ASX: 9SP

ASX Release

29 January 2021

December 2020 Quarterly Activity Report and Appendix 4C

Highlights

- NZ$2.1m increase in cash and cash equivalents to NZ$10.4 million at the end of the quarter.
- Sales pipeline builds with partners Visa and Fundation.
- Visa credit card data integrated into 9Spokes Tracker.
- Additional two-year contract signed with BNZ.

Auckland, NZ I 29 January 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 December Quarterly Activity Report and Appendix 4C.

Capital raise

As reported in the September 2020 Activity Report, the second tranche of the capital raise announced on 28 August 2020 was received in October. As disclosed in the investing section of the Company's Quarterly Cash Flow report, the amount of the second tranche was NZ$3.9 million. Final costs of the capital raise paid this quarter were NZ$0.6 million.

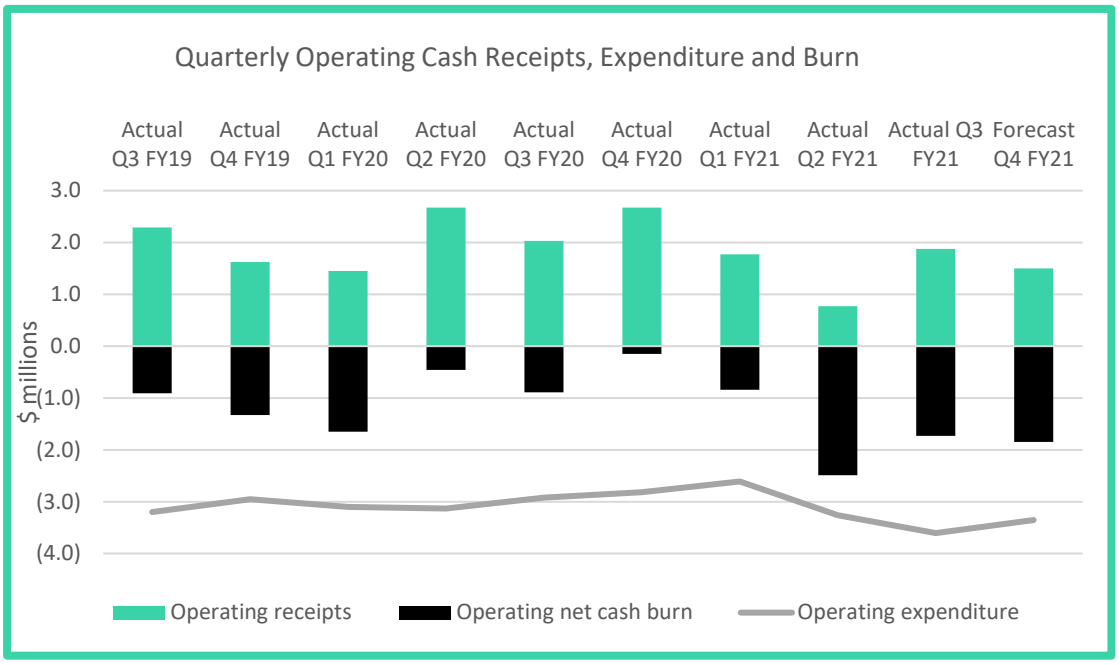
Operating receipts and expenditure

During the quarter, 9Spokes' operating receipts were NZ$1.9 million, operating expenditure was NZ$3.1 million, resulting in net operating cash burn of NZ$1.2 million. This is lower than the guidance of NZ$1.7 million provided last quarter. Factors contributing to the lower cash burn include:

- On-going COVID-19 reduction in travel and entertainment and international event costs.
- Salaries were lower than forecast in part due to additional time taken to hire new employees, including the US Sales VP and NZ-based Channel and Activation Manager.

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The expected cash burn for the quarter ending March 2021 is $1.9 million.

Related party transactions

During the quarter, 9Spokes made NZ$0.1 million in payments to its Directors for directors' fees, as well as payments to a related party for the provision of recruitment services.

Business and channel development

Following the signing of partnership agreements with Visa and Fundation in Q2, Q3 focused on our joint go-to-market (GTM) programs. To support these GTM initiatives, we provided marketing/ sales collateral to support their respective sales teams and delivered sales training to Visa teams in North America, Europe, and South East Asia.

In parallel, our teams have focused on building the sales pipeline with Visa and Fundation. The emphasis has been on raising awareness of the 9Spokes proposition and establishing relationships with financial institutions. Visa and 9Spokes are operating as a team, jointly pitching the 9Spokes solution to Visa financial institutions.

Our existing banking partners continue to perform well. Our focus remains on growing our user base, evolving the platform — adding new features and app partners — and consistently developing the end user experience.

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- **Bank of New Zealand (BNZ)** As announced in October 2020, we signed an additional two-year contract with BNZ — cementing our relationship and ensuring continued collaboration.
- **OCBC Bank (Singapore)** Talks with OCBC to switch on Explore progressed, and we expect to go live with Explore in early 2021.
- **Bank of America** We are also working with Bank of America to increase access points for customers to their white-label platform. Further, we are in the process of completing commercial agreements with selected app partners. These will be added to the bank's stack in the coming months. An agreement with Microsoft was finalized, bringing Microsoft 365 to the bank's version of Connect, our app marketplace.

App partners

Our Partners team made good progress during the quarter, entering into new partnerships and integration agreements with apps on a global and regional level. In particular, we added several general ledger and finance apps to Connect, including FreeAgent, SageOne, FreshBooks, SMECEN, and MYOB AccountRight, significantly strengthening our coverage in this area.

These partnerships see apps become connectable to the Tracker, made available for purchase within Connect, or become part of our Partners program. These activities build an ecosystem between SMB, apps, and bank.

Product, engineering, and operations

With all clients now operating on the same platform, our ability to quickly release new features has improved significantly. Activities during the quarter included:

- Integration of global Visa card data into the 9Spokes business Tracker; now completed and supported by development funding from Visa.
- Introduction of new general ledger and finance apps into the platform, including FreeAgent, SageOne, FreshBooks, SMECEN, and MYOB AccountRight. In Q4, we will release Wave and Zoho Books into the platform.
- Integration with New Zealand Companies Office was completed, enabling platform users to link their business Tracker with the New Zealand Companies Register. We will progressively add regions in 2021, including Singapore and the UK. Functionality will be added to the platform progressively, supporting features such as relevant notifications to remind SMB users of upcoming deadlines.
- Launch of reseller capability within Connect. Rollout is staged. The first stage was making Microsoft 365 available in New Zealand through Bank of New Zealand – this has been achieved. This is in addition to the referral agreements in place with apps including Shopify, Expensify, Constant Contact, DocuSign, TradeGecko, Safe365, and more.

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- Conclusion of an agreement between Microsoft and Bank of America, which saw Microsoft 365 added to Bank of America's Connect platform as a referral partner.
- Release of a new version of Explore, our small business resource center, for Bank of New Zealand. The new model will support a community approach to enhance engagement between small businesses, their bank, and the 9Spokes platform.
- Work on improvements to the user experience, including enhancements to notifications, multi-factor authentication (MFA), and biometrics login and push notifications for mobile.

People

The company made several new appointments to strengthen the executive and advisory team:

- Neil Hopkins, reappointed as Company Secretary
- Marty Montague, General Counsel (in place from January)
- Tom Baran, VP Sales, North America (in place from January)
- Amy Stewart, formerly BNZ, Channel and Activation Manager (in place from February).

9Spokes Chief Executive Officer, Adrian Grant, said: "Following the signing of our partnerships with Visa and Fundation last quarter, Q3 was heavily focused on integrating our new partners within the Company's operations. A significant part of this has been to forge relationships within the Visa territories, creating awareness of our product and, I am pleased to say, energetically building our pipeline and jointly pitching our proposition to a number of new financial institutions.

"In addition to building our sales pipeline with Visa, we added Visa data tiles to our platform during the quarter using funding from Visa.

"As previously stated, we remain focused on cost control and will only increase our cost base relative to booking new revenue. As part of these efforts, we have undertaken a review of our office accommodation to ensure it is fit for purpose and to manage costs. We have also made changes to people based on skills assessments and ensuring we have employees situated in operating locations which allow us to be more responsive to our customers.

"We had for some time been looking to appoint a Vice President into the US market. After the quarter close, we recruited a New York-based VP to drive our business development, client management, and partner management in this important market. We will continue to appoint people closer to our customer opportunities.

"The momentum achieved in Q3 has continued into Q4. Our focus is building and executing the sales pipeline, deepening our relationships with our partners Visa, Microsoft, and Fundation, growing the SMB user base, and adding new platform functionality.

"For our investors, the proof of our success will be in demonstrating that we can close new clients and continue to build our user base. All efforts are focused on these endeavors."

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

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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	31 December 2020

Consolidated statement of cash flows		**Current quarter $NZ'000**	**Year to date (9 months) $NZ'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,605	3,537
1.2	Payments for		
	(a) research and development	(492)	(2,106)
	(b) product manufacturing and operating costs	(122)	(418)
	(c) advertising and marketing	(107)	(269)
	(d) leased assets	(222)	(571)
	(e) staff costs	(1,344)	(3,257)
	(f) administration and corporate costs	(811)	(2,109)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	12
1.5	Interest and other costs of finance paid	(4)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	277	873
1.8	Other (provide details if material)	-	(237)
1.9	**Net cash from / (used in) operating activities**	**(1,220)**	**(4,549)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $NZ'000	Year to date (9 months) $NZ'000
	(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)	3,876	10,832
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	(554)	(975)
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**	**3.322**	**9,857**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	8,303	5,093
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,220)	(4,549)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	4

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Consolidated statement of cash flows		Current quarter $NZ'000	Year to date (9 months) $NZ'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,322	9,857
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**10,405**	**10,405**

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 $NZ'000	Previous quarter $NZ'000
5.1	Bank balances	6,405	8,303
5.2	Call deposits	4,000	-
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)**	**10,405**	**8,303**

6.	Payments to related parties 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	124
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Directors fees and recruitment services.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements 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 $NZ'000**	**Amount drawn at quarter end $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)	(1,220)
8.2	Cash and cash equivalents at quarter end (item 4.6)	10,405
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	10,405
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	9

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.

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.

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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: 29 January 2021



Authorised by: .....

(Name of body or officer authorising release – see note 4)

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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