY24. Continuing growth in Spenda AP adoption and AirPlus facilities is expected in FY25.
- Continued scaling of all product lines in Q4, including Spenda AR, Spenda AP, Payment Widget with corresponding SaaS Software Licensing fees, with further growth expected across all channels in FY25.

Across all partnerships, Spenda is focused on a '**land and expand**' strategy whereby Spenda starts with an initial project (at the Buying Group / Franchisor level) to build trust and credibility and then moves into a long-term relationship to implement digital transformation across the client's network, encapsulating their entire supply chain from consumer to manufacturer, as depicted below.



Spenda's Land and Expand Model

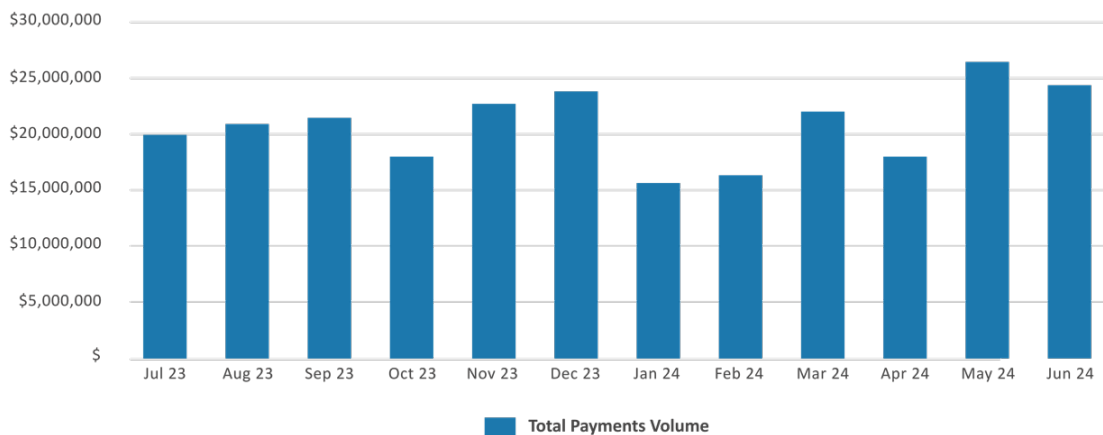


This strategy reduces competitive threats by embedding essential infrastructure throughout the whole supply chain, building sustainable recurring revenue over the long-term and generating positive Return on Investment ("ROI") for the client through improved operational efficiency.

Early evidence of the successful execution of this strategy can be seen in the significant increase in payment volume running through the Spenda platform over the past year.

Total payment volume on Spenda's platform was up 160% in FY24 on pc, from \$96m in FY23 to \$250m in FY24, primarily due to increased volumes through the Carpet Court network. In Q4 FY24, total payment volume was up 30%, quarter-on-quarter, from \$54m in Q3 FY24 to \$70m in Q4 FY24, off the back of a seasonally weak Q3.

Total Payments Volume



Product Development Update

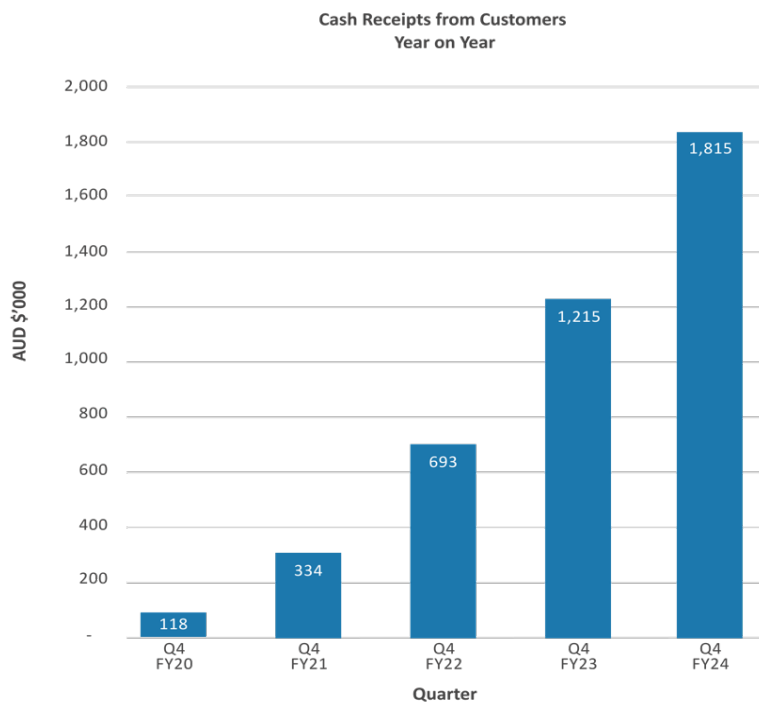
During the quarter, the development team focused on delivering functionality that aligns with the business' core growth strategy. Specifically, resources were deployed on:

- **Capricorn:** Delivered the second milestone of the Capricorn DSD Project, with the commercial launch on track for Q1 FY25, in line with expectations. Continued work on other strategic digital initiatives.
- **AirPlus:** Extended functionality in the development of the SpendaAP - AirPlus product, including the addition of clearing account integrations into small business account software to assist in reconciling AirPlus transactions.
- **Spenda Standard Operating Environment (SOE):** The beta version of Quote-to-Pay functionality, a core element in Spenda's retail SOE has been released to initial clients for testing and feedback.

Financial position

Cash receipts from customers for the quarter totaled \$1.81m, up 26% on the prior quarter and up 49% on the prior corresponding period (pcp).





The Company had a cash and cash equivalents position of \$9.8m as of 30 June 2024 plus \$10.8m in gross client loan book, representing loan capital deployed to multiple customers.

Net cash position	\$'m
Cash and cash equivalents (A)	9.8
Gross client loan book	10.8
Less: Finance facility	(14.0)
Net client loan book (B)	(3.2)
Net cash position (A + B)	6.6

Table 1: Net cash position

Operating expenditure

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

Category	\$'000
Product manufacturing and operating costs	162
Advertising and marketing	55
Staff costs	1,323
Administration and corporate costs	968

Table 2: Summary of operating expenditure

Related party transactions

The Company made payments totaling \$180k to the Company's Directors, which included director's remuneration and director's superannuation.

Events subsequent to the end of the quarter

On 16 July 2024, Spenda announced that it has executed a binding term sheet to acquire 100% of the issued capital of Limepay Pty Ltd ("Limepay") for up to \$8m, in an all-scrip transaction. The acquisition is comprised of four tranches, with the last three tranches contingent on the achievement of specific performance milestones. If all milestones are achieved, it will add a minimum of \$7.2m in Annual Recurring Revenue ("ARR") to Spenda.

Limepay is a B2B SaaS company providing embedded finance services to Australian businesses. The acquisition of Limepay provides Spenda with significant strategic advantages that are unlocked by maximising the impact of consolidating a complementary roadmap, a cohesive culturally aligned development team and additional product capabilities. The Limepay team comprises banking software professionals that will significantly expand Spenda's product development resources and capability.

Limepay generated \$2.8m in revenue (unaudited) and a gross profit of \$1.4m (unaudited) in FY24, with a strong pipeline of new customer acquisitions. The addition of the Limepay capabilities aligns with Spenda's core strategy and will enhance the speed that Spenda can execute on its existing key customer contracts, including Carpet Court and Capricorn, while also scaling payment flow across the combined entity.



Key operational activities in the September quarter (Q1 FY25)

In the current quarter, the focus is on:

- **Commercial launch of Capricorn DSD project:** The 3rd milestone payment relates to the onboarding of the first cohort of suppliers, expected in Q1 FY25, which will trigger the \$100k per month SaaS Software Licensing fee.
- **Delivering the SOE solution for the Carpet Court store network:** The rollout of the SOE is expected to start in 1H FY25, which will enable Carpet Court stores to manage their quote-to-install payment flow and the scale up of consumer payment services, including digital payment options and POS terminals in-store.
- **Continued roll out of Spenda AP bundled with Airplus facilities.**
- **Integrate Limepay acquisition and onboard new customers**

Managing Director Adrian Floate said: *"In the past quarter, our focus has been on the effective execution of our record pipeline of work across all partnerships. Despite ongoing resource constraints, I am pleased to report that all programs remain on track. We are planning for the commercial launch of our new payments infrastructure with Capricorn in Q1 FY25, which has the potential to significantly increase the payment volumes on our platform and we expect to launch the SOE for the Carpet Court network which will enable the scaling of payment volume through their network. We are also looking forward to working with the Limepay team and integrating them into the enlarged Group, on further refining our combined product roadmap, onboarding new customers, and scaling our capacity to supply and accelerating revenue growth. It is a really exciting time for the Company and we remain optimistic about the growth potential over the years ahead."*

- ENDS -



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



Appendix 4C

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

Name of entity

Spenda Limited

ABN

67 099 084 143

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,815	5,385
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(162)	(432)
(c) advertising and marketing	(55)	(236)
(d) leased assets	-	-
(e) staff costs	(1,323)	(6,623)
(f) administration and corporate costs	(968)	(3,137)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	53	140
1.5 Interest and other costs of finance paid	(411)	(1,474)
1.6 Income taxes paid	(29)	(29)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash used in operating activities	(1,080)	(6,406)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(29)	(65)
	(d) investments	(300)	(700)
	(e) intellectual property	(1,118)	(1,447)
	(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	1,906	2,847
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide detail if material)	-	-
2.6	Net cash from investing activities	459	635

Note to support item 2.1(e)

The Company received an R&D rebate during Q2 FY24 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 \$1.9m for the quarter.

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	-	(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)	-	-
3.10	Net cash from financing activities	-	7,255

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,459	8,350
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,080)	(6,406)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	459	635
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,255
4.5	Effect of movement in exchange rates on cash held	(1)	3
4.6	Cash and cash equivalents at end of period	9,837	9,837

5.	Reconciliation of cash and cash equivalent	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	9,837	10,459
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,837	10,459

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	180
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Item 6.1 relates to payments to directors, including director's remuneration and director's superannuation.</p>		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,080)
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,837
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	9,837
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	9
<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>		

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: 22 July 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.