
ASX: 9SP

ASX Announcement
30 November 2021

Appendix 4D and Condensed Consolidated Interim Financial Statements
9 Spokes International Limited
30 September 2021

In accordance with Listing Rule 4.2A, please find attached the Appendix 4D and Condensed Consolidated Interim Financial Statements for the half year ended 30 September 2021 and the accompanying Chairman and Chief Executive Review. All financial information included in this report is presented in New Zealand dollars, unless otherwise stated, which is the Company's functional currency.

Highlights:

- Signed a three-year contract with Virgin Money
- Launched 9Spokes Open, our open API platform
- Released 'category boards' to support a flexible, cross team view of business insights
- Integrated new Apps into our eco-system through 9Spokes Open

Detailed commentary on the results are contained in the Condensed Consolidated Interim Financial Statements and accompanying Chairman and Chief Executive's Review. It is recommended that these half-year reports be read in conjunction with the Annual Report for the year ended 31 March 2021 and any public announcements made by the company during the half year.

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

About 9 Spokes

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

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

Find out more at 9spokes.com

9 Spokes International Limited (ASX:9SP) ("9 Spokes" or "the Company"), ABN 610 518 075, presents its Appendix 4D report for the half year ended 30 September 2021, incorporating results for the previous corresponding half year ended 30 September 2020.

Results for announcement to the market

	6 months ended 30 September 2021 (unaudited) \$'000	6 months ended 30 September 2020 (unaudited) \$'000	Change \$'000	Change %
Total revenue from ordinary activities	2,610	3,453	(843)	(24%)
Net loss from ordinary activities after tax and net loss for the period, attributable to members	(3,759)	(2,597)	(1,162)	45%

The information provided in this Appendix 4D is taken from the attached Condensed Consolidated Interim Financial Statements of the Company for the financial half-year ended 30 September 2021.

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

Dividends

There were no dividends or distributions as at 30 September 2021 and it is not proposed that a dividend be paid. 9Spokes did not have any dividend reinvestment plans in operation.

Net tangible asset per security

	30 September 2021 (unaudited) NZ Cents	30 September 2020 (unaudited) NZ Cents
Basic and diluted loss per share	(0.25)	(0.19)
Net tangible assets per security	0.23	0.41

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

There were no entities over which control has been gained or lost during the half year ended 30 September 2021.

Details of associates and joint venture entities

The company has no associates or joint venture entities.

Accounting standards

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

Auditor's review report

There are no modifications to the auditor's review report. The auditor's review report contains an emphasis of matter in respect of going concern.

Condensed Consolidated Interim Financial Statements

30 September 2021

9 Spokes International Limited and subsidiary companies



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01



Chairman and Chief Executive Review

Chairman and Chief Executive Review

The Directors are pleased to present the condensed consolidated interim financial statements of 9 Spokes International Limited (“the Company” or “9Spokes”) and its subsidiaries (together “the Group”) for the 6 months ended 30 September 2021.

These financial statements should be read in conjunction with the Group’s Annual Report for the year ended 31 March 2021, issued on 31 May 2021.

Cash flow

Net cash outflows from operating activities for the 6 months ended 30 September 2021 were \$2.5 million (6 months ended 30 September 2020: \$3.0 million).

Receipts from customers were \$3.4 million (6 months ended 30 September 2020: \$2.0 million); this increase was due to the receipt of licence fees in advance from an existing customer along with implementation fees received from Virgin Money. Payments to employees and suppliers were \$6.2 million (6 months ended 30 September 2020: \$5.6 million). These payments were higher than the comparable period largely as a result of paying insurance in an annual lump sum.

Implementation fees are receipted as cash in the period they were received; accounting standards require the revenue to be recognised evenly over the duration of the contract, which causes a timing mismatch in the cash position versus revenue.

6 Months Operating Cashflow

	6 months to 30 September 2021 (unaudited) NZ\$'000	6 months to 30 September 2020 (unaudited) NZ\$'000	Variance NZ\$'000	Variance %
Operating receipts	3,714	2,569	1,145	45%
Operating expenditure	(6,201)	(5,583)	(618)	11%
Operating net cash burn	(2,487)	(3,014)	527	(17%)

Financial performance

Implementation fees received from Virgin Money prior to 30 September 2021, along with licence fees paid in advance contribute to the increase in reported contract liabilities (deferred revenue) from \$1.7 million as at 31 March 2021 to \$2.5 million as at 30 September 2021. All implementation fees will be released as revenue over the initial term of the contracts, commencing from go-live. Of this deferred revenue, \$0.5 million will be recognised as revenue over the 12 months ended 30 September 2022, and the remaining \$2.0 million within the following 26 months.

Total revenue decreased by 24% to \$2.6 million when compared to the 6 months ended 30 September 2020. This was largely due to the cessation of the Callaghan and NZTE grants which reduced grant income by \$0.5 million in the 6 months ended 30 September 2021. The Government of New Zealand has replaced the Callaghan grant scheme with the Research and Development Tax Incentive scheme for which we are in the process of submitting an eligibility application.

Reported revenue in NZD is sensitive to foreign currency fluctuations. In the 6 months ended 30 September 2021 the NZD strengthening against the USD has resulted in a reduction in revenue of \$0.2 million, while underlying revenue has remained relatively static.

Total expenses increased by 7% from \$6.0 million in the 6 months ended 30 September 2020 to \$6.4 million in the 6 months ended 30 September 2021. While the underlying operating expenses remained in line with the prior period, the Group expenses include one-off expenditure of \$0.4 million in relation to an unsolicited, confidential, non-binding, indicative, incomplete and highly conditional proposal to acquire all of the Company's equity interests.

The Group reported a net loss before taxes of \$3.8 million, compared to \$2.6 million in the same period last year. The key drivers in this variance were the cessation of the Callaghan grant and the costs associated with the non-binding indicative offer.

6 Months Financial Performance

	6 months to 30 September 2021 (unaudited) NZ\$'000	6 months to 30 September 2020 (unaudited) NZ\$'000	Variance NZ\$'000	Variance %
Total revenue	2,610	3,453	(843)	(24%)
Total expenses	(6,351)	(5,963)	(388)	7%
Net finance expense	(18)	(87)	69	(79%)
Net loss before income tax	(3,759)	(2,597)	(1,162)	45%

Business update & business development

During the 6 months ended 30 September 2021, we have:

- Signed a three-year contract with Virgin Money UK (“VMUK”) and completed the majority of implementation. The 9Spokes solution forms the core of VMUK’s working capital health proposition. Post the half year, handover was completed in November with Virgin Money UK subsequently going live in beta with their product called M Track. The project has been delivered within the planned scope.
- Enhanced our core product, releasing ‘category boards’ to support flexible, cross team views of business insights.
- Launched 9Spokes Open, our open API platform. With the launch of Open any business focused on SMBs can now receive consented data enabling them to build or deliver solutions for their SMB customers using the power of our core data engine.
- Integrated new Apps into our eco-system through 9Spokes Open. We took the decision to bring a deeper focus in Apps relating to general ledgers, POS, payments and e-commerce. Our speed of integration of new apps into 9Spokes Open has significantly increased as a result of operational changes which have delivered efficiencies.

The challenges of COVID-19 have continued this year, with the biggest impact being felt though an inability to travel to meet directly with our people, our clients, and our prospects. However, we have continued to use remote working technology to good effect.

Our partnership with Visa USA Inc is extremely important. We continue to enjoy strong engagement and momentum with Visa, as evidenced by the signing of an extension adding 9Spokes Open to our contract post half year. We recognise that shareholders are keen to see the benefits of this partnership and we believe the addition of 9Spokes Open and the increasing pipeline of Visa-initiated active customer leads places us in a good position to achieve additional bank partnerships and sales growth.

The North American market has been slower to adopt open banking and open data initiatives than the European market, but we are now seeing a significant increase in both awareness and initiatives in this area. The focus over the next 6 months in North America is on bank data integration, launch of cash flow manager and 9Spokes.com (our direct to SMB offering).

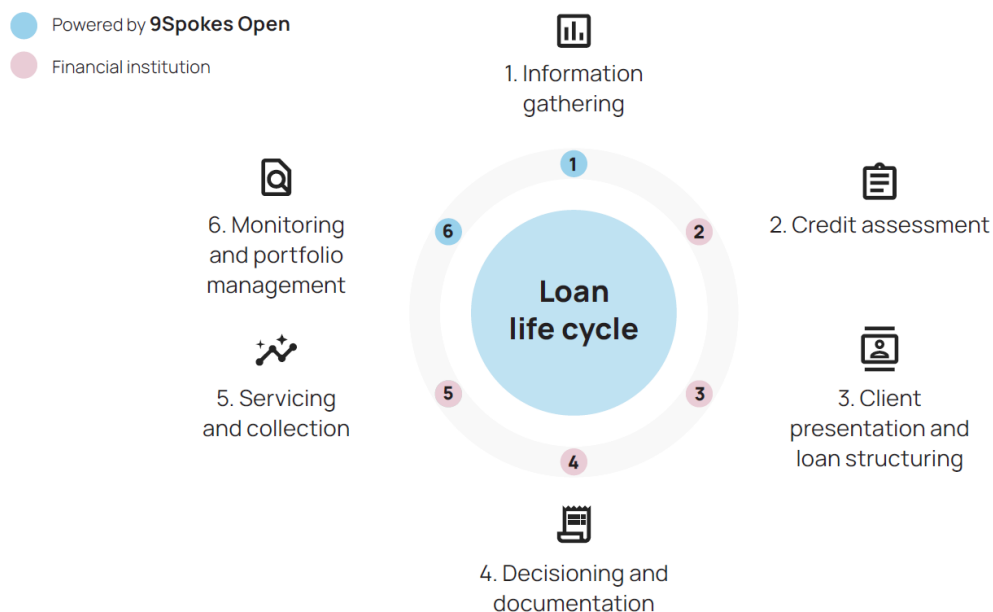
The initial launch of Virgin Money UK on 18 November 2021 will be followed with a full launch in Q4 and we look forward to growth in the UK market.

Product development

In the half year, research and development focused on adding platform capability aligned to SMB financial management with major releases focused on 9Spokes Open and our pending release of 'Cash Flow Manager'.

- 9Spokes Open – We launched the 9Spokes Open developer portal in the September quarter. It enables developers to self-service the configuration and management of connected data sources and customers.

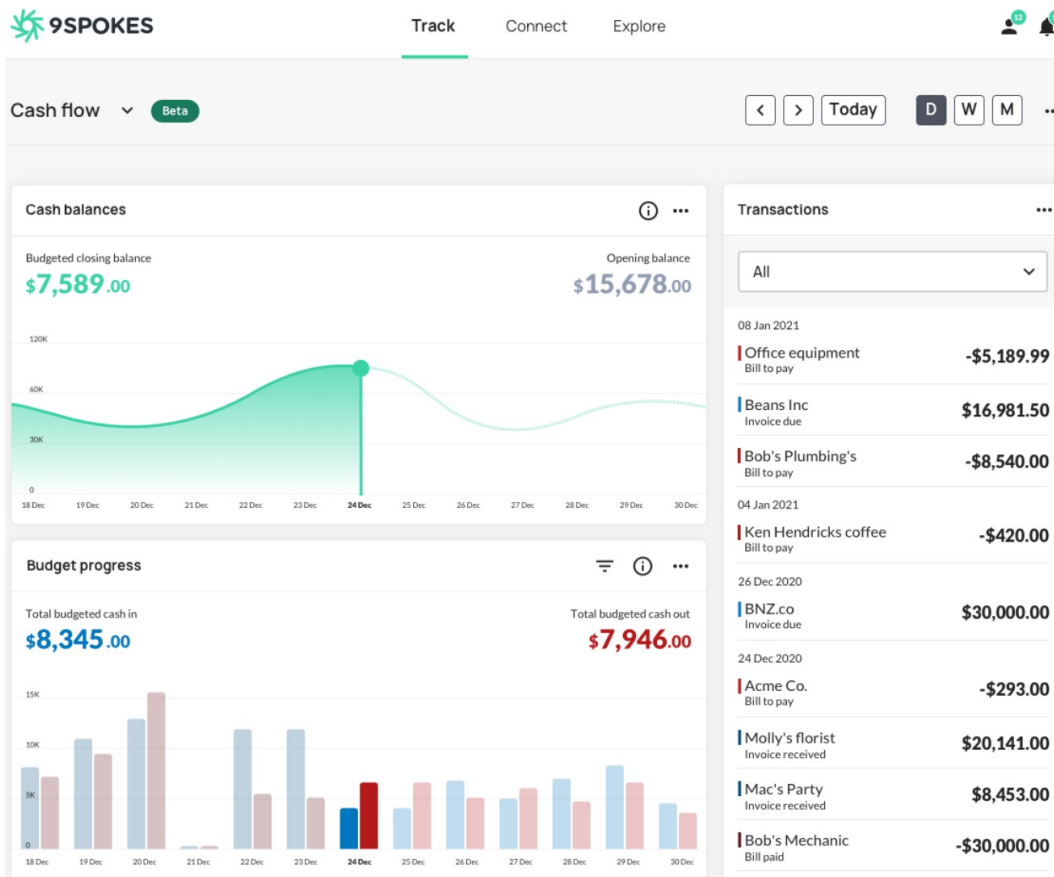
9Spokes Open provides third parties with API access to our core data engine so that they can use consented SMB data to power their own products and services. The APIs that support 9Spokes Open are the same APIs we use to power our Apps for Businesses and FIs – our APIs are tried and tested. The ability for any organisation to utilise our data sets significantly improves time to market in delivering core products better and quicker than in the past – e.g., loan origination or corporate insurance applications. This move continues the trend within financial services to search for seamless customer service to SMBs but at a lower cost to serve



During the half year new App connections to our platform included Clearbooks, Constant Contact and Podium. Subsequent to September we have maintained this momentum adding KashFlow, Pandle and Reckon with work currently underway for Stripe and Square.

Cash Flow Manager – Scheduled to launch in beta in the December quarter, Cash Flow Manager is also an unbundled service connecting data points from 9Spoke Open and Open Banking data allowing SMBs to plan and manage their cash flows. Cash flow manager will be powered by both general ledger and bank data and will form the basis of a clear product component of enabling SMB credit decisioning.

Future development for Cash Flow Manager will focus on countries that allow open banking and payment integration and initiation.



Post 30 September

Post 30 September, several notable events have occurred that warrant commentary:

- The Company announced on 17 November that in July it had received an unsolicited, confidential, non-binding, indicative proposal to acquire all of the equity interests in the Company. As a global aggregator of data solutions, the interested party was deemed credible, although the proposal itself was unsolicited. Ultimately, they were unable to sufficiently advance a proposal to present to shareholders.
- Our white label solution for Virgin Money UK, called M Track went live in beta in November. The progress we have made in reducing time to deploy is significant and noteworthy given the number of partners that we have integrated at VMUK. Virgin is a globally iconic brand; our white label proposition reflects their brand in an exciting manner.
- On November 22nd we announced the signing of a contract extension with Visa Inc, for the inclusion of 9Spokes Open into our contract. This is a significant contractual addition enabling Visa to sell our Open API service through their client base and reflects the growing industry movement towards consented open APIs. Globally there has been significant investment and use of consented open banking APIs and we are seeing a strong move towards both open finance and open data initiatives which we believe further positions us well for the future.

Board update

The following persons held office as Directors of 9 Spokes International Limited during the 6 months ended 30 September 2021:

- Paul Reynolds (Chair)
- Adrian Grant (Chief Executive)
- Kevin Phalen
- Shelley Ruha
- Thomas Power

Paul Reynolds was reappointed to the Board of Directors, and Kevin Phalen was appointed to the Board of Directors by shareholders at the Group's AGM on 16 July 2021.

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

Approved for and on behalf of the board on 30 November 2021.

A handwritten signature in black ink, appearing to read "Adrian Grant".

Adrian Grant
Chief Executive, Co-Founder

A handwritten signature in black ink, appearing to read "Paul Reynolds".

Paul Reynolds
Chairman

02

**Condensed
Consolidated
Interim Financial
Statements**

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

Report on the Condensed Consolidated Interim Financial Statements

Conclusion

We have reviewed the accompanying condensed consolidated interim financial statements for the six month period (the “period”) of 9 Spokes International Limited and its subsidiaries (collectively, the “Group”), which comprise the condensed consolidated statement of financial position as at 30 September 2021, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, and a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated interim financial statements of 9 Spokes International Limited do not present fairly, in all material respects, the financial position of the Group as at 30 September 2021, and of its financial performance and its cash flows for the period ended on that date, in accordance with NZ IAS 34 *Interim Financial Reporting*.

Basis of Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor’s Responsibilities for the Review of the Financial Statements section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Other than in our capacity as assurance practitioner we have no relationship with, or interests in, 9 Spokes International Limited or its controlled entities.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(c) to the condensed consolidated interim financial statements, which indicates that the Group incurred a net loss of \$3.76 million and net cash outflows from operating activities of \$2.49 million during the period ended 30 September 2021. As stated in Note 2 (c), these events or conditions, along with other matters as set forth in Note (c), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors’ Responsibilities for the Condensed Consolidated Interim Financial Statements

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

Auditor's Responsibilities for the Review of the Condensed Consolidated Interim Financial Statements

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

A review of the condensed consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on those the condensed consolidated interim financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Chris Neves.

BDO Auckland

BDO Auckland
Auckland
New Zealand
30 November 2021

	Notes	6 months ended 30 September 2021 (unaudited) \$'000	6 months ended 30 September 2020 (unaudited) \$'000
Income			
Operating revenue	4b	2,521	2,814
Other operating income	4c	89	639
Total income		2,610	3,453
Expenses			
Operating expenses	5a	(1,161)	(1,537)
Research and development expenses	5b	(1,444)	(1,570)
Sales, marketing, and administration expenses	5c	(3,746)	(2,856)
Total expenses		(6,351)	(5,963)
Finance income and expenses			
Finance income		58	8
Finance expenses		(76)	(95)
Net loss before income tax		(3,759)	(2,597)
Income tax		-	-
Net loss for the period		(3,759)	(2,597)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign exchange translation of international subsidiaries		28	242
Other comprehensive income for the period		28	242
Total comprehensive income attributable to shareholders		(3,731)	(2,355)
Earnings per share			
Basic and diluted earnings per share	9	(\$0.0025)	(\$0.0021)

Notes	Share capital \$'000	Share based payments reserve \$'000	currency translation reserve \$'000	Equity reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance as at 1 April 2021	69,390	1,008	(197)	-	(63,045)	7,156
Share based payments 8	-	74	-	-	-	74
Total contributions by and distributions to owners	-	74	-	-	-	74
Other comprehensive income - foreign currency translation	-	-	28	-	-	28
Net loss for the period	-	-	-	-	(3,759)	(3,759)
Total comprehensive income/(loss) for the period	-	-	28	-	(3,759)	(3,731)
Balance as at 30 September 2021	69,390	1,082	(169)	-	(66,804)	3,499
Balance as at 1 April 2020	59,523	906	(343)	-	(57,950)	2,136
Proceeds from shares issued	6,476	-	-	-	-	6,476
Funds received for shares issued 1 October 2020	-	-	-	462	-	462
Costs of capital raise	(625)	-	-	-	-	(625)
Total contributions by and distributions to owners	5,851	-	-	462	-	6,313
Other comprehensive loss - foreign currency translation	-	-	242	-	-	242
Net loss for the period	-	-	-	-	(2,597)	(2,597)
Total comprehensive loss for the period	-	-	242	-	(2,597)	(3,156)
Balance as at 30 September 2020	65,374	906	(101)	462	(60,547)	6,094

	Notes	30 September 2021 (unaudited) \$'000	31 March 2021 (audited) \$'000
Assets			
Non-current assets			
Property, plant and equipment		85	98
Right of use assets		448	541
Finance lease receivables		193	468
Total non-current assets		726	1,107
Current assets			
Cash and cash equivalents	7	6,372	8,841
Trade and other receivables		1,293	1,331
Finance lease receivables		528	443
Contract assets	4b	7	63
Total current assets		8,200	10,678
Total assets		8,926	11,785
Equity			
Share capital		69,390	69,390
Share based payments reserve	8	1,082	1,008
Foreign currency translation reserve		(169)	(197)
Accumulated losses		(66,804)	(63,045)
Total equity		3,499	7,156
Non-current liabilities			
Provision for make good		60	60
Lease liabilities		540	963
Contract liabilities	4b	522	554
Total non-current liabilities		1,122	1,577
Current liabilities			
Trade and other payables		1,481	1,174
Lease liabilities		816	708
Contract liabilities	4b	2,008	1,170
Total current liabilities		4,305	3,052
Total equity and liabilities		8,926	11,785

	Notes	6 months ended 30 September 2021	6 months ended 30 September 2020
		(unaudited)	(unaudited) (restated)
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		3,438	2,008
Receipts from Government grants		276	561
Payments to employees and suppliers		(6,201)	(5,583)
		(2,487)	(3,014)
Interest received		27	12
Interest on net investment in lease receivables		51	-
Interest paid		(1)	(4)
Lease interest paid		(75)	(90)
Net cash outflows from operating activities	7	(2,485)	(3,096)
Cash flows from investing activities			
Purchase of property, plant and equipment		(9)	-
Bank guarantee for lease released		425	-
Bank guarantee for lease entered into		(51)	-
Net cash inflows from investing activities		365	-
Cash flows from financing activities			
Proceeds from the issue of share capital		-	6,955
Costs of raising capital		-	(420)
Principal portion of lease liability		(315)	(234)
Net cash (outflows)/inflows from financing activities		(315)	6,301
Net change in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		8,841	4,668
Foreign exchange gain / (loss) on cash and cash equivalents		(34)	4
Cash and cash equivalents at end of the period		6,372	7,877

1. General information

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

9Spokes is a limited liability company domiciled and incorporated in New Zealand. The Company’s registered office is located at Level 5, AECOM House, 8 Mahuhu Crescent, Auckland 1010, New Zealand. The Company is listed on the Australian Stock Exchange (ASX: 9SP).

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

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 30 November 2021.

2. Basis of preparation

These condensed consolidated interim financial statements for the Group are for the 6 months ended 30 September 2021. For the purposes of complying with the generally accepted accounting practice in New Zealand (“NZ GAAP”), the Group is a for-profit entity.

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

These condensed consolidated interim financial statements do not include all the notes typically included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements for the year ended 31 March 2021, which have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and ASX Listing rules. The comparatives used in the Condensed Consolidated Statement of Financial Position are those as at 31 March 2021, while comparatives used in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Cashflows and Condensed Consolidated Statement of Changes in Equity are for the 6 months ended 30 September 2020.

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of the Group for the year ended 31 March 2021. Certain comparative information has been reclassified to conform with the current period’s presentation.

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

a. Restatement of comparatives

The Group has made adjustments to the Consolidated Statement of Cash Flows for the period ended 30 September 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.

b. Update on COVID-19 outbreak

Due to the ongoing impact of COVID-19, management has reviewed the operational risk assessment provided in the 31 March 2021 financial statements and believes that there continues to be no significant impact on the Group's employees, suppliers, and banking partners. It is still unclear when international travel will recommence, therefore the Group expects the reduction in travel and entertainment costs to be maintained.

c. Going concern

These condensed consolidated interim 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 \$3.76 million for the six months ended 30 September 2021 and at balance date had cash at bank of \$6.37 million. In addition to this, the Group had \$0.05 million held by ASB Bank Limited as a lease guarantee. The Group's net cash outflow from operating activities was \$2.49 million during the period (2020: \$3.01 million), the lower cash outflows in the period ended 30 September 2021 were due to early receipt of customer licence fees alongside receipt of implementation fees from Virgin Money. 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 November 2021 to 30 November 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, absent any new revenues, to 30 April 2022.

The Group, therefore, will need to secure either new revenue opportunities as currently expected, 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. In the previous financial year, the Group was able to successfully access capital from the ASX to meet its short-term capital requirements and raised \$10.8 million from an institutional placement of securities. The Group has several revenue opportunities that it is actively progressing and are expecting to close.

Management and the Board believe the Group will be principally 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. However, the requirement to raise additional cash beyond the forecast 5-month period indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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, continue to 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.

4. Revenue

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

a. Revenue was sourced from the following geographical locations

	6 months ended 30 September 2021	6 months ended 30 September 2020
	(unaudited) \$'000	(unaudited) \$'000
North America	1,828	1,995
Asia Pacific	782	1,458
Total operating revenue and other income	2,610	3,453
Comprising		
Total operating revenue	2,521	2,814
Other income	89	639
Total operating revenue and other income	2,610	3,453

b. Operating revenue from contracts with customers

	6 months ended 30 September 2021	6 months ended 30 September 2020
	(unaudited) \$'000	(unaudited) \$'000
Implementation revenue	486	491
Platform access revenue	2,020	2,217
Development revenue	-	-
Other revenue from customers	15	106
Total operating revenue	2,521	2,814

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 customers. Implementation fees are received as part of the deployment of the 9Spokes platform to these customers. Platform access fees are charged to customers throughout the term of the service.

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

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 96% of the Group's total revenue for the 6 months ended 30 September 2021 (2020: 78%).

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, over the expected licence period, once the system has been deployed.

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

Contract liabilities (deferred revenue)

Implementation and development fees received prior to deployment, as well as access fees received ahead of service delivery, are deferred in the Condensed Consolidated Statement of Financial Position and treated as a contract liability. The Group had deferred implementation revenue as at 30 September 2021 of \$2.5 million (31 March 2021: \$1.7 million). Implementation fees released from contract liabilities to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 6 months ended 30 September 2021 were \$0.5 million (2020: \$0.5 million). No development fees had been released from contract liabilities as at 30 September 2021.

Accounting for costs to fulfil contracts

During the implementation process the Group incurs costs directly related to fulfilling its obligations in the contract and expects to recover these costs against implementation revenue. These costs are capitalised as contract assets on the Condensed Consolidated Statement of Financial Position and amortised on a straight-line basis over the same period that the implementation revenue is recognised.

c. Other operating income

	6 months ended 30 September 2021 (unaudited) \$'000	6 months ended 30 September 2020 (unaudited) \$'000
Government grants	18	516
Other income	71	123
Total other operating income	89	639

Government grants

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

5. Expenses by nature

The Group operates as a single business operating segment with costs predominately incurred in New Zealand. All expenses are stated net of goods and services tax and/or value added tax.

a. Operating expenses

	Notes	6 months ended 30 September 2021 (unaudited) \$'000	6 months ended 30 September 2020 (unaudited) \$'000
Employee benefit expenses	6	815	1,213
Other operating expenses		4	8
Platform hosting and tools		333	233
Third-party contractors		9	83
Total operating expenses		1,161	1,537

b. Research and development expenses

	Notes	6 months ended 30 September 2021 (unaudited) \$'000	6 months ended 30 September 2020 (unaudited) \$'000
Amortisation of previously capitalised contract assets		14	14
Depreciation expense		38	156
Employee benefit expenses	6	988	1,058
Other research and development expenses		273	266
Third-party contractors		131	76
Total research and development expenses		1,444	1,570

c. Sales, marketing and administration expenses

		6 months ended 30 September 2021 (unaudited) \$'000	6 months ended 30 September 2020 (unaudited) \$'000
	Notes		
Depreciation expense		77	149
Directors' consultancy services	11	-	20
Directors' fees	11	197	219
Employee benefit expenses	6	1,938	1,134
Foreign exchange loss / (gain)		(15)	303
Marketing expenses		153	192
Professional, rent, office costs and other administration expenses		1,379	828
Travel		17	11
Total sales, marketing, and administration expenses		3,746	2,856

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

Professional, rent, office costs and other administrative expenses includes \$339,000 of costs relating to the confidential, non-binding, indicative, incomplete and highly conditional proposal received during the six months ended 30 September 2021. A significant portion of the overall costs incurred related to a body of works by a global service provider in directly scoping the addressable market for the open data opportunity, which also included specific information on global benchmarking and valuations which was relevant to the assessment of the proposal. As at 30 September 2021, this proposal is no longer being pursued. The Company have also invested in consulting services to further develop our market proposition.

6. Employee benefit expenses

	6 months ended 30 September 2021 (unaudited) \$'000	6 months ended 30 September 2020 (unaudited) \$'000
Wages and salaries	3,357	3,141
Share option expense	74	-
Employer contribution to pension schemes	149	132
Other benefits	161	132
Total employee benefit expenses	3,741	3,405

Due to a labour shortage in the tech space along with border closures in New Zealand prohibiting an inflow of talent, in order to retain and attract talent, salaries and benefits have increased in line with the market.

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

	6 months ended 30 September 2021 (unaudited) \$'000	6 months ended 30 September 2020 (unaudited) \$'000
Net loss for the period	(3,759)	(2,597)
Non-cash items:		
Depreciation expense	115	305
Share option expense	74	-
Bank revaluations	(17)	-
Foreign exchange differences	86	(6)
Changes in working capital:		
Increase in trade and other receivables	(343)	(1,858)
Decrease in contract assets	56	14
(Increase)/Decrease in finance lease receivables	190	-
Increase / (decrease) in trade and other payables	307	799
Increase in contract liabilities	806	247
Net cash flow from operating activities	(2,485)	(3,096)

8. Share-based payments

Items presented with A\$ represent Australian dollars.

	Note	6 months ended 30 September 2021 (unaudited) \$'000	31 March 2021 (unaudited) \$'000
Share-based payments reserve at the beginning of the period		1,008	906
Share option expense			
CEO Options		34	35
Employee Options		40	67
Total share option expense	6	74	102
Share-based payments reserve at the end of the period		1,082	1,008

Employee share options (June 2021)

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

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

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

No further options have been issued during the period. Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Pre-IPO employee share options Dec 2015	Employee ESOPs Aug 2017	NEDs ESOPs Sep 2017	CEO Options Oct 2020	Employee Options Mar 2021	Employee Options Mar 2021	Employee Options June 2021	Total	Weighted average exercise price
<i>Exercise price</i>	<i>NZ\$0.16</i>	<i>A\$0.20</i>	<i>A\$0.225</i>	<i>A\$0.036</i>	<i>AU\$0.032</i>	<i>AU\$0.05</i>	<i>AU\$0.016</i>		
	000's	000's	000's	000's	000's	000's	000's	000's	\$ per option
Balance outstanding at 1 April 2021	1,477	1,007	1,143	8,456	3,647	1,563	-	17,293	0.07
Granted	-	-	-	-	-	-	4,000	4,000	0.02
Forfeited	-	(177)	-	-	-	-	-	(177)	0.21
Balance outstanding at 30 September 2021	1,477	830	1,143	8,456	3,647	1,563	4,000	21,116	0.06
Balance exercisable at 30 September 2021	1,477	830	-	-	2,431	1,042	1,333	7,113	0.08
Balance outstanding at 1 April 2020	1,477	1,123	1,143	-	-	-	-	3,743	0.20
Forfeited	-	(96)	-	-	-	-	-	(96)	0.22
Balance outstanding at 30 September 2020	1,477	1,027	1,143	-	-	-	-	3,647	0.20
Balance exercisable at 30 September 2020	1,477	1,027	-	-	-	-	-	2,504	0.18

9. Earnings per share

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

There are no dilutive instruments on issue at 30 September 2021 (2020: nil).

	6 months ended 30 September 2021 (unaudited) '000	6 months ended 30 September 2020 (unaudited) '000
Total loss attributable to shareholders	(\$3,759)	(\$2,597)
Ordinary number of shares	1,493,337	1,381,560
Weighted average number of shares on issue	1,493,337	1,239,274
Basic and diluted earnings per share	(\$0.0025)	(\$0.0021)

10. 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	103
Adrian Grant	106
Executive employees	154
Total amount of contingency	519

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

11. Related party transactions and balances

a. Transactions with related parties during the period

Name of related party	Nature of relationship	Transaction	6 months ended	6 months ended
			30 September 2021 (unaudited) \$'000	30 September 2020 (unaudited) \$'000
Paul Reynolds	Director	Directors' fees	85	85
Shelley Ruha	Director	Directors' fees	48	48
Thomas Power	Director	Directors' fees	40	40
Mark Estall	Director	Directors' fees	-	40
Te Arai Advisory Limited ⁽¹⁾	Director	Consulting services	-	20
Kevin Phalen	Director	Directors' fees	20	-
Mint Recruitment Limited ⁽²⁾	Family member of Director	Provision of recruitment services	66	76

1. Non-executive Director, Marl Estall is a Director and shareholder of Te Arai Advisory Limited.

2. A member of Executive Director, Adrian Grant's family is a Director and shareholder of Mint Recruitment Limited.

b. Amounts owed by the Group to related parties

Name of related party	Nature of relationship	Balance type	30 September	31 March
			2021 (unaudited) \$'000	2021 (audited) \$'000
Mint Recruitment Limited	Family member of Director	Trade and other payables	9	18
Net amounts owed to related parties			9	18

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

12. Events after the reporting period

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

