



CHINA  
DEVELOPMENT  
FINANCIAL

# OxPay Financial

(OPFL SP/TVV.SI)

## Cash is no longer king

Megan Choo / 65 6202 1190 / megan.choo@kgi.com

- OxPay is an online-to-offline (O2O) financial services technology provider with a fully integrated platform that allows both online and offline merchants to run and grow their business easily.
- Initiate with Outperform and S\$0.42 TP.** OxPay is well-positioned to benefit from the growing e-commerce trend and the explosive use of e-money with its recent integration of GrabPay and Shopee Pay. The appointment of OxPay as exclusive payment provider for F&B Hive Ventures, which has over 4000 restaurants in Thailand, is expected to be significant revenue contributor from FY22 onwards.

### Financials & Key Operating Statistics

YE Dec (S\$ '000)	2019	9M20	2021F	2022F	2023F
Revenue	8,656	-	13,948	23,712	27,268
PATMI	(1,556)	(1,281)	(26,353)	3,985	4,652
EPS (cents)	(76.6)	(0.1)	(11.0)	1.7	1.9
EPS growth (%)	-	-	-	115.1	16.7
P/E (x)	-	-	-	17.4	14.9
DPS (Sing cents)	-	-	-	-	-
Div Yield (Y%)	-	-	-	-	-
Net Profit Margin (%)	(18.1)	-	(188.9)	16.8	17.1
Net Gearing (%)	453.2%	4.5%	(165.2%)	(144.8%)	(133.5%)
P/B (x)	-	-	8.89	5.88	4.22
ROE (%)	-	-	-	33.8%	28.3%

Source: Company data, KGI Research

Note: 2019 and 9M20 are audited figures of previously known MC Payment, before Artivision's RTO in February 2021

**Company overview.** OxPay Financial is a FinTech group that is principally engaged in the provision of Merchant Payment Services (MPS) and Digital Commerce Enabling Services (DCES) with a focus on servicing merchants in the retail, transportation and food and beverage industries. The company has business presence in various parts of Southeast Asia, namely, Singapore, Malaysia, Indonesia and Thailand. The company was previously known as MC Payment, prior to the reverse takeover by Artivision in February 2021.

**1H21 financials: Positive core PATMI.** Even though the company incurred losses of S\$29.5mn in 1H21, this was due to one-time reverse takeover (RTO) expense of S\$30.2mn. S\$26.4mn was non-cash in nature, relating to goodwill write-off for the RTO, while S\$0.2mn relates to a one-time legal fees. Eliminating the RTO expenses, core PATMI stood at S\$736k, relatively flat compared to S\$674k in 1H20.

**High entry barriers; growing target market.** The payment sector is highly regulated, serving as high entry barriers to the digital payment space. OxPay is one of the 19 non-bank companies in Singapore to be awarded the merchant acquisition license as of September this year. Even though international competitors such as PayPal and Adyen have taken up a majority of the market share for established and large merchants, the growing number of SMEs in Singapore is expected to provide room for OxPay's growth. OxPay's target market of SMEs, coupled with its highly accredited

Outperform - Initiation		Performance (Absolute)	
Price as of 15 Nov 21 (SGD)	0.29	1 Month (%)	-9.4
12M TP (\$)	0.42	3 Month (%)	-29.8
Previous TP (\$)	-	12 Month (%)	16.0
Upside, incl div (%)	36.7	Perf. vs STI Index (Red)	
<b>Trading data</b>			
Mkt Cap (\$mn)	79		
Issued Shares (mn)	272		
Vol - 3M Daily avg (mn)	2.1		
Val - 3M Daily avg (\$mn)	0.7		
Free Float (%)	1		
<b>Major Shareholders</b>		<b>Previous Recommendations</b>	
Ching Chiat Kwong	26.1%		
CGS-CIMB Securities (Singapore)	10.7%		

license, gives it an edge over other competitors in the SME space, with adequate market share for penetration.

**E-commerce driving digital payments.** Given that consumers' shopping preferences are shifting from brick-and-mortar retail malls to e-commerce, the growth of online merchants is expected to spearhead the company's top and bottom line. Singapore, Malaysia and Thailand's e-commerce market has been on an uptrend post-pandemic, where Covid-19 has proven to be a catalyst.

**Rapid expansion in 2021 and beyond.** Since the RTO and boardroom refreshment, OxPay has been aggressively expanding both its revenue segments. The company set up contactless digital ordering and payment solutions, as well as cloud operating system for Eatbox, a food hall which opened in September this year. GrabPay has been added as a payment option for all Watsons stores in Singapore and in early November, the company has started to offer Shopee Pay as payment option for merchants in Singapore, Malaysia and Thailand. Moving forward into FY22, OxPay's appointment as the exclusive payment provider for HIVE Ventures, Thailand's first integrated food ecosystem, is expected to be a significant revenue contributor.

**Cash is losing touch.** As Singapore heads towards a Smart Nation, cashless payment options have been increasingly rising, with e-money capturing the most aggressive growth of 691% since 2017. ATM withdrawals, which we used as a proxy in determining consumers' usage of cash, has been declining since 2017, inversely related to the surge in digital payments.

**Valuation & Action:** We initiate OxPay with an OUTPERFORM recommendation and a TP of S\$0.42. Our TP is based on 25.0x to its FY22F EPS of S\$0.017.

**Risks:** Downward pressure on margins due to saturated market.

## Table of Contents

Investment thesis.....	3
Conventional cash losing touch; Digital payments on the rise <sup>3</sup>	
Rising e-commerce growth to aid both MPS and DCES segments .....	4
Growing target audience: SMEs .....	6
Potential growth in the ASEAN region .....	7
Valuations and peer comparison .....	8
Company Background .....	9
Forecasts .....	11
Financial Summary.....	12

## Investment thesis

### Conventional cash losing touch; Digital payments on the rise

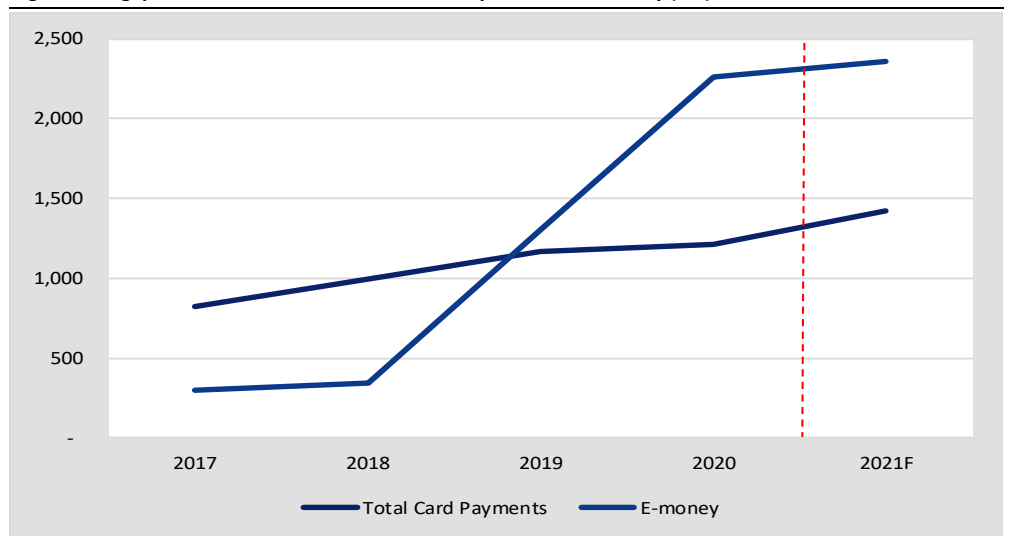
**A Smart Nation.** As part of the Smart Nation vision to harness technology and improve people's lives, the Monetary Authority of Singapore (MAS) seeks to create a Smart Financial Centre, where innovation is pervasive, and FinTech is used widely. E-payments are a key component of a Smart Financial Centre agenda. MAS' vision is to create an e-payments society, where not only convenience thrives, but also competition and innovation.

**Growth in digital payments.** Being a merchant payment service platform, OxPay would benefit from Singapore's shift towards cashless payment options – credit card payments, contactless card payments via mobile phones and e-money wallets. According to data from MAS, card payment and e-money transaction volumes have significantly increased over the last 4 years, with e-money capturing the most aggressive growth at 691% since 2017 and surpassed card payments as the dominant form of payment mode in 2019. Even though card payments grew at a slower pace of 73% since 2017, it is expected that moving forward, consumers would further digitalize towards e-money wallets as a payment option instead of going back to traditional cash. All forms of payment digitalization would benefit OxPay as a merchant payment service platform.

**Cash is no longer king.** ATM withdrawals, which we used as a proxy in determining consumers' usage of cash, has been declining since 2017, inversely related to the surge in digital payments. ATM withdrawals declined sharply from 2019 to 2020, from 205mn to approximately near 170mn and forecasted 2021 withdrawals are expected to be flat. Moving forward, we expect cash usage to plateau off or decline slightly as Singapore embarks on its goal towards a smart nation.

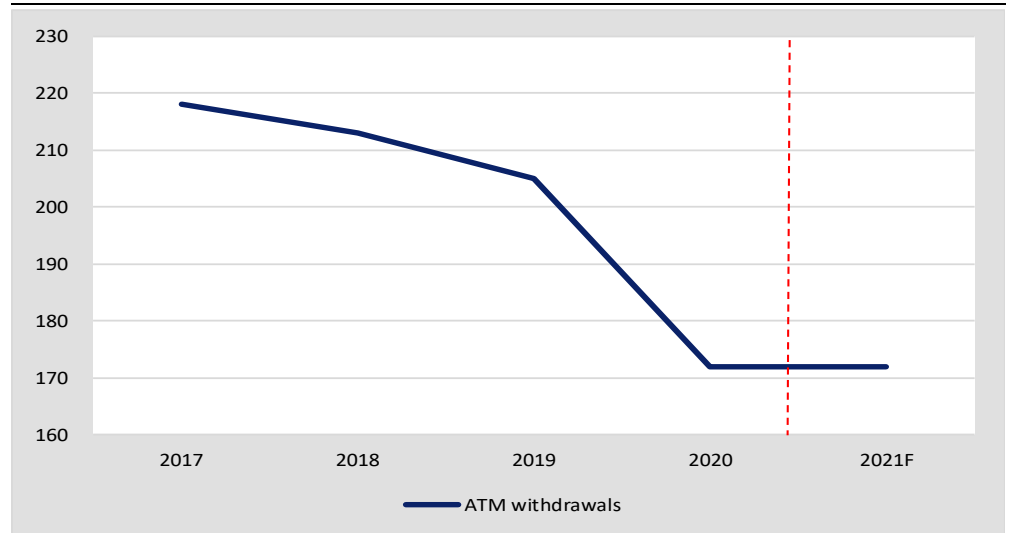
**Traditional hawkers pivot to digital payment.** Singapore launched the "Hawkers Go Digital" programme in June 2020, which is part of the government's goal to bring digitalisation to all parts of Singapore's economy and society. More than half of Singapore's hawker stalls now offer e-payment options and transaction volume and value for January 2021 crossed the 1.2mn and S\$14mn mark respectively for the first time, a four-fold increase compared to June 2020. Hawkers can be seen as the most traditional constant in Singapore's society, with little development since its introduction years ago. However, the fact that efforts are made to digitalise payment solutions speaks to the journey that Singapore is embarking on, reinforcing the point that cash is no longer king.

Figure 1: Singapore: Volume of transactions: Card Payments and E-money (mn)



Source: Monetary Authority of Singapore

Figure 2: Singapore: Volume of transactions: ATM withdrawals (mn)

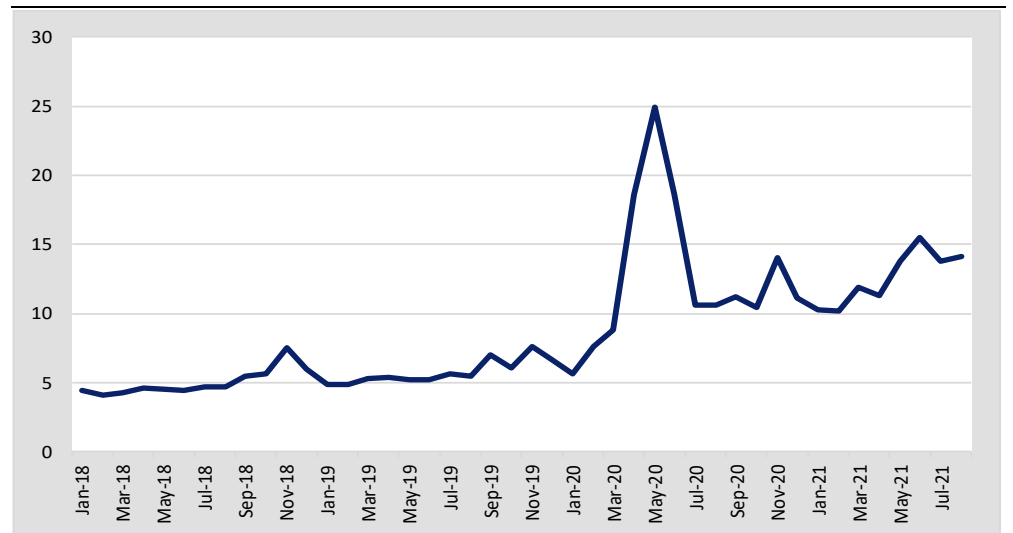


Source: Monetary Authority of Singapore

### Rising e-commerce growth to aid both MPS and DCES segments

**E-commerce driving digital payments.** According to the Singapore Department of Statistics, the online proportion making up total retail sales value has been on an uptrend since January 2018. Even though there was a spike in April 2020 when Singapore went into a lockdown which was corrected shortly after in June after restrictions were lifted, online sales demand remained buoyant. Post-pandemic online sales proportion hovered around the 10% to 15% range, higher compared to pre-pandemic levels between 5% to 10%, suggesting that the e-commerce uptrend is intact.

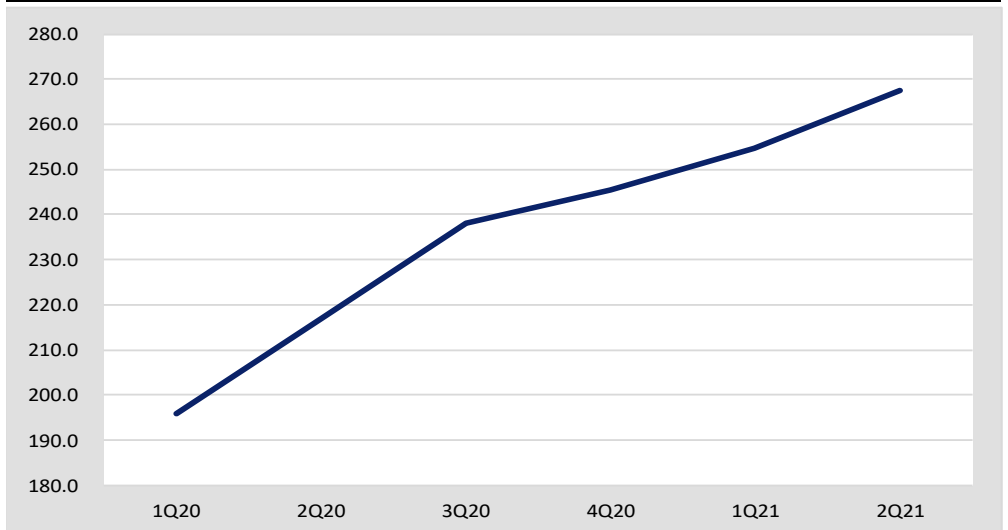
Figure 3: Singapore: Retail Sales Value: Online Sales Proportion (%)



Source: Singapore Department of Statistics

**Regional e-commerce growth: Malaysia.** Malaysia's e-commerce trend has also been on the rise, with the country recording MYR 267.6bn online sales in 2Q21, up 23.4% YoY and 5.1% QoQ. In terms of performance of services sector by segment, wholesale and retail trade, food and beverages, and accommodation segment rose 21.8% YoY to MYR 324.6 bn, recording the second highest jump next to Health, Education and Arts.

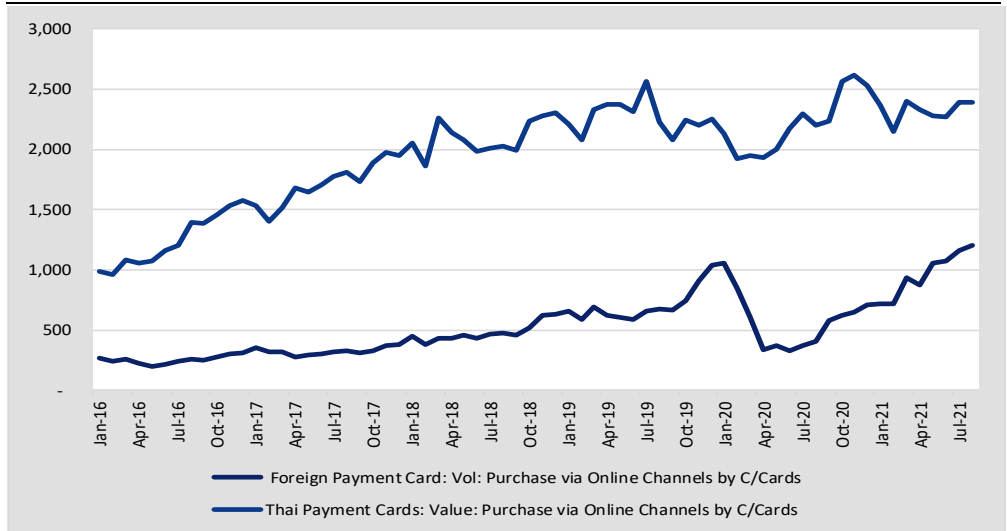
Figure 4: Malaysia: E-commerce income (RM'bn)



Source: Malaysia Department of Statistics

**Thailand.** As for Thailand, purchases via online channels have also been on the rise since January 2016. Despite the correction in February 2020 when the Covid-19 pandemic hit, online purchases recovered quickly and were back to pre-pandemic levels as of July to August 2021. As Thailand’s economy recovers from Covid-19 woes with increased vaccinations and reopening of borders, we expect payment flows to receive further boost from tourist activity.

Figure 5: Thailand: Payment Cards: Value: Purchase via Online Channels by C/Cards



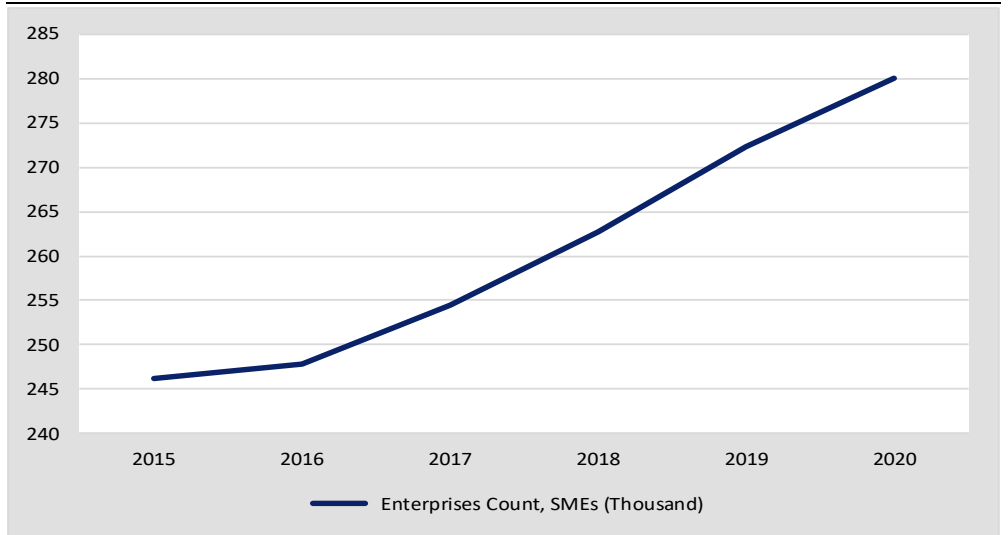
Source: Bank of Thailand

The ever-growing demand for e-commerce goods would greatly benefit OxPay’s DCES segment, via its Software-as-a-service (“SaaS”) services which provides an all-in-one integration for online merchants. Merchants are able to manage online orders, track deliveries, accept and process a variety of digital payment methods, monitor revenue and review sales performances and manage marketing plug-ins. OxPay receives a one-time set-up fee and collects recurring fees thereafter, which provides a steady fixed revenue stream. At the same time, the company’s MPS segment would also benefit from the increase in payment volumes via its digital payment setup for the online merchants, adding in a variable revenue component. Hand in hand, the two segments are expected to thrive in the growing e-commerce climate.

## Growing target audience: SMEs

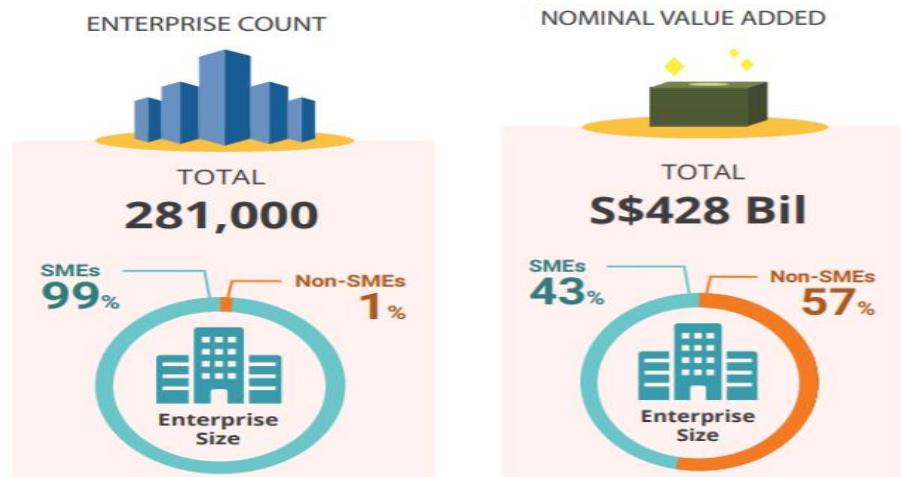
**Singapore: SMEs.** Singapore’s number of SMEs have been steadily growing since 2015 and reached approximately 280,000 as of 2020. The proportion of SMEs to Non-SMEs are 99:1, a significant divide suggesting the vast market share OxPay could potentially acquire. Among the total establishments in Singapore, retail trade makes up 13% and accommodation and food services make up 6%. As OxPay mainly provides payment services to the retail and F&B industry, potential penetration rate is 19% of the 278k SMEs in Singapore which is approximately 52.8k, a relatively reasonable market share.

Figure 6: Singapore Enterprises Count, SMEs ('000)



Source: Singapore Department of Statistics

Figure 7: Singapore enterprise proportion (SMEs vs non-SMEs) in 2020



Source: Singapore Department of Statistics

Figure 8: Segmental spread of total number of establishments in Singapore

Description	No. of establishments in Singapore	Proportion
Retail trade	27,637	13%
Accommodation & food services	13,530	6%
<b>OxPay's potential market share</b>	<b>41,167</b>	<b>19%</b>
Recreation, community & personal services	38,273	18%
Transportation & storage	12,893	6%
Wholesale trade	50,955	24%
Information & communications	16,611	8%
Real estate, professional and admin & support services	52,101	25%

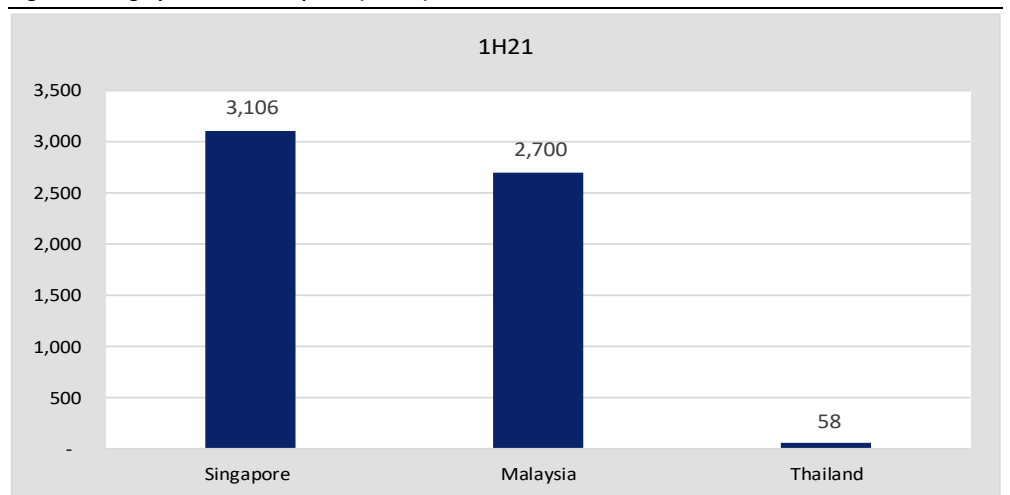
Source: Singapore Department of Statistics

## Potential growth in the ASEAN region

**Thailand: Mighty and growing.** In late October, OxPay announced that it was appointed as the exclusive payment provider for HIVE Ventures, Thailand’s first integrated food ecosystem. Founded in 2018, HIVE Ventures is currently home to more than 4,000 restaurants and 200 suppliers. As of 1H21, Thailand makes up only 1% of OxPay’s total revenue, whereas Singapore and Malaysia made up 53% and 46% respectively. However, upon the commencement of the company’s new project in FY22, Thailand is expected to contribute more significantly to revenue. According to Thailand’s central bank, digital payments in Thailand have quadrupled from pre-pandemic levels, which provides potential headroom for OxPay’s aim of expansion in the ASEAN region.

**Resumption of tourism: A large contributor to Thailand’s economy.** On 1 November, Thailand reopened its borders to tourism after 18 months of Covid-19 curbs. Already, about 16,000 foreign arrivals have entered Thailand through the various travel schemes that were expanded since 1 November, with most coming from the United States, Germany, Britain and Japan, said the authorities. Tourism is an essential part of Thailand’s economy, a sector which brought in more than THB 1.91tn (\$\$ 77.6bn) in 2019. Tourist numbers are expected to pick up in December, when those from Europe seek escape from the winter season and when travellers become more familiar with Thailand's entry requirements. Moving forward into the fourth quarter and into FY22, as tourism resumes, robust activity is expected within the retail and F&B space, as digital savvy tourists would prefer hassle-free e-payment options compared to hard cash.

**Figure 9: Geographical revenue spread (\$S'000)**



Source: Company reports, KGI Research

## Valuations and peer comparison

As OxPay does not have any Singapore-listed peers, we have used Malaysian-listed peer, GHIL Systems and international peers Adyen, Paypal and Square for comparison.

**Regional peers: GHIL Systems Berhad.** The company's solution services segment offers payment solutions through sales and services of network devices, outsourced payment networks, management/processing of payment and loyalty cards as well as internet payment processing. Its transaction payment acquisition offers e-pay services and card payment services. Lastly, its shared services segment offers sales, rental and maintenance of EDC terminals, and other card acceptance devices and the supply of cards to banks and other payment operators.

GHIL is currently trading at a historical P/E of 67.9x and P/B of 4.5x. The company is in a profit-making position and revenue growth has been gradual and steady, achieving a 31.8% growth from FY17 to FY20. As of the company's latest results, gross and profit margin was 41% and 9.4% respectively.

**International peers: Adyen.** Adyen is a Dutch payment company that allows businesses to accept e-commerce, mobile, and point-of-sale payments. It is listed on the stock exchange Euronext. Adyen offers merchants online services such as accepting electronic via credit cards, debit cards and real-time bank transfers based on online banking. The technology platform acts as a payment gateway, payment service provider and offers risk management and local acquiring.

Adyen is currently trading at a sky-high historical P/E of 204.2x and P/B of 55.3x. Similar to GHIL, Adyen is in a profit-making position and achieved an impressive revenue growth of 259.7% from FY17 to FY20. As of the company's latest results, gross and profit margin was 18.3% and 8.4% respectively.

**US-listed peers: PayPal, Square.** PayPal operates an online payment system in majority of countries that support online money transfers and serves as an electronic alternative to traditional paper methods such as checks and money orders. Square is a commerce ecosystem, offering services such as managed payment services and software solutions. Square also provides hardware to facilitate commerce for sellers, which includes magstripe readers, as well as contactless and chip readers. PayPal and Square are trading at a 72% to 450% premium to our target valuation multiple for OxPay.

**Summary.** OxPay's margins for 1H21 was better than both GHIL and Adyen, recording solid gross margin of 47.7% and core PATMI margin of 12.6%. We value OxPay at 25x FY2022 EPS, which is a conservative 37% discount to GHIL and around 1/8 that of Adyen's 204x forward P/E.

**Figure 10: Peer Comparison Table**

Bloomberg Ticker	Company Name	Last Price (Local \$)	Currency Adj. Market Cap (Local \$'mn)	Dividend Yield (%)		Net Gearing (%)	P/E (x)		P/B (x)	6M Average Daily Trading Volume (Local \$)	Price Performance (YTD)
				FY20	FY21F		12M	Forward			
OPFL SP	OXPAY FINANCIAL LTD	SGD 0.31	62	0.0	-	N/A	N/A	N/A	N/A	1,303	-39.0
<b>Regional Peers</b>											
GHLS MK	GHIL SYSTEMS BERHAD	MYR 1.96	538	0.0	-	-37.9	67.9	63.2	4.5	652	3.2
<b>International Peers</b>											
ADYEN NA	ADYEN NV	2606	92,145	0.0	0.0	-214.9	204.2	175.3	55.3	142,716	36.8
PYPL US	PAYPAL HOLDINGS INC	202.49	237,912	0.0	0.0	-16.7	59.1	43.3	10.8	1,997,423	-13.5
SQ US	SQUARE INC - A	234.08	107,975	0.0	0.0	-30.7	311.9	137.0	36.5	1,928,706	7.6
<b>Simple average</b>			<b>109,643</b>				<b>160.8</b>	<b>104.7</b>	<b>26.8</b>		

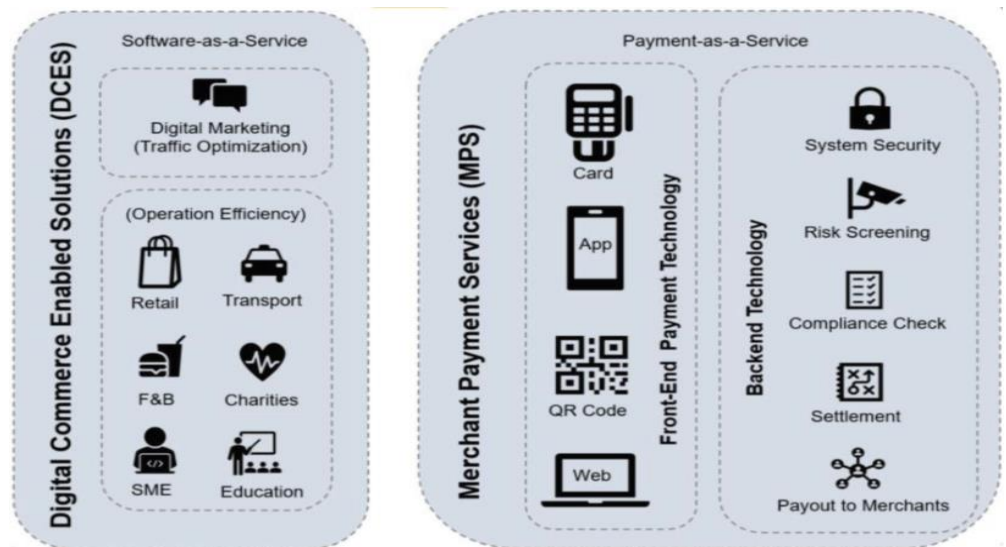
Source: Bloomberg



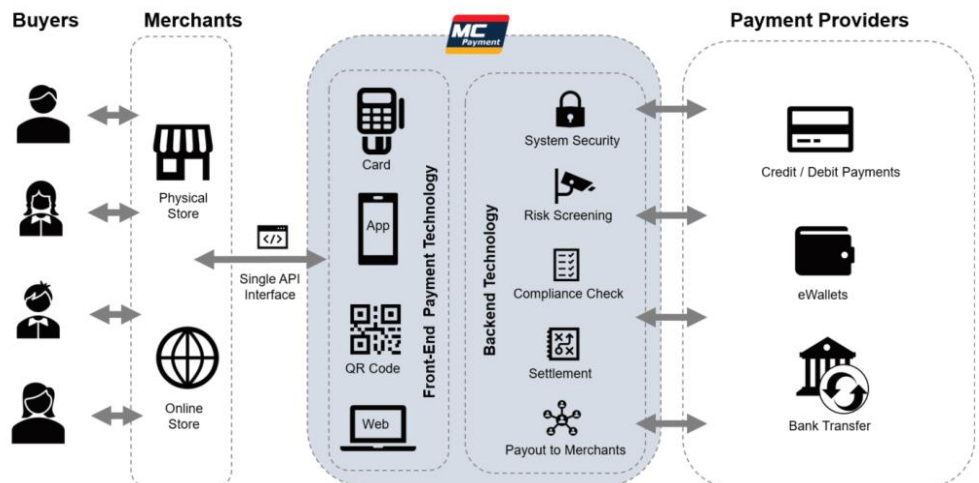
## Company Background

**A fresh start.** OxPay was formerly known as MC Payment. MC Payment made its Catalist debut following the successful completion of the reverse takeover (RTO) of Artivision Technologies on February 18. A board refresh was executed during an EGM on June 30, where 5 new Directors were appointed to replace the 5 of 6 Directors who resigned, as requisitioned by Ching Chiat Kwong, Non-Executive Chairman of the company. Mr Ching is also the Chairman and Chief Executive of Oxley Holdings. In addition, new Managing Director, Henry Tan and Chief Financial Officer, Ng Kok Peng was appointed. With effect from September 7, MC Payment changed its name to OxPay Financial.

**Company overview.** OxPay is an online-to-offline (O2O) financial services technology provider with a fully integrated platform that allows both online and offline merchants to run and grow their business easily. The company operates under two segments: Merchant Payment Services (MPS) and Digital Commerce Enabled Solutions (DCES).

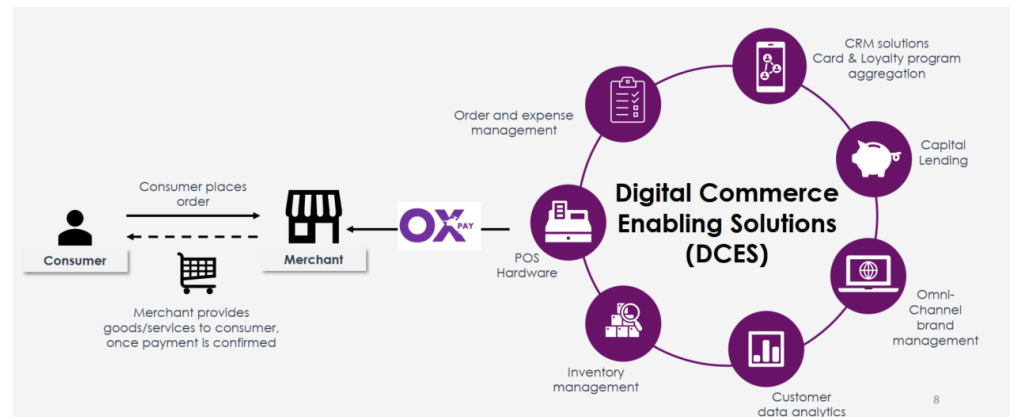


**Merchant Payment Services (MPS).** Under the MPS segment, OxPay provides online and in-store payment processing services. For online payment processing, merchants can integrate their websites to the unified payment platform. When online customers initiate the checkout payment process, payment options available at the merchants’ sites include credit cards, debit cards, e-wallets and bank transfers. For in-store payment processing, merchants can install a smart software application (“Smart App”) onto any smart device, or smart point-of-sale terminal (“Smart POS”) and instantaneously process payments from multiple cards and payment methods. End customers can easily scan the merchants’ QR code or tap their bank cards to complete the payment transaction. The Smart App is also able to facilitate loyalty and reward schemes, coupons, collect and analyse data.





**Digital Commerce Enabled Solutions (DCES).** Under the DCES segment, OxPay sells or leases out its Smart POS terminals which are used to facilitate merchants’ in-store payment processing. The company also provides Software-as-a-service (“SaaS”) services, which are customisable to various customers’ specifications, providing simple and quick solutions to customers. For instance, merchant customers in the F&B industry are able to modify the base software to provide “QR code enabled ordering” solutions or offline-to-online ordering solutions for end-customers, such that neither the merchants nor the end customers are bounded by their physical localities. The base software can also be programmed into a comprehensive and seamless management system for the merchants’ entire operations, by integrating payment processing functions, POS abilities and value-added features, such as customer relationship management (CRM), real-time sales monitoring and inventory monitoring.



**Other business segments: Buy Now Pay Later.** Starting this year, OxPay expanded to offer Buy Now, Pay Later (“BNPL”) services and has established more than 700 acceptance points in Singapore, processing more than S\$5mn worth of BNPL transactions YTD. The company provides the payment terminal via QR codes whereby in-store customers are able to scan using their BNPL app and make payments. The company also provides Social Media Live Selling Solutions under the brand Herohippo which was launched in 1Q21. The platform enables merchants to monitor revenue and review sales performances, manage online orders, accept and process digital payment methods as well as to track deliveries.

**Presence in Southeast Asia.** OxPay operates at a regional scale, with four payment licenses to operate in Singapore, Malaysia, Thailand and Indonesia. The company serves approximately 4000 merchants with S\$200mn payments processed each year. OxPay has a 24% stake in its Indonesia business whereas it fully operates in the other three countries.

## Forecasts

**Revenue and cost of sales.** For FY21's MPS revenue segment, we used the average take rate of 3.7% over 2019, 2020 and 1H21 multiplied by the total annual forecasted payment processing volume of S\$202mn. Our forecast for the total annual payment processing volume utilises the historical 1H21 average payment processing volume per merchant multiplied by the forecasted number of merchants for FY21, bringing the total number of merchants as of FY21 to 1559.

As for FY22, we expect a surge in revenue as OxPay has acquired 4,000 merchants for its Thailand subsidiary, which it has a 100% stake in. We have forecasted a 70% YoY increase in the number of merchants, which would lead to MPS revenue of approximately S\$12.8mn, slightly more conservative compared to management guidance.

Further out in FY23 and FY24, we forecast 15% YoY growth, which translates to 3,047 and 3,504 merchants respectively. Among the total establishments in Singapore, retail trade makes up 13% and accommodation and food services make up 6%. As OxPay mainly provides payment services to these sectors, potential penetration rate is 19% of the 278k SMEs in Singapore which is approximately 52.8k. Using a 15% YoY growth rate is a conservative estimate as OxPay's market share would then still only make up 5.8% and 6.6% of the total 52.8k of SMEs for years FY23 and FY24 respectively.

Gross profit margin for FY21 to FY24 are forecasted at 48.5%, slightly higher compared to 1H21's GP margin of 47.7%, as it is expected that for the second half of the year, there would be an increase in sales mix from higher gross margin BNPL and e-money wallet transaction volume.

Description	No. of establishments in Singapore	Proportion
Retail trade	27,637	13%
Accommodation & food services	13,530	6%
<b>OxPay's potential market share</b>	<b>41,167</b>	<b>19%</b>
Recreation, community & personal services	38,273	18%
Transportation & storage	12,893	6%
Wholesale trade	50,955	24%
Information & communications	16,611	8%
Real estate, professional and admin & support services	52,101	25%

**Expenses, Capex, Loans.** According to management, total expenses are approximately S\$6mn annually. The company has minimal capex outlay given that it is a payment service and software solutions provider. As of FY21, it is estimated that total debt will be approximately S\$600k and is expected to be relatively flat over the years.

## Financial Summary

FYE 31 December					
<b>INCOME STATEMENT (SGD '000)</b>	<b>2019</b>	<b>9M20</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
<b>Revenues</b>	<b>8,656</b>	–	<b>13,948</b>	<b>23,712</b>	<b>27,268</b>
Cost of sales	(4,717)	–	(7,183)	(12,211)	(14,043)
Gross Profit	<b>3,939</b>	–	<b>6,765</b>	<b>11,500</b>	<b>13,225</b>
Other income	2,105	–	633	1,076	1,237
Administrative expenses	(2,633)	(546)	(6,695)	(6,695)	(7,635)
Impairment loss on trade and other receivables	(494)	–	–	–	–
Other operating expenses	(3,894)	–	(558)	(948)	(1,091)
Share of loss of associate	(1)	–	–	–	–
Deemed RTO listing expenses	–	–	(26,367)	–	–
<b>Profit from operation</b>	<b>(978)</b>	<b>(546)</b>	<b>(26,222)</b>	<b>4,933</b>	<b>5,737</b>
Finance income	254	–	49	49	49
Finance expenses	(820)	(735)	(180)	(180)	(180)
<b>Profit before income tax</b>	<b>(1,544)</b>	<b>(1,281)</b>	<b>(26,353)</b>	<b>4,801</b>	<b>5,605</b>
Income tax expense	(21)	–	–	(816)	(953)
<b>Profit</b>	<b>(1,565)</b>	<b>(1,281)</b>	<b>(26,353)</b>	<b>3,985</b>	<b>4,652</b>
NCI	(9)	–	–	–	–
PATMI	(1,556)	(1,281)	(26,353)	3,985	4,652
<b>Core PATMI</b>	<b>(1,556)</b>	<b>(1,281)</b>	<b>3,807</b>	<b>3,985</b>	<b>4,652</b>
<b>BALANCE SHEET (SGD '000)</b>	<b>2019</b>	<b>9M20</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
Other current assets	–	3	–	–	–
Trade and other receivables	11,615	–	8,117	8,117	8,117
Cash and cash equivalents	11,447	1,040	13,500	17,685	22,567
<b>Total current assets</b>	<b>23,062</b>	<b>1,043</b>	<b>21,617</b>	<b>25,802</b>	<b>30,684</b>
Property, plant and equipment	167	–	59	46	30
Intangible assets and goodwill	1,448	–	836	649	435
Investment in JV	–	–	–	–	–
Investment in associates	19	–	–	–	–
Trade and other receivables	15	–	14	14	14
<b>Total non-current assets</b>	<b>1,649</b>	–	<b>909</b>	<b>709</b>	<b>480</b>
<b>Total assets</b>	<b>24,711</b>	<b>1,043</b>	<b>22,526</b>	<b>26,511</b>	<b>31,163</b>
Trade and other payables	22,258	4,323	14,106	14,106	14,106
Loans and borrowing	421	559	627	627	627
Convertible bonds	186	–	–	–	–
Bonds payable	–	6,875	–	–	–
<b>Total current liabilities</b>	<b>22,865</b>	<b>11,757</b>	<b>14,733</b>	<b>14,733</b>	<b>14,733</b>
Trade and other payables	333	–	–	–	–
Loans and borrowing	5	–	–	–	–
Convertible bonds	3,940	–	–	–	–
<b>Total non-current liabilities</b>	<b>4,278</b>	–	–	–	–
<b>Total liabilities</b>	<b>27,143</b>	<b>11,757</b>	<b>14,733</b>	<b>14,733</b>	<b>14,733</b>
Share capital and reserves	21,234	74,292	58,175	58,175	58,175
Accumulated profit/(losses)	(23,625)	–	(50,887)	(46,902)	(42,250)
NCI	(41)	(85,006)	505	505	505
<b>Total liabilities and equity</b>	<b>24,711</b>	<b>1,043</b>	<b>22,526</b>	<b>26,511</b>	<b>31,163</b>
<b>CASH FLOW STATEMENT (SGD '000)</b>	<b>2019</b>	<b>9M20</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
<b>Profit before tax</b>	<b>(1,544)</b>	<b>(1,281)</b>	<b>(26,353)</b>	<b>4,801</b>	<b>5,605</b>
Adjustments	3,248	735	30,682	416	459
<b>Operating cash flows before WC changes</b>	<b>1,705</b>	<b>(546)</b>	<b>4,328</b>	<b>5,217</b>	<b>6,064</b>
Change in working capital	8,740	369	3,172	–	–
Income tax paid	(21)	–	–	(816)	(953)
Net interest expenses paid	(33)	–	(131)	(131)	(131)
<b>Cash flows from operations</b>	<b>10,391</b>	<b>(177)</b>	<b>7,369</b>	<b>4,270</b>	<b>4,980</b>
Purchase of property, plant and equipment	(3)	–	(0)	(0)	(0)
Net acquisitions of subsidiaries, associates and JV	296	–	(0)	(0)	(0)
Intangible assets	(10)	–	1,194	(85)	(98)
<b>Cash flows from investing</b>	<b>283</b>	–	<b>1,194</b>	<b>(85)</b>	<b>(98)</b>
Net loans and borrowings	(324)	–	–	–	–
Repayment of convertible bonds	(200)	–	(27)	–	–
Repayment of lease liabilities	(42)	–	(1,794)	–	–
<b>Cash flows from financing</b>	<b>(566)</b>	<b>142</b>	<b>1,458</b>	–	–
<b>Net increase in cash</b>	<b>10,108</b>	<b>(35)</b>	<b>10,021</b>	<b>4,185</b>	<b>4,882</b>
Beginning Cash	1,421	1,075	3,479	13,500	17,685
<b>Ending cash</b>	<b>11,449</b>	<b>1,040</b>	<b>13,500</b>	<b>17,685</b>	<b>22,567</b>
<b>KEY RATIOS</b>	<b>2019</b>	<b>9M20</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
DPS (SGD cents)	–	–	–	–	–
Dividend yield (%)	–	–	–	–	–
NAV per share (SGD cents)	(119.7)	(0.6)	3.3	4.9	6.9
Price/NAV (x)	(0.2)	(48.7)	8.9	5.9	4.2
<b>Profitability</b>					
Gross Margin (%)	45.5	–	48.5	48.5	48.5
Net Margin (%)	(18.1)	–	(188.9)	16.8	17.1
ROA (%)	–	–	–	15.0	14.9
ROE (%)	–	–	–	33.8	28.3
<b>Financial Structure</b>					
Interest Coverage Ratio (x)	(1.2)	(0.7)	(145.4)	27.4	31.8
Gearing Ratio (%)	453.2	4.5	(165.2)	(144.8)	(133.5)

Note: 2019 and 9M20 are audited figures of previously known MC Payment, before Artivision's RTO in February 2021

**KGI's Ratings**

Rating	Definition
<b>Outperform (OP)</b>	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Neutral (N)</b>	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Underperform (U)</b>	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
<b>Not Rated (NR)</b>	The stock is not rated by KGI Securities.
<b>Restricted (R)</b>	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances.

**Disclaimer**

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business".)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a "research analyst"), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities' total revenues, a portion of which are generated from KGI Securities' business of dealing in securities.

Copyright 2021. KGI Securities (Singapore) Pte. Ltd. All rights reserved.