
ASX:9SP

ASX Release

31 October, 2016

9 Spokes Quarterly Cash Flow Report ending 30 September

Highlights:

- During the September quarter, 9 Spokes reported NZ\$3.9 million of net cash used in operating activities, less than the estimated spend of NZ\$4.5 million previously communicated 29 July 2016.
- Milestone payments received for channels.
- 9 Spokes has already received payments for the December quarter of NZ\$0.9 million from Barclays channel implementation fees and NZ IRD research and development tax credit.
- 9 Spokes has reached “technical completion” of each of the three channels, and expects further channel implementation receipts of c.NZ\$1.5 million over the following 6 months.

9 Spokes International Limited, (ASX:9SP) (“9 Spokes” or “the Company”), the business insights dashboard for SMEs, has today released its Appendix 4C, Quarterly Cash Flow Report for the 3 months ended 30 September 2016.

Total cash and cash equivalents moved from NZ\$23.5 million to NZ\$19.2 million during the quarter ended 30 September 2016, with the movement primarily the result of NZ\$3.9 million of net cash used in operating activities. The actual spend was less than expectations previously communicated in the Company’s Cash Flow Report (dated 29 July 2016), which estimated spend of NZ\$4.5 million.

Receipts from customers during this quarter were minimal at NZ\$0.15 million, arising from some channel implementation fees. However, toward the end of the quarter, 9 Spokes invoiced Barclays Bank for a substantial “technical completion” milestone.

Total operating cash expenditure was NZ\$4.1 million. Payments to all staff during the quarter made up most of the spend, amounting to NZ\$2.5 million. This reflects the Company’s planned investment in staff, with average staff numbers increasing to 80 people during the quarter compared to 59 in the previous quarter.

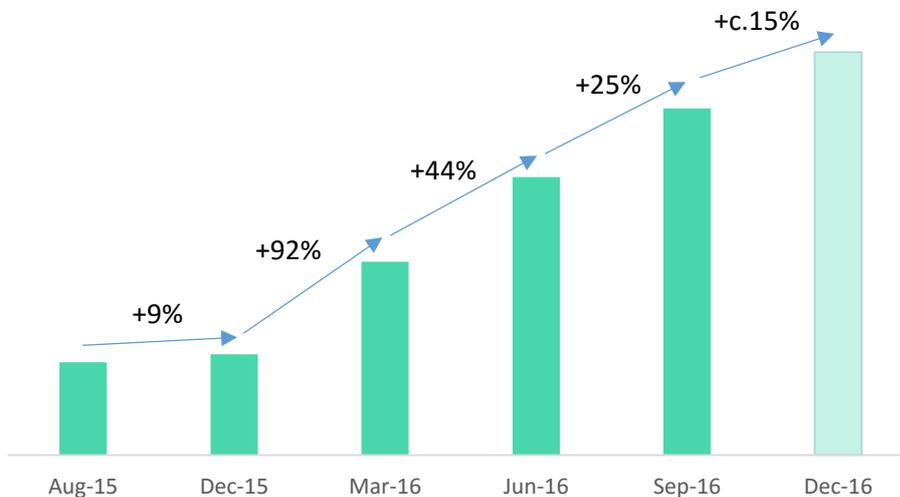
Other main operating expenditure for the quarter included hosting and other operating costs, plus annual insurance and (one-off) prospectus insurance.

Quarter net outflows from investing activities represent computer equipment for new staff, while the quarter outflows from financing activities of NZ\$0.2 million were final (one-off) payments for the June IPO.

For the next quarter ending December 2016, total cash outflows are estimated to be NZ\$4.8 million with expenditure on all staff remaining the largest portion of that cost at \$2.9 million.

As shown in the chart below, 9 Spokes has scaled rapidly over the last three quarters to allow simultaneous deployment in the December quarter across four channels. 9 Spokes now is largely “right-sized” to manage existing channels. Accordingly, 9 Spokes expect growth in staff numbers to moderate over the coming six months. Future staff additions will be carefully calibrated to customer uptake and future business development successes. Advertising and marketing spend is estimated to increase during the December quarter compared to prior quarters, as go-to-market activities commence for 9 Spokes Direct. The other main area of spend will be Operating Costs, particularly hosting, with four data centres now in operation.

Chart: Staff growth from August 2015 to December 2016



The Company expects Cash receipts will increase as channels release to market. 9 Spokes has already confirmed receipts for the December quarter of at least \$0.9 million made up of Barclays channel implementation fees (received) and a New Zealand Inland Revenue research and development tax credit (received). These incremental receipts should roughly offset the previously mentioned incremental expenditure in the December quarter. Accordingly, 9 Spokes expects net operating cash outflow in the December quarter to be similar to the September quarter.

The Company has now reached technical completion of each of the three channels. The Company expects further receipts from channel implementation fees of approximately NZ\$1.5 million (based on current exchange rates) over the following 6 months. There is a possibility that a portion of this may be received in the December quarter. This will depend on the exact timing of invoicing and payment thereof. Accordingly, if these payments are received in the December quarter, net operating cash outflow in the December quarter would reduce compared to the September quarter.

For more information:

James Schofield

Warrick Lace

Investor Relations, 9 Spokes**Media**

+64 21 334 774

0404 656 408

investors@9spokes.com

warrick@nwrcommunications.com.au

About 9 Spokes

The 9 Spokes smart dashboard enables SMEs to connect all 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 existing 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

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 2016

| Consolidated statement of cash flows | Current quarter | Year to date |
|---|------------------------|---------------------|
| | \$NZ'000 | (6 months) |
| | | \$NZ'000 |
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 150 | 160 |
| 1.2 Payments for | | |
| (a) research and development | (1,498) | (2,794) |
| (b) product manufacturing and operating costs | (113) | (551) |
| (c) advertising and marketing | (60) | (97) |
| (d) leased assets | - | - |
| (e) staff costs | (1,824) | (2,596) |
| (f) administration and corporate costs | (577) | (1,543) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 17 | 19 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes (paid) / received | (1) | 8 |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (3,906) | (7,394) |

| | | |
|--|------|------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (37) | (69) |
| (b) businesses (see item 10) | - | - |

| Consolidated statement of cash flows | Current quarter \$NZ'000 | Year to date (6 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 | (37) | (69) |

| | | |
|---|--------------|---------------|
| 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) | (236) | (2,763) |
| 3.10 Net cash from / (used in) financing activities | (236) | 23,779 |

| | | |
|---|---------|---------|
| 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 | 23,479 | 3,381 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (3,906) | (7,394) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (37) | (69) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | (236) | 23,779 |

| Consolidated statement of cash flows | | Current quarter | Year to date (6 months) |
|---|--|------------------------|------------------------------------|
| | | \$NZ'000 | \$NZ'000 |
| 4.5 | Effect of movement in exchange rates on cash held | (134) | (531) |
| 4.6 | Cash and cash equivalents at end of quarter | 19,166 | 19,166 |

| 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 | 23,479 |
| 5.2 | Call deposits | - |
| 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) | 19,166 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$NZ'000**

258

-

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

7. Payments to related entities of the entity and their associates

- 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

**Current quarter
\$NZ'000**

15

-

Related entities consultancy fees and disbursements.

| 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. | | |

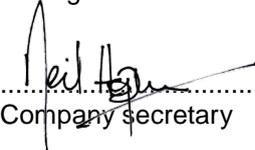
No such financing facilities noted.

| 9. Estimated cash outflows for next quarter | \$NZ'000 |
|--|----------------|
| 9.1 Research and development | (1,710) |
| 9.2 Product manufacturing and operating costs | (320) |
| 9.3 Advertising and marketing | (450) |
| 9.4 Leased assets | - |
| 9.5 Staff costs | (1,700) |
| 9.6 Administration and corporate costs | (610) |
| 9.7 Other (provide details if material) | (50) |
| 9.8 Total estimated cash outflows | (4,840) |

| 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:  Date: 31 October 2016
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.