

04 December 2023

Dear Shareholder

Following our discussion at the recent Annual Shareholders Meeting, I would like to provide an update regarding the Request for Proposal (RFP) from our North American client which aligns closely with our service offerings. We are engaged in progressive negotiations and remain cautiously optimistic. Our commitment to service excellence is a pivotal factor that we continue to believe enhances our position.

We note that an extension to the term of our existing commercial contract is part of our RFP discussions (our current contract expires in December 2024). These discussions remain promising. An extension would signify a reciprocal recognition of the value proposition offered by 9Spokes. We anticipate the conclusion of these discussions to now occur in Q1 2024 and we will provide a further communication once the outcome of the RFP is understood.

It is pertinent to note that the current timetable primarily revolves around securing necessary internal approvals and signoffs within the banking framework. We remain confident that this procedural aspect does not detract from the positive outlook stemming from these on-going discussions.

PrimaryMarkets

In light of these on-going negotiations, the Board has determined that it would not be in the best interests of our shareholders to open another trading window on PrimaryMarkets at this time. We believe this approach is prudent and in line with our commitment to ensuring the best possible outcomes for our shareholders. We will keep you informed of any further developments in this area.

Financial Update

The Company can now provide an unaudited Statement of Profit and Loss for the six-month period ended 30 September 2023, which provides a granular view of our financial performance and the impact of the strategic initiatives we have taken during this time. In line with our commitment to transparency, the following points are highlighted for the benefit of our shareholders.

In the first half of the fiscal year, the Company has begun to observe the initial positive impacts stemming from the comprehensive business and operational restructuring executed in the latter half of the previous financial year. These early indicators, coupled with our commitment to cost efficiency, are evidenced by the considerable narrowing of net loss from NZ\$2,342k in the comparable period of the prior year to NZ\$81k in the current reporting period.

The Company is also pleased to report a 43% increase in revenue year on year, which is a direct result of the deepened engagements and expanded services within our existing business contracts, reflecting the value we continue to deliver to our key banking clients. This performance is aligned with our long-term growth strategy and commitment to shareholder value.

Our strategic realignment, centred on enhancing operational efficiency and cost-optimisation, has realised a significant 23% reduction in operating expenses. This disciplined approach to financial management is expected to perpetuate cost containment. The resultant savings are being carefully directed towards bolstering our North American sales and marketing team with seasoned

professionals, aiming to expedite revenue growth and widen our footprint within the banking sector.

The Company's cash consumption over the period was NZ\$662k. Despite this outflow, we have maintained a prudent liquidity position, ensuring that we have adequate capital to fund our core operations and to invest selectively in strategic areas to help drive future growth. While mindful of the current financial landscape, we remain steadfast in our financial strategy and the measures we have taken to ensure disciplined investment towards long-term profitability and shareholder value.

This unaudited Statement of Profit and Loss underscores our strategic direction amidst an evolving landscape of transformation. The determined execution of our restructuring plan, aimed at operational excellence and careful cost management, has started to reflect in our financial outcomes. While the path to profitability is incremental, the strides made in this period lay the groundwork for future growth and value creation. We continue to retain focus on strategic capital allocation that supports our ambitions in the best interests of the Company and its shareholders.

Statement of Profit and Loss for the six months ended 30 September 2023

	2023 \$'000	2022 \$'000
Income		
Operating revenue	4,212	2,973
Other operating income	153	80
Total income	4,365	3,053
Expenses		
People Costs	(2,784)	(3,821)
Operating Costs	(936)	(967)
Professional and Insurance Costs	(771)	(1,015)
Total expenses before finance income and expenses	(4,490)	(5,803)
Operating Loss	(81)	(2,750)
Finance income and expense		
Finance income	22	7
Finance expense and FX	22	400
Net loss before income tax	(81)	(2,342)
Income tax expense	0	-
Net loss for the period	(81)	(2,342)

Our people and final thoughts

Following a transformative year, the Company now has a stable platform for growth. Accordingly, we have recently invested by recruiting key roles in North America and the UK which directly support growing and expanding our client base. With those key roles now filled and with our organisation fully aligned and committed to growing our client base, we have the right pieces in place to grow the Company and further increase shareholder value.

In this context and with the support of its cornerstone shareholders, the Company has issued a total of 69 million options (29.3 million to directors; and 39.7 million to certain members of the management team) under the Company's existing Employee Share Option Scheme. The exercise price payable on the exercise of each option is AU\$0.020 (except in relation to 15 million of the management options where the exercise price is AU\$0.015 as required pursuant to an agreement between the Company and the relevant participant). The share options were assessed as a cost-effective and fair mechanism that appropriately incentivises the directors and senior management with the Company's success as well as their retention.

Finally, with the holiday season nearly upon us, I would like to take this opportunity to wish you all a happy holiday and to again thank you for your continued support through this transitional period where we have stabilised the Company. Building from this platform, we now look forward to a successful 2024.

Yours sincerely



Kevin Phalen
Executive Chairman