

ASX: 9SP  
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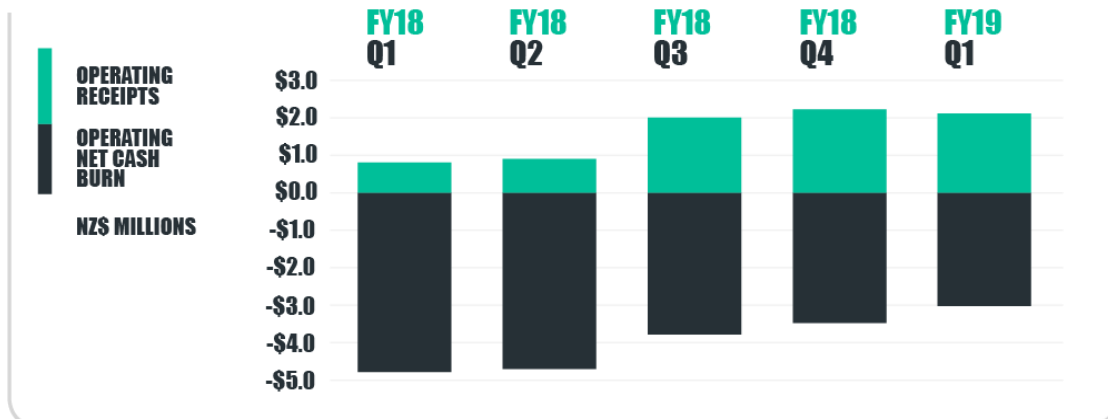
## 9 Spokes June 2018 Quarterly Activity Report and Appendix 4C

Auckland, NZ 31<sup>st</sup> July, 9 Spokes (ASX: 9SP or “the Company”), a leading Marketplace and Insights company to small and medium sized businesses, is pleased to release its June Quarterly Activity Report and Appendix 4C

### USER GROWTH



### QUARTERLY OPERATING RECEIPTS AND BURN



### June Quarterly Review

During the June quarter, the Company built on the traction made during the previous financial year working with its existing Enterprise Channel Customers, whilst developing new business opportunities across all regions. Deepening relationships between the Company and its existing Enterprise Channel Customers has led to an even greater understanding of SME growth, engagement and community-building dynamics and development of further insights to support engagement activities across the enterprise and direct channels.

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## User growth continues to grow efficiently

The total number of users across all channel platforms has now surpassed 64,000. Growth from Enterprise Channels accounted for over half of the increase in the June quarter.

## Product development

Product development continues, supported by growth in resources and continued funding through a NZ Government R&D grant awarded in late 2017. The Company's development work has been focused in a number of key areas including:

- Market research to drive user engagement; resulting in enhancements to the user experience.
- Delivery of new data functionality for Enterprise Channel Customers.
- Delivering European GDPR data privacy requirements.
- Continued development of Open Banking capability supporting both PSD2 and CMA9 requirements which will enable 9 Spokes to integrate bank accounts within the platform from multiple banks.
- On-going development of the 9 Spokes native app that will deliver the experience on mobile devices. The Company's expectation is that it will release an initial iOS app for beta testing in Q4 CY18.

## Marketing

Marketing activities remain focussed on driving new user acquisition and strengthening engagement with both Enterprise Channel Customers and SME users. During the June quarter, the Company presented new Marketing as a Service programmes to a number of its Enterprise Channel Customers leveraging its internal marketing capability.

Over the past few months, 9 Spokes has continued to make progress on development of its digital marketing capability to ensure effectiveness and efficiency at scale. Results have been pleasing, particularly in respect of the Company's user Cost per Acquisition (CPA), which during the 2018 financial year improved by 76% compared to the beginning of the financial year and saw a further 15% efficiency improvement over the most recent quarter.

9 Spokes continued to maintain a presence at events that enables the Company to get closer to small business owners and their advisors. In May, 9 Spokes co-exhibited at Accountex (Europe's largest conference and expo dedicated to the accountancy and finance profession) with new strategic partner, Funding Options.com, the UK's largest and leading business finance comparison website. In April, 9 Spokes also attended the Open Banking Summit—a key event for getting ahead of the opportunities in the changing financial services landscape.

**Julian Sharplin, 9 Spokes' Chief Marketing Officer said:** "We recognise that the banking sector is entering an era of seismic upheaval driven by a confluence of change in customer preferences, regulation and technology. We are well positioned to capitalise on the wave of opportunities arising across the globe for new generation platforms like 9 Spokes. Over the next 12 months we will continue to build out world class customer insight and digital marketing capabilities that allow us to 'sense and respond' at market speed and scale."

## Leadership team

At the beginning of May, Liesl Knox joined the team as Chief Corporate Counsel. Liesl has held roles at leading global businesses and law firms, and brings a wealth of experience in financial services, having worked in NZ and the UK with and for leading banks, including Barclays and NatWest. She also has a depth of experience in risk and assurance, the obligations of regulated entities and building strong relationships with regulators. She will play an important role in building relationships with the Company's leading Enterprise Channel Customers.

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## Financial

Net operating cash burn again reduced in the June quarter; to \$3.2 million compared to \$3.5 million for the previous quarter. This reduction is primarily due to lower operating expenditure which is down 11.3% QoQ.

Cash receipts derived from recurring access platform licence fees to Enterprise Channel Customer are in-line with budget. Receipts from government grants were down compared to last quarter. R&D grants receipts (\$0.2 million) were delayed as a result of financial year-end audit requirements.

Annual Recurring Revenue (ARR) remains at \$6 million. This is in line with Company expectations.

During the June quarter, the Company has incurred expenditure of \$0.3 million associated with raising funds. As mentioned in the Company's Annual Report, released on 29 June 2018, the Company is engaged in active discussions with potential strategic investors. Discussions are ongoing with a number of strategic parties and the Company will provide an update to the market when they are sufficiently advanced.

Cash and cash equivalents at 30 June 2018 was \$4.8 million. Net cash outflows for the next quarter is estimated to be \$2.9 to \$3.0 million.

## Conference Call

A quarterly conference call will be held towards the end of August, with details to be provided ahead of time.

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## For more information:

### Investors:

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## About 9 Spokes

9 Spokes is a tracking tool designed to help SMEs enhance their performance and be their best business self. It collates and sorts the SMEs data, so they can more easily see their progress against the things that matter most to their business.

SMEs can connect their cloud software to 9 Spokes to get a comprehensive picture of their business performance through a single smart dashboard—so it's easier to make the big and small decisions required to manage and grow their business effectively. As well connecting their existing supported software to the dashboard, businesses can choose from a selection of other recommended and accredited apps to suit their industry.

9 Spokes is provided under a direct model to small businesses and as a white labelled platform allowing key Banking Partners to offer 9 Spokes to their SME customers under their own brand.

Find out more at [www.9spokes.com](http://www.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")**

30 June 2018

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$NZ'000	\$NZ'000
<b>1</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	1,750	1,750
1.2	Payments for		
	(a) research and development	(1,078)	(1,078)
	(b) product manufacturing and operating costs	(382)	(382)
	(c) advertising and marketing	(371)	(371)
	(d) leased assets	(280)	(280)
	(e) staff costs	(2,207)	(2,207)
	(f) administration and corporate costs	(759)	(759)
1.3	Dividends received (see note 3)	0	0
1.4	Interest received	63	63
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	71	71
1.8	Other (provide details if material)	0	0
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(3,194)</b>	<b>(3,194)</b>

<b>2</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(57)	(57)
	(b) businesses (see item 10)	0	0
	(c) investments	0	0
	(d) intellectual property	0	0
	(e) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	0	0
	(b) businesses (see item 10)	0	0
	(c) investments	0	0
	(d) intellectual property	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(57)</b>	<b>(57)</b>

<b>3</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	0	0
3.2	Proceeds from issue of convertible notes	0	0
3.3	Proceeds from exercise of share options	0	0
3.4	Transaction costs related to issues of shares, convertible notes or options	0	0
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (fund raising costs)	(274)	(274)

<b>3.1</b>	<b>Net cash from / (used in) financing activities</b>	<b>(274)</b>	<b>(274)</b>
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<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 quarter/year to date	8,297	8,297
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,194)	(3,194)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(57)	(57)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(274)	(274)
4.5	Effect of movement in exchange rates on cash held	0	0
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>4,772</b>	<b>4,772</b>

<b>5</b>	<b>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</b>	<b>Current quarter</b>	<b>Previous quarter</b>
		<b>\$NZ'000</b>	<b>\$NZ'000</b>
5.1	Bank balances	2,054	1,266
5.2	Call deposits	2,718	7,031
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,772</b>	<b>8,297</b>

<b>6</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter</b>
		<b>\$NZ'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	187
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director's board fees and director's consultancy fees.		

<b>7</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter</b>
		<b>\$NZ'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	106
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
Provision of recruitment services by a family member of a Director.		

<b>8</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
		<b>\$NZ'000</b>	<b>\$NZ'000</b>
8.1	Loan facilities	0	0
8.2	Credit standby arrangements	0	0
8.3	Other (please specify)	0	0
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.		
No such financing facilities noted.			

<b>9</b>	<b>Estimated cash outflows for next quarter</b> (see note below)	<b>\$NZ'000</b>
9.1	Research and development	(1,000)
9.2	Product manufacturing and operating costs	(300)
9.3	Advertising and marketing	(250)
9.4	Leased assets	(275)
9.5	Staff costs	(2,100)
9.6	Administration and corporate costs (including financing activities)	(550)
9.7	Other (financing activities)	(350)
<b>9.8</b>	<b>Total estimated cash outflows</b> (see note below)	<b>(4,825)</b>

Note

To fully understand the Company's estimated next quarter cash position, cash inflows from customer receipts and government grants should 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 submitted for payment in the next quarter. As of the date of this report, the Company expects to generate an estimate of approximately \$1.8 to \$1.9 million of cash inflows from customer receipts and government grants, which would result in an estimated total net cash outflow of between \$2.9 million and \$3.0 million for the next quarter.

<b>10</b>	<b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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 & Company Secretary

Date: 31 July 2018

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.