



Netccentric Limited (200612086W)
Listed on the ASX

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ASX RELEASE

28 February 2023

NETCCENTRIC REMAINS POISED FOR FURTHER GROWTH AFTER SOFTER FY2022

HIGHLIGHTS:

- FY2022 revenue of S\$11.06 million (A\$12.06 million¹) and underlying EBITDA² deficit of S\$103k (A\$112k¹)
- Gross profit of S\$4.63 million (A\$5.05 million¹), with a consistent gross margin of 42%
- Solid progress with new technology businesses:
 - Blockchain-enabled influencer platform to be launched in H1 FY2023
 - Exploring integrations into Open AI's ChatGPT for improving workflow and providing creative suggestions for social posts to influencers via the Nuffnang influencer platform
 - Development of a Web 3.0 wallet will allow consumers to earn rewards and experiences via the issue of NFTs; expected launch in Q2 FY2023
- Nuffnang Live Commerce's (NLC) showed strong growth of 108% in gross merchandise volume to S\$8.67 million (A\$9.45 million¹) with revenue more than tripling to S\$239k (A\$261k¹)
- The Group's social media agency, Sashimi, continued its strong growth trajectory with revenues +15% YoY to S\$2.85 million (A\$3.11 million¹)
- Healthy cash liquidity with cash balance of S\$4.31 million (A\$4.70 million¹) as at 31 December 2022

¹ Assumes exchange rate of 1 SGD = 1.09 AUD.

² Underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) adjusted for extraordinary items relating to options expenses, M&A activities, forex losses and losses from new businesses (Creator SuperApp, NFT Technologies and Nuffnang Live Commerce).



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Social Commerce platform provider Netccentric Limited (ASX:NCL, “Netccentric” or the “Company” and together with its subsidiaries, the “Group”), is pleased to provide an update on financial and operational progress across its business units for the financial year ended 31 December (FY) 2022.

Netccentric Executive Chairman, Ganesh Kumar Bangah, said: *"Whilst the removal of COVID-19 restrictions saw a short-term shift in digital advertising spends to non-digital formats which impacted Group revenue in FY2022, we continue to see a strong thematic of increased influencer advertising and online shopping.*

We continued the development of our blockchain-enabled influencer platform which we intend to launch in H1 FY2023. We are also exploring integrations into Open AI's ChatGPT to improve workflow and provide creative suggestions for social posts to influencers via the Nuffnang influencer platform. Our subsidiary, NFT Technologies, is also developing a Web 3.0 wallet that will allow consumers to earn rewards and experiences via the issue of Non-Fungible Tokens.

We look forward to launching these new products in H1 FY2023."

FY2022 Financial and Operational Performance

Group revenue was S\$11.06 million, representing a year-on-year (YoY) decline of 4% (FY2021: S\$11.52 million) due to the removal of COVID-19 restrictions which saw a short-term shift in digital advertising spends back to non-digital formats. Despite this, the Group continues to see a strong thematic of increased influencer advertising and online shopping. Overall, group revenue has grown 69% since July 2020 representing a compounded annual growth rate of 18.4% per annum.

An underlying EBITDA deficit of S\$103k was incurred due to an increase in salary expenses as NCL gears up for the launch of its blockchain influencer platform and Web 3.0 wallet.

The Group delivered a gross profit of S\$4.63 million in FY2022, down 3% YoY consistent with the slight decline in revenue, however gross margin remained robust at 42%.

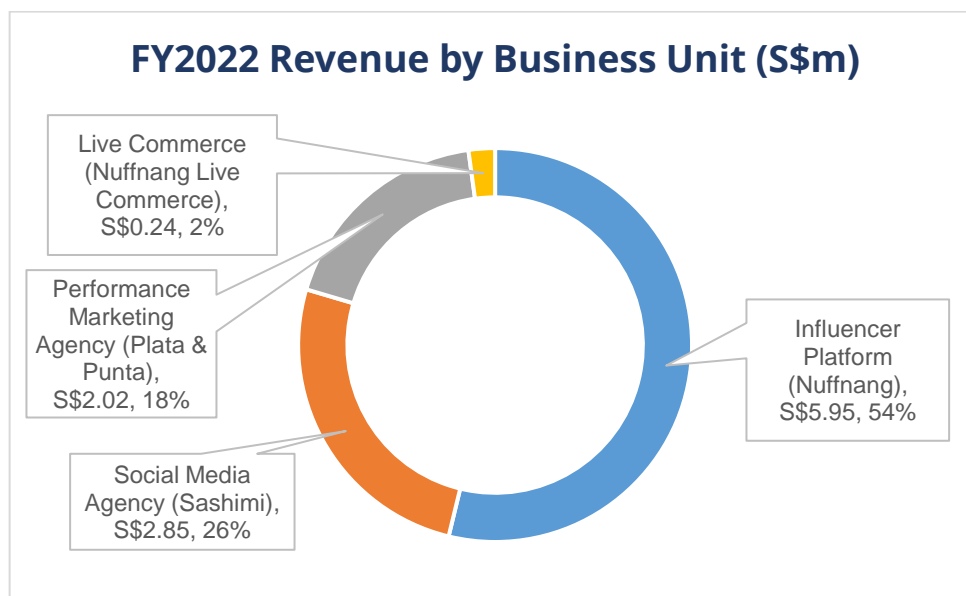
Netccentric has a healthy liquidity position, with cash and cash equivalents of S\$4.31 million as at 31 December 2022.

During the year, the Group made solid progress with its new technology businesses.

As part of this strategy, NCL advanced its blockchain-enabled influencer platform. Through the platform, the Group is also actively exploring integrations into Open AI's ChatGPT to automate its communication workflow with influencers in order to drive higher efficiency as well as to assist influencers to generate creative suggestions for their social media posts. The Group intends to launch its blockchain-enabled influencer platform in H1 FY2023.

Meanwhile, the Group's subsidiary, NFT Technologies, has been actively developing a Web 3.0 wallet that will allow brands and creators to issue Non-Fungible Tokens (NFTs) in the form of digital membership cards that will provide real-world utility and applications, enabling consumers to earn rewards and enjoy unique experiences with their favourite brands and influencers.

The Group is currently engaging with existing consumer brands within its ecosystem to utilise the new wallet and the Group intends to launch it in Q2 FY2023.



Revenue for Nuffnang, the Group's influencer marketing platform declined by 8% from FY2021, mainly due to Nuffnang Malaysia (NNMY) with the end of COVID-19 lockdowns and restrictions leading to a short-term shift away from digital advertising to non-digital formats. This was offset by some new client wins as a result of NNMY expanding its focus to pitch and grow businesses from the non-consumer packaged goods sector.

The Group's influencer merchandising business, The Merchist grew revenues by 15% while social media engagements were 7x more than the industry benchmark over FY2022.

Netccentric's end-to-end live video commerce solution, Nuffnang Live Commerce's (NLC) revenue and activity levels continue to grow, with FY2022 revenue of S\$239k more than tripled on the previous corresponding period (pcp) (FY2021: S\$72k).

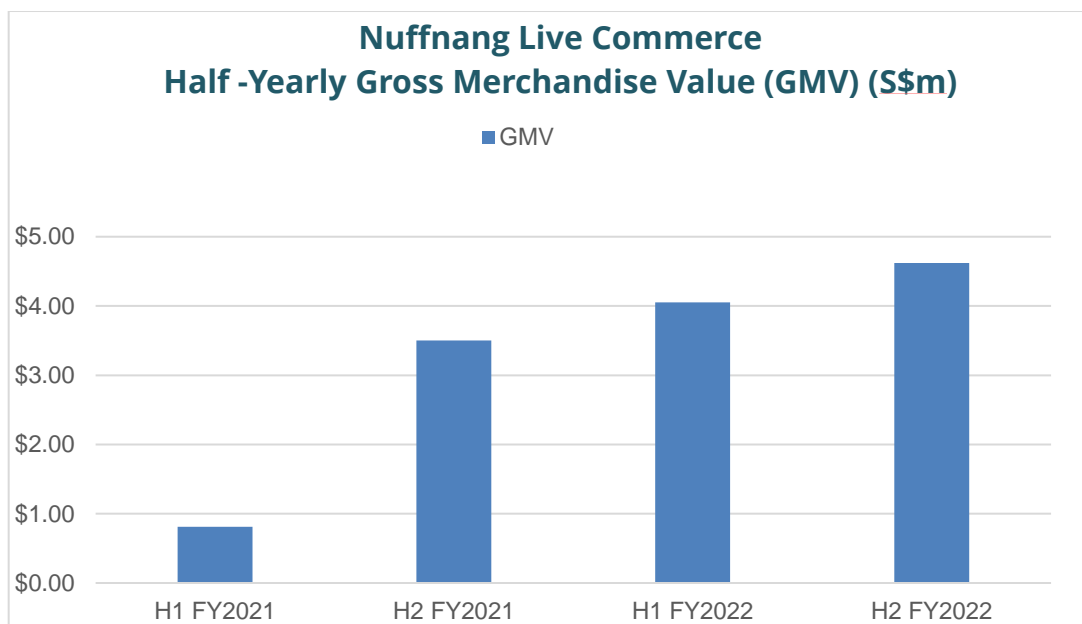
The revenue growth is reflective of the strong volume growth of 108% in gross merchandise volume (GMV) from S\$4.17 million in FY2021 to SGD8.67 million in FY2022 and the number of transacted orders which increased by 5% to 64k (FY2021: 61k). The average basket size per order also increased by 99% on the pcp, from S\$68 to S\$135, primarily due to online shopping platform eShoplive's launch of its loyalty membership program on NLC that has enabled eShoplive to optimise the customer journey.



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In addition to being appointed as one of TikTok's registered TikTok Shop Partner (TSP), the NLC platform has also been integrated into TikTok to enable merchants such as eShoplive to conduct live stream selling on multiple platforms seamlessly. NLC is actively engaging the Group's current brands to provide content creation and affiliate marketing to TikTok creators and provide end-to-end solutions for TikTok Shop management.

The Group's social media agency, Sashimi, continued its strong growth trajectory with revenues up 15% YoY to S\$2.9 million due to an expansion of its creative services. This reflects a healthy growth in demand for its services in brand storytelling through Tik Tok videos, augmented reality and propagation through social media.

The Group's performance marketing agency Plata & Punta (P&P) delivered \$2.02 million in revenue. P&P saw a 6% rise in profits and an increase in gross margins from 16% to 21% as a result of P&P's focus on growing its fee-based services, such as search engine optimisation and consultancy-based campaigns that drive higher profitability.

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.