



15 July 2022

Netccentric Ltd (ASX: NCL)

Research Report

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Ticker:	Current Price:
NCL	A\$0.089

Market Data	
52-Week Range (A\$)	0.061 – 0.175
3mth Avg Vol ('000)	52.5
Market Cap (A\$Mil)	25.2
Shares Out. (Mil)	283.0
Cash (S\$Mil) as of 31 Mar 2022	5.4
Est. Enterprise Value (A\$Mil)	20.4
Debt (A\$M)	0



INFLUENCER MARKETING - BEST RETURN ON ADVERTISING

INVESTMENT. Influencer marketing generates a comparable or better return on ad spend (ROAS) as compared to other channels with an average ROAS of 5.8x and as much as 18x. As a result, 85% of surveyed brands are expected to adopt or increase their advertising budget for influencer marketing moving forward. Netccentric (NCL) is a pioneer and the largest (in revenue terms) influencer marketing platform in Malaysia with a vision to become SEA's largest. The Company grew its revenue by 45% YoY to S\$11.5M in FY2021 with 84% from repeat clients.

What are the Sparks?

Influencer marketing is becoming the new age of advertising. The global influencer marketing platform market is expected to grow at a CAGR of 32% from US\$6B in 2020 to US\$24.1B by 2025 driven by the rapid shift towards video-based OTT media (on-demand content on any device at any time such as Netflix, YouTube, TikTok, etc.) and adoption of ad-blocking software. In Malaysia, social media advertising expenditure (AdEx), the largest segment, contributes to 38.5% of total digital AdEx in 1H 2021 supporting influencer marketing to be the go-to strategy for brands.

NCL serves big brands and see increasing budget allocated to influencer marketing. NCL is the largest and the only listed influencer marketing platform in Malaysia. Through its extensive experience and knowledge in the sector, NCL has continued to work with and deliver positive results to major companies of the world including GroupM, Unilever, and McDonalds. Some brands have been increasing their influencer marketing spend through NCL as seen by the 42% and 280% increase in revenue YoY from Unilever and Fraser & Neave in Q1 FY2022 and the 109% and 635% increase from Hasbro and Dutch Lady in 3Q FY2021. We note that as these companies grow, their marketing budget grows too and along with NCL.

Another phase of growth and innovations. NCL introduced Nuffnang Live Commerce (NLC) in late 2020 leveraging on the shift towards online sales and virtual interactions due to the pandemic lockdowns. This segment saw immediate success in FY2021, completing >S\$4.3M of total GMV transacted and another 294% YoY growth in GMV for 1Q FY2022. The Merchist was launched in 4Q 2021 which encourages entrepreneurship and fosters growth for influencers. We believe this would create an ecosystem that increases the stickiness and loyalty of followers-to-influencers-to-NCL and strengthen their position as a leader in the influencer marketing space. We can also expect future endeavours into the NFT and metaverse space to accelerate growth.

Live commerce an emerging market and door to unlimited opportunities. China is the pioneer and leader of live commerce, growing GMV by 59.2x to RMB 1,24B (US\$ 179B) within 3 years and contributing to ~10% of its total e-Commerce in 2020. NCL provides the technology to enable payment and settlement of goods for live commerce and is well-positioned to capitalise on the trailing trend within SEA. Assuming live commerce in SEA follows China's success to reach an expected 20% of total e-Commerce sales, NCL would be alluded to a total addressable market of US\$ 750M by 2025.

Top 5 Shareholders

Ganesh Kumar Bangah (Exec. Chairman)	77.1%
Yang Hui Wen	0.7%
Fan Yuliang	0.5%
Starceovich Robert Gerard	0.4%
Soo Wah Tan	0.4%



Company Overview

Netccentric (NCL) is a pioneer and leading provider of end-to-end social media influencer marketing solutions. The Company provides strategy and planning, video and content creation, influencer matching, social commerce, and performance reports to clients, mostly, in Malaysia, Singapore, and Taiwan. The Company operates in 4 complementary segments namely Nuffnang (its influencer platform), Plata & Punta (a performance marketing and agency), Sashimi (a social media agency), and Nuffnang Live Commerce (its live commerce technology).

Nuffnang influencer platform

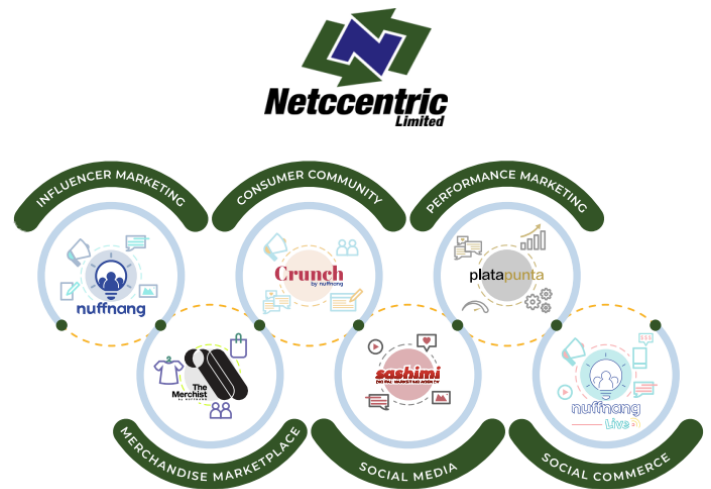
The Company started off as a blog advertising platform in 2007 in Singapore under the brand Nuffnang to monetise the massive number of bloggers (the beginning of social media influencers) then. Within 3 days, Nuffnang onboarded 300 bloggers and within 5 years, expanded to several countries in Southeast Asia and become a leading blog advertising community in the world with >13M page-views per day. The Company exited a few markets in 2018 and 2019 and now covers Malaysia, Taiwan, and Singapore. Nuffnang is a leading social influencer and content marketing solution provider that connects brands to >15,000 influencers and content creators worldwide with a total combined of >20million engaged social media followers. It also promotes and supports the growth of its influencers through various innovations and the industry itself.

Nuffnang manages an extensive database of influencers and, through a matching methodology, helps brands select the most effective influencers for their targeted audience – baby products, luxuries, housewives, etc – to maximize return on ad spend (ROAS). NCL's proprietary engine (Campaign Management Platform) then allows brands to track or view the performance of all campaigns (number of likes, comments, audience, and more) in a single dashboard. Influencers also benefit from having a database of their past performance that Nuffnang can analyse and work together with them to grow their career.

Plata & Punta and Sashimi, digital marketing solutions

NCL provides end-to-end solutions with its digital media and marketing agencies, Plata & Punta and Sashimi. Plata & Punta provides consultation services to clients to build and enhance their marketing strategies and efforts through data analytics. Such consultation services include the selection of distribution channel(s) and tools to meet desired campaign outcomes, search engine and landing page optimization to boost conversion rates, and enhancement of user interface and user experience (UIUX) on the website and mobile Apps. Sashimi provides brands with a holistic marketing solution including content creation, design, and campaign management for web and mobile to drive sales online. Clients can choose to outsource their entire marketing function to NCL allowing the Company to capture a bigger pie of their marketing budget.

Netccentric and its business units



Business units' strategies and synergies



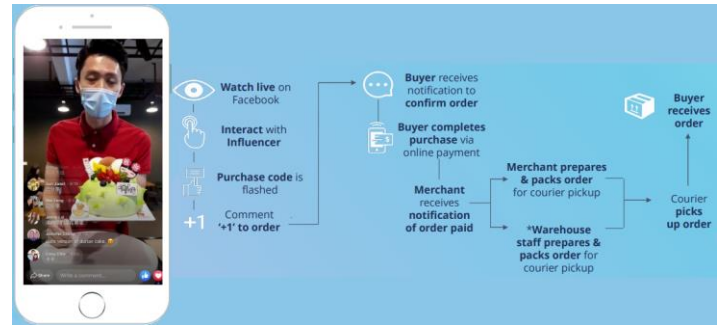
Past and existing clients





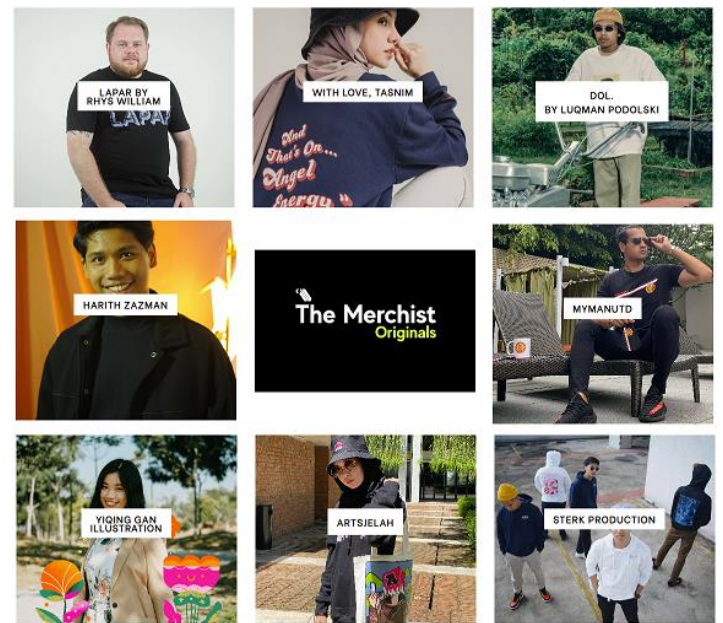
Nuffnang Live Commerce, live-streaming e-Commerce technology. Staying ahead of the curve, NCL established Nuffnang Live Commerce in Jul 2020 where social influencers(-to-be) can promote merchandise over live video streaming via social media platforms and consumers can purchase easily via the comment function. The technology integrates with leading social platform, Facebook, and provides a fully integrated and seamless user interface from live video production and streaming through to automated order management, online payment and fulfilment. The launch of Nuffnang Live Commerce was timely as it leverages the great migration from offline to online activities brought by the lockdowns worldwide.

Nuffnang Live Commerce technology



Seeing the opportunity for new market potential, NCL launched The Merchist by Nuffnang ("The Merchist") in Q4 2021 to further enhance its growing influencer network. The Merchist is an end-to-end influencer merchandising solution which provides influencers and artists with the opportunity to develop and sell their own brand of products ("merch"). Influencers get access to print-on-demand products and fulfilment at zero upfront cost and with no financial risk. NCL partners with Famsy (30% associate of Commerce.Asia which Ganesh is the Chairman and majority shareholder of) who handles all after-sales services including merch production, fulfilment, shipping, and customer service.

Influencers-creator on The Merchist



Source: [The Merchist website](#), June 2022

The Merchist provides influencers with an additional revenue stream, means to improve engagement with their fans to build stronger relationships, and in return boost their own popularity or career via word-of-mouth advertising and photo or video shares with their merch in it. Such an ecosystem promotes loyalty between fans-to-influencers and influencers-to-NCL which gives NCL the advantage in talent (influencers) acquisition and retention. This further allows NCL to better understand consumer buying behaviours for opportunities in the NFT and metaverse space.

Revenue Model

Through its extensive and growing influencer database, Nuffnang recommends influencers to clients (brands or agencies) that best match their requested target audience and budget. Upon completion of the advertising campaign, the client pays Nuffnang based on invoice terms and Nuffnang pays the influencers. The average gross margin for campaigns ranges between 40% - 50% depending on several factors and tech integration. Clients that seek consultation to further enhance or optimize their marketing efforts are referred to Plata & Punta and Sashimi which fees are charged separately.

Nuffnang's business model



The Nuffnang Live Commerce recognises revenue based on a percentage of the total gross merchandise value transacted through their platform. In FY2021, >S\$4.3M in GMV is transacted via Nuffnang Live Commerce with NCL collecting an average fee of 1.67% of total GMV transacted.

In FY2021, NCL generated S\$11.5M in revenue of which, Nuffnang contributes to 56.2% of total revenue followed by Plata & Punta at 21.6%, Sashimi at 21.6%, and Nuffnang Live Commerce with 0.6%. In terms of geographical contribution, 89.1% comes from Malaysia, 10.1% from Taiwan, and the remaining 0.8% from Singapore.



Investment Highlights

Influencer marketing is becoming the new age of advertising. The global influencer marketing platform market is expected to grow at a [CAGR of 32%](#) from US\$6B in 2020 to US\$24.1B by 2025, greatly outpacing the growth of the broader digital marketing market which is expected to grow at a low-to-mid-teens CAGR over the same period. The exponential growth in the influencer marketing space is mainly driven by the rapid shift towards video-based OTT media (on-demand content on any device at any time such as Netflix, YouTube, TikTok, etc.) and the adoption of ad-blocking software.

According to the Media Specialist Association of Malaysia, advertising expenditure (AdEx) on social media platforms increased 58.2% YoY in 1H 2021. Social media AdEx contributes to 38.5%, the largest segment, of total Malaysian digital advertising expenditure in 1H 2021 which suggests influencer marketing to be the go-to strategy for brands.

Whose kids are not on their phones? Social media, to a certain extent, has become a necessity in life. The sole aim of social media platforms is to keep you engaged for as long as possible using algorithms that exploit human psychology and turn us into their product. Over the past 5 years, the number of people using social media has increased ~60% to 3.96 billion and is expected to reach 4.41 billion (~54% of global population) in 2025. At the same time, the average time spent on social media platforms has risen to [2 hours and 27mins per day](#). This has given rise to the booming influencer market as these platforms provide normal people the opportunity to build their own brands and followings through stimulating content and engagement. This also allows a higher possibility for consumers to discover influencers and content that are more relatable or of interest which keeps them coming back. As consumption for entertainment shifts over the years, advertising and marketing strategies have evolved as well from opportunistic to push-targeted to engagement-targeted such as influencer marketing (definitions in Figure 1) to attract the best return on ad spend (ROAS). This is especially so as consumers get more impatient with irrelevant ads popping out of the blue and have more freedom to be selective with the contents they consume.

According to Meta, 84% of global consumers would purchase, try, or recommend a product based on influencer content if it is relevant while Facebook and Instagram campaigns that combined regular ads and influencer ads are 85% more likely to drive people to add products to shopping baskets as compared to using regular ads alone. Surveys showed that influencer marketing [generates comparable or better ROAS](#) as compared to other channels with an [average ROAS of 5.8x and as much as 18x](#).

Influencer Marketing Hub, a leading social media resource platform that has been conducting yearly surveys to thousands of respondents on the influencer marketing space since 2017, [noted that](#) brands are adopting influencer marketing as part or core of their marketing strategies with 90% of surveyed

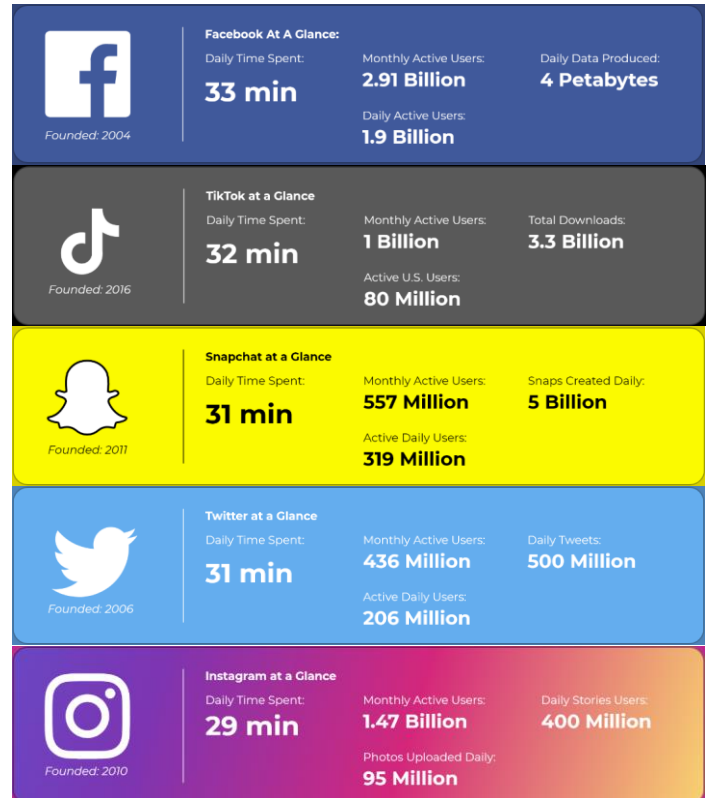
Figure 1: Marketing strategies (engagement targeted)

Strategy	Description	Examples
Opportunistic	Hope to get as many eyeballs as possible regardless of consumers' interest	TV, billboards, newspaper, websites, etc.
Push-Targeted	Push advertisement in videos or landing page based on consumer consumption behaviour online	Embedded in free contents such as videos on YouTube, Facebook, etc. or spaces on webpages hosting articles
Engagement-Targeted	Integrated advertising in contents sought by consumers, usually leveraging on influencers/events with strong audience engagement	Social media videos, posts, live streaming, or online events such as concerts, e-sports, etc.

Social Media – 3rd most time spent in a lifetime



Social Media platforms statistics



Source: [Average Time Spent Daily on Social Media \(Latest 2022 Data\)](#), Broadband Search, 30 June 2022



respondents believing it to be an effective form of marketing and 85% of businesses intend to remain or increase their influencer marketing budget over the next 12 months. We believe it is obvious that influencer marketing has already taken shape in the marketing and advertising space and will likely become a [core part](#) of the >US\$500B digital marketing and advertising market.

Numerous M&As occurring in this space support the market potential of influencer marketing. M&A activities are another indication of the next market boom or rather the start of a shift in consumer behaviour. We noted many acquisitions over the past 3 years within the influencer marketing space including large names like Shopify which acquired Dovetale in Apr 2022. Other notable transactions are one of EU's largest digital marketing agencies, Brainlabs acquisition of Fanbytes, CreatorIQ acquisition of Tribe Dynamics for ~US\$70M, and many more.

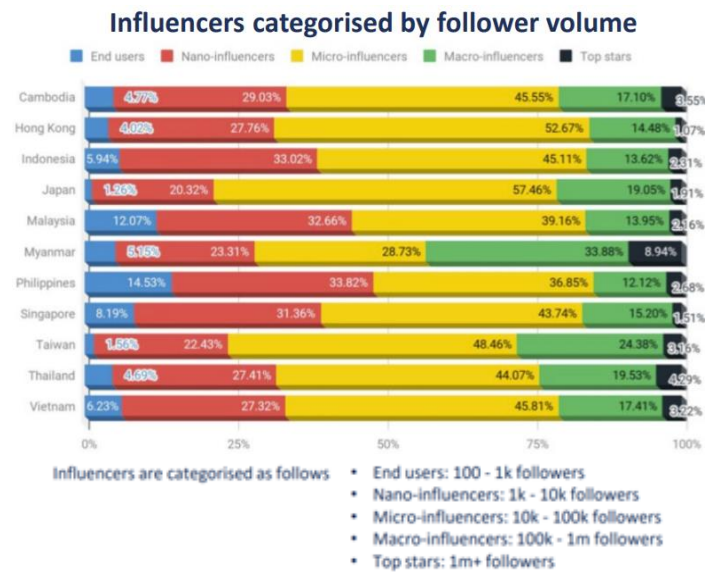
NCL serves big brands and sees an increasing budget for influencer marketing. NCL is the largest influencer marketing platform in Malaysia and the only listed one in SEA. Through its 15 years of experience and knowledge in the sector, NCL has attracted and worked with major companies of the world including GroupM, Unilever, McDonalds, and Procter and Gamble (P&G), where some hold multiple brands under them which engages NCL's services as well. These companies are capable of spending millions on sales & marketing with a significant amount allocated for influencer marketing. To illustrate, NCL's Top 3 customers contributed S\$1.86M, S\$1.38M, and S\$0.99M to its revenue in FY2021.

A strong indication of how NCL's services are value accretive to the brands is seen in its 'recurring' revenue where 84% of the Company's FY2021 revenue is from returning customers. Not only that, brands are also increasing their influencer marketing spend through NCL as seen by the 42% and 280% increase in revenue YoY from Unilever and Fraser & Neave in Q1 FY2022 and the 109% and 635% increase from Hasbro and Dutch Lady in 3Q FY2021. We note that as these companies grow, their marketing budget grows too and along with NCL.

Extensive influencer database gives NCL a competitive advantage. Consumers are more likely to actively follow and get influenced by influencers that they can relate more to as compared to celebrities. As such, influencer marketing has shifted to focus on nano and micro-influencers with fewer followers and away from celebrities-grade influencers with millions of followers. Brands figured this strategy allows them to better reach their intended audience thus, increasing sales conversion rate. In addition, generates better ROAS as nano and micro-influencers are likely to cost much lesser than famous people. This is even more so when influencers are paid with in-store credits or in-house products (at cost) rather than cash.

It is estimated that there are between 3.2 million to 37.8 million influencers globally and billions of content generated every week. It takes more than just research to be able to select the right influencer(s) to reach your target audience and that is what we believe will boost NCL's growth and also puts the Company at an advantage over its peers in the regions it operates. NCL has been tracking and analysing the space for 15 years and holds an extensive database of metrics for >15,000 influencers. Their matching algorithm helps brands to filter out and select the best influencers to suit their demographic requirements and maximize returns.

Groups of influencers by country



Scaling into new markets in SEA leveraging on its technology. NCL aims to build a regional influencer marketing network across SEA, expanding from its current 3 markets to (up to) 6 markets over the next 2 years. This may be done organically or through acquisitions but supported by its proprietary technologies with integrated fintech capabilities. As the Company establishes a stronghold in more regions, the attractiveness of being the go-to influencer partner for MNCs grows, as well as its ability to tap deeper into its clients' international marketing budget.

NCL's growth strategy and vision

NEXT 12 TO 24 MONTHS

- Building a **regional influencer marketing network**, from 2 current markets to 4-6 markets; organically and via acquisition
- Building a **centralised technology platform** incorporating data and insights for influencers with innovative social commerce and fintech capabilities

OUR VISION

- Southeast Asia's largest pan-region influencer marketing platform**
- Regional engagements with **leading global brands** to become their go-to influencer partner throughout Southeast Asia

Source: [April 2022 Investors Presentation](#)



Another phase of growth and innovations. After a management restructuring in 2020, NCL has been on a streak of innovations spurring growth. The Company introduced Nuffnang Live Commerce (NLC) in late 2020 leveraging on the shift towards online sales and virtual interactions due to the pandemic lockdowns. These live commerce sessions provide economies of scale to brands as tens of thousands of viewers can shop simultaneously as opposed to conventional physical promotions where space and cost are a concern. In its 1st year post-launch, NLC completed >61k orders with >S\$4.3M of total GMV transacted and achieved another 294% YoY growth in GMV for 1Q FY2022.

In 4Q 2021, NCL launched The Merchist which encourages entrepreneurship and fosters growth for influencers. This allows influencers to build their own brands and unlock additional income streams at minimal cost while NCL takes care of their back end and after-sales operations. We believe The Merchist would create an ecosystem that increases the stickiness and loyalty of followers-to-influencers as well as influencers-to-NCL. In return, each interaction or action will become a data point for NCL to analyse and enhance its knowledge within the influencer space and consumer behaviour, strengthening its position as a leader in the influencer marketing space.

We also noted NCL's intention to explore the NFT and the metaverse space through the data points collected by The Merchist which leads us to speculate on new innovations that may pop up within those spaces in the near future.

Live commerce, an emerging market and door to unlimited opportunities. Known to be first started by Alibaba's Taobao Live in 2016, live commerce has rapidly transformed the retail industry to become a major sales channel in China. About 2/3 of Chinese consumers made a purchase through live commerce in 2020 supporting the [59.2x growth in GMV to RMB 1,238B \(US\\$ 179B\)](#) or ~10% of its total e-commerce sales in 2020 from RMB 20.9B in 2017. While outside of China, live commerce is slow to follow but is seen to be taking roots with various e-Commerce platforms launching a live commerce section – LazLive by Lazada in 2019, Shopee Live in 2019/20, Tokopedia Play, Facebook Shops, TikTok Shop and Shopify Plus in 2020.

Recall, NCL is not a platform for live streaming but leverages this trend and provides the technology to enable payment and settlement of goods for these sessions, just like a point-of-sale system for retailers. Assuming live commerce in SEA follows China's success to reach an expected 20% of total eCommerce sales, NCL would be alluded to a total addressable market of US\$ 750M by 2025 (assuming 1.5% transaction fee and a SEA eCommerce market size of [US\\$ 217.5B](#)).

Another opportunity spotted by NCL is the launch of The Merchist where influencers can develop and sell their own brand of products ("merch"). Apart from increasing the attractiveness and stickiness of their platform to influencers, successful ones may become the next CEO of their own multi-

million apparel or accessory company which NCL can benefit from. Think of those blogshops that were just a website years ago and are now an O2O commerce chain.

Being virtual eliminates physical space and physical goods constraints and presents endless opportunities to innovate around the Web 3.0 space such as NFTs, metaverse, virtual properties, virtual influencers, etc. We believe NCL will continue to launch new functions and technologies, each capable of creating a sizeable market of its own and continuing its business cycles of growth.



Key Risks

Revisit offline advertising post covid restrictions. As the world tries to resume to a pre-covid lifestyle and tries to compensate for the lost time being indoors, people are expected to spend lesser time on e-Commerce and social media platforms as compared to the past 2 years. Brands may look to rotate their marketing budget from online to offline over the next 2 years in an attempt to stay relevant to the shifting consumer trend and validate such expectations. This may result in slower growth than expected in the influencer marketing spending market and for NCL. However, we think a significant shift will be short-term and that kicking a habit (addiction) is harder than it seems. Time spent online is expected to continue rising and the penetration rate to further increase in the longer term.

Key-person risk. We noticed a series of innovations launched after Ganesh took control of the Company in 2020 and an increased focus on tech. The latter may be a natural course of the covid-induced tech adoption, but we believe the forward-looking decisions and quick turnaround is driven by Ganesh with his background as a tech entrepreneur and investor. As such, we attribute much of NCL's future growth to be dependent on Ganesh having a significant influence on the Company and deem him as a key-person risk for NCL.

Consumer behavior is ever-changing and mysterious. As fast as how technology advanced, consumer behavior trends shift rapidly toward fresh ideas. It is often hard to predict when a trend will cease or what will be the next trend therefore, NCL must constantly be on its toes to remain a market leader. Consumer behavior also tends to shift away from negative sentiments. As the influencer market booms, people tend to discover loopholes or take underhand means to capitalize on this young and fast-growing market such as creating bot/fake followers which destroys the image of influencer marketing and detracts people from the bandwagon.

Foreign exchange (FX) risk. NCL operations are mostly in Malaysia but reports in Singapore dollars and are traded in Australian dollars. Investors should analyse fluctuations in reported figures and determine if it is driven by the change in MYR/SGD rates or underlying business condition. In addition, the share price may fluctuate with the change in AUD/SGD rates.

High customer concentration risk. NCL's top customer contributes to ~16.2% of total revenue in FY2021 while its top 3 customers, combined, made up ~36.9% of total revenue. This makes NCL revenue vulnerable to the loyalty and spending repeatability of its top customers. However, we do note that the Company has been trying to diversify its client base with its largest customer concentration trending down from 24.7% in FY2019.

Reliance on social media platforms and regulations. As social platforms have created much efficiency in disseminating information, it is often used as a tool to spread negative or fake news and creates social unrest. With an increased awareness on the 'harm' social media platforms may bring to users, stricter and greater regulations are being discussed or implemented to protect users while some users just simply chose to quit social media. As such trends continues, it may affect the effectiveness of influencer marketing and its ROAS or create hurdles for marketing agencies or service providers like NCL to leverage on social media platforms to distribute content.



Peers

The global influencer market still young and highly fragmented with most being private companies. About half of these companies are social media marketing agencies, similar to NCL's Sashimi or Plata & Punta, that rely on third party technologies to provide their services. The other half seems to have developed an in-house influencer management software and either provides end-to-end influencer marketing solutions or a marketplace for brands to connect with influencers independently. NCL, being one with several in-house technologies, stands out for being the largest (in terms of revenue) in Malaysia and the only listed pure-play influencer marketing platform in SEA.

Table 2: Publicly listed influencer marketing focused peers

Company Name	Ticker	Currency	MCAP			EV/Rev	Rev (Mil)	Growth	3Y Revenue CAGR	EBITDA (Mil)	EBITDA Margin	Net income	Net margin	Cash (Mil)	Debt (Mil)
			(Mil)	EV (Mil)	PS ratio										
Netcentric	ASX:NCL	AUD	25.19	20.36	2.14	1.73	11.75	44.99%	8.66%	-2.24	-19.05%	-0.80	-6.77%	5.41	0.14
Clubhouse Media Group	OTCPK:CMGR	USD	0.95	9.64	0.22	2.27	4.25	320.99%		-14.70	-345.59%	-22.25	-522.96%	0.08	8.77
IZEA Worldwide	NasdaqCM:IZEA	USD	59.52	-12.98	1.98	-0.43	30.02	67.10%	14.31%	-4.77	-15.87%	-3.14	-10.46%	72.56	0.07
Average					1.45	1.19									

Source: CapIQ, 15 Jul 2022

Table 3: Transactions within the influencer marketing space

Target Company	Acquirer	Transaction	Valuation Multiple	Total Consideration	Country
Tribe		Capital Raise	3.1 Revenue		AU
LTK		Capital Raise	US\$ 2B	US\$ 300M	US
Impact.com		Capital Raise	US\$ 1.5B	US\$ 150M	US
Mavrck		Capital Raise		US\$ 135M	US
Audiency	Flexion	Acquisition	2.7 Revenue	GBP 9.3M	UK
MG Empower Ltd	Amyris	Acquisition		US\$ 41M	US
Tribe Dynamics	CreatorIQ	Acquisition		US\$ 70M	US
Linkfluence S.A.S	Meltwater	Acquisition	2.9 Revenue	EUR 50M	FRANCE
SideQik, Inc.	Engine Media	Acquisition		US\$ 4.9M	US
Hashoff	DGTL Holdings	Acquisition	2.7 Revenue		US
Chatterbox	QYOU Media	Acquisition		US\$ 4.7M	IN
Average			2.9		

Apart from NCL, there are only 2 other influencer marketing focused companies listed - IZEA Worldwide which provides social media and influencer-led campaign management services and an influencer searching platform on a subscription basis, and Clubhouse Media Group which operates a social media marketing agency as well as an influencer-to-fans commerce website. Given the influencer marketing space is in its early years of growth, these leaders are at a micro-cap size but saw outstanding revenue growth in FY2021 driven by the increased in influencer marketing uptakes and budget allocation which supports the macro trend of the industry. The stronger revenue growth seen by NCL peers in the US can be attributed to the much larger addressable market and better marketing budgets allocation during the pandemic in the US as compared to Malaysia.

In terms of valuation, we have to turn to the private equity markets to gather more data points for comparison. From the list of transactions in the influencer marketing space as seen in Table 3, the average valuation given to private companies in this sector (private peers) is 2.9x over the past 2 years. In comparison, the listed peers are undervalued with NCL trading at a discount of 39% to the private peers based on its EV/Rev multiple. We note that it is unusual for listed companies to have a lower valuation than private companies, provided they are closest peers, and we attribute this to the vulnerability to weak market sentiment and freely tradable shares as a listed company. The valuation given to these private peers are within the last 18 months where market sentiment and valuations were at or near a peak. During the same period (CY2021), IZEA Worldwide and NCL traded at an average PS of 8.6x and 5.0x respectively where NCL even raised S\$3.05M in Feb 2021 at a valuation of ~5.1x* FY2020 revenue. If shareholders did not have the accessibility to sell shares freely, NCL would remain at a 5.1x revenue valuation. Do note that there are certain limitations to our comparables as transactions of private or unlisted companies have limited participants, are infrequent, and often confidential, resulting in an inefficient market. Nonetheless, they serve as a benchmark and we believe that multiples for private businesses would also have dropped significantly more recently, and likely be below listed company comparables.

In view of the weaker market sentiment moving into CY2023 as compared to the past 2 years, we believe NCL should trade closer to 2.5x forward EV/Rev multiple given its smaller addressable market in Malaysia and Taiwan as compared to the US. A 2.5x forward EV/Rev suggests NCL to be trading at a market capitalisation of S\$40.9M (A\$42.6M) or A\$0.150 per share. This assumes a 21.9% growth in revenue for FY2022, an estimated cash position of S\$5.5M, and AUD/SGD rate of 1.04. With that said, if NCL unlocks a greater addressable market with its regional expansion plans, an upward re-rate is necessary.

*AUD/SGD of 1.0448



Appendix

Board and Management

Ganesh Kumar Bangah, Executive Chairman

Ganesh is an award-winning entrepreneur and start-up investor. He was the Ernst & Young Technology Entrepreneur of the Year Malaysia 2012 and one of Asia's most influential people according to Society Magazine 2015. Ganesh was also recognized as one of South East Asia's Tio 20 Tech Founders by Tech in Asia in 2016 and was recognized as one of the most inspiring Malaysian technology entrepreneurs by Top 10 of Malaysia.

Ganesh founded Commerce.Asia, an all-in-one eCommerce Ecosystem in 2017. He grew Commerce.Asia within 5 years to have a database of over 8,400,000 SME's across 7 countries with over 92,000 active sellers that sold USD1.6 billion worth of products in 2021.

Prior to founding Commerce.Asia, Ganesh founded his first internet business, MOL Global Inc. (MOL), in the year 2000 at the age of 20. He served as CEO of MOL for 15 years since its inception and was certified by the Malaysian Book of Records as the youngest CEO of a Malaysian public listed company when MOL listed on the Malaysian Stock in 2003. Ganesh built MOL to become one of Southeast Asia's leading online payment gateways and South East Asia's first internet company to be listed on the NASDAQ in 2014. He was also the Founder of MIL Ventures, an investment holding company which made successful private investments in global social media companies such as Facebook and Friendster.

Ganesh is the current Honorary Chairman and former Chairman of the National Tech Association of Malaysia (PIKOM) as well as the Chair of Future Digital, the PIKOM Think Tank and Chair of E-Commerce Malaysia. A chapter of PIKOM. Ganesh is a member of the Entrepreneurship Council of the Asia Pacific University of Technology and Innovation.

Joanne Khoo Su Nee, Independent Non-executive Director

Joanne has more than 25 years of experience in investment banking, corporate finance, capital markets and corporate advisory services. She is currently a director of Bowmen Capital Private Limited, a mergers and acquisition advisory firm. She also currently serves as an independent non-executive director of companies listed on SGX and NASDAQ.

Prior to this, she was involved in a wide range of investment banking and corporate finance activities as a director at Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) as well as Phillip Securities Pte Ltd and Hong Leong Finance Limited. She started her career at PricewaterhouseCoopers.

Joanne holds a Bachelor of Business in Accountancy and was admitted as a Certified Public Accountant by CPA Australia and a Chartered Accountant under the Malaysian Institute of Accountants. She was also a member of the Women Corporate Directors.

Robert William Sultan, Independent Non-executive Director

Robert is a corporate and commercial lawyer as well as former partner of the international law firm, Norton Rose Fulbright Australia. He has over 30-years' experience in merger and acquisitions (M&A), equity capital markets and corporate advisory and governance. Robert has been a member of corporate governance and advisory boards in the aged care and local government sectors.

He continues to act for a number of listed tech companies with operations in Australia and overseas. Robert is also recognized by his peers by being included in the M&A and corporate categories in the Best Lawyers® Australia publication.

A former member of the Australian Takeovers Panel, Robert is also currently a Director of the Gourlay Family Office which includes the Gourlay Family Trust. The Trust, in conjunction with Trinity College Melbourne, established the Gourlay Visiting Professor of Ethics in Business. Robert holds a first class honours Bachelor of Law degree and a Bachelor of Arts degree, majoring in economics.

Darren John Cooper, Non-executive Director

Darren has over 26 years senior and C-Suite management experience, having held roles with State and National responsibilities in banking & finance and property. He was also a part-time lecturer at Curtin University.

He is now Managing Director of a private consulting business, through which he provides strategy, operational improvement and leadership development services to a range of government and private-sector organisations.



In addition to his role as a Non-Executive Director with Netccentric, Darren is the Board Chair of The Go2 People Ltd (ASX:GO2) and Spectur Ltd (ASX:SP3). Darren is also active in the not-for-profit “for purpose” space, being Board Chair of Ocean Gardens Retirement Village Inc.

Darren holds a Bachelor of Business (Curtin University), a Graduate Diploma in Finance (Edith Cowan University) and a Masters of Applied Finance (Macquarie University), and is a Graduate of the Australian Institute of Company Directors (GAICD).



Income Statement

Income Statement SGD	FY 2019A 31-Dec-19	FY 2020A 31-Dec-20	FY 2021A 31-Dec-21
Revenue	7,274,194	7,941,880	11,515,285
Cost of sales	(3,788,706)	(4,146,427)	(6,755,254)
Gross profit	3,485,488	3,795,453	4,760,031
Other gains	105,177	202,638	1,868,099
Other losses	(68,167)	(56,574)	(172,118)
Administrative and operating expenses	(3,759,324)	(3,785,761)	(7,043,273)
Share of loss from JV	0	(10,785)	0
Operating Profit/(Loss)	(149,118)	144,971	(587,261)
EBITDA Adj.	18,671	256,410	300,000
Interest income	14,970	3,267	5,282
Finance costs	(11,467)	(7,008)	(6,474)
Profit/(Loss) before tax	(145,615)	141,230	(588,453)
Tax	(89,042)	(91,668)	(225,466)
Net Profit	(234,657)	49,562	(813,919)
To NCL	(319,880)	1,772	(795,816)
NCI	85,223	47,790	(18,103)
Basic & Diluted EPS (SGD cents)	-0.12	0.0007	-0.28



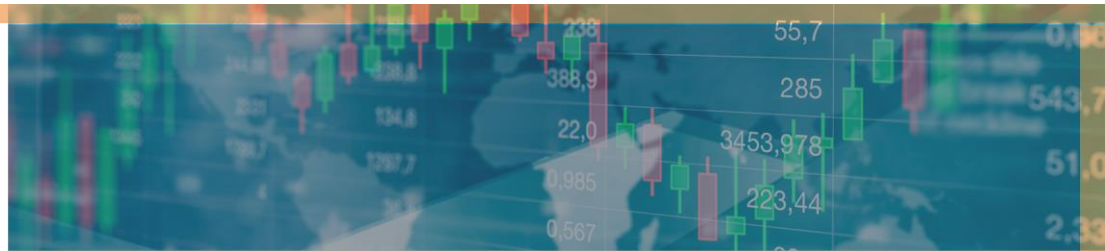
Balance Sheet

Balance Sheet SGD	FY 2019A 31-Mar-19	FY 2020A 31-Dec-20	FY 2021A 31-Dec-21
Current Assets			
Cash & CE	3,135,870	3,376,785	5,414,901
Trade & other receivables	1,871,005	2,219,596	2,713,569
Other assets	128,848	120,727	193,441
Total Current Assets	5,135,723	5,717,108	8,321,911
Non-Current Assets			
PPE	446,806	379,971	347,537
Intangibles	74,974	88,240	168,129
Investments in associates	154,591	154,591	154,591
Financial asset at FVTOCI	0	0	78,000
Deferred tax assets	691	41,504	50,174
Total Non-Current Assets	677,062	664,306	798,431
Total Assets	5,812,785	6,381,414	9,120,342
Current Liabilities			
Trade and other payables	1,228,687	1,289,061	2,086,091
Other financial liability	0	0	859,493
Other non-financial liability	25,696	461,495	385,205
Lease liability	115,530	98,710	108,037
Income tax payable	17,345	37,022	18
Total Current Liabilities	1,387,258	1,886,288	3,438,844
Non-Current Liabilities			
Lease liability	115,555	73,339	31,210
Total Non-Current Liabilities	122,988	73,339	31,210
Total Liabilities	1,510,246	1,959,627	3,470,054
Equity			
Issued Capital	13,797,086	13,797,086	14,112,365
Reserves	(164,465)	(358,281)	1,501,070
Accumulated losses	(9,936,696)	(9,706,924)	(10,502,740)
NCI	606,614	689,906	539,593
Total Equity	4,302,539	4,421,787	5,650,288
To NCL	3,695,925	3,731,881	5,110,695



Cash Flow Statement

Cash Flow Statement SGD	FY 2019A 31-Mar-19	FY 2020A 31-Dec-20	FY 2021A 31-Dec-21
Cash flows from Operations			
Operating Profit/(Loss)	(145,615)	141,230	(588,453)
D&A	212,248	186,378	211,632
Write off to PPE	6,827	10,985	0
Loss on disposal of PPE	(6,909)	6,235	1,165
Loss on reclassification of JV	0	22,050	0
Share of loss from JV	(35,174)	10,785	0
FV gain on other financial liability		0	(1,820,731)
Share option expense		0	2,285,712
Interest income	(14,970)	(3,267)	(5,282)
Interest expenses	11,467	7,008	6,474
Change in NWC	(148,364)	67,908	81,277
Income tax paid	29,168	(94,221)	(198,364)
Net cash from operating activities	(91,322)	355,091	(26,570)
Cash flows from investing activities			
Payment for PPE	(128,087)	(74,712)	(80,098)
Payment for Intangibles	0	0	(93,873)
Acquisition of subsidiary, net of cash paid	(232,447)	69,850	0
Acquisition of JV	0	(67,813)	0
Investment in financial asset at FVTOCI	0	0	(521,513)
Interest received	14,970	3,267	5,282
Net cash received from investing activities	(316,626)	(69,408)	(690,202)
Cash flows from financing activities			
Proceeds from share issue	0	0	3,170,926
Share issuance cost	0	0	(197,497)
Dividend paid to NCI	(23,768)	0	(132,210)
Lease liabilities - principal portion paid	(115,839)	(115,161)	(120,687)
Exercise of equity share options	(740)	0	22,074
Movements in amount due to director	(92)	50,909	0
Movements in amount due to shareholder	6,224	67	0
Interest paid	(11,467)	(7,008)	(6,474)
Net cash used in financing activities	(219,812)	(71,193)	2,736,132
Net increase in Cash and CE	(627,760)	214,490	2,019,360
Cash & CE at beginning	3,747,554	3,135,870	3,376,785
FX changes	15,336	26,425	18,756
Cash & CE at ending	3,135,130	3,376,785	5,414,901



Disclosure of Interests:

Netccentric Limited currently are, or in the past 12 months have been, a client Spark Plus Pte Ltd. During this period, Spark Plus Pte Ltd provided corporate advisory services. In the past 12 months, Spark Plus Pte Ltd have received compensation corporate advisory services from the company. Spark Plus Pte Ltd intends to seek or expect to receive compensation for corporate advisory services from the Company in the next three months.

Spark Plus directors, consultants, and advisers currently hold less than 1% of issued shares in Netccentric Limited and may buy or sell the shares from time to time.

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