

ASX: 9SP  
ASX Release  
30 April 2021

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## March 2021 Quarterly Activity Report and Appendix 4C

### Highlights

- Framework Services Agreement and initial Statement of Work signed with Virgin Money UK.
- Regional sales strategy and partner strategy reflected in growing pipeline with five qualified opportunities.
- March quarter cash burn of \$1.1 million compared to forecast \$1.9 million.
- Cash balance of \$9.27 million as at 31 March 2021.

**Auckland, NZ | 30 April** 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 provide its quarterly business update and Appendix 4C for the three months ended 31 March 2021 (Q4 FY21).

All numbers are stated in New Zealand dollars (NZD) unless otherwise specified.

### Market update

The global finance sector – despite the impacts of COVID-19 – has proven both adaptable and resilient. The fintech industry has demonstrated its potential to close gaps in the delivery of financial services in an increasingly digitalised market.

9Spokes, having built a robust data infrastructure based on open banking and business data, is pursuing a number of market opportunities to leverage our platform into core banking applications to facilitate loan origination and loan management. These opportunities complement our core SMB proposition.

We will provide further detail in a market update on the progression of our core banking data products alongside our preliminary FY21 Financial Statements.

### Direct and partner sales pipeline

In the previous quarter, we set out a regional sales focus. The strategy incorporates our direct sales team and our partners. As part of our regional focus, we have expanded our business development team with new appointments in London and Toronto. The team is tasked with focusing on direct



sales and further supporting our channel partners. This has already resulted in a strengthened direct and partners sales pipeline with a number of opportunities at varying stages – including five qualified opportunities.

## Regional update

**EMEA** On 3 February, 9Spokes announced a Framework Services Agreement with Clydesdale Bank Plc, a subsidiary of Virgin Money UK PLC, and a first Statement of Work to determine project scope for a working capital health proposition. Under the agreement, the parties explored potential participation in Virgin Money's working capital health proposition. A progressive initiative, it is designed to help SMBs monitor and sustain their business health through an advanced digital banking proposition. Our engagement with Virgin Money remains ongoing.

**Asia/Australasia** We continue to make progress in Asia with our partner Visa. We have also established a regional relationship with Oliver Wyman, an international management consultancy. The relationship with Oliver Wyman is an opportunity for 9Spokes to gain deeper penetration through the firm's Asian network.

**North America** We are now observing the North American banking industry coming out of COVID hibernation and beginning to explore opportunities to improve SMB digital banking experiences. We expect to gain significant traction in this market. With a strong North America-based business development team and active partner engagement with Linear Financial Technologies (formerly Foundation) and Visa, we are already seeing an increased level of demand feeding into our pipeline.

## Product, engineering, and operations

Platform performance continues to progress, influenced by the enhancements released in recent months. This has been evidenced by recent analysis undertaken by one of our key banking partners that showed clients on our platform (relative to their customer base) have a higher deposit balance and significantly lower churn.

Building on these initiatives, over the quarter, releases included:

**Multi-boards** Home boards was released during the quarter. These customisable landing pages bring information and insights from across the ecosystem together to deliver a better, more cohesive experience for customers. This marks the first drop of multi-boards, which will enable SMB users to create multiple, shareable boards based on select information (for example, marketing, cash flow, inventory).

**Revenue forecasting** Focused on embedding machine learnings in the platform, 9Spokes introduced revenue forecasting to the product. Powered by a business' financial software, the



Revenue forecasting feature builds on the revenue tile functionality. It gives users a three-month forecast – from the current month – of their business’ anticipated revenue with a confidence band.

We will provide further detail on the progression of our ML and AI capabilities in a market update.

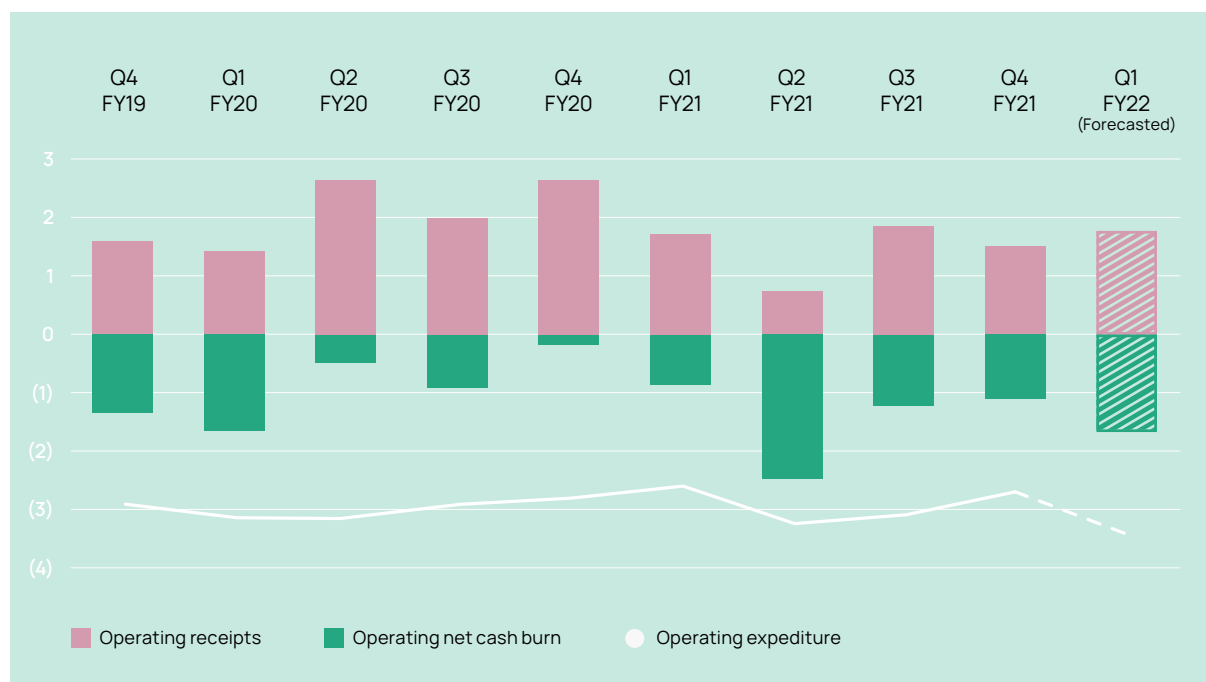
## Operating receipts and expenditure

During the quarter, 9Spokes’ operating receipts were \$1.6 million, operating expenditure was \$2.7 million, resulting in net operating cash burn of \$1.1 million. This is lower than the guidance of \$1.9 million given last quarter. This is largely due to the deferral of one-off costs associated with our office move and other costs that were deferred. Overall income and expenditure was within plan.

The expected cash burn for the quarter ending 30 June 2021 is \$1.7 million.

As noted in our last quarterly, 9Spokes reviewed its global accommodation footprint to align to a post-COVID environment. Following our review, we have rationalised our accommodation footprint in Auckland and London. The net effect of these changes is a reduction in overall cash outflows relating to rent. Combined, our accommodation costs will reduce by circa \$460,000 per annum for two years, moving to a decrease of circa \$660,000 per annum in year three.

### Quarterly Operating Cash Receipts, Expenditure and Burn





### Related party transactions

During the quarter, 9Spokes made \$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.

**9Spokes Chief Executive Officer, Adrian Grant, said:** "Our increased business development capacity and our partners business development efforts is resulting in a pipeline that we could not have previously achieved. We expect to be in a position to announce material contracts within the current quarter.

"Significantly, and for the first time in our history, we have core banking platform providers approaching us to investigate how we might collaborate and integrate our products with their platforms. We believe this is a strong validation of the increased focus on SMB digitalisation and our strategy.

"While we are seeing competitors to aspects of our proposition emerge, we view this as an extremely positive development as it gives credibility to what has been a nascent sector prior to COVID.

"Importantly, the work we have done to build our extensive data models for SMBs, can now be extended to additional use cases, principally towards loan origination and loan management. Last year our focus was the launch of our V2 platform. The tangible benefits of the enhanced V2 platform now allow us to add capability at an increased pace. We will provide further information on product development as part of our market update.

"Finally, while we continue to maintain our focus on cost control, we have also grown our in-field business development capacity, which in turn has increased our direct and partners sales pipeline."

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



## 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)

## For further information, please contact:

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Head of Content & Communications

## Appendix 4C

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

**Name of entity**

9 Spokes International Limited

**ABN**

58 610 518 075

**Quarter ended ("current quarter")**

31 March 2021

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$NZ'000</b>	<b>Year to date (12 months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		1,552	5,090
1.2 Payments for			
(a) research and development		(466)	(2,541)
(b) product manufacturing and operating costs		(201)	(621)
(c) advertising and marketing		(78)	(347)
(d) leased assets		(246)	(820)
(e) staff costs		(1,202)	(4,482)
(f) administration and corporate costs		(470)	(2,583)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		3	15
1.5 Interest and other costs of finance paid		(1)	(5)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		2	875
1.8 Other (provide details if material)		-	(237)
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,107)</b>	<b>(5,656)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(g) entities		-	-
(h) businesses		-	-
(i) property, plant and equipment		(25)	(25)
(j) investments		-	-

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(m) entities	-	-
	(n) businesses	-	-
	(o) property, plant and equipment	-	4
	(p) investments	-	-
	(q) intellectual property	-	-
	(r) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(25)</b>	<b>(21)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	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	-	(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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>9,857</b>

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	10,405	5,093
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,107)	(5,656)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(25)	(21)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	9,857
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>9,273</b>	<b>9,273</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	9,273	10,405
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>9,273</b>	<b>10,405</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	Current quarter \$NZ'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	137
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Directors' fees and recruitment services</i>		



	<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$NZ'000</b>	<b>Amount drawn at quarter end \$NZ'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)		-
7.4	<b>Total financing facilities</b>		-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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. <div style="border: 1px solid black; height: 100px; margin-top: 10px;"></div>		

	<b>8. Estimated cash available for future operating activities</b>	<b>\$NZ'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,107)
8.2	Cash and cash equivalents at quarter end (item 4.6)	9,273
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	9,273
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>8</b>
	<i>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.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions: <div style="margin-left: 20px;">             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?   <div style="border: 1px solid black; padding: 5px; width: 600px;">               Answer: N/A             </div> </div> <div style="margin-left: 20px;">             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?   <div style="border: 1px solid black; padding: 5px; width: 600px;">               Answer: N/A             </div> </div>	

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.*

## 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: 30 April 2021

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.