

ASX: 9SP

ASX Release

27 July, 2017

## 9 Spokes June Quarterly Activity Report and Appendix 4C

### Highlights:

- Surpassed critical milestone of 10,000 users in July, signing last 1,000 in just 5 days.
- Adoption momentum has accelerated considerably in the past month, as a result of successful marketing campaigns by 9 Spokes Direct and Barclays' national roll-out accelerating.
- Business development activity continues to materialise, with the signing of Letters of Intent with Royal Bank of Canada, a large New Zealand Bank and accelerated proof of concept with the second largest Singaporean bank, OCBC.
- Detailed discussions continue with one of the largest US banks.
- Successful early launch of *My Companies* feature set, has accelerated growth in the SME ecosystem.
- 9 Spokes announced today it successfully raised NZ\$12.8m<sup>1</sup>, increasing the Pro Forma cash balance at 30 June 2017 to NZ\$21.0m<sup>2</sup>, placing the Company in a strong financial position.

9 Spokes International Limited, (ASX: 9SP) ("9 Spokes" or "the Company"), the business insights dashboard for SMEs, is pleased to announce its June Quarterly Activity Report and Appendix 4C.

9 Spokes Co-Founder and CEO, Mark Estall said: *"The June quarter was the most significant for our Company since listing. The significant adoption that we are now witnessing is extremely important, as it has successfully demonstrated strong appetite for our business insights dashboard. Pleasingly, this adoption has been driven by both our largest channel, Barclays Bank, and our own Direct platform.*

*"We have progressed our business development opportunities considerably, with the successful signing of Letters of Intent (LOI) with RBC and one of the leading banks in New Zealand, as well as a proof of concept with OCBC. We are now very much looking forward to delivering continued, repeatable adoption within the SME ecosystem as well as announcing and formalising channel partners, which will lead to an addressable market of SME's which is a multiple of where we are today."*

<sup>1</sup> An exchange rate of AU\$1 to NZ\$1.07 has been applied in this Appendix 4C.

<sup>2</sup> Cash balance at 30 June 2017 adjusted for NZ\$0.6m in delayed access fees (received on July 12) and NZ\$12.8m from capital raising (before transaction costs). Refer Pro Forma table on page 5.

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### **Business development accelerated demonstrably in June quarter**

During the March quarter, the Company was confident of progress of further channel deals during the June quarter. The Company achieved significant progress in business development throughout the June quarter. Pleasingly, during the June quarter, 9 Spokes announced the early formalisation of two key banks, Royal Bank of Canada and one of New Zealand's leading banks. It is expected that these LOI's will be formalised during the September quarter.

In addition to RBC and the New Zealand bank, an agreement with Singapore's OCBC Bank to deliver a proof of concept (POC) was completed as scheduled and successfully delivered to leading executives on July 19th.

OCBC Bank is the second largest financial services group in Southeast Asia by assets. After proving early adoption for its platform in the UK environment, 9 Spokes has been able to showcase the value of its unique platform to the Singaporean SME market during the POC. The intent of the POC was to demonstrate how OCBC could guide and support SME customers in their business growth, beyond traditional banking toolsets.

This progress reflects the strong resonance the 9 Spokes proposition has at senior levels within prospective channel partners. Importantly, OCBC was introduced by a new Alliance Partner in a leading global consulting firm.

Meanwhile, detailed discussions continue with one of the largest US banks. Also IBM, 9 Spokes' Global Alliance Partner has been very active introducing further very large and highly qualified sales leads globally in the financial services sector. Whilst 9 Spokes has had a multi-year relationship with IBM, this reached an inflection point with the rapid progress made with RBC, who were introduced by IBM. IBM is now driving further sales introductions globally.

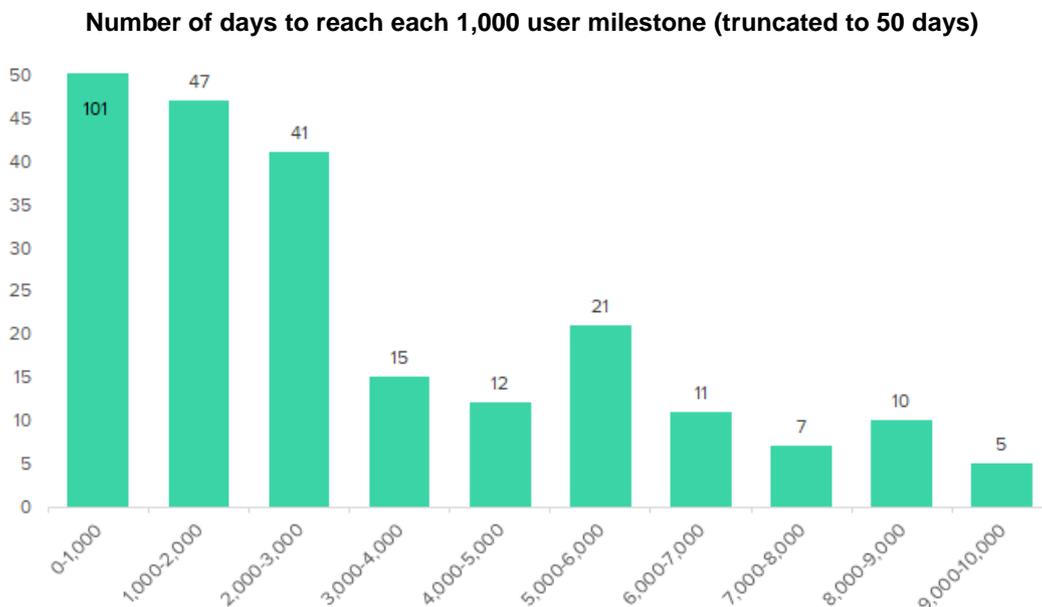
## Product and operations

Platform operation continues to be robust. 9 Spokes' uptime again substantially exceeded all contracted Service Level Agreements for Barclays Bank, Suncorp Group and Deloitte Propel (UK) during the quarter. During the quarter, the Company completed *My Companies*, a feature set that enable 9 Spokes' Business Support Partners (BSPs), which include accountants and systems integrators, to sign up their client bases and to enable seamless shared visibility of data. The new feature set, launched in mid-July, has seen a direct impact on user adoption, as it successfully leverages the customer bases of 9 Spokes' ecosystem partners.

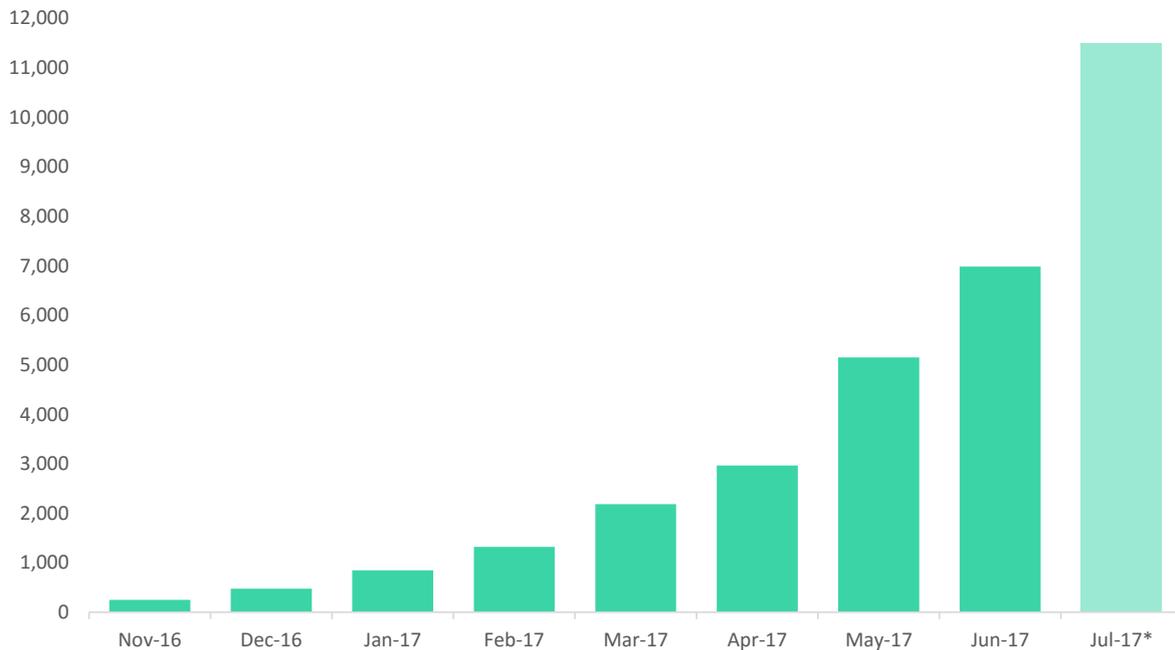
## User adoption

9 Spokes had expected to reach the 10,000 user mark by the end of July but as announced recently, this was achieved ahead of schedule, following a weekly record user adoption, with the last 1,000 users achieved over just five days.

The speed of adoption has accelerated considerably as demonstrated in the chart below, with more efficient marketing campaigns, Barclays' user adoption increasing as its national rollout accelerated and successful launches of new feature sets driving the ecosystem activity. Demonstrating the increase in velocity and maturity of the adoption, the past 5,000 users have signed in 54 days (compared to 216 for the first 5,000 users), as shown in the following chart:



### Cumulative user adoption



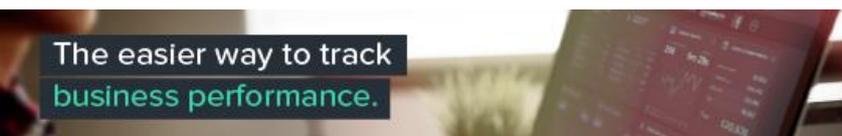
### Continued cost disciplines

Cash operating expenditure for the quarter was NZ\$4.8 million, lower than the equivalent cash operating expenditure of NZ\$5.1 million for the quarter ended March 2017. 9 Spokes expects cash outflow in the September quarter to reduce as detailed below.

A delay in payment of a March quarter channel licence access fee until after close of the June quarter meant that reported receipts were NZ\$0.6 million lower than anticipated. This was a timing issue and the NZ\$0.6 million has been received since the end of the quarter. In addition, 9 Spokes has already received an early NZ\$0.6 million payment for the June quarter.

Accordingly, cash receipts for the September quarter are already at NZ\$1.2m. Combined with similar expenditure expected to the June quarter, 9 Spokes' net operating cash outflow for the September quarter should reduce by c.NZ\$1.1m.

Total cash and cash equivalents at 30 June 2017 was NZ\$8.4 million, compared to NZ\$13.4 million at 31 March 2017. Adjusting for the late access fee payment the adjusted 30 June balance would be NZ\$9.0 million, above prior expectations for the quarter.



## Capital raising

9 Spokes today announced an oversubscribed placement at AU\$0.13 per share to sophisticated and institutional investors raising approximately AU\$12.0m (NZ\$12.8m) before costs. Proceeds will be used to fund the company's continued expansion globally (and particularly into North America), grow additional channel partners, accelerate product, software and infrastructure development; as well as covering working capital and offer costs.

Details of the capital raise are included in a separate announcement to the ASX released today.

The table below summarises the Pro Forma impacts of the delayed access fee and capital raised from the Placement:

Pro Forma cash at 30 June 2017	NZ\$ Millions
Cash at 30 June 2017	8.4
Delayed access fee for March 2017 quarter	0.6
<b>Adjusted for delay in access fee</b>	<b>9.0</b>
Capital raise, before offer costs	12.8
Less: offer costs	(0.8)
<b>Pro Forma cash balance at 30 June 2017</b>	<b>21.0</b>

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**For more information:**

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**About 9 Spokes**

The 9 Spokes smart dashboard enables SMEs to connect their software to one dynamic interface - giving them a clear overview of their business. It allows management and advisors to access data and new metrics across key areas, from any device at any time. With these insights, it's easier to make the big decisions to either manage or grow a business.

Businesses can integrate their supported software into the dashboard as well as choose from a selection of recommended and accredited apps to suit their industry.

The smart dashboard from 9 Spokes is available as a direct model to small businesses and as a white labelled platform that Channel Partners can offer to their SME customer base.

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



The easier way to track  
business performance.



GET STARTED

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New Zealand

+Rule 4.7B

## 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 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$NZ'000</b>	<b>Year to date (3 months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	132	132
1.2 Payments for		
(a) research and development	(1,151)	(1,151)
(b) product manufacturing and operating costs	(402)	(402)
(c) advertising and marketing	(639)	(639)
(d) leased assets	(33)	(33)
(e) staff costs	(1,978)	(1,978)
(f) administration and corporate costs	(799)	(799)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	46	46
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	0	0
1.8 Other (provide details if material)	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(4,824)</b>	<b>(4,824)</b>

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(146)	(146)
(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 Net cash from / (used in) investing activities</b>	<b>(146)</b>	<b>(146)</b>

<b>3. 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 (provide details if material)	0	0
<b>3.10 Net cash from / (used in) financing activities</b>	<b>0</b>	<b>0</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$NZ'000</b>	<b>Year to date (3 months) \$NZ'000</b>
<b>4. 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	13,384	13,384
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,824)	(4,824)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(146)	(146)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	0
4.5 Effect of movement in exchange rates on cash held	0	0
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>8,414</b>	<b>8,414</b>

<b>5. 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	<b>Current quarter \$NZ'000</b>	<b>Previous quarter \$NZ'000</b>
5.1 Bank balances	663	866
5.2 Call deposits	7,751	12,518
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,414</b>	<b>13,384</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$NZ'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	143
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, director's consultancy and related disbursements.	

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$NZ'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	0
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	
No other related entities identified.		

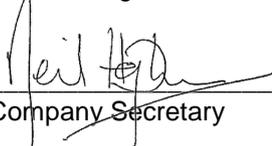
<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$NZ'000</b>	<b>Amount drawn at quarter end \$NZ'000</b>
8.1	Loan facilities	0	0
8.2	Credit standby arrangements	0	0
8.3	Other (please specify)	0	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 financial facilities noted.			

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$NZ'000</b>
9.1	Research and development	(1,150)
9.2	Product manufacturing and operating costs	(400)
9.3	Advertising and marketing	(500)
9.4	Leased assets	(90)
9.5	Staff costs	(2,200)
9.6	Administration and corporate costs	(600)
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(4,940)</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
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:   
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 Company Secretary

Date: 27 July 2017

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.