



CIC

52 Wk. Lo/Hi

US\$ 1.30 – 1.38



Thursday, 23 May 2024

OTCM Year End Currency ASFH 31-Dec USD

Business Activity Media & Publishing

Key Metrics
 Close Price (USD) 1.380
 MCAP (USD) (m) 112.54
 Net Debt (Cash) (m) -2.10
 EV (m) 110.44
 52 Wk Hi 1.38
 52 Wk Lo 1.30
 Key Ratios
 Net Cash / Shareholder Equity % 1.87%

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AsiaFIN Holdings Corp.

Core Investment Case – Organic to M&A Growth

Our CICs do not have valuations or forecasts. Financials are from Refinitiv et al. AsiaFIN Holdings Corp. (OTCQB : ASFH) has moved to an aggressive growth inflection point. ASFH provides IP protected fintech solutions for payment processing to financial institutions and other segments – it delivers Robotic Process Automation (RPA) using ICR, Regulatory Technology (RegTech), AI driven check processing and an ESG reporting platform. Clients are financial institutions currently concentrated in the ASEAN region, ~680m pop YE23A. ASFH has an organic and aggressive acquisition growth plan to expand within ASEAN and new westward territories. Clients - 20 RegTech financial institutions and >88 banks and >100 corporations.

- Investors looking forward to Nasdaq uplist & IPO;
- Growth inflection point – US\$ ~3m revs YE23A;
- Aggressive territory and revenue growth plan via acquisition;
- Checks value for payment in the US, US\$ 34.8bn YE21A up 13% y/y.

ACF est. USD (m)	Revenue	EBITDA	FCFF	EPS	EPS (diluted)
2022A	0.0	0	0	-0.0015	-0.0015
2023A	3.1	0	0	0.0002	0.0002

Multiples	EV/Sales	EV/EBITDA	EV/FCF	P/EPS	P/ EPS (diluted)
2022A	NM	NM	NM	NM	NM
2023A	35.5x	469.3x	NM	5969.3x	5976.1x

Investment Case

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AsiaFIN Holdings Corp. (OTCQB : ASFH) enters a fast revenue growth inflexion point. ASFH's client base is currently concentrated in the ASEAN region, with its HQ in Malaysia. ASFH comes with ambitious and aggressive expansion plans to deepen reach in its home ASEAN region and to enter new high value territories where ASFH believe it can compete effectively. The company delivers, using IP protected in house R&D, fintech solutions for payment processing to financial institutions and other segments Revenue lines – Payments (including AI cheque clearing et al), Robotic Process Automation (RPA) using Intelligent Character Recognition (ICR), Regulatory Technology (RegTech) and an ESG reporting platform. There is high demand for ESG reporting in the ASEAN region.

Ambition - 20 years of successful growth funded by free cash flows in the ASEAN region – the company has gained sufficient experience to accelerate growth via acquisition and we believe has slated key targets for deepening and broadening its market position and growth in ASEAN territories, whilst expanding westwards with what will be nuanced versions of its tried and tested organic growth formula. ASFH's stated intention is **to move from regional success story to global player.**

Management strength – the core team appears experienced enough to accelerate the growth of a smaller company, whilst not losing sight of the needs and characteristics of such enterprises. Management's smaller company IPO knowledge is credible. The management team can demonstrate deep experience and knowledge of its chosen sector and product ranges.

Trading liquidity - The stock is currently very tightly held, so much so that there is almost nil trading liquidity as investors wait for a hoped-to-be exciting Nasdaq uplift and IPO launch pad. Expected use of funds - deepening the organic strategy and, most significantly, to provide acquisition dry powder.

Catalysts

Catalysts – Introduction of capital markets liquidity, Revenue beat of US\$ 4m YE24E; Nasdaq up list; Entry to new markets; Acquisitions.

Operational Strategy

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Malaysian population ~35m of which ~69.9% are Malay or indigenous, 22.8% are of Chinese and 6.6% are of Indian extraction.

ASFH's strategy is to establish sales in the local market; then identify local partners; then hire and train local nationals who naturally understand the nuances of the local language and culture for further sales growth and implementation. Software R&D, RPA cloud-hosting and other production is concentrated at the Malaysian headquarters. The expansion strategy for the Middle East and Western hyper developed economies is likely to be different and semi-bespoke for each future new market outside of ASEAN.

Revenue strategy, organic and M&A – ASFH organic growth focus is recurring-revenue opportunities with its existing enterprise customers and geographic revenue expansion into new countries and markets. M&A will be used to accelerate growth by acquiring new products and new customers.

Product and service delivery strategy - Revenues are billed in USD in the local country. As a natural extension of the revenue strategy ASFH aims to become a partner centric local vendor and invests in local hiring and training.

ASFH develops IP protected proprietary products centrally. Software developers account for ~80% of the ~110 employees in ASFH. 90% of employees are based in Malaysia.

ASFH's developers are organised into four [4] agile teams - check clearing; payment gateway; reporting; and AI RPA. These teams pivot around trend driven projects. The most recent pivot has been towards e-invoicing for Malaysian companies reporting to the Malaysian Government. Software writing is executed using a range of tools that cut down the time and cost of coding. The focus is on fast effective turnaround of software innovations and services for the market. The 'trend' approach, combined with ASFH's contemporary code development approach allows ASFH to be agile and fast whilst maintaining cost control.

ASFH has four core products areas 1. Payments (check clearing, fast, cross border and local payments); 2. Regtech (Central bank reporting, credit reporting, US FACTA and EUR CRS compliance reporting, risk management, e-invoicing for tax reporting); 3. RPA (automation of manual repetitive tasks, text, signature and image automated reading and AI decision making for payment and pattern/ID matching); 4. ESG reporting (financial platform for capturing and analysis ESG data).

Management Team

➤ CEO & President, K. C. Wong.



KC co-founded and founded:- AsiaFIN, the Insite MY Group of Companies (InsiteMY) and later, OrangeFIN. Malaysia based InsiteMY benefits from guidance from the Malaysia Digital Economy Corporation (MDEC), and it now has ~110 staff with customers in Malaysia, the Philippines, Bangladesh, Pakistan, Thailand, Singapore, Indonesia, and Myanmar. KC has comprehensive expertise in payments, cheque clearing and truncation, risk management, compliance, and AI driven Robotics Process Automation (RPA). KC, a Malaysian national, is also a Professional Electrical Engineer from the Engineering Council of the United Kingdom.

➤ Executive Director, Dato' Dr. Sean Seah.



Dato' Dr. Sean is Chairman and CEO of several tech companies including Angkasa-X Holdings Corp.. He has co-founded and floated several companies: AsiaFIN Holdings Corp. (OTC-QB: ASFH) in 2022; SEATech Ventures Corp. (OTC-PINK: SEAV) in 2020; Galasys PLC (LSE: GLS) in 2014; Afor Pte Ltd (rebranded to Epicenter) (SGX:5MQ) on the Singapore Stock Exchange in 2008. Previously, Dato' Dr Sean worked in Silicon Valley California at Software Publishing Corporation, Netscape Communications, and Sun Microsystem. Dato' Dr. Sean is the Chairman of *WITSA; a global tech industry consortium with members that consists of over 80 countries and economies. He was also a Chairman of, and now is an Advisor to, *PIKOM. Dato' Dr. Sean holds a doctorate in Business Administration, Master's in Computer Science (Distinction) and a Computer Engineering degree from California State University, Chico, CA USA.

➤ Finance Manager, Angel Cham.



Angel is CFO of AsiaFIN's InsiteMY Group. Angel joined InsiteMY Group as Finance & Admin Manager in 2009. In 2018 she was appointed Director of Finance, Human Resources & Admin for Juris Technologies Sdn. Bhd., a financial sector software house with 300 staff, and played a key role in the acquisition and the restructuring of iMoney Group. Angel previously worked for Nettium Sdn Bhd, a gaming platform software company with 250 staff, where she was Director of Finance, Human Resources and Admin. In 2004 she worked with Actis Capital LLP (global investor in sustainable infrastructure). Previously a KPMG auditor, Angel is a BA (Hons) graduate of University Kebangsaan Malaysia.

**WITSA is The World Innovation Technology and Services Alliance.*

**PIKOM is the National Tech Association of Malaysia.*

Risks

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Funding risk – The Company has funded growth from internal cash flows to date. The Company’s new accelerated growth strategy means it will need access to capital to hit its aggressive targets. The Company has recently delivered exceptional growth. An inability to be able to raise sufficient funds and or to create trading liquidity could put its current growth strategy in significant jeopardy. Growth by acquisition, whilst highly attractive potentially, is also notoriously fraught with risk. Once embarked on an M&A strategy, failure to raise sufficient funds could raise doubts over the company’s ability to remain a going concern.

Regulatory risk – The process of obtaining and maintaining regulatory approvals for a listing on Nasdaq for micro-cap companies is time consuming, expensive, and uncertain. Failure to maintain a Nasdaq listing could close off access to sufficient capital to execute the company’s growth strategy. The process of obtaining and maintaining regulatory approvals for financial services products is time consuming, potentially expensive, and uncertain. Failure to maintain such licenses could prevent the company from executing its growth strategy effectively and may ultimately raise doubts over the company’s ability to remain a going concern.

Competition risk - The fintech space remains fragmented, which whilst an opportunity for the company’s strategy, also suggests barriers to entry are falling. Notable recent reductions in Private Equity funding for fintechs may suggest that the market is approaching saturation (i.e. is highly competitive) which would suggest significant potential future pressure on margins without constant innovation. There is no guarantee that the company will be able to continue to innovate or successfully combat competitive pressures.

Intellectual Property risk – ASFH is near-term dependent on its proprietary technology platforms and therefore, its near-term success depends on its ability to protect its IP, corporate know-how and related competitive advantages.

Personnel – Nano, micro, small and mid-sized companies are more dependent on their C-suite/executive management teams than large and mega-cap global companies. The loss of key personnel can have a disproportionate impact on valuation and investor perception compared to similar events at larger, more mature (often ex-growth) companies.

Notes [Intentionally Blank]

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Christopher Nicholson
 Managing Director
 Head of Research
 ACF Equity Research Ltd

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