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**ASX: 9SP**

**ASX Announcement  
30 November 2020**

**Appendix 4D and Condensed Consolidated Interim Financial Statements  
9 Spokes International Limited  
30 September 2020**

In accordance with Listing Rule 4.2A, please find attached the Appendix 4D and Condensed Consolidated Interim Financial Statements for the half-year ended 30 September 2020 and the accompanying Chairman and Chief Executive Review.

**Highlights:**

- Net loss after income tax was \$2.6 million (2019: \$3.0 million), a reduction of 14%.
- Total revenue was \$3.5 million (2019: \$3.3million), an increase of 6%.
- Total expenses were \$6.0 million (2019: \$5.8 million), an increase of 3%.
- Visa and 9Spokes signed a multi-year global strategic partnership.
- 9Spokes and Fundation signed a distribution partner agreement.

Detailed commentary on the results is contained in the Condensed Consolidated Interim Financial Statements and accompanying Chairman and Chief Executive's Review. It is recommended that these half-year reports be read in conjunction with the Annual Report for the year ended 31 March 2020 and any public announcements made by the Company during the half-year.

Announcement authorised by 9Spokes' Chief Executive, Adrian Grant.

**About 9Spokes**

9Spokes is a powerful business ecosystem with global scale. It offers modern businesses a management app that brings meaningful data together across a business, its apps, and its bank. Think of 9Spokes as a virtual advisor, here to motivate and guide businesses so they not only survive but grow and thrive.

Powered by bank and business data, 9Spokes delivers meaningful, personalized, and shareable insights to businesses to help inform their next move and steer them towards their goals. It's a collaborative resource that facilitates holistic conversations between businesses and their banks that go beyond just the financials, helping to improve visibility and reduce risk. Businesses gain a value-added business hub, while their banks get the insights needed to offer products and services better tailored to their customers' needs.

Find out more at [9spokes.com](https://9spokes.com)

9 Spokes International Limited (ASX:9SP) (“9Spokes” or “the Company”), ABN 610 518 075, presents its Appendix 4D report for the half-year ended 30 September 2020, incorporating results for the previous corresponding half-year ended 30 September 2019.

### Results for announcement to the market

	6 months ended 30 September 2020 (unaudited) NZ\$ million	6 months ended 30 September 2019 (unaudited) NZ\$ million	Amount changed NZ\$ million	% Change %
Total revenue from ordinary activities	3.5	3.3	0.2	6%
Net loss after income tax from ordinary activities	(2.6)	(3.0)	0.4	-14%
Net loss after income tax attributable to members	(2.6)	(3.0)	0.4	-14%

### Condensed Consolidated Interim Financial Statements

The information provided in this Appendix 4D is taken from the attached Condensed Consolidated Interim Financial Statements of the Company for the financial half-year ended 30 September 2020.

Commentary on the results is contained in the Condensed Consolidated Interim Financial Statements and accompanying Chairman and Chief Executive’s Review. These financial statements are presented in New Zealand dollars unless otherwise stated.

### Net tangible assets per security

	30 September 2020 (unaudited) NZ Cents	30 September 2019 (unaudited) NZ Cents
Basic and diluted loss per share	(0.19)	(0.39)
Net tangible assets per security	0.41	0.17

### Dividends or Distributions

There were no dividends or distributions and as at 30 September 2020, 9Spokes did not have any dividend reinvestment plans in operation.

**Details of entities over which control has been gained or lost during the period**

There were no entities over which control has been gained or lost during the half-year ended 30 September 2020.

**Details of associates and joint venture entities**

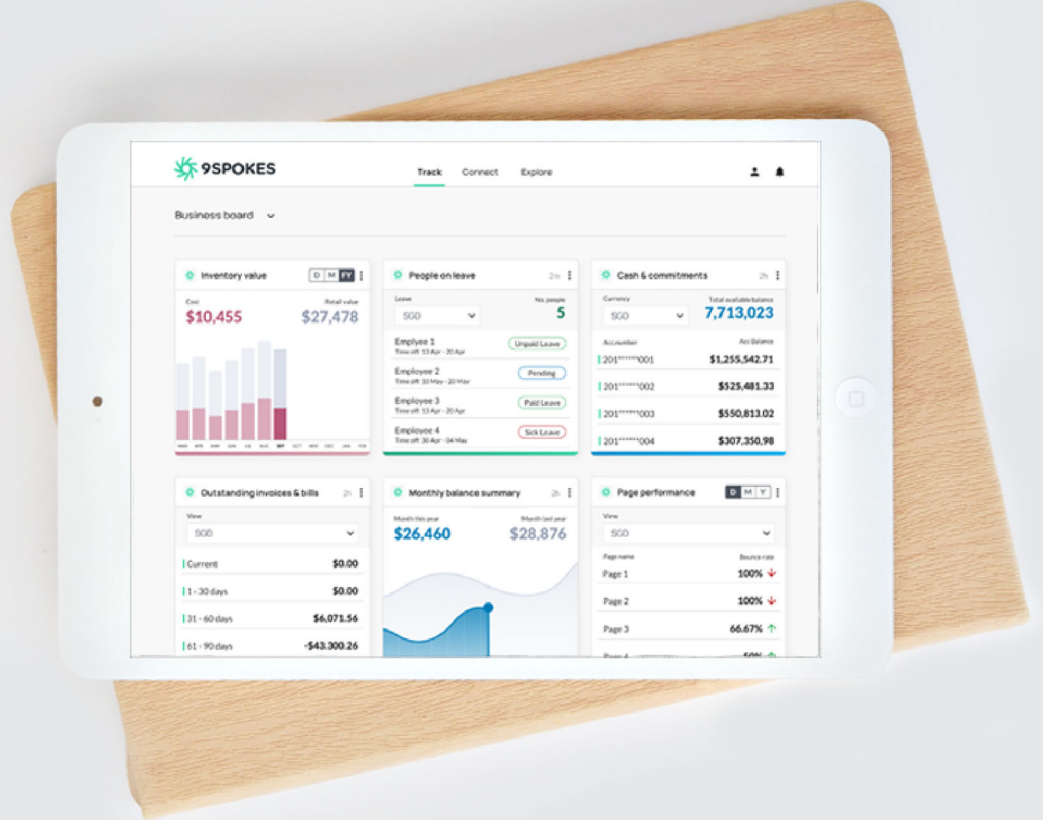
The Company has no associates or joint venture entities.

**Accounting standards**

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with the New Zealand International Accounting Standard, NZ IAS 34 Interim Financial Reporting. The Condensed Consolidated Interim Financial Statements contain an Independent Review Report completed by BDO.

**Auditor's review report**

There have been no modifications to the auditor's review report.



# 9 Spokes International Limited and subsidiary companies

Condensed Consolidated Interim  
Financial Statements for the 6 months  
ended 30 September 2020

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# Chairman and Chief Executive Review

# Chairman and Chief Executive Review

The Directors are pleased to present the condensed consolidated interim financial statements of 9 Spokes International Limited ("the Company" or "9Spokes") and its subsidiaries (together "the Group") for the 6 months ended 30 September 2020.

These financial statements should be read in conjunction with the Group's Annual Report for the year ended 31 March 2020, issued on 15 July 2020.

## Financial performance

The Group's financial performance for the 6 months ended 30 September 2020 demonstrates an improved position compared to the same period last year. The Group reported a net loss before taxes of \$2.6 million, compared to \$3.0 million in the same period last year. This 14% reduction in net loss before taxes is mainly a result of a \$0.4 million decrease in net finance expenses.

Total revenue increased by 6% to \$3.5 million. Operating revenue remained in line with the prior period. The Group reported contract liabilities (deferred revenue) of \$2.7 million, compared to \$2.5 million reported as at 31 March 2020, which will be released as revenue over the initial term of the contracts or as development work is completed. Of this deferred revenue, \$1.7 million will be recognised as revenue over the 12 months ended 30 September 2021, and the remaining \$1.0 million within the following 18 months.

Total expenses increased by 3%, reflecting the Group's continued focus on expenditure control in-line with revenue.

### 6 Months Financial Performance

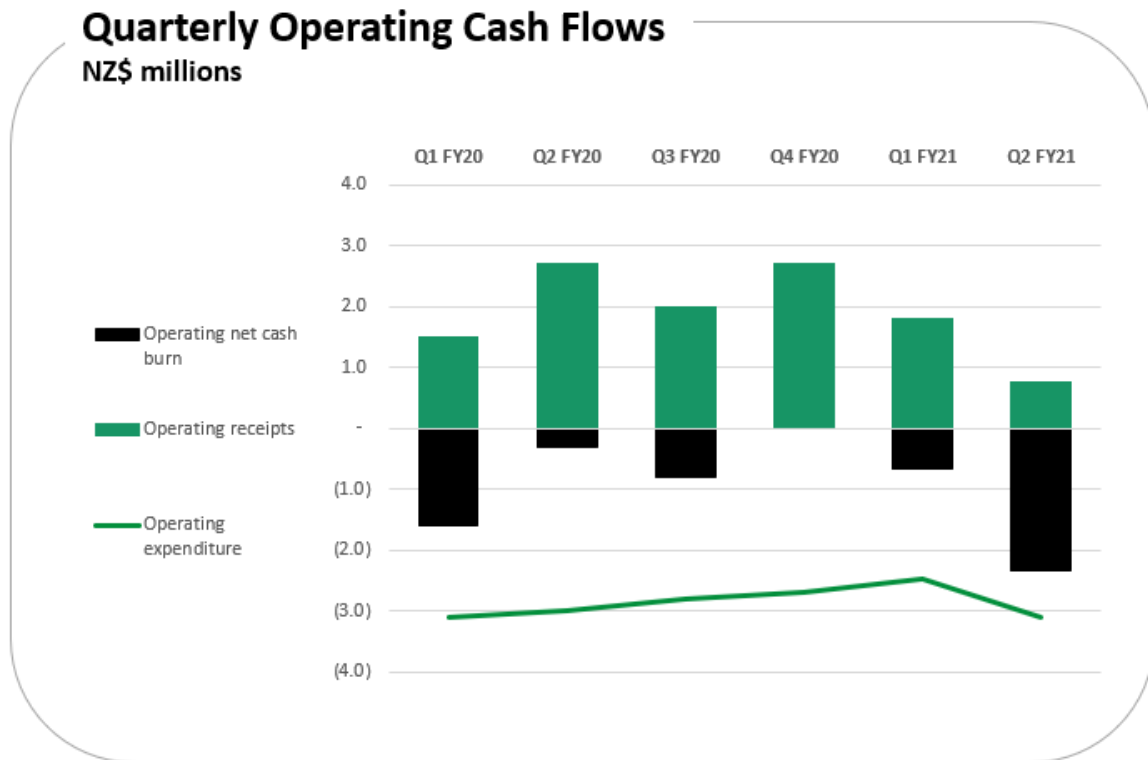
	<b>2020</b> <b>(unaudited)</b> NZ\$ million	<b>2019</b> <b>(unaudited)</b> NZ\$ million	<b>Variance</b> NZ\$ million	<b>Variance</b> %
Total revenue	3.5	3.3	0.2	6%
Total expenses	(6.0)	(5.8)	(0.2)	3%
Net finance expense	(0.1)	(0.5)	0.4	-81%
<b>Net loss before income tax</b>	<b>(2.6)</b>	<b>(3.0)</b>	<b>0.4</b>	<b>-14%</b>

## Cash flow

Net cash outflows from operating activities for the 6 months ended 30 September 2020 were \$3.1 million (2019: \$1.7 million).

Receipts from customers were \$2.0 million (2019: \$3.2 million), this decrease was largely due to the late remittance of an anticipated client payment of \$1.0 million, which was subsequently received on 1 October 2020. Payments to employees and suppliers were \$5.6 million (2019: \$5.4 million).

Following a successful capital raise during September 2020, the Group reported cash and cash equivalents of \$8.3 million as at 30 September 2020 (2019: \$2.4 million).





## **The market opportunity**

The events of 2020 to date have presented all businesses with a set of unprecedented challenges. There has been strong incentive to adopt digital technologies and move to the cloud to facilitate new ways of working through real-time collaboration.

Banks too have felt this; the shift in small business customer demands towards a digital agenda has accelerated an existing trend of digital adoption within the financial sector. Further, as access to finance remains a challenge for small businesses, customer intelligence and delivery of an improved customer experience is vital for financial institutions.

The implications of COVID-19 have further validated the 9Spokes proposition. The data and insights that are core to the platform are a foundational bridge between banking and SMB performance. The pandemic-driven change to the way businesses operate coincides with profound changes to lending practices – driven by neo banks and new lending platforms. The pace of change is such that management believes, within two to three years, it will become mandatory for all lending decisions to be supported by access to real-time data on the trading performance of a business.

The conversations the Group is having today are noticeably different to those of 12 months ago – underscoring a real gap in the market and validating 9Spokes' significant investment over many years to build a bank grade ecosystem. The banking partners the Group works with and the strategic partnerships it has established over the past 18 months are critical to this.

## **Business update**

Over the 6 months ended 30 September 2020, the Group:

- Signed contracts with Visa U.S.A. Inc and Foundation, key partners that establish strong footholds globally and position the Group to sell at scale.
- Commenced go-to-market activities with partners, including extensive sales training of partner employees and building a pipeline of opportunities.
- Continued to mature and strengthen existing relationships with banking and strategic partners.
- Continued to significantly invest in platform development and implemented platform enhancements to ensure a robust and scalable ecosystem.

## New business development and banking partners

There is a lot to be said for the power of partnerships, especially within the fintech sector where ecosystems are becoming the *modus operandi*. The Group made establishing and developing such partnerships a core focus, as demonstrated by the relationships now in place.

In the 6 months ended 30 September 2020:

- **Visa:** 9Spokes achieved a significant milestone by entering a multi-year global strategic partnership with Visa U.S.A. Inc on 20 July 2020. Under the five-year term agreement, Visa will resell the 9Spokes solution to its clients and their small business customers.
- **Fundation:** On 18 August 2020, 9Spokes signed a distribution partner agreement with Fundation Group LLC, a US-based SMB digital lending platform. The agreement sees the 9Spokes platform introduced to Fundation's bank partners within the US banking sector.

The value of 9Spokes' distribution model and its partnerships with Visa, Fundation, and Microsoft is in the ability to grow the Group's reach globally, to accelerate the sales pipeline and, ultimately, drive topline revenue. The Group is working closely with its partners to align operations and advance mutual objectives to bring the 9Spokes proposition to financial institutions globally. This is reflected in the number of financial institutions the Group is now in conversation with. Due to the commercial sensitivity of these agreements, 9Spokes will only provide market updates when there is something material to announce.

Concurrently, the Group continued to evolve established relationships with its banking partners and to focus on its direct-to-SMB channel:

- **Bank of New Zealand (BNZ):** 9Spokes and BNZ continue to enjoy a close relationship, collaborating to advance innovation across the ecosystem. The bank is playing a key role in the development of Monitor for bankers, detailed in the Product development section of this report.

In October 2020, 9Spokes signed a two-year contract renewal with BNZ, with a further two-year right of renewal.

- **Bank of America:** 9Spokes has launched a number of new features on the bank's white-label 9Spokes platform, including notifications and alerts. Together with Bank of America, the Group is completing commercial agreements with selected app partners, to be added to the bank's stack in the coming months.
- **OCBC Bank (Singapore):** During this reporting period, OCBC migrated to 9Spokes' V2 platform. The Group continues to work with OCBC to advance defined initiatives.
- **9Spokes Direct:** Critical to its objectives, the Group focused on strengthening its direct offering and building its presence in key markets.

## Product development

9Spokes continues to invest in research and development. Over the first 6 months of this financial year, significant progress was made on the Group's delivery strategy. The Group has in place a robust product pipeline, which includes connections with additional apps, an Excel add-in, multiple boards and the option to build a tile (metric) to help SMB users to visualize their business data and track performance, as well as features such as revenue forecasting.

Key deliveries over the 6 months ended 30 September 2020:

- In September, migration of OCBC Bank (Singapore) to the V2 platform was completed. All channels now operate on V2.
- With the V2 platform comes additional functionality, such as in-platform notifications and enriched UI-UX experience across all channels – including responsive design, new visuals, categorized app listings, and improved search functionality. A robust pipeline of platform enhancements and fresh features is in place, which will be introduced over the coming months.
- 9Spokes' progressive web app (PWA) was completed and launched. The PWA enables users to access business insights on their mobile devices with ease.
- Auto-provisioning, a tool enabling the seamless integration between banks' customer account records and the 9Spokes platform has launched. This enables banks to auto-enrol bank customers to the platform.
- Working closely with Microsoft, a new product for bankers called Monitor has been developed. An intuitive app that sits in Microsoft Teams, it will be available to banks using the 9Spokes platform, providing account managers with permissioned access to agreed information.
- 9Spokes earned open banking QWAC (Qualified Website Authentication Certificates) and QSeal (Qualified Certificate for Seals) certificates over this reporting period. On top of 9Spokes' existing open banking credentials, these certificates enabled the Group to begin the production setup for all UK banks supporting open banking.
- Finally, a complete brand refresh – updating the 9Spokes vision, messaging, and visuals, as well as a new website and related collateral – was undertaken. This work coincided with the announcement of the Visa partnership, aligns the Group's brand with its global strategy, and better reflects the 9Spokes proposition.

## Board update

The following persons held office as Directors of 9 Spokes International Limited during the 6 months ended 30 September 2020:

- Paul Reynolds (Chair)
- Adrian Grant (Chief Executive)
- Mark Estall
- Shelley Ruha
- Thomas Power

Shelley Ruha and Thomas Power were reappointed to the Board of Directors by shareholders at the Group's AGM on 25 September 2020. Following his significant contribution to the business, co-founder and former CEO Mark Estall's resignation from the Board came into effect on 30 September 2020.

The Group recognizes the challenges faced universally over this half-year – personally and professionally. The Board thanks each member of the 9Spokes team for their commitment and contribution to 9Spokes, as well as banking, app, and strategic partners, investors, and other stakeholders for their support.

On behalf of the Board,

**Paul Reynolds**

**Chairman**

Handwritten signature of Paul Reynolds in black ink, enclosed in a white rectangular box.

**Adrian Grant**

**Chief Executive, Co-Founder**

Handwritten signature of Adrian Grant in black ink.

# Independent Auditor's Review Report

**INDEPENDENT REVIEW REPORT  
TO THE SHAREHOLDERS OF 9 SPOKES INTERNATIONAL LIMITED**

**Report on the Condensed Consolidated Interim Financial Statements**

We have reviewed the accompanying condensed consolidated interim financial statements for the six month period of 9 Spokes International Limited (the Company) and its subsidiaries (the Group), which comprise the condensed consolidated statement of financial position as at 30 September 2020, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period ended on that date, and selected explanatory notes.

**Directors' Responsibilities for the Condensed Consolidated Interim Financial Statements**

The Directors of the Company are responsible for the preparation and fair presentation of the condensed consolidated interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and for such internal control as they determine is necessary to enable the preparation and fair presentation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

**Our Responsibility**

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting*. As the auditor of 9 Spokes International Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of condensed consolidated interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on those financial statements.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, 9 Spokes International Limited or its subsidiaries.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated interim financial statements of 9 Spokes International Limited do not present fairly, in all material respects the financial position of the Group as at 30 September 2020 and of its financial performance and its cash flows for the six month period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting*.

**Who we Report to**

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review 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 shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

*BDO Auckland*

BDO Auckland  
New Zealand  
30 November 2020

# Condensed Consolidated Interim Financial Statements

	Notes	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
<b>Revenue</b>			
Operating revenue	4a	2,814	2,792
Other operating income	4b	639	474
<b>Total revenue</b>		<b>3,453</b>	<b>3,266</b>
<b>Expenses</b>			
Operating expenses	5a	(1,537)	(594)
Research and development expenses	5b	(1,570)	(2,321)
Sales, marketing, and administration expenses	5c	(2,856)	(2,867)
<b>Total expenses</b>		<b>(5,963)</b>	<b>(5,782)</b>
<b>Finance income and expenses</b>			
Finance income	7	8	590
Finance expenses	7	(95)	(1,113)
<b>Net loss before income tax</b>		<b>(2,597)</b>	<b>(3,039)</b>
Income tax		-	1
<b>Net loss for the period</b>		<b>(2,597)</b>	<b>(3,038)</b>
<b>Other comprehensive income / (loss)</b>			
Foreign exchange translation of international subsidiaries		242	(118)
<b>Total other comprehensive income / (loss) for the period</b>		<b>242</b>	<b>(118)</b>
<b>Total comprehensive loss attributable to shareholders</b>		<b>(2,355)</b>	<b>(3,156)</b>
<b>Loss per share</b>			
Basic and diluted loss per share	12	<b>(\$0.0021)</b>	<b>(\$0.0037)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the Condensed Consolidated Interim Financial Statements.



	Notes	Share capital \$'000	Share based payments reserve \$'000	Foreign currency translation reserve \$'000	Equity reserve \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance as at 1 April 2020</b>		<b>59,523</b>	<b>906</b>	<b>(343)</b>	<b>-</b>	<b>(57,950)</b>	<b>2,136</b>
Proceeds from shares issued	11	6,476	-	-	-	-	6,476
Funds received for shares issued 1 October 2020	11	-	-	-	462	-	462
Costs of capital raise	11	(625)	-	-	-	-	(625)
<b>Total contributions by and distributions to owners</b>		<b>5,851</b>	<b>-</b>	<b>-</b>	<b>462</b>	<b>-</b>	<b>6,313</b>
Other comprehensive income - foreign currency translation		-	-	242	-	-	242
Net loss for the period		-	-	-	-	(2,597)	(2,597)
<b>Total comprehensive income/ (loss) for the period</b>		<b>-</b>	<b>-</b>	<b>242</b>	<b>-</b>	<b>(2,597)</b>	<b>(2,355)</b>
<b>Balance as at 30 September 2020</b>		<b>65,374</b>	<b>906</b>	<b>(101)</b>	<b>462</b>	<b>(60,547)</b>	<b>6,094</b>
<b>Balance as at 1 April 2019</b>		<b>48,984</b>	<b>906</b>	<b>(143)</b>	<b>-</b>	<b>(53,069)</b>	<b>(3,322)</b>
Proceeds from shares issued		6,310	-	-	-	-	6,310
Share option expense		-	6	-	-	-	6
Shares issued in settlement of short-term loan		1,356	-	-	-	-	1,356
Costs of capital raise		(827)	-	-	-	-	(827)
<b>Total contributions by and distributions to owners</b>		<b>6,839</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,845</b>
Other comprehensive loss - foreign currency translation		-	-	(118)	-	-	(118)
Net loss for the period		-	-	-	-	(3,038)	(3,038)
<b>Total comprehensive loss for the period</b>		<b>-</b>	<b>-</b>	<b>(118)</b>	<b>-</b>	<b>(3,038)</b>	<b>(3,156)</b>
<b>Balance as at 30 September 2019</b>		<b>55,823</b>	<b>912</b>	<b>(261)</b>	<b>-</b>	<b>(56,107)</b>	<b>367</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the Condensed Consolidated Interim Financial Statements.

	Notes	30 September 2020 (unaudited) \$'000	31 March 2020 (audited) \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		170	206
Right of use assets	10	1,151	1,398
<b>Total non-current assets</b>		<b>1,321</b>	<b>1,604</b>
<b>Current assets</b>			
Cash and cash equivalents	9	8,302	5,093
Trade and other receivables		2,489	631
Contract assets	4a	36	50
<b>Total current assets</b>		<b>10,827</b>	<b>5,774</b>
<b>Total assets</b>		<b>12,148</b>	<b>7,378</b>
<b>Equity</b>			
Share capital	11	65,374	59,523
Equity reserve	11	462	-
Share based payments reserve		906	906
Foreign currency translation reserve		(101)	(343)
Accumulated losses		(60,547)	(57,950)
<b>Total equity</b>		<b>6,094</b>	<b>2,136</b>
<b>Non-current liabilities</b>			
Provision for make good	10	60	60
Lease liabilities	10	838	1,112
Contract liabilities	4a	995	1,490
<b>Total non-current liabilities</b>		<b>1,893</b>	<b>2,662</b>
<b>Current liabilities</b>			
Trade and other payables		1,906	1,107
Lease liabilities	10	526	486
Contract liabilities	4a	1,729	987
<b>Total current liabilities</b>		<b>4,161</b>	<b>2,580</b>
<b>Total equity and liabilities</b>		<b>12,148</b>	<b>7,378</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the Condensed Consolidated Interim Financial Statements.

	Notes	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		2,008	3,167
Receipts from Government grants		561	577
Payments to employees and suppliers		(5,583)	(5,412)
		<b>(3,014)</b>	<b>(1,668)</b>
Interest received		12	5
Interest paid		(4)	(8)
Lease interest paid		(90)	(68)
<b>Net cash outflows from operating activities</b>	8	<b>(3,096)</b>	<b>(1,739)</b>
<b>Net cash flows from investing activities</b>			
		-	-
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	11	6,955	6,310
Repayment of short-term loan		-	(2,321)
Costs of raising capital	11	(420)	(827)
Principal portion of lease liability		(234)	(247)
<b>Net cash inflows from financing activities</b>		<b>6,301</b>	<b>2,915</b>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		5,093	1,360
Foreign exchange gain / (loss) on cash and cash equivalents		4	(117)
<b>Cash and cash equivalents at end of the period</b>		<b>8,302</b>	<b>2,419</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the Condensed Consolidated Interim Financial Statements.

## 1. General information

These condensed consolidated interim financial statements are for 9 Spokes International Limited (“the Company” or “9Spokes”) and its subsidiaries (together “the Group”).

9Spokes is a limited liability company domiciled and incorporated in New Zealand. The Company’s registered office is located at Level 4, AECOM House, 8 Mahuhu Crescent, Auckland 1010, New Zealand. The Company is listed on the Australian Stock Exchange (ASX: 9SP).

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

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 30 November 2020.

## 2. Basis of preparation

These condensed consolidated interim financial statements for the Group are for the 6 months ended 30 September 2020. For the purposes of complying with the generally accepted accounting practice in New Zealand (“NZ GAAP”), the Group is a for-profit entity.

These condensed consolidated interim financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ IAS 34: Interim Financial Reporting and IAS 34: Interim Financial Reporting.

These condensed consolidated interim financial statements do not include all the notes typically included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements for the year ended 31 March 2020, which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and ASX Listing rules. The comparatives used in the Condensed Consolidated Statement of Financial Position are those as at 31 March 2020, while comparatives used in the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Cashflows and Condensed Consolidated Statement of Changes in Equity are for the 6 months ended 30 September 2019.

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of the Group for the year ended 31 March 2020. Certain comparative information has been reclassified to conform with the current period’s presentation.

The financial statements are presented in New Zealand dollars. All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand New Zealand dollars unless otherwise stated. Items presented with A\$ represent Australian dollars.

### a. Update on COVID-19 outbreak

Due to the ongoing impact of COVID-19, management has reviewed the operational risk assessment provided in the 31 March 2020 financial statements and believes that there continues to be no significant impact on the Group’s employees, suppliers, and banking partners. It is still unclear when international travel will recommence, therefore the Group expects the reduction in travel and entertainment costs to be maintained.

## b. Going concern

In preparing these condensed consolidated interim financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern. The Directors believe that the Group is in a strong position to secure new revenue; this in addition to a successful capital raise (refer to Note 11), has given Directors the comfort to continue to prepare the financial statements on a going concern basis.

## c. Foreign currency

### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

### *Foreign currency transactions*

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

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

## 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 its bank.

At an operational level, the chief operating decision makers, consisting of the Chief Executive Officer and the Chief Financial Officer, continue to assess the Group as a whole, with revenue reported at a geographical level based on the location of the customer.

Revenue was sourced from the following geographical locations:

	6 months ended 30 September 2020 \$'000	6 months ended 30 September 2019 \$'000
Europe	-	1,919
North America	1,995	-
Asia Pacific	1,458	1,347
<b>Total operating revenue and other income</b>	<b>3,453</b>	<b>3,266</b>
<b>Comprising</b>		
Total operating revenue	2,814	2,792
Other income	639	474

#### 4. Revenue

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

##### a. Operating revenue from contracts with customers

	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
Implementation revenue	491	907
Platform access revenue	2,217	1,820
Development revenue	-	-
Other revenue from customers	106	65
<b>Total operating revenue</b>	<b>2,814</b>	<b>2,792</b>

#### Recognition of operating revenue from contracts with customers

##### Implementation fees and platform access fees

The Group receives implementation fees and platform access fees in relation to the platforms it provides to its customers. Implementation fees are received as part of the deployment of the 9Spokes 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 types of fees, there is only one performance obligation, which is to provide the platform services to the 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 Condensed 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 revenue is recognised over time on the basis that the customer simultaneously receives and consumes the benefits provided by the Group's performance.

The following table provides further information on the application of NZ IFRS 15 across the three main revenue categories in the Group. The revenue streams detailed below represent 78% of the Group's total revenue for the 6 months ended 30 September 2020 (2019: 84%).

Revenue type	Description	Key judgements	Outcome	Timing of revenue recognition
Implementation revenue	Deployment of 9Spokes' 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, over the expected licence period, once the system has been deployed.
Platform access revenue	The right to access 9Spokes' platform.	Determining whether the platform access is a distinct performance obligation.	As above.	Over time – recognised monthly, on a straight-line basis, providing a recurring stream of revenue over the expected licence period.
Development revenue	Development of additional features, tiles or other items as requested by the customer.	Determining whether the additional functionality is a distinct performance obligation.	The customer benefits from the additional functionality from the point of completion of the development work.	At a point in time – on completion of the development work when the functionality is being made available to the customer.

### Contract liabilities (deferred revenue)

Implementation and development fees received prior to deployment, as well as access fees received ahead of service delivery, are deferred in the Condensed Consolidated Statement of Financial Position and treated as a contract liability. The Group had deferred implementation revenue as at 30 September 2020 of \$2.7 million (31 March 2020: \$2.5 million). Implementation fees released from contract liabilities to the Condensed Consolidated Statement of Comprehensive Income for the 6 months ended 30 September 2020 were \$0.5 million (2019: \$0.9 million). No development fees had been released from contract liabilities as at 30 September 2020.

### Accounting for costs to fulfil contracts

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 Condensed Consolidated Statement of Financial Position and amortised on a straight-line basis over the same period that the implementation revenue is recognised.

## b. Other operating income

	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
Government grants	516	449
Other income	123	25
<b>Total other operating income</b>	<b>639</b>	<b>474</b>

### 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.

## 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. Operating expenses

	Notes	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
Employee benefit expenses	6	1,213	370
Other operating expenses		8	10
Platform hosting and tools		233	152
Third-party contractors		83	62
<b>Total operating expenses</b>		<b>1,537</b>	<b>594</b>



## b. Research and development expenses

	Notes	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
Amortisation of previously capitalised contract assets	4a	14	270
Depreciation expense		156	200
Employee benefit expenses	6	1,058	1,491
Other research and development expenses		266	268
Third-party contractors		76	92
<b>Total research and development expenses</b>		<b>1,570</b>	<b>2,321</b>

## c. Sales, marketing and administration expenses

	Notes	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
Depreciation expense		149	154
Directors' consultancy services	14	20	5
Directors' fees	14	219	103
Employee benefit expenses	6	1,134	1,819
Foreign exchange loss / (gain)		303	(126)
Marketing expenses		192	60
Professional, rent, office costs and other administration expenses		828	632
Travel		11	220
<b>Total sales, marketing, and administration expenses</b>		<b>2,856</b>	<b>2,867</b>

The increase in directors' fees relates to two new non-executive Directors, Shelley Ruha and Mark Estall. Mark Estall transitioned from Executive Director to Non-Executive Director effective 24 February 2020. The increase in marketing expenses relates to the one-off investment in the Company's brand and website development.

## 6. Employee benefit expenses

	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
Wages and salaries	3,141	3,511
Share option expense	-	5
Employer contribution to pension schemes	132	130
Other benefits	132	34
<b>Total employee benefit expenses</b>	<b>3,405</b>	<b>3,680</b>

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.

On an aggregate basis there are fewer employees during the period which has led to a lower wages and salaries expense. The allocation of expenses by nature has varied in the current period due to the mix of different projects and responsibilities assigned to employees.

## 7. Finance income and expenses

Notes	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
<b>Finance income</b>		
Fair value gain on loan conversion option	-	585
Interest receivable on short term bank deposits	8	5
<b>Total finance income</b>	<b>8</b>	<b>590</b>
<b>Finance expenses</b>		
Finance expense on short term loan	-	1,040
Interest on lease liabilities	90	65
Bank interest payable	5	8
<b>Total finance expenses</b>	<b>95</b>	<b>1,113</b>

The short-term loan, including fees and interest, was settled in May 2019.

## 8. Reconciliation of reported net loss for the period with cash flows from operating activities

	6 months ended 30 September 2020 (unaudited) \$'000	6 months ended 30 September 2019 (unaudited) \$'000
<b>Net loss for the period</b>	<b>(2,597)</b>	<b>(3,038)</b>
<b>Non-cash items:</b>		
Depreciation expense	305	350
Share option expense	-	5
Finance expense on short-term loan	-	1,040
Fair value gain on loan conversion option	-	(585)
Foreign exchange loss on monetary assets	(6)	-
<b>Changes in working capital:</b>		
Increase in trade and other receivables	(1,858)	(764)
Decrease in contract assets	14	355
Increase / (decrease) in trade and other payables	799	(148)
Increase in contract liabilities	247	1,046
<b>Net cash flow from operating activities</b>	<b>(3,096)</b>	<b>(1,739)</b>

## 9. Cash and cash equivalents

As at 30 September 2020, the Group continues to provide a guarantee of \$0.4 million for the operating lease on its Auckland premises, held by ASB Bank Limited. These funds are restricted until the lease of the Auckland premises ends.

## 10. 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 range of different terms and conditions. The lease agreements do not impose any covenants, however, 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 plus make good provisions. Key movements during the period, relating to right of use assets, are presented below:

	30 September 2020 (unaudited) \$'000	30 March 2020 (audited) \$'000
<b>Opening balance</b>	1,398	-
Additions due to first-time adoption of NZ IFRS 16	-	1,043
Remeasurement during the year	-	911
Additions during the year	-	-
Depreciation expense	(247)	(556)
<b>Closing balance</b>	1,151	1,398

## 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 Condensed Consolidated Statement of Comprehensive Income. The expense relating to short-term leases for the 6 months ended 2020 was \$0.1 million (2019: \$0.1 million).

	30 September 2020 (unaudited) \$'000	30 March 2020 (audited) \$'000
<b>Opening balance</b>	1,598	-
Recognition due to first-time adoption of NZ IFRS 16	-	1,187
Remeasurement during the year	-	911
Additional leases entered into during the year	-	-
Repayments	(234)	(500)
<b>Closing balance</b>	1,364	1,598

The maturity of the lease liabilities is as follows:

	30 September 2020 (unaudited) \$'000	31 March 2020 (audited) \$'000
Less than one year	526	486
One to five years	838	1,112
<b>Total lease liabilities</b>	1,364	1,598

## 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.

## 11. Share capital

On 28 August 2020, the Company announced a successful capital raise of A\$10.0 million via placement to sophisticated and institutional investors through the issue of 277.8 million new ordinary shares at an issue price of A\$0.036 per share. The placement was completed in two tranches:

- Tranche 1, completed on 4 September 2020 and consisting of 166.0 million shares issued within the Company's placement capacity,
- Tranche 2, completed on 1 October 2020. Refer to Note 15 for further details.

	Share capital (unaudited) \$'000	Authorised, issued and fully paid shares 000's
<b>Balance as at 1 April 2020</b>	<b>59,523</b>	<b>1,215,560</b>
Shares issued for cash at A\$0.036 per share (\$0.039)	6,476	166,000
Costs of capital raise	(625)	-
<b>Balance as at 30 September 2020</b>	<b>65,374</b>	<b>1,381,560</b>

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.

The \$0.5 million recorded in equity reserve relates to funds received in advance for the Tranche 2 shares. These will be transferred to share capital effective 1 October 2020, being the date Tranche 2 was completed.

## 12. Loss per share

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

	6 months ended 30 September 2020 (unaudited) '000	6 months ended 30 September 2019 (unaudited) '000
Total loss attributable to shareholders	(\$2,597)	(\$3,038)
Ordinary number of shares	1,381,560	948,893
Weighted average number of shares on issue	1,239,274	816,794
<b>Basic and diluted loss per share</b>	<b>(\$0.0021)</b>	<b>(\$0.0037)</b>

## 13. 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 with breakdown provided below:

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

As at balance date, the Company did not make any recommendation with regards to the repayment plan and therefore has not recognised this arrangement as a liability. It is currently uncertain when and if the repayment will happen. As the Group 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.

## 14. Related party transactions and balances

### a. Transactions with related parties during the period

Name of related party	Nature of relationship	Transaction	6 months ended	6 months ended
			30 September 2020 (unaudited) \$'000	30 September 2019 (unaudited) \$'000
Paul Reynolds	Director	Directors' fees	85	70
Tightline Advisory Limited <sup>(1)</sup>	Director	Consulting services	-	5
Shelley Ruha	Director	Directors' fees	48	-
Thomas Power	Director	Directors' fees	40	-
Social Power (Surrey) Limited <sup>(2)</sup>	Director	Directors' fees	-	33
Mark Estall	Director	Directors' fees	40	-
Te Arai Advisory Limited <sup>(3)</sup>	Director	Consulting services	20	-
Mint Recruitment Limited <sup>(4)</sup>	Family member of Director	Provision of recruitment services	76	22

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. Non-executive Director, Marl Estall is a Director and shareholder of Te Arai Advisory Limited.
4. A member of Executive Director, Adrian Grant's family is a Director and shareholder of Mint Recruitment Limited.

#### b. Amounts owed by the Group to related parties

Name of related party	Nature of relationship	Balance type	30 September 2020	31 March 2020
			(unaudited)	(audited)
			\$'000	\$'000
Mint Recruitment Limited	Family member of Director	Trade and other payables	16	8
Paul Reynolds	Director	Trade and other payables	-	13
Social Power (Surrey) Limited	Director	Trade and other payables	-	7
<b>Net amounts owed to related parties</b>			<b>16</b>	<b>28</b>

## 15. Events after the reporting period

### Share capital

On 1 October 2020, the Company completed Tranche 2 of the A\$10.0 million placement announced on 28 August 2020, which consisted of the issue of the remaining 111.8 million ordinary shares at an issue price of A\$0.036 per share.

This transaction resulted in \$4.0 million increase in share capital, and cost related to raising this capital amounted to \$0.3 million. Refer to Note 11 for further details.

### Share-based payments

On 19 October 2020, following the shareholders' approval during the AGM held on 25 September 2020, the Company issued 8,455,613 options under the Company's ESOP to the Company's CEO, Adrian Grant for a value of \$0.2 million.

### Other events

On 28 October 2020, the Company announced the signing of a new contract with Bank of New Zealand, extending the existing relationship for two years, with a further two-year right of renewal.





