

## **Robust Insurance Brokerage Related Revenue in Challenging Market Conditions**

### **Highlights**

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- **Strong growth in insurance brokerage related revenue continued in Q1 2022**
- **30% growth in insurance brokerage related revenue in Q1 FY2022 compared to Q1 FY2021**
- **Growth consistent with noticeable trend seen over the previous 4 years**
- **Q2 2022 has seen significantly more challenging operating conditions for insurance brokerage services due to the impacts of Chinese policy measures introduced in Q1 2022 to fight the spread of recent variants of COVID-19 which is expected to dampen revenue growth for the period**
- **With COVID-19 lockdown measures due to commence being scaled back in June 2022 we expect a recovery in insurance brokerage operating conditions to take place shortly thereafter with a return to strong revenue growth most likely to resume Q3 2022**
- **Loyalty and Marketing Services businesses, which have remained suppressed since 2019 on account of previously flagged issues, should eventually augment the growth in insurance brokerage services as broader conditions normalise across China**

99 Loyalty Limited (ASX: 99L) (**99 Loyalty Technology** or the **Company**) is pleased to provide an update on the Company's most recent activities.

Revenue from the Company's insurance offerings has demonstrated strong growth since it was launched in 2018 due to increasing consumer awareness of need for risk protection, low penetration rates, the growth of online product creation and distribution, and the Company's continuing investment to grow its capabilities and partnership network in this sector.

As can be seen from the Figure 1, the strong growth in Insurance Brokerage Services continued in Q1 FY2022 with Insurance brokerage related revenue increasing by 30% from RMB 33.19 million in Q1 FY2021 to RMB 43.14 million in Q1 FY2022.

Performance in the Loyalty and Marketing Services business has remained suppressed since the end of 2019 on account of previously flagged issues: new financial regulations introduced in 2019, Covid-19 impacts, and general economic conditions. Due to the contrasting operating conditions insurance brokerage related revenue represented 94% of group revenue for the Company in Q1 FY2022, from 69% in Q1 FY2021, and 12% in Q1 FY2019.

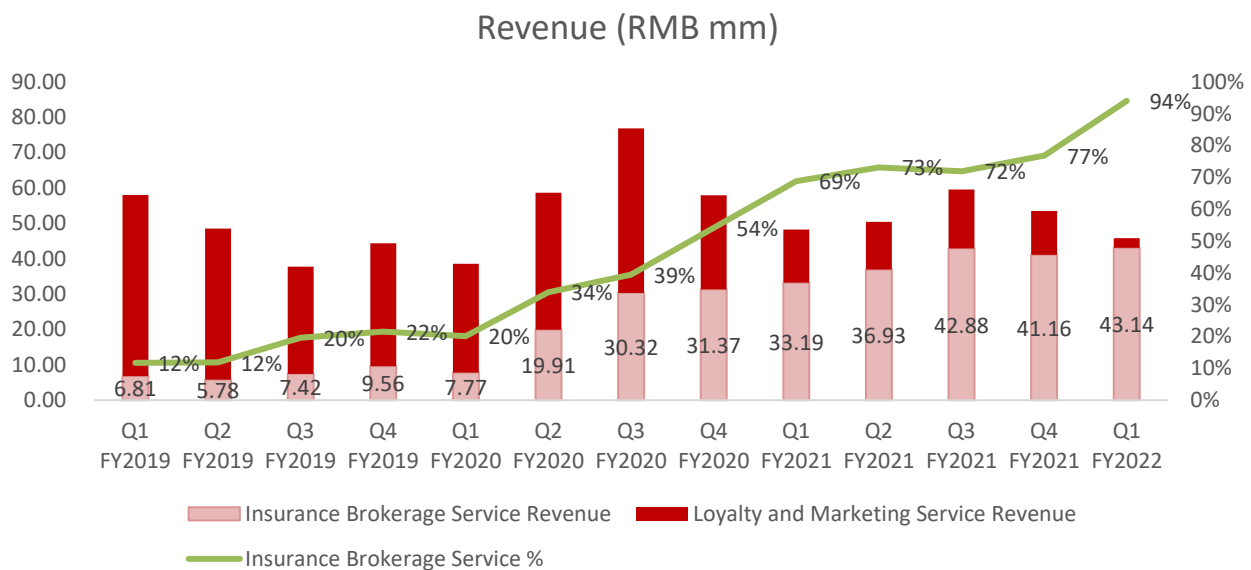


Figure 1: Revenue split between Insurance Brokerage and Loyalty and Marketing Services

Q2 2022 has seen a significantly more challenging set of operating conditions for insurance brokerage related services due to the impacts of stringent Chinese policy measures introduced in Q1 2022 to fight the spread of the most recent variants of COVID-19. Comprehensive home and community quarantines have been enforced across much of China including Shanghai and Beijing where a significant proportion of the Company's operations take place. The conditions have stifled operations for both on and offline business while household priorities have focused on securing the supply of basic needs reducing demand for other goods including insurance products.

Between April 1 and May 15 2022, the Company's insurance brokerage has:

- Developed 12 new insurance institutions and 4 new distributors;
- Signed 16 new contracts with insurance institutions and 4 new contracts with distributors;
- The Company generated RMB 20.22 million in insurance related revenue.

While these outcomes are positive given the challenging conditions, we expect the Q2 2022 Insurance Brokerage related services growth will not be consistent with prior high revenue growth performance.

With lockdown measures commencing to be scaled back and government measures being introduced to promote production and consumption in June 2022, the Company is positioned well to capture the opportunities to regrow business similar to the corresponding time when the first lockdown was lifted in 2020. We expect an improvement in the insurance brokerage related services operating conditions to commence once lockdown measures are reduced, with a return to strong growth in Q3 2022 most likely.

The Insurance Brokerage Services business is still in the early phases of significant long-term growth and the company remains confident that after accounting for a slower Q2 2022, the Insurance Brokerage Services business will recover to prior growth trends and continue to drive the majority of 99 Loyalty Technology revenue growth. Loyalty and Marketing Services businesses should augment this growth over the medium term as broader China operating conditions normalise.

-ENDS-

Released with authority of the board.

**For further information, please contact:**

**Ross Benson**

Chairman

rbenson@investorlink.com.au

+61 418 254 548

**Mark Flynn**

Investor Relations

mf@irxadvisors.com

+61 416 068 733

**Rowan Parchi**

Investor Relations

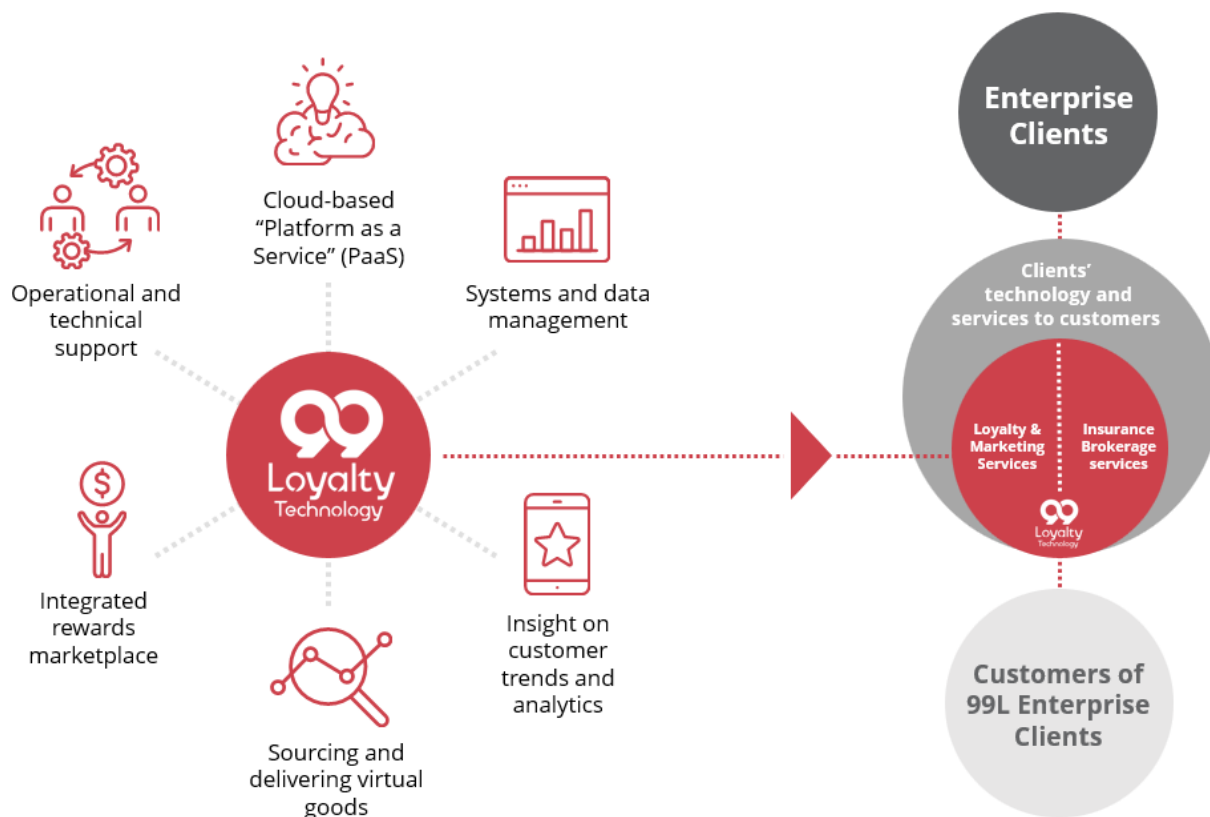
rowan.parchi@praxispath.com

+61 402 539 380

### About 99 Loyalty Technology

99 Loyalty Technology delivers a platform and insights that enables China's leading banks and insurance companies to enhance customer loyalty and win new business.

99 Loyalty Technology is a business to business (B2B) enterprise technology solution with greater than 200 enterprise clients. It delivers the "technology behind the scenes", integrating seamlessly into the client's own ecosystem. This allows users to interact in the client's ecosystem as per normal, with an enhanced experience. The enterprise client benefits from access to a full suite of technology services – which ranges from security to full analysis, virtual goods and payments.



99 Loyalty Technology's Redemption Management Technology helps clients acquire and retain customers through loyalty programs. 99 Loyalty Technology provides the technology platform to manage rewards points, manage points redemptions, and the sourcing and delivery of rewards within the client's own digital assets. This service is predominantly used by Chinese banks.

99 Loyalty Technology's Interactive Marketing Technology helps clients acquire and retain customers through interactive marketing campaigns. 99 Loyalty Technology provides the technology platform that includes drawing customers into the client's app, gamification of app activities, and the sourcing and delivery of rewards for that activity. This service is predominantly used by Chinese insurance companies.

99 Loyalty Technology's Insurance Brokerage Services allows the company to leverage its extensive relationships with insurance companies to source market leading insurance products, transform them into virtual goods for use on our proprietary online Insurance Broking platform, and distribute them via our network of agents. Our Insurance Brokerage Services benefit all parties from the platform's efficiency, convenience, transparency, cost and scale. The company generates revenue by receiving commission from insurance companies on all transactions that are completed via our platform.