

ASX: 9SP

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## 2020 Annual Meeting of Shareholders Prepared Announcement

**Auckland, NZ | 25 September** 9Spokes (ASX: 9SP or the “Company”), a management app that brings meaningful data together across a business, its apps, and its banks, will today present the following prepared Chair’s Address and CEO Update at the 2020 Annual General Meeting.

Announcement authorised by 9Spokes’ Company Secretary, Melisa Beight.

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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](https://9spokes.com)

It goes without saying that 2020 has been an extraordinary year.

I feel tremendous pride in what 9Spokes achieved during the 2019/20 financial year and right through the past six months. Like every Company, we've faced substantial challenges as normal work routines and social structures were interrupted. Every one of our people has felt some strain and stress. Fortunately, we have long practised how to conduct operations and sales somewhat at arms-length from our global banking customers. The additional pressures of working from home that COVID-19 presents are challenges that our technology and working practices have readily met. It has tested our people's resilience, but I'm pleased to say that, so far, the business has progressed substantially since I spoke at the last AGM. We have new customers, new people, new technology, and subject to the passing of certain resolutions today, a new solid cash foundation on which to build our future over the next couple of years.

So, last year I indicated that during 2020 9Spokes would:

- Strengthen our Board
- Work effectively and professionally with our new, much lower, cash burn rate
- Bring on significant new banking partnerships
- Significantly upgrade our technology platform to V2.

I'm delighted to report good progress on all these fronts. Taking each in turn:

The Board has benefitted tremendously from the addition of Shelley Ruha; Shelley brings a wealth of banking experience, which has helped us navigate the changing requirements of our major banking clients. Beyond that, Shelley has shown strong professionalism and leadership as Chair of the Audit Committee at a particularly challenging time. With Shelley's help, our standards of governance remain high.

Mark Estall, our co-founder and former CEO, decided to step down from the Board to pursue his other interests. We are truly indebted to Mark for setting up 9Spokes with a big vision to succeed globally. No one will truly know the hours and the vast miles Mark put in to establish 9Spokes on the global banking scene. And although he has stepped back from the Board, Mark remains a large and committed shareholder. We wish him well for the future.

And I must say a word about Adrian Grant, our CEO. Adrian has been a remarkable leader to the Company, its customers, and shareholders over a tumultuous year. Whether it be the challenges of capital raising, sales and relationship management with CEOs, managing the impacts of the pandemic, of dealings with regulators, far less the ongoing challenge of motivating and driving an entrepreneurial Company, Adrian has been professional, calm, and commercially-focused throughout.

The immense stress of COVID-19 on the financial markets has seen some regulators become more active and take strict interpretations of the rules. For 9Spokes, that resulted in the ASX suspending trading of the Company's securities in June 2020, due to the ASX forming the view that 9Spokes's 2020 annual report was not complying with Listing Rule 19.11A(b). Although this came as a surprise, we worked quickly and co-operatively with our auditors, our investors, and with the ASX to come out of suspension. This took many, many late nights and early mornings for all involved and for which I am most grateful. Overall, the Board met 36 times during the last 18 months, including committee meetings. We have kept a close engagement with the Company's affairs, and I believe we demonstrated that proper use of video-technology is effective when social distancing is required.

Turning to the Company's performance, we established a much leaner operating model that enabled us to do more with less. And we have been able to stick with it, despite the demands of developing an almost complete upgrade of the technology stack and supporting two particularly long and demanding sales cycles to Bank of America and Visa. These are three of the most significant developments in 9Spokes' history and delivering them on a lean operating model has given us renewed confidence.

Together, these successes underpinned the confidence you have shown in the Company. Following strong demand from existing and new institutional investors, we recently raised A\$10 million subject, of course, to shareholders approving today the second tranche of shares. This capital will put us in a strong cash position for the next two years or so. On behalf of the Board, I would like to thank existing investors for their continued support and welcome new investors to 9Spokes.

Despite market uncertainty, we have continued to see interesting partnerships established between small technology companies – like 9Spokes – and major banks; the market opportunity

is very tangible and is demonstrated to us in the continued approaches we receive from major institutions around the world. 9Spokes truly relishes the opportunity that your funding support gives us to focus our energies on sales, product development, and customer engagement, freed for a substantial period from the demands of capital raising. The potential positive impact should not be underestimated and everyone in the Company looks forward to grasping that opportunity in the year ahead.

I will now invite Adrian to deliver the CEO's update.

Thank you, Paul,

Good afternoon everyone, echoing Paul's comments – a very warm welcome to our first virtual AGM. Over the past months, virtual meetings such as this have become the norm. As has working from home for our global team – here in New Zealand and Australia, in the UK, North America, and Singapore. As a company, we were fortunate that, prior to COVID-19, we had the systems and infrastructure in place to enable us to remain fully operational by simply moving to our home offices.

Through this period of uncertainty, our priority has, of course, been our people, our banking partners, and our clients. We're acutely aware of the effect COVID-19 is having on the global economy – particularly on small businesses. Governments and banks – recognizing their importance to the economy and employment – have implemented initiatives to provide appropriate support. SMBs have always been at the heart of what we do. The implications of COVID-19 on business recovery and subsequent growth has shone a very positive light on the technology and tools provided by 9Spokes.

At our 2019 AGM, we presented a number of challenges that we set for ourselves – boulders, if you will, that we needed to achieve. I am pleased to say that we have made significant progress on each.

To recap they were:

1. Demonstrate operational and financial discipline

First to demonstrate operational and financial discipline. We continued to show discipline to align our cost base to revenue, without hampering R&D and, importantly, ensuring that we could meet our exacting clients' needs.

In the last financial year:

- Our expenditure was down 33% to \$11.2 million from \$16.6 million
- Our net loss was down 46% to \$4.9 million from \$9.0 million

In the last year, expenditure decreased by 33%. At the same time, we maintained steady investment in R&D, which accounted for 38% of total expenditure. This enabled us to significantly improve our platform, as discussed later in this presentation.

While accrual reporting is important, our cash flow management is arguably more so at our current stage. Over the past two years, we have worked hard to manage our quarterly commitments and at the same time improve the quality of service to our customers.

As a result of reducing our expenditure by nearly 50%, our negative operating cash flow for the year was NZ\$2.6 million. While this was significantly down from the prior year's NZ\$9.4 million, this figure was impacted by the one-off receipt of implementation fees from the Bank of America. Moving forward, our net cash flow burn on a constant basis will be in aligned to our accrual performance.

In terms of our overall cost base, I have stated on several occasions that we have reached a point where we will not decrease our cost base further. Rather, our focus is on maintaining our financial conservatism, investing strategically in our product – but at a similar level of spend to the current year – and investing in our distribution channels, particularly in our relationship with Visa. This all seeks to increase our revenue through to breakeven and profitability.

To support our strategy, we have undertaken two capital raises. In January, we raised A\$4.0 million from sophisticated and professional investors. More recently, as Paul noted, we raised A\$10.0 million to be settled through a two-tranche placement, the second tranche of which is put to you today as a resolution to approve.

Post-capital raise, assuming the resolution is successfully passed, the Company is funded for approximately two years based on current operations. The funds raised will be used to:

- continue the focus on growing new banking partners globally
- a progressive rollout out of 9spokes.com globally
- continue partner development with strategic partners: Visa U.S.A. Inc, Microsoft, and Foundation, and
- continue to focus on R&D development of the platform.

## 2. Launch of our next-generation platform

Our second target was to launch our new platform. In November 2019, we launched V2 and migrated our first banking partner – Bank of New Zealand. Bank of America launched on the platform shortly after, and OCBC Bank (Singapore) migrated earlier this month.

I have said that we have built the platform to deploy and operate at scale – supporting our objective to sell at scale. The objectives we sought with our V2 platform – to lower our cost to operate and accelerate our cadence for deployment and on-going development – have all been achieved, and we could not be happier with its performance.

Through our platform development, we have introduced what I see as cornerstones for the future:

- We launched our progressive web app. 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. More simply put, it enables us to operate one code base for all form factors of use, significantly reducing the time, cost, and complexity of rapidly evolving our application.
- We launched an auto-provisioning tool to provide a seamless integration between a banks' customer records and the 9Spokes platform; so bank customers can be automatically enrolled in the platform as part of their banking experience – this has now been launched with the Bank of New Zealand.
- I have already mentioned Monitor for bankers, a product about to launch. The app will be sold as an integrated feature of our platform but will also be made available for purchase to banks as a standalone product. The first iteration has been built in association with Microsoft, such that Monitor becomes an app within Teams.
- Finally, we earned the open banking QWAC (Qualified Website Authentication Certificate) and QSeal (Qualified Certificate for Seals) certificates. These certificates demonstrate that we meet PSD2's specific data integrity and encryption requirements so that we can begin the production setup for all UK banks supporting open banking. This

is in addition to our Open Banking Account Information Service Provider license awarded by the UK's Financial Conduct Authority in 2019.

### 3. Enhance our product offering

Our third focus area this year was to evolve the platform to address market opportunity. Moving to V2 gives us a stronger platform on which to evolve our ecosystem, which connects SMBs, banks, and apps through our suite of products.

In October 2019, we launched 9Spokes Engage, our always-on, automated marketing program, designed to support a bank's in-house marketing team by driving customer acquisition and engagement. A core part of Engage is our Resource Center, a content hub providing SMBs with business and industry information, very much like a newspaper, as part of our 'Explore' program.

Over the past year we have put a considerable effort into designing and developing our monetized app marketplace – called Connect, an upgraded version of what was previously a referral app marketplace. Our launch will commence within the month, will be staged across our channels and we are pleased to have Microsoft 365 as our launch partner.

### 4. Strengthen our distribution channels

We have said many times that our biggest challenge has been optimizing our selling and distribution capability. With COVID-19 and the inability to travel, we are very grateful that over the last 18 months, we applied significant resources to putting in place a structure that meets our objectives to sell at scale.

Most notably, in July this year, we announced that we had entered a strategic five-year partnership with Visa. This initiative, which enables Visa to sell the 9Spokes dashboarding solution to Visa clients and their small business customers, is of major significance to our company.

The key terms have been presented in previous public filings, so I won't detail them here; however, I do want to comment on one aspect of the agreement to give you a sense of the depth of the relationship. Under the agreement, Visa will be contracting with their clients for the delivery of our solution. The depth of due diligence that Visa undertook on our Company was



both punishing and rewarding. I cannot overstate with pride the work that was completed by our team – led by our Chief Technology Officer Jesper Petersen – to demonstrate to Visa that we have the product, the processes, and the people to satisfy Visa, who rightly are a most demanding partner. I don't believe this could have been achieved had we not invested well in our business.

Hot on the heels of our Visa announcement, we signed a distribution partner agreement with Foundation, a high growth, technology-enabled, SMB digital lending platform currently servicing a broad cross-section of banks in the United States.

The distribution partner agreement is for a five-year term, enabling Foundation to promote the 9Spokes platform to US clients.

I have said that, selectively, we will sign agreements with partners who add significant value in niche areas; Foundation is one of those parties.

Finally, on partners, we continue to enjoy a close, collaborative relationship with Microsoft following entry into a co-sell partnership under its One Commercial Partner program in March 2019. This year, we recognized two co-sell successes with Microsoft. BNZ was the first in June 2019, followed by Bank of America in October 2019.

We have realized significant financial and operational benefits from re-platforming to Microsoft Azure. As noted before, at an R&D level, we have worked to build Monitor on the Microsoft Teams framework – an exciting development for both parties. Progress and opportunity with Microsoft is very strong.

Operational performance:

In terms of operational performance, while a significant part of the year revolved around our big bets operationally, we are happy with progress through our banking partners:

BNZ officially went live with a white-label version of the 9Spokes platform in May 2019 and, in November of the same year, became the first bank to migrate to 9Spokes' new platform. BNZ was also 9Spokes' launch partner when the Company released 9Spokes Engage.

Of late, BNZ has moved their MyBusiness Live platform from an opt-in platform for their SMB clients, to an opt-out platform. This significant change means that every BNZ business client will now be presented with MyBusiness Live as part of their on-boarding journey. To date, some 45,000 businesses are subject to an on-boarding and nurture journey.

This month OCBC Bank became our last partner to migrate to our V2 platform. This financial year we also signed a memorandum of Understanding (MOU) with their Malaysian subsidiary, building on the existing relationship with OCBC Bank (Singapore).

## 5. Secure our entry into the US market & broaden our pipeline

Finally, last year we said, strategically, we believed it important the company establish a presence in the United States. In August 2019 we finally achieved that milestone, signing Bank of America for a three-year contract.

Bank of America officially launched its 9Spokes platform in February 2020, featuring app partners Intuit QuickBooks, RUN powered by ADP, Google Analytics, and G Suite. Our teams continue to work together to on-board new apps and introduce new features.

Which brings us to today.

Last year, we outlined a number of initiatives that we believed were critical to progress for us to be able to maximize our opportunity; that being able to build and sell at scale. Despite what became an incredibly difficult year for all, we have made great progress across the board and I believe this positions us very well.

As to the current year and the next 18 months, we are past the stage of having to undertake 'big boulder' initiatives in order to position the company— we are in what I would consider to be a time of rollout and incremental progress across our three operating units.

Our first product, Tracker, is now complemented by Connect and Engage — each a business unit in its own right, with separate P&L and revenue targets to move past the investment stage to become revenue contributors to the Company.

Over the past several months our entire business development capacity has rightly been directed towards securing distribution agreements, principally with Visa. While COVID-19 will

undoubtedly continue to provide challenges for all and it will be very difficult to forecast accurately, we are confident in these partnerships, I am confident in the fantastic team we have, and every single person who contributes to making us what we are today.

In summary, while it has been a challenging period – we made huge progress last year, the first half of 2021 has equally delivered and I am confident that, with the building blocks in place, the next several months will be rewarding.

With that, I'd like to thank you for listening and I will pass you back to Paul.