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Zacks Small-Cap Research

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Lisa Thompson
312-265-9154
LThompson@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Perfect Corp (NYSE: PERF)

PERF: Perfect Corp. Reports a Solid Q3 With 43% Non-IFRS EPS Growth

We believe PERF stock is worth at least $3.07 per share based on the average EV/Sales ratio of 2.45xs, or half its peer group of AI-based SaaS providers. Its large cash hoard of $163 million distorts its valuation, an EV of $28 million.

Current Price (10/29/24)	$1.88
Valuation	**$3.07**

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	**$3.21**
52-Week Low	**$1.74**
One-Year Return (%)	**-23.6**
Beta	**0.27**
Average Daily Volume (sh)	**18,121**
A+B Shares Out. (mil)	**101.8**
Market Capitalization ($mil)	**$191.4**
Short Interest Ratio (days)	**0.3**
Institutional Ownership (%)	**71.2**
Insider Ownership (%)	**69.5**
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	**36.3**
P/E using 2024 Estimate	**21.9**
P/E using 2025 Estimate	**28.1**

Risk Level	**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	16 A	17 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 A	$0.03 E	$0.06 E
2025					$0.07 E

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WHAT'S NEW

Perfect Corp Continues to Innovate and Win Over Consumers

Revenue growth accelerated slightly from Q2 to Q3 2024 at Perfect Corp. It reported $16.1 million in revenues up 10.8% year over year. This is despite a 13.4% decline in licensing and advertising as the company moves away from those revenue streams. According to its Q2 filing, B2C revenue outpaced B2B in the first half of 2024, growing 43% and comprising 59.4% of sales for that period. If it continues to be more than 50% of sales, revenue growth should accelerate. On a non-IFRS basis, earnings continue to grow much faster than revenues, and this quarter's EPS increased 43%. We look forward to 2025 and beyond as Perfect Corp.'s PerfectGPT AI Assistant platform could be a boon to revenues as it brings so much value to customers. It can replace many of the functions of a salesperson at a store as well as bring online shopping to a new level. The payback could be huge for brands, and once it has been piloted and shown to work, Perfect Corp. could earn high margins on this product, which will integrate with all its other offerings. While many companies can use AI for shopping help, none have the in-depth knowledge and databases in the beauty industry, creating a formidable moat for potential competitors.



Source: Perfect Corp.

Management believes the first companies that will be using PerfectGPT will be prestige brands and it could be testing by early next year. It is talking to the largest customers as they are the most likely to want to be leading edge and can afford the effort. 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 2026 and beyond.

While B2B has not picked up as much as expected, the industry is consumer-driven, and any improvement in consumer spending will benefit Perfect Corp. The facial segment continues to grow the fastest of the B2B but most customers are smaller than beauty companies and it takes more of a sales effort to generate the same amount of revenue. Going forward we look for an uptick in consumer spending as well as some announcements of companies starting PerfectGPT trials to accelerate revenues.

Q3 2024 Results

Revenues for the September quarter were $16.1 million versus $14.5 million, showing growth of 10.8%. Of that $16.1 million, $13.4 million was from AI- and AR-cloud solutions and subscription revenue versus $11.4 million last year, growing 17.5%. The rest of the revenues were from licensing and advertising. Licensing comes from B2B customers and was down 13.4% to $2.7 million from $3.1 million last year. Mobile app revenue in the first half of 2024 was 59.4% of sales versus 47.3% last year, or a growth of 43% to $16.8 million from $11.7 million last year. We do not know what it was in Q3, but we expect that that trend continued.

The gross margin for the quarter was 80.3%, down from 81.2% in Q3 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 $1.1 million, or 9.6%. The company said that active mobile app subscribers grew 17% year over year, while net key customers were flat from the end of June to the end of September.

Total operating expenses for the September quarter grew to $13.0 million from $12.7 million in the same period of 2023, including a bad debt reserve of $602,000, which was the cause of most of the increase. G&A was reduced by $1 million while sales and marketing and R&D expenses both grew. G&A declined mainly from more efficiency in operations.

Operating income was a loss of $77,000 versus a loss of $831,000 last year. Not including the bad debt reserve, there would have been an operating profit of $525,000. The company earned $1.9 million in interest income versus $2.3 million last year because of having lower cash plus current financial assets at amortized costs during the quarter. Pretax earnings were $2.3 million versus $3.5 million last year. Net income was $2.5 million compared to $3.5 million last year. This resulted in an EPS of $0.025 versus $0.030 in the previous year. Shares outstanding this quarter were 102 million versus 118 million in Q3 2023 due to the stock buyback in Q4 2023.

Taking out stock-based compensation and one-time charges, non-IFRS net income was $3.2 million versus $2.7 million or $ 0.032 versus $0.022 per share, an increase of 43%.

Balance Sheet and Cash Flow

As of September 30th, Perfect Corp. had $127 million in cash and another $36 million in six-month CDs equaling $163 million ($1.60 per share.) It had $144 million in working capital and no debt. Not including changes in working capital, the company had operating cash flow of $1.8 million and free cash flow of $1.7 million.

During the Quarter

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.

On September 10th Perfect Corp. announced the launch of its new Skincare Pro Aesthetic Simulator for non-surgical facial treatments. It was designed specifically for dermatologists, aestheticians, and beauty professionals. It integrates AI image analysis and AI deep learning models to simulate and visualize 27 types of non-surgical facial procedures, allowing users to instantly preview changes on their faces. This tool lets providers adjust treatments based on client discussions on what they see from the previews, reducing

uncertainty, and building trust. The Skincare Pro Aesthetic Simulator is integrated with a cloud-based CRM platform that streamlines client management, from profile creation to facial simulation reports and before-and-after comparisons. It allows tracking of patient progress and refines treatment plans. The Aesthetic Simulator is available on subscription plans for iOS devices.

On September 17th Perfect Corp. announced a collaboration with TIMEZ, a watch aggregation platform. The two have introduced a tailored digital solution for luxury watches on TIMEZ's mobile application for users to try on the watches virtually. Users can also use TIMEZ's proprietary AI watch recognition model to identify watch models. By simply taking or uploading a photo, the app can automatically recognize and match the watch to its brand and model within 0.8 seconds, providing not only detailed technical specifications but also market price data. Currently, the AI model supports identifying over 53,000 watches, offering users a quick and convenient search experience.

On September 20th, Perfect Corp announced the launch of its new "AI Skincare Product Recommendation" tool. Previously, brands using Perfect Corp.'s AI Skin Analysis services had to manually define recommendation conditions and scenarios for each skincare product after creating their listings in the Perfect Console. This process has now been automated. Using product names, descriptions, images, and categories, AI can intelligently identify which concerns should be matched to each product based on established logic and data, significantly reducing configuration time.

KEY POINTS

- With an **enterprise value of $28 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 $163 million in cash and equivalents** on its balance sheet with no debt, and is trading at an EV/2024 Estimated Sales of 0.6 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 708 brands selling 806,000 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 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 0.6 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 2.45 times sales and a stock price of $3.07.

OVERVIEW

Perfect Corp. is a $191 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 September quarter, the company served 151 key customers (those who pay more than $50,000 a year.) In addition, it supports 708 brands selling 806,000 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 977,000 paying subscribers of these apps as of the end of the September quarter and the *YouCam* mobile beauty app's active subscribers grew by 17% year over year in the quarter.

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

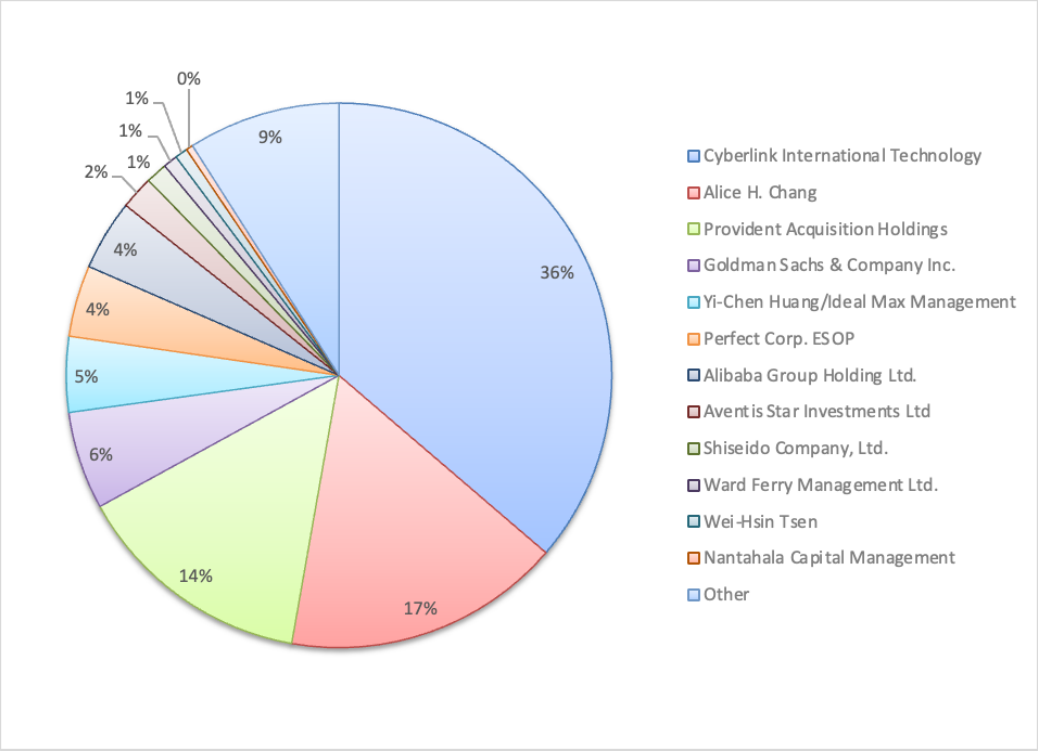
While the B2B business generates much higher gross margins, the B2C business grows faster. However, these two businesses share the same R&D efforts and technology and one can test for the other as the company rolls out new products and features. The company has powerful AI technology using deep and machine 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 the first half of 2024, 45.5% of its revenue came from the US, 10.9% from Japan, and 8.1% 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 Q3 2024 earnings, management guided to 12-14% revenue growth for 2024. 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 $60.9 million and net income of $6.4 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 4.9 times EV to 2024 estimated calendar year sales for this group with a range of 2.1 times to 7.1 times. We believe a conservative value would be half that average at 2.45 times giving Perfect Corp. a market value of $312 million or $3.07 per share.

		Cal. Revenue			TTM	Enterprise Value / Sales			EV/	Enterprise	EBITDA
Company	Ticker	2025E	2024E	LTM	EBITDA	2025E	2024E	LTM	EBITDA	Value	Margin
C3AI	AI	NA	$362	$325	-$305	NA	7.1x	8.0x	-8.5x	2,590	-93.8%
Elastic	ESTC	NA	$1,402	$1,320	-$104	NA	5.4x	5.8x	-72.9x	7,610	-7.9%
Ibotta	IBTA	$456	$375	$355	$34	5.1x	6.2x	6.6x	69.5x	2,340	9.5%
Meitu	1357.HK	$4,870	$3,840	$3,060	$468	2.0x	2.6x	3.3x	21.2x	9,950	15.3%
Roblox	RBLX	$5,020	$4,230	$3,160	-$974	5.3x	6.3x	8.5x	-27.5x	26,810	-30.8%
Salesforce	CRM	$41,250	$37,860	$36,470	$9,350	6.8x	7.4x	7.7x	29.9x	279,600	25.6%
Snap	SNAP	$6,080	$5,340	$4,980	-$973	3.1x	3.5x	3.8x	-19.5x	18,930	-19.5%
Twilio	TWLO	$4,680	$4,370	$4,240	$38	2.0x	2.1x	2.2x	244.2x	9,370	0.9%
WIX	WIX	$2,000	$1,760	$1,650	$69	4.6x	5.2x	5.6x	134.3x	9,220	4.2%
Zoom	ZM	$4,790	$4,640	$4,590	$853	3.2x	3.3x	3.3x	17.9x	15,270	18.6%
Average						**4.0x**	**4.9x**	**5.5x**	**38.9x**	**38,169**	**-7.8%**

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.

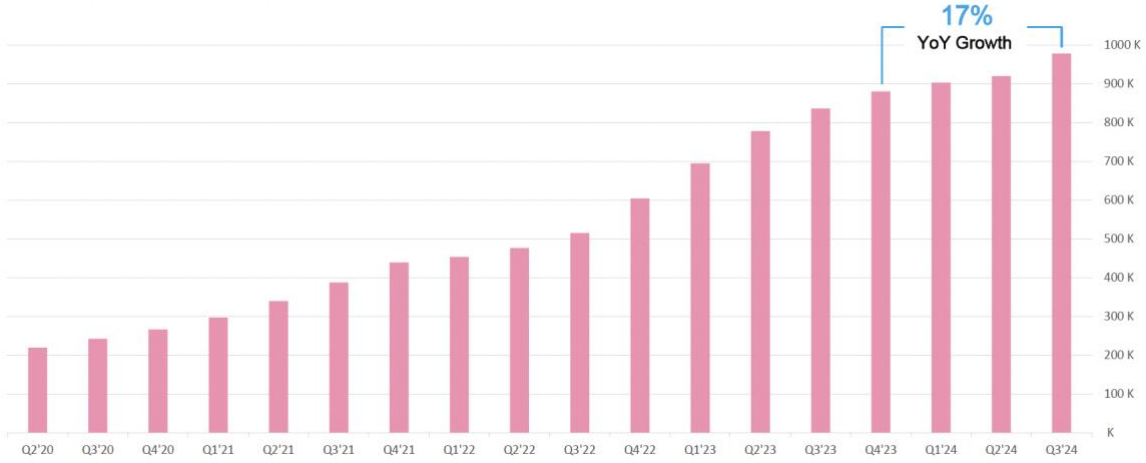
- The company's CEO controls 66.4% of the voting power leaving other shareholders with little say in governance.

- 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	Q3 2024 30-Sep
B2C											
Monthy Active Subscriber	453,000	476,000	513,846	605,000	694,000	777,000	835,000	879,000	902,000	919,000	977,000
Yr-Yr Growth Rate					53%	63%	63%	45%	30%	18%	17%
B2B											
SKUs	473,000	510,000	517,000	556,000	591,000	655,000	678,000	704,000	745,000	774,000	806,000
Yr-Yr Growth Rate					25%	28%	31%	27%	26%	18%	19%
Brands	448	463	474	509	525	601	627	645	666	686	708
Yr-Yr Growth Rate					17%	30%	32%	27%	27%	14%	13%
Key Customers		141	151	152	158	163	169	162	152	151	151
Yr-Yr Growth Rate						16%	12%	7%	-4%	-7%	-11%

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 2024 30-Sep	Q4 2024E 31-Dec	2022	2023	2024E	2025E
B2B Minus Licensing									20,791	18,247	19,236	
Yr-to-yr Growth										-12.2%	5.4%	
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	13,400	15,000	36,915	44,755	53,708	
Yr-to-yr Growth	19.2%	15.8%	25.3%	24.7%	19.6%	17.4%	17.5%	25.1%	25.3%	21.2%	16.7%	
Licensing & Advertising	1,779	1,687	3,149	2,135	1,891	995	2,727	1,600	10,385	8,750	7,213	
Yr-to-yr Growth	-46.7%	-8.3%	-17.1%	-14.6%	6.3%	-41.0%	-13.4%	-25.1%		-15.7%	-21.3%	
Total Revenues	**$12,145**	**$12,687**	**$14,549**	**$14,124**	**$14,289**	**$13,905**	**$16,127**	**$16,600**	**$47,300**	**$53,505**	**$60,921**	**$70,000**
Yr-to-yr Growth	0.9%	11.9%	13.2%	27.9%	17.7%	9.6%	10.8%	17.5%	16.0%	13.1%	12.2%	14.9%
Cost of sales and services	2,569	2,455	2,729	2,647	3,095	2,876	3,171	3,400	7,130	10,400	12,542	15,260
Gross profit	9,576	10,232	11,820	11,477	11,194	11,029	12,956	13,200	40,170	43,105	48,379	54,740
Gross Margin %	78.8%	80.6%	81.2%	81.3%	78.3%	79.3%	80.3%	79.5%	84.9%	80.6%	79.4%	78.2%
Sales and Marketing	6,027	6,558	6,444	6,696	7,170	7,014	7,090	7,150	24,544	25,725	28,424	30,000
G&A	2,413	3,014	3,172	2,983	2,175	2,439	2,128	2,400	76,219	11,582	9,142	9,000
R&D	2,629	2,767	3,035	3,027	3,035	2,975	3,213	3,200	10,481	11,458	12,423	13,000
Expected credit losses	0	0	0	-	0	0	602	0	0	0	602	0
Total operating expenses	11,069	12,339	12,651	12,706	12,380	12,428	13,033	12,750	111,244	48,765	50,591	52,000
Operating income:	(1,493)	(2,107)	(831)	(1,229)	(1,186)	(1,399)	(77)	450	(71,074)	(5,660)	(2,212)	2,740
Operating margin	-12.3%	-16.6%	-5.7%	-8.7%	-8.3%	-10.1%	-0.5%	2.7%	-150.3%	-10.6%	-3.6%	3.9%
Other income:												
Interest income	2,198	2,411	2,335	2,554	1,969	1,983	1,923	1,920	2,029	9,498	7,795	6,400
Other income	2	5	11	15	2	12	5	2	75	33	21	-
Other gains and losses	15	(474)	2,034	100	(316)	25	422	-	(92,474)	1,675	131	-
Finance costs	(2)	(3)	(5)	(5)	(5)	(5)	(4)	(5)	(8)	(15)	(19)	(15)
Total other income	2,213	1,939	4,375	2,664	1,650	2,015	2,346	1,917	(90,378)	11,191	7,928	6,385
Income before income taxes	720	(168)	3,544	1,435	464	616	2,269	2,367	(161,452)	5,531	5,716	9,125
Pretax Margin	5.9%	-1.3%	24.4%	10.2%	3.2%	4.4%	14.1%	14.3%	-341.3%	10.3%	9.4%	13.0%
Income taxes	25	38	17	35	(166)	(148)	(263)	47	292	115	(530)	2,509
Tax rate	3%	-23%	0%	2%	-36%	-24%	-12%	2%	0%	2%	-9%	28%
Net income	695	(206)	3,527	1,400	630	764	2,532	2,320	(161,744)	5,416	6,246	6,616
Net margin	5.7%	-1.6%	24.2%	9.9%	4.4%	5.5%	15.7%	14.0%	-342.0%	10.1%	10.3%	9.5%
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)	257	-	(1,097)	(116)	6	-
Other comprehensive income, net	697	(376)	3,471	1,504	490	653	2,789	2,320	(162,826)	5,296	6,252	-
Stk based compensation	650	791	1,234	535	784	653	744	800	2,175	3,210	2,981	3,000
One-time exp. & non-cash adj.	(19)	296	(2,096)	211	104	(150)	(61)	-	163,626	(1,608)	-107	0
Non-IFRS Income	1,326	881	2,665	2,146	1,518	1,267	3,215	3,120	4,057	7,018	9,120	9,616
Yr-over-Yr	14%	38%	18%	NM	14%	44%	21%	45%		73.0%	29.9%	5.4%
Net income per share:												
Shareholders of Parent Primary EPS	0.006	(0.002)	0.030	0.016	0.006	0.008	0.025	0.023	(2.37)	0.05	0.061	0.065
Shareholders Diluted EPS	0.006	(0.002)	0.030	0.016	0.006	0.008	0.025	0.023	(2.37)	0.05	0.061	0.065
Total Diluted Non-IFRS EPS	0.011	0.008	0.022	0.019	0.015	0.012	0.032	0.031	0.06	0.06	0.090	0.094
	-46%	NA	-4%	-94%	35%	55%	43%	61%		0.2%	50.6%	5.4%
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%
Diluted	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%	18%	17%	73%	-13.9%	-13.9%	-13.8%	-13.7%		72.7%	-13.7%	0.0%

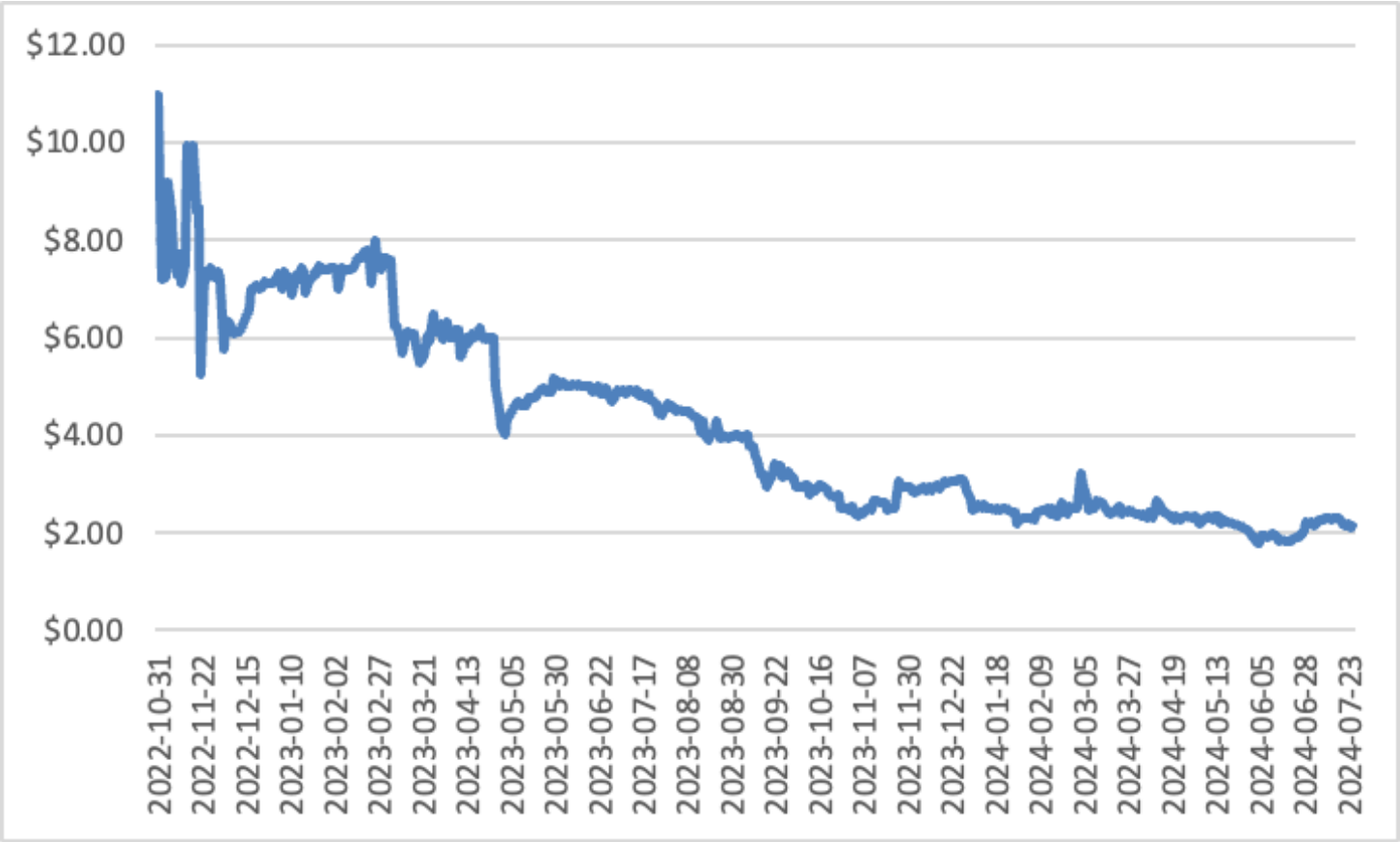
BALANCE SHEET

US$ in Thousands	Sept 30, 2024	June 30, 2024	Qtr-Qtr % Growth	Sept 30, 2023	Yr-Yr % Growth
Current assets:					
Cash and equivalents	**$ 127,177**	**$ 120,796**	5.3%	**$ 114,969**	11%
Current financial assets at amortized costs	**36,000**	**37,970**	-5.2%	**86,300**	-58%
Current contract assets (contract receivable)	2,022	1,543	31.0%	3,116	-35%
Accounts receivable, net	8,036	7,102	13.2%	6,641	21%
Other receivables	786	737	6.6%	1,274	-38%
Current income tax assets	281	281	0.0%	193	46%
Inventories	21	21	0.0%	33	-36%
Other current assets	2,311	2,832	-18.4%	3,863	-40%
Total current assets	176,634	171,282	3.1%	216,389	-18%
Property, plant and equipment	617	545	13.2%	312	98%
Right-of-use assets	626	679	-7.8%	739	-15%
Intangible assets, net	44	57	-22.8%	96	-54%
Deferred income tax assets	1,563	1,120	39.6%	216	624%
Security deposits paid	148	147	0.7%	139	6%
Total non-current assets	2,998	2,548	17.7%	1,502	100%
Total assets	179,632	173,830	3.3%	217,891	-18%
Current liabilities:					
Current contract liabilities (unearned revenue)	17,923	16,858	6.3%	15,926	13%
Other payables	11,393	10,239	11.3%	9,703	17%
Other payables - related parties	55	50	10.0%	49	12%
Current tax liabilities	390	390	0.0%	0	#DIV/0!
Current provisions	1,822	1,775	2.6%	2,304	-21%
Current lease liabilities	484	524	-7.6%	406	19%
Other current liabilities	310	195	59.0%	131	137%
Total current liabilities	32,377	30,031	7.8%	28,519	14%
Non-current financial liabilities at FV	1,459	1,520	-4.0%	1,355	8%
Non-current lease liabilities	171	187	-8.6%	361	-53%
Net defined benefit liabilities, non-current	81	81	0.0%	75	8%
Guarantee deposits received	25	25	0.0%	25	0%
Total non-current liabilities	1,736	1,813	-4.2%	1,816	-4%
Total liabilities	34,113	31,844	7.1%	30,335	12%
Stockholders' equity					
Class A Shares	8,506	8,506	0.0%	10,147	-16%
Class B Shares	1,679	1,679	0.0%	1,679	0%
Capital surplus	512,397	511,653	0.1%	559,104	-8%
Retained earnings					
Accumulated deficit	(376,546)	(379,078)	-0.7%	(381,868)	-1%
Other equity interest	(517)	(774)	-33.2%	(631)	-18%
Treasury shares	0	0	0.0%	(875)	-100%
Total stockholders' equity	145,519	141,986	2.5%	187,556	-22%
Total liabilities and stockholders' equity	179,632	173,830	3.3%	217,891	-18%
Current ratio	5.5	5.7	-4.3%	7.6	-28%
Working Capital	144,257	141,251	2.1%	187,870	-23%
Net cash plus CDs	163,177	158,766	2.8%	114,969	42%
Cash per share	$1.60	$1.56	2.8%	0.97	65%
Debt	0	0	0.0%	17,281	0%

CASH FLOWS

US$ in Thousands	Year 2022	3 Mo Ended Mar 31, 2023	3 Mo Ended Jun 30, 2023	3 Mo Ended Sep 30, 2023	3 Mo Ended Dec 31, 2023	Year 2023	3 Mo Ended Mar 31, 2024	3 Mo Ended Jun 30, 2024	3 Mo Ended Sep 30, 2024
Cash flows from operating activities:									
Net income	(161,452)	720	(168)	3,544	1,435	5,531	464	616	2,269
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation	703	169	157	156	156	638	166	178	197
Amortization	63	18	19	19	19	75	13	13	13
Expected credit losses				-	-				602
Interest income	(2,029)	(2,198)	(2,411)	(2,335)	(2,554)	(9,498)	(1,969)	(1,983)	(1,923)
Interest expense	8	2	3	5	5	15	5	5	4
Net losses on financial liabilities at FV	93,777	(52)	296	(2,096)	211	(1,641)	104	(150)	(61)
Share-based payments	2,175	650	791	1,234	535	3,210	784	653	744
Recognition of listing expense	65,264	-	-	-	-	-	-		-
Change in operating assets and liabilities:									
Accounts receivable	(1,479)	(1,629)	1,716	974	(302)	759	(723)	589	(1,501)
Current contract assets	(3,701)	2,130		(1,603)	339	866	515	699	(462)
Other receivables	(3)	(598)	601	-	-	3	-	0	-
Other receivables - related parties	-	-	-	-	-	-	-	0	-
Inventories	43	7	4	1	-	12	5	7	-
Other current assets	(4,418)	199	(152)	791	(176)	662	549	661	523
Current contract liabilities	4,783	4,178	(1,143)	(1)	(668)	2,366	2,936	(1,314)	919
Other payables	772	(1,852)	669	1,625	608	1,050	(587)	536	1,106
Other payables - related parties	(2)	24	(36)	1	(1)	(12)	1	2	2
Current provisions	897	177	143	181	64	565	(184)	(379)	(15)
Other current liabilities	(80)	(87)	(20)	(15)	149	27	(44)	(23)	101
Net defined benefit liabilities, non-current	1	1	-	1	1	3	1	0	1
Net cash generated by operating activities	(4,678)	1,859	469	2,482	(179)	4,631	2,036	110	2,519
Interest income	1,724	2,123	2,208	1,648	3,485	9,464	1,605	1,953	1,875
Interest paid	(8)	(2)	(3)	(5)	(5)	(15)	(5)	(5)	(4)
Income tax paid	(343)	(179)	(26)	(142)	(155)	(502)	(114)	(62)	(158)
Cash used by operating activities	(3,305)	3,801	2,648	3,983	3,146	13,578	3,522	1,996	4,232
Cash flows from Investing activities:									
Acquisition of financial assets, net	(30,000)	(71,000)	(89,800)	(11,000)	(24,300)	(196,100)	(11,000)	(33,470)	(11,104)
Proceeds from disposal of financial assets	-	-	30,000	85,500	80,300	195,800	6,000	30,800	13,074
Capital expenditures	(165)	(155)	(15)	(13)	(106)	(289)	(85)	(174)	(130)
Acquisition of intangible assets	(93)	(33)	-	-	-	(33)	-	(6)	-
Increase in guarantee deposits paid	-	-	-	(15)	-	(15)	-	(8)	-
Net cash used in investing activities	(30,258)	(71,188)	(59,815)	74,472	55,894	(637)	(5,085)	(2,858)	1,840
Cash flows from Financing activities:									
Repayment of principal portion of lease liab.	(457)	(103)	(100)	(107)	(125)	(435)	(116)	(123)	(142)
Employee stock option exercised	5,592	-	-	-	-	-	-	-	-
Proceeds from recapitalization	112,893	-	-	-	-	-	-	-	-
Payments for treasury shares	-	-	(429)	(446)	(50,189)	(51,064)	-	-	-
Net cash provided by financing activities	118,028	(103)	(529)	(553)	(50,314)	(51,499)	(116)	(123)	(142)
Effect of exchange rate changes of cash	(2,302)	(9)	(253)	(101)	176	(187)	(232)	(179)	451
Net change - cash	82,163	(67,499)	(57,949)	77,801	8,902	(38,745)	(1,911)	(1,164)	6,381
Cash, beginning of period	80,453	162,616	95,117	37,168	114,969	162,616	123,871	121,960	120,796
Cash, end of period	162,616	95,117	37,168	114,969	123,871	123,871	121,960	120,796	127,177
Cash Flow	(1,491)	(691)	(1,313)	527	(193)	(1,670)	(433)	(668)	1,845
Free cash flow	(1,656)	(846)	(1,328)	514	(299)	(1,959)	(518)	(842)	1,715

HISTORICAL STOCK PRICE



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