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ASX: 9SP

ASX Release

31 July 2020

June 2020 Quarterly Activity Report and Appendix 4C

Highlights:

- Quarterly operating net cash burn of NZ$0.8 million against the projected operating net cash burn of NZ$1.5 million.
- Cash and cash equivalents at the end of the quarter was NZ$4.3 million.
- Post-quarter end, the Company announced it had entered a 5-year global strategic partnership with Visa USA Inc. Visa has access to a direct addressable market of over 15,000 financial institutions and in turn, millions of SME customers.
- Progressive Web App has been launched enabling users to access business insights from their mobile device.
- 9Spokes has now been certified by the UK's Financial Conduct Authority enabling 9Spokes to support Open Banking in the UK.

Auckland, NZ | 31 July 9Spokes (ASX: 9SP or "the Company"), a leading technology marketplace and insights company to small businesses, is pleased to release its group consolidated Quarterly Activity Report and Appendix 4C.

Subsequent events

Post-quarter end, the Company announced that it had entered into a global strategic partnership with Visa USA Inc. (Visa) for a 5-year term, enabling Visa to offer the 9Spokes dashboarding solution to Visa clients and their small business customers.

The agreement reached has been the culmination of many months of work by the Company, that included a very high level of due diligence and scrutiny to satisfy Visa as to our value proposition, our platform architecture, our information security and operational procedures, and our ability to scale globally at pace.

Company returns COVID-19 Government support

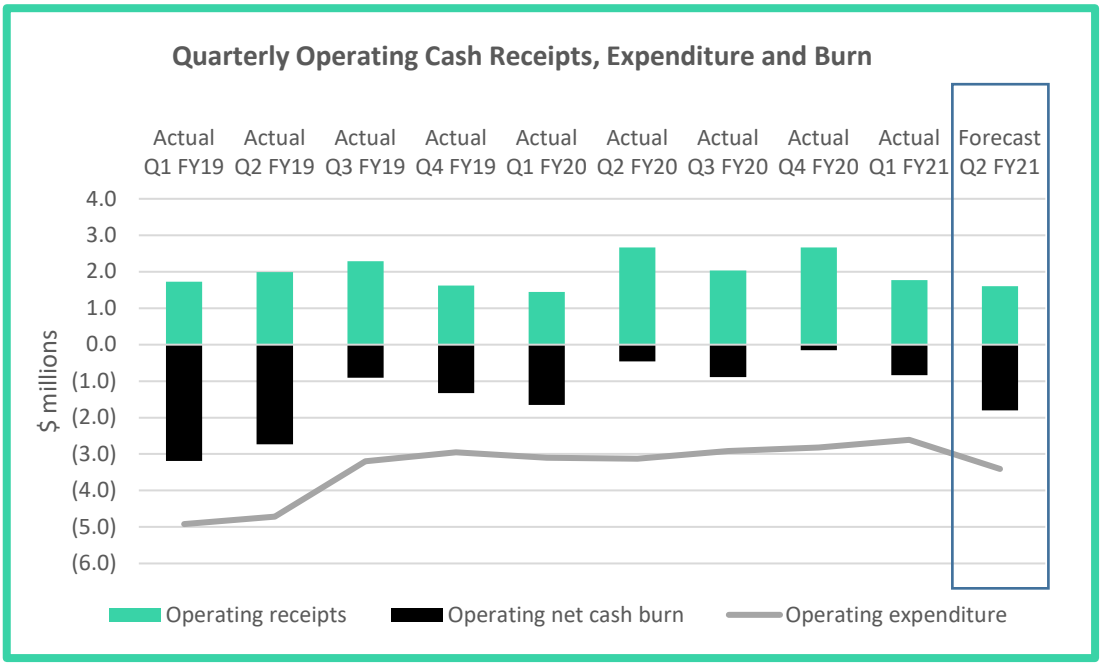
Given the Company has experienced no impact from COVID-19, under the terms of the New Zealand Government support, the Company has commenced the process to return the funds. The Company received NZ$0.24m in support, all of which will be repaid and has been already included in the cash projections for the next quarter. The Company remains grateful both as to the intent and reasons for the support.

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Operating receipts & expenditure

During the quarter, 9Spokes' operating receipts were NZ$1.8 million, operating expenditures were NZ$2.6 million, resulting in net operating cash burn of NZ$0.8 million. The net burn was lower than the previous guidance of NZ$1.5 million, reflecting ongoing control of expenditure.

Cash and cash equivalents at the end of the quarter was NZ$4.3 million. Forecast net operating cash outflows for the next quarter is projected at approximately NZ$1.8 million, inclusive of the wage subsidy repayment. The forecast is based on budgeted expenditures but consistent with the last quarter, tight cost control will be maintained to support essential business requirements.



Business & channel developments

Business development in the last quarter was dominated by, but by no means limited to, progress on closing the contract with Visa. One of the Company's long-term objectives has been to build strategic partnerships to ensure a stronger, broader distribution of the platform. With agreements in place with both Visa and Microsoft, and other agreements that add specific depth pending, we believe we now have the core elements in place required to scale distribution.

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Channel developments: Existing channel focus was on:

9Spokes Direct: Direct is a critical part of the Company's future strategy and is an on-going priority. During the quarter, 9Spokes migrated all existing Direct customers to the new platform. The Company continues to develop and enhance Direct, adding key features and capabilities.

Product & engineering

In Q1 the Company achieved a number of Product and Engineering targets as we continue to evolve the platform, building on and progressing areas across Tracker, Engage and our App Marketplace.

The key achievements in this quarter across product and engineering include:

- Progressive Web App: 9Spokes completed and launched its PWA built on the React framework. A PWA is a website that looks and operates like an app but does not require the end-user to visit an app store, make a purchase, or download software locally. The PWA enables users to easily access their business insights on a mobile device. PWA has launched on both 9Spokes Direct and key banking partners and will progressively be rolled out across the platform.

- Open banking: 9Spokes earned open banking QWAC (Qualified Website Authentication Certificates) and QSeal (Qualified Certificate for Seals) certificates during the quarter. QWAC and QSeal certificates are required for production support of the PSD2 standards. These certificates demonstrate that 9Spokes meets PSD2's specific data integrity and encryption requirements and enables the Company to begin the production setup for all UK banks supporting Open Banking. 9Spokes received its license as an Open Banking Account Information Service Provider from the UK's Financial Conduct Authority in 2019.

- Bank data access: The Company is at an advanced stage in development of a new product for banks, which it has worked closely with Microsoft to develop. For banks already using the 9Spokes platform, the new product is an intuitive app that sits in Microsoft Teams, providing bank account managers with permissioned access to agreed company information.

- Auto-provisioning: The company launched an auto-provisioning tool to provide a seamless integration between banks' customer records and 9Spokes; enabling customers to be automatically enrolled in the platform. Auto-provisioning streamlines the on-boarding process by reducing the number of steps required to set up an account and removing the need for customers to re-enter details during the sign-up process. Auto-provisioning has now been successfully deployed to one of our banking partners.

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Adrian Grant, Chief Executive of 9Spokes, said: "Over recent quarters we have worked hard to evolve the platform so that we have a product that we can scale quickly and globally. We're now building on these foundations – adding features and functionality to the platform that has, and continues to, add significant market barriers to entry.

"We're delighted to be now able to count Visa as one of our partners. It's a relationship that we have developed through many months of discussions and is a step change and one that potentially opens many new doors for 9Spokes."

Quarterly activity investor conference call

9Spokes will host a conference call on Thursday 6 August 2020, 11:30 am (NZDT) to discuss activity in this quarter.

This call will be hosted on Microsoft Teams. To join the call:

1. Follow this link
2. Select 'Watch on the web instead'
3. Then 'Sign in' or 'join'

For support follow this link.

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

For further information, please contact:

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About 9 Spokes

9Spokes is a business tracking and insights tool that enables SMEs to harness the power of their data to improve performance. SMEs can connect their cloud software to the 9Spokes platform and use the Tracker tool to get a comprehensive, near real-time picture of how they're performing across the metrics that matter most – so they can make quick, sharp decisions that impact growth.

9Spokes is available to SMEs directly through 9spokes.com and as a white-labelled platform for enterprise customers, including banks and other financial services providers. The bank-branded Gold or Platinum platform allows banks, under their own branding, to deliver richer and more engaging experiences to their SME customers. Through permissioned access to their SME clients' data, banks get the insights they need to offer products and services that are better tailored to their small business customers' needs.

Find out more at 9spokes.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

9 Spokes International Limited

ABN	**Quarter ended ("current quarter")**
58 610 518 075	30 June 2020

	Consolidated statement of cash flows	**Current quarter**	**Year to date (3 months)**
		$NZ'000	**$NZ'000**
1	**Cash flows from operating activities**		
1.1	Receipts from customers	1,529	1,529
1.2	Payments for		
	(a) research and development	(925)	(925)
	(b) product manufacturing and operating costs	(178)	(178)
	(c) advertising and marketing	(30)	(30)
	(d) leased assets	(148)	(148)
	(e) staff costs	(825)	(825)
	(f) administration and corporate costs	(506)	(506)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	10
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	229	229
1.8	Other (provide details if material)	6	6
1.9	**Net cash from / (used in) operating activities**	**(838)**	**(838)**

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2	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	4	4
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**4**	**4**

3	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(12)	(12)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-

3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(12)**	**(12)**

4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,093	5,093
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(838)	(838)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	4	4
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(12)	(12)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**4,247**	**4,247**

5	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter**	**Previous quarter**
		$NZ'000	**$NZ'000**
5.1	Bank balances	4,247	5,093
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**4,247**	**5,093**

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6	Payments to directors of the entity and their associates	Current quarter
		$NZ'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	135
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Directors' fees and recruitment services		

7	Financing facilities available *Note: the term "facility" includes all forms of financing arrangement available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	Total facility amount at quarter end	Amount drawn at quarter end
		$NZ'000	$NZ'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**		
7.5	**Unused financing facilities available at quarter end**		**-**
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	$NZ'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(838)
8.2	Cash and cash equivalents at quarter end (item 4.6)	4,247
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	4,247
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	5
	Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.	

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8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020

Authorised by: .....
Adrian Grant, CEO

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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