

ASX Release

29 July, 2016

9 Spokes Quarterly Activity Commentary

9 Spokes International Limited, (ASX:9SP) (“9 Spokes” or “the Company”), today reports its first quarterly report (incorporating Appendix 4C, Quarterly Cash Flow Report) for the 3 months ended 30 June 2016.

9 Spokes successfully listed on the ASX on 9 June 2016 and, therefore, this quarterly report only encompasses approximately three weeks of being a listed entity. To provide further background the Company wishes to note activity over the past nine months that has placed the Company in a strong position to deliver value to its shareholders:

- Raised A\$25m through an Initial Public Offering (IPO) and subsequently listed on the Australian Securities Exchange (ASX)
- Signed significant channel partnerships with:
 - Barclays Bank in November 2015 (addressable base of 1.2 million small business customers)
 - Suncorp Group in April 2016 (addressable base of 770,000 small business customers)
 - Deloitte UK to launch ‘Propel’, a cloud-based accounting and analytics service

9 Spokes listed on the ASX delivering the immediate internal targets of:

- Sign the full channel licence agreement with Deloitte UK (Propel)
- Hand over product for user acceptance testing in July 2016
- Providing delivery to its channel partners, soft launching all by quarter ending December 2016.

Once all partners are fully live, the business will receive minimum monthly recurring revenue (MRR) from licence fees of approximately **A\$325,000**. Payment of MRR will progressively ramp up over the next six to nine months. In addition to the monthly contracted minimum licence fees there are additional milestone and implementation payments that the Company will receive from its channel partners as they launch. This is expected to be approximately **A\$2m as contracted**, with staged payments during the third and fourth quarters of this financial year.

The minimum monthly recurring fees provide an important basis of validation and demonstration of product commercialisation. Through the early stage channel partners, 9 Spokes will be provided immediate visibility to more than 2 million small businesses. Assisting small businesses’ adoption of cloud software and providing simple insights into the operations is at the heart of 9 Spokes business proposition. As cloud uptake increases, 9 Spokes core revenue, achieved from application margin, is expected to provide significant growth opportunity.

“9 Spokes is nearing an extremely exciting inflexion point. We have successfully signed and delivered product to some of the biggest brands in the world, which will be making the platform available to a combined two million small businesses over the coming months. To complement this, we are well funded and have assembled what I believe to be a world-class team to go above and beyond for our channel partners, small businesses and our investors,” said co-founder and CEO of 9 Spokes, Mark Estall.

+ See chapter 19 for defined terms.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Cash flow commentary

The cash flows during the quarter were consistent with the Company's expectations as outlined in the IPO Replacement Prospectus dated 17 May 2016.

Cash balances at the beginning of the quarter were NZ\$3.4m increasing to NZ\$23.5m at 30 June 2016. Net operating cash outflows were NZ\$3.5m offset by net financing cash inflows of NZ\$24.0m.

Receipts from customers were NZ\$10,000. This was expected, as the quarter is effectively pre-revenue. As mentioned earlier, we expect cash receipts to progressively increase during FY17.

Total staff payments in the quarter amounted to NZ\$2.1m, with NZ\$1.3m allocated to research and development. The company continues its investment in technical staff including software developers, technical architects and business analysts to support the Technical and Infrastructure developments highlighted in the prospectus.

Key other working capital expenditure includes: hosting costs as the business sets up live hosting environments for its UK and Australian channel customers; international travel to support our UK customer base and for exploring new business development; and professional fees (mainly derived from activities prior to the IPO and including one off payments).

The Company raised A\$25m (NZ\$26.5m) at its IPO in June 2016. The NZ dollar value reflects the Australia dollar to NZ dollar exchange rate on the date of receipt (AU\$1 =NZ\$1.0618). Cash expenditure of NZ\$2.53m was incurred as a result of the IPO (predominantly broker fees and commissions, legal and accounting fees).

For the next quarter, ending September 2016, we expect net cash outflow to increase. As planned, 9 Spokes is currently making a substantial investment in resources following the successful IPO, but before cash receipts materially ramp up over the second half of the financial year (as mentioned previously). We expect this increase in net cash outflows to be in the region of NZ\$1m as compared to the quarter ended 30 June 2016.

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About 9 Spokes

9 Spokes recommends the world's best business software tools for small and medium sized businesses and integrates them into a smart Dashboard. 9 Spokes allows business owners to easily work on their business, saving them time and giving them confidence in their decision-making, because 9 Spokes reveals key information on their business performance. 9 Spokes delivers key metrics to help a business owner run their business from anywhere at any time, while also offering collaboration opportunities with their business advisors. 9 Spokes offers a model for businesses to access their smart Dashboard and features directly themselves, as well as a white labelled product that channel partners can offer to their SME customer base.

www.9spokes.com

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

9 Spokes International Limited

ABN

58 610 518 075

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
1.1 Receipts from customers	10	10
1.2 Payments for		
(a) staff costs	(772)	(772)
(b) advertising & marketing	(37)	(37)
(c) research & development	(1,296)	(1,296)
(d) leased assets	-	-
(e) other working capital	(1,404)	(1,404)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/refunded	9	9
1.7 Other (provide details if material)	-	-
Net operating cash flows	(3,488)	(3,488)

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$NZ'000	Year to date (3 months) \$NZ'000
1.8 Net operating cash flows (carried forward)	(3,488)	(3,488)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(32)	(32)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(32)	(32)
1.14 Total operating and investing cash flows	(3,520)	(3,520)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	26,545	26,545
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	(2,530)	(2,530)
Net financing cash flows	24,015	24,015
Net increase (decrease) in cash held	20,495	20,495
1.21 Cash at beginning of quarter/year to date	3,381	3,381
1.22 Exchange rate adjustments to item 1.15	(397)	(397)
1.23 Cash at end of quarter	23,479	23,479

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$NZ'000
1.24	Aggregate amount of payments to the parties included in item 1.2	36
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Director's Board fees, Director's IPO consultancy fees and related disbursements.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

No such non cash activities.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

No such instances noted.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$NZ'000	Amount used \$NZ'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$NZ'000	Previous quarter \$NZ'000
4.1 Cash on hand and at bank	23,479	3,381
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	23,479	3,381

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	None	None
5.2 Place of incorporation or registration	None	None
5.3 Consideration for acquisition or disposal	None	None
5.4 Total net assets	None	None
5.5 Nature of business	None	None

Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: ... 29 July 2016

(Company secretary)

Print name: Neil Hopkins

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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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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