

ASX Release 29th April 2021

March 2021 Quarterly Report



Highlights

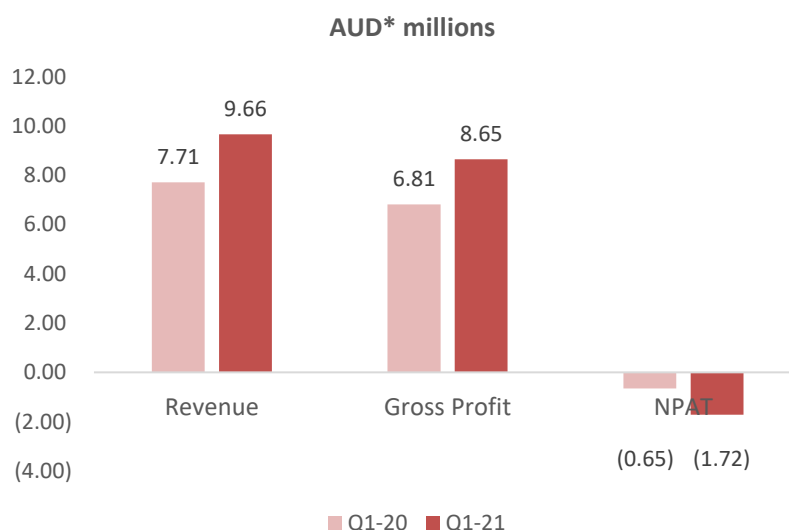
- Robust revenue for Q1 2021 up 25% on comparable period
- Gross profit also showing encouraging signs up 27%
- Strategic positioning review completed
- China's Leading (B2B) Loyalty Technology Services Provider in financial services
- Proposed change of name to 99 Loyalty Limited (ASX:99L)

99 Technology Limited (ASX:NNT) (**99 Technology** or the **Company**) is pleased to provide an update on activities for the period ending 31 March 2021.

Financial performance comparison with Q1 2020¹

The company reported revenue for Q1 2021 of AUD 9.66 million (RMB 48.39 million). This represents an increase of 25% compared with Q1 2020. Gross profit for Q1 2021 was AUD 8.65 million (RMB 43.32 million), an increase of 27% compared with Q1 2020.

- | | AUD* | Change |
|-----------------|---|--|
| • Revenue: | 9.66m  | of 25.33% (Q1 2020 Revenue: 7.71m) |
| • Gross Profit: | 8.65m  | of 26.86% (Q1 2020 Gross Profit: 6.81m) |



*Using average exchange rate during 2021 Q1, AUD/RMB= 5.0105 to eliminate the exchange rate impact.

¹ Figures based on management accounts that have not been audited or reviewed.

(Source: <http://www.safe.gov.cn/>)

Commentary

- **Tighter financial supervision regulations**

Despite weakened market sentiment, stricter and tighter financial supervision regulations being declared and applied in the Chinese financial industry, the Company achieved an increase of 25.33% in revenue and an increase of 26.86% in gross profit compared to Q1 2020. The Company will remain vigilant as to regulatory changes and will actively respond to the resultant market changes.

- **COVID-19 and Lunar Calendar Spring Festival**

The majority of the Company's business partners are financial institutions. The Spring Festival is the traditional low season for their marketing campaigns. Also the unstable situation of the COVID-19 pandemic also negatively affected the overall market.

- **Increasing marketing spending to broaden the sales channels**

The Company is developing insurance related services, which are required to broaden and improve sales channels. The slight dip in net profit for the current quarter was predominately due to the increase in selling and distribution expenses, in line with the business development initiatives this quarter.

Facing the fluctuations of COVID-19 and the resulting global uncertainty, the Chinese government placed high emphasis on domestic financial stability. In the first quarter of 2021, there were approximately 120 financial supervision regulations declared in China, among these more than 30 regulations were issued by the Central Bank and more than 40 were issued by the China Banking and Insurance Regulatory Commission. Overall the policies tended to enforce stricter and tighter regulations, which affected Company's business partners' enthusiasm in marketing activities. As a result, financial markets are in a state of adjustment and adaptation to these new regulations.

The Company is actively promoting business transformation and upgrading its services to adapt to the mounting regulatory policies in China's financial sectors. In the meantime, the Company is increasing marketing dynamics and widening sales channels to expand its insurance related business.

Post the end of the quarter the Company announced it has completed a review of the current positioning of the business in the market. The key components of the review included:

- Segment in which it operates;
- Principal category and;
- Key product and or service function.

The purpose of the review was to ensure customers of the business and CDI holders have a clear understanding of the business.

The company was pleased to confirm the following:

- Segment: Loyalty Management
- Principal category: Loyalty Technology Services Provider
- Key Functions of the Company's products and services:
 - I. To assist Business Partners (B2B) to acquire and retain their customers.
 - II. The increase revenue of our Business Partners.
 - III. To assist Business Partners to attract and retain employees.

“China's Leading (B2B) Loyalty Technology Services Provider in financial services”

The Company is also be preparing a change of name to 99 Loyalty Limited to ensure alignment with its strategic positioning. The proposed change of name will be subject to CDI holders' approval at an Extraordinary General Meeting (“the Meeting”) anticipated to be held on 24 May 2021 and conditional Upon the approval of the Registrar in Hong Kong. The dispatch of notice of the Meeting is scheduled for 30 April 2021.

The Company's ASX Ticker Code will be changed to ASX:99L upon approval by both the CDI holders and the Registrar in Hong Kong.

-ENDS-

Released with the authority of the Board.

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About 99 Technology Limited:

99 Technology, a customer engagement technology and solution provider, takes technology as the core of strategy, creates a unique system and provides comprehensive solutions for the full business process from customer acquisition, marketing, customer activeness and engagement, customer incentives, customer retention and loyalty management, customer lifecycle extension.

- **Mobile Solutions**, based on virtual products and big data analysis, offers comprehensive M-commerce marketing services, including 99 Mobile Marketplace, Business Costs Procurement Tools, Offline to Online Marketing Integrations and Customer Behaviour Data Analysis.
- **Cloud Delivered Solutions**, provides scene-based and customised cloud solutions and services for business partners, distribution channels and employees, including Rewards Redemptions, Online Insurances, Insurance Supply Chain Managements, Employee Benefits and Loyalty Marketing Programs.