



Netccentric Limited (200612086W)
Listed on the ASX

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ASX RELEASE

27 October 2021

NETCCENTRIC DELIVERS CONTINUED GROWTH IN REVENUE AND EARNINGS IN Q3 FY2021

HIGHLIGHTS:

- Strong revenue growth in the quarter ended 30 September 2021, with revenue +51% year-on-year (YoY) to S\$3.18 million (A\$3.15 million¹), driven by growth across the Group's business units
- Q3 FY2021 EBITDA increased by 58% YoY to S\$0.29 million (A\$0.29 million), excluding extraordinary expenses relating to forex movements and employee options, driven by continued focus on cost controls
- Netccentric's 100%-owned social influencer and content marketing platform, Nuffnang, delivered a strong quarterly contribution with S\$1.79 million (A\$1.77 million) in revenue across Malaysia, Taiwan and Singapore, up 26% YoY, with 78% of Nuffnang Malaysia sales from recurring clients
- Nuffnang Live Commerce saw strong volume growth in the September quarter, with gross merchandise volume (GMV) +288% from the H1 FY2021 average, driven by activity through eShoplive, AEON and other new and existing clients
- Live Video Commerce managed services partnership signed with Dentsu Malaysia will see Dentsu leverage on the Nuffnang Live Commerce platform and is expected to attract more brands as users of the platform
- Netccentric retains a strong position to drive continued growth both organically and via M&A with a healthy debt-free balance sheet, S\$5.39 million (A\$5.32 million) in cash and a proven strategy to deliver end-to-end growth solutions

Social commerce platform provider Netccentric Limited (ASX: NCL), together with its subsidiaries ("the Group"), is pleased to provide an update on financial and operational progress across its business units in the September quarter of FY2021.

¹ Assumes exchange rate of 1 SGD = 0.99 AUD

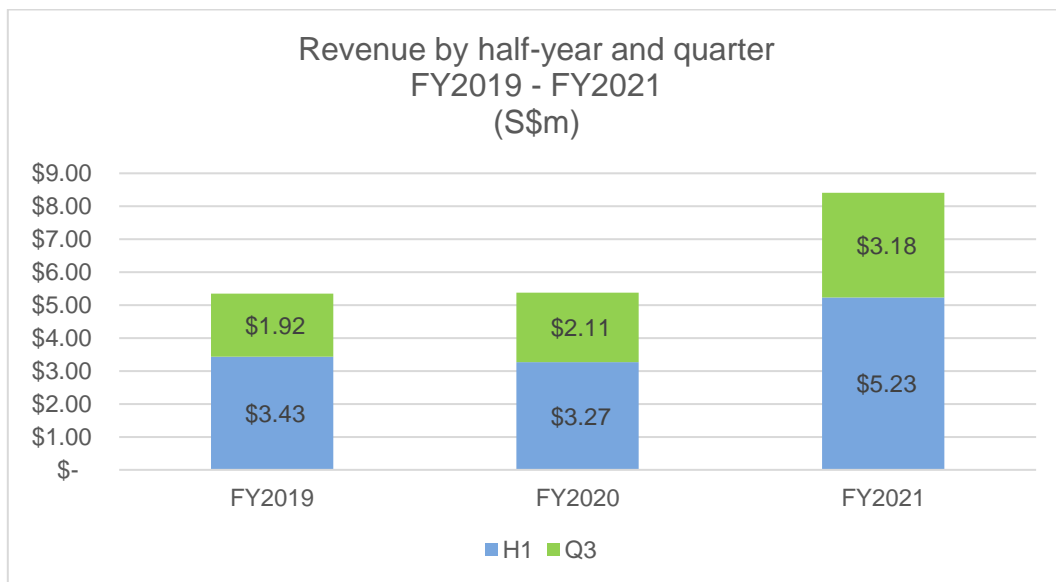


Q3 FY2021 Performance²

Netccentric achieved record quarterly revenue of S\$3.18 million in Q3 FY2021, representing growth of 51% compared to Q3 FY2020 and growth of 14% compared to Q2 FY2021.

The strong revenue growth was spread across Netccentric's business units, with a continued focus on cost controls allowing the Group to deliver group EBITDA of S\$0.29 million in Q3 FY2021, +58% year-on-year and +76% quarter-on-quarter, excluding extraordinary expenses relating to forex movements and the Group's Employee Share Ownership Scheme.

The Group's financial results reflect a continuing strengthening as the business gains scale and management executes Netccentric's growth strategy.



In Q3 FY2021, the Group generated breakeven net operating cash flow, with the cashflow improvement from H1 FY2021 a byproduct of Nuffnang's strong revenue growth as the business gains scale.

Netccentric entered Q4 FY2021 with S\$5.39 million in cash and no debt, providing strength and flexibility to fund the Group's growth objectives.

² All financials are unaudited and not reviewed by auditors; EBITDA excludes extraordinary expenses incurred during Q3 FY2021, including options and forex movements totalling S\$0.53 million (A\$0.52 million)

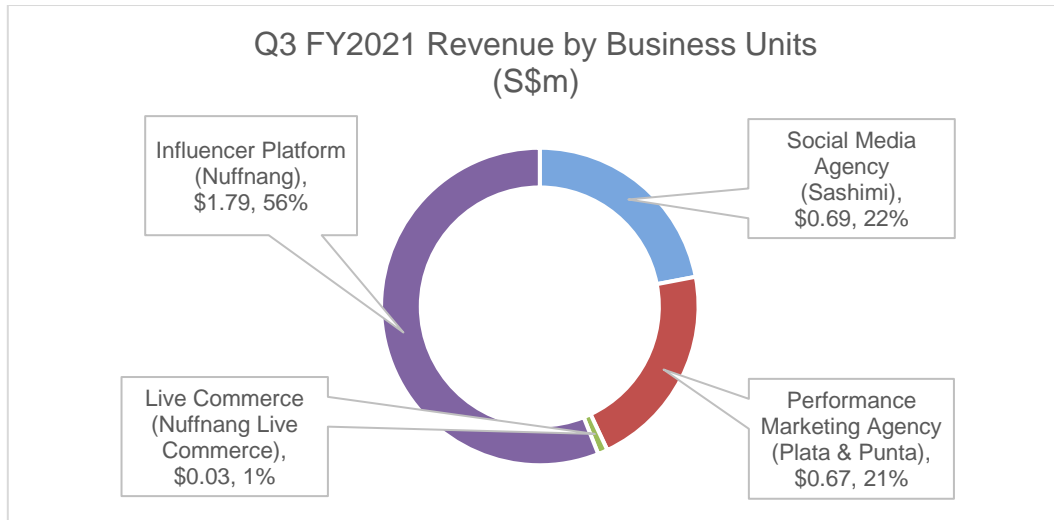
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Nuffnang Growth Continues with Recurring Client Revenue

Nuffnang is Netccentric's 100%-owned social influencer and content marketing platform. From its base in Malaysia, Nuffnang provides engagement and ambassadorship opportunities to global brands through its pool of more than 15,000 influencers, key opinion leaders, celebrities and content creators. They offer a collective reach to more than 20 million engaged social media followers throughout Southeast Asia.

Nuffnang Malaysia, Taiwan and Singapore contributed 56% of Group revenue in Q3 FY2021 and, as such, Nuffnang represents a core product within Netccentric's comprehensive marketing ecosystem.

During the quarter, Nuffnang achieved revenue of S\$1.79 million, +26% year-on-year. Nuffnang's revenue profile remains substantially recurring in nature, with 78% of Nuffnang Malaysia's revenue in the quarter coming from recurring clients (compared to Q3 FY2020).

The growth in Nuffnang revenue was driven by triple-digit year-on-year growth in spend from three of its key clients: Unilever (+110%), Dutch Lady (+635%) and Hasbro (+109%).

The business unit's pipeline also continues to grow, with Nuffnang Malaysia having achieved 28% year-on-year growth in orders for Q3 FY2021, reaching S\$1.21 million. Pipeline orders are defined as insertion orders that have been signed by clients.

Nuffnang's ability to develop a strong pipeline of influencer marketing work from new and existing clients continues to improve, underpinning the Group's positive outlook for growth in revenue and profitability.

Nuffnang's Campaign Management Platform went live in Q2 FY2021 and subsequently achieved a 100% client adoption rate. Developing this unique, proprietary and user-friendly platform has been a key focus within the Group's automation strategy, linking all three key stakeholders (clients, influencers and internal) more closely as Netccentric continues its evolution from a services-focused business to a platform business.

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During the quarter, Netccentric also continued to develop its marketing partnerships, signing a one-year Live Video Commerce managed service partnership with Dentsu Malaysia.

Dentsu has a strong presence in 143 markets worldwide and with 66,000 employees³, Dentsu provides a comprehensive range of client-centric integrated communications, media and digital services. Dentsu Malaysia and its six constituent brands (Carat, Dentsu X, iProspect, Isobar, Dentsu McGarryBowen and Merkle) bring best-in-class services and solutions in media, customer experience management (CXM) and creative to help clients to win, keep and grow their best customers and achieve meaningful progress for their businesses.

As part of Dentsu's Total Commerce solutions, this partnership will see Dentsu Malaysia leverage on the Nuffnang Live Commerce platform to enable its clients to rapidly drive traffic to their brands' social pages and create two-way, personalised engagements between brand influencers and followers to drive on-the-spot sales. Netccentric expects this partnership to support the Group's efforts to attract more brands as users of Nuffnang Live Commerce.

eShoplive Comes Online, Boosting Strong Volume Growth for Nuffnang Live Commerce

To further tap into the booming social commerce industry, in FY2020 the Group launched Nuffnang Live Commerce, a platform which helps merchants to convert social media comments into sales with a scalable and automated back-end solution designed for livestream selling.

A user can simply comment "+1", "+2" etc. to be immediately directed to a check-out link with their item(s) added and ready for payment.

The platform provides a seamless end-to-end shopping experience by navigating viewers from awareness to the purchase stage instantaneously, as viewers can use their devices to immediately purchase promoted products as mentioned in the live video stream.

Nuffnang Live Commerce activity levels picked up significantly in the September quarter as new and existing clients began to adopt the platform and build understanding of its capabilities.

The platform saw strong volume growth in Q3 FY2021, with gross merchandise volume (GMV) +288% from the quarterly average seen in the first half of FY2021, reaching a high of S\$0.73 million in the month of September 2021. The Group revenue attributable to Nuffnang Live Commerce is growing strongly from a relatively low base, with growth in GMV providing a leading indicator of anticipated growth in revenue.

In August 2021, the Group's investee company, eShoplive, went live on Nuffnang Live Commerce with approximately 300 products from 200 merchant brands. A total of more than 12,700 orders have now been transacted on eShoplive facilitated by Nuffnang Live Commerce, cornerstoning the platform's growth to date.

Also in August 2021, Nuffnang Live Commerce managed a total end-to-end live commerce campaign for the Malaysian operations of Japanese-listed global retailer AEON Group. AEON Retail Malaysia is a leading Malaysian supermarket chain, operating 28 AEON MALLs, 34 AEON Outlets, 10 MaxValu Prime Supermarkets and 21 hypermarkets across the country.

³ <https://www.dentsu.com/sg/en/who-we-are> (data as of 25 October 2021)

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AEON wanted to innovate their marketing approach by launching a new live experience for their customers to celebrate the annual Chinese mooncake festival. Hosted by Nuffnang's influencers, AEON delighted consumers with enticing promotions such as exclusive live prices, free shipping, giveaways and also gifts with purchase over a series of five live shows. The campaign was successful, delivering more than 62k views and 42k engagements with viewers placing their orders through the Nuffnang Live Commerce platform via the AEON Retail Malaysia Facebook page.

More background on the Group's campaigns and partnerships is available at the Media Coverage section of the Netccentric website at <https://www.netccentric.com/media-coverage/>.

Plata & Punta Delivers Strong Diverse Growth

The Group's performance marketing agency, Plata & Punta, saw strong growth driven by increased media spend from key eCommerce clients in the baby products and bedding/interior design industries. The business unit achieved revenue of S\$0.67 million in Q3 FY2021, +119% from Q3 FY2020.

Beyond the retail sector, Plata & Punta has developed another pillar of growth through education clients, which have increased their dependency on virtual open days, virtual school tours and virtual classrooms. Plata & Punta's quarterly growth was supported by collaborations with agency partners to provide their clients with performance marketing solutions, with a positive outlook for continued agency work.

Sashimi Continues to Develop and Grow Strongly

The Group's social media agency, Sashimi, continued its strong growth trajectory during the quarter. The business unit achieved revenue of S\$0.69 million in Q3 FY2021, +82% from Q3 FY2020. The growth reflects continued development of the Sashimi business, headlined by upscaling of its data analytics, story-telling and marketing-tech capabilities.

Netccentric Executive Chairman, Ganesh Kumar Bangah, said:

"We are pleased to have delivered rapid growth in revenue and underlying earnings, particularly in our core influencer and content marketing business, through the September quarter. Our execution of the Group's growth strategy has allowed us to deliver on our promises and demonstrate scale benefits dropping to our bottom line.

"We have set ambitious objectives for sustainable business expansion across Southeast Asia in the high-growth influencer marketing and social commerce markets. The rapid growth in revenue and deal pipeline that we are achieving, not just through Nuffnang but across our Group, indicates the strength of our diversified model and our strategic initiatives.

"Looking ahead, we plan to continue enhancing the functionality and footprint of our platform to promote growth in engagement, transaction value, revenue and profitability."

This announcement was approved for release by the Netccentric Board of Directors.

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About Netccentric Ltd

Netccentric Ltd (ASX: NCL) is a pioneering and established provider of social media influencer marketing solutions. The Company provides its diverse client base of leading brands with results-focused growth strategies backed by end-to-end expertise spanning Influencer Marketing, Social Media Marketing, Performance Marketing, Video and Content Creation and Social Commerce.

Listed on the Australian Securities Exchange and based in Malaysia with offices in Malaysia and Taiwan, Netccentric is rapidly commercialising an innovative social commerce platform which turns the engagement between social media influencers and followers into revenue and sales.

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