
ASX: 9SP

ASX Announcement
30 January, 2017

Quarterly Activity Report: All four milestones achieved as planned; surge in January activity after largest channels go live

Highlights:

- **All four major milestones achieved** as planned during December quarter. Achieved all targets indicated to the ASX in 9 Spokes' 28/09/16 announcement "*Entering quarter of major milestones.*"
- Largest channels, Barclays and Suncorp went live in the week before Christmas, enabling the **surge in user activity seen during January, a +112% increase in average user sessions** compared to prior to those two channels. 9 Spokes will give its first customer update by the end of February.
- 9 Spokes' business development pipeline has expanded significantly since going live with channels, with **discussions now progressing with more than 10 prospective channels**. Each of these would represent a sizeable opportunity for 9 Spokes, including some prospects in North America that are much larger than Barclays Bank, 9 Spokes' largest channel partner to date.
- **First co-marketing initiative was successful with Intuit QuickBooks**, one of the world's leading software brands. Further co-marketing promotions will be executed during the March quarter.
- Concurrent with this Activity Report, 9 Spokes also today released its Appendix 4C - Cash Flow Report which highlighted a **material increase in cash receipts to NZ\$1.05 million** (from \$150k). Separately, 9 Spokes started to accrue substantial ongoing licence payments from channels, of more than NZ\$3 million p.a of minimum recurring revenue over the six year contract tenure.

Mark Estall, CEO said: "*We are proud of executing on our target of four major milestones during the December quarter. 2017 has already started at a much greater pace. It has been exciting to see the acceleration in customers since Barclays and Suncorp went live in the week before Christmas. Both Barclays and Suncorp have already substantially exceeded their expectations for initial customer uptake. We now look forward to the impact of our two largest channels significantly dialling up promotional activity over coming days, following the seasonal holiday lull in business activity.*

"Our sales pipeline has improved dramatically over recent months, most notably with major US banks. We have witnessed a spike in inbound enquiries from large potential channel partners since Barclays was live.

"Following the significant impact from the co-marketing with Intuit QuickBooks, we are confident of accelerating customer uptake through similar initiatives with our other software partners. A number of these are scheduled throughout this quarter.

"As an organisation we are very focussed on execution of our business plan at all levels, balancing internal infrastructure and external speed to market, to ensure delivery on our promises. I am also proud to say that the extraordinary team we have built at 9 Spokes have enabled extraordinary goals to be achieved in a highly professional manner with some of the world's leading financial organisations."

Operational update: Targets achieved. Surge in January activity

9 Spokes International Limited, (ASX:9SP) ("9 Spokes" or "the Company"), the business insights dashboard for SMEs, is pleased to announce an update of its activities for the quarter ending 31 December 2016. The highlight of the December quarter was achieving each of the four major milestones as guided. During the quarter, Propel by Deloitte, Barclays and Suncorp went live, as well as 9 Spokes' own Direct platform.

9 Spokes' delivery of all four milestones, this early in its business evolution, is a noteworthy achievement. Each channel represented lengthy, complex technology projects with large, established enterprise partners. Channel partners have been highly complimentary of the team's professionalism, pragmatism and expertise. 9 Spokes is now well-established for future engagements, with its employee base established during 2016, combined with project experience and its multi-tenant platform now developed.

Subsequent to the end of the December quarter, 9 Spokes has experienced a surge in user activity during January since its largest channels went live. Since Barclays and Suncorp went live, the number of average platform sessions is up +112% compared to the prior period and +142% versus November (excl. holiday period). This is illustrative of customer progression, and comes despite the typical seasonal drop in business activity.

9 Spokes will give its first customer update by the end of February to allow sufficient time to properly incorporate active promotion by Barclays and Suncorp, and give investors a more meaningful depiction of customer adoption. Going forward, 9 Spokes will report customer numbers on a regular quarterly basis.

Due to the timing of going live being the week before Christmas and the ensuing holiday period, both Barclays and Suncorp have pursued relatively limited promotional activity to date. Nevertheless, organic activity from their large customer bases has translated into the surge in platform activity and customer acquisition for 9 Spokes. Both channels will now increase promotional activity during February. This week Barclays will for the first time enable a dedicated and scaled team to promote their platform to their customers and deploy in-branch sales material. 9 Spokes believes this ongoing activity by its channel partners will be transformational for customer acquisition.

The platform has been robust, scaleable and performed well since all channels went live in a short space of time. Customer support tickets have been minor in nature, with a noticeable lack of system issues. Early customer feedback has been highly supportive, as has the results from market research and focus groups commissioned by 9 Spokes in the UK.

Business development: Encouraging with marked increase of inbound enquiries

9 Spokes has seen a marked increase of inbound enquiries since Barclays went live. Recent enquiries include further large North American banks and two other significant European banks. This has resulted in a material expansion of 9 Spokes' business development pipeline.

9 Spokes is now progressing discussions with more than 10 prospective channel opportunities. Each would represent a sizeable opportunity, and some prospective partners are significantly larger than Barclays Bank, 9 Spokes' largest channel partner to date.

9 Spokes is encouraged by progress with both Australasian and particularly US banks. 9 Spokes is also pursuing opportunities with carefully selected non-financial channel partners. 9 Spokes' business development team continues to travel internationally to conduct workshops and meetings with a short list of prospective channel partners. This now includes a planned visit by a team from a major US bank to visit 9 Spokes headquarters in Auckland, following a series of encouraging workshops in the US.

Co-marketing initiative successful. To accelerate this quarter

9 Spokes' first co-marketing initiative with an App partner was successful. The co-marketing was conducted with Intuit's QuickBooks, one of the world's leading software brands. 9 Spokes already has several co-marketing initiatives in place for the March quarter. In response to the success of the QuickBooks initiative, 9 Spokes is now accelerating discussions with several of its other App partners from within its digital ecosystem.

Appendix 4C Cash report: Cash receipts improve materially

Concurrent with this Quarterly Activity Report, 9 Spokes has today separately released an Appendix 4C - Quarterly Cash Flow Report. The December quarter marked the commencement of material customer cash receipts, which reached NZ\$1.0 million, up from NZ\$150k in the September quarter. 9 Spokes ended the quarter with more cash than budgeted at NZ\$16.5 million.

Customer cash receipts will grow further in the March quarter. Reflecting completion of major channels, 9 Spokes has already invoiced channel partners for NZ\$1.2 million of final implementation fees, due in the March quarter.

In addition, with each channel now live, 9 Spokes has also started to accrue substantial ongoing licence payments from channels. These represent over NZ\$3 million per annum of minimum recurring revenue (at current exchange rates) over the six year contract tenure.

9 Spokes' employee base plateaued during the quarter as it reached sufficient scale for existing operations and realised greater efficiencies. Employee increase was below budget. Total operating expenditure actually reduced -5% QoQ despite ongoing growth across all aspects of the business, and at NZ\$3.9 million was well below the NZ\$4.8 million estimate for the quarter, which was disclosed during October.

For more information:

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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