

ASX RELEASE

27 June 2023

Q1 FY2023 QUARTERLY BUSINESS UPDATE

HIGHLIGHTS:

- **Current core businesses EBITDA¹ profitable in Q1 FY2023**
- **Overall Group gross margins grew from 44% to 47%**
- **Nuffnang shifts focus to non-CPG clients: growth expected in this sector due to the increasing usage of social media and influencer marketing**
- **Strong growth in Xamble Live Commerce due to the signing of new brands and cross selling resulting in new client wins**
- **Xamble Creators and Xamble Social Wallet launched; these new technologies expected to start generating new software-as-a-service subscriptions and payment/financing revenues in H1 FY2024**

Xamble Group Limited (ASX:XGL) ("Xamble" or the "Company" together with its subsidiaries, the "Group") provides the following financial and operational update for Q1 FY2023.

Q1 FY2023 Performance

Description	Revenue	Gross Profit	EBITDA ¹
	S\$	S\$	S\$
Current core businesses (Nuffnang, Sashimi, Plata & Punta)	2,195,969	1,030,331	146,934
New Xamble businesses (Xamble Live Commerce, Xamble Social Wallet, Xamble Creators)	57,463	42,857	(159,777)
Head office and ASX listing costs	-	-	(290,697)
TOTAL GROUP	2,253,432	1,073,188	(303,540)

¹ Underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) adjusted for extraordinary items relating to options expenses and forex movements.



Xamble's current core businesses, Nuffnang, Sashimi and Plata & Punta, continued to be profitable in Q1 FY2023.

However, revenue was down 23% on the previous corresponding period as the Group cycled off a high base in Q1 FY2022 due to online spending at the end of the COVID-19 pandemic. Performance in Q1 FY2023 was also affected by a slowdown in overall consumer packaged goods (CPG) advertising spending.

In addition, Plata & Punta grew its share of clients paying for media directly while still using its performance marketing services. This also caused a reduction in Group revenue but benefited Group gross margins which increased from 44% in Q1 FY2022 to 47% in Q1 FY2023.

Revenue for Xamble's new businesses – Xamble Creators, Xamble Social Wallet and Xamble Live Commerce – was up 128%. This revenue was primarily contributed by Xamble Live Commerce, as Xamble Creators and Xamble Technologies had only recently started operations. The losses for Xamble's new businesses were also due to the startup and development costs for these two new businesses.

Sashimi continues to expand operations and win new clients

Sashimi, the Group's social media agency continued to expand its operations via brand storytelling, data analysis and marketing technology during Q1 FY2023. The agency also had a number of client wins in the automotive and healthcare sectors during the period.

Sashimi has continued its adoption of AI-powered marketing technology to improve efficiency in pre-production for brand story telling. It also completed development of a new production studio and associated investment in production equipment to further capitalise on the growing demand for content and commercial production. The facilities for photo, film/commercial, and music video are equipped with portable partition walls, a kitchen area, a living area, a dining area and a green screen area.



Diagram 1: Sashimi's new studio facilities that can be rented by TikTok Creators.

Nuffnang shifts focus to non-CPG clients for growth

Revenue for Nuffnang was lower due to a decline in advertising spend, especially in Nuffnang's core CPG market with a short-term shift away from digital advertising formats to non-digital advertising formats such as on-ground activation.

During the quarter, Xamble secured a new significant agency partnership which brought in four new brands for Nuffnang which are expected to generate increased revenue in Q2 FY2023.

The business has commenced a strategic shift towards non-CPG clients which has resulted in new client wins including consumer technology company Xiaomi, postal delivery group POS Malaysia Berhad, skincare company BQCel, and finance group, FXPrimus. These non-CPG clients grew from 50% to 66% of Nuffnang's overall client base during the quarter as compared to Q1 FY2022. Non-CPG clients such as McDonald's and KFC also increased spending during the period and Xamble expects continued strong growth from these clients for influencer marketing services due to the ongoing shift from offline to online marketing in these segments.

Plata & Punta (P&P) gross margins increase, expands into the education sector

P&P's revenue declined compared to the same period last year due to an increased number of clients paying for media directly while still using its performance marketing services. This shift resulted in an increase in P&P's gross margins increasing from 20% in Q1 FY2022 to 35% in Q1 FY2023.

P&P added another university to its education client portfolio during the quarter.

Strong growth for Xamble Live Commerce (XLC) due to new brands

XLC revenue grew strongly in Q1 FY2023 due to the signing of new brands for TikTok Shop Live campaigns, where XLC managed the content creation and operations.

Cross selling resulted in a number of new client wins during the quarter: Dutch Lady on TikTok Shop Live (cross-sell from Nuffnang) and baby products group, Applecrumby® (cross-sell from P&P).

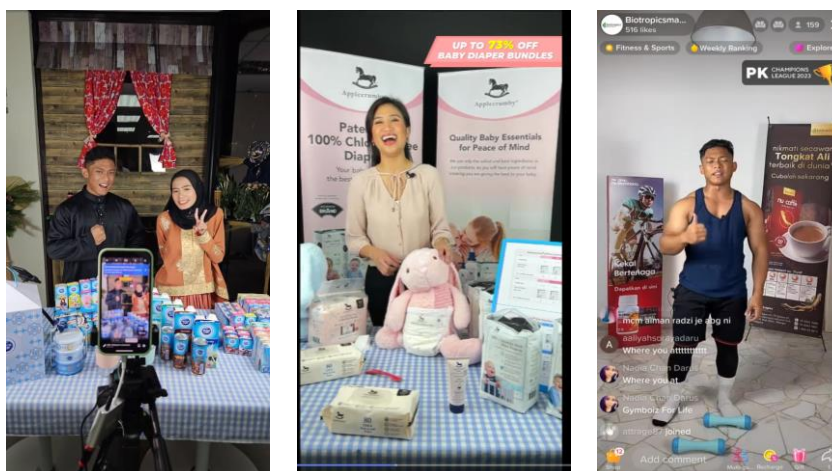


Diagram 2: Live selling programmes executed by XLC.

XLC will continue to drive growth by providing content creation and affiliate marketing to TikTok creators and signing up new brands for its end-to-end solutions for TikTok Shop management.

Launch of Xamble Creators and development and launch of Xamble Social Wallet

In Q1 FY2023, the Group launched its new mobile influencer platform, Xamble Creators and continued its development of its Xamble Social Wallet which subsequently went live in May 2023.

Xamble Creators enhances the Group's ability to connect brands and micro and nano-influencers and enables the Group's influencer marketing business to expand from the core CPG segment and scale to more industries and countries.

The app, which went live in March 2023, has 557 registered influencers on the platform as of 18 June 2023. To-date, the app has processed RM774k (approximately A\$243k) of payments to influencers.

Xamble Social Wallet enables influencers and brands to issue memberships to followers and consumers via the blockchain, overcoming the issue of customer data ownership while enabling tracking and attribution of influencer marketing campaigns.

The rollout of these two new technologies will create new revenue streams for Xamble with monetisation through new software-as-a-service subscriptions and payment/financing revenues.

Xamble Executive Chairman, Ganesh Kumar Bangah, said: *"Our Group continued to make solid progress, with our core businesses remaining EBITDA profitable and our new technologies starting to contribute to growth. We have strategically positioned the Group's new business efforts to focus on industries other than the CPG segment, which is showing some cyclical softness. In the short term, growth is expected to come from the sign-up of new brands and the growth of TikTok Shop in the region. Xamble Creators will accelerate our expansion to more industries and countries while Xamble Social Wallet will enable the sign-up of new core clients by providing capability of tracking campaigns. These new technologies are expected to start generating new software-as-a-service subscriptions and payment/financing revenues in H1 FY2024. We look forward to updating investors on the progress of our rollout and brand and influencer engagement on the platforms over the coming months."*

This announcement was approved for release by the Xamble Board of Directors.

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About Xamble Group Limited

Xamble Group Limited is a pioneering and established platform of influencer-centric digital 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, Xamble aims to deliver wealth and value to its ecosystem of brands, influencers or 'creators', and consumers.

