

ASX: 9SP

ASX Release

21 September 2018

2018 Annual Meeting of Shareholders Prepared Announcement

Auckland, NZ | 21 September, 9 Spokes (ASX: 9SP or “the Company”), a leading marketplace and insights company to small businesses, will today present the following prepared Chairman’s Address and CEO’s Update at the 2018 Annual Meeting.

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About 9 Spokes

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9 Spokes is a tracking tool designed to help SMEs enhance their performance and be their best business self. It collates and sorts the SMEs data, so they can more easily see their progress against the things that matter most to their business.

SMEs can connect their cloud software to 9 Spokes to get a comprehensive picture of their business performance through a single smart dashboard—so it’s easier to make the big and small decisions required to manage and grow their business effectively. As well connecting their existing supported software to the dashboard, businesses can choose from a selection of other recommended and accredited apps to suit their industry.

9 Spokes is provided under a direct model to small businesses and as a white labelled platform allowing key banking partners to offer 9 Spokes to their SME customers under their own brand.

Find out more at www.9spokes.com

Chairman's Address

Introduction

I'd like to start by thanking you, our shareholders, for your tremendous support. Building a business such as 9 Spokes, is not for the faint-hearted. As you know, we have the ambitious aim to achieve a global reach to small-medium enterprises (SME's) mainly through sales to multi-national banks and financial services organisations. These are demanding, highly professional buyers and, as a small, young company, we rely on the commitment from our shareholders to enable us to meet them on equal terms and inspire them with our product and our vision for the SME market place. I believe we continue to be remarkably successful – probably unique in our market segment - in engaging with some of the biggest banks in the world. And although we have already converted these engagements into several contracts in operation, the Board is keenly aware that to continue to secure your support, our challenge is to make that conversion even faster, to monetise it even earlier and do it at lower cost. We are committed to making that happen.

Results of the last Financial Year

Turning to the results for the last financial year ended 31 March 2018, we reported a strong improvement in our top-line results with revenue up 474% to \$6.7 million as a result of new enterprise customers going live. Underlying that, our SME user base grew 50-fold from 1,000 to 50,000 users.

Fiscal 2018 was the first full year of operations in which we were supporting multiple enterprise customers. Overall, costs increased 55% year on year, mostly through additional staff. At the same time, we undertook a strategic re-organisation of operations, placing a greater focus on product development and engineering, customer engagement and new business growth and hired new people to strengthen these areas. Additional product and engineering staff were hired through funding from a Callaghan Growth Grant awarded during the year. This re-shaping of our operations meant that our costs for the second half of the year reduced by 13% compared to the first half and with the growth in revenue the net loss for the second half of the year reduced by 36% compared to the first half. Beyond cost efficiencies, the re-organisation substantially improved the Company's agility in product development, a point acknowledged by enterprise customers.

Ongoing costs

Carrying the cost story forward to the current 2019 fiscal year, the focus on cost management has continued such that costs and net cash-burn continues to trend down. Operating net cash burn reduced by \$1.2m in Q1 FY19 vs the same period last year and further reductions are expected during this current quarter. Costs are and will remain a key management focus.

Customer and New Business

Moving on to customers and new business development, during fiscal 2018 we made the decision to focus on the provision of white-label solutions for major banks, as it is the most effective means of rapidly accessing SMEs globally and leveraging what we see as very clear opportunities for significant growth. Our partnerships with major banks has expanded from our first banking partner, Barclays in the UK, to the Bank of New Zealand (BNZ) and recently OCBC Bank in Singapore. In support of this approach, we have invested in building a robust alliance programme with key global consultants and integrators to the banking sector, which brings 9 Spokes access to a broader range of potential banking partners. Our business development team are at full capacity working on opportunities in all stages of progression in various parts of the world, including Asia, Europe and the US. We hope to be in a position to announce further progress in due course.

The Royal Bank of Canada (RBC) was a contract gained in 2017 and which ceased in August 2018 when the bank decided upon a change to its strategic approach to the SME market. While disappointed with

Chairman's Address

this decision we did enjoy and learn from our working relationship with RBC. Importantly, we are now free, to pursue opportunities in the jurisdiction that the Company was previously precluded from.

9 Spokes' strategic focus on providing banks with a compelling SME offering has opened-up further opportunities for the future in the Open Banking initiative. Banks everywhere are wrestling with issues such as society's requirement for data integrity, data transferability and the individual's requirement for control over personal data. New regulatory requirements in Europe, such as Open Banking and Global Data Protection Regulation (GDPR), are rapidly being adopted in other global markets, meaning banks require new technologies to comply. As these strands have come together over the past 12 months, 9 Spokes finds itself in a strong position to utilise its API-based technology to provide banks with solutions that offer their SME customers multi-account visibility and transaction capability.

9 Spokes have already implemented one solution in the UK and as a result is proud to have been granted an Open Banking Account Information Service Provider (AISP) Licence by the UK's Finance Conduct Authority. This has stimulated further inbound interest in the 9 Spokes platform.

Funding

9 Spokes believes these activities set the ground work for the next phase of 9 Spokes strategy. 9 Spokes however will require further funding to meet these exciting opportunities and, as we set-out in the Annual Report and the latest quarterly Appendix 4C, the Company is engaged in active discussions with potential strategic investors. I cannot provide specific detail whilst these discussions are ongoing but there will be an update to the market when they are sufficiently advanced.

Corporate Governance

Finally, if I may comment on the corporate governance of the Company. 9 Spokes has benefitted from a strong, stable and highly engaged Board throughout its existence as a listed entity. Every Board member has actively participated in strategy-setting and in assisting management in specific operations where their skills and experience are relevant. The board composition is likely to evolve in the coming year in the light of new challenges and the need for further skills and experience, but we intend to retain the high levels of engagement and professional practice that we have established.

Our US Board member, Wendy Webb, has decided not to stand for re-election at this AGM as a consequence of increased professional obligations in her home country. Wendy chaired the Audit and Risk Committee and has worked closely with our executive team in North America. On behalf of the Board I thank Wendy for her services and wish her all the best for the future. We will not be replacing Wendy immediately, but will consider our options for the composition of the board once we have completed the current funding round.

Conclusion

So, in conclusion, fiscal 2018 was a challenging year for 9 Spokes as we grappled with the task of servicing and selling to multi-national clients across the globe. On one hand the list of opportunities addressed and the pipeline outstanding have never been greater and have only increased as we demonstrated our ability to solve data challenges for banks in an Open Banking world. On the other hand, we have had to prioritise hard to fund the high initial costs of servicing these clients. Re-organisation has made us a more agile and efficient company, enabling us to focus on reducing our cash burn without affecting the quality and quantity of output. This places us in a good position to go for growth in the year ahead. We remain focussed on securing the funding to enable that growth.

I'd like once again to extend a huge thanks to our shareholders, team, enterprise customers, users and partners for getting us to this juncture.

We continue to stay focused on a strategy of building partnerships with the world's largest global banks and importantly alliance partners to support sales and implementations in each of our target territories. We are also constantly fine-tuning and enhancing our platform to improve user engagement.

Implementations and Enterprise Customers

Implementation of both BNZ and OCBC Bank platforms are well underway and our implementation and marketing teams are working closely with both banks around launch and go to market strategy.

Both of these clients will be announcing launch timing in line with their go-live and marketing programs.

The 9 Spokes Marketing-as-a-Service (MaaS) program has been adopted by the BNZ and has resulted in the formation of a deep relationship with the bank. We see this as the blueprint for global deployment of marketing alongside our banking partners.

In terms of our pipeline, we remain active in all four territories with a number of strong opportunities progressing well, particularly in North America and Europe where we are now well established.

We continue to work closely with Barclays Bank where engagement on the aggregate base has shown a 43% average lift over the last four months, compared to the prior four months. This is in the main the result of a roll out of two significant initiatives with Barclays. We have launched a major payment provider on the Barclays platform and we have also streamlined the onboarding journey resulting in a lift in the app adoption rate by about 20% of total new users joining the platform. Both of these initiatives have produced exceptional results and we will continue working and refining our continuous improvement strategy.

We are now starting to see the benefits from the engagement with our alliance partners, IBM, KPMG and Accenture. These partners have extensive and deep relationships with banks and are introducing 9 Spokes at very senior levels in these organisations. They bring credibility, scale and will accelerate both sales and implementations.

Product Development

The Company's product development work has been focused in two key areas. Lifting engagement and adoption rates of our SME customers and also development of features and functionality for our banking partners.

We expect to launch a new mobile app shortly which we believe will have a material impact on engagement levels as well as app adoption rates.

We are constantly enhancing and testing with clients our user experience and user journeys to improve our product offering, with positive results.

We are excited by the work that we have in the pipeline for our SME clients that will be released over time.

Open Banking

Open Banking has been a significant area of concentration for 9 Spokes. We are now an approved "Open Banking Account Information Service Provider", one of a limited number of accredited agents that is not a bank. This will now put us in a strong position in discussions with banks that need to be regulatory compliant or wish to offer such a service. This capability enables 9 Spokes to integrate multiple banks into our platforms and will allow an SME to see all their account details in one place. Open Banking capability has brought a strong level of inbound enquiry for our platform.

We are delivering on GDPR data privacy requirements for our banking partners.

We have a number of initiatives in the design phase that will introduce Artificial Intelligence (AI) and data analytics to enable banks and SMEs to gain greater visibility of and value from industry data and metrics.

Marketing as a Service

Marketing-as-a-Service (MaaS) is a product that 9 Spokes is now selling to banking partners. We can provide marketing and campaign programs that we have tested on our direct black platform (9Spokes.com) and with other banks.

We are building this product based on many known campaigns and are planning to deliver it to BNZ clients to drive new customer acquisition and strengthen engagement with both Enterprise Channel Customers and SME users.

The Team

Over the last 12 months we have added high quality personnel to the operational teams introducing important skills relevant to our strategy and the interests of our customers. These include:

- **Andy Birch**, Vice President EMEA brings extensive sales and business development skills and expertise to the vast EMEA region
- **Jesper Petersen**, VP Product & Engineering is a technology leader with extensive experience in leading software teams to deliver software products, he brings global experience in SaaS, leadership and agile product development
- **Julian Sharplin**, Chief Marketing Officer has lead marketing functions at high profile brands driving substantial year on year revenue growth and digital customer experience transformation. He has built his career on understanding customer needs, strategic focus and delivery experience.
- **Liesl Knox** joined the team as Chief Corporate Counsel. Liesl has held roles at leading global businesses and law firms, and brings a wealth of experience in financial services, having worked in NZ and the UK with and for leading banks, including Barclays and NatWest. She also has a depth of experience in risk and assurance, the obligations of regulated entities and building strong relationships with regulators. She will play an important role in building relationships with the Company's leading Enterprise Channel Customers.

This management team over the last few months has sharpened its focus on accelerating evolution of the product experience for users to drive uptake, engagement and monetisation. Evidence of this is the new on-boarding experience recently released, which has resulted in significant improvement in app connection rates for new users. We expect to release more new features during the next quarter.

Conclusion

In conclusion, 9 Spokes has built a platform that has a significant ecosystem supported by very large global brands to service the SME business community. We at 9 Spokes are very proud of our achievements and we believe the way forward is looking better than it has ever looked before.

So I thank you for your support. We are committed to and well on the way to achieving our ambitions to be the global platform for small business. Thank you.