



Netccentric Limited (200612086W)
Listed on the ASX

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ASX RELEASE

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NETCCENTRIC H1 FY2022 FINANCIAL RESULTS

HIGHLIGHTS:

- Netccentric delivered double-digit revenue growth in the half year ended 30 June 2022 (H1 FY2022), with revenue +11% year-on-year (YoY) to S\$5.79 million (A\$6.02 million¹), led by progress across the Group's business units
- Netccentric made significant progress towards profitability. H1 FY2022 Group loss before tax of S\$0.16 million (A\$0.17 million) represents improvement of approximately S\$1.3 million (A\$1.4 million) vs H1 FY2021
- Netccentric's 100%-owned social influencer and content marketing subsidiary, Nuffnang Malaysia, outpaced the industry shift of digital ad budgets, delivering 5% revenue growth in H1 FY2022. The Group's development of its Web 3.0 creator platform, NFT Tech, is set to drive long term growth by empowering creators to influence wider audiences
- The Group's expansion into social commerce and livestream shopping continues to accelerate, with Nuffnang Live Commerce delivering H1 FY2022 gross merchandise volume (GMV) of S\$4.05 million (A\$4.21 million), a YoY increase of 394%
- Netccentric retains a strong position to drive continued growth both organically and via M&A with a healthy debt-free balance sheet, S\$4.9 million (A\$5.1 million) in cash and a track record of delivering end-to-end growth solutions

Social commerce platform provider Netccentric Ltd (ASX: NCL, "Netccentric" or the "Group") is pleased to provide the Group's financial results and update for the half-year ended 30 June 2022 (H1 FY2022).

H1 FY2022 Performance

The Group achieved revenue of S\$5.79 million, representing growth of 11% YoY.

The revenue growth was spread across the Group's business units with Netccentric making significant progress towards profitability. This was headlined by the Group's loss before tax of S\$0.16 million in H1 FY2022, representing improvement of approximately S\$1.3 million compared to H1 FY2021.

In H1 FY2022, the Group delivered a loss before interest, tax, depreciation and amortisation, excluding extraordinary expenses², of S\$84k compared to earnings before interest, tax, depreciation and

¹ Assumes exchange rate of 1 SGD = 1.04 AUD

² Extraordinary expenses relate to options expenses, options fair value gains/losses, forex gains/losses and roadshow expenses.



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amortisation (**EBITDA**), excluding extraordinary expenses, of S\$189k achieved in H1 FY2021. The main driver of the decreased profitability was due to reduced margins to secure new clients and increase market share as well as increased employee costs to cater for new client expansion.

In H1 FY2022, the Group consumed net operational cash of S\$0.49 million, partly associated with working capital in scaling up Nuffnang Live Commerce as well as with certain campaigns involving payment of influencers prior to collection from clients. Netccentric entered H2 FY2022 with S\$4.9 million in cash and no debt, providing strength and flexibility to fund the Group's growth objectives.

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

Nuffnang Outpaces Industry Volatility

Nuffnang, Netccentric's 100%-owned social influencer and content marketing platform, contributed 59% of Group revenue in H1 FY2022, with Nuffnang Malaysia (**NNMY**) the largest contributor.

After a stronger start to the financial year, NNMY's growth moderated in Q2 FY2022, reflecting a shift of digital advertising expenditure among brands operating across the Group's geographies. The Group noted that significant portions of its clients' advertising budgets were channeled to outdoor formats as economies reopened from COVID-enforced lockdowns and workers returned to offices. In the face of this challenging operating environment, the Group was encouraged to note that NNMY's ten largest clients (such as Unilever, Dutch Lady and Mamee) increased their total spend with Netccentric compared to H1 FY2021.

The recent trend of digital advertising budget tightening has been particularly pronounced for fast-moving consumer good (**FMCG**) companies, which constitute a significant proportion of Nuffnang's clients. In anticipation of continued near-term volatility in FMCG ad budgets, the Group has expanded its focus to winning new business from non-FMCG brands such as Guardian, McDonald's and Hasbro, while continuing to proactively serve its FMCG clients.

As a strategy to drive longer-term growth, the Group will maintain focus on the development of its Web 3.0 creator platform, first announced to the ASX on 26 July 2022. This platform, NFT Technologies Sdn Bhd (**NFT Tech**), will empower creators to be better influencers who can cater to a wider audience. NFT Tech is expected to place Netccentric at the forefront of the Web 3.0 revolution, empowering brand owners to issue non-fungible tokens (**NFTs**) in collaboration with influencers in a cost-efficient and user-friendly manner.

Nuffnang Live Commerce Continues Rapid Growth

The Nuffnang Live Commerce (**NLC**) platform provides a seamless end-to-end livestream shopping experience by navigating viewers from awareness to the purchase stage instantaneously, as viewers can use their devices to immediately purchase promoted products.

NLC's activity levels grew strongly in H1 FY2022 as new and existing clients continued to adopt the platform and build their understanding of its capabilities.

NLC achieved gross merchandise volume (**GMV**) of S\$4.05 million, an increase of 394% compared to S\$0.82 million delivered in H1 FY2021. Total transacted orders increased by 177% in H1 FY2022 from H1 FY2021, to 34,776 orders.



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This rapid growth was stoked by increased uptake of NLC's managed services, for example live campaigns for global jeans brand Levi's celebrating the festivals of Ramadan and Raya. These campaigns involved A-list local celebrities and successfully launched Levi's live commerce offering with strong engagement, views and GMV.

The Group has worked to improve conversion rates for NLC and its investee company, eShoplive, which it has delivered through platform feature enhancements. NLC has helped to develop a Member Management System for eShoplive, which has enabled the collection of reward points and redemption to increase customer loyalty and drive sales growth for eShoplive. NLC also continued to support eShoplive in launching its new Malay-language live channel, ePheelive.

Sashimi Continues to Contribute Strongly

The Group's social media agency, Sashimi, continued to expand its operations related to brand storytelling, data analysis, marketing technology and commercial production services. Sashimi delivered year-on-year revenue growth of 16% in H1 FY2022 to S\$1.40 million, primarily driven by the data-driven approach Sashimi brings to its development of brand narratives - ensuring that all brand storytelling is built on unequivocal consumer insights. Unsolicited media endorsements for its work in Q1 FY2022 contributed to growth in inbound enquiries which led to new revenue for Sashimi.

Plata & Punta Grows and Develops Agency Partnerships

The Group's performance marketing agency, Plata & Punta (**P&P**), continued to deliver growth as the business faces the crosscurrents of a post-COVID lockdown reopening of the economy and volatility in ad spend. P&P revenue increased by 10% year-on-year to S\$0.95 million, overcoming one of its key eCommerce clients being affected by supply chain issues which caused delays in stocking and in turn impacting growth.

Netccentric Executive Chairman, Ganesh Kumar Bangah, said:

"We are pleased to have delivered double-digit growth in revenue and made solid progress towards profitability in the face of volatile H1 FY2022 market conditions. We have set ambitious objectives to expand in our chosen markets, which show great potential for long-term growth, particularly for our core influencer and content marketing business. Our execution of the Group's strategy is allowing us to deliver on our promise as we begin to gain scale and help us to attract and retain agency and multi-channel network partners of the highest quality."

"With the strength of our diversified model apparent through our consistent growth, we are pleased to activate strategic initiatives to stoke further growth. Foremost among these is NFT Tech, our recently announced Web 3.0 creator platform. Through this platform, we are building the infrastructure for digital content ownership on the Internet, along with apps that make it easy for the consumer to get involved. Over the long term, Netccentric's aspiration in this field is to become indispensable to digital creators."

"The consistent growth in revenue and campaigns that we are achieving, not just through Nuffnang Malaysia but across our Group, is expected to continue, as favourable experiences for influencers and brands create a positive network effect. We look forward to continuing to enhance the utility of our platform in H2 FY2022 as we promote growth in engagement, total transaction value and revenue."

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 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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