

REISSUED ANNUAL REPORT



31 March 2020

9 Spokes International Limited and subsidiary companies

ARBN 610 518 075



bnz MyBusiness Live Resources Dashboard Connect Marketplace

Company name

Business Offers

Generate a new level of collaboration with Microsoft Office 365

Up to 60% OFF

Find Out More

Available Connections

MYOB Payroll 5 Available Widgets Add

Vend 2 Available Widgets Add

Avg. Balance Summary

3,700 (Month This Year)

2,750 (Month Last Year)

Business Account Summary

Total Available Balance 16,205.00

Business Account Balances

Total Available Balance 3,585.00

Outstanding Invoices & Bills

50.00

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**CHAIRMAN'S
REPORT**

Chairman's Report

Over the past 12 months, we have built on the momentum achieved during the 2019 financial year. At the outset, senior management and the Board were clear on the direction and the initiatives required to take advantage of the significant opportunity the Company has before it. The objective has been to ensure the business and technology stack are capable of operating at scale, such that we can be a viable and attractive business partner for some of the world's largest and most sophisticated companies, who provide financial and other services to our target market – small to medium businesses.

9 Spokes has achieved important milestones this year, demonstrating our capabilities and potential. As well as a comprehensive modernisation of our technology stack, we've established new relationships with major companies and built on existing ones, entered new markets, completed two successful capital raises, and become a more closely-knit team – albeit socially distanced.

The capital raises have brought new, sophisticated and supportive technology investors into the 9 Spokes community. Welcoming them has given us a degree of stability, as well as the means and the renewed vigour to pursue our ambitious and challenging technology, operational and commercial goals.

While COVID-19 continues to impact many parts of the economies in which we operate, 9 Spokes remains focused on our small business customers, banking and app partners, our suppliers, and our team. To date, 9 Spokes has been fortunate enough not to have experienced a significant direct financial impact from COVID-19 and our transition to home-working was a smooth one. However, this is undoubtedly a difficult time for our many small business customers, and they face hard decisions. Our banking partners are in a position to help those small business customers with the decisions they now face, and technology can play an important role in this effort. The 9 Spokes application is well placed to assist small businesses and their banks to better understand their performance, therefore supporting such bank-to-customer conversations will be an ongoing part of 9 Spokes' development focus.

We continue to focus investment on research and development, on establishing and evolving strategic partnerships, and on exercising effective cost-management and control.

Over the past year we have achieved a great deal:

- We won and successfully deployed Bank of America – our first US bank.
- Maintained our focus on cost control and financial management as we work towards breakeven.
- Completed our platform rebuild (referred to as V2) and released it to market, providing greater technical flexibility to rapidly build capability into our core platform.
- We evolved our budding and mutually beneficial relationship with Microsoft. From a product perspective, cost and functionality of our cloud data operations are much improved; from a sales perspective, we accredited two bank partner sales as Microsoft co-sell wins.
- Launched 9 Spokes Engage – our scalable, always-on marketing-as-a-service programme for banks.
- Prepared for the launch of our new app marketplace, to be launched with Microsoft 365 as our launch partner.

At 9 Spokes, we are fortunate to have an experienced Board of Directors that is engaged and personally invested in the 9 Spokes vision. This year, we had the pleasure of welcoming Shelley Ruha to the Board as an independent non-executive Director. Among her many qualities, Shelley is a senior banker and a champion of small businesses – a perfect fit for 9 Spokes. Mark Estall has stepped back from his executive role at 9 Spokes and now concentrates on his time as a non-executive Director, through which he continues to share his deep knowledge of the Company, its products, and our business and banking customers.

On behalf of the Board, I would like to thank every member of the 9 Spokes family. It's been a busy year, and a prosperous one. What we've achieved in these 12 months lays strong foundations for the next 12. In addition, I would like to thank our small business customers, banking and app partners, and our investors for your ongoing support and confidence in 9 Spokes.

Approved for and on behalf of the Board on 15 July 2020.

A handwritten signature in black ink that reads "Paul Reynolds". The signature is written in a cursive style with a large initial 'P'.

Chairman
Paul Reynolds

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**CHIEF
EXECUTIVE'S
REPORT**

Chief Executive's Report

During the financial year ended 31 March 2020, we delivered and built on the decisions made at the end of the previous financial year, including a significant pivot in and restructure of our core strategy. At that time, the Company set out several key objectives to be delivered over the period. Against all benchmarks, progress has been strong. The Company has delivered to plan.

These objectives included:

- **Launching 9 Spokes' new platform to the market:** the Company released V2 in November 2019 and migrated its first bank partner to the new platform.
- **Continuing to implement operational and financial discipline:** as demonstrated by a 33% decrease in total expenditure over the financial year (2020: \$11.2 million; 2019: \$16.6 million).
- **Completing capital raises:** the Company completed two successful capital raises.
- **Closing 9 Spokes' first U.S contract:** in August 2019, 9 Spokes closed its first US contract when the Company signed a contract with Bank of America.
- **Building strategic partnerships:** The Company continues to focus on building partnerships – working closely with existing partners, as well as developing new relationships with global players – to ensure a stronger, broader distribution of the platform.

The Company is acutely aware of the effect COVID-19 is having on the global economy – particularly the impact on small businesses. The Company remains focused on working with its partners to deliver a data-driven platform that can support businesses and aid recovery. Through this period, 9 Spokes maintained close communications with our banking partners, updating them on the Company's operational status, and prioritised the health and safety of our staff, customers, partners and suppliers by adopting government guidelines across all countries of operation.

Financial Performance

	2020	2019	YoY	YoY
	\$ million	\$ million	\$ million	%
Total revenue	6.9	8.3	(1.4)	-17%
Total expenses	(11.2)	(16.6)	5.5	-33%
Net finance expense	(0.6)	(0.7)	0.1	-16%
Net loss before income tax	(4.9)	(9.0)	4.1	-46%

Revenue

Total revenue for the year was \$6.9 million (2019: \$8.3 million), a decrease of 17%. Revenue for this period includes implementation fees and a full year of platform access fees from OCBC Bank (Singapore), and Bank of New Zealand (BNZ). In addition, 9 Spokes signed a new contract with Bank of America in August 2019, which contributed to the Group's revenue from late November 2019. Revenue from Bank of America includes a one-off implementation fee, now received in full, and payment of the annual licence fee attached to the initial three-year contract. Payment of the annual licence fee commenced when implementation was completed. Overall, the revenue decrease is attributable to changes in banking partners.

Platform access revenue for the year was \$4.0 million (2019: \$4.5 million). Notably, the annual recurring revenue (ARR) from platform access fees was \$4.7 million as at 31 March 2020, an increase of \$0.7 million compared to the same period last year. Recognised implementation revenue was \$1.7 million (2019: \$2.5 million). Implementation revenue is deferred when invoiced and recognised over the initial term of a bank partners' contract. The deferred revenue related to implementation fees as at 31 March 2020 was \$2.5 million (2019: \$1.5 million); \$1.0 million will be recognised as revenue in the next financial year ended 31 March 2021, and the remaining \$1.5 million within the following two years.

The Group generated revenue of \$0.2 million (2019: \$0.2 million) from additional services provided to existing bank partners. This relates to revenue from marketing as a service, which was subsequently commercially launched as 9 Spokes Engage, marketing-as-a-service programme. Grant income received of \$0.9 million (2019 \$0.9 million) came mainly from Callaghan Innovation, a Crown entity of New Zealand, for research and development expenditure.

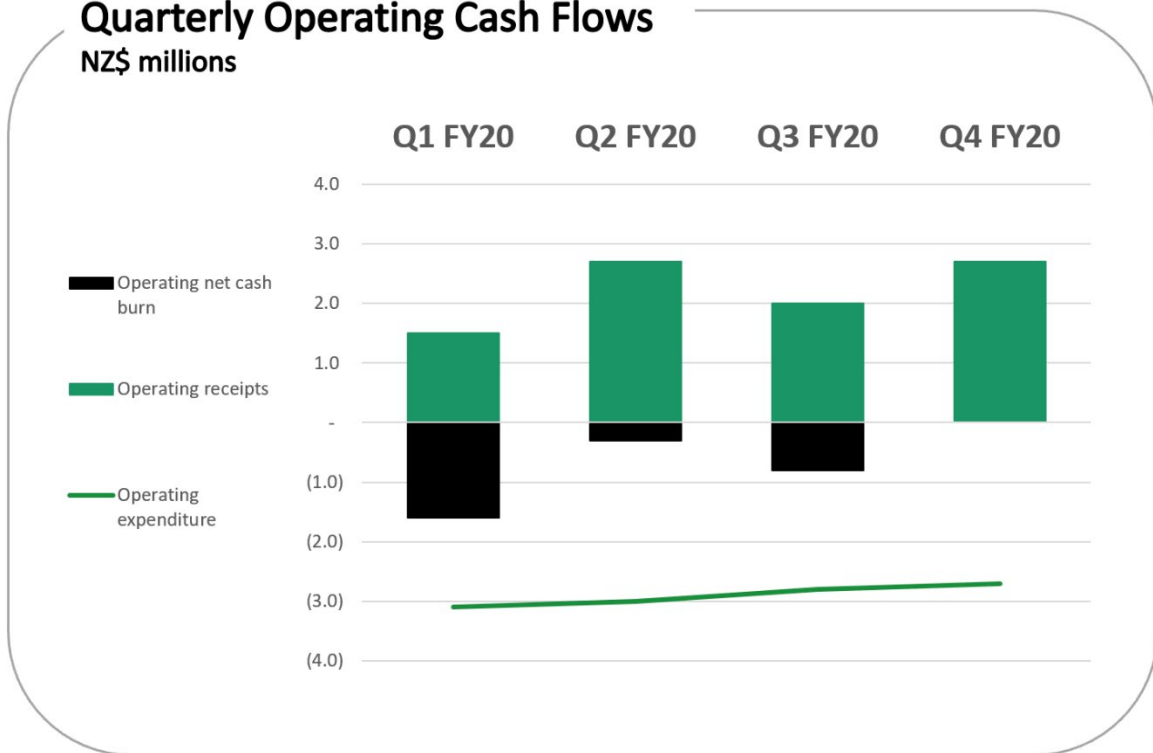
Expenditure

Total expenditure for the year ended 31 March 2020 was \$11.2 million (2019: \$16.6 million), which represents a significant decrease of \$5.4 million, or 33% year-on-year. Cost management and control continue to be a key objective. So too is the focus on alignment of costs to the requirements of the business. The Company was able to further optimise operating costs, including hosting, and significantly reduce people and administrative expenses to meet business and customer requirements.

However, despite the significant drop in expenses, the Company maintained a high level of research and development expenditure by continuing to focus on the development of the platform and additional products. Investment in research and development is a core objective for 9 Spokes and will be prioritised over the coming year.

Quarterly Operating Cash Flows

NZ\$ millions



Cash Flow

Annual net cash outflows from operations were \$2.6 million (2019: \$9.4 million), down 72% on last year. The Company had a 20% increase in receipts from banking partners and government grants and a 33% reduction in payments to employees and suppliers.

The cash flow from financing activities includes full repayment of the short-term loan taken out in the prior financial year. The cash flows from financing activities include full repayment of the short-term loan taken out in the prior financial year. The Company was also successful in completing two capital raises for a total of \$10.5 million before cost.

Cash and bank at 31 March 2020 were \$5.1 million (2019: \$1.4 million).

Operational Performance

Business & Channel Developments

Bank of New Zealand: The Company continues to work closely with BNZ.

- BNZ officially went live with a white-label version of the 9 Spokes platform in May 2019 and, in November of the same year, became the first bank to migrate to 9 Spokes' new platform.
- BNZ was 9 Spokes' launch partner when the Company released Engage.

Bank of America: In August 2019, 9 Spokes signed a contract with Bank of America, which marked the Company's entry to the US market.

- The bank officially launched its 9 Spokes platform in February 2020, after a soft launch in December 2019.
- The platform launched with app partners: Intuit QuickBooks, RUN powered by ADP, Google Analytics and G Suite. Additional apps are in the pipeline.
- The 9 Spokes platform complements Bank of America's existing cash flow management dashboard, Business Advantage 360, extending its functionality for a more complete, data-driven picture of a business' performance.

OCBC Bank: A Memorandum of Understanding (MOU) was signed by 9 Spokes and OCBC Bank (Malaysia) Berhad in October 2019, building on the existing relationship with OCBC Bank (Singapore).

- The MOU outlines the principal terms of an agreement to provide the bank with a white-label 9 Spokes platform to OCBC Bank (Malaysia) Berhad.
- Work with OCBC Bank (Singapore) also progressed over the period, as the Company works to migrate the bank to its new platform.

ASEAN expansion: In addition to work with OCBC Bank, 9 Spokes established a satellite office in Singapore with the appointment of Audrey Chia as Senior Vice President, Asia Pacific.

- Audrey will support existing banking partners in the region and seek to develop new relationships.
- This is part of the Company's growth strategy, which sees it build its global presence with hubs in several key jurisdictions – New Zealand, Australia, the UK, North America and now Singapore.

Microsoft: The Company has built a strong, multi-dimensional relationship with Microsoft, with significant benefits to both parties.

- Following entry into a co-sell partnership with Microsoft under its One Commercial Partner programme, the Company has recognised two co-sell successes with Microsoft. In June 2019 BNZ was recognised as the first, quickly followed by Bank of America in October 2019.
- Additionally, 9 Spokes realised significant financial and operational benefits by integrating Microsoft technology from a product and platform perspective and working on several marketing opportunities.
- This partnership continues to evolve.

Visa: 9 Spokes is exploring an opportunity with Visa to bring the 9 Spokes platform to Visa issuing banks.

- In November 2019, the Company signed an addendum to the Collaboration Framework Agreement signed earlier that year.
- Discussions continued after the year ended 31 March 2020.

Direct (9Spokes.com): Following the rebuild of the platform, and establishment of key partners, the Company has refocused attentions on its direct-to-business channel, 9 Spokes Direct.

- Shortly after the year ended 31 March 2020, the Company migrated existing users to its new platform.
- The Company views Direct as critical to its future strategy and continues to develop the platform in line with other channels in preparation for a relaunch during the next financial year.

Operational Performance

Product Development

Bringing the new 9 Spokes platform through development and to the market was a primary focus during this period, as well as further development and release of critical elements of the 9 Spokes ecosystem, such as Engage and 9 Spokes' app marketplace.

Key achievements in the last financial year include:

- **Release of and migration to 9 Spokes' new platform:** BNZ was the first banking partner to migrate to the platform, and Bank of America launched on the platform shortly after. Migration of 9 Spokes Direct was completed soon after the end of the financial year. Migration of OCBC Bank (Singapore) is underway.
- **Optimised for rapid deployment:** The Company has optimised its deployment cycle so that it can deploy the 9 Spokes product to new banks with minimal effort. The technology underpinning the platform supports automation and easy configuration, to ensure roll-out is a clean and straightforward process.
- **9 Spokes Engage:** Engage, designed to support a bank's in-house marketing team by driving customer acquisition and engagement, launched end of October 2019. A business resource site, called Content Hub, was released as a core feature. Work on a version for 9 Spokes Direct started.
- **Progressive web app:** The build of a progressive web app (PWA) using React commenced and is now in advanced stages. With the PWA, 9 Spokes will be able to provide installable mobile apps from a single code base and manage deployments as an app-to-web experience or an installable app.
- **Launch of monetised app marketplace:** Design and development of an upgraded version of the 9 Spokes app marketplace neared completion over the 12 months ended 31 March 2020. The launch will be a staged process.

This has been a challenging year, but the Company has significantly progressed towards our goals. The executive team and Board are committed to ensuring that we deliver a relevant and data-driven solution that supports our small business customers and our banking partners. Together we look forward to what the current financial year brings.



Adrian Grant
Chief Executive, Co-Founder

03

DIRECTORS' REPORT

Reissued Directors' Report

The Board of Directors has pleasure in presenting the reissued financial statements for 9 Spokes International Limited for the year ended 31 March 2020.

This reissued Directors' Report, is as a result of the re-issuance of the financial report as described in note 2b.

The reissued financial statements presented are signed for and on behalf of the Board and were authorised for issue on 15 July 2020.



Chairman
Paul Reynolds



Adrian Grant
Chief Executive, Co-Founder

**INDEPENDENT
AUDITOR'S
REPORT**



Independent auditor's report

To the shareholders of 9 Spokes International Limited

We have audited the consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- 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.

Our opinion

In our opinion, the accompanying consolidated financial statements of 9 Spokes International Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2020, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Callaghan Growth Grant review and tax compliance and advice. The provision of these other services has not impaired our independence as auditor of the Group.

Material uncertainty related to going concern

We draw attention to note 2(d) in the consolidated financial statements, which discloses that the Group has incurred a loss of \$4.9 million and net cash outflows from operating activities of \$2.6 million for the year ended 31 March 2020. At the current run rate the Group only has sufficient cash for a further four months from the date of signing these consolidated financial statements. In order to generate sufficient cash for at least the next 12 months from the date of signing of these consolidated financial statements, the Group needs to secure new revenue opportunities and raise additional capital. As stated in note 2(d), these events or conditions, along with other matters set forth in note 2(d), indicate that material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Other matter (reissue of the consolidated financial statements)

Our audit report dated 29 June 2020 contained a *Disclaimer of opinion* due to our inability to obtain sufficient appropriate audit evidence to form an opinion as to whether the use of the going concern assumption in the preparation of the consolidated financial statements was appropriate. We have subsequently been provided with additional audit evidence relating to the Board's plan to secure new revenue and raise additional cash to ensure sufficient funding beyond the forecasted four month period, for at least 12 months from the date of signing these financial statements, as disclosed in note 2(b). This evidence enabled us to form an opinion on the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements. This reissued opinion replaces the audit report issued on 29 June 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.



Key audit matter

Revenue from contracts with customers

The Group's revenue is largely derived from system implementation fees and platform access fees charged to customers. Management has determined that contracts with Enterprise Channel Customers, including implementation fees and platform access fees, represent one performance obligation, which is to provide the platform services. This is because the customer could not benefit from the system on its own and separately from the platform access.

The Group aggregates the fees received from system implementation and platform access and recognises revenue on a straight-line basis from the start of the hosting period until the expected end of the hosting services. Fees received which relate to the implementation phase are recognised on the statement of financial position as contract liabilities until hosting commences at the 'Go live' date.

The Group's revenue accounting policy is set out in note 3 of the consolidated financial statements.

Given the significance of the balances and the judgements involved, this was considered to be a key audit matter.

How our audit addressed the key audit matter

To assess the appropriateness of management's treatment of implementation fees and platform access fees as one performance obligation, we:

- recalculated the revenue recognised in the year.
- read management's assessment of the application of NZ IFRS 15 *Revenue from Contracts with Customers* on the Group's new revenue arrangement which went live during the year ended 31 March 2020.
- read the new material customer contract and analysed management's assessment of the technical objectives, performance obligations and the commercial factors of this arrangement against the requirements of NZ IFRS 15.
- confirmed the date when the Group commenced hosting services with evidence.

We considered alternative situations for the new revenue contract, including whether there were separate performance obligations for implementation and platform access services or other performance obligations that better reflected the terms of the Group's revenue arrangement.

We have no matters to report.



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="277 465 778 524"><i>Recognition of research and development costs</i></p> <p data-bbox="277 537 778 788">The research and development accounting policy is contained in note 5(b) of the consolidated financial statements. The Group incurred \$4.3 million of research and development costs (excluding capitalised implementation costs) during the year, which were all expensed. There were no development costs capitalised.</p> <p data-bbox="277 801 778 1178">There is judgement in determining whether particular activities meet the definition of “research” and/or “development” and then whether the costs should be expensed or capitalised as product development costs (an intangible asset) in accordance with accounting standards. All costs incurred as part of the research phase are expensed. Costs incurred in the development phase are only capitalised if they meet the capitalisation criteria.</p> <p data-bbox="277 1191 778 1442">Management assess the capitalisation criteria for each project in accordance with the Group’s accounting policy. At 31 March 2020 they determined that there was no certainty of funding or future economic benefits from current development projects and therefore none of the costs should be capitalised.</p> <p data-bbox="277 1456 778 1550">Given the significance of the balances and the judgements involved, this was considered to be a key audit matter.</p>	<p data-bbox="810 537 1455 725">Our audit procedures included obtaining an understanding of the processes and controls over the recognition of research and development costs. We discussed the nature of the research and development work undertaken during the year with the Chief Innovation Officer and other management staff.</p> <p data-bbox="810 739 1455 927">On a sample basis we validated these activities through discussions with individual team members. We discussed the nature of the work being undertaken and ensured that they met the definition of “research” and/or “development” as defined by the accounting standards.</p> <p data-bbox="810 940 1455 1191">We considered management’s assessment that the capitalisation criteria had not been met, and therefore why it was appropriate to expense all development costs. Our consideration included challenging their assessment of the certainty of funding and the certainty of future economic benefits resulting in management’s conclusion to expense all development costs.</p> <p data-bbox="810 1205 1168 1232">We have no matters to report.</p>



Key audit matter

Adoption of the accounting standard NZ IFRS 16 Leases

The Group adopted NZ IFRS 16 *Leases* on 1 April 2019.

The standard requires the recognition of a right of use asset and lease liability on the balance sheet for all leases. Previously operating leases were not recognised on the balance sheet. The adoption of the standard has resulted in the recognition of a right of use asset of \$1.0 million and a lease liability of \$1.2 million.

Subsequent to adoption of NZ IFRS 16, the Group adjusted its estimate related to the term of the lease, which was a direct result of not exercising the early termination clause with regards to the Auckland lease premises. This resulted in an increase of \$0.9 million to the lease liability and right of use asset.

As outlined in note 14, a number of estimates and judgements have been made by management in establishing these opening values. These comprise:

- incremental borrowing rate at the time of adoption.
- lease term, including any rights of renewal expected to be exercised.
- application of practical expedients in respect of short term lease exemptions.

This was considered an area of focus of our audit due to the complexity and number of significant judgements involved in the calculation.

How our audit addressed the key audit matter

We have performed the following audit procedures:

- held discussions with management to understand the implementation process, including the basis for key assumptions used in the calculation of opening balances and management's process including controls.
- performed testing of the accuracy of information included in the calculations by comparing them to the terms in the underlying lease contract.
- tested completeness of the identified lease contracts by reconciling the adoption calculations to the operating lease note in the prior year consolidated financial statements.
- recalculated the right-of-use asset and lease liability for the lease.
- assessed the appropriateness of the lease term including considering renewal assumptions.
- reviewed the appropriateness of practical expedients applied for exclusion of short term lease exemptions.
- reviewed the appropriateness of disclosures in the financial statements.

In relation to the incremental borrowing rates, we engaged our auditor's valuation expert to assess the appropriateness of the incremental borrowing rate used.

We have no matters to report.

Our audit approach

Overview



An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: \$117,800, which represents approximately 1% of total expenses.

We chose total expenses as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark.

As previously indicated, we have determined that, in addition to the matter described under the *Material uncertainty related to going concern* section, there are three key audit matters:

- Revenue from contracts with customers
- Recognition of research and development costs
- Adoption of the accounting standard NZ IFRS 16 *Leases*

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.



Information other than the consolidated financial statements and auditor's report

The Directors are responsible for the reissued annual report. Our opinion on the consolidated financial statements does not cover the other information included in the reissued annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the consolidated financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, 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 consolidated 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.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.

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 Jonathan Skilton.

For and on behalf of:

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', written in a cursive style.

Chartered Accountants
15 July 2020

Auckland

05

**CONSOLIDATED
FINANCIAL
STATEMENTS**

	Notes	2020 \$'000	Restated* 2019 \$'000
Revenue			
Operating revenue	4a	5,882	7,341
Other operating income	4b	977	935
Total revenue		6,859	8,276
Expenses			
Operational expenses	5a	(1,181)	(2,868)
Research and development expenses	5b	(4,259)	(4,592)
Sales, marketing and administration expenses	5c	(5,720)	(9,156)
Total expenses		(11,160)	(16,616)
Finance income and expense			
Finance income	8	604	42
Finance expense	8	(1,184)	(732)
Net loss before income tax		(4,881)	(9,030)
Income tax	9	-	-
Net loss for the year		(4,881)	(9,030)
Other comprehensive income / (loss)			
Foreign exchange translation of international subsidiaries		(200)	57
Total other comprehensive income / (loss) for the year		(200)	57
Total comprehensive loss attributable to shareholders		(5,081)	(8,973)
Loss per share			
Basic and diluted loss per share	19	(\$0.01)	(\$0.02)

* See note 27 for details of the restatement.

The above statement should be read in conjunction with the accompanying notes.

	Notes	Share capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 April 2019 (restated*)		48,984	906	(143)	(53,069)	(3,322)
Proceeds from shares issued	17	10,470	-	-	-	10,470
Costs of capital raise	17	(1,287)	-	-	-	(1,287)
Shares issued in settlement of short-term loan	17	1,356	-	-	-	1,356
Reserve arising on conversion of foreign currency subsidiaries		-	-	(200)	-	(200)
Net loss for the year		-	-	-	(4,881)	(4,881)
Total comprehensive loss for the year		-	-	(200)	(4,881)	(5,081)
Balance as at 31 March 2020		59,523	906	(343)	(57,950)	2,136
Balance as at 1 April 2018		49,028	898	(200)	(44,039)	5,687
Proceeds from shares issued		-	-	-	-	-
Share option expense		-	8	-	-	8
Costs of capital raise		(44)	-	-	-	(44)
Reserve arising on conversion of foreign currency subsidiaries		-	-	57	-	57
Net loss for the year (restated*)		-	-	-	(9,030)	(9,030)
Total comprehensive income / (loss) for the year (restated*)		-	-	57	(9,030)	(8,973)
Balance as at 31 March 2019 (restated*)		48,984	906	(143)	(53,069)	(3,322)

* See note 27 for details of the restatement.

The above statement should be read in conjunction with the accompanying notes.

	Notes	2020 \$'000	Restated* 2019 \$'000
Assets			
Non-current assets			
Property, plant and equipment	13	206	346
Right of use asset	14	1,398	-
Total non-current assets		1,604	346
Current assets			
Cash and bank	11	5,093	1,360
Trade and other receivables	12	631	890
Contract assets	4a	50	475
Total current assets		5,774	2,725
Total assets		7,378	3,071
Equity			
Share capital	17	59,523	48,984
Share based payments reserve	18	906	906
Foreign currency translation reserve		(343)	(143)
Accumulated losses		(57,950)	(53,069)
Equity attributable to the owners of the Company		2,136	(3,322)
Total equity		2,136	(3,322)
Non-current liabilities			
Provision for make good	14	60	-
Lease liabilities	14	1,112	-
Contract liabilities	4a	1,490	281
Total non-current liabilities		2,662	281
Current liabilities			
Trade and other payables	15	1,107	1,685
Short-term loan	16	-	2,637
Fair value of loan conversion option	16	-	585
Lease liabilities	14	486	-
Contract liabilities	4a	987	1,205
Total current liabilities		2,580	6,112
Total equity and liabilities		7,378	3,071

* See note 27 for details of the restatement.

The above statement should be read in conjunction with the accompanying notes.

	Notes	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		7,427	6,518
Receipts from Government grants		1,423	839
Payments to employees and suppliers		(11,326)	(16,821)
		(2,476)	(9,464)
Interest received		15	82
Interest paid		(8)	-
Lease interest paid		(133)	-
Net cash (outflows) from operating activities	10	(2,602)	(9,382)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(67)
Transfer from term deposits		-	1,000
Net cash inflows from investing activities		-	933
Cash flows from financing activities			
Proceeds from the issue of share capital	17	10,470	-
(Repayment) / receipt of short-term loan	16	(2,321)	2,500
Costs of raising capital	17	(1,280)	(44)
Principal portion of lease liability		(500)	-
Net cash inflows from financing activities		6,369	2,456
Net change in cash and bank		3,767	(5,993)
Cash and bank at beginning of the year		1,360	7,297
Foreign exchange (loss) / gain on cash and bank		(34)	56
Cash and bank at end of the year		5,093	1,360

The above statement should be read in conjunction with the accompanying notes.

1. General information

9 Spokes International Limited (“the Company” or “9 Spokes”) is a company registered under the New Zealand Companies Act 1993. The Company is listed on the Australian Securities Exchange (ASX) and is required to be treated as a FMC Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013. These financial statements of the Company and its subsidiaries (together “the Group”) have been prepared in accordance with the ASX Listing Rules.

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

9 Spokes is a digital ecosystem that aggregates meaningful data across a business, its apps and banks. The Company’s operations do not follow a seasonal or cyclical pattern.

These audited consolidated financial statements were authorised for issue by the Board of Directors on 15 July 2020.

2. Summary of Significant Accounting Policies

These are the consolidated financial statements for the Group for the year ended 31 March 2020.

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.

The consolidated financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

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

All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand units of the presentation currency unless otherwise stated.

b. Reissued financial statements

The Group’s previously issued consolidated financial statements for the year ended 31 March 2020, dated 29 June 2020, have been withdrawn and replaced by these consolidated financial statements.

The previously issued consolidated financial statements were issued with a disclaimer of opinion as the independent auditors considered they did not have sufficient evidence to support the Directors’ view that the consolidated financial statements should be prepared on a going concern basis. Following the release of the consolidated financial statements to the Australian Securities Exchange (ASX), the

Company's securities were suspended from official quotation. Subsequently, the ASX advised the Company that the securities would not be reinstated to official quotation until the Company was able to provide audited consolidated financial statements with an independent auditor's report that did not contain either a disclaimer of opinion or an adverse opinion.

Accordingly, the Board has received additional evidence to support its view on going concern. In particular, the Board maintains its confidence and belief, that the Company can raise new capital as required, in accordance with the plan in place. For further explanation of the assessment on going concern, refer to note 2(d).

These reissued consolidated financial statements contain no other changes from the consolidated financial statements issued on 29 June 2020, apart from the update in note 6 and note 2(d), which explain additional remuneration to the auditor and updated going concern disclosures, respectively, as a result of the reissuance of these consolidated financial statements.

c. Impact of COVID-19 outbreak

Due to the recent COVID-19 coronavirus outbreak ("COVID-19"), management performed an operational risk assessment and assessed the impact of COVID-19 on the Group.

Employees

9 Spokes is a cloud-native company; all employees can operate remotely. Prior to lockdown, the Company tested its capacity to work from home to ensure no technical or operational issues presented. To date no issues have occurred, and as lockdown restrictions have eased in many of the jurisdictions we operate, the Company has put in place policies to support and facilitate safe return to the office.

Suppliers

As a cloud software provider, 9 Spokes relies on other technology companies, mainly for the provision of hosting services. Based on conversations with these companies, COVID-19 has not significantly affected their operations, and they continue to operate as usual.

Banking partners

9 Spokes has maintained continuous communication with all its banking partners throughout this period. Earlier on, discussions were held to evaluate and confirm the Company's ability to meet the obligations set out in existing contract agreements. Therefore, the impact of COVID-19 on the Company's existing revenue is currently considered low.

In the wake of COVID-19, the Company expects that, as small businesses enter a sustained recovery, the value of a data-driven overview of business performance will continue to increase. 9 Spokes provides this service to small businesses, and to its banking partners seeking to support their small business customers.

International markets

9 Spokes employs people in the main markets in which it operates. It currently remains unclear when international business travel can recommence. As a result, the Company expects the current reduction in expenditure towards events, travel and entertainment to be maintained.

d. Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group has the intention and ability to continue its operations for the foreseeable future. The Group incurred a net loss of \$4.9 million for the year ended 31 March 2020 and, at balance date, had cash and bank of \$5.1 million, consisting of available cash of \$4.7 million and other deposits of \$0.4 million.

The Group's net cash outflows from operating activities was \$2.6 million during the period (2019: \$9.4 million), down 72%. The Group continues to carefully monitor all expenditure, which has resulted in a significant improvement for this period versus the prior year. Tight controls remain in place over all cash spending; this will continue to be a priority for the Group over the current financial year ended 31 March 2021.

Given available cash and the current cashflow run rate, the Group has sufficient cash for four months from the date of signing these financial statements. The Group, therefore, will need to secure new revenue opportunities and raise additional capital, in accordance with the plan in place, to continue operations beyond the forecast four-month period and for at least 12 months from the date of signing these financial statements.

Over the past year, the Group has been able to successfully access capital from the ASX to meet its short-term capital requirements and has raised \$10.5 million from a rights issue and placements. Although existing operations and customer relationships were not significantly impacted by COVID-19, the Company has experienced delays in closing some ongoing negotiations with potential customers and partners. The Group has several revenue opportunities that it is actively progressing.

The requirement to secure new revenue and raise additional cash to ensure funding beyond the forecast four-month period indicates a material uncertainty that may cast doubt on 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. These consolidated financial statements do not reflect adjustments in the carrying value of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Group were unable to continue as a going concern.

Despite the current economic uncertainty caused by COVID-19, management and the Board believe the Group is in a strong position to secure new revenues. They are confident the Group will also be able to raise additional capital, in accordance with the plan in place. Therefore, they consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

e. 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. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Group. 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 timing of revenue recognition of implementation fees (note 4a)
- expensing of research and development costs (note 5b)
- the non-recognition of deferred tax assets (note 9).

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.

f. Changes in accounting policies

NZ Equivalent to International Financial Reporting Standard 16: Leases

NZ IFRS 16: Leases replaces NZ IAS 17: Leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. Under the standard a right of use asset is recognised, representing the lessee's right to use the underlying leased asset and a corresponding lease liability is recognised, representing the obligation to make lease payments.

Prior to 31 March 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were expensed through the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

The Group has adopted NZ IFRS 16 retrospectively from 1 April 2019 but has not restated comparatives for the year ended 31 March 2019, as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position as at 1 April 2019.

From 1 April 2019, leases with term over 12 months are recognised as a right of use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is expensed through the Consolidated Statement of Comprehensive Income over the lease period. The right of use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

In applying NZ IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4: Determining whether an Arrangement contains a Lease.

The adoption of NZ IFRS 16: Leases also resulted in a reclassification in the Consolidated Statement of Cash Flows between operating cash flows and financing cash flows. The reclassification resulted in a \$0.5 million increase to operating cash flows and a corresponding decrease to financing cash flows. The impact of this transition on the year ended 31 March 2019 would result in a \$0.5 million increase to operating cash flows and a corresponding decrease to financing cash flows.

g. 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.

Items presented with A\$ represent Australian dollars.

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.

3. Segment reporting

The Group operates as a single business operating segment, providing a digital ecosystem that aggregates meaningful data across a business, its apps and banks.

At an operational level, the chief operating decision makers, consisting of the Chief Executive Officer and the Chief Financial Officer, currently assess the Group as a whole, 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.

Revenue was sourced from the following geographical locations:

	Notes	2020 \$'000	Restated 2019 \$'000
Europe		2,663	4,210
North America		1,383	2,475
Asia Pacific		2,813	1,591
Total operating revenue and other income		6,859	8,276
Comprising:			
Total operating revenue	4a	5,882	7,341
Other income	4b	977	935

The Group's non-current assets are in New Zealand.

During the year ended 31 March 2020 the Group had four (2019: six) banking partners. Revenue from banking partners is currently the Group's primary source of revenue and accounted for 86% of the Group's revenue and other income (2019: 89%). In the year ended 31 March 2020 all four banking partners (2019: two) each accounted for 10% or more of the Group's revenue.

4. Revenue

All revenues and income are stated net of goods and services tax and/or value added tax.

a. Operating revenue from contracts with customers

	2020 \$'000	2019 \$'000
Implementation revenue	1,646	2,446
Platform access revenue – recurring	4,011	4,532
Other revenue from enterprise customers	225	161
Other revenue	-	202
Total operating revenue	5,882	7,341

Recognition of operating revenue from contracts with customers

The Group adopts the five-step method in accordance with NZ IFRS 15 to the revenue contracts with the Group's enterprise customers to assess the impact on revenue recognition. The five-step method for recognising revenue from contracts with customers involves consideration of the following:

1. Identifying the contract with the customer
2. Identifying performance obligations
3. Determining the transaction price
4. Allocating the transaction price to distinct performance obligations
5. Recognising revenue.

The accounting policy and key judgements are outlined below.

Implementation fees and platform access fees

The Group receives implementation fees and platform access fees in relation to the platforms it provides to its enterprise customers. Implementation fees are received as part of the deployment of the 9 Spokes' platform to these customers. Platform access fees are charged to customers throughout the term of the service.

Together, these fees form most of the Group's revenue. While there are two forms of fees, there is only one performance obligation, which is to provide the platform services to the enterprise customer over the contracted period. The implementation and platform access fees are aggregated (based on the expected total fees over the expected period of service including the most probable outcome of variable arrangements) and then recognised as revenue in the Consolidated Statement of Comprehensive Income on a straight-line basis over the expected term of the service, starting when the system has been deployed.

The table on the following page provides further information on the application of NZ IFRS 15 across the two main revenue categories in the Group. The revenue streams detailed below represent 82% of the Group's total revenue for the year ended 31 March 2020 (2019: 84%).

Revenue type	Description	Key judgements	Outcome	Timing of revenue recognition
Implementation Revenue	Deployment of 9 Spokes' systems.	Determining whether the deployment is a distinct performance obligation.	The customer could not benefit from deployment of the system on its own and separately from the platform access and as such there is no distinct performance obligation.	Over time – while cash is received at the time of implementation, revenue is recognised on a straight-line basis, equally over the expected licence period, once the system has been deployed.
Platform Access Revenue	The right to access 9 Spokes' platform.	Determining whether the platform access is a distinct performance obligation.	As above.	Over time – recognised monthly, on a straight-line basis, recurring over the expected licence period.

NZ IFRS 15 requires the disaggregation of revenue from contracts with customers to be presented in the financial statements to provide clear and meaningful information. Management concluded that presentation of revenue by revenue stream is most appropriate.

Platform access revenue for the year was \$4.0 million (2019: \$4.5 million). Notably, the annual recurring revenue from platform access fees was \$4.7 million as at 31 March 2020, an increase of \$0.7 million compared to the same period last year.

Contract assets

During the implementation process the Group incurs costs directly related to fulfilling its obligations in the contract and expects to recover these costs against implementation revenue. These costs are capitalised as contract assets on the statement of financial position and amortised on a straight-line basis over the same period that the implementation revenues are recognised. The Group had contract assets as at 31 March 2020 of \$0.1 million (2019: \$0.5 million). \$0.4 million of costs included in the contract assets as at 31 March 2019 was recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2020.

Contract liabilities

Implementation and platform access fees received prior to deployment of the 9 Spokes system are recognised in the Consolidated Statement of Financial Position as contract liabilities. The Group had contract liabilities as at 31 March 2020 of \$2.5 million (2019: \$1.5 million). \$1.2 million of implementation revenue included in contract liabilities at 31 March 2019 was recognised in the Consolidated Statement of Comprehensive Income for the year ended 31 March 2020.

Long-term contracts not yet fulfilled

	2020 \$'000	2019 \$'000
Aggregate amount of the transaction price allocated to long-term platform licence fees that are not yet fulfilled as at 31 March.	11,773	4,075

40% of the transaction price allocated to not yet fulfilled performance obligations as at 31 March 2020 is expected to be recognised as revenue during the next reporting period ending 31 March 2021. 37% of the transaction price allocated to not yet fulfilled performance obligations as at 31 March 2020 is expected to be recognised as revenue during the next reporting period ending 31 March 2022. The remaining 23% is expected to be recognised as revenue during the year ending 31 March 2023. The amounts disclosed above do not include variable consideration, which is constrained.

b. Other operating income

	2020 \$'000	Restated 2019 \$'000
Government grants	930	886
Other income	47	49
Total other operating income	977	935

Government grants

Grants from the Government are recognised at 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 majority of Government grant income recognised relates to research and development.

Other income

Other income comprises income that is not part of the Group's normal operating activities.

5. Expenses by nature

The Group operates as a single business operating segment with costs predominately incurred in New Zealand.

All expenses are stated net of goods and services tax and/or value added tax.

a. Operational expenses

	2020 \$'000	Restated 2019 \$'000
Employee benefit expenses	731	1,899
Other operational expenses	-	179
Platform hosting and tools	325	790
Third-party contractors	125	-
Total operational expenses	1,181	2,868

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

Employee benefit expenses decreased significantly during the year ended 31 March 2020 compared to the prior year mainly due to a lower average number of employees compared to the prior year, as well as allocating more resources into research and development work.

b. Research and development expenses

	Notes	2020 \$'000	Restated 2019 \$'000
Amortisation of previously capitalised contract assets	4a	426	185
Capitalisation of contract assets	4a	-	(54)
Depreciation expense		378	66
Employee benefit expenses		2,670	3,312
Other research and development expenses		527	721
Third-party contractors		258	362
Total research and development expenses		4,259	4,592

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 where they meet 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 a contract asset and amortised on a systematic basis over the enterprise customer's initial licence term. The expenditure capitalised includes payroll expenses, external contractor fees and overhead costs that are directly attributable to the implementation activities.

c. Sales, marketing and administration expenses

	Notes	2020 \$'000	2019 \$'000
Depreciation expense		317	123
Directors' fees	25a	272	169
Directors' consultancy services	25a	5	136
Remuneration of auditors	6	247	215
Employee benefit expenses		3,526	4,464
Marketing expenses		175	361
Travel		402	793
Professional, rent, office costs and other administration expenses		1,000	2,855
Foreign exchange (gain) / loss arising from translating intra group balances		(224)	40
Total sales, marketing and administration expenses		5,720	9,156

Increase in depreciation expense relates to recognition and depreciation of a right of use asset starting 1 April 2019 (note 14).

6. Remuneration of auditors

	2020	2019
	\$'000	\$'000
Audit and review of financial statements by PwC		
Audit of the annual financial statements	102	104
Review of the half year financial statements	86	53
Other services performed by PwC		
Callaghan Growth Grant review	12	12
Tax compliance and advice	47	31
Total fees paid and payable to PwC	247	200
Audit of subsidiary financial statements by subsidiary auditors (Oury Clark)		
Audit of the UK Financial Statements	-	15
Total fees paid and payable to auditors	247	215

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 services have not impaired their independence.

Additional fees of \$25,000 are now payable to PwC for work related the re-issued financial statements.

Based on UK legislation, the UK subsidiary company does not qualify for a separate statutory audit for the year ended 31 March 2020 and therefore no fees have been accrued.

7. Employee benefit expenses

	Note	2020	2019
		\$'000	\$'000
Wages and salaries		6,641	9,429
Share option expense	18	-	8
Other benefits		286	238
Total employee benefit expenses		6,927	9,675

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. Finance income and expense

	Notes	2020 \$'000	2019 \$'000
Finance income			
Fair value gain on loan conversion option	16	585	-
Interest receivable on short term bank deposits		19	42
Total finance income		604	42
Finance expense			
Finance expense on short term loan	16	1,040	683
Interest on lease liabilities	14	133	-
Bank interest payable		11	11
Fair value loss on loan conversion option	16	-	38
Total finance expense		1,184	732

9. Income and deferred tax

Income tax is represented as follows:

	2020 \$'000	Restated 2019 \$'000
Current tax	-	-
Total current tax	-	-
Deferred tax expense		
Origination of temporary timing differences	(473)	62
Tax (income) / deduction of research and development expenses deferred	(23)	(150)
Tax losses	(1,017)	(2,424)
Deferred tax assets not recognised	1,513	2,512
Total deferred tax	-	-
Total income tax	-	-

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

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

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or subsequently enacted by the balance date and expected to apply when the related deferred income tax asset or liability is realised or settled. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred 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.

During the year, the New Zealand Inland Revenue Department (IRD) completed a review of the Company's tax treatment of implementation revenues, described in note 4. The IRD concluded that implementation revenue for tax purposes should be recognised in the year invoiced. While the Company did not agree with the interpretation of the tax legislation by the IRD, it was considered that the cost to challenge the IRD would be too high and there would be no consequent tax liabilities, nor cash outflow as a result of this change. The change has been implemented in prior year tax returns and will be reflected in the tax calculations for this year.

Tax losses

Due to changes in tax treatment, available tax losses for the Company arising as a result of the revision of prior year tax returns are \$35.0 million, previously reported as \$31.2 million. Considering the changes in tax treatment of implementation revenue, the Company has tax losses available to carry forward at 31 March 2020 of \$35.6 million, subject to shareholder continuity being maintained. The Group has deferred research and development deductions of \$0.08 million after offsetting related revenue.

The change also impacted the Company's deferred research and development deduction at 31 March 2019. The change resulted in a utilisation of all available deductions to that date, previously reported to be \$6.0 million.

Tax losses available to subsidiary companies of the Group (note 21) are \$4.9 million (2019: \$3.6 million) of which \$0.49 million will expire on the following future dates:

Tax year	Date of expiry	\$'000
31 March 2018	31 March 2038	116
31 March 2019	31 March 2039	195
31 March 2020	31 March 2040	177
		488

The deferred tax assets have not been recognised as it is uncertain whether the Group will maintain shareholder continuity or when it will generate sufficient taxable profits to utilise these tax losses. There are no imputation credits available, as the Group is yet to generate taxable profits in New Zealand.

Reconciliation of effective tax rate:

	2020 \$'000	Restated 2019 \$'000
Loss before income tax	(4,881)	(9,030)
Prima facie taxation at 28%	(1,367)	(2,529)
Expenses not deductible for tax purposes	(146)	17
Temporary timing differences	473	(62)
Research & development expenditure deferred (net of income)	23	150
Total losses not recognised	1,017	2,424
Total tax (expense) / benefit	-	-

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

	2020 \$'000	Restated 2019 \$'000
Loss after income tax	(4,881)	(9,030)
Non-cash items:		
Depreciation expense	695	190
Share option expense	-	8
Finance expense on short-term loan	1,040	683
Fair value gain on loan conversion option	(585)	38
Foreign exchange loss on monetary assets	32	-
Changes in working capital:		
Decrease in trade and other receivables	259	1,200
Decrease in contract assets	425	185
(Decrease) in trade and other payables	(578)	(866)
Increase / (decrease) in contract liabilities	991	(1,790)
Net cash flow from operating activities	(2,602)	(9,382)

11. Cash and bank

	2020 \$'000	2019 \$'000
Cash at bank	1,668	935
Term deposits with maturities of three months or less	3,000	-
Other deposits	425	425
Total cash and bank	5,093	1,360

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.

Other deposits

As at 31 March 2020, the Company continues to provide a guarantee of \$0.4 million (2019: \$0.4 million) for the operating lease on its Auckland premises, held by ASB Bank Limited.

12. Trade and other receivables

	2020 \$'000	Restated 2019 \$'000
Trade receivables	166	367
Prepayments and accrued income	415	486
Other receivables	50	37
Total trade and other receivables	631	890

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 expected credit losses. The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Customer invoices are paid on terms ranging from 20 to 30 days.

13. Property, plant and equipment

	2020	2020	2020	2019	2019	2019
	Office and computer equipment \$'000	Leasehold improvements \$'000	Total \$'000	Office and computer equipment \$'000	Leasehold improvements \$'000	Total \$'000
Carrying amount at start of the year	157	189	346	219	261	480
Additions	-	-	-	23	33	56
Disposals	(27)	-	(27)	-	-	-
Depreciation expense	(52)	(87)	(139)	(85)	(105)	(190)
Depreciation on disposals	26	-	26	-	-	-
Carrying amount at the end of the year	104	102	206	157	189	346
At cost at the end of the year	405	383	788	432	383	815
Accumulated depreciation at the end of the year	301	281	582	275	194	469

Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated 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 Consolidated Statement of Comprehensive Income.

Depreciation

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful life 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.

14. Right of use assets and lease liabilities

The Group has identified two contracts containing leases:

- leased office premises in Auckland, New Zealand, 6-years term
- leased office premises in London, United Kingdom, 1-year term.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Right of use assets

Leased assets are measured at cost comprising the initial measurement of lease liability less any lease incentives received and make good provisions. Key movements during the period, relating to right of use assets are presented below:

	2020 \$'000
Opening balance	-
Additions due to first-time adoption of NZ IFRS 16	1,043
Remeasurement during the year	911
Additions during the year	-
Depreciation expense	(556)
Closing balance	1,398

Remeasurement

Since the Group released Consolidated Interim Financial Statements for the 6 months ended 30 September 2019, it has adjusted its estimate related to the term of the lease, which was a direct result of not exercising an early termination clause with regards to the Auckland lease premises. As this is a change in accounting estimate, it has been applied prospectively and resulted in an increase of the lease liability of \$0.9 million with corresponding increase in the cost of the right of use asset.

Lease liabilities

Under NZ IFRS 16: Leases, the Group is required to recognise lease liabilities for contracts identified as containing a lease, except when the lease is for 12 months or less or the underlying asset is of low value. Payments associated with short-term leases have been recognised on a straight-line basis as an expense in the Consolidated Statement of Comprehensive Income. The expense relating to short-term leases for the year ended 31 March 2020 was \$0.2 million (2019: \$0.3 million).

Lease liabilities are initially measured at the present value of the remaining lease payments, which include:

- fixed payments less any incentives receivable, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The weighted average lessee's incremental borrowing rate applied to the lease liabilities as at 1 April 2019 was 12%. Subsequently the carrying value of the liability is adjusted to reflect interest and lease payments made.

The maturity of the lease liabilities is as follows:

	2020
	\$'000
Less than one year	486
One to five years	1,112
Total lease liabilities	1,598

Reconciliation of lease commitments to lease liabilities

	\$'000
Operating lease commitments as at 31 March 2019	1,506
Less: short-term leases not recognised as a liability	(159)
Long-term lease commitments as at 31 March 2019	1,347
As at 1 April 2019	
Discounted at the incremental borrowing rate at the date of initial application	1,048
Value of future lease options expected to be exercised at the date of initial application	139
Net present value of future lease liability	1,187
Current lease liability	594
Non-current lease liability	593
Total lease liabilities as at 1 April 2019	1,187

Make good provision

The Company is required, at the expiry of the lease, to make good on the condition of its leased premises. The provision is based on estimates obtained from third-parties for the expected work required.

15. Trade and other payables

	2020 \$'000	2019 \$'000
Trade payables	136	469
Other payables and accruals	728	1,012
Deferred rent	-	204
Deferred Government grant	243	-
Total trade and other payables	1,107	1,685

The Group recognises trade and other payables initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables are unsecured, non-interest bearing and are usually paid within 45 days of recognition.

Included in trade payables and other payables and accruals are amounts owing to related parties (refer to note 25).

Deferred Government grant

As at 31 March 2020 the Group had received the New Zealand government COVID-19 wage subsidy. No portion of the subsidy was utilised during the year ended 31 March 2020. The Company has committed to refund the subsidy.

16. Short-term loan and fair value of conversion option

During the year ended 31 March 2019, the Company entered into a short-term funding facility to provide the Company with working capital to allow time to conclude a capital raise.

The terms of the facility included a conversion option, which entitled the lenders to convert any portion of the loan to ordinary shares, which under certain conditions could be exercised at a discount to the current market price of the shares. As a result, at 31 March 2019, the loan was accounted for as two separate components, pure debt portion and the loan conversion option.

Settlement of the short-term loan

Following completion of an entitlement offer and placement on 24 May 2019 (note 17), the loan including fees and interest was settled on that date, discharged by the payment of \$2.3 million and the issue of 80.1 million shares at the offer price of A\$0.016 per share. This repaid the outstanding amount and the lenders security was released.

Finance expense of the debt portion

The finance expense is made up of interest plus completion and work fees over the life of the loan. The finance expense is accounted for using the amortised cost basis method and recognised in the Consolidated Statement of Comprehensive Income as finance expense on short-term loan.

Derivative conversion option

On the date of settlement of the loan, the lenders opted to exercise a portion of the loan at the offer price of A\$0.016 per share. There was no discount on the issue of these shares, so the conversion

option was not exercised. As a result, the fair value of the conversion option was revalued to \$nil and recognised in the Consolidated Statement of Comprehensive Income as fair value gain on loan conversion option.

17. Share capital

On 24 May 2019 the Company issued 330.1 million ordinary shares at A\$0.016 per share following the announcement of a fully underwritten pro rata renounceable entitlement offer on 18 April 2019. As a consequence of demand from shareholders and sub-underwriters, on the same date, the Company secured a placement of a further 43.5 million ordinary shares at A\$0.016 per share.

On 24 May 2019, the Company issued 80.1 million ordinary shares at A\$0.016 per share as partial settlement of the short-term loan (note 16).

On 28 January 2020, the Company announced a successful capital raise of A\$4.0 million via placement to sophisticated and institutional investors through the issue of 266.7 million new ordinary shares at an issue price of A\$0.015 per share. The placement was completed in two tranches:

- Tranche 1, completed on 4 February 2020 and consisting of 233.3 million shares issued within the Company's placement capacity,
- Tranche 2, completed on 5 March 2020 and consisting of 33.3 million shares issued at additional capacity, following Shareholder approval at a Special Meeting of Shareholders held on 26 February 2020.

	Note	Share capital \$'000	Authorised, issued and fully-paid Shares 000's
Balance at 1 April 2019		48,984	495,271
Shares issued for cash at A\$0.016 per share (\$0.017)		6,310	373,548
Shares issued for cash at A\$0.015 per share (\$0.016)		4,160	266,667
Shares issued as partial settlement of short-term loan at A\$0.016 per share (\$0.017)	16	1,356	80,074
Costs of capital raise		(1,287)	-
Balance at 31 March 2020		59,523	1,215,560
Balance as at 1 April 2018		49,028	495,271
Costs of capital raise		(44)	-
Balance at 31 March 2019		48,984	495,271

The Company holds one class of ordinary shares, the shares have no par value. There are no restrictions on the distribution of dividends, nor the repayment of capital.

18. Share-based payments

	Note	2020 \$'000	2019 \$'000
Share-based payments reserve at the beginning of the year		906	898
Share option expense			
Pre-IPO employee share options (a)		-	8
Employee ESOPs (c) (i)		-	-
NEDs ESOPs (c) (ii)		-	-
Total share option expense	7	0	8
Share-based payments reserve at the end of the year		906	906

The fair value of share options issued as part of the 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 Consolidated 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.

The weighted average contractual life of the options at 31 March 2020 is 68 months (2019: 80 months).

At 31 March 2020, there were 1,476,968 options on issue, all of which have 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 A\$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 A\$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 volume weighted average price (VWAP) of a 50% premium to the issue price of A\$0.20 (30 day VWAP) 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 A\$0.066 under the Black Scholes valuation model resulting in a charge to the Company of A\$579,375 (NZ\$618,711) during the year ended 31 March 2017. The significant inputs into the model were a share price of A\$0.20 at the grant date, vesting price A\$0.30, volatility of 50%, no dividend, expected option life of three years and a risk-free interest rate of 2.51%.

As the options were not exercised by 30 June 2019, they expired.

c) Current Employee share options plan

Effective from 10 May 2016, the Company adopted a new employee share option plan (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:

- an exercise price of A\$0.20 per share;
- the options vest in full on the date of issue; and
- the expiry date of the options will be five years after date of issue.

The weighted average of the fair value of each option is A\$0.037 under the Black Scholes valuation model resulting in a charge to the Company of A\$101,478 (\$109,980) at the time they were granted. The significant inputs into the model were a share price of A\$0.12 at the grant date, exercise price A\$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.

The weighted average contractual life of the options at 31 March 2020 is 29 months (2019: 41 months).

At 31 March 2020, there were 1,122,913 options on issue, all of which have vested.

(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:

- an exercise price of A\$0.225 per share;
- the options vest on the price of the quoted shares reaching A\$0.30 per share, calculated on a 10-trading day VWAP; and
- the expiry date of the options will be five years after the date of issue.

The weighted average of the fair value of each option is A\$0.023 under the Black Scholes valuation model resulting in a charge to the Company of A\$40,268 (\$44,383) at the time they were granted. The significant inputs into the model were a share price of A\$0.10 at the grant date, exercise price A\$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.

The weighted average contractual life of the options at 31 March 2020 is 29 months (2019: 41 months).

As at 31 March 2020, there were 1,143,413 options on issue, all of which have vested.

d) SLT Employee share options 2020

During the year, options were offered to members of the senior leadership team (SLT) under the employee share option plan (ESOP). Approval was granted to the SLT by the Board, while those members of the SLT on the Board were approved by shareholders at the Annual General Meeting held on 29 July 2019. At 31 March 2020, the share options have not yet vested in accordance with the plan.

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

<i>Exercise price</i>	Pre-IPO employee share options Dec 2015 <i>NZ\$0.16</i>	IPO advisor share options Jan 2016 <i>A\$0.20</i>	Employee ESOPs Aug 2017 <i>A\$0.20</i>	NEDs ESOPs Sep 2017 <i>A\$0.225</i>	Total 000's	Weighted average exercise price \$ per option
	000's	000's	000's	000's		
Balance outstanding at 1 April 2019	1,533	8,750	1,352	1,143	12,778	0.21
Forfeited	(56)	-	(229)	-	(285)	0.21
Expired	-	(8,750)	-	-	(8,750)	0.21
Balance outstanding at 31 March 2020	1,477	-	1,123	1,143	3,743	0.20
Balance exercisable at 31 March 2020	1,477	-	1,123	1,143	3,743	0.20

Balance outstanding at 1 April 2018	1,533	8,750	1,715	1,713	13,711	0.22
Granted	-	-	-	-	-	-
Forfeited	-	-	(363)	(570)	(933)	0.24
Balance outstanding at 31 March 2019	1,533	8,750	1,352	1,143	12,778	0.21
Balance exercisable at 31 March 2019	1,533	-	1,352	-	2,885	0.19

19. Loss per share

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.

Potential ordinary shares deriving from the exercise of share options (note 18) are anti-dilutive in nature. The diluted loss per share is therefore the same as the undiluted loss per share. The number of shares and weighted average number of shares has been adjusted for the dilutive impact of bonus shares that arise from the rights issue completed in May 2019.

	2020	Restated
	\$'000	2019
		\$'000
Total comprehensive loss attributable to shareholders	(\$5,081)	(\$8,973)
Ordinary number of shares	1,215,559	518,301
Weighted average number of shares on issue	921,198	518,301
Basic and diluted loss per share	(\$0.01)	(\$0.02)

The Group's application of NZ IFRS 16: Leases had no material impact on loss per share calculation.

20. Financial instruments and financial risk management

Financial assets

Classification

The Group's financial assets comprise cash and bank, and trade and other receivables which are measured at amortised cost. Financial assets at amortised cost 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 based on the probability-weighted estimate of credit losses that are expected to result from all possible default events over the expected life of a financial instrument. There has been no impairment of financial assets and there were no past due not impaired financial assets as at 31 March 2020.

Financial liabilities

The Group's financial liabilities comprise trade and other payables, which are measured at amortised cost.

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 consist of:

- a) Trade receivables – the maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any credit losses for impairment of those assets, as disclosed in the statement of financial position. These predominantly relate to trade receivables. Refer to note 12 for further details.

- b) Cash and bank – the maximum potential exposure to credit risk at balance date is \$5.1 million (2019: \$1.4 million). The Group monitors the credit quality of its major financial institutions that are counterparties to its financial statements and does not anticipate non-performance by the counterparties.

The Group has not provided collateral and has no securities registered against it. Note 11 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.

The contractual cash flows of the Group's financial liabilities are as follows:

Contractual maturities of financial liabilities as at 31 March 2020	Up to 1 year \$'000	Between 1 - 2 years \$'000	Between 2 - 3 years \$'000
Trade and other payables	1,107	-	-
Lease liabilities	882	904	769
Provision for make good	-	-	60
Total	1,989	904	829

Contractual maturities of financial liabilities as at 31 March 2019	Up to 1 year \$'000	Between 1 - 2 years \$'000	Between 2 - 3 years \$'000
Trade and other payables	1,685	-	-
Short-term loan	2,321	-	-
Total	4,006	-	-

The amounts disclosed in the table are the contractual undiscounted cash flows.

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.

As at 31 March 2020, a movement of 10% in the New Zealand dollar would impact the Consolidated Statement of Comprehensive Income and Consolidated Statement of Changes in Equity as detailed in the table below:

	10% decrease		10% increase	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Impact on net loss before income tax:				
Balances in GBP (net)	0	0	(0)	0
Balances in AUD (net)	2	7	(2)	(7)
Balances in CAD (net)	0	0	0	0
Balances in USD (net)	(7)	(15)	7	15
Balances in SGD (net)	0	0	0	0

Capital risk management

The capital structure of the Group consists of equity raised by the issue of ordinary shares in the Company.

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 for those instruments. Information on the fair value and carrying value of the short-term loan is in note 16.

Fair value hierarchy

This explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is below.

Level 1: Financial instruments traded in active markets (such as publicly traded derivatives and equity securities) whose fair value is based on quoted market prices at the end of the reporting period.

Level 2: Financial instruments that are not traded in an active market (for example, over-the-counter derivatives) where the fair value is determined using valuation techniques which maximise the use of

observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Financial instruments that have one or more of the significant inputs that is not based on observable market data.

21. Consolidation

The Group had the following subsidiaries as at 31 March 2020:

Name	Country of incorporation and place of business	Nature of business	% of ordinary shares held by parent	Date of incorporation
9 Spokes Asia Pte Limited	Singapore	Trading operation	100%	2 April 2019
9 Spokes Australia Pty Limited	Australia	Trading operation	100%	10 April 2014
9 Spokes Canada Limited	Canada	Trading operation	100%	16 August 2017
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 Holdings Limited	New Zealand	Holding Company	100%	12 November 2014
9 Spokes US, Inc.	United States	Non-trading	100%	11 May 2017

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. All subsidiaries conform to Group accounting policies.

The Group

The results and financial position of all Group entities (none of which have 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.

22. Commitments

Lease commitments

	2020 \$'000	2019 \$'000
Less than one year	-	793
One to five years	-	713
Total lease commitments	-	1,506

From 1 April 2019, the Group has recognised right of use assets for these leases, except for short-term leases, see note 14 for further information.

23. Contingencies

Repayment of remuneration

During the period September 2018 to May 2019, the Directors and members of the executive team took a voluntary reduction in their remuneration recognising the cash constraints of the Company at that time. The total amount of the reduction amounted to approximately \$0.52 million.

The Board, recognising the commitment of the Directors and executive team, has since decided that this amount should be repaid at some stage in the future, subject to a clear cash runway of twelve months.

The total amount of salary reductions by directors and some executives is:

	\$'000
Directors	
Paul Reynolds	103
Thomas Power	53
Mark Estall	103
Adrian Grant	106
Executive employees	154
Total amount of contingency	519

As at the balance date the Company did not meet the criteria for payment and therefore has not recognised this arrangement as a liability. It is currently uncertain when and if the repayment will

happen. As the Company works towards achieving breakeven, it will re-evaluate the suitability of repayment based on latest cash forecasts. Any repayment will be subject to Board approval.

24. 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 and the Chief Executive Officer, and his direct reports.

The following table summarises remuneration paid to key management personnel:

	2020 \$'000	2019 \$'000
Short-term employee benefits	2,456	2,641
Directors' fees	272	169
Share based payments	-	3
Total	2,728	2,813

Short-term employee benefits relate to salaries and other benefits paid to the executive team.

25. Related party transactions and balances

a. Transactions with related parties during the year

Name of related party	Nature of relationship	Transaction	2020 \$'000	2019 \$'000
Paul Reynolds	Director	Directors' fees	155	77
Tightline Advisory Limited ⁽¹⁾	Director	Consulting services	5	27
Shelley Ruha	Director	Directors' fees	44	-
Thomas Power	Director	Directors' fees	73	-
Social Power (Surrey) Limited ⁽²⁾	Director	Directors' fees	-	40
		Consulting services	-	96
Mint Recruitment Limited ⁽³⁾	Family Member of	Provision of recruitment services	71	138
Kestrel Corporate Advisory, Inc. ⁽⁴⁾	Director	Directors' fees	-	40
		Consulting services	-	23

1. Non-executive Director, Paul Reynolds is a Director and shareholder of Tightline Advisory Limited.
2. Non-executive Director, Thomas Power is a Director and shareholder of Social Power (Surrey) Limited.
3. A member of Executive Director, Adrian Grant's family is a Director and shareholder of Mint Recruitment Limited.
4. Non-executive Director, Wendy Webb is a Director and shareholder of Kestrel Corporate Advisory, Inc. Wendy resigned from the Board on 21 September 2018

During the prior year, the non-executive Directors voluntarily reduced their Directors' fees and ceased charging for consultancy services.

b. Amounts owed by the Group to related parties

Name of related party	Nature of relationship	Balance type	2020 \$'000	2019 \$'000
	Family Member of			
Mint Recruitment Limited	Director	Trade and other payables	-	8
Paul Reynolds	Director	Trade and other payables	-	13
Social Power (Surrey) Limited	Director	Trade and other payables	-	7
Net amounts owed to related parties			-	28

26. Events after the reporting period

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

27. Restatement of previously reported 31 March 2019 Consolidated Financial Statements

During the process of preparing these consolidated financial statements, the Company has made the following adjustments to the Consolidated Statement of Financial Position as at 31 March 2019 and the Consolidated Statement of Comprehensive Income for the year ended 31 March 2019 following a reassessment taking into account the implications to the financial position and performance for the year ended 31 March 2020.

Included below are reconciliations of the amounts previously reported in the 31 March 2019 Consolidated Statement of Financial Position to the restated amounts reported in the Consolidated Statement of Financial Position, and explanations of the adjustments, as well the reconciliation of the Consolidated Statement of Comprehensive Income for the year ended 31 March 2019. The Group's Consolidated Statement of Cash Flows is not affected by the restatement and so is not re-presented.

These adjustments have been identified during the audit of financial statements for the year ended 31 March 2019, however, they were not considered material. After the reassessment of these accounts, the Directors decided to record these adjustments in order to provide the most accurate presentation of Group's financial position and performance. The adjustments relate to the following:

- \$0.1 million accrual of additional grant income based on the grant funds received after the issue of the audited financial statements;
- \$0.2 million of contract assets, costs related to the implementation of platforms for customers, that will be recovered in future periods against recognised implementation revenues; and
- \$0.3 million adjustment to the cost allocation between research and development expenses and operational expenses.

Prior year restatement had no material impact on the loss per share calculations for the year ended 31 March 2019.

Reconciliation from the 31 March 2019 Consolidated Statement of Financial Position to the restated comparative Consolidated Statement of Financial Position as at 31 March 2019:

	2019	Adjustment	Restated
	\$'000	\$'000	2019
			\$'000
Assets			
Non-current assets			
Property, plant and equipment	346	-	346
Right of use asset	-	-	-
Total non-current assets	346	-	346
Current assets			
Cash and cash equivalents	1,360	-	1,360
Trade and other receivables	805	85	890
Contract assets	266	209	475
Total current assets	2,431	294	2,725
Total assets	2,777	294	3,071
Equity			
Share capital	48,984	-	48,984
Share based payments reserve	906	-	906
Foreign currency translation reserve	(143)	-	(143)
Accumulated losses	(53,363)	294	(53,069)
Equity attributable to the owners of the company	(3,616)	294	(3,322)
Total equity	(3,616)	294	(3,322)
Non-current liabilities			
Provision for make good	-	-	-
Lease Liabilities	-	-	-
Contract Liabilities	281	-	281
Total non-current liabilities	281	-	281
Current liabilities			
Trade and other payables	1,685	-	1,685
Short-term loan	2,637	-	2,637
Fair value of loan conversions option	585	-	585
Lease Liabilities	-	-	-
Contract liabilities	1,205	-	1,205
Total current liabilities	6,112	-	6,112
Total equity and liabilities	2,777	294	3,071

Reconciliation from the 31 March 2019 Consolidated Statement of Comprehensive Income for the year ended 31 March 2019 to the restated comparative Consolidated Statement of Comprehensive Income for the year ended 31 March 2019:

	2019 \$'000	Adjustment \$'000	Restated 2019 \$'000
Revenue:			
Operating revenue	7,341	-	7,341
Other operating income	850	85	935
Total revenue	8,191	85	8,276
Expenses:			
Operational expenses	(3,146)	278	(2,868)
Research and development expenses	(4,523)	(69)	(4,592)
Sales, marketing and administration expenses	(9,156)	-	(9,156)
Total expenses	(16,825)	209	(16,616)
Operating loss	(8,634)	294	(8,340)
Net finance expense	(690)	-	(690)
Net loss before income tax	(9,324)	294	(9,030)
Income tax credit / (expense)	-	-	-
Net loss from continuing operations	(9,324)	294	(9,030)
Other comprehensive income:			
Foreign exchange translation of international subsidiaries	57	-	57
Total comprehensive loss attributable to shareholders	(9,267)	294	(8,973)
Loss per share			
Basic and diluted loss per share	(\$0.02)	\$0.00	(\$0.02)

GOVERNANCE & DISCLOSURES

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
Paul Reynolds	Non-Executive Chairman	10 September 2014
Adrian Grant	Executive Director and Chief Executive Officer	17 August 2017
Thomas Power	Non-Executive Director	7 October 2014
Mark Estall	Non-Executive Director	19 September 2011
Shelley Ruha	Non-Executive Director	14 October 2019

On 1 April 2020 Mark Estall transitioned from Executive Director to Non-Executive Director.

a) Board meetings

The Board met formally 14 times during the financial year ended 31 March 2020. Normally the Board would meet up to 10 times a year during which meetings the Board considers key financial and operational information, as well as matters of strategic importance. Additional meetings were held during the year ended 31 March 2020 to consider matters relating to capital raising and the COVID-19 outbreak.

Name	Position	Number of meetings eligible to attend	Number of meetings attended
Paul Reynolds	Non-Executive Chairman	14	14
Adrian Grant	Executive Director and Chief Executive Officer	14	13
Mark Estall	Non-Executive Director	14	14
Thomas Power	Non-Executive Director	14	13
Shelley Ruha	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, namely the Audit and Risk Committee and the Remuneration and Nomination Committee. The Charters for each committee are available on the Company's website 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, 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 met twice to review the results prior to the release of the Interim Financial Statements for the six months ended 30 September 2019. Other matters were dealt with either at Board meetings or through direct communications with Committee members. The members of the Committee at the date of this Annual Report are Shelly Ruha (Chair), Paul Reynolds, Thomas Power and Mark Estall.

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 last financial year as all relevant matters were dealt with either at Board meetings or through direct communications between the Committee members. These included changes to the executive team and remuneration matters. The members of the Committee at the date of this Annual Report are Paul Reynolds (Chair), Thomas Power, Shelley Ruha and Mark Estall.

2. Shareholdings of Directors

	2020 Shares	2019 Shares
Adrian Grant	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
Shelley Ruha	1,120,000	-

3. Entries recorded in the Directors' Interests Register

The following are entries made in the Interests Register during the year ended 31 March 2020:

Director / Entity	Relationship
Adrian Grant	
Aminoex Property Fund No 1 Limited	Director & Shareholder
DWDA Holdings Limited	Shareholder
Franc Holdings Limited	Director & Shareholder
9 Spokes International Limited	Director & Shareholder
RewardPay (Aus) Limited	Shareholder
Mark Estall	
9 Spokes International Limited	Director & Shareholder
9 Spokes Australia Pty Limited	Director
9 Spokes Asia Pte 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
9 Spokes International Limited	Chairman, Director & Shareholder
Computershare Limited	Director
Tightline Advisory Limited	Director & Shareholder
XConnect Global Networks Limited (Resigned 8 August 2019)	Director
Thomas Power	
9 Spokes International Limited	Director & Shareholder
Digital Entrepreneur Limited	Director & Shareholder
Electric Dog Limited (Retired 24 September 2019)	Director & Shareholder
SA Vortex Limited	Director & Shareholder
Social Power (Surrey) Limited	Director & Shareholder
Teamblockchain Limited	Director & Shareholder
The Business Café Limited	Director & Shareholder
Shelley Ruha	
9 Spokes International Limited	Director & Shareholder
Analey Holdings Limited	Director & Shareholder
IT & Business Consulting Limited	Director
The Icehouse Limited	Director
Heartland Bank Limited	Director

4. Donations

The total value of donations made by the Group during the year ended 31 March 2020 was \$nil (2019: \$140).

5. Directors' remuneration

The remuneration receivable by Directors in office during the financial year ended 31 March 2020 was:

	Directors' fees \$'000	Employment remuneration \$'000	Consultancy services \$'000	Share-based payments \$'000
Adrian Grant	-	332	-	-
Mark Estall	-	303	-	-
Paul Reynolds	155	-	5	-
Thomas Power	73	-	-	-
Shelley Ruha	44	-	-	-
	272	635	5	-

6. 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:

	2020 No.	2019 No.
\$100,000 - \$109,999	5	10
\$110,000 - \$119,999	7	2
\$120,000 - \$129,999	5	6
\$130,000 - \$139,999	-	2
\$140,000 - \$149,999	1	3
\$150,000 - \$159,999	1	1
\$170,000 - \$179,999	1	1
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	1	-
\$250,000 - \$259,999	-	2
\$260,000 - \$269,999	-	1
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	3	1
\$290,000 - \$299,999	-	1

The following information is current as at 12 June 2020 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 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	6.75%
Adrian Grant	Adrian David Grant & AJ Trustee Services Limited <Holland Park Capital A/C> Franc Holdings Limited Adrian David Grant	81,990,286	6.75%
Associates		Number of Ordinary Shares	Voting Power
	Cs Third Nominees Pty Limited	106,000,000	8.72%
	HSBC Custody Nominees	86,850,000	7.14%
	Harrogate Trustee Limited <Brandywine A/C>	72,866,826	5.99%

Represents 100% of the holdings in the Associates listed in the table.

3. Number of Holders in each Class of Equity Security

Class of Equity Security	Number of Holders
Fully-Paid Ordinary Shares (quoted)	1,681
Options over Fully-Paid Ordinary Shares (unquoted)	See paragraph 13 below

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	33	5,608	0.00%
1,001-5,000	39	153,362	0.01%
5,001-10,000	105	892,538	0.08%
10,001-100,000	811	37,485,968	3.08%
100,001-9,999,999,999	693	1,177,021,979	96.83%
Total	1,681	1,215,559,455	100.00%

b) Unquoted Share Options

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 Employee 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	1	63,505	4.30%
100,001-99,999,999,999	3	1,413,463	95.70%
Total	4	1,476,968	100.00%

All options have vested.

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 A\$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	1	6,294	0.58%
10,001-100,000	9	265,111	24.35%
100,001-99,999,999,999	5	817,534	75.07%
Total	15	1,088,939	100.00%

All the options issued in August 2017 vested on issue.

Non-Executive Directors 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	2	1,143,413	100.00%
Total	2	1,143,413	100.00%

None of the options issued under the NEDs Share Options Scheme have vested.

6. Marketable Securities

The number of holders holding less than a marketable parcel (i.e. the value of a parcel that is less than A\$500) of the Company's main class of securities (fully-paid ordinary shares), based on the closing market price of A\$0.02 as at 12 June 2020 was 401.

7. 20 Largest Holders

As at 12 June 2020, the names on the share register 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
CS Third Nominees Pty Limited	106,000,000	8.72%
HSBC Custody Nominees	86,850,000	7.14%
Harrogate Trustee Limited	72,866,826	5.99%
M & M No.2 Limited	51,444,727	4.23%
Mr Adrian David Grant	51,312,727	4.22%
Citicorp Nominees Pty Limited	46,132,019	3.80%
Custodial Services Limited	38,720,324	3.19%
G&S Capital Limited	37,617,886	3.09%
Sekots Group Limited	32,029,452	2.63%
Franc Holdings Limited	30,620,271	2.52%
Optimum Holdings Limited	25,072,440	2.06%
Altor Capital Management	20,365,489	1.68%
Mr Brendan Paul Roberts	14,779,609	1.22%
Mr Byron Carl Thomas	13,653,900	1.12%
Mr Blair Richard Tallott	10,000,000	0.82%
Mr Alistair Richard Louis Kight	9,185,000	0.76%
Mr Hien Quang Trinh	9,100,144	0.75%
Tappenden Holdings Limited	8,572,349	0.71%
Rubi Holdings Pty Ltd	8,000,000	0.66%
Mr Andrew Mark Jones	7,972,215	0.66%

8. Company Secretary

For the purposes of the ASX Listing Rules, the Company Secretary is currently Melisa Beight.

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	1,476,698
B - Options over Ordinary Shares ²	15	1,088,939
C - Options over Ordinary Shares ³	2	1,143,413

1 Pre-IPO Employee Share Options: exercise price is NZ\$0.16.

2 Options issued to Employees under ESOP: exercise price A\$0.20

3 NEDs Options under the ESOP: exercise price A\$0.225

14. Review of Operations

A review of the operations and activities of the Company for the year ended 31 March 2020 is provided in the Chairman's report and Chief Executive's report sections of this Annual Report.

15. Buy-Back

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

16. 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.

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 Shelley Ruha
Australian Lawyers	Bird & Bird Lawyers Level 11, 68 Pitt Street Sydney, NSW 2000, Australia
New Zealand Lawyers	Webb Henderson Level 3, 110 Customs Street West Auckland 1010 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

