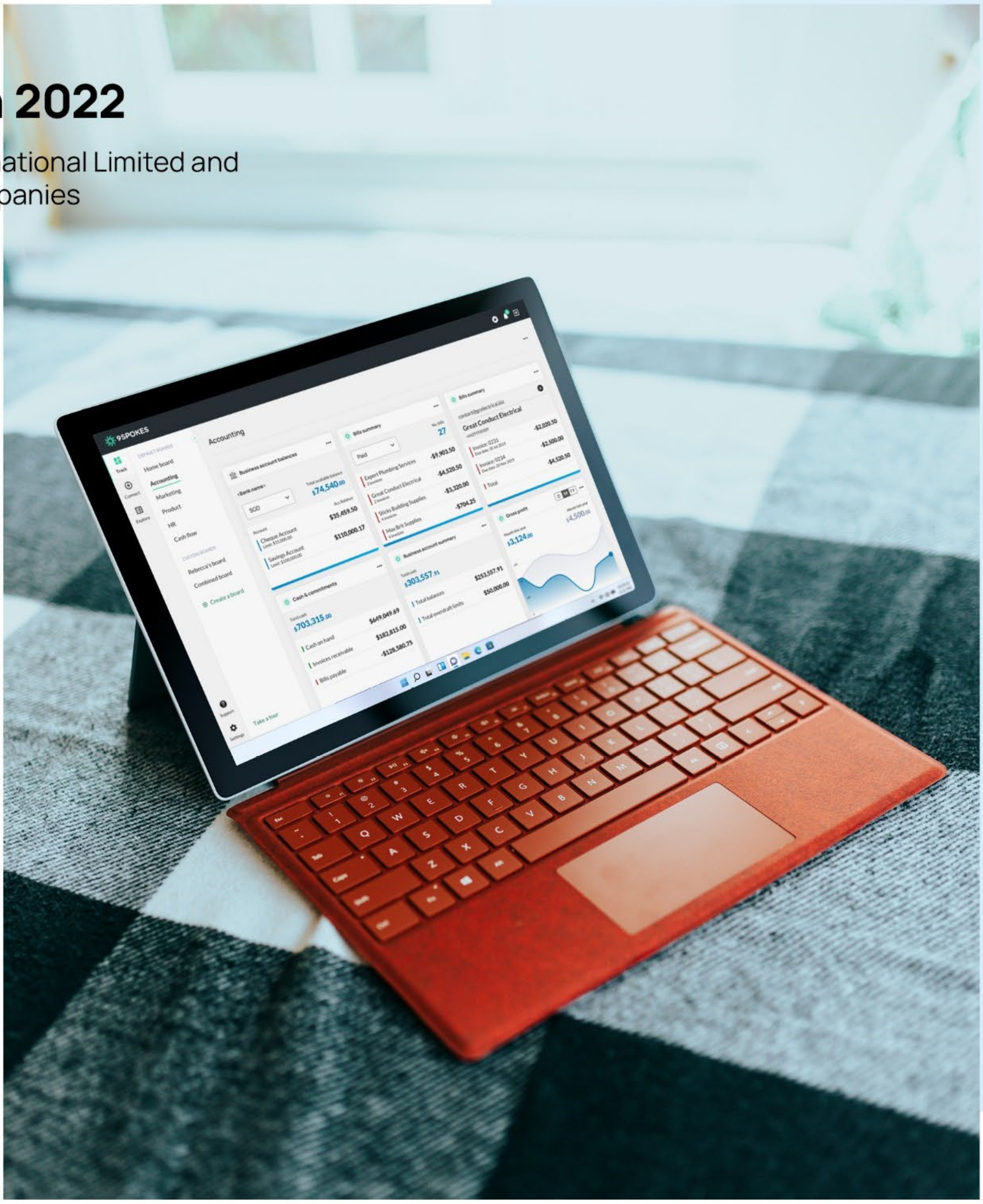
Annual Report



31 March 2022

9 Spokes International Limited and subsidiary companies

New Zealand company number 3538758
(ARBN 610 518 075)

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Chairman and Chief Executive’s report

Dear Shareholders,

Financial Performance:

Our financial performance this year largely mirrored our prior year results, save for two cost pressures on the business. The tech industry is experiencing significant inflationary pressure on wages which is being exasperated by high demand across sectors for IT talent. We also received a non-binding, indicative proposal to acquire all of the equity interests in the Company. The Board appropriately gave this proposal its full consideration and incurred material costs in doing so. However, the exercise also provided additional business development collateral and foundation analysis for our capital plan. Outside of these pressures we operated in line with our expenditure plan.

	2022 NZ$ million	2021 NZ$ million	Variance NZ$ million	Variance %
Total revenue	6.0	6.6	(0.6)	-9%
Total expenses	(12.2)	(11.6)	(0.6)	-5%
Net finance expense	0.0	(0.1)	0.1	100%
Net loss before income tax	(6.2)	(5.1)	(1.1)	-22%

Revenue

Total income for the year was $6.0 million (2021: $6.6 million). Our reported revenues comprise of implementation fees, annual platform license fees, development fees, and other revenue. Implementation fees are invoiced and receipted at the time of deployment and are then recognised over the initial term of a bank partner's contract. For the year ended 31 March 2022, recognised implementation revenue was $1.0 million (2021: $1.0 million); deferred implementation fee revenue was $1.9 million (2021: $1.7 million). Platform access revenue for the year was $4.2 million (2021: $4.2 million).

The Group generated revenue of $0.2 million (2021: $0.5 million) from additional services provided to existing bank partners and development revenue. Grant income of $0.5 million (2021 $0.7 million) has reduced due to less research and development work being completed and more iterative work being focused on.

Expenditure

Total expenditure for the year ended 31 March 2022 was $12.2 million (2021: $11.6 million). The increase in expenditure was due to the work completed to properly consider the non-binding, indicative offer received and from pressures on the labour market leading to increases in the employee benefit expense to meet the market and retain staff. Cost management and control continue to be a key objective as we enter FY23.

Cash flow

Annual net cash outflows from operations were $5.2 million (2021: $5.0 million). The Group had an increase in receipts from customers as a result of the implementation fees received from Virgin

Money and the early receipt of customer licence fees from one customer. The transition from the Callaghan Growth Grant to the Research and Development Tax Incentive ("RDTI") has resulted in a decrease in the receipts from government grants due to differences in the schemes. The Growth Grant was paid quarterly with the final FY21 payment being receipted in FY22 while the RDTI scheme is a tax incentive, and any eligible payments will be receipted subsequent to filing our tax return. Payments to employees and suppliers increased by $0.8 million due to the work completed to properly consider the non-binding, indicative offer received with a dual focus on a future capital raise alongside pressures on the labour market leading to the employee benefit expense increasing to meet the market and retain staff.

Cash and bank as at 31 March 2022 was $3.0 million (2021: $8.8 million).

Other:

The Company requested voluntary suspension from the ASX on 30 May 2022.

The Company subsequently announced a AU$1.119m conditional equity placement and a proposed debt facility to provide working capital and to undertake a Strategic Review of the Company and its operations on 18 July 2022.

Subsequent to balance date, Paul Reynolds and Thomas Power resigned from the Board and Kevin Phalen was elected as Chairman.

Approved for and on behalf of the Board on 29 July 2022.

Kevin Phalen **Chairman**	**Adrian Grant** **Chief Executive Officer**

02

Directors' report

Directors' report

The Board of Directors is pleased to present the financial statements for 9 Spokes International Limited for the year ended 31 March 2022.

The financial statements presented are signed for and on behalf of the Board and were authorised for issue on 29 July 2022.

Kevin Phalen	**Adrian Grant**
Chairman	**Chief Executive, Co-Founder**

03

Consolidated financial statements

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF 9 SPOKES INTERNATIONAL LIMITED

Opinion

We have audited the consolidated financial statements of 9 Spokes International Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). 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 are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or any of its subsidiaries.

Material Uncertainty Related to Going Concern

We draw attention to Note 2c to the consolidated financial statements, which indicates that the Group incurred a net loss of $6.1 million and the net cash outflows from operating activities of $5.2 million during the year ended 31 March 2022. As stated in Note 2c, these events or conditions, along with other matters as set forth in Note 2c, indicate that a 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.

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 period. 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.

Revenue from contracts with customers

Key Audit Matter

The Group receives implementation fees and platform access fees in relation to the platforms it provides to its enterprise customers. Management has judged that these two forms of fees represent a single performance obligation, with the fees aggregated and recognised over the service delivery period on a straight-line basis.

Additionally, the Group receives development fees in relation to services provided for the development of additional features, tiles or other items requested by the customer. Management has judged that there are distinct development performance obligations in respect of these services. Additionally, management has determined that the revenue from development fees is recognised at a point in time on completion of the development work and the functionality being made available to the customer.

Given the significance of the balances, the judgements involved, and the complexity of NZ IFRS 15 Revenue from Contracts with Customers, revenue from contracts with customers was considered a key audit matter.

The Group's revenue recognition accounting policy is disclosed in Note 4 to the financial statements.

How The Matter Was Addressed in Our Audit

In relation to the Group's platform access and implementation revenue:

- We obtained an understanding of the design and implementation of controls relating to the review and approval of customer contracts, and the application of the standard.
- We have assessed management's rationale for concluding the platform access and implementation fees are one performance obligation against the requirements of NZ IFRS 15 Revenue from Contracts with Customers.
- We have reviewed management's revenue recognition assessment for the new platform agreements entered into during the year to the Group's existing accounting policy and the requirements of NZ IFRS 15 Revenue from Contracts with Customers and the underlying customer contracts. We understood and challenged the commercial rationale against the underlying contracts.
- We have agreed a sample of the platform access fee revenue recognised to supporting invoices and bank receipts, ensuring revenue was recognised only from the date when the customer gained access to the platform.
- To ensure completeness of revenue, we have reviewed the inputs into the implementation fee schedules and reconciled the expected fee revenue amortisation from the schedule to the general ledger.

In relation to the Group's development fee revenue:

- We have reviewed management's revenue recognition assessment for the development fee revenue against the requirements of NZ IFRS 15 Revenue from Contracts with Customers and the underlying customer contracts. We understood and challenged the commercial rationale against the underlying contracts.
- We have agreed the development fee revenue to the completed Works Statements and the amounts received to bank statements.
- We have reviewed the disclosures to the financial statements, including revenue recognition accounting policy and revenue disaggregation.

Other Information

The directors are responsible for the other information. The other information comprises the Annual Report and the Appendix 4E Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of audit opinion or assurance conclusion thereon.

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, 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.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ 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 on behalf of the Group 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) 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 decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/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 Chris Neves.

BDO Auckland

BDO Auckland
Auckland
New Zealand
29 July 2022

	Notes	2022 $'000	2021 $'000
Income			
Operating revenue	4a	5,510	5,728
Other operating income	4b	520	870
Total income		**6,030**	**6,598**
Expenses			
Operating expenses	5a	(2,185)	(1,960)
Research and development expenses	5b	(2,811)	(3,123)
Sales, marketing and administration expenses	5c	(7,186)	(6,473)
Total expenses before finance income and expenses		**(12,182)**	**(11,556)**
Finance income and expense			
Finance income	8	95	40
Finance expense	8	(137)	(177)
Net loss before income tax		**(6,194)**	**(5,095)**
Income tax	9	-	-
Net loss for the period		**(6,194)**	**(5,095)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign exchange translation of international subsidiaries		213	146
Other comprehensive income for the period		**213**	**146**
Total comprehensive income attributable to shareholders		**(5,981)**	**(4,949)**
Earnings per share			
Basic and diluted earnings per share	18	**($0.0041)**	**($0.0037)**

	Notes	Share capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
Balance as at 1 April 2021		**69,390**	**1,008**	**(197)**	**(63,045)**	**7,156**
Contributions by and distributions to owners						
Share based payments	17	-	140	-	-	140
Total contributions by and distributions to owners		-	**140**	-	-	**140**
Other comprehensive income - foreign currency translation		-	-	213	-	213
Net loss for the period		-	-	-	(6,194)	(6,194)
Total comprehensive income for the period		-	-	**213**	**(6,194)**	**(5,981)**
Balance as at 31 March 2022		**69,390**	**1,148**	**16**	**(69,239)**	**1,315**
Balance as at 1 April 2020		**59,523**	**906**	**(343)**	**(57,950)**	**2,136**
Contributions by and distributions to owners						
Proceeds from shares issued	16	10,827	-	-	-	10,827
Cost of capital raise	16	(960)	-	-	-	(960)
Share based payments	17	-	102	-	-	102
Total contributions by and distributions to owners		**9,867**	**102**	-	-	**9,969**
Other comprehensive income - foreign currency translation		-	-	146	-	146
Net loss for the period		-	-	-	(5,095)	(5,095)
Total comprehensive income for the period		-	-	**146**	**(5,095)**	**(4,949)**
Balance as at 31 March 2021		**69,390**	**1,008**	**(197)**	**(63,045)**	**7,156**

	Notes	2022 $'000	2021 $'000
Assets			
Non-current assets			
Property, plant and equipment	13	93	98
Right of use asset	14	355	541
Finance lease receivables	14	-	468
Total non-current assets		**448**	**1,107**
Current assets			
Cash and cash equivalents	11	3,031	8,841
Trade and other receivables	12	794	1,143
Prepayments		307	188
Finance lease receivables	14	468	443
Contract assets	4a	125	63
Total current assets		**4,725**	**10,678**
Total assets		**5,173**	**11,785**
Equity			
Share capital	16	69,390	69,390
Share based payments reserve	17	1,148	1,008
Foreign currency translation reserve		16	(197)
Accumulated losses		(69,239)	(63,045)
Total equity		**1,315**	**7,156**
Non-current liabilities			
Provision for make good	14	60	60
Lease liabilities	14	209	963
Contract liabilities	4a	693	554
Total non-current liabilities		**962**	**1,577**
Current liabilities			
Trade and other payables	15	951	1,174
Lease liabilities	14	754	708
Contract liabilities	4a	1,191	1,170
Total current liabilities		**2,896**	**3,052**
Total equity and liabilities		**5,173**	**11,785**

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

	Notes	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		6,183	5,104
Receipts from Government grants		276	826
Payments to employees and suppliers		(11,746)	(10,945)
Interest received		35	7
Interest on net investment in lease receivables		88	9
Interest paid		(5)	(6)
Net cash (outflows) from operating activities	10	**(5,169)**	**(5,005)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(24)	(25)
Disposal of property, plant and equipment		-	4
Bank guarantee for sub-leased floor released		425	-
Bank guarantee for current lease entered into		(51)	-
Net cash inflows/(outflows) from investing activities		**350**	**(21)**
Cash flows from financing activities			
Proceeds from the issue of share capital	16	-	10,827
Costs of raising capital	16	-	(960)
Lease interest paid	14	(131)	(168)
Payment of principal portion of lease liability	14	(708)	(484)
Net cash (outflows)/inflows from financing activities		**(839)**	**9,215**
Net change in cash and cash equivalents		**(5,658)**	**4,189**
Cash and cash equivalents at beginning of the period		8,841	4,668
Foreign exchange gain / (loss) on cash and cash equivalents		(152)	(16)
Cash and cash equivalents at end of the period	11	**3,031**	**8,841**

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

1. General information

9 Spokes International Limited (the "Company" or "9Spokes") is a company registered under the New Zealand Companies Act 1993. The Company is listed on the Australian Securities Exchange (ASX). These financial statements of the Company and its subsidiaries (together the "Group") have been prepared in accordance with the ASX Listing Rules and the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

9Spokes is a limited liability company incorporated and domiciled in New Zealand. The registered office of the Company is Level 5, AECOM House, 8 Mahuhu Crescent, Auckland 1010, New Zealand.

9Spokes is an open data platform that aggregates meaningful data across a business, its apps, and banks.

These audited consolidated financial statements were authorised for issue by the Board of Directors on 29 July 2022.

2. Summary of Significant Accounting Policies

These are the consolidated financial statements for the Group for the year ended 31 March 2022.

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. For the purposes of complying with generally accepted accounting practices in New Zealand ("NZ GAAP") the group is a for-profit entity.

Basis of preparation

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared on the historical cost basis. The financial statements are presented in New Zealand dollars, which is the functional currency of the Company. All values are rounded to the nearest thousand dollars unless otherwise stated.

Impact of COVID-19

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

Employees

9Spokes is a cloud-native company; all employees can operate remotely. Prior to lockdown, the Group 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 Group has put in place policies to support and facilitate safe return to the office.

Suppliers

As a cloud software provider, 9Spokes 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

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

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

International markets

9Spokes employs people in the main markets in which it operates. With travel recommencing in the tail end of FY22, the Group anticipates an increase in travel costs in particular to facilitate in person sales conversations.

Going concern

The Group incurred a net loss of $6.1 million for the year ended 31 March 2022 and at balance date had cash at bank of $3.0 million and its net cash outflows from operating activities were $5.2 million during the period which indicate the existence of factors indicating uncertainties relating to the going concern.

The consolidated financial statements have been prepared on a going concern basis which assumes the Group has the intention and ability to continue its operations for the foreseeable future on the basis of a cashflow forecast for the period to 31 October 2023 which indicates a minimum positive cash balance of $261,000 over this period.

Forecasts by their nature are inherently uncertain due to unanticipated events (both positive and negative) and management note the headroom in the positive cash balance is sensitive to the following assumptions in addition to the operating cashflows:

- The receipt of c. $1.2 million from a capital raise (refer note 24) which is conditional on the company lodging a transaction specific cleansing prospectus with ASIC and there not being a determination under the Corporations Act by ASIC in force at the time of issue of the shares;
- The receipt of $353,000 (before costs) of working capital facility currently under negotiation but which has yet to be contractually agreed; and
- The receipt of prepaid revenue, implementation fees and licence fee renewals from existing counterparties which have not yet been contractually agreed. These receipts are forecast to exceed the revenue reported for FY22. Should these receipts not eventuate, without any other changes to the cashflows, there would no longer be a positive cash balance in December 2022.

The Board have also initiated a Strategic Review of the Group and its operations. The Strategic Review has not yet been completed and any potential outcomes (which may also be subject to shareholder approvals) have not been incorporated in the forecast cashflow other than its estimated costs.
The Board, having tested all assumptions and assessed execution risk, are of the view the Group will be in a position to achieve cash flows as forecast and an appropriate outcome from the Strategic Review will eventuate. Therefore, the Board consider it appropriate to continue to adopt the going concern basis in preparing these consolidated financial statements.

However, the cashflow forecast and the outcome of the Strategic Review are material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting policies and estimates in the year are:

- going concern (note 2c);
- the timing of revenue recognition (note 4a);
- expensing of research and development costs (note 5b);
- the non-recognition of deferred tax assets (note 9);
- the incremental borrowing rate selected for discounting lease liabilities (note 14).

At reporting 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.

Changes in accounting policies

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 2021.

Standards issued but not yet effective

There are no standards that have been issued but are not yet effective that are expected to have a significant impact on the Group. The Group has not adopted, and currently does not anticipate adopting, any standards prior to their effective dates.

Foreign currency

Foreign currency transactions

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

The foreign currency gains or losses on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Please refer to note 20 for further information on the Group's policy regarding the translation of foreign operations.

3. Segment reporting

The Group operates as a single business operating segment, providing an open data platform.

At an operational level, the chief operating decision makers, consisting of the Chief Executive Officer and the Finance Manager, 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.

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

Revenue was sourced from the following geographical locations:

	2022 $'000	2021 $'000
Europe	523	83
North America	3,881	3,819
Asia Pacific	1,626	2,696
Total operating income	**6,030**	**6,598**
Comprising:		
Total operating revenue	5,510	5,728
Other income	520	870

During the year ended 31 March 2022 the Group had four (2021: four) banking partners. Revenue from banking partners is currently the Group's primary source of revenue and accounted for 90% of the Group's revenue and other income (2021: 82%). In the year ended 31 March 2022 four of the banking partners each accounted for 9% or more of the Group's revenue while one had yet to go-live as at 31 March 2022.

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

	2022 $'000	2021 $'000
Implementation revenue	1,045	977
Platform access revenue	4,228	4,245
Development revenue	222	316
Other revenue from customers	15	190
Total operating revenue	**5,510**	**5,728**
Comprising:		
Revenue recognised over time	5,273	5,222
Revenue recognised at a point in time	237	506

Recognition of operating revenue from contracts with customers

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 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 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 recognized as revenue in the profit or loss on a straight-line basis over the expected term of the service, starting when the system has been deployed.

Development fees

The Group receives development fees in relation to customized development work and functionality within the platform it provides to its enterprise customers. These fees are charged to customers as part of the development and delivery of the bespoke features and form additional source of revenue for the Group.

The table below provides further information on revenue recognition across the three main revenue categories in the Group. The revenue streams detailed below represent 99% of the Group's total revenue for the year ended 31 March 2022 (2021: 97%).

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 on completion of implementation, revenue is recognized on a straight-line basis, equally over the expected license 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 – recognized monthly, on a straight-line basis, recurring over the expected license 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 development work and the functionality being made available to the customer.

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 $4.2 million (2021: $4.2 million). The contracted annual recurring platform access fee revenue for the year ending 31 March 2022 is $4.4 million at year end exchange rates. This is an increase of 7% compared to the same period last year (2021: $4.1 million). This increase in annual recurring revenue includes new revenue from the commencement of the contract with Virgin Money while the prior year figure includes revenue from the contract with OCBC prior to its cessation.

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 Consolidated Statement of Financial Position and amortised on a straight-line basis over the same period that the implementation revenues are recognized. The Group had no contract assets relating to costs to fulfil its obligations as at 31 March 2022 (2021: $0.02 million). $0.02 million of costs included in the contract assets as at 31 March 2021 were recognized in the profit or loss for the year ended 31 March 2022 (2021: $0.03 million).

A number of the Group's contracts are payable in arrears. As a result, where access has been granted for a period of time which has yet to be invoiced or paid for, the revenue due under the contract is recognized in the Consolidated Statement of Financial Position as a contract asset. As at 31 March 2022 the Group had $0.13 million (2021: $0.04 million) of contract assets relating to access provided and not yet invoiced or paid. $0.04 million of revenues included in the contract assets as at 31 March 2021 were recognized in the profit or loss for the year ended 31 March 2022 (2021: nil).

Contract liabilities

Implementation and platform access fees received prior to deployment of the 9Spokes system are recognized in the Consolidated Statement of Financial Position as contract liabilities. The Group had contract liabilities as at 31 March 2022 of $1.9 million (2021: $1.7 million). $0.9 million of implementation revenue included in contract liabilities at 31 March 2021 was recognized in the profit or loss for the year ended 31 March 2022 (2021: $1.0 million).

b) Other operating income

	2022 $'000	2021 $'000
Government grants	450	707
Other income	70	163
Total other operating income	**520**	**870**

Government grants

Grants from the Government are recognized 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 recognized 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 recognized relates to research and development.

In the year ended 31 March 2021, the Group was eligible for the Callaghan Innovation Growth Grant. During the year ended 31 March 2022, this Growth Grant was replaced by the R&D Tax Incentive scheme which allows claims of 15% tax credit on eligible research and development costs. As the Group does not have a tax expense rather than using the credits to reduce the tax payment the Group is able to get a cash payment for the eligible research and development costs. As at 31 March 2022, the Group had accrued income of $0.50 million relating to the R&D Tax Incentive which has applied for but not yet been received (2021: $0.22 million relating to the Growth Grant).

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

	Notes	2022 $'000	2021 $'000
Employee benefit expenses	6	1,526	1,130
Other operating expenses		11	43
Platform hosting and tools		598	522
Third party contractors		50	265
Total operating expenses		**2,185**	**1,960**

Third party contractor costs had a decreased allocation to operational expenses and an increased allocation to research and development costs due to the nature of the work being completed shifting away from product refinement and more towards developing our most recent product offerings.

The cost of platform hosting and tools has increased in correlation to growth in our platform.

b) Research and development expenses

	Notes	2022 $'000	2021 $'000
Amortisation of previously capitalised contract assets	4a	21	28
Depreciation expense	13	15	50
Depreciation - Right of use asset	14	67	195
Employee benefit expenses	6	1,954	2,327
Other research and development expenses		444	408
Third party contractors		310	115
Total research and development expenses		**2,811**	**3,123**

Research expenditure is recognized as the expense is incurred. Development costs that are directly attributable to the design and testing of an identifiable product are recognized 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, based on normal operating capacity.

c) Sales, marketing and administration expenses

	Notes	2022 $'000	2021 $'000
Depreciation expense	13	14	70
Depreciation - Right of use asset	14	119	273
Directors' consultancy services	23	-	20
Directors' fees	22	405	385
Resident directors' fees		9	9
Employee benefit expenses	6	3,718	3,399
Insurance		479	322
Remuneration of auditors	7	163	176
Foreign exchange loss / (gain)		201	327
Marketing expenses		367	221
Professional, office costs and other administration expenses		1,659	1,077
Short term and low value lease rental	14	22	165
Travel		30	29
Total sales, marketing and administration expenses		**7,186**	**6,473**

Resident director's fees are fees paid to third parties in jurisdictions where a resident director is required and there is no Group representative available.

6. Employee benefit expenses

	Notes	2022 $'000	2021 $'000
Short-term employee benefits		6,837	6,508
Share option expense	17	140	102
Employer contribution to pension schemes		221	246
Total employee benefit expenses		**7,198**	**6,856**

Employee benefit expenses were recorded in the following Consolidated Statement of Profit or Loss captions:		
Operating	1,526	1,130
Research and Development	1,954	2,327
Sales, Marketing and Administration	3,718	3,399
Total employee benefit expenses	**7,198**	**6,856**

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

7. Remuneration of auditors

	2022 $'000	**2021 $'000**
Audit and review of financial statements by BDO		
Audit of the annual financial statements	115	88
Review of the half year financial statements	48	51
Other services performed by BDO		
Callaghan Growth Grant review	-	8
Total fees paid and payable to BDO	163	147
Audit and review of financial statements by PwC		
Audit of the annual financial statements FY20	-	23
Other services performed by PwC		
Tax compliance and advice	-	6
Total fees paid and payable to PwC	-	29
Total fees paid and payable to auditors	**163**	**176**

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

8. Finance income and expenses

	Notes	2022 $'000	2021 $'000
Finance income			
Interest on short term bank deposits - financial assets at amortised cost		7	31
Interest on finance lease receivable		88	9
Total finance income		**95**	**40**
Finance expense			
Interest on lease liabilities	14	131	168
Finance interest - financial liabilities at amortised cost		6	9
Total finance expense		**137**	**177**

9. Income and deferred tax

Income tax is represented as follows:

	2022 $'000	2021 $'000
Current tax	-	-
Total current tax	**-**	**-**
Deferred tax expense		
Origination of temporary timing differences	367	165
Tax losses	1,375	(1,631)
Deferred tax assets not recognised	(1,742)	1,466
Total deferred tax	**-**	**-**
Total income tax	**-**	**-**

The tax expense for the year comprises current and deferred tax. Current tax and deferred tax are recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

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

Deferred tax is recognized 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 substantively enacted by the reporting 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 recognized 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.

Tax losses

The Company had tax losses available to carry forward to the year ended 31 March 2022 of $40.0. million, subject to shareholder continuity being maintained (2021: $35.8 million).

Tax losses available to subsidiary companies of the Group, as disclosed in note 20, are $5.4 million (2021: $5.2 million) of which $1.0 million will expire on the following future dates:

Tax year	Date of expiry	$'000
31 March 2018	31 March 2038	115
31 March 2019	31 March 2039	192
31 March 2020	31 March 2040	182
31 March 2021	31 March 2021	341
31 March 2022	31 March 2042	174
Total		**1,004**

The deferred tax assets have not been recognized 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:

	2022 $'000	2021 $'000
Loss before income tax	(6,194)	(5,095)
Prima facie taxation at 28%	(1,734)	(1,427)
Expenses not deductible for tax purposes	(8)	(39)
Temporary timing differences	367	(165)
Tax losses not recognised	1,375	1,631
Total tax	-	-

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

	2022 $'000	2021 $'000
Net loss for the period	**(6,194)**	**(5,095)**
Non-cash items:		
Depreciation expense	215	589
Share option expense	140	102
Foreign exchange differences	35	148
Loss on sale of asset	-	57
Bank revaluations	(44)	-
Interest expense on lease liabilities	131	168
Changes in working capital:		
(Increase)/Decrease in trade and other receivables	349	(187)
(Increase)/Decrease in prepayments	(119)	(88)
(Increase)/Decrease in finance lease receivables	443	-
(Increase)/Decrease in contract assets	(62)	(13)
(Decrease)/Increase in trade and other payables	(223)	67
(Decrease)/Increase in contract liabilities	160	(753)
Net cash flow from operating activities	**(5,169)**	**(5,005)**

11. Cash and bank

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.

	2022 $'000	2021 $'000
Cash at bank	3,031	4,841
Term deposits with maturities of three months or less	-	4,000
Total cash and bank	**3,031**	**8,841**

As at 31 March 2022, the Group held no term deposits. As at 31 March 2021, the Group had a term deposit with an interest rate 1.10% and a maturity date of September 2021. The term deposit matured during the current financial year.

12. Trade and other receivables

	2022 $'000	2021 $'000
Trade receivables	304	377
Accrued income	432	222
Lease guarantee	51	432
Other receivables	7	112
Total trade and other receivables	**794**	**1,143**

As at 31 March 2022, the Company continues to provide a guarantee of $0.05 million (2021: $0.43 million) for the operating lease on its Auckland premises, held by ASB Bank Limited.

Trade and other receivables are initially recognized 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

	2022 Office and computer equipment $'000	2022 Leasehold improve-ments $'000	2022 Total $'000	2021 Office and computer equipment $'000	2021 Leasehold improve-ments $'000	2021 Total $'000
Carrying amount at start of the year	88	10	98	104	102	206
Additions	24	-	24	29	-	29
Disposals	-	-	-	(17)	-	(17)
Depreciation expense	(19)	(10)	(29)	(28)	(92)	(120)
Depreciation on disposals	-	-	-	-	-	-
Carrying amount at end of the year	**93**	**-**	**93**	**88**	**10**	**98**
At cost at the end of the year	**441**	**383**	**824**	**417**	**383**	**800**
Accumulated depreciation at the end of the year	**(348)**	**(383)**	**(731)**	**(329)**	**(373)**	**(702)**
Carrying amount at end of the year	**93**	**-**	**93**	**88**	**10**	**98**

Recognition and measurement

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

Significant leasehold improvements undertaken over the term of the lease contract, that are expected to have significant economic benefit for the Group, are recognized 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 recognized in the profit or loss.

Depreciation

Depreciation is recognized 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-year term;
- leased office premises in Auckland, New Zealand, 3-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.

Lease as a lessee

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. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. Key movements during the period, relating to right of use assets are presented below:

	2022 $'000	2021 $'000
Opening balance 1 April	541	1,398
Additions during the year	-	556
Derecognition of subleased asset	-	(945)
Depreciation expense	(186)	(468)
Closing balance 31 March	**355**	**541**

Lease liabilities

Under NZ IFRS 16: Leases, the Group is required to recognize 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 and low value leases have been recognized on a straight-line basis as an expense in the profit or loss. The expense relating to short-term and low value leases for the year ended 31 March 2022 was $0.02 million (2021: $0.2 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.

In assessing the discount rate, the Group first considered whether there was an inherent rate present in the lease. As there was no inherent rate, 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. For recognition of the lease liabilities in February 2021 an incremental borrowing rate of 5.5% has been applied. 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:

	2022 $'000	2021 $'000
Less than one year	754	708
One to five years	209	963
Total lease liabilities	**963**	**1,671**

Key movements during the period, relating to lease liability are presented below:

	2022 $'000	2021 $'000
Opening balance 1 April	1,671	1,598
Additional leases entered into during the year	-	556
Interest expense	131	168
Repayments	(839)	(651)
Closing balance 31 March	**963**	**1,671**

The following table sets out a maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date:

	2022 $'000	2021 $'000
Up to 1 year	803	839
Between 1 and 2 years	214	803
Between 2 and 3 years	-	214
Total undiscounted lease liabilities	**1,017**	**1,856**
Unpaid finance expense	(54)	(185)
Total lease liabilities	**963**	**1,671**

Rent concessions

In the prior year, due to COVID-19 lockdowns in New Zealand the landlord of the Auckland lease provided rent relief in the form of a 30% rent reduction for the period 25 March 2020 to 13 May 2020. The Group has elected to apply the practical expedient introduced by the amendments to NZ IFRS 16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during FY21 satisfied the criteria to apply the practical expedient. The application of the practical expedient resulted in the reduction of total lease liabilities of $35,350. The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggers those payments occurred, being the year ended 31 March 2021.

During the year ended 31 March 2022, no rent concessions were received.

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.

Finance lease as a lessor

	2022 $'000	2021 $'000
Current	468	443
Non-current	-	468
Total lease receivable	**468**	**911**

For the year ended 31 March 2022, the maturity for lease receivables is one year (2021: two years).

In the prior year, the Group sub-leased buildings that had been presented as part of a right of use asset. When assets are leased out under a finance lease, the present value of the minimum lease payment is recognized as a receivable. Lease income is recognized over the term of the lease using the net investment method, which reflects an actuarial periodic rate of return.

An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss component of the profit or loss.

15. Trade and other payables

	2022 $'000	2021 $'000
Trade payables	190	254
Other payables and accruals	761	872
Other deferred income	-	48
Total trade and other payables	**951**	**1,174**

The Group recognizes 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 23).

16. Share capital

Items presented with A$ represent Australian dollars.

	Notes	Share capital $'000	Authorised, issued and fully paid shares 000's
Balance as at 1 April 2021		**69,390**	**1,493,337**
Balance as at 31 March 2022		**69,390**	**1,493,337**
Balance as at 1 April 2020		**59,523**	**1,215,560**
Shares issued for cash at A$0.036 per share ($0.039)		10,827	277,777
Costs of capital raise		(960)	-
Balance as at 31 March 2021		**69,390**	**1,493,337**

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. All shares have equal dividend and voting rights and upon winding up rank equally with regards to the Company's residual assets.

17. Share-based payments

Items presented with A$ represent Australian dollars.

	Note	2022 $'000	2021 $'000
Share based payments reserve at beginning of the year		1,008	906
Share option expense			
CEO Options (October 2020)		70	35
Employee Options (March 2021)		70	67
Total share option expense	6	140	102
Share based payments reserve at the end of the year		**1,148**	**1,008**

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 recognized in the profit or loss, 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 ($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 was expensed in previous years, fully expensed by December 2018.

The weighted average contractual life of the options at 31 March 2022 is 44 months (2021: 56 months).

At 31 March 2022, there were 1,476,968 options on issue, all of which have vested.

b) 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.

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 2022 is 5 months (2021: 17 months).

At 31 March 2022, there were 1,007,035 options on issue, all of which have vested.

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 volume average weighted price; 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 2022 is 5 months (2021: 17 months).

As at 31 March 2022, there were 1,143,413 options on issue.

c) CEO share options (October 2020)

At the Annual Meeting of Shareholders held on 25 September 2020 the shareholders approved the issue of 8,455,613 options under the ESOP to the CEO on the following terms:

- an exercise price of A$0.036 per share;
- one-third of the Director Options shall each vest on 31 March 2023, 31 March 2024 and 31 March 2025, subject to Adrian Grant remaining CEO at time of vesting; and
- the expiry date of the options will be five years after date of issue.

The fair value of each option is A$0.025 under the Black Scholes valuation model resulting in a charge to the Company of A$211,833 ($230,728) which will be expensed over the vesting period through to 31 March 2025. The significant inputs into the model were a share price of A$0.032 at the grant date, exercise price A$0.036, volatility of 113%, based on daily share price movements since the Company listed on 9 July 2016, no dividend, expected option life of five years and a risk-free interest rate of 0.334%. These options were issued in 12 October 2020.

The weighted average contractual life of the options at 31 March 2022 is 42 months (2021: 54 months).

As at 31 March 2022, there were 8,455,613 options on issue, of which 2,818,538 have vested.

d) Employee share options (March 2021)

On the 1 March 2021 the Board approved the offer of 5,210,000 options under the ESOP to employees on the following terms:

- 70% of the options (3,647,000) with an exercise price of A$0.032 per share and 30% of the options (1,563,000) with an exercise price of A$0.05 per share;
- the options vest in three equal instalments: on issue, on 31 March 2021 and on 31 March 2022;
- 70% of each instalment will be at the exercise price of A$0.032 per share and 30% will be at an exercise price of A$0.05 per share; and
- the expiry date of the options will be five years after date of issue.

The weighted average fair value of the options is A$0.017 under the Black Scholes valuation model resulting in a charge to the Company of A$89,298 ($97,264) which will be expensed over the vesting period through to 31 March 2022. The significant inputs into the model were a share price of A$0.023 at the grant date, exercise prices of A$0.032 and A$0.05, volatility of 112%, based on daily share price movements since the Company listed on 9 July 2016, no dividend, expected option life of five years and a risk-free interest rate of 0.697%. These options were issued in 2 March 2021.

The weighted average contractual life of the options at 31 March 2022 is 42 months (2021: 54 months).

As at 31 March 2022, there are 3,647,000 A$0.032 options on issue, all of which have vested and 1,563,000 A$0.05 options on issue, all of which have vested.

e) Employee share options (June 2021)

On the 28 June 2021 the Board approved the grant of 4,000,000 options under the ESOP to employees on the following terms:

- an exercise price of A$0.016 per share;
- one-third of the options shall each vest on 28 June 2021, 31 March 2022 and 31 March 2023, subject to the employees remaining with the Company; and
- the expiry date of the options will be five years after date of issue.

The fair value of each option is A$0.0116 under the Black Scholes valuation model resulting in a charge to the Company of A$46,440 (NZ$49,886) which will be expensed over the vesting period through to 31 March 2023. The significant inputs into the model were a share price of A$0.015 at the grant date, exercise price A$0.016, volatility of 109%, based on daily share price movements since the Company listed on 9 July 2016, no dividend, expected option life of five years and a risk-free interest rate of 0.865%. These options were issued in 28 June 2021.

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

	Pre-IPO employee share options Dec 2015	Employee ESOPs Aug 2017	NEDs ESOPs Sep 2017	CEO Options Oct 2020	Employee Options Mar 2021	Employee Options Mar 2021	Employee Options June 2021	**Total**	**Weighted average exercise price**
Exercise price	*NZ$0.16*	*A$0.20*	*A$0.225*	*A$0.036*	*AU$0.032*	*AU$0.05*	*AU$0.016*		
	000's	000's	000's	000's	000's	000's	000's	**000's**	**$ per option**
Balance outstanding at 1 April 2021	1,477	1,007	1,143	8,456	3,647	1,563	-	17,293	**0.07**
Granted	-	-	-	-	-	-	4,000	4,000	**0.02**
Forfeited	(728)	(355)	-	-	-	-	-	(1,083)	**0.18**
Balance outstanding at 31 March 2022	**749**	**652**	**1,143**	**8,456**	**3,647**	**1,563**	**4,000**	**20,210**	**0.06**
Balance exercisable at 31 March 2022	**749**	**652**	**-**	**2,819**	**3,647**	**1,563**	**2,666**	**12,096**	**0.05**
Balance outstanding at 1 April 2020	1,477	1,123	1,143	-	-	-	-	**3,743**	**0.20**
Granted	-	-	-	8,456	3,647	1,563	-	13,666	**0.04**
Forfeited	-	(116)	-	-	-	-	-	(116)	**0.22**
Balance outstanding at 31 March 2021	**1,477**	**1,007**	**1,143**	**8,456**	**3,647**	**1,563**	**-**	**17,293**	**0.07**
Balance exercisable at 31 March 2021	**1,477**	**1,007**	**-**	**-**	**2,431**	**1,042**	**-**	**5,957**	**0.10**

18. Earnings per share

Basic earnings per share is calculated by dividing the 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 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 loss per share.

Potential ordinary shares deriving from the exercise of share options (note 17) are antidilutive in nature. The diluted earnings per share is therefore the same as the undiluted earnings per share.

	2022 '000	2021 '000
Total loss attributable to shareholders	($6,194)	($5,095)
Ordinary number of shares	1,493,337	1,493,337
Weighted average number of shares on issue	1,493,337	1,365,998
Basic and diluted earnings per share	**($0.0041)**	**($0.0037)**

19. Financial instruments and financial risk management

Financial instruments are recognized in the statement of financial position when the Group becomes party to a financial contract. They include cash and cash equivalents, trade and other receivables, term deposits and trade and other payables.

Financial assets and liabilities are classified into the following categories:

Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions, and is not designated as at fair value through Profit or Loss (FVTPL):

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amounts outstanding.

Financial assets held at amortised cost are initially measured at the fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the profit or loss. Any gain or loss on derecognition is recognized in the profit or loss.

Financial assets held at amortised cost comprise: cash and cash equivalents, trade and other receivables and term deposits.

Financial liabilities held at amortised cost

Financial liabilities not designated as at FVTPL on initial recognition are classified as at amortised cost. Financial liabilities at amortised cost are initially measured at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the profit or loss. Any gain or loss on derecognition is recognized in the profit or loss.

Financial liabilities held at amortised cost comprise: trade and other payables.

Impairment – financial assets

The Group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. There has been no impairment of financial assets and there were no past due not impaired financial assets as at 31 March 2022.

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 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 counterparty fails to meet its contractual obligations and arises principally from the Group's receivables from customers and cash and cash equivalents held with financial institutions.

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

1. Trade receivables – the maximum exposure to credit risk at reporting date to recognized 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 and the lease guarantee. As at 31 March 2022, the Group had trade receivables and lease guarantees of $355,000 (2021: $809,000). Refer to note 12 for further details;

2. Cash and cash equivalents – the maximum potential exposure to credit risk at reporting date is $3.0million (2021: $8.8 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 counter-parties.

The Group has not provided collateral and has no securities registered against it. Note 12 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.

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 2022	Up to 1 year $'000	Between 1 and 2 years $'000	Between 2 and 3 years $'000
Trade and other payables	951	-	-
Total	**951**	**-**	**-**

Contractual maturities of financial liabilities as at 31 March 2021	Up to 1 year $'000	Between 1 and 2 years $'000	Between 2 and 3 years $'000
Trade and other payables	1,174	-	-
Total	**1,174**	**-**	**-**

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

Foreign exchange risk

Foreign exchange risk is the risk that cash flows or fair values of assets and liabilities will change as a result of exchange rate movements. The Group is exposed to foreign exchange risk currently arising as a result of commercial transactions involving the AUD, GBP, CAD, SGD and USD. The policy requires the Group to manage foreign exchange risk within set parameters.

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 2022, 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**	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Impact on net loss before income tax:				
Balances in GBP (net)	0	0	0	(0)
Balances in AUD (net)	(11)	2	11	(2)
Balances in CAD (net)	(3)	0	3	0
Balances in USD (net)	(102)	(7)	102	7
Balances in SGD (net)	(2)	0	2	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 cash position 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 approximates their carrying amount.

20. Consolidation

The Group had the following subsidiaries as at 31 March 2022:

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 Operations Limited	New Zealand	Trading operation	100%	1 September 2020
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

All subsidiaries have a reporting date of 31 March.

The Group had the following subsidiaries as at 31 March 2021:

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 Operations Limited	New Zealand	Trading operation	100%	1 September 2020
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. To date, all Subsidiaries have been established by the Group, no acquisitions of existing Subsidiaries has occurred.

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:

1. 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;

2. income and expenses for each statement of profit or loss 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

3. all resulting exchange differences are recognized in other comprehensive income in the foreign currency translation reserve.

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

21. Contingencies

During the period September 2018 to May 2019, the Directors and members of the executive team at that time 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
Directors	
Paul Reynolds (resigned 18 July 2022)	103
Thomas Power (resigned 18 July 2022)	53
Mark Estall (resigned 30 September 2020)	103
Adrian Grant	106
Executive employees	154
Total amount of contingency	**519**

As at reporting date, the Company did not make any recommendation with regards to the repayment plan and therefore has not recognized 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.

22. 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:

		2022 $'000	2021 $'000
Wages and salaries		1,923	1,838
Employee contribution to pension schemes		124	124
Directors' fees		405	385
Share based payments	17	105	81
Total employee benefit expenses		**2,557**	**2,428**

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

23. Related party transactions and balances

a) Transactions with related parties during the year

Name of related party	Nature of relationship	Transaction	2022 $'000	2021 $'000
Paul Reynolds (resigned 18 July 2022)	Director	Directors' fees	(170)	(170)
Kevin Phalen	Director	Directors' fees	(60)	-
Shelley Ruha	Director	Directors' fees	(95)	(95)
Thomas Power (resigned 18 July 2022)	Director	Directors' fees	(80)	(80)
Mark Estall (resigned 30 September 2020)	Director	Directors' fees	-	(40)
Te Arai Advisory Limited (1)	Director	Consultancy	-	(20)
Mint Recruitment Limited (2)	Family member of Director	Provision of recruitment services	(183)	(151)

1. Non-executive Director, Mark Estall is a Director and shareholder of Te Arai Advisory
2. 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	2022 $'000	2021 $'000
Mint Recruitment Limited	Family member of Director	Trade and other payables	5	18
Net amounts owed to related parties			**5**	**18**

Balances payable to related parties as at 31 March were payable on the 20th of the following month.

24. Events after the reporting period

Subsequent to balance date 9 Spokes International have entered into subscription agreements for the placement of 373,000,000 shares at a price of A$0.003 per share with a number of existing individual shareholders.

04

Governance and 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	Independent, Non-Executive Chairman	10 September 2014
Shelley Ruha	Independent, Non-Executive Director	14 October 2019
Thomas Power	Independent, Non-Executive Director	7 October 2014
Kevin Phalen	Independent, Non-Executive Director	27 June 2021
Adrian Grant	Executive Director and Chief Executive Officer	17 August 2017

a) Board meetings

The Board met formally 24 times during the financial year ended 31 March 2022. Normally the Board would meet up to 12 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 2022 to consider matters relating to capital raising.

Name	Position	Number of meetings eligible to attend	Number of meetings attended
Paul Reynolds	Independent, Non-Executive Chairman	24	23
Shelley Ruha	Independent, Non-Executive Director	24	23
Thomas Power	Independent, Non-Executive Director	24	24
Kevin Phalen	Independent, Non-Executive Director	20	17
Adrian Grant	Executive Director and Chief Executive Officer	24	23

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: 9spokes.com/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 three times to review the Interim and Annual Financial Reports. Other risk 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 Kevin Phalen.

Audit and Risk Committee meetings

Name	Position	Number of meetings eligible to attend	Number of meetings attended
Paul Reynolds	Independent, Non-Executive Chairman	3	3
Shelley Ruha	Independent, Non-Executive Director	3	3
Thomas Power	Independent, Non-Executive Director	3	3
Kevin Phalen	Independent, Non-Executive Director	2	1

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 meet two times during the financial year to review the committee Charter, executive remuneration and share options. The members of the Committee at the date of this Annual Report are Paul Reynolds (Chair), Thomas Power, Shelley Ruha and Kevin Phalen.

Remuneration and Nomination Committee meetings

Name	Position	Number of meetings eligible to attend	Number of meetings attended
Paul Reynolds	Independent, Non-Executive Chairman	2	2
Shelley Ruha	Independent, Non-Executive Director	2	2
Thomas Power	Independent, Non-Executive Director	2	2
Kevin Phalen	Independent, Non-Executive Director	0	0

2. Shareholding of Directors

	2022 Shares	2021 Shares
Adrian Grant	66,680,151	66,680,151
Paul Reynolds	4,423,625	4,423,625
Thomas Power	1,843,784	1,843,784
Kevin Phalen	4,000,000	-
Shelley Ruha	1,120,000	1,120,000

3. Entries recorded in the Directors' Interests Register

The Company maintains an interest register in accordance with Companies Act 1993 (New Zealand).

The Company's Directors disclosed the following relevant interest, or cessation of interest during the year ended 31 March 2022:

Director/Entity	Relationship
Paul Reynolds	
9 Spokes International Limited	Chairman, Director & Shareholder
9 Spokes UK Limited	Director
Computershare Limited	Director
STV Group PLC	Director, appointed Chair April 2021
STV Children's Appeal	Trustee & Chairman
Tightline Advisory Limited	Director
Tosca IOM Limited	Director
Shelley Ruha	
9 Spokes International Limited	Director & Shareholder
Analey Holdings Limited	Director & Shareholder
Analey Investments Limited	Director & Shareholder
Heartland Bank	Director
Hobson Wealth Holdings Limited	Director
Hobson Wealth Partners Limited	Director
IT & Business Consulting Limited	Director
New Zealand Rural Land Management Limited	Director
Partners Group Holdings Limited	Director
Partners Life Limited	Director
Paysauce Limited	Chairman and Director, appointed February 2022
Taxgift Limited	Chairman, Director and Shareholder, appointed February 2022
Thomas Power	
9 Spokes International Limited	Director & Shareholder
SA Vortex Limited	Chairman, Director & Shareholder
Social Power (Surrey) Limited	Director & Shareholder
The Business Café Limited	Director & Shareholder
Adrian Grant	
9 Spokes Asia Pte Limited	Director, resigned March 2022
9 Spokes Australia Pty Limited	Director, resigned March 2022
9 Spokes Canada Limited	Director, resigned March 2022
9 Spokes International Limited	Director & Shareholder
9 Spokes Operations Limited	Director
9 Spokes US, Inc.	Director
Aminoex Property Fund No 1 Limited	Director & Shareholder
DWDA Holdings Limited	Shareholder
Franc Holdings Limited	Removed from Companies Register October 2021
RewardPay (Aus) Limited	Shareholder
Kevin Phalen	
Paymate	Director , appointed December 2021
9 Spokes International Limited	Director and Shareholder, appointed July 2021

4. Donations

The total value of donations made by the Group during the year ended 31 March 2022 was $nil (2021: $nil).

5. Directors' remuneration

The remuneration receivable by Directors in office during the financial year ended 31 March 2022 was:

	Directors' fees $'000	Directors' consultancy $'000	Employment remuneration $'000	Short term incentive $'000	Share based payments $'000
Adrian Grant	-	-	420	-	70
Paul Reynolds	170	-	-	-	-
Shelley Ruha	95	-	-	-	-
Thomas Power	80	-	-	-	-
Kevin Phalen	60	-	-	-	-
Totals	**405**	**-**	**420**	**-**	**70**

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:

	2022 No.	2021 No.
$100,000 - $109,999	7	6
$110,000 - $119,999	3	5
$120,000 - $129,999	6	10
$130,000 - $139,999	2	1
$150,000 - $159,999	1	1
$160,000 - $169,999	2	1
$170,000 - $179,999	1	-
$180,000 - $189,999	1	1
$190,000 - $199,999	1	-
$200,000 - $209,999	-	1
$210,000 - $219,999	3	1
$250,000 - $259,999	-	1
$300,000+	3	4

7. Amounts payable to auditors

Refer to note 7 of the Consolidated Financial Statements.

The following information is current as at 30 June 2022 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:
9spokes.com/corporate-governance.

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:

Shareholders	Number of Ordinary Shares	Voting Power
HSBC Custody Nominees (Australia) Limited - A/C 2	160,387,114	10.74%
Harrogate Trustee Limited ‹Brandywine A/C›	92,311,270	6.18%

3. Numbers of Holders in each Class of Equity Security

Class of Equity Security	Number of Holders
Fully Paid Ordinary Shares (quoted)	2,118
Options over Fully Paid Ordinary Shares (unquoted), see note 12 below	22

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.

4. Distribution Schedules

Items presented with A$ represent Australian dollars.

a) Ordinary Shares

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

Holding Ranges	Holders	Total Units	%
1-1,000	44	6,098	0.00%
1,001-5,000	34	133,587	0.01%
5,001-10,000	89	765,002	0.05%
10,001-100,000	1066	47,467,434	3.18%
100,001-9,999,999,999	885	1,444,965,112	96.76%
Total	**2118**	**1,493,337,233**	**100%**

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:

Holding 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%
100,001-9,999,999,999	2	749,277	100.00%
Total	**2**	**749,277**	**100%**

Employee Share Options (August 2017)

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:

Holding 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	4	138,206	21.20%
100,001-9,999,999,999	3	513,796	78.80%
Total	**7**	**652,002**	**100%**

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:

Holding 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%
100,001-9,999,999,999	2	1,143,413	100.00%
Total	**2**	**1,143,413**	**100%**

CEO share options

Issued to the Chief Executive officer in October 2020 under the Company's ESOP (the details of which are set out in the Explanatory Memorandum attached to the Company's Annual Meeting of Shareholders dated 10 September 2020), the distribution schedule for options over fully-paid ordinary shares, each with an exercise price of A$0.036, is as follows:

Holding 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%
100,001-9,999,999,999	1	8,455,613	100.00%
Total	**1**	**8,455,613**	**100%**

Employee Share Options (March 2021)

Issued in March 2021 to certain employees under the Company's current ESOP 5210000 options 70% of the options (3,647,000) with an exercise price of A$0.032 per share and 30% of the options (1,563,000) with an exercise price of A$0.05 per share. The distribution schedule for options over fully paid ordinary shares, each with an exercise price of A$0.032, is as follows:

Holding 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%
100,001-9,999,999,999	4	3,647,000	100.00%
Total	**4**	**3,647,000**	**100%**

The distribution schedule for options over fully paid ordinary shares, each with an exercise price of A$0.05, is as follows:

Holding 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%
100,001-9,999,999,999	4	1,563,000	100.00%
Total	**4**	**1,563,000**	**100%**

Employee Share Options (June 2021)

Issued in June 2021 to certain employees under the Company's current ESOP, the distribution schedule for options over fully-paid ordinary shares, each with an exercise price of A$0.016, is as follows:

Holding 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%
100,001-9,999,999,999	2	4,000,000	100.00%
Total	**2**	**4,000,000**	**100%**

5. 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$0.004 as at 30 June 2022 was 1,296.

6. 20 Largest Holders

As at 30 June 2022, 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
HSBC Custody Nominees (Australia) Limited - A/C 2	160,387,114	10.74%
Harrogate Trustee Limited <Brandywine A/C>	92,311,270	6.18%
Citicorp Nominees Pty Limited	69,676,684	4.67%
Adrian David Grant & AJ Trustee Services Limited <Holland Park Capital A/C>	66,622,863	4.46%
CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	64,536,240	4.32%
G&S Capital Limited	37,617,886	2.52%
Te Arai Advisory Limited	37,239,721	2.49%
Sekots Group Limited	32,029,452	2.15%
Scribani Rossi Shooting Pty Ltd	25,000,000	1.67%
Custodial Services Limited <Beneficiaries Holding A/C>	21,421,991	1.44%
Byron Carl Thomas	19,695,434	1.32%
Graham E Jackson & Donald M Gibson & Kristin M Jackson <The Jackson Charitable A/C>	18,000,000	1.21%
Brendan Paul Roberts & ML Trustees 3287 Limited <Brendan Roberts Invest A/C>	14,779,609	0.99%
Mr Hien Quang Trinh <Trivest Capital A/C>	14,642,396	0.98%
Dr Vipul Bansal	13,023,812	0.87%
PEH Nominees (NSW) Pty Ltd <Duke Capital Disc A/C>	12,500,000	0.84%
Scintilla Strategic Investments Limited	12,000,000	0.80%
Sharesies Nominee Limited <Child A/C>	11,554,816	0.77%
Mr Bhagwanji Bhula Rama	9,462,500	0.63%
Mr Andrew Mark Jones	9,307,000	0.62%

7. Company Secretary

For the purposes of the ASX Listing Rules, the Company Secretary is currently Martin Montague.

8. Address

The Company's principal administrative office is:
Level 5, 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.

9. 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

10. Stock Exchanges

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

11. Restricted Securities

None of the Company's securities are currently restricted.

12. Unquoted Securities

The following unquoted securities are on issue:

Class	Number of Holders	Number of Issue
Options over Ordinary Shares.		
Pre-IPO Employee Share Options issued in December 2015: exercise price of NZ$0.16.	2	749,277
Options issued to Employees under ESOP in August 2017: exercise price of A$0.20	7	652,002
Director Options under the ESOP issued September 2017: exercise price of A$0.225	2	1,143,413
Director Options under the ESOP issued to CEO October 2020: exercise price of A$0.036	1	8,455,613
Options issued to Employees under ESOP in March 2021: exercise prices of A$0.032	4	3,647,000
Options issued to Employees under ESOP in March 2021: exercise prices of A$0.05.	4	1,563,000
Options issued to Employees under ESOP in June 2021: exercise prices of A$0.016.	2	4,000,000

13. Review of Operations

A review of the operations and activities of the Company for the year ended 31 March 2022 is provided in the Chairman's report and Chief Executive's report sections of this Annual Report.

14. Buy-Back

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

15. 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 5, 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	Kevin Phalen (Non-executive & Independent Chairman) Shelley Ruha (Non-executive & Independent Director) Adrian Grant (Executive Director & CEO)
Australian Lawyers	Bird & Bird Lawyers Level 11, 68 Pitt Street Sydney, NSW 2000, Australia
Group Auditors	BDO Auckland Level 4, Building A, BDO Centre, 4 Graham Street, Auckland 1010, 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 code ASX:9SP
Website	www.9spokes.com

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