Appendix 4D

Half-Year Report

Name of Entity

Spenda Limited

ABN or equivalent company reference	Half-Yearly *(tick)*	Preliminary final *(tick)*	Financial period ended ('current period')
A.B.N. 67 099 084 143	✓		6 months ended 31 December 2023

Results for announcement to the market

	$
Revenues from ordinary activities	Up from $1,316,195 to $2,654,113
Net loss for the period attributable to members	Up from $5,674,166 to $6,110,655

Explanation of Net Loss

The consolidated net loss for the half-year after income tax attributable to members of the parent entity amounted to $6,110,655 (31 December 2022 half year loss: $5,674,166). The adjusted net loss, after adding back material non-cash items, including depreciation and amortisation expense and share based payments expense is summarised below:

	Half year ended 31 December 2023 $	Half year ended 31 December 2022 $
Net loss for the half-year after income tax attributable to members of the parent entity	**(6,110,655)**	(5,674,166)
Add back material non-cash items:		
Depreciation and amortisation expense	**2,274,080**	1,896,295
Share based payments expense	**878,491**	980,312
Adjusted net loss	**(2,958,084)**	(2,797,559)

Dividends	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	N/A	N/A
Previous corresponding period – no dividend declared	N/A	N/A

Net tangible assets	Current reporting period	Previous reporting period
Net tangible assets per ordinary security ($)	0.001	0.003

1. **Details of entity over which control has been gained during the period**

   Spenda Cash Flow Trust 1.

2. **Details of individual and total dividends or distribution payments. The details must include the date on which each dividend or distribution is payable, and if known the amount per security of foreign sourced dividend or distribution**

   Not applicable – no dividends have been declared or paid.

3. **Details of any dividends or distribution reinvestment plans in operations and the last date for receipt of an election notice for participation in any dividend or distribution reinvestment plan**

   Not applicable.

4. **Details of associated joint venture entities**

   Not applicable.

This report is based on:

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-Yearly Report.

Signed: ______________________ Date: 26 February 2024

Justyn Stedwell
Company Secretary

Spenda Limited

ABN 67 099 084 143

Half-Year Report

Half-year ended 31 December 2023

Payments. Lending. Software. Integration.

Contents

Corporate Information

Directors

Mr Peter Richards (Non-Executive Chairman)
Mr Adrian Floate (Chief Executive Officer and Managing Director)
Mr Stephen Dale (Non-Executive Director)
Mr Howard Digby (Non-Executive Director)
Mr David Laird (Non-Executive Director)

Company Secretary

Mr Justyn Stedwell

Registered office

Suite 605, 275 Alfred Street
North Sydney NSW 2060

Principal place of business

Part Ground Level, Building B
The Garden Office Park
355 Scarborough Beach Road
Osborne Park WA 6017

Share Registry

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Sydney NSW 2010
Phone: 1300 288 664 (local)
+61 (2) 9698 5414 (international)
www.automic.com.au

Bankers

Australian & New Zealand Banking Group Limited
833 Collins Street
Melbourne VIC 3000
Phone: +61 3 9273 5555

Auditors

HLB Mann Judd (WA Partnership)
4/130 Stirling Street
Perth WA 6000

Solicitors

Murcia Pestell Hillard
Suite 183, Level 6
580 Hay Street
Perth WA 6000

Stock exchange listing

The Company is listed on the Australian Securities Exchange Limited, ASX Code: SPX

Company website

https://www.spenda.co

Directors' Report

Your directors present their report on the Group consisting of Spenda Limited ("Spenda" or the "Company") and the entities it controlled ("Group") for the half-year ended 31 December 2023.

Directors
The names of the Company's directors in office at any time during the half-year and until the date of this report are shown below. Directors were in office for this entire period unless otherwise stated.

Mr Peter Richards (Non-Executive Chairman)

Mr Adrian Floate (Chief Executive Officer and Managing Director)

Mr Stephen Dale (Non-Executive Director)

Mr Howard Digby (Non-Executive Director)

Mr David Laird (Non-Executive Director) – appointed 27 September 2023

Review and results of operations

The consolidated net loss for the half year after income tax attributable to members of the Group amounted to $6,110,655 (31 December 2022 half year loss: $5,674,166).

Operational Update

Spenda 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 strategy is to deliver a portfolio of software and payments infrastructure that harness the network effect (Node-to-Spoke), where Nodes are the hub that bring people or businesses together (the Spokes) in an interconnected digital network.

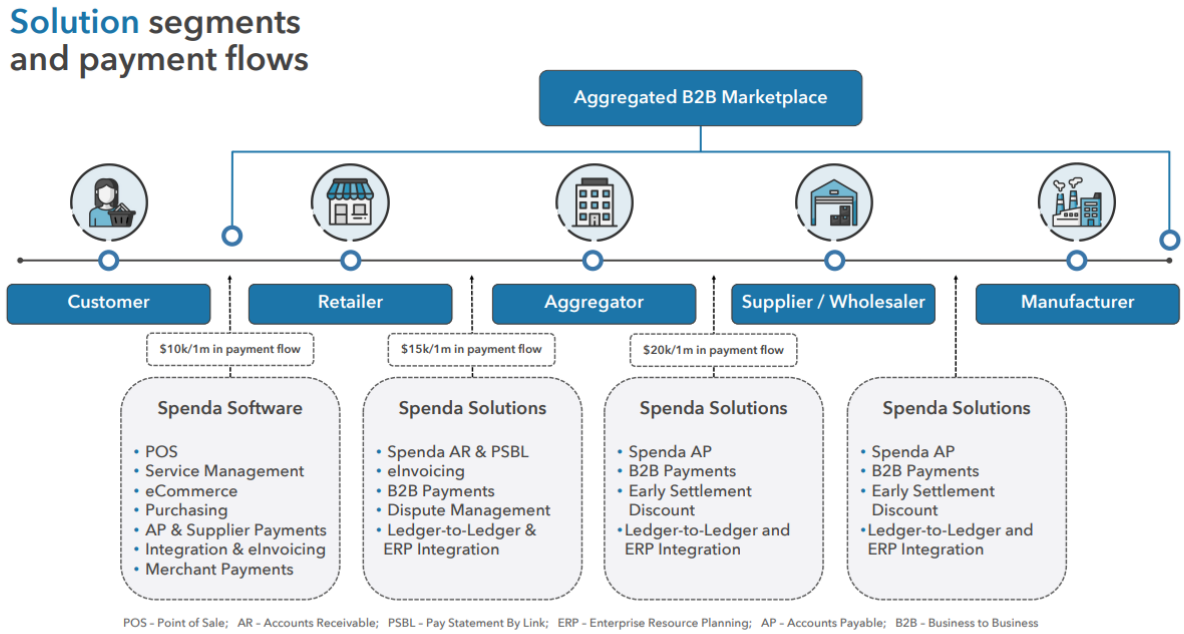
Spenda's unique solutions are ideal for trading and franchise networks and distributed marketplaces, as they can improve transparency and operational efficiency throughout the supply chain.

Over the past few years, Spenda has secured the technology, people and capital to deliver a unique payments solution for businesses to improve the flow of funds through its network of buyers and sellers.

In the half year ended 31 December 2023, Spenda signed multiple partnerships, which have the potential to transform its revenue and earnings growth trajectory over the years ahead, through layered revenue streams across different customers and across different verticals.

Aggregated B2B Marketplace: Segments and Payment Flows

The segments and payment flows in a typical aggregated B2B marketplace are shown in the diagram below.



Spenda's unique customer value proposition

Key benefits of Spenda's business model include:

- Represents the combination of five vendors into one solution, leading to diversified revenue streams and de-risked overall implementation for a network of trading parties;
- Provides end-to-end software integration through the supply chain that enables long term customer contracts with low customer churn and high barriers to entry;
- Delivers ledger-to-ledger integration which reduces administration costs and improves operational efficiency for all trading clients;
- Generates layered revenue streams over time, including from SaaS, B2B and B2C payments and B2B supply chain finance; and
- Captures transactions and payments through the value chain, including new virtual card product, with the ability to retain the large payment flow of end consumers at a low cost of acquisition.

Key Partnerships

Spenda's unique model has been validated by commercial deals with Carpet Court Australia Limited ("Carpet Court"), Capricorn Society Limited ("Capricorn") and eBev Pty Ltd ("eBev"). These signed program partnerships are expected to generate multiple revenue streams for many years, following roll out in 2024. Revenue composition in each program may comprise SaaS, both B2B and B2C payments and B2B supply chain finance.

Directors’ Report (continued)

<u>Carpet Court</u>

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 (stores to end consumer) of ~$500m.

Spenda signed a five-year, exclusive agreement with Carpet Court to offer lending services, including working capital finance (extended credit) to the retail stores, following the successful roll-out of Spenda’s payments infrastructure between head office and the network of franchise stores.

All of the payment flow from the 205 stores to Carpet Court’s National Support Centre are now processed through the Spenda platform. Payments between the store network and Carpet Court’s Head Office are ~$240m per annum (~$20m per month).

Spenda is currently delivering terminals to the franchise stores to increase the B2C payment flow through Spenda’s platform.

Spenda generates revenue from SaaS fees, transaction-related payment processing fees and funding fees on extended credit for stores. Both B2B and B2C payment volumes are revenues are expected to scale further in 2024.

<u>Capricorn</u>

Key milestones achieved in 2023 include:

- May 2023
  Spenda was selected as Capricorn’s preferred supplier to deliver the first phase of the DSD initiative (Foundation Stage) for works to be carried out over a 12-week period.

- August 2023
  Initial DSD project works were successfully completed and negotiations commenced to extend the Foundation Stage of the engagement.

- October 2023
  Entered an 8-week contract to complete the final phase of the DSD initiative (Foundation Stage), which involved security and platform Proof of Concept (PoC) that simulates the entire production solution including the creation of a mock supplier eCommerce site.

- December 2023
  - Spenda successfully completed the final phase of the DSD initiative with Capricorn.

  - Spenda signed a 10-year Master Service & License Agreement (MSLA) with Capricorn for the provision of software and ecommerce payments infrastructure. This MSLA follows the successful completion of the Foundation Phase of the Digital Service Delivery (DSD) initiative.

    The MSLA includes a 5 + 5 year option, which if exercised, would extend the agreement to a 20-year term. The MSLA lays a foundation for both parties to build further joint initiatives that can improve the digitisation of the automotive industry over a decades long horizon.

Directors' Report (continued)

Capricorn is a member-based organisation established in 1974 to primarily support businesses in the automotive industry. Its current 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 ~$3.2 billion per annum in parts from the approved Supplier network.

The DSD initiative is a significant and strategic project that upgrades the payments infrastructure to Capricorn's Member and preferred Supplier network to increase productivity and create efficiencies for Members, preferred Suppliers and Capricorn. The new payments solutions will enable all Capricorn Members to access eCommerce payment solution, that are powered by Spenda.

Spenda will work closely with Capricorn to customise its payments infrastructure for use by Capricorn's Members and preferred Supplier network over the next six months, with the onboarding of the initial cohort of suppliers expected to commence in mid-2024.

Spenda will generate at least $2m in revenue from software and services in calendar year 2024. Software revenues are expected to significantly exceed the minimum $100k monthly revenue as Spenda's software is rolled out to Capricorn's 26,000 Members, that includes multiple programs of works.

eBev

In December 2023, Spenda announced a partnership with eBev to offer unique integrated payments solutions across the eBev marketplace. eBev is a software provider with a platform that enables licensed premises to order alcoholic beverages from eBev's approved catalogue. eBev has over 2,500 licensed premises (buyers) purchasing through its platform, with over $13.6 billion in B2C and B2B payments through the end-to-end ecosystem annually.

Spenda will generate revenue from SaaS fees, B2C payment fees from retailer terminals, as well as B2B card-blended finance revenue, enabled by AirPlus. This agreement outlines the first phase of the commercial rollout to 100 initial clients over three months. Upon completion of the full commercial rollout, Spenda expects to generate a blended net revenue margin of 2-4% across the eBev marketplace on transactions that utilise Spenda's payments solutions.

Spenda is now integrating its payment solutions into the eBev platform in order to capture B2B payment flow and B2C payments.

AirPlus

In November 2023, Spenda signed a payment processing agreement with AirPlus to jointly offer a virtual credit card product which enables the generation of credit card numbers for specific purposes or durations.

AirPlus International is a leading international provider of solutions in the corporate payment segment. Around 53,000 corporate customers rely on AirPlus when it comes to paying for and analysing their business travel and other purchasing activities. AirPlus is an issuer under the Universal Air Travel Plan (UATP) network and Mastercard schemes.

Spenda's new virtual Mastercard credit card product, backed by AirPlus, enables Spenda's clients to access funds for purchases via the Spenda AP and Payment widget software, thus increasing the flow of funds through Spenda's platform.

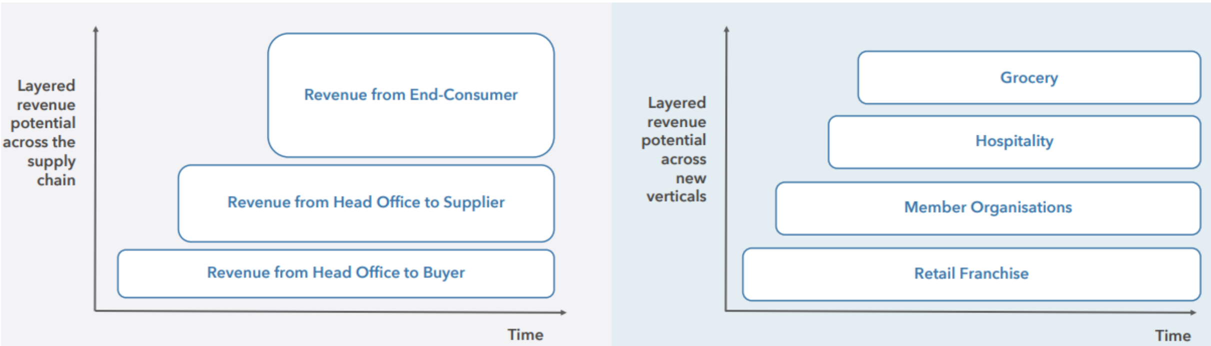
The virtual credit card enables Spenda to scale client payment volumes by providing access to working capital from portable and flexible credit solutions. Both parties are now working together to develop a pipeline of opportunities to grow the virtual card product, both domestically and internationally, with AirPlus facilities being offered to Spenda's customer base from January 2024.

AgriChain

In October 2023, Spenda announced an agreement with AgriChain to integrate early payment services to grain growers on the AgriChain platform. In February 2024, Spenda advised that the current roll out of phase one of the program has been put on hold by mutual agreement and the parties intend to consider resuming the roll out of payment services at a future date to be agreed.

Layering revenue streams

Spenda's strategy is to grow sustainable recurring revenues by layering revenue streams across the supply chain for each client and across different industry verticals.



Building foundation for international expansion

Spenda is establishing international payment rails, which provide the network infrastructure that allows all digital money transfers to be made between payers and payees, regardless of country, currency or digital payment method.

- PayFac
  Spenda has a Payment Facilitator (PayFac) Agreement with Fiserv, which enhances the B2B and B2C payment rails and enables credit approval for both payments and lending in the same process.

- AirPlus
  As noted above, the agreement with AirPlus and the addition of virtual credit cards enables cross-border opportunities and the delivery of international services, which will enable Spenda to scale into larger facilities.

- International expansion
  Subject to licensing, the current services that Spenda offers domestically are transportable internationally, thus enabling Spenda to offer its entire payments solution portfolio in any market. The initial focus for international expansion will be on Asia.

Directors’ Report (continued)

Product Development Update

In the first half of FY24, the development team focused on:

- Spenda Wallet for Android
  Developed an Android version of Spenda Wallet with comparable features and functionality to the iOS version. Spenda Wallet for Android is a companion app to the Accounts Payable software and doubles the potential addressable market.

- Tenant-to-Tenant evolution
  Extended the capability of Tenant-to-Tenant document translation service to support additional account systems and more complex accounting practices, saving Spenda users hours of data entry per week.

- Embedded Buyer Finance
  Released embedded closed loop of demand finance payments within Spenda’s Pay-Statement-By-Link web application, which enables buyers to make invoice payments quickly and easily, without being redirected to an external payment portal.

- Claims and Returns
  Embedded Claims and Returns within Pay-Statement-By-Link, which allows buyers to raise an issue with their supplier and have a credit note issued in real time. This credit note can then be consumed and applied directly by the buyer and applied during the statement payment process.

- Scheduled payments
  Extended payment engine to allow users of Accounts Payable or Pay-by-Link to schedule a payment to be executed in the future. This scheduled payment technology is available through all Spenda payment methods including Account to Account, Credit Card, Spenda Finance or Virtual Credit Card.

- Accounts Payable Self-Service Onboarding
  Nearing completion of the revamped onboarding wizard for Spenda’s Accounts Payable service, which takes new users through a guided tour of our software while assisting users to connect their financial system, add payment methods, invite other users and make their first payment.

- Virtual Credit Card
  Development has started on the delivery of virtual credit card payment options within the Spenda platform. Virtual credit cards can be generated on demand by AirPlus (Spenda’s third-party provider) within the Spenda system for a set limit. These cards are then charged before immediately being destroyed after the purchase is complete. Virtual credit cards provide a new tightened level of security for Spenda users as they only exist for a moment in time and can’t be lost, stolen or skimmed.

- Standard Operating Environment (SOE)
  Further development on the retail SOE with the initial focus on Quote-to-Pay functionality. This module will streamline the quote to pay workflow for many businesses and make it easier for customers to pay. Benefits include the ability to deliver and track quotes in real time, improve lead conversion and boost customer loyalty.

Directors’ Report (continued)

Significant Events after reporting date

As announced on the 29 January 2024, the Company announced a binding agreement for a new cornerstone investment by Capricorn, raising $7.175m via a private placement.

The new cornerstone investment by Capricorn, following an extensive and exhaustive due diligence process by Capricorn on Spenda, reflects their confidence in Spenda’s unique payments software and the Company’s earnings potential over time.

Pursuant to the agreement, the Company issued 592,975,206 shares at an issue price of $0.0121 per share, representing 13.75% of the Company’s issued share capital at the time of the issue.

Other than the above, there has been no significant events that have occurred since the end of the reporting period.

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 13.

Signed in accordance with a resolution of the directors.

Adrian Floate
Chief Executive Officer and Managing Director
Date: 26 February 2024

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Spenda Limited for the half-year ended 31 December 2023, 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 review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia **26 February 2024**	**D I Buckley** **Partner**

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

		Consolidated	
	Notes	**31 December 2023 $**	31 December 2022 $
Revenue – including SaaS and Payments		**1,248,471**	233,892
Revenue – loan interest and fees		**1,405,642**	1,082,303
	4	**2,654,113**	1,316,195
Cost of services rendered		**(1,088,634)**	(658,392)
Other income	5	**40,714**	305,934
Employee expenses	5	**(2,950,082)**	(2,600,484)
Depreciation and amortisation expense	5	**(2,274,080)**	(1,896,295)
Consulting fees		**(392,137)**	(94,550)
Legal and other professional fees		**(253,817)**	(365,710)
Regulatory and listing expenses		**(59,432)**	(79,022)
Occupancy expenses		**(102,481)**	(75,885)
Other expenses		**(728,142)**	(535,824)
Finance costs		**(55,376)**	(2,191)
Share based payments expense	5	**(878,491)**	(980,312)
Loss before income tax expense		**(6,087,845)**	(5,666,536)
Income tax expense		**(22,810)**	(7,630)
Loss after income tax expense		**(6,110,655)**	(5,674,166)
Loss for the period after income tax attributable to owners of Spenda Limited		**(6,110,655)**	(5,674,166)
Other comprehensive income for the half-year, net of tax			
Foreign currency translation reserve movement		**8,423**	12,253
Total comprehensive loss for the half-year attributable to the owners of Spenda Limited		**(6,102,232)**	(5,661,913)
Loss per share for the half-year attributable to the members of Spenda Limited			
- Basic loss per share (cents per share)		**(0.17)**	(0.18)
- Diluted loss per share (cents per share)		**(0.17)**	(0.18)

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 31 December 2023

		Consolidated	
	Notes	31 December 2023 $	30 June 2023 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**6,016,555**	8,349,186
Trade and other receivables		**743,181**	199,659
Inventory		**40,574**	40,574
Financial assets	7	**12,935,218**	12,022,652
Other current assets		**358,020**	476,975
Total current assets		**20,093,548**	21,089,046
Non-current assets			
Plant and equipment		**58,609**	53,934
Other receivables		**620,814**	500,000
Financial assets	7	**1,225,000**	1,025,000
Intangible assets	8	**28,331,836**	30,236,786
Right of use assets		**471,097**	479,194
Total non-current assets		**30,707,356**	32,294,914
TOTAL ASSETS		**50,800,904**	53,383,960
LIABILITIES			
Current liabilities			
Trade and other payables		**2,712,192**	2,142,425
Financial liabilities	9	**191,197**	98,807
Lease liabilities		**101,112**	95,528
Provisions		**670,945**	657,298
Total current liabilities		**3,675,446**	2,994,058
Non-Current liabilities			
Lease liabilities		**451,935**	453,523
Trade and other payables		**100,000**	-
Provisions		**195,798**	140,405
Financial liabilities	9	**12,863,563**	11,607,948
Total non-current liabilities		**13,611,296**	12,201,876
TOTAL LIABILITIES		**17,286,742**	15,195,934
NET ASSETS		**33,514,162**	38,188,026
EQUITY			
Contributed equity	10	**165,634,466**	165,030,603
Reserves	12	**6,819,916**	10,564,142
Accumulated losses		**(138,940,220)**	(137,406,719)
TOTAL EQUITY		**33,514,162**	38,188,026

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

						Consolidated
	Contributed Equity $	Accumulated Losses $	Option Premium Reserve $	Foreign Currency Translation Reserve $	Share based Payment Reserve $	Total Equity $
Balance as at 1 July 2023	**165,030,603**	**(137,406,719)**	**407,158**	**3,037**	**10,153,947**	**38,188,026**
Loss for the period	-	(6,110,655)	-	-	-	**(6,110,655)**
Other comprehensive income	-	-	-	8,423	-	**8,423**
Total comprehensive loss for the period	-	(6,110,655)	-	8,423	-	**(6,102,232)**
Transactions with owners in their capacity as owners:						
Issue of share capital	487,000	-	-	-	-	**487,000**
Transaction costs related to share issue	(25,240)	-	-	-	-	**(25,240)**
Expired options	-	4,577,154	-	-	(4,577,154)	**-**
Share based payment	142,103	-	-	-	824,505	**966,608**
Balance as at 31 December 2023	**165,634,466**	**(138,940,220)**	**407,158**	**11,460**	**6,401,298**	**33,514,162**
Balance as at 1 July 2022	**160,933,168**	**(126,403,805)**	**407,158**	**(7,591)**	**8,470,074**	**43,399,004**
Loss for the period	-	(5,674,166)	-	-	-	**(5,674,166)**
Other comprehensive income	-	-	-	12,253	-	**12,253**
Total comprehensive loss for the period	-	(5,674,166)	-	12,253	-	**(5,661,913)**
Transactions with owners in their capacity as owners:						
Issue of share capital	910,322	-	-	-	-	**910,322**
Options exercised	313	-	-	-	-	**313**
Transaction costs related to share issue	(19,550)	-	-	-	-	**(19,550)**
Share based payment	-	-	-	-	1,084,197	**1,084,197**
Balance as at 31 December 2022	**161,824,253**	**(132,077,971)**	**407,158**	**4,662**	**9,554,271**	**39,712,373**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	Consolidated	
	31 December 2023 $	31 December 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	**2,125,231**	1,505,587
Payments to suppliers and employees (inclusive of goods and services tax)	**(4,466,268)**	(3,826,831)
Interest received	**43,437**	34,454
Proceeds from government grants and tax incentives	**-**	1,608,499
Taxes paid	**-**	(67,000)
Bank charges and interest paid	**(674,944)**	(292,766)
Net cash outflow from operating activities	**(2,972,544)**	(1,038,057)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for plant and equipment	**(21,875)**	(4,740)
Payment for investments	**(200,000)**	-
Proceeds from government grants and tax incentives	**1,401,396**	-
Payments for development of software	**(1,286,801)**	(1,655,890)
Net movement in client loans	**(753,807)**	(1,961,367)
Net cash outflow from investing activities	**(861,087)**	(3,621,997)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of transaction costs	**471,000**	(5,618)
Proceeds from borrowings	**1,400,000**	2,258,367
Transaction costs related to loan borrowings	**(370,000)**	(871,429)
Net cash inflow from financing activities	**1,501,000**	1,381,320
Net decrease in cash held	**(2,332,631)**	(3,278,734)
Cash and cash equivalents at beginning of period	**8,349,186**	7,614,814
Cash and cash equivalents at end of period	**6,016,555**	4,336,080

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the half-year ended 31 December 2023

1. CORPORATE INFORMATION

The financial report of Spenda Limited ("Spenda" or the "Company") and its controlled entities (the "Group") for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the directors on 26 February 2024.

Spenda is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The nature of the operations and principal activities of the Group are described in the directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

This general-purpose financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2023 and considered together with any public announcements made by Spenda during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX listing rules.

Going concern

For the half year ended 31 December 2023, the Group recorded a net loss after tax of $6,110,655 and had operating cash outflows of $2,972,544. As at 31 December 2023, the Group's cash and cash equivalents amounted to $6,016,555 with a restricted cash balance of $4,031,321. The Group has implemented several measures to improve its revenue and margins, as well as to manage its operating expenditure. These initiatives include the following:

- Growth of offshore workforce to enable the Group to increase its development team and employment resources at a more efficient rate;
- Securing a cornerstone investment from Capricorn to fund future development, completed post half year end;
- Growth of its loan receivables book through the use of its debt warehouse facility;
- Growth of its existing key strategic customers and partnerships, most notably with Capricorn, Carpet Court and eBev; 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 and when they fall due within the next twelve months from the date of approval of the consolidated financial statements for the half-year ended 31 December 2023 should cashflow projections not be achieved. 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 continue 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) Accounting policies

The accounting policies have been consistently applied by the entities in the Group and are consistent with those in the 30 June 2023 annual financial report except for the adoption of new and revised Accounting Standards.

New, revised or amending Accounting Standards adopted

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to their operations and effective for the current reporting period.

New Accounting Standards for Application in Future Periods

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective. The new or amended standards are not expected to have a material impact on group accounting policies. No material change to accounting policies was required in adoption of new and revised standards and interpretations.

Critical Estimates

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2023.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

c) Fair value of financial instruments

The Group has several financial instruments which are not measured at fair value in the Consolidated Statement of Financial Position. The carrying amount of those financial instruments approximates their fair value.

d) Research & Development

Research and development tax incentives received as cash refunds to the extent that they related to eligible expenditure on development of intangible assets, are accounted for as a reduction in intangible asset costs.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

3. 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.

Segment	Principal Activities
SaaS & 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 half year ended 31 December 2023				
Revenue	1,248,471	1,405,642	-	**2,654,113**
Other income	-	-	40,714	**40,714**
Cost of services rendered [1]	(193,474)	(149,960)	-	**(343,434)**
Other operating expenses	-	-	(5,419,958)	**(5,419,958)**
EBITDA	**1,054,997**	**1,255,682**	**(5,379,244)**	**(3,068,565)**
Depreciation and amortisation	(1,575,077)	(699,003)	-	**(2,274,080)**
Interest expense [1]	-	(745,200)	-	**(745,200)**
Loss before income tax	(520,080)	(188,521)	(5,379,244)	**(6,087,845)**
Income tax expense	-	-	(22,810)	**(22,810)**
Loss after income tax	**(520,080)**	**(188,521)**	**(5,402,054)**	**(6,110,655)**

[1] In the statement of profit or loss and other comprehensive income Cost of services rendered includes interest expense on borrowings. For the purpose of calculating EBITDA it has been reallocated to a separate line item, Interest expense, as noted above.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

3. SEGMENT REPORTING (continued)

All of the Group's revenues are derived from Australian based entities. One customer generated greater than 10% of the Group's revenue for the half year ended 31 December 2023.

	SaaS & Payments $	Lending $	Unallocated $	**Total $**
As at the half year ended 31 December 2023				
Current Assets				
Cash and cash equivalents	172,888	4,233,024	1,610,643	**6,016,555**
Trade and other receivables	729,266	-	13,915	**743,181**
Financial assets	-	12,935,218	-	**12,935,218**
Unallocated current assets	-	-	398,594	**398,594**
Total current assets	902,154	17,168,242	2,023,152	**20,093,548**
Non-Current Assets				
Intangible asset	20,664,140	7,667,696	-	**28,331,836**
Unallocated non-current assets	-	-	2,375,520	**2,375,520**
Total non-current asset	20,664,140	7,667,696	2,375,520	**30,707,356**
Current Liabilities				
Financial liabilities	-	-	191,197	**191,197**
Trade and other payables	-	-	2,712,192	**2,712,192**
Unallocated current liabilities	-	-	772,057	**772,057**
Total current liabilities	-	-	3,675,446	**3,675,446**
Non-Current Liabilities				
Financial liabilities	-	12,863,563	-	**12,863,563**
Trade and other payables	-	100,000	-	**100,000**
Unallocated current liabilities	-	-	647,733	**647,733**
Total non-current liabilities	-	12,963,563	647,733	**13,611,296**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

3. SEGMENT REPORTING (continued)

	SaaS & Payments $	Lending $	Unallocated $	**Total $**
For the half year ended 31 December 2022				
Revenue	150,268	1,138,532	27,395	**1,316,195**
Other income	-	-	305,934	**305,934**
Cost of services rendered [1]	(86,311)	(161,001)	(34,900)	**(282,212)**
Other operating expenses	-	-	(4,733,978)	**(4,733,978)**
EBITDA	**63,957**	**977,531**	**(4,435,549)**	**(3,394,061)**
Depreciation and amortisation	(1,650,079)	(246,216)	-	**(1,896,295)**
Interest expense [1]	-	(376,180)	-	**(376,180)**
Loss before income tax	(1,586,122)	355,135	(4,435,549)	**(5,666,536)**
Income tax expense	-	-	(7,630)	**(7,630)**
Loss after income tax	**(1,586,122)**	**355,135**	**(4,443,179)**	**(5,674,166)**

[1] In the statement of profit or loss and other comprehensive income Cost of services rendered includes interest expense on borrowings. For the purpose of calculating EBITDA it has been reallocated to a separate line item, Interest expense, as noted above.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

3. SEGMENT REPORTING (continued)

All of the Group's revenues are derived from Australian based entities and no single customer generated revenue greater than 10% of the Group's total revenue.

	SaaS & Payments $	Lending $	Unallocated $	**Total $**
As at the half year ended 31 December 2022				
Current Assets				
Cash and cash equivalents	225,989	1,980,489	2,129,602	**4,336,080**
Trade and other receivables	47,156	27,399	-	**74,555**
Financial assets	-	13,405,773	-	**13,405,773**
Unallocated current assets	-	-	1,559,365	**1,559,365**
Total current assets	273,145	15,413,661	3,688,967	**19,375,773**
Non-Current Assets				
Provisional goodwill	22,443,595	8,249,319	-	**30,692,914**
Unallocated non-current assets	-	-	578,701	**578,701**
Total non-current asset	22,443,595	8,249,319	578,701	**31,271,615**
Current Liabilities				
Financial liabilities	-	66,113	-	**66,113**
Trade and other payables	388,186	371,376	-	**759,562**
Unallocated current liabilities	-	-	1,473,642	**1,473,642**
Total current liabilities	388,186	437,489	1,473,642	**2,299,317**
Non-Current Liabilities				
Financial liabilities	-	7,996,689	-	**7,996,689**
Unallocated current liabilities	-	-	639,009	**639,009**
Total current liabilities	-	7,996,689	639,009	**8,635,698**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

4. REVENUE FOR THE PERIOD

	Consolidated	
	Half-year Ended 31 December 2023 $	Half-year Ended 31 December 2022 $
Revenue – contracts with customers		
Revenue recognised over time		
Software as a Service	**64,920**	45,848
Loan interest	**1,405,642**	1,082,303
Revenue recognised at a point in time		
Hardware	**-**	19,650
Support services	**49,788**	58,550
License fees	**400,000**	-
Merchant income	**105,352**	45,870
Implementation services	**134,750**	7,745
Service charges on other fees	**-**	19,650
Labour charges	**493,661**	-
Other income	**-**	36,579
Total revenue – contracts with customers	**2,654,113**	1,316,195

5. LOSS FOR THE PERIOD

	Consolidated	
	Half-year Ended 31 December 2023 $	Half-year Ended 31 December 2022 $
Interest income	**48,047**	32,837
Other revenue	**2,667**	273,097
Loss on forgiveness of debt	**(10,000)**	-
Total other income	**40,714**	305,934
Directors' remuneration	**109,610**	96,818
Employee and company secretary fees	**2,840,472**	2,503,666
Total remuneration excluding share-based payments	**2,950,082**	2,600,484

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

5. LOSS FOR THE PERIOD (continued)

	Consolidated	
	Half-year Ended 31 December 2023 $	Half-year Ended 31 December 2022 $
Amortisation of intangible assets	**1,827,891**	1,659,249
Amortisation of right of use assets	**42,883**	47,919
Amortisation of borrowing transaction costs	**384,064**	159,390
Depreciation expense	**19,242**	29,737
Total depreciation and amortisation	**2,274,080**	1,896,295
Shares and option expenses	**878,491**	980,312
Total share-based payment expense	**878,491**	980,312

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	Half-year Ended 31 December 2023 $	Year Ended 30 June 2023 $
Cash at bank in hand	**1,985,234**	4,893,112
Restricted cash – invoice finance client accounts [1]	**4,031,321**	3,456,074
Total	**6,016,555**	8,349,186

[1] Spenda Cashflow Pty Ltd ("SCF"), a wholly owned subsidiary of the Company, holds 100% of the units on issue (being Residual Income and Residual Capital units) in a special purpose Australian law unit trust, called Spenda Cash Flow Trust 1 ("SCF T1").

As at 31 December 2023, SCF T1 held restricted cash of $4,031,321, which relates to cash for use with its invoice finance clients. These monies are not available for use by the Group.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

7. FINANCIAL ASSETS

	Consolidated	
	Half-year Ended 31 December 2023 $	Year Ended 30 June 2023 $
Current		
Client loans - invoice finance	**10,463,300**	10,743,684
Client loans - short term	**1,500,000**	-
Client loans - trade and term	**971,918**	1,278,968
Total	**12,935,218**	12,022,652
Non-Current		
Investment in non-listed company	**1,225,000**	1,025,000
Total	**1,225,000**	1,025,000

The table below reconciles the gross carrying amounts of financial assets held in SCF T1.

	Consolidated	
	At amortised cost	**Total**
Current		
Client loans - invoice finance	**10,463,300**	**10,463,300**
Client loans - short term	**1,500,000**	**1,500,000**
Closing balance	**11,963,300**	**11,963,300**

The Company made an assessment at the half year ended 31 December 2023 and based on available information an allowance for credit loss of $80,383 (30 June 2023: $66,775) has been recorded. The actual credit losses in future years may be higher.

As at 31 December 2023, a total of $1,298,783 (30 June 2023: Nil) was past due but not impaired. This amount past due relates to an invoice finance client for whom there is no recent history of default, however, represents an increased credit risk.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

8. INTANGIBLE ASSETS

	Consolidated	
	Half-year Ended 31 December 2023 $	Year Ended 30 June 2023 $
Software Development		
Software asset	**19,956,709**	20,063,132
Less: accumulated amortisation	**(8,510,581)**	(6,825,484)
Total	**11,446,128**	13,237,648
Customer Contracts		
Customer contracts	**611,889**	611,889
Less: accumulated amortisation	**(547,739)**	(434,309)
Total	**64,150**	177,580
Goodwill		
Goodwill on acquisition of Appstablishment Software Group Pty Ltd ('ASG')	**50,908,765**	50,908,765
Goodwill on acquisition of Invigo Pty Ltd ('Invigo')	**7,446,056**	7,446,056
Less: accumulated impairment charge	**(41,533,263)**	(41,533,263)
Total	**16,821,558**	16,821,558
Total	**28,331,836**	30,236,786

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

8. INTANGIBLE ASSETS (continued)

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 2023	**9,375,502**	**7,446,056**	**13,237,648**	**177,580**	**30,236,786**
Additions	-	-	1,324,337	-	**1,324,337**
R&D rebate	-	-	(1,401,396)	-	**(1,401,396)**
Amortisation charge	-	-	(1,714,461)	(113,430)	**(1,827,891)**
Closing balance as at 31 December 2023	**9,375,502**	**7,446,056**	**11,446,128**	**64,150**	**28,331,836**
Opening balance as at 1 July 2022	9,375,502	7,446,056	13,217,249	577,967	30,616,774
Additions	-	-	3,327,304	-	3,327,304
Amortisation charge	-	-	(3,306,905)	(400,387)	(3,707,292)
Closing balance as at 30 June 2023	9,375,502	7,446,056	13,237,648	177,580	30,236,786

Assessment of Impairment

The Company is required to assess the recoverable value for the goodwill if any indicators exist to suggest the assets are impaired. The ASG goodwill has a carrying value of $9,375,502. The Invigo goodwill has a carrying value of $7,446,056. The Company has assessed that there are indicators of impairment present to the ASG & Invigo goodwill, primarily due to timing assumptions relating to the execution and related rollout of services and as a result has tested for impairment by calculating the recoverable value and comparing to the carrying value.

The ASG goodwill is part of the SaaS and Payments CGU, the SaaS and Payments CGU's carrying amount was calculated based on the values of the following assets and liabilities as disclosed in note 3:

- Trade and other receivables of $729,266
- Intangible assets of $20,664,140, including goodwill of $9,375,502

8. INTANGIBLE ASSETS (continued)

The recoverable amount of the Group's SaaS and Payments CGU 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:

- 25.4% low pre-tax discount rate and 27.1% high pre-tax discount rate;
- 1.5% per annum projected long term revenue growth rate used in calculating the terminal value;
- 1.5% per annum increase in operating costs and overhead used in calculating the terminal value; and
- Growth rates of 1228% in 2025, 0% in 2026, 0% in 2027 and 0% in 2028.

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.

Based on the above, no impairment was indicated.

The Invigo goodwill is part of the lending CGU, the lending CGU's carrying amount was calculated based on the values of the following assets and liabilities as disclosed in note 3.

- Financial assets of $12,935,218
- Goodwill of $7,446,056
- Financial liabilities of $12,863,563
- Trade and other payables of $100,000

The recoverable amount of the Group's lending CGU 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.

8. INTANGIBLE ASSETS (continued)

The following key assumptions were used in the discounted cash flow model for the lending CGU:

- 21.5% low pre-tax discount rate and 23.1% high pre-tax discount rate;
- 5% per annum projected long term revenue growth rate used in calculating the terminal value;
- 5% per annum increase in operating costs and overhead used in calculating the terminal value; and
- Growth rates of 108% in 2025, 10% in 2026, 10% in 2027 and 10% in 2028.

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 rates are prudent and justified, based on the activity and its current deal flow.

Based on the above, no impairment was indicated.

9. FINANCIAL LIABILITIES

		Consolidated
	At amortised cost	Total
Current		
Premium funding loan	**198,634**	**198,634**
Unexpired interest	**(7,437)**	**(7,437)**
Closing balance	**191,197**	**191,197**

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

9. FINANCIAL LIABILITIES (continued)

	Consolidated	
	At amortised cost	**Total**
Non-Current		
Class A Note Subscription (gross liability)	**14,000,000**	**14,000,000**

SCF T1 has in place a note subscription with a current limit of $17m (with an accordion up to potentially $50m) with a prominent Australian private credit fund. The terms of the facility are as follows:

- Available until June 2025;
- Fixed interest rate of 11%; and
- The issuance of 80,546,396 call options at 4.2 cent per option, with 50% vesting on financial close and 50% vesting pro-rate on utilisation of the initial $25m of the facility.

As at 31 December 2023, SCF T1 had drawn $14m under this debt facility, to fund the Company's invoice finance client loans.

Costs relating to the establishment of the securitisation master trust structure and associated debt facility are initially capitalised, then amortised on a straight-line basis over the term of the debt facility. Net capitalised establishment costs are offset against related borrowings, as detailed in the below table:

	Consolidated	
	Half-year Ended 31 December 2023 **$**	Year Ended 30 June 2023 $
Borrowings – Class A Note Subscription	**14,000,000**	12,600,000
Capitalised establishment costs	**1,679,891**	1,151,442
Accumulated amortisation expense	**(543,454)**	(159,390)
	1,136,437	992,052
Closing balance	**12,863,563**	11,607,948

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

10. CONTRIBUTED EQUITY

	Consolidated	
	Half-year Ended 31 December 2023 $	Year Ended 30 June 2023 $
Ordinary shares	**165,634,466**	165,030,603

Ordinary shares	31 December 2023		30 June 2023	
	No. Shares	**$**	No. Shares	$
Opening balance	**3,650,186,165**	**165,030,603**	3,181,661,739	160,933,168
Private placement	**54,111,109**	**487,000**	379,222,324	3,413,001
Exercise of options	**-**	**-**	12,500	313
Employee share option plan (i)	**9,375,000**	**84,000**	23,666,667	274,167
Issue in lieu of fees (ii)	**5,810,319**	**58,103**	12,391,158	151,866
Issued to employees as a salary sacrifice arrangement (iii)	**-**	**-**	53,231,777	575,591
Transactions costs related to share issue	**-**	**(25,240)**	-	(371,503)
Closing balance	**3,719,482,593**	**165,634,466**	3,650,186,165	165,030,603

(i) The shares issued in lieu of fees were valued at the share price at grant date.

(ii) The shares issued under the Employee Share Incentive Plan (“ESIP”) were valued at the share price at date at grant date.

(iii) The shares issued under for salary sacrifice arrangements were valued at the share price at grant date.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

11. RELATED PARTIES

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 is a shareholder and was previously a director of Tikitbook.
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.
The Jarvis Family Trust	Jarvis Family Trust (“JFT”) is a related party entity. Mr Richard Jarvis is a key management personnel of the Company and a director of the trust.
The Woods Family Trust	Woods Family Trust (“WFT”) is a related party entity. Mr David Wood is a key management personnel of the Company and a director of the trust.
The Hilton Family Trust	Hilton Family Trust (“HFT”) is a related party entity. Mr Andrew Hilton is a key management personnel of the Company and a director of the trust.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

11. RELATED PARTIES (continued)

During the half-year period, services have been provided to Directors' and Key Management Personnel ("KMP") related entities as follows:

Director/KMP	Entity	Detail	Half Year Ended 31 December 2023 $	Half Year Ended 31 December 2022 $
Peter Richards	N/A	Shares issued under salary sacrifice arrangement	-	(51,453)
Adrian Floate	N/A	Shares issued under incentive plan	-	(57,000)
Adrian Floate	N/A	Shares issued under salary sacrifice arrangement	-	(146,668)
Adrian Floate	N/A	Shares issued as remuneration	(27,000)	-
Howard Digby	N/A	Shares issued under salary sacrifice arrangement	-	(42,001)
Richard Jarvis	JFT	Shares issued under incentive plan	(12,000)	(52,000)
	JFT	Shares issued under salary sacrifice arrangement	-	(74,165)
	JFT	Options issued under incentive plan	-	(40,000)
David Wood	WFT	Shares issued under incentive plan	(13,500)	(39,000)
	WFT	Shares issued under salary sacrifice arrangement	-	(61,995)
	WFT	Options issued under incentive plan	-	(33,750)
Andy Hilton	HFT	Shares issued under incentive plan	(9,000)	(39,000)
	HFT	Shares issued under salary sacrifice arrangement	-	(61,995)
	HFT	Options issued under incentive plan	-	(33,750)
Corrie Hassan	N/A	Shares issued under incentive plan	(13,500)	-
Olivia Johnson	N/A	Shares issued under incentive plan	(9,000)	-

Debt forgiveness relates to an ESIP in which employees of the Company are issued shares as an incentive of employment with the Company via a non-recourse loan agreement. Annually, the Board reviews the performance of individuals, and at their discretion the loan balance is forgiven. The loan balance is a non-recourse loan that is non-cash in nature. Outstanding balances at period end are unsecured, interest free and settlement occurs in cash.

12. OPTION AND SHARE BASED PAYMENT RESERVE

	Consolidated	
	Half-year Ended 31 December 2023 $	Year Ended 30 June 2023 $
Share based payment reserve	**6,401,298**	10,153,947
Option premium reserve	**407,158**	407,158
Foreign currency translation reserve	**11,460**	3,037
Closing balance	**6,819,916**	10,564,142

Options on Issue	**31 December 2023 No.**	**31 December 2023 Average Exercise Price per share option $**	30 June 2023 No.	30 June 2023 Average Exercise Price per share option $
Opening balance	**686,752,315**	**$0.03**	517,797,325	$0.04
Granted during the year	**267,008,996**	**$0.018**	168,967,490	$0.03
Forfeited during the year	**(12,025,000)**	**$0.025**	-	-
Expired during the year	**(287,984,825)**	**$0.025**	-	-
Exercised during the year	**-**		(12,500)	$0.025
Closing balance	**653,751,486**	**$0.0175**	686,752,315	$0.03

The following table represents the various securities issued by the Company as listed option 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	4 Aug 2023	Grant to advisors	4 Aug 2023	15-day VWAP of $0.03 or more	4 Aug 2025	13,677,500	72,491	$0.0175

The cost of listed options used the last day of trading prior to the issue of these options, or consideration paid for these options. These options were recognised in the financial year ended 30 June 2023.

12. OPTION AND SHARE BASED PAYMENT RESERVE (continued)

The cost of equity transactions is determined by using the fair value of the options at the grant date using the Black-Scholes-Merton 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	Total Fair Value	Volatility	Risk-free rate	Exercise price	Expiry Date
B	3,000,000	Options granted to KMP	1-Sep-23	3,954	124%	4.1%	$0.0175	15-Jun-27
C	3,000,000	Options granted under ESIP	1-Sep-23	3,954	124%	4.1%	$0.0175	15-Jun-27
D	56,000,000	Options granted to non-executive director	Various	372,907	122%	4.33%	$0.0175	15-Jun-27
E	5,000,000	Options granted to non-executive director	Various	26,453	122%	4.33%	$0.045	03-Nov-27
F	8,000,000	Options granted to executive director	7-Nov-23	49,493	122%	4.33%	$0.0175	15-Jun-27
G	100,000,000	Options granted to executive director	Various	420,080	122%	4.33%	$0.10	03-Nov-27
H	36,772,326	Options issued to advisors	3 months from issue over 10-month period	234,511	121%	4.29%	$0.0175	15-Nov-26
I	18,363,163	Options issued to advisors	3 months from issue over 10-month period	81,266	121%	4.29%	$0.055	15-Nov-26
J	18,363,163	Options issued to advisors	3 months from issue over 10-month period	91,473	121%	4.29%	$0.040	15-Nov-26
K	2,577,517	Options issued to debt financier	15-Aug-23	20,620	104%	2.7%	$0.043	15-Aug-25
L	2,255,327	Options issued to debt financier	18-Oct-23	17,.951	104%	2.7%	$0.043	15-Aug-25

13. DIVIDENDS

No dividends have been paid, declared or proposed for the half-year period.

Notes to the Consolidated Financial Statements (continued)

For the half-year ended 31 December 2023 (continued)

14. CONTROLLED ENTITIES

During the financial year, the entity created and acquired 100% of the units of SCF T1, entitling the Group to 100% of the net income distributions of all activity held within the trust.

The Group enters into transactions in the normal course of business and sells financial assets to the trust at their face value. The trust is consolidated as the Group is exposed or has rights to all returns and provides and services all its assets.

The use of a securitisation master trust structure for the finance arrangements is driven primarily to meet financier requirements of funding into a bankruptcy remote vehicle with direct security over underlying receivables and equitable title to receivables being held by an independent trustee. From Spenda's perspective it will also assist future funding of different asset classes by different financiers under parallel structures.

With the exception of the above, there has been no further changes to the controlled entities of the group since 30 June 2023.

15. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2023.

16. SIGNIFICANT EVENTS AFTER REPORTING DATE

As announced on the 29 January 2024, the Company announced a binding agreement for a new cornerstone investment by Capricorn, raising $7.175m via a private placement.

The new cornerstone investment by Capricorn, following an extensive and exhaustive due diligence process by Capricorn on Spenda, reflects their confidence in Spenda's unique payments software and the Company's earnings potential over time.

Pursuant to the agreement, the Company issued 592,975,206 shares at an issue price of $0.0121 per share, representing 13.75% of the Company's issued share capital at the time of the issue.

Other than the above, there has been no significant events that have occurred since the end of the reporting period.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Spenda Limited made pursuant section 303(5)(a) of the Corporations Act 2001, we state that:

In the opinion of the Directors:

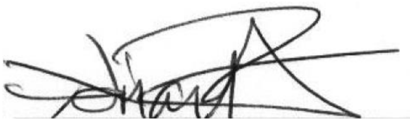
(a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and the performance for the half-year ended on that date;

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) subject to the commentary in note 2 (a) of the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Adrian Floate
Chief Executive Officer and Managing Director

Date: 26 February 2024

INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Spenda Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Spenda Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, 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 half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Spenda Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards*) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
26 February 2024