

17LIVE Group Limited

Back to growth mode

SINGAPORE | INTERNET | INITIATE

8 April 2024

- We expect earnings growth in FY24e to be driven by a jump in virtual live streamers, expansion in live commerce revenue and aggressive streamlining of R&D and other expenses. Monthly Active Users (MAU) will begin its recovery with a growth rate of around 10% in FY24e from new content offerings in SE Asia, product enhancements and reinvestment into marketing.
- With a net cash balance of US\$102.7mn as of Dec23, inorganic growth via acquisitions can add more streamers with their accompanying users onto the platform. This network effect will further elevate the appeal of the platform to other streamers and users.
- We initiate coverage on 17LIVE with a BUY recommendation and DCF-backed TP of S\$2.30 (WACC: 14.1%, g:1%). 17LIVE is further monetising its core user base and streamlining operating expenses. After declining for three years, we expect revenue to stabilize this year, and return to full-year growth in FY25e. The major drivers will be new content, live commerce sales and subscriptions, further cost reductions and inorganic growth.

Company Background

17Live Group Limited is a live streaming platform which listed on SGX on 8 Dec23 following the acquisition by Vertex Technology Acquisition Corp. Established in 2015, 17LIVE Inc (17LIVE) is a pure-play live-streaming platform with its main markets in Japan (68% revenue) and Taiwan (25%). Revenue is generated from the sale of virtual gifts and value-added services in real live streaming, virtual live (V-Liver) streaming, live commerce and audio live streaming. Its content base is wide, encompassing a range of genres including music, games, education, fashion, art, chatting and more. 17LIVE live streaming is optimized for higher engagement with users compared with other platforms (e.g. TikTok, YouTube). The streaming time or content is longer, greater interaction with users and smaller communities are formed to build deeper connections.

Investment Highlights

- Organic growth.** We anticipate growth drivers in FY24e to come from its live commerce (OrderPally and HandsUp), V-Liver revenue and expansion into SEA and the US. Live commerce revenue is projected to grow by c.40% in FY24e, building on the success of gross merchandise value (GMV) growth in Taiwan (FY23: +80%YoY). Supporting GMV is the increased cross-border demand for Japanese products and a greater focus on user generated content. V-Liver growth is enjoying increased popularity and a jump in content supported by an automated virtual skin creation process. The core live streaming business' MAU is to return to growth of c.10% from improving user retention, streamers training to provide better content and experience and new marketing initiatives.
- Inorganic growth potential.** Acquisition of streamers in the US, Japan and SEA, is a strategy to onboard more MAU. From enlarging the user base and its high paying ratio of the 17LIVE platform, we believe acquisitions will be accretive.
- Margin expansion and cost optimization.** Gross margins have improved from 34.7% in FY22 to 41.2% in FY23. 17LIVE has increased its focus on higher-margin businesses such as live commerce and in-app games. 17LIVE is actively enhancing its in-app ecosystem and updating operating contracts, aiming for a 10% gross margin improvement in Taiwan this year. Cost efficiency and streamlining cross-border virtual-coin purchasing are expected to boost margins further. 17LIVE is also halving R&D costs without compromising user experiences to offset higher marketing in FY24e.

Phillip Securities Research has received monetary compensation for the production of the report from the entity mentioned in the report.

BUY (Initiation)

LAST CLOSE PRICE	SGD 1.03
FORECAST DIV	SGD 0.00
TARGET PRICE	SGD 2.30
TOTAL RETURN	123%

COMPANY DATA

BLOOMBERG CODE:	17LIVE SP
O/S SHARES (MN):	177
MARKET CAP (USD mn / SGD mn):	135 / 183
52 - WK HI/LO (SGD):	4.98 / 1
3M Average Daily T/O (mn):	0.03

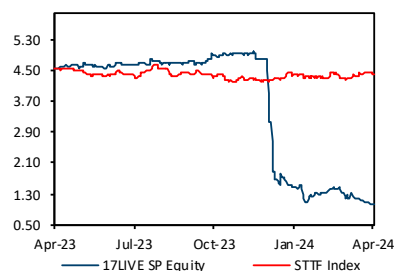
MAJOR SHAREHOLDERS

Aika Tong	14.7%
Vertex Legacy Conti	13.6%

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(14.2)	(29.5)	(33.5)
STTF RETURN	4.2	2.0	0.2

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec (US\$,mn)	FY22	FY23	FY24e	FY25e
Revenue	363.7	278.9	251.3	302.4
Adj. EBITDA	15.9	20.0	18.0	31.6
Net profit	-51.0	-247.9	12.2	24.2
Adj. net profit	5.7	11.0	12.2	24.2
Adj. EPS (cents)	3.2	6.2	6.9	13.7
P/E (X)	32.1	16.6	14.9	7.5

Source: Company, PSR

VALUATION METHOD

Discounted Cash-Flow, WACC 17.7%, g 1.0%

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Revenue and Business Model

The largest revenue segment for 17LIVE comes from the sale of virtual gifts. Revenue is recognized when streamers receive the gifts and virtual coins, which expire after one year after purchase. The monetization process begins as viewers purchase virtual gifts for their favourite streamers during live streams. Streamers can then return these virtual gifts to the platform for their salary initiating a revenue-sharing model based on a prearranged ratio.

The second segment pertains to interactive video streaming companies that generate revenue by selling user subscription plans. These plans provide users with exclusive content and privileges in exchange for a recurring fee.

In the third segment, platforms can effectively leverage their reach by offering digital advertising space to brands that match their target audience, thereby creating opportunities for targeted marketing.

The fourth source of revenue is live commerce revenue, allowing people to purchase goods. The business operates on a C2C SaaS (Software as a service) business model, where 17LIVE charges subscription fees and a percentage of GMV. Streamers can utilize the technology and facilities provided by 17LIVE to stream on any platform. Moving forward, the group aims to enhance profitability by implementing fees across all aspects of the supply chain, including logistics and payments.

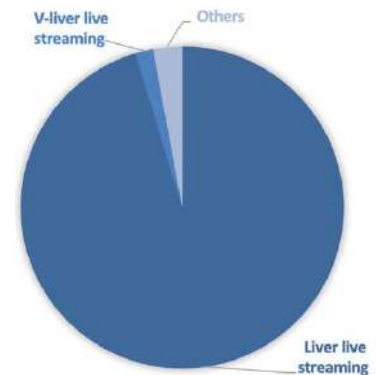
The latest contributor to revenue is in-app games where customers purchase in-game virtual items to help them progress in their games. There is also a live version of game competitions where users can buy in-app items such as weapons and equipment to support the streamers.

17LIVE not only has the traditional streamers. In Sept23, the Group acquired ninety-six V-Liver IPs. Concurrently, the Group launched a dedicated division named NexuStella to oversee the management of the V-Liver business and IPs.

In FY23, revenue reached US\$278.9mn (-23.3% YoY) due to declining monthly active users and average spending per user. Revenue contribution from Live live streaming declined from 97% in FY22 to 95% in FY23. The V-Liver streaming and e-commerce industry are the growth catalyst for 17LIVE as e-commerce revenue surged by 80% YoY in FY23.

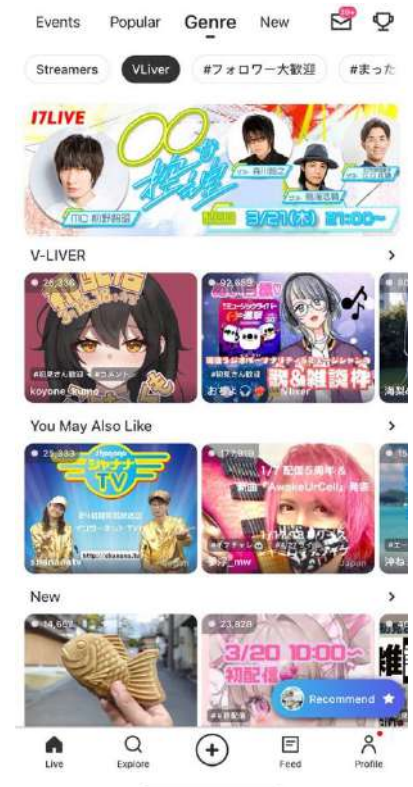
Liver and V-liver Live Streaming business comprises revenues from virtual gifting, subscriptions and in-app games.

Figure 1: Operating Revenue breakdown in FY23



Source: Company, PSR

Figure 2: Screenshot of 17Live streamer on my phone in Japan



Source: PSR

Figure 3: Operating revenue stabilizing since 2021



Source: Company, PSR

Japan is 17LIVE's largest market and accounted for 68.2% of the total revenue in FY23. Taiwan is a more saturated market with intense competition and currently generates 25.3% of the revenue (Figure 5). Despite the effort to expand into SEA, we expect the revenue contribution to be marginal (less than 4%) in FY24. We anticipate a stable revenue mix in recent years due to the market leadership in Taiwan and Japan.

Who are 17LIVE customers? What content is popular?

17LIVE engages in monthly meetings with their top spenders to identify purchasing habits, customer profiles, and best-performing content.

- **Culture for supporting the community and idols:** In Japan, there is a culture of providing monetary support for idols. This behaviour becomes more pronounced when there is a shared and common goal. As a result, revenue from both offline and online events typically accounts for 80% of the total income since events are conducted in the PK method (Player versus Player), and the top streamer who receives the most virtual gifts wins a prize. By setting a common and shared goal, users have a clear vision of what the streamers can achieve through their support.
- **The typical user in Japan is an elderly individual who lives alone.** As more elderly live independently, streaming platforms provide a form of social support and integration, making users more inclined to pay for such services.
- **Popular content in Japan:** Animation-related content and streaming is popular in Japan.
- **Typical V-Liver customer:** Japanese animation enthusiast who enjoys the personas created by the streamers. For instance, one of the most famous V-Liver IPs is a five-thousand-year-old cat from another planet. They tend to have consistent personalities, tones, and behaviours.
- **Typical Taiwan customers:** Customers who gift during streaming typically seek social connection through greetings, recognition, and interaction with streamers. The APP experiences the highest activity levels from 10 pm to 1 am, as users are motivated to escape from daily routines and stress. The more users gift, the better benefits they will receive, including visually stunning effects when they enter the streaming room and special frames when they send text in the chat box. This differentiation motivates lower-ranking users to spend more to achieve higher status and high-status users to spend to maintain their current status.
- **Popular content in Taiwan:** Political content in Taiwan is largely favoured by the users and candidates even streamed during the election period.

Figure 4: Screenshot the most popular streamer on my APP

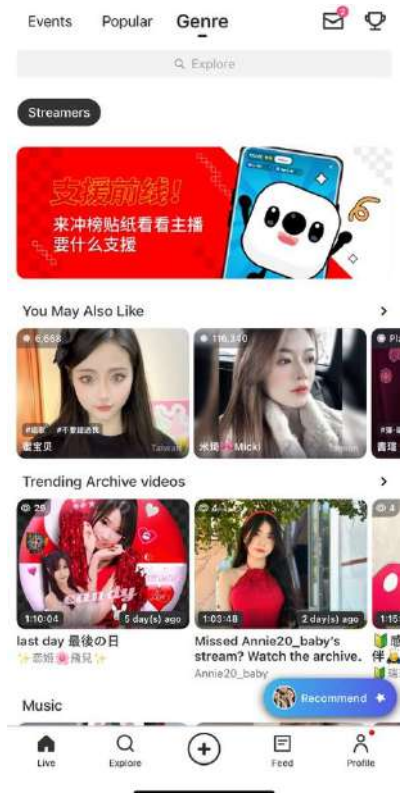


Figure 6: Screenshot of Current Footprints

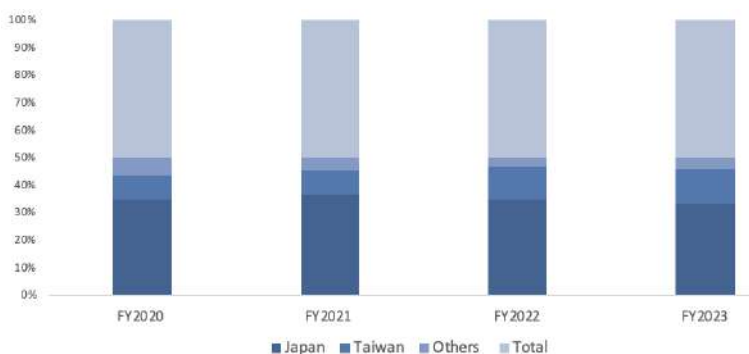
Taiwan
Japan
Hong Kong
Malaysia
United States
Singapore ✓
Philippines
Indonesia
Thailand
Vietnam
Myanmar
India
Others

Revenue Growth

We anticipate revenue growth to resume its upward trajectory in FY24e. MAU is projected to increase by c.5% from the acquisition of new streamers and its synergy. The acquisition of high-quality MAU through content acquisition will also contribute to the overall revenue and help counterbalance the decreasing trend of MAU in the streaming industry. We are assuming a stable paying ratio and average rate per paying user (ARPPU) from 17LIVE for FY24e – FY28e. We expect the paying ratio to remain at the FY23 level of 16%.

V-liver and e-commerce are expected to be the main growth drivers in FY24e. We anticipate stronger performance in the V-Liver segment as 17LIVE is the market leader in Japan, which could potentially boost income by around 25%. E-commerce and in-app gaming, as the cash cow business, will also be emphasized in FY24e, with a projected growth rate of c.30%.

Figure 5: Japan is the largest but revenues are stabilizing



Source: Company, PSR

Expense

Cost of revenue includes expenses related to revenue sharing with streamers, channel costs, bandwidth costs, staff costs, and marketing expenses. Revenue sharing, which is based on the contract type and popularity of the streamers, constitutes a significant portion of these expenses (approximately 43% of FY23 revenue) and aligns with industry standards. Operating expenses account for 59% of revenue in FY23 (a decrease of 6% YoY), and this reporting method will continue in the future. We expect lower revenue sharing as a result of cost optimization.

In terms of operating expenses, 17LIVE has categorized them into three main categories since FY23: selling expenses, general and administrative expenses, and research and development expenses. The group's objective is to optimize its cost structure by reducing selling expenses and SG&A. For example, 17LIVE has transitioned from Apple to direct credit card payment methods. Marketing expenses and employee benefits constitute a significant portion of the selling expense, about c.30%. 17LIVE is actively reducing marketing costs by shifting to a return-driven marketing strategy, such as hosting offline events twice per quarter. However, we expect marketing expenses to creep up a bit in 2H24, depending on the success of cost-restructuring. R&D costs will decrease by S\$15mn due to reductions in manpower, data savings, and decreased technological development.

Gross margins

The gross margin has significantly improved over the past 12 months, from 34.7% in FY22 to 41.2% in FY23, primarily due to a shift in focus towards higher-margin revenue streams such as the In-App game and e-commerce. As a percentage of operating revenue, the cost of revenue sharing was 48% in FY22, and 17LIVE optimized it to 43% in FY23. Contract re-evaluation will commence in May24 to reduce revenue sharing for streamers in Taiwan, as it is currently a mature market with more substitutes available for streamers. Benefits for VIP users will also be reduced to cut costs further, given that the paying ratio and ARPPU are already leading in the market. Despite some downtime for cost optimization, with the effects not expected to be fully realized in FY24, we still anticipate an overall improvement in margins of c.5%.

Figure 7: Gross margins continue to improve since FY23



Source: Company, PSR

Balance Sheet

Assets: As of Dec23, the total assets amounted to US\$164.1mn, reflecting a US\$60.7mn increment compared to Dec22 (+58.7%YoY), as a result of improving cash position. The Group's cash balance on Dec23 was US\$102.7mn without any debt. However, we expect a large chunk of cash to be used in FY24 in the face of various organic and inorganic initiatives. Thus, we also expect a spike in intangible assets and PP&E. Trade and other receivables decreased by c.20%YoY in FY23 due to lower revenue and better cash flow management.

Liabilities: As of Dec 23, 17LIVE had a total liability of US\$73.6mn, marking a 290% decrease YoY to US\$286.6mn. This decline was primarily driven by lower financial liabilities at fair value through profit or loss, including warrants, preferential shares, conversion rights, voting rights, and dividend rights, which plummeted by US\$210mn to US\$1mn in FY23. Trade and other

payables decreased further by c.4% to US\$56.7mn, attributed to reduced income alongside improved cash flow management.

Equity: As of Dec23, equity attributable to the owners turned positive, reaching US\$90.6mn, indicating a significant increase of US\$273.8mn from Dec22. This rise is primarily attributed to the increase in share capital and share premium resulting from the conversion of preference shares. Historically, 17LIVE has secured financing through the issuance of preference shares, which have now been converted to equity.

Cash Flow

The cash position of 17LIVE has significantly improved after the IPO due to proceeds received in relation to the Business Combination, net of issuance costs, totalling US\$65.6mn. An adjustment of US\$245.7mn for revaluation loss on financial liabilities has also been added back to operating cash flow. 17LIVE has consistently generated positive cash flow from operations over the past few years. As of Dec23, US\$12.6mn of cash flow from operations was generated, marking a 255% YoY increase, attributed to a decrease in adjustments for trade payables and trade receivables and higher adjustments for revaluation loss. There have been no major capital expenditures under investing activities since the group does not have any borrowing. As of Dec23, 17LIVE has generated positive operating cash flows of US\$3.3mn, leading to a 200% YoY increase in the cash position, totalling US\$102.7mn.

Operating metrics (Disclosure Ceased)

17LIVE has demonstrated outstanding revenue and operational performance, boasting a robust Paying Ratio, Average Revenue Per Paying User (ARPPU), and Average Daily View Duration Per Daily Active User (ADV). Despite these achievements, there is still room for growth in monthly active users (MAU) compared to its industry counterparts.

ADV experienced improvement during the COVID-19 pandemic but saw a 7.9% year-over-year decline in the first half of 2023, in line with post-pandemic industry trends. ARPPU increased by approximately 6% year-over-year, with a 0.5 percentage point enhancement in the spend rate, fueled by the success of offline events. However, MAU witnessed a 52% year-over-year decrease as pandemic restrictions eased.

Currently, 17LIVE is directing its efforts towards profitability, resulting in an uptick in Quality MAU, Spend Rate, and ARPPU. Quality MAU comprises 14.4% of the total MAU in Japan and 12.9% in Taiwan. In FY24e, we anticipate an organic MAU growth of c.10% while maintaining a constant Paying Ratio and ARPPU.

Figure 9: MAU stabilizing post-COVID

	1H20	2H20	1H21	2H21	1H22	2H22	1H23
MAU ('000)	1118	1255	784	1533	1149	624	550
ADV (min)	71	67	82	87	101	101	93
Spend rate	0.088	0.099	0.165	0.09	0.107	0.173	0.161
ARPPU (US\$)	289	354	366	349	302	285	302

Source: Company, PSR, Circular (9th Nov 2023)

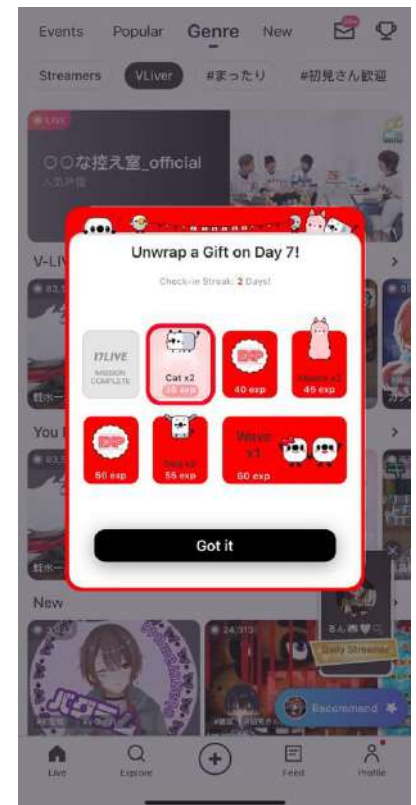
Industry

Despite macroeconomic uncertainty, the live-streaming industry has shown steady growth. Fueled by widespread mobile and internet usage, live streaming is poised to become the preferred form of entertainment in the Asia-Pacific region, with an estimated market value of US\$22.57 bn in 2022, according to Frost & Sullivan.

Live

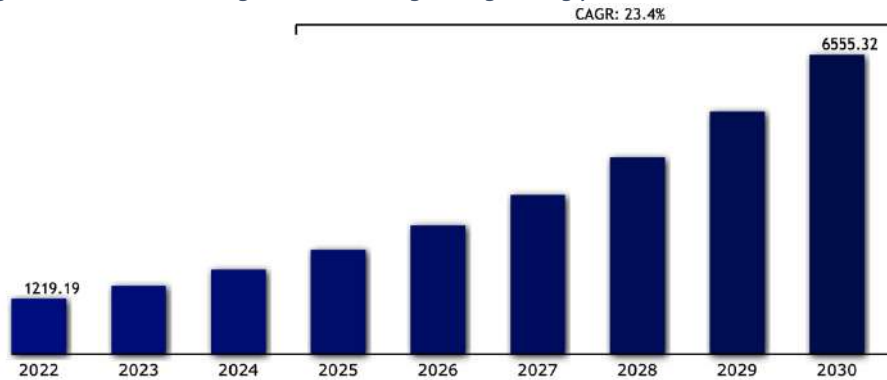
According to Frost & Sullivan, the global live-streaming market reached a valuation of US\$12,19.19mn in 2022 and is anticipated to achieve US\$6,555.32mn by 2030, exhibiting a Compound Annual Growth Rate (CAGR) of 23.40% during the forecast period from 2022 to 2028.

Figure 8: Activities to maintain MAU



As live-streaming gains more popularity, an increasing number of individuals are turning to it as a means for higher engagement with their preferred content. One of the primary drivers behind this surge in demand for live streaming services is the ability for viewers to interact with broadcasters in real-time, allowing for a more immersive and personalized experience compared to traditional media formats. Additionally, the convenience of live streaming lies in its on-demand nature, enabling viewers to access content at their convenience without having to wait for scheduled TV broadcasts or online releases. This flexibility and lower costs further enhance the appeal of live streaming as a preferred entertainment option.

Figure 10: Live streaming market size is growing strongly



Source: Company, PSR

V-Liver

V-Liver content was introduced in 2018. We are confident that V-Liver holds significant potential for high growth in the future. V-Livers contribute to merchandise sales in two primary ways. Firstly, they possess a dedicated fan base that is enthusiastic about purchasing merchandise related to their idols, rendering collaborations with V-Livers an attractive prospect for brands. Additionally, V-Livers facilitate virtual selling, enabling brands to engage with customers remotely, particularly in regions with restricted physical sales channels, thereby fostering interactive shopping experiences.

The market for V-Liver live streaming is projected to continue expanding in 2024, fueled by the growing popularity of virtual characters and the ongoing shift from traditional television to web-based media. Substantial investments have been allocated to the V-Liver platform, with plans underway to introduce new features and organize appealing events with viewers, facilitating sustained growth within the broadcaster community.

Frost & Sullivan forecasts that the Japanese V-Liver market will expand from US\$973.3mn in 2023 to approximately US\$3,864.8mn by 2027, representing a strong compound annual growth rate (CAGR) of 41.2%. Although individual V-tubers outnumber V-Liver companies, the latter command a significant portion of the revenue. Anticipated future growth is driven by technological advancements and enhanced internet connectivity, which contribute to an improved virtual live-streaming experience.

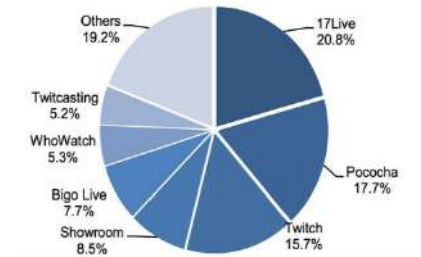
E-commerce

E-commerce is a major driver of live streaming's growth in the region. Reports suggest China's livestream e-commerce market reached a staggering \$726bn in 2023. Southeast Asia is following a similar trend, with a high percentage of consumers watching live sales videos. It is expected to grow from US\$236.9mn in 2023 to US\$1.0bn in 2027 at a CAGR of 43.6%, according to F&S. The market includes SNS, SaaS, and dedicated mobile apps, with SNS platforms dominating at 60%, SaaS at 10%, and dedicated live commerce apps making up the remaining 30%.

Competitors

According to F&S, key revenue drivers in the Japanese market for interactive video streaming include YouTube, 17LIVE, Pooocha, Showroom, Twitcasting, WhoWatch, and Bigo Live (as shown in Figure 13). As of 2022, 17LIVE, launched in August 2017, captured a significant market share

Figure 11: Market Share by Revenue, Pure-Play Interactive Video Streaming Market, Japan, 2022



Source: Company, PSR, Circular (9th Nov 2023)

Figure 12: Virtual Image of V-Liver



Source: Company, PSR

V-Liver - Virtual live streamer, a type of live streamer which comprises computer-

of 13.7% in revenue. YouTube Live emerged as the revenue leader among virtual liver platforms, commanding a 33.8% share due to its user-friendly live streaming platform. Pococha (11.7%) and Showroom (5.6%) are both owned by DeNA. Other notable players include Twitch (10.4%) and Bigo Live (5.1%). WhoWatch claimed a 3.5% market share, while smaller entities collectively held 12.7% of the market in 2022, excluding TikTok revenue from the overall market size.

generated characters designed to resemble real people

In Taiwan, 7LIVE stands out as a leading interactive video streaming app, holding a 26.9% market share as of 2022. Together with Lang Live, it dominates over half of the market. Lang Live, acquired by Lang Inc., commands a 29.7% share. Following closely, are UpLive and Bigo Live, with market shares of 10.8% and 8.3%, respectively.

Expansion strategy

Leveraging the IPO in Singapore, 17LIVE has relocated its headquarters and is ready to expand into the Southeast Asia market. Both organic and inorganic growth strategies will be implemented to accelerate its Monthly Active User (MAU) growth. As part of organic growth, content acquisition is expected to attract more users than merely focusing on quality content, increasing the paying ratio. The average rate per paying user is already considered high among peers, standing at S\$301 in FY23, nearly double that of its competitors.

17LIVE also plans to strengthen its profitability by expanding into higher-margin revenue streams such as e-commerce and in-app games, with an expected margin of 30% higher than the live-streaming business. Additionally, leveraging its IPO as a launchpad, 17LIVE is eager to expand into the SEA market, where there is currently no dominant player in the industry. Revenue from other regions generated US\$18.3mn. We foresee the contribution to increase by c.15% in FY24e as 17LIVE intends to bring the existing content overseas. The company aims to expand its Japan V-Liver content to other countries as it matures.

Inorganic expansion, including acquiring more live streamers through communities and platforms, is expected to be launched later this year.

FY23 result highlights

Operating revenue declined further in FY23, to US\$278.9mn, which dropped 23.3% YoY as MAU continues to trend down post-COVID. 17LIVE also shifted its focus towards higher-margin business. Thus, the group recorded a 36% increase in operating income, and the operating margin improved by 1.9 %YoY to 4.9%. Adjusted EBITDA increased by 26% to US\$20mn in FY23 thanks to the strategic shifts towards launching return-driven marketing activities (various offline events are held once a month). After adding back the revaluation loss on financial liabilities, adjusted net profit improved by 93.3% to US\$11mn in FY23.

Risks

Market risk: 17Live intends to utilize existing content in the SEA and US markets. However, cultural differences may arise, potentially impacting the planned market penetration strategy and hindering the group from achieving synergy through inorganic growth.

Currency risk: The primary foreign exchange risk faced by the Group stems from transactions conducted in foreign currencies. Currently, there exists no formal hedging policy to mitigate this risk. Transactional currency exposures arise when sales or purchases are conducted in currencies other than the Group's functional currency, notably in HKD.

Concentration risk: Roughly 20% of the top-performing streamers are responsible for more than 80% of the revenue generated. Despite their exclusive agreements with 17LIVE, these streamers might consider migrating to other platforms if they receive more attractive revenue-sharing packages through arrangements made by their Multi-Channel Network (MCN) companies.

Income risk: As the pandemic subsides, individuals are slowly resuming physical activities and reducing their consumption of digital content, including interactive video streaming. In 2022,

prominent Chinese platforms such as Huya and Douyu experienced a notable decline in annual revenue, ranging from 20% to 30% compared to the previous year.

Dilution risk: With 17LIVE aiming for a series of acquisitions this year, we anticipate revenue and shares outstanding to be diluted by employee incentives, particularly share-based compensation. C.US\$20mn might be allocated for the program, and given the current share price of S\$1.03, we expect the total shares outstanding to increase by c.25 mn (+14%), ultimately diluting the share price.

Valuation

We initiate coverage on 17LIVE Group with a BUY rating and a price target of S\$2.30. Our valuation is based on DCF, using a 14.1% WACC as the group is purely funded by equity and 1% terminal growth rate. We believe the group can further optimize its revenue and operating model, thereby improving profitability from FY24 onwards.

Figure13: Valuation table

	US\$('000)	% of total
NPV FY24-28F	82,517.2	39.2%
PV Terminal value	128,045.4	60.8%
	210,562.6	
Cash	102,688.0	
Equity value	313,250.6	
No of shares ('000)	177,000.0	
DCF value per share	1.77	
Exchange rate	1.30	
DCF value per share in SGD	2.30	

Source: Company, PSR

Financials

Income Statement

Y/E Dec, (US\$'000)	FY21	FY22	FY23	FY24e	FY25e
Revenue	497,782	363,718	278,927	251,344	302,426
Liver live streaming	489,707	354,587	265,829	230,234	258,484
V-liver live streaming	3,326	3,107	4,983	10,560	29,700
Others	4,749	6,024	8,115	10,550	14,242
Cost of revenue	310,035	237,569	163,978	153,265	173,895
Gross profit	187,747	126,149	114,949	98,079	128,531
Total operating expenses	177,381	116,025	101,199	84,475	101,643
Operating income	10,366	10,124	13,750	13,603	26,888
EBITDA	15,451	15,016	18,369	17,979	31,633
Adjusted EBITDA	17,351	15,856	19,978	17,979	31,633
Profit for the period	109,511	(51,017)	(247,915)	12,243	24,199
Adjusted net income	(2,896)	5,683	10,984	12,243	24,199

Per Unit Data

Y/E Dec	FY21	FY22	FY23	FY24e	FY25e
NAV (\$S)	(0.73)	(1.04)	0.51	0.58	0.72
P/B	(1.41)	(1.00)	2.01	1.77	1.44
P/E	-	32.08	16.60	14.89	7.53
EPS (cents)	61.87	(28.82)	(140.06)	6.92	13.67
EV/EBITDA	9.91	10.20	8.34	8.52	4.84

Cash Flow

Y/E Dec, (US\$'000)	FY21	FY22	FY23	FY24e	FY25e
Profit before tax	119	(43)	(244,992)	13,603	26,888
Adjustment for:					
Amortisation expense	2,217	2,301	2,277	2,286	2,366
Depreciation expense	2,868	2,591	2,342	2,089	2,379
Operating CF before ΔWC	(101,114)	62,377	16,105	17,979	31,633
Changes in working capital	(10,131)	(16,008)	(3,523)	(4,489)	7,921
Trade and other payables	(6,872)	(23,709)	(9,087)	(6,480)	10,216
Trade and other receivables	(2,014)	10,189	4,181	2,561	(3,405)
CF from operations	(111,244)	46,369	12,582	13,489	39,554
Net CF from operating	(122,031)	32,356	3,314	12,129	36,866
Purchase of PP&E	(1,052)	(438)	(1,095)	(800)	(800)
Purchase of intangible assets	(118)	(468)	(193)	(2,000)	(2,000)
Net CF from investing	(1,376)	(848)	(2,504)	(4,400)	(4,300)
Net CF from financing	(26,620)	(4,185)	61,897	-	-
C&CE	(13,414)	39,259	102,688	110,417	142,983

Balance Sheet

Y/E Dec, (US\$'000)	FY21	FY22	FY23	FY24e	FY25e
Trade and other receivables	34,243	24,054	19,317	16,756	20,162
Cash and cash equivalents	59,091	39,259	102,688	110,417	142,983
Total current assets	100,334	69,008	125,568	130,736	166,708
PP&E	2,018	796	1,048	1,341	1,532
Intangible assets	28,425	26,543	24,425	24,139	23,772
Total non-current assets	44,397	34,421	38,575	38,599	38,154
Total assets	144,730	103,430	164,143	169,336	204,861
Trade and other payables	82,753	59,044	56,749	50,269	60,485
Income tax payable	12,043	5,256	2,466	2,466	2,466
Loans and borrowings	1,165	-	-	-	-
Total current liabilities	110,709	284,596	70,065	63,015	74,342
Lease liabilities	6,430	1,012	2,593	2,593	2,593
Provisions	309	164	913	913	913
Total non-current liabilities	163,092	2,032	3,507	3,507	3,507
Total liabilities	273,802	286,628	73,572	66,522	77,849
Total equity	(129,071)	(183,199)	90,571	102,814	127,013
Total liabilities and equity	144,730	103,430	164,143	169,336	204,862

Growth rate

Y/E Dec	FY21	FY22	FY23	FY24e
Revenue growth rate	-27%	-23%	-10%	20%
EBITDA growth rate	-3%	22%	-2%	76%

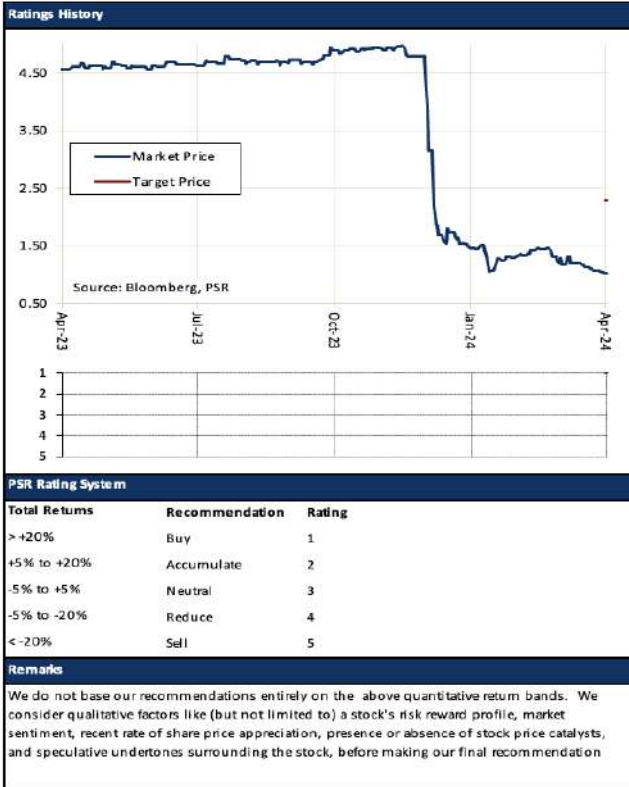
Margins

Y/E Dec	FY21	FY22	FY23	FY24e	FY25e
Gross margin	37.72%	34.68%	41.21%	39.02%	42.50%
Adjusted net profit margin	-0.58%	1.56%	3.94%	4.87%	8.00%

Key Ratios

Y/E Dec	FY21	FY22	FY23	FY24e	FY25e
ROE	-85%	28%	-274%	12%	19%
ROA	76%	-49%	-151%	7%	12%

Source: Company, PSR Note# FY21-FY23 are proforma accounts assuming the acquisition of 17LIVE.



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