



Netccentric Limited (200612086W)
Listed on the ASX

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ASX RELEASE

23 February 2021

NETCENTRIC DELIVERS FULL-YEAR GROWTH IN REVENUE AND PROFIT

Highlights

- **Netccentric has delivered strong revenue growth in the financial year (“FY”) ended 31 December 2020, with underlying revenue (ex-disposed entities) +15% from FY2019, substantially driven by the Group's influencer marketing business, Nuffnang**
- **Netccentric continues to invest in efficiency and cost controls, achieving the first operating cashflow positive year and delivering a maiden profit since its ASX listing in 2015**
- **Expansion into social commerce remains an important growth strategy for Netccentric, with Nuffnang Live Commerce expected to generate revenue in FY2021 with sustainable and scalable growth for the Group**
- **Netccentric retains a strong position to drive continued growth both organically and via M&A with a healthy debt-free balance sheet, S\$3.4m in cash and a proven strategy to deliver end-to-end growth solutions**

Social commerce platform provider Netccentric Ltd (ASX: NCL, “Netccentric” or “the Group”) is pleased to announce its financial results for FY2020, delivering growth in revenue and profit with execution of the Group's growth strategy.

Financial Highlights

Netccentric achieved revenue of S\$7.9m in FY2020, up 15% year-on-year (YoY) on a like-for-like basis¹.

Reflecting a tight focus on cost controls, operational efficiency and profitability, Netccentric generated a profit before tax of S\$0.1m in FY2020. This represents a significant financial turnaround from having recorded net losses in previous years, supported by continued strength in the Group's gross profit margins, which remained at 48% in FY2020.

¹ Excluding the impact of the Group's Thailand and Indonesia entities which were disposed of in FY2019



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The Group generated net operating cashflow of S\$372k in FY2020, representing the first cashflow positive year since its ASX listing in 2015. This represents an operating cashflow improvement of nearly S\$500k from FY2019 and an improvement of nearly S\$1.5m from FY2018.

Netccentric entered FY2021 with S\$3.4 million in cash and no debt, providing strength and flexibility to fund the Group's growth objectives.

Strategic and Operational Highlights

In FY2020, Netccentric reinforced its status as a pioneering and established provider of social media influencer marketing solutions as the Group began to launch its innovative social commerce platform, Nuffnang Live Commerce.

Although the impacts of COVID-19 presented challenges for companies in most industries, Netccentric improved its financial and strategic position during the year by diversifying and innovating its product offerings while ensuring that the Group's existing businesses remain sustainable and profitable.

The Group's growth in FY2020 was substantially driven by its core influencer marketing business in Malaysia, Nuffnang Malaysia, where revenue increased by 21% YoY and contributed 43% of Group revenue, reflecting the Group's continued focus on influencer penetration and monetisation.

The Group continues to pursue the fast-growing influencer market opportunity and is developing new growth drivers and competitive advantages through expansion into the small-to-medium enterprise (SME) segment and the social commerce market. Netccentric strengthened its ability to execute this strategy by becoming majority shareholder of Nuffnang Live Commerce in November 2020. This platform provides a fully integrated and seamless user interface from live video production and streaming through to automated order management, online payment and fulfilment.

Nuffnang Live Commerce has complemented the Group's existing products and created an ecosystem through which Netccentric can provide its clients with end-to-end growth solutions. The Group expects Nuffnang Live Commerce to generate revenue in FY2021 with sustainable and scalable growth for the Group.

Netccentric is actively exploring a number of strategic M&A opportunities which offer potential to accelerate the Group's growth trajectory.

Commentary on FY2020 Results

Netccentric Executive Chairman, Ganesh Kumar Bangah, said:

"We are pleased to deliver strong FY2020 revenue growth, especially so considering the uncertain market conditions that many businesses faced during 2020. We continue to focus on our strengths and are driving efficiency gains in key areas to maintain our competitive edge. At the same time, we remain proactive in our ongoing efforts to diversify Netccentric's offerings throughout our vertically integrated business units in a way that adds value to our clients and investors."

"Our expansion into social commerce comes as interest in this way of doing business continues to grow, with Asia Pacific social commerce sales having reached US\$2 trillion annually by 2019 and expected



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to double by 2024.² We are well-placed with an established base business and innovative new technology to capture share of this large and growing market.

“Our improving financial and operating performance, underpinned by the quality of our business model, now gives us the balance sheet strength to consider potential opportunities to accelerate the growth of our business. We remain confident that our diversified model and strategic initiatives will deliver ongoing growth for Netccentric shareholders.”

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

For further information, please contact:

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About Netccentric Ltd

Netccentric Ltd (ASX: NCL) is a pioneering and established provider of social media influencer marketing solutions. The Group 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, Video and Content Creation and Social Commerce.

Listed on the Australian Securities Exchange in 2015 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.

² <https://www.businesswire.com/news/home/20200520005355/en/Social-Commerce-Sales-Expected-to-Double-by-2024-in-Asia-Pacific>