ASX: 9SP

ASX Release

28 October 2020

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September 2020 Quarterly Activity Report and Appendix 4C

Highlights

- NZ$4.1 million increase in cash and cash equivalents to NZ$8.3 million at the end of the quarter.
- Completed a two-tranche A$10.0 million capital raise.
- Visa and 9Spokes signed a multi-year global strategic partnership.
- 9Spokes and Fundation signed a distribution partner agreement.

Auckland, NZ I 28 October 9Spokes (ASX: 9SP or the "Company"), a management app that brings meaningful data together across a business, its apps, and its bank, is pleased to release its September Quarterly Activity Report and Appendix 4C.

Capital raise

On 28 August 2020, the Company announced a capital raise of A$10.0 million (NZ$10.8 million), which was completed in two tranches. On 4 September 2020, the Company issued 166.0 million ordinary shares, raising A$5.9 million within the existing placement capacity ("Tranche 1"). On 1 October 2020, the Company issued 111.8 million ordinary shares raising a further A$4.1 million, following shareholder approval at the AGM held 25 September 2020 ("Tranche 2").

As of 30 September 2020, NZ$7.0 million had been remitted, as disclosed in the investing section of the Company's Quarterly Cash Flow report, bringing the Company's closing cash balance at the end of September 2020 to NZ$8.3 million. The remaining NZ$3.8 million was received in October 2020 and will be disclosed in the December 2020 Quarterly Activity Report.

Expenditure related to the cost of capital raising as of 30 September 2020 amounted to NZ$0.4 million. Any further expenditure relating to the capital raise will be disclosed in the December 2020 Quarterly Activity Report.

Operating receipts & expenditure

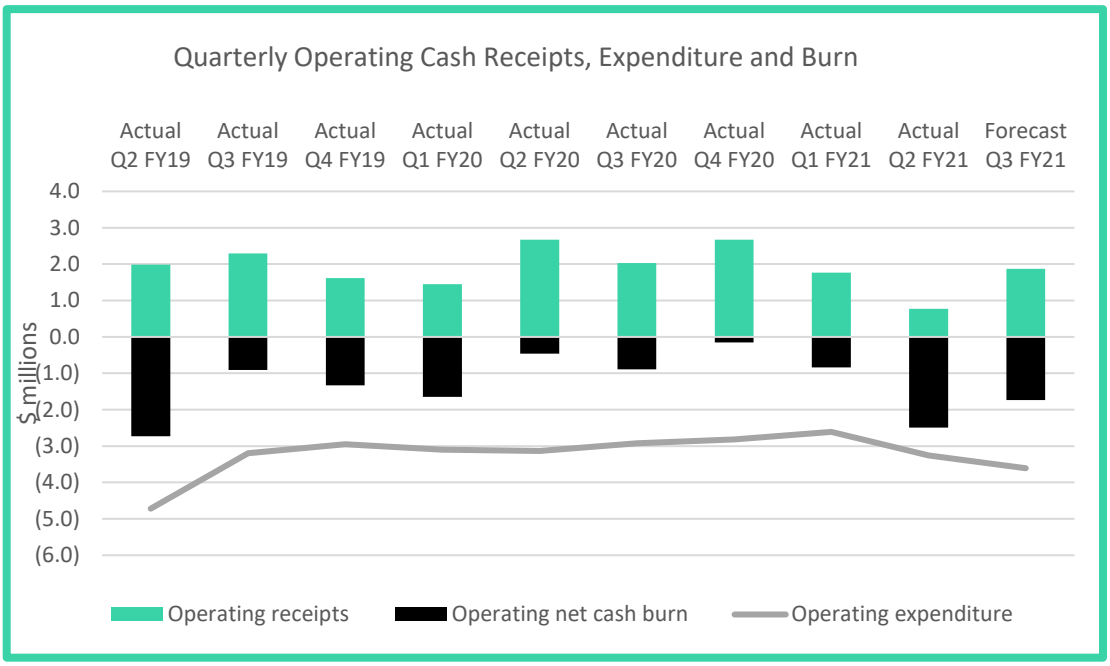
During the quarter, 9Spokes' operating receipts were NZ$0.8 million, operating expenditure was NZ$3.3 million, resulting in net operating cash burn of NZ$2.5 million. The net burn was higher than the previous guidance of NZ$1.8 million. This was due to the late remittance of forecast client payments of NZ$1.0 million (subsequently received).

The Company also made the following one-off payments, which contributed to the overall operating cash burn in the quarter ended September 2020:

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- $0.24 million repayment of the COVID-19 wage subsidy to the New Zealand government due to the Company's better than expected financial and operational position during COVID-19.
- $0.15 million paid for brand and website development.
- $0.07 million paid in relation to lifting the Company's suspension from the ASX, which required a reissuance of the Company's annual report.

Setting aside the impact of late remittances and unanticipated one-off payments, the Company's net operating cash burn was lower than previous guidance.



The expected cash burn for the quarter ending December 2020 is $1.7 million.

Related party transactions

During the quarter, 9Spokes made $0.2 million in payments to its Directors with regards to directors and consulting fees, as well as payments to a related party for providing recruitment services.

Business & channel development

During the reporting period, 9Spokes was delighted to close two new contracts. On 21 July, the Company announced that it has entered a multi-year global strategic partnership with Visa U.S.A Inc. The contract marks a major milestone for the Company. Under the five-year term agreement, Visa will resell the 9Spokes solution to its clients and their small business customers.

On 18 August, 9Spokes signed a distribution partner agreement with Fundation Group LLC, a US-based, SMB digital lending platform. Fundation currently services a broad cross-section of banks in the US and has deep relationships in the US banking sector. The agreement sees the parties

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coordinate business development to introduce the 9Spokes platform to Fundation's bank partners.

With strong partnerships now in place, the Company's focus is progressing these to fruition. The Company is working closely with Visa and Fundation, as well as other strategic partners including Microsoft, to align objectives and operations, and ensure broader distribution of the platform.

In September 2020, 9Spokes appointed an executive as Channel Manager, responsible for the Company's direct-to-SMB channel, 9Spokes.com. The appointment supports the Company's strategy to strengthen its direct offering and build its presence in key markets.

Product, engineering, & operations

In Q2 the Company delivered a number of client and product enhancements:

- Completed migration of OCBC Bank (Singapore) to the V2 platform. With all channels now operating on V2, the V1 platform has been decommissioned. The 9Spokes platform will be referred to as V2 going forward. Operating one global platform incrementally improves the cadence of delivery and management and reduces the operational costs of support.
- Delivered an enriched UI-UX experience across all channels. Highlights include responsive design, new infographics and illustrations for a beautiful user experience, categorized app listings, and improved search functionalities.
- Launched notifications on the platform. Users can now set targets and thresholds for a variety of apps and metrics, which trigger personalized notifications. These are designed to help platform users monitor performance and flag where action is required.
- Completed a brand refresh — updating the 9Spokes vision, messaging, and visuals to better reflect the contemporary landscape and the 9Spokes proposition. The timing of the rebrand coincided with the announcement of our partnership with Visa and sets the tone as the Company moves forward in this new phase of the business.

Adrian Grant, Chief Executive Office at 9Spokes, said: "This quarter was our most significant in many respects. Eighteen months ago, we outlined a number of strategic imperatives to enable us to build and sell at scale; with the move to V2 and the signing of partnership agreements, we have delivered on the initiatives we set for ourselves.

"First, I must take a moment to acknowledge our new and existing shareholders who enabled us to complete a successful capital raise during the quarter. With their welcome participation, we now have a significant runway enabling us to focus on executing our operating plan.

"This quarter, with the migration of OCBC to V2 and the subsequent decommissioning of our V1 platform, we are confident our API-led platform is world-leading. The flexibility in architecture is demonstrably enabling us to add new platform features and integrate new business apps to the platform at pace.

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"The signing of our contract with Visa — a milestone that the Company has long worked towards — is highly significant. Our teams are now actively working together on our go-to-market strategy, but more importantly, actively building our pipeline. Already, the Company is seeing a level and quality of engagement that would be hard to achieve without the benefit of this partnership.

"This quarter, we also entered a partnership with Fundation. A strategic collaboration on multiple levels, it further enhances our momentum and connects us with an innovative, US-based tech-leader within the SMB sector with niche relationships in finance.

"To our outlook. The last period has been focused on putting in place strong partnerships. With partnerships in place, we are seeing strong interest in our platform and building a solid pipeline. During our next phase, we will be implementing more ambitious enhancements across our platform, such as core features to benefit business users. And, as we monetize the platform, we will detail the app partnerships being developed.

"The challenges of COVID-19 are shining a light on the need for business data such as that provided by our platform. This fact gives us confidence in our business model."

Investor conference call

An investor call will be held following the publication of the Half-Year Financial Report expected 30 November 2020. Details of the time, date, and how to join the call will be provided closer to the date.

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

For further information, please contact:

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About 9Spokes

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

Appendix 4C

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

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Name of entity	
9 Spokes International Limited	
ABN	**Quarter ended ("current quarter")**
58 610 518 075	30 September 2020

	Consolidated statement of cash flows	**Current quarter**	**Year to date (6 months)**
		$NZ'000	**$NZ'000**
1	**Cash flows from operating activities**		
1.1	Receipts from customers	403	1,932
1.2	Payments for	-	
	(a) research and development	(658)	(1,613)
	(b) product manufacturing and operating costs	(120)	(296)
	(c) advertising and marketing	(132)	(162)
	(d) leased assets	(205)	(350)
	(e) staff costs	(1,111)	(1,913)
	(f) administration and corporate costs	(794)	(1,298)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	367	596
1.8	Other (provide details if material)	(243)	(237)
1.9	**Net cash from / (used in) operating activities**	**(2,491)**	**(3,329)**

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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
	(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**

3	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,956	6,956
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(409)	(421)
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)	-	-
3.1	**Net cash from / (used in) financing activities**	**6,547**	**6,535**

4	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	4,247	5,093
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,491)	(3,329)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	4
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,547	6,535
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**8,303**	**8,303**

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	8,303	4,247
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-

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5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,303**	**4,247**

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	179
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 outflows for next quarter**	**$NZ'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,491)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	8,303

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8.3	Unused finance facilities available at quarter end (Item 7.5)	0
8.4	Total available funding (Item 8.2 + Item 8.3)	8,303
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**3**
	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.	

For the reasons set out under 'Operating receipts & expenditure' above, the operating cash burn for the last quarter does not provide a balanced picture of the Company's cash runway.

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 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
	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.

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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: 28 October 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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