

ASX: 9SP

ASX Release

30 January 2018

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

### Highlights:

- Demonstrating continued traction of small business demand for 9 Spokes' business insights dashboard, 33,700 had signed up to the platform as at the end of December quarter, an increase of 66% on the September quarter. Importantly, this traction has continued into January with more than 39,000 small businesses now registered on the platform.
- Cash receipts were higher than expected, increasing 125% QoQ to NZ\$1.8 million for the quarter, reflecting an increase in both ongoing licence access fees and implementation fees.
- Net operating cash outflows reduced by ~\$900,000 QoQ.
- 9 Spokes successfully deployed Royal Bank of Canada's ("RBC") white-label platform on 1 November 2017. With RBC now live, 9 Spokes has live platforms within RBC, Barclays Bank, Suncorp, Deloitte UK, and the Direct platform via 9Spokes.com.
- The full implementation payment was received from RBC during the quarter with 9 Spokes now receiving monthly recurring licence fees, with the first payment received in December.
- Reflecting ongoing progress in business development, during the quarter 9 Spokes provided its first forecast for Annual Recurring Revenue ("ARR") of NZ\$6.0 to NZ\$7.0 million by March 2018. The Company remains confident of meeting this forecast.
- Business development activity continued to progress with highlights during the quarter including:
  - 9 Spokes attended and received significant interest at two highly relevant Fintech & Banking conferences in the US and in Singapore, building on the pipeline for 2018.
  - Discussions continue with major US financial organisations with management pleased with progress being made. In other regions 9 Spokes disclosed business development activities continue to progress positively.
  - Continued to deliver on the business development strategy of forming Global Alliance partnerships, establishing the third such partnership, in addition to IBM and a leading global consulting firm, with one of the largest technology consulting firms globally. 9 Spokes expects these partnerships to contribute to further bank wins during 2018.
- The Company received confirmation the NZ government will fund 20% of R&D spend over the next three years, with the first receipt of ~NZ\$160,000 expected to be received in the March quarter.
- Cash at bank as at 31 December was NZ\$11.8 million.
- Quarterly conference call to be held in February, with details to be provided shortly.

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New Zealand

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**Commenting on the December quarter, 9 Spokes Co-Founder and CEO Mark Estall said:**

*“Our decision to enter the US and Asian financial sectors is proving to be well timed and we have received incredibly positive responses from large banks that our proposition is well positioned to serve their requirements.*

*“9 Spokes is becoming more visible within the banking industry. The Company’s banking and small business solution was featured at two banking conferences in Asia (Singapore Fintech Festival) and US (Small Business Banking conference in Austin, Texas) where we won the award for best demo. We witnessed a high level of interest in our platform, with many banking executives requesting and receiving demos of the 9 Spokes platform.*

*“The onboarding rate of small business onto the platform continues to accelerate as our banking partners adoption increases. We are currently signing up ~1000 businesses every ~5 days, a trajectory we are very happy with. We are seeing improved efficiencies in campaigns as well receiving deep insights into the campaigns and their effectiveness.*

*“We look forward to capitalising on a busy December quarter to crystallise a number of business development opportunities which when delivered will further demonstrate the 9 Spokes platform is a powerful solution for the largest banks in the world, whilst helping small businesses run their businesses more efficiently.”*

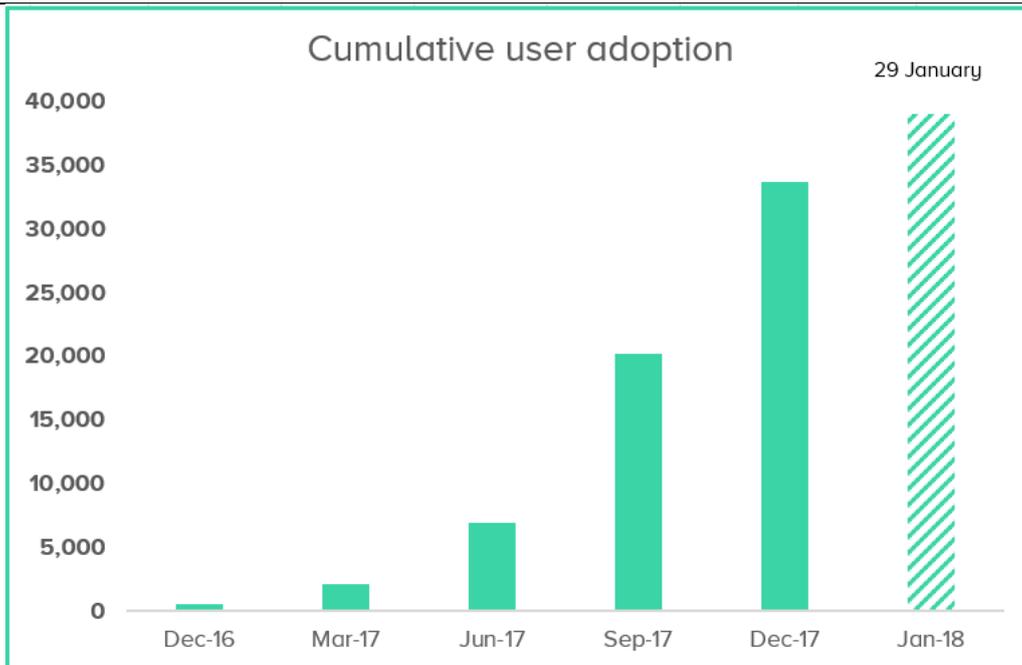
**User adoption: reports another record quarter of adoption**

9 Spokes continued its record pace with 33,700 small businesses signed up to its platform as at 31 December 2017, an increase of 66% QoQ.

Importantly, adoption has started the year well, surpassing 39,000 users (as at 30 January), with January tracking towards a record month for the platform. This trajectory has been buoyed by record adoption for the Barclays platform, and the commencement of RBC adoption.

RBC is starting to make a meaningful contribution to the user base and has already become 9 Spokes’ 2<sup>nd</sup> largest banking partner, ahead of its broader marketing efforts to commence in the March quarter.

Consistent with the reporting framework indicated in the September Quarterly Report, 9 Spokes will continue to announce user adoption figures each quarter, with the next formal update expected in the March Quarterly Report.



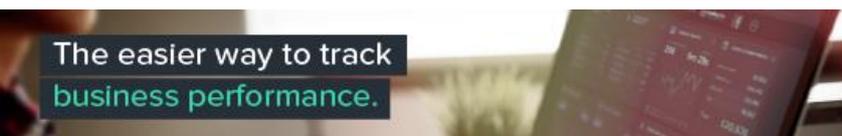
### RBC goes live as promised

The most significant achievement of the quarter was the deployment of the white-label platform for Royal Bank of Canada (“RBC”) which went live successfully on 1 November, 2017.

The initial uptake by small business customers of RBC in Canada has been encouraging. To date, RBC has shown the most rapid adoption of any banking partner. 9 Spokes has already received the full payment for the implementation and is now being paid monthly recurring licence fees. The first licence payment was received during the December quarter.

The ability to rapidly deploy the RBC platform illustrates the greater efficiencies now inherent in the 9 Spokes’ platform. Establishing these efficiencies was a major work program for the development team over several months during 2017 and as a result will assist future deployments. As opposed to several isolated bespoke solutions, 9 Spokes is designed as "one platform", with one code base for multiple white-label banking partners. As a result, the investment in efficient deployment the Company has made will materially increase speed and decrease cost for future deployments and will continue to improve over time.

For more information on RBC’s MyBusiness Dashboard, visit: [www.rbc.com/mybusinessdashboard](http://www.rbc.com/mybusinessdashboard)



## Business development continues apace

During the quarter, 9 Spokes senior sales executives attended both the Singapore Fintech Festival and Small Business Banking conference in Austin, Texas. Both events broadened awareness of the 9 Spokes platform with several qualified leads, providing the sales team with a strong pipeline entering 2018. Meanwhile, extensive business development work continued throughout the US, Australasia and Asia. 9 Spokes' pipeline continues to broaden and progress.

To date, 9 Spokes has benefited greatly from introductions by its two existing Global Alliance Partners, IBM and a leading global consulting firm both of which have introduced large and highly qualified sales leads in the financial services sector. 9 Spokes forged a third Global Alliance Partnership during the quarter, with one of the leading technology consulting firms globally. 9 Spokes expects the partnership to contribute to further bank wins during 2018. 9 Spokes expects to be in a position to provide more detail on this partnership over coming months.

## Product and marketing: several new features launched; partner marketing drives greater efficiencies

9 Spokes continues to develop the platform and accelerate development cadence. During the quarter the following new features were launched:

- **RBC implementation:** 19 connected apps as a starting point
- **Social & google sign-up** to simplify the sign up and login journeys
- **Live Chat** was also implemented within the Direct Platform to allow 9 Spokes to be closer to its users and help them along their journey, hence improving the overall user experience
- **Widget Alerts (V1)** have been developed, allowing users to set up threshold/target limits for each widget, according to their business needs. When these thresholds are met, an email alert is sent to the user, who can then take action accordingly
- **Improved on-boarding journeys** to more effectively outline the key value proposition for new customers
- **Further operational improvements** have also been added to all platforms, in particular in the area of tagging and back-end services

9 Spokes continued its Partner Marketing initiatives during the quarter, jointly promoting the platform with both Trade Gecko and Expensify. Partner Marketing is a growing area of activity for the Company and a highly effective and efficient way to enhance user experience. Partner marketing provides significant marketing efficiencies as 9 Spokes leverages the existing customer bases of these leading brands, by email campaigns, digital and social marketing, blogs and specific landing pages to highlight the virtues of using the apps with 9 Spokes powerful insights dashboard.

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### **Financials: Structural reduction in spending, whilst cash receipts increases 125%**

December quarter operating receipts increased by 125%, QoQ on quarter to \$1.8 million. This increase is based on the fact that receipts recorded in the September quarter of \$1.4 million included an overdue \$0.6 million receipt from the June quarter. The Company maintains its annualised recurring revenue (ARR) target of NZ\$6.0m – NZ\$7.0m to be achieved by 31 March 2018, announced to the market on 7 December 2017.

Net operating cash outflows for the December quarter reduced by ~\$900,000 from the September quarter. Total cash at 31 December 2017 was \$11.8 million.

During the December quarter the Company was recognised by Callaghan Innovation, a Crown entity of New Zealand, who approved a Growth Grant to fund 20% of the Company's expected New Zealand-based R&D spend over the next three years. First receipt from this grant of ~NZ\$160,000 will be received in the March quarter. This is in addition to the approval for NZ\$600,000 of co-funding over three years granted from NZ Trade & Enterprise (NZTE), announced in the September quarter report.

During the December quarter the Company refocused its resources to more effectively align costs with activities, to support new business development, product development and market engagement. As a result of the optimisation, the Company has reduced staff resources through the disestablishment of a number of redundant roles. The Company advises it expects the March quarter to reflect a reduction in staff costs.

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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 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 Banking Partners can offer to their SME customer base.

Find out more at [www.9spokes.com](http://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 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$NZ'000</b>	<b>Year to date (9 months) \$NZ'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,835	3,369
1.2 Payments for		
(a) research and development	(852)	(2,989)
(b) product manufacturing and operating costs	(388)	(1,281)
(c) advertising and marketing	(631)	(1,933)
(d) leased assets	(295)	(553)
(e) staff costs	(2,831)	(7,879)
(f) administration and corporate costs	(785)	(2,366)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	77	236
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	51	51
1.8 Other (provide details if material)	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,819)</b>	<b>(13,345)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(14)	(180)
(b) businesses (see item 10)	0	0
(c) investments	0	0

Consolidated statement of cash flows	Current quarter \$NZ'000	Year to date (9 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
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(14)</b>	<b>(180)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	0	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)	0	(993)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>0</b>	<b>11,962</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	15,654	13,384
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,819)	(13,345)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(14)	(180)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	11,962

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$NZ'000</b>	<b>Year to date (9 months) \$NZ'000</b>
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>11,821</b>	<b>11,821</b>

<b>5.</b>	<b>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	2,763	1,940
5.2	Call deposits	9,058	13,714
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>11,821</b>	<b>15,654</b>

<b>6.</b>	<b>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	195
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.		

8.	<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.			

9.	<b>Estimated cash outflows for next quarter</b>	<b>\$NZ'000</b>
9.1	Research and development	(800)
9.2	Product manufacturing and operating costs	(550)
9.3	Advertising and marketing	(600)
9.4	Leased assets	(350)
9.5	Staff costs	(2,400)
9.6	Administration and corporate costs	(750)
9.7	Other (provide details if material)	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(5,450)</b>

10.	<b>Acquisitions and disposals of business entities (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:  \_\_\_\_\_  
Company Secretary

Date: 30 January, 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.