

ASX: 9SP
ASX Release
02 November 2022

Removal from the Official List of ASX

9 Spokes International Limited (**ASX:9SP** or the **Company**) has today submitted a formal application for its removal from the Official List of the Australian Securities Exchange (**ASX**), under ASX Listing Rule 17.11 (**Delisting**).

The Company has sought and received from ASX in-principle advice that it will agree to the request for removal from the Official List upon the satisfaction of certain conditions.

ASX's in-principle advice states that, based solely on the information provided, on receipt of a request by the Company for removal from the Official List of ASX Limited (**ASX**) pursuant to Listing Rule 17.11, ASX would likely remove the Company from the Official List, on a date to be determined by ASX, subject to compliance with the following conditions (the **ASX Decision**):

- (a) The request for removal of the Company from the Official List of ASX is approved by a special resolution of shareholders of the Company;
- (b) The notice of meeting seeking shareholder approval for the Company's removal from the Official List of ASX must include, in form and substance satisfactory to ASX:
 - (i) a timetable of key dates, including the time and date at which the Company will be removed from ASX if that approval is given;
 - (ii) details of the processes that will exist after the Company is removed from the Official List to allow shareholders to dispose of their holdings and how they can access those processes; and
 - (iii) the information prescribed in section 2.11 of ASX Guidance Note 33; and
- (c) The Company releases the full terms of the ASX decision to the market upon making a formal application to ASX to remove the Company from the Official List of ASX.

In accordance with paragraph (a) of the ASX Decision, the Company will hold a Special Meeting of Shareholders on Thursday, 24 November 2022 to seek Shareholder approval, as a Special Resolution, to remove the Company from the Official List of ASX.

In accordance with paragraph (b) of the ASX Decision, the statements required to be made in the notice



of meeting will be set out in the Explanatory Memorandum accompanying the notice of Special Meeting of Shareholders.

In accordance with condition (c) of the ASX Decision, the Company has released the full terms of the ASX Decision at paragraphs (a) to (c) above.

The Board considers that it is in the best interests of the Company and its Shareholders for the Company to be removed from the Official List of ASX for the reasons set out below.

Delisting was identified as a key recommendation from the Strategic Review (announced to the ASX on 18 July 2022) that the Company has now completed and which the Board has resolved to adopt and pursue.

The Company has proactively engaged with the Company's five largest Shareholders, including Alium Capital Management, on the proposed Delisting, collectively representing 41.65% of the issued share capital of the Company. All of those Shareholders have confirmed that they intend to vote in favour of the resolution approving the removal of the Company from the Official List of ASX. However, none of those Shareholders is under any binding obligation to do so, and the Company cannot give any guarantee as to how any Shareholder may vote on a resolution to approve the proposed Delisting.

Removal of the Company from the Official List of ASX may be perceived to have some advantages for Shareholders. Potential disadvantages are described below.

Shareholders who are uncertain as to what action to take should seek guidance from their professional advisers. In particular, Shareholders should seek appropriate legal, financial and tax advice about the potential impacts of holding shares in a New Zealand company that is not listed on ASX.

Summary of key reasons for seeking removal from Official List of ASX and related advantages

The Board's key reasons for seeking removal of the Company from the Official List of ASX are as follows:

(a) Listing Costs

The Company believes that the costs of remaining on the ASX Official List are materially disproportionate to the advantages (both financial and otherwise) of doing so. The Company notes the direct costs of being listed on ASX are currently approximately NZ\$0.96 million per annum, representing approximately 10.5% of the Company's overall costs in FY22. Reducing these costs would be expected to improve the Company's financial and operational position delivering immediate value to shareholders. The Company considers that such cost reduction would also provide a more solid platform from which 9SP could seek to attract additional value-enhancing investment, including growth capital

(b) Ease of capital raising

The composition of the Company's share register combined with low market capitalisation, low share price and resulting low liquidity indicate an unsustainable position in terms of raising public capital, particularly attracting broader institutional ownership. Even if raising further capital on the ASX became



achievable and sustainable, any such raises would likely continue to be highly dilutive at least within the timeframe required. Such raises are, in the Board's view, therefore not consistent with preserving shareholder value.

The Company believes that removal from the Official List of ASX would make access to capital easier for 9SP because it is more likely to be in a position to raise capital through strategic private investors. The Company's experience has been that its ASX listing is a material hurdle to many forms of investment that might otherwise be available to it, and some potential investors have investment mandates that prevent them from investing in ASX-listed entities.

(c) Cost of capital

The costs for the Company of raising capital through the ASX are materially higher than the expected costs of raising capital through private capital raising and such capital raising is more complex, as it often involves financial advisers, ASX participants and both New Zealand and Australian lawyers.

(d) Efficient utilisation of senior management time

In addition to the direct costs of being listed on ASX, there are material indirect costs associated with senior management and other employee time consumed by ASX-related matters (estimated to be approximately NZ\$500,000 per annum). The Board has determined that key senior management time would be employed to greater effect in pursuing revenue-generating activities and product development.

(e) The potential value of additional confidentiality / reduced disclosure obligations

Given the nature of the business and potential customers of 9SP, the disclosure requirements under the *Corporations Act 2001* (Cth) (**Act**) and the ASX Listing Rules are, to many prospective customers of 9SP, a disincentive to engaging with 9SP, which has had the effect of limiting revenue streams and potential alternative sources of funding.

It has been the Company's experience that relatively small initiatives (from a customer perspective, but which are material from 9SP's perspective) require public disclosure which in turn triggers often long periods of engagement on disclosure issues with such customers, which effort would, in the view of the Board, be better spent on pursuing completion of value-enhancing activities.

(f) Attracting and retaining employees

The Company is of the view that its low share price is a significant disincentive to recruiting potential new hires in a tight technology recruitment market, and that a more attractive employee incentive scheme would be available to it as an unlisted entity.

Summary of potential disadvantages of seeking removal from the Official List of ASX

(a) No guarantee of enhanced access to capital



While the Board believes the Company will have better access to potential capital and on more favourable terms than would otherwise be available if the Company was to remain listed on the ASX, there is no certainty that the Company will in fact obtain better access to capital and/or on more favourable terms post-Delisting.

While capital raising options may increase in some respects (as referred to above) other capital raising options may be more limited – for example, the Company will no longer be able to raise capital on a pro rata basis using a limited disclosure document, such as is permitted under the regime governing 'cleansing notices' and 'cleansing prospectuses' under the Act, and will instead be required to follow the additional steps under the New Zealand Financial Markets Conduct Act 2013, including the requirement to produce a "product disclosure statement".

(b) Shareholders will no longer have the ability to sell their shares and realise their investment in the Company via trading on ASX

Following Delisting, the Company's shares will only be capable of sale via two potentially available methods:

- 1) off-market private transactions which will require shareholders to identify and agree terms with potential purchasers of the Company's shares in accordance with the New Zealand Companies Act 1993 (**Companies Act**) and the Company's constitution. It is noted that this is currently the position while the Company's securities remain suspended from quotation on ASX; and
- 2) using the PrimaryMarkets share trading platform.

The Company has engaged share trading platform provider PrimaryMarkets to allow shareholders to trade their shares post-Delisting, subject to PrimaryMarkets' terms and conditions and the applicable Share Trading Rules, which will be established post-Delisting.

PrimaryMarkets is Australia's premier private share trading platform with a global investor network of over 110,000 investors across 119 countries. It was founded in 2016 and has been used by other companies previously listed on the ASX to provide a share trading platform following the removal of those companies from the Official List of ASX.

The Board considers that the PrimaryMarkets platform provides a suitable infrastructure to bring potential liquidity to the Company's shares and allow existing shareholders a mechanism to potentially sell their shares. Further detail on the PrimaryMarkets platform can be viewed here:

<https://www.primarymarkets.com/knowledge-centre/>

Given the current financial position of the Company, it is not currently able to offer a share buy-back or other facility that allows the holders of its ordinary securities to sell or redeem their shares.

(c) Various requirements of the ASX Listing Rules and the Corporations Act will no longer apply



Following delisting, the Company will not be subject to the ASX Listing Rules or sections 674 and 675 of the Act. However, the Company will continue to be governed by the Companies Act.

The ASX Listing Rules and the applicable parts of the Act will no longer apply to the Company if it proceeds with the proposed Delisting. Accordingly, a number of ASX requirements will no longer apply including: continuous disclosure and other regular and periodic reporting requirements (although the Company's reporting requirements will still be governed by the Companies Act), disclosure of materially adverse events and other information under the ASX Listing Rules; removal of certain restrictions on the issue of shares (such as the inability of the Company to issue in excess of 15% of its capital in any 12-month period without shareholder approval) and certain restrictions on transactions with related parties (although these will still be governed by the Companies Act); requirements relating to significant changes to the Company's activities; and the requirement to report against the ASX Corporate Governance Principles and Recommendations.

Some shareholders may consider that the absence or reduction of such requirements is a disadvantage, including, in particular, minority shareholders. While there will be differences in the regulatory regimes pre- and post-Delisting, minority shareholders will continue to benefit from the protections in the Companies Act, such as in relation to the alteration of shareholder rights, minority buyout rights, financial reporting obligations and holding annual meetings of shareholders.

Directors will continue to be subject to directors' duties under the Companies Act, including to act in good faith and in the best interests of the Company.

The Company will become subject to the New Zealand Takeovers Code if, at any time, it becomes a 'code company' for the purposes of the New Zealand Takeovers Code. The Company will become a code company if, for example, at any time the Company has 50 or more shareholders and is at least 'medium-sized' (as provided for under the New Zealand Takeovers Code). The Company does not currently meet the definition of 'medium sized' as provided for under the New Zealand Takeovers Code.

Shareholders will continue to benefit from the protection afforded by section 129 of the Companies Act which requires that the Company must not enter into a "major transaction" unless the transaction is approved by special resolution of shareholders.

While the Board intends to review the Company's constitution following, and to take account of, its removal from the Official List of ASX, shareholders' rights under the Company's constitution will remain unchanged immediately following Delisting, such that shareholders will continue to have the right to receive notices of meetings and other notices issued by the Company; exercise voting rights attached to shares; and receive dividends payable by the Company (if any) from time to time.

Consequences of removal from the Official List of ASX

If shareholder approval is received at the Special Meeting of Shareholders, the Company will be able to proceed with the Delisting and will be removed from the Official List on a date to be decided by the ASX



(Delisting Date). The consequences of the Delisting are set out below.

The proposed timetable for the removal of the Company from the Official List (and assuming the special resolution is passed by shareholders at the Special Meeting of Shareholders) is:

Event	Date
Notice of Meeting released	07 November 2022
Special Meeting of Shareholders	24 November 2022
Delisting Date	28 November 2022

*Dates and times are indicative only and subject to change by the Company or ASX.

ASX has advised that the usual condition that the removal of an entity from the Official List of ASX must not take place any earlier than one month after shareholder approval, has not been imposed on the Company on the basis that the Company's securities are suspended from official quotation. Accordingly, the Company has requested that the date for the Company's removal from the Official List will be the date that is two business days after from the scheduled date of the Special Meeting of Shareholders.

Following Delisting, the Company's shares will only be capable of sale via two potentially available methods:

- 1) off-market private transactions (subject to compliance with applicable laws and the Company's governing documentation, including the Companies Act and the Company's constitution). It is noted that this is currently the position while the Company's securities remain suspended from quotation on ASX; and
- 2) using the PrimaryMarkets share trading platform, as described above.

The Company will no longer be able to raise capital on a pro rata basis using a limited disclosure document (as referred to above).

If the Company is removed from the Official List of ASX, even though it will continue to have more than 100 shareholders, as a New Zealand company it will not be subject to the continuous disclosure regime under section 675 of the Act.

However, whilst it remains a registered foreign company in Australia, the Company will continue to be subject to the obligations under the Act applicable to such companies, including maintaining a registered office and a local agent in Australia, and lodging financial statements and changes to company details with the Australian Securities and Investments Commission.



Shareholder remedies available

In circumstances where a shareholder considers the Company delisting from the ASX to be oppressive, unfairly discriminatory or unfairly prejudicial to the shareholder, the shareholder may apply to the court for an order under section 174 of the Companies Act. The court can make such order as it thinks fit, if it considers it is just and equitable to do so, including an order that the Company be put into liquidation or an order regulating the future conduct of the Company's affairs.

The consequences of shareholder approval not being received

If shareholder approval to the removal of the Company from the Official List of ASX is not received, unless a subsequent proposed Delisting is approved by shareholders or ASX determines that the Company's securities should no longer be listed, the shares will remain listed on ASX.

Announcement authorised by the Board of 9 Spokes International Limited.

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