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Zacks Small-Cap Research

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Perfect Corp (NYSE: PERF)

PERF: New AI Assistant Could Revolutionize In-Store and Online Sales Just as AI did to Customer Service

We believe PERF stock is worth at least $3.00 per share based on the average EV/Sales ratio of 2.4xs, or half its peer group of AI-based SaaS providers. Its large cash hoard of $159 million distorts its valuation which is an EV of $56 million.

Current Price (7/24/24)	$2.11
Valuation	**$3.00**

OUTLOOK

Perfect Corp. provides an AI and machine learning based B2B SaaS platform for virtual try on and marketing of beauty and fashion products as well as six mobile apps sold B2C for makeup suggestions, try-on, tutorials, photo and video editing and most recently, Gen AI creation and editing. It is expanding its offering to new verticals and has strong IP as well as the largest database for AI training in the industry. It has a dominant market share and serves almost all the major beauty brands worldwide. We believe its technology can be used in a much wider range of applications and even licensed to companies beyond Beauty and Fashion industries.

SUMMARY DATA

52-Week High	**$4.66**
52-Week Low	**$1.79**
One-Year Return (%)	**-52.4**
Beta	**0.27**
Average Daily Volume (sh)	**25,068**
A+B Shares Out. (mil)	**101.8**
Market Capitalization ($mil)	**$214.8**
Short Interest Ratio (days)	**1.2**
Institutional Ownership (%)	**18.9**
Insider Ownership (%)	**58.7**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**35.6**
P/E using 2024 Estimate	**35.0**
P/E using 2025 Estimate	**30.9**

Risk Level	**Above Average**
Type of Stock	**Small Value**
Industry	**Software & Services**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	NA	11 A	13 A	11 A	47 A
2023	12 A	13 A	15 A	14 A	54 A
2024	14 A	14 A	17 E	16 E	61 E
2025					70 E

Earnings Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-$0.01 A	$0.48 A	$0.03 A	-$2.86 A	-$2.37 A
2023	$0.01 A	-$0.00 A	$0.03 A	$0.02 A	$0.05 A
2024	$0.01 A	$0.01 A	$0.03 E	$0.02 E	$0.06 E
2025					$0.07 E

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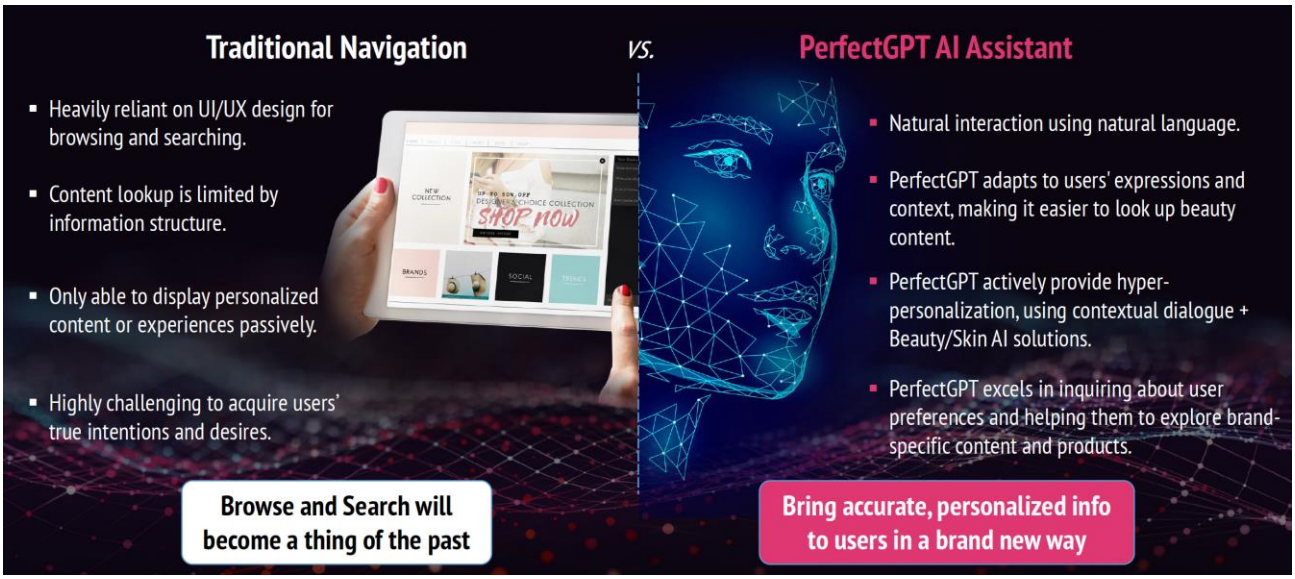
WHAT'S NEW

Perfect Corp Poised for Accelerating Second Half as Last Year's Pilots Move to Rollouts and B2C Overtakes B2B

Perfect Corp reported another solid quarter of revenue and earnings growth. It reported $13.9 million in revenues up 10% year over year. The loss of licensing revenue has been a drag on revenue growth as the company transitions away from that business model. The company expects a much stronger second half as pilots from products introduced last year (such as facial analysis, jewelry, and watches) turn into rollouts. In addition, app revenue continues to outpace B2B and has now crossed over the 50% mark which should cause an acceleration of growth. Even more positive is that earnings continue to grow much faster than revenues and this quarter's EPS increased 55% aided somewhat by the Q4 stock buyback.

The most exciting development during the quarter was the introduction of Perfect Corp.'s PerfectGPT AI Assistant platform that could revolutionize the sales process and replace many of the functions of a salesperson at a store as well as bring online shopping to a new level. This product uses AI to solve a customer's problem and provide advice when shopping. Through conversation, it can understand the customer's needs and recommend solutions such as makeup matching, hairstyle recommendations, and even outfit advice. The main reason to go to a store to try on is fit and the second is advice. When at Sephora, we want advice from the salesperson to pick a foundation or lipstick. At Warby Parker, we want to know what the latest style is and want the hipster clerk to say—"Yes! That's the frame for you!" AI Assistant will be able to do this without human intervention saving retailers and brands money and providing online capabilities never previously available.



Source: Perfect Corp.

While AI is being used for a variety of applications—some do well and others don't. One of the most successful applications to date has been customer service with which companies have achieved excellent ROI. We believe PerfectGPT AI Assistant can do this for the sales function. We believe many other companies are working on this application, but none have the in-depth experience, knowledge of the industry, or the database of SKUs and brands that are required to turn advice into sales. Perfect Corp is way ahead of the pack and we look forward to brands adopting this new product and seeing the results they achieve. Management indicated that almost all brands and retailers are in the process of evaluating how AI can be used in their business with some further along than others. They believe the first companies that will be using PerfectGPT will be prestige brands and it could be in use by Q4 of this year. Typically new products

take up to two years from the initial look to full deployment so we expect PerfectGPT to have a bigger impact in 2025 and beyond.

Q2 2024 Results

Revenues for the June quarter were $13.9 million versus $12.6 million, showing growth of 9.6%. Of that $13.9 million, $12.9 million was from AI- and AR-cloud solutions and subscription revenue versus $11.0 million last year, growing 17.4%. The rest of the revenues were from licensing and advertising. Licensing comes from B2B customers and was down 50% to $700,000 from last year. The company does not break down revenues from B2B versus mobile apps every quarter but said mobile app revenue has surpassed B2B revenue this quarter.

The gross margin for the quarter was 79.3% down from 80.6% in Q2 2023, but up sequentially. This is due to the decline in licensing revenue and mobile app revenue growing faster than B2B which has much lower gross margins due to the fees charged by the app stores. Gross margin dollars increased $797,000, or 7.8%. The company said that active mobile app subscribers grew 18.3% year over year, while they lost a net one key customer from the end of March to the end of June as those customers either went out of business or fell out of the key customer criteria. These customers did not switch to a competitor.

Total operating expenses for the June quarter grew to $12.4 million from $12.3 million in the same period of 2023. G&A was reduced $575,000 while sales and marketing and R&D expenses both grew. G&A declined mainly from lower directors' and officers' insurance expense.

Operating income was a loss of $1.4 million versus a loss of $2.1 million last year. The company earned $2.0 million in interest income versus $2.4 million last year because of having lower cash plus current financial assets at amortized costs during the quarter. Pretax earnings were $616,000 versus a loss of $168,000 last year. Net income was $764,000 compared to a loss of $206,000 last year. This resulted in an EPS of $0.008 versus a loss per share of $0.002 in the previous year. Shares outstanding this quarter were 102 million versus 118 million in Q2 2023 due to the stock buyback in Q4 2023.

Taking out stock-based compensation and one-time charges non-IFRS net income was $1.3 million versus $888,000 or $ 0.012 versus $0.008 per share, an increase of 55%.

Balance Sheet

As of June 30th, Perfect Corp. had $121 million in cash and another $38 million in six-month CDs equaling $159 million ($1.56 per share.) It had $141 million in working capital and no debt.

This quarter the company included a full quarterly cash flow statement. Not including changes in working capital the company had a negative operating cash flow of $668,000 and a negative free cash flow of $842,000. This deficit is more than covered by its interest income and the company is generating cash.

During the Quarter

On April 2nd, announced its new AI Hair Type Analysis technology. This product uses AI to identify hair texture, thickness, and curl patterns in seconds. It can recognize up to 10 distinct curl patterns and shapes, ranging from straight to extremely coily. This solution for hair care brands allows precise and consistent results along with personalized recommendations tailored to each customer's unique hair type.

On May 22nd, Perfect Corp. held its Global Beauty and Fashion AI Forum where it showcased its products and introduced its newly developed AI assistant framework, PerfectGPT™. The PerfectGPT™ tool brings

specialized assistants to the virtual world through natural language interactions. It demonstrated its newest suite of AI solutions including **BeautyGPT™**, **SkincareGPT™**, **AI MakeupTransfer**, **Advanced Jewelry VTO**, and **HD Skincare**.

On July 1st, Perfect Corp. partnered with NAO-ART of Japan for virtual wig try-on using generative AI. It will allow NAO-ART's customers to try up to 53 AR wigs, including fashion and medical wigs in a wide range of colors and styles. This is the first time that a wig try-on has been offered. NAO-ART has been exploring virtual wig try-on technology for several years and Perfect Corp's platform is the first that it felt had an authentic result. Particularly important is that with remote try-on, the company can offer an easy way for cancer patients who require medical wigs to easily choose a wig at home or in a hospital.

KEY POINTS

- With an **enterprise value of $56 million**, Perfect Corp. is vastly undervalued compared to its SaaS peers and even more so when compared to authentic AI and machine learning-based solution providers who own their data. This **profitable and growing** company dominates its market, **has over $159 million in cash** on its balance sheet with no debt, and is trading at an EV/Sales of 1.1 times. The company went public via a SPAC transaction on October 31, 2022.

- Real-world applications of AI and Generative AI are just beginning to be discovered; however, Perfect Corp. has been using them for years. Rather than a technology looking for an application, Perfect Corp. long ago sought AI and machine learning as tools to create its solutions and now has many years of experience and a database of billions of images per year to expand its use.

- Perfect Corp. has the SaaS platform used by the large majority of the non-captive beauty industry for brands and retailers seeking to allow customers to try on and learn about products. Its platform is behind 686 brands selling 774,000 SKUs of makeup, haircare, skincare, eyewear, and jewelry. By using AI and machine learning on its database of billions of user-provided images, it can generate augmented reality solutions that allow brands to increase conversion rates, reduce returns, and increase sales. It provides a documentable ROI to its B2B customers.

- Perfect Corp. also has a suite of consumer mobile apps that now generates slightly more than half its revenues. It grew by 63% in 2023. The company keeps adding new features and mobile apps with new capabilities expanding its target market.

- The two parts of the company share the same R&D that is monetized with two separate markets. This increases ROI and allows one part to test before rolling out products and features to the entire customer base.

- At the end of last year, management used $51.1 million to buy back 16.4 million shares of stock and shrink its share base by 13.9%. At 2024 estimated sales of $61 million, it trades at an EV to sales ratio of 1.1 times. The company grew revenues by 13% in 2023 and is on track to do better than that in 2024. As a profitable AI-based SaaS company, we believe it deserves an EV to Sales multiple of at least 2.3 times sales.

OVERVIEW

Perfect Corp. is a $215 million market cap company based in Taiwan that was founded and spun off from CyberLink in 2015. It employed 321 people as of the end of 2023 of which 149 were technical staff. It became a public company in October of 2022 via a SPAC. It is a SaaS company with revenues generated by B2B and B2C solutions in almost a fifty-fifty split. Most investors have never heard of Perfect Corp., but it is the dominant supplier of B2B solutions to the beauty and fashion industry. It provides try-on solutions to 18 of the top 20 cosmetic brands worldwide and is the software behind almost all the try-on solutions used by brands and retailers. Examples include Estee Lauder, Walmart, Sephora, Shiseido, NARS, Sally Hansen, and Avon. As of the end of the June quarter, the company served 151 key customers (those who pay more than $50,000 a year.) In addition, it supported 686 brands selling 774,000 SKUs of makeup, haircare, skincare, eyewear, and jewelry. The only major player it does not serve is L'Oréal, which bought a provider as an in-house solution.

The other half of the company sells freemium-priced mobile apps to consumers for makeup try-ons, tutorials, and photo and video editing. It has six mobile apps in both the Apple and Google stores that can be downloaded and trialed for free, but users are then charged a monthly or yearly fee for the premium version. The business has a lower gross margin due to the fees charged by the app stores. Perfect had 919,000 paying subscribers of these apps as of the end of the June quarter and the *YouCam* mobile beauty app's active subscribers grew by 18% year over year in the quarter.

Perfect Corp.'s Database Trains its AI and Creates a Moat for Competitors

While the B2B business generates much higher gross margins, the B2C business grows faster. However, these two businesses share the same R&D efforts and technology and one can test for the other as the company rolls out new products and features. The company has powerful AI technology using deep and machine learning algorithms built on data from over 10 billion real-life try-ons every year around the world. Perfect Corp. employs an image library of millions of end-user customers that is used to train its AI and this creates a considerable moat for competitors. Its data allows Perfect Corp. to provide highly accurate and realistic AR makeover experiences and personalized recommendations. It has developed proprietary AI- and AR technologies with over 3,900 real-time facial 3D live meshes backed by visual computing, enabling more true-to-life effects compared with its competition. Its technology now can support over 89,969 skin tones and 14 makeup textures for facial attributes across all ethnicities and ages for its virtual try-on experience. As of December 31, 2023, Perfect had 32 registered patents and 25 pending patent applications to protect its IP.

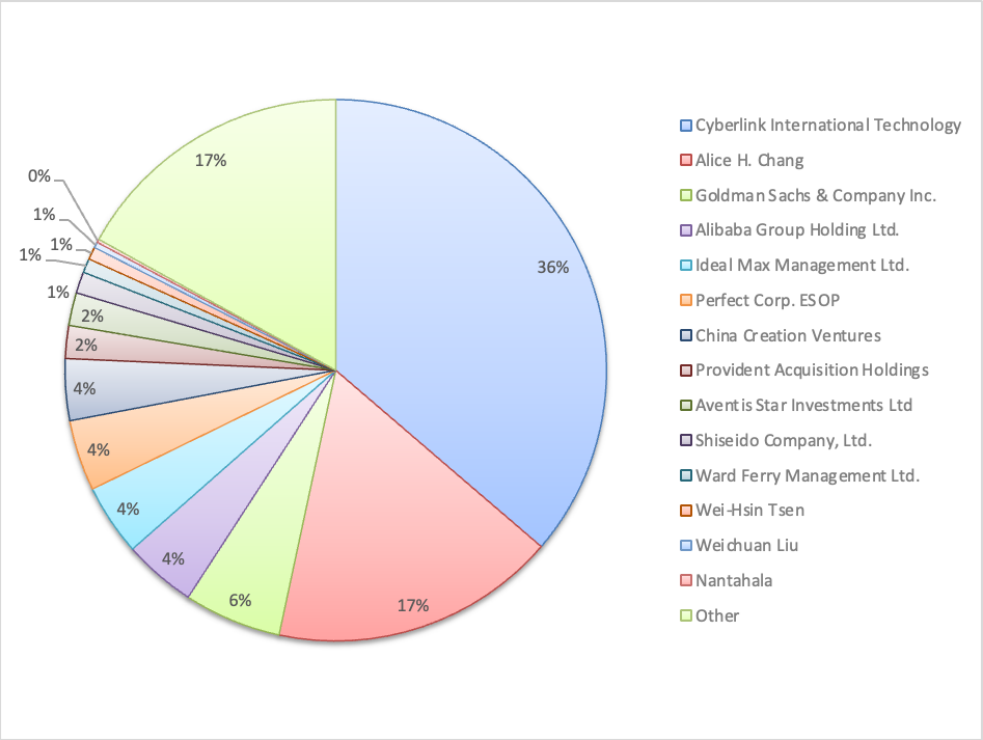
Growth Plans Focus on Adding New Geographies and Penetrating New Verticals

With its dominant market share, the company is looking to other geographies and verticals for growth. In 2023, 46.7% of its revenue came from the US, 8.0% from Japan, and 7.8% from France and it looks to broaden its reach. As far as verticals, Perfect Corp. recently added skin care products as it already has AI trained on faces and the skincare market is triple the size of makeup. It has been successful in selling this to not only marketers of lotions and other skin products but also offers professional capabilities being sold to dermatologists, med-spa, and beauty clinics, who use the platform to augment and speed up evaluation processes and to project potential results.

The most recent vertical it entered is wigs followed by accessories, which encompasses jewelry, watches, and eyeglasses. Since it already has a huge database of faces and hands from its nail product, these products were a logical step. Its solutions are now being expanded to: clothing, hats, hair salons, dental and orthodontic services, and plastic surgery, as well as live-streaming and video conferencing. Believe it or not, the company already has a product that can touch up a person in a video, adding makeup and changing hair color. We can see potential demand for this in live streams, Facetime, and

Zoom calls whether as a stand-alone app or as a license to a service provider. Anything other than faces and hands, such as shoes, needs images to train the AI so it may take more initial effort for the company.

OWNERSHIP



As of June 6, 2024, Alice H. Chang, CEO, beneficially owned (i) 10,622,620 Class B ordinary shares (held by GOLDEN EDGE CO., LTD., a British Virgin Islands company in which Ms. Chang has a controlling interest, (ii) 4,669,346 Class B Ordinary Shares held by DVDonet.com. Inc., a British Virgin Islands company wholly owned by World Speed Company Limited, which is a British Virgin Islands company wholly owned by Ms. Chang, (iii) 523,008 Class B Ordinary Shares held by World Speed Company Limited, a British Virgin Islands company wholly owned by Ms. Chang, (iv) 973,744 Class B Ordinary Shares held by Ms. Chang, and (v) 597,256 Class A Ordinary Shares held by Ms. Chang. This adds to approximately 17.1% of the total shares outstanding.

FINANCIALS

FORECASTS

When reporting Q1 2024 earnings, management guided to growth of 12-16% for the 2024 year and this quarter the company confirmed it is still on track for that result. The company plans to grow by capturing market share, adding new products, and potential acquisitions. The company plans to stay operating cash flow positive and maintain annual net margins at similar levels. Given its operating leverage as a SaaS

business it should have naturally increasing margins but given that the industry is in the early stages of innovation and growth management expects to reinvest in growth from its gains.

Looking at the quarters, and the B2B and B2C businesses we note that the B2B business has a larger second half as most contracts are signed and renewed in those quarters while the B2C business interestingly is more affected by iPhone product introductions as that is when customers often update their apps. Also affecting B2C is consumer spending patterns as it also has strong performance around the Christmas shopping season.

Gross margins for the company will depend on the difference in the growth rates of the B2B and B2C businesses. The B2B segment enjoys approximately 90% margins while the B2C segment must pay Apple 30% fees and Google 15% fees knocking its gross margin down to between 70-80%.

We do know the company is on the lookout for synergistic acquisitions that can expand its penetration into neighboring verticals. The company is focused on the female shopper so products it would add might logically include items such as handbags, shoes, and clothing.

For 2024 we are forecasting revenues of $61.3 million and net income of $6.1 million. This equates to approximately $0.06 per share. We expect B2C to grow faster than B2B at 30% versus approximately flat B2B revenues. We expect to see revenue acceleration in 2025 as B2C becomes a bigger part of the whole company.

VALUATION

As a SaaS provider to businesses and consumers, we believe PERF stock should be valued on an enterprise value-to-sales basis versus its peers. Using the comparable table below we see an average of 4.8 times EV to 2024 estimated calendar year sales for this group with a range of 1.6 times to 7.6 times. We believe a conservative value would be half that average at 2.4 times giving Perfect Corp. a market value of $306 million or $3.00 per share.

		Cal. Revenue			TTM	Enterprise Value / Sales			EV/	Enterprise
Company	Ticker	2025E	2024E	LTM	EBITDA	2025E	2024E	LTM	EBITDA	Value
C3AI	AI	NA	$362	$311	-$307	NA	7.1x	8.2x	-8.3x	2,560
Elastic	ESTC	NA	$1,422	$1,270	-$105	NA	7.6x	8.5x	-102.7x	10,740
Ibotta	IBTA	$459	$384	$345	$75	4.5x	5.4x	6.0x	27.4x	2,060
Meitu	1357.HK	$4,890	$3,860	$2,700	$320	1.8x	2.3x	3.3x	27.9x	8,940
Roblox	RBLX	$4,770	$4,060	$2,950	-$1,050	5.2x	6.2x	8.5x	-23.8x	24,990
Salesforce	CRM	$41,320	$37,840	$35,740	$9,200	5.7x	6.3x	6.6x	25.7x	236,880
Snap	SNAP	$6,160	$5,370	$4,810	-$1,120	3.8x	4.3x	4.8x	-20.8x	23,270
Twilio	TWLO	$4,690	$4,350	$4,190	-$34	1.5x	1.6x	1.7x	-206.5x	6,990
WIX	WIX	$2,000	$1,750	$1,610	$52	4.5x	5.2x	5.6x	175.7x	9,070
Zoom	ZM	$4,370	$4,230	$4,560	$825	2.4x	2.5x	2.3x	12.9x	10,670
Average						**3.7x**	**4.8x**	**5.6x**	**-9.2x**	**33,617**

RISKS

- Perfect Corp.'s AI solutions, particularly those used for facial expression analysis, may collect private and sensitive data. This may incur a risk of confidential information leaking. In addition, a hack or data breach initiated by unauthorized third parties may also lead to potential noncompliance with data-related laws and a leakage of confidential information. A system breakdown could also cause a leak.

- A substantial portion of Perfect Corp.'s network infrastructure is provided by third parties, including Amazon Web Services ("AWS"), Alibaba Cloud and Google Cloud. Any disruption or failure in those services could harm its business.

- Governments could restrict Perfect Corp.'s ability to do business in their jurisdiction. For example, Perfect Corp.'s YouCam Makeup app has been banned in India as it caused certain national security concerns under Section 69A of the Information Technology Act, 2000 of India.

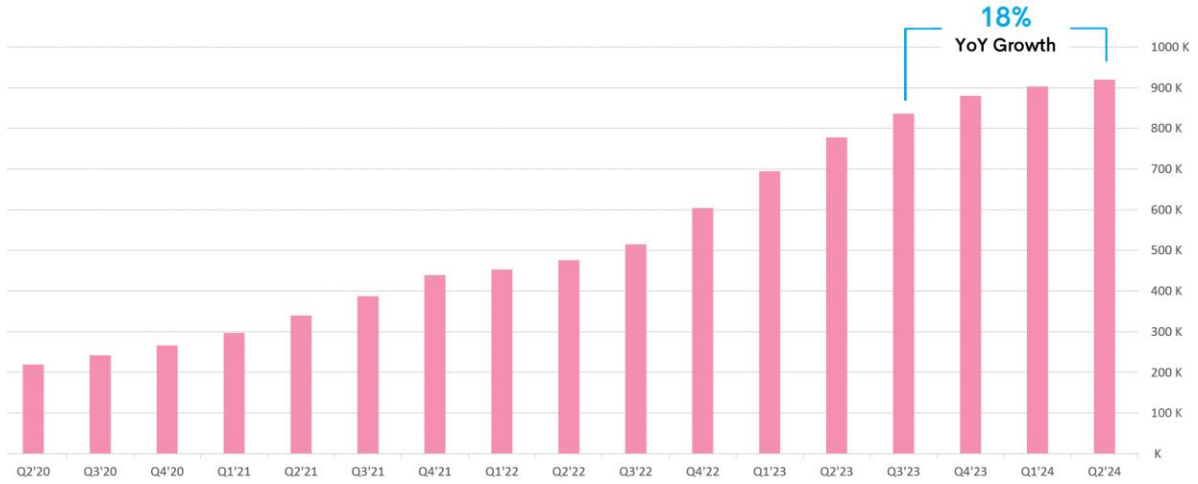
- The company's CEO controls 66.4% of the voting power leaving other shareholders with little say in governance.

- The largest client represented 8.3% of the company's revenues in 2023. Its five largest business partners in aggregate contributed approximately 21% of revenues.

METRICS

	Q1 2022 31-Mar	Q2 2022 30-Jun	Q3 2022 30-Sep	Q4 2022 31-Dec	Q1 2023 31-Mar	Q2 2023 30-Jun	Q3 2023 30-Sep	Q4 2023 31-Dec	Q1 2024 31-Mar	Q2 2024 30-Jun
B2C										
Monthy Active Subscriber	453,000	476,000	513,846	605,000	694,000	777,000	835,000	879,000	902,000	919,000
Yr-Yr Growth Rate					53%	63%	63%	45%	30%	18%
B2B										
SKUs	473,000	510,000	517,000	556,000	591,000	655,000	678,000	704,000	745,000	774,000
Yr-Yr Growth Rate					25%	28%	31%	27%	26%	18%
Brands	448	463	474	509	525	601	627	645	666	686
Yr-Yr Growth Rate					17%	30%	32%	27%	27%	14%
Key Customers		141	151	152	158	163	169	162	152	151
Yr-Yr Growth Rate						16%	12%	7%	-4%	-7%

Active Subscribers at the End of the Quarter



Source: Perfect Corp.

INCOME STATEMENT

$ in Thousands	Q1 2023 31-Mar	Q2 2023 30-Jun	Q3 2023 30-Sep	Q4 2023 31-Dec	Q1 2024 31-Mar	Q2 2024 30-Jun	Q3 2024E 30-Sep	Q4 2024E 31-Dec	2022	2023	2024E	2025E
B2B Minus Licensing									20,791	18,247	21,336	
Yr-to-yr Growth										-12.2%	16.9%	
Mobile app subscriptions									16,230	26,517	34,472	
Yr-to-yr Growth									39%	63.4%	30.0%	
SaaS and subscriptions	10,366	11,000	11,400	11,989	12,398	12,910	15,500	15,000	36,915	44,755	55,808	
Yr-to-yr Growth	19.2%	15.8%	25.3%	24.7%	19.6%	17.4%	36.0%	25.1%	25.3%	21.2%	19.8%	
Licensing & Advertising	1,779	1,687	3,149	2,135	1,891	995	1,300	1,300	10,385	8,750	5,486	
Yr-to-yr Growth	-46.7%	-8.3%	-17.1%	-14.6%	6.3%	-41.0%	-58.7%	-39.1%		-15.7%	-59.5%	
	$12,145	**$12,687**	**$14,549**	**$14,124**	**$14,289**	**$13,905**	**$16,800**	**$16,300**	**$47,300**	**$53,505**	**$61,294**	**$70,000**
Yr-to-yr Growth	0.9%	11.9%	13.2%	27.9%	17.7%	9.6%	15.5%	15.4%	16.0%	13.1%	12.7%	14.2%
Cost of sales and services	2,569	2,455	2,729	2,647	3,095	2,876	3,400	3,400	7,130	10,400	12,771	15,400
Gross profit	9,576	10,232	11,820	11,477	11,194	11,029	13,400	12,900	40,170	43,105	48,523	54,600
Gross Margin %	78.8%	80.6%	81.2%	81.3%	78.3%	79.3%	79.8%	79.1%	84.9%	80.6%	79.2%	78.0%
Sales and Marketing	6,027	6,558	6,444	6,696	7,170	7,014	7,200	7,200	24,544	25,725	28,584	30,000
G&A	2,413	3,014	3,172	2,983	2,175	2,439	2,500	2,500	76,219	11,582	9,614	9,000
R&D	2,629	2,767	3,035	3,027	3,035	2,975	3,000	3,050	10,481	11,458	12,060	12,000
Total operating expenses	11,069	12,339	12,651	12,706	12,380	12,428	12,700	12,750	111,244	48,765	50,258	51,000
Operating income:	(1,493)	(2,107)	(831)	(1,229)	(1,186)	(1,399)	700	150	(71,074)	(5,660)	(1,735)	3,600
Operating margin	-12.3%	-16.6%	-5.7%	-8.7%	-8.3%	-10.1%	4.2%	0.9%	-150.3%	-10.6%	-2.8%	5.1%
Other income:												
Interest income	2,198	2,411	2,335	2,554	1,969	1,983	2,000	2,000	2,029	9,498	7,952	6,000
Other income	2	5	11	15	2	12	2	2	75	33	18	-
Other gains and losses	15	(474)	2,034	100	(316)	25	-	-	(92,474)	1,675	(291)	-
Finance costs	(2)	(3)	(5)	(5)	(5)	(5)	(5)	(5)	(8)	(15)	(20)	(15)
Total other income	2,213	1,939	4,375	2,664	1,650	2,015	1,997	1,997	(90,378)	11,191	7,659	5,985
Income before income taxes	720	(168)	3,544	1,435	464	616	2,697	2,147	(161,452)	5,531	5,924	9,585
Pretax Margin	5.9%	-1.3%	24.4%	10.2%	3.2%	4.4%	16.1%	13.2%	-341.3%	10.3%	9.7%	13.7%
Income taxes	25	38	17	35	(166)	(148)	54	43	292	115	(217)	2,636
Tax rate	3%	-23%	0%	2%	-36%	-24%	2%	2%	0%	2%	-4%	28%
Net income	695	(206)	3,527	1,400	630	764	2,643	2,104	(161,744)	5,416	6,141	6,949
Net margin	5.7%	-1.6%	24.2%	9.9%	4.4%	5.5%	15.7%	12.9%	-342.0%	10.1%	10.0%	9.9%
Other comprehensive income:												
Actuarial gains	-	-	-	(4)	-	-	-	-	22.0	(4)	-	-
Credit risk changes preferred	-	-		-	-	-	-	-	(7.0)	-	-	-
Exchange difference on translation	2	(170)	(56)	108	(140)	(111)	-	-	(1,097)	(116)	(251)	-
Other comprehensive income, net	697	(376)	3,471	1,504	490	653	2,643	2,104	(162,826)	5,296	5,890	-
Stk based compensation	650	791	1,234	535	784	653	800	800	2,175	3,210	3,037	3,000
One-time exp. & non-cash adj.	(19)	296	(2,096)	211	104	(150)	-	-	163,626	(1,608)	-46	0
Non-IFRS Income	1,326	881	2,665	2,146	1,518	1,267	3,443	2,904	4,057	7,018	9,132	9,949
Yr-over-Yr	14%	38%	18%	NM	14%	44%	29%	35%		73.0%	30.1%	8.9%
Net income per share:												
Shareholders of Parent Primary EPS	0.006	(0.002)	0.030	0.016	0.006	0.008	0.026	0.021	(2.37)	0.05	0.060	0.068
Shareholders Diluted EPS	0.006	(0.002)	0.030	0.016	0.006	0.008	0.026	0.021	(2.37)	0.05	0.060	0.068
Total Diluted Non-IFRS EPS	0.011	0.008	0.022	0.019	0.015	0.012	0.034	0.029	0.06	0.06	0.090	0.098
	-46%	NA	-4%	-94%	35%	55%	54%	50%		0.2%	50.8%	8.9%
Shares												
Avg basic shares (A+B) YTD	118,264	118,248	118,205	118,024	101,849	101,849	101,849	101,849	68,337	118,024	101,849	101,849
Yr-over-Yr	108%	106%	105%	73%	-13.9%	-13.9%	-13.8%	-13.7%	29.0%	72.7%	-13.7%	0.0%

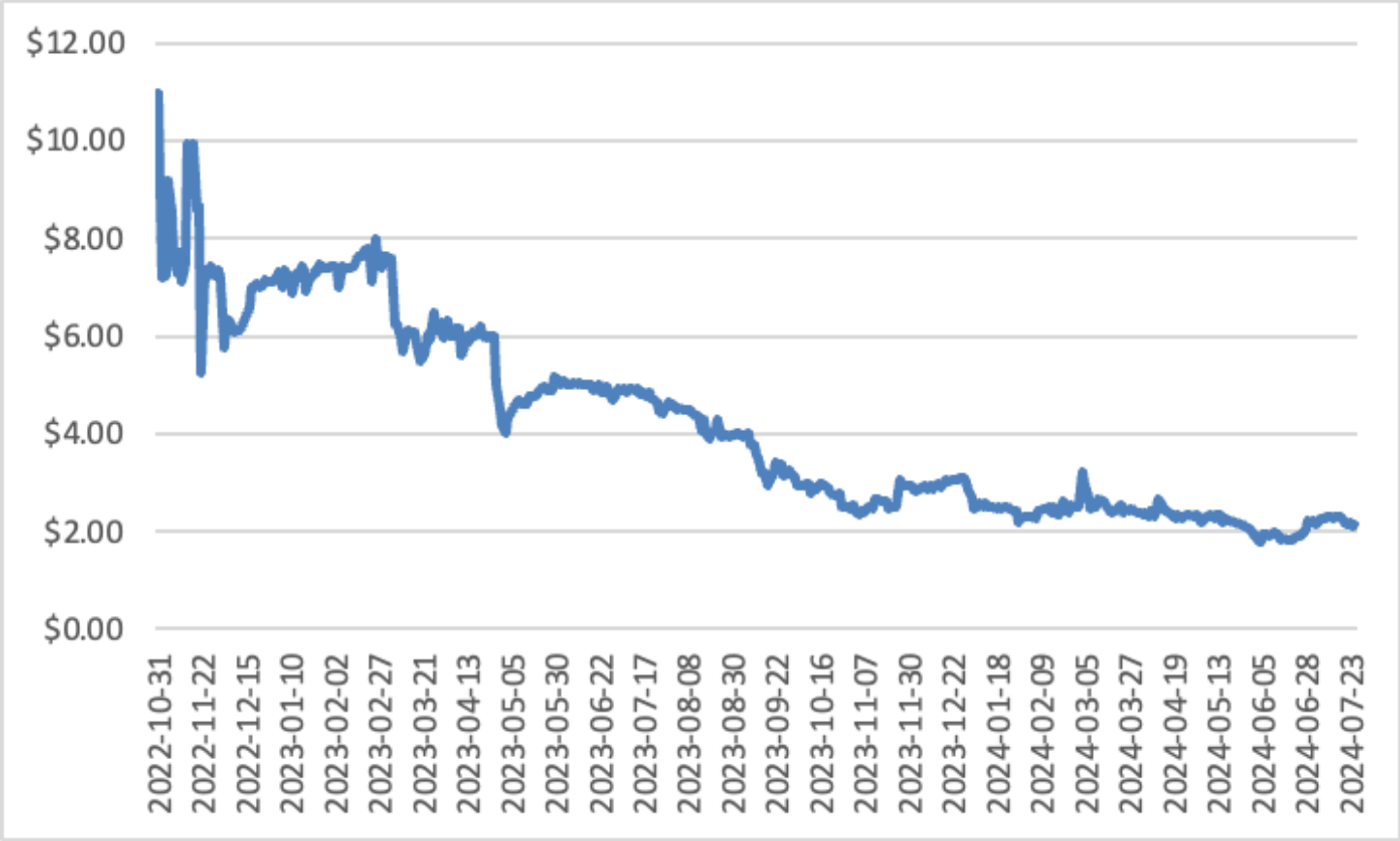
BALANCE SHEET

US$ in Thousands	June 30, 2024	Mar 31, 2024	Qtr-Qtr % Growth	June 30, 2023	Yr-Yr % Growth
Current assets:					
Cash and equivalents	**$ 120,796**	**$ 121,960**	-1.0%	**$ 37,168**	225%
Current financial assets at amortized costs	**37,970**	**35,300**	16.5%	**160,800**	-76%
Current contract assets (contract receivable)	1,543	2,251	-18.7%	1,512	2%
Accounts receivable, net	7,102	7,699	10.1%	7,641	-7%
Other receivables	737	707	106.1%	587	26%
Current income tax assets	281	344	10.6%	124	127%
Inventories	21	28	-15.2%	34	-38%
Other current assets	2,832	3,491	-13.6%	4,655	-39%
Total current assets	171,282	171,780	1.8%	212,521	-19%
Property, plant and equipment	545	420	10.5%	345	58%
Right-of-use assets	679	725	-14.4%	850	-20%
Intangible assets, net	57	64	-16.9%	115	-50%
Deferred income tax assets	1,120	692	169.3%	222	405%
Security deposits paid	147	139	-0.7%	124	19%
Total non-current assets	2,548	2,040	19.9%	1,656	54%
Total assets	173,830	173,820	2.0%	214,177	-19%
Current liabilities:					
Current contract liabilities (unearned revenue)	16,858	18,216	18.7%	15,976	6%
Other payables	10,239	9,720	-5.9%	8,095	26%
Other payables - related parties	50	49	-2.0%	49	2%
Current tax liabilities	390	225	971.4%	52	650%
Current provisions	1,775	2,179	-9.0%	2,134	-17%
Current lease liabilities	524	486	1.0%	417	26%
Other current liabilities	195	224	-19.1%	149	31%
Total current liabilities	30,031	31,099	7.6%	26,872	12%
Non-current financial liabilities at FV	1,520	1,670	6.6%	3,451	-56%
Non-current lease liabilities	187	266	-31.3%	457	-59%
Net defined benefit liabilities, non-current	81	80	1.3%	75	8%
Guarantee deposits received	25	25	0.0%	25	0%
Total non-current liabilities	1,813	2,041	-0.8%	4,008	-55%
Total liabilities	31,844	33,140	7.1%	30,880	3%
Stockholders' equity					
Class A Shares	8,506	8,506	-0.1%	10,147	-16%
Class B Shares	1,679	1,679	0.0%	1,679	0%
Capital surplus	511,653	511,000	0.1%	557,870	-8%
Retained earnings					
Accumulated deficit	(379,078)	(379,842)	-0.2%	(385,395)	-2%
Other equity interest	(774)	(663)	26.8%	(575)	35%
Treasury shares	0	0	-100.0%	(429)	-100%
Total stockholders' equity	141,986	140,680	0.9%	183,297	-23%
Total liabilities and stockholders' equity	173,830	173,820	2.0%	214,177	-19%
Current ratio	5.7	5.5	-5.4%	7.9	-28%
Working Capital	141,251	140,681	0.7%	185,649	-24%
Net cash plus CDs	158,766	157,260	2.0%	197,968	-20%
Cash per share	$1.56	$1.54	2.1%	$1.67	-7%
Debt	0	0	0.0%	0	0%

CASH FLOWS

US$ in Thousands	Year 2022	3 Mo Ended Mar 31, 2023	3 Mo Ended Jun 30, 2023	6 Mo Ended Jun 30, 2023	6 Mo Ended Dec 31, 2023	Year 2023	3 Mo Ended Mar 31, 2024	3 Mo Ended Jun 30, 2024
Cash flows from operating activities:								
Net income	(161,452)	720	(168)	552	4,979	5,531	464	616
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation	703	169	157	326	312	638	166	178
Amortization	63	18	19	37	38	75	13	13
Interest income	(2,029)	(2,198)	(2,411)	(4,609)	(4,889)	(9,498)	(1,969)	(1,983)
Interest expense	8	2	3	5	10	15	5	5
Net losses on financial liabilities at FV	93,777	(52)	296	244	(1,885)	(1,641)	104	(150)
Share-based payments	2,175	650	791	1,441	1,769	3,210	784	653
Recognition of listing expense	65,264	-	-	-	-	-	-	
Change in operating assets and liabilities:								
Accounts receivable	(1,479)	(1,629)	1,716	87	672	759	(723)	589
Current contract assets	(3,701)	2,130		2,130	(1,264)	866	515	699
Other receivables	(3)	(598)	601	3	-	3	-	0
Other receivables - related parties	-	-	-	-	-	-	-	0
Inventories	43	7	4	11	1	12	5	7
Other current assets	(4,418)	199	(152)	47	615	662	549	661
Current contract liabilities	4,783	4,178	(1,143)	3,035	(669)	2,366	2,936	(1,314)
Other payables	772	(1,852)	669	(1,183)	2,233	1,050	(587)	536
Other payables - related parties	(2)	24	(36)	(12)	-	(12)	1	2
Current provisions	897	177	143	320	245	565	(184)	(379)
Other current liabilities	(80)	(87)	(20)	(107)	134	27	(44)	(23)
Net defined benefit liabilities, non-current	1	1	-	1	2	3	1	0
Net cash generated by operating activities	(4,678)	1,859	469	2,328	2,303	4,631	2,036	110
Interest income	1,724	2,123	2,208	4,331	5,133	9,464	1,605	1,953
Interest paid	(8)	(2)	(3)	(5)	(10)	(15)	(5)	(5)
Income tax paid	(343)	(179)	(26)	(205)	(297)	(502)	(114)	(62)
Cash used by operating activities	(3,305)	3,801	2,648	6,449	7,129	13,578	3,522	1,996
Cash flows from Investing activities:								
Acquisition of financial assets, net	(30,000)	(71,000)	(89,800)	(160,800)	(35,300)	(196,100)	(11,000)	(33,470)
Proceeds from disposal of financial assets	-	-	30,000	30,000	165,800	195,800	6,000	30,800
Capital expenditures	(165)	(155)	(15)	(170)	(119)	(289)	(85)	(174)
Acquisition of intangible assets	(93)	(33)	-	(33)	-	(33)	-	(6)
Increase in guarantee deposits paid	-	-	-	-	(15)	(15)	-	(8)
Net cash used in investing activities	(30,258)	(71,188)	(59,815)	(131,003)	130,366	(637)	(5,085)	(2,858)
Cash flows from Financing activities:								
Repayment of principal portion of lease liab.	(457)	(103)	(100)	(203)	(232)	(435)	(116)	(123)
Employee stock option exercised	5,592	-	-	-	-	-	-	-
Proceeds from recapitalization	112,893	-	-	-	-	-	-	-
Payments for treasury shares	-	-	(429)	(429)	(50,635)	(51,064)	-	-
Net cash provided by financing activities	118,028	(103)	(529)	(632)	(50,867)	(51,499)	(116)	(123)
Effect of exchange rate changes of cash	(2,302)	(9)	(253)	(262)	75	(187)	(232)	(179)
Net change - cash	82,163	(67,499)	(57,949)	(125,448)	86,703	(38,745)	(1,911)	(1,164)
Cash, beginning of period	80,453	162,616	95,117	162,616	37,168	162,616	123,871	121,960
Cash, end of period	162,616	95,117	37,168	37,168	123,871	123,871	121,960	120,796
Cash Flow	(1,491)	(691)	(1,313)	(2,004)	334	(1,670)	(433)	(668)
Free cash flow	(1,656)	(846)	(1,328)	(2,174)	215	(1,959)	(518)	(842)

HISTORICAL STOCK PRICE



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