

A Record Performing Year in 2022 for eCargo

2022 Full Year Financial Results

SYDNEY, 28 February 2023: eCargo Holdings Limited (ASX: ECG) (ECG, eCargo or the Group) is pleased to announce today its financial results for the 12 months ended 31 December 2022 (FY22).

FY22 Results Highlights¹:

- Record growth achieved across all key business metrics, driven by new exclusive brand partnerships and growth of eCargo's proprietary technology platforms;
- Revenue from continuing operations² of HK\$125.4 million, up 43.2%, attributable to the significant uplift in demand for high quality imported products in China and sales through the Group's proprietary B2B technology platform;
- Statutory NPAT of HK\$28.1 million (FY21: HK\$0.9 million); excluding the sale of Amblique, NPAT² was up 422% to HK\$4.7 million, representing significant growth in scale and profitability;
- The sale of Amblique recapitalised the Group, bringing focus to growing brands in Asia and investments in proprietary technology platforms;
- Strong balance sheet in place to self-fund operations and further grow profitability;
- Well placed to continue to connect in-demand brands to Chinese consumers in 2023, developing a 360 digital ecosystem and delivering improved profitability.

Commenting on the FY22 results, eCargo Chief Executive Officer Lawrence Lun said: "We are incredibly proud of the results we achieved this year, which were done with the backdrop of severe lockdowns in China for much of the year. The results demonstrate not only the resilience of our business model, but also shows the decisions we are making with respect to brand partnerships and investment into our proprietary technology platforms are yielding strong results.

"Over the year, we signed on strategically-selected brands with exclusive distribution rights. As demand for high quality imported products in Health & Wellness, Personal Care, and Maternal & Baby categories continue to grow in China, we are helping our brands to grow sales in the China's vast market, which in turn is growing eCargo's revenue.

¹ All percentage changes are based on HK\$ change from prior corresponding period (pcp).

² Excludes Amblique business which was sold during the period.

"Additionally, our proprietary technology platforms continue to grow. Platforms like PinJiuFang Wines (PJF Wines) and JuJiaXuan (JJX) are helping our brand partners penetrate the eCommerce and retail market in China through establishing a stronger digital presence and expanding their distribution network. Off the back of this success, we will continue to build our technology platforms in 2023 to better provide our brands with a one-stop commerce solution for the Asian market, empowered by technology and data."

Financial Overview: strong revenue performance & record profit result

Group revenue increased 43.2% to HK\$125.4 million (FY21: HK\$87.6 million), driven by a growing portfolio of strategically-selected brands that are in demand by Chinese consumers, and sourcing services for brands in new categories. Gross Profit was up 13.5% to HK\$40.4 million (FY21: HK\$35.6 million), indicating the profitable nature of eCargo's business model.

Brand distribution revenue has shown signs of recovery, growing to HK\$99.8 million (FY21: HK\$70.6 million), with the online segment of the business as the main contributor due to the lockdowns in China affecting offline distribution channels. The Group shifted the acquisition strategy of new brand partnerships towards brands already selling in China that need a better partner to accelerate their growth, rather than taking on new brands that have not entered China before.

The digital commerce segment, which is inclusive of the proprietary platform revenue, continues to experience strong momentum, growing by 50.6% to HK\$25.6 million (FY21: HK\$17.0 million), driven by the strong success of the B2B trading platform, JJX.

(HK\$ million)	FY22		FY21 (Restated)	
	Revenue	EBITDA	Revenue	EBITDA
Online Brand Distribution*	83.4	4.3	44.5	7.6
Offline Brand Distribution*	16.4	(4.1)	26.1	(5.1)
Sub-total	99.8	0.2	70.6	2.5
Digital Commerce Services	25.6	16.2	17.0	4.7
Corporate Overhead	-	(8.4)	-	(8.2)
	125.4	8.0	87.6	(1.0)

The FY22 statutory EBITDA grew to HK\$31.3 million while EBITDA from continuing operations was HK\$8.0 million, demonstrating the scale that is being built in the business. This is the first time since the establishment of the business, excluding the Australia domestic digital segment, that it has generated a net profit, demonstrating that the shift

* Previously referred to as Trading & Distribution.

in strategy a year and a half ago is performing strongly.

Capitalising on growing Chinese consumer demand

In FY22, China experienced major disruptions from lockdowns. While this affected offline distribution channels, the Group continued to see demand in the online segment for the brands in its portfolio. The pandemic has resulted in lower domestic consumption by Chinese consumers, as seen in lower sales performance during sales events like Single's Day, however, demand from customers towards Health & Wellness, Personal Care, and Maternal and Baby categories remained resilient.

eCargo formed partnerships with brands in high demand that are already selling in China, and accelerated the growth of those brands through a comprehensive omni-channel strategy, efficient end-to-end supply chain solutions, extensive distribution network and marketing services.

Technology-enabled growth

The Group's proprietary B2B platform, JJX, continued to grow significantly at a monthly compounded growth rate of +30% in Gross Merchandise Value. JJX leverages eCargo's key strengths in supply chain management, sourcing and distribution management. Over the year, the Company signed on customers in new categories that included semiconductor and electronic components, and fashion and apparel, where eCargo supported the sourcing, supplier management and logistics on JJX. These customers were a significant contribution to revenue and profit growth. The Group will continue to invest into the platform, which will include a rebranding of the platform to be called "Flow".

With the sale of Amblique, part of the proceeds will be used to further invest into platforms that will enable direct selling from brands to distributors and consumers. The group plans to launch a new social commerce platform targeting Asia in 2023, fulfilling a suite of technology platforms that covers order and warehouse management, B2B and B2C trading and marketing.

Positive outlook for FY23

Commenting on eCargo's outlook, Mr. Lun said: "We enter 2023 in a very strong position. Our ability to 'help brands sell more in Asia' is resonating with key brands, such as Ella's Kitchen, A'Kin (McPherson's), Fentimans, ByTerry and more. We are very well placed to continue to build on the momentum in the business.

"With lockdown restrictions now eased in China, we are positive that the demand from Chinese consumers for high quality imported products will continue to grow. Brands are wanting to tap into this lucrative market, but can't do so effectively without the support of a full-service commerce partner like eCargo.

"The investments we have made in our technology to help brands across supply chain,

eCommerce and distribution, means we can continue to seek high-potential targets that present strong international growth prospects.

"We will continue to invest in developing our current technology suite while simultaneously creating new platform technologies, enhancing our digital ecosystem and driving us towards our mission of creating a one-stop commerce solution for brands."

This announcement is approved by the Board of Directors of eCargo.

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Notes

EBITDA is defined as earnings before non-cash items such as interest, tax, depreciation, amortisation, share of results of a joint venture, and impact of foreign exchange (including profit from discontinued operation).

About eCargo Holdings Limited

eCargo Holdings Limited ("eCargo") helps brands sell more in Asia as a full-service commerce partner providing end-to-end supply chain solutions, distribution, and marketing services. eCargo drives omnichannel growth for brands through its fully-integrated services, supply chain management technology and data-driven approach. It has served over 80 brands in the Health & Wellness, Personal Care, Food & Beverage, and Fashion categories.

eCargo is listed on the Australian Securities Exchange and is headquartered in Hong Kong, with offices in Shanghai, Shenzhen, and Sydney.

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