

ASX: 9SP

ASX Release

31 October, 2017

9 Spokes September Quarterly Activity Report and Appendix 4C

Highlights:

- User adoption increased 215% QoQ in the September quarter, surpassing critical milestone of 20,000 users and demonstrating continued SME demand for 9 Spokes' business insights dashboard.
- Rapid pace of adoption in the past quarter resulted from successful and more efficient marketing campaigns (with similar costs as previous quarter) by 9 Spokes Direct and Barclays.
- 9 Spokes' product development work completed during the quarter enabled Suncorp to proactively promote the Suncorp dashboard from early October.
- Business development activity continued to materialise and formalise during the quarter including:
 - The signing of a contract with Royal Bank of Canada.
 - Rapid deployment of the Royal Bank of Canada dashboard means the ambitious target implementation date is on track, within the December quarter.
 - Letter of intent with a leading New Zealand bank.
 - Memorandum of Understanding signed with OCBC (the second largest Singaporean bank), following a successful Proof of Concept (POC).
 - Existing channels plus business development has generated new incoming enquiries from banks in each region.
 - Discussions continue with major US financial organisations and 9 Spokes is satisfied with progress being made.
- Cash at bank as at 30 September was NZ\$15.7m.
- The Company received approval for NZ\$600k of co-funding over three years from NZ Trade & Enterprise (NZTE).
- During the December quarter, 9 Spokes expects cash receipts to increase by more than 130% on the YTD quarterly run rate of NZ\$775k, reflecting an increase in both licence access and implementation fees.

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

The easier way to track
business performance.



GET STARTED

9 Spokes International Limited
New Zealand company number 3538758
(ARBN 610 518 075)
Level 4, AECOM House
8 Mahuhu Crescent, Auckland 1010
New Zealand

Commenting on the September quarter, 9 Spokes Co-Founder and CEO Mark Estall said: *"In the September quarter, we have enhanced our user experience, while focusing on efficiencies throughout the business. We have a number of projects that have identified greater cost optimisation to provide a platform for our ambitious growth strategy. Next quarter, we are confident of a reduction in net cash burn, with similar costs QoQ, coupled with a substantial increase in cash receipts with at least one major channel going live.*

"We progressed through multiple business development stages during the quarter, with the signing and rapid deployment of RBC's dashboard as well as the letter of intent with a leading New Zealand bank. We also progressed the proof of concept with OCBC to a formal Memorandum of Understanding.

"Our engagement with RBC demonstrates our increased ability and capacity to on-board and implement the 9 Spokes dashboard quickly and efficiently with key channel partners. Pleasingly, the RBC platform will be done in record time and implemented by our existing resource base.

"Our staff costs will reduce in the December quarter. Meanwhile, some targeted senior hires in the September quarter have already shown significant contribution to the business, including new leaders for European sales, Customer Success and Product & engineering."

Business development achieves multiple milestones during September quarter

The Company achieved significant progress in business development through the September quarter. 9 Spokes announced the formalisation of two key banks, Royal Bank of Canada and one of New Zealand's leading banks. It also announced that it had signed a Memorandum of Understanding with OCBC (the second largest Singaporean bank) following a detailed and successful Proof of Concept (POC).

Meanwhile, 9 Spokes has progressed multiple opportunities across North America, Australasia and Asia. IBM, one of 9 Spokes' Global Alliance Partners, continues to be very active globally, introducing further large and highly qualified sales leads in the financial services sector. While 9 Spokes has had a multi-year relationship with IBM, this reached an inflection point with the rapid progress made with RBC, introduced by IBM. IBM is now driving further sales introductions globally. This includes introductions to several major US financial organisations, with the completion of business-case workshops for one and the market-research phase for another.

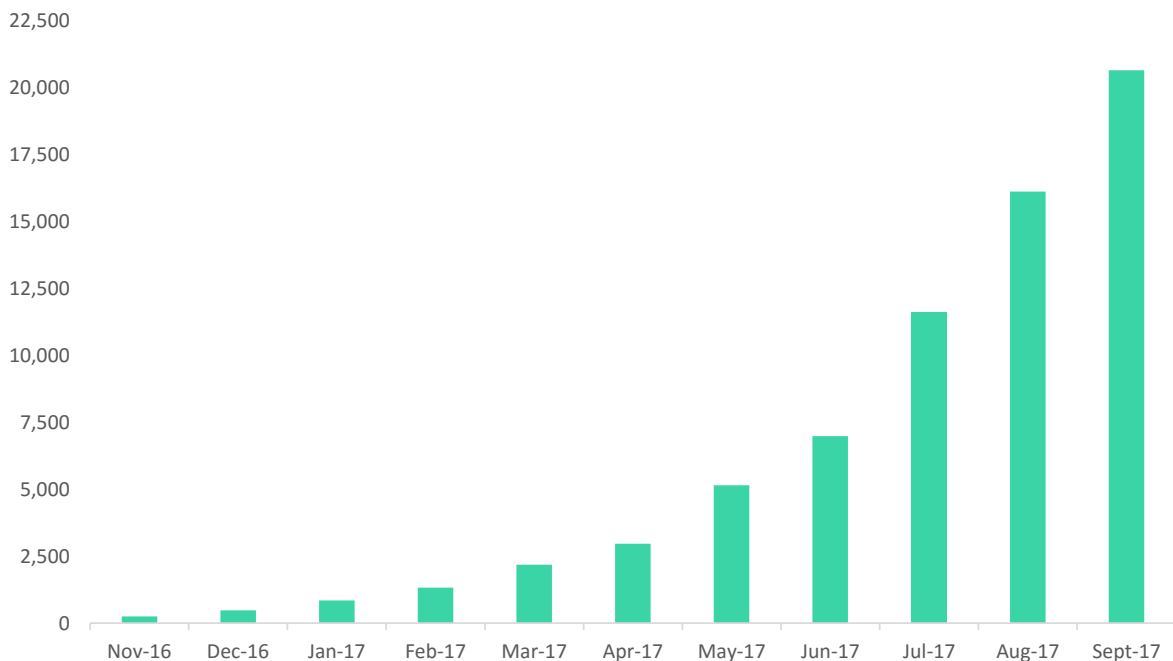
User Adoption reaches major 20,000 businesses milestone

Before the end of the quarter, 9 Spokes surpassed 20,000 businesses signed up to its platform.

Despite a similar marketing spend as the June quarter (+4% QoQ), 9 Spokes' user adoption during the September quarter increased by 215%. 9 Spokes started the quarter at 7,000 users and ended the quarter at more than 20,000 users. The Company took 270 days to reach its first 10,000 users and 68 more days to reach 20,000 users. Marketing efficiency was improved, reflecting ongoing progress on paid and SEO marketing optimisation. Campaign efficiency has been improved via dedicated new landing pages, expanded influencers, targeting experiments and base marketing.

Exponential adoption continues to be driven by both Barclays (9 Spokes' largest channel partner) and 9 Spokes' direct channel. Given its strong user adoption rate and reaching critical mass, as planned, 9 Spokes will now announce its user adoption figures each quarter, with the next update at the end of the December 2017 quarter.

Cumulative user adoption (end of month; last updated end September)



Marketing: channel and partner promotion accelerates

9 Spokes released three customer testimonials during the quarter discussing the effectiveness and real-life use of the 9 Spokes dashboard. The testimonials can be viewed on the Company's website at

<https://www.9spokes.com/customer-stories>

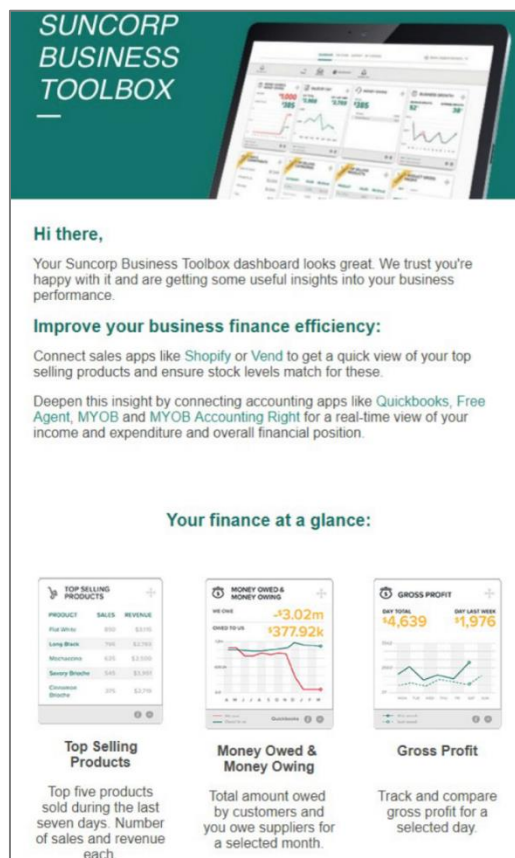
Barclays increased promotional activity, as its national roll-out continues. Barclays now makes up a higher proportion of user adoption. An example of Barclays' promotional material is its introductory video, which has already been watched more than 185,000 times on Barclays' social media channels:

<https://www.youtube.com/watch?v=G'YixGFMz2Fw>

Barclays SmartBusiness Dashboard homepage can be found at the following link:

<https://www.barclays.co.uk/business-banking/manage/smartbusiness-dashboard/>

Suncorp: 9 Spokes' product development work completed during the quarter enabled Suncorp to proactively promote the Suncorp dashboard from early October. 9 Spokes implemented a new on-boarding & welcome programme for Suncorp. Suncorp's Business Toolbox (9 Spokes white-label platform) is now being promoted from Suncorp's home page.



Marketing partnerships: The Company commenced engaging accountants in the UK as a sales channel during the quarter via QuickBooks Connect Events; Accounting Web; and ICAEW. 9 Spokes partnered with YENA (Young Entrepreneurs Network in UK): <http://yena.co.uk/yena-partnership-9-spokes/>. 9 Spokes continued to develop “co-marketing” promotions planned with its larger app partners over the coming quarter. This is exemplified by the current co-promotion with Expensify. Co-marketing tends to be favourable for user adoption, app attachment and is low cost for 9 Spokes as such promotion leverages the partners’ existing customer bases.

Product and Engineering: greater development cadence achieved

Platform operation continues to be robust. 9 Spokes’ uptime again exceeded all contracted Service Level Agreements during the quarter.

During the quarter, development focused on two major efforts: product development of the Suncorp platform; and the implementation and market readiness ahead of the imminent RBC platform go live. A major deployment to Suncorp during the quarter enabled Suncorp to proactively promote the Suncorp dashboard from early October. This project was delivered on time before the end of September.

The implementation work to enable the rapid go live of the RBC channel is tracking to schedule, well within the targeted December quarter. 9 Spokes will update the market on this over coming weeks. This rapid deployment demonstrates the enhanced repeatability and efficiencies in the platform and implementation processes following four deployments. These learnings have been rolled into the establishment of a new implementation scrum team, who will focus on realising further deployment efficiencies.

9 Spokes’ ongoing development of the dashboard continues. New features developed during the September quarter for deployment in the December quarter include: the ability for users to set up their own threshold limits on specific widgets to trigger an alert; and the ability for users to sign-up and log-in using the most popular social log-ins, commencing with Google and Facebook.

Financials: Stronger cash position after capital raise, with increasing cash receipts

Total cash and cash equivalents at 30 September 2017 was NZ\$15.7 million, compared to NZ\$8.4 million at 30 June 2017.

During the September quarter, 9 Spokes completed an oversubscribed placement to sophisticated and institutional investors raising approximately AU\$12.0m (NZ\$12.9m) before costs. Proceeds will fund the Company's continued global expansion, grow additional channel partners, accelerate product, software and infrastructure development; as well as working capital and offer costs.

Cash receipts increased from NZ\$0.1 million in the June quarter to NZ\$1.4 million in the September quarter. 9 Spokes has received the full payment for the implementation with RBC to enable the go live. This was partially paid in the September quarter, with the remainder received in October. In addition, there will be an additional implementation fee to collect of similar scale once further work is completed by mid-2018.

During the December quarter, 9 Spokes expects cash receipts to increase by more than 130% on the YTD quarterly run rate of NZ\$775k. This reflects increases in both licence access and implementation fees. These receipts have reasonable visibility, as expectations are based on both recurring payments from existing channel partners, coupled with already collected implementation payments. The Company also received approval for NZ\$600k of co-funding over three years from NZ Trade & Enterprise (NZTE).

Due to timing and several one-off costs, expenditure was higher during the September quarter. Meanwhile, 9 Spokes' largest expenditure, staff costs is expected to decrease during the December quarter. Payrolls for the months September, October and November are already down 20% QoQ on the average for the entire September quarter. This reflects some one-off costs and also a reduction in contractor costs incurred by "burst" development during the September quarter.

With increased cash receipts and similar expenditure expected, 9 Spokes anticipates net operating cash outflow will reduce by at least NZ\$1.0 million in the December quarter compared to the September quarter. Finally, 9 Spokes is negotiating further channel deals under two letters of intent and also a pre-letter of intent, which could result in further financial upside in the December quarter or soon after.

For more information:

Investors:

James Schofield

Investor Relations, 9 Spokes

+64 21 334 774

james.schofield@9spokes.com

Media:

Warrick Lace

NWR Communications

+61 404 656 408

warrick@nwrcommunications.com.au

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 and small decisions to manage and 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



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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 September 2017

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,401	1,533
1.2 Payments for		
(a) research and development	(986)	(2,137)
(b) product manufacturing and operating costs	(491)	(893)
(c) advertising and marketing	(663)	(1,302)
(d) leased assets	(225)	(258)
(e) staff costs	(3,069)	(5,047)
(f) administration and corporate costs	(782)	(1,581)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	113	159
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
1.9 Net cash from / (used in) operating activities	(4,702)	(9,526)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(20)	(166)
(b) businesses (see item 10)	0	0
(c) investments	0	0

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
	(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
2.6	Net cash from / (used in) investing activities	(20)	(166)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	12,955	12,955
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)	(993)	(993)
3.10	Net cash from / (used in) financing activities	11,962	11,962

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	8,414	13,384
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,702)	(9,526)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(166)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	11,962	11,962

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (6 months) \$NZ'000
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of quarter	15,654	15,654

5.	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	Current quarter \$NZ'000	Previous quarter \$NZ'000
5.1	Bank balances	1,940	663
5.2	Call deposits	13,714	7,751
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	15,654	8,414

6.	Payments to directors of the entity and their associates	Current quarter \$NZ'000
6.1	Aggregate amount of payments to these parties included in item 1.2	167
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.		

7.	Payments to related entities of the entity and their associates	Current quarter \$NZ'000
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.		

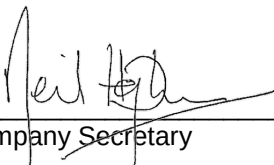
8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$NZ'000	Amount drawn at quarter end \$NZ'000
8.1	Loan facilities	0	0
8.2	Credit standby arrangements	0	0
8.3	Other (please specify)	0	0
8.4	Include below a description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

9.	Estimated cash outflows for next quarter	\$NZ'000
9.1	Research and development	(800)
9.2	Product manufacturing and operating costs	(480)
9.3	Advertising and marketing	(600)
9.4	Leased assets	(300)
9.5	Staff costs	(2,400)
9.6	Administration and corporate costs	(750)
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows	(5,330)

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: 
Company Secretary

Date: 31 October, 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.