

ASX:9SP

ASX Release

30 January, 2017

9 Spokes Quarterly Cash Flow Report

31 December 2016

Highlights:

- **Operating cash receipts for the quarter were NZ\$1.2 million, an increase from NZ\$150k in the previous quarter.** This resulted principally from further milestone payments received from channels.
- Final milestone **implementation fees of NZ\$1.2 million already invoiced to Barclays and Suncorp**, with payments due in the March quarter.
- Operating cash expenditure was \$3.9 million compared with NZ\$ 4.1 million for the previous quarter and **well below the estimate** of \$4.8 million previously disclosed in Appendix 4C for the quarter ended 30 September 2016. Net operating cash outflows for the December quarter were NZ\$2.7 million, a 31% improvement from NZ\$3.9 million net outflows for the previous quarter.
- **9 Spokes succeeded in achieving all four major milestones** for the December quarter. During the quarter, all three channels went live, as well as 9 Spokes' Direct platform. This was consistent with targets communicated to the ASX going into the quarter. Concurrent with this Appendix 4C, 9 Spokes has also today separately released a Quarterly Activity Review for the December quarter.
- Total cash and cash equivalents at 31 December 2016 was NZ\$16.5 million

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 31 December 2016.

Total cash and cash equivalents at 31 December 2016 was NZ\$16.5 million, compared to NZ\$19.2 million at 30 September 2016. Net operating cash flows outflows for the quarter were NZ\$2.7 million compared to NZ\$3.9 million for the previous quarter.

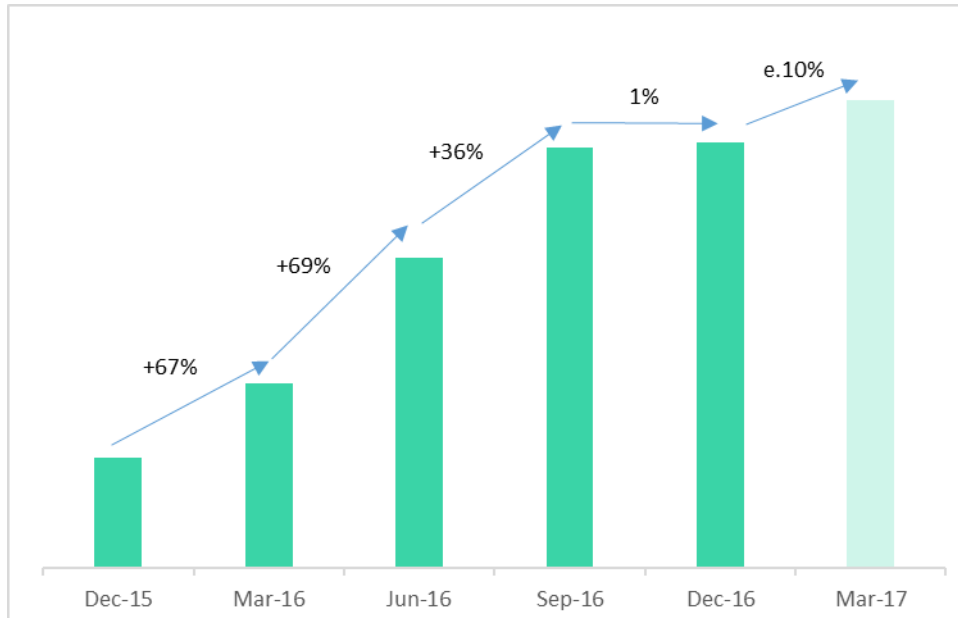
Operating cash receipts for the quarter were NZ\$1.2 million including cash receipts from customers of NZ\$1.0 million, representing further milestone implementation payments from channel partners, and a NZ\$0.2 million R&D tax credit.

Final implementation fees of NZ\$1.2 million (based on current exchange rates) have also been invoiced to Barclays and Suncorp, and will be received during the March quarter.

Operating cash expenditure was NZ\$3.9 million compared with NZ\$ 4.1 million for the previous quarter well below the estimate of NZ\$4.8 million previously disclosed in Appendix 4C for the quarter ended 30 September 2016. Payments to staff continue to make up the bulk of expenditure, though the quarter on quarter growth in staff expenditure of 4% was much lower than in the previous quarter growth of 23%.

Average staff numbers were 81 people during the quarter compared to 80 in the previous quarter. As discussed in previous quarters, the Company successfully underwent a period of expanding resource to deliver simultaneously to the significant channels of Barclays, Suncorp and Deloitte UK.

Chart 1: Average Quarterly Headcount Numbers



Other main operating expenditure for the quarter included hosting and other operating costs, plus a one-off lease deposit for a new office lease.

Quarterly net outflows from investing activities represent the purchases of computer and office equipment

The Company has now launched all three channels plus 9 Spokes Direct. The Company anticipates cash receipts from final implementations of NZ\$1.2 million (based on current exchange rates). Channel Licence fees will also become due.

Staff expenditure remains the company's largest investment. With all channels now in operation there will be further investments in staff with a focus on accelerating customer acquisitions via sales, marketing and product development. As market activity increases for 9 Spokes Direct in the UK, advertising and marketing spend is estimated to increase significantly during the March quarter compared to prior quarters. This is expected to result in additional customer interaction and adoption as well as ongoing brand building off the back of awareness created through the Company's large channel partners.

For more information:

James Schofield

Warrick Lace

Investors Relations, 9 Spokes

Media

+64 21 334 774

0404 656 408

investors@9spokes.comwarrick@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 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

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 2016

Consolidated statement of cash flows		Current quarter	Year to date
		\$NZ'000	(9 months) \$NZ'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,048	1,208
1.2 Payments for			
(a) research and development		(1,043)	(3,837)
(b) product manufacturing and operating costs		(391)	(942)
(c) advertising and marketing		(158)	(255)
(d) leased assets		-	-
(e) staff costs		(1,747)	(4,343)
(f) administration and corporate costs		(601)	(2,144)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		59	78
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes (paid) / received		144	152
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(2,689)	(10,083)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(28)	(97)
(b) businesses (see item 10)		-	-

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$NZ'000	\$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	(28)	(97)

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)	-	(2,763)
3.10	Net cash from / (used in) financing activities	-	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	19,166	3,381
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,689)	(10,083)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(28)	(97)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	23,779

Consolidated statement of cash flows		Current quarter \$NZ'000	Year to date (9 months) \$NZ'000
4.5	Effect of movement in exchange rates on cash held	-	(531)
4.6	Cash and cash equivalents at end of quarter	16,449	16,449

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	1,971	561
5.2	Call deposits	14,478	18,605
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)	16,449	19,166

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	123
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.

8. Financing facilities available

Add notes as necessary for an understanding of the position

	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.

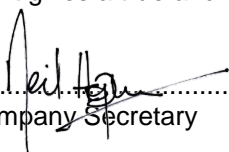
9. Estimated cash outflows for next quarter	\$NZ'000
9.1 Research and development	(1,210)
9.2 Product manufacturing and operating costs	(510)
9.3 Advertising and marketing	(600)
9.4 Leased assets	-
9.5 Staff costs	(1,860)
9.6 Administration and corporate costs	(670)
9.7 Other (payments to acquire property plant and equipment – move to new office).	(370)
9.8 Total estimated cash outflows	(5,220)

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: 30 January 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.