

Goodwill Entertainment Holding Limited

1 July 2025

Non-Rated

BBG	GWEH SP	
Market Cap	S\$60.0m	
Price (1 July 2025)	S\$0.15	
52-week range	S\$0.149 - 0.21	
Shares Outstanding	400.0m	
Free Float	17.2%	
Major Shareholder	Lu Mang	64.1%
	Thang Teck Jong	18.8%

Source: Company Data, Bloomberg, SAC Capital



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Redefining Entertainment in Singapore

Goodwill Entertainment Holding Limited ("Goodwill") is a Singapore-based operator of multi-concept entertainment venues, listed on SGX Catalist in Nov 2024. Known for its "HaveFun Family Karaoke" chain, the Group now operates 11 outlets across Singapore featuring themed karaoke rooms, private cinemas, darts, and gaming amenities. In 2023, Goodwill diversified beyond traditional karaoke with new formats such as FATE by HaveFun, a dance club concept at Cineleisure Orchard, and HaveFun Live Show, a daily concert-style venue at Bugis+ mall. The Group also entered the F&B space with the launch of Yakitori One and a central kitchen under subsidiary Cookease Pte. Ltd., serving both its own outlets and third-party clients. These initiatives reflect Goodwill's strategy to build a vertically integrated platform spanning entertainment and dining.

Investment Thesis: 1) **Established Brand with First-Mover Advantage:** Goodwill is a leading player in Singapore's entertainment scene. It operates 11 "HaveFun" karaoke outlets, making it one of the largest local karaoke chains by store count. Leveraging its brand, the Group has pioneered a multi-concept entertainment model which combines karaoke, live music, nightlife, and F&B within a single venue. Its flagship concepts, HaveFun Live Show and FATE by HaveFun, offer immersive and differentiated experiences that provide a first-mover advantage in Singapore's evolving experiential entertainment space. 2) **Strong Operating Model:** Goodwill consistently deliver strong gross margins of over 80% and healthy operating cash flows, generating S\$20.5m in operating cash in FY2024 despite ongoing expansion efforts. Its capital efficient model and net cash position of S\$9.9m provide a strong foundation for funding growth internally, minimising reliance on external funding. 3) **Vertical Integration:** Goodwill's central kitchen and Yakitoria one restaurant support operational synergies, boosting margins and customer spending. 4) **Regional growth opportunities:** Goodwill's recent entry into Malaysia marks the start of its regional expansion strategy. Goodwill is well-positioned to tap into Southeast Asia's growing demand for experience-driven entertainment. 5) **Team:** Goodwill's management team has shown strong execution and adaptability, navigating COVID disruptions and repositioning the business for growth. Since 2021, revenue has grown over 50x, driven by outlet expansion and the launch of new concepts such as HaveFun Live Show and FATE.

KEY FINANCIAL HIGHLIGHTS

Year ended Dec (S\$m)	FY22	FY23	FY24
Revenue	16.5	23.9	53.0
EBIT	3.2	4.5	8.4
Net profit	2.1	3.2	5.6
EPS (S\$ cents)	0.7	1.3	1.2
Dividend per share (S\$ cents)	-	-	0.75
Net cash / (debt)	1.0	(2.3)	9.9
Valuation			
Gross profit margin (%)	80.0%	84.3%	81.0%
Net profit margin (%)	12.4%	13.5%	10.5%
EV / EBITDA (x)	10.0	6.3	2.7
P/E (x)	20.5	11.4	12.3
P/B (x)	7.0	4.1	2.4
Dividend yield (%)	-	-	5%
ROE (%)	61%	40%	25%

Goodwill Entertainment Holding Limited

Financial Highlights. In FY2024, Revenue grew 121.4% yoy to S\$53.0m, driven primarily by contributions from new business segments. HaveFun Live show, along F&B and manufacturing segment contributed a combined S\$24.7m. The newly opened outlets and flagship Bugis+ live show venue were key top-line growth drivers. Gross Profit grew 112.9% yoy to S\$42.9m, though gross margin declined slightly from 84.3% in FY2023 to 81.0% in FY2024. Net profit rose 71.6% yoy to S\$5.6m, with net profit margin declining from 13.5% in FY2023 to 10.5% in FY2024 due to higher staff costs, lease expenses and depreciation related to newly leased venues. Excluding one-off IPO expenses, net profit would have increased 87.1% yoy to S\$6.7m. Operating Cash flow was strong at S\$20.5m, allowing the company to fund S\$6.7m in capex and still end the year net cash positive. As of 31 Dec 2024, Goodwill is currently in a net cash position of S\$9.9m, representing 16.5% of its market cap.

Industry Landscape. The COVID-19 crisis has reshaped Singapore's entertainment scene, with several karaoke operators scaling back operations. For example, Party World KTV has closed multiple outlets post pandemic. This presents consolidation opportunities for stronger players like Goodwill, which could potentially acquire assets, take over vacated leases or enter strategic partnerships, such as its joint venture with Hezhong at Bugis+ for the HaveFun Live Show concept. Goodwill's differentiated and experience driven formats are also aligned with post-pandemic consumer preferences for more immersive and social outings. Goodwill's expansion into Malaysia opens doors to a significantly larger market. Broader Southeast Asia's vibrant night and KTV culture offers long-term growth potential as well. Meanwhile, rising tourists' arrivals in Singapore provide additional tailwinds for entertainment spending.

Risks. Goodwill operates in a highly regulated space where issues such as noise complaints and hygiene lapses can lead to fines or license suspensions, directly impacting revenue and brand reputation. The entertainment and F&B industry is also very competitive, with rivals like Teo Heng and Cash Studio in Singapore and Red Box and Loud Speaker in Malaysia potentially eroding market share through pricing or promotions. Additionally, rising operating costs driven by higher rents, labor shortages, and inflation pose a margin risk. In FY2024, staff and lease expenses more than doubled, and continued cost pressures may further squeeze profitability if pricing power is limited.

Valuation. Goodwill currently trades at 12.3x P/E as compared to the average P/E of 13.3x of SGX Catalyst peers.

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"FATEbyhavefun"



State-of-the-art lighting system at the dance club



Unique T-shaped stage with adjustable height



Dining area surrounding the T-shaped stage



Performing Artists' Performance On Stage Illuminated By State-Of-The-Art Audio-Visual Equipment And Immersive Led Projections

Income Statement

FYE Dec (\$S'm)	FY22	FY23	FY24
Revenue	16.5	23.9	53.0
Other income	1.0	0.6	0.8
Purchases and related costs	(3.3)	(3.8)	(10.1)
Depreciation of plant and equipment	(1.2)	(1.7)	(3.8)
Depreciation of right-of-use assets	(1.5)	(3.7)	(6.1)
Staff costs	(4.5)	(6.3)	(14.2)
Operating lease expenses	(0.2)	(0.8)	(1.8)
Other operating expenses	(3.5)	(3.6)	(9.4)
Share of results of associate, net of tax	(0.0)	0.0	0.0
Finance costs	(0.4)	(0.8)	(1.4)
Profit before taxation	2.8	3.7	7.0
Taxation	(0.7)	(0.4)	(1.4)
Profit for the year	2.1	3.2	5.6

Balance Sheet

FYE Dec (\$S'm)	FY22	FY23	FY24
Assets			
Plant and equipment	4.1	13.5	16.1
Right-of-use assets	6.4	16.6	12.9
Intangible assets	0.0	0.0	0.0
Deferred tax assets	0.2	0.2	0.1
Long-term deposits	0.7	3.0	3.0
Total Non-Current Assets	11.4	33.4	32.0
Current Assets			
Trade and other receivables	0.6	1.9	1.3
Inventories	0.2	0.4	1.5
Prepayments	0.1	0.5	0.4
Cash and bank deposits	2.5	2.8	18.8
Total Current Assets	3.4	5.6	21.9
Total Assets	14.8	39.0	53.9
Equity			
Share capital	5.8	8.9	17.0
Other reserves	1.3	0.8	0.6
Accumulated profits/(losses)	(4.8)	(1.9)	2.5
Equity attributable to owners of the Company	2.2	7.7	20.1
Non-controlling interests	1.1	0.4	2.2
Total equity	3.3	8.2	22.3
Liabilities			
Deferred tax liabilities	0.0	0.0	0.4
Lease liabilities	4.9	12.5	7.2
Borrowings	0.0	1.8	5.7
Provision for restoration costs	0.3	0.9	0.9
Derivative financial instrument	0.0	0.0	0.1
Total Non-Current Liabilities	5.3	15.2	14.3
Lease liabilities	1.7	5.5	6.7
Borrowings	1.5	3.4	3.2
Provision for restoration costs	0.1	0.0	0.2
Trade and other payables	2.6	6.2	6.3
Current tax payable	0.2	0.5	1.0
Total Current Liabilities	6.1	15.6	17.4
Total liabilities	11.5	30.8	31.7
Total equity and liabilities	14.8	39.0	53.9

Cash Flow Statement

FYE Dec (\$S'm)	FY22	FY23	FY24
Profit before taxation	2.8	3.7	7.0
Adjustments for:			
Amortisation of intangible assets	0.0	0.0	0.0
Bad debts	0.0	0.0	0.0
Depreciation of plant and equipment	1.2	1.7	3.8
Depreciation of right-of-use assets	1.5	3.7	6.1
Fair value gain on associate	(0.1)	0.0	0.0
Gain on lease termination	(0.3)	0.0	0.0
Impairment loss on goodwill	0.4	0.0	0.0
Interest expense	0.4	0.8	1.4
Interest income	(0.0)	(0.0)	0.0
Loss on disposal of plant and equipment	0.1	0.0	0.0
Plant and equipment written off	0.8	0.0	–
Reversal of provision for restoration costs	(0.1)	0.0	0.0
Share of results of associate	0.0	0.0	0.0
Waiver of interest	(0.1)	0.0	0.0
Operating profit before working capital changes	6.6	10.0	18.3
Changes in inventories	(0.1)	(0.2)	(1.1)
Changes in trade and other receivables	(0.5)	(3.3)	0.4
Changes in prepayments	(0.0)	(0.4)	0.1
Changes in trade and other payables	0.1	1.6	3.0
Changes in provision for restoration costs	0.1	0.4	0.1
Cash generated from operations	6.3	8.0	20.9
Income taxes paid	0.0	(0.2)	(0.4)
Interest received	0.0	0.0	0.0
Net cash generated from operating activities	6.3	7.8	20.5
Cash Flows from Investing Activities			
Advances repaid from/(made to) related companies	0.3	(0.2)	0.2
Acquisition of a subsidiary	0.1	0.0	0.0
Acquisition of non-controlling interests in subsidiaries without change in control	(0.6)	0.0	0.0
Capital contributions by non-controlling interests in subsidiaries	1.0	0.0	0.0
Disposal of interests in subsidiaries without loss of control	0.6	0.0	0.0
Proceeds from disposal of plant and equipment	0.1	0.0	0.0
Purchase of plant and equipment and right-of-use assets	(1.8)	(11.2)	(6.7)
Net cash used in investing activities	(0.4)	(11.4)	(6.6)
Cash Flows from Financing Activities			
Acquisition of non-controlling interests in subsidiaries without change in control	0.1	(0.4)	(0.2)
Advances (repaid to)/from related parties	0.0	0.9	(1.8)
Bank deposit pledged	0.0	0.0	(0.5)
Capital contributions by non-controlling interests in subsidiaries	0.0	0.0	0.9
Fixed deposits pledged	(0.2)	0.4	0.0
Deposit received	0.0	0.9	0.0
Dividend paid to non-controlling interest	0.0	0.0	(1.1)
Incorporation of subsidiaries with non-controlling interests	0.0	0.2	0.0
Interest paid	(0.3)	(0.8)	(1.4)
Payment of lease liabilities	(2.8)	(2.6)	(6.2)
Proceeds from borrowings	0.0	6.5	7.4
Proceeds from issuance of shares	0.0	0.0	8.5
Repayment of borrowings	(1.1)	(0.8)	(3.6)
Share issuance costs	0.0	0.0	(0.5)
Net cash generated from financing activities	(4.3)	4.2	1.6
Net increase in cash and cash equivalents	1.6	0.7	15.5
Cash and cash equivalents at beginning of year	0.5	2.1	2.8
Exchange differences on translation of cash and cash equivalents	0.0	0.0	0.0
Cash and cash equivalents at end of year	2.1	2.8	18.4

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