9SPOKES

ANNUAL REPORT

31 March 2018

9 Spokes International Limited
and subsidiary companies

ARBN 610 518 075

9 Spokes is a tracking tool designed to help SME's enhance their performance, and be their best business self. It collates and sorts the SME's data so they can more easily see their progress against the things that matter most to their business; then provides access to tools, tips and motivation to help them be their best.

Founded as a Software-as-a-Service company in Auckland, New Zealand, in 2011. We listed on the Australian Securities Exchange (ASX) in June 2016.

In November 2015, we acquired Barclays as a key enterprise customer. A year later we launched our 9 Spokes direct platform in the UK, and within four months acquired our first 1,000 customers.

Over the past 12 months, we've expanded through a series of strategic partnerships, and have created an international business platform for both our banking partners' small-business clients and our own direct users.

The 2018 integrated annual report covers the period 1 April 2017 to 31 March 2018 and provides an overview of 9 Spokes International Limited. This report covers all our operations across the various geographies in which we operate and has been structured to provide stakeholders with relevant financial and non-financial information.

01 FINANCIAL SNAPSHOT & DEFINITIONS

TOTAL FY18 REVENUE

$6.7m

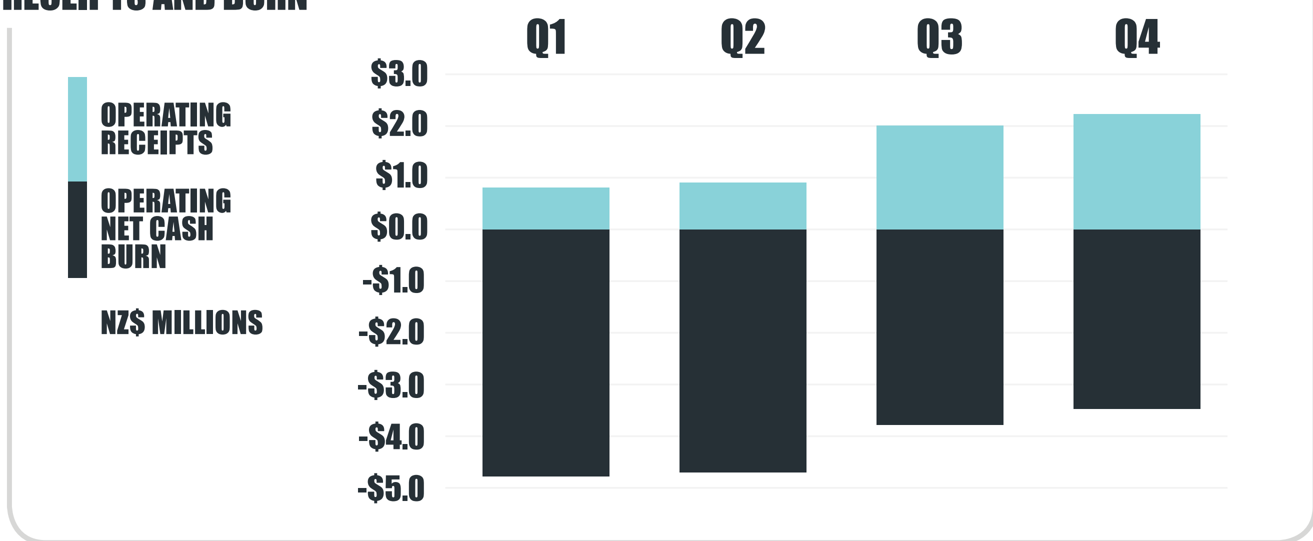
TOTAL ANNUAL REVENUE GROWTH

474%

ANNUAL RECURRING REVENUE

FY18 $6m | FY17 $3m

FY18 QUARTERLY OPERATING RECEIPTS AND BURN



CASH AND CASH EQUIVALENTS

AT 31 MARCH 2018

$8.3million

FOR DEFINITIONS, PLEASE SEE PAGE 7

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DEFINITIONS

ARR: or Annual Recurring Revenue, is the value of the contracted recurring revenue components of term subscriptions or contracts normalised to a one-year period. ARR is often used by SaaS or subscription businesses.

Cash equivalents: short-term, highly liquid investments that are readily convertible to known amounts of cash. These could, but may not necessarily include certificates of deposit, commercial paper or marketable securities.

CMA9: The UK's nine largest personal and small-business current-account providers that created the country's Open Banking Implementation Entity.

ESOP: Employee share option plan.

FY: In this report FY refers to the company's financial year, which applies from 1 April to 31 March.

GDPR: The General Data Protection Regulation is a legal framework that sets guidelines for the collection and processing of personal information of individuals within the European Union (EU).

MOU: A memorandum of understanding is often the first stage in the formation of a formal contract. It is a non-binding agreement between two or more parties outlining the terms and details of an understanding, including each parties' requirements and responsibilities.

Net cash burn: Operating receipts less operating expenditure.

Open Banking: The use of open APIs that enable third-party developers to build applications and services around the financial institution, delivering greater financial transparency options for account holders. The UK is the first nation to launch an open banking initiative, which was rolled out in March 2018.

PSD2: The revised Payment Services Directive is an EU Directive aimed to increase competition and participation in the payments industry from non-banks. PSD2 is administered by the European Commission to regulate payment services and payment service providers throughout the EU and European Economic Area (EEA).

SME: Small to meduim-sized enteprise.

Total revenue: Total recognised revenue of a given quantity of goods or services over the financial year. This includes implementation revenue, platform access revenue, government grants and other income.

02 CHAIRMAN & CEO REPORT+ YEAR IN REVIEW

A YEAR OF VALIDATION

/02

DEAR FELLOW SHAREHOLDERS

9 Spokes' aim is to empower a significant share of the millions of SME's globally to be more successful at everything they do. We do this by providing a business app marketplace where they can select the right software to run their business, and by providing a dashboard to give them a single view of their business performance. We are rapidly moving towards providing small to medium businesses with insights and actions they need to be confident in the decisions they make.

We made the decision to focus on the provision of white-label solutions for major banks, as it is the most effective means of rapidly accessing SME's globally and leveraging what we see as very clear opportunities for significant growth. This year, our partnerships with major banks expanded from our first banking partner, Barclays, to include both the Royal Bank of Canada (RBC) and the Bank of New Zealand (BNZ). In support of this approach, we have invested in building a robust alliance programme with key global consultants and integrators to the banking sector, resulting in a more broad range of potential banking partners.

We learned from experience to focus more specifically on core major banks who have the resources and incentive to drive SME platform adoption. Consequently, we carried out an agreed withdrawal from an unprofitable white label relationship during the year.

The strategic focus on providing banks with a compelling SME offering has been strengthened by the wider societal requirements for greater data clarity and integrity, and the regulatory introductions such as Open Banking (CMA9 in the UK and PSD2 in wider Europe) and the GDPR. As these strands have come together over the past 12 months, 9 Spokes finds itself in a strong position to utilise its API-based technology to provide banks with solutions that offer their SME customers multi-account visibility and transaction capability.

Operationally, we have made strong gains this year. All the metrics we track as critical indicators to our growth showed solid improvements:

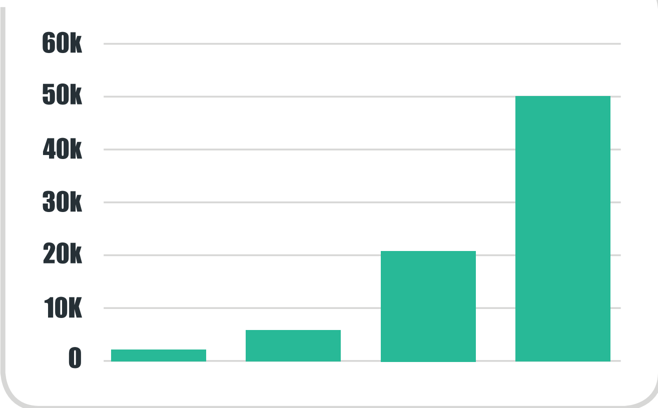
» Revenue growth was up 474% year on year, to $6.7 million

» We achieved our Annual Recurring Revenue target of $6m, a 100% year-on-year increase

» Our user base grew 50-fold from 1,000 users to 50,000 by the end of the financial year (see Table 1).

With progressively good results and the emergence of solid progress both in our own brand (9spokes.com), and our banking partnerships, we go into our 2019 financial year with confidence.

TABLE 1: FY18 QUARTERLY USERS



Finally, we'd like to extend a huge thanks to our shareholders, team, enterprise customers, users and partners for getting us to this juncture. We are extremely grateful to our shareholders who have supported us. We recognise the prevailing share price has been disappointing and that shareholder support has not yet translated into the value that we would like to have demonstrated. On the back of the global regulatory trends detailed earlier, we believe that these intersect our ability to deliver significant business progress and in return, shareholder value.

We will share more exciting announcements over the course of the year ahead as we continue to grow a world-class company.

Approved for and on behalf of the Board of Directors on 31 May, 2018.

PAUL REYNOLDS
Chairman

MARK ESTALL
CEO

/02

ENTERPRISE PARTNERS AND ALLIANCES

Over the past year, we've focussed on building our partnerships with leading global banks—following our success with Barclays, 9 Spokes' first enterprise customer.

In September 2017, we signed a Memorandum of Understanding (MOU) with OCBC Bank, the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's.

In the same month, we also officially entered a partnership with Royal Bank of Canada (RBC) - one of the world's largest banks based on market capitalization.

Showing our versatility, agility and speed of delivery, the RBC platform went live shortly after, in November 2017. Then, in February 2018 we deepened our relationship with RBC by signing a contract to provide a white-label version of the 9 Spokes platform for Ownr, a product launched by RBC affiliate RBC Ventures Inc.

On the subject of deepening relationships, we spent the early part of 2018 working closely with Barclays in the UK on a new strategic partnership with a major payment provider.

And finally, in March 2018 we signed a contract with Bank of New Zealand (BNZ—a fully owned subsidiary of Australian big-four bank National Australia Bank) to provide a white-label 9 Spokes platform that's available to the bank's 130,000 SME customers.

As touched upon, we see the greatest avenue for growth coming from our banking channels. It plays to our strengths as an agile SaaS company to help some of the world's leading banks embrace digital disruption in their small-business relationships, so they can build their own ecosystem and get closer to their customers.

Continuing into the new financial year, we see strong opportunities to scale further into the North American market. The tail-end of the financial year saw some great interest in the 9 Spokes proposition from some of the biggest banks in the US, and we're excited to see where these emerging relationships take us.

MARCH 2018
BNZ CONTRACT SIGNED

FEB 2018
OWNR CONTRACT SIGNED WITH RBC

NOVEMBER 2017
RBC PLATFORM GOES LIVE

SEPTEMBER 2017
MOU SIGNED WITH OCBC BANK

SEPTEMBER 2017
RBC CONTRACT SIGNED

/02

PRODUCT DEVELOPMENT

The 9 Spokes product has continued to develop over the past 12 months, driven by both the needs of our enterprise customers and improvements in user experience for small-business users. Some product development highlights include:

» Development and introduction of live chat into 9 Spokes to take advantage of the current and future popularity of voice search.

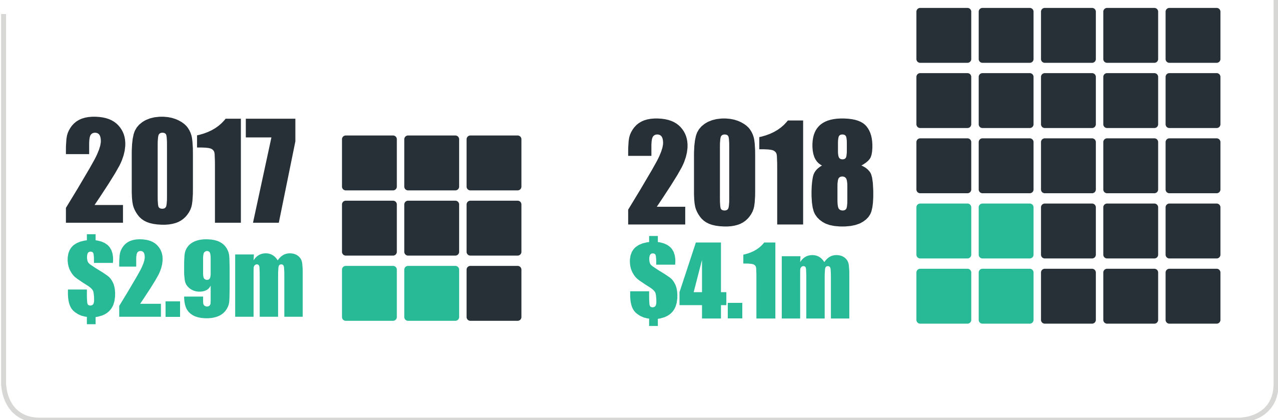
» Development of our user-experience capabilities to streamline and clarify the 9 Spokes sign-up journey, part of which includes new integrated social media and Google sign ups.

» Introduction of alerts, which users can set up to make them aware of changes to their business performance metrics.

» Positioning 9 Spokes to be ready on day one when key regulations (CMA9, PSD2, GDPR) come into play during 2018/2019 and onwards.

Like the majority of early-stage technology companies, R&D has been an essential expense. Investment in R&D grew 41%, from $2.9 million last year, to $4.1 million this year.

INVESTMENT IN RESEARCH AND DEVELOPMENT



/02
MARKETING

Ongoing investment in marketing has proven key to building awareness and preference for the 9 Spokes brand, and our efforts have translated into strong growth in our user base. While marketing is always a significant expenditure for an early-stage tech business, we have taken steps to make our efforts increasingly efficient and data-driven. At the same time, we've invested in putting the right people on the ground, building industry presence across key markets, and expanding our relationships with global partners.

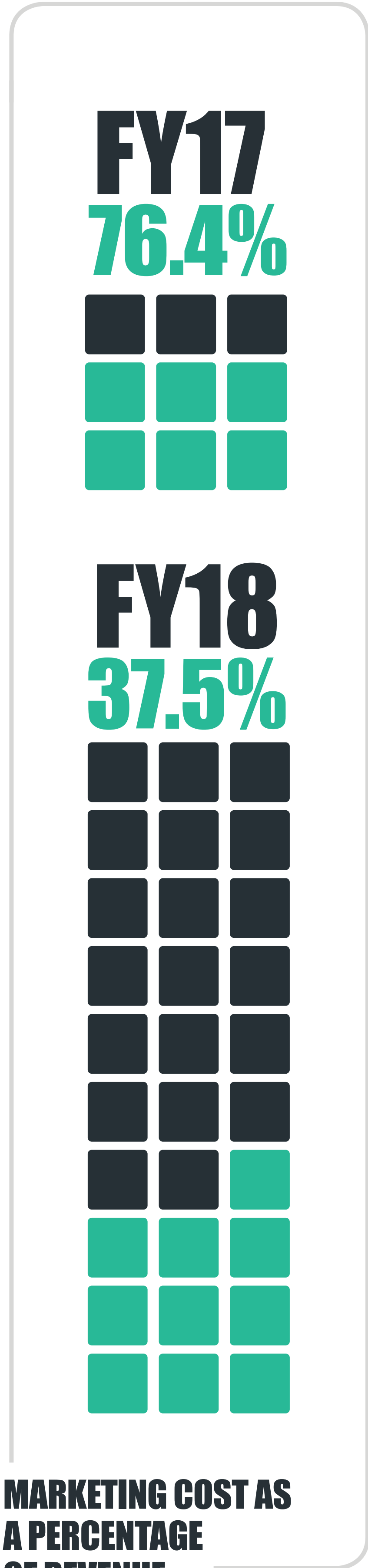
We are pleased with results to date which include a dramatic decrease (76%) in our acquisition cost per user at 31 March 2018, compared to the previous year end.

Other highlights include:

We sponsored and/or exhibited at key strategic events throughout the year, including Accountex, QuickBooks Connect, Singapore FinTech Festival, SaaStr and the Open Banking Summit—at which initial engagement discussions were established with a number of potential new enterprise customers.

Establishment of an exciting programme to build our global SME community platform, which will provide a place for small and medium businesses to connect, communicate and share ideas. This will allow us to evolve the 9 Spokes proposition by harnessing the power of direct user insight.

Significant improvements to our website performance as both a marketing and eCommerce channel. As well as halving the platform page load speed, which saw engagement rate more than double, other improvements to drive engagement included the addition of new functionality, streamlining of the sign-up process and enhancement of the user-experience journey.



MARKETING COST AS A PERCENTAGE OF REVENUE

/02 USER GROWTH

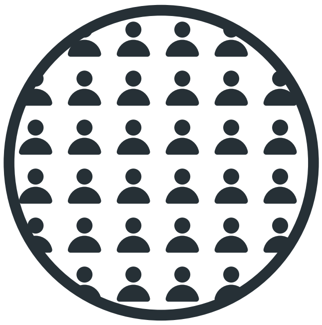
In last year's annual report, we passed our first customer adoption milestone of bringing on board 1,000 users. We then set ourselves the ambitious target of growing this 50-fold in the following 12 months.

At the time (and indeed still today), we saw user-acquisition growth coming from our enterprise customers, when banks introduce their clients to the platform, and through our own marketing efforts in introducing users to the 9 Spokes product directly.

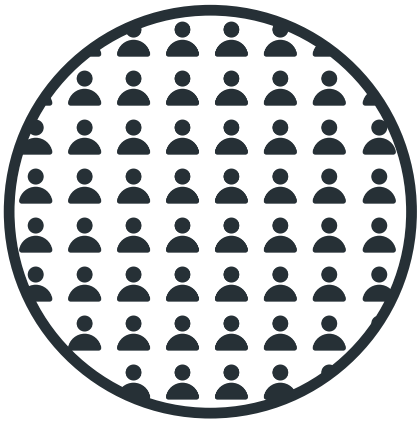
We were pleased to announce that we reached our goal of 50,000 users by 31 March 2018. We see it as a continued validation of our proposition and a positive trend for future user growth.

MARCH
2017
1k

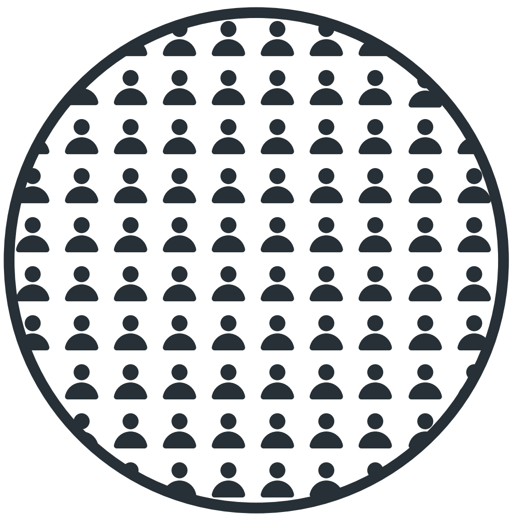
JUNE
2017
5k



SEPTEMBER
2017
20k



MARCH
2018
50k



/02
TEAM

Over the past 12 months as we've matured as a company, we've invested in and built out our teams to position 9 Spokes for sustainable growth. We've brought many talent-related costs in-house, giving us greater skills, capabilities and experience to respond to the needs of our banking partners and wider market demands. This can be seen throughout the business, from the expansion of our agile sprint teams to UX, business development and marketing departments.

On that note, we'd like to introduce you to three key hires to our leadership team from the past 12 months:

JESPER PETERSEN

Vice President
Product and Engineering

Jesper is a technology leader with extensive experience in leading software product teams to deliver software products that customers love. He has worked for tech-focused and highly innovative companies across New Zealand, US, UK and Denmark, bringing global experience in SaaS, IT team leadership and agile product development from ideation and strategy through to execution. Jesper is also a mentor for Lightning Lab, a business accelerator in New Zealand supporting innovative companies.

ANDY BIRCH

Vice President EMEA

Andy brings extensive sales and business development skills and expertise working in the vast EMEA region. This includes Senior Director, Partner and Vice President roles at both leading, global IT companies and smaller enterprises, working particularly in the fields of IT and technology consulting, software and telecommunications.

JULIAN SHARPLIN

Chief Marketing Officer

Julian is an experienced Marketing Director, consultant and technology start up co-founder.

He has lead marketing functions at high profile brands in the technology, telco, energy and financial services sectors, driving substantial year-on-year revenue growth and digital customer experience transformation. He's built his career on a deep understanding of customer needs, strategic focus, fresh ideas and delivery experience.

/02 OFFICES

Having a foothold in our four strategic regions, with a major banking partner in each, was a crucial step in preparing our business for the years ahead.

Our enterprise partnership with banks around the world, and prospective contracts in the making, have seen us move into new territories. In the past 12 months, we've set up an office presence in both Toronto and Los Angeles—small but nonetheless scalable to our North American opportunities.

Meanwhile, our growing Auckland and London offices position us on the doorsteps of major partners in both EMEA and Asia Pacific.


TORONTO
LOS ANGELES
AUCKLAND

/02

FINANCE UPDATE

REVENUE

Total annual revenue increased by 474% year on year, to $6.7 million (2017: $1.2 million). Growth was achieved with increased revenue from enterprise customers—a result of our focus on enterprise customer acquisitions.

The major portion of enterprise customer revenue was derived from recurring platform access license fees charged to enterprise customers, which has increased by $3.3 million year on year.

Implementation revenue, from third party enterprise customers, for the deployment of 9 Spokes' systems increased by $1.4 million year on year.

Implementation fees are recognised as revenue, equally over the initial term of the agreement with the enterprise customer, once a system is deployed. The portion of implementation revenue received, but not recognised, is shown as deferred revenue in the Statement of Financial Position, amounting to $3.3 million at 31 March 2018 (2017: $4.0 million). This deferred amount will be recognised in future financial years.

Total revenue for the year also includes an additional $0.8 million (2017: Nil) of other operating income from government grants (opposite) and consultancy services for strategy workshops and proof of concepts, connected with new business opportunities.

With the successful signing of BNZ in the last quarter of the year, the Group achieved its target of $6 million Annual Recurring Revenue (ARR) by 31 March 2018 (2017: $3 million).

SOURCES OF REVENUE

EUROPE

2018 $4.0m

2017 $1.0m

NORTH AMERICA

2018 $1.4m

2017 -

ASIA PACIFIC

2018 $0.7m

2017 $0.2m

GOVERNMENT GRANTS

During the year, 9 Spokes was recognised by Callaghan Innovation, a Crown entity of New Zealand, who approved a Growth Grant to fund 20% of the Group's expected New Zealand-based research and development (R&D) spend over three years. This grant is in addition to the approval for $600,000 of co-funding over three years granted by New Zealand Trade & Enterprise, to support expansion into North America. Total grant income recognised this year was $0.5 million (2017: Nil).

EXPENDITURE

This was the first financial year of full operations to support and grow our enterprise customer business. This is reflected in the 55% year on year increase in operating expenditure, with the largest portion of costs continuing to be in people, accounting for 53% of total expenditure (2017: 56%). We continued to develop our resources and skill sets particularly in product management, product development, marketing, and new channel business.

The average staff numbers for the year were 102 (2017: 76), though headcount reduced to 92 by 31 March 2018 (2017: 79). During the second half of the year, we undertook a reorganisation of operations with a reduction of staff in certain areas, placing a greater focus on product development and engineering, and customer engagement. Additional new product development staff have further been funded through the Callaghan R&D grant.

A focus on new business enterprise customer growth has seen the initialisation of regional hubs and hiring of new sales and marketing personnel in the UK and Canada. There has also been an increase in travel with a 29% increase in international travel from New Zealand, reflecting our priority of seeking new business opportunities in Europe, North America and Asia. This investment has seen an improvement in our new business pipeline.

Growth in users and engagement follows an increase in marketing activities. Marketing spend was up $1.6 million, 182% on last year, with spend directed at user on-boarding and engagement across both direct and enterprise customer platforms. With a drive towards data-driven marketing and automation, the monthly cost of user acquisition by the end of the year fell 76% compared to the beginning of the year.

CASH FLOWS

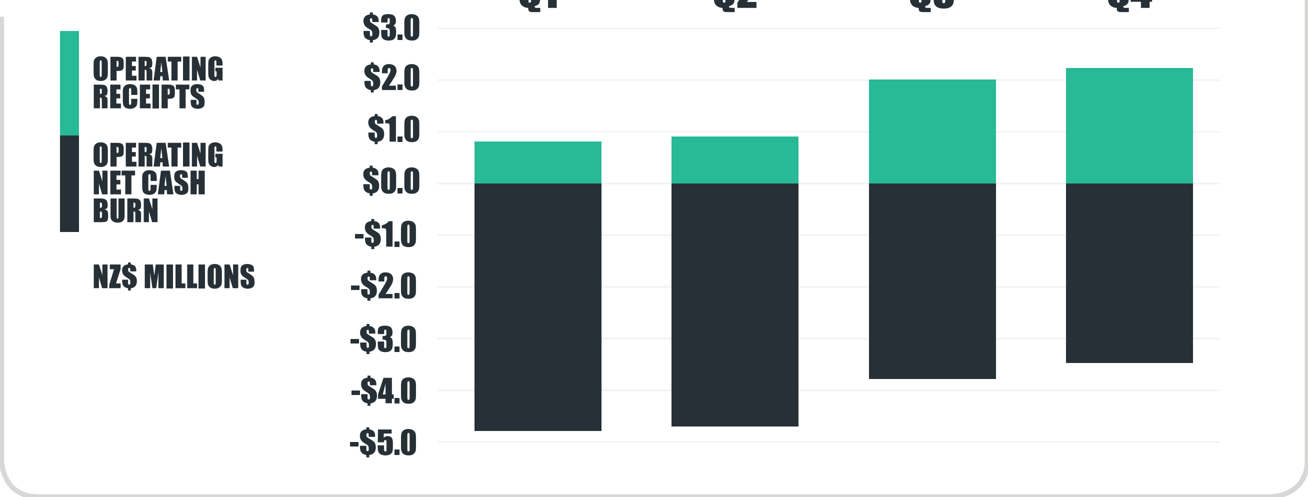
With new enterprise customers on board, annual operating cash receipts grew by 101% year on year. Quarterly growth during the year is shown in the table below.

Net cash outflows from operating activities for the year were $16.6 million (2017: $13.2 million).

As we have been reporting to the market in our Quarterly Reports, the improved revenue receipts and reduction in costs, particularly during the second half of the year following the company reorganisation, resulted in lower net cash operating outflows quarter on quarter from $4.8 million in quarter 1 to $3.5 million in quarter 4.

The Group had $8.3 million of cash and cash equivalents at 31 March 2018 (2017: $13.4 million).

TABLE 2: QUARTERLY OPERATING RECEIPTS AND BURN



03 DIRECTORS' REPORT

/03

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The Board of Directors has pleasure in presenting the financial statements and independent auditor's report for 9 Spokes International Limited for the year ended 31 March 2018.

The financial statements presented are signed for and on behalf of the Board and were authorised for issue on 29 June 2018.

PAUL REYNOLDS
Chairman

MARK ESTALL
CEO

04 INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

To the shareholders of 9 Spokes International Limited

The financial statements comprise:

- the consolidated statement of financial position as at 31 March 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Disclaimer of opinion

We were engaged to audit the financial statements of 9 Spokes International Limited (the Company), including its subsidiaries (the Group).

We do not express an opinion on the accompanying financial statements of the Group. Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

As described in note 2(b) to the financial statements, the Group has incurred a net loss of $17.2 million, had net operating cash outflows of $16.6 million for the year ended 31 March 2018, and at balance date had available cash of $8.3 million. The Group forecasts that it has sufficient cash, at the current run-rate, to continue to fund operations for a further three months from the date the financial statements are signed. Note 2(b) describes the Group's plans to obtain further funding from strategic investors within the necessary timeframe and highlights that the ability to do this is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Discussions and negotiations with potential strategic investors are on-going and an expression of interest letter has been signed by one party, however at this stage no commitments have been made by these parties and there is limited time available to secure these commitments. Accordingly we were unable to obtain sufficient appropriate audit evidence to enable us to form an opinion as to whether the going concern assumption is appropriate. As a result we are unable to determine whether any adjustments are necessary to the amounts recorded in the consolidated statement of financial position and the consequential impact on the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance, tax consulting, preparation of a remuneration policy and remuneration market report, and a review opinion on the Group's Confirmation of Eligible Research & Development Expenses for Callaghan Innovation. The provision of these other services has not impaired our independence as auditor of the Group.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Troy Florence.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
29 June 2018

Auckland

05 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 $'000	2017 $'000
Revenue:			
Operating revenue	3 (a)	5,866	1,162
Other operating income	3 (b)	812	1
Total revenue		**6,678**	**1,163**
Expenses:			
Operational expenses	5 (a)	(6,778)	(4,081)
Research and development expenses	5 (b)	(4,144)	(2,894)
Sales, marketing and administration expenses	5 (c)	(13,128)	(8,572)
Total expenses		**(24,050)**	**(15,547)**
Operating loss		**(17,372)**	**(14,384)**
Net finance income		306	344
Net loss before income tax		**(17,066)**	**(14,040)**
Income tax (expense) / benefit	8	(125)	4
Net loss from continuing operations		**(17,191)**	**(14,036)**
Other comprehensive income:			
Translation of international subsidiaries		(175)	(25)
Total comprehensive loss attributable to shareholders		**(17,366)**	**(14,061)**
Loss per share			
Basic and diluted loss per share	15	($0.04)	($0.04)

/05
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
Balance as at 1 April 2016		**12,743**	**971**	**-**	**(12,812)**	**902**
Proceeds from shares issued at IPO	13	26,169	-	-	-	26,169
Share option expense	14	-	687	-	-	687
Costs of capital raise	13	(2,767)	-	-	-	(2,767)
Reserve arising on conversion of foreign currency subsidiary		-	-	(25)	-	(25)
Net loss for the year		-	-	-	(14,036)	(14,036)
Balance as at 31 March 2017		**36,145**	**1,658**	**(25)**	**(26,848)**	**10,930**
Proceeds from shares issued	13	12,955	-	-	-	12,955
Share option expense	14	-	180	-	-	180
Costs of capital raise	13	(1,012)	-	-	-	(1,012)
Reclassification of previously expensed amounts from share based payments	13	940	(940)	-	-	-
Reserve arising on conversion of foreign currency subsidiary		-	-	(175)	-	(175)
Net loss for the year		-	-	-	(17,191)	(17,191)
Balance as at 31 March 2018		**49,028**	**898**	**(200)**	**(44,039)**	**5,687**

 The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 $'000	2017 $'000
Assets			
Non-current assets			
Property, plant and equipment	9	480	535
Total non-current assets		**480**	**535**
Current assets			
Cash and cash equivalents	10	7,297	7,484
Term deposits with maturities of more than three months		1,000	5,900
Trade and other receivables	11	2,077	1,278
Capitalised work in progress	5 (b)	660	1,073
Total current assets		**11,034**	**15,735**
Total assets		**11,514**	**16,270**
Equity			
Share capital	13	49,028	36,145
Share based payments reserve	14	898	1,658
Foreign currency translation reserve		(200)	(25)
Accumulated losses		(44,039)	(26,848)
Equity attributable to the owners of the company		**5,687**	**10,930**
Total equity		**5,687**	**10,930**
Current liabilities			
Trade and other payables	12	2,551	1,377
Deferred revenue	3 (a)	3,276	3,963
Total current liabilities		**5,827**	**5,340**
Total equity and liabilities		**11,514**	**16,270**

The accompanying notes form an integral part of these financial statements.

/05

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 $'000	2017 $'000
Cash flows from operating activities			
Receipts from customers		5,227	2,595
Receipts from government grants		312	-
Payments to employees and suppliers		(22,445)	(16,212)
		(16,906)	(13,617)
Interest received		323	293
Income tax credit received		-	144
Net cash flows from operating activities	16	**(16,583)**	**(13,180)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(183)	(442)
Transfer of term deposits		4,900	(5,900)
Net cash flows from investing activities		**4,717**	**(6,342)**
Cash flows from financing activities			
Proceeds from the issue of share capital	13	12,955	26,542
Costs of raising capital		(992)	(2,767)
Net cash flows from financing activities		**11,963**	**23,775**
Net change in cash and cash equivalents		**97**	**4,253**
Cash and cash equivalents at the beginning of the year		7,484	3,381
Foreign exchange loss on cash and cash equivalents		(284)	(150)
Cash and cash equivalents at the end of the year	10	**7,297**	**7,484**

 The accompanying notes form an integral part of these financial statements.

1. General information

These financial statements are for 9 Spokes International Limited ("the Company "or "9 Spokes") and its subsidiaries (together "the Group").

9 Spokes is a limited liability company incorporated in New Zealand. The registered office of the Company is Level 4, AECOM House, 8 Mahuhu Crescent, Auckland, 1010, New Zealand.

The financial statements were authorised for use by the Board of Directors on 29 June 2018.

2. Summary of significant accounting policies

These are the financial statements for the Group for the year ended 31 March 2018.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a. Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice ("GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS), as appropriate for for-profit entities.

The Group has adopted External Reporting Board Standard A1 "Accounting Standards Framework (For-profit Entities Update)" ("XRB A1"). XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The Group is a Tier 1 for-profit entity.

9 Spokes International Limited is a company registered under the New Zealand Companies Act 1993. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

The financial statements have been prepared on the historical cost basis.

b. Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Group will continue its operations for the foreseeable future. The Group incurred a net loss of $17.2 million for the year ended 31 March 2018 and at balance date had available cash of $8.3 million. The net cash outflows from operating activities were $16.6 million during the year.

During the financial year to 31 March 2018, the Group's planned investment in product functionality and new business development has meant that expenditure has exceeded revenues. Management plans to maintain a growth strategy and therefore continues to forecast that expenditure will exceed revenues at least for the next 12 months. Without additional funding or an increase in revenue beyond current assumptions, the Group will be unable to fund these losses from the current cash position.

Management and the Board have been engaged in active discussions with a view to raising additional funding from strategic investors. The Group is focused on progressing these discussions over coming weeks and is cognisant of its compliance requirements which may influence timing. The Group will provide an update to the market as soon as the discussions are sufficiently advanced. At the date of issue of these financial statements, while potential strategic investors have signalled interest in participating and one party has signed an expression of interest, discussions are continuing, and no commitments have been entered into at this point.

The Group forecasts it has sufficient cash, at the current run-rate, for a further three months from the date of signing these financial statements. This period may be able to be extended if the Group reviews the extent of its development plan, reduces costs and focuses on existing business.

The requirement for sufficient additional funding within the next three months indicates a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Based on their discussions and negotiations with the potential strategic investors, Management and the Board believe the Group may be able to raise sufficient funds in the necessary time to support the current operations and planned growth or to support a scaled-back plan until sufficient funding is secured. Therefore, they consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

c. Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical accounting policies and estimates in the year are the expensing of research and development costs (refer to note 5 (b)) and for the non-recognition of deferred tax (refer to note 8).

At balance date the Group has no other significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

d. Change in accounting policies

There have been no changes in accounting policies in the current financial year.

Certain expenses for the year ended 31 March 2017 have been reclassified from operational to sales, marketing and administration expenses to ensure consistency in the presentation of expenditure. The amount of the reclassification is $435,000. This has not affected the reported operating loss or any other aspect of the financial statements for that year.

e. Foreign currency

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency). The financial statements are presented in New Zealand dollars, which is the Group's presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group's companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gains or losses on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

f. Standards or interpretations issued but not yet effective and relevant to the Group

The International Accounting Standards Board and New Zealand Accounting Standards Board have issued a number of standards, amendments and interpretations which are not yet effective and which may have an impact on the Group's financial statements. These are detailed below. The Group has not applied these in preparing these financial statements and will apply each standard in the period in which it becomes mandatory:

NZ IFRS 9 – Financial instruments – Classification and measurement (effective for annual periods beginning on or after 1 January 2018)
This standard addresses the classification, measurement and de-recognition of financial assets, financial liabilities, impairment of financial assets and hedge accounting, and will be effective for the year ended 31 March 2019. The Group is currently in the process of assessing and does not expect there to be a material impact from the implementation of this standard.

NZ IFRS 15 – Revenue from contracts with customers (effective for the Group from 1 April 2018)
This standard establishes the framework for revenue recognition, and will be effective for the year ended 31 March 2019. The Group is currently in the process of assessing and does not expect there to be a material impact from the implementation of this standard.

NZ IFRS 16: Leases (effective for the Group from 1 April 2019)
This standard requires a lessee to recognise a lease liability reflecting the future lease payments and a 'right-of-use asset' for substantively all lease contracts, and will be effective for the year ended 31 March 2020. The Group is yet to undertake a detailed assessment of the impact of NZ IFRS 16. However, based on the Group's preliminary assessment, the Standard will increase the Group's assets (a 'right-of-use' asset) and liabilities ('lease liabilities') and operating lease expenses will be removed and be replaced by an amortisation expense for the right-of-use asset and finance expense for the lease liability. The impact on net assets and net loss/profit is not expected to be material.

3. Revenue

a. Operating revenue

	2018 $'000	2017 $'000
Implementation revenue	1,732	339
Platform access revenue	4,134	823
Total operating revenue	**5,866**	**1,162**

Revenue is measured at the fair value of consideration received or receivable, and represents amounts receivable for services rendered, excluding sales taxes, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for the Group's activities.

Implementation revenue
Implementation fees are received from third party enterprise customers for the deployment of 9 Spokes' systems. As the Group maintains ownership of the developed system, and has an obligation to provide continuing services to the enterprise customer, these fees are recognised as revenue in the Statement of Comprehensive Income, once the system has been deployed, equally over the expected initial term of the service.

Implementation fees received prior to deployment are treated as deferred revenue. The Group had deferred implementation revenue as at 31 March 2018 of $3.3 million (2017: $4.0 million).

Platform access revenue
Revenue from the right to access the platform is recognised monthly, on a straight-line basis, recurring over the expected licence period.

b. Other operating income

	2018 $'000	2017 $'000
Government grants	520	-
Other income	292	1
Total other operating income	**812**	**1**

Government grants
Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with the grant conditions. When a grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

The Group was awarded two Government grants in the current financial year:
a) Funding Agreement for a Growth Grant with Callaghan Innovation (a Crown entity of New Zealand), to fund 20% of the company's expected New Zealand-based research and development spend over three years, effective from 1 October 2017.
b) Funding Agreement from the NZ Trade & Enterprise International Growth Fund for $600,000 to co-fund the Group's expansion into North America, for three years from 27 June 2017.

Other Income
Other income comprises revenue from related services such as the running of workshops for potential new business opportunities. Revenue is recognised as the services are provided to the customer.

Interest Income
Interest income is recognised when the Group gains control of the right to receive the interest payment.

All revenue is stated net of the amount of goods and services tax.

4. Segment Reporting

a. Operating segment information
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segment, have been identified as the Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer.

The chief operating decision makers have determined that the business operates as a single business operating segment; providing an online, Software-as-a-Service platform application and store allowing a business to access a range of online services.

The chief operating decision makers currently report on the Group as a whole at an operational level, with revenue reported at a geographical level based on the location of the customer. However as the Group is investing in regional global hubs in Europe, North America and Asia future reporting will include more emphasis on the regional results.

b. Geographical segment information

Revenue was sourced from the following geographical locations:

	Notes	2018 $'000	2017 $'000
Europe		4,014	968
North America		1,435	-
Asia Pacific		709	195
Total operating revenue and other income		**6,158**	**1,163**
Comprising:			
Total operating revenue	3 (a)	5,866	1,162
Other income	3 (b)	292	1

During the year ended 31 March 2018 the Group had six enterprise partners (2017: three). Revenue from enterprise partners is currently the Group's primary source of revenue and contributed more than 90% of the Group's revenue in both years. In the year ended 31 March 2018 three enterprise customers each accounted for 10% or more to the Group's revenue (2017: two), including the largest enterprise partner who contributed to more than half of the Group's revenue in both years.

5. Expenses by nature

a. Operational expenses

	Note	2018 $'000	2017 $'000
Employee benefit expenses	7	4,509	2,217
Platform hosting		1,480	1,401
Third party contractors		323	105
Other operational expenses		466	358
Total operational expenses		**6,778**	**4,081**

Operational expenses represent infrastructure and technical operations not classified as research and development.

b. Research and development expenses

	Note	2018 $'000	2017 $'000
Employee benefit expenses	7	2,650	2,673
Third party contractors		493	443
Depreciation expense		52	24
Other research and development expenses		536	526
Capitalisation of expenditure as work in progress		(265)	(850)
Amortisation of previously capitalised work in progress expenditure		678	78
Total research and development expenses		**4,144**	**2,894**

Research expenditure is recognised as the expense is incurred.

Development costs that are directly attributable to the design and testing of an identifiable product are recognised as intangible assets if it meets the following recognition criteria:
- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Identifiable costs incurred in fulfilling contracts with customers are capitalised as an asset and amortised on a systematic basis over the enterprise partners initial licence term. The expenditure capitalised includes payroll expenses, external contractor fees and overhead costs that are directly attributable to preparing the asset for its intended use.

Total capitalised work in progress at 31 March 2018 was $0.7 million (2017: $1.1 million).

c. Sales, marketing and administration expenses

	Notes	2018 $'000	2017 $'000
Depreciation expense		130	55
Directors' fees		344	301
Directors' consultancy services		304	134
Directors' IPO services		-	115
Remuneration of auditors	6	176	275
Expensed costs of capital raises		169	383
Employee benefit expenses	7	5,474	3,804
Marketing expenses		2,510	889
Travel		1,206	803
Professional, rent, office running costs and other administration expenses		2,815	1,813
Total sales, marketing and administration expenses		**13,128**	**8,572**

6. Remuneration of auditors

	2018 $'000	2017 $'000
Audit and review of financial statements by PwC		
Audit of the annual financial statements	68	100
Review of the half year financial statements	30	22
Other review services	6	-
Audit of subsidiary financial statements by subsidiary auditors		
Audit of the annual financial statements	13	-
Other services performed by PwC		
Tax compliance services	12	15
Remuneration policy advice	12	22
Other tax advice	35	45
IPO Investigating Accountant	-	97
Total fees paid and payable to auditor	**176**	**301**
Breakdown of fees expensed and capitalised:		
Administration expenses	176	275
Capitalised IPO costs	-	26

The Audit and Risk Committee oversees the relationship with the Group's auditor, PwC, and considers PwC's independence as part of this process. The Committee is satisfied that PwC is currently independent of the Group and the other non-audit services have not impaired that independence.

7. Employee benefit expenses

	Note	2018 $'000	2017 $'000
Wages and salaries		12,046	8,393
Share option expense	14	180	68
Other benefits		407	233
Total employee benefit expenses		**12,633**	**8,694**
Employee benefit expenses have been split between operational, research and development, and administration expenses as follows:			
Operational expenses	5 (a)	4,509	2,217
Research and development expenses	5 (b)	2,436	2,132
Research and development capitalised as work in progress	5 (b)	214	541
Sales, marketing and administration expenses	5 (c)	5,474	3,804
Total employee benefit expenses		**12,633**	**8,694**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables and are measured at the amounts expected to be paid when the liabilities are settled.

8. Income and Deferred Tax

Income tax (expense) / benefit is represented as follows

	2018 $'000	2017 $'000
Current tax (expense) / benefit	(125)	4
Total current tax (expense) / benefit	**(125)**	**4**
Deferred tax expense		
Origination of temporary timing differences	(42)	(24)
Tax income / (deduction) of research and development expenses deferred (net of income)	482	(216)
Tax losses	(4,955)	(3,513)
Deferred tax assets not recognised	4,515	3,753
Total deferred tax	-	-
Total income tax (expense) / benefit	**(125)**	**4**

The tax expense for the year comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or subsequently enacted at balance date.

Deferred income tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or subsequently enacted by the balance date and are expected to apply when the related deferred income tax asset or liability is realised or settled. An exception is made for certain timing differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Group has tax losses available to carry forward of $27.1 million (2017: $12.8 million) subject to shareholder continuity being maintained. The Group has deferred research and development deductions of $5.5 million (2017: $7.2 million), after offsetting related revenue. The deferred tax assets have not been recognised as it is uncertain whether the Group will maintain shareholder continuity or when it will generate taxable profits.

There are no imputation credits available, as the Group is yet to generate taxable profits in New Zealand.

Reconciliation of effective tax rate:

	2018 $'000	2017 $'000
Loss before income tax	(17,066)	(14,040)
Prima facie taxation at 28% (2017: 28%)	(4,778)	(3,931)
Expenses not deductible for tax purposes	138	182
Deferred tax assets not recognised:		
Temporary timing differences	42	24
Research and development expenses (recognised) / deferred (net of income)	(482)	216
Total losses not recognised	4,955	3,513
Total income tax (expense) / benefit	**(125)**	**4**

9. Property, plant and equipment

	2018 Office and computer equipment $'000	2018 Leasehold improvements $'000	2018 Total $'000	2017 Office and computer equipment $'000	2017 Leasehold improvements $'000	2017 Total $'000
Carrying amount at start of year	210	325	535	96	-	96
Additions	111	22	133	204	328	532
Disposals	(9)	-	(9)	(19)	-	(19)
Depreciation expense	(96)	(86)	(182)	(76)	(3)	(79)
Depreciation on disposals	3	-	3	5	-	5
Carrying amount at end of year	**219**	**261**	**480**	**210**	**325**	**535**
At cost	**409**	**350**	**759**	**307**	**328**	**635**
Accumulated depreciation	**190**	**89**	**279**	**97**	**3**	**100**

Recognition and measurement

Property, plant and equipment are stated at historical cost less depreciation.

Significant leasehold improvements undertaken over the term of the lease contract that are expected to have significant economic benefit for the Group are recognised at cost and include decommissioning or similar costs if the lease contract requires the property to be returned at the end of the lease in its original state.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the Statement of Comprehensive Income.

Depreciation

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment, with the exception of leasehold improvements which are depreciated on a straight-line basis over the term of the lease.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Office and computer equipment	2-10 years
Leasehold improvements	Over the term of the lease

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

10. Cash and cash equivalents

	2018 $'000	2017 $'000
Cash at bank	1,266	866
Term deposits with maturities of three months or less	6,031	6,618
Total cash and cash equivalents	**7,297**	**7,484**

Cash comprises cash balances and deposits held at call with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

11. Trade and other receivables

	2018 $'000	2017 $'000
Trade receivables	1,083	665
Prepayments and accrued income	690	406
Other receivables	304	207
Total trade and other receivables	**2,077**	**1,278**

Trade and other receivables are initially recognised at the fair value of the amounts to be received, plus transaction costs (if any). They are subsequently measured at amortised cost (using the effective interest method) less impairment losses.

12. Trade and other payables

	2018 $'000	2017 $'000
Trade payables	838	366
Other creditors and accruals	1,396	938
Deferred rent	317	73
Total trade and other payables	**2,551**	**1,377**

The Group recognises trade and other payables initially at fair value and subsequently measured at amortised cost using the effective interest method. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured, non-interest bearing and are usually paid within 45 days of recognition.

Included in trade payables and other creditors and accruals are amounts owing to related parties (refer to note 22).

13. Share capital

	2018 $'000	2018 Shares 000's	*2018 Options 000's*	2017 $'000	2017 Shares 000's	*2017 Options 000's*
Share capital at beginning of the year	36,145	391,744	*39,866*	12,743	266,744	*39,866*
Shares issued for cash at A$0.20 per share ($0.21)	-	-	-	26,169	125,000	-
Shares issued for cash at A$0.13 per share ($0.14)	12,955	92,308	-	-	-	-
Costs of capital raises	(1,012)	-	-	(2,767)	-	-
Expired shareholder options	-	-	*(39,866)*	-	-	-
Reclassification of previously expensed amounts from share based payments (for shares issued)	940	-	-	-	-	-
Share capital at the end of the year	**49,028**	**484,052**	-	**36,145**	**391,744**	*39,866*

Ordinary shares are the only class of share capital and are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share issue transaction costs during the year of $1.0 million (2017: $2.8 million) have been netted off against the amount recognised in equity.

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Group. The shares have no par value.

Share options are classified as equity because the holder has the option to acquire a fixed number of shares in exchange for the share option. The Company issued share options in 2014 in conjunction with an equity raising process. For every two shares the investor subscribed for, they received three options to acquire one ordinary share each on or before 30 September 2017. None of these options were exercised and they all expired during the year ended 31 March 2018.

14. Share based payments

	Note	2018 $'000	2017 $'000
Share based payments reserve at beginning of the year		1,658	971
Reclassification of previously expensed amounts to share capital		(940)	-
Pre-IPO employee share options (a)		27	68
IPO advisory share options (b)		-	619
Employee ESOPs (c) (i)		109	-
NEDs ESOPs (c) (ii)		44	-
Total share option expense	7	180	687
Share based payments reserve at the end of the year		**898**	**1,658**

The fair value of share options issued as part of share based payment arrangement is measured at grant date and expensed over the vesting period.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. Revisions to original estimates, if any, are recognised in the statement of comprehensive income, with a corresponding adjustment to equity.

a. Pre-IPO employee share options (December 2015)

In December 2015, the Board approved an employee share option scheme to issue options to selected employees. One-third of the options granted to an employee vest to the employee on each of the first three anniversaries of continuous employment with the Group. The vested options can be exercised at any time up to 21 December 2025. Each option entitles the holder on payment of the exercise price (NZ$0.16) to one ordinary share in the capital of the Group. If employment ceases the options automatically terminate unless the Board determines otherwise. Payment must be made in full for all options exercised on the dates they are exercised. No further options were issued.

The fair value of each option was calculated to be $0.08 on the grant date. This fair value is being expensed over the vesting periods for each tranche up to December 2016, December 2017 and December 2018.

At 31 March 2018, there were 1,533,008 options that were outstanding. Of these, 1,022,005 options had vested.

b. IPO advisors share options (June 2016)

In June 2016, the Company issued additional options to its advisors over an aggregate 8,750,000 shares, at an exercise price of AU$0.20 per share treated as share based payments.

8,500,000 of the options issued will vest on the date the price per share of the Company on the ASX is equal to AU$0.30. The remaining 250,000 options will vest based on the following conditions; if the price per share of the Company on the ASX achieves a 30 day VWAP price of a 50% premium to the issue price of AU$0.20 (30 day VWAP Price) on or before the date that is two years after the date the Company lists on the ASX (Second Anniversary), the Options will vest on the Second Anniversary. These options are exercisable on or before 30 June 2019.

The weighted average of the fair value of each option is AU$0.066 under the Black Scholes valuation model resulting in a charge to the Company of AU$579,375 ($618,711) during the year ended 31 March 2017. The significant inputs into the model were a share price of AU$0.20 at the grant date, vesting price AU$0.30, volatility of 50%, no dividend, expected option life of three years and a risk-free interest rate of 2.51%.

c. Current Employee share options plan (ESOP)

Effective from 10 May 2016, the Company adopted a new ESOP which replaces the Pre IPO employee share option scheme. The ESOP has no impact on the Pre IPO employee share options.

Key provisions of the ESOP include:
a) the options are to vest in accordance with the employee's letter of offer;
b) the expiry date of the options will be as set out in the employee's letter of offer; and
c) should the relevant employee cease to be employed by the Company, all options not yet vested will be cancelled and, all options vested must be exercised within three months following the relevant employee's leaving date, unless the Board determines otherwise.

(i) Employee share options (August 2017)

On the 6 June 2017 the Board approved the offer of options under the ESOP to employees on the following terms:
a) an exercise price of AU$0.20 per share;
b) the options vest in full on the date of issue; and
c) the expiry date of the options will be 5 years after date of issue.

The weighted average of the fair value of each option is AU$0.037 under the Black Scholes valuation model resulting in a charge to the Company of AU$101,478 ($109,980) at the time they were granted. The significant inputs into the model were a share price of AU$0.12 at the grant date, exercise price AU$0.20, volatility of 50%, no dividend, expected option life of five years and a risk-free interest rate of 2.17%. These options were issued in August 2017.

(ii) Non-Executive Directors (NEDs) share options (September 2017)

At the Annual Meeting of Shareholders held on 12 September 2017 the shareholders approved the issue of options under the ESOP to the NEDs on the following terms:
a) an exercise price of AU$0.225 per share;
b) the options vest on the price of the quoted shares reaching AU$0.30 per share, calculated on a 10 trading day VWAP; and
c) the expiry date of the options will be 5 years after date of issue.

The weighted average of the fair value of each option is AU$0.023 under the Black Scholes valuation model resulting in a charge to the Company of AU$40,268 ($44,383) at the time they were granted. The significant inputs into the model were a share price of AU$0.10 at the grant date, exercise price AU$0.225, volatility of 50%, no dividend, expected option life of five years and a risk-free interest rate of 2.19%. These options were issued in September 2017.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Exercise price	Pre-IPO employee share options Dec 2015 *NZ$0.16* '000's	IPO advisor share options Jan 2016 *AU$0.20* '000's	Employee ESOPs Aug 2017 *AU$0.20* '000's	NEDs ESOPs Sep 2017 *AU$0.225* '000's	**Total '000's**	**Weighted average exercise price $ per option**
Balance outstanding at 1 April 2016	1,875	-	-	-	**1,875**	**0.16**
Granted	-	8,750	-	-	**8,750**	**0.21**
Forfeited	(90)	-	-	-	**(90)**	**0.16**
Balance outstanding at 31 March 2017	**1,785**	**8,750**	**-**	**-**	**10,535**	**0.20**
Balance exercisable at 31 March 2017	**595**	**-**	**-**	**-**	**595**	**0.16**
Granted	-	-	2,721	1,713	**4,434**	**0.23**
Forfeited	(252)	-	(1,006)	-	**(1,258)**	**0.21**
Balance outstanding at 31 March 2018	**1,533**	**8,750**	**1,715**	**1,713**	**13,711**	**0.21**
Balance exercisable at 31 March 2018	**1,022**	**-**	**1,715**	**1,713**	**4,450**	**0.22**

15. Loss per share

	2018 000's	2017 000's
Total comprehensive loss attributable to shareholders	($17,366)	($14,061)
Ordinary number of shares	495,271	402,963
Weighted average number of shares on issue	462,039	397,521
Basic and diluted loss per share	**($0.04)**	**($0.04)**

Basic earnings per share is calculated by dividing the comprehensive profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share is determined by adjusting the comprehensive profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares on issue for the effects of all dilutive potential ordinary shares, which comprise share options. Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase the loss per share.

The potential shares are anti-dilutive in nature. The diluted loss per share is therefore the same as the undiluted loss per share; ($0.04) and ($0.04) for the respective periods.

16. Reconciliation of reported loss after tax with cash flows from operating activities

	2018 $'000	2017 $'000
Loss after income tax	**(17,191)**	**(14,036)**
Non-cash items:		
Depreciation expense	182	79
Share based payments	-	619
Share option expense	180	68
Foreign exchange loss / (gain) on monetary assets	104	(237)
Changes in working capital:		
Increase / (decrease) in trade and other payables	1,215	(168)
(Decrease) / increase in deferred revenue	(686)	2,102
(Increase) in trade and other receivables	(799)	(835)
Decrease / (increase) in capitalised work in progress	412	(772)
Net cash flow from operating activities	**(16,583)**	**(13,180)**

17. Financial instruments and financial risk management

Financial assets

Classification

The Group's only financial assets comprise cash and cash equivalents and trade and other receivables and are classified as loans and receivables, determined at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date which is the date on which the Group commits to purchase or sell the asset.

Impairment of financial assets

Assets carried at amortised cost

At each reporting date, the Group assesses whether there is any indication that a financial asset (or group of financial assets) is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that a loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit and loss.

There has been no impairment of financial assets and there were no past due not impaired financial assets as at 31 March 2018.

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established an Audit and Risk Committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

As a result of the Group's operations and sources of finance, it is exposed to credit risk, liquidity risk and foreign exchange risk. These risks are described below:

Credit risk
Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Financial instruments which potentially subject the Group to credit risk, principally consists of:

a. Trade receivables - the maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provision for impairment of those assets, as disclosed in the statement of financial position. These predominantly relate to trade receivables. Refer note 11 for further details.
b. Cash and cash equivalents - the maximum potential exposure to credit risk at balance date is $8.3 million (2017: $13.4 million). The Group monitors the credit quality of its major financial institutions that are counter-parties to its financial statements and does not anticipate on-performance by the counter-parties. All financial institutions have a credit rating of AA-.

The Group has not provided collateral and has no securities registered against it. Note 20 of these Financial Statements provides details of guarantees held by its financial institutions. The Group does not have any significant concentrations of credit risk apart from its deposits with large and reputable banks.

The Group has no credit facilities, other than trade creditors.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management and the Board monitor cash forecasts of the Group's liquidity reserve on the basis of expected cash flow, to enable the Board to determine the funding needs and to ensure the Group meets its future operating requirements.

At 31 March 2018, the contractual cash flows of the Group's financial liabilities are equal to the carrying value and are due within 12 months or less.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk currently arising as a result of commercial transactions involving the Australian dollar, British pound, Canadian dollar, Singapore dollar and US dollar. The policy requires the Group to manage foreign exchange risk against its functional currency (New Zealand dollar).

The Group's exposure to monetary foreign currency financial instruments (in currencies other than each entity's functional currency) is outlined below in New Zealand dollars:

	31 March 2018					31 March 2017				
	GBP	AUD	CAD	USD	SGD	GBP	AUD	CAD	USD	SGD
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	1	269	30	1	-	575	96	-	-	-
Trade, other receivables and prepayments	8	32	214	280	-	610	70	-	64	-
Trade and other payables	(121)	(54)	-	(351)	(8)	(13)	(57)	-	(191)	-
Total foreign currency exposure from financial instruments	**(112)**	**247**	**244**	**(70)**	**(8)**	**1,172**	**109**	**-**	**(127)**	**-**

As at 31 March, a movement of 10% in the New Zealand dollar would impact the Statement of Comprehensive Income and Statement of Changes in Equity as detailed in the table below:

	10% decrease		10% increase	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Impact on net loss before income tax:				
Balances in GBP (net)	11	(117)	(11)	117
Balances in AUD (net)	(25)	(11)	25	11
Balances in CAD (net)	(24)	-	24	-
Balances in USD (net)	7	13	(7)	(13)
Balances in SGD (net)	1	-	(1)	-

When necessary, the Group uses derivatives in the form of forward exchange contracts to reduce the risk that movements in the exchange rate will affect the Group's New Zealand dollar cash flows. The Group did not hold any forward exchange contracts at 31 March 2018 (2017: Nil).

Capital risk management

The capital structure of the Group consists of equity raised by the issue of ordinary shares in the Company. The Group manages its capital so that it is able to continue as a going concern.

The Group's aim is to maintain a sufficient capital base to sustain future growth and development of the business and to maintain investor and creditor confidence.

The Group's strategy in respect of capital management is reviewed regularly by the Board of Directors. There has been no material change in the Group's management of capital during the year.

Fair values

The fair value of the Group's financial assets and liabilities is considered approximately equal to their carrying amount. The carrying value of the Group's financial instruments do not materially differ from their fair value, accordingly, information on the fair value hierarchy is not required.

18. Consolidation

The Group had the following subsidiaries as at 31 March 2018:

Name	Country of incorporation and place of business	Nature of business	% of ordinary shares held by parent	Date of incorporation
9 Spokes Australia Pty Limited	Australia	Trading operation	100%	10 April 2014
9 Spokes US Holdings Limited	New Zealand	Holding Company	100%	12 November 2014
9 Spokes Knowledge Limited	New Zealand	Holder of provisional patent	100%	5 May 2015
9 Spokes Trustee Limited	New Zealand	Non-trading	100%	16 July 2015
9 Spokes UK Limited	United Kingdom	Trading operation	100%	21 December 2015
9 Spokes US, Inc.	U.S.A	Non-trading	100%	11 May 2017
9 Spokes Canada Limited	Canada	Trading operation	100%	16 August 2017

9 Spokes Asia Pte Limited, was incorporated in Singapore on 2 April 2018. 9 Spokes Asia Pte Limited is 100% owned by 9 Spokes International Limited.

Subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to Group accounting policies.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

b. income and expenses for each statement of comprehensive income and statement of changes in equity, are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

c. all resulting exchange differences are recognised in other comprehensive income.

The ultimate holding company of the Group is 9 Spokes International Limited.

19. Commitments

Capital commitments

The Group had no capital commitments as at 31 March 2018 (2017: Nil).

Lease commitments

The Group has lease agreements on certain premises. Future minimum rentals payable under non-cancellable agreements are:

	2018 $'000	2017 $'000
Not later than one year	1,221	712
Later than one year and no later than five years	1,985	1,947
Total lease commitments	**3,206**	**2,659**

20. Contingencies

As at 31 March 2018, the Group had a lease premise guarantee to the value of $831,000 for the operating lease for the premises, held by ASB Bank Limited, this replaced the guarantee previously held at 31 March 2017 of $404,000.

21. Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly and include the Directors, the Chief Executive Officer and his direct reports.

The following table summarises remuneration paid to key management personnel:

	2018 $'000	2017 $'000
Short-term employee benefits	3,294	1,987
Additional expenses related to restructure	205	-
Directors' fees	344	301
Share based payments	101	49

Short term employee benefits relate to salaries and other benefits paid to the Executive Team. Three new roles were created during the year ended 31 March 2018, to head up product and engineering in New Zealand and to increase resource in business development and customer support in Europe. Included in the 2018 short-term employee benefits was $900,000 related to roles which have since been disestablished.

22. Related party transactions and balances

As at balance date, the Directors of the Company held 28.4% of the share capital of the Company (2017: 18.4%).

Transactions with the following related parties during the year:

Name of related party	Nature of relationship	Transaction	2018 $'000	2017 $'000
Adrian Grant	Director	Consulting services	-	4
Kestrel Corporate Advisory, Inc. [1]	Director	Directors' fees	95	86
		Consulting services	30	97
		Share based payments - ESOP	15	-
Mint Recruitment Limited [2]	Family Member of a Director	Provision of recruitment services	74	-
Paul Reynolds	Director	Directors' fees	169	141
		Consulting services	49	73
		Share based payments - ESOP	17	-
Social Power (Surrey) Limited [3]	Director	Directors' fees	80	74
		Consulting services	225	79
		Share based payments - ESOP	12	-
Te Arai Coast Lodge Limited [4]	Common shareholder	Other services	-	2

1. Non-executive Director, Wendy Webb is a Director and shareholder of Kestrel Corporate Advisory, Inc.
2. A member of Executive Director, Adrian Grant's, family is a Director and shareholder of Mint Recruitment Limited.
3. Non-executive Director, Thomas Power is a Director and shareholder of Social Power (Surrey) Limited.
4. Executive Director, Mark Estall is a Director and shareholder of Te Arai Coast Lodge Limited.

Increased consulting services during the year ended 31 March 2018 reflect greater involvement by the Directors on business development and supporting Enterprise Customer relationships.

Amounts owed by the Group to related parties were:

Name of related party	Nature of relationship	Balance type	2018 $'000	2017 $'000
Kestrel Corporate Advisory, Inc.	Director	Trade and other payables	28	8
Mint Recruitment Limited	Family Member of a Director	Trade and other payables	50	-
Paul Reynolds	Director	Trade and other payables	36	13
Social Power (Surrey) Limited	Director	Trade and other payables	51	20
Amounts owed to related parties			**165**	**41**

23. Events after the reporting period

There have been no other reportable events arising after the end of the reporting period.

06 GOVERNANCE & DISCLOSURES

/06 NEW ZEALAND STATUTORY INFORMATION

AS AT 31 MARCH 2018

1. Board of Directors and sub-committees

The Directors in office at the date of this Annual Report were:

Name	Position	Date appointed to the board
Adrian Grant	Executive Director, Founder and Chief Operating Officer	17 August 2017
Mark Estall	Executive Director, Founder and Chief Executive Officer	19 September 2011
Paul Reynolds	Non-Executive Chairman	10 September 2014
Thomas Power	Non-Executive Director	7 October 2014
Wendy Webb	Independent Non-Executive Director	18 March 2015

a. Board meetings

The Board met formally eight times during the financial year ended 31 March 2018. In addition, there were separate meetings of the Board Committees. At each meeting the Board considers key financial and operational information as well as matters of strategic importance.

Name	Position	Number of meetings eligible to attend	Number of meetings attended
Adrian Grant	Executive Director and Chief Operating Officer (appointed 17 August 2017)	5	5
Mark Estall	Executive Director and Chief Executive Officer	8	8
Paul Reynolds	Non-Executive Chairman	8	8
Thomas Power	Non-Executive Director	8	8
Wendy Webb	Independent Non-Executive Director	8	8

b. Board committees

The Board currently has two committees to perform certain functions of the Board and to provide the Board with recommendations and advice: the Audit and Risk Committee and the Remuneration and Nomination Committee. The Charters of each committee are available on the Company's web site at https://www.9spokes.com/hubs/investors/corporate-governance/

c. Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting systems, the systems of internal control and risk management and internal and external audit functions. In fulfilling these roles, the Audit and Risk Committee is responsible for maintaining free and open communication between the Board, itself, management and auditors

The Audit and Risk Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

During the financial year, the Audit and Risk Committee have met three times. The members of the Committee at the date of this Annual Report were.

Name	Position	Number of meetings eligible to attend	Number of meetings attended
Wendy Webb	Chairwoman	3	3
Paul Reynolds	Member	3	3
Thomas Power	Member	3	3

d. Remuneration and Nomination Committee

The role of the Remuneration and Nomination Committee is to review and make recommendations to the Board on remuneration packages and policies related to the Directors and senior executives and to ensure that the remuneration policies and practices are consistent with the Group's strategic goals and human resources objectives. The Remuneration and Nomination Committee is also responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its Committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Remuneration and Nomination Committee did not meet specifically during this financial year as all relevant matters were dealt with either at Board Meetings or through direct communications between the Committee members. These matters included approval of Employee Share Options and changes to the Executive Team during the year. The members of the Committee at the date of this Annual Report were Paul Reynolds (Chairman), Thomas Power and Wendy Webb.

2. Entries recorded in the Directors' Interests Register

The following are entries made in the Interests Register as at 31 March 2018:

Director/Entity	Relationship
Adrian Grant	
Aminoex Property Fund No 1 Limited	Director & Shareholder
Domain Central Holdings Limited	Director
Domain Central NZ Limited	Director & Shareholder
DWDA Holdings Limited	Shareholder
Franc Holdings Limited	Director & Shareholder
Mark Estall	
9 Spokes Australia Pty Limited	Director
9 Spokes Knowledge Limited	Director
9 Spokes Trustee Limited	Director
9 Spokes UK Limited	Director
9 Spokes US Holdings Limited	Director
9 Spokes Canada Limited	Director
9 Spokes US, Inc.	Director
Franc Holdings Limited	Director & Shareholder
M & M No.1 Limited	Director & Shareholder
M & M No.2 Limited	Director & Shareholder
Te Arai Coast Lodge Limited	Director & Shareholder
Waiere Limited	Director & Shareholder
Paul Reynolds	
9 Spokes UK Limited	Director
eircom Holdco S.A. (resigned 6 April 2018)	Non-executive Director
eircom Holdings Ireland Limited (resigned 6 April 2018)	Non-executive Director
Tightline Advisory Limited	Director
Volant Partners Limited	Director & Chairman
XConnect Global Networks Limited	Director
Thomas Power	
Digital Entrepreneur Limited	Director & Shareholder
Electric Dog Limited	Director & Shareholder
SA Vortex Limited	Director & Shareholder
Social Power (Surrey) Limited	Director & Shareholder
Teamblockchain Limited	Director & Shareholder
The Business Café Limited	Director & Shareholder
Wendy Webb	
ABM Industries Inc.	Non-executive Director
Kestrel Corporate Advisory, Inc.	Director & Shareholder
Wynn Resorts (appointed 17 April 2018)	Non-executive Director

3. Shareholdings of Directors

	2018 Shares	2017 Shares
Adrian Grant (appointed 17 August 2017)	66,680,151	66,680,151
Mark Estall	66,754,863	66,754,863
Paul Reynolds	4,423,625	4,423,625
Thomas Power	1,843,784	1,843,784
Wendy Webb	1,006,673	1,006,673

4. Directors' remuneration

The remuneration receivable by Directors in office during the financial year ended 31 March 2018 was:

	Directors' fees $'000	Employment remuneration $'000	Consultancy services $'000	Share based payments $'000
Adrian Grant (appointed 17 August 2017)	-	218	-	-
Mark Estall	-	420	-	-
Paul Reynolds	169	-	49	17
Thomas Power	80	-	225	12
Wendy Webb	95	-	30	15
	344	**638**	**304**	**44**

5. Employee Remuneration

The number of employees or former employees, not being Directors of the Group, who received remuneration and other benefits in their capacity as employees, the value of which exceeds $100,000 is set out below:

	2018 No.	2017 No.
$100,000 - $109,999	5	5
$110,000 - $119,999	4	2
$120,000 - $129,999	9	4
$130,000 - $139,999	2	5
$140,000 - $149,999	6	-
$150,000 - $159,999	3	3
$160,000 - $169,999	1	1
$180,000 - $189,999	1	2
$200,000 - $209,999	-	1
$230,000 - $239,999	1	1
$250,000 - $259,999	1	-
$270,000 - $279,999	1	1
$280,000 - $289,999	1	-
$300,000 - $309,999	1	-
$320,000 - $329,999	-	1
$360,000 - $369,999	-	1
$380,000 - $389,999	1	-
$410,000 - $419,999	1	-

6. Donations

The total value of donations made by the Group during the year ended 31 March 2018 was $1,103 (2017: $1,888).

/06 ADDITIONAL INFORMATION FOR ASX LISTED COMPANIES

AS AT 31 MAY 2018

The following information is current as at 31 May 2018 and is included for the benefit of shareholders and for compliance with the Australian Securities Exchange (ASX) Listing Rules.

1. Corporate Governance Statement

In accordance with ASX Listing Rule 4.10.3, a copy of the Company's Corporate Governance Statement can be obtained on the Company's website: https://www.9spokes.com/investors.

2. Substantial Holders

The Financial Markets Conduct Act 2013 (NZ) (FMCA) includes substantial holder disclosure requirements for persons with a 5% or more holding in a New Zealand listed company. These requirements are similar to those under the Corporations Act 2001 (Cth) (Corporations Act), which is applicable in Australia. However, the FMCA requirements are not applicable to the Company because the Company is not listed on a New Zealand Exchange. Furthermore, Chapter 6C of the Corporations Act does not apply to the Company. However, the Company is nevertheless aware of the following information regarding substantial shareholdings in the Company:

Substantial Holder (Consolidated)	Associates	Number of Ordinary Shares	Voting Power
Mark Estall	M & M No. 2 Limited Franc Holdings Limited	82,064,998	16.57%
Adrian Grant	Adrian David Grant & AJ Trustee Services Limited <Holland Park Capital A/C> Franc Holdings Limited	81,990,286	16.55%

Substantial Holder	Number of Ordinary Shares	Voting Power
M & M No. 2 Limited	51,444,727	10.39%
Adrian David Grant & AJ Trustee Services Limited <Holland Park Capital A/C>	51,312,727	10.36%
Harrogate Trustee Limited <Brandywine A/C>	43,720,095	8.83%
Franc Holdings Limited	30,620,271	6.18%

3. Number of Holders in each Class of Equity Security

Class of Equity Security	Number of Holders
Fully Paid Ordinary Shares (quoted)	1,358
Options over Fully Paid Ordinary Shares (unquoted)	See paragraph 13 below

ADDITIONAL INFORMATION FOR ASX LISTED COMPANIES

AS AT 31 MAY 2018

4. Voting Rights Attaching to each Class

The voting rights attaching to the fully paid ordinary shares is that each share is entitled to one vote when a poll is called, otherwise each member present (or represented by their proxy, attorney or other representative) has one vote on a show of hands.

No voting rights attach to any of the options over the fully paid ordinary shares.

5. Distribution Schedules

a. Ordinary Shares

The distribution schedule for fully paid ordinary shares is as follows:

Holdings Ranges	Holders	Total Units	%
1-1,000	17	3,947	0.00%
1,001-5,000	58	233,806	0.05%
5,001-10,000	161	1,369,144	0.28%
10,001-100,000	743	32,337,986	6.52%
100,001-9,999,999,999	379	461,326,304	93.15%
Totals	**1,358**	**495,271,187**	100.00%

b. Unquoted Share Options

IPO Advisors Share Options:
The distribution schedule for options over fully paid ordinary shares issued to advisors in relation to the Company's IPO (the details of which are set out in the Company's Replacement Prospectus dated 17 May 2016), each with an exercise price of AU$0.20, is as follows:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	0	0	0.00%
10,001-100,000	0	0	0.00%
100,001-99,999,999,999	4	8,750,000	100.00%
Totals	**4**	**8,750,000**	100.00%

None of the options issued under the IPO Advisors Share Option Scheme have vested.

/06
ADDITIONAL INFORMATION FOR ASX LISTED COMPANIES

AS AT 31 MAY 2018

Pre-IPO Employee Share Options:

Originally issued in December 2015, the distribution schedule for options over fully paid ordinary shares issued to employees, under the Pre-IPO Eemployee Share Option Scheme (the details of which are set out in the Company's Replacement Prospectus dated 17 May 2016), is as follows:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	0	0	0.00%
10,001-100,000	3	150,262	14.70%
100,001-99,999,999,999	2	1,413,463	92.20%
Totals	**5**	**1,533,008**	100.00%

The table includes both vested and unvested options.

Current Employee Share Options:

Originally issued in August 2017, the distribution schedule for options over fully paid ordinary shares issued to employees under the Company's current ESOP, each with an exercise price of AU$0.20, is as follows:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	2	5,840	0.35%
5,001-10,000	5	30,703	1.86%
10,001-100,000	26	796,110	48.24%
100,001-99,999,999,999	5	817,534	49.55%
Totals	**38**	**1,650,187**	100.00%

All the options issued in August 2017 have vested.

Non-Executive Directors (NEDs) Share Options:

Originally issued in September 2017, the distribution schedule for options over fully paid ordinary shares issued to NEDs under the Company's ESOP (the details of which are set out in the Explanatory Memorandum attached to the Company's Notice of Annual Meeting of Shareholders dated 28 August 2017) is as follows:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	0	0	0.00%
10,001-100,000	0	0	0.00%
100,001-99,999,999,999	3	1,713,526	100.00%
Totals	**3**	**1,713,526**	100.00%

None of the options issued under the Non-Executive Directors (NEDs) Share Options Scheme have vested.

ADDITIONAL INFORMATION FOR ASX LISTED COMPANIES

AS AT 31 MAY 2018

6. Marketable Securities

The number of holders holding less than a marketable parcel (i.e. the value of a parcel that is less than AU$500) of the Company's main class of securities (fully paid ordinary shares), based on the closing market price of AU$0.040 as at 31 May 2018 was 282.

7. 20 Largest Holders

As at 31 May 2018, the names of the 20 largest holders of fully paid ordinary shares, the number of those shares held, and the percentage of capital held, is as follows:

Holder name	Number of shares	% holding
M & M No.2 Limited	51,444,727	10.39%
Adrian David Grant & AJ Trustee Services Limited <Holland Park Capital A/C>	51,312,727	10.36%
Harrogate Trustee Limited <Brandywine A/C>	43,720,095	8.83%
Franc Holdings Limited	30,620,271	6.18%
Citicorp Nominees Pty Limited	25,959,343	5.24%
Brendan Paul Roberts & MI Trustees 3287 Limited <Brendan Roberts Invest A/C>	14,779,609	2.98%
National Nominees Limited	12,735,942	2.57%
Tappenden Holdings Limited	8,572,349	1.73%
Aminoex Trustee Limited & RDP Trustees Limited <Aminoex Capital A/C>	8,239,128	1.66%
Forsyth Barr Custodians Limited <Forsyth Barr Ltd-Nominee A/C>	6,003,660	1.21%
Wallis-Mance Pty Limited <Wallis-Mance Family A/C>	6,000,000	1.21%
HSBC Custody Nominees (Australia) Limited	4,585,191	0.93%
First NZ Capital Securities Limited	4,543,471	0.92%
Paul Joseph Reynolds	4,423,625	0.89%
CSB Partners Limited	4,230,414	0.85%
BNP Paribas Noms Pty Limited <DRP>	3,975,000	0.80%
J P Morgan Nominees Australia Limited	3,759,908	0.76%
Custodial Services Limited <Beneficiaries Holding A/C>	3,697,750	0.75%
Mr Hien Quang Trinh <Trivest Capital A/C>	3,540,086	0.71%
Michael Jeremy Thomas Stokes & Anna Victoria Stokes <Stokes Investment A/C>	3,450,316	0.70%

8. Company Secretary

For the purposes of the ASX Listing Rules, the Company Secretary is currently Neil Hopkins, who also acts as the Company's Chief Financial Officer.

9. Address

The Company's principal administrative office is:
Level 4, AECOM House, 8 Mahuhu Crescent, Auckland, 1010, New Zealand

The Company's registered office in Australia is:
Level 22, 19 Martin Place, Sydney, NSW, 2000

The Company does not have a contact telephone number in either New Zealand or Australia. The Company is contactable at investors@9spokes.com.

10. Register of Securities

The register of securities is held at the following address:

Boardroom Pty Limited,
Level 12, 225 George Street, NSW, 2000, Australia
Telephone: +61 1300 737 760

11. Stock Exchanges

The Company's securities are not quoted on any stock exchange other than the ASX.

12. Restricted Securities

None of the Company's securities are currently restricted.

13. Unquoted Securities

The following unquoted securities are on issue:

Class	Number of Holders	Number on Issue
A - Options over Ordinary Shares [1]	4	8,750,000
B - Options over Ordinary Shares [2]	5	1,533,008
C - Options over Ordinary Shares [3]	38	1,650,187
D - Options over Ordinary Shares [4]	3	1,713,526

Foster Stockbroking Nominees Pty Limited holds 5,400,000 of the Class A Options (IPO Advisors Share Options).

[1] IPO Advisors Share Options: exercise price AU$0.20
[2] Pre-IPO Employee Share Options: exercise price is NZ$0.16.
[3] Options issued to Employees under ESOP: exercise price AU$0.20
[4] NEDs Options under the ESOP: exercise price AU$0.225

14. Review of Operations

A review of the operations and activities of the Company is provided in the Year In Review section of this Annual Report.

15. Buy-Back

There is no current on-market buy-back being conducted by the Company.

16. Business Objectives

During the financial year ended 31 March 2018, the Company continued to follow the Business Objectives as set out in the Company's Replacement Prospectus dated 17 May 2016. Cash, and assets readily convertible into cash, that the Company had at the time of its admission to the ASX (and cash that it has received from subsequent placements of fully paid ordinary shares to institutional investors) has continued to be used by the Company to continue to undertake software and technical development of the 9 Spokes Platform, to conduct infrastructure development to support the 9 Spokes databases, to engage in product development by enhancing the functional features of the 9 Spokes products, to engage in business and market development by expanding the 9 Spokes business into new territories, and to provide working capital. More specific details on the outcomes from the current reporting period are provided in the Year In Review section of this Annual Report.

17. Further Information

The Company is incorporated in New Zealand.

The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of its shares (including substantial holdings and takeovers).

- In general, securities in the Company can be transferred freely, with restrictions or limitations applying only in relation to takeovers, overseas investment and competition. Limitations on the acquisition of the securities imposed by the law in which the Company is incorporated (New Zealand) are as follows:
- The New Zealand Takeovers Code and the FMCA prescribe a general 20% threshold under which a person is prevented from increasing the percentage of voting rights held or controlled by them in excess of that threshold or from becoming the holder or controller of an increased percentage of voting rights if they already hold or control more than 20% of the voting rights, subject to some exceptions. Under the New Zealand Takeovers Code, compulsory acquisitions are also permitted by persons who hold or control 90% or more of the voting rights in the Company.
- Generally, the consent of the New Zealand Overseas Investment Office is required where an overseas person acquires shares in the Company that amount to more than 25% of the total shares issued by the Company, or if the person already holds 25% or more of the shares, the acquisition increases such holding and the value of the shares, or of the Company's and its subsidiaries' assets, exceeds $100 million.
- Under the Commerce Act 1986 (NZ), a person may be prevented from acquiring shares in the Company if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in the market.

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COMPANY DIRECTORY

Registered Office
Level 4, AECOM House
8 Mahuhu Crescent
Auckland 1010, New Zealand

New Zealand Company Number
3538758

New Zealand Business Number
9429030957862

Australian Registered Business Number
610 518 075

Directors
Paul Reynolds (Chairman)
Adrian Grant
Mark Estall
Thomas Power
Wendy Webb

Australian Lawyers
Bird & Bird Lawyers
Level 11, 68 Pitt Street
Sydney, NSW 2000, Australia

New Zealand Lawyers
Simmonds Stewart
Level 4, 4 Vulcan Lane
Auckland 1140, New Zealand

Group Auditors
PricewaterhouseCoopers
188 Quay Street
Private Bag 92162
Auckland 1142, New Zealand

Share Registrar
Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW 2000, Australia

ASX
The Company's ordinary shares are listed on the ASX, under ASX code ASX:9SP

Website
www.9spokes.com


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