
ASX: 9SP

ASX Release

31 January 2020

December 2019 Quarterly Activity Report and Appendix 4C

Highlights:

- Launched 9 Spokes' V2 platform
- Announced handover of the Bank of America platform
- Signed addendum to the Collaboration Framework Agreement with Visa
- Signed Memorandum of Understanding with OCBC Bank (Malaysia) Berhad
- Launched 9 Spokes Engage™, a new integrated marketing service, with Bank of New Zealand as launch partner
- Post-quarter end, the Company announced a A\$4 million placement, as well as receipt of the final instalment of implementation fees due in Q3

Auckland, NZ | 31 January, 9 Spokes (ASX: 9SP or the “Company”), a leading technology marketplace and Insights company to small businesses, is pleased to release its Quarterly Activity Report and Appendix 4C.

Operating Receipts & Expenditure

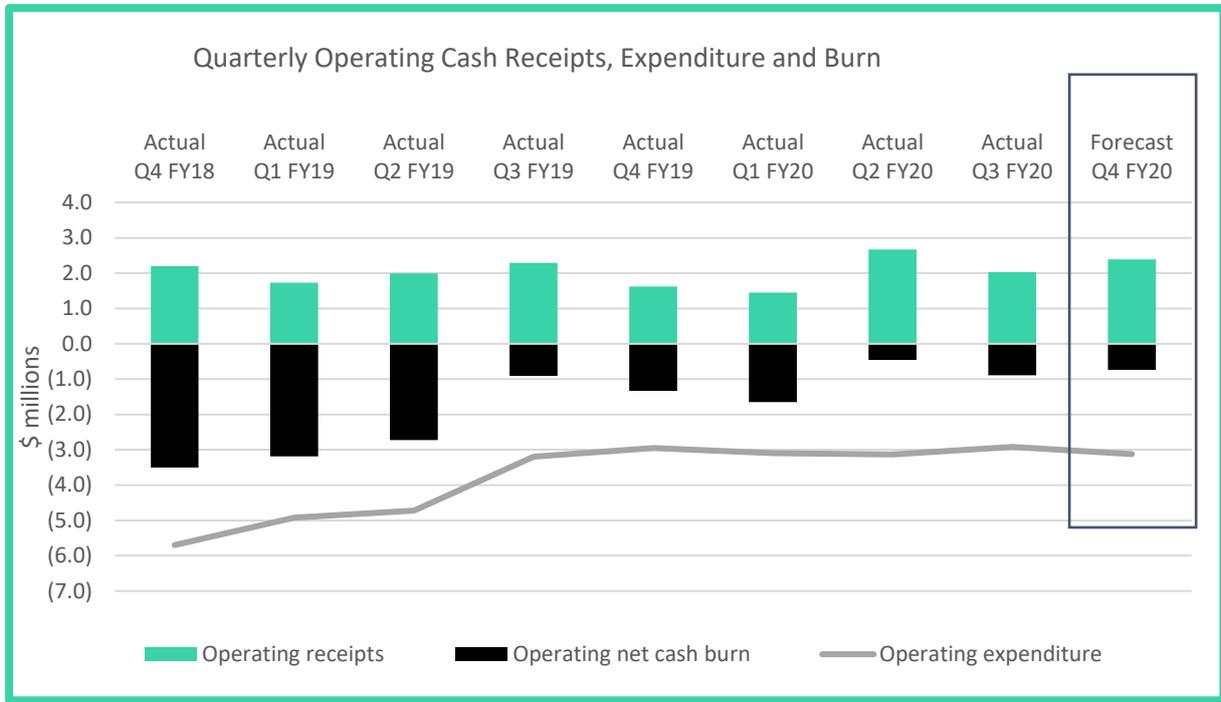
Receipts of NZ\$2.0 million include payments from enterprise customers of NZ\$1.8 million; customer payments are projected to increase further to NZ\$2.2 million in the next quarter.

The Company continues to monitor and manage spending strictly, as reflected in steady expenditure over recent quarters – a trend that is projected to continue in Q4.

9 Spokes reports Q3 cash burn of NZ\$0.9 million, which is at the mid-point of guidance. This is because anticipated implementation fees were not received until January. As such, our guidance for Q4 will be enhanced by the remittance of those receipts.

Cash and cash equivalents at the end of the quarter were NZ\$1.5 million, with net operating cash outflows for the next quarter projected at approximately NZ\$0.8 million.

Post-Q3 the Company announced a capital raise of A\$4.0 million via a placement strongly supported by new institutional investors. This ensures a cash runway for the year 2020.



Business & Channel Developments

During the quarter, the Company continued to progress channel and business development activities.

A major focus was the handover of Bank of America’s platform, which was completed in Q3 and subsequently went live to the first tranche of the bank’s small business customers.

9 Spokes’ relationship with Bank of New Zealand (BNZ) was illustrated by two pivotal events:

- In October, the Company announced the launch of its always-on marketing service 9 Spokes Engage™ with BNZ as launch partner.
- BNZ also became the first bank to migrate SMB customers to 9 Spokes’ V2 platform.

9 Spokes signed an addendum to its Collaboration Framework Agreement with Visa USA Inc. (“Visa”) to explore an opportunity to make the 9 Spokes platform and app Marketplace available to Visa’s SMB issuing clients. The deepening relationship was represented at the Singapore FinTech Festival 2019 in November, where 9 Spokes featured on Visa’s exhibition stand, and again at *American Banker’s* Small Biz: Banking Conference 2019 in Los Angeles.

Continuing discussions between OCBC Bank (Malaysia) Berhad and 9 Spokes culminated in a Memorandum of Understanding (MOU), under which 9 Spokes looks to provide a white-label platform to the bank. The MOU builds on the relationship initially established with OCBC Bank in Singapore and further extends the Company's reach into Asia.

Product, Engineering & Operations

Major milestones were achieved during the quarter, including the launch of 9 Spokes' new platform and further development of key elements of the 9 Spokes product ecosystem, such as 9 Spokes Engage™.

Key achievements in this quarter include:

- The release of 9 Spokes' V2 platform: a complete ground-up replacement of the previous iteration, designed to accelerate the Company's ability to roll-out new apps, features and functionality. The Company will now focus on further evolving platform capabilities and work towards a fully open platform.
- Successful migration of BNZ's SMB customers to the new platform.
- Handover of the Bank of America platform and subsequent launch of the platform to the first tranche of the bank's small business customers.
- Launch of 9 Spokes Engage™: an always-on integrated marketing service designed to accelerate user adoption and engagement on bank partners' white-label 9 Spokes platforms.

The company confidently invested in research and development during the quarter. Several engineering initiatives that will be additive to the platform are in development. Moving forward, rather than signalling direction, the company will announce features as product capability is added.

Adrian Grant, Co-Founder and Chief Executive of 9 Spokes, said: "In Q3 we achieved two of our most important objectives: the successful launch of our V2 platform and delivery of the Bank of America platform.

"These projects are always challenging; I'm proud of my team's commitment to delivering a new platform and new client, and I'm excited about the opportunities the platform brings. Not only does V2 afford us the ability to rapidly extend platform features, functionality and app connections but, as an open platform, it provides scope for greater collaboration and innovation. It positions us to deliver at speed as we continue to increase our client base.

"During this quarter, we also announced the launch of 9 Spokes Engage™, our integrated marketing service for banks, with BNZ as our launch partner. However, it's important to recognise this service benefits more than just banks and their SMB customers; 9 Spokes Engage™ allows us to better support our app partners with richer data points that they don't otherwise have access to. All platforms thrive on strong engagement and adding this functionality to ours significantly increases our overall appeal, scalability and ability to enter markets swiftly and effectively.

“Post-Q3, we announced a capital raise of A\$4.0 million which, as I said previously, affords us the ability to continue to evolve our product and channel development. We have undergone a significant transformation to our core product, now we will continue to evolve and expand our capability.”

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 SMBs to harness the power of their data to improve performance. SMBs 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 SMBs directly through 9spokes.com and as a white-labelled platform for enterprise customers, including banks and other financial services providers. The Enterprise Edition allows banks, under their own brand, to deliver richer and more engaging experiences to their SMB customers. Through permissioned access to their SMB 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 report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

9 Spokes International Limited

ABN

58 610 518 075

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$NZ'000	\$NZ'000
1	Cash flows from operating activities		
1.1	Receipts from customers	1,762	5,221
1.2	Payments for		
	(a) research and development	(893)	(2,701)
	(b) product manufacturing and operating costs	(98)	(416)
	(c) advertising and marketing	(89)	(171)
	(d) leased assets	(192)	(561)
	(e) staff costs	(1,043)	(3,442)
	(f) administration and corporate costs	(604)	(1,852)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8	12
1.5	Interest and other costs of finance paid	-	(8)
1.6	Income taxes paid	-	1
1.7	Government grants and tax incentives	261	925
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(888)	(2,992)

2	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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 shares	-	6,310
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(827)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(2,320)
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	-	3,163
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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	2,419	1,360
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(888)	(2,992)
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)	-	3,163
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,531	1,531

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	1,531	2,419
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)	1,531	2,419

6	Payments to directors of the entity and their associates	Current quarter	
			\$NZ'000
6.1	Aggregate amount of payments to these parties included in item 1.2		60

6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director's board fees		

7	Payments to related entities of the entity and their associates	Current quarter
		\$NZ'000
7.1	Aggregate amount of payments to these parties included in item 1.2	19
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end	Amount drawn at quarter end
		\$NZ'000	\$NZ'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
There are no financing facilities			

9	Estimated cash outflows for next quarter <i>(see note below)</i>	\$NZ'000
9.1	Research and development	(956)
9.2	Product manufacturing and operating costs	(111)

9.3	Advertising and marketing	(70)
9.4	Leased assets	(189)
9.5	Staff costs	(992)
9.6	Administration and corporate costs	(807)
9.7	Other	
9.8	Total estimated cash outflows (see note below)	(3,125)

Note

To fully understand the Company's estimated subsequent quarter cash position, cash inflows from customer receipts and government grants must also be considered. Consistent with previous quarters, it is reasonable to conclude that the Company will derive receipts from customers generated from delivery of our services and receive payment of quarterly grant awards. As of the date of this report, on that basis, the Company expects to generate an estimated \$2.3 million of cash inflows from customer receipts and government grants, which would result in an estimated total net operating cash outflow of approximately \$0.8 million for the next quarter.

10	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	None	None
10.2	Place of incorporation or registration	None	None
10.3	Consideration for acquisition or disposal	None	None
10.4	Total net assets	None	None
10.5	Nature of business	None	None

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.

Sign here:  _____
CFO

Date: 31 January 2020

Print name: Neil Hopkins

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.