

ASX:9SP

ASX Release

28 April, 2017

9 Spokes March Quarterly Activity Report and Appendix 4C

Highlights:

- **Cash receipts increased 32%** to NZ\$1.4 million (from \$NZ\$1.0 million).
- **Barclays is rolling its white label platform out nationally** in coming weeks, following a successful initial roll-out in the north of England, where conversion metrics exceeded Barclays' expectations. The upcoming national roll-out by Barclays will include a focussed period of marketing & PR activity.
- In addition, 9 Spokes will run **three substantial marketing campaigns during May**. 9 Spokes announced initial user adoption of 1,000 users, with the next number to be reported this quarter.
- 9 Spokes will commence regular user reporting cadence of once a quarter from September, with each announcement to be made soon after the quarter finishes.
- A **number of potential opportunities in North America, Australasia and Asia** are well progressed including one that has been fast-tracked to an accelerated Proof of Concept.
- 9 Spokes announced it will expand into the US market first through its 9 Spokes Direct Platform, to support and expedite business development efforts with large US channels.
- 9 Spokes **received positive feedback from a large North American bank** following their due diligence visit to Auckland in March. These discussions continue at the time of writing.

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

9 Spokes Co-Founder and CEO, Mark Estall said: *"Business development was the highlight of the quarter, with discussions with multiple potential channels progressing through presales stages. We are excited by the expected user ramp-up from a number of initiatives that are to commence shortly. We've enhanced business efficiencies during the quarter, laying the foundation for strong growth over the remainder of 2017. We are well prepared for what is expected be the biggest quarter to date for 9 Spokes and its existing and future potential partners."*



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

Business Development

The Company achieved continued progress in business development throughout the March quarter. This progress reflects the strong resonance the 9 Spokes proposition has at senior levels within prospective channel partners. Accordingly, since its last announcement, 9 Spokes has become more confident on the potential for formalisation of further channel deals over the next three months.

9 Spokes is progressing a number of potential opportunities in North America, Australasia and Asia. Positively, one of these has already progressed in a short period of time to an accelerated proof of concept (POC). The details of this project are currently withheld given commercial sensitivities during the POC.

Separately, 9 Spokes received positive feedback from a large North American bank following a visit in March. The bank's team visited 9 Spokes' Auckland headquarters to conduct procurement due diligence on the Company, management and the platform. These discussions are ongoing at the time of writing.

During the quarter, 9 Spokes announced the intention to expand into the US market through its 9 Spokes Direct Platform, to support and expedite business development efforts with large US channels.

9 Spokes' Alliance strategy has already started to demonstrate value. Several of the new channel discussions have been brought via its Alliance partners. During the quarter, 9 Spokes enhanced its Alliance partnerships, forming a new partnership with one of the world's leading consulting firms. This Alliance partner has already endorsed 9 Spokes to two prospective channel partners. One of these has already requested the POC previously referred to.

Marketing

9 Spokes' marketing function was busy during the quarter establishing marketing collateral, assisting channel partners with their go-to-market (GTM) tactics/collateral, and testing/optimising digital campaigns.

During the quarter, 9 Spokes also completed its first App partner events, QuickBooks Connect and Sage Summit in the UK, with further events arranged for coming quarters. Finally, 9 Spokes focused on lead generation marketing activity through online news sites (for example, www.businessadvice.co.uk and via an alliance with The Federation of Small Businesses).

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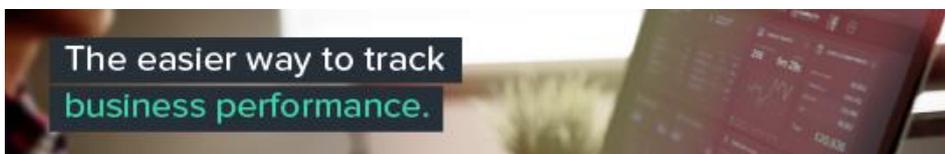
User adoption remains on track. In addition, 9 Spokes has a number of marketing campaigns over the coming weeks, which are expected to accelerate user adoption both for Direct and Channel. Barclays is about to launch a national roll-out of the white label platform, following a successful initial roll-out in the north of England, where conversion metrics exceeded Barclays' expectations. The upcoming national roll-out will include a focussed period of marketing & PR activity by Barclays. In parallel, having established better efficiencies through several months of testing digital marketing tactics, 9 Spokes is now increasingly driving user adoption for Direct by specific marketing activity. This includes three digital marketing campaigns that commence in May.

9 Spokes already announced user adoption last month (*1/3/17: 9 Spokes reaches first adoption milestone*). The next user number will be reported this quarter. 9 Spokes will have made two user announcements over the four months between March and June, to reflect upcoming campaigns and provide a more informative picture of user adoption. Starting from the September quarter 9 Spokes will commence a regular quarterly reporting cadence, with each announcement to be made soon after the quarter finishes.

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.

Product wise, the Company commenced development of a number of important feature sets during the quarter which will directly impact user adoption, by leveraging the customer bases of 9 Spokes' ecosystem partners. Firstly, the *My Companies* feature set will enable 9 Spokes' Business Support



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Partners (BSPs), which include accountants and systems integrators, to sign up their client bases and to enable seamless shared visibility of data. To accelerate BSP adoption, a BSP manager was hired during the March quarter to add to 9 Spokes' BSP partner base ahead of this feature set being launched. Similarly, 9 Spokes is due to launch its *Partner Marketing* feature set, which will greatly enhance its ability to conduct co-marketing initiatives with its App & BSP partners. Co-marketing initiatives have been successfully conducted with *Intuit QuickBooks* for example. *Partner Marketing* allows 9 Spokes to conduct co-marketing at scale to the mutual benefit of both 9 Spokes and its partners.

From an operational perspective, 9 Spokes successfully put into place an internal efficiency program that has already yielded improvements in its development cadence. Ongoing benefits are expected to come through in platform / feature enhancement over coming quarters.

9 Spokes continues to build its understanding of North American SME environment in preparation for market entry. The market entry project has now being resourced, and networks are being built. This includes an invitation from the University of California, Los Angeles (UCLA) to participate in the UCLA Global Access Program.

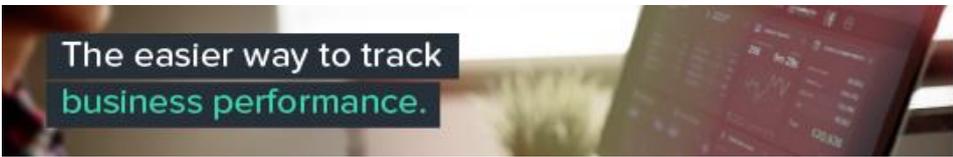
Cash receipts increased 32% to NZ\$1.4 million for the quarter

9 Spokes has continued to demonstrate cost disciplines, maintaining actual spend below budget. This has resulted in a higher than expected cash balance as at 31 March 2017. Total cash and cash equivalents at 31 March 2017 was NZ\$13.4 million, compared to NZ\$16.5 million at 31 December 2016.

Operating cash receipts grew from NZ\$1.0 million to NZ\$1.4 million, an increase of 32%. This was in excess of the indication of NZ\$1.2 million referenced in Appendix 4C for the quarter ended 31 December 2016. Operating cash expenditure was NZ\$4.3 million compared with NZ\$3.9 million for the previous quarter, but below the estimate of \$4.9 million previously disclosed in last quarter's commentary.

Total net operating cash outflows for the quarter were NZ\$3.1 million, including investing cash outflows of NZ\$0.3 million (predominantly fit out for the new Head Office in Auckland).

Net operating cash outflows were NZ\$2.7 million, in line with NZ\$2.7 million during the previous quarter, and below the NZ\$3.5 million estimated for the 31 March 2017 quarter in Appendix 4C for the quarter ended 31 December 2016.



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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



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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")

31 March 2017

Consolidated statement of cash flows	Current quarter	Year to date
	\$NZ'000	(12 months)
		\$NZ'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,387	2,595
1.2 Payments for		
(a) research and development	(715)	(4,552)
(b) product manufacturing and operating costs	(442)	(1,384)
(c) advertising and marketing	(444)	(699)
(d) leased assets	(44)	(400)
(e) staff costs	(2,009)	(6,358)
(f) administration and corporate costs	(665)	(2,441)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	215	293
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / received	-	140
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,717)	(12,806)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(345)	(442)
(b) businesses (see item 10)	-	-

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Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (12 months) \$NZ'000
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(345)	(442)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	26,542
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	(3)	(2,767)
3.10 Net cash from / (used in) financing activities	(3)	23,775

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	16,449	3,381
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,717)	(12,806)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(345)	(442)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(3)	23,775

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Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$NZ'000	\$NZ'000
4.5	Effect of movement in exchange rates on cash held	-	(524)
4.6	Cash and cash equivalents at end of quarter	13,384	13,384

5. Reconciliation of cash and cash equivalents	Current quarter	Previous quarter	
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$NZ'000	\$NZ'000	
5.1	Bank balances	866	1,971
5.2	Call deposits	12,518	14,478
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,384	16,449

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	140
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
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 fees 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	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

No other related entities identified.

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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	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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.

9. Estimated cash outflows for next quarter	\$NZ'000
9.1 Research and development	(966)
9.2 Product manufacturing and operating costs	(480)
9.3 Advertising and marketing	(700)
9.4 Leased assets	(100)
9.5 Staff costs	(2,320)
9.6 Administration and corporate costs	(560)
9.7 Other (payments to acquire property plant and equipment – move to new office).	(100)
9.8 Total estimated cash outflows	(5,226)

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

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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:  Date: 28 April 2017
Company Secretary

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.

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