
ASX: 9SP

ASX Announcement
1 March, 2017

9 Spokes reaches first adoption milestone, while channel partner pipeline expands

Highlights:

- 9 Spokes achieves first user adoption milestone of more than 1,000 users
- The user adoption in the early stages is very encouraging given the type of user being small businesses and with limited promotional activity to date by channel partners
- Over the last month business development progress accelerated with prospective channel partners progressing in three countries. Further channel partnerships expected throughout the next six months
- 9 Spokes' alliance partners have started to introduce some of the pre-qualified opportunities
- With greater visibility of the sales pipeline, a new key performance metric of channel addressable market (CAM) has been introduced, targeting 6 million SMEs this year (currently 2 million)
- Barclays Bank has paid NZ\$1.2m for fifth and final implementation payment

9 Spokes International Limited, (ASX:9SP) ("9 Spokes" or "the Company"), the business insights dashboard for SMEs, is pleased to announce its first significant milestone for user adoption, having surpassed 1,000 registered users. While adoption is accelerating, the Company continues to make tangible progress in business development.

9 Spokes user adoption has accelerated just weeks after the two largest channels (Barclays Bank and Suncorp Group) went live just prior to Christmas. This is despite the period being one of limited promotional activity as the channels tested and finalised their go to market (GTM) programs prior to full GTM implementation. Based on the GTM plans, especially for its largest channel partner, Barclays Bank, the Company expects further acceleration in user adoption during the June quarter.

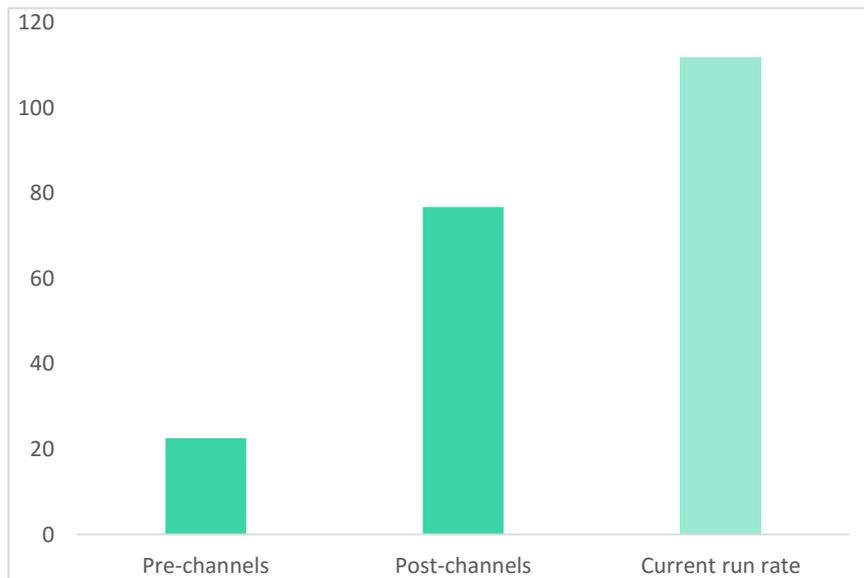
Commenting on the major adoption milestone, 9 Spokes co-founder and CEO, Mark Estall said:

"We are very encouraged by the market response seen to date. To see these adoption rates so early in our development is encouraging, especially given the very limited promotional activity to date by our channel partners. Now that we have seen more details and extent of their promotional plans, we are more confident of an acceleration of user adoption over the coming quarter."

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“Separately, we are making great progress with additional channels to grow the scale of our digital ecosystem for SMEs and their partners. After all existing channels went live in December, we increased our focus on business development, which has already started to bear fruit. We now have a large, diversified pipeline of opportunities across several geographies and we remain confident further channel partnerships will be confirmed throughout the next six months.”

Chart 1: User adds by period (users added per week)



Note: Pre-channels = 6/11/16 – 25/12/16; Post-channels = 25/12/16 – 12/02/17; current run rate = two week average

As shown in the chart above, user adoption has accelerated since channel partners conducted (limited) promotional activity. 9 Spokes has seen an additional lift over the last couple of weeks and expects further acceleration as channels launch their full GTM programmes. The Company looks forward to updating the market in the near term upon the next material adoption milestone.

Business development: pipeline continues to grow and progress

Business development has been the key highlight for the Company during February. As announced to the market in the *December Quarterly Activity Report* (30/01/17), the Company had made significant progress in business development. Since then, 9 Spokes has made further progress on multiple fronts.

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Prospective channel partners are progressing in three countries as 9 Spokes targets further channel deals throughout the next six months. A very encouraging development for the Company is that its leading global alliance partners have started to introduce several of these material opportunities to 9 Spokes, thus validating 9 Spokes' alliance strategy. 9 Spokes is partnered with some of the world's leading computing and consulting companies to leverage their business development and systems integration resources.

9 Spokes is focussed on growing the collective customer base of 9 Spokes' white label channels by partnering with additional banks and non-financial entities that service SMEs. 9 Spokes' value is in part driven by its ability to grow a digital ecosystem for small businesses with its partners. 9 Spokes measures the scale of opportunity by channel addressable market (CAM). This represents the number of customers that 9 Spokes' solution addresses within its channel partners' customer base. 9 Spokes' CAM is currently 2 million small businesses across the existing three channel partners.

Given the progress made over recent months that has resulted in improved visibility on the sales pipeline, 9 Spokes is pleased to introduce to the market a key performance metric. 9 Spokes is targeting to grow its current CAM from 2 million to 6 million SMEs this year. This probability-weighted target is based on potential channel partners already progressing through several stages of the sales pipeline. User adoption within existing channels will inform the market as to the potential adoption of additional channels.

Importantly, while growing its customer base, 9 Spokes expects a commensurate increase in contracted recurring licence fees following material implementation fees. The current minimum contracted recurring licence fees is NZ\$3m per annum.

Cash update

Barclays Bank has paid its fifth and final implementation payment, taking customer receipts to NZ\$1.2m for the quarter to date. This is already slightly ahead of customer receipts for the December quarter of \$1.0m. Since late December, 9 Spokes has been accruing licence fees for its three external channels, which in aggregate amount to c.NZ\$3m per annum. As licence fees are payable quarterly in arrears, the Company expects the receipt of material licence fee cashflows to commence from the June quarter onwards. Meanwhile, cash expenditure expectations for the March quarter remain consistent with previous guidance.

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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

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