Sea Limited (NYSE: SE)

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Business Overview

Sea Limited is a holding company that operates primarily through three main subsidiaries

Digital Entertainment

$2.2Bn revenue declining 43.6% YoY
- Global game developer and publisher
- Develops games for mobile and PC, such as Free Fire and esports

E-Commerce

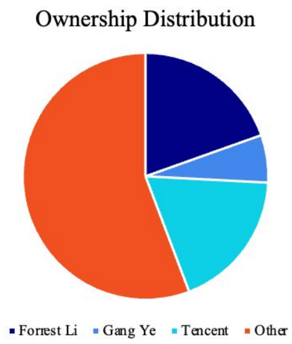
$9Bn in revenue up 23.5% YoY
Largest e-commerce platform in SE Asia and Taiwan, online marketplace integrated with social media features, vertically integrated payment, logistics, and fulfillment, recently added live streaming

Digital Financial Services

$1.8Bn in revenue up 44.0% YoY
- Fintech services under names such as ShopeePay, SPayLater, SeaBank, and SeaInsure.
- Offers payment processing, credit, insurtech, and digital bank services

Management & Overview

Forrest Li owns 59.9% of total voting power, as of February 14, 2022, the same day Free Fire was banned in India, as a result of reorganization of voting rights to reduce Tencent's influence



2009: Garena founded as esports facilitator for League of Legends

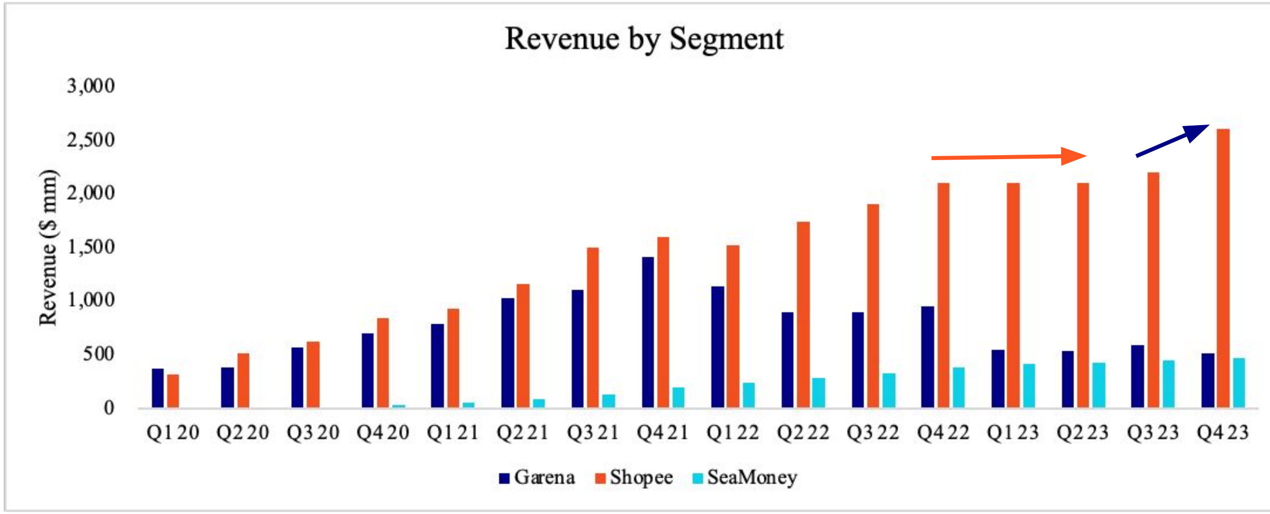
2015: Shopee launched, captures dominate share of SE Asian market by 2021

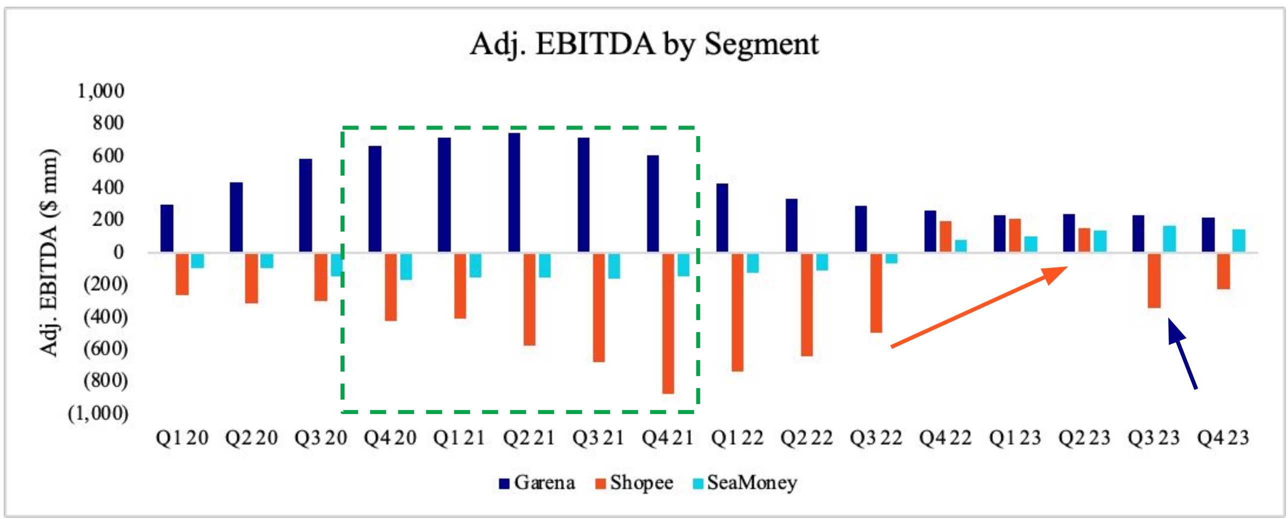
2017: Free Fire launches, achieves over 1Bn downloads by 2023, Sea partners with Tencent

2014: SeaMoney is launched

Investment Setup

Recent change in management strategy to invest in logistics over expansion core to SE's turn-around story





Free Fire takes off, Sea uses cash to invest in Shopee, but **focuses investment on expansion in new regions rather than building moat**

Following declining Ganera performance, management **slashes S&M to focus on Shopee profitability**, results in a halt in incremental top-line growth - stock sells off

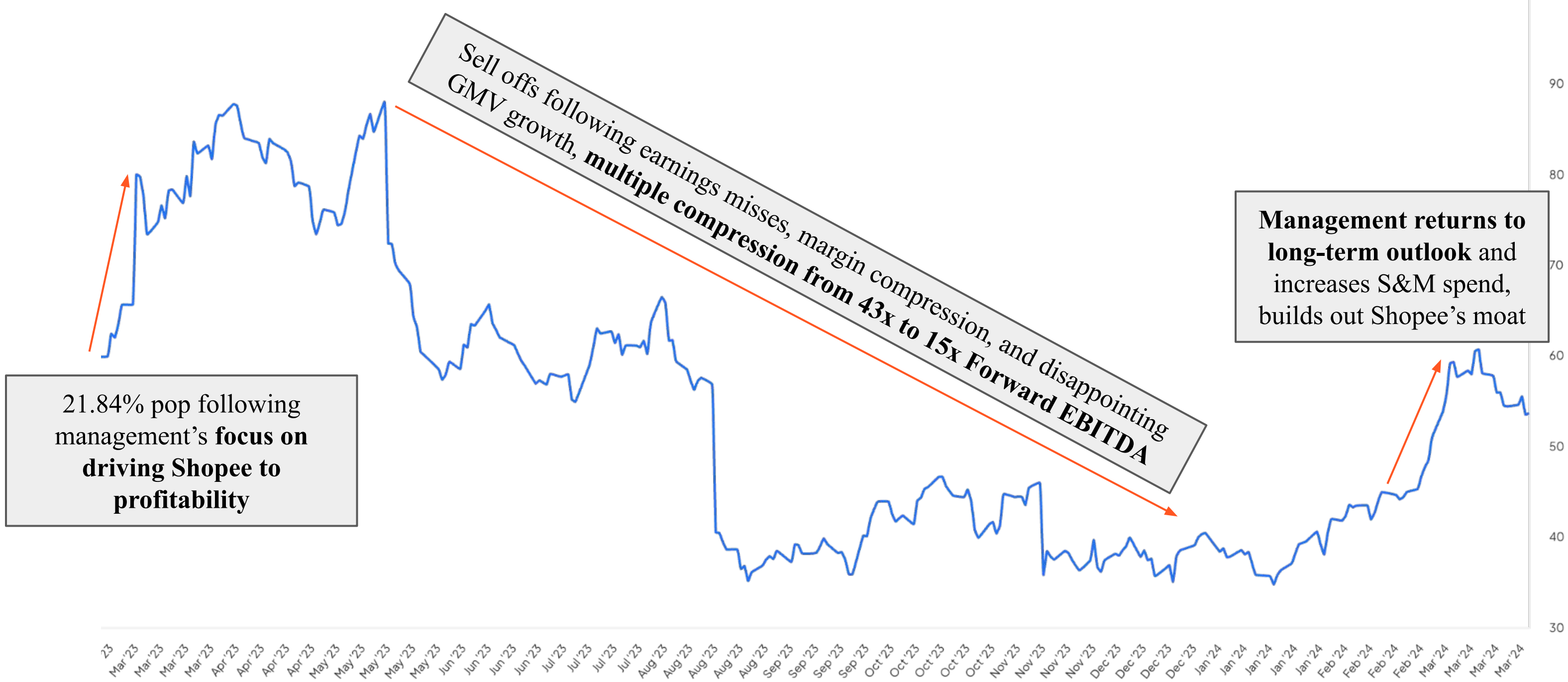
Management returns focus to investing in Shopee, now more concentrated on building moat and investing in logistics/fulfillment, significant incremental revenue as a result

Shopee is now the primary revenue driver for SE. SeaMoney fastest growing segment and profitable.

Investment Setup Continued

Recent earnings misses has resulted in several ~20% sell-offs, we believe SE has reached a turning point and recent volatility has created a unique investment opportunity

Stock Price LTM



Investment Setup Continued

Zooming out to look at the last 5 years, it is clear that SE is significantly down from all time highs…

The Opportunity

- **High quality business with dominant market position** - Shopee is the dominant player in most of SE Asia, which significantly adds to their value proposition and long term outlook as a two-sided marketplace
- **Turbulent management direction and shareholder turnover presents us a great entry price –** Management switch between focus on profitability to growth has put pressure on overall margins, due to higher S&M spend. Earnings volatility has caused sell off, while core margins remain strong and S&M needed to maintain long-term growth
- **Risk/Reward is remarkably attractive** - Very little upside priced in, despite persistent unit economics expansion, flywheel reacceleration, and option-like upside of India Free Fire unban
    - Sea trades at near all-time-low EBITDA multiple, so downside risk should be limited

Executive Summary

Share Price: $53.71 **Price Target:** $114.32 **IRR/MOIC: 28.9%/2.14x** **MCAP:** $30.38 Bn

Free Fire miscategorized // Cash cow driving investment in Shopee

- Free Fire miscategorized by investors; clearly has the characteristics of a category defining game
- Free Fire is a cash cow providing Shopee with free capital, enabling investment in the business outpacing competitors

Positive unit economics outlook, despite margin volatility driven by S&M

- S&M volatility causing margin compression, while the core e-commerce business has experienced significant margin expansion
- S&M spend in-line with expectations for business, despite sell-side concerns

Market sentiment is misaligned with Sea's corporate strength

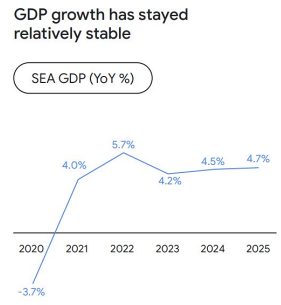
- Sea's valuation still reflects the short-term turbulence in Garena and slowdown in e-commerce, both of which are inflecting
- Long-term projections for digital ad revenue underpins the value upside at current share price

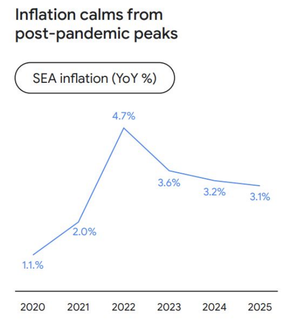
Segment & Industry Overview

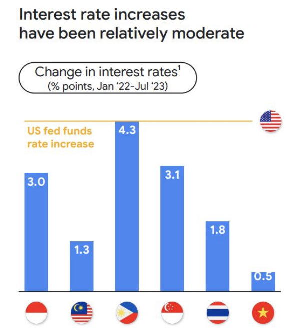
South East Asia Economic & Investment Outlook

Favorable Macro Characteristics

- SEA's economy proved both inflation/interest rate resistant
- Increased FDI, export outflow, & travel demand are largest GDP tailwinds
- GDP growth on pace with fastest growing economies (India & pre-Covid China)
- Consumer confidence returned to Q3 2022

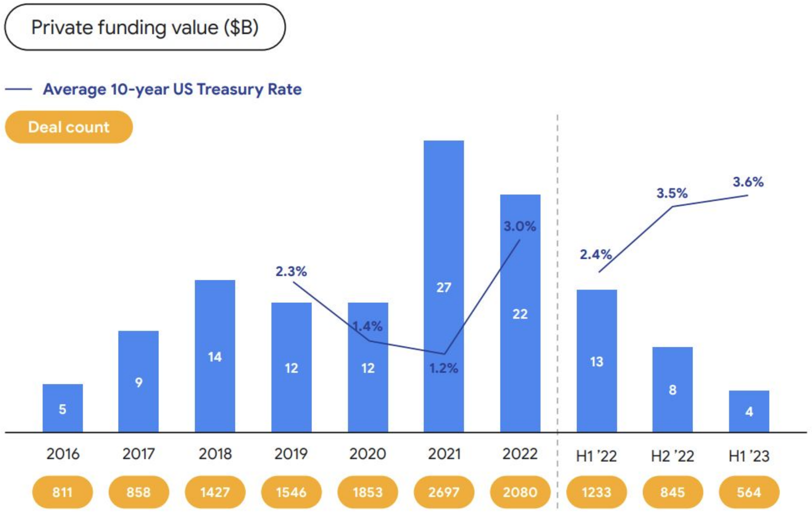






Deal Making Environment

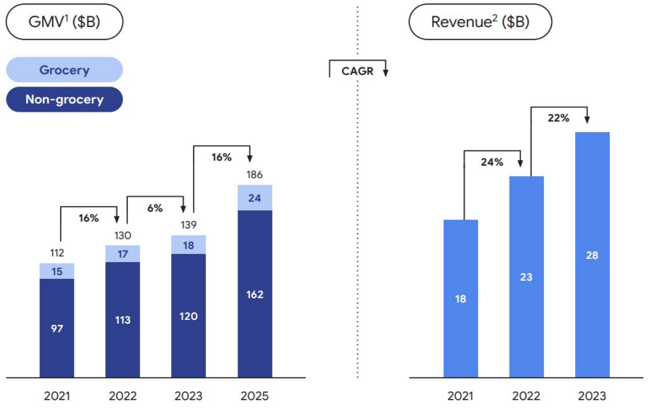
- Deal flow fallen back to 2016 levels
  - Seed-Series C hit the hardest
- Dry powder all time highs
- Funds focused deploying capital and efficient exit strategies to benefit LPs
- Investors focused more on long term profitability vs growth
- Perfect investment opportunity for companies with modest entry valuations and defensible/growing monetization plans



South East Asia Industry Trends

E-Commerce Tailwinds

- Revenue growing 1.7x GMV
  - GMV consistent growth due to increased internet penetration & HVUs
- Short term growth ~ increased take rates & GMV
- Long term growth ~ Adjacent revenue streams & user base
- E-Commerce trend: focus on monetizing current GMV rather than growing it



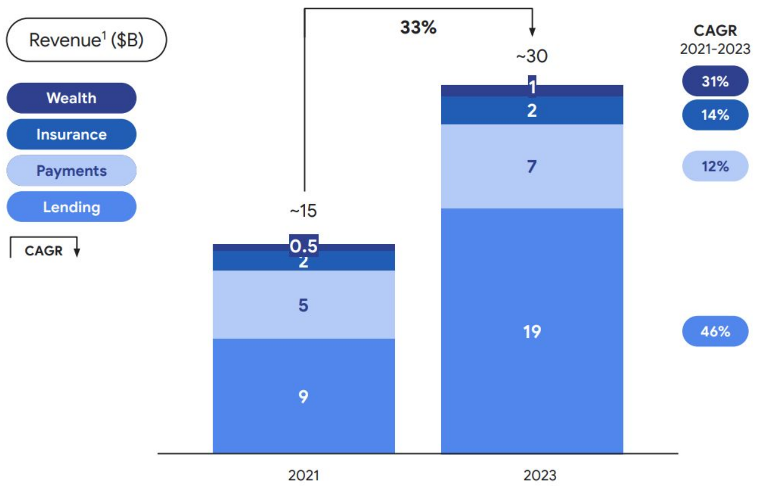
Digital Financial Services (DFS) Tailwinds

Payments

- Digital payments are 50% SEA TTV
- Merchants focus on MDR led to shift to A2A & E-wallet payments

Lending

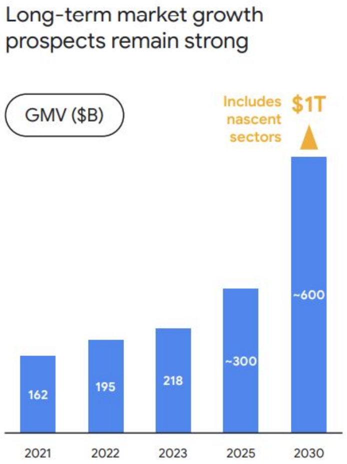
- Loan secondary market cooled due to decreased portfolio value
- Consumer demand remains high, allowing digital banking revenues to grow
- Digital loan book balance grown primarily due to greater BNPL adoption
- Political focus to improve credit collection and underwriting practices

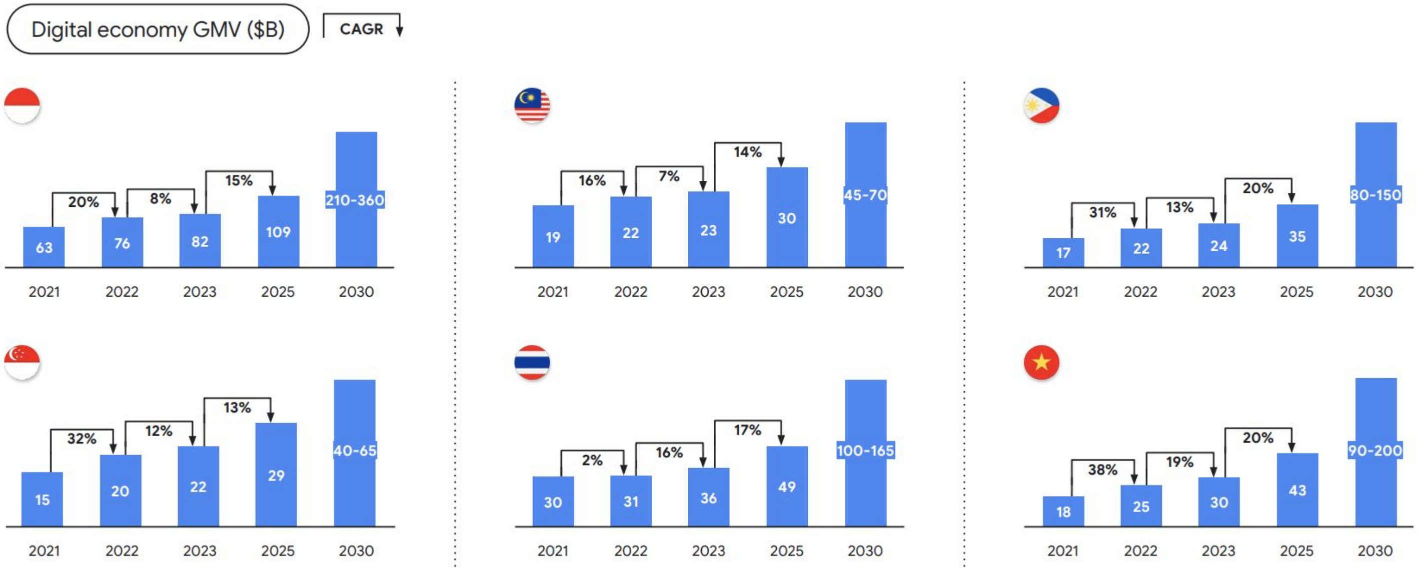


Market Landscape

Growing Market Opportunity

- Total GMV expected to hit $295 B by 2025
    - GMV CAGR (23-30): 15.6%
- Indonesia will hold dominant position but lose total percentage of market share
- E-Commerce, online travel, online media, and transportation/food make up total digital economy
    - E-Commerce will still be >50% of total GMV
    - Online travel projected to be fastest growing segment





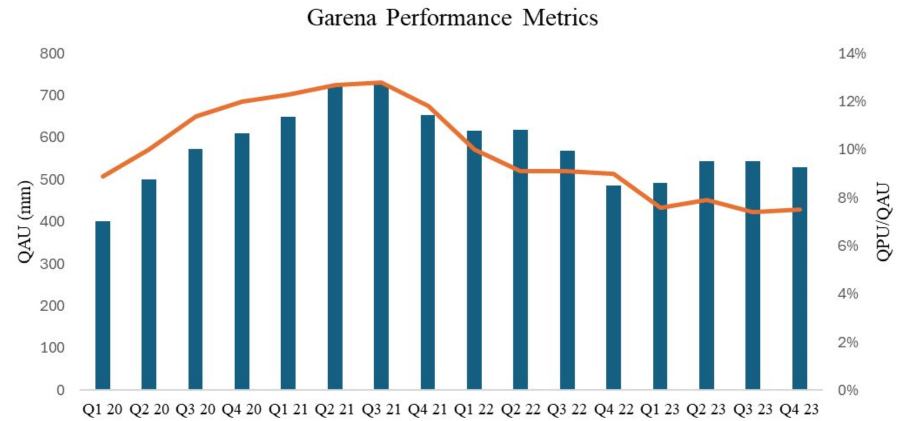
Business Overview

Garena

Garena is a leading mobile/PC game developer and publisher in 130+ markets.

Business Overview

- Development
  - 2,000+ in-house team
  - Highly selective approach
  - Developed Free Fire in 2017 under Garena brand
- Publishing
  - Third-party game publishing business
  - Strong relationships with top developers like Tencent and EA



Key 2023 Metrics

- Revenue: $2.1bn; down 44% YoY
- Adjusted EBITDA: $921mm; down 29.9% YoY
- Mgmt forecasts 10%+ growth in Free Fire users and bookings

Free Fire

Free Fire is the leading BR game in lower-middle income countries.

Game Size	350 MB	2 GB	3 GB
Software Requirements	Android 4.1	Android 5.1.1	Android OS 10.0
Average Game Duration	10 min	30 min	20 min

- Free Fire generates ~80% of Garena's revenue
- Free Fire intentionally targets a different audience from PUBG Mobile due to its compatibility with budget phones
- 70-80% of local populations use budget phones
- Most downloaded mobile game in '19, '20, '21, '23
- Free Fire is clear leader in its respective category

Free Fire, along with 200 other apps, was banned in India in February '22 due to China-based concerns. In 2023, Garena announced a relaunch of Free Fire, though the return has yet to materialize.

Shopee

Shopee is a leading e-commerce platform, connecting buyers and sellers.

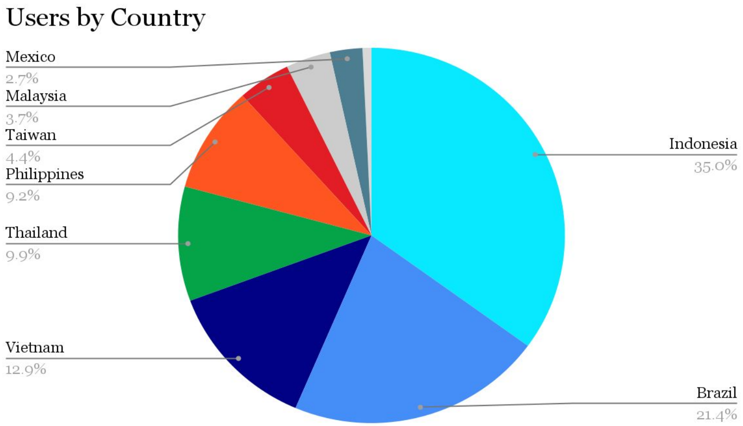
Business Model

- Shopee primarily operates in Southeast Asia, Taiwan, and Brazil
- Shopee mainly operates as a marketplace, but also purchases products from manufacturers or third parties to sell directly on Shopee
- Buyers are individuals and households
- Sellers are primarily SMEs and individuals
- Shopee relies on both its own logistics operations as well as third party providers
- Shopee Mall is a platform for brands and large retailers to sell their products

Revenue Model

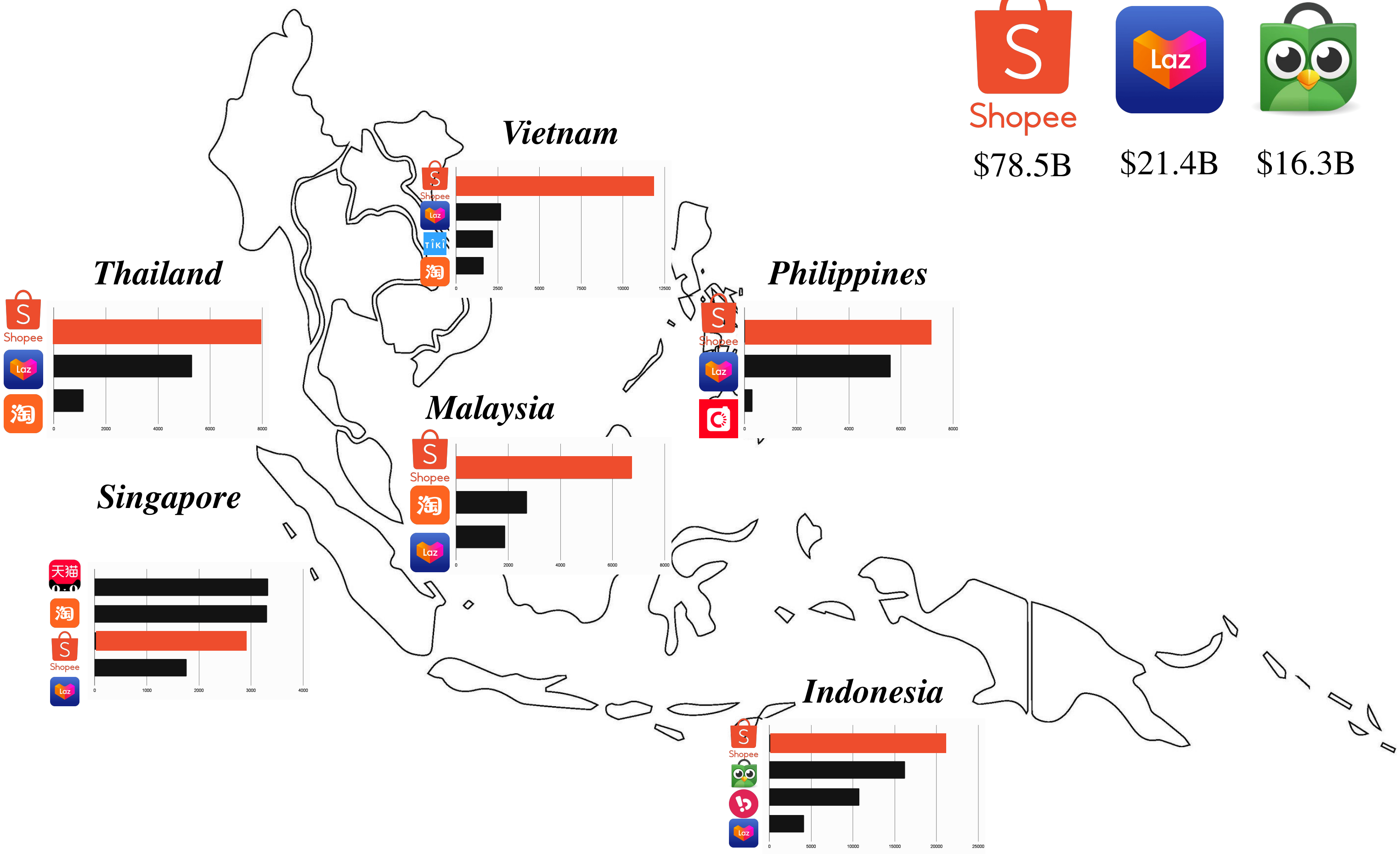
- Shopee monetizes its platform in three ways:
  1. Offering sellers paid advertising services
  2. Charging transaction-based fees
  3. Charging for value-add services

Shopee User Breakdown



Shopee

Shopee is the #1 ecommerce platform in Southeast Asia. With over 50% market share, Shopee has constructed a strong moat in a competitive industry.



$78.5B $21.4B $16.3B

Shopee

Product Category Breakdown

- Shopee has highest exposure to Fashion and Beauty category compared to its competitors
- TikTok Shop also focused mainly on Fashion and Beauty, until it suspended its operations in Indonesia
- Fashion and Beauty products typically have higher margins and higher order frequency

Top Categories by Platform

Survey of Indonesian shoppers by ecommerceIQ

	blibli.com	Bukalapak	JD.ID	LAZADA	Shopee	tokopedia
Mobile & Electronics	21%	25%	15%	20%	13%	22%
Fashion	17%	16%	11%	19%	24%	12%
Beauty	4%	4%	11%	9%	12%	5%
Health & Wellness	3%	2%	3%	3%	5%	5%
Mom & baby	8%	4%	10%	8%	8%	4%
Toys	5%	5%	5%	5%	5%	9%
Groceries	17%	9%	19%	10%	11%	11%
Lifestyle and Hobby	8%	10%	7%	7%	8%	10%
Home & Living	7%	8%	10%	9%	8%	9%
Sports	4%	6%	3%	4%	3%	4%
Travel	5%	3%	3%	2%	2%	3%
Automotive	0%	7%	2%	3%	1%	4%
Others	0%	1%	0%	1%	1%	2%

Social Commerce

- 5 out of 10 Indonesian ecommerce users are regular buyers via social commerce
- Shopee has implemented Shopee Live, Shopee Games (in app mini games), Shopee Feed (in app social feed), and Shopee Live Chat
- Lazada has Lazada Feed and LazLIVE (live streaming ecommerce)

TikTok-Tokopedia Deal

- TikTok and Tokopedia completed their merger in January 2024
- Tokopedia is currently owned by GoTo Group and TikTok, which has a controlling stake
- Indonesian regulations forbid social media and ecommerce in the same app, so TikTok is using Tokopedia's platform as a workaround
- TikTok will also gain access to Tokopedia's logistics network

SeaMoney

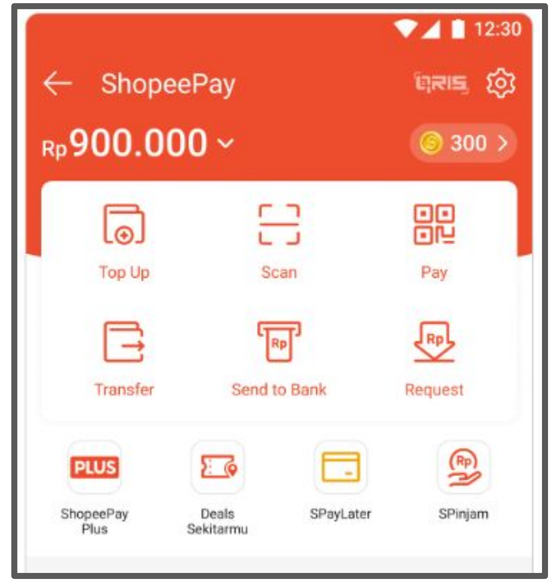
SeaMoney is a multi-service fintech provider offering digital payment services, BNPL/cash loans to its customers and sellers on the Shopee platform, and digital banking services.

seaMoney

Digital Payments (Indonesia, Singapore, Malaysia, Vietnam, The Philippines, Thailand)

- **ShopeePay** is SeaMoney's mobile wallet; allows users to make online payments, transfer and withdraw funds, and make payments offline
- Acts like a **"Venmo"** account

ShopeePay
Shopee Partner



Financing (Indonesia, Malaysia, The Philippines, Thailand)

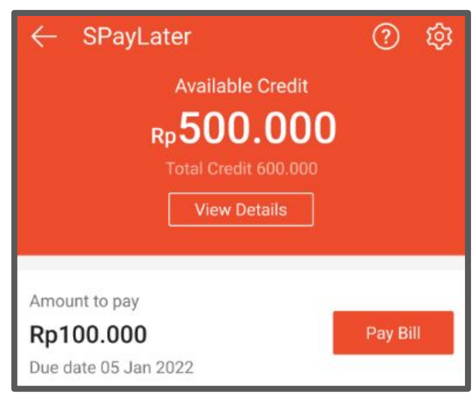
- **SPayLater** is SeaMoney's **BNPL** solution; offers Shopee users the freedom to buy immediately
- Also provide cash financing options (**cash loans**) to clients in Ind. + Thail.

SPayLater
SPinjam
SEasyCash

Digital Banking (Singapore, Indonesia, The Philippines)

- SeaMoney provides **digital banking services**; own their own banks
- MariBank - **Singapore**
- SeaBank Indonesia - **Indonesia**
- SeaBank (A Rural Bank) - **Philippines**

MariBank
SeaBank
SeaBank A Rural Bank

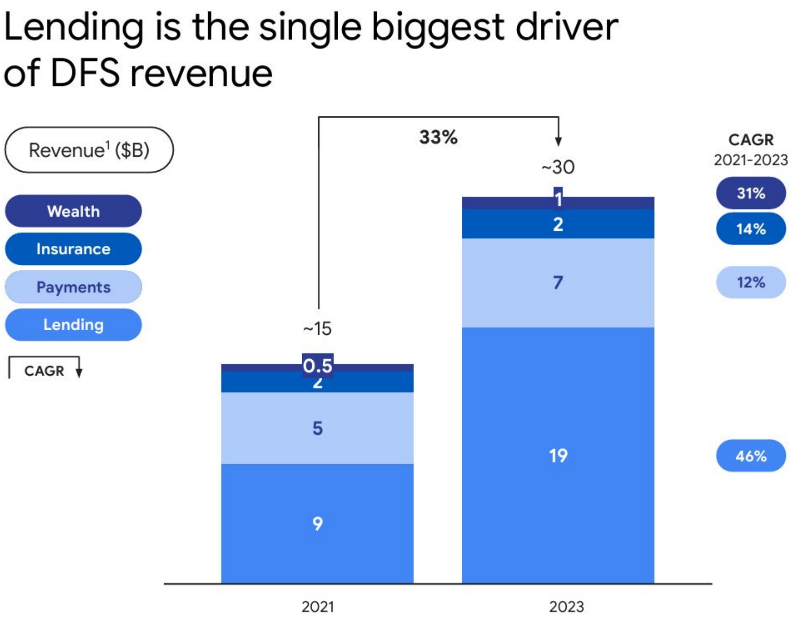


SeaMoney

Key Stats

Credit Business

- Over **400 million people** unbanked in Southeast Asia
- Presents a lucrative market for BNPL; market will grow to **$33.6 B** by 2027
- SeaMoney delivered a strong year in 2023, primarily attributed to their **consumer and SME credit business**
- Consumer and SME Loan Principal Outstanding = **$3.1B, up 27% YoY**
- NPL's due past 90 days stable (**1.6%**)



Payments Business

- **Cash no longer king**; digital payments are expected to grow substantially
- Offline, digital payments via QR codes are now widely accepted
- E-wallet's gross transaction value (GTV) will almost **double to $1.2 trillion** from 2020 to 2025
- ShopeePay owns ~5% market share

Investment Rationale

Thesis 1: Garena Stabilization

sea
connecting the dots

The Street has completely flipped its view on the digital entertainment business.

Once heralded as a crown jewel asset…

- Following 2017 launch, Free Fire became immensely successful
- "...management sees continued runway for growth especially in LATAM and India…"- UBS (2020)
- "We expect flagship game title Free Fire to have a long lifecycle… with increasing adoption in India while the US market is one where gamers have high spending power."- Jefferies (2020)

Now viewed with little optimism

- Due to the return to normal societal dynamics and the India ban, sell-side became very critical of Free Fire's growth prospects
- "...faster decline in Free Fire without a replacement title…"- JPM (2023)
- "...if Free Fire and the rest of Garena are unable to stabilize and ultimately reignite growth then our estimates are likely to be too optimistic."- TD Cowen (2023)

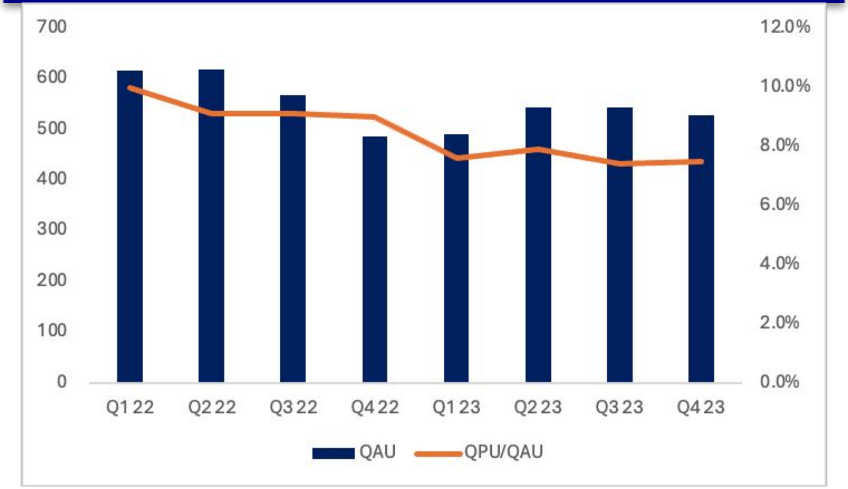
- "We also assume Garena successfully becomes a game developer and is able to monetize esports."
- "We see Free Fire's entrance into the US expanding [its] TAM from US$23bn to ~$44bn"

We believe the Street is underestimating the staying power of category-defining games like Free Fire

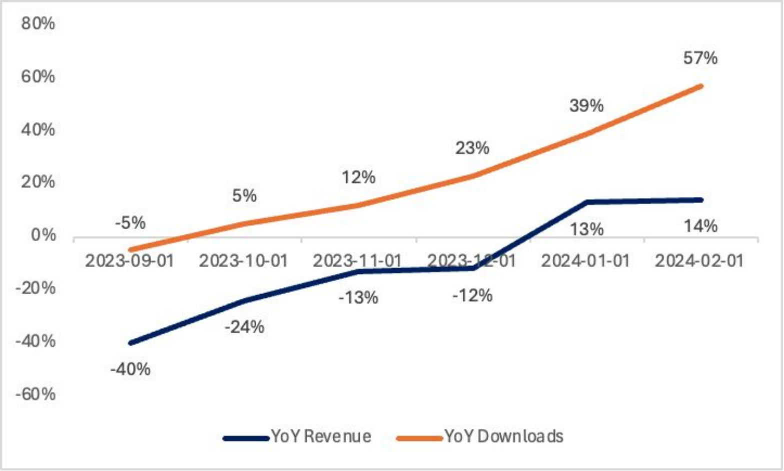
Thesis 1: Garena Stabilization

We believe the Street is underestimating the staying power of category-defining games like Free Fire.

Despite 2023 slowdown…



Free Fire poised to drive growth in 2024



- Big names franchises tend to stay relevant for longer (Candy Crush, Fortnite, etc.)
- Post-COVID normalization of revenue, MAU, downloads growth in FY 2023
- Management and sell-side forecasting double-digit YoY growth in user base, bookings
- Continuing major promotions (Lamborghini, 4Q23) to extend the game's life cycle
- Strong possibility of unbanning in India could increase revenue by over 20%, stabilize growth at an ever higher average level

Thesis 1: Garena Stabilization

Case study: Brazil

2017 – 2019 – 2021 – 2023

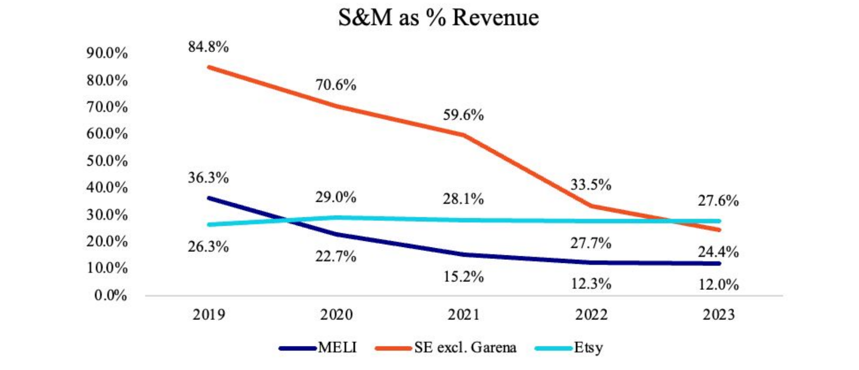
- Free Fire launches in Brazil
- Becomes Brazil's most-downloaded game
- Garena works with local influencers to nurture communities
- Sea launches Shopee in Brazil
- Free Fire partners with Shopee on promotions
- Shopee becomes Brazil's most-downloaded shopping app
- Shopee increases take rates and contribution margin loss per order improves 88.9% YoY
- Opening of Brazil's second largest Shopee distribution center in region

Free Fire provides an initial user base and cash flow, which gives Shopee a strong competitive advantage that enables them to quickly surpass e-commerce competitors in new markets like Brazil

Thesis 2: E-Commerce Reacceleration

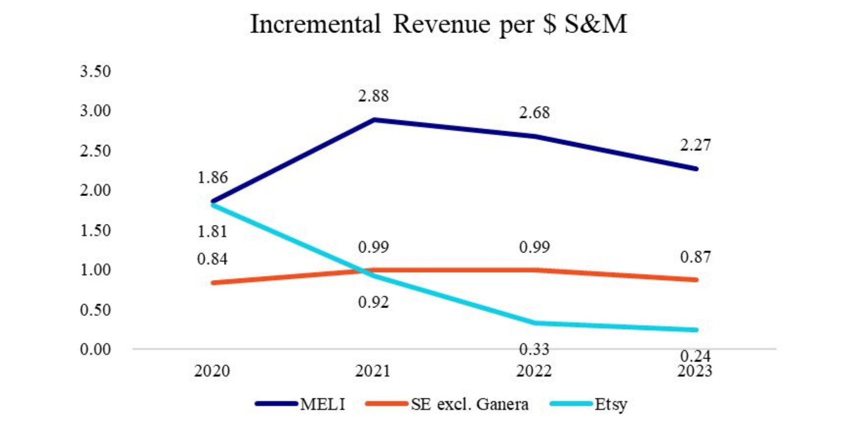
Misplaced sell-side concern on increased sales & marketing, SE continues to see high returns on marketing spend, in effort to maintain leading market position and build out moat

From JPM March 04, 2024:
'Key downside risks include: Higher-than-expected investments. With Shopee focusing on growth over profitability, Shopee is likely to see an increase in investment spend.'



Variable S&M Spend in Past 5 yrs

- S&M spend elevated in 2019-2021, as Shopee launches in new markets – Brazil in 2019 and France, India, Mexico, Chile, and Columbia in 2021
- In 2022, shuts down primary operations in all of the above except Brazil, resulting in slashed S&M spending and returned focus on core operations
- **S&M currently in line with peers, increased S&M from these levels is not a concern**



Magic Number

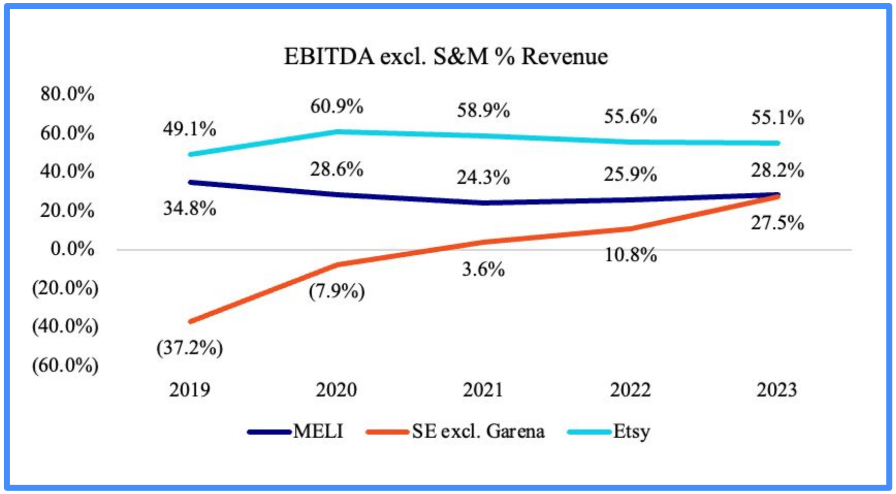
- Shopee has maintained constant revenue per dollar of S&M spend, indicating a payback period ~1yr per customer
- Concerning number would be closer to 0 (<0.20), indicating most marketing spend is used to replace customers who churned off
- **We see increased S&M spend as a long-term positive, as long as this number remains in the same range, shows that adding customers and gaining market share to expand moat is a priority**

Thesis 2: E-Commerce Reacceleration

Removing volatility caused by S&M expense, Shopee EBITDA margin shows strong expansion, in-line with peers

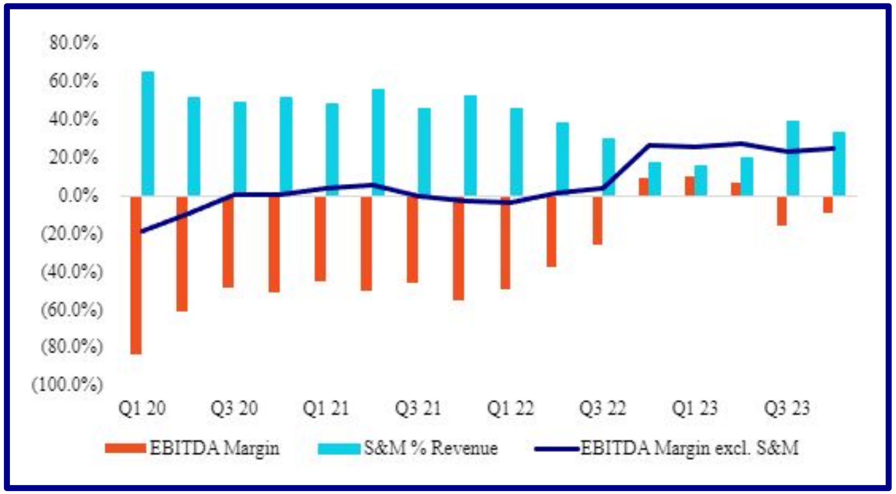
E-Commerce & Fintech Margins

- Removing volatility caused by S&M due to geographic expansion, Shopee/SeaMoney have expanded EBITDA margins 17% YoY
- Margins now align with MercadoLibre
- Has opened several new distribution centers in Brazil - total of 10 in Brazil as of Feb 2024
- **Margins show results of investment in logistics and fulfillments centers, expect EBITDA Margins excluding S&M to expand**



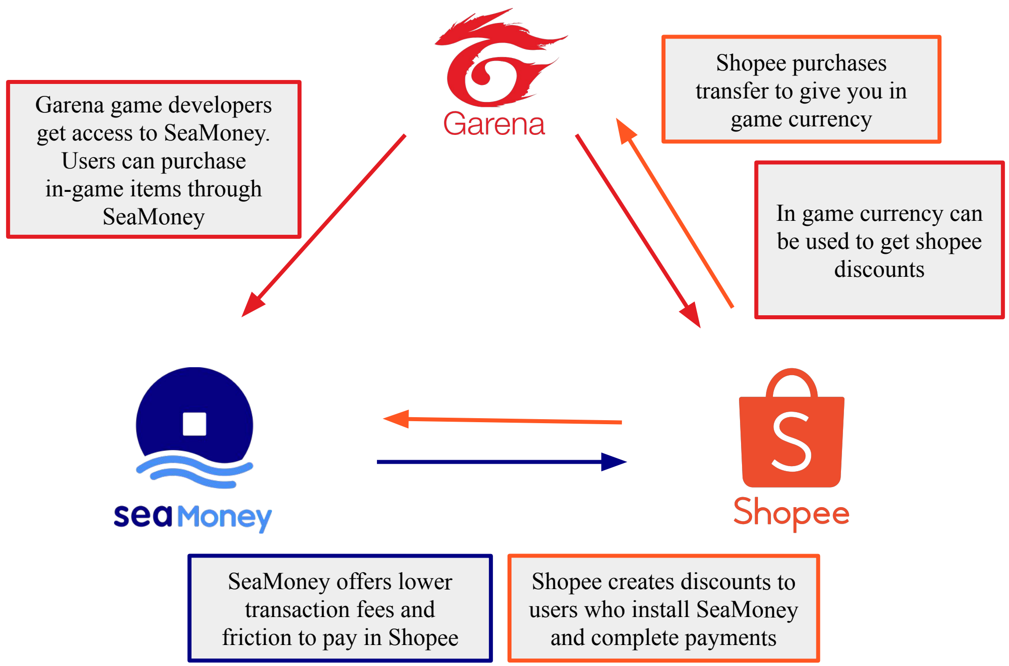
Steady Margin Expansion excl. S&M

- Stripping S&M from margin reveals much less variable EBITDA margin expansion of core business
- Margin expansion aligns with discontinuation of operations in multiple countries
- Shopee added 600 collection points in Singapore, added 150 self-collection lockers in Taiwan
- Shopee’s take rate at the upper end for SE Asian (~10%) shows stickiness of customer base
- **Short term pressure on margins due to investment in core operations will build out infrastructure/ logistics-based moat and profitability in the long term.**



Thesis 2: Flywheel

SE's ability to cross-sell large existing user base mitigates concerns of Sea's ability to drive growth with reduced S&M spend



Building the Moat

Shipping and logistics infrastructure buildout → Faster shipping time / Lower cost → Superior value proposition & unit economics → Users / Vendors → Drives margin expansion and FCF → Shipping and logistics infrastructure buildout

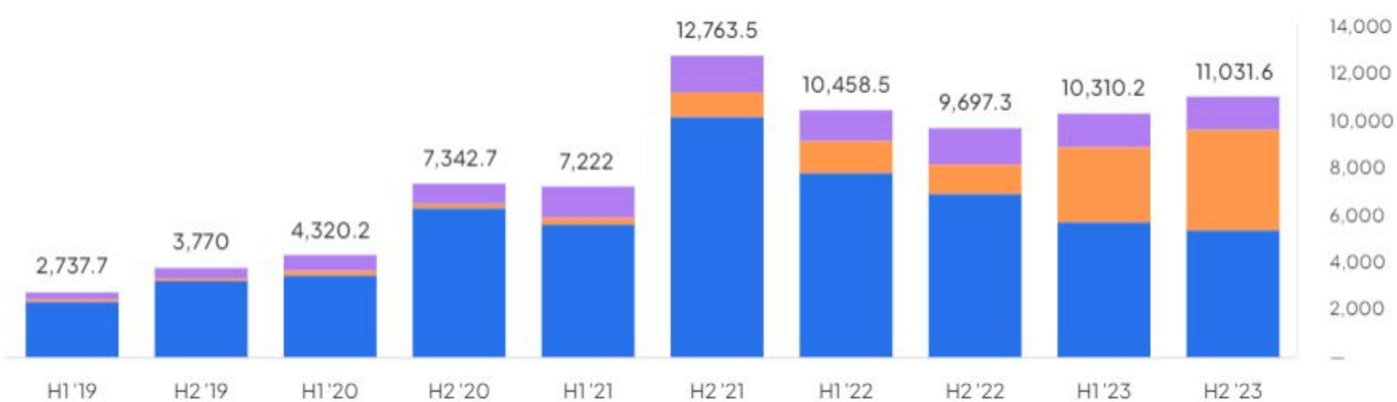
Thesis 3: Market Sentiment Misaligned with Future Outlook

Sea is operating from the position of greatest strength in its corporate history…

As of today, Sea is…

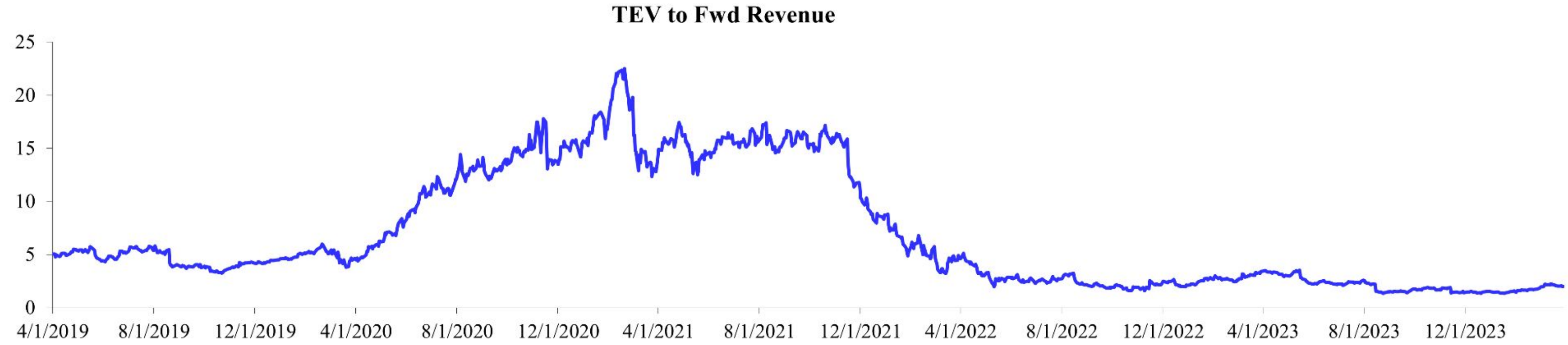
- ☐ *Flush with cash in a chilly financing environment*
- ☐ *Reaccelerating growth and network effects*
- ☐ *At the brink of margin inflection across all segments*
- ☐ *Gaining share in fledgling verticals across growing markets*
- ☒ *Priced to reflect short- or long-term upside*

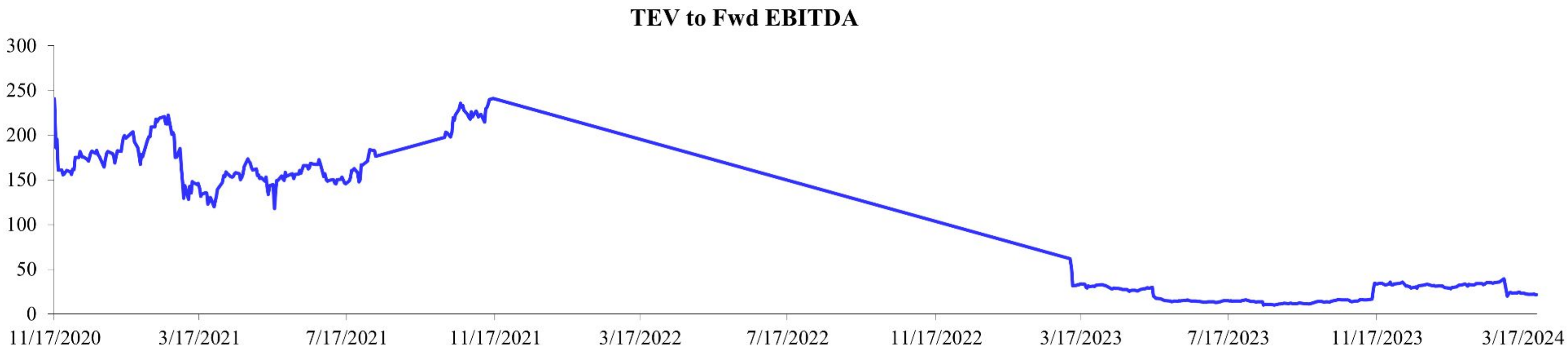
Sea Cash / Equivalents



Thesis 3: Market Sentiment Misaligned with Future Outlook

Yet Sea's valuation still reflects the short-term turbulence and frenzied stock sale of its late-COVID standing





Institutional funds took *massive* losses on SE during the tail end of COVID. Is the street *scared* to fairly value the business today? **This is our opportunity.**

Thesis 3: Market Sentiment Misaligned with Future Outlook

Explicit disclosure of digital ad revenue should help crystalize long-term value

E-Commerce players have a proven track record of upselling high-margin digital ads to vendors as their platforms mature.

amazon

- **46.9B of Ad Revenue (9.7% of 3P GMV)**
- **Began in 2015**

mercado libre

- **~ 1B of Ad Revenue (1.7% of 3P GMV)**
- **Ramped in 2020**

Sea doesn't disclose its digital ad revenue, but we can use Amazon and MercadoLibre to triangulate our projections.

Thesis 3: Market Sentiment Misaligned with Future Outlook

Explicit disclosure of digital ad revenue should help crystalize long-term value

FY 2027 (millions)		3P GMV Bear	3P GMV Base	3P GMV Bull
		116,579	129,532	142,485
Digital Ads Revenue as % of 3P GMV	*0.5%*	583	648	712
	1.5%	1,749	1,943	2,137
	2.5%	**2,914**	**3,238**	**3,562**
	3.5%	4,080	4,534	4,987
	4.5%	5,246	5,829	6,412
Implied GMV CAGR		*12.13%*	*16.25%*	*20.38%*

FY 2027 (millions)		Digital Ad FCF Bear	Digital Ad FCF Base	Digital Ad FCF Bull
		1,457	1,619	1,781
FCF Multiple	13.0x	18,944	21,049	23,154
	14.0x	20,401	22,668	24,935
	15.0x	21,859	24,287	26,716
	16.0x	23,316	25,906	28,497
	17.0x	24,773	27,526	30,278
Implied FCF Margin		*50.00%*	*50.00%*	*50.00%*

Even with conservative assumptions on 3P GMV penetration, the digital ads business ALONE can consummate the entirety of Sea's enterprise value!

Essentially, we are getting:

➔ 1/3P E-Commerce
➔ Outsourced logistics
➔ Garena
➔ SeaMoney
➔ And any future business lines…

For FREE!

Key Metrics to Watch

Take Rate	Shopee's high take rates may drive sellers to look for alternative platforms with better unit economics. However, we believe in the stickiness of Shopee's offerings and its expanding moat.
Incremental Revenue per $ of S&M / EBITDA Margin excluding S&M	During the pandemic, Sea expanded into new markets, increasing its S&M spend. However, we see increased S&M spend as a long term positive and incremental revenue per $ of S&M remains at healthy levels.
Garena QPU/QAU decline	Revenue decline expected, QPU/QAU decline would be a concern. However, we believe in a higher staying power of Free Fire and anticipate SE revenue/EBITDA growth to be primarily driven by Shopee.
Digital Ad Disclosure	Digital ads are a sizable source of revenue for mature ecommerce platforms. While Sea does not disclose digital ad revenue currently, future disclosure will change the way sell-side models the business.

Valuation

Valuation

We expect SE to significantly outperform market indices over the next three years

Capitalization	
(Millions, except Share Price)	3/31/2024
Share Price	$53.36
FDSO	569.5
Market Capitalization	**$30,389**
Plus: Total Debt	3,492
Less: Cash and Equivalents	11,032
Enterprise Value	**$22,849**
Implied FY 24 EBITDA Multiple	14.3x
Implied FY 24 Revenue Multiple	1.5x

3Y Price Target (2026)	Downside	Base	Upside
Fwd. EBITDA	$3,106	$4,141	$5,177
Multiple	10.0x	13.9x	20.0x
Enterprise Value	**$31,061**	**$57,566**	**$103,536**
Plus: Net Cash	7540	7540	7540
Equity Value	**$38,600**	**$65,105**	**$111,075**
FDSO	569.5	569.5	569.5
Implied Share Price	**$68**	**$114**	**$195**
MOIC (x)	**1.27x**	**2.14x**	**3.66x**
% IRR	**8.3%**	**28.9%**	**54.0%**

7Y Price Target (2030)	Downside	Base	Upside
Fwd. EBITDA	$4,105	$5,864	$7,623
Multiple	10.0x	13.9x	20.0x
Enterprise Value	**$41,048**	**$81,509**	**$152,463**
Plus: Net Cash	7540	7540	7540
Equity Value	**$48,587**	**$89,048**	**$160,002**
FDSO	569.5	569.5	569.5
Implied Share Price	**$85**	**$156**	**$281**
MOIC (x)	**1.60x**	**2.93x**	**5.27x**
% IRR	**6.9%**	**16.6%**	**26.8%**

Headline Financials (Internal Projections)

	Historicals					Projections					
FYE Dec 31	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2031E
Revenue	**$2,175**	**$4,376**	**$9,955**	**$12,450**	**$13,064**	**$15,269**	**$17,775**	**$20,324**	**$22,756**	**$24,683**	**28,667**
% Growth		*101.1%*	*127.5%*	*25.1%*	*4.9%*	*16.9%*	*16.4%*	*14.3%*	*12.0%*	*8.5%*	*4.2%*
Adj. EBITDA	**($179)**	**$107**	**($593)**	**($878)**	**$1,179**	**$1,599**	**$2,622**	**$3,333**	**$4,141**	**$4,565**	**$5,864**
% Margin	*(8.2%)*	*2.4%*	*(6.0%)*	*(7.1%)*	*9.0%*	*10.5%*	*14.8%*	*16.4%*	*18.2%*	*18.5%*	*20.5%*
% Growth		*(159.8%)*	*(655.3%)*	*47.9%*	*(234.3%)*	*35.6%*	*64.0%*	*27.1%*	*24.3%*	*10.2%*	*3.5%*

Street Estimates (Morgan Stanley)

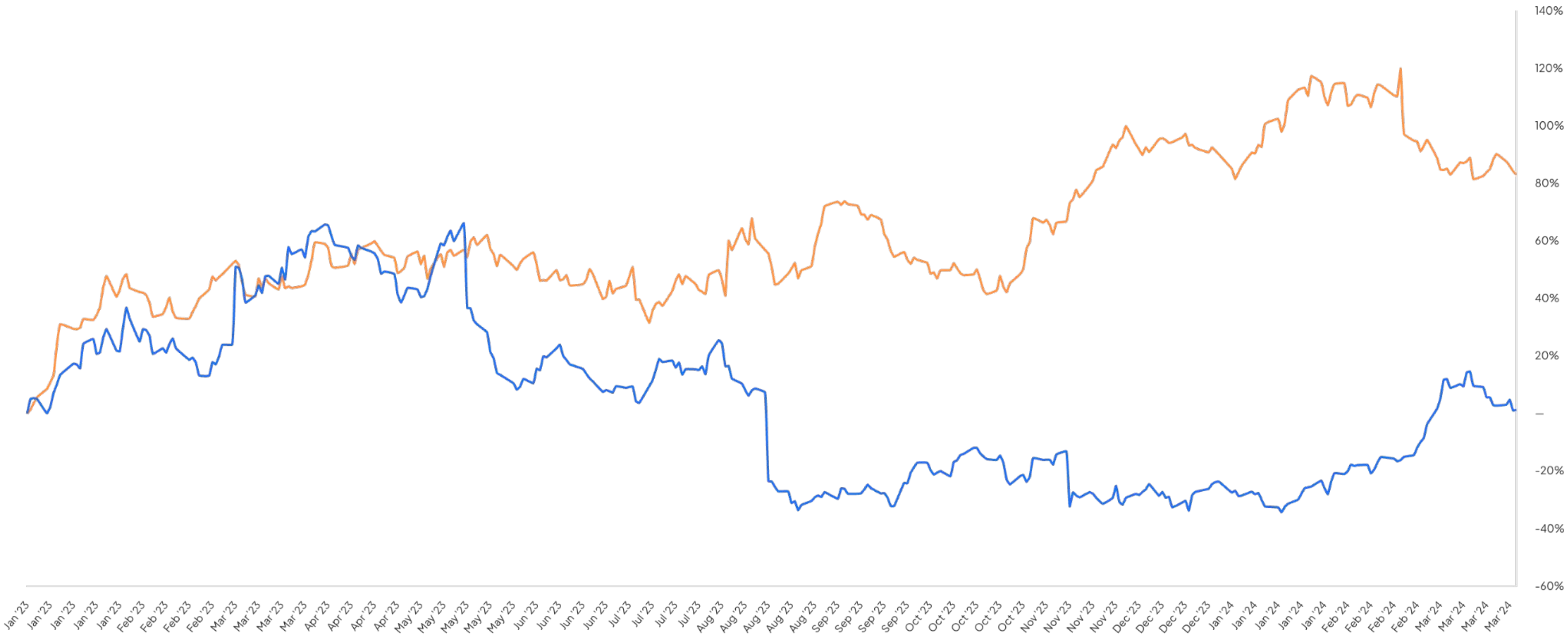
FYE Dec 31	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2031E
Revenue	**$2,175**	**$4,376**	**$9,955**	**$12,450**	**$13,064**	**$15,007**	**$17,347**	**$19,868**	**$22,429**		
% Growth		*101.1%*	*127.5%*	*25.1%*	*4.9%*	*14.9%*	*15.6%*	*14.5%*	*12.9%*		
% Δ						*1.7%*	*2.5%*	*2.3%*	*1.5%*		
Adj. EBITDA	**($179)**	**$107**	**($593)**	**($878)**	**$1,179**	**$1,504**	**$2,587**	**$3,257**	**$4,130**		
% Margin		*2.4%*	*(6.0%)*	*(7.1%)*	*9.0%*	*10.0%*	*14.9%*	*16.4%*	*18.4%*		
% Δ						*6.3%*	*1.4%*	*2.3%*	*0.3%*		

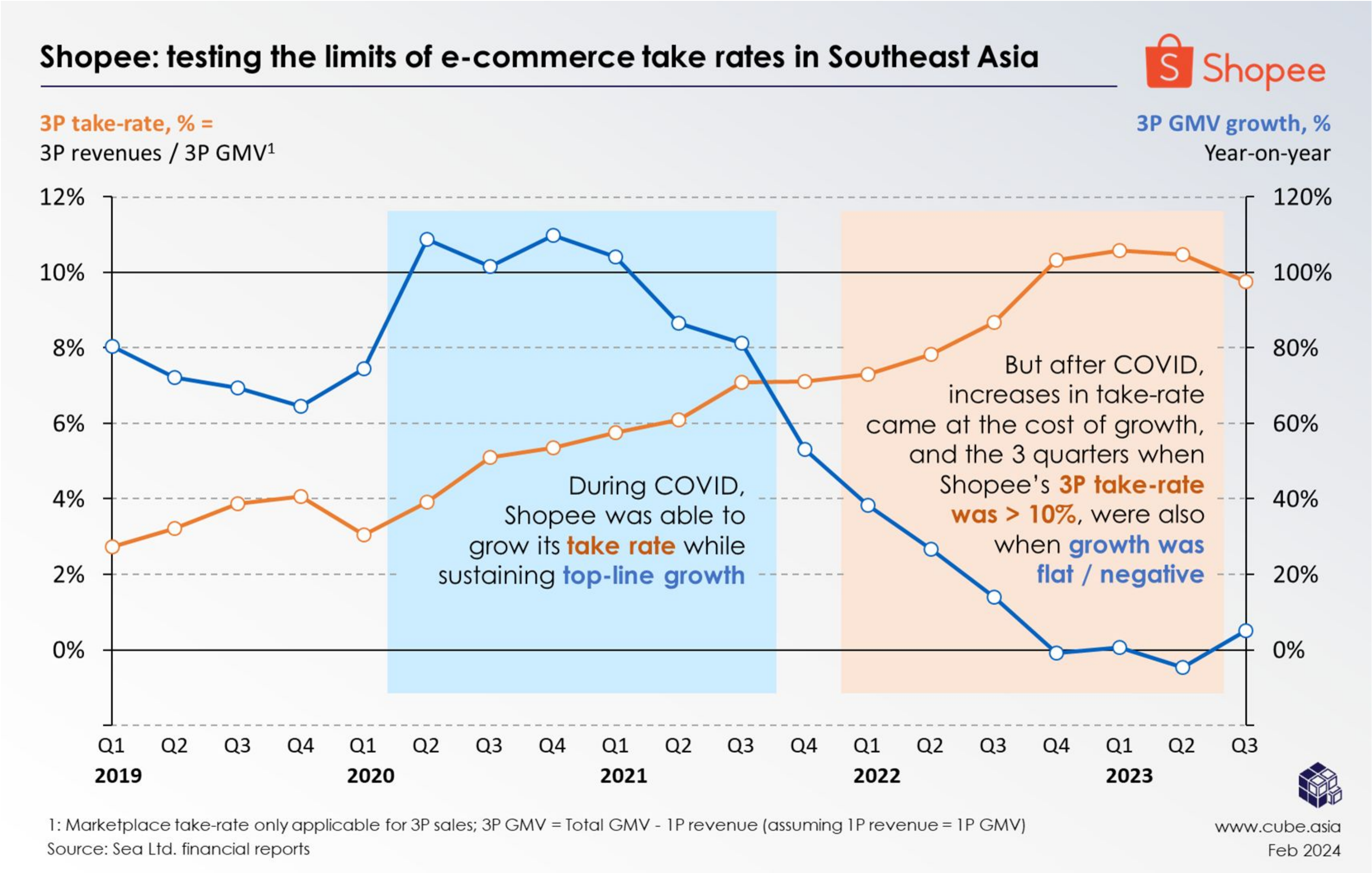
Segment Financials

FYE Dec 31	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2031E
3P GMV	**$17,600**	**$35,400**	**$62,600**	**$73,400**	**$78,500**	**$92,630**	**$106,525**	**$119,307**	**$131,238**	**$140,425**	**162,559**
% Growth		*101.1%*	*76.8%*	*17.3%*	*6.9%*	*18.0%*	*15.0%*	*12.0%*	*10.0%*	*7.0%*	*5.0%*
Impl. 3P Take Rate	*4.2%*	*4.9%*	*6.7%*	*8.5%*	*10.2%*	*10.5%*	*11.0%*	*11.5%*	*12.0%*	*12.5%*	*13.0%*
Shopee EBITDA	**($1,043)**	**($1,307)**	**($2,554)**	**($1,690)**	**($214)**	**$27**	**$907**	**$1,434**	**$2,156**	**$2,585**	**3,790**
% Margin	*(110.1%)*	*(57.0%)*	*(49.2%)*	*(23.3%)*	*(2.4%)*	*0.3%*	*7.0%*	*9.5%*	*12.5%*	*13.5%*	*16.5%*
% Growth	*21.3%*	*25.3%*	*95.4%*	*(33.8%)*	*(87.4%)*	*(112.6%)*	*3256.2%*	*58.2%*	*50.4%*	*19.9%*	*5.0%*
Garena EBITDA	**$1,022**	**$1,983**	**$2,776**	**$1,313**	**$921**	**$980**	**$999**	**$1,019**	**$1,019**	**$968**	**830**
% Margin	*90.0%*	*98.3%*	*64.3%*	*33.9%*	*42.4%*	*41.0%*	*41.0%*	*41.0%*	*41.0%*	*41.0%*	*41.0%*
% Growth	*289.3%*	*94.0%*	*40.0%*	*(52.7%)*	*(29.9%)*	*6.4%*	*2.0%*	*2.0%*	*0.0%*	*(5.0%)*	*(5.0%)*
SeaMoney EBITDA	**($113)**	**($511)**	**($617)**	**($229)**	**$550**	**$654**	**$788**	**$961**	**$1,057**	**$1,110**	**1,358**
% Margin			*(131.3%)*	*(18.7%)*	*31.3%*	*31.5%*	*33.0%*	*35.0%*	*35.0%*	*35.0%*	*37.0%*
% Growth	*252.8%*	*350.6%*	*20.7%*	*(63.0%)*	*(340.7%)*	*18.9%*	*20.5%*	*22.0%*	*10.0%*	*5.0%*	*5.0%*

Appendix

Stock price % change, indexed to 0% - SE vs. MELI (MercadoLibre)





Shopee: testing the limits of e-commerce take rates in Southeast Asia
Shopee
3P take-rate, % =
3P revenues / 3P GMV[1]
3P GMV growth, %
Year-on-year
12%
10%
8%
6%
4%
2%
0%
120%
100%
80%
60%
40%
20%
0%
During COVID, Shopee was able to grow its take rate while sustaining top-line growth
But after COVID, increases in take-rate came at the cost of growth, and the 3 quarters when Shopee's 3P take-rate was > 10%, were also when growth was flat / negative
Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 Q2 Q3
2019
2020
2021
2022
2023
1: Marketplace take-rate only applicable for 3P sales; 3P GMV = Total GMV - 1P revenue (assuming 1P revenue = 1P GMV)
Source: Sea Ltd. financial reports
www.cube.asia
Feb 2024