

ASX: 9SP
ASX Release
02 November 2022

Completion of strategic review and proposed delisting from the ASX

9 Spokes International Limited (“9Spokes” or the “Company”) confirms that the strategic review announced on 18 July 2022 (“Strategic Review”) is now complete. The key objective of the Strategic Review was to identify steps to preserve value for shareholders. A summary of the findings of the Strategic Review are as follows:

- The Company is taking appropriate steps to achieve operational financial sustainability.
- Significant operational costs of approximately NZ\$2.5m per annum continue to be removed from the business.
- Further direct costs associated with being listed on the ASX (approximately NZ\$0.96m per annum) can be significantly reduced by delisting from the ASX.
- The reduced compliance and disclosure requirements resulting from delisting would support retaining and potentially gaining new customers as well as potentially making access to capital easier for the Company.
- The Company’s current share register makes raising pro rata capital from existing shareholders unfeasible.
- The Company should therefore consider seeking voluntary delisting from the ASX.

In light of the conclusions of the Strategic Review, the Board has resolved that in order to best preserve shareholder value, the Company should seek voluntary delisting from the ASX (“Delisting”). A formal application to seek removal of the Company from the Official List of ASX has been submitted to the ASX today and a corresponding announcement released to the ASX (“Delisting Announcement”).

As part of the Board’s assessment of the proposed Delisting it considered ways in which it could potentially provide more liquidity to shareholders. Accordingly, the Company has engaged share trading platform provider PrimaryMarkets to allow shareholders to trade their shares, subject to PrimaryMarkets’ terms and conditions and the applicable Share Trading Rules, which will be established post-Delisting. Further information is provided in the Delisting Announcement.



The Company has also engaged with its five largest shareholders, including Alium Capital Management, which together represent 41.65% of the issued capital of the Company. Those Shareholders have confirmed that they intend to vote in favour of the proposed resolution approving the Delisting. 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.

Summary and next steps

The Board would again like to acknowledge that this year has been extremely challenging for our shareholders and the Company.

Over this time, the Company has developed more effective working capital management processes and tighter financial disciplines. As a result, it has taken (and continues to take) significant operating costs of approximately NZ\$2.5m per annum out of the business. Delisting, if approved by shareholders, will allow the Company to further reduce costs and preserve greater value for shareholders.

The Delisting Announcement sets out what the Company believes to be the key advantages and disadvantages of Delisting based on the analysis in the Strategic Review and includes the following:

- The direct costs of being listed on the ASX are estimated at NZ\$0.96 million. In addition to the direct costs, there are substantial indirect costs of being listed which relate to senior management and other employee time which is consumed by ASX-related matters, including half-year and annual reporting, quarterly reporting, managing audits, liaising with external advisers and other general administrative matters. These costs are estimated to be approximately NZ\$0.50 million.
- One of the main advantages of being listed on the ASX is access to capital. The current shareholder register makes it unfeasible to raise capital from the existing shareholder base on a pro rata basis. The composition of the Company's share register combined with low market capitalisation, low share price and resulting low liquidity in the Company's shares indicates an unsustainable position in terms of raising public capital. Given traditional avenues to raise capital via the ASX are effectively closed, raising future capital when required as an unlisted company is now the preferred course.
- The Company's experience has been that being listed on the ASX can create frictions that negatively affect potential sales and existing customer relationships, particularly in relation to the Company's continuous disclosure obligations under the ASX Listing Rules. The retention of existing customers and winning new customers remains critical to the Company if it is to achieve operational financial sustainability.

We are working to further enhance its existing relationships with our key customers Bank of America, Virgin Money and Visa. The immediate objective is to continue to create and evidence value for them in order to deliver tangible value for our shareholders through increased revenues to the Company.



The proposed timetable for Delisting is set out in the Delisting Announcement and we expect the Notice of Meeting in relation to the proposed Delisting will be provided to shareholders in coming days.

We look forward to engaging directly with shareholders to secure your support for the proposed Delisting.

Announcement authorised by the Board of 9Spokes International Limited.

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