spenda

Payments. Lending. Software. Integration.

2022 Annual Report

Spenda Limited ABN 57 608 108 774

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Contents

Software Solutions	**03**
MD Letter	**04**
Year in review	05
Strategy and solution philosophy	06
Unpacking performance	08
Industry trends	09
Focus for FY23 and beyond	10
Product Update	**11**
Development approach	12
12 months of development	13
Security and compliance	14
Profiles	**15**
Executive leadership team	16
Corporate Directory	**18**
Corporate Governance Statement	**19**
Directors' Report	**20**
Remuneration Report (Audited)	**28**
Auditor's Independence Declaration	**42**
Consolidated Statement Of Profit Or Loss And Other Comprehensive Income	**43**
Consolidated Statement Of Financial Position	**44**
Consolidated Statement Of Changes in Equity	**45**
Consolidated Statement Of Cash Flows	**46**
Notes To The Consolidated Financial Statements	**47**
Directors' Declaration	**84**
Independent Auditor's Report	**85**
Additional Stock Exchange Information	**90**


“We’re on a mission to fundamentally change the way people do business.”

Software Solutions

Our product ecosystem is designed to support every part of running a business.

All our applications are designed to work seamlessly together to create better efficiency in how businesses trade and get paid, and seamlessly integrate with small business account software, such as MYOB, Xero and QBO, and larger ERP management systems, to make account reconciliation a breeze.



Accounts Receivable

An elite unpaid invoice collection solution enabling businesses to take payments, collect debt, set up pay-later plans & improve cash flow.



Accounts Payable

Enhance the way you handle unpaid invoices and easily make payment from one convenient dashboard.



Point of Sale

Transform your business with a portable POS system designed to deliver a better customer experience.



Sales Order Management

Collaborate on orders with customers and improve the way your business tracks sales, stock and fulfilment.



eCommerce

Improve the way you sell online with a complete digital solution designed to fit your business.



Warehouse Management

Get smarter with stock management and gain visibility across multiple warehouses in real-time.



Purchasing

A smart digital tool designed to automate and optimise your procurement process.



Service Management

Streamline your business from end-to-end and enhance the customer experience with a smarter cloud-based field service management solution.

MD Letter

To my fellow shareholders,



It is time to reflect on the progress of the past year and look ahead to where we see ourselves building into the future.

Spenda is a unique business in the sense we have managed to hold onto our start-up spirit and culture, despite the fact we have, collectively, more than 20 years experience working in software, payments, lending and integration. We have built upon our innovation mindset and used curiosity and research to build software for the world we see emerging in the future.

The Company has been on a long journey since its original formation; FY22 was foundational and truly a year of consolidation, having acquired complementary businesses, developed cutting-edge technology and built up a team of more than 70 highly skilled and motivated people.

Looking at the evolution of our Company, I am humbled by how much change has been achieved over a short period of time. We have evolved from a pure Software as a Service company into a fully integrated supply chain platform, offering SaaS, payments and lending solutions to businesses, with the ability to deliver customers a fully equipped business solution that takes the friction out of trade and enables funds to flow between the buyer and seller with flexibility and efficiency. This was made possible by harmonising the technology and collective experiences of Cirralto, Invigo, Appstablishment and Greenshoots.

Our vision is to create a new normal in the supply chain from producer to end consumer, one that provides discernible benefits to each party in the transaction flow. Our business journey has not been for the faint-hearted and it is one that I believe has only been achievable through the agility that we have retained throughout our growth. Internally we like to refer to ourselves as a '20-year start-up' and it is one of our greatest assets. It has given us an understanding of how to create products, commercialise the Intellectual Property and then transform based on market needs.

The year in review

Looking back on the year I find myself frequently expressing sentiments around how 'transformative' or 'critical' each quarter has been to the Company. While it is easy to pass such comments off as throw-away statements to me they are not. The yearly highlight below provides a snapshot of what we have managed to achieve, acquiring and integrating three businesses into the enlarged group, increasing revenue, stabilised operating costs, scaled lending by 500% and secured a $50m debt facility to support our growth ambitions in FY23 and beyond.

Through a strategic lens, we have achieved the following:

- Acquired three synergistic and complementary businesses, including integrating lending services into the Spenda ecosystem, which added a new level of compliance with AML / KYC requirements. These acquisitions have enabled revenue diversification and the ability to layer multiple future revenue streams via a three-pronged model that includes SaaS, payment and lending fees;

- As a business we have expanded to work across international boundaries, with the addition of Indian resources, providing us with the ability to flex on/off resources on an 'as needs' basis;

- We signed a partnership agreement with Mastercard and continued to grow and nurture this relationship through the application of Mastercard-specific payment rails into Spenda, including the Mastercard Provenance Solution and the Mastercard Track BPS program;

- We facilitated our first cross-border trade finance facility which required significant work to deliver and will now act as a blueprint for future international opportunities;

- We developed relationships with the Australian agricultural industry through partnerships with Fresh Supply Co, Australian Agri Finance and its parent company In Front Australian Business Solutions Pty Ltd, to deliver farm enhancement lending and input financing;

- We released enhanced payments and lending software and Accounts Receivable / Accounts Payable software that reimagines internet banking and introduces virtual ledger-to-ledger integration between the buyer and seller; and

- Implemented significant structural changes to accommodate a hybrid workforce due to the impacts of COVID-19 onto the business economy.

While we have made significant achievements within our core business we have also devoted considerable time and effort in developing and integrating finance products into our SaaS environment. The availability and transparency of transaction data we are able to capture through Spenda provides us with a unique ability to apply finance and payments options both at the point of purchase and the point of sale. It also provides us with a considerable point of difference into monoline payments lending or technology businesses as well as multiple points of income within a single supply chain.

During the course of the year, the evolution of our product suite and risk appetite has caused us to shift focus clearly towards major supply channels, buying groups and franchise groups, as well as vertical market digital service providers. These strategic changes have shaped our lending strategy for 2023, which is designed to leverage the 'Node' and 'Spoke' strategy detailed in previous investor communications. Our new lending model means we are lending into networks with a well-established track record of trading, delivering services to connected business networks, preferably in the recession-resistant, fast-moving consumer goods market. We will not offer "Buyer Finance" to businesses that are not trading within a credit-assessed and approved network where the supplier is committed to the finance program, signed up as a Partner and in some cases guarantees the finance provided to its customers. This is an example of how we are shaping our approach as we move into FY23. At the same time, our focus on marketplaces has reduced with buyer risk potentially being unacceptable in the current economic environment.

We have clear, robust underwriting criteria across all of our lending products to ensure there is the right mix of positive characteristics before injecting any lending including history, capacity, longevity, and credit score. Our core lending principles align across all products - stability, liquidity, safety and profitability.

Strategy and solution philosophy

The Spenda system is industry agnostic, therefore, relevant to any business that needs to pay a bill or get paid. It is a completely horizontal solution, enabling us to focus on direct growth in recurring revenue from a broad cross-section of industries. While the payments space has a lot of players, most are focusing on the same slice of the market. The payment technology we have created allows us to focus on managing the movement of funds at scale for established recurring buy / sell relationships.

Our approach removes friction from business relationships with enhanced workflows that share information via the virtual ledger. With this achieved we bring the trading parties closer and focus on optimising the trading terms between the buyer and seller enabling a faster flow of funds to the seller and an improved inventory turnover and cash utilisation for the buyer. These abilities stand us apart from our competition as we don't just provide capital or process payments, we deliver a series of events that occur before and after a payment has been made which optimise the efficiency of a business.

Consider the three trading relationships all businesses engage in:

- **Trading**: the exchange of goods and invoices
- **Trade Credit**: where the supplier bears the financial risk of a customers payment
- **Structured Credit**: where the buyer or seller sources funds from outside the direct trading relationship to make payment and provide additional liquidity

While the fundamentals of the above exist in every trading relationship and the timing of each commercial phase will vary depending on the trading relationship between businesses, they remain the core variables in all transactions. The capabilities built into the Spenda solution means that we can service all of the above transaction types on a sliding scale depending on the customers requirements. The software becomes the vehicle for customers to access credit in a balanced fashion at both the buy and sell end.

Given the diversity in both capability and industry application, the Company is being disciplined in its market approach with a clear focus on acquiring 'Nodes', such as Franchise Groups and Buying Groups, and expanding into their connected customer base, the 'Spokes'.

A typical phased rollout of the Spenda suite within a customer network can be captured in the below steps:

01. Acquire a 'Node' and deliver our Accounts Payable / Accounts Receivable software to streamline payments from their customers (the Spokes) and to their suppliers.

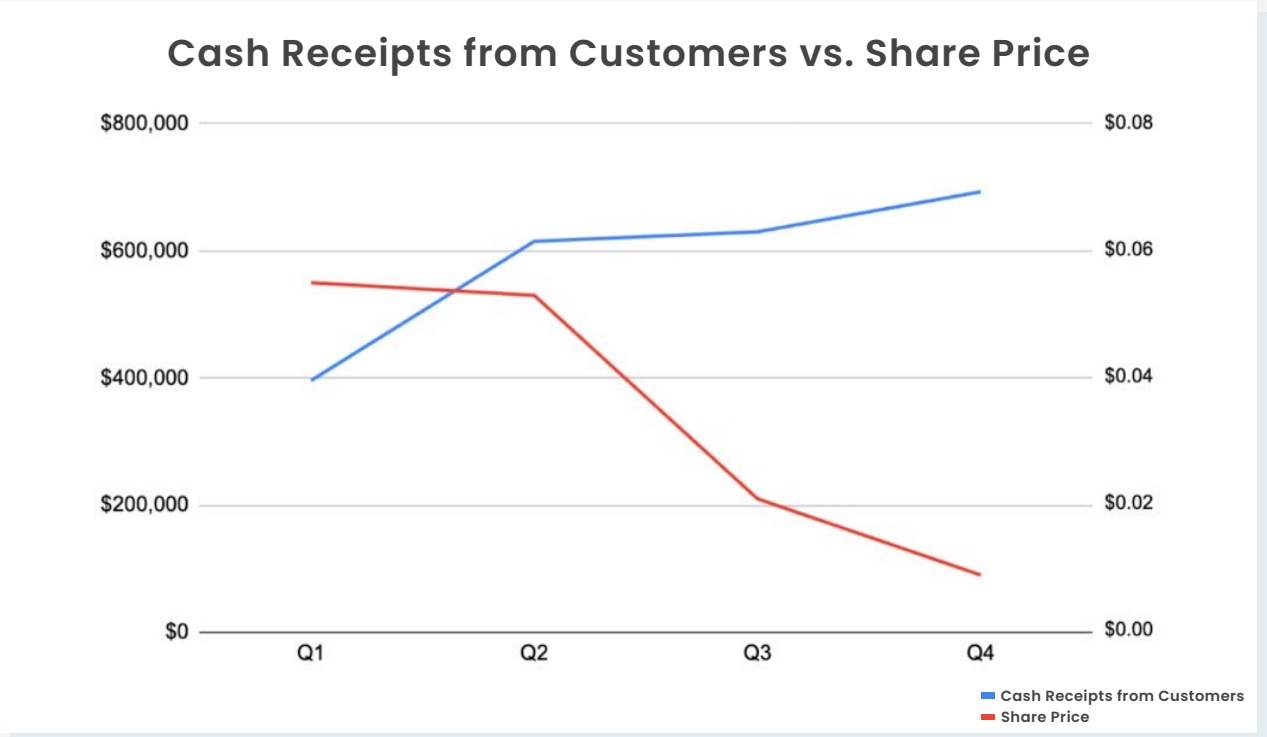
02. Add on point-of-activity lending to the Spokes as a faster payment method with Early Settlement Discount offers.

03. Upsell the Spoke other applications (Point of Sale + Service Management + eCommerce) that drive selling, payments and lending to the next layer in the supply chain.

Facilitating payments from a buyer to a seller allows us to study transaction flows and identify new opportunities to scale revenue from a single customer.

Unpacking performance

In the 2022 financial year, the Company achieved significant growth in revenue and a number of key operational milestones were met. The Company's revenue increased 156% from $878K in 2021 to $2,246K in 2022 and cash receipts from customers increased 128% from $1,023K in 2021 to $2,334K in 2022. Despite this strong growth in revenue and the achievement of key operational and acquisition milestones, the Company's share price dropped significantly from the second quarter of the financial year.



With reference to the above graph, you will note a disparity between the share price and Company's increase in cash receipts from customers over the second half of the financial year, where cash receipts continued to steadily climb while the share price dropped significantly.

The drop in share price occurred during a period whereby a number of listed "buy now pay later" stocks also experienced a significant decline in their share price. The market perception of Spenda as a "buy now pay later" stock may have contributed to the drop in the Spenda share price, however, Spenda is a supply chain software, payments and lending provider that offers trade finance to its customers. In addition, the establishment of the $50m debt warehouse facility was a complex exercise undertaken in challenging markets, the conclusion and timing of this transaction may not have been in line with market expectations. These and other factors may have contributed to the decrease in the Company's share price despite continued growth in revenue and cash receipts from customers and the achievement of key operational milestones.

Addressing market concerns and building investor confidence in the business is a top priority moving forward.

Industry trends

COVID-19 has created a challenging landscape for Australian businesses and has had a flow-on impact on the Australian FinTech market. During the start of the pandemic, there was a considerable downturn in store-based transaction volumes as lockdowns forced consumers to turn to eCommerce to meet their buying needs. We became used to empty shelves as manufacturing, fuel and the global cost of freight distressed the global supply chains.

The shift to digital transactions saw ten years' worth of payment volume transacted online in the first four months of COVID-19 alone. This shift created an opportunity for FinTech companies to reshape business relationships as part of the post-COVID rebuild and to guide businesses into a new era. This opportunity became a key focus for us, where we worked to make payments become faster and enable disparate company systems to work together seamlessly across supply chains through the implementation of our integrated software solutions.

There is no doubt digital adoption is on the rise in business-to-business (B2B) transactions. Along with growth in global trade, the demand for better payment infrastructure and faster access to working capital solutions will continue to accelerate. It's a well known fact that traditional payment processes are resource-heavy and time-consuming to manage. Today, it still takes businesses approximately 15 days[1] to process invoices manually.

Not only do they require greater human resources for steps such as manual data input and approvals but the risk of errors increases when manual legacy systems continue to be used.

The global B2B payments market is expected to grow significantly following the rapid digital transformation that has occurred over the last few years. The ability for integrated payment solutions to not only address cash flow problems and transform entire accounts receivable systems, but also to play a part in alleviating some of the challenges facing businesses demonstrates the significant impact this technology will have moving forward.

In a world where "on-demand everything" is the standard, on-demand business finance is the next frontier in B2B payments as it has the ability to dramatically boost cash flow across the supply chain. I believe that businesses that take advantage of these alternative financing channels will enjoy greater access to working capital, and be able to deliver faster growth.

Being on the forefront of these digital trends and a desire to provide our customers with a competitive edge through the use of better systems, lower costs and stronger financial management is what inspired Spenda's growth trajectory over the past few years.

1. EY, Worldwide electronic invoicing survey, 2018.
URL: https://www.actuel-expert-comptable.fr/sites/default/files/ey-worldwide-electronic-invoicing-survey-2018.pdf

Focus for FY23 and beyond

In FY23 we intend on scaling payments volume with the delivery of Spenda as a business transactional service, that challenges the status quo of traditional labour-intensive payments performed in internet banking and accounting software. Spenda addresses the payment processing needs of any business along the entire value chain, from producers, wholesalers and retailers, all the way to the consumer.

We will continue our growth journey, listening to the needs of the customer at every level and turning these needs into innovation and product development. We expect to continue to drive down our cost to acquire leads, enhance our content inline with product development, create no-touch customer onboarding and build upgrade conversions. Additionally, we intend to expand our relationships with global acquirers to build better margins in our front-end systems.

Ultimately, we are here to compete long-term in the digital payment and lending landscape, driven by a desire to remove friction points that waste time both in our business and personal lives.

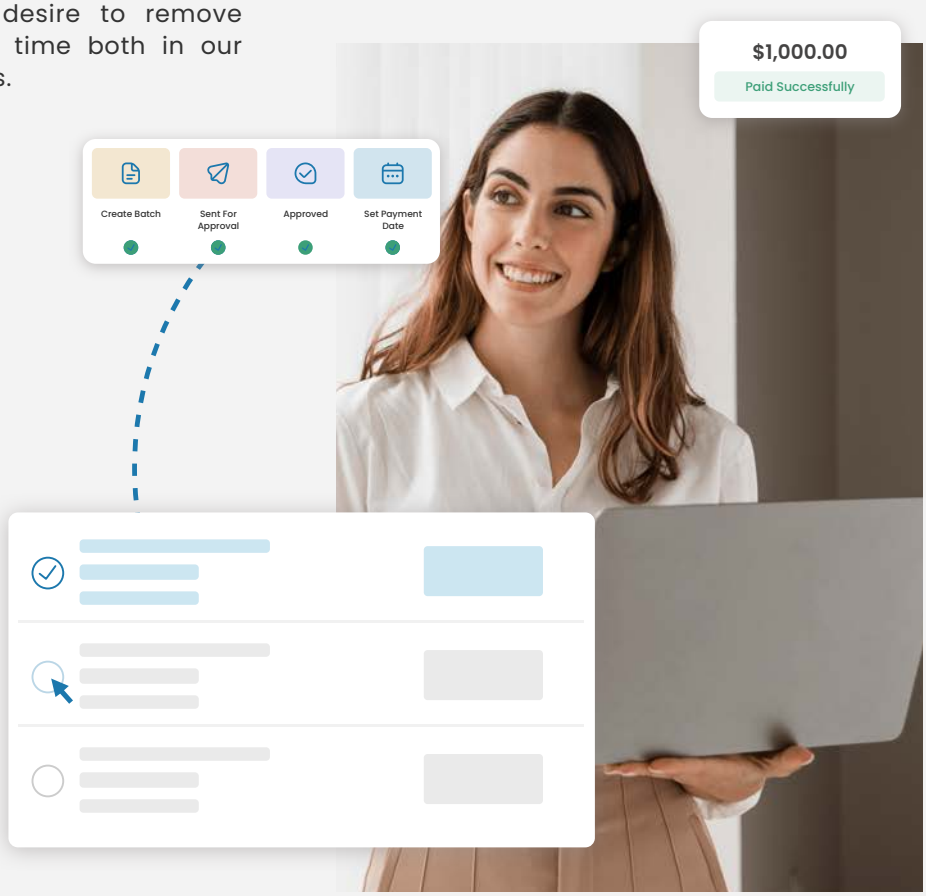
As we enter FY23, our focus is on staying ahead of the competition and supporting our team and customers. We will continue to manage factors within our control and mitigate the impact of those beyond.

We believe we have a value proposition that resonates strongly across a diverse market. Our ability to sell up and down the value chain and offer a complete software stack that solves business pain points and grants improved payment flexibility gives us a strong competitive edge.

As always, we would like to thank you – our shareholders. Your enduring trust and support make it possible for Spenda to deliver our vision to fundamentally and permanently change the way people do business.



Adrian Floate



Product update



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.

Spenda owns an integrated application, payments and lending platform used by marketplaces, buying groups, franchise networks and SMEs.

Our platform creates a network of connected businesses transacting up and down the supply chain. By utilising the secure dataset provided from these transactions, Spenda is able to offer customers access to on-demand lending, pay later, early payment and trade finance solutions.

Development approach

The Company follows an agile principle to product development that facilitates faster delivery of new functionality to customers. An agile approach means software updates are released in small, highly consumable increments rather than in many features in a large launch. One of the main benefits of an agile approach is that the Company can get software changes into the hands of the end user faster and in a more controlled way. User requirements, plans and results can then be evaluated continuously so our development teams can respond to change quickly, which results in a better experience for our customers.

Over the past 12 months the development teams have implemented a concept called 'trunk-based development' designed to increase software delivery and overall performance.

Trunk-based development is less labor-intensive and more efficient than previous methods and provides the added benefit of improved internal testing and A/B testing.

Under this approach, the development teams can release a new feature into the live Spenda environment, but can control which users can access the feature. This allows the teams to push working software out into the live environment quickly.

This structure also allows for A/B testing, or the release of two versions of the same feature to different customer sets, to determine which variation performs better, providing them with instant and continuous feedback for feature improvements. The Company consistently refines its development approach to ensure we are following industry best practice and are able to deliver our customer a smooth user experience.

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

This change in our integration methodology was a strategic decision and one that makes the Spenda solution more scalable and attractive to large integration partners.

12 months of development



This year the Company focused development on integrating payment and lending services into the Spenda product suite.

The release of Spenda's payment services was a large focus for the development team and meant Spenda could provide greater payment flexibility to its customers while also creating an additional revenue stream for the Company in the form of payment processing fees. Spenda's payment services are suitable for any business that takes payment from any customer, making the service highly commercial and able to be delivered either through Spenda's comprehensive business software suite or embedded as a checkout payment widget into an existing eCommerce experience.

In addition to the work centred on Spenda's payment services, we also focused development on the software that facilitates these payment transactions including the release of greater functionality into our Accounts Receivable (AR) product and released Accounts Payable (AP) as a companion product.

Spenda's AR and AP tools are a value add to any businesses' accounting software making it easier for bookkeepers to manage their accounts, get faster payment approvals, make batch payments and enjoy greater flexibility in payment options, including the ability to pay on card and earn extra terms from their supplier.

This year also saw the release of our Sales Order Management product as an extension to our point of sale and eCommerce solutions. This module completes order-to-delivery transaction flow, allowing businesses to consolidate orders sold in-store, online or by a mobile sales representative, manage pricing, orders and sales all the way through to distribution and tracking of a shipment. The Sales Order Management solution was released in June 2022 and is currently being tested by beta customers with pleasing results to date.

Security and compliance

Protecting customers' data remains at the forefront of all development choices; we work hard to ensure all our systems and processes are secure so customers can trade with confidence. As part of these security measures, we outsource third-party assessors to perform penetration testing every six months to identify and fix any vulnerabilities before they arise.

Penetration testing involves threat modelling, whereby potential threats to an application or system can be identified, enumerated and prioritised, from a potential attacker's point of view. It aims to identify what is being built, what could go wrong, and what can be done to reduce the chance of it going wrong.

The process encourages the mindset of searching for overlooked areas or blind spots and questioning assumptions within the design. Threat modelling also provides a chance for participants to voice concerns regarding risks that may not have been formally considered in the planning/design phases of the project.

The results from the latest penetration test, reported that Spenda's overall security posture was "robust" with "no serious vulnerabilities found" that would allow for an adversary to compromise sensitive data or systems. Any immediate actions identified by the penetration testing have been addressed.

Over the course of the year Spenda's Two-step authentication security or 2SA was also enforced as a mandatory step for all users. 2SA is a method that confirms a user's identity in two steps, through two different factors. Our software uses the username and password a customer signs in with as the first means of identification followed by a one-time-valid six-digit passcode sent to a connected mobile phone as identity confirmation.

The Company also partnered with a world-leading authenticator provider, Auth0, to introduce an even more secure way for customers to access their Spenda account. Auth0 is an identity and management platform that provides greater control, security and ease of use to the sign in process. Customers benefit from improved onboarding and authentication via Google, Apple and Microsoft accounts. Implementing Auth0 also means we are able to offer Single Sign On (SSO) functionality to Spenda's services. This is an important step in white-labelling the Spenda suite for implementation into channel partners and franchise groups.

Additionally, the Company continued to implement tightened security policies and procedures including development measures to prevent against internal threats, including dual approval for any software changes. These measures bring Spenda's security procedures inline with transactional banking software best practice.



Profiles



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.



David Wood

CHIEF PRODUCT OFFICER

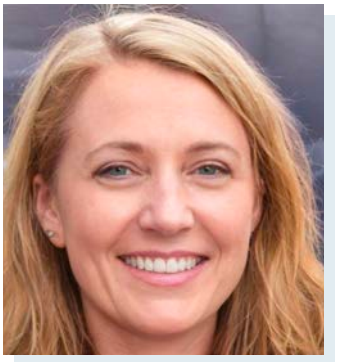
David Wood has over 20 years of experience in Software and Systems Design, Dave is the driving force behind bringing Spenda's vision to life and works closely with his team to deliver a seamless experience for Spenda's customers.



Corrie Hassan

CHIEF CREDIT AND RISK OFFICER

With over 20 years' of international business finance experience, Corrie brings a wealth of risk and operational management knowledge to the team. Prior to joining Spenda, she founded and managed an Australian SME lending business, and then co-founded Invigo, which was later acquired by Spenda in 2021.



Olivia Johnson

CHIEF MARKETING & COMMUNICATION OFFICER

Olivia Johnson brings a wealth of experience to the Company having spent the last 10+ years managing marketing and communications functions across both the public and private sectors in Australia and Asia.



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	Suite 605, 275 Alfred Street North Sydney, New South Wales 2060
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

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 2022.

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 course of 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 2022 financial year (2021: $nil). The Directors do not recommend the payment of a dividend in respect to the 2022 financial year.

Review of results and operations

Results summary

The below table details key financial information for the year ended 30 June 2022 (FY22), with FY21 comparative:

	30 June 2022 $	30 June 2022 $	Movement
Revenue - including SaaS and Payments	**593,794**	877,777	(283,983)
Revenue - loan interest	**1,652,177**	-	1,652,177
Other income	**1,827,838**	-	1,827,838
Total income	**4,073,809**	877,777	3,196,032
Cost of services rendered	**(976,510)**	(388,751)	(587,759)
Employee and directors' benefits expense	**(7,448,706)**	(1,953,909)	(5,494,797)
Loss on extinguished liability	**(2,387)**	(4,057,620)	4,055,233
Other expenses	**(3,458,857)**	(2,276,001)	(1,182,856)
Less: non-cash expenses/benefits			
Share-based payment expense	**(2,008,212)**	(3,614,293)	1,606,081
Impairment of goodwill	**(41,533,263)**	-	(41,533,263)
Depreciation and amortisation expense	**(3,606,591)**	-	(3,606,591)
Income tax benefit	**4,719,508**	-	4,719,508
Statutory net loss after income tax	**(50,241,209)**	(11,412,797)	(38,828,412)

Revenue for FY22 was $2.2m compared to FY21 revenue of $900k, representing an increase of $1.4m or 156%. This increase was predominantly driven by the blending of SaaS, payments and lending services offered.

The statutory net loss after tax for FY22 was $50.2m compared to a FY21 loss of $11.4m. However, the FY22 results included the following non-cash and one-off items:

- $2,008,212 share-based payments expense, being non-cash in nature;
- $41,533,263 impairment of goodwill, being non-cash in nature (refer to note 13);
- $3,606,591 amortisation and depreciation expense, being non-cash in nature; and
- $4,719,508 income tax benefit (refer to note 6).

Operating costs (excluding impairments) have increased from the prior year, which is mainly attributable to an increase in wages and salaries and associated costs. During the year and as a direct result of the acquisitions undertaken by the Company, it has increased its total headcount to 69 personnel, as at the date of this report. Furthermore, the Group has bolstered its Executive Leadership Team ('ELT') and management layers in addition to making several key employee appointments across sales and development as it transitions from a pure R&D company to a revenue generative business.

The Group had a closing cash position of $7.6m as of 30 June 2022 plus $12.1m in gross client loan book, representing loan capital deployed to multiple customers.

The Group's net cash position of $12.5m as at 30 June 2022 is represented in the below table:

Net cash position	$'m
Cash and cash equivalents (A)	**7.6**
Gross client loan book	12.1
Less: Moneytech facility	(7.2)
Net client loan book (B)	**4.9**
Net cash position (A + B)	**12.5**

Operations summary

FY22 was a year of consolidation for the Company, bringing together four companies and cultures, following the acquisitions of Appstablishment Software Group Pty Ltd ('**ASG**'), Invigo Pty Ltd ('**Invigo**' subsequently renamed Spenda Cash Flow Pty Ltd) and Greenshoots Technology Pty Ltd ('**Greenshoots**').

Following the acquisitions and as part of their integration into the enlarged group, the Group invested considerable time and resources to develop its core Intellectual Property to ultimately deliver a **fully integrated Payments and Lending software solution**.

Spenda is growing and evolving into a world-class fully integrated business platform. Following the acquisitions, the Group is now uniquely positioned to deliver a blended service to its customers, combining **SaaS, Payments and Lending**, offered via a single fully integrated software platform. The current focus is on becoming the best in class for Accounts Receivable and Accounts Payable management, utilising its software products as the rails to deliver payments and lending services to clients.

The diversification of the Group's product offering from a pure SaaS model to a solution that combines software, payments and lending was fully enabled through its acquisitions. The technology and expertise obtained from the acquisitions has enabled the Group to add on-demand lending services such as debtor finance and trade finance into the Spenda ecosystem, significantly bolstering the financial service capabilities of the software. It also enabled the Group to integrate various non-bank lending products into its B2B customer strategy.

Throughout the year the Group has continued to grow its lending portfolio, leveraging established referral agreements with Mastercard Asia/Pacific Pte. Ltd ('**Mastercard**') and Fresh Supply Co Pty Ltd ('**FSC**') to acquire new customers in debtor and trade finance. Capital currently deployed within the Group's lending portfolio is across various industry sectors including Agriculture, Manufacturing and Business Services.

Following the integration phase noted above, the Group's focus swiftly shifted to establishing a debt warehouse facility. In this regard it engaged debt advisor Neu Capital Australia Pty Ltd ('**Neu Capital**'), to (a) assist the Group in undertaking the structural work required to attract institutional debt capital; and (b) source, negotiate and implement specific funding terms with suitable institutions.

Subsequent to year end and following an exhaustive process and extensive negotiations, the Group secured a $50m debt facility agreement with a prominent Australian private credit fund, whose lending proposal and strategy was most aligned with Group's future direction.

The facility will enable the Group to grow and scale revenue with greater velocity. This vital piece of capability expands 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.

The Complete Spenda Ecosystem

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. Despite digital improvements globally, a vast amount of business operations is still done manually by many businesses. While COVID-19 has pushed many businesses to begin the process of digitising their operations, a lot of the solutions focus on solving only one part of the transaction. Many payment companies for example focus on payment facilitation between a retailer and their customers (B2C) through merchant services and customer lending solutions (typical BNPL players), while others focus on improving the procurement services between suppliers and retailers B2B in isolation of payment services.

Spenda's unique selling proposition is the ability to operate across the entire supply chain and support both data transfer (purchasing, point of sale, eCommerce, service management, sales order management) and financial transactions (payments through merchant services, early settlement discounts, buyer finance, supplier finance and inventory finance).

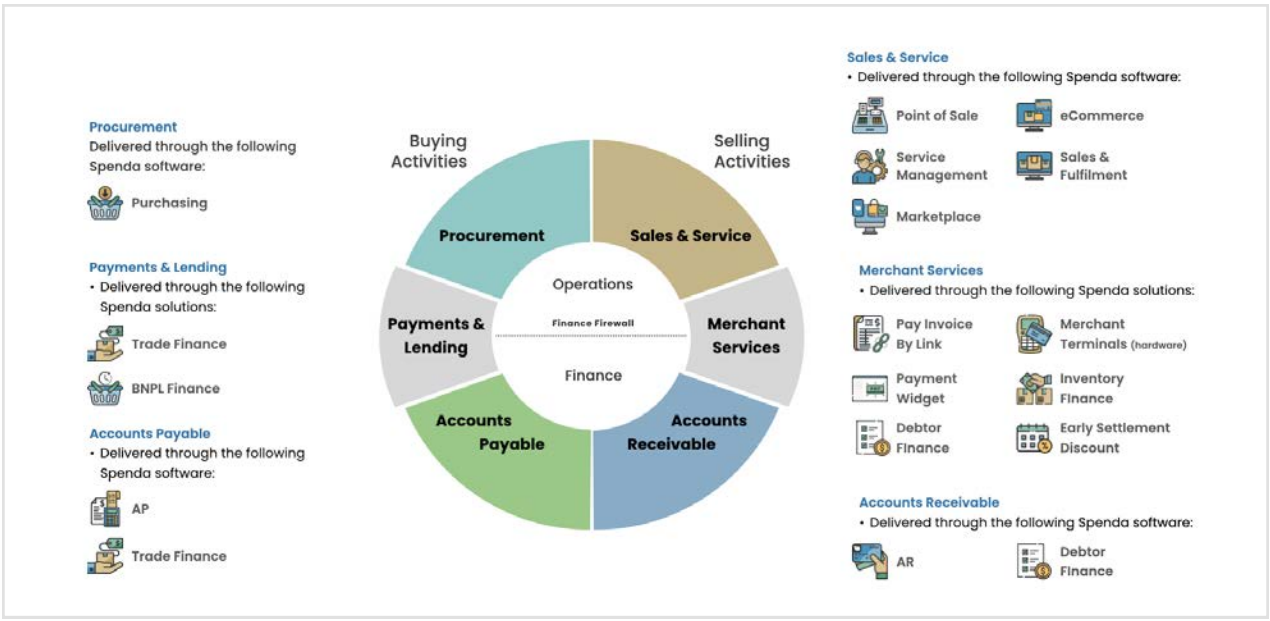


Figure 1: Spenda ecosystem

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 1 August 2022, the Group secured a $50m debt warehouse 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, 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 $50m facility has a term of 36 months, with a fixed rate. The purpose of the facility is to provide both Buyer and Supplier finance, subject to credit policy/eligibility criteria and will enable the Group to grow and scale revenue with greater velocity. On financial close and as announced on 19 August 2022, the Financier was granted 40,273,698 unlisted options, with an expiry date of 15 August 2025 and an exercise price of 4.2 cents per option.

As announced on 19 August 2022, 3,073,100 ordinary shares were issued to settle corporate advisory fees. Furthermore, 13,000,000 ordinary shares were issued to members of the ELT under the Company's Employee Securities Incentive Plan.

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.

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.

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).
Other current directorships:	Chairman of GrainCorp Limited (ASX: GNC) Chairman of Emeco Holdings Limited (ASX: EHL)
Former directorships (last 3 years):	Elmore Limited (retired December 2021)
Special responsibilities:	Chairman of the Board and Member of the Remuneration Committee
Interests in shares:	29,815,099
Interests in options:	46,659,131

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:	285,671,360
Interests in options:	21,204,000

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 Directors of Elsight Limited (ASX: ELS) Non-Executive Director of 4DS Limited (ASX: 4DS) Non-Executive Chairman of Singular Health Group Ltd (ASX: SHG)
Former directorships (last 3 years):	Non-Executive Director of IMEXHS Limited (ASX: IME)(Formerly known as Omni Market Tied Limited (ASX: OMT) (Resigned on 30 April 2020) Non-Executive Chairman of Vortiv Limited (ASX: VOR) (Resigned on 19 April 2021)
Special responsibilities:	Chairman of the Remuneration Committee
Interests in shares:	12,095,238
Interests in options:	17,091,666

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):	None
Special responsibilities:	Member of the Remuneration Committee
Interests in shares:	1,694,444
Interests in options:	10,375,000

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.

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 fourteen years' experience acting as a Company Secretary of ASX listed companies in a wide range of industries.

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 2022, and the number of meetings attended by each director were:

	Full board		Remuneration Committee	
	Attended	Held	Attended	Held
Peter Richards [1]	29	29	3	3
Stephen Dale [1]	29	29	3	3
Adrian Floate	29	29	-	-
Howard Digby [1]	29	29	3	3

[1] Members of the Remuneration Committee

Remuneration report (audited)

The Directors present the Group's Remuneration Report for the financial year ended 30 June 2022 ('**FY22 Report**').

The FY22 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 FY22. 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 2021 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	Full financial year (ceased 28 February 2022)
Mr Andy Hilton	Chief Commercial Officer	From 26 July 2021
Mrs Corrie Hassan	Head of Credit and Risk	From 26 July 2021

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.

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 FY22:

Structure of Executive Remuneration FY22

Fixed Remuneration	
Base salary + superannuation + benefits	
Variable 'At-risk' Remuneration	
STI	LTI
Cash + Securities	Securities
Cash portion equates to a maximum 25% of Base salary. All STIs are subject to the achievement of performance conditions	Vest upon achievement of performance conditions.

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.

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 replaced the Company's Employee Share Ownership Plan ('ESOP') and 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.

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	2022	2021	2020	2019	2018
Revenue ($)	**2,245,971**	877,777	341,332	670,732	301,553
Net loss before tax ($)	**(54,960,717)**	(11,412,797)	(7,437,947)	(6,037,037)	(6,440,644)
Net loss after tax ($)	**(50,241,209)**	(11,412,797)	(7,437,947)	(6,037,037)	(6,440,644)
Key management remuneration ($)	**(2,928,043)**	(4,688,076)	(558,426)	(1,258,769)	(1,288,805)
Share price at the end of year ($)	**0.009**	0.05	0.01	0.01	0.06
Dividend ($)	**-**	-	-	-	-
Basic loss per share (cents per share)	**(1.62)**	(0.65)	(1.01)	(0.013)	(0.02)
Diluted loss per share (cents per share)	**(1.62)**	(0.65)	(1.01)	(0.013)	(0.02)

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 AGM 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.

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.

			Fixed Remuneration			Variable Remuneration			
KMP	Salary & Fees settled in cash or accrued	Salary & Fees settled in equity	Post-employment benefits	Other	Sub Total	Cash Bonus	Share-based payments	Total	% Linked to Performance
	$	$	$	$	$	$	$	$	%
Non-Executive Directors									
Peter Richards	35,714	14,286	5,000	-	55,000	-	385,502	440,502	-
Howard Digby	50,000	-	-	-	50,000	-	96,376	146,376	-
Stephen Dale	41,548	14,286	5,583	-	61,417	-	96,376	157,793	-
Executive Directors									
Adrian Floate	167,64	72,95	23,56	-	264,164	100,000	337,500	701,664	14%
Executive Management									
Richard Jarvis	128,641	94,390	25,000	40,000	288,031	6,250	279,422	573,703	12%
David Wood	75,017	98,618	20,000	-	193,635	-	63,172	256,807	-
Olly Speed	75,283	78,895	11,762	61,229	227,169	-	-	227,169	-
Andrew Hilton [1]	106,742	61,270	19,173	-	187,185	-	63,171	250,356	-
Corrie Hassan [1]	139,095	-	13,909	-	153,004	-	20,669	173,673	-
TOTAL	**819,685**	**434,696**	**123,995**	**101,229**	**1,479,60**	**106,250**	**1,342,188**	**2,928,043**	

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

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 2021.

	Fixed Remuneration				Variable Remuneration			
KMP	Salary & Fees	Post-employment benefits	Other	Sub Total	Cash Bonus	Share-based payments	Total	% Linked to Performance
	$	$	$	$	$	$	$	%
Non-Executive Directors								
Peter Richards [2]	30,000	-	-	30,000	-	8,854	38,854	-
Howard Digby [2]	30,000	-	-	30,000	-	375	30,375	-
Stephen Dale [2]	30,000	-	-	30,000	-	4,055	34,055	-
Executive Directors								
Adrian Floate	290,939	10,885	-	301,824	-	3,772,716	4,074,540	-
Executive Management								
Richard Jarvis	80,000	-	-	80,000	-	403,333	483,333	-
David Wood [1]	12,083	1,148	-	13,231	-	-	13,231	-
Olly Speed [1]	12,500	1,188	-	13,688	-	-	13,688	-
TOTAL	**485,522**	**13,221**	**-**	**498,743**	**-**	**4,189,333**	**4,688,076**	

[1] Mr Wood and Mr Speed became KMP on the acquisition of ASG.
[2] Mr Richards, Mr Digby and Mr Dale settled fees during the year via the issue of shares, resulting in each Director receiving a value of $6,500 less due to the timing of when the agreement was made being the notice of meeting and the date the shares were issued.

Other transactions with key management personnel and their related parties

During FY22, related interests of Adrian Floate were paid a total of $81,625 (2021: $361,990) in relation to website development on normal terms and conditions. As at 30 June 2022, $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 $40,000 in consulting fees (2021: $80,000) paid to his consultancy company, Nion Business Solutions Pty Ltd.

KMP interests in Spenda Limited shares and options

The table below details the movements in the number of shares held by KMP during FY22 and the comparative year FY21. Up until the date of this report, there have been changes to the interests held which have been shown in the tables below:

2022 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	No
Directors:						
Peter Richards	6,659,131	40,000,000	-	-	46,659,131	46,659,131
Stephen Dale	375,000	10,000,000	-	-	10,375,000	10,375,000
Adrian Floate	27,650,000	13,500,000	-	(19,946,000)[3]	21,204,000	21,204,000
Howard Digby	7,091,666	10,000,000	-	-	17,091,666	17,091,666
Executives:						
Richard Jarvis	-	43,000,000	-	-	43,000,000	43,000,000
David Wood	1,642,110	41,750,000	-	-	43,392,110	43,392,110
Olly Speed [1]	970,786	-	-	(970,786)	-	-
Andrew Hilton [2]	-	41,750,000	-	-	41,750,000	41,750,000
Corrie Hassan [2]	-	20,000,000	-	-	20,000,000	20,000,000
Total	**44,388,693**	**220,000,000**	**-**	**(20,916,786)**	**243,471,907**	**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.

2021 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	No
Directors:						
Peter Richards	4,500,000	-	6,659,131	(4,500,000)	6,659,131	6,659,131
Stephen Dale	-	-	375,000	-	375,000	375,000
Adrian Floate	13,500,000	-	23,600,837	(9,450,837)	27,650,000	27,650,000
Howard Digby	-	-	7,091,666	-	7,091,666	7,091,666
Executives:						
Richard Jarvis	-	-	-	-	-	-
David Wood [1]	-	-	1,642,110	-	1,642,110	1,642,110
Olly Speed [1]	-	-	970,786	-	970,786	970,786
Total	**18,000,000**	**-**	**40,339,530**	**(13,950,837)**	**44,388,693**	**44,388,693**

[1] Balance at 21 May 2021 when Mr Wood and Mr Speed became KMP of the Group.

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	Balance at the date of this report
	No	No	No	No	No	No
Directors:						
Peter Richards	28,386,527	1,428,572	-	-	29,815,099	29,815,099
Stephen Dale	1,694,444	-	-	-	1,694,444	1,694,444
Adrian Floate	282,856,614	1,736,935	12,153,812	(11,076,001)	285,671,360	285,671,360
Howard Digby	10,616,666	1,428,572	50,000	-	12,095,238	12,095,238
Executives:						
Richard Jarvis	6,600,000	16,666,933	2,500,000	-	25,766,933	29,766,933
David Wood	186,719,728	8,775,620	-	(89,176,164)	106,319,184	109,319,184
Olly Speed [1]	3,883,147	1,610,095	-	(5,493,242)	-	-
Andrew Hilton [2]	-	8,013,401	45,311,228	-	53,324,629	56,324,629
Corrie Hassan [2]	-	-	18,452,966	-	18,452,966	21,452,966
Total	**520,757,126**	**39,660,128**	**78,468,006**	**(105,745,407)**	**533,139,853**	**546,139,853**

[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.

2021 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	13,936,527	7,750,000	9,700,000	(3,000,000)	28,386,527	28,386,527
Stephen Dale	1,500,000	194,444	-	-	1,694,444	1,694,444
Adrian Floate	55,870,291	-	226,986,323	-	282,856,614	282,856,614
Howard Digby	666,666	5,750,000	4,200,000	-	10,616,666	10,616,666
Executives:						
Richard Jarvis	-	6,600,000	-	-	6,600,000	12,000,000
David Wood [1]	-	-	186,719,728	-	186,719,728	186,719,728
Olly Speed [1]	-	-	3,883,147	-	3,883,147	3,883,147
Total	**71,973,484**	**20,294,444**	**431,489,198**	**(3,000,000)**	**520,757,126**	**526,157,126**

[1] Balance at 21 May 2021 when Mr Wood and Mr Speed became KMP of the Group.

Terms and conditions of listed and unlisted options granted over ordinary shares

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 2026	$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**			

All unlisted options above have service criteria attached that must be met in order for these options to vest. The service criteria is summarised below as follows:

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, 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.
KMP:		
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, 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, 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, vest immediately.
Corrie Hassan	20,000,000	25% vest after 1 year. 25% vest 2 years after grant date. 25% vest 3 years after grant date. 25% vest 4 years after grant date.

g. Contractual arrangement with KMPs

The following directors and KMP were under contract for the financial year ended 30 June 2022.

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:	None

Name:	**Adrian Floate**
Title:	Managing Director and Chief Executive officer
Commencement date:	21 September 2018
Details:	Base salary for the year ended 30 June 2022 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:	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:	**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:	None

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:	None

Name:	**Richard Jarvis**
Title:	Chief Financial Officer
Commencement date:	1 July 2021
Details:	Base salary for the year ended 30 June 2022 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
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:	**David Wood**
Title:	Chief Product Officer
Commencement date:	21 May 2021
Details:	Base salary for the year ended 30 June 2022 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 2022 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:	Head of Credit and Risk
Commencement date:	26 July 2021
Details:	Base salary for the year ended 30 June 2022 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 did not receive any specific feedback at the Annual General Meeting held on 31 January 2022 or to the date of this report, in respect to its remuneration practices.

The Company received 96.43% of 'for' votes in relation to its remuneration report for the year ended 30 June 2021.

End of Remuneration Report (Audited)

Shares under option

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

Name	Expiry Date	Exercise Price	Number under Option	Vested & Exercisable
Unlisted Options				
24 July 2020	28 July 2023	$0.0250	4,500,000	4,500,000
2 March 2021	28 July 2024	$0.1350	50,000,000	50,000,000
2 March 2022	25 Feb 2026	$0.0840	60,000,000	15,000,000
30 June 2022	15 Jun 2027	$0.0175	156,000,000	26,625,000
30 June 2022	15 Jun 2023	$0.0175	20,050,000	-
			290,550,000	**96,125,000**
Listed options				
2 October 2020	28 July 2023	$0.0250	294,573,098	294,573,098
30 November 2020	28 July 2023	$0.0250	128,600,000	128,600,000
26 February 2021	28 July 2023	$0.0250	78,285,001	78,285,001
2 June 2021	28 July 2023	$0.0250	18,700,000	18,700,000
28 February 2022	28 July 2023	$0.0250	13,500,000	13,500,000
30 June 2022	28 July 2023	$0.0250	21,500,000	21,500,000
			555,158,099	**555,158,099**

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 2022 and up to the date of this report on the exercise of options granted:

Date option exercised	Exercise price	Number of shares issued
16 September 2021	$0.025	923,631
7 October 2021	$0.025	6,676,000
7 January 2022	$0.025	348,990
1 March 2022	$0.025	4,054
		7,952,675

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.

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 by the auditor are outlined in note 24 to the financial statements:

	2022	2021
	$	$
Nexia Audit Services Pty Ltd		
Audit and review of financial statements	-	131,610
Non-audit services	-	2,200
HLB Mann Judd		
Audit and review of financial statements	**97,448**	30,000
Non-audit services	**61,100**	10,000
	158,548	173,810

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 42.

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



Adrian Floate
Chief Executive Officer and Managing Director
31 August 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Spenda Limited for the year ended 30 June 2022, 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
31 August 2022

D I Buckley
Partner

Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

		Consolidated	
	Note	30 June 2022 $	30 June 2021 $
Revenue from continuing operations			
Revenue – including SaaS and Payments		**593,794**	877,777
Revenue – loan interest		**1,652,177**	**-**
Total revenue	4a	**2,245,971**	**877,777**
Other Income	4b	**1,827,838**	120,229
Expenses			
Cost of services rendered		**(976,510)**	(388,751)
Employee and directors' benefits expense	5a	**(7,448,706)**	(1,953,909)
Depreciation expense and amortisation charge	5b	**(3,606,591)**	(11,904)
Impairment if goodwill	5b/13	**(41,533,263)**	-
Consulting fees	5c	**(981,772)**	(922,251)
Legal and other professional fees		**(550,160)**	(304,355)
Regulatory listing fees		**(207,380)**	(195,232)
Occupancy expenses		**(123,318)**	(71,321)
Share-based payment expense	18	**(2,008,212)**	(3,614,293)
Other expenses		**(1,596,721)**	(656,011)
Finance costs	5d	**494**	(161,444)
Loss on extinguished liability	5e	**(2,387)**	(4,057,620)
Movement in fair value of financial liabilities		**-**	(73,712)
Loss before income tax from continuing operations		**(54,960,717)**	(11,412,797)
Income tax benefit	6	**4,719,50**	-
Loss after income tax for the year		**(50,241,209)**	(11,412,797)
Loss after income tax for the year attributable to owners of Spenda Limited		**(50,241,209)**	(11,412,797)
Items that may be reclassified subsequently to profit or loss			
Other comprehensive loss for the year, net of tax		**(7,591)**	-
Total comprehensive loss for the year attributable to owners of Spenda Limited		**(50,248,800)**	(11,412,797)
Loss per share for the year ended attributable to the members of Spenda Limited			
- Basic loss per share (cents per share)	7	**(1.62)**	(0.65)
- Diluted loss per share (cents per share)	7	**(1.62)**	(0.65)

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 2022

	Note	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents	8	**7,614,814**	21,385,017
Trade and other receivables	9	**3,038,257**	791,415
Inventories		**76,535**	-
Financial assets	11	**12,122,549**	-
Other current assets	10	**789,297**	296,989
Total current assets		**23,641,452**	22,473,421
Non-current assets			
Plant and equipment		**68,166**	15,789
Financial assets	11	**-**	1,161,062
Right-of-use assets		**-**	29,451
Intangible assets	13	**30,616,774**	63,507,863
Total non-current assets		**30,684,940**	64,714,165
Total assets		**54,326,392**	87,187,586
Liabilities			
Current liabilities			
Trade and other payables	14	**2,139,481**	5,091,365
Lease liabilities		**-**	28,474
Financial liabilities	15	**8,269,083**	-
Provisions	16	**466,131**	766,659
Total current liabilities		**10,874,695**	5,886,498
Non-current liabilities			
Provisions	16	**52,693**	-
Total non-current liabilities		**52,693**	-
Total liabilities		**10,927,388**	5,886,498
Net assets		**43,399,004**	81,301,088
Equity			
Issued capital	17	**160,933,168**	149,739,425
Reserves	18	**8,869,641**	8,720,638
Accumulated losses		**(126,403,805)**	(77,158,975)
Total equity		**43,399,004**	81,301,088

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 2022

		Consolidated					
	Note	Issued capital	Option Premium Reserve	Share Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
		$	$	$	$	$	$
Balance as at 1 July 2020	-	**61,123,783**	**600,000**	**2,301,954**	**-**	**(66,520,008)**	**(2,494,271)**
Loss for the year		-	-	-	-	(11,412,797)	(11,412,797)
Other comprehensive income		-	-	-	-	-	-
Total Comprehensive loss for the year		-	-	-	-	**(11,412,797)**	(11,412,797)
Transactions with owners in their capacity as owners:							
Issue of share capital	17	92,578,013	(600,000)	-	-	-	91,978,013
Transactions costs related to share issue	17	(3,962,371)	-	-	-	-	(3,962,371)
Lapsed options	18	-	-	(773,830)	-	773,830	-
Share-based payment transactions	18	-	-	6,785,356	-	-	6,785,356
Consideration paid for options	18	-	407,158	-	-	-	407,158
Balance as at 30 June 2021		**149,739,425**	**407,158**	**8,313,480**	**-**	**(77,158,975)**	**81,301,088**
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 income		-	-	-	(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	17	11,243,977	-	-	-	-	11,243,977
Transactions costs related to share issue	17	(50,234)	-	-	-	-	(50,234)
Lapsed options	18	-	-	(996,379)	-	996,379	-
Share-based payment transactions	18	-	-	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**

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 2022

	Note	Consolidated 30 June 2022 $	Consolidated 30 June 2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**2,334,001**	1,023,406
Payments to suppliers and employees (inclusive of GST)		**(10,219,985)**	(4,208,339)
Interest received		**28,000**	-
Interest and other finance costs paid		**(521,987)**	(16,609)
Income taxes paid		**(2,480,000)**	-
Settlement of historical PAYG assumed on acquisition of ASG		**(1,106,000)**	-
Proceeds from government grants and tax incentives		**1,487,000**	151,000
Net cash used in operating activities	22	**(10,478,971)**	(3,050,542)
Cash flows from investing activities			
Purchase of plant and equipment		**(94,996)**	(5,518)
Loans advanced		**(3,309,996)**	(2,499,785)
Cash acquired on the acquisition of a business	25	**928,503**	17,906
Payment of refundable deposit		**-**	(500,000)
Net cash used in investing activities		**(2,476,489)**	(2,987,397)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		**-**	23,803,679
Proceeds from exercise of options		**183,000**	3,544,000
Proceeds from issue of options		**-**	361,000
Payment of lease liabilities		**-**	(95,999)
Payment of borrowings	15	**(997,743)**	(463,352)
Net cash (outflows)/inflows from financing activities		**(814,743)**	27,149,328
Net (decrease)/increase in cash and cash equivalents		**(13,770,203)**	21,111,389
Cash at beginning of financial year		**21,385,017**	273,628
Cash at end of financial year	8	**7,614,814**	21,385,017

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 2022

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 2022 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 2022 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 2022. 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 2022, the Group recorded a net loss after tax of $50,241,209 and had operating cash outflows of $10,478,971. As at 30 June 2022, the Group's cash and cash equivalents amounted to $7,614,814 with a restricted cash balance of $1,771,174. The Group has implemented a number of measures to improve its revenue and margins, as well as to lower costs. These initiatives include the following:

- Establishing an Indian subsidiary to enable the Group to increase its development team at a more efficient rate;
- Renegotiation of its loan liabilities including the termination of its Moneytech Finance Pty Ltd facility and the successful replacement of this facility with a new financier;
- Salary sacrifice arrangement where the ELT and management can elect to receive their net salary in ordinary shares; and
- The ability for the Group to raise additional capital if required.

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 an 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 2022.

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 continues 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 23.

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 ELT (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.

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 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.

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 19.

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.

iii. *Research and development*
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.

iv. *Customer contracts*
Customer contracts acquired in a business combination are amortised on a straight line basis over the period of their expected benefit.

v. *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 17 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.

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.

I. 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 18.

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.

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.

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.

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.

s. 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 financial 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.

t. 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).

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
ii. 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.

u. 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. The fair value in relation to the valuation of the equity instruments are detailed in Note 18. 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. *Convertible notes*
The fair value of convertible notes is determined at the end of each reporting date. The fair value is determined using a market interest rate. The compound convertible notes are subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders equity. All other convertible notes are recognised at fair value through profit and loss.

v. *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.

vi. *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, a provision of $9,967 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	
	2022 $	2021 $	2022 $	2021 $
Singapore dollars	**94,848**	-	**-**	-
Indian rupee	**20,107**	-	**(30,394)**	-

The Group had net assets denominated in foreign currencies of $84,561 as at 30 June 2022 (2021: $nil). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 5% (2021: 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 $4,228 (2021: nil). The actual foreign exchange gain for the year ended 30 June 2022 was $5,295 (2021: gain of $25,055).

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 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 $9,967 has been recognised as at 30 June 2022.

Generally, trade receivables 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

Unused borrowing facilities at the reporting date amount to $1,730,917 (2021: $nil). The facility was provided by Moneytech Finance Pty Ltd, for the financial year ended 30 June 2022. The facility is for the use of funding of debtor finance clients only and cannot be used for working capital. As at 30 June 2022 the present liability under the loan was $8,269,083.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows. The tables 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 1 & 2 years	Between 2 & 5 years	Over 5 years
Consolidated - 2022	**%**	**$**	**$**	**$**	**$**
Non-interest bearing					
Trade payables	-	562,731	-	-	-
Other payables	-	1,319,637	-	-	-
Interest-bearing – fixed rate					
Third party loans	9%	8,269,083	-	-	-
Income tax payable	7%	257,113	-	-	-
		10,408,564	-	-	-

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 4 Revenue and other income

	Consolidated	
	2022 $	**2021 $**
4a Revenue		
Recognised over time		
Software as a Service	**106,788**	488,134
Loan interest	**1,652,177**	-
Recognised at point in time		
Hardware revenue	**6,763**	63,992
Website development	**75,414**	102,900
Support services	**112,377**	121,726
Payments revenue	**57,739**	47,815
Service charges and other fees	**234,713**	53,210
	2,245,971	877,777
4b Other Income		
Interest income	**36,524**	25,586
Jobkeeper subsidy	**-**	77,143
Research and Development tax incentive	**1,788,637**	-
Other income	**2,677**	17,500
	1,827,838	120,229

The aggregate amount of contracted revenue for which performance obligations have not been met as at 30 June 2022 is $156,100 (2021: $194,001). This revenue is expected to be recognised in FY23. All revenue was derived in Australia.

Note 5 Expenses

		Consolidated	
		2022 $	2021 $
5a	**Employee and directors' benefits expense**		
	Directors' remuneration [1]	**530,581**	498,743
	Employee and company secretary fees	**6,918,125**	1,455,166
		7,448,706	1,953,909
	[1] A total of $915,754 (FY21: $802,555) of directors' remuneration is included in share-based payment expense.		
5b	**Depreciation expense and amortisation charge**		
	Depreciation expense	**51,276**	11,904
	Amortisation charge	**3,555,315**	-
		3,606,591	11,904
	Impairment charge		
	Impairment of goodwill (note 13)	**41,533,263**	-
5c	**Consulting fees**		
	Corporate and funding strategy services	**-**	217,135
	Other consulting services	**981,772**	705,116
		981,772	922,251
5d	**Finance Costs**		
	Interest on tax debt	**(5,768)**	136,932
	Transaction fees	**-**	20,033
	Bank fees	**5,274**	4,479
		(494)	161,444
5e	**Extinguished Liability**		
	Loss on extinguished liability [2]	**2,387**	4,057,620

[2] The loss on extinguished liability in FY21 partially relates to the issue of shares and options to Mr Adrian Floate to extinguish the debt liability in Anthem Software Pty Ltd, a subsidiary of the Company (as disclosed in note 12) and the issue of shares to directors and related parties for the extinguishment of liabilities resulting in a further loss of $292,000.

In FY21, Mr Floate was issued 74,800,000 ordinary shares and 18,700,000 listed options with an exercise price of 2.5c expiring 28 July 2023. The deemed value of the transaction was $5,635,620 and the value of the loan liability totalled $1,870,000, resulting in an accounting loss of $3,765,620, as partially recognised above.

Note 6 Income tax

The Company has not recognised any deferred tax assets or liabilities in respect to the current year (2021: $nil).

At 30 June 2022, 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 law.

Tax consolidation

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

	Consolidated	
	2022 $	**2021 $**
Loss before income tax expense from continuing operations	**(54,960,717)**	(11,412,797)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 25% (2021: 26%)	**(13,740,179)**	(2,967,327)
Tax effect of:		
Add:		
Non-deductible expenses	**11,107,066**	1,982,073
Research and Development tax incentive	**(447,160)**	-
Tax losses not previously recognised	**(1,494,895)**	-
Deferred tax assets on tax losses not recognised	**1,870**	972,073
Other deferred tax assets and deferred tax liabilities not recognised	**654,530**	26,181
Less:		
Non-assessable income	**-**	(13,000)
Adjustment in relation to tax of prior years	**(785,941)**	(13,000)
Difference in tax rate of subsidiaries in different jurisdictions	**(14,799)**	-
Income tax (benefit)/expense	**(4,719,508)**	-

The tax losses identified have been estimated on the basis of available information. It has not been determined if the company has met the continuity of ownership test to enable all or part of these losses to be utilised.

In addition to the assessed loss and other net future income tax deductions on which deferred tax has not been recognised at 30 June 2022 as set out in the table above, the Company also has estimated accumulated capital losses of $11,373,293 on which deferred tax has not been recognised. Such capital losses may only be utilised against potential future capital gains.

Unrecognised deferred tax assets and (liabilities) as at 30 June 2022 comprise:	**Deferred tax assets $**	**Deferred tax liabilities $**
Losses available for offset against future taxable income	11,373,293	-
Depreciating/Intangible assets	174,080	(3,064,549)
Accrued expenditure	12,500	-
Employee entitlements	124,531	-
Superannuation payable	38,494	-
Other	5,146	(1,576)
Deferred tax assets not recognised	(8,661,919)	-
Net unrecognised deferred tax asset/liability	3,066,125	(3,066,125)

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	
	2022 $	2021 $
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	**(50,241,209)**	(11,412,797)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	**3,103,492,317**	1,755,824,940
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	**3,103,942,317**	1,755,824,940
Basic loss per share (cents per share)	**(1.62)**	(0.65)
Diluted loss per share (cents per share)	**(1.62)**	(0.65)

Note 8 Cash and cash equivalents

	Consolidated	
	2022 $	2021 $
Cash at bank and in hand	**5,843,640**	21,385,017
Restricted cash - debtor finance client accounts [1]	**1,598,174**	-
Restricted cash - finance facility mezzanine funding [2]	**173,000**	-
	7,614,814	21,385,017

[1] Restricted cash of $1,598,174 relates to monies held by the Company as at 30 June 2022 for use with its debtor 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

Note 9 Trade and other receivables

	Consolidated	
	2022 $	2021 $
Trade receivables	**34,511**	103,482
Other receivables	**68,247**	2,933
Research and Development tax incentive rebate	**1,608,499**	-
Finance facility reserve	**827,000**	185,000
Refundable bond	**500,000**	500,000
	3,038,257	791,415

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	
	2022 $	2021 $
Prepayments	**669,579**	282,489
Bank guarantees	**94,526**	-
Rental bonds	**25,192**	-
Other	**-**	14,500
	789,297	296,989

Note 11 Financial Assets

	Consolidated	
	2022 $	2021 $
Loans carried at amortised cost:		
Current		
Client loans – debtor finance	**6,799,578**	-
Client loans – trade, term and other loans	**5,322,971**	-
	12,122,549	-
Non-current		
Loan – Invigo Pty Ltd [1]		
Loan – other	**-**	1,159,413
	-	1,649
	-	1,161,062
	12,122,549	1,161,062

Note 11 Financial Assets (continued)
Fair value and credit risk
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 $9,967 has been recorded. The actual credit losses in future years may be higher.

[1] Invigo Pty Ltd was acquired during the year as is now a wholly owned subsidiary.

Note 12 Controlled entities
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

	Country of Incorporation	Percentage Owned (%)	
		2022 %	2021 %
Parent Entity:			
Spenda Limited	Australia		
Subsidiaries of Spenda Limited:			
Spenda Business Services Pty Ltd	Australia	100%	100%
Appstablishment Pty Ltd 1	Australia	-	100%
Spenda Software Pty Ltd	Australia	100%	100%
Appstablishment IP Pty Ltd 1	Australia	-	100%
Greenshoots Technology Pty Ltd 1	Australia	-	-
Anthem Software Group Pty Ltd	Australia	100%	100%
Spenda Cash Flow Pty Ltd	Australia	100%	-
Spenda Finance Pty Ltd	Australia	100%	-
Spenda India Technologies Private Limited	India	100%	-
Spenda Singapore Pte Ltd	Singapore	100%	-

[1] Appstablishment Pty Ltd, Greenshoots Technology Pty Ltd and Appstablishment IP Pty Ltd were deregistered during the financial year.

Note 13 Intangible assets

	Consolidated	
	2022 $	2021 $
Software development (note a)		
Software development costs	**16,738,642**	-
Less: Accumulated amortisation [1]	**(3,521,393)**	-
	13,217,249	-
Customer contracts		
Customer contracts	**611,889**	-
Less: Accumulated amortisation [1]	**(33,922)**	-
	577,967	-
Goodwill (note b)		
Goodwill on acquisition of ASG (note 25)	**50,908,765**	63,507,863
Less: Impairment charge	**(41,533,263)**	-
Goodwill on acquisition of Invigo (note 25)	**7,446,056**	-
Total Goodwill	**16,821,558**	63,507,863
Total Intangible assets	**30,616,774**	63,507,863

Note 13 Intangible assets (continued)

[1] As disclosed in note 25, the Company has finalised its accounting for the acquired assets and liabilities of ASG and Invigo. Consequently, as at 30 June 2022 the Company has recorded the identifiable fair value or the useful life of the acquired software assets and customer contracts.

(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. As disclosed above, this is now recorded at the identifiable fair value or the useful life of the acquired software assets.

(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.

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 2020	-	-	-	-	-
Additions (note 25)	63,507,863	-	-	-	63,507,863
Amortisation charge	-	-	-	-	-
Impairment of intangible assets and goodwill	-	-	-	-	-
Closing balance as at 30 June 2021	**63,507,863**	-	-	-	**63,507,863**
Opening balance as at 1 July 2021	**63,507,863**	-	-	-	**63,507,863**
ASG Purchase Price Allocation (note 25)	(12,599,098)	-	15,000,000	-	2,400,902[1]
Invigo Purchase Price Allocation (note 25)		7,446,056	305,416	611,889	8,363,361
Acquisition of Greenshoots (note 26)	-	-	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**

[1] Adjustment to provisional balances, refer to note 25 (ASG Acquisition).

Assessment of Impairment

The Company is required to assess the recoverable value for the goodwill that has arisen on the acquisition of ASG and 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 $65,404,759 and includes the goodwill of $50,908,765 and intangible assets of $12,992,771 at balance date, pre impairment.

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 $12,884,140 and includes the goodwill of $7,446,056 and intangible assets of $802,445 at balance date.

On 5 December 2019, the Company entered into a binding Heads of Agreement ('HoA') with ASG. ASG owned proprietary Intellectual Property ('IP'), commonly known as the Spenda Product suite. ASG also owned proprietary IP that serves as a transaction authorisation and payment gateway, called CAPlink. The Company recognised that that ASG's IP is vital to support its future growth and entered into a HoA to acquire 100% of the fully paid ordinary shares of ASG.

An Independent Expert Report ('**IER**') was prepared by Bentleys Corporate Finance (WA) Pty Ltd ('Bentleys') and was included in the Company's Notice of General Meeting to Shareholders on 19 April 2021. The IER valued the post-transaction equity value of the Company (on a controlling interest basis) with a mid-point value per share of $0.0298, thus valuing ASG at $24.7m.

Due to delays in finalising the transaction, ASG was not acquired until the 2 June 2021, with a deemed acquisition date of 28 May 2021. The share price on this date had increased from $0.0298 to $0.067.

Per AASB 3 – Business Combinations, consideration transferred is required to be valued on the deemed acquisition date. What this entailed was a consideration transferred value of $55.4m as opposed to value that was deemed fair and reasonable per the IER of $24.7m. Consequently, the Company was required to recognise a goodwill balance of $50,908,765 based on an acquisition price of $0.067, which was significantly more than the value the Company put forward to shareholders at the General Meeting to Shareholders on 19 April 2021.

The impact of Accounting Standards on the acquisition is summarised in the below table:

	Per IER	Per AASB 3	Increase
Shares issued to acquire ASG	825,000,000	825,000,000	
Share price	$0.0298	$0.0670	$0.0372
Consideration paid for ASG	$24,700,000	$55,400,000	$30,700,000

The Company is required to test goodwill annually and did so on the following basis.

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
- 22.9% low pre-tax discount rate and 24.7% high pre-tax discount rate;
- 2.5% per annum projected long term revenue growth rate used in calculating the terminal value; and
- 2.5% per annum increase in operating costs and overhead used in calculating the terminal value.
- Growth rates of 243% in 2024, 24% in 2025, 2.81% in 2026 and a decline of 11% 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 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. The prior year was not reviewed for impairment as the Company was provisionally accounting for the goodwill value.

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

Based on the above, an impairment charge of $41,533,263 has been applied as the carrying amount of goodwill exceeded its recoverable 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:
- 19.7% pre-tax discount rate;
- 2.5% per annum projected long term revenue growth rate used in calculating the terminal value; and
- 2.5% per annum increase in operating costs and overhead used in calculating the terminal value.
- Growth rates of 104% in 2024, 2.8% in 2025, no growth in 2026 or 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 carrying amount of goodwill exceeded its recoverable amount for the lending CGU.

Note 14 Trade and other payables

	Consolidated	
	2022 $	2021 $
Current		
Trade payables	**562,731**	507,353
Income tax payable	**257,113**	2,301,364
PAYG withholding	**449,557**	946,395
Deferred income	**156,100**	194,101
Superannuation payable	**153,975**	131,005
Sundry payables and accrued expenses	**560,005**	1,011,147
	2,139,481	5,091,365

Note 15 Financial Liabilities

	Consolidated		
	At Amortised Cost $	At Fair Value $	Total $
Moneytech Finance Pty Ltd facility (15b)	8,269,083	-	8,269,083
	8,269,083	-	**8,269,083**

	2022 $	2021 $
Opening balance (15a)	**-**	1,821,751
Third party loans (15b)	**8,269,083**	-
Foreign exchange movement	**-**	(26,023)
Fair value movements	**-**	73,712
Convertible loan notes converted to equity	**-**	(1,468,627)
Convertible loan notes repaid in cash	**-**	(463,352)
Interest charged	**-**	62,539
Closing balance	**8,269,083**	-

15a. Convertible Notes issued to Obsidian Global GP, LLC.
Convertible loan notes were issued on 17 March 2020 at an issue price of US$1 per note. The notes were convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date. On issue, the loan notes were convertible at the lesser of $0.01 per share and 90% of the lowest daily VWAP during the 10 trading days prior to the conversion notice date.

The net proceeds received from the issue of the convertible loan notes had been split between a financial liability at amortised cost and a financial liability carried at fair value, representing the embedded option to convert the financial liability into equity of the Company.

The interest expensed for the prior year is calculated by applying an effective interest rate of 56% to the liability component for the period since the loan notes were issued.

The convertible loan notes were issued on 15 June 2020 at an issue price of $1 per note. The notes are convertible into ordinary shares of the Company at any time between the date of issue of the notes and their settlement date. The loan notes are convertible at $0.005 per share.

All loan notes were extinguished by the repayment in cash of $463,352 and the issue of shares totalling $1,468,627.

15b. Facility with Moneytech Finance Pty Ltd.
A loan facility of $10,000,000 was entered into with Moneytech Finance Pty Ltd. The purpose of this loan is to provide funding to debtor finance clients.

In respect of funds advanced, under the facility a margin rate of 1.5% per annum is 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 disclosed in note 29.

Note 16 Provisions

	Consolidated	
	2022 $	2021 $
Current		
Annual leave	**407,892**	256,800
Long service leave	**48,272**	18,919
Provision for credit losses	**9,967**	-
Provision for income tax	**-**	490,940
	466,131	766,659
Non-current		
Long service leave	**52,693**	-
	52,693	-

Note 17 Contributed equity

	Consolidated	
	2022 $	2021 $
Ordinary shares	**160,933,168**	149,398,425

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.

Note 17 Contributed equity (continued)

Ordinary shares	2022		2021	
	No. Shares	$	No. Shares	$
Opening balance	**2,951,078,504**	**149,739,425**	823,360,099	61,123,783
Rights issue and share placements	**-**	**-**	585,520,000	23,696,000
Share issue via conversion of convertible notes	**-**	**-**	348,103,452	2,023,707
Exercise of unlisted and listed options	**7,952,675**	**198,817**	157,450,509	4,152,662
Employee share option plan/incentive plan	**12,186,680**	**416,073**	15,200,000	381,000
Issued in lieu of fees	**47,898,592**	**791,705**	-	-
Issued in settlement of debt	**5,400,000**	**324,000**	196,444,444	6,924,644
Issued as part of business combination	**132,951,740**	**8,110,156**	825,000,000	55,400,000
Issued as part of asset acquisition	**24,193,548**	**1,403,226**	-	-
Transactions costs related to share issue	**-**	**(50,234)**	-	(3,962,371)
Closing balance	**3,181,661,739**	**160,933,168**	2,951,078,504	149,739,425

Note 18 Option Reserves and Share Based Payments

	Consolidated	
Reserves	**2022 $**	**2021 $**
Share Based Payment Reserves	**8,470,074**	8,313,480
Option Premium Reserve	**407,158**	407,158
Foreign Currency Translation Reserve	**(7,591)**	-
Closing balance	**8,869,641**	8,720,638

Share Based Payment Reserves

	Consolidated	
Share Based Payment and Option Premium Reserve	**2022 $**	**2021 $**
Opening Balance	**8,313,480**	2,301,954
Unlisted options issued during the year	**137,583**	3,349,500
Options expired during the year (transferred to accumulated losses)	**(996,379)**	(773,830)
Listed options issued during the year	**410,000**	3,421,488
Vesting charge on previously issued options	**605,390**	14,368
Closing balance	**8,470,074**	8,313,480

Note 18 Option Reserves and Share Based Payment (continued)

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 replaced the Company's Employee Share Ownership Plan ('ESOP') and is designed to assist the Group to attract and retain key staff, whether employees or contractors. The Bord believes that grants made to eligible participants under the plan will provide a powerful tool to underpin the Group's employment and engagement strategy.

Details of the Plan rules are set out within the remuneration report. The share-based payments expense included in the reserve for the year totalled $2,008,212.

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	2 March 2022	Grant to Directors	2 March 2022	25% vest immediately. 25% each subsequent year	25 February 2026	60,000,000	$0.024	$0.0840
B	30 June 2022	Grant to KMP	30 June 2022	25% vest immediately. 25% each subsequent year	15 June 2027	105,000,000	$0.005	$0.0175
C	30 June 2022	Grant to KMP	30 June 2022	25% vest immediately. 25% each subsequent year	15 June 2027	46,500,000	$0.005	$0.0175
D	30 June 2022	Granted to Head of Agriculture	30 June 2022	1.5m vest after establishment of Agrifund 1.5m vest after establishment of credit team 1.5m after establishment of distribution partnership	15 June 2027	4,500,000	$0.005	$0.0175
E	30 June 2022	Granted to employees under the ESIP	30 June 2022	Vest 1 year after date of issue	15 June 2025	20,050,000	$0.001	$0.0175
F	28 February 2022	Granted to the Managing Director	28 February 2022	None	28 July 2023	13,500,000	$0.024	$0.025
G	30 June 2022	Granted to KMP	30 June 2022	None	28 July 2023	21,500,000	$0.004	$0.025
						271,050,000		

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.

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	60,000,000	Options granted to Directors	2 March 2022	$0.0260	123.8%	0.264%	Nil	$0.0250
B	105,000,000	Granted to KMP	30 June 2022	$0.009	94%	3.38%	Nil	$0.0175
C	46,500,000	Granted to KMP	30 June 2022	$0.009	94%	3.38%	Nil	$0.0175
D	4,500,000	Granted to Head of Agriculture	30 June 2022	$0.009	94%	3.38%	Nil	$0.0175
E	20,050,000	Granted to employees under the ESIP	30 June 2022	$0.009	94%	3.38%	Nil	$0.0175

Note 18 Option Reserves (continued)

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
F	13,500,000	Incentive options granted to the Managing Director	28 February 2022	0.024	N/A	N/A	Nil	0.025
G	21,500,000	Incentive options granted to KMP	30 June 2022	0.004	N/A	N/A	Nil	0.025

Furthermore, a number of shares were issued as share based payments for business acquisitions and to employees and key management personnel in lieu of salary and under the Employee Share Option Plan (ESOP)/Employee Share Incentive Plan (ESIP).

Shares	Rationale	Date Issued	Share Price at grant date	Number of Shares
Shares A	Shares issued for the acquisition of Invigo	23 July 2021	$0.061	132,951,740
Shares B	Shares issued to Employees under the ESOP	30 July 2021	$0.060	5,924,127
Shares C	Shares issued for the acquisition of Greenshoots	3 November 2021	$0.058	24,193,548
Shares D	Shares issued to Employees in lieu of salary	20 December 2021	$0.049	8,049,449
Shares E	Shares issued to Directors as salary sacrifice	23 June 2022	$0.010	4,594,079
Shares E	Shares issued to Employees as salary sacrifice	23 June 2022	$0.010	34,045,651
Shares F	Shares issued to Employees under the ESIP	23 June 2022	$0.010	4,262,553
Shares G	Shares issued to Employees as salary sacrifice	30 June 2022	$0.009	1,209,413
Shares H	Shares issued to Employees under the ESIP	30 June 2022	$0.009	2,000,000

The total share-based expense of $2,008,212 in the statement of profit or loss and other comprehensive income consists of $1,152,973 of options, $416,073 of ESOP/ESIP shares and $791,705 of shares issued in lieu of salary/salary sacrifice, $352,550 of the vesting expense recognised on Shares E and G related to a prepayment of salary.

Furthermore, a number of shares were issued to extinguish liabilities during the period as detailed in the below.

Shares	Rationale	Date Issued	Share Price at date of liability extinguished	Number of Shares
Shares I	Shares issued to Nion Business Consulting Pty Ltd to extinguish fees owing for the year ended 30 June 2021	30 July 2021	$0.060	5,400,000

Note 18 Option Reserves (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			
	2022		2021	
	Average exercise price per share option $	Number of options	Average exercise price per share option $	Number of options
As at 1 July	**0.046**	**285,533,333**	0.029	145,300,000
Granted during the year	**0.032**	**271,050,000**	0.034	219,300,000
Expired during the year	**0.044**	**(30,833,333)**	-	(22,250,878)
Exercised during the year	**0.025**	**(7,952,675)**	0.025	(56,815,789)
As at 30 Jun	**0.040**	**517,797,325**	0.046	285,533,333

At 30 June 2022 the weighted average contractual life of the above options was 2.68 years (2021: 1.95 years).

Note 19 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 2022				
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)

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 19 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**

During the last financial year, no segments were reported on as the acquisitions of ASG were completed only on 2 June 2021 and Invigo completed on 26 July 2021 respectively. Therefore, no comparative segment reporting has been prepared as it occurred only during the first half of this financial year as disclosed above.

Note 20 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.
Floating Assets Trust	Floating Assets Trust is a related party entity in which Mr Adrian Floate has a beneficial interest.
Rare Air Nominees Pty Ltd	Rare Air Nominees Pty Ltd ('Rare Air') is a related party entity. Mr Adrian Floate is a director of both Spenda Limited and Rare Air.
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.
Humedale Pty Ltd	Humedale Pty Ltd is a related party entity. Mr Stephen Dale is a director of both Spenda Limited and Humedale Pty Ltd.

Shares Issued to Related Entities

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

Note 20 Related party disclosure (continued)

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 21.

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	2022 $	2021 $
Services provided by directors' & KMP related entities				
Mr Adrian Floate & Mr David Wood	Appstablishment Pty Ltd	IT services	-	119,402
Mr Richard Jarvis	Nion Business Consulting Pty Ltd	Financial Advisory	**40,000**	483,333
Mr Peter Richard	N/A	Shares in lieu of director fees	-	90,000
Mr Howard Digby	N/A	Shares in lieu of director fees	-	72,000
Mr Stephen Dale	Humedale Pty Ltd	Shares in lieu of director fees	-	12,500
Services provided to directors' related entities				
Mr Adrian Floate & Mr David Wood	Appstablishment Pty Ltd	IT services	-	153,840
Mr David Wood	Anthem Software Pty Ltd	Sale of Computer Equipment	-	50,754
Mr Adrian Floate	Rare Air Nominees Pty Ltd	Extinguishment of loan liability for shares & options	-	3,765,620
Mr David Wood & Mr Adrian Floate	Appstablishment Pty Ltd	Loan – Working Capital	-	1,792,300
Mr Adrian Floate	Tikitbook Pty Ltd	Website Development	**81,625**	361,920
Total payable as at year end			-	270,785

Parent entity

Spenda Limited is the ultimate parent entity.

As at 30 June 2022, Spenda Limited had intercompany loans with subsidiaries of $23,946,385 (2021: 19,550,670). These loans carry no interest charge and have no set date for repayment. All intercompany transactions are eliminated on consolidation.

Subsidiaries & associates

Interests in subsidiaries and associates are set out in note 12.

Note 21 Key management personnel disclosures

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

	Consolidated	
	2022 $	2021 $
Short-term employee benefits:		
Cash salary, fees and short-term compensation	**1,585,857**	498,743
Long-term employee benefits		
Share-based payments	**1,342,186**	4,189,333
	2,928,043	4,688,076

Shareholding

Refer to the Remuneration Report which contains the number of ordinary shares in the parent entity held during FY22 and FY21 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 FY22 and FY21.

Note 22 Cash flow information

a) Non-cash investing activities

	2022 $	2021 $
Conversion of debt to equity (refer note 15)	**-**	1,468,627
Conversion of related party debt to equity	**-**	1,870,000
Shares issued as part of business combination (Invigo)	**8,110,156**	-
Shares issued as part of business combination (ASG)	**-**	55,400,000
Shares issued as part of asset acquisition	**1,403,22**	-

b) Changes in liabilities arising from financing activities

	Consolidated
	2022 $
Opening balance	**-**
Acquisition of mezzanine debt business combinations (note 25)	**997,743**
Acquisition of loan liabilities through business combinations (note 25)	**3,833,180**
Net drawdown on loan from Moneytech Finance Pty Ltd	**4,435,903**
Repayment of Mezzanine Debt	**(997,743)**
Closing balance	**8,269,083**

Note 22 Cash flow information (continued)
c) Reconciliation of Cash Flow from Operations with Loss before Income Tax

	Consolidated	
	2022 $	**2021 $**
Loss after Income Tax	**(50,241,209)**	(11,412,797)
Cash flows excluded from loss attributable to operating activities		
Non-cash Flows in Loss		
Depreciation charge and amortisation expense	**3,606,591**	11,904
Impairment expense	**41,533,263**	-
Share-based payments expense	**2,008,212**	3,614,296
Loss on extinguished liability	**(2,387)**	4,057,620
Issue of shares to Directors in lieu of wages and fees	**55,478**	62,500
Other non-cash adjustments	**-**	(17,427)
Changes in fair value of financial liabilities	**-**	73,712
Reversal of general interest charges	**(785,941)**	-
Finance Costs	**-**	161,444
Foreign exchange movements	**(7,591)**	26,023
Impairment on receivables	**187,865**	-
Deferred revenue	**-**	(194,401)
Lease repayments included in finance cost	**-**	96,000
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	**(513,509)**	(470,330)
(Increase)/Decrease in other current assets	**(492,308)**	76,863
(Increase)/Decrease in loan receivable	**1,116,062**	(1,116,062)
Increase/(Decrease) in trade payables, provisions and accruals	**(6,943,497)**	1,980,113
Net cash used in operating activities	**(10,478,971)**	(3,050,542)

Note 23 Parent entity information

Spenda Limited was the parent company of the consolidated entity throughout the financial year ended 30 June 2022. The results and financial position of the parent entity are detailed below:

	Consolidated	
	2022 $	**2021 $**
Statement of profit or loss and other comprehensive income		
Loss after income tax	**(50,275,800)**	(12,012,257)
Total comprehensive loss	**(50,275,800)**	(12,012,257)
Statement of financial position		
Current assets	**5,454,142**	21,379,431
Non-current assets	**38,505,467**	60,348,219
Total assets	**43,959,609**	81,727,650
Current liabilities	**560,605**	426,562
Non-current liabilities	**-**	-
Total liabilities	**560,605**	426,562
Net Assets	**43,399,004**	81,301,088
Equity		
Contributed equity	**160,933,168**	149,739,425
Share-based payment reserve	**8,877,232**	8,720,638
Accumulated losses	**(126,411,396)**	(77,158,975)
Total Equity	**43,399,004**	81,301,088

Note 24 Auditor's remuneration

	Consolidated	
	2022 $	**2021 $**
Nexia Audit Services Pty Ltd		
Audit and review of financial statements	**-**	131,610
Non-audit services	**-**	2,200
HLB Mann Judd		
Audit and review of financial statements	**97,448**	30,000
Non-audit services (taxation compliance)	**61,100**	10,000
	158,548	173,810

Note 25 Business Combination

Appstablishment Software Group Pty Ltd (ASG)

On 2 June 2021, Spenda acquired 100% of the ordinary share capital of ASG for a total consideration of $55,400,000 by the issue of 825,000,000 ordinary shares. The business held all rights to the Intellectual Property that it previously licensed to the Company, commonly known as the Spenda Product suite. The goodwill of $50,908,765 represents the expected synergies from merging the business with the sales and operational teams and eliminating the licensing arrangement. The acquired business contributed revenue of $12,004 to the Group for the period from 1 June to 30 June 2021. If ASG was acquired on 1 July 2020, ASG would have contributed a loss of $2,016,870 and provided revenue of $158,105. The values identified in relation to the acquisition of ASG were provisionally accounted for as at 30 June 2021.

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.

As part of the final purchase price allocation, the fair value of the software intangible asset was determined to be $15,000,000 with a deferred tax liability of $3,750,000 for the difference in the accounting and tax carrying value for this asset. The R&D Tax Rebate receivable was finalised, this increased receivables by $1,174,000 and there was an immaterial change in working capital current liabilities.

Details of the acquisition are as follows:

Fair Value $	2022 $	2021 $
Cash and cash equivalents	**17,906**	17,906
Trade and other receivables	**1,599,766**	425,766
Prepayments	**199,266**	199,266
Intangible Asset	**15,000,000**	-
Plant and equipment	**1,509**	1,509
Trade and other payables	**(4,059,769)**	(4,234,867)
Deferred tax liability	**(3,750,000)**	-
Other loans	**(3,879,512)**	(3,879,512)
Provisions	**(637,931)**	(637,931)
Net assets/(liabilities) acquired	**4,491,235**	(8,107,863)
Excess recorded as goodwill (note 13)	**50,908,765**	63,507,863
Acquisition Date Fair Value of Total Consideration Transferred	**55,400,000**	55,400,000
Representing:		
Cash Paid or payable to vendor	**-**	-
Share based consideration	**55,400,000**	55,400,000

Note 25 Business Combination (continued)
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 13)	**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 26 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. As at 30 June 2022, none of the deferred consideration shares conditions had been met and therefore no value has been recorded.

Note 27 Contingent assets and liabilities
The Group has no contingent assets or liabilities as at 30 June 2022 (30 June 2021: $nil).

Note 28 Commitments
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 with a minimum commitment of $677,820.

The key terms of the lease are as follows:

• 6-year term
• Base rent of $112,970 per annum.

Other than the above, the Group has no commitments as at 30 June 2022.

Note 29 Matters subsequent to the end of the financial year

As announced on 1 August 2022, the Group secured a $50m debt warehouse 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, 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 $50m facility has a term of 36 months, with a fixed rate. The purpose of the facility is to provide both Buyer and Supplier finance, subject to credit policy/eligibility criteria and will enable the Group to grow and scale revenue with greater velocity. On financial close and as announced on 19 August 2022, the Financier was granted 40,273,698 unlisted options, with an expiry date of 15 August 2025 and an exercise price of 4.2 cents per option.

As announced on 19 August 2022, 3,073,100 ordinary shares were issued to settle corporate advisory fees. Furthermore, 13,000,000 ordinary shares were issued to members of the ELT under the Company's Employee Securities Incentive Plan.

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 20 to 83 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 2022 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 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2022, 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 2022 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* ("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 entity'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.

Key Audit Matter	**How our audit addressed the key audit matter**
Business Combinations Refer to Note 25	
During the year, the Group acquired 100% of the issued capital of Invigo Pty Ltd for consideration of 132,951,740 shares valued at $8,110,156. In addition, the Group finalised the acquisition accounting of Appstablishment Software Group Pty Ltd which was provisionally accounted in the prior year's annual report. These acquisitions have been accounted for in accordance with AASB 3 *Business Combinations*. We focused on this area as a key audit matter as accounting for this transaction is a complex and judgemental exercise. Management is required to determine the fair value of the assets acquired and liabilities assumed, in particular in determining the allocation of purchase consideration and separately identifiable intangible assets with the residual being goodwill. Management engaged a valuation expert to assist them with the process.	Our procedures included, but were not limited to the following: - We read the acquisition agreements to understand the key terms and conditions; - We agreed the fair value of the consideration paid to supporting evidence; - We obtained audit evidence that the acquisition-date assets and liabilities of the business were fairly stated based on the best available information at balance date; - We engaged our own expert to review the Group's valuation of the intangible assets acquired; - We considered the accounting for the excess of the consideration paid over the identifiable net assets acquired, having regard to the Group's application of provisional accounting concepts in accordance with AASB 3; and - We assessed the adequacy of the Group's disclosures in the financial report.
Carrying amount of intangibles including goodwill Refer to Note 13	
The Group has intangible assets in relation to goodwill on the acquisitions of Appstablishment Software Group Pty Ltd of $50,908,765 and Invigo Pty Ltd of $7,446,056. AASB 136 *Impairment of Assets* 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.	Our procedures included but were not limited to the following: - 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-

An impairment expense of $41,533,263 was recognised in relation to the Appstablishment Software Group Pty Ltd goodwill. 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.	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 2022, 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.
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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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, related safeguards.

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 the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Spenda Limited for the year ended 30 June 2022 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

D I Buckley
Partner

Perth, Western Australia
31 August 2022

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 18 August 2022.

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	282,856,614	9.58%

Top 20 Shareholders

Name of Shareholder	No of Shares	% Held of Issued Ordinary Capital
FAAF PTY LTD <FLOATING ASSETS A/C>	126,668,757	3.98%
RARE AIR HOLDINGS PTY LTD <APPSTABLISHMENT UNIT A/C>	91,992,947	2.89%
ELITE SKY INVESTMENT LIMITED	58,900,000	1.85%
DAVY CORP PTY LTD <DAVY INVESTMENT A/C>	49,065,887	1.54%
BAGA RIVER INVESTMENTS PTY LTD <THE DE SOUZA FAMILY A/C>	49,000,000	1.54%
MR ADRIAN JASON FLOATE & MRS ASHLEIGH ANN FLOATE <FAAF SF A/C>	47,500,000	1.49%
ANDREW HILTON <HILTON FAMILY A/C>	45,023,321	1.41%
PAULINE DEBRA FLOATE & KYLIE BIANCA FLOATE <FERAL 55 SUPER FUND>	39,995,707	1.26%
TEMOREX P/L <NITRAM FAMILY A/C>	39,986,701	1.26%
CITICORP NOMINEES PTY LIMITED	29,832,689	0.94%
MR KEIRAN JAMES SLEE	26,400,000	0.83%
MRS VALERIA MARTINEZ VIADEMONTE	23,639,196	0.74%
SUPERHERO SECURITIES LIMITED <CLIENT A/C>	18,429,200	0.58%
NITRO SUPER PTY LTD <NITRO SUPER FUND A/C>	17,030,120	0.53%
MR ADRIAN FLOATE	16,639,461	0.52%
PETER RICHARDS	16,573,309	0.52%
MR ASHLEY CARTER	16,000,000	0.50%
MR MARK ANDREW LINNEY <M A LINNEY FAMILY A/C>	16,000,000	0.50%
OPAL INTELLIGENCE GRP P/L	15,108,120	0.47%
MRS ELAINE YOUNG FORTMANN <EYF INVESTMENT A/C>	14,754,583	0.46%
Total	**772,306,931**	**24.25%**

Top 20 Listed option holders

Name of Option holder	No of Options	% Held of Issued CROO
MR JODET DURAK	20,204,639	3.64%
FAAF PTY LTD <FLOATING ASSETS A/C>	13,500,000	2.43%
MR MARK ANDREW LINNEY <M A LINNEY FAMILY A/C>	13,468,026	2.43%
MRS VALERIA MARTINEZ VIADEMONTE	13,373,463	2.41%
MR KEIRAN JAMES SLEE	11,164,286	2.01%
ROSHERVILLE CAPITAL PTY LTD <ROSHERVILLE FUND A/C>	10,675,000	1.92%
MERSOUND PTY LIMITED	10,378,000	1.87%
ROMFAL SIFAT PTY LTD <THE FIZMAIL FAMILY A/C>	10,000,000	1.80%
GODIN CORP PTY LTD <SEVEN A/C>	9,946,667	1.79%
ARKYN PTY LTD <KOVANI A/C>	9,780,000	1.76%
MR RICHARD ALAN JARVIS & MRS LINDA FRANCES JARVIS <THE JARVIS FAMILY A/C>	8,000,000	1.44%
MR ADRIAN FLOATE	7,704,000	1.39%
MR MARK JUNG KARKI	7,619,923	1.37%
MR ANDREW MICHAEL LEIGH	7,250,000	1.31%
TELLARO PTY LTD <TELLARO A/C>	7,000,000	1.26%
MR DEAN MALE & MS NICOLE PLAYER	6,877,334	1.24%
<MALE-PLAYER SUPER FUND A/C>	6,750,000	1.22%
ANDREW HILTON <HILTON FAMILY A/C>	6,750,000	1.22%
DAVID MATTHEW WOOD <THE WOODS FAMILY A/C>	5,460,915	0.98%
MR RODNEY EDWIN BROWN & MRS ELIZABETH BARBARA BROWN	5,182,143	0.93%
MR STEPHEN SHARRATT	**196,084,396**	**35.32%**
Total		

Range of Shareholders

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	137	30,955	0.00%
1,001 - 5,000	799	3,102,191	0.10%
5,001 - 10,000	1,914	15,072,152	0.47%
10,001 - 100,000	6,448	254,317,098	7.99%
100,001 - 9,999,999,999	3,052	2,912,212,442	91.44%
Totals	**12,350**	**3,184,734,838**	**100.00%**

Based on the price per security of $0.013 being the closing price of securities on 18 August 2022, the number of holders with an unmarketable holding is 6,648, with total 96,776,016 Shares, amounting to 3.04% of Issued Capital.

Range of Listed option holders

Range	Total Holders	Units	% of Issued CROO
1 - 1,000	18	2,401	0.00%
1,001 - 5,000	124	474,683	0.09%
5,001 - 10,000	169	1,240,288	0.22%
10,001 - 100,000	649	25,990,872	4.68%
100,001 - 9,999,999,999	509	527,449,855	95.01%
Totals	**1,469**	**555,158,099**	**100.00%**

Unlisted Options
4,500,000 unlisted options with an exercise price of $0.025 per option are held by 1 individual option holder.

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.

176,050,000 unlisted options with an exercise price of $0.0175 per option are held by 61 individual option holders.

40,273,698 unlisted options with an exercise price of $0.042 per option are held by 1 individual option holder.

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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