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ASX: 9SP

ASX Release

16 April 2020

March 2020 Quarterly Activity Report and Appendix 4C

Highlights:

- Significant improvement in quarterly net cash burn of NZ$0.2 million against the projected net cash burn of NZ$0.8 million
- No business impact from COVID-19 to date, the focus remains on supporting customers and growing the business
- Cash and cash equivalents at the end of the quarter was NZ$5.1 million
- Bank of America officially launched its white-label 9 Spokes platform
- Discussions to scale-up and improve distribution of the platform through a deeper global partnership remain ongoing
- The Company entered the final stages of V2 platform migration
- The Company further bolstered its ASEAN business footprint through the establishment of an executive office in Singapore

Auckland, NZ | 16 April 9 Spokes (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.

COVID-19 Update from Chief Executive Adrian Grant:

"COVID-19 impacts every aspect of our professional and personal lives; for 9 Spokes, it is no different. We have a large community of stakeholders – from our employees and the SMEs we serve, to our bank partners, shareholders and suppliers – and we're acutely aware of our responsibilities to them. We hope that you, your family and your community are as safe as possible during these truly unprecedented times.

"At 9 Spokes, our risk and operational management of COVID-19 falls into two primary categories:

a) **Our People:** 9 Spokes is a cloud-native company with all employees able to operate remotely. Prior to country lockdowns, as well as adopting personal and professional care procedures, we undertook company-wide 'work from home' drills to ensure no technical or operational issues presented. As we progress through lockdown, the team continues to operate as usual.

b) **Operational Management:** Similarly, our operational platforms and management have not been affected by events.

"We have so far been able to maintain our business despite the COVID-19 crisis. However, we have taken a cautious approach and forecast slower closure of new business as a result of COVID-19.

"COVID-19 is the primary concern globally, and governments worldwide have focused on supporting households and businesses. Without exception, they have sought to alleviate the immediate impact to SMEs and put in place supports to get them operational once restrictions are lifted.

"9 Spokes' core objective is helping SMEs to use data to make better business decisions. In times of uncertainty, this service is invaluable and will be even more so in the months to come. We see 9 Spokes as an additional resource for SMEs to aid recovery.

"Our capability to provide insights into business performance, and to aid loan applications and management, is vital for our bank partners and their SME customers. We can provide valuable data to banks as they seek to manage risk and exposure. We are in the advanced stage of testing a new bank product specifically for this purpose. The intention, if it proves viable, is to bring it to the market this quarter.

"Through previous difficult economic cycles, technology has demonstrated its relevance and ability to boost productivity; we expect this to be the case again. During this time of change, innovation remains critical. The SMEs we work for are looking for ways to better their businesses performance – we can offer them the data they require to do this. Our bank partners are seeking ways to support their SME customers – we can provide unique insights to facilitate this. 9 Spokes is developing new features to provide the support required."

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Operating Receipts & Expenditure

COVID-19 necessitates continued prudent financial management, and the Company's focus remains on this task.

During the quarter, 9 Spokes had operating receipts of NZ$2.6 million, operating expenditure of NZ$2.8 million, with a net cash burn for the quarter of NZ$0.2 million.

Net burn was lower than previous guidance (forecast at NZ$0.8 million). The primary reasons for this lower burn are:

a) a reduction in business expenditure (particularly international travel) as a result of international borders closing; and
b) receipt of the New Zealand government COVID-19 wage subsidy, as reported under "Other" cash flow from operating activities in the quarterly cash flow report. If the requisite adverse business conditions do not eventuate, the Company will be obliged to refund in a future period.

During the quarter the Company completed a successful AU$4.0 million capital raise, through a two-tranche placement to sophisticated investors,

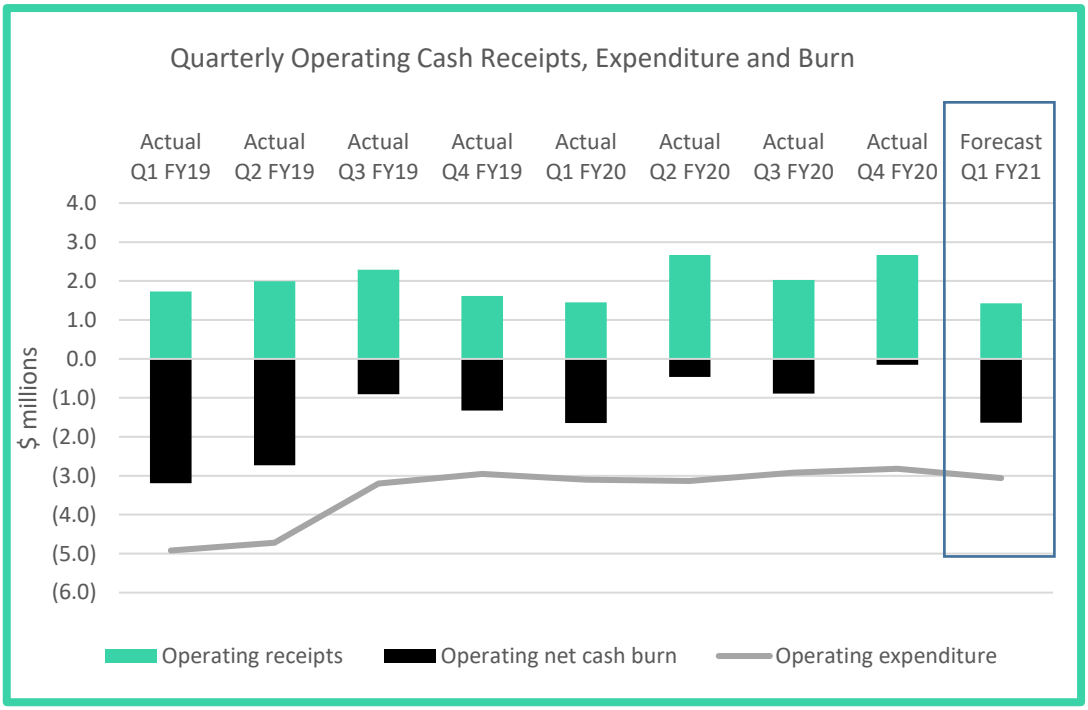
As a result of the capital raise, cash and cash equivalents at the end of the quarter was NZ$5.1 million. Forecast net operating cash outflows for the next quarter is projected at approximately NZ$1.5 million.

This is a time of significant uncertainty in global markets. While the Company has a number of pipeline opportunities in various stages of development, 9 Spokes has elected to adopt a conservative approach to forward cash flow forecasting. This approach gives shareholders a conservative base case position. In the present market, the Company believes this is prudent and, when restrictions are eased or lifted in the countries 9 Spokes operates in, will provide further guidance.

9 Spokes' approach to forecasting is on the following basis:

a) The expenditure forecast still includes what the Company considers normal expenditures, such as international travel and conference events. If these expenditures are not incurred, operating expenditure will reduce.

b) The Company has elected to forecast no new revenue while the world is subject to COVID-19 lockdown. This approach was adopted on the basis that, while 9 Spokes continues to work on many opportunities, it is impossible to forecast with certainty in a volatile market.



Business & Channel Developments

The Company believes that COVID-19 will have a short-term impact on direct conversations with new bank opportunities for the 9 Spokes solution. However, post-COVID-19, it anticipates that these conversations will be strengthened as the value of using business data to give transparency between bank and SME is heightened.

9 Spokes has maintained close communications with bank partners, updating them on the Company's operational status, and continues to work with them to support their SME customers.

The primary business and channel development focus during the quarter was on the following:

- **Bank of America:** the bank officially launched its white-label 9 Spokes platform in February 2020. The 9 Spokes platform complements Business Advantage 360, the bank's digital cash flow management dashboard, by enabling data integration from key third-party business apps.

  The platform launched with app partners Intuit® QuickBooks and RUN powered by ADP Payroll, Google G Suite and Google Analytics. 9 Spokes is now working to integrate five additional apps over the current quarter.

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Business Advantage 360 launched in February 2019 and already over one million of the bank's business owner clients have engaged with it – an addressable market now accessible to 9 Spokes.

- **ASEAN Expansion:** the Company bolstered its presence in ASEAN with the establishment of an executive office in Singapore. Audrey Chia was appointed Senior Vice President (SVP), Asia Pacific, a strategic role that will focus on supporting 9 Spokes' relationship with OCBC and driving momentum with other regional banks.

- **Visa:** in March 2019, 9 Spokes notified the market that a Collaboration Framework Agreement was signed with Visa Inc. The parties extended that agreement in November 2019 with an addendum, enabling Visa and 9 Spokes to explore further a potential opportunity to make the 9 Spokes solution available to Visa's issuing bank clients and their SMEs worldwide. Detailed discussions continue to progress in good faith.

In summary, given the universal difficulties companies are experiencing, the Company is confident that the 9 Spokes solution will increasingly be viewed as an invaluable tool to drive confident decision making.

Product & Engineering

Product & Engineering during the quarter focused on:

- **Launching and Migrating to V2:** V2 launched in late 2019, and 9 Spokes is now in the final stages of completing migrations. At the end of the quarter, one bank partner and 9spokes.com, the Company's direct to market channel, were yet to migrate; these are being actively progressed.

In the quarter to June 2020, the Company will focus on:

- **Progressive Web App:** The Company is completing the build of a progressive web app (PWA) using React. The PWA will enable 9 Spokes to provide installable mobile apps from a single code base, and manage deployments as an app-to-web experience or an installable app. Given the constraints banking partners operate under, this gives greater flexibility to deploy a seamless user experience in multiple environments.

- **Launch of Monetised Marketplace:** The current app connection marketplace will become a monetised marketplace. The launch will be

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staged in all markets 9 Spokes operates in, with Microsoft Office 365 as launch partner. App partners will be integrated progressively into the 9 Spokes eco-system.

- **9Spokes.com migration to V2:** Migration will be completed in April 2020 and will showcase the platform's expanded product capability, including 9 Spokes Engage™, and Marketplace.

- **Open Banking:** In May 2020, 9 Spokes will launch its first open banking service via 9Spokes.com in the UK market. SMEs on the 9Spokes.com platform will be able to make banking connections to all CMA9 banks operating in the market; users will be able to see all bank accounts in one place. Overtime, 9 Spokes will extend this capability to all markets where open banking is legislated or available.

With V2 deployed, future product market announcements will refer to product releases made during the quarter and future releases to be made against the near-term product roadmap. In cases where the Company believes that a product release is market sensitive, it will only release details once the product has entered production.

Company Administration & Board

The Company appointed Melisa Beight as Company Secretary at the beginning of the quarter; she takes over the function from Neil Hopkins. Melisa's role at 9 Spokes is General Counsel and Company Secretary.

Mark Estall, co-founder and former CEO of 9 Spokes, stepped down from his full-time executive role at the end of March. Mark continues as a non-Executive member of 9 Spokes' Board of Directors and will consult on special projects for the Company.

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

For further information, please contact:

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About 9 Spokes

9 Spokes 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 9 Spokes 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.

9 Spokes 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

Rule 4.7B

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	31 March 2020

Consolidated statement of cash flows		**Current quarter $NZ'000**	**Full year $NZ'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,200	7,421
1.2	Payments for		
	(a) research and development	(760)	(3,461)
	(b) product manufacturing and operating costs	(244)	(702)
	(c) advertising and marketing	(12)	(118)
	(d) leased assets	(197)	(758)
	(e) staff costs	(1,041)	(4,483)
	(f) administration and corporate costs	(565)	(2,440)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	15
1.5	Interest and other costs of finance paid	-	(8)
1.6	Income taxes paid	-	1
1.7	Government grants and tax incentives	228	1,153
1.8	Other	243	243
1.9	**Net cash from / (used in) operating activities**	**(145)**	**(3,137)**

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Consolidated statement of cash flows		Current quarter $NZ'000	Full year $NZ'000
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:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,160	10,470
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	(453)	(1,280)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter $NZ'000	Full year $NZ'000
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**3,707**	**6,870**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,531	1,360
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(145)	(3,137)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,707	6,870
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**5,093**	**5,093**

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	5,093	1,531
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)**	**5,093**	**1,531**

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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	156
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Directors' fees and recruitment services

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)	(145)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,093
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	5,093
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	35

The number of quarters reported in 8.5 is high as it is calculated using the last quarter's net cash used in operating activities, which was much lower than average. The Company has sufficient cash to comfortably fund its operations beyond the next two quarters.

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

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

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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	
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	

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: .....16 April 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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