ASX Release **31 October 2024**

Activities Report for the Quarter ended 30 September 2024

Key Highlights

- **Cash receipts from customers hit $1.92m:** A record quarter to date, up 157% compared to the prior comparable period (pcp) and an increase of 6% quarter-on-quarter (qoq). The launch of SwiftStatement and the impact of the Limepay acquisition will enable accelerated growth in the future.
- **Payment Volumes of $74m up 20% on pcp:** Total Payment Volumes (PV) of $74m in Q1 FY25, up from $62m in Q1 FY24. This excluded $34m that Limepay processed in the quarter.
- **Completion of Limepay acquisition:** The Company's shareholders approved the acquisition of Limepay on 17 September 2024 and all Conditions Precedent were satisfied to Complete the acquisition on 20 September 2024.
- **Limepay financial metrics:** Limepay's PV for Q1 FY25 was $40m, generating revenue of $664k. They also entered a **MSA with Lessn** during the quarter, to process all Lessn's PV, with onboarding expected imminently (currently ~$50m pa).
- **Cash and cash equivalent:** $6.5m as at 30 September 2024, excluding the $1.6m R&D rebate received subsequent to quarter end ($9.8m as at 30 June 2024, NET cash movement ($3.3m)).
- **Event subsequent to close of quarter:** Commercial launch of *SwiftStatement* with Capricorn in November 2024 to generate $1.4m license fee and up to $18m in ARR by September 2025, assuming an adoption rate of 50% amongst +30,000 strong membership base.

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Spenda Limited (**ASX:SPX, "Spenda"** or **"the Company"**), an innovative software company with embedded electronic payment solutions for supply chains and trading networks, is pleased to release its Quarterly Activities and Cash Flow report for the quarter ended 30 September 2024 (**"Q1 FY25"**).

During the Quarter, the Company announced and completed the acquisition of Limepay Pty Ltd T/A April Solutions ("Limepay"), a strategic acquisition that provides the Company with a B2B payments ready technology platform, ready to deploy within Spenda's platform ecosystem.

Acquisition of Limepay

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

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

The acquisition will enhance the speed that Spenda can roll out to existing contracted channels, including Carpet Court and Capricorn, while also scaling payment flow across the combined entity.

Limepay Payment Processing MSA with Lessn

During the quarter and pre completion of the acquisition of Limepay by Spenda, Limepay executed a Master Services Agreement ("Agreement") with Lessn to acquire and process their entire payment volume, utilizing Limepay's payment platform.

When Lessn is onboarded, the Agreement will result in an immediate increase to Limepay's current PV by ~40% to ~$167m per annum.

The Agreement will see Lessn implement Limepay's white labelled payment widget product, to enable payment services on Lessn's platform. The catalyst and the need to move to Limepay by Lessn was driven by Lessn securing several contracts that substantially grow their business and payment volumes.

The delivery of the Lessn agreement cements ~40% growth in Limepay's ARR, with revenue growth from the new contract wins expected to substantially grow Lessn's payment volumes. The payment volumes are expected to switch to Limepay once all operational and regulatory requirements have been satisfied.

Customer Facing Marketing

Throughout the quarter, the Company focused on Channel Marketing efforts to bolster member engagement initiatives for Carpet Court and Capricorn, and to deliver brand alignment following the Limepay acquisition.

Key highlights included:

Carpet Court

- The marketing team organised and planned Spenda's participation in Carpet Court's 50th Anniversary State Conference in August with the focus on the Standard Operating Environment ("SOE") solution that Spenda is developing for Carpet Court, which was presented to their entire store network.

Capricorn

- To support the rollout of the *SwiftStatement* program, the Company assisted Capricorn in developing marketing communications and collateral to assist rollout across the Member network.
- The Company also participated in Capricorn's Gala and Roadshow event series in Sydney in September, showcasing *SwiftStatement* to NSW Members through a presentation at the gala event.
- The remainder of the Capricorn events are scheduled to take place across the country in October and November, all aimed at driving Member engagement in the *SwiftStatement* program.

Building a strong foundation for long-term sustainable revenue

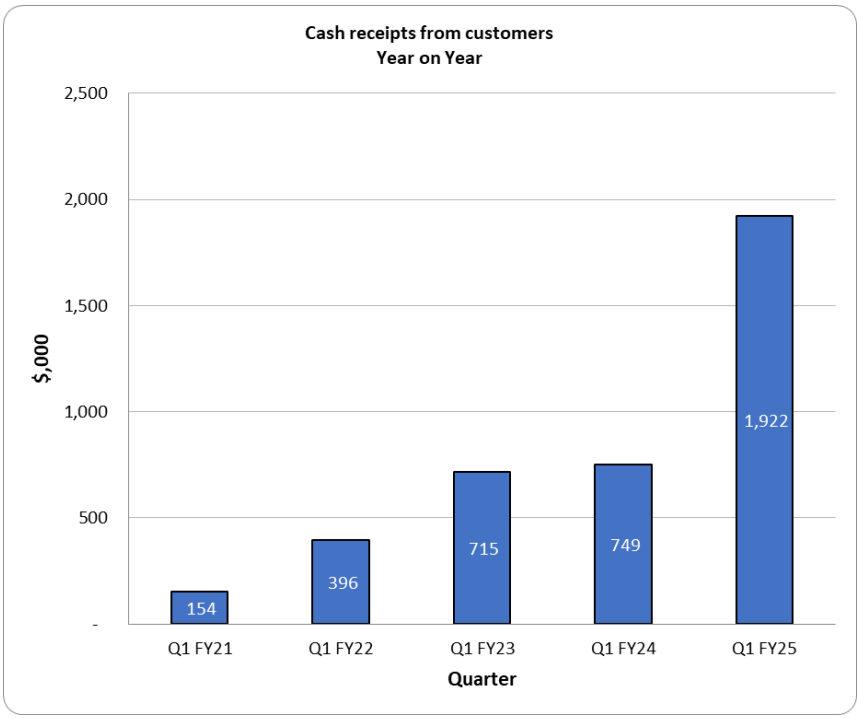
All programs of work are tracking to plan, with the key highlights being:

- Stable payment B2B volume of approximately $20m per month on Spenda's platform from roll out of SpendaAR to Carpet Court Head Office;
- Finalisation of Carpet Court SOE;
- Continuing strong growth in AirPlus facilities with both new and existing clients, with revenue growing to more than $1.3m per annum and is expected to generate more income than the traditional lending facilities in the financial year; and
- Continued scaling of our finance and payments products, including SpendaAR, SpendaAP, Payment Widget with corresponding SaaS Software Licensing fees.

Total payment volume is tracking in line with budget, with Q1 FY25 total payment volume of $74m, up 20% on pcp (Q1 FY24 - $62m).

Financial position

Cash receipts from customers for the quarter was $1.92m, up 157% on pcp (Q1 FY24).



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The Company had a cash and cash equivalents position of $6.5m as of 30 September 2024 plus $12.3m in gross client loan book, representing loan capital deployed to multiple customers.

Net cash position	Sept 2024 $'m	June 2024 $'m	Mvmt (+ / -) $	Mvmt (+ / -) %
Cash and cash equivalents (A)	6.5	9.8	(3.3)	-34%
Gross client loan book	12.3	10.8	1.5	14%
Less: Finance facility	(14.0)	(14.0)	-	-
Net client loan book (B)	(1.7)	(3.2)	1.5	-47%
Net cash position (A + B)	**4.8**	**6.6**	**(1.8)**	**-27%**

Table 1: Net cash position

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

Category	Q1 FY25 ($'000)	Q4 FY24 ($'000)	Mvmt (+ / -) %
Product manufacturing and operating costs	293	162	+80%
Advertising and marketing	60	55	+9%
Staff costs	1,490	1,323	+12%
Administration and corporate costs	747	968	-23%

Table 2: Summary of operating expenditure

Related party transactions

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

Events subsequent to the end of the quarter

Building on the ten-year Master Services Agreement, Spenda has executed a Preferred Supplier Agreement ("PSA") with Capricorn that enables Spenda to offer its products and services to the Capricorn Membership.

On 4 November 2024, under the PSA, the Company announced the launch of Spenda's *PSBL* product under the *SwiftStatement* brand to Capricorn's Member Network.

SwiftStatement enables automatic invoice integration for Capricorn Members on their consolidated trade account statement and allows Spenda to provide Members an integrated payment capability which will reduce reconciliation time and manual data entry errors, saving costs for Capricorn Members.

Spenda will scale its ARR as we roll out the SwiftStatement product to Capricorn ~30,000 Members.

Given the strong market fit for the Capricorn Membership the Company is cornerstoning its strategy with Capricorn and the automotive industry using SwiftStatement. Off the back of the *SwiftStatement* rollout, the Company expects to launch other software and payments initiatives that will scale ARR.

Research and Development Rebate of $1.6m was received in October.

Key operational activities in the December quarter (Q2 FY25)

In the this quarter, the focus is on:

- **Commercial launch of Capricorn DSD project:** The 3rd milestone payment relates to the onboarding of the first cohort of suppliers, which will trigger the $100k per month SaaS Software Licensing fee.

- **Commercial Launch of *SwiftStatement* to Capricorn Members in November:** expecting to deliver +$1m in revenue and build a base for durable revenue into the future.

- **Continued delivery of the SOE solution for the Carpet Court store network**: First stores will receive software in early November 2024, with the broader rollout in the new year. SOE will enable Carpet Court stores to manage their quote-to-install payment flow and the scale up of consumer payment services, including digital payment options and POS terminals in-store.

- **Continued roll out of Spenda AP bundled with Airplus facilities.**

GM of Corporate Development, Francis deSouza said:

"In the past quarter, our focus has been on the effective execution of our record pipeline of work across all partnerships. Despite ongoing resource constraints, I am pleased to report that all programs remain on track. We are planning for the commercial launch of our new payments infrastructure with Capricorn which has the potential to significantly increase the payment volumes on our platform and we expect to launch the SOE for the Carpet Court network which will enable the scaling of payment volume through their network. "

- ENDS –

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About Spenda

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

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

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

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

This announcement has been authorised by the Board.

Investor Enquiries

Please email: investors@spenda.co

Appendix 4C

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

Name of entity

Spenda Limited

ABN	**Quarter ended ("current quarter")**
67 099 084 143	30 September 2024

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,923	1,923
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(293)	(293)
	(c) advertising and marketing	(60)	(60)
	(d) leased assets	-	-
	(e) staff costs	(1,490)	(1,490)
	(f) administration and corporate costs	(747)	(747)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	34	34
1.5	Interest and other costs of finance paid	(412)	(412)
1.6	Income taxes paid	(8)	(8)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash used in operating activities**	**(1,053)**	**(1,053)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(6)	(6)
	(d) investments	(318)	(318)
	(e) intellectual property	(731)	(731)
	(f) other non-current assets	(24)	(24)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Net Cash flows from loans to other entities	(1,272)	(1,272)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide detail if material)	211	211
2.6	**Net cash from investing activities**	**(2,140)**	**(2,140)**

Note to support item 2.5

The Company acquired $211k in cash upon the acquisition of Limepay Pty Ltd on the 20 September 2024.

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(128)	(128)
3.8	Dividends paid	-	-
3.9	Other (Listed Option entitlement issue)	-	-
3.10	**Net cash from financing activities**	**(128)**	**(128)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,837	9,837
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,053)	(1,053)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,140)	(2,140)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(128)	(128)
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	**Cash and cash equivalents at end of period**	**6,517**	**6,517**

5.	**Reconciliation of cash and cash equivalent** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	6,517	9,837
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**6,517**	**9,837**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	181
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6.1 relates to payments to directors, including director's remuneration and director's superannuation.

7.	Financing facilities *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
7.1	Loan facilities	17,000	14,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	17,000	14,000
7.5	**Unused financing facilities available at quarter end**		3,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

As announced on 1 August 2022, the Company entered into a debt facility agreement with a prominent Australian private credit fund and non-bank funder. Key terms are detailed below:

- Up to $50m
- Term of 36 months from date of draw down
- Interest rate is fixed

8.	Estimated cash available for future operating activities	$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,053)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,517
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	6,517
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	6

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024

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

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.