



17LIVE Group Limited and its Subsidiaries

Condensed Interim Financial Statements
For the six months and full year ended 31 December 2023

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A. Consolidated statements of comprehensive income

		The Group			
		6 Months Ended 31 December		12 Months Ended 31 December	
Note		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
	Operating revenue	127,942	163,296	278,927	363,718
	Cost of revenue	(76,052)	(102,629)	(163,978)	(237,569)
	Gross profit	51,890	60,667	114,949	126,149
	Operating expenses				
	Selling expenses	(28,665)	(27,163)	(52,980)	(64,311)
	General and administrative expenses	(11,811)	(10,341)	(24,030)	(24,402)
	Research and development expenses	(10,671)	(14,174)	(24,189)	(27,312)
	Total operating expenses	(51,147)	(51,678)	(101,199)	(116,025)
	Operating income	743	8,989	13,750	10,124
	Non-operating income and expenses				
	Other gains and losses				
	- Revaluation loss on financial liabilities	(118,032)	(17,846)	(245,681)	(55,860)
	- Others	(12,311)	(112)	(12,951)	3,045
		(130,343)	(17,958)	(258,632)	(52,815)
	Finance costs	(56)	(63)	(110)	(172)
	Total non-operating income and expenses	(130,399)	(18,021)	(258,742)	(52,987)
	Loss before income tax	(129,656)	(9,032)	(244,992)	(42,863)
	Income tax expense	(14)	(11)	(2,923)	(8,154)
	Loss for the year, attributable to owners of the Company	(129,670)	(9,043)	(247,915)	(51,017)
	Other comprehensive income:				
	<i>Items that may be reclassified to profit or loss</i>				
	Foreign currency translation	1,921	(1,345)	711	(3,951)
	<i>Items that will not be reclassified to profit or loss</i>				
	Change in credit risk of financial liabilities at fair value through profit or loss	–	(1)	(21)	1
	Other comprehensive income for the year, net of tax	1,921	(1,346)	690	(3,950)
	Total comprehensive income for the year, attributable to owners of the Company	(127,749)	(10,389)	(247,225)	(54,967)
	Earnings per share attributable to owners of the Company (US\$)				
	- Basic and diluted	(2.24)	(0.40)	(6.14)	(2.26)

B. Statements of financial position

	Note	The Group		The Company	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,048	796	–	–
Right-of-use assets		5,328	1,848	–	–
Intangible assets	12	24,425	26,543	–	–
Deferred tax assets		3,513	1,538	–	–
Investment in subsidiary		–	–	471,360	–
Guarantee deposits	6	4,261	3,696	–	–
Total non-current assets		38,575	34,421	471,360	–
Current assets					
Short term investment	6	–	–	–	157,559
Prepaid operating expenses		2,701	3,370	–	7
Other current assets		862	2,326	–	–
Trade and other receivables	6	19,317	24,054	–	–
Cash and cash equivalents	6	102,688	39,259	67,154	2,725
Total current assets		125,568	69,009	67,154	160,291
Total assets		164,143	103,430	538,514	160,291
LIABILITIES					
Current liabilities					
Trade and other payables	6	56,749	59,044	5,102	401
Contract liabilities		6,034	7,274	–	–
Financial liabilities at fair value through profit or loss	6	1,079	211,102	1,079	2,122
Redeemable shares	6	–	–	–	131,038
Income tax payable		2,466	5,256	481	263
Lease liabilities		2,092	920	–	–
Provisions		1,412	893	–	–
Other current liabilities		233	107	–	–
Total current liabilities		70,065	284,596	6,662	133,824
Net current assets/(liabilities)		55,503	(215,587)	60,492	26,467
Non-current liabilities					
Deferred tax liabilities		1	856	–	–
Lease liabilities		2,593	1,012	–	–
Provisions		913	164	–	–
Total non-current liabilities		3,507	2,032	–	–
Total liabilities		73,572	286,628	6,662	133,824
Equity					
Share capital	15	13	4	13	– ⁽ⁱ⁾
Share premium		557,045	25,409	523,177	21,964
Other reserves		(11,756)	(2,010)	9,080	199
Accumulated (deficit)/profits		(454,731)	(206,601)	(418)	4,304
Total equity		90,571	(183,198)	531,852	26,467
Total liabilities and equity		164,143	103,430	538,514	160,291

C. Statements of changes in equity

Note	The Group				
	Share capital	Share premium	Other reserves	Accumulated deficit	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
2022					
At 1 January 2022	4	25,409	1,100	(155,584)	(129,071)
Loss for the year	–	–	–	(51,017)	(51,017)
Other comprehensive income:					
Change in credit risk of financial liabilities at fair value through profit or loss	–	–	1	–	1
Foreign currency translation	–	–	(3,951)	–	(3,951)
Other comprehensive income for the year, net of tax	–	–	(3,950)	–	(3,950)
Total comprehensive income for the year	–	–	(3,950)	(51,017)	(54,967)
Issuance of restricted share units	–	–	840	–	840
At 31 December 2022	4	25,409	(2,010)	(206,601)	(183,198)
2023					
At 1 January 2023	4	25,409	(2,010)	(206,601)	(183,198)
Loss for the year	–	–	–	(247,915)	(247,915)
Other comprehensive income:					
Change in credit risk of financial liabilities at fair value through profit or loss	–	–	(21)	–	(21)
Foreign currency translation	–	–	711	–	711
Other comprehensive income for the year, net of tax	–	–	690	–	690
Total comprehensive income for the year	–	–	690	(247,915)	(247,225)
Issuance of restricted share units	–	–	1,609	–	1,609
Share-based payments	1	10,339	(10,340)	–	–
Issuance of ordinary shares in relation to Business Combination, net of issuance costs	1	63,598	–	–	63,599
Conversion of preference shares	7	457,699	–	–	457,706
Repurchase of restricted share units and share options	–	–	(1,920)	–	(1,920)
Reclassification of change in credit risk on redemption of preference shares	–	–	215	(215)	–
At 31 December 2023	13	557,045	(11,756)	(454,731)	90,571

Note	The Company					
	Share capital	Share premium	Other reserves	Accumulated (deficit)/profits	Total equity	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
2022						
At 1 January 2022	– ⁽ⁱ⁾	–	– ⁽ⁱ⁾	(982)	(982)	
Profit for the year	–	–	–	5,286	5,286	
Other comprehensive income:						
Foreign currency translation	–	–	199	–	199	
Other comprehensive income for the year, net of tax	–	–	199	–	199	
Total comprehensive income for the year	–	–	199	5,286	5,485	
Forfeiture of 1 ordinary share of S\$0.0001 par value	– ⁽ⁱ⁾	–	–	–	– ⁽ⁱ⁾	
Issuance of 6,000,000 ordinary shares (Sponsor IPO Shares) of S\$0.0001 par value	– ⁽ⁱ⁾	21,964	–	–	21,964	
At 31 December 2022	– ⁽ⁱ⁾	21,964	199	4,304	26,467	
2023						
At 1 January 2023	– ⁽ⁱ⁾	21,964	199	4,304	26,467	
Loss for the year	–	–	–	(4,722)	(4,722)	
Other comprehensive income:						
Foreign currency translation	–	–	8,881	–	8,881	
Other comprehensive income for the year, net of tax	–	–	8,881	–	8,881	
Total comprehensive income for the year	–	–	8,881	(4,722)	4,159	
Issuance of ordinary shares and warrants in relation to Business Combination	15	13	501,213	–	501,226	
At 31 December 2023		13	523,177	9,080	(418)	531,852

⁽ⁱ⁾ Balance is below US\$1,000

D. Consolidated statements of cash flows

Note	The Group	
	FY2023	FY2022
	US\$'000	US\$'000
Cash flows from operating activities		
	(244,992)	(42,863)
Loss before income tax		
Adjustments for:		
	2,342	2,591
	2,277	2,301
	333	995
	1,609	840
	245,681	55,860
	110	172
	(4)	(339)
	7,879	—
	870	—
	16,105	19,557
Operating cash flows before changes in working capital		
<u>Changes in working capital</u>		
	4,181	10,189
	668	1,088
	1,464	107
	(9,087)	(23,709)
	126	(94)
	(1,240)	(2,709)
	365	(881)
	12,582	3,548
Cash flows from operations		
	—	(4)
	(9,268)	(14,008)
	3,314	(10,464)
Net cash flows from/(used in) operating activities		
Investing activities		
	—	109
	(1,095)	(438)
	(193)	(468)
	(565)	(51)
	(651)	—
	(2,504)	(848)
Net cash flows used in investing activities		
Financing activities		
	(1,698)	(2,854)
	—	(1,167)
	(1,920)	—
	65,625	—
	(110)	(164)
	61,897	(4,185)
Net cash flows from/(used in) financing activities		
	62,707	(15,497)
	722	(4,335)
	39,259	59,091
Cash and cash equivalents at beginning of financial year		
Cash and cash equivalents at end of financial year		
	102,688	39,259

E. Notes to the condensed consolidated financial statements

1. Corporate information

The Company (formerly Vertex Technology Acquisition Corporation Ltd and referred to as VTAC when describing the period prior to the consummation of the Business Combination described below) was incorporated in the Cayman Islands on 21 July 2021 under the Companies Act as a special purpose acquisition company formed for the purpose of effecting an initial business combination.

VTAC was listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 20 January 2022 for the purpose of entering into a business combination within 24 months from the date of listing. On 7 December 2023 (the “Acquisition Date”), VTAC completed the acquisition of 17LIVE Holdings Limited (“17LIVE”) and its subsidiaries (collectively, the “17LIVE Group”) (the “Business Combination”), pursuant to which VTAC acquired all of the outstanding share capital of 17LIVE through the exchange of 17LIVE ordinary shares for VTAC new ordinary shares.

Upon completion of the Business Combination, the Company changed its name from Vertex Technology Acquisition Corporation Ltd to 17LIVE Group Limited.

These condensed consolidated financial statements as at and for the six months and full year ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the “Group”).

The Group is principally engaged in operating live streaming platform which includes among other things, its business from live-commerce and Wave App ecommerce.

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2023 (2H 2023) and the full year ended 31 December 2023 (“FY2023”) have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”).

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the six-month period ended 30 June 2023 presented in the Company’s circular dated 9 November 2023 in relation to the Business Combination (the “Circular”).

The accounting policies adopted are consistent with those of the previous financial year as presented in the Circular, which were prepared in accordance with International Financial Reporting Standards (“IFRS”), except for the adoption of new and amended standards as set out in Note 2.2.

The condensed interim financial statements are presented in United States Dollars (“USD” or “US\$”) and all values in the tables are rounded to the nearest thousand (“US\$’000”) except when otherwise indicated.

2.1 Reverse acquisition

On 7 December 2023, the Company completed its acquisition of 17LIVE and pursuant to the completion, the Company issued 160,162,651 ordinary shares to the shareholders of 17LIVE as consideration for the acquisition, 660,000 ordinary shares to private investment in public equity (“PIPE”) investors, and 10,548,780 bonus shares to non-redeeming shareholders of VTAC.

The transaction is accounted for as a reverse acquisition and 17LIVE is regarded as the accounting acquirer and the Company is regarded as the accounting acquiree. As such, the consolidated financial statements have been prepared and presented as a continuation of 17LIVE Group’s financial statements.

At Group level

The cost of acquisition is determined using the fair value of the issued equity of the Company before the acquisition, being 21,645,515 ordinary shares at the market price of S\$3.88 (equivalent to US\$2.89) per share at the date of acquisition, with the cost of acquisition amounting to S\$83,985,000 (equivalent to US\$62,642,000). The excess of fair value of the issued equity of the Company over the fair value of the Company’s identifiable net assets of US\$870,000 was recognised as listing expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2023.

Since such consolidated financial statements represent a continuation of the financial statements of 17LIVE Group:

- (a) the assets and liabilities of 17LIVE Group are recognised and measured in the consolidated statement of financial position of the Group at their pre-acquisition carrying amounts;
- (b) the assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position of the Group at their acquisition-date fair values;
- (c) the accumulated deficit and other equity balances recognised in the consolidated financial statements are the accumulated deficit and other equity balances of 17LIVE Group immediately before the Business Combination;
- (d) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding the costs of acquisition to the issued equity of 17LIVE Group immediately before the Business Combination. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the Company to effect the Business Combination;
- (e) the consolidated statement of comprehensive income for the financial year ended 31 December 2023 reflects the full year results of 17LIVE Group together with the post-acquisition results of the Company; and
- (f) the comparative figures presented in these consolidated financial statements are those of 17LIVE Group.

At Company level

Reverse acquisition accounting applies only at the consolidated financial statements at the Group level. Therefore, in the Company's separate financial statements, the investment in the subsidiary (17LIVE) is accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

2.2 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 Use of judgements and estimates

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made in applying accounting policies

Management is of the opinion that there is no significant judgement made in applying the accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of goodwill

As disclosed in Note 12.1 to the condensed interim financial statements, the recoverable amounts of the cash generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 12.1 to the condensed interim financial statements.

The carrying amount of goodwill as at 31 December 2023 and 2022 was US\$23,989,000.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period under review.

4. Segment information

For management's purpose, the Group is organised into two operating business segments, namely:

- (a) Live streaming; and
- (b) Others, which include the business from live-commerce and Wave App.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

	2H 2023			
	Live streaming US\$'000	Others US\$'000	Unallocated US\$'000	Total US\$'000
Revenue from external customers	123,229	4,713	-	127,942
Results:				
Revaluation loss on financial liabilities	-	-	(118,032)	(118,032)
Depreciation and amortisation	(903)	(28)	(1,301)	(2,232)
Finance costs	(46)	-	(10)	(56)
Income tax (expense)/credit	(1,016)	(1)	1,003	(14)
Segment profit/(loss)	12,269	439	(142,364)	(129,656)
	2H 2022			
	Live streaming US\$'000	Others US\$'000	Unallocated US\$'000	Total US\$'000
Revenue from external customers	160,229	3,067	-	163,296
Results:				
Revaluation loss on financial liabilities	-	-	(17,846)	(17,846)
Depreciation and amortisation	(614)	8	(1,542)	(2,148)
Finance costs	(53)	-	(10)	(63)
Income tax (expense)/credit	(1,140)	-	1,129	(11)
Segment profit/(loss)	19,139	(318)	(27,853)	(9,032)

	FY2023			
	Live streaming US\$'000	Others US\$'000	Unallocated US\$'000	Total US\$'000
Revenue from external customers	270,812	8,115	-	278,927
Results:				
Revaluation loss on financial liabilities	-	-	(245,681)	(245,681)
Depreciation and amortisation	(1,966)	(51)	(2,602)	(4,619)
Finance costs	(90)	-	(20)	(110)
Income tax expense	(174)	(1)	(2,748)	(2,923)
Segment profit/(loss)	32,790	593	(278,375)	(244,992)
Assets:				
Additions to non-current assets	4,318	3	2,388	6,709
Segment assets	44,599	5,878	113,666	164,143
Segment liabilities	54,985	2,183	16,404	73,572
	FY2022			
	Live streaming US\$'000	Others US\$'000	Unallocated US\$'000	Total US\$'000
Revenue from external customers	357,694	6,024	-	363,718
Results:				
Revaluation loss on financial liabilities	-	-	(55,860)	(55,860)
Depreciation and amortisation	(2,029)	(1)	(2,862)	(4,892)
Finance costs	(154)	-	(18)	(172)
Income tax expense	(2,014)	-	(6,140)	(8,154)
Segment profit/(loss)	36,671	(872)	(78,662)	(42,863)
Assets:				
Additions to non-current assets	1,212	24	1,150	2,386
Segment assets	52,671	3,934	46,825	103,430
Segment liabilities	57,143	1,637	227,848	286,628

Reconciliations

Segment assets are reconciled to total assets as follows:

	FY2023 US\$'000	FY2022 US\$'000
Segment assets for reportable segments	44,599	52,671
Other segment assets	5,878	3,934
Total segment assets	50,477	56,605
Unallocated:		
Property, plant and equipment	106	152
Right-of-use assets	2,038	858
Intangible assets	24,363	26,231
Deferred tax assets	3,294	1,531
Cash and cash equivalents	81,385	14,706
Trade and other receivables	716	817
Prepaid operating expenses	486	533
Other current assets	157	1,577
Others	1,121	420
Total assets	164,143	103,430

The unallocated intangible assets mainly consist of goodwill, which is not allocated to any reportable segment, in view that the carrying value of goodwill arose from the acquisition of 17LIVE Japan, which is principally engaged in activities across the Group's segments.

The unallocated trade and other receivables mainly consist of receivable from the issuance of preference shares which is not allocated to any segments.

Segment liabilities are reconciled to total liabilities as follows:

	FY2023 US\$'000	FY2022 US\$'000
Segment liabilities for reportable segments	54,985	57,143
Other segment liabilities	2,183	1,637
Total segment liabilities	57,168	58,780
Unallocated:		
Trade and other payables	10,416	9,166
Income tax payable	2,211	5,624
Financial liabilities at fair value through profit or loss	1,079	211,102
Provisions	1,244	341
Other current liabilities	39	164
Deferred tax liabilities	—	593
Lease liabilities	1,415	858
Total liabilities	73,572	286,628

Geographical information

	2H 2023			
	Japan	Taiwan	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	86,361	32,190	9,391	127,942
Gross profit	43,850	5,802	2,238	51,890

	2H 2022			
	Japan	Taiwan	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	111,729	41,941	9,626	163,296
Gross profit	50,614	9,377	676	60,667

	FY2023			
	Japan	Taiwan	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	190,213	70,406	18,308	278,927
Gross profit	96,011	14,281	4,657	114,949
Non-current assets	2,507	4,052	24,242	30,801

	FY2022			
	Japan	Taiwan	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	251,927	86,830	24,961	363,718
Gross profit	104,889	17,264	3,996	126,149
Non-current assets	1,259	590	27,338	29,187

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the statements of financial position.

5. Revenue information

	The Group			
	2H 2023	2H 2022	FY2023	FY2022
	US\$'000	US\$'000	US\$'000	US\$'000
<u>Revenue from contracts with customers</u>				
Liver live streaming	119,790	158,976	265,829	354,587
V-Liver live streaming	3,439	1,253	4,983	3,107
Others	4,713	3,067	8,115	6,024
	<u>127,942</u>	<u>163,296</u>	<u>278,927</u>	<u>363,718</u>
<u>Timing of revenue recognition</u>				
At a point in time	121,882	154,150	265,419	342,482
Over time	6,060	9,146	13,508	21,236
	<u>127,942</u>	<u>163,296</u>	<u>278,927</u>	<u>363,718</u>

Other revenue primarily comprises revenue from live-commerce and Wave App.

A breakdown of sales:

	FY2023 US\$'000	The Group FY2022 US\$'000	% Change
First Half			
Revenue reported for the first half-year	150,985	200,422	(24.7)
Loss after tax reported for the first half-year	(118,245)	(41,974)	n.m
Second Half			
Revenue reported for the second half-year	127,942	163,296	(21.7)
Loss after tax reported for the second half-year	(129,670)	(9,043)	n.m

Factors leading to any material changes in contributions to revenue and earnings by the business or geographical segments:

Not applicable.

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 31 December 2022:

	The Group		The Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Financial assets measured at amortised cost				
Short term investment	—	—	—	157,559
Trade and other receivables	19,289	24,027	—	—
Cash and cash equivalents	102,688	39,259	67,154	2,725
Guarantee deposits	4,261	3,696	—	—
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade and other payables	54,126	50,801	5,102	401
Redeemable shares	—	—	—	131,038
Financial liabilities measured at fair value through profit or loss				
Warrants	1,079	587	1,079	2,122
Preference shares	—	210,515	—	—

6.1 Fair value measurement

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the reporting date:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
31 December 2023				
Financial liabilities measured at fair value through profit or loss				
Warrants	533	-	546	1,079
31 December 2022				
Financial liabilities measured at fair value through profit or loss				
Warrants	-	-	587	587
Preference shares	-	-	210,515	210,515
	-	-	211,102	211,102

7. Loss before income tax

7.1 Significant items

	The Group			
	2H 2023 US\$'000	2H 2022 US\$'000	FY2023 US\$'000	FY2022 US\$'000
Income				
Interest income	85	29	136	39
Expenses				
Depreciation expense	1,289	943	2,342	2,591
Amortisation expense	943	1,205	2,277	2,301
Foreign exchange loss/(gain),net	190	189	828	(2,827)
(Gain)/loss on disposal of property, plant and equipment	(7)	867	333	995

7.2 Related party transactions

Key management compensation

	The Group			
	2H 2023	2H 2022	FY2023	FY2022
	US\$'000	US\$'000	US\$'000	US\$'000
Salaries and other short-term employee benefits	402	478	800	1,036
Share-based payment	685	144	837	304
	<u>1,087</u>	<u>622</u>	<u>1,637</u>	<u>1,340</u>

8. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of comprehensive income are:

	The Group			
	2H 2023	2H 2022	FY2023	FY2022
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax expense	1,462	125	5,823	8,283
Deferred income tax expense relating to origination and reversal of temporary differences	(1,448)	(114)	(2,900)	(129)
	<u>14</u>	<u>11</u>	<u>2,923</u>	<u>8,154</u>

9. Dividends

Not applicable as no dividend was declared for FY2023 and FY2022.

10. Earnings per ordinary share

Basic earnings per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	The Group			
	2H 2023	2H 2022	FY2023	FY2022
Loss attributable to owners of the Company (US\$'000)	(129,670)	(9,043)	(247,915)	(51,017)
Weighted average number of ordinary shares outstanding for basic earnings per share computation ('000)	57,891	22,547	40,364	22,547
Basic earnings per share computation (US\$ per share)	(2.24)	(0.40)	(6.14)	(2.26)

In connection with the Business Combination, the weighted average number of ordinary shares for the periods ended 31 December 2023 is calculated as follows:

- The number of ordinary shares of 17LIVE outstanding from the beginning of the year to the acquisition date, adjusted by the exchange ratio established in the Share Purchase Agreement; and
- The number of ordinary shares of the Company outstanding from the acquisition date to 31 December 2023.

The weighted average number of ordinary shares for the periods ended 31 December 2022 is calculated based on the number of ordinary shares of 17LIVE outstanding during the year, adjusted by the exchange ratio established in the Share Purchase Agreement.

Diluted earnings per share are similar to basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial periods.

11. Net Asset Value

	The Group		The Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Net asset value per ordinary share	0.51	(8.13)	3.00	4.41

12. Intangible assets

	The Group						Total
	Exclusive right to operate 17 app in Japan	Trademarks	Technology	Goodwill	User base	Domain	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Cost							
At 1 January 2022	11,900	554	7,412	101,193	7,558	192	128,809
Additions	–	–	–	–	117	351	468
Exchange differences	–	(4)	–	–	(19)	(57)	(80)
At 31 December 2022 and 1 January 2023	11,900	550	7,412	101,193	7,656	486	129,197
Additions	–	–	193	–	–	–	193
Exchange differences	–	(1)	(2)	–	(17)	(55)	(75)
At 31 December 2023	11,900	549	7,603	101,193	7,639	431	129,315
Accumulated amortisation and impairment							
At 1 January 2022	7,753	537	7,412	77,204	7,443	35	100,384
Amortisation	2,164	2	–	–	29	106	2,301
Exchange differences	–	8	–	–	(3)	(36)	(31)
At 31 December 2022 and 1 January 2023	9,917	547	7,412	77,204	7,469	105	102,654
Amortisation	1,983	1	13	–	39	241	2,277
Exchange differences	–	(1)	–	–	2	(42)	(41)
At 31 December 2023	11,900	547	7,425	77,204	7,510	304	104,890
Net carrying amount							
At 31 December 2022	1,983	3	–	23,989	187	381	26,543
At 31 December 2023	–	2	178	23,989	129	127	24,425

12.1 Goodwill impairment

The carrying amount of goodwill relates to the cash-generating unit (“CGU”) of 17LIVE Japan Inc. (“17LIVE Japan”), which had been acquired through a business combination.

The recoverable amount of the 17LIVE Japan CGU has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The key assumptions used for value-in-use calculations are as follows:

	FY2023	FY2022
Gross margin	49.50%	50.00%
Terminal growth rate	1.10%	0.80%
Pre-tax discount rate	25.00%	25.00%

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflect specific risks relating to the CGU.

No impairment of goodwill was recorded in 2022 and 2023.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for 17LIVE Japan, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

13. Property, plant and equipment

During the year ended 31 December 2023, the Group acquired assets amounting to US\$1,095,000 (2022: US\$438,000) and disposed of assets with a net book value of US\$333,000 (2022: US\$995,000).

14. Borrowings

There are no borrowings as at 31 December 2023 and 31 December 2022.

15. Share capital

15.1 Movements in Share Capital

	The Company			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Number of ordinary shares		Amount (US\$'000)	
Beginning of financial year	6,000,000	1	- (i)	- (i)
Surrender of 1 ordinary share at S\$0.0001 par value	-	(1)	-	- (i)
Issuance of shares (Sponsor IPO Shares) at S\$0.0001 par value	-	6,000,000	-	- (i)
Issuance of ordinary shares in relation to the Business Combination	171,371,431	-	13	-
End of financial year	177,371,431	6,000,000	13	- (i)

(ii) Balance is below US\$1,000

The par value of the ordinary shares is Singapore Dollars (“S\$”) 0.0001 per share.

On 20 January 2022, Vertex Co-Investment Fund Pte. Ltd. (“Vertex SPV”) surrendered and forfeited its one ordinary share of S\$0.0001 par value for no consideration. Subsequently upon the Company’s listing on the SGX-ST on 20 January 2022, 41,606,000 units of S\$5.00 per unit were allotted and issued as fully paid to shareholders of which each unit comprised one ordinary share and 0.3 of one warrant per share. 6,000,000 ordinary shares which constitute the Sponsor IPO Investment Units (Sponsor IPO Shares) are classified as equity on the statement of financial position. 35,606,000 ordinary shares (Redeemable shares) which constitute the Offering Units and Cornerstone Units were classified as a liability on the statement of financial position.

In 2022, the Company issued 12,481,799 warrants to the holders of its shares which constitute the Offering Units, the Cornerstone Units and the Sponsor IPO Investment Units (“Public Warrants”) and 16,000,000 warrants to Vertex SPV (“Private Placement Warrants”) pursuant to a private placement warrants purchase agreement dated 6 January 2022.

On 7 December 2023, the Company completed its acquisition of 17LIVE and pursuant to the completion, the Company issued 160,162,651 ordinary shares to the shareholders of 17LIVE as consideration for the acquisition, 660,000 ordinary shares to private investment in public equity (“PIPE”) investors, and 10,548,780 bonus shares to non-redeeming shareholders of VTAC. The Company also issued 3,117,960 Public Warrants to the non-redeeming shareholders of VTAC.

Each Public Warrant and Private Placement Warrant issued in connection with the Offering Units, Cornerstone Units and Sponsor IPO Investment Units, entitles the holder to purchase one ordinary share at a price of S\$5.75 per ordinary share, subject to certain terms and conditions. Each Public Warrant and Private Placement Warrant will become exercisable on the later of 30 days after the completion of the Company’s initial business combination or 12 months from the close of the Company’s initial public offering and will expire on the fifth anniversary of the completion of the Company’s initial business combination, or earlier upon redemption of the Public Warrants and Private Placement Warrants or liquidation of the Company.

No warrants issued by the Company were exercised in 2022 and 2023.

15.2 Treasury shares and subsidiary holdings

The Company does not have any treasury shares as at 31 December 2023 and 31 December 2022.

There were no subsidiary holdings as at 31 December 2023 and 31 December 2022.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2023.

16. Disposal of subsidiary

The Company disposed of Next Entertainment (Hong Kong) Limited, a wholly owned subsidiary, on 5 December 2023 at its carrying value. The disposal consideration of US\$1 was fully settled in cash.

The value of assets and liabilities of Next Entertainment (Hong Kong) Limited recorded in the consolidated financial statements as at 5 December 2023, and the cash flow effect of the disposal was:

	US\$'000
Prepaid operating expenses	1
Trade and other receivables	574
Cash and cash equivalents	651
	<hr/>
	1,226
Trade and other payables	(1,226)
	<hr/>
Carrying value of net assets	-
	<hr/>
Total consideration	0
Cash and cash equivalents of the subsidiary	(651)
	<hr/>
Net cash outflow on disposal of a subsidiary	(651)
	<hr/>

17. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other information required by Appendix 7.2 of the SGX-ST Listing Rules

1. Review

The condensed consolidated statement of financial position of the Group and the Company as at 31 December 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period and full year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

GROUP EARNINGS

Financial Year 2023

The Group posted revenue of US\$278.9 million for the financial year ended 31 December 2023, a decrease of 23.3% year-on-year, as the Group shifted its focus to higher margin revenues and returns on investment. Intense competition in the live streaming business also resulted in some competitors offering higher rates of streaming fees to streamers which led the Group to swiftly respond through the introduction of technological capabilities on its live streaming platform.

The Group recorded a 36% increase in operating income of US\$13.7 million in FY2023, as compared to an operating income of US\$10.1 million in FY2022. The increase was due to effective cost management and economies of scale as well as the Group's heightened focus on returns on investment notwithstanding lower FY2023 revenue.

Including expenses related to the Business Combination amounting to US\$11.6 million as well as its final non-cash revaluation loss on financial liabilities amounting to US\$245.7 million, the Group recorded non-operating expenses of US\$258.7 million compared to US\$53.0 million a year ago.

Consequently, the Group reported a loss attributable to owners of the Company for FY2023 of US\$247.2 million.

Basic earnings per share was US\$(6.14) for the current financial year.

GROUP FINANCIAL POSITION

As at 31 December 2023, equity attributable to owners of the Company was US\$90.6 million, an increase of US\$273.8 million from 31 December 2022, mainly because of increase in share capital and share premium as a result of the conversion of preference shares.

Total assets stood at US\$164.1 million as of 31 December 2023, an increase of US\$60.7 million from 31 December 2022. The Group's cash balance as of 31 December 2023 was US\$102.7 million.

With no borrowings as at 31 December 2023, the Group's cash and equivalents were at US\$102.7 million reflecting the Group's healthy balance sheet and improved liquidity to navigate the rapidly evolving landscape of live streaming and pursue growth both organically and inorganically.

3. Any variance between forecast or prospect statement previously disclosed and the actual results

No forecast or prospect statement has been previously disclosed.

4. Group outlook

BUSINESS UPDATES

The Group experienced strong headwinds in the financial year ended 31 December 2023 amid increased competition and market players offered incentives to key streamers to attract livestreaming talents. Nevertheless, the Group took proactive measures utilising its proprietary technology to augment its competitive advantage, protecting its market share in the live streaming industry.

A new function into the live streaming APP for V-Livers was added in May 2023 enabling V-Livers to express their emotions virtually. Reflecting the success of this new function, revenue of V-Livers increased 93.4% in May 2023 from the earlier month.

Further, the Group acquired 96 V-Liver IPs from the V-Liver agency to expand its V-Liver business in September 2023. At the same time, the Group established a V-Liver agency division, named NexuStella, to manage V-Liver business and IPs appropriately.

On top of V-Liver activation measures, the Group organised several offline events in Tokyo, Taipei and Singapore to revitalise its Real Liver business which the Group could not deliver to APP viewers and Livers during COVID-19. As part of its outreach programme, the Group also televised a commercial in December 2023 to expound its APP capabilities and further expand 17LIVE's base of users.

OUTLOOK

Fuelled by high mobile and internet penetration, live streaming is set to be the new entertainment of choice in Asia Pacific, estimated at US\$22.57 billion in 2022¹. The live streaming industry has continued to grow, despite uncertainties in the macroeconomic environment.

As a leader in live streaming, 17LIVE APP platform has been constantly evolving, with plans underway to enter strategic partnerships and collaborations to improve user experience through for example, seamless transfer of funds between users, content creators, and banks. The rise of V-Liver content has also provided an excellent opportunity to propel the live streaming industry forward, creating unique and valuable experiences for users, content creators, and ecommerce partners. Retail sectors are speedily being transformed by live streaming, live commerce and ecommerce² and in Singapore, live commerce demand has grown significantly, but challenges lie in securing the right talent to front such live streams³, highlighting opportunities that can be tapped by 17LIVE.

Upholding its mission to make users' dreams a reality, both for livers and viewers, 17LIVE established focus areas namely "Dream", "Path", "New Users", "Community", "Support", "Live Commerce" and "Gaming" to accelerate growth for the Group. Paving the way to ensure its live streamers live their dreams, the 17LIVE APP ecosystem is supported by a robust community of users and new users. Live Commerce and Gaming are new fields for livers where livers can introduce commercial goods to viewers, and/or play games with users which will further promote traction and strong engagement within the 17LIVE Community.

The market of V-Liver live streaming continues to grow in 2024 as the popularity of virtual characters continues to increase even as a shift from TV to web media progresses. Further investments have been earmarked for the V-Liver platform and plans are underway to add new functions and organise attractive events with viewers, to enable continued growth in the livers' community. The Group is exploring opportunities to acquire liver agencies and live streaming platforms for both real livers and V-Livers to further create enduring value for its stakeholders.

1 <https://ibsintelligence.com/ibsi-news/biggo-checkout-com-visa-team-up-to-transform-the-content-creator-economy/>

2 <https://www.ft.com/content/4a2a0d57-e7a4-4383-80ec-5021b635477b>

3 <https://www.channelnewsasia.com/singapore/live-streaming-ecommerce-shopping-boom-lack-talent-digital-social-platforms-3953611>

5. Dividend information

Not applicable. No dividend has been declared for the current financial period reported on as the Company needs to conserve cash for business growth and expansion.

6. Breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable as no dividend was declared for FY2023 and FY2022.

7. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

There is also no Interested Person Transaction for the period under review.

8. Confirmation pursuant to Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

9. Disclosure of persons occupying managerial positions

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, we confirm that as at 31 December 2023, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

10. Update on use of proceeds

Pursuant to the completion of the business combination, the Company paid S\$130,341,000 (equivalent to US\$97,434,000) to the shareholders who elected to redeem their shares in the Company. In addition, the Company paid an aggregate of approximately S\$5,229,000 (equivalent to US\$3,895,000) to its advisors in relation to fees incurred by the Company arising from the business combination.

As of 31 December 2023, the Company has not utilised the remaining proceeds raised by the Company from its initial public offering and PIPE financing pursuant to the business combination (including any interests and income derived from such proceeds in the Company's escrow account).

The Company intends to utilise the remaining proceeds of approximately S\$88,533,000 (equivalent to US\$67,154,000) for general working capital expenses and for such other uses as disclosed in the shareholders' circular of VTAC dated 9 November 2023.

BY ORDER OF THE BOARD

Phua Jiexian, Joseph

Executive Chairman and Chief Executive Officer

28 February 2024