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Payments. Lending. Software. Integration.

ASX:SPX

2023 Annual General Meeting

3rd November 2023

Spenda Limited (The Company)

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- Global financial conditions;
- Financing risks;
- Degree of competition in the industry;
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All references to currency are in AUD unless otherwise specified.

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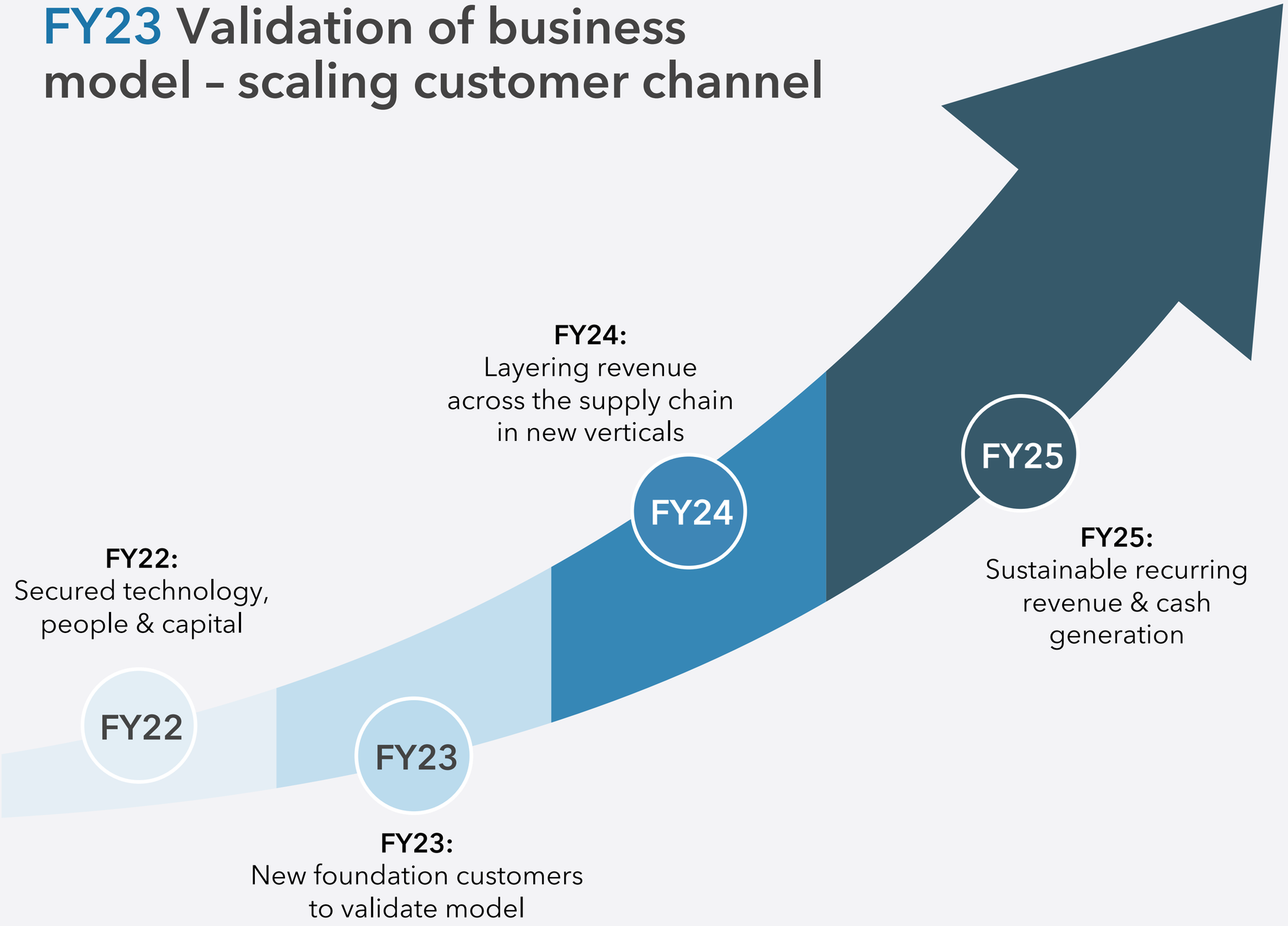
FY23 year in review

FY23 Validation of business model – scaling customer channel



FY22:
Secured technology, people & capital

FY23:
New foundation customers to validate model

FY24:
Layering revenue across the supply chain in new verticals

FY25:
Sustainable recurring revenue & cash generation

cirralto

Appstablishment.

INVIGO

greenshoots

eBev

CARPET COURT

CAPRICORN PREFERRED SUPPLIER

Fresh Supply Co.

AGRICHAIN

Executing on the strategy: Key operational milestones in FY23

Secured a $50m debt warehouse facility

Since the debt warehouse was established in August 2022, we have built our lending book to $14m across a range of satisfied customers.

Entered into a Payment Facilitator (PayFac) Agreement with Fiserv

Launched in September 2023, Australia currently has less than 20 certified Payment Facilitators.

Integrated previous acquisitions to deliver unique payments solutions

Removing the burden of chasing late payments, sending quotes and invoices, and collecting payments.

Validated business model through new foundation customers

As a business platform that combines SaaS, Payments and Lending, via a fully integrated software platform.

Secured a strategic investment with Fresh Supply Co

Allowing us to increase our presence within the agriculture sector.

Established a partnership with Carpet Court

Successfully completed the roll out of Spenda's core services to Carpet Court's National Support Centre (NSC) and their 205 connected retail businesses.

Extended our relationship with the Capricorn Society

Expanding the services we deliver into eCommerce through a Direct Service Delivery initiative (DSD).

Validating our business model through foundation customers

Spenda strategically delivered services to different industry verticals to prove its supply-chain solution.

Carpet Court - Demonstrating Spenda's value prop in retail services through a franchise network.

Capricorn Society – Demonstrating Spenda's value prop in the automotive supply chain through a member driven buying group.

AgriChain – Demonstrating Spenda's value prop in the agricultural supply chain through a Platform Partner.



FY23 financial results

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FY23 Financial results snapshot

Revenue

$3.1m

+39%



FY22: $2.2m

Cash Receipts

$3.5m

+52%



FY22: $2.3m

Total Payment Flow

$95.7m

+520%



FY22: $15.2m

Current contracts suggest the Company will process more than $1b in the FY24 period.

Market Cap

(as at 30 Oct 2023)

$40.4m

Cash on Hand

(as at 30 Sep 2023)

$6.9m

FY23 Financial results overview

	FY23 $'000	FY22 $'000	Variance %
01 Total Revenue	**3,111**	2,246	39%
02 Other income	**251**	1,828	-86%
Expenses			
03 Employee and directors' benefits expenses	**5,254**	7,449	-29%
04 Impairment of Goodwill	**-**	41,533	
05 Other expenses	**9,103**	10,052	-9%
Loss before income tax from continuing operations	**10,996**	54,960	-80%
Cash and cash equivalents	**8,349**	7,615	10%
06 Closing gross loans	**12,022**	12,123	1%
07 Cash Receipts from customers	**3,538**	2,334	52%

01 Revenue increase of 39% to $3.1m for FY23, leveraging the Company's diversified and blended revenue model.

02 FY22 primarily relates to Research and Development tax incentive. FY23 R&D of $1,401,396 was capitalised.

03 Wages and associated costs represent circa 65% of the Company's budget, with total headcount growing to 70 as at 30 June 2023. Actual monthly operating costs are ~$730k.

04 Impairment of goodwill in FY22 on Appstablishment Software Group Pty Ltd

05 Other operating expenses incurred in running the Company, including non-cash expenses, share based payments, depreciation, consulting fees, legal and regulatory and compliance fees.

06 Closing gross loans of $12.022m in FY23. Peak funds in use hit $14.5m.

07 Cash receipts from customers up 52% to $3.5m.

Delivering consistent increases in recurring revenue

spenda

Current base income

Monthly
$284k

Annual
$3,404k

CARPET COURT
DREAM IT. STYLE IT. LIVE IT.

Recurring revenue through Carpet Court

Current contracts

Head Office Software
$300k
plus Payments on
~$20m/month

Plus B2C Payments, SOE Software and extended credit

STRONGER WITH CAPRICORN™

Recurring revenue through Capricorn

Current contracts

DSD Software
$1.2m plus SaaS variable fee

Plus $1.8m in build cost (inc POC)

spenda

Current pipeline opportunities

New Business

Recurring Revenue p/m						
Current RR $284k	+	Min RR $50k	+	Min RR $100k	=	Min RR $434k + Payments + New Business

Market validation of unique business model

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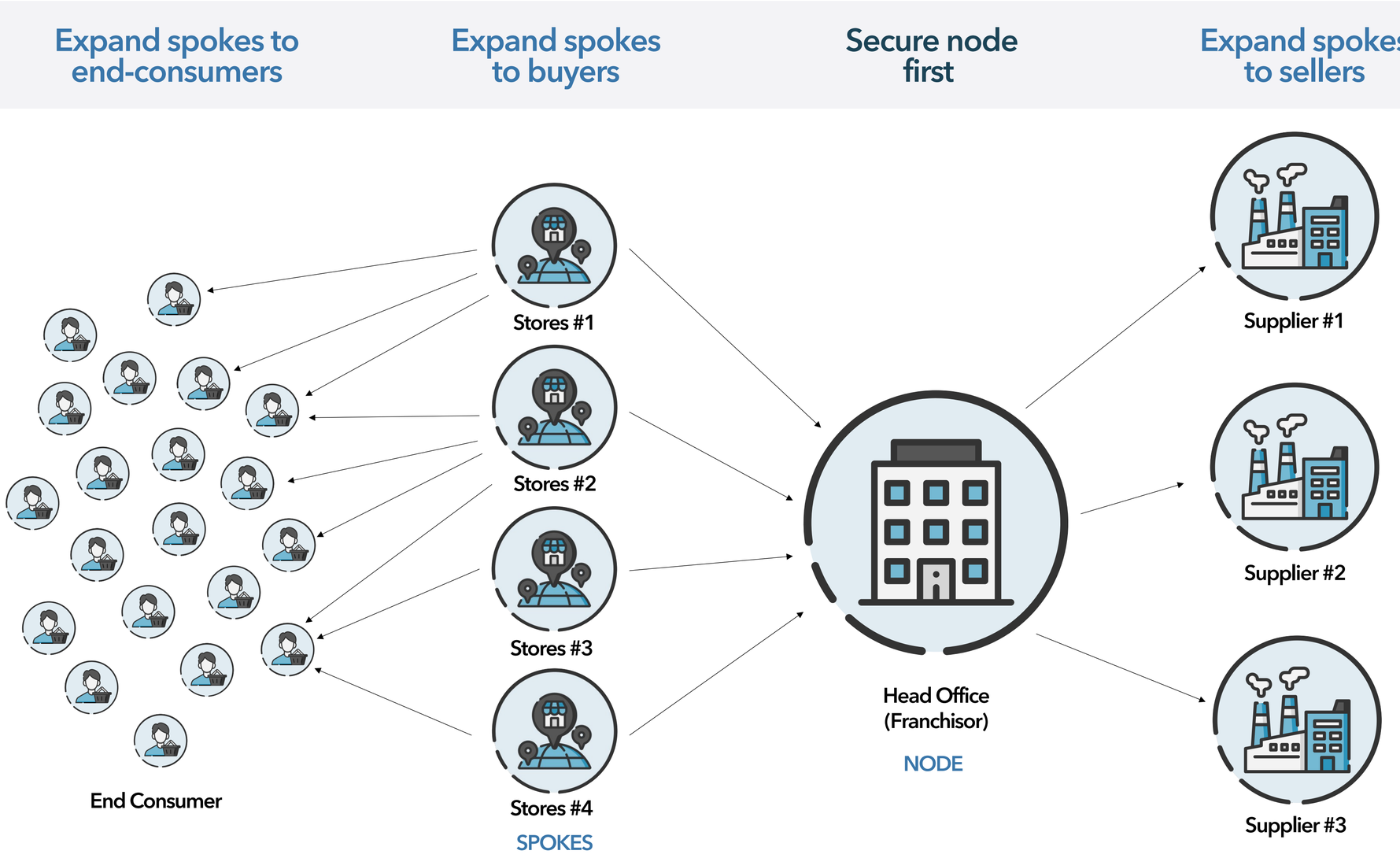
UNIQUE CUSTOMER VALUE PROPOSITION

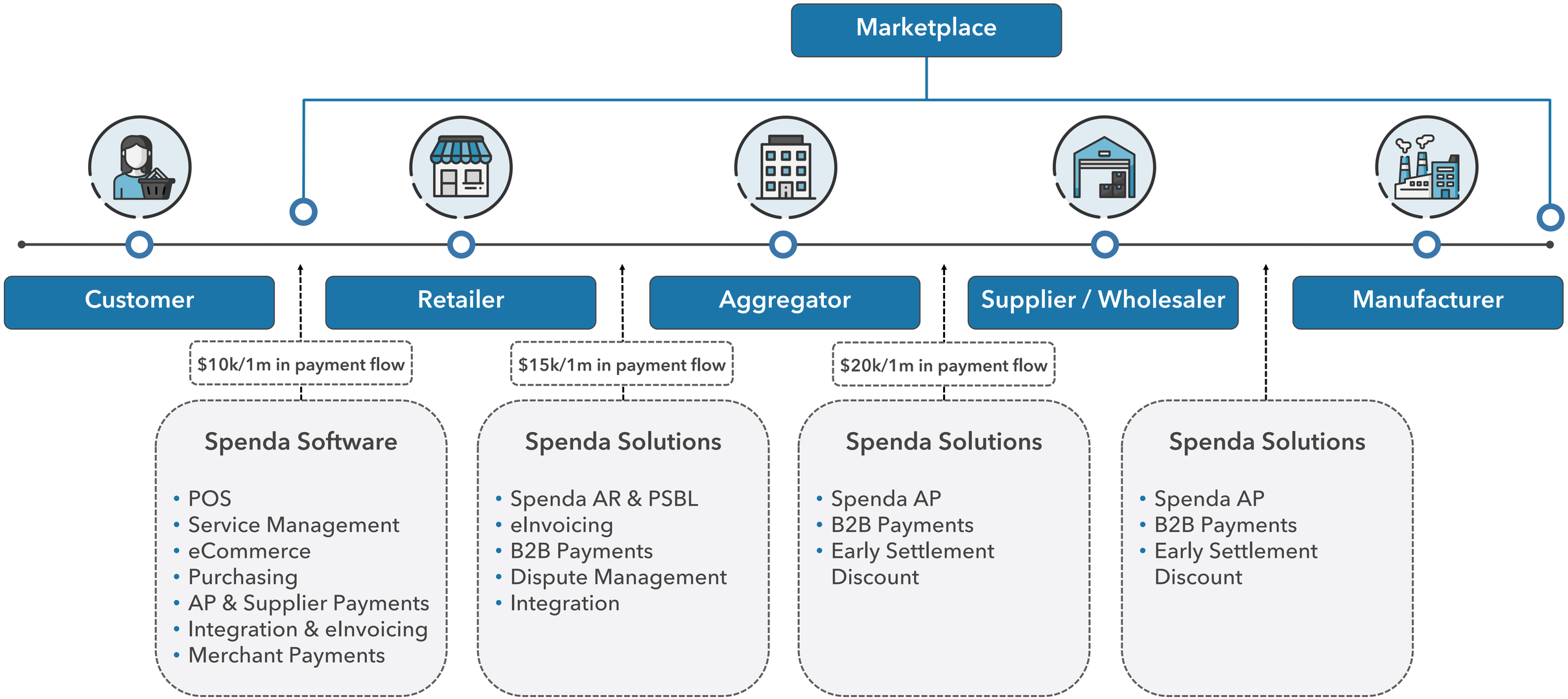
Spenda is an **innovative software** company that enables the **frictionless flow of funds** throughout a **supply chain** or **network** of buyers and sellers from producer to end-consumer.

‘Node-to-Spoke’ strategy for holistic supply chain solutions

Spenda simplifies the administration of procurement, invoicing and accounts receivables management through ledger-to-ledger reconciliation and standardised technology throughout the network.



Solution segments and payment flows





Benefits of Spenda's unique business model

01 End-to-end software capability

02 De-risked overall implementation for a network of trading parties (5 vendors in 1 principle)

03 Lowers cost of core procurement

04 Lower cost of customer acquisition

05 De-risking supply chain payments

CARPET COURT
DREAM IT. STYLE IT. LIVE IT.

Five-year exclusive agreement with Carpet Court

- Carpet Court is the largest floor covering specialist in Australia, with a growing network of 205 franchised stores
- Carpet Court has a presence in every State and Territory with annual retail sales of ~$500m.

Scaling up payment flow

- Roll out of of Spenda's payments infrastructure between Head Office and the network of 205 franchise stores (buyers)
- Payments between the store network and Carpet Court's Head Office are currently $240m per annum (~$20m per month)
- Five-year exclusive agreement for Spenda to provide working capital finance (extended credit) to Carpet Court's stores
- Spenda will receive multiple revenue streams including SaaS fees, transaction-related payment processing fees, and funding fees on extended credit for stores

Spenda solution delivering early results

- We have transformed Carpet Court’s payments network delivering by delivering 100's of hours a month in efficiencies, whilst offering additional payment options









STRONGER WITH CAPRICORN™

Ten-year service agreement with Capricorn

- Capricorn is a member-based organisation established in 1974 to primarily support businesses in the automotive industry
- The network consists of over 26,000 Members and more than 2,000 preferred Suppliers in every State and Territory in Australia and New Zealand
- Capricorn's Members purchase ~$270m per month in parts from the approved Supplier network

Commercial launch expected in early 2024

- In May 2023, Spenda was selected as Capricorn's preferred supplier to deliver the first phase of its Digital Service Delivery (DSD) initiative
- The DSD initiative is a significant and strategic project that upgrades the payments infrastructure to Capricorn's Member & Preferred Supplier network
- In August 2023, the initial DSD works were successfully completed and negotiations commenced to extend the engagement
- In October 2023, the parties entered an 8-week contract for Spenda to complete the final phase of the DSD initiative, which involves security and platform Proof of Concept (POC)
- If the final stage is successful, expected in late 2023, the parties will move to commercial launch in early 2024
- Cornerstone investment terms agreed, for up to 412m shares (9.97%) via a private placement at $0.0175 per share, prior to 31 Jan 2024






AGRICHAIN

Spenda enters new agricultural vertical through partnership with AgriChain

- AgriChain provides an Enterprise Resource Planning (ERP) system that connects buyers and sellers in the agricultural supply chain
- The AgriChain network consists of ~10,000 users who are traders, producers, manufacturers, retailers, farmers and grain storers
- Traders may include brewers, flour millers, animal feed manufacturers and other users of grain commodities
- AgriChain has ~$2.2b in grain on their supply chain platform at any given point in time across 10,000 users

Scale up in 2024

- In October 2023, Spenda and AgriChain entered into a Binding Agreement to integrate early payment services to grain growers onto the AgriChain platform
- Phase One of the program is expected to generate revenue of ~$1.5m per annum. Spenda and AgriChain will revenue share 75%:25% respectively
- Upon successful completion of Phase One, Phase Two of the program is anticipated to scale up significantly in 2024
- Spenda is well positioned to expand into livestock and horticultural markets under existing and new partnerships





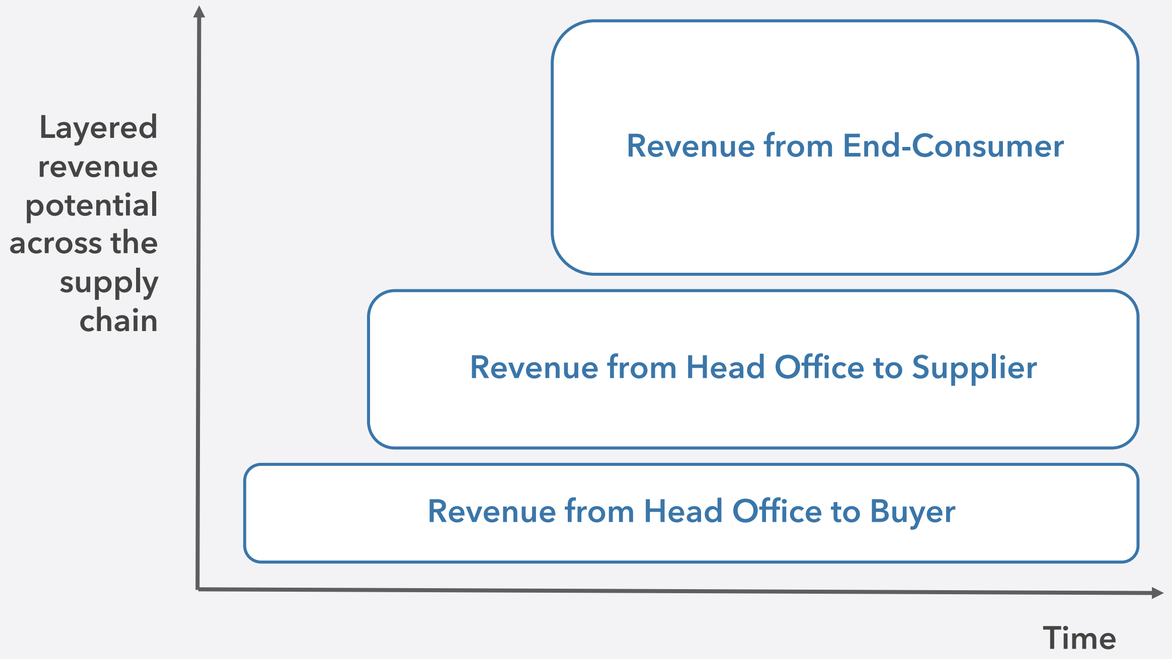
Layering revenue streams

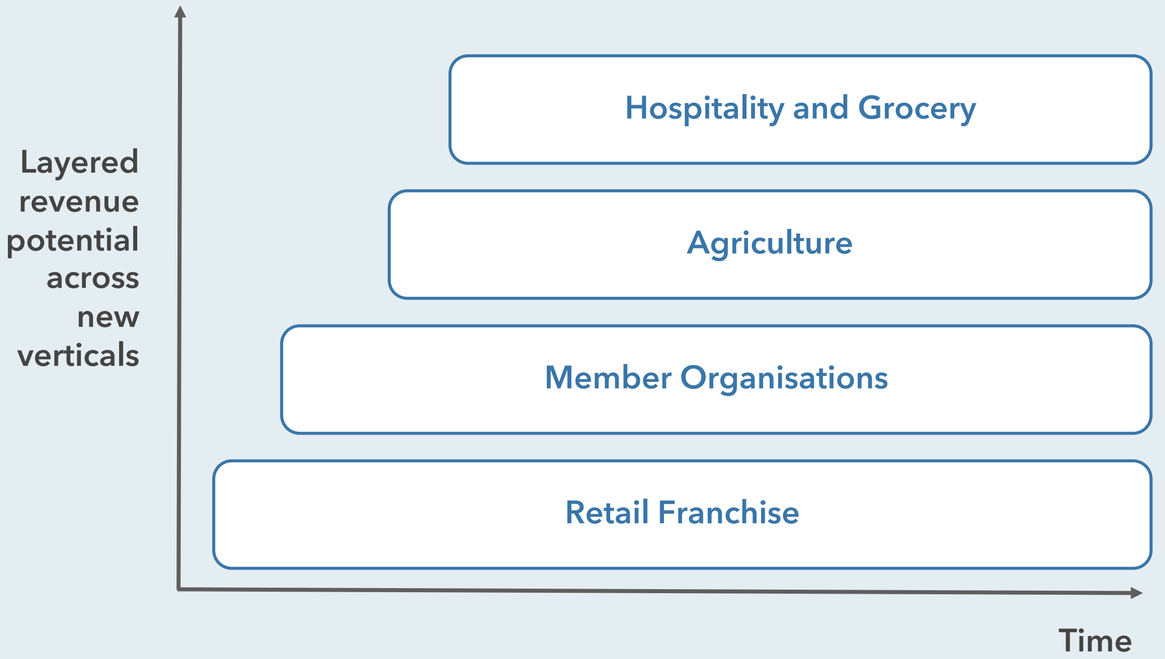
Further penetration across the supply chain for each client

- Start with Head Office and payment flows to and from the buyer network
- Expand payment solutions to supplier network for early payment discounts
- Install POS terminals at retail transaction (either in-store or online) to capture payment flow from end-consumers
- The payment flow from end-consumers would generally be the largest component in a supply chain and grow over time

Scalable growth across different industry verticals

- Initial commercial partnerships in retail franchise network (Carpet Court), an automotive member organisation (Capricorn) and an agricultural supply chain (AgriChain)
- Opportunities to further expand into livestock and horticultural markets in the agriculture vertical
- Opportunities to expand into hospitality and grocery





Development focus on scalability

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Spenda's solutions offer benefits throughout the supply chain

Key points of technology differentiation

- **Holistic supply chain solutions:** Spenda has payment and lending solutions which offer benefits down the value chain, all the way to our client's end-customers, which strengthens the client-customer relationship and grows Spenda's total addressable market.
- **Captures payment flow across the whole supply chain:** Spenda can capture payment flow from the end-consumer right through to the manufacturer, and all the intermediary buying and selling transactions in between.
- **Scalable solution:** Spenda's solution is generic and requires little customisation for each client. Build once, sell lots.
- **Focus on UX and UI:** Spenda invests heavily in user experience (UX) and user interface (UI) to deliver an easy and intuitive solution that can be used by all players in the supply chain, with varying levels of technical competence.



Significant development achievements in FY23

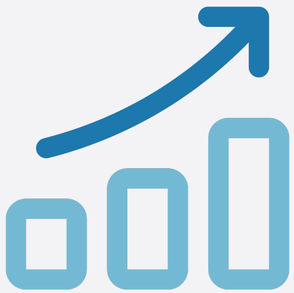
Improving the flow of frictionless payments through the supply chain

- Integrated dispute management
- Integrated buyer finance
- Ledger-to-ledger integration
- PayFac (Payment Facilitator)
- Transaction and fraud monitoring
- Testing automation
- Third-party payment widget
- Capricorn DSD (Digital Service Delivery)
- Spenda Wallet (Android)



Key development initiatives for FY24

Focus on scalability across verticals, including international markets, and expanding payments solutions



- → Virtual card issuance
- → Successful completion of Capricorn DSD Proof of Concept
- → Build and deliver Capricorn DSD Project
- → Verified Supplier Program
- → Quote to Pay backed by PayFac
- → Deploy Spenda Retail Standard Operating Environment (SOE)
- → Aggregated B2B marketplace technology

Inflection point in revenue and earnings in FY24

5

Upcoming Operational Milestones in FY24

Further penetration through Carpet Court supply chain

- Deliver POS terminals to franchise stores
- Increase payment flow through network

Commercial launch with Capricorn

- Finalise POC in late 2023
- Revenue generation from payment flow in Q4 FY24

Global payments and entry into Asia-Pacific region

- Addition of international settlement rails and cross-border payments
- Launch of B2C and B2B payment services in Singapore

Entry into new verticals

- Expansion into hospitality and grocery
- Further expansion in agriculture

Additional cash payments expected

- R&D tax rebate of $2m expected in Q2 FY24
- Cornerstone investment from Capricorn of $7m expected in Q3 FY24

On the path to profitability

- Maintain operating costs in FY24
- Revenue and earnings weighted to 2H FY24

Thank you.

Approved by the Board of Directors

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