



17LIVE Group Limited and its Subsidiaries

Condensed Interim Financial Statements
for the half year ended 30 June 2024

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A. Condensed interim consolidated statement of comprehensive income

	Note	Group	
		30 June 2024 US\$'000	30 June 2023 US\$'000
Operating revenue	5	101,161	150,985
Cost of revenue		(59,446)	(87,926)
Gross profit		41,715	63,059
Operating expenses			
Selling expenses		(21,907)	(24,315)
General and administrative expenses		(10,169)	(12,220)
Research and development expenses		(8,293)	(13,518)
Total operating expenses		(40,369)	(50,053)
Operating income		1,346	13,006
Non-operating income and expenses			
Other gains and losses			
- Revaluation gain/(loss) on financial liabilities		704	(127,649)
- Others		1,301	(638)
		2,005	(128,287)
Finance costs		(49)	(54)
Total non-operating income and expenses		1,956	(128,341)
Profit/(loss) before income tax	7	3,302	(115,335)
Income tax expense	8	(1,354)	(2,910)
Profit/(loss) for the period, attributable to owners of the Company		1,948	(118,245)
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation		(3,180)	(1,210)
<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		-	(21)
Other comprehensive income for the period, net of tax		(3,180)	(1,231)
Total comprehensive income for the period, attributable to owners of the Company		(1,232)	(119,476)
Earnings per share attributable to owners of the Company (US\$)			
- Basic	10	0.01	(5.24)
- Diluted	10	0.01	(5.24)

B. Condensed interim statement of financial position

Note	Group		Company		
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	
	US\$'000	US\$'000	US\$'000	US\$'000	
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,027	1,048	–	–
Right-of-use assets		4,088	5,328	–	–
Intangible assets	12	24,336	24,425	–	–
Deferred tax assets		2,807	3,513	–	–
Investment in subsidiary		–	–	458,078	471,360
Security deposits	6	3,676	4,261	–	–
Total non-current assets		35,934	38,575	458,078	471,360
Current assets					
Financial assets at fair value through profit or loss	6	334	–	334	–
Prepaid operating expenses		2,132	2,701	87	–
Other current assets		802	862	–	–
Trade and other receivables	6	13,784	19,317	132	–
Cash and cash equivalents	6	85,562	102,688	59,403	67,154
Total current assets		102,614	125,568	59,956	67,154
Total assets		138,548	164,143	518,034	538,514
LIABILITIES					
Current liabilities					
Trade and other payables	6	34,725	56,749	270	5,102
Contract liabilities		6,183	6,034	–	–
Financial liabilities at fair value through profit or loss	6	349	1,079	349	1,079
Income tax payable		1,369	2,466	–	481
Lease liabilities		1,659	2,092	–	–
Provisions		1,310	1,412	–	–
Other current liabilities		96	233	–	–
Total current liabilities		45,691	70,065	619	6,662
Net current assets		56,923	55,503	59,337	60,492
Non-current liabilities					
Deferred tax liabilities		–	1	–	–
Lease liabilities		2,026	2,593	–	–
Provisions		824	913	–	–
Total non-current liabilities		2,850	3,507	–	–
Total liabilities		48,541	73,572	619	6,662
Net assets		90,007	90,571	517,415	531,852
Equity					
Share capital	15	13	13	13	13
Share premium		557,263	557,045	523,395	523,177
Other reserves		(14,486)	(11,756)	(5,913)	9,080
Accumulated deficit		(452,783)	(454,731)	(80)	(418)
Total equity		90,007	90,571	517,415	531,852
Total liabilities and equity		138,548	164,143	518,034	538,514

C. Condensed interim statement of changes in equity

Group	Note	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Accumulated deficit US\$'000	Total equity US\$'000
2024						
At 1 January 2024		13	557,045	(11,756)	(454,731)	90,571
Profit for the period		–	–	–	1,948	1,948
Other comprehensive income:						
Foreign currency translation		–	–	(3,180)	–	(3,180)
Other comprehensive income for the period, net of tax		–	–	(3,180)	–	(3,180)
Total comprehensive income for the period		–	–	(3,180)	1,948	(1,232)
Issuance of restricted share units		–	–	450	–	450
Issuance of ordinary shares pursuant to the Executive Incentive Scheme		– ⁽ⁱ⁾	218	–	–	218
At 30 June 2024		13	557,263	(14,486)	(452,783)	90,007
2023						
At 1 January 2023		4	25,409	(2,010)	(206,601)	(183,198)
Loss for the period		–	–	–	(118,245)	(118,245)
Other comprehensive income:						
Change in credit risk of financial liabilities at fair value through profit or loss		–	–	(21)	–	(21)
Foreign currency translation		–	–	(1,210)	–	(1,210)
Other comprehensive income for the period, net of tax		–	–	(1,231)	–	(1,231)
Total comprehensive income for the period		–	–	(1,231)	(118,245)	(119,476)
Issuance of restricted share units		–	–	352	–	352
At 30 June 2023		4	25,409	(2,889)	(324,846)	(302,322)

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

C. Condensed interim statement of changes in equity (continued)

Company	Note	Share capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Accumulated (deficit)/profits US\$'000	Total equity US\$'000
2024						
At 1 January 2024		13	523,177	9,080	(418)	531,852
Profit for the period		–	–	–	338	338
Other comprehensive income:						
Foreign currency translation		–	–	(14,993)	–	(14,993)
Other comprehensive income for the period, net of tax		–	–	(14,993)	–	(14,993)
Total comprehensive income for the period		–	–	(14,993)	338	(14,655)
Issuance of ordinary shares pursuant to the Executive Incentive Scheme	15	– ⁽ⁱ⁾	218	–	–	218
At 30 June 2024		13	523,395	(5,913)	(80)	517,415
2023						
At 1 January 2023		– ⁽ⁱ⁾	21,964	199	4,304	26,467
Profit for the period		–	–	–	2,738	2,738
Other comprehensive income:						
Foreign currency translation		–	–	(316)	–	(316)
Other comprehensive income for the period, net of tax		–	–	(316)	–	(316)
Total comprehensive income for the period		–	–	(316)	2,738	2,422
At 30 June 2023		–⁽ⁱ⁾	21,964	(117)	7,042	28,889

⁽ⁱ⁾ Balance is below US\$1,000

D. Condensed interim consolidated statement of cash flows

	Note	Group	
		30 June 2024 US\$'000	30 June 2023 US\$'000
Operating activities			
Profit/(loss) before income tax		3,302	(115,335)
Adjustments for:			
Depreciation expense		1,579	1,053
Amortisation expense		54	1,334
Loss on disposal of property, plant and equipment		96	340
Share-based payments		668	352
Revaluation (gain)/loss on financial liabilities		(704)	127,649
Interest income		(917)	(51)
Finance costs		49	54
Gain on termination of leases		(4)	(4)
Accrued fees in relation to the Business Combination		–	1,535
Other		(2)	–
Operating cash flows before changes in working capital		4,121	16,927
Changes in working capital			
Trade and other receivables		5,557	3,502
Prepaid operating expenses		569	788
Other current assets		60	1,574
Trade and other payables		(22,024)	(13,319)
Other current liabilities		(137)	301
Contract liabilities		149	(414)
Provisions		(102)	(38)
Cash flows (used in)/from operations		(11,807)	9,321
Interest received		845	51
Income tax paid		(1,909)	(5,384)
Net cash flows (used in)/from operating activities		(12,871)	3,988
Investing activities			
Increase in financial assets at fair value through profit or loss		(332)	–
Purchase of property, plant and equipment	13	(499)	(964)
Purchase of intangible assets	12	(10)	–
Decrease in security deposits		633	205
Net cash flows used in investing activities		(208)	(759)
Financing activities			
Repayments of principal portion of lease liabilities		(1,102)	(740)
Interest paid		(42)	(51)
Net cash flows used in financing activities		(1,144)	(791)
Net (decrease)/ increase in cash and cash equivalents		(14,223)	2,438
Net foreign exchange difference		(2,903)	(1,832)
Cash and cash equivalents at beginning of period		102,688	39,259
Cash and cash equivalents at end of period		85,562	39,865

E. Notes to the condensed interim 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 Inc. ("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 interim consolidated financial statements as at and for the six months ended 30 June 2024 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 30 June 2024 ("1H 2024") 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 annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year 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 9,589,800 ordinary shares and 958,980 bonus shares to non-redeeming shareholders of VTAC.

The transaction was accounted for as a reverse acquisition and 17LIVE was regarded as the accounting acquirer and the Company was 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 was 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 were recognised and measured in the consolidated statement of financial position of the Group as at 31 December 2023 at their pre-acquisition carrying amounts;
- (b) the assets and liabilities of the Company were recognised and measured in the consolidated statement of financial position of the Group as at 31 December 2023 at their acquisition-date fair values;
- (c) the accumulated deficit and other equity balances recognised in the consolidated financial statements for the financial year ended 31 December 2023 were 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 for the financial year ended 31 December 2023 was 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) reflected 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 interim consolidated statement of comprehensive income for the half year ended 30 June 2024 reflects the half year results of 17LIVE Group and the Company; and
- (f) the comparative figures presented in these interim 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 were the same as those that applied to the Group's financial statements as at and for the year ended 31 December 2023.

Assumptions and estimation are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

Note 12.1 – Goodwill impairment

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 interim consolidated financial statements.

	30 June 2024			
	Live streaming	Others	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from external customers	97,232	3,929	–	101,161
Results:				
Revaluation gain on financial liabilities	–	–	704	704
Depreciation and amortisation	(930)	(64)	(639)	(1,633)
Finance costs	(36)	–	(13)	(49)
Income tax credit/(expense)	1,078	26	(2,458)	(1,354)
Segment profit/(loss)	10,776	1,348	(8,822)	3,302
Assets:				
Additions to non-current assets	657	2	401	1,060
Segment assets	28,814	5,873	103,861	138,548
Segment liabilities	41,701	1,307	5,533	48,541
	30 June 2023			
	Live streaming	Others	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from external customers	147,583	3,402	–	150,985
Results:				
Revaluation loss on financial liabilities	–	–	(127,649)	(127,649)
Depreciation and amortisation	(1,063)	(23)	(1,301)	(2,387)
Finance costs	(43)	–	(11)	(54)
Income tax credit/(expense)	841	–	(3,751)	(2,910)
Segment profit/(loss)	20,521	153	(136,009)	(115,335)
	31 December 2023			
	Live streaming	Others	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000
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

Reconciliations

Segment assets are reconciled to total assets as follows:

	30 June 2024 US\$'000	31 December 2023 US\$'000
Segment assets for reportable segments	28,814	44,599
Other segment assets	5,873	5,878
Total segment assets	<u>34,687</u>	<u>50,477</u>
Unallocated:		
Property, plant and equipment	369	106
Right-of-use assets	1,239	2,038
Intangible assets	24,294	24,363
Deferred tax assets	1,511	3,294
Cash and cash equivalents	74,064	81,385
Trade and other receivables	791	716
Prepaid operating expenses	470	486
Financial assets at fair value through profit or loss	334	-
Other current assets	141	157
Others	648	1,121
Total assets	<u>138,548</u>	<u>164,143</u>

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:

	30 June 2024 US\$'000	31 December 2023 US\$'000
Segment liabilities for reportable segments	41,701	54,985
Other segment liabilities	1,307	2,183
Total segment liabilities	<u>43,008</u>	<u>57,168</u>
Unallocated:		
Trade and other payables	2,058	10,416
Income tax payable	1,267	2,211
Financial liabilities at fair value through profit or loss	349	1,079
Provisions	996	1,244
Other current liabilities	14	39
Lease liabilities	849	1,415
Total liabilities	<u>48,541</u>	<u>73,572</u>

Geographical information

	30 June 2024			
	Japan US\$'000	Taiwan US\$'000	Others US\$'000	Total US\$'000
Revenue	71,177	25,529	4,455	101,161
Gross profit	35,425	4,928	1,362	41,715
Non-current assets	1,904	2,942	24,605	29,451

	30 June 2023			
	Japan US\$'000	Taiwan US\$'000	Others US\$'000	Total US\$'000
Revenue	103,852	38,216	8,917	150,985
Gross profit	52,160	8,479	2,420	63,059

	31 December 2023			
	Japan US\$'000	Taiwan US\$'000	Others US\$'000	Total US\$'000
Non-current assets	2,507	4,052	24,242	30,801

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

	Group	
	1H 2024 US\$'000	1H 2023 US\$'000
<u>Revenue from contracts with customers</u>		
Liver live streaming	92,422	146,038
V-Liver live streaming	4,810	1,545
Others	3,929	3,402
	<u>101,161</u>	<u>150,985</u>
<u>Timing of revenue recognition</u>		
At a point in time	95,239	143,537
Over time	5,922	7,448
	<u>101,161</u>	<u>150,985</u>

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

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 30 June 2024 and 31 December 2023:

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Financial assets measured at amortised cost				
Trade and other receivables	13,614	19,289	132	–
Cash and cash equivalents	85,562	102,688	59,403	67,154
Security deposits	3,676	4,261	–	–
Financial assets measured at fair value through profit or loss				
Short term investment	334	–	334	–
Financial liabilities				
Financial liabilities measured at amortised cost				
Trade and other payables	31,065	54,126	270	5,102
Financial liabilities measured at fair value through profit or loss				
Warrants	349	1,079	349	1,079

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
30 June 2024				
Financial assets measured at fair value through profit or loss				
- Short term investment	-	-	334	334
Financial liabilities measured at fair value through profit or loss				
- Warrants	172	-	177	349
31 December 2023				
Financial liabilities measured at fair value through profit or loss				
- Warrants	533	-	546	1,079

7. Profit before income tax

7.1 Significant items

	Group	
	1H 2024	1H 2023
	US\$'000	US\$'000
Income		
Interest income	917	51
Expenses		
Depreciation expense	1,579	1,053
Amortisation expense	54	1,334
Foreign exchange (gain)/loss, net	(171)	638
Loss on disposal of property, plant and equipment	96	340

7.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

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 interim consolidated statement of comprehensive income are:

	Group	
	1H 2024	1H 2023
	US\$'000	US\$'000
Current income tax expense	1,015	4,361
Deferred income tax expense relating to origination and reversal of temporary differences	339	(1,451)
Income tax expense recognised in profit or loss	<u>1,354</u>	<u>2,910</u>

9. Dividends

Not applicable as no dividend was declared for 1H 2024 and 1H 2023.

10. Earnings per ordinary share

	Group	
	1H 2024	1H 2023
Profit/(loss) attributable to owners of the Company (US\$'000)	1,948	(118,245)
Weighted average number of ordinary shares outstanding for basic earnings per share computation ('000)	177,392	22,547
Adjustment for dilutive potential ordinary shares ('000)	6,177	-
Weighted average number of ordinary shares outstanding for computing diluted earnings per share ('000)	183,569	22,547
Basic earnings per share computation (US\$ per share)	0.01	(5.24)
Diluted earnings per share computation (US\$ per share)	0.01	(5.24)

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.

In connection with the Business Combination, the weighted average number of ordinary shares for the half year ended 30 June 2023 is calculated based on the number of ordinary shares of 17LIVE outstanding during the period, adjusted by the exchange ratio established in the Share Purchase Agreement.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to take into account the effects of dilutive potential ordinary shares. For the period ended 30 June 2023, diluted earnings per share are similar to basic earnings per share because all dilutive potential ordinary shares were anti-dilutive due to the net loss for the period.

11. Net Asset Value

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	US\$'000	US\$'000	US\$'000	US\$'000
Net asset value per ordinary share	0.51	0.51	2.92	3.00

12. Intangible assets

	Group						Total US\$'000
	Exclusive right to operate 17 app in Japan US\$'000	Trademarks US\$'000	Technology US\$'000	Goodwill US\$'000	User base US\$'000	Domain US\$'000	
	Cost						
At 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 and 1 January 2024	11,900	549	7,603	101,193	7,639	431	129,315
Additions	–	–	–	–	–	10	10
Exchange differences	–	(1)	(23)	–	(24)	(13)	(61)
At 30 June 2024	11,900	548	7,580	101,193	7,615	428	129,264
Accumulated amortisation and impairment							
At 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 and 1 January 2024	11,900	547	7,425	77,204	7,510	304	104,890
Amortisation	–	1	18	–	22	13	54
Exchange differences	–	(1)	(3)	–	(11)	(1)	(16)
At 30 June 2024	11,900	547	7,440	77,204	7,521	316	104,928
Net carrying amount							
At 31 December 2023	–	2	178	23,989	129	127	24,425
Net carrying amount							
At 30 June 2024	–	1	140	23,989	94	112	24,336

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 carrying amount of goodwill as at 30 June 2024 and 31 December 2023 was US\$23,989,000.

Goodwill that has an indefinite useful life is tested for impairment annually, or more frequently if events or changes in circumstances indicated that it might be impaired. No impairment indicators were identified as at 30 June 2024 based on the CGU’s business performance.

Since the beginning of the reporting period, there were no changes in the circumstances and key assumptions.

13. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to US\$499,000 (30 June 2023: US\$964,000) and disposed of assets with a net book value of US\$96,000 (30 June 2023: US\$340,000).

14. Borrowings

There are no borrowings as at 30 June 2024 and 31 December 2023.

15. Share capital

15.1 Movements in Share Capital

	Company			
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	Number of ordinary shares		Amount (US\$'000)	
Beginning of interim period	177,371,431	6,000,000	13	— ⁽ⁱ⁾
Issuance of ordinary shares in relation to the Business Combination	—	171,371,431	—	13
Issuance of ordinary shares pursuant to the Executive Incentive Scheme	75,200	—	— ⁽ⁱ⁾	—
End of interim period	<u>177,446,631</u>	<u>177,371,431</u>	<u>13</u>	<u>13</u>

(i) 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. Upon completion of the Business Combination, 26,016,200 redeemable shares were redeemed by shareholders and the 9,589,800 that were not redeemed by the shareholders were classified as ordinary shares as of 31 December 2023.

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 9,589,800 ordinary shares and 958,980 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.

On 13 May 2024, the Company issued and allotted 75,200 new ordinary shares pursuant to fulfilment of the financial targets for the Executive Incentive Scheme that was approved by Shareholders on 1 December 2023 as set out in the vesting conditions.

No warrants issued by the Company were exercised in 1H 2024 and FY2023.

15.2 Treasury shares and subsidiary holdings

The Company does not have any treasury shares as at 30 June 2024 and 31 December 2023.

There were no subsidiary holdings as at 30 June 2024 and 31 December 2023.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2024.

16. 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 interim consolidated statement of financial position of the Group and the Company as at 30 June 2024 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

GROUP EARNINGS

The Group posted operating revenue of US\$101.1 million for 1H 2024, a decrease of 33.0% period-over-period, primarily from Liver live streaming as well as unfavourable foreign currency movement.

The Group's revenue from V-Liver live streaming more than tripled from US\$1.5 million in 1H 2023 to US\$4.8 million in 1H 2024. This substantial increase highlights the growth potential of V-Liver live streaming as a significant revenue stream.

In 1H 2024, the Group maintained a robust gross profit margin of 41.2%, closely aligned with the 41.8% margin recorded in 1H 2023.

The Group continues in its efforts to optimise cost to drive operational efficiency, including optimisation in the areas of IT infrastructure, marketing and payment channels. As a result, the Group recorded a 19.3% decrease in operating expenses from US\$50.0 million to US\$40.3 million.

The Group recorded other gains of US\$1.9 million in 1H 2024, an increase of US\$130.2 million from other losses of US\$128.3 million in 1H 2023, primarily due to a change in a revaluation gain/loss on financial liabilities.

Consequently, the Group reversed its net loss in 1H 2023 to a net profit in 1H 2024. A profit before income tax was US\$3.3 million for 1H 2024, an increase of US\$118.6 million from a loss of US\$115.3 million in 1H 2023. A profit attributable to owners of the Company was US\$1.9 million, an increase of US\$120.1 million from a loss of US\$118.2 million in 1H 2023.

Basic earnings per share was US\$0.01 for the current interim period.

GROUP FINANCIAL POSITION

As at 30 June 2024, equity attributable to owners of the Company was US\$90.0 million, a decrease of US\$0.5 million from 31 December 2023, mainly because of foreign currency translation.

Total assets stood at US\$138.5 million as of 30 June 2024, a decrease of US\$25.6 million from 31 December 2023. The Group recorded a positive operating cash flows before changes in working capital of US\$4.1 million, however, primarily due to one-off expenses related to the Group's De-SPAC in FY2023, cash flows used in operations in 1H 2024 were US\$11.8 million.

The Group and mm2 Asia Limited have signed a Memorandum of Understanding to strengthen and amplify entertainment offerings and production capabilities across Southeast Asia. The associated investment was reflected in financial assets at fair value through profit or loss.

With no borrowings as at 30 June 2024, the Group's cash and equivalents were at US\$85.6 million, reflecting the Group's robust balance sheet and ample liquidity. This financial stability allows the Group to adapt to the fast-changing live streaming environment and to drive both organic and inorganic growth.

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

Driven by the increasing penetration of high-speed internet connectivity, rising popularity of social media platforms, and growing disposable incomes in developing nations, the global live streaming market reached an estimated USD 87.55 billion¹ in 2023. Analysts project substantial growth potential with an expected CAGR of 23.0%¹ from 2024 to 2030, fuelled by technological advancements and innovations.

Augmented Reality (AR) and Virtual Reality (VR) technologies are expected to further propel the live streaming market by creating immersive experiences. These technologies enable interactive engagements that blur the boundaries between physical and digital realms, transforming live streaming into an experiential journey encompassing virtual concerts, sports events, and interactive gaming experiences.

To capitalise on these emerging technologies, 17LIVE has launched the “17LIVE Forward Strategy”, which is a strategic framework anchored on three pivotal pillars comprising 1. Enhancing its established platform through advanced technology and a robust community of streamers; 2. Diversifying its revenue streams by developing new products and businesses stemming from its platform and; 3. Forging strategic and business partnerships to build a sustainable live streaming ecosystem across Asia. By focusing on these core areas, 17LIVE aims to solidify its position as a leader in the live streaming industry, delivering diverse and high-quality content that attracts both viewers and top-tier talents.

Under the 17LIVE Forward Strategy, 17LIVE identifies its V-Liver business to be one of its near-term growth drivers. 17LIVE’s deepening of its V-Liver business is strategically astute, given the dynamic growth of the V-Liver market as well as the size of the growing global and Japanese anime sectors.

In conjunction with the “17LIVE Forward Strategy”, the Group is also developing strategic initiatives to drive shareholder value through innovative and forward-thinking strategic market initiatives. These initiatives include but are not limited to partnering with and reviewing strategic options from various financial institutions to develop a feasible and sustainable capital market strategy to drive long-term shareholder value.

The Group enters into agreements relating to the payment of copyright fees with music copyright organisations in countries which it operates, as part of its ordinary course of business. These fees relate to the use of music content on its platform by live-streamers. The Group is currently engaged in discussions with one of such music copyright organisations in relation to certain terms of its existing agreement. Both parties have different interpretations of the basis and quantum of such copyright fees payable by the Group, and the Group was informally alerted to this issue. In the event that the Group is unable to convince the music copyright organisation of its interpretation, the Group expects that the payment of the copyright fee will potentially have a material adverse effect on the Group’s financial results in the second half of this financial year. The Group will make further announcements as and when there are material developments on its discussions with such music copyright organisation.

The Group has also announced today the appointment and promotion of Mr Jiang Honghui as its Executive Director and Chief Executive Officer (“CEO”), and the redesignation of Mr Phua as Non-Executive Non-Independent Chairman, effective 13 August 2024. Mr Jiang has over 12 years of experience in venture capital investment, with over seven years at the Vertex Group and was previously the CEO and Executive Director of Vertex Technology Acquisition Corporation Ltd, the first special purpose acquisition company listed on Singapore Stock Exchange, where he successfully led the business combination with 17LIVE Inc. in December 2023. Thereafter, Mr Jiang was seconded to the Group from April 2024 to work closely with Mr Phua and the team to drive business improvement and various strategic initiatives.

With the appointment as Executive Director and CEO of 17LIVE, Mr Jiang will end his role as Managing Director, Investment at Vertex Holdings. He has been appointed as Venture Partner at Vertex Growth Management in the capacity of a non-executive advisor effective 13 August 2024.

Consequently, Mr Phua, in his role as Chairman of the Company, will continue to guide the Group in its overall strategic direction and work closely with Mr Jiang in an advisory role for the daily operations.

¹ <https://www.grandviewresearch.com/industry-analysis/live-streaming-market-report#:~:text=The%20global%20live%20streaming%20market,passively%20watching%20pre%2Drecorded%20media>

5. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable.

If no dividend has been declared or recommended, a statement to that effect and the reason(s) for the decision

As a growth company in the technological space, and whilst the Group constantly optimises and push its margins, the Group advocates utilisation of capital towards reinvestment and potentially in the future, the Group may consider a dividend policy.

6. Interested person transactions

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

Below is the aggregate value of transactions (not conducted under shareholders' mandate) for the period under review:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
<u>Vertex Venture Management Pte Ltd</u> Consultant secondment	Associate of the Controlling Shareholder	S\$120,000	Not applicable

7. 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.

8. Confirmation on interim financial statements pursuant to Rule 705(5) of the SGX-ST Listing Manual

We, the undersigned, hereby confirm on behalf of the Board of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of the Directors

Phua Jiexian, Joseph
Executive Chairman and Chief Executive Officer

Akio Tanaka
Director

9. Update on use of proceeds

As of 30 June 2024, the Company wishes to provide an update on utilisation of 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 paid an aggregate of approximately S\$7,497,000 mainly for fees incurred by the Company arising from the Business Combination and general working capital expenses. Also, the Company made a short term investment of S\$450,000 in mm2 Asia Limited's movie project in April 2024.

The Company intends to utilise the remaining proceeds of approximately S\$80,586,000 (equivalent to US\$59,403,000) 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
13 August 2024