Annual Report

31 March 2021

9 Spokes International Limited and subsidiary companies

New Zealand company number 3538758
(ARBN 610 518 075)

Table of contents

01

Chairman's report

Chairman's report

2021 in Review

Dear Shareholders,

The 2020/21 financial year was like no other, for our company and for most people around the world. I must acknowledge upfront the enormous contribution made by our employees for their flexibility and commitment while working under the strains brought about by COVID-19, particularly our people in the United Kingdom and North America who have endured weeks — if not months — of home isolation.

We are extremely grateful too for the support received from shareholders and from the Government of New Zealand, which has enabled us to continue operating through tough times. We have maintained a very strong control of costs and ensured that funds were focused on technology development so that we are ready for the opportunities in a post-pandemic world.

Our operations for the 'new normal' are still evolving and we remain flexible in our day-to-day management. We have adapted how we operate. Where travel has ceased, we have extended how we use digital platforms such as Microsoft Teams – for both internal and external collaboration. We have also rationalized our office accommodation in London and Auckland to reflect the shift to remote working.

COVID-19 brought about a high level of uncertainty for the financial services sector. We observed financial institutions ("FIs") and providers shift their focus to core operations and, particularly in the United States, the administration of government-backed loan schemes. While the focus remained on supporting customers through COVID-19, banks we spoke with were often hesitant to divert attention away from what they deemed essential recovery and this meant some delay in bringing forward new platforms and innovations. COVID-19 made it difficult to make the connections, have the conversations, and get airtime with FIs to demonstrate how our product offering can benefit them and their business customers, which undoubtedly has impacted our FY21 results. Nevertheless, we signed an extremely important reseller agreement with Visa USA Inc, the world's biggest FI.

Now, the new normal in the business sector sees customers' expectations rising for efficient, online, personalized banking experiences and so the appetite for data-insight driven services is stronger than ever. As confidence builds, FIs are beginning to re-engage with technology companies to provide solutions.

The 9Spokes team was extremely busy over the year, refining our technology and products to enhance how we collect, connect, and interpret business and financial data. We have built robust data models which can help to solve the challenges faced by FIs and businesses alike. And in turn, we find that FIs are becoming much more receptive to products based on 'permissioned' open data platforms. New opportunities are arising, and we have taken steps to grasp these by deploying additional business development resources in Europe and North America.

Later this week we will release a Market Update, which will provide a view of the strategy that we have taken, the market that we are playing in, and the products we are developing. It is clear from the day-to-day feedback from the most significant FIs around the world that the 9Spokes proposition continues to be highly relevant and attractive to them in meeting the needs of their business customers.

During the year we bade farewell to Co-Founder and former CEO Mark Estall as he resigned from his board position. Having spent the best part of ten years on the journey, Mark felt it was time to pursue other activities. We thank him for his contribution and wish him well for the future.

Finally, on behalf of the Board, I would like to thank shareholders and every member of the 9Spokes family for your continued support and commitment.

Approved for and on behalf of the Board on 31 May 2021.

Paul Reynolds
Chairman

02

Chief Executive's report

Chief Executive's report

The financial year ended 31 March 2021 has been a year of uncertainty and change. More recently, the financial sector has entered a phase of cautious optimism.

The impact of COVID-19 has made business planning difficult at best. Our position has been to operate in a fiscally conservative fashion maintaining our current cost structure, while working to improve and refine our proposition and operating cadence.

Although COVID-19 has made it difficult to meet our targets, we have had a number of successes during the year:

- Entered a five-year global strategic partnership with Visa USA Inc.
- Entered distribution agreement with Linear Financial Technologies (formerly Fundation Group LLC).
- Re-signed our contract with BNZ for a further two years.
- Signed a Framework Services Agreement with Virgin Money UK.
- Certified by the UK's Financial Conduct Authority, enabling 9Spokes to support open banking in the UK.
- Delivered our V2 platform, enhancing our technical capability.
- Completed a NZ$10.8 million capital raise.

However, these achievements don't tell the story of the underlying work that has continued within the business to develop our platform capability, and move to a position where we can operate at scale.

Since signing our agreement with Visa USA Inc in July 2020, significant effort has been applied to building pipeline and operational processes so we can meet the demands of their sales teams. In addition, the first funds have been received from Visa to assist in developing the platform and creating added capability.

Financial performance

	2021 NZ$ million	2020 NZ$ million	Variance NZ$ million	Variance %
Total revenue	6.6	6.9	(0.3)	-4%
Total expenses	(11.6)	(11.2)	(0.4)	4%
Net finance expense	(0.1)	(0.6)	0.4	-74%
Net loss before income tax	**(5.1)**	**(4.9)**	**(0.2)**	**5%**

Revenue

Total income for the year was $6.6 million (2020: $6.9 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 2021, recognised implementation revenue was $1.0 million (2020: $1.6 million); deferred implementation fee revenue was $1.5 million (2020: $2.5 million). Platform access revenue for the year was $4.2 million (2020: $4.0 million).

Strengthening of the NZD has impacted the revenue recognised during the year ended 31 March 2021. To reduce the flow on effects of this on the cash position, we have utilised the natural hedge available within the Group by making foreign currency payments from cash receipts in the corresponding currency where possible.

The Group generated revenue of $0.5 million (2020: $0.2 million) from additional services provided to existing bank partners and development revenue. Grant income received of $0.7 million (2020 $0.9 million) came mainly from Callaghan Innovation, a Crown entity of New Zealand, for research and development expenditure.

Expenditure

Total expenditure for the year ended 31 March 2021 was $11.6 million (2020: $11.1 million). Baseline expenditure has remained unchanged. The increase in expenditure is a result of foreign currency revaluations. Cost management and control continue to be a key objective with items such as rent reviewed and adjusted to reflect the post-COVID-19 working world.

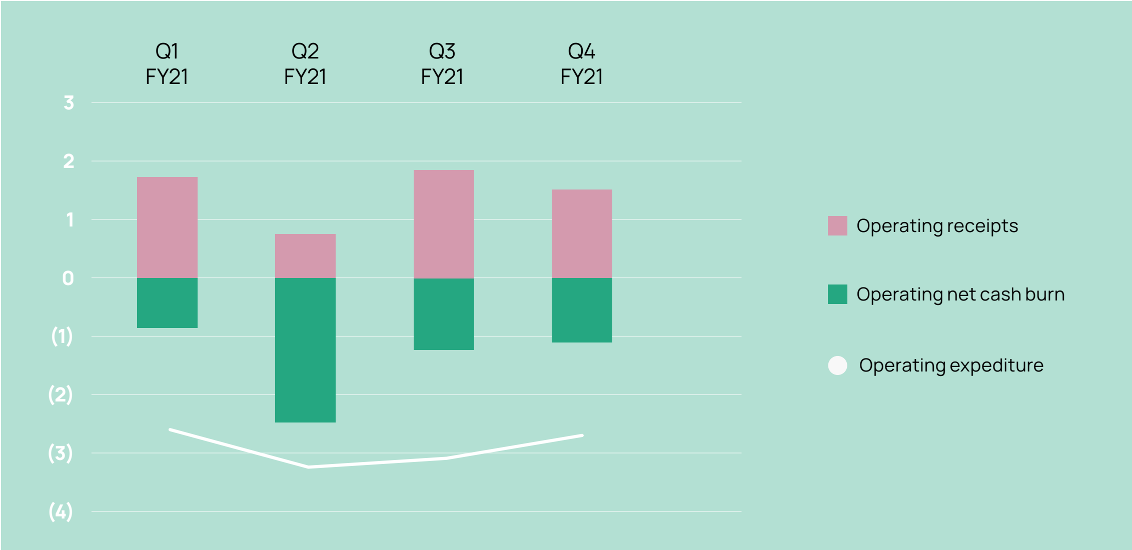
Cash flow

Annual net cash outflows from operations were $5.2 million (2020: $2.6 million). The Group had a 33% decrease in receipts from banking partners and government grants. Payments to employees and suppliers reduced by $381,000 year-on-year. This was largely due to the strengthening NZD. The decrease in receipts from banking partners was chiefly due to no implementation fees being received in the year ended 31 March 2021. Grant income was down due to a reduction in the claims made under the Callaghan Innovation grant due to a temporary shift in focus from research and development to refinement of our current offerings and new app integrations.

The cash flow from financing activities includes the successful capital raise completed in September and October, which resulted in net cash received of $9.9 million.

Cash at bank as at 31 March 2021 was $8.8 million (2020: $4.7 million).

Quarterly operating cash flow – NZ$ millions



Platform development

Our continued investment in R&D is focused on enhancing our data platforms and building great apps for business customers and banking partners. Part of this is improving the business user experience and meeting the core banking needs of our Financial Institutions ("FI") partners.

There is a strong correlation between banking digitization and improved customer acquisition, reduced churn, and higher average deposit base.

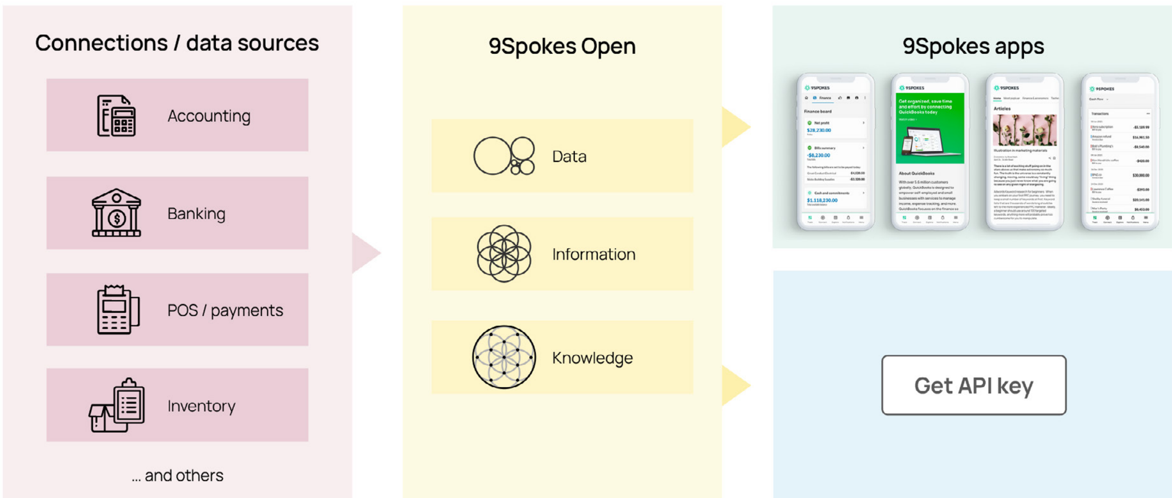
Our V2 platform improvements have had a positive impact on our ability to expand our user base and open up new opportunities for the platform. In the last year we released:

- Banker Access: 'Banker Access' was launched as a new FI product providing bank relationship managers with direct access to permissioned client data.
- Auto-provisioning: We released an auto-provisioning tool to provide a seamless integration between bank customer records and 9Spokes.
- Visa data integration: Integration with the Visa Network was completed to provide card spend information for Visa card customers in participating banks.
- Progressive Web App: 9Spokes completed and launched our PWA built on the React framework and is now available across our platform. Now that we have a PWA framework, we are progressively working to integrate a native app/PWA framework to expand capability.
- Multi boards: Introduced multiple boards within Track enabling users to set up personalized boards by business function or preference. This is part of a bigger initiative extending the Track use case, where different departments can see data relevant to their role.

- Revenue Forecasting: Using the data on the platform and machine learning, we have launched a revenue forecasting feature predicting the customers revenue in the coming months.
- New Data Source: Extended the data connections available with fourteen new connections across accounting, expense management, HR and payroll, and company information.

Business outlook

The need for business data is rapidly evolving, accelerated by the disruption caused by COVID-19. Businesses and organisations are hungry for data-insight driven solutions that can accommodate new ways of working. As this market evolves, and the pace of challenger fintechs entering the financial services market quickens, FIs are increasingly receptive to conversations regarding our open data platform and the benefits this can provide in meeting changed expectation.



We have continued to evolve our priorities and entered FY22 with distinct areas of focus. They are:

Partner: Our partnerships with apps, businesses, and service providers make it easy for businesses to connect their data to the apps and services they want to consume using our open data platform. We will continue to form partnerships to support our open data platform and to provide usable insights to businesses through our own apps — delivered directly or through our FI partners.

Grow: We are a global business with a regional focus. With our six key hubs and global distribution partners — we are poised for growth.

Innovate: To support businesses, we will continue to focus on bringing permissioned data into our platform, transforming that **data** into useable **information**, and providing depth of insight to turn that information into **knowledge**. The roadmap for our own apps is focused on continuing to deliver value to business users, their FIs and our partners.

Perform: A strong focus on fiscal management and bottom-line growth drives us towards breakeven and pursuing investments that meet ROI and NPS criteria.

While our strategic pillars act as guiding principles as to how we operate our business, our focus is how we define our market proposition aligned with the entrance of competitors and emerging market trends. A Market Update will be released later this week, providing a detailed view of our vision to help businesses build data-driven solutions. It looks at how we are achieving this through a robust open data platform and our own apps and services that consume and transform data from our platform into useable and valuable insights to support businesses.

The executive team and Board believe that we have the technical and leadership structures required to execute on market opportunities. We stand committed to delivering a leading-edge technology platform, powered by data, and fused with flexible delivery models to provide multiple use cases. Together we look forward to this financial year — and hopefully the opportunity to leave our respective bubbles.

Adrian Grant
Chief Executive, Co-Founder

03

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 2021.

The financial statements presented are signed for and on behalf of the Board and were authorised for issue on 31 May 2021.

Paul Reynolds
Chairman

Adrian Grant
Chief Executive, Co-Founder

04

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 2021, 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 2021, 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 $5.1 million and net cash outflows from operating activities of $5.2 million during the year ended 31 March 2021. 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.

Other Matter

The reissued financial statements of 9 Spokes International Limited for the year ended 31 March 2020 were audited by another auditor who expressed an unmodified opinion, with an emphasis of matter on the material uncertainty related to going concern, on those statements on 15 July 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current 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 matter described below to be the key audit matter 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.

In the current financial year, the Group has entered into contracts with customers for development fees. These relate to services provided in relation to 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 key 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.
- 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 Appendix 4E Report and Annual Report (which we obtained prior to the date of this auditor's 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
31 May 2021

	Notes	2021 $'000	2020 $'000
Income			
Operating revenue	4a	5,728	5,882
Other operating income	4b	870	977
Total income		**6,598**	**6,859**
Expenses			
Operating expenses	5a	(1,960)	(1,181)
Research and development expenses	5b	(3,123)	(4,259)
Sales, marketing and administration expenses	5c	(6,473)	(5,720)
Total expenses		**(11,556)**	**(11,160)**
Finance income and expense			
Finance income	8	40	604
Finance expense	8	(177)	(1,184)
Net loss before income tax		**(5,095)**	**(4,881)**
Income tax		-	-
Net loss for the period		**(5,095)**	**(4,881)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign exchange translation of international subsidiaries		146	(200)
Other comprehensive income for the period		**146**	**(200)**
Total comprehensive income attributable to shareholders		**(4,949)**	**(5,081)**
Earnings per share			
Basic and diluted earnings per share	19	**($0.0037)**	**($0.0100)**

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

	Notes	Share capital $'000	Share based payments reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Total $'000
Balance as at 1 April 2020		**59,523**	**906**	**(343)**	**(57,950)**	**2,136**
Proceeds from shares issued	17	10,827	-	-	-	10,827
Costs of capital raise	17	(960)	-	-	-	(960)
Share option expense	18	-	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**
Balance as at 1 April 2019		**48,984**	**906**	**(143)**	**(53,069)**	**(3,322)**
Proceeds from shares issued		10,470	-	-	-	10,470
Costs of capital raise		(1,287)	-	-	-	(1,287)
Shares issued in settlement of short-term loan		1,356	-	-	-	1,356
Total contributions by and distributions to owners		**10,539**	**-**	**-**	**-**	**10,539**
Other comprehensive income – foreign currency translation		-	-	(200)	-	(200)
Net loss for the period		-	-	-	(4,881)	(4,881)
Total comprehensive income for the period		-	-	(200)	(4,881)	(5,081)
Balance as at 31 March 2020		**59,523**	**906**	**(343)**	**(57,950)**	**2,136**

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

	Notes	2021 $'000	Restated 2020 $'000
Assets			
Non-current assets			
Property, plant and equipment	13	98	206
Right of use asset	14	541	1,398
Finance lease receivables	14	468	-
Total non-current assets		**1,107**	**1,604**
Current assets			
Cash and cash equivalents	11	8,841	4,668
Trade and other receivables	12	1,331	1,056
Finance lease receivables	14	443	-
Contract assets	4a	63	50
Total current assets		**10,678**	**5,774**
Total assets		**11,785**	**7,378**
Equity			
Share capital	17	69,390	59,523
Share based payments reserve	18	1,008	906
Foreign currency translation reserve		(197)	(343)
Accumulated losses		(63,045)	(57,950)
Total equity		**7,156**	**2,136**
Non-current liabilities			
Provision for make good	14	60	60
Lease liabilities	14	963	1,112
Contract liabilities	4a	554	1,490
Total non-current liabilities		**1,577**	**2,662**
Current liabilities			
Trade and other payables	15	1,174	1,107
Lease liabilities	14	708	486
Contract liabilities	4a	1,170	987
Total current liabilities		**3,052**	**2,580**
Total equity and liabilities		**11,785**	**7,378**

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

	Notes	2021 $'000	Restated 2020 $'000
Cash flows from operating activities			
Receipts from customers		5,104	7,427
Receipts from Government grants		826	1,423
Payments to employees and suppliers		(10,945)	(11,326)
Interest received		7	15
Interest on net investment in lease		9	-
Interest paid		(6)	(8)
Lease interest paid		(168)	(133)
Net cash (outflows) from operating activities	10	(5,173)	(2,602)
Cash flows from investing activities			
Purchase of property, plant and equipment		(25)	-
Disposal of property, plant and equipment		4	-
Net cash (outflows) from investing activities		**(21)**	**-**
Cash flows from financing activities			
Proceeds from the issue of share capital	17	10,827	10,470
Costs of raising capital	17	(960)	(1,280)
Repayment of short-term loan		-	(2,321)
Payment of principal portion of lease liability		(484)	(500)
Net cash inflows from financing activities		**9,383**	**6,369**
Net change in cash and cash equivalents		**4,189**	**3,767**
Cash and cash equivalents at beginning of the period		4,668	935
Foreign exchange gain / (loss) on cash and cash equivalents		(16)	(34)
Cash and cash equivalents at end of the period		**8,841**	**4,668**

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

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 31 May 2021.

2. Summary of Significant Accounting Policies

These are the consolidated financial statements for the Group for the year ended 31 March 2021.

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.

a. 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.

b. 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. It currently remains unclear when international business travel can recommence. However, off the back of the Trans-Tasman bubble opening, the Group expects the expenditure towards events, travel and entertainment to begin to increase throughout FY22. As more regions re-open the Group expects to further increase the expenditure on events, travel and entertainment.

c. Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group has the intention and ability to continue its operations for the foreseeable future. The Group incurred a net loss of $5.1 million for the year ended 31 March 2021 and at balance date had cash at bank of $8.84 million. In addition to this, the Group had $0.43 million held by ASB Bank Limited as a lease guarantee.

The Group's net cash outflows from operating activities was $5.2 million during the period (2020: $2.6 million), the higher cash outflows in FY21 were due to no implementation fees being received. The Group continues to carefully monitor all expenditure which has resulted in a reduction in payments to employees and suppliers of $0.4m for this period versus the prior year. Tight controls remain in place over all cash spending; this will continue to be a priority for the Group over the current financial year ending 31 March 2022.

Management have prepared a forecast for the period 1 May 2021 to 30 September 2022 based on contractual or highly probable revenue and current expenditure levels.

Given available cash and the current cash flow run rate, the Group has sufficient cash for the foreseeable future period to 31 March 2022. The Group, therefore, will need to secure either new revenue opportunities or raise additional capital to continue operations beyond the forecast period. This has been identified as an event/condition that may cast doubt on the Group's ability to continue as a going concern.

Over the past year the Group has been able to successfully access capital from the ASX to meet its short-term capital requirements and has raised $10.8 million from an institutional placement of securities. The Directors also note that, although existing operations and customer relationships were not significantly impacted by COVID-19, the Group has experienced delays in closing some ongoing negotiations with potential customers and partners. The Group has several revenue opportunities that it is actively progressing.

The requirement to raise additional cash beyond the forecast 10-month period indicates a material uncertainty that may cast 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.

However, management and the Board believe the Group will be in a position to secure new revenues. The Board is confident that if the need arises, the Group will be able to raise additional capital. Therefore, they consider it appropriate to continue to adopt the going concern basis in preparing these financial statements.

d. Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to the Group. Actual results may differ from these estimates.

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

Critical accounting policies and estimates in the year are:

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

e. 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 2020.

Restatement of comparatives

During the process of preparing these consolidated financial statements, the Group has made adjustments to the Consolidated Statement of Financial Position as at 31 March 2020 and the Consolidated Statement of Cash Flows for the year ended 31 March 2020. This restatement was a reduction in cash and cash equivalents with a corresponding increase in trade and other receivables of $425,000. This follows a reassessment of the treatment of the bank guarantee provided as security over the leased office space located at Level 4 AECOM House, 8 Mahuhu Crescent, Auckland CBD, Auckland. Due to the nature of this guarantee and the fact that the Group are unable to draw on the balance secured until the lease agreement ends in February 2023 or is renegotiated. This is not considered to be cash and cash equivalents and has instead been reclassified as an other receivable.

The comparative information in note 7 has been reclassified to conform with current period presentation.

f. 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 recognised in profit or loss.

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.

Revenue was sourced from the following geographical locations:

	2021 $'000	2020 $'000
Europe	83	2,663
North America	3,819	1,383
Asia Pacific	2,696	2,813
Total operating revenue and other income	**6,598**	**6,859**
Comprising:		
Total operating revenue	5,728	5,882
Other income	870	977

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

During the year ended 31 March 2021 the Group had four (2020: four) banking partners. Revenue from banking partners is currently the Group's primary source of revenue and accounted for 82% of the Group's revenue and other income (2020: 86%). In the year ended 31 March 2021 three of the banking partners each accounted for 11% or more of the Group's revenue while one had yet to go-live as at 31 March 2021.

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

	2021 $'000	2020 $'000
Implementation revenue	977	1,646
Platform access revenue	4,245	4,011
Development revenue	316	-
Other revenue from customers	190	225
Total operating revenue	**5,728**	**5,882**

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 recognised as revenue in the Consolidated Statement of Comprehensive Income on a straight-line basis over the expected term of the service, starting when the system has been deployed.

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 on the following page provides further information on revenue recognition across the three main revenue categories in the Group. The revenue streams detailed below represent 97% of the Group's total revenue for the year ended 31 March 2021 (2020: 82%).

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 recognised on a straight-line basis, equally over the expected licence period, once the system has been deployed.

Revenue type	Description	Key judgements	Outcome	Timing of revenue recognition
Platform Access Revenue	The right to access 9Spokes' platform.	Determining whether the platform access is a distinct performance obligation.	As above.	Over time – recognised monthly, on a straight-line basis, recurring over the expected licence period.
Development Revenue	Development of additional features, tiles, or other items as requested by the customer.	Determining whether the additional functionality is a distinct performance obligation.	The customer benefits from the additional functionality from the point of completion of the development work.	At a point in time — on completion of 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 (2020: $4.0 million). The contracted annual recurring revenue from platform access fees for the year ending 31 March 2022 is forecast to be $3.8 million, a decrease of $0.9 million compared to the same period last year. This is largely due to a decrease in the USD/NZD exchange rate. The underlying USD value of the contracts has remained unchanged, however, the strengthening NZD has resulted in a decrease in the NZD value of the contracts.

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 recognised. The Group had contract assets as at 31 March 2021 of $0.06 million (2020: $0.05 million). $0.03 million of costs included in the contract assets as at 31 March 2020 was recognised in the Consolidated Statement of Profit or Loss for the year ended 31 March 2021.

Contract liabilities

Implementation and platform access fees received prior to deployment of the 9Spokes system are recognised in the Consolidated Statement of Financial Position as contract liabilities. The Group had contract liabilities as at 31 March 2021 of $1.7 million (2020: $2.5 million). $1.0 million of implementation revenue included in contract liabilities at 31 March 2020 was recognised in the Consolidated Statement of Profit or Loss for the year ended 31 March 2021.

b. Other operating income

	2021 $'000	2020 $'000
Government grants	707	930
Other income	163	47
Total other operating income	**870**	**977**

Government grants

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

Other income

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

5. Expenses by nature

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

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

a. Operational expenses

	Notes	2021 $'000	2020 $'000
Employee benefit expenses	7	1,130	731
Other operating expenses		43	-
Platform hosting and tools		522	325
Third party contractors		265	125
Total operating expenses		**1,960**	**1,181**

Third party contractor costs had an increased allocation to operational expenses and a decreased allocation to research and development costs due to the nature of the work being completed being more focused on app integrations and refining of the product offerings.

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

b. Research and development expenses

	Notes	2021 $'000	2020 $'000
Amortisation of previously capitalised contract assets	4b	28	426
Depreciation expense		245	378
Employee benefit expenses	7	2,327	2,670
Other research and development expenses		408	527
Third party contractors		115	258
Total research and development expenses		**3,123**	**4,259**

Research expenditure is recognised as the expense is incurred.

Development costs that are directly attributable to the design and testing of an identifiable product are recognised as intangible assets where they meet the following recognition criteria:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;

- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Identifiable costs incurred in fulfilling contracts with customers are capitalised as a contract asset and amortised on a systematic basis over the enterprise customer's initial licence term. The expenditure capitalised includes payroll expenses, external contractor fees and overhead costs that are directly attributable to the implementation activities.

c. Sales, marketing and administration expenses

	Notes	2021 $'000	2020 $'000
Depreciation expense		344	317
Directors' consultancy services	24	20	5
Directors' fees	24	394	272
Remuneration of auditors	6	176	247
Employee benefit expenses	7	3,399	3,526
Foreign exchange loss / (gain)		327	(224)
Marketing expenses		221	175
Professional, office costs and other administration expenses		1,398	1,000
Short term lease rental		165	160
Travel		29	402
Total sales, marketing and administration expenses		**6,473**	**5,720**

Travel costs have reduced due to global COVID-19 restrictions. Professional, office costs and other administration expenses increased in the current year largely as a result of the office move.

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

6. Remuneration of auditors

	2021 $'000	2020 $'000
Audit and review of financial statements by BDO		
Audit of the annual financial statements FY21	88	-
Review of the half year financial statements	51	-
Other services performed by BDO		
Callaghan Growth Grant review	8	-
Total fees paid and payable to BDO	147	-
Audit and review of financial statements by PwC		
Audit of the annual financial statements FY20	23	102
Review of the half year financial statements	-	86
Other services performed by PwC		
Callaghan Growth Grant review	-	12
Tax compliance and advice	6	47
Total fees paid and payable to PwC	29	247
Total fees paid and payable to auditors	**176**	**247**

On 24 August 2020 the Company notified PwC of its intention to appoint a new auditor. Following the resignation of PwC, BDO were appointed as auditors on 28 August 2020 and ratified by shareholders at the Annual Meeting on 25 September 2020.

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.

Audit Fees payable to PwC this year arise from additional work related to re-issued financial statements for the year ended 31 March 2020.

7. Employee benefit expenses

	Notes	2021 $'000	2020 $'000
Short-term employee benefits		6,508	6,666
Share option expense		102	-
Employer contribution to pension schemes		246	261
Total employee benefit expenses		**6,856**	**6,927**
Employee benefit expenses were recorded in the following Consolidated Statement of Profit or Loss captions:			
Sales, Marketing and Administration		3,399	3,526
Operating		1,130	731
Research and Development		2,327	2,670
		6,856	**6,927**

In the prior year the allocation of employee benefits to operational expenses was reduced as a higher portion of the time spent by operational staff was on research and development projects. In the current year a greater amount of operational staff's time has been spent on completing iterative work and refining the current offerings alongside integration of new apps. By year end the work had shifted back to have a stronger research and development focus. The overall cost of employee benefits remained largely unchanged.

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

8. Finance income and expense

	Notes	2021 $'000	2020 $'000
Finance income			
Fair value gain on loan conversion option	16	-	585
Interest on short term bank deposits		31	19
Interest on finance lease receivable		9	-
Total finance income		**40**	**604**

	Notes	2021 $'000	2020 $'000
Finance expense			
Finance expense on short term loan		-	1,040
Interest on lease liabilities	14	168	133
Finance interest		9	11
Total finance expense		**177**	**1,184**

9. Income and deferred tax

Income tax is represented as follows:

	2021 $'000	2020 $'000
Current tax	-	-
Total current tax	-	-
Deferred tax expense		
Origination of temporary timing differences	165	(473)
Tax (income)/deduction of research and development expenses deferred	-	(23)
Tax losses	(1,631)	(1,017)
Deferred tax assets not recognised	1,466	1,513
Total deferred tax	**-**	**-**
Total income tax	**-**	**-**

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

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

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

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

Tax losses

The Company has tax losses available to carry forward at 31 March 2021 of $35.8 million, subject to shareholder continuity being maintained.

Tax losses available to subsidiary companies of the Group, as disclosed in note 21, are $5.2 million (2020: $4.9 million) of which $0.7 million will expire on the following future dates:

Tax year	Date of expiry	$'000
31 March 2018	31 March 2038	112
31 March 2019	31 March 2039	188
31 March 2020	31 March 2040	170
31 March 2021	31 March 2041	199
		669

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

Reconciliation of effective tax rate:

	2021 $'000	2020 $'000
Loss before income tax	(5,095)	(4,881)
Prima facie taxation at 28%	(1,427)	(1,367)
Expenses not deductible for tax purposes	(39)	(146)
Temporary timing differences	(165)	473
Research & development expenditure deferred (net of income)	-	23
Total losses not recognised	1,631	1,017
Total tax	-	-

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

	2021 $'000	2020 $'000
Net loss for the period	**(5,095)**	**(4,881)**
Non-cash items:		
Depreciation expense	589	695
Share option expense	102	-
Foreign exchange differences	164	-
Loss on sale of assets	57	-
Finance expense on short-term loan	-	1,040
Fair value gain on loan conversion option	-	(585)
Foreign exchange loss on monetary assets	(16)	32
Changes in working capital:		
(Increase)/Decrease in trade and other receivables	(275)	259
(Increase)/Decrease in contract assets	(13)	425
Increase/(decrease) in trade and other payables	67	(578)
(Decrease) / increase in contract liabilities	(753)	991
Net cash flow from operating activities	**(5,173)**	**(2,602)**

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.

	2021 $'000	Restated 2020 $'000
Cash at bank	4,841	1,668
Term deposits with maturities of three months or less	4,000	3,000
Total cash and bank	**8,841**	**4,668**

For details of the restatement, please refer to note 2e.

12. Trade and other receivables

	2021 $'000	Restated 2020 $'000
Trade receivables	377	166
Prepayments	188	100
Accrued income	222	315
Lease guarantee	432	425
Other receivables	112	50
Total trade and other receivables	**1,331**	**1,056**

As at 31 March 2021, the Company continues to provide a guarantee of $0.43 million (2020: $0.43 million) for the operating lease on its Auckland premises, held by ASB Bank Limited.

Trade and other receivables are initially recognised at the fair value of the amounts to be received, plus transaction costs (if any). They are subsequently measured at amortised cost (using the effective interest method) less expected credit losses. The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

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

For details of the restatement, please refer to note 2e.

13. Property, plant and equipment

	2021 Office and computer equipment $'000	2021 Leasehold improvements $'000	2021 Total $'000	2020 Office and computer equipment $'000	2020 Leasehold improvements $'000	2020 Total $'000
Carrying amount at start of year	104	102	206	157	189	346
Additions	29	-	29	-	-	-
Disposals	(17)	-	(17)	(27)	-	(27)
Depreciation expense	(28)	(92)	(120)	(52)	(87)	(139)
Depreciation on disposals	-	-	-	**26**	-	**26**
Carrying amount at end of year	**88**	**10**	**98**	**104**	**102**	**206**

	2021 Office and computer equipment $'000	2021 Leasehold improve-ments $'000	2021 Total $'000	2020 Office and computer equipment $'000	2020 Leasehold improve-ments $'000	2020 Total $'000
At cost at the end of year	417	383	800	405	383	788
Accumulated depreciation at the end of year	(329)	(373)	(702)	(301)	(281)	(582)
Carrying amount at end of year	88	10	98	104	102	206

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 recognised at cost and include decommissioning or similar costs if the lease contract requires the property to be returned at the end of the lease in its original state. Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised in the Consolidated Statement of Profit or Loss.

Depreciation

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

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

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

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

14. Right of use assets and lease liabilities

The Group has identified three contracts containing leases:

- leased office premises in Auckland, New Zealand, 6-year term
- leased office premises in Auckland, New Zealand, 3-year term
- leased office premises in London, United Kingdom, 1-year term.

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

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:

	2021 $'000	2020 $'000
Opening balance	1,398	-
Additions due to first-time adoption of NZ IFRS 16	-	1,043
Remeasurement during the year	-	911
Additions during the year	556	-
Derecognition of subleased asset	(945)	-
Depreciation expense	(468)	(556)
Closing balance	**541**	**1,398**

Remeasurement

During the year ended 31 March 2020 the Group adjusted its estimate related to the term of the lease, which was a direct result of not exercising an early termination clause with regards to the Auckland lease premises. As this was a change in accounting estimate, it was applied prospectively and resulted in an increase of the lease liability of $0.9 million with corresponding increase in the cost of the right of use asset.

Lease liabilities

Under NZ IFRS 16: Leases, the Group is required to recognise lease liabilities for contracts identified as containing a lease, except when the lease is for 12 months or less or the underlying asset is of low value. Payments associated with short-term leases have been recognised on a straight-line basis as an expense in the Consolidated Statement of Profit or Loss. The expense relating to short-term leases for the year ended 31 March 2021 was $0.2 million (2020: $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:

	2021 $'000	2020 $'000
Less than one year	708	486
One to five years	963	1,112
Total lease liabilities	**1,671**	**1,598**

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

	2021 $'000	2020 $'000
Opening balance as at 1 April	1,598	-
Recognition due to first-time adoption of NZ IFRS 16	-	1,187
Remeasurement during the year	-	911
Additional leases entered into during the year	556	-
Interest expense	168	133
Repayments	(651)	(633)
Closing balance as at 31 March	**1,671**	**1,598**

Rent concessions

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 the year satisfy the criteria to apply the practical expedient. The application of the practical expedient has 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 March 2021.

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

	2021 $'000	2020 $'000
Current	443	-
Non-current	468	-
Total lease receivable	**911**	**-**

During the year, the Group has sub-leased buildings that have been presented as part of a right of use asset. When assets are leased out customers under a finance lease, the present value of the minimum lease payment is recognised as a receivable. Lease income is recognised 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 Consolidated Statement of Profit or Loss.

15. Trade and other payables

	2021 $'000	2020 $'000
Trade payables	254	136
Other payables and accruals	872	728
Other deferred income	48	243
Total trade and other payables	**1,174**	**1,107**

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

Included in trade payables and other payables and accruals are amounts owing to related parties (refer to note 23).

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

Items presented with A$ represent Australian dollars.

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

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

Settlement of the short-term loan

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

Finance expense of the debt portion

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

Derivative conversion option

On the date of settlement of the loan, the lenders opted to exercise a portion of the loan at the offer price of A$0.016 per share. There was no discount on the issue of these shares, so the conversion option was not exercised. As a result, the fair value of the conversion option was revalued to $nil and recognised in the Consolidated Statement of Profit or Loss as fair value gain on loan conversion option.

17. Share capital

Items presented with A$ represent Australian dollars.

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

The placement was completed in two tranches:

- Tranche 1, completed on 4 September 2020 and consisting of 166.0 million shares issued within the Company's placement capacity,
- Tranche 2, completed on 1 October 2020 and consisting of a further 111.8 million shares at additional capacity, following Shareholder approval at the Annual Meeting of Shareholders held on 25th September 2020.

	Notes	Share capital $'000	Authorised, issued and fully paid shares 000's
Balance at 1 April 2020		**59,523**	**1,215,560**
Shares issued for cash at A$0.036 per share ($0.039)		10,827	277,778
Costs of capital raise		(960)	-
Balance at 31 March 2021		**69,390**	**1,493,338**
Balance as at 1 April 2019		**48,984**	**495,271**
Shares issued for cash at A$0.016 per share ($0.017)		6,310	373,548
Shares issued for cash at A$0.015 per share ($0.016)		4,160	266,667
Shares issued as partial settlement of short term loan at A$0.016 ($0.017)	16	1,356	80,074
Costs of capital raise		(1,287)	-
Balance at 31 March 2020		**59,523**	**1,215,560**

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.

18. Share-based payments

Items presented with A$ represent Australian dollars.

	Note	2021 $'000	2020 $'000
Share-based payments reserve at the beginning of the year		906	906
Share option expense			
CEO Options (October 2020)		35	-
Employee Options (March 2021)		67	-
Total share option expense	7	102	0
Share-based payments reserve at the end of the year		**1,008**	**906**

The fair value of share options issued as part of the share-based payment arrangement is measured at grant date and expensed over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. Revisions to original estimates, if any, are recognised in the Consolidated Statement of 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 2021 is 56 months (2020: 68 months).

At 31 March 2021, there were 1,476,968 options on issue, all of which have vested.

b) IPO advisors share options (June 2016)

In June 2016, the Company issued additional options to its advisors over an aggregate 8,750,000 shares, at an exercise price of A$0.20 per share treated as share-based payments. The options were not exercised by 30 June 2019 so under the terms of issue, they expired.

c) Current Employee share options plan

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

Key provisions of the ESOP include:

a) the options are to vest in accordance with the employee's letter of offer;

b) the expiry date of the options will be as set out in the employee's letter of offer; and

c) should the relevant employee cease to be employed by the Company, all options not yet vested will be cancelled and, all options vested must be exercised within three months following the relevant employee's leaving date, unless the Board determines otherwise.

(i) Employee share options (August 2017)

On the 6 June 2017 the Board approved the offer of options under the ESOP to employees on the following terms:

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

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

The weighted average contractual life of the options at 31 March 2021 is 17 months (2020: 29 months).

At 31 March 2021, there were 1,007,035 options on issue, all of which have vested.

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

At the Annual Meeting of Shareholders held on 12 September 2017 the shareholders approved the issue of options under the ESOP to the NEDs on the following terms:

- an exercise price of A$0.225 per share;
- the options vest on the price of the quoted shares reaching A$0.30 per share, calculated on a 10-trading day 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 2021 is 17 months (2020: 29 months).

As at 31 March 2021, there were 1,143,413 options on issue, all of which have vested.

d) 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 2021 is 54 months.

As at 31 March 2021, all 8,455,613 options on issue were unvested.

e) 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 21 March 2021 is 54 months.

As at 31 March 2021, there are 3,647,000 A$0.032 options on issue of which 2,431,334 have vested and 1,563,000 A$0.05 options on issue of which 1,042,000 have vested.

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

	Pre-IPO employee share options	IPO advisor share options	Employee ESOPs	NEDs ESOPs	CEO Options	Employee Options	Employee Options	**Total**	**Weighted average exercise price**
	Dec 2015	Jan 2016	Aug 2017	Sep 2017	Oct 2020	Mar 2021	Mar 2021		
Exercise price	NZ$0.16	A$0.20	A$0.20	A$0.225	A$0.036	AU$0.032	AU$0.05		
	000's	000's	000's	000's	000's	000's	000's	**000's**	**$ per option**
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**
Balance outstanding at 1 April 2019	1,533	8,750	1,352	1,143	-	-	-	12,778	**0.21**
Forfeited	(56)	-	(229)	-	-	-	-	(285)	**0.21**
Expired	-	(8,750)	-	-	-	-	-	(8,750)	**0.21**
Balance outstanding at 31 March 2020	**1,477**	**-**	**1,123**	**1,143**	**-**	**-**	**-**	**3,743**	**0.20**
Balance exercisable at 31 March 2020	**1,477**	**-**	**1,123**	**-**	**-**	**-**	**-**	**2,600**	**0.20**

19. 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 anti-dilutive in nature. The diluted earnings per share is therefore the same as the undiluted earnings per share.

	2021 '000	2020 '000
Total loss attributable to shareholders	($5,095)	($4,881)
Ordinary number of shares	1,493,338	1,215,559
Weighted average number of shares on issue	1,365,998	921,198
Basic and diluted earnings per share	($0.0037)	($0.0053)

20. Financial instruments and financial risk management

Financial instruments are recognised 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, trade and other payables and lease liabilities.

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 transaction price 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 recognised in Consolidated Statement of Profit or Loss. Any gain or loss on derecognition is recognised in Consolidated Statement of 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 subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of Profit or Loss. Any gain or loss on derecognition is recognised in Consolidated Statement of Profit or Loss.

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

Impairment – financial assets

The Group recognises 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 2021.

Financial risk management

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

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

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

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

Credit risk

Credit risk is the risk of financial loss to the Group if a 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 balance date to recognised financial assets is the carrying amount, net of any credit losses for impairment of those assets, as disclosed in the statement of financial position. These predominantly relate to trade receivables and the lease guarantee. As at 31 March 2021, the Group had trade receivables and lease guarantees of $809,000 (2020: $591,000). Refer to note 12 for further details.
2. Cash and cash equivalents – the maximum potential exposure to credit risk at balance date is $8.8million (2020: $4.7 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 2021	**Up to 1 year $'000**	**Between 1 and 2 years $'000**	**Between 2 and 3 years $'000**
Trade and other payables	1,174	-	-
Lease liabilities	708	754	209
Total	**1,882**	**754**	**209**

Contractual maturities of financial liabilities as at 31 March 2020	Up to 1 year $'000	Between 1 and 2 years $'000	Between 2 and 3 years $'000
Trade and other payables	1,107	-	-
Lease liabilities	486	569	543
Total	**1,593**	**569**	**543**

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 2021, 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	
	2021	**2020**	**2021**	**2020**
Impact on net loss before income tax:				
Balances in GBP (net)	0	0	0	0
Balances in AUD (net)	2	2	(2)	(2)
Balances in CAD (net)	0	0	0	0
Balances in USD (net)	(7)	(7)	7	7
Balances in SGD (net)	0	0	0	0

Capital risk management

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

The Group's aim is to maintain a sufficient 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.

21. Consolidation

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

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

Name	Country of incorporation and place of business	Nature of business	% of ordinary shares held by parent	Date of incorporation
9 Spokes Asia Pte Limited	Singapore	Trading operation	100%	2 April 2019
9 Spokes Australia Pty Limited	Australia	Trading operation	100%	10 April 2014
9 Spokes Canada Limited	Canada	Trading operation	100%	16 August 2017
9 Spokes Knowledge Limited	New Zealand	Holder of provisional patent	100%	5 May 2015
9 Spokes Trustee Limited	New Zealand	Non-trading	100%	16 July 2015
9 Spokes UK Limited	United Kingdom	Trading operation	100%	21 December 2015
9 Spokes US Holdings Limited	New Zealand	Holding Company	100%	12 November 2014
9 Spokes US, Inc.	United States	Non-trading	100%	11 May 2017

Subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. To date, all Subsidiaries have been established by the Group, no acquisitions of existing Subsidiaries has occurred.

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

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. All subsidiaries conform to Group accounting policies.

The Group

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

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 recognised in other comprehensive income.

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

22. Contingencies

Repayment of remuneration

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	103
Thomas Power	53
Mark Estall (Resigned 30 September 2020)	103
Adrian Grant	106
Executive employees	154
Total amount of contingency	**519**

As at balance date, the Company did not make any recommendation with regards to the repayment plan and therefore has not recognised this arrangement as a liability. It is currently uncertain when and if the repayment will happen. As the Group works towards achieving breakeven, it will re-evaluate the suitability of repayment based on latest cash forecasts. Any repayment will be subject to Board approval.

23. 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:

	2021 $'000	2020 $'000
Wages and salaries	1,838	2,347
Employee contribution to pension schemes	124	109
Directors' fees	385	272
Share based payments	81	-
Total employee benefit expenses	**2,428**	**2,728**

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

24. Related party transactions and balances

a. Transactions with related parties during the year

Name of related party	Nature of relationship	Transaction	2021 $'000	2020 $'000
Paul Reynolds	Director	Directors' fees	(170)	(155)
Tightline Advisory Limited [1]	Director	Director services	-	(5)
Shelley Ruha	Director	Directors' fees	(95)	(44)
Thomas Power	Director	Directors' fees	(80)	(40)
Mark Estall (resigned 30 September 2020)	Director	Directors' fees	(40)	-
Te Arai Advisory Limited [2]	Director	Consultancy	(20)	-
Mint Recruitment Limited [3]	Family member of Director	Provision of recruitment services	(151)	(71)

1. Non-executive Director, Paul Reynolds is a Director and shareholder of Tightline Advisory Limited.
2. Non-executive Director, Mark Estall is a Director and shareholder of Te Arai Advisory
3. 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	2021 $'000	2020 $'000
Mint Recruitment Limited	Family member of Director	Trade and other payables	18	-
Net amounts owed to related parties			**18**	-

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

25. Events after the reporting period

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

05

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
Adrian Grant	Executive Director and Chief Executive Officer	17 August 2017

a) Board meetings

The Board met formally 20 times during the financial year ended 31 March 2021. Normally the Board would meet up to 10 times a year during which meetings the Board considers key financial and operational information, as well as matters of strategic importance. Additional meetings were held during the year ended 31 March 2021 to consider matters relating to capital raising and the COVID-19 outbreak.

Name	Position	Number of meetings eligible to attend	Number of meetings attended
Paul Reynolds	Independent, Non-Executive Chairman	20	19
Shelley Ruha	Independent, Non-Executive Director	20	19
Thomas Power	Independent, Non-Executive Director	20	19
Adrian Grant	Executive Director and Chief Executive Officer	20	19
Mark Estall	Non-Executive Director	14	9

Mark Estall resigned as Non-Executive Director on 30 September 2020.

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 four times to review the Interim and Annual Financial Reports prior to release and the Delegated Authorities policy. 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 and Thomas Power.

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 three 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 and Shelley Ruha.

2. Shareholdings of Directors

	2021 Shares	2020 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
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 2021:

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
Tightline Advisory Limited	Director & Shareholder
Tosca IOM Limited	Director
Talk Talk Telecom Group PLC	Ceased to be a Director March 2021
Shelley Ruha	
9 Spokes International Limited	Director & Shareholder
Analey Holdings Limited	Director & Shareholder
Analey Investments Limited	Director & Shareholder
Heartland Bank	Director
Hobson Wealth Holding Limited	Director
IT & Business Consulting Limited	Director
New Zealand Rural Land Management Limited	Director
Partner Group Holdings Limited	Director
Partner Life Limited	Director
Thomas Power	
9 Spokes International Limited	Director & Shareholder
Digital Entrepreneur Limited	Shareholder. Ceased to be a Director
Electric Dog Limited	Shareholder. Ceased to be a Director
SA Vortex Limited	Director & Shareholder
Social Power (Surrey) Limited	Director & Shareholder
Teamblockchain Limited	Shareholder. Ceased to be a Director
The Business Café Limited	Director & Shareholder
Adrian Grant	
9 Spokes Asia Pte Limited	Director
9 Spokes Australia Pty Limited	Director
9 Spokes Canada Limited	Director
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	Director & Shareholder

Director/Entity	Relationship
RewardPay (Aus) Limited	Shareholder
Mark Estall (resigned 30 September 2020)	
9 Spokes Asia Pte Limited	Ceased to be a Director
9 Spokes Australia Pty Limited	Ceased to be a Director
9 Spokes Canada Limited	Ceased to be a Director
9 Spokes International Limited	Shareholder. Ceased to be a Director
9 Spokes Knowledge Limited	Ceased to be a Director
9 Spokes Trustee Limited	Ceased to be a Director
9 Spokes UK Limited	Ceased to be a Director
9 Spokes US Holdings Limited	Ceased to be a Director
9 Spokes US, Inc.	Ceased to be a Director
Franc Holdings Limited	Director & Shareholder
M & M No.1 Limited	Director & Shareholder
Te Arai Coast Lodge Limited	Director & Shareholder
Waiere Limited	Director & Shareholder

4. Donations

The total value of donations made by the Group during the year ended 31 March 2021 was $nil (2020: $nil).

5. Directors' remuneration

The remuneration receivable by Directors in office during the financial year ended 31 March 2021 was:

	Directors' fees	Directors' consultancy	Employment remuneration	Short term incentive	Share based payments
	$'000	$'000	$'000	$'000	$'000
Adrian Grant	-	-	420	72	35
Paul Reynolds	170	-	-	-	-
Shelley Ruha	95	-	-	-	-
Thomas Power	80	-	-	-	-
Mark Estall	40	20	-	-	-
	385	**20**	**420**	**72**	**35**

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:

	2021 No.	2020 No.
$100,000 - $109,999	6	5
$110,000 - $119,999	5	7
$120,000 - $129,999	10	5
$130,000 - $139,999	1	-
$140,000 - $149,999	-	1
$150,000 - $159,999	1	1
$160,000 - $169,000	1	-
$170,000 - $179,999	-	1
$180,000 - $189,999	1	-
$200,000 - $209,999	1	1
$210,000 - $219,999	1	-
$220,000 - $229,999	-	1
$250,000 - $259,999	1	-
$280,000 - $289,999	-	3
$300,000+	4	-

The following information is current as at 30 April 2021 and is included for the benefit of shareholders and for compliance with the Australian Securities Exchange (ASX) Listing Rules.

7. Amounts payable to auditors

Refer to note 6 of the Consolidated Financial Statements.

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	159,838,669	10.70%
J P Morgan Nominees Australia Pty Limited	101,723,370	6.81%
Harrogate Trustee Limited <Brandywine A/C>	92,311,270	6.18%

3. Number of Holders in each Class of Equity Security

Class of Equity Security	Number of Holders
Fully Paid Ordinary Shares (quoted)	2,472
Options over Fully Paid Ordinary Shares (unquoted), see 12 below	

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:

Holdings Ranges	Holders	Total Units	%
1-1,000	33	5,608	0.00%
1,001-5,000	39	153,362	0.01%
5,001-10,000	105	892,538	0.07%
10,001-100,000	811	37,485,968	3.08%
100,001-9,999,999,999	693	1,177,021,979	96.83%
Totals	**1,681**	**1,215,559,455**	**100.00%**

b) Unquoted Share Options

Pre-IPO Employee Share Options:

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

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	0	0	0.00%
10,001-100,000	1	63,505	4.30%
100,001-99,999,999,999	3	1,413,463	95.70%
Totals	**4**	**1,476,968**	**100.00%**

All options have vested.

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:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	1	6,294	0.63%
10,001-100,000	6	183,207	18.19%
100,001-99,999,999,999	5	817,534	81.18%
Totals	**12**	**1,007,035**	**100.00%**

Non-Executive Directors Share Options:

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

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	0	0	0.00%
10,001-100,000	0	0	0.00%
100,001-99,999,999,999	2	1,143,413	100.00%
Totals	**2**	**1,143,413**	**100.00%**

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

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:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	0	0	0.00%
10,001-100,000	0	0	0.00%
100,001-99,999,999,999	1	8,455,613	100.00%
Totals	**1**	**8,455,613**	**100.00%**

None of the options issued have vested.

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:

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	0	0	0.00%
10,001-100,000	0	0	0.00%
100,001-99,999,999,999	4	3,647,000	100.00%
Totals	**4**	**3,647,000**	**100.00%**

Of the 3,647,000 options on issue, 2,431,334 have vested.

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

Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.00%
1,001-5,000	0	0	0.00%
5,001-10,000	0	0	0.00%
10,001-100,000	0	0	0.00%
100,001-99,999,999,999	4	1,563,000	100.00%
Totals	**4**	**1,563,000**	**100.00%**

Of the 1,563,000 options on issue, 1,042,000 have vested.

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$0.019 as at 30 April 2021 was 679.

6. 20 Largest Holders

As at 30 April 2021, 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	159,838,669	10.70%
J P Morgan Nominees Australia Pty Limited	101,723,370	6.81%
Harrogate Trustee Limited <Brandywine A/C>	92,311,270	6.18%
HSBC Custody Nominees (Australia) Limited	70,948,946	4.75%
Adrian David Grant	66,680,151	4.47%
Te Arai Advisory Limited	61,389,721	4.11%
Citicorp Nominees Pty Limited	46,079,586	3.09%
G&S Capital Limited	37,617,886	2.52%
Custodial Services Limited <Beneficiaries Holding A/C>	33,331,658	2.23%
Sekots Group Limited	32,029,452	2.14%
Mr Hien Quang Trinh <Trivest Capital A/C>	24,727,429	1.66%
Byron Carl Thomas	18,222,641	1.22%
Brendan Paul Roberts & MI Trustees 3287 Limited <Brendan Roberts Invest A/C>	15,310,135	1.03%
Scribani Rossi Shooting Pty Ltd	14,779,609	0.99%
Mr Gregory Frank Gray	11,000,000	0.74%
Holder name	**Number of shares**	**% holding**
Graham E Jackson & Donald M Gibson & Kristin M Jackson <The Jackson Charitable A/C>	10,000,000	0.67%
Mr Bhagwanji Bhula Rama	10,000,000	0.67%
Mr Alan Siu Lun Chan	9,462,500	0.63%
Mr Andrew Mark Jones	9,402,660	0.63%
Tappenden Holdings Limited	5,750,527	0.39%

7. Company Secretary

For the purposes of the ASX Listing Rules, the Company Secretary is currently Neil Hopkins.

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 on Issue
Options over Ordinary Shares.		
Pre-IPO Employee Share Options issued in December 2015: exercise price of NZ$0.16.	4	1,476,968
Options issued to Employees under ESOP in August 2017: exercise price of A$0.20	12	1,007,035
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

13. Review of Operations

A review of the operations and activities of the Company for the year ended 31 March 2021 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	Paul Reynolds (Non-executive & Independent Chairman) Shelley Ruha (Non-executive & Independent Director) Thomas Power (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	9spokes.com