

## **eCargo delivers improved 2021 interim results**

**August 26, 2021 (SYDNEY):** eCargo Holdings Limited (ASX: ECG) (ECG, eCargo or the Group) today announced its interim financial results for the six months ended 30 June 2021.

### **Results Overview<sup>1</sup>:**

- Strong improvement in Gross Margin to 46%, up 16% p.p following shift in product mix to higher margin products for FMCG and higher margins from online-enabling services
- Revenue of HK\$87.3m (A\$14.9m) decreased 5% from 1H20: HK\$91.0m (A\$15.6m)
- Stable outlook for EBITDA with a moderate loss of HK\$0.4m (A\$75k), up 54% compared to same period last year
- Net Loss After Tax of HK\$6.0m (A\$1.0m) improvement of 78% compared to HK\$26.9m (A\$5.0m) in 1H20

Commenting on the results, eCargo Chief Executive Officer Lawrence Lun stated: "Throughout this period, we continued to reposition the business and revise our product offering to facilitate our shift from trading and services provider to a technology and data-driven business, and address the growing demand from Chinese consumers for high quality international brands. Additionally, we have made significant improvements in our operational efficiencies and are starting to see this demonstrated in our underlying numbers. The prior period saw our first EBITDA profit and although this first half recorded an EBITDA loss, we remain well positioned to benefit from our repositioning and opportunities established for the second half.



"The Group's revised strategy has seen us launch a number of new initiatives including our online B2B Marketplace JuJiaXuan (JJX), and our B2C online wine sales platform PJF Wines – both which are built upon our proprietary eCoreOS<sup>®</sup> platform which is integrated with functions across the supply chain. Over the coming months we expect to see the realisation of revenue from these initiatives that will complement our existing business segments and further drive revenue growth."

### **Financial and Operational Overview**

The decreased Group revenue of HK\$87.3 million (1H20: HK\$91.0) was expected as the Company transitioned out of non-profitable businesses and reformed its product mix in the FMCG business from low-margin high-volume product categories to high-margin product categories to leverage the continued demand from Chinese consumers. It also reflected a loss in revenue from the Amblique business due to the end of the reseller agreement arrangement with Salesforce CommerceCloud in 2020.

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<sup>1</sup> All percentages changes are based on HK\$ change from the previous year

(HK\$ million)		1H21		1H20	
		Revenue	EBITDA	Revenue	EBITDA
	FMCG Online	31.7	3.2	28.3	1.3
	FMCG Offline	12.1	(2.9)	16.5	(2.3)
	FMCG Total	43.8	0.3	44.8	(1.0)
	eCommerce enabling (Fashion & Lifestyle)	5.3	1.5	6.1	0.5
	Amblique	36.8	3.4	38.9	3.1
	Corporate overhead	1.4	(5.6)	1.2	(3.5)
		87.3	(0.4)	91.0	(0.9)

The first six months EBITDA recorded a small loss of HK\$0.4 million and a net loss of HK\$6.0 million, an improvement of 54% and 78% respectively compared to the year before. The loss was due to expenses related to increased investments in technologies, clearance of low margin products and marketing spend to support new brands' sales in the second half of this year. The results demonstrate the strength of the revised Company structure and efficiency gains compared to the prior period which benefited from Government grants, subsidies and salary reductions to offset losses during COVID-19.

### Outlook

On eCargo's outlook, Mr. Lun stated: "We are only at the beginning of eCargo's transition to an Asian-centric technology-led business and we are excited about the new opportunities we have set course for in the coming months.

"With the recent introduction of JJX – underpinned by our in-house developed technology platform eCoreOS® – we expect to be able to drive scale benefits more rapidly and thereby deliver stronger revenue growth whilst maintaining costs. As we see the benefits of this structure and our services, we intend to continue to expand to replicate our model for China into other markets in South East Asia."

"We look forward to continuing to deliver strong results across all business segments and keeping our shareholders abreast of our progress."

### Investor Webinar

CEO, Lawrence Lun will host an investor conference call and webcast including a Q&A session following the release of the results.

**Date:** Wednesday, 1 September 2021

**Time:** 10:00am (AEST)

**Registration Link:**

<https://fnn.webex.com/fnn/onstage/g.php?MTID=e1542786046604990e1821fb540ec1460>

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

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**Notes**

The underlying financial statements supporting the figures in this announcement are prepared in Hong Kong Dollars (HK\$) and all figures in Australian Dollars (A\$) are for reference only. The exchange rate applied to translate HK\$ into A\$ is A\$1.00=HK\$ 5.8382, according to the rate published by the Reserve Bank of Australia as of June 30, 2021.

EBITDA is defined as earnings before non-cash items such as interest, tax, depreciation, amortization, share of results of a joint venture, impairment provision for interest in goodwill and intangible assets, and impact of foreign exchange.

**About eCargo Holdings Limited**

eCargo Holdings Limited is an ASX-listed company offering solutions that connect global brands with Chinese buyers and provide the tools businesses need to grow their China sales. Their core focuses are in utilising technology and data to grow brands in China through their nationwide distribution and trading (online and offline) network.

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